Stainless Steel Sheet and Strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan

Investigation Nos. 701-TA-382 and 731-TA-798-803 (Second Review)

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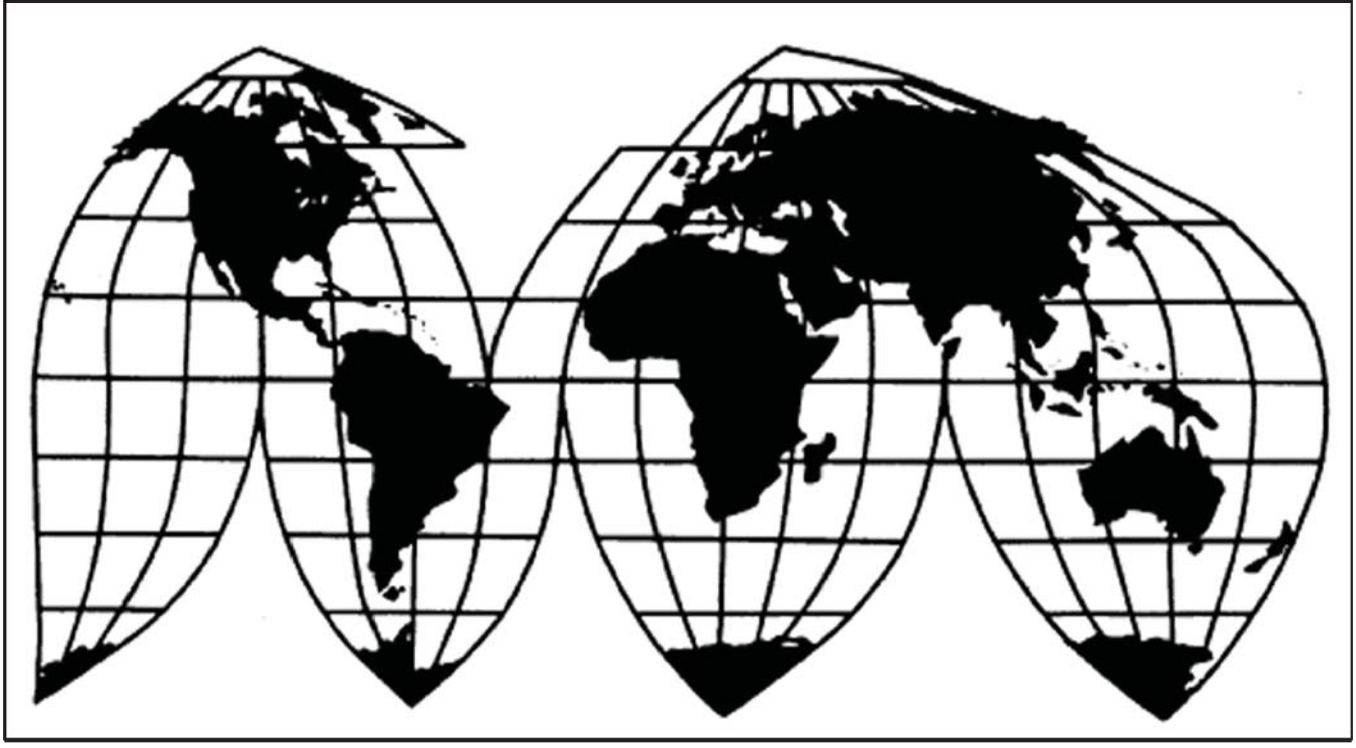

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U.S. International Trade Commission

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation Nos. 701-TA-382 and 731-TA-798-803 (Second Review)

STAINLESS STEEL SHEET AND STRIP
FROM GERMANY, ITALY, JAPAN, KOREA, MEXICO, AND TAIWAN

DETERMINATION

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)), that revocation of the antidumping duty orders on stainless steel sheet and strip from Germany, Italy, and Mexico[2] 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 and that revocation of the countervailing duty order on stainless steel sheet and strip from Korea and revocation of the antidumping duty orders on stainless steel sheet and strip from Japan, Korea, and Taiwan[3] would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on June 1, 2010 (75 F.R. 30437) and determined on September 7, 2010 that it would conduct a full review (75 F.R. 59744, September 28, 2010). Notice of the scheduling of the Commission's review 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 December 27, 2010 (75 F.R. 81308). The hearing was held in Washington, DC, on May 25, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] Commissioner Charlotte R. Lane dissenting with respect to stainless steel sheet and strip from Germany, Italy, and Mexico, and Commissioner Dean A. Pinkert dissenting with respect to stainless steel sheet and strip from Mexico.

[3] Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissenting with respect to stainless steel sheet and strip from Japan, Korea, and Taiwan.

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, and Mexico 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.[1] The Commission further determines, pursuant to section 751(c) of the Act, that revocation of the countervailing duty order on SSSS from Korea and the antidumping duty orders on SSSS from Japan, Korea, 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]

I. BACKGROUND

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.[3] Consequently, the Department of Commerce ("Commerce") issued antidumping duty orders on imports from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom on July 27, 1999,[4] and countervailing duty orders on imports from France, Italy and Korea on August 6, 1999.[5]

On June 1, 2004, the Commission instituted its first five-year reviews of the orders pursuant to section 751(c) of the Tariff Act of 1930[6] and subsequently determined to conduct full reviews of the orders.[7] On June 21, 2005, the Commission determined that revocation of the countervailing duty orders on SSSS from Italy and Korea and of the antidumping duty 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.[8] The Commission also determined

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[1] Commissioner Charlotte R. Lane dissenting with respect to SSSS from Germany, Italy, and Mexico, and Commissioner Dean A. Pinkert dissenting with respect to SSSS from Mexico. Both Commissioners join the majority with respect to sections I (Background), II (Domestic Like Product and Industry), III.A (Legal Standard for Cumulation), IV.A (Legal Standards for Likely Continuation or Recurrence of Injury), IV.B (Findings in the Prior Proceedings), and IV.C (Conditions of Competition). In addition, Commissioner Lane joins the majority opinion with respect to sections III.B (Likelihood of No Discernible Adverse Impact) and III.C (Likelihood of a Reasonable Overlap of Competition). Commissioner Pinkert also joins the majority opinion with respect to section III.C., with the exception of Germany and Italy.

[2] Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissenting. Chairman Okun and Commissioner Pearson join the majority opinion with respect to sections I (Background), II (Domestic Like Product and Domestic Industry), III (Cumulation), IV.A (Legal Standards), IV.B (Past Proceedings), IV.C (Conditions of Competition), and IV.D (Likely Material Injury Analysis of SSSS from Germany, Italy, and Mexico).

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

[4] 64 Fed Reg. 40555-65.

[5] 64 Fed Reg. 42923.

[6] 69 Fed. Reg. 30958.

[7] 69 Fed. Reg. 56460.

[8] 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 (Review) USITC Pub. 3788 (July 2005) ("First Review Determinations") at 1. Chairman Koplan and Commissioner Lane dissented with respect to subject imports (continued...)

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.[9] Accordingly, Commerce revoked the antidumping duty orders on SSSS from France and the United Kingdom, effective August 4, 2005.[10] Following a changed circumstances review of the countervailing duty order on SSSS imported from Italy, Commerce revoked that order on March 28, 2006.[11]

The Commission instituted these second five-year reviews of the remaining orders on June 1, 2010.[12] On September 7, 2010, the Commission determined to conduct full reviews of the orders.[13] Domestic interested parties participating in the reviews include domestic producers AK Steel Corporation, Allegheny Ludlum Corporation, and North American Stainless ("NAS"), which together account for a significant proportion of domestic SSSS production, and two labor unions representing workers in the domestic industry, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"), United Auto Workers, Local 3303, and United Auto Workers, Local 4104. These domestic interested parties jointly responded to the notice of initiation, filed briefs, and participated in the hearing.

Respondent interested parties participating as parties in the reviews include POSCO Specialty Steel Co., Ltd. ("POSCO"), the largest Korean producer of SSSS, and the "ThyssenKrupp respondents," including domestic producer ThyssenKrupp Stainless USA LLC ("SL-USA"), Mexican producer ThyssenKrupp Mexinox S.A. de C.V. ("Mexinox"), German producers ThyssenKrupp Nirosta GmbH ("TKN") and ThyssenKrupp VDM GmbH ("TKVDM"), Italian producer ThyssenKrupp Acciai Speciali Terni S.p.A. ("TKAST"), and affiliated importers Mexinox, USA, Inc., ThyssenKrupp Nirosta North America, ThyssenKrupp VDM USA, Inc., and ThyssenKrupp AST USA, Inc. POSCO and the ThyssenKrupp respondents each responded to the notice of institution, filed briefs, and participated in the hearing.

In these reviews, domestic producers' questionnaire responses were received from four domestic producers of SSSS, believed to have accounted for virtually all domestic production of SSSS during the

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[8] (...continued)
from France and the United Kingdom, cumulating those imports with imports from other subject countries and finding that revocation of the orders on all subject countries would likely result in the continuation or recurrence of material injury within a reasonably foreseeable time. See Dissenting Views With Respect to France and the United Kingdom of Chairman Stephen Koplan and Commissioner Charlotte R. Lane. Then-Vice Chairman Okun and Commissioner Pearson joined the majority with respect to subject imports from France and the United Kingdom, but dissented with respect to subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan, finding that revocation of the orders on those imports would not likely result in the continuation or recurrence of material injury within a reasonably foreseeable time. See Separate and Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson.

[9] First Review Determinations at 1. The domestic interested parties appealed the Commission's decision to exercise its discretion not to cumulate subject imports from France and the United Kingdom and its negative likely injury determinations with respect to subject imports from France and the United Kingdom, and the U.S. Court of International Trade affirmed the Commission. Allegheny Ludlum Corp. v. United States, 475 F. Supp. 2d 1370 (Ct. Int'l Trade 2006).

[10] 70 Fed. Reg. 33894.

[11] Confidential Staff Report ("CR") at I-5; Public Staff Report ("PR") at I-4.

[12] 75 Fed. Reg. 30437.

[13] 75 Fed. Reg. 59744. The Commission's Statement on Adequacy can be found in Appendix A of the CR and PR.

period for which data were collected.[14] Importers' questionnaire responses were received from 27 U.S. importers believed to have accounted for approximately three-quarters of subject imports and one-third of nonsubject imports during the period for which data were collected.[15] Foreign producers' questionnaire responses were received from four German producers accounting for *** hot- and cold-rolled SSSS production capacity in Germany; two Italian producers accounting for *** percent of hot-rolled and *** percent of cold-rolled SSSS production capacity in Italy; one Mexican producer accounting for *** SSSS production capacity in Mexico; one Japanese producer and one Japanese exporter of SSSS accounting for minimal quantities of both hot- and cold-rolled SSSS production capacity in Japan; and one Korean producer accounting for *** hot-rolled and *** percent of cold-rolled SSSS production capacity in Korea.[16] No questionnaire responses were received from producers or exporters in Taiwan.[17] When appropriate in these reviews, we have relied on the facts otherwise available, which consist of information from the original investigations and first reviews, as well as information submitted in these reviews, including information the parties provided in their briefs and hearing testimony, questionnaire responses, and information available from published sources.[18] [19]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c) of the Act, the Commission defines the "domestic like product" and the "industry."[20] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to

[14] CR at I-16; PR at I-14.

[15] CR at I-16; PR at I-14-15.

[16] CR at I-16, IV-14 n.10, IV-18 n.12, IV-22, IV-26 n.18, IV-30; PR at I-15, IV-9 n.10, IV-10 n.12, IV-12, IV-13 n.18, IV-14.

[17] CR at I-16; PR at I-15.

[18] 19 U.S.C. § 1677e(a) authorizes the Commission to "use the facts otherwise available" in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to 19 U.S.C. § 1677m(i). The verification requirements in 19 U.S.C. § 1677m(i) are applicable only to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int'l Trade 2002) ("the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.").

[19] Chairman Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." SAA at 869.

[20] 19 U.S.C. § 1677(4)(A).

an investigation under this subtitle."[21] The Commission's practice in five-year reviews is to examine the like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.[22]

In these five-year reviews, Commerce's scope of the antidumping duty and countervailing duty orders can be summarized as follows:

> The products covered by these reviews 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. 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.[23]

SSSS encompasses flat-rolled, stainless steel products, less than 4.75 mm in thickness, distinguished by width and steel chemistry.[24] Stainless steel sheet is 24 inches or greater in width, and stainless steel strip is less than 24 inches in width.[25] Stainless steel foil, which is also within the scope of these reviews, is a thin form of SSSS with a maximum thickness of 0.0127 mm.[26] Stainless steel sheet or

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[21] 19 U.S.C. § 1677(10); see, e.g., Cleo Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); 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).

[22] See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); Crawfish Tail Meat From China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (Jul. 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

[23] CR at I-27; PR at I-23-24. Commerce's full scope of the orders can be found in Appendix E of the CR and PR. Subject SSSS is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under 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. CR at I-28; PR at I-24.

[24] See CR at I-28-29; PR at I-24-25.

[25] CR at I-28; PR at I-25.

[26] CR at I-28; PR at I-25.

strip that has been cut to length is not within the scope of these reviews.[27] SSSS can be sold in either hot- or cold-rolled form, but the vast majority of SSSS is sold in cold-rolled form.[28]

In terms of steel chemistry, stainless steel is a low carbon steel with 10.5 percent or more chromium by weight for corrosion resistance.[29] SSSS comes in over 100 different alloys, each with different characteristics suitable for particular end uses, classified by metallurgical structure, alloy number systems such as the American Iron and Steel Institute ("AISI") classification system, and the Universal Numbering System used for all commercial metals and alloys.[30]

SSSS is used in consumer and industrial applications in which the corrosion resistance, heat resistance, or aesthetic characteristics of stainless steel are required.[31] For example, SSSS is used as an input in the production of certain pipe and tubing.[32] The automotive industry uses SSSS to manufacture trim, exhaust and emission-control systems, and wheel covers.[33] SSSS is also used by the chemical and construction industries, as well as by appliance and industrial equipment manufacturers.[34]

In the original investigations, the Commission rejected arguments that it should expand the domestic like product definition beyond the scope of the subject merchandise to include stainless steel plate.[35] It also determined that one particular grade of SSSS, Grade 409, was not a separate like product.[36]

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[27] CR at I-27, 39; PR at I-24, 32.

[28] CR at I-37; PR at I-30.

[29] CR at I-28-29; PR at I-25.

[30] CR at I-29; PR at I-25.

[31] CR at I-31; PR at I-27.

[32] CR at I-31; PR at I-27.

[33] CR at I-31; PR at I-27.

[34] CR at I-31; PR at I-27.

[35] In determining that plate should not be part of the domestic like product, the Commission referenced its views from the preliminary phase of the investigations. Original Determinations at 6. As stated in those views:

> Although all flat stainless products share similar chemical compositions and properties, the industry has established a specific thickness-based distinction between plate on the one hand, and sheet and strip, on the other. To a large degree, these distinctions correspond to different end uses and channels of distribution, and result in limited interchangeability. While sheet and plate generally are produced by similar, and sometimes, common initial manufacturing processes and equipment, virtually all sheet and strip undergoes the more extensive additional processing of cold-rolling before being sold for end use. The cold-rolling process used to finish sheet and strip entails the use of different employees and equipment from that used for hot-rolling, and is usually performed in different facilities, and in some instances, by different producers. The additional processing adds substantial value to the sheet and strip and results in different pricing practices from those used for plate. For these reasons, we do not include plate in our definition of the domestic like product.

Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan, and the United Kingdom, Inv. Nos. 701-TA-380-382 and 731-TA-797-804 (Preliminary), USITC Pub. 3118 at 9 (Aug. 1998). We also note that in the original antidumping and countervailing duty investigations of certain stainless steel plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan, the Commission rejected respondents' argument that it should expand the domestic like product definition beyond the scope to include SSSS. The Commission's determination was affirmed by the U.S. Court of International Trade. Acciai Speciali Terni v. United States, 118 F. Supp.2d 1298 (Ct. Int'l Trade 2000).

[36] See Original Determinations at 7.

Thus, it defined the domestic like product, coextensively with the scope of the subject merchandise, as certain stainless steel sheet and strip in coils.[37]

In the first five-year reviews, no party argued for a different domestic like product definition, and the Commission found no basis for departing from its prior domestic like product definition.[38] Accordingly, the Commission defined a single domestic like product that was coextensive with the scope of the reviews, encompassing all SSSS.[39]

In these reviews, in response to the Commission's notice of institution, the domestic interested parties agreed with the Commission's domestic like product definition from the original investigations and the first five-year reviews, while respondent interested parties POSCO, Mexinox, and the German ThyssenKrupp respondents took no position.[40]

No party has argued for a domestic like product definition different from the one the Commission defined in the original investigations and first five-year reviews.[41] Moreover, nothing on the record of these reviews detracts from the Commission's determination to define a single domestic like product that is coextensive with the scope in the original investigations and first five-year reviews. We therefore define the domestic like product as all SSSS corresponding to the scope of the orders subject to these reviews.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Act defines the relevant industry as the domestic "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."[42] 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. Section 771(4)(B) of the Act 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.[43]

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[37] Original Determinations at 5.

[38] First Review Determinations at 6.

[39] First Review Determinations at 6.

[40] CR at I-40; PR at I-32.

[41] CR at I-40; PR at I-32.

[42] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

[43] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(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 producer 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 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993).

The Commission has also concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer

(continued...)

In the original investigations, the Commission defined the domestic industry to include all domestic producers of SSSS.[44] The Commission found that J&L Specialty Steel Corp. ("J&L") was a related party because it was owned by a subject foreign producer, but the Commission determined that circumstances did not warrant its exclusion from the domestic industry.[45]

In the first five-year reviews, the Commission again defined the domestic industry to include all domestic producers of SSSS.[46] The Commission found that J&L had remained a related party until June 2004, when most of its assets were purchased by Allegheny Ludlum, but determined that circumstances did not warrant its exclusion from the domestic industry.[47]

In these second five-year reviews, SL-USA is the only domestic producer that qualifies as a related party, as it is a wholly-owned subsidiary of ThyssenKrupp Steel & Stainless (U.S.), which in turn is a wholly-owned subsidiary of subject foreign producer ThyssenKrupp A.G. of Germany.[48] Because SL-USA only commenced limited production at its new mill in late 2010,[49] however, and reported sales of only *** short tons in 2010, equivalent to *** percent of the domestic industry's total net sales quantity, SL-USA's inclusion or exclusion from the domestic industry would not affect the domestic industry's performance trends over the period of review.[50] ***.[51] Thus, the issue is largely moot. We therefore find that circumstances do not warrant the exclusion of SL-USA from the domestic industry as a related party. Accordingly, we define the domestic industry to include all domestic producers of SSSS: Allegheny Ludlum, AK Steel, Carpenter Technology, NAS, Nucor, SL-USA, and Ulbrich.[52]

III. CUMULATION

A. Legal Standard

With respect to five-year reviews, section 752(a) of the Act provides as follows:

> 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

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[43] (...continued)
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 (Sept. 2001) at 8-9.

[44] Original Determinations at 9.

[45] Original Determinations at 9.

[46] First Review Determinations at 6.

[47] First Review Determinations at 6-7.

[48] CR/PR at Table I-16 n.4. Although *** purchased *** and *** purchased ***, id. at Table III-9, we find that neither producer qualifies as a related party because neither could have been 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 (Sept. 2001) at 8-9.

[49] CR at III-4; PR at III-2.

[50] CR at III-11 n.6; PR at III-8 n.6.

[51] CR at III-11 n.6; PR at III-8 n.6.

[52] CR/PR at Table I-16. Nucor produced no SSSS in 2010. Id. at Table I-16, note 3.

subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[53]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(I) of the Act.[54] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

In the original investigations, the Commission found a reasonable overlap of competition between and among the domestic like product and imports from each subject country and therefore considered subject imports from all sources on a cumulated basis.[55] In the first five-year reviews, the Commission cumulated subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan, but determined that subject imports from France and the United Kingdom were likely to compete under significantly different conditions of competition and therefore considered subject imports from each of those countries on an individual basis.[56]

In these second five-year reviews, the threshold criterion for cumulation in these five-year reviews is satisfied because all reviews were instituted on the same day, June 1, 2010.[57] We consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among imports from the subject countries and the domestic like product; and (3) whether there are similarities and differences in the likely conditions of competition under which subject imports are likely to compete in the U.S. market.[58]

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[53] 19 U.S.C. § 1675a(a)(7).

[54] 19 U.S.C. § 1677(7)(G)(i); see also, e.g., Nucor Corp. v. United States, 601 F.3d 1291, 1293, App. No. 2009-1234, Slip Op. at 7-8 (Fed. Cir. Apr. 7, 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); Allegheny Ludlum Corp. v. United States, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); Nucor Corp. v. United States, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

[55] Original Determinations at 11-12.

[56] Original Determinations at 18-20.

[57] 75 Fed. Reg. 30437.

[58] Chairman Okun and Commissioner Pearson note that, while they consider the same issues discussed in this section in determining whether to exercise their discretion to cumulate the subject imports, their analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports which are likely to compete under similar conditions of competition, they next proceed to consider whether there is a likelihood of a reasonable overlap of competition whereby those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis they intend to exercise their discretion to cumulate one or more subject countries, they analyze whether they are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry. See Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine, Invs. Nos. 731-TA-873 to 875, 877 to 880, and 882 (Review), USITC Pub. 3933 (Jul. 2007) (Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation). Accord Nucor Corp. v. United States, 605 F. Supp.2d 1361, 1372 (Ct. Int'l Trade 2009); Nucor Corp. v. United States, 594 F. Supp.2d

(continued...)

Based on the record, we find that subject imports from each of the six countries would not be likely to have no discernible adverse impact on the domestic industry were the antidumping duty orders revoked.[59] We also find a likely reasonable overlap of competition among the subject imports and between the subject imports and the domestic like product were the orders revoked. We do, however, find that the likely conditions of competition for subject imports from Germany, Italy, and Mexico in the U.S. market after revocation are similar, but distinct from the likely conditions of competition for subject imports from Japan, Korea, and Taiwan in the U.S. market.[60] We therefore exercise our discretion to cumulate subject imports from Germany, Italy, and Mexico, on the one hand, and subject imports from Japan, Korea, and Taiwan, on the other, as further explained below.[61] [62]

B. Likelihood of No Discernible Adverse Impact

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.[63] 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.[64] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.

Based on the record, we do not find that imports from any of the six subject countries are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Germany. Subject imports from Germany increased over the original period of investigation and fluctuated at a much lower level over the period examined in the first five-year reviews.[65] Over the period examined in these second five-year reviews, subject imports from Germany declined from *** short tons in 2005 to *** short tons in 2009 before increasing *** to *** short tons in 2010.[66] As a share of apparent U.S. consumption, subject imports from Germany ranged from *** to *** percent in the original

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[58] (...continued)
1320, 1345-47 (Ct. Int'l Trade 2008), aff'd, Slip Op. 2009-1234 (Fed Cir. Apr. 7, 2010).

[59] Commissioner Pinkert finds that subject imports from Germany and subject imports from Italy are each likely to have no discernible adverse impact on the domestic industry after revocation and is therefore precluded from cumulating subject imports from Germany and Italy.

[60] Commissioners Lane and Pinkert do not join this finding.

[61] Commissioner Lane exercises her discretion to cumulate subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan. See her Separate and Dissenting Views.

[62] Commissioner Pinkert exercises his discretion to cumulate subject imports from Japan, Korea, Mexico, and Taiwan.

[63] 19 U.S.C. § 1675a(a)(7).

[64] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

[65] Subject imports from Germany increased from *** short tons in 1996 to *** short tons in 1998 and then increased from *** short tons in 1999 to *** short tons in 2002, before declining to *** short tons in 2004. CR/PR at Table I-1.

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

investigations, from *** to *** percent in the first five-year reviews, and from *** to *** percent in these second five-year reviews.[67]

In 2010, German industry shipments consisted primarily of home market shipments (*** percent), exports to the European Union (*** percent), and internal consumption (*** percent).[68] Exports to the United States accounted for *** percent of German industry shipments that year.[69]

The German industry's SSSS capacity declined from *** short tons in 2005 to *** short tons in 2010, as the industry's rate of capacity utilization increased from *** percent to *** percent.[70]

Based on the German industry's significant capacity and degree of export orientation, as well as its continued presence in the U.S. market, we find that subject imports from Germany, upon revocation, are not likely to have no discernible adverse impact on the domestic industry.

Italy. Subject imports from Italy declined *** over the original period of investigation, and fluctuated at a much lower level over the period examined in the first five-year reviews.[71] Over the period examined in these second five-year reviews, subject imports from Italy declined from *** short tons in 2005 to *** short tons in 2007 before increasing to *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010.[72] As a share of apparent U.S. consumption, subject imports from Italy ranged from *** to *** percent in the original investigations, from *** to *** percent in the first five-year reviews, and never exceeded *** percent in these second five-year reviews.[73]

In 2010, Italian industry shipments consisted primarily of home market shipments (*** percent), exports to the European Union (*** percent), and internal consumption (*** percent).[74] Exports to the United States accounted for *** percent of Italian industry shipments that year.[75] The Italian industry's SSSS capacity increased *** during the period of review, from *** short tons in 2005 to *** short tons in 2010, as the industry's rate of capacity utilization declined from *** percent to *** percent.[76]

Based on the Italian industry's significant capacity, including some excess capacity, and exports, as well as its continued presence in the U.S. market, we find that subject imports from Italy, upon revocation, are not likely to have no discernible adverse impact on the domestic industry.

Japan. Subject imports from Japan increased *** during the period examined in the original investigations, but declined *** during the period examined in the first reviews.[77] During the period examined in these second five-year reviews, subject imports from Japan increased from *** short tons in

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

[68] CR/PR at Table II-3.

[69] CR/PR at Table II-3.

[70] CR/PR at Table II-3.

[71] Subject imports from Italy declined from *** short tons in 1996 to *** short tons in 1998, and then increased from *** short tons in 1999 to *** short tons in 2003, before declining to *** short tons in 2004. CR/PR at Table I-1.

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

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

[74] CR/PR at Table II-3.

[75] CR/PR at Table II-3.

[76] CR/PR at Table II-3.

[77] During the period examined in the original investigations, subject imports from Japan increased from *** short tons in 1996 to *** short tons in 1998, equivalent to *** percent of apparent U.S. consumption – the ***. CR/PR at Table I-1. During the period examined in the first five-year reviews, subject imports from Japan declined from *** short tons in 1999 to *** short tons in 2002, before increasing *** to *** short tons in 2004. Id.

2005 to *** short tons in 2007 before declining to *** short tons in 2010.[78] As a share of apparent U.S. consumption, subject imports from Japan ranged from *** to *** percent in the original investigations, from *** to *** percent in the first five-year reviews, and from *** to *** percent in these second five-year reviews.[79]

In these second reviews, the Commission received questionnaire responses from only one Japanese producer of SSSS and one trading company that exports SSSS, though there were reportedly eleven SSSS producers in Japan during the original investigations.[80] Consequently, the record contains relatively little information on the current state of the Japanese industry. According to ***, in 2010, Japanese cold-rolled SSSS producers possessed capacity of *** short tons and produced *** short tons of SSSS, suggesting a capacity utilization rate of *** percent and excess capacity of *** short tons.[81] Japanese SSSS exports were 900,265 short tons, equivalent to *** percent of production, suggesting that Japanese cold-rolled SSSS producers are export oriented.[82]

Based on the information available, given the Japanese industry's significant excess capacity, high degree of export orientation, and continuous presence in the U.S. market, we find that, upon revocation, subject imports from Japan are not likely to have no discernible adverse impact on the domestic industry.

Korea. Subject imports from Korea are subject to both countervailing duty and antidumping duty orders, with a different combination of producers and exporters covered by each order. POSCO, the only Korean respondent interested party participating 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.[83] INI/BNG (formerly Inchon), a Korean reroller, is not subject to the antidumping duty order.[84] Under the statute, the consideration of likely discernible adverse impact applies on an order-by-order basis.[85]

Imports from Korea subject to the antidumping duty order declined during the period examined in the first reviews.[86] During the period examined in these second reviews, they increased irregularly from *** short tons in 2005 to *** short tons in 2008, before declining to *** short tons in 2010.[87]

Because only POSCO responded to the Commission's questionnaire in these reviews, a precise breakout of Korean industry capacity and production between producers subject to the antidumping duty order and producers subject to the countervailing duty order is not possible. POSCO is subject to the antidumping duty order and is the largest Korean producer. POSCO's capacity increased during the period of review, from *** short tons in 2005 to *** short tons in 2010, while its rate of capacity utilization declined from *** percent in 2005 to *** percent in 2008, before recovering to *** percent in

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

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

[80] CR at IV-22; PR at IV-12.

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

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

[83] CR/PR at Tables I-10-11.

[84] See CR/PR at Table I-11.

[85] See 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), USITC Pub. 3788 (July 2005) at 13.

[86] Imports from Korea subject to the antidumping duty order declined *** percent during the period examined in the first reviews, from *** short tons in 1999 to *** short tons in 2004. Memorandum INV-CC-081 (June 6, 2005) at Table IV-11(b) (using exports to the United States as a proxy for imports). A breakout of imports from Korea between those subject to the antidumping order and those subject to the countervailing duty order during the original period of investigation is unavailable.

[87] CR/PR at Table IV-1, note.

2009 and *** percent in 2010.[88] POSCO had excess capacity of *** short tons in 2010.[89] Moreover, POSCO's excess capacity significantly understates the excess capacity of all Korean producers subject to the antidumping duty order, given that the overall Korean industry, including certain Korean re-rollers that are subject to the antidumping duty order, possessed apparent excess capacity of *** short tons in 2010.[90]

Given the excess capacity of Korean producers, including POSCO's significant capacity and excess capacity, and its high degree of export orientation, and the continuous presence of subject imports from Korea in the U.S. market, we find that, upon revocation of the antidumping duty order, subject imports from Korea are not likely to have no discernible adverse impact on the domestic industry.

Imports from Korea subject to the countervailing duty order (from which POSCO is excluded) also declined during the period examined in the first reviews.[91] During the period examined in these second reviews, they increased from *** short tons in 2005 to *** short tons in 2006, before declining irregularly to *** short tons in 2010.[92]

In the absence of any participation in these reviews by Korean producers subject to the order, *** data on Korean industry cold-rolled SSSS capacity and production and Global Trade Atlas data on Korean industry exports, adjusted to exclude data reported by POSCO, represent the information available on Korean producers subject to the countervailing duty order. These data show that Korean cold-rolled SSSS producers other than POSCO had a capacity of *** short tons and production of *** short tons in 2010, for a capacity utilization rate of *** percent and excess capacity of *** short tons that year.[93] They exported at least *** short tons of SSSS in 2010, equivalent to *** percent of their production.[94]

Given the significant capacity and excess capacity of subject Korean producers and their continued presence in the U.S. market, we find that, upon revocation of the countervailing duty order, subject imports from Korea are not likely to have no discernible adverse impact on the domestic industry.

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

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

[90] Calculated from CR/PR at Table IV-13. We are unpersuaded by POSCO's argument that subject imports from Korea are likely to have no discernible adverse impact on the domestic industry after revocation. POSCO argues that its own *** rate of capacity utilization in 2010 and its lack of exports to the United States during the period of review, with the exception of ***, suggest that subject imports from Korea would have no discernible adverse impact. POSCO's Prehearing Brief at 14-15. Although POSCO is the largest Korean producer of SSSS and accounted for *** percent of Korean hot-rolled SSSS capacity, POSCO accounted for only *** percent of Korean cold-rolling capacity in 2010. CR at V-26 n.18; PR at V-13 n.18. Given that the vast majority of SSSS sold in the U.S. market is cold-rolled SSSS, CR at I-37, PR at I-30, our analysis of Korean producers as a whole relies on the information available, including information from *** and the Global Trade Atlas. See CR/PR at Table IV-13.

POSCO also contends that Korean re-rollers would not likely increase their exports to the United States given the low level of subject imports from Korea during the period of review and their increasing focus on the Korean market. POSCO's Prehearing Brief at 15-16. The record, however, does not support POSCO's argument, as imports from Korea subject to the antidumping duty order were not insignificant during the period of review, see CR/PR at Table I-1, and Korean re-rollers, by POSCO's own admission, exported 23 percent of their total shipments in 2010. POSCO's Prehearing Brief at 16. In addition, POSCO's *** rate of capacity utilization in 2010 indicates that the Korean re-rollers accounted for *** of the Korean industry's excess capacity that year and would therefore have an incentive to increase exports to the United States after revocation. CR/PR at Table IV-13.

[91] Imports from Korea subject to the countervailing duty order declined *** percent during the period examined in the first reviews, from *** short tons in 1999 to *** short tons in 2004. Memorandum INV-CC-081 (June 6, 2005) at Table IV-11(a) (using exports to the United States as a proxy for imports).

[92] CR/PR at Table IV-1, note.

[93] Calculated from CR/PR at Tables IV-12-13.

[94] Calculated from CR/PR at Tables IV-11-13.

Mexico. The volume of subject imports from Mexico did not decline significantly after imposition of the antidumping duty order. Subject imports from Mexico increased *** during the period examined in the original investigations and also increased *** during the period examined in the first reviews.[95] During the period examined in these reviews, subject imports from Mexico increased from *** short tons in 2005 to *** short tons in 2007, declined to *** short tons in 2008 and *** short tons in 2009, and then increased to *** short tons in 2010.[96] As a share of apparent U.S. consumption, subject imports from Mexico ranged from *** to *** percent in the original investigations, from *** to *** percent in the first five-year reviews, and from *** to *** percent in these second five-year reviews.[97]

The United States was Mexinox's principal market during the period of review, accounting for *** to *** percent of Mexinox's commercial shipments.[98] During the same period, internal consumption accounted for *** to *** percent of Mexinox's commercial shipments, and home market shipments accounted for *** to *** percent of its commercial shipments.[99]

Mexinox's SSSS capacity increased *** during the period of review, from *** short tons in 2005 to *** short tons in 2010. Its rate of capacity utilization increased from *** percent in 2005 to *** percent in 2006, declined to *** percent in 2009, and then recovered to *** percent in 2010, leaving excess capacity of *** short tons that year.[100]

Based on the Mexican industry's excess capacity and its significant exports to the United States even with the order in place, we find that, upon revocation, subject imports from Mexico are not likely to have no discernible adverse impact on the domestic industry.

Taiwan. Subject imports from Taiwan increased during the period examined in the original investigations and declined irregularly during the period examined in the first reviews.[101] During the period examined in these second five-year reviews, subject imports from Taiwan again fluctuated, increasing irregularly from *** short tons in 2005 to *** short tons in 2010.[102] As a share of apparent U.S. consumption, subject imports from Taiwan ranged from *** to *** percent in the original investigations, from *** to *** percent in the first five-year reviews, and from *** to *** percent in these second five-year reviews.[103]

No Taiwan producer responded to the Commission's questionnaire in these reviews. According to ***, in 2010, Taiwan cold-rolled SSSS producers possessed capacity of *** short tons and made global shipments of *** short tons, suggesting a capacity utilization rate of *** percent and excess capacity of

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[95] During the period examined in the original investigations, subject imports from Mexico increased from *** short tons in 1996 to *** short tons in 1998. CR/PR at Table I-1. During the period examined in the first reviews, subject imports from Mexico declined from *** short tons in 1999 to *** short tons in 2002, before increasing to *** short tons in 2004. Id.

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

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

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

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

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

[101] During the original period of investigation, subject imports from Taiwan increased from *** short tons in 1996 to *** short tons in 1998. CR/PR at Table I-1. During the period examined in the first reviews, subject imports from Taiwan fluctuated, declining irregularly from *** short tons in 1999 to *** short tons in 2004. Id.

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

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

*** short tons.[104] Taiwan SSSS exports were 1,056,679 short tons, equivalent to *** percent of global Taiwan shipments, suggesting that Taiwan cold-rolled SSSS producers are export oriented.[105]

Based on the information available, given the Taiwan industry's significant capacity and excess capacity, its high degree of export orientation, and its continuous presence in the U.S. market, we find that, upon revocation, subject imports from Taiwan are not likely to have no discernible adverse impact on the domestic industry.

C. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[106] Only a "reasonable overlap" of competition is required.[107] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[108]

Fungibility. As in the original investigations and the first five-year reviews, the record in these second five-year reviews continues to show a moderate to high degree of substitutability between subject imports from each source and the domestic like product.[109] SSSS from each subject country and the domestic like product conform to the same AISI and ASTM specifications, and responding purchasers reported purchasing all specified grades from domestic producers, Germany, and Mexico, and at least one responding purchaser reported buying the same specified grades (grades 304/304L, 316/316L, and 430) from each of the remaining subject countries.[110] The vast majority of responding producers, importers, and purchasers reported that imports from each subject country and the domestic like product were always or frequently interchangeable.[111] Similarly, most responding producers and purchasers reported that imports from each subject country are always or frequently interchangeable with imports

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[104] CR/PR at Table IV-16.

[105] CR/PR at Table IV-16.

[106] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject 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 subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[107] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 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, Invs. Nos. 701-TA-386 and 731-TA-812 to 813 (Prelim.), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-761 to 762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

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

[109] CR at II-13; PR at II-10.

[110] CR at II-14; PR at II-10; CR/PR at Table II-5.

[111] CR/PR at Table II-11. Most responding importers reported that imports from Mexico are sometimes interchangeable with the domestic like product. Id.

from every other subject country.[112] Most responding importers reported that imports from each subject country are sometimes interchangeable with imports from every other country, with a few exceptions.[113] When asked whether differences other than price are ever important in choosing between SSSS produced in the United States and in each of the subject countries, most responding producers and purchasers responded sometimes or never, though responding importers were more divided on the question.[114] Most responding purchasers reported that SSSS from the domestic industry and from each subject country is comparable according to 17 of 18 enumerated factors, such as availability and product range, and always or usually satisfies minimum quality specifications.[115]

Geographic Overlap and Simultaneous Presence in Market. U.S. producers and importers of SSSS from each subject country reported selling SSSS to all regions in the contiguous United States.[116] Imports from each subject country entered the United States though ports across the United States.[117] Subject imports from Germany, Japan, Korea, Mexico, and Taiwan were present in the U.S. market in every month of the period of review, and subject imports from Italy were present in the U.S. market in every month of the period but June 2006 and September 2009.[118]

Channels of Distribution. During the period of review, the domestic industry's U.S. shipments were roughly divided between distributors/processors/service centers and end users.[119] In general, most U.S. shipments of subject imports from Germany, Italy, Korea, Mexico, and Taiwan were sold to distributors/processors/service centers, with the balance sold to end users, while most subject imports from Japan were sold to end users, with the balance sold to distributors/processors/service centers.[120] Nevertheless, U.S. shipments from many sources shifted between these two channels of distribution during the period of review, with U.S. shipments of SSSS imported from Germany *** divided between distributors/processors/service centers and end users in 2009 and 2010, U.S. shipments of SSSS imported from Italy sold *** to end users in 2010, *** of U.S. shipments of SSSS imported from Korea sold to end users in 2008 and 2009, and *** of U.S. shipments of SSSS imported from Taiwan sold to end users in 2005.[121] Thus, subject imports from all sources and the domestic like product would appear to overlap significantly in terms of their channels of distribution.

Conclusion. The record of these reviews indicates that, if the orders were revoked, there would likely be a reasonable overlap of competition with respect to fungibility, geographic overlap, channels of distribution, and simultaneous presence in the U.S. market. Based on these considerations, and the absence of any argument to the contrary, we find that there would likely be a reasonable overlap of

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

[113] CR/PR at Table II-11. Most responding importers reported that subject imports from Germany and Italy, Germany and Japan, Japan and Korea, Japan and Mexico, and Japan and Taiwan are always or frequently interchangeable. Id.

[114] CR/PR at Table II-12.

[115] CR/PR at Tables II-9, 13. A few exceptions are worth noting. A majority of responding purchasers reported that domestically produced SSSS was superior to imported SSSS from each subject country in terms of delivery time. Id. at Table II-9. A majority or plurality of responding purchasers indicated that domestically produced SSSS was superior to subject imported SSSS with respect to the following factors and countries: availability (Korea, Taiwan), availability of cold-rolled product and extra wide or long rolls (Taiwan), delivery terms (Japan, Korea, Taiwan), extension of credit (Taiwan), and U.S. transportation costs (Japan, Taiwan). Id.

[116] CR at II-1; PR at II-1; CR/PR at Table II-2.

[117] CR at IV-13; PR at IV-9.

[118] CR at IV-13; PR at IV-9.

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

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

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

competition between and among imports from each subject country and the domestic like product if the orders were to be revoked.

D. Likely Conditions of Competition[122]

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether the subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan are likely to compete under similar or different conditions in the U.S. market after revocation of the orders.[123] We find that subject imports from Germany, Italy, and Mexico are likely to compete under conditions of competition that are similar with respect to those countries but different from conditions that apply to subject imports from Japan, Korea, and Taiwan, as further explained below.

Germany, Italy, and Mexico. We find that subject imports from Germany, Italy, and Mexico are likely to compete under similar conditions of competition in the U.S. market after revocation because most SSSS production in each country is controlled by ThyssenKrupp, and therefore subject to ThyssenKrupp's local supply strategy in the U.S. market. In 2010, subject foreign producers affiliated with ThyssenKrupp accounted for *** percent of reported SSSS production in Germany, *** percent of reported SSSS production in Italy, and *** percent of SSSS production in Mexico.[124] Motivated by U.S. customer demands for shorter lead times, increased logistical costs, and the weak U.S. dollar,[125] ThyssenKrupp is in the process of implementing what it refers to as a local supply strategy, whereby the North American market will come to be served almost exclusively by Mexinox and SL-USA, while ThyssenKrupp's German and Italian operations focus on serving the European market.[126] As a critical element of this strategy, ThyssenKrupp is investing $1.4 billion in the construction of a greenfield, integrated stainless steel production facility in Calvert, Alabama, known as SL-USA.[127] According to the ThyssenKrupp, SL-USA commenced commercial production of cold-rolled SSSS in November 2010 and will possess an annual SSSS capacity of *** short tons in 2011, expanding to *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014.[128]

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[122] Commissioners Lane and Pinkert do not join in this section.

[123] See, e.g., Allegheny Ludlum Corp., 475 F. Supp. 2d at 1378 (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); Nucor v. United States, 569 F. Supp. 2d at 1337-38; United States Steel, Slip Op. 08-82.

[124] Calculated from the foreign producers' questionnaire responses of German and Italian producers. See also ***. See EDIS Doc#452660. Two of four responding foreign producers in Germany, one of two responding foreign producers in Italy, and the sole responding foreign producer in Mexico are affiliated with ThyssenKrupp.

[125] Hearing Tr. at 143-44 (Iller); ThyssenKrupp Respondents' Posthearing Brief at 4; ThyssenKrupp Respondents' Responses to Commissioner Questions at 13-15, Exhibit 3; see also CR at II-18, V-8; PR at II-13, V-5-6; Domestic Interested Parties' Responses to Commissioner Questions at 13 ("U.S. producers are being increasingly required to inventory product for their customers and respond more quickly to customers in supplying product under shorter lead times.").

[126] Hearing Tr. at 145-46 (Iller).

[127] ThyssenKrupp reports that $1.2 billion of its $1.4 billion planned investment in SL-USA has been contracted and $950 million spent. ThyssenKrupp's Responses to Commissioner Questions at 49.

[128] ThyssenKrupp Respondents' Responses to Commissioner Questions at 3-4. SL-USA currently produces cold-rolled SSSS from hot-rolled pickled and annealed feedstock, known as white band, imported from Germany. Id. Phase two comprises a second cold-rolling mill and a hot annealing and pickling line, scheduled for completion in the third quarter of 2011. Id. At that point, SL-USA will utilize its hot-rolling mill, shared with the facility's carbon steel operations, to produce hot-rolled SSSS from nonsubject black band and slabs imported from Italy, for further (continued...)

Another key element of ThyssenKrupp's local supply strategy is the consolidation of ThyssenKrupp's North American administration and marketing in SL-USA and the coordination of ThyssenKrupp's sales of SSSS in the United States and Canada by the vice president of sales for SL-USA.[129] As ThyssenKrupp's marketing executive for the entire North American region, the vice president of sales has the authority to "veto" imports from affiliates that could potentially harm SL-USA's sales, and has been instructed to wield such authority to safeguard ThyssenKrupp's substantial investment in SL-USA.[130]

Due to the price sensitivity of the U.S. SSSS market, any significant increase in subject import volume from Germany, Italy, and Mexico would likely have an adverse impact on SL-USA. As addressed in section III.C above, there is a moderate to high degree of substitutability between SSSS from each subject country and the domestic like product, and most responding producers and purchasers reported that differences other than price are sometimes or never important in choosing between SSSS produced in the United States and in each of the subject countries.[131] In addition, 24 responding purchasers identified price as among the three major factors considered in purchasing decisions -- more than any other factor -- and 23 responding purchasers ranked price as "very important" to their purchasing decisions -- tied with availability and reliability of supply but ahead of 15 other enumerated factors such as delivery terms and packaging.[132] Although Mexinox plans to focus its exports to the U.S. market on 400 series and bright annealed products while SL-USA focuses on sales of 300 series products,[133] the strong correlation between cold-rolled SSSS grade 304 and grade 430 base prices during the period of review suggests that Mexinox's exports of 400 series SSSS to the United States could possibly have an

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[128] (...continued)
processing into cold-rolled SSSS. Id. at 4, 7. Phase three comprises a third cold-rolling mill and a melt shop, with production of stainless steel slabs scheduled for the end of 2013. Id. at 5. At that point, SL-USA's SSSS facilities will be fully integrated and self-sufficient, and will begin to supply Mexinox with hot-rolled SSSS feedstock in 2014, supplanting hot-rolled SSSS feedstock currently imported from Germany and Italy. Id.

[129] ThyssenKrupp Respondents' Responses to Commissioner Questions at 9, Exhibits 1 and 3. Stephen Lacor is currently vice president of sales for SL-USA. Id.

[130] ThyssenKrupp Respondents' Responses to Commissioner Questions at 9-10, Exhibit 3. Over the past ten years, Mr. Lacor has coordinated sales of SSSS imported from Germany, Italy, and Mexico in the United States as vice president of sales for ThyssenKrupp Stainless North America, comprising ThyssenKrupp Nirosta North America, Inc., ThyssenKrupp AST YSA, Inc., and Mexinox USA, Inc. Id. at Exhibits 1 and 3; Hearing Tr. at 157-58 (Lacor). He has retained this position, even as ThyssenKrupp has consolidated administration and marketing functions in SL-USA. Id. Globally, ThyssenKrupp's local supply strategy is coordinated through the Management Board of its Stainless Global Division in Germany, headed by Chairman Clemen Iller. ThyssenKrupp Respondents' Responses to Commissioner Questions at 9, Exhibit 3. Mr. Iller has directed Mr. Lacor to "cut off" any imports from Germany, Italy, or Mexico that could prove harmful to SL-USA either directly, through his position at SL-USA, or through Mr. Iller's authority. Id. at Exhibit 3; see also Hearing Tr. at 219-20 (Iller).

[131] CR/PR at Table II-12.

[132] CR/PR at Tables II-6-7. In addition, 13 of 23 responding purchasers reported that they always or usually purchase the lowest priced product for their contract purchases, CR at II-15; PR at II-11, and contract sales accounted for 27 percent of domestic industry sales and 57 percent of importer sales in 2010. CR at V-9; PR at V-6. On the other hand, 15 of 25 responding purchasers reported that they sometimes or never purchase the lowest priced product for their spot purchases, CR at II-15; PR at II-11, and spot sales accounted for 73 percent of domestic industry sales and 43 percent of importer sales in 2010. CR at V-9; PR at V-6. Nevertheless, the record, on balance, indicates that price is an important factor in the U.S. SSSS market.

[133] Hearing Tr. at 160 (Lacor); ThyssenKrupp Respondent's Posthearing Brief at 11; ThyssenKrupp Respondents' Responses to Commissioner Questions, Exhibit 1 at 6.

adverse effect on SL-USA's sales of 300 series SSSS.[134] The price sensitivity of the U.S. SSSS market suggests that the vice president of sales for SL-USA will have to strictly manage subject imports from ThyssenKrupp affiliates in Germany, Italy, and Mexico if he is to prevent injury to SL-USA.

Although ThyssenKrupp's Supervisory Board made the decision to separate ThyssenKrupp's stainless steel business unit on May 13, 2011, we find it unlikely that the stainless steel unit will significantly alter or reverse its local supply strategy within a reasonably foreseeable time.[135] ThyssenKrupp is not scheduled to decide how to go about spinning off its stainless steel unit until January 2012, when a group currently studying the issue is due to present several options and a decision will be made.[136] Moreover, regardless of how the stainless steel unit is separated, ThyssenKrupp has emphasized that the unit will remain intact, comprising SSSS production facilities in Germany, Italy, Mexico, and the United States, and that the unit's $1.4 billion greenfield stainless steel production facility in Calvert, Alabama will be completed.[137] Consequently, the stainless steel unit's strong rationale for pursuing a local supply strategy would likely remain unchanged after the unit's separation from ThyssenKrupp. Given the short lead times demanded by U.S. purchasers, increased logistical costs, and exchange rate volatility, the stainless steel unit would have an economic incentive even under a different owner to serve the U.S. market primarily with SSSS produced by SL-USA, while managing imports from Germany, Italy, and Mexico so as to protect the $1.4 billion investment in SL-USA.

In sum, subject imports from Germany, Italy, and Mexico are likely to compete in the U.S. market under similar conditions of competition after revocation because almost all subject imports from those countries are controlled by ThyssenKrupp, and will likely be coordinated pursuant to a local supply strategy calculated to ensure the success of ThyssenKrupp's $1.4 billion investment in domestic producer SL-USA. By contrast, no subject imports from Japan, Korea, and Taiwan are controlled by ThyssenKrupp and there is no evidence on the record that subject producers accounting for a major proportion of SSSS production in Japan, Korea, and Taiwan are related to each other or to a major domestic producer.[138] We therefore exercise our discretion to cumulate subject imports from Germany, Italy, and Mexico separately from subject imports from Japan, Korea, and Taiwan.

Japan, Korea, and Taiwan. Based on the likely reasonable overlap of competition between subject imports from Japan, Korea, and Taiwan, and the absence of other differences in likely conditions of competition in the U.S. market that would warrant the consideration of subject imports from any one of the countries on an individual basis, we exercise our discretion to cumulate subject imports from Japan,

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[134] Commission staff calculated that there was a *** percent correlation between base prices for cold-rolled SSSS grades 304 and 430 during the 2005-2010 period. Calculated from CR at V-6; PR at V-4. We recognize that the correlation between base prices for cold-rolled SSSS grades 304 and 430 may be due in part to exogenous factors, such as similar trends in the production cost of or demand for products containing cold-rolled SSSS grades 304 and 430. Nevertheless, we find this correlation strong enough to suggest that the price of grade 400 SSSS may have some effect on the price of grade 300 SSSS, particularly given the price sensitivity of the U.S. SSSS market. Moreover, significantly increased volumes of 400 series SSSS imported from Mexico could motivate domestic producers other than SL-USA to shift production and sales to 300 series SSSS, which would adversely affect SL-USA's sales of 300 series products. See Hearing Tr. at 30 (Schmitt) (stating that AK Steel produces both 300 and 400 series SSSS). Finally, SL-USA would not want Mexinox to undermine U.S. prices for 400 series SSSS because ***. ThyssenKrupp Respondents' Responses to Commissioner Questions, Exhibit 1 at 3; see also Hearing Tr. at 160 (Lacor) ("Production from Mexico [of ferritic] products, in particular grade 430, will continue to be shipped to the United States. This is because at least during the initial phases the Alabama mill will not have the technical capabilities required to provide the surface finish that customers expect in this grade."), 210-11 (Lacor), 211-12, 214 (Salas).

[135] ThyssenKrupp Respondents' Responses to Commissioner Questions at 27; Hearing Tr. at 206 (Iller).

[136] Hearing Tr. at 207 (Iller).

[137] ThyssenKrupp Respondents' Responses to Commissioner Questions at 27; Hearing Tr. at 207-8 (Iller).

[138] See CR/PR at Table I-16; CR at IV-22, 26, 34; PR at IV-12-13, 15.

Korea, and Taiwan. The information available indicates that subject industries in Japan, Korea, and Taiwan would likely compete under similar conditions of competition in the U.S. market after revocation. In 2010, the cold-rolled SSSS industries in Japan, Korea, and Taiwan each possessed excess capacity, were export oriented to a significant degree, and were focused on serving markets in Asia.[139] Each industry is likely to maintain excess capacity in the reasonably foreseeable future given their reliance on third country markets in Asia, where capacity is expected to exceed demand through 2015.[140] Moreover, subject imports from Japan, Korea, and Taiwan have maintained a significant presence in the U.S. market since the original investigations, suggesting that producers in each country remain interested in serving the U.S. market.[141] These factors lend additional support to our determination to cumulate subject imports from Japan, Korea, and Taiwan.

We are unpersuaded by POSCO's argument that subject imports from Korea would likely compete in the U.S. market under different conditions of competition than imports from other subject countries. POSCO's argument is predicated almost entirely on the conditions of competition that it claims its own exports would likely compete under in the U.S. market after revocation.[142] POSCO is not a

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[139] Out of all the major subject producers in Japan, Korea, and Taiwan, only POSCO cooperated fully with these reviews, and we therefore rely on the information available on the industries in Japan, Korea, and Taiwan. 19 U.S.C. § 1677e(a). With respect to Japan, *** reports that in 2010, the Japanese cold-rolled SSSS industry's capacity was *** short tons and its production was *** short tons, suggesting a capacity utilization rate of *** percent and excess capacity of *** short tons. CR/PR at Table IV-10. According to the Global Trade Atlas, the Japanese cold-rolled SSSS industry exported 900,265 short tons in 2010, equivalent to *** percent of production as reported by ***. Id. The Global Trade Atlas also indicates that most Japanese SSSS exports were to third country markets in Asia during the period of review. See Domestic Interested Parties' Prehearing Brief at Exhibit 9.

With respect to Korean producers subject to the antidumping duty order, POSCO reported capacity of *** short tons in 2010, including excess capacity of *** short tons. CR/PR at Table I-11. The actual excess capacity of Korean producers subject to the antidumping duty order is likely higher, given that Korean producers other than POSCO are also subject to the order and Korean producers as a whole possessed significant excess capacity based on the information available. See id. at Table IV-13. POSCO also exhibited a significant degree of export orientation during the period of review, exporting *** percent of its shipments in 2010. Id.

The information available on Korean producers subject to the countervailing duty order indicates that these producers had a capacity of *** short tons and production of *** short tons in 2010, suggesting a capacity utilization rate of *** percent and excess capacity of *** short tons that year. Id. at Tables IV-12-13 (adjusted to exclude data reported by POSCO). Korean producers subject to the countervailing duty order were export oriented, exporting approximately *** percent of their production in 2010. Id. (adjusted to exclude all exports reported by POSCO). The Global Trade Atlas also indicates that most Korean SSSS exports were to third country markets in Asia during the period of review. See Domestic Interested Parties' Prehearing Brief at Exhibit 9.

With respect to Taiwan, *** reports that in 2010, the Taiwan cold-rolled SSSS industry's capacity was *** short tons and its global shipments were *** short tons, suggesting a capacity utilization rate of *** percent and excess capacity of *** short tons. CR/PR at Table IV-13. According to the Global Trade Atlas, the Taiwan cold-rolled SSSS industry exported 1,056,679 short tons in 2010, equivalent to *** percent of Taiwan global shipments as reported by ***. The Global Trade Atlas also indicates that most Taiwan SSSS exports were to third country markets in Asia during the period of review. See Domestic Interested Parties' Prehearing Brief at Exhibit 9.

[140] Compare CR/PR at Table IV-17 with id. at Table IV-19. Asian cold-rolled SS flat products capacity is projected to exceed Asian cold-rolled SS flat products shipments by *** short tons in 2011, *** short tons in 2012, *** short tons in 2013, *** short tons in 2014, and *** short tons in 2015. Id.

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

[142] See POSCO's Prehearing Brief at 17-19. Specifically, POSCO claims that 1) POSCO's rate of capacity utilization was *** of any foreign producer's during the period of review; 2) POSCO has related SSSS production facilities in China and Vietnam that could serve the U.S. market, were POSCO interested in serving the U.S. market; 3) POSCO's hot-rolled SSSS capacity *** its cold-rolled SSSS capacity, whereas industries in Germany, Italy, and

(continued...)

proxy for the Korean cold-rolled SSSS industry, however, as it accounted for *** percent of Korean cold-rolled SSSS capacity in 2010.[143] As addressed above, the information available on the Korean industry as a whole indicates that Korean cold-rolled SSSS producers possessed significant excess capacity, a significant degree of export orientation, a focus on serving third country markets in Asia, and a significant presence in the U.S. market during the period of review, similar to subject foreign producers in Japan and Taiwan.[144] Accordingly, we find that the similarities in likely conditions of competition for subject imports from Japan, Korea, and Taiwan do not warrant consideration of subject imports from Korea on an individual basis. Therefore, we exercise our discretion to cumulate subject imports from Korea with subject imports from Japan and Taiwan.

For the foregoing reasons, we exercise our discretion to cumulate subject imports from Germany, Italy, and Mexico, on the one hand, and subject imports from Japan, Korea, and Taiwan, on the other hand.

IV. WHETHER REVOCATION OF THE ANTIDUMPING DUTY AND COUNTERVAILING DUTY ORDERS WOULD LIKELY LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Legal Standards

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[145] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual 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."[146] Thus, the likelihood standard is prospective in nature.[147] The U.S. Court of International Trade has found that

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[142] (...continued)
Mexico have *** cold-rolled SSSS capacity than hot-rolled SSSS capacity; 4) a much higher percentage of POSCO's SSSS production consisted of subject SSSS products than SSSS production in Germany, Italy, and Mexico; and 5) POSCO made at least 90 percent of its SSSS shipments within Asia in every year of the period of review, unlike any other subject industry. Id.

[143] CR at IV-26 n.18; PR at IV-13 n.18.

[144] We would note that POSCO's argument focuses on the differences in likely conditions of competition between its own exports to the United States and exports from Germany, Italy, and Mexico. See POSCO's Prehearing Brief at 17-19. As addressed above, we have found that subject imports from Germany, Italy, and Mexico are likely to compete under different conditions of competition than subject imports from Japan, Korea, and Taiwan, and exercise our discretion to cumulate subject imports from Germany, Italy, and Mexico on that basis.

[145] 19 U.S.C. § 1675a(a).

[146] SAA at 883-84. 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." Id. at 883.

[147] 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." (continued...)

"likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[148] [149] [150]

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."[151] 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 original investigations."[152]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty 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."[153] 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 terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C.§ 1675(a)(4).[154] 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.[155]

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[147] (...continued)
SAA at 884.

[148] 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)"), aff'd mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (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, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

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

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

[151] 19 U.S.C. § 1675a(a)(5).

[152] 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.

[153] 19 U.S.C. § 1675a(a)(1).

[154] 19 U.S.C. § 1675a(a)(1). Commerce has not issued any duty absorption findings with respect to SSSS from the subject countries. See CR at I-17 n.21; PR at I-15 n.21.

[155] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or the suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[156] 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.[157]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or the 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 the domestic like product 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 the domestic like product.[158]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or the 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 the following: (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.[159] 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. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[160]

B. Findings in the Prior Proceedings

1. The Original Investigations

Conditions of Competition. In the original investigation, the Commission found a number of conditions of competition relevant to its analysis. It found that apparent consumption of SSSS increased by 5 or 6 percent per year throughout the period of investigation. It also found there to be "general substitutability" among SSSS grades. Although SSSS was produced according to customer

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[156] 19 U.S.C. § 1675a(a)(2).

[157] 19 U.S.C. § 1675a(a)(2)(A-D).

[158] See 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.

[159] 19 U.S.C. § 1675a(a)(4).

[160] 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.

specifications, there was a broad overlap of certain standard grades. Further, most SSSS producers were capable of producing a wide range of SSSS products to meet specific customer demands and typically produced SSSS to order. Even though substitutability was limited among certain specialty products, a sizable portion of the volume of both U.S. production and subject imports consisted of commodity grades. The Commission also found price to be among the most important factors in purchasing decisions, along with other factors (product quality, consistency, and availability).[161]

Subject Import Volume. The Commission found in the original investigations that the volume of subject imports increased significantly over the investigation period, growing by 5.1 percent between 1996 and 1997, and then by 13.3 percent between 1997 and 1998.[162] The cumulated market share of the subject countries was 14.9 percent in 1996 and 1997, but increased to 15.9 percent in 1998. By contrast, nonsubject imports' share of the market remained steady during the period.[163]

U.S. producers increased capacity by 9.3 percent during the original period of investigation, but their share of the market did not grow. Their share remained relatively stable in 1996 and 1997, at 80.8 percent and 81.3 percent respectively, but dropped to 79.6 percent in 1998.[164] The Commission noted that despite a 10 percent increase in the volume of U.S. producers' shipments during the period of investigation, the value of their shipments fell by 10 percent.[165]

Price Effects. The Commission observed that domestic SSSS and the subject imports are generally substitutable, particularly within and among the major grades. In addition, it noted that price was identified by purchasers and producers as one of the most important factors in purchasing decisions. It also cited evidence that sale contracts for SSSS are often renegotiated to take advantage of lower market prices.

Prices for both the domestic like product and subject imports declined over the period of investigation. Prices at the end of the period of investigation were significantly lower (24.2 percent to 32.0 percent lower) than those at the beginning of the period. Prices declined across the board for all SSSS products during a period of what the Commission described as "record high demand."[166]

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.[167]

The Commission observed that "given the product mix and close price competition, a mix of overselling and underselling by subject imports [was] not unexpected." Still, subject imports undersold the domestic product in 196 of 321 possible quarterly price comparisons (61.0 percent) between 1996 and 1998.[168]

Based on the substitutability of the subject imports and the domestic like product, price competition, the parallel declines in domestic and subject import prices during a period of record demand, the increasing subject import volumes, and the evidence of general underselling, the Commission concluded that the subject imports had significantly depressed domestic prices for SSSS.[169]

Impact. The Commission found that apparent consumption of SSSS increased throughout the period of investigation, growing by 11.7 percent, and that domestic producers increased their capacity by

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[161] Original Determinations at 13-14.

[162] Original Determinations at 14.

[163] Original Determinations at 15.

[164] Original Determinations at 15.

[165] Original Determinations at 15.

[166] Original Determinations at 16.

[167] Original Determinations at 17.

[168] Original Determinations at 17.

[169] Original Determinations at 17.

9.3 percent in order to improve productivity and meet increasing demand. The Commission concluded, however, that, faced with the increasing volumes of subject imports, the domestic industry lowered its prices in order to preserve its market share.[170]

Although the increase in domestic production capacity was less than the 11.7 percent increase in apparent consumption, the Commission found that the domestic industry's increased capacity became excess capacity due to subject imports. The industry's capacity utilization rate declined from 73.0 percent in 1996 to 69.6 percent in 1998.[171]

Apparent consumption grew significantly and the costs of goods sold declined, yet operating income declined by more than two-thirds, dropping from $224.5 million in 1996 to $152.9 million in 1997 and $44.8 million in 1998.[172] The ratio of operating income to net sales declined from 8.4 percent in 1996 to 5.9 percent in 1997 and 1.8 percent in 1998. The Commission found that the decline in operating income resulted from the domestic industry's decision to reduce prices in response to the volume of imports in order to maintain market share.[173]

Accordingly, in light of the domestic industry's declining prices, deteriorating financial condition, and declining capacity utilization and market share, the Commission determined that the domestic industry producing SSSS was materially injured by reason of imports from the subject countries.[174]

2. The First Five-Year Reviews

Conditions of Competition. In the first five-year reviews, the Commission found that the conditions of competition remained largely unchanged from those in the original investigations, with a few notable exceptions. It found that apparent U.S. consumption declined in 2000 and 2001 due to an economic recession and then rebounded through 2004 to a level that remained below that in 1999.[175] As in the original investigations, it found that there was at least a moderate degree of substitutability between subject imports and the domestic like product, with a greater percentage of domestic producers' sales concentrated in commodity grades than during the original investigations.[176] The domestic industry had restructured since the original investigations, leaving only three major domestic producers: AK Steel, Allegheny Ludlum, and NAS.[177] The Commission noted that raw materials were a significant cost in the production of SSSS, which domestic producers and some importers passed on to purchasers through surcharges.[178] Finally, the Commission observed that global consumption of SSSS increased during the period of review, particularly in Asia and China, although capacity growth was projected to outstrip demand growth over the next several years.[179]

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[170] Original Determinations at 19.

[171] Original Determinations at 19.

[172] Original Determinations at 19.

[173] Original Determinations at 19.

[174] Original Determinations at 20.

[175] Original Determinations at 24.

[176] Original Determinations at 24.

[177] Original Determinations at 24-25.

[178] Original Determinations at 25.

[179] Original Determinations at 26.

Likely Volume. The Commission found that cumulated subject import volume from Germany, Italy, Japan, Korea, Mexico, and Taiwan would likely be significant after revocation of the orders.[180] Subject foreign producers would have the ability to increase exports to the United States, the Commission found, given the continued presence of subject imports in the U.S. market, reflecting an existing distribution network, and the significant increase in capacity and excess capacity to produce SSSS in those subject countries since the original investigations.[181] The Commission also found that subject foreign producers would likely shift exports from third country markets to the United States after revocation, given the attractive SSSS prices prevailing in the U.S. market, particularly for high-volume grade 304 SSSS.[182] Finally, the Commission found that subject foreign producers could increase their exports of SSSS to the United States by shifting from the production of nonsubject cut-to-length SSSS to subject SSSS, which is the more commercially advantageous form of SSSS from the perspective of subject foreign producers.[183] In this regard, the Commission noted that imports of cut-to-length SSSS from the subject countries increased by 80,000 short tons between 1998 and 2004, while subject imports declined by 150,000 short tons.[184]

Likely Price Effects. In the first five-year reviews, the Commission began its price analysis by observing that subject imports and the domestic like product were at least moderately substitutable and that price was one of the most important considerations in purchasing decisions.[185] It then noted that subject imports undersold the domestic like product "with some frequency" (in 78 of 192 quarterly comparisons) during the period of review, despite imposition of the orders.[186] Next, the Commission observed that domestic prices declined during 2000-2001, when demand was weak; increased in 2003, although not enough to cover increased production costs; and then increased in 2004 in excess of increased production costs.[187] Nevertheless, the Commission found that domestic prices were unlikely to remain strong if the orders were to be revoked, given the price sensitivity of the SSSS market, low projected U.S. demand growth, increased subject import volume during the period of review, and continued subject import underselling even with the orders in place.[188] The Commission concluded that revocation of the orders would likely result in significant subject import underselling as well as significant price depression and suppression.[189]

Likely Impact. The Commission found that the domestic industry's operating and financial performance improved in 1999 after imposition of the orders, declined in 2001 due to a recession, and then recovered through 2004, although to a level below that in 1999.[190] Based on the domestic industry's generally positive performance in 2004, the Commission did not find the domestic industry to be vulnerable.[191] Nevertheless, the Commission found that the domestic industry would require SSSS prices that were considerably higher than historical averages if it was to maintain its profitability performance in

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[180] First Review Determinations at 30.

[181] First Review Determinations at 27-28.

[182] First Review Determinations at 29.

[183] First Review Determinations at 29-30. The Commission found that SSSS is more commercially advantageous than cut-to-length SSSS in that it is easier to transport and more flexible in use. Id. at 29.

[184] First Review Determinations at 30.

[185] First Review Determinations at 31.

[186] First Review Determinations at 31.

[187] First Review Determinations at 31.

[188] First Review Determinations at 31-32.

[189] First Review Determinations at 32.

[190] First Review Determinations at 32-33.

[191] First Review Determinations at 33.

the face of high raw material costs.[192] Citing the modest demand growth projected for apparent U.S. consumption, the Commission further found that the U.S. market would not be able to absorb the significant increase in subject imports that was likely after revocation, which would likely undersell the domestic like product and suppress or depress U.S. prices.[193] It therefore concluded that subject imports would likely have a significant adverse impact on the domestic industry after revocation of the orders.[194]

C. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, 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."[195] The following conditions of competition inform our determinations.

1. Demand Conditions

Demand for SSSS is a function of the demand for the downstream products that incorporate SSSS[196] and therefore generally tracks overall economic conditions.[197] Principal end uses for SSSS include automotive parts, pipes and tubes, food service equipment, kitchen equipment and appliances, tanks and pressure vessels, and computer parts.[198] Apparent U.S. consumption of SSSS increased from 1,671,537 short tons in 2005 to a period high of 1,969,248 short tons in 2006 and then declined to 1,645,385 short tons in 2007.[199] Due to the economic downturn, apparent U.S. consumption declined to 1,492,172 short tons in 2008 and 1,121,848 short tons in 2009, a period low.[200] Apparent U.S. consumption recovered to 1,508,745 short tons in 2010, a level still 9.7 percent lower than in 2005.[201]

Most responding domestic producers, importers, and purchasers reported that they expect U.S. demand for SSSS to increase further in 2011 and 2012.[202] Witnesses for domestic and respondent interested parties alike testified that the recovery in U.S. demand for SSSS will likely continue.[203] *** projects that apparent U.S. consumption of cold-rolled SSSS will increase *** percent in 2011, but

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[192] First Review Determinations at 33-34.

[193] First Review Determinations at 34.

[194] First Review Determinations at 34.

[195] 19 U.S.C. § 1675a(a)(4).

[196] CR at II-7; PR at II-6.

[197] CR at II-9; PR at II-7.

[198] CR at II-7; PR at II-6.

[199] CR/PR at Table I-18.

[200] CR/PR at Table I-18; CR at II-11; II-8.

[201] CR/PR at Table I-18.

[202] CR at II-11; PR at II-8; CR/PR at Table II-4.

[203] See Hearing Tr. at 28 (Feeley) (anticipating "moderate demand growth" in the United States), 42 (Blot) (projecting "a modest, not a robust, increase in demand over the next three years"), 67-68 (Hartford) (expecting "slow, gradual growth"), 69 (Schmitt) (expecting "a slight growth, a moderate growth" for 2011 and 2012), 72-73 (Feeley) ("So perhaps we're discouraged, short-term, with the apparent consumption rates, but optimistic with the future, that we can enjoy let's say larger production levels as a result of growing apparent consumption."), 187 (Malashevich) (agreeing with demand forecasts contained in the staff report).

decline *** percent in 2012, to a level still *** percent higher than in 2010.[204] These projections are consistent with the average forecast U.S. real GDP growth of 2.6 percent in 2011 and 3.1 percent in 2012, as well as forecast U.S. real industrial production growth of 4.5 percent in 2011 and 4.1 percent in 2012.[205]

*** reports that on a worldwide basis, consumption of hot- and cold-rolled SSSS increased between 2005 and 2006, declined through 2009 to a period low, and then recovered in 2010 to a period high.[206] *** projects that worldwide consumption of hot- and cold-rolled SSSS will continue to increase through 2015.[207]

2. Supply Conditions

During the period of review, the domestic industry satisfied the bulk of domestic demand for SSSS. On an annual basis, the domestic industry supplied between *** and *** percent of apparent U.S. consumption during the period of review.[208] The three largest domestic producers of SSSS, Allegheny Ludlum, AK Steel, and NAS, together accounted for *** percent of reported domestic production of SSSS in 2010.[209] Domestic industry capacity increased irregularly from 2,142,965 short tons in 2005 to 2,201,706 short tons in 2008 before increasing significantly to 3,076,463 short tons in 2009, largely due to a capacity expansion by NAS and a capacity reallocation by ***, and then declining to 2,748,775 short tons in 2010, due in part to Allegheny Ludlum's closure of its melt shop in Natrona, Pennsylvania.[210]

As of the end of the period of review, the domestic industry was poised to make significant additions and enhancements to its capacity. ThyssenKrupp's $1.4 billion greenfield, integrated stainless steel production facility in Calvert, Alabama, SL-USA, commenced a limited production run in late 2010 and possessed a cold-rolled SSSS capacity of approximately *** metric tons per year as of June 2011, to be expanded to *** metric tons in 2012, *** metric tons in 2013, and *** metric tons in 2014.[211] ***.[212] ***.[213]

Cumulated subject imports from Germany, Italy, and Mexico accounted for between *** and *** percent of apparent U.S. consumption between 2005 and 2010, while cumulated subject imports from Japan, Korea, and Taiwan accounted for between *** and *** percent of apparent U.S. consumption.[214] [215]

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[204] CR at II-11-12; PR at II-8; CR/PR at Tables IV-23, 25.

[205] CR at II-9; PR at II-7.

[206] See CR/PR at Tables IV-22, 24.

[207] See CR/PR at Tables IV-23, 25.

[208] CR/PR at Table I-19.

[209] CR/PR at Table I-16.

[210] CR/PR at Tables III-1, 4; CR at III-4 & n.1; PR at III-2 & n.1.

[211] CR at III-4; PR at III-2; ThyssenKrupp Respondents' Responses to Commissioner Questions at 4-5. According to ThyssenKrupp, $1.2 billion of its $1.4 billion investment in SL-USA has been contracted and $950 million has been spent. Id. at 49.

[212] CR/PR at Table III-3.

[213] CR/PR at Table III-3.

[214] CR/PR at Table I-19.

[215] Commissioner Lane notes that cumulated imports from the six countries subject to these reviews accounted for between 6.9 and 8.1 percent of apparent U.S. consumption between 2005 and 2010. CR/PR at Table I-1.

Imports from nonsubject countries combined accounted for between 6.2 and 13.4 percent of apparent U.S. consumption during the period of review.[216] The largest sources of nonsubject imports during the period, in descending order, were China, Sweden, Brazil, France, Belgium, and Finland.[217]

3. Other Likely Conditions of Competition

As addressed in sections III.D. and E. above, there is a moderate to high degree of substitutability between subject imports from each source and the domestic like product,[218] and price is an important factor in the U.S. SSSS market.[219] Responding purchasers also indicated that availability and reliability of supply were very important factors in their purchasing decisions.[220]

U.S. purchasers are reportedly demanding shorter lead times in response to the 2008-2009 economic downturn, with average lead times in the U.S market declining from 6 to 8 weeks to 4 to 6 weeks.[221] This trend has reportedly forced domestic producers to carry larger inventories of SSSS, increasing their inventory carrying costs.[222] Citing this trend, the ThyssenKrupp respondents claim that their local supply strategy is motivated in part by their U.S. customers' increasing unwillingness to accept lead times from Germany and Italy of 9 weeks or more and the financial risks associated with maintaining large inventories of subject imports in the United States.[223]

Most sales of SSSS in the U.S. market were made on a spot basis or pursuant to short term contracts. Responding domestic producers reported that *** percent of their 2010 sales were sold on a spot basis, *** percent were sold pursuant to short term contracts, and *** percent were sold pursuant to long term contracts.[224] Responding importers reported that 43 percent of their 2010 sales were on a spot basis, while the remaining sales, 57 percent, were sold pursuant to short term contracts.[225]

Many domestic producers and importers reported adding surcharges to the base prices of their SSSS products as a means of passing increased raw material, energy, and other costs on to customers.[226] All five responding producers reported raw material surcharges, four reported fuel surcharges, and two reported energy surcharges.[227] Fourteen of 20 responding importers reported using surcharges of one kind or another, with eight imposing raw material surcharges, five imposing fuel surcharges, five imposing energy surcharges, four imposing transportation surcharges, and two imposing other types of surcharges.[228] Allegheny Ludlum and AK Steel claim that because surcharges cover most fluctuations in raw material costs, producer profits are largely determined by base prices, which reflect market

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[216] CR/PR at Table I-19.

[217] CR at II-7; PR at II-5.

[218] See CR at II-13; PR at II-10; CR/PR at Tables II-9-12.

[219] See CR/PR at Tables II-6-7, 12; CR at II-15-16; PR at II-11-12.

[220] CR/PR at Table II-7. Twenty-three of 25 responding purchasers ranked price, availability, and reliability of supply as "very important" to their purchasing decisions. Id.

[221] CR at II-18; PR at II-13; Hearing Tr. at 123 (Feeley), 144 (Iller), 198 (Lacor); Domestic Interested Parties' Responses to Commissioner Questions at 13.

[222] CR at II-18; PR at II-13; Domestic Interested Parties' Responses to Commissioner Questions at

[223] CR at II-18; PR at II-13; Hearing Tr. at 143-44 (Iller).

[224] CR at V-9; PR at V-6.

[225] CR at V-9; PR at V-6.

[226] CR at V-5; PR at V-4. Domestic producers have utilized surcharges since the 1980s. Id.

[227] CR at V-5; PR at V-4.

[228] CR at V-5; PR at V-4.

conditions.[229] Domestic producers estimate that surcharges match changes in raw material prices about 60 percent of the time.[230]

D. Revocation of the Antidumping Duty Orders on Subject Imports from Germany, Italy, and Mexico Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time[231]

1. Likely Volume of Subject Imports

We find that cumulated subject imports from Germany, Italy, and Mexico are not likely to increase significantly from current levels after revocation of the orders. We recognize that cumulated subject imports from Germany, Italy, and Mexico maintained a presence in the U.S. market during the period of review. We also recognize that subject foreign producers in Germany, Italy, and Mexico together possessed some excess capacity and a significant degree of export orientation. Nevertheless, we find that ThyssenKrupp's local supply strategy will likely limit subject imports from Germany, Italy, and Mexico to noninjurious levels in the reasonably foreseeable future, as discussed below.

Cumulated subject imports from Germany, Italy, and Mexico, maintained a presence in the U.S. market throughout the period of review, and were sold through ThyssenKrupp's established sales and distribution network in the United States.[232] Cumulated subject import volume from Germany, Italy, and Mexico increased from *** short tons in 2005, equivalent to *** percent of apparent U.S. consumption, to *** short tons in 2006, equivalent to *** percent of apparent U.S. consumption, and *** short tons in 2007, equivalent to *** percent of apparent U.S. consumption, a period high in terms of both volume and market share.[233] Cumulated subject import volume from Germany, Italy, and Mexico then declined to *** short tons in 2008, or *** percent of apparent U.S. consumption, and *** short tons in 2009, equivalent to *** percent of apparent U.S. consumption, before increasing to *** short tons in 2010, or *** percent of apparent U.S. consumption, a level *** percent lower than in 2005.[234] [235]

Responding subject foreign producers in Germany, Italy, and Mexico, on a cumulated basis, possessed some excess capacity and a significant degree of export orientation during the period of review. The capacity of responding subject producers in Germany, Italy, and Mexico increased from *** short tons in 2005 to *** short tons in 2006 and *** short tons in 2007, but declined to *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010, a level *** percent lower than in 2005.[236] In 2010, responding subject foreign producers in Germany, Italy, and Mexico had a capacity utilization rate of *** percent, resulting in excess capacity of *** short tons, equivalent to *** percent of apparent U.S. consumption that year.[237] Although responding Italian producers reported a capacity utilization rate of

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[229] CR at V-6; PR at V-5.

[230] CR at V-7; PR at V-5.

[231] Commissioners Lane and Pinkert do not join this section.

[232] See ThyssenKrupp Respondents' Responses to Commissioner Questions at Exhibit 3.

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

[234] CR/PR at Table I-1. Almost all of the cumulated subject imports from Germany, Italy, and Mexico consisted of subject imports from Mexico, as subject imports from Germany and Italy together accounted for only *** to *** percent of apparent U.S. consumption during the period of review. Id.

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

[236] CR/PR at Tables IV-5, 7, and 14.

[237] CR/PR at Tables I-18, IV-5, 7, and 14.

*** percent in 2010, leaving excess capacity of *** short tons,[238] responding German producers reported a capacity utilization rate of *** percent in 2010[239] and Mexinox reported excess capacity of only *** short tons that year, equivalent to *** percent of apparent U.S. consumption.[240]

Responding subject foreign producers in Germany, Italy, and Mexico exported a moderate share of their shipments during the period of review, ranging from *** to *** percent.[241] Nevertheless, subject foreign producers in Germany, Italy, and Mexico exhibited a strong regional focus during the period of review. Responding German and Italian producers reported that an increasing proportion of their shipments were made to home market and third country markets in the European Union, with the proportion of such shipments increasing from *** percent in 2005 to *** percent in 2010.[242] Mexinox reported that the share of its shipments exported to the United States ranged between *** and *** percent during the period of review, and was *** percent in 2010.[243] Most of the balance of Mexinox's shipments were either internally consumed or sold to home market customers.[244]

Notwithstanding any of the preceding factors, we find that subject imports from Germany, Italy, and Mexico are unlikely to increase significantly after revocation of the orders because they are likely to be restrained by ThyssenKrupp's local supply strategy. Motivated by U.S. customer demands for shorter lead times, increased logistical costs, and the weak U.S. dollar,[245] ThyssenKrupp is in the process of localizing its production of SSSS for the North American market so that the U.S. market will come to be served almost exclusively by Mexinox and SL-USA, while ThyssenKrupp's German and Italian operations focus on serving the European market.[246]

As a key element of this strategy, ThyssenKrupp is constructing a $1.4 billion greenfield, integrated stainless steel production facility in Calvert, Alabama, known as SL-USA, which will commence operations in three phases.[247] Phase one comprises a 64 inch annealing and pickling line and a cold-rolling mill, which commenced commercial production in November 2010 and have a current annual capacity of *** metric tons.[248] SL-USA currently produces cold-rolled SSSS from hot-rolled pickled and annealed feedstock, known as white band, imported from Germany.[249] Phase two comprises a second cold-rolling mill and a hot annealing and pickling line, scheduled for completion in the third quarter of 2011.[250] At that point, SL-USA will utilize its hot-rolling mill, shared with the facility's carbon steel operations, to produce hot-rolled SSSS from nonsubject black band and slabs imported from Italy, for

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

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

[240] CR/PR at Tables I-18, IV-14.

[241] CR/PR at Tables IV-5, 7, 14.

[242] CR/PR at Tables IV-5, 7.

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

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

[245] Hearing Tr.at 143-44 (Iller); ThyssenKrupp Respondents' Posthearing Brief at 4; ThyssenKrupp Respondents' Responses to Commissioner Questions at 13-15, Exhibit 3; see also CR at II-18, V-8; PR at II-13, V-5-6; Domestic Interested Parties' Responses to Commissioner Questions at 13 ("U.S. producers are being increasingly required to inventory product for their customers and respond more quickly to customers in supplying product under shorter lead times.").

[246] Hearing Tr. at 145-46 (Iller).

[247] ThyssenKrupp Respondents' Responses to Commissioner Questions at 3-4.

[248] ThyssenKrupp Respondents' Responses to Commissioner Questions at 4.

[249] ThyssenKrupp Respondents' Responses to Commissioner Questions at 4.

[250] ThyssenKrupp Respondents' Responses to Commissioner Questions at 4.

further processing into cold-rolled SSSS.[251] Phase three comprises a third cold-rolling mill and a melt shop, with production of stainless steel slabs scheduled for the end of 2013.[252] At that point, SL-USA's SSSS facilities will be fully integrated and self-sufficient, ***, and will begin to supply Mexinox with hot-rolled SSSS feedstock in 2014, supplanting hot-rolled SSSS feedstock currently imported from Germany and Italy.[253] ThyssenKrupp projects that SL-USA's capacity to produce SSSS will be *** metric tons in 2011, *** metric tons in 2012, *** metric tons in 2013, and *** metric tons in 2014, with projected production of *** metric tons in 2011, *** metric tons in 2012, *** metric tons in 2013, and *** metric tons in 2014.[254]

As SL-USA's production and sales increase, ThyssenKrupp increasingly plans to focus Mexinox's exports to the United States on AISI grade 430 and bright annealed products in all grades, which SL-USA will not be able to produce initially.[255] At the same time, subject imports from Germany and Italy will consist of small quantities of niche products not produced by SL-USA or Mexinox, such as certain embossed or pattern surfaced SSSS.[256]

Another key element of ThyssenKrupp's local supply strategy is the consolidation of ThyssenKrupp's North American administration and marketing in SL-USA and the coordination of ThyssenKrupp's sales of SSSS in the United States and Canada by the vice president of sales for SL-USA.[257] As ThyssenKrupp's marketing executive for the entire North American region, the vice president of sales for SL-USA has the authority to "veto" imports from affiliates that could potentially harm SL-USA's sales, and has been instructed to wield such authority to safeguard ThyssenKrupp's substantial investment in SL-USA.[258]

We find that ThyssenKrupp's local supply strategy is a logical approach to dealing with U.S. customer demands for shorter lead times, which are impossible to satisfy from Germany and Italy; increased logistical costs for ocean transport and raw materials; and the weakness of the dollar relative to the euro.[259] ThyssenKrupp's investment of $1.4 billion in SL-USA -- $1.2 billion of which has been contracted and $950 million of which has been spent -- is compelling evidence of the company's

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[251] ThyssenKrupp Respondents' Responses to Commissioner Questions at 4, 7.

[252] ThyssenKrupp Respondents' Responses to Commissioner Questions at 5.

[253] ThyssenKrupp Respondents' Responses to Commissioner Questions at 5, Exhibit 1 at 3.

[254] ThyssenKrupp Respondent's Responses to Commissioner Questions at 5.

[255] ThyssenKrupp Respondents' Responses to Commissioner Questions, Exhibit 1 at 5-6; Hearing Tr. at 155 (Salas), 159 (Lacor); see also CR/PR at Table IV-4.

[256] ThyssenKrupp Respondents' Responses to Commissioner Questions, Exhibit 1 at 4-5; Hearing Tr. at 153-54 (Salas), 159 (Lacor).

[257] ThyssenKrupp's Responses to Commissioner Questions at 9, Exhibit 3.

[258] ThyssenKrupp Respondents' Responses to Commissioner Questions at 9-10, Exhibit 3. Over the past ten years, Mr. Lacor has coordinated sales of SSSS imported from Germany, Italy, and Mexico in the United States as vice president of sales for ThyssenKrupp Stainless North America, comprising ThyssenKrupp Nirosta North America, Inc., ThyssenKrupp AST YSA, Inc., and Mexinox USA, Inc. Id. at Exhibit 3; Hearing Tr. at 157-58 (Lacor). He has retained this position, even as ThyssenKrupp has consolidated administration and marketing functions in SL-USA. Id. Globally, ThyssenKrupp's local supply strategy is coordinated through the Management Board of its Stainless Global Division in Germany, headed by Chairman Clemen Iller. ThyssenKrupp Respondents' Responses to Commissioner Questions at 9, Exhibit 3. Mr. Iller has directed Mr. Lacor to "cut off" any imports from Germany, Italy, or Mexico that could prove harmful to SL-USA either directly, through his position at SL-USA, or through Mr. Iller's authority. Id. at Exhibit 3; see also Hearing Tr. at 219-20 (Iller).

[259] See CR at II-18, V-8; PR at II-13, V-5-6.

commitment to the strategy.[260] Given the strength of the rationale behind ThyssenKrupp's local supply strategy and its $1.4 billion investment in SL-USA, we also find it credible that ThyssenKrupp would consolidate responsibility for the sale and distribution of its SSSS in the U.S. market in SL-USA, and empower the executive who is vice president of sales for both SL-USA and ThyssenKrupp North America, to effectively veto subject imports from Germany, Italy, or Mexico that could harm SL-USA.[261] As addressed in section III.D. above, the price sensitivity of the U.S. SSSS market suggests that any significant increase in subject import volume from Germany, Italy, or Mexico would likely have an adverse impact on SL-USA.

Nor do we believe that ThyssenKrupp's plan to separate its stainless steel unit will likely result in any alteration or reversal of the unit's local supply strategy, for the reasons addressed in section III.D. above. Thus, we find it likely that subject imports from Mexico will largely consist of AISI grade 430 SSSS and bright annealed SSSS in all grades that do not compete with SL-USA's sales of 300 series SSSS, which constitutes a majority of the U.S. market,[262] while subject imports from Germany and Italy will consist of low volumes of niche products not produced by Mexinox or SL-USA, such as embossed or pattern surfaced SSSS.[263] Given this, as well as SL-USA's veto power over cumulated subject imports from Germany, Italy, and Mexico, we find that cumulated subject imports from Germany, Italy, and Mexico are not likely to increase significantly from current levels after revocation of the orders.

Our conclusion that subject imports from Germany, Italy, and Mexico are not likely to increase significantly after revocation is buttressed by a number of additional considerations.[264] Subject imports from Mexico, which accounted for most cumulated subject imports from Germany, Italy, and Mexico during the period of review, are likely to remain at or below historic levels after revocation for several

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[260] ThyssenKrupps' Responses to Commissioner Questions at 49.

[261] ThyssenKrupp Respondents' Responses to Commissioner Questions at 9-10, Exhibit 3.

[262] CR at IV-11; PR at IV-8 (in 2010, 300 series products accounted for *** percent of U.S. shipments and 400 series products accounted for *** percent of U.S. shipments); CR/PR at Figure IV-1. The strong correlation between cold-rolled SSSS grade 304 and grade 430 base prices during the period of review suggests that Mexinox's exports of 400 series SSSS to the United States could adversely affect SL-USA's sales of 300 series SSSS. See CR at V-6; PR at V-4. Given this, and the additional considerations addressed in footnote 134, supra., even though SL-USA will not be in direct competition with series 400 products imported from Mexico, it will nevertheless have an incentive to manage such imports so that they do not adversely effect its sales of 300 series products.

[263] ThyssenKrupps' Responses to Commissioner Questions, Exhibit 1 at 4-7; Hearing Tr. at 153-55 (Salas).

[264] U.S. importers of subject imports from Germany, Italy, and Mexico and responding producers in Germany, Italy, and Mexico did not report significant inventories at the end of the period of review. With respect to existing inventories of subject merchandise, U.S. importers' end-of-period inventories of cumulated subject imports from Germany, Italy, and Mexico were *** short tons in 2010, equivalent to *** percent of U.S. shipments of such imports that year. CR/PR at Table IV-3. For the same year, responding subject producers in Germany reported end-of-period inventory of *** short tons, equivalent to *** percent of their total shipments that year, responding subject producers in Italy reported end-of-period inventory of *** short tons, equivalent to *** percent of their total shipments that year, and subject producers in Mexico reported end-of-period inventory of *** short tons, equivalent to *** percent of their total shipments that year. CR/PR at Tables IV-5, 7, 14.

There also are no significant third country barriers on SSSS from Germany, Italy, and Mexico. India has imposed antidumping duty orders on SSSS with a width of 600 mm or greater from the European Union (including Italy and Germany), and is continuing to conduct an antidumping duty investigation of SSSS with a width of under 600 mm from the European Union. Domestic Interested Parties' Prehearing Brief at 67, Exhibit 15. India was not among the German producers' top export markets and Italian producers exported only 19,942 short tons to India in 2010. Id. at Exhibit 9.

reasons other than ThyssenKrupp's local supply strategy.[265] Imposition of the antidumping duty order has not demonstrably restrained the volume of Mexinox's exports to the United States, and subject imports from Mexico have maintained a relatively constant share of the U.S. market (generally between *** and *** percent of apparent U.S. consumption) since the original investigations.[266] That subject imports from Mexico have remained at pre-order levels, seemingly unaffected by imposition of the order, suggests that they would continue at such levels after revocation of the order. Moreover, Mexinox lacks the capacity to significantly increase exports to the United States, as its capacity utilization rate of *** percent in 2010 left excess capacity of only *** short tons, equivalent to *** percent of apparent U.S. consumption, and has no plans to increase capacity.[267] Any excess capacity Mexinox might possess in the reasonably foreseeable future would likely be utilized to serve the significant increase in Mexican home market demand projected by ***,[268] particularly given that the average unit value of Mexinox's shipments to home market customers generally exceeded the average unit value of its exports to the United States during the period of review.[269]

Subject imports from Germany and Italy also are not likely to increase significantly after revocation for several reasons other than ThyssenKrupp's local supply strategy. Responding German producers operated at *** capacity utilization in 2010, and therefore lack the capacity to increase exports to the United States.[270] Although the Italian industry possessed excess capacity of *** short tons in 2010, and a similar level of excess capacity over the 2007-2009 period, subject imports from Italy remained at negligible levels throughout the period of review, never exceeding *** percent of apparent U.S. consumption.[271] Moreover, prices in the European Union, Germany, and Italy were comparable to or higher than prices in the United States towards the end of the period of review,[272] and *** projects strong SSSS demand growth in Germany, Italy, and Western Europe through 2015.[273] Thus, in addition to being

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[265] We are unpersuaded by the ThyssenKrupp Respondents' argument that Mexinox's exports to the United States will ultimately benefit the domestic industry after SL-USA commences raw stainless steel production at its melt shop and begins providing Mexinox with hot-rolled SSSS feedstock for its SSSS cold-rolling operations in 2014, replacing feedstock formerly imported from Italy and Germany. ThyssenKrupp Respondents' Prehearing Brief at 25-26; ThyssenKrupp Respondents' Responses to Commissioner Questions at 4. SL-USA's future exports of nonsubject hot-rolled SSSS feedstock to Mexinox could not be considered beneficial to the domestic industry because, as a nonsubject product, such feedstock is not within our domestic like product definition and the Commission's analysis is limited to domestic producers as a whole of the domestic like product. See 19 U.S.C. §§ 1675a(1), 1677(4)(a); see also Ferrovanadium from China and South Africa, Inv. Nos. 731-TA-986-987 (Review), USITC Pub. 4046 (Nov. 2008) at 10 ("Under 19 U.S.C. § 1677(4)(D), the Commission does not examine the effects of subject imports on overall corporate operations, but only on the U.S. operations producing the domestic like product."). Even if SL-USA's exports of nonsubject hot-rolled SSSS feedstock to Mexinox were to benefit SL-USA's overall operations, they would not benefit domestic producers as a whole of SSSS, which does not include hot-rolled SSSS feedstock.

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

[267] CR/PR at Tables I-18, IV-14. The domestic interested parties' claim that Mexinox plans to increase its capacity is based on a news article dated March 26, 2008, see Domestic Interested Parties' Prehearing Brief at 25, Exhibit 2, and is contradicted by Mexinox's foreign producers' questionnaire response, which indicates that ***. Foreign Producers' Questionnaire Response of Mexinox at Question II-3.

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

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

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

[271] CR/PR at Tables I-1, IV-7.

[272] See CR/PR at Tables IV-27-30.

[273] CR/PR at Tables IV-23, 25.

restrained by ThyssenKrupp's local supply strategy, subject producers in Germany and Italy have little ability or incentive to significantly increase their exports to the United States after revocation.

We are unpersuaded by the domestic interested parties' argument that a significant increase in subject imports from Germany, Italy, and Mexico is likely because such an increase would be necessary for ThyssenKrupp to meet its goal of a 25 percent share of the U.S. SSSS market.[274] We understand that companies may adopt and announce ambitious goals to grow their businesses, but this does not mean that such growth will necessarily occur within the reasonably foreseeable future. In light of *** projections for U.S. consumption of SSSS through 2014, SL-USA's projected production of SSSS would be sufficient to meet ThyssenKrupp's target market share by 2013 with no increase in subject import volume from Germany, Italy, or Mexico.[275]

We are also unpersuaded that subject producers in Germany, Italy, and Mexico would likely shift production from nonsubject cut-to-length SSSS to subject SSSS in order to increase their exports of SSSS to the U.S. market after revocation.[276] Because nonsubject cut-to-length plate is a value-added product that commands a premium over subject SSSS, subject foreign producers would have no economic incentive to shift production from cut-to-length SSSS to subject SSSS after revocation.[277] Moreover, U.S. demand for cut-to-length SSSS began to increase prior to imposition of the orders, undermining the domestic interested parties' supposition that subject foreign producers increased their exports of cut-to-length SSSS to the United States primarily as a means of circumventing the orders on SSSS.[278]

In sum, we find that cumulated subject imports from Germany, Italy, and Mexico are not likely to increase significantly from current levels after revocation of the orders.

2. Likely Price Effects

We find that cumulated subject imports from Germany, Italy, and Mexico are not likely to undersell the domestic like product or depress or suppress domestic like product prices to a significant degree after revocation of the orders. As an initial matter, we again observe that there is a moderate to high degree of interchangeability between subject imports from each of these sources and the domestic like product, and that price is an important factor in the U.S. SSSS market, as detailed in sections III.C and D above. We find that based on ThyssenKrupp's local supply strategy, subject imports from these countries are not likely to enter the U.S. market in volumes or at prices that could adversely affect SL-USA's prices and, by extension, domestic like product prices, for the following reasons.

The limited pricing data on the record of these reviews indicates that cumulated subject imports from Germany, Italy, and Mexico generally oversold the domestic like product during the period of

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[274] Domestic Interested Parties' Final Comments at 9. We note that ThyssenKrupp's target market share in the United States appears to be 21 percent, not 25 percent, based on materials prepared by ThyssenKrupp and submitted by the domestic interested parties. Domestic Interested Parties' Posthearing Brief at Exhibit 3. The domestic interested parties cite a Chinese internet website of unknown credibility for their assertion that ThyssenKrupp's target market share in the United States is 25 percent. See id. We find the materials prepared by ThyssenKrupp itself to be more credible.

[275] CR/PR at Table IV-23; ThyssenKrupp Respondents' Responses to Commissioner Questions at 5. Based on projected U.S. cold-rolled SSSS consumption in 2012, 2013, and 2014, SL-USA's projected production in those years added to 2010 subject imports from Mexico of *** short tons would account for *** percent of U.S. consumption in 2012, *** percent of U.S. consumption in 2013, and *** percent of U.S. consumption in 2014. See CR/PR at Tables I-1, IV-23; ThyssenKrupp Respondents' Responses to Commissioner Questions at 5, Exhibit 1 at 3 (***); see also Hearing Tr. at 224-25 (Lacor).

[276] Domestic Interested Parties' Prehearing Brief at 66-67.

[277] Hearing Tr. at 216-17 (Salas).

[278] See First Review Determinations at 30.

review.[279] The Commission collected pricing data on sales of four products and three U.S. producers and five importers provided usable pricing data, accounting for approximately 3.1 percent of U.S. producers shipments, 1.9 percent of subject imports from Germany, 6.0 percent of subject imports from Italy, and 2.2 percent of subject imports from Mexico.[280] These data indicate that cumulated subject imports from Germany, Italy, and Mexico oversold the domestic like product in 50 of 75 quarterly comparisons, or two-thirds of the time, during the period of review.[281] These data also indicate that domestic like product prices for all four products increased significantly between the first quarter for which data is available and the last quarter for which data is available.[282] We acknowledge, however, that overselling during the period of review is not dispositive of likely pricing behavior if the disciplining effect of the orders were to be lifted.[283]

We find subject imports from Germany, Italy, and Mexico are not likely to significantly price undersell the domestic like product or adversely affect domestic like product prices to a significant degree after revocation in light of ThyssenKrupp's local supply strategy. Based on ThyssenKrupp's adoption of this strategy, we have found that subject imports from Germany and Italy would likely be limited to low volumes of niche products after revocation. Consequently, the volume of subject imports from Germany and Italy would likely be too small to have any significant effect on domestic like product prices.

Although we have found that subject import volume from Mexico will likely remain at historic levels, we find that SL-USA is likely to manage the composition, volume, and prices of subject imports from Mexico so as to avoid any adverse effect on SL-USA's sales and to protect ThyssenKrupp's $1.4 billion investment. Due to the price sensitivity of the U.S. SSSS market, any increase in low-priced subject imports from Mexico would likely have an adverse impact on SL-USA's prices. This would be the case even if subject imports from Mexico consist primarily of 400 series and bright annealed products and SL-USA's sales consist of 300 series products, given the *** correlation between cold-rolled grade 304 and cold-rolled grade 430 SSSS prices during the period of review.[284] Mexinox could not undersell domestic producers other than SL-USA on sales of 400 series products without running the risk of

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[279] We are not persuaded by the domestic interested parties claim that Mexinox increasingly undersold the domestic like product in 2011. See Domestic Interested Parties' Posthearing Brief at 5, 9; Domestic Interested Parties' Responses to Commissioner Questions at 11-12, Exhibits 4-5. This claim is contradicted by the pricing data on the record of these reviews, showing that subject imports from Mexico oversold the domestic like product in 46 of 70 quarterly comparisons, or two-thirds of the time. CR/PR at Table V-8. In 2010, subject imports from Mexico oversold the domestic like product in 7 of 9 quarterly comparisons. Id. at Tables V-3-6. Moreover, some of the evidence cited by the domestic interested parties to support their claim is incomplete. For example, the charts on page one of Exhibit 4 do not indicate the product at issue or the source of the information. See Domestic Interested Parties' Responses to Commissioner Questions, Exhibit 4 at 1. The statements on pages two and three of Exhibit 4 do not cite the product at issue, and the statement on page three does not indicate the time frame. See id. at 2-3. Evidence that Mexinox offered grade 302 and 304 SSSS at prices that are slightly lower than the prices offered by unspecified domestic producers in June 2011 is not evidence that actual transaction prices on subject imports from Mexico were lower than actual transaction prices for the domestic like product that month. See Domestic Interested Parties' Responses to Commissioner Questions, Exhibit 4 at 4, Exhibit 5.

[280] CR at V-10-11; PR at V-7-8.

[281] CR/PR at Table V-8.

[282] CR/PR at Tables V-3-7.

[283] Cumulated subject imports from Germany, Italy, and Mexico primarily undersold the domestic like product during the period examined in the original investigations, in 92 of 166 quarterly comparisons. CR at V-21 n.26; PR at V-9 n.26. They primarily oversold the domestic like product, in 105 of 169 quarterly comparisons, during the period examined in the first reviews, however. Id.

[284] According to Commission staff calculations, there was a *** percent correlation between base prices for cold-rolled grade 304 and cold-rolled grade 430 SSSS during the period of review. Calculated from CR at V-6, PR at V-4.

adversely affecting SL-USA's prices on sales of 300 series products, suggesting that SL-USA will carefully manage the price level of subject imports from Mexico.[285] In any event, subject imports from Mexico have predominantly oversold the domestic like product since the original investigations, even as they maintained their pre-order share of the U.S. market.[286] Given this, Mexinox could likely maintain its historic *** to *** percent U.S. market share after revocation without resorting to underselling.

For all the foregoing reasons, we find that cumulated subject imports from Germany, Italy, and Mexico are not likely to significantly price undersell the domestic like product or suppress or depress domestic like product prices to a significant degree after revocation.

3. Likely Impact[287]

In evaluating the likely impact of imports of subject merchandise if the antidumping duty orders under review were 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 the following: (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.[288] 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.[289] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders were revoked.

We find that the domestic industry is not vulnerable to the continuation or recurrence of material injury. The domestic industry has undergone significant consolidation since the original investigation, reducing the number of domestic producers from 13 then to three major producers now, making the industry far more productive and profitable, under normal market conditions, than during any period we have examined. As further discussed below, the domestic industry's current condition is more a reflection of the lingering effects of the 2008-2009 economic downturn than any fundamental vulnerability, and the domestic industry's positive prospects as demand continues to recover are reflected in the domestic industry's substantial investments in new capacity and equipment during the period of review.

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[285] We also note that any underselling of 400 series products by Mexinox creates a risk that domestic producers in competition with such sales would shift production to 300 series SSSS, increasing competition for 300 series sales in the U.S. market to SL-USA's detriment. Moreover, SL-USA would not want Mexinox to undermine U.S. prices for 400 series SSSS because ***. ThyssenKrupp Respondents' Responses to Commissioner Questions, Exhibit 1 at 3; see also Hearing Tr. at 160 (Lacor), 210-11 (Lacor), 211-12, 214 (Salas).

[286] CR at V-21 n.26; PR at V-9 n.26; CR/PR at Table V-8.

[287] 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 calculated likely antidumping duty margins of 13.48 percent for exporters in Germany, 2.11 percent for exporters in Italy, and 30.69 percent for exporters in Mexico. CR/PR at Table I-11.

[288] 19 U.S.C. § 1675a(a)(4).

[289] 19 U.S.C. § 1675a(a)(4).

The domestic industry's capacity increased much more than its production during the period of review, resulting in a reduced rate of capacity utilization. Domestic industry capacity increased irregularly from 2,142,965 short tons in 2005 to 2,201,706 short tons in 2008, increased sharply to 3,076,463 short tons in 2009, due largely to the *** short ton increase in NAS's capacity, and then declined slightly to 2,748,775 short tons in 2010, a level still 28.3 percent higher than in 2005.[290] Domestic industry production increased from 1,570,547 short tons in 2005 to 1,728,441 short tons in 2006, a period high, but then declined to 1,477,805 short tons in 2007, 1,309,379 short tons in 2008, and 1,150,747 short tons in 2009, during the trough of the economic downturn.[291] With the economic recovery in 2010, production increased 34.2 percent to 1,544,772 short tons, a level just 1.6 percent lower than in 2005.[292] The domestic industry's rate of capacity utilization increased from 73.3 percent in 2005 to 82.7 percent in 2006 before declining to 69.4 percent in 2007, 59.5 percent in 2008, and 37.4 percent in 2009, a period low, due to both the economic downturn and the domestic industry's increased capacity that year.[293] In 2010, when the domestic industry's production returned to near 2005 level, its rate of capacity utilization remained lower than in 2005, at 56.2 percent, due largely to the domestic industry's increased capacity.[294]

Domestic industry employment, hours worked, and wages generally tracked production during the period of review, while productivity increased significantly. Domestic industry employment increased from 3,236 production and related workers ("PRWs") in 2005 to 3,316 PRWs in 2006, declined to 3,214 PRWs in 2007, 3,133 PRWs in 2008, and 2,560 PRWs in 2009, and then increased to 2,989 PRWs in 2010, a level 7.6 percent lower than in 2005.[295] Domestic industry hours worked increased from 7,356,000 hours in 2005 to 7,663,000 hours in 2006, declined steadily to 5,389,000 hours in 2009, and then increased to 6,456,000 hours in 2010, a level 12.2 percent lower than in 2005.[296] Domestic industry wages paid increased from $220.1 million in 2005 to $246.6 million in 2006, declined to $240.3 million in 2007, increased to $251.5 million in 2008, declined to $199.6 million in 2009, and then increased to $237.0 million in 2010, a level 7.7 percent higher than in 2005.[297] The increase in wages paid over the period of review even as employment and hours worked declined reflects the 22.7 percent increase in hourly wages during the period.[298] Unit labor costs increased by only 9.5 percent over the period of review, however, as domestic industry productivity increased 12.1 percent over the period, from 213.5 short tons per 1,000 hours in 2005 to 239.3 short tons per 1,000 hours in 2010.[299]

The domestic industry's net sales quantity tracked production, increasing from 1,532,737 in 2005 to 1,748,632 short tons in 2006, a period high, before declining to 1,518,307 short tons in 2007,

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[290] CR/PR at Tables III-4, C-1.

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

[292] CR/PR at Tables III-4, C-1.

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

[294] CR/PR at Table III-4. The domestic interested parties emphasize the domestic industry's low rate of capacity utilization in 2010 in arguing that the domestic industry is vulnerable. We would note that the domestic industry's rate of capacity utilization declined from 73.3 percent in 2005 to 69.4 percent in 2007, id. at Table III-4, even as the industry's operating income margin increased from 6.0 percent of net sales to 11.6 percent of net sales. Id. at Table III-11. Thus, the domestic industry has demonstrated the ability to increase its profitability to a high level despite a declining and objectively low rate of capacity utilization.

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

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

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

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

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

1,368,321 short tons in 2008, and 1,150,883 short tons in 2009, a period low.[300] In 2010, with the economic recovery, the domestic industry's sales quantity increased 34.3 percent to 1,545,756, a level 0.8 percent higher than in 2005.[301] Similarly, the domestic industry's U.S. shipments increased from 1,397,054 short tons in 2005 to 1,589,964 short tons in 2006, declined to 1,314,191 short tons in 2007, 1,178,727 short tons in 2008, and 973,071 short tons in 2009, and then increased to 1,254,980 short tons in 2010, a level 10.2 percent lower than in 2005.[302] The domestic industry's net sales quantity ended the period higher despite the decline in its U.S. shipments largely because its exports increased 114.3 percent during the period of review, from 135,683 short tons in 2005 to 290,797 short tons in 2010.[303] The domestic industry's share of apparent U.S. consumption fluctuated within a narrow band during the period of review, declining from 83.6 percent in 2005 to 80.7 percent in 2006, 79.9 percent in 2007, and 79.0 percent in 2008 before increasing to 86.7 percent in 2009 and then declining to 83.2 percent in 2010, a level only 0.4 percent lower than in 2005.[304]

The domestic industry's robust financial performance over the 2005-2007 period, when U.S. SSSS demand was strong, reflects the fundamental competitiveness of the industry's operations. Over that period, the domestic industry's net sales value increased 48.3 percent, from $3.5 billion in 2005 to $4.6 billion in 2006 and $5.3 billion in 2007, its operating income increased 188.8 percent, from $211.0 million in 2005 to $417.3 million in 2006 and $609.3 million in 2007, and its operating income as a share of net sales increased from 6.0 percent in 2005 to 9.1 percent in 2006 and 11.6 percent in 2007.[305] The domestic industry's return on investment increased from 8.1 percent in 2005 to 14.1 percent in 2006 and 20.6 percent in 2007.[306]

Although the domestic industry's financial performance worsened considerably due to the economic downturn during the 2008-2009 period, the domestic industry's performance rebounded strongly with the nascent economic recovery in 2010. The domestic industry's net sales value declined to $4.6 billion in 2008 and $2.4 billion in 2009, before increasing 73.5 percent to $4.2 billion in 2010, a level 18.8 percent higher than in 2005.[307] The domestic industry's operating income declined from $118.9 million in 2008, equivalent to 2.6 percent of net sales, to a loss of $267.3 million in 2009, equivalent to -11.0 percent of net sales, before increasing to $71.1 million in 2010, equivalent to 1.7 percent of net sales.[308] The domestic industry's return on investment declined to 4.7 percent in 2008 and -10.4 percent in 2009 before recovering to 2.6 percent in 2010.[309]

We find it likely that the domestic industry's financial performance will continue to improve in the reasonably foreseeable future for a number of reasons. The domestic industry's relatively weak performance in 2010 reflects the fact that apparent U.S. consumption that year remains at just above 2008 levels, and well below the level that prevailed during the 2005-2007 period, and was not due to any shortcomings that would render the industry vulnerable to the continuation or recurrence of material

[300] CR/PR at Table III-11.

[301] CR/PR at Table III-11.

[302] CR/PR at Table I-18.

[303] CR/PR at Table III-7.

[304] CR/PR at Table I-19.

[305] CR/PR at Table III-11.

[306] CR/PR at Table III-15.

[307] CR/PR at Table III-11.

[308] CR/PR at Table III-11.

[309] CR/PR at Table III-15.

injury.[310] *** projects substantial demand growth in the U.S. market through 2015,[311] and the domestic industry is well positioned to be the primary beneficiary of such growth given its commanding share of the U.S. market, high productivity, and lead time advantage over subject and nonsubject imports.[312] Domestic like product prices increased significantly during the period of review,[313] and the domestic industry's extensive use of surcharges should ensure that most of any increases in raw material and energy costs are passed through to purchasers.[314] The domestic industry should also benefit from the strong demand growth projected for third country markets,[315] given the demonstrated global competitiveness of its exports.[316]

Indeed, the domestic industry's substantial investments in new and improved capacity reflect the domestic industry's optimism over its future prospects. As addressed in section III.D above, during the period of review, NAS added capacity, AK Steel installed a new furnace in one of its SSSS facilities, Allegheny Ludlum committed to constructing a new $1.1 billion specialty metals production facility, and ThyssenKrupp began construction of a $1.4 billion greenfield, integrated stainless steel production facility. Reflecting these investments, domestic industry capital expenditures increased irregularly from $127.2 million in 2005 to $207.5 million in 2009, before declining to $92.5 million in 2009 and $71.5 million in 2010.[317] Domestic industry R&D expenditures increased from $3.8 million in 2005 to $6.3 million in 2007 and 2008, declined to $3.9 million in 2009, and then increased to $5.6 million in 2010, a level 45.9 percent higher than in 2005.[318]

In sum, we find that the domestic industry is not vulnerable to the likely continuation or recurrence of material injury in the reasonably foreseeable future.

We further find that cumulated subject imports from Germany, Italy, and Mexico would not likely have a significant adverse impact on the domestic industry after revocation. As addressed in section IV.D.1 above, we have found that cumulated subject import volume from Germany, Italy, and Mexico is not likely to increase significantly from the levels that prevailed during the period of review after revocation of the orders.[319] Under ThyssenKrupp's local supply strategy, SL-USA is empowered to manage subject imports from Germany, Italy, and Mexico, and "veto" them as necessary, to prevent them from adversely affecting SL-USA's sales and to protect ThyssenKrupp's $1.4 billion investment in SL-USA. Given this, as well as the price sensitivity of the U.S. SSSS market and the capacity limitations of

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[310] CR/PR at Table I-18.

[311] CR/PR at Tables IV-23, 25.

[312] CR at II-17-18; PR at II-13; CR/PR at Tables I-19, III-10.

[313] CR/PR at Tables V-3-6.

[314] See CR at V-5-7; PR at V-4-5.

[315] CR/PR at Tables IV-23, 25.

[316] CR/PR at III-7. We note that the average unit value of the domestic industry's export shipments exceeded the average unit value of the domestic industry's U.S. shipments throughout the period of review. Id.

[317] CR/PR at Table III-14.

[318] CR/PR at Table III-14.

[319] We note that the volume of cumulated subject imports from Germany, Italy, and Mexico was lower in 2010, both in absolute terms and relative to apparent U.S. consumption, than in 2007, when the domestic industry's operating income was at a period high of $608.9 million, equivalent to 11.6 percent of net sales. See CR/PR at Tables I-1 (cumulated subject imports volume was *** short tons in 2007, equivalent to *** percent of apparent U.S. consumption, and *** short tons in 2010, equivalent to *** percent of apparent U.S. consumption), III-11. Given our finding that the volume of cumulated subject imports from Germany, Italy, and Mexico is unlikely to increase significantly above 2010 levels after revocation, the volume and market share of such imports likely to prevail in the reasonably foreseeable future would not likely prevent the domestic industry from increasing its profitability to robust levels as SSSS demand continues to recover.

subject producers in Germany, Italy, and Mexico, we find it likely that subject imports from Germany and Italy will be limited to small volumes of niche products while subject imports from Mexico maintain their historic *** to *** percent share of the U.S. market.

We have also found that cumulated subject imports from Germany, Italy, and Mexico are not likely to significantly undersell the domestic like product or suppress or depress domestic like product prices to a significant degree after revocation, as detailed in section IV.D.2 above. In particular, cumulated subject imports from Germany, Italy, and Mexico generally oversold the domestic like product during the period of review, and ThyssenKrupp's local supply strategy will likely restrain the volume and pricing of cumulated subject imports from Germany, Italy, and Mexico to levels that would not adversely affect SL-USA's prices and, by extension, domestic like product prices.

In light of our finding that the domestic industry is not vulnerable, and given that we do not find it likely that cumulated subject imports from Germany, Italy, and Mexico will increase significantly in terms of volume or have significant adverse price effects, we find that revocation of the antidumping duty orders on Germany, Italy, and Mexico would not likely lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time.

For all of the foregoing reasons, we conclude that if the antidumping duty orders were revoked, cumulated subject imports from Germany, Italy, and Mexico would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

E. Commissioners Aranoff and Williamson's Views that Revocation of the Countervailing Duty Order on Subject Imports from Korea and the Antidumping Duty Orders on Subject Imports from Japan, Korea, and Taiwan Would Likely Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

We find that cumulated subject imports from Japan, Korea, and Taiwan are likely to increase significantly from current levels after revocation of the orders. Although we appreciate POSCO's full cooperation in these reviews, the absence of any participation by other significant foreign producers in Japan, Korea, and Taiwan, particularly the lack of questionnaire responses accounting for a significant portion of imports, leaves us with no choice but to rely on the information available in conducting our analysis. As further discussed below, we find that subject producers in Japan, Korea, and Taiwan have both the means and the incentive to significantly increase their exports to the U.S. market after revocation.

During the original investigation, cumulated subject imports from Japan, Korea, and Taiwan increased significantly in absolute terms and as a share of apparent U.S. consumption. Cumulated subject imports from Japan, Korea, and Taiwan increased from *** short tons in 1996, equivalent to *** percent of apparent U.S. consumption, to *** short tons in 1997, equivalent to *** percent of apparent U.S. consumption, and *** short tons in 1998, equivalent to *** percent of apparent U.S. consumption.

Since imposition of the orders, cumulated subject imports from Japan, Korea, and Taiwan have maintained a significant, continuous presence in the U.S. market,[320] including during the period examined in these reviews. Cumulated subject import volume from Japan, Korea, and Taiwan increased from *** short tons in 2005 to *** short tons in 2006, declined to *** short tons in 2007, increased to *** short tons in 2008, declined to *** short tons in 2009, and then increased to *** short tons in 2010, a level ***

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

percent higher than in 2005.[321] As a share of apparent U.S. consumption, cumulated subject imports from Japan, Korea, and Taiwan increased from *** percent in 2005 to *** percent in 2006 and 2007 and *** percent in 2008, and then declined to *** percent in 2009 and 2010, a level *** higher than in 2005. Thus, subject producers in Japan, Korea, and Taiwan have demonstrated a continued interest in serving the U.S. market, and maintain ongoing relationships with U.S. customers.

Based on the information available, from ***, subject producers in Japan, Korea, and Taiwan also possessed significant excess capacity in 2010 with which they could significantly increase exports to the United States. Japanese cold-rolled SSSS producers possessed capacity of *** short tons in 2010 and produced *** short tons of SSSS that year, suggesting a capacity utilization rate of *** percent and excess capacity of *** short tons.[322] Korean cold-rolled SSSS producers possessed capacity of *** short tons in 2010 and produced *** short tons of cold-rolled SSSS that year, suggesting a capacity utilization rate of *** percent and excess capacity of *** short tons.[323] Taiwan cold-rolled SSSS producers possessed capacity of *** short tons in 2010 and made global shipments of *** short tons of cold-rolled SSSS that year, suggesting a capacity utilization rate of *** percent and excess capacity of *** short tons.[324] Based on this information, cumulated foreign producers in Japan, Korea, and Taiwan possessed excess capacity of *** short tons in 2010, equivalent to *** percent of apparent U.S. consumption that year.[325]

The information available also indicates that subject producers in Japan, Korea, and Taiwan have the incentive to use their excess capacity to increase exports to the United States after revocation. According to information from *** and the Global Trade Atlas, subject foreign producers in Japan, Korea, and Taiwan were highly export oriented, exporting ***, ***, and *** percent of their production (or global shipments in the case of Taiwan) in 2010, respectively.[326] Most exports by Japanese, Korea, and Taiwan producers were to third country markets in Asia,[327] where *** projects a significant supply-demand imbalance through 2015.[328] Given this, and the higher SSSS prices available in the U.S. market relative to Korea and Taiwan towards the end of the period of review,[329] subject producers in Japan, Korea, and Taiwan would have an incentive to fill their unused capacity with increased exports to the United States after revocation. Increased exports from Japan and Korea would likely be facilitated by the U.S. importers related to POSCO and certain Japanese producers.[330]

Third country barriers lend additional support to our finding that cumulated subject imports from Japan, Korea, and Taiwan are likely to increase significantly after revocation.[331] Thailand has imposed

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

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

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

[324] CR/PR at Table IV-16.

[325] CR/PR at Table I-18.

[326] See CR/PR at Tables IV-10, 13, 16.

[327] See Domestic Interested Parties' Prehearing Brief at Exhibit 9.

[328] CR/PR at Tables IV-17, 23, 25.

[329] See CR/PR at Tables IV-27-30. Prices in Japan were generally higher than prices in the U.S. during this period, though prices in Japan were lower than prices in the United States with respect to AISI grade 304 SSSS. Id.

[330] CR/PR at Table I-17.

[331] POSCO reports that it does not have the ability to shift from the production of other products to increase production of SSSS. See POSCO's Prehearing Brief at 14-15. There is no evidence on the record regarding whether other subject producers in Korea or producers in Japan or Taiwan have the ability to product shift. U.S. importers' inventories of subject imports from Japan, Korea, and Taiwan were only *** short tons in 2010. CR/PR at Table IV-3. The responding Japanese producer and exporter reported *** end-of-period inventories in 2010. Id. at Table IV-
(continued...)

antidumping duty orders on SSSS from Japan, Korea, and Taiwan; India has imposed antidumping duty orders on SSSS with a width of 600 mm or greater from Korea and Taiwan, and continues to conduct an antidumping duty investigation of SSSS with a width of under 600 mm from Korea; and Russia has imposed antidumping duty orders on SSSS from Korea and Taiwan.[332] These third country barriers will likely force subject producers in Japan, Korea, and Taiwan to shift their exports to other markets, including the United States.

For all of these reasons, we conclude that revocation of the orders on subject imports from Japan, Korea, and Taiwan would likely result in a significant increase in cumulated subject imports from Japan, Korea, and Taiwan within a reasonably foreseeable time.[333]

2. Likely Price Effects

We find that cumulated subject imports from Japan, Korea, and Taiwan would likely undersell the domestic like product to a significant degree after revocation, thereby depressing and suppressing domestic like product prices to a significant degree. We conduct our analysis of likely price effects in light of our finding that there is a moderate to high degree of interchangeability between subject imports from each of the sources and the domestic like product, and that price is an important factor in the U.S. SSSS market, as detailed in sections III.C and D above. Given this, and the prevalence of underselling by subject imports from Japan, Korea, and Taiwan during every period examined by the Commission, we find that the significant underselling by subject imports from Japan, Korea, and Taiwan that is likely after revocation would likely have a significant adverse effect on domestic like product prices.

The limited pricing data on the record of these reviews indicates that cumulated subject imports generally undersold the domestic like product during the period of review.[334] These data indicate that cumulated subject imports undersold the domestic like product in 14 of 24 quarterly comparisons, or 58.3 percent of the time, during the period of review, at margins ranging from 0.5 to 19.3 percent.[335] Cumulated subject imports oversold the domestic like product in 10 of 24 quarterly comparisons, at margins ranging from 10.1 to 77.8 percent.[336] Although we recognize that the quantity of subject imports in these transactions was generally low, the prevalence of underselling by cumulated subject imports during the period examined in these reviews, even under the discipline of the orders, is consistent with the

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[331] (...continued)
9. POSCO reported end-of-period inventories of *** short tons in 2010, equivalent to *** percent of its total shipments that year. Id. at Table IV-11. There is no information on the record concerning the Taiwan producers' end-of-period inventories.

[332] Domestic Interested Parties' Prehearing Brief at 68-69, Exhibit 15.

[333] We are unpersuaded by POSCO's argument that subject imports from Korea are unlikely to increase significantly given the low U.S. market share of subject imports from Korea during the period of review, the Korean industry's increasing focus on home and regional markets, and POSCO's own high rate of capacity utilization, low inventories, and inability to product shift. See POSCO's Prehearing Brief at 25-26, 31. As addressed in section III.B. above, POSCO accounted for only *** percent of Korean cold-rolling capacity in 2010, and therefore does not itself account for the Korean industry as a whole. CR at IV-26 n.18; PR at IV-13 n.18. The information available on Korean producers as a whole does not support POSCO's argument. In any event, we have determined to cumulate subject imports from Japan, Korea, and Taiwan; thus, our analysis is not limited to Korea alone.

[334] CR at V-10-11; PR at V-7-8; CR/PR at Table V-8. The Commission's pricing data accounted for approximately 0.8 percent of subject imports from Korea and less than 0.1 percent of subject imports from Taiwan. CR at V-11; PR at V-7-8; No pricing data was reported for subject imports from Japan. CR at V-11; PR at V-7.

[335] CR/PR at Table V-8.

[336] CR/PR at Table V-8.

prevalence of underselling by subject imports from Japan, Korea, and Taiwan during the periods examined in the original investigations and first five-year reviews.[337]

In view of our finding that the cumulated volume of subject imports from Japan, Korea, and Taiwan would likely increase significantly after revocation, the moderate to high degree of substitutability between subject imports and the domestic like product, the importance of price, and the significance of subject import underselling even with the antidumping duty orders in place, we find that subject import underselling would likely intensify after revocation of the orders, as subject foreign producers in Japan, Korea, and Taiwan seek to increase their penetration of the U.S. market. We also find that the significant underselling of subject imports from Japan, Korea, and Taiwan after revocation would likely result in the depression or suppression of domestic like product prices to a significant degree. Domestic producers would likely have to reduce their base prices to defend their market share and maintain an acceptable rate of capacity utilization in the face of significantly increased quantities of low priced subject imports from Japan, Korea, and Taiwan.

Thus, we conclude that, if the orders were revoked, significant volumes of subject imports from Japan, Korea, and Taiwan likely would significantly undersell the domestic like product to gain market share, thereby depressing or suppressing domestic like product prices to a significant degree.

3. Likely Impact[338]

We evaluate the likely impact of cumulated subject imports from Japan, Korea, and Taiwan in light of our finding that the domestic industry is not vulnerable to the continuation or recurrence of material injury, detailed in section IV.D.3 above. Nevertheless, we find that cumulated subject imports from Japan, Korea, and Taiwan would likely have a significant adverse impact on the domestic industry after revocation.

As addressed above, we have found that revocation of the orders on subject imports from Japan, Korea, and Taiwan would likely result in a significant increase in subject import volume that would likely undersell the domestic like product, thereby depressing or suppressing domestic like product prices to a significant degree. We find that the likely volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These reductions would have a direct adverse impact on the industry's profitability and employment as well as its ability to raise capital and make and maintain necessary capital investments. We therefore conclude that, if the orders were revoked, subject imports from Japan, Korea, and Taiwan would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

In our analysis of the likely impact of subject imports on the domestic industry, we have taken into account whether there are other factors that likely would affect the domestic industry. As discussed

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[337] In the original investigations, subject imports from Japan, Korea, and Taiwan undersold the domestic like product in 70 of 93 quarterly comparisons. CR at V-21 n.26; PR at V-9 n.26. In the first five-year reviews, subject imports from Japan, Korea, and Taiwan undersold the domestic like product in 14 of 23 quarterly comparisons, though subject imports from Japan oversold the domestic like product in the one quarterly comparison for which data on subject imports from Japan were collected. Id.

[338] 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. Commerce calculated likely antidumping duty margins of 40.18 to 57.87 percent for exporters in Japan, 2.49 to 58.79 percent for exporters in Korea, and 12.61 to 36.44 percent for exporters in Taiwan. CR/PR at Table I-11. Commerce calculated likely countervailable subsidy margins of 0.54 to 4.64 percent for exporters in Korea. Id. at Table I-10.

above, nonsubject imports maintained a significant share of apparent U.S. consumption during the period examined in these reviews, increasing slightly from 9.4 percent in 2005 to 13.4 percent in 2008, declining to 6.2 percent in 2009, and then increasing to 9.9 percent in 2010.[339] No party has argued that nonsubject imports are likely to significantly increase their penetration of the U.S. market in the reasonably foreseeable future.[340] The average unit value of nonsubject imports during the period of review was generally comparable to the average unit value of subject imports from Korea and Taiwan, though lower than the average unit value of subject imports from Japan.[341] The limited information available on nonsubject producers in countries that have been the principal sources of nonsubject imports in the U.S. market – China, Sweden, France, Belgium, and Finland – indicates that producers in China and Western Europe are likely to possess excess capacity in the reasonably foreseeable future.[342]

Nevertheless, the nonsubject import share of apparent U.S. consumption fluctuated within a narrow band during the period examined in these reviews, notwithstanding the restraining effect of the orders on subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan.[343] There is no evidence on the record suggesting that nonsubject foreign producers have the incentive to significantly increase their penetration of the U.S. market in the reasonably foreseeable future, or weaken the causal nexus between cumulated subject imports and the continuation or recurrence of material injury to the domestic industry after revocation of the orders. Soon-to-be nonsubject imports from Germany, Italy, and Mexico are unlikely to increase significantly within a reasonably foreseeable time, or weaken the causal nexus between cumulated subject imports and the likely continuation or recurrence of material injury to the domestic industry, for the reasons discussed in section IV.D above. Accordingly, we find that subject imports from Japan, Korea, and Taiwan are likely to have a significant adverse impact on the domestic industry if the orders were revoked, notwithstanding the presence of nonsubject imports in the U.S. market. Thus, we conclude that if the orders were revoked, cumulated subject imports from Japan, Korea, and Taiwan would likely lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

CONCLUSION

For all the foregoing reasons, we determine that revocation of the antidumping duty orders on SSSS from Germany, Italy, and Mexico 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.[344] We also determine that revocation of the countervailing duty order on SSSS from Korea and revocation of the antidumping duty orders on SSSS from Japan, Korea, 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.[345]

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[339] CR/PR at Table I-19.

[340] The domestic interested parties have claimed that nonsubject imports from France are sold at competitive prices. Domestic Interested Parties' Responses to Commissioner Questions at 6.

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

[342] Compare CR/PR at Tables IV-22 with id. at Tables IV-23-24; but see POSCO's Posthearing Brief at Exhibit 1, Table 10.

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

[344] Commissioner Charlotte R. Lane dissenting with respect to SSSS from Germany, Italy, and Mexico, and Commissioner Dean A. Pinkert dissenting with respect to SSSS from Mexico.

[345] Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissenting.

DISSENTING VIEWS OF CHAIRMAN DEANNA TANNER OKUN AND COMMISSIONER DANIEL R. PEARSON REGARDING SUBJECT IMPORTS FROM JAPAN, KOREA, AND TAIWAN

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"),[1] that revocation of the countervailing duty order on stainless steel sheet and strip (SSSS) from Korea and the antidumping duty orders on SSSS from Japan, Korea, and Taiwan would not be likely to lead to the continuation or recurrence of material injury within a reasonably foreseeable time.

We join the Commission's Views with respect to background, domestic like product, domestic industry, cumulation, legal standards, findings in the original investigations, conditions of competition, and the likely material injury analysis and determination with respect to imports of SSSS from Germany, Italy, and Mexico.[2] We write separately, however, to clarify certain conditions of competition and with respect to our analysis and determination that revocation of the orders on SSSS from Japan, Korea, and Taiwan would not be likely to lead to the continuation or recurrence of material injury.

I. Revocation of the Countervailing Duty Order on SSSS from Korea and the Antidumping Duty Orders on SSSS from Japan, Korea, and Taiwan Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

A. Findings in the Original Investigations and First Five-Year Reviews

The Commission's original determinations focused on the evidence that the domestic SSSS 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.

In the first review of these orders, we noted that the domestic industry had undergone significant changes. At the time of the original investigations, the industry had consisted of 13 producers, comprised of six mills and seven rerollers. By the time of the first reviews, only six firms remained in operation, and only three of those mills were major producers. North American Stainless (NAS), which had just finished installing its hot-roll mill at the end of the original investigation period, had opened its melt shop, and had emerged as a major domestic producer. Most rerollers had ceased operations or been acquired by the remaining mills.[3]

These changes transformed the domestic industry. The remaining industry benefitted from new labor agreements, lower labor costs despite rising wages, and increased productivity. Though demand had been weak during portions of the first review period, the domestic industry's return on investment reached 9.9 percent in 2004.[4]

We also noted changes in the global market for SSSS. Subject import volume during the original investigation period had increased in part due to rising production capacity in subject countries, but the increase in volume had also been driven by the Asian financial crisis, which depressed demand in Asian

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[1] 19 U.S.C. § 1675(c).

[2] We join with, and adopt as our own, sections I-IV.B.1, IV.C and IV.D, except as noted, of the Commission majority opinion.

[3] USITC Pub. 3788 at 45-46.

[4] USITC Pub. 3788 at 46.

markets and saw significant volumes diverted to the U.S. market, where demand had remained relatively strong. By the time of the first review period, however, we noted that growth in demand for SSSS had resumed in Asian markets, particularly in China, and that subject producers had strong export markets in that region. Demand had also risen in the European Union (EU).[5]

In the first five-year review, we cumulated import volumes from Germany, Italy, Japan, Korea, Mexico, and Taiwan. We could not conclude that cumulated subject import volumes would reach significant levels in the reasonably foreseeable future upon revocation. World demand conditions had changed significantly, with rising demand in Asia and substantial demand for SSSS in the EU as well. While the record did not contain significant responses from producers in Japan or Taiwan, and production in several countries was geared towards exportation, we found that export trends had changed considerably, with subject producers increasingly concentrated on regional market or markets in which they had investments. Prices in the U.S. market were not consistently the highest available in the global market. Future demand trends were likely to be similar, with demand in other markets rising as fast, or faster, than U.S. demand. Some subject producers faced some restraints in some export markets, but these restraints did not appear to have impeded subject producers from finding other export markets.[6]

B. Likely Additional Conditions of Competition

We join the Commission's majority opinion with respect to the Likely Conditions of Competition and write separately to elaborate on conditions that inform our determinations. The record compiled in these five-year reviews suggests that most of the conclusions we drew in the first five-year reviews are still valid. The effectiveness of the industry's consolidation can be seen in its strong performance during this second review period, wherein the domestic industry consistently dominated the U.S. market. Domestic producers never accounted for less than 79.0 percent of apparent U.S. consumption, and at the end of the period of review, with demand recovering from a severe recession, its market share was 83.2 percent in 2010, still above any level reached during the original investigation period.[7] With a new greenfield facility under construction in Alabama and other significant investments slated to come online during the next few years,[8] the domestic industry is well-positioned to maintain the dominant position it held during this second review period.

While the strong demand experienced in the 2005-2007 period suffered a setback with the economic crisis of 2008-2009, apparent U.S. consumption recovered to 1,508,745 short tons in 2010, a level only 9.7 percent lower than in 2005.[9] Most responding domestic producers, importers, and purchasers reported that they expect U.S. demand for SSSS to increase further in 2011 and 2012.[10] *** projects apparent U.S. consumption of cold-rolled SSSS to be *** and *** higher in 2011 and 2012, respectively, compared with 2010 levels.[11] *** also reports that on a worldwide basis, consumption of

[5] USITC Pub. 3788 at 46-48.

[6] USITC Pub. 3788 at 51-53.

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

[8] CR/PR at Tables III-2 and III-3.

[9] CR/PR at Table I-18.

[10] CR at II-11; PR at II-8; CR/PR at Table II-4.

[11] CR at II-11; PR at II-8; CR/PR at Table IV-23, 25.

hot- and cold-rolled SSSS recovered in 2010 to a period high and projects that worldwide consumption will continue to increase through 2015.[12]

C. Likely Volume of Cumulated Subject Imports from Japan, Korea, and Taiwan

We have exercised our discretion to cumulate subject imports from Japan, Korea, and Taiwan together but do not cumulate them with the other subject imports as we did in the first five-year review. We find that cumulated subject imports from Japan, Korea, and Taiwan are not likely to reach significant levels after revocation of the orders. Subject import volume increased during the original investigation period,[13] but, as we noted in our first review opinion, the increase in subject import volume was driven largely by the unique global conditions of that time period, wherein the Asian financial crisis significantly disrupted markets while the U.S. market for SSSS remained relatively unaffected. The record in these reviews does not indicate that those particular circumstances are likely to recur. Demand for SSSS in the Asian market in 2010 was *** higher than demand in the U.S. market,[14] and growth in the Asian market is expected to outstrip growth in the U.S. market in the near future.[15]

The volume of cumulated subject imports from Japan, Korea, and Taiwan declined significantly after imposition of the orders; these imports have continued to enter the U.S. market at low levels, ranging from a low of *** to a high of *** during the current second review period.[16] Cumulated subject imports have never accounted for more than *** of apparent U.S. consumption during the second review period, down from the peak level in the original investigation of only *** of apparent U.S. consumption in 1998.[17]

We recognize that, based on the limited information on the record in these reviews, subject producers in Japan, Korea, and Taiwan had excess capacity to produce SSSS in 2010.[18] In addition, the record indicates that the industries in Japan, Korea, and Taiwan are all export-oriented, exporting at least *** of their production in 2010.[19] These two factors might suggest the ability to increase the volume of subject imports upon revocation of the orders. But the excess capacity and export-orientation of these industries is not a recent development. The available data suggest that each of these industries exported a very significant share of production in 2010, a year after a significant worldwide reduction in demand. These industries managed to export significant quantities to non-U.S. markets

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[12] CR/PR at Tables IV-23, IV-24, and IV-25.

[13] Cumulated subject imports from Japan, Korea, and Taiwan increased from *** in 1996 to *** in 1998. Cumulated subject imports reached a peak level of *** of apparent U.S. consumption in 1998. CR/PR at Table I-1.

[14] CR/PR at Tables IV-22 and IV-24.

[15] CR/PR at Tables IV-23, IV-25.

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

[17] CR/PR at Table I-1. Imports from Taiwan have consistently remained in the U.S. market at levels similar to that seen at the outset of the original investigation period. *Id.*

[18] Based on information available from ***, Japanese cold-rolled SSSS producers had: capacity of ***, production of ***, and capacity utilization of *** in 2010. CR/PR at Table IV-10. Korean cold-rolled SSSS producers had: capacity of ***, production of ***, and capacity utilization of *** in 2010. CR/PR at Table IV-13. Taiwan cold-rolled SSSS producers had: capacity of ***, global shipments of ***, and capacity utilization of approximately *** in 2010. CR/PR at Table IV-16.

[19] CR/PR at Tables IV-10, IV-13, and IV-16. Based on *** and the Global Trade Atlas data, subject producers in Japan, Korea, and Taiwan exported *** of their production (or global shipments in the case of Taiwan) in 2010, respectively. *Id.*

throughout the review period with access to the U.S. market restrained by the orders.[20] Going forward, these subject producers are anchored in the region most likely to recover more rapidly from the recent recession and to experience more rapid demand growth.[21]

Domestic interested parties contend that China, representing the largest market in Asia for SSSS, has added significant production capacity and has recently been a net exporter of SSSS, so that it will not be an accessible export market for subject producers in Japan, Korea, and Taiwan.[22] The industry in China has expanded, and exports have increased, but this shift does not mean that it no longer imports. China in fact remains an importer of significant volumes of SSSS.[23] Nothing in the record indicates that China will not continue to be a significant export market for these producers.[24]

We therefore find that cumulated subject imports from Japan, Korea, and Taiwan are not likely to be significant if the orders are revoked.

D. Likely Price Effects of Subject Imports

In the first review, we found that domestic prices had fluctuated during the period of review but had been rising sharply at the end of the period. Domestic producers had been successful in passing through rising raw material costs through more frequent use of surcharges. We also found that the domestic industry was likely to benefit from the completed consolidation process and the addition of new investments. We found a mixed pattern of underselling by subject imports would be likely upon revocation, but our finding that subject import volumes would not likely increase significantly meant that even a mixed pattern of underselling made it unlikely that subject imports would place significant downward pressure on U.S. prices.

We find that the record in these second five-year reviews supports a similar finding. The domestic industry has again displayed significant ability to pass through raw material prices, and the use of similar surcharges as hedges against other input-cost swings showed no signs of diminishing over this second period of review.[25] We have already noted that subject import volumes upon revocation are not likely to increase significantly. During the original investigation, when subject imports entered the U.S. market without restraint, the pattern of underselling was mixed, even though subject imports were entering the U.S. market under unusual circumstances. During this period of review, there are relatively

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[20] CR/PR at Tables IV-10, IV-13, and IV-16.

[21] CR/PR at Tables IV-23 and IV-25. *** projects that apparent consumption in China for SS hot-rolled flat products will increase by *** from 2011-2015 and for SS cold-rolled flat products will increase by *** percent from 2011-2015. *Id*.

[22] Domestic Interested Parties' Posthearing Brief at 6-7, and 13.

[23] POSCO's Posthearing Brief, Appendix at A-1, A-2 and A-10.

[24] U.S. importers' inventories of subject imports from Japan, Korea, and Taiwan were only *** in 2010. CR/PR at Table IV-3. In 2010, the responding Japanese producer and exporter reported no end-of-period inventories, POSCO reported end-of period inventories equal to *** of its total shipments, and there is no inventory information on the record concerning the Taiwan producers. CR/PR at Tables IV-9 and IV-11. POSCO reported that it does not have the ability to shift production of other products to SSSS, and there is no other information regarding the ability to product shift for producers in Japan, Korea, or Taiwan. POSCO's Prehearing Brief at 14-15. Finally, we recognize that certain exports of SSSS from Japan, Korea, and Taiwan continue to be subject to antidumping duty orders in Thailand, and certain exports of SSSS from Korea and Taiwan are subject to antidumping duty orders in India and Russia. *See* Domestic Interested Parties' Prehearing Brief at 68-70 and Exhibit 15. In spite of these third country barriers, the industries in Japan, Korea, and Taiwan have continued to export significant quantities of SSSS throughout the review period.

[25] CR at V-5-7, PR at V-4.

few quarterly comparisons, but the pattern can again be described as mixed.[26] Given that subject producers are already significantly rooted in a market that is likely to experience growth in the near future, we do not find it likely that subject producers would resort to significant underselling to gain sales in a market that is both smaller and likely to experience slower growth rates in the near future. We therefore find that subject imports are not likely to undersell the domestic like product or to depress or suppress domestic like product prices to a significant degree after revocation of the orders.

E. Likely Impact of Subject Imports[27]

In the first review, we found that the domestic industry had experienced some losses despite the imposition of these orders. But the losses stemmed from restructuring efforts and a recession in 2001. The consolidations, however, left the industry stronger and fundamentally changed. In 2004, the industry had greater productivity than in 1998 and a solid return on investment, along with relatively high levels of production, shipments, and operating profits. Given the fundamental changes experienced by the industry, we did not find the domestic industry to be vulnerable. In light of our findings regarding likely volume and price effects, we found that revocation was not likely to lead to a significant negative impact on the domestic industry within a reasonably foreseeable time.

The record in these second reviews further demonstrates that the industry's restructuring has led to fundamental changes.[28] In the first half of this period of review, the domestic industry saw rising operating profits despite rising costs.[29] In 2007, apparent consumption declined by 16.4 percent and U.S. shipments by the domestic industry declined by 17.3 percent.[30] The domestic industry's capacity utilization rate fell from 82.7 percent in 2006 to 69.4 percent in 2007.[31] But the domestic industry's operating income was actually 46.0 percent higher that year, and its operating income was equivalent to 11.6 percent of sales.[32] Its return on investment was 20.6 percent.[33] In the second half of this review period, apparent U.S. consumption for SSSS declined in 2008 and then fell by a quarter between 2008 and 2009.[34] Apparent U.S. consumption rebounded in 2010 to 2008 levels, though prices remained somewhat depressed. The domestic industry suffered significant losses in 2009 but returned to modest profitability in 2010.[35]

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[26] CR/PR at Table V-8.

[27] 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 a 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 calculated likely antidumping duty margins of 40.18-57.87 percent for exporters in Japan, 2.49-58.79 percent for exporters in Korea, and 12.61-36.44 percent for exporters in Taiwan. CR/PR at Table I-11.

[28] We join the Commission majority's opinion with respect to the analysis of the domestic industry's trade and financial performance indicators in section IV-D.3, and incorporate that analysis by reference here.

[29] CR/PR at Table III-11.

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

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

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

[33] CR/PR at Table III-15.

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

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

Most importantly, however, the record suggests that the domestic industry's improved condition will continue to be a significant factor in the reasonably foreseeable future. The industry made significant productivity gains during this period of review and will have the benefit of additional new, modern capacity in the near future. The domestic industry is also best-positioned to exploit purchasers' increasing desire for shorter lead times and greater responsiveness from producers. The domestic industry thus seems likely to continue its dominance of the U.S. market.

This record suggests to us that the domestic industry is not vulnerable. Rather than losing ground to a flood of displaced imports, as happened in the original investigation, the domestic industry actually accounted for a higher share of the U.S. market than in the high-demand years of 2006 and 2007. The industry came through the recession with its expansion plans intact and still underway. Given the continued health and dominance of the domestic industry, and 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.

II. CONCLUSION

For the foregoing reasons, we conclude that revocation of the countervailing duty order on SSSS from Korea and revocation of the antidumping duty orders on SSSS from Japan, Korea, and Taiwan would not be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

ADDITIONAL AND DISSENTING VIEWS OF COMMISSIONER CHARLOTTE R. LANE

I join the majority of my colleagues in finding that revocation of the countervailing duty order on subject imports of stainless sheet and strip ("SSSS") from Korea and the antidumping duty orders from Japan, Korea 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. However, I also find that revocation of the antidumping duty orders on SSSS from Germany, Italy and Mexico would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. My reasons for making this finding are presented below.[1]

I. CUMULATION

Likely Conditions of Competition

I approach discretionary cumulation in a manner different from most of my colleagues. When I do not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked, and find that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, I cumulate such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. Based on the record in these reviews, I find that there is no such condition or propensity not only with respect to the subject imports from Japan, Korea and Taiwan, but also with respect to the subject imports from Germany, Italy and Mexico.

While most or all SSSS production in Germany, Italy and Mexico is controlled by ThyssenKrupp, I do not find the evidence regarding its local supply strategy to be persuasive regarding the amount of subject merchandise that would be shipped to the United States from these countries. While the company is building a stainless steel production facility in Calvert, Alabama, the plant is not yet fully operational and will not be for several years. In fact, it only began commercial cold-rolled SSSS production in November 2010, and will not complete the last phase of its production operations for four years after that.[2] As I found (along with the majority of the Commission) in the previous reviews, ThyssenKrupp exerts common control over production and exports from Germany, Italy and Mexico such that exports from the subject countries may easily be shifted among export markets according to market conditions.[3] The incentive and ability for these countries to ship significant quantities of SSSS to the United States in the reasonably foreseeable future should the orders be revoked remains.

In addition, although German capacity to produce SSSS fluctuated during the period of review, it remains substantial and Germany remains export oriented, as it exported *** percent of its shipments in 2010.[4] Italy's capacity was greater in 2010 than in 2005, and it also exported a substantial percentage of

[1] I join the majority views of my colleagues with respect to sections I, II, III.A-C, and IV.A-C.

[2] ThyssenKrupp Respondents' Responses to Commissioner Questions at 3-5.

[3] See 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 (Review), USITC Pub. 3788 (July 2005), at 19.

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

its shipments in 2010: *** percent.[5] Mexico's SSSS capacity was larger in 2010 than in 2005 as well, and it exported *** percent of its shipments in 2010.[6] Japan, Korea and Taiwan are similarly situated, as Japan exported more than *** of its production in 2010,[7] Korea (POSCO) exported *** percent of its shipments in that year,[8] and Taiwan's exports were substantial and increased by *** percent between 2005 and 2010.[9] Similar facts led me to cumulate subject imports from these countries in the prior reviews[10] and I see no compelling reason to reach a different conclusion in the instant reviews. Also, as noted in the previous reviews, in the original investigation period imports from each of the subject countries increased either from 1997 to 1998, or from 1996 to 1998 (or both), and undersold prices of the domestic product in approximately one-half or more of price comparisons.[11]

Based on the above factors, I find similarities in the likely conditions of competition facing subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan and exercise my discretion to cumulate these imports for my analysis in these reviews.

II. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS UNDER REVIEW ARE REVOKED

I concur with my colleagues in the majority with respect to the discussion of the legal standards, findings in the prior proceedings and conditions of competition. Below I set forth the reasoning for my finding with respect to cumulated subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan.

Revocation of the Antidumping Duty Orders on Cumulated Subject Imports Is Likely to Lead to Continuation or Recurrence of Material Injury

1. Likely Volume of Cumulated Subject Imports

I find that cumulated subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan are likely to increase significantly upon revocation of the orders.

During the original investigations, cumulated subject imports increased significantly both absolutely and as a share of apparent U.S. consumption. They rose from 189,164 short tons in 1996 to

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[5] CR/PR at Table IV-7. In addition, Italy's capacity utilization was *** percent in 2010 – less than in 2005. Id.

[6] CR/PR at Table IV-14. Mexico's capacity utilization was *** percent in 2010 – less than in 2005. Id.

[7] CR/PR at Table IV-10. Its capacity utilization was only *** percent in 2010. Id.

[8] CR/PR at Table IV-11. Korea's capacity utilization was *** percent in 2010 – lower than in 2005. Id.

I note that I do not agree with POSCO that subject imports from Korea would likely compete in the U.S. market under different conditions of competition than imports from other subject countries. As POSCO accounted for *** percent of Korean cold-rolled SSSS capacity in 2010, CR at IV-26 n.18, PR at IV-13 n.18, it is not a proxy for the Korean cold-rolled SSSS industry. The information available on the Korean industry as a whole indicates that Korean cold-rolled SSSS producers possessed significant excess capacity, a significant degree of export orientation and a significant presence in the U.S. market during the period of review, similar to other subject producers.

[9] CR/PR at Table IV-16.

[10] USITC Pub. 3788 at 20.

[11] USITC Pub. 3788 at 18-19.

265,164 short tons in 1998, or from 11.9 percent to 14.3 percent of apparent U.S. consumption.[12] Cumulated subject imports have maintained a significant and continuous presence in the U.S. market since imposition of the orders. During the period of these reviews, cumulated subject imports ranged from *** short tons to *** short tons.[13] As a share of apparent U.S. consumption, cumulated subject imports ranged from *** to *** percent during the period.[14] Producers of SSSS in the cumulated subject countries have shown a continued interest in serving the U.S. market and maintaining ongoing relationships with U.S. customers.

Cumulated foreign producers possess significant excess capacity. In 2010, reported excess capacity totaled at least *** short tons, which represented *** percent of apparent U.S. consumption in that year.[15] As I noted above, the subject countries are all export oriented. In addition, prices in the U.S. market are attractive relative to prices in other countries,[16] and there are also third-country barriers against imports from the subject countries.[17] Thus, producers in the cumulated subject countries would have an incentive to increase their exports to the United States upon revocation of the orders.

In view of the foregoing, I conclude that the volume of cumulated subject imports is likely to be significant and likely would increase significantly after revocation of the orders.

2. Likely Price Effects of Cumulated Subject Imports

I find that revocation of the orders on cumulated subject imports would likely lead to adverse price effects. There is a moderate to high degree of interchangeability between subject imports from each subject country and the domestic like product.[18] Price is an important factor in the U.S. SSSS market.[19] In addition, subject imports have remained in the market since the orders were imposed and were priced lower than the domestic like product in these reviews in 39 of 99 instances by margins ranging up to 19.3 percent.[20] Accordingly, I find that this underselling would likely be significant upon revocation. Because domestic producers would likely find it necessary to reduce their base prices in order to defend their

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

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

[14] CR/PR at Table I-19.

[15] CR/PR at Tables I-1, IV-7, IV-10, IV-13, and IV-14. I have not included excess for capacity for Taiwan in this calculation, as no data regarding Taiwan's production are in the record. However, I note that Taiwan shipped globally *** percent of its capacity, indicating that it, too, possesses significant excess capacity. CR/PR at Table IV-16.

[16] See CR/PR at Tables IV-27 - IV-30.

[17] Domestic Interested Parties' Prehearing Brief at 68-69, Exh. 15. I note that the evidence on the record regarding product shifting does not compel me to find that subject producers would engage in this action to a significant degree. Also, U.S. importers' cumulated subject end of period inventories totaled only *** short tons in 2010. CR/PR at Table IV-3. The information available regarding subject producers' cumulated end of period inventories indicates that they totaled *** short tons in that year – equivalent to *** percent of apparent U.S. consumption in 2010. CR/PR at Tables IV-5, IV-7, IV-11, IV-14.

[18] CR at II-22, PR at II-16, CR/PR at Table II-11.

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

[20] CR/PR at Table V-8. In the original investigations, imports from the countries currently subject to the orders undersold the domestic product in 162 of 259 possible quarterly price comparisons (62.5 percent). In the first reviews, imports from the countries currently subject to the orders were priced lower than the domestic product in 78 of 192 comparisons (40.6 percent). CR at V-21 n.26, PR at V-9 n.26.

market share in the face of this significant underselling, I find it likely that depression or suppression of domestic prices to a significant degree would occur.

3. Likely Impact of Cumulated Subject Imports

I have found, as explained above, that revocation of the orders on cumulated subject imports would likely result in a significant increase in subject import volumes that would likely undersell the domestic like product, thereby depressing or suppressing domestic prices to a significant degree. I also find that the likely volume and price effects of the cumulated subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These declines would have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments. Thus, I conclude that, if the orders were revoked, cumulated subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.[21] [22]

I note that nonsubject imports maintained a significant presence in the U.S. market during the period of review, ranging from 6.2 to 13.4 percent of apparent U.S. consumption.[23] No party has argued that nonsubject imports are likely to increase significantly their penetration of the U.S. market in the reasonably foreseeable future. Nor is there any indication in the record that such increased penetration is likely to occur.

Thus, I find that nonsubject imports are unlikely to prevent cumulated subject imports from increasing their penetration of the U.S. market significantly upon revocation of the orders.

CONCLUSION

For the foregoing reasons, I determine that revocation of the countervailing duly order on imports of SSSS from Korea and of the antidumping duty orders on imports of SSSS from Germany, Italy, Japan, Korea, Mexico, and Taiwan likely would lead to continuation or recurrence of material injury in an industry in the United States within a reasonably foreseeable time.

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[21] While the industry has experienced improvement in certain factors since the original period of investigation, such as market share and capacity, I attribute this in large measure to the imposition of the orders.

[22] I also find the domestic industry vulnerable, given the fact that many of the factors regarding its condition experienced declines over the period of review. These include production, capacity utilization, U.S. shipments, production and related workers and their hours worked, and operating income. CR/PR at Table I-1.

[23] CR/PR at Table I-19.

SEPARATE VIEWS OF COMMISSIONER DEAN A. PINKERT

Based on the record in these five-year reviews, I determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty orders on imports of stainless steel sheet and strip ("SSSS") from Japan, Korea, Mexico, and Taiwan and the countervailing duty order on imports of SSSS from 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. I further determine that revocation of the antidumping duty orders on imports of SSSS from Germany and Italy 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.

Because my determination differs from that of the majority of the Commission with respect to imports of SSSS from Mexico and because the reasons for my determinations differ in significant ways from the reasons expressed by my colleagues, I am providing these separate views. Nevertheless, I join the following portions of the Commission's views: section I (Background), section II (Domestic Like Product and Domestic Industry), section III.A. (Legal Standards for Cumulation), section III.C. (Likelihood of No Discernible Adverse Impact) (with the exception of the discussions of imports from Germany and Italy), section IV.A. (Legal Standards for Likely Continuation or Recurrence of Injury), section IV.B. (Findings in the Prior Proceedings), and section IV.C. (Conditions of Competition). Given the nature of the determinations I have made with respect to cumulation, I discuss the issues raised in these reviews separately below for imports from (1) Germany; (2) Italy; and (3) Japan, Korea, Mexico, and Taiwan.

I. GERMANY

A. Imports From Germany Would Be Likely To Have No Discernible Adverse Impact On The Domestic Industry If The Order Were Revoked

The statute precludes the Commission from cumulating imports from a given country if it finds that they are likely to have no discernible adverse impact on the domestic industry.[1] Based on the record in these reviews, I find that, if the antidumping duty order on SSSS from Germany were revoked, imports from Germany would be likely to have no discernible adverse impact on the domestic industry.

The volume and market share of imports from Germany have always been relatively small. Imports from Germany were *** short tons in 1998, the last year of the period of the original investigation, and accounted for *** percent of U.S. consumption quantity.[2] Under the discipline of the antidumping duty order, imports from Germany fell to only *** short tons in 2010, accounting for a mere *** percent of the U.S. market.[3] As of 2010, the German SSSS industry's export shipments to the United States accounted for only *** percent of its overall shipments. Shipments to the home market were *** percent, exports to the European Union were *** percent, and internal consumption was *** percent.[4]

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[1] 19 U.S.C. § 1675a(a)(7). I note that the "no discernible" standard is relatively difficult to satisfy. Certain Welded Large Diameter Line Pipe from Mexico, Inv. No. 731-TA-920, USITC Pub. 4227 (April 2011), at 19 (Separate Views of Commissioner Dean A. Pinkert), citing Nippon Steel Corp. v. United States, 494 F.3d 1371, 1370 (Fed. Cir. 2007).

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

[3] Id.

[4] Id. at Table IV-5.

The German industry's production capacity declined *** percent from 2005 to 2010, from *** short tons to *** short tons.[5] Its capacity utilization increased from *** percent in 2005 to *** percent in 2010.[6]

Given these trends and certain aspects of the implementation of ThyssenKrupp's "local supply" strategy,[7] there is no reason to expect an increase in the currently negligible volume and market share of imports from Germany in the reasonably foreseeable future if the order were revoked. German producers are already highly dependent on sales to their home market and to other countries in the European Union. With the completion of its mill in Alabama at a cost of $1.4 billion, ThyssenKrupp will substitute U.S.-produced SSSS products for those it previously imported from Germany and Italy.[8] Nearly the entire range of products ThyssenKrupp sells in the United States will be sourced from its U.S. and Mexican affiliates.[9] It intends to rely on its German and Italian affiliates only for small quantities of niche products that it cannot produce in the United States and Mexico.[10] Given these fundamental changes in ThyssenKrupp's operations, there is no basis for concluding that imports from Germany would be likely to reach more than a negligible level if the order were revoked.[11]

During the period covered by the original investigation, imports from Germany undersold the domestic like product in just under 50 percent of quarterly comparisons (23 out of 47), but they did so more frequently during the period of the first five-year reviews (25 of 40 quarterly comparisons).[12] In the period examined in this review, price comparisons were possible in only three quarters, and imports from Germany oversold the domestic like product in two of those quarters.[13] Given that the volume and market share of imports from Germany are unlikely to increase beyond negligible levels if the order were revoked and the fact that ThyssenKrupp intends to import only small volumes of niche products from Germany, a significant level of underselling and adverse price effects would not be likely in the event of revocation of the order.

Based upon the record evidence that imports from Germany are likely to be minimal in the reasonably foreseeable future and are unlikely to have any significant adverse price effects, I conclude that such imports would be likely to have no discernible adverse impact on the domestic industry if the antidumping duty order on such imports were revoked. Consequently, I do not cumulate imports from Germany with subject imports from other countries when analyzing whether there would likely be a continuation or recurrence of material injury in the reasonably foreseeable future.

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[5] Id.

[6] Id.

[7] ThyssenKrupp's German affiliate TKN is by far the largest German producer of SSSS. ThyssenKrupp's Pre-Hearing Brief at 21.

[8] As pointed out by ThyssenKrupp, the first phase of construction at the Alabama plant has already been completed, and the plant is already producing *** short tons of austenitic cold-rolled stainless steel annually. ThyssenKrupp's Final Comments, at 2. The remainder of the mill is under construction, which should be completed by the end of 2013. Id.

[9] ThyssenKrupp's Post-Hearing Brief at 4.

[10] ThyssenKrupp's Pre-Hearing Brief at 22, Post-Hearing Brief at 6. The evidence also shows that the German and Italian ThyssenKrupp affiliates would have difficulty meeting U.S. customers' short lead time delivery requirements, so there would appear to be little reason to import products from those countries that can be produced in the United States. ThyssenKrupp's Pre-Hearing Brief at 40, Post-Hearing Brief at 4, Final Comments, at 8.

[11] Notably, the domestic industry concedes that ThyssenKrupp is unlikely to divert sales it currently makes to the German and Italian home markets and the European Union to the United States. Tr. At 90-91. U.S. imports from Germany and Italy are all the less likely to increase significantly if they are derived only from the limited share of shipments from those countries that is currently being exported to non-EU countries.

[12] CR at V-21 n.26, PR at V-9 n.26.

[13] CR/PR at Table V-8.

B. Revocation Of The Order On Imports From Germany Would Not Likely Lead To Continuation Or Recurrence Of Material Injury Within A Reasonably Foreseeable Time

In section I.A. above, I have determined that imports of SSSS from Germany would be likely to have no discernible adverse impact on the domestic industry if the antidumping duty order on such imports were revoked, given that such imports are likely to be minimal and are unlikely to have significant adverse price effects on the domestic industry. It necessarily follows from this determination that imports from Germany would be unlikely to be the cause of material injury to the domestic industry. Therefore, I determine that revocation of the antidumping duty order on imports from Germany would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[14]

II. ITALY

A. Imports From Italy Would Be Likely To Have No Discernible Adverse Impact On the Domestic Industry If The Order Were Revoked

Based on the record in these reviews, I find that, if the antidumping duty order on SSSS from Italy were revoked, imports from Italy would be likely to have no discernible adverse impact on the domestic industry. My reasons are essentially the same as those discussed above with respect to imports from Germany.

The volume and market share of imports from Italy have generally been relatively small. Imports from Italy were *** short tons in 1998, the last year of the period of the original investigation, and accounted for *** percent of U.S. consumption quantity.[15] Under the discipline of the antidumping duty order, imports from Italy fell to only *** short tons in 2010, accounting for a mere *** percent of the U.S. market.[16] As of 2010, the Italian SSSS industry's export shipments to the United States accounted for only *** percent of its overall shipments. Shipments to the home market were *** percent, exports to the European Union were *** percent, and internal consumption was *** percent.[17] The Italian industry's production capacity increased slightly from *** short tons in 2005 to *** short tons in 2010.[18] Over the same period, its capacity utilization declined from *** percent to *** percent.[19]

Given the modest increase in Italian production capacity and certain aspects of the implementation of ThyssenKrupp's "local supply" strategy,[20] there is no reason to expect an increase in the currently negligible volume and market share of imports from Italy in the reasonably foreseeable future if the order were revoked. Italian producers are already highly dependent on sales to their home market and to other countries in the European Union. As discussed above, with the completion of its mill in Alabama at a cost of $1.4 billion, ThyssenKrupp will substitute U.S.-produced SSSS products for those it previously imported from Germany and Italy. Nearly the entire range of products ThyssenKrupp sells

[14] In making this determination, I have taken into account all the factors set forth in 19 U.S.C. § 1675a(a).

[15] CR at Table I-1.

[16] Id.

[17] CR at Table IV-7.

[18] Id.

[19] Id.

[20] ThyssenKrupp's Italian affiliate TKAST is by far the largest Italian producer of SSSS. ThyssenKrupp's Pre-Hearing Brief at 21.

in the United States will be sourced from its U.S. and Mexican affiliates.[21] It intends to rely on its German and Italian affiliates only for small quantities of niche products that it cannot produce in the United States and Mexico.[22] Given these fundamental changes in ThyssenKrupp's operations, there is no basis for concluding that imports from Italy would be likely to reach more than a negligible level if the order were revoked.[23]

Imports from Italy undersold the domestic like product in 43 of 71 quarterly comparisons during the period examined in the original investigations and in 23 of 36 quarterly comparisons during the period of the first five-year reviews.[24] In the period examined in this review, price comparisons were possible in only two quarters, in both of which imports from Italy oversold the domestic like product.[25] Given that the volume and market share of imports from Italy are likely to remain negligible if the order were revoked and that ThyssenKrupp intends to import only niche products from Italy, a significant level of underselling and adverse price effects would not be likely.

Based upon the record evidence that imports from Italy are likely to be minimal in the reasonably foreseeable future and are unlikely to have any significant adverse price effects, I conclude that such imports would be likely to have no discernible adverse impact on the domestic industry if the antidumping duty order on such imports were revoked. Consequently, I do not cumulate imports from Italy with subject imports from other countries when analyzing whether there would likely be a continuation or recurrence of material injury in the reasonably foreseeable future.

B. Revocation Of The Order On Imports From Italy Would Not Likely Lead To Continuation Or Recurrence Of Material Injury Within A Reasonably Foreseeable Time

In section II.A. above, I have determined that imports of SSSS from Italy would be likely to have no discernible adverse impact on the domestic industry if the antidumping duty order on such imports were revoked, given that such imports are likely to be minimal and are unlikely to have significant adverse price effects on the domestic industry. It necessarily follows from this determination that imports from Italy would be unlikely to be the cause of material injury to the domestic industry. Therefore, I determine that revocation of the antidumping duty order on imports from Italy is not likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[26]

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[21] ThyssenKrupp's Post-Hearing Brief at 4.

[22] ThyssenKrupp's Pre-Hearing Brief at 22, Post-Hearing Brief at 6. As previously, discussed, the evidence also shows that the German and Italian ThyssenKrupp affiliates would have difficulty meeting U.S. customers' short lead time delivery requirements, so there would appear to be little reason to import products from those countries that can be produced in the United States. ThyssenKrupp's Pre-Hearing Brief at 40, Post-Hearing Brief at 4, Final Comments at 8.

[23] As noted previously, the domestic industry concedes that ThyssenKrupp is unlikely to divert sales it currently makes to the German and Italian home markets and the European Union to the United States. Tr. at 90-91. U.S. imports from Germany and Italy are all the less likely to increase significantly if they are derived only from the limited share of shipments from those countries that is currently being exported to non-EU countries.

[24] CR at V-21 n.26, PR at V-9 n.26.

[25] CR/PR at Table V-8.

[26] In making this determination, I have taken into account all the factors set forth in 19 U.S.C. § 1675a(a).

III. JAPAN, KOREA, MEXICO, AND TAIWAN

A. Cumulation

1. Likelihood Of A Reasonable Overlap Of Competition

As noted previously, I join my colleagues in finding that imports from Japan, Korea, Mexico, and Taiwan are not likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders on those imports. Therefore, I must further consider whether imports from those four countries would be likely to compete with each other and with the domestic like product in the U.S. market.[27] As my colleagues have found with respect to imports from all six subject countries, I find that imports from Japan, Korea, Mexico, and Taiwan are moderately to highly substitutable with each other and with the domestic like product,[28] were all present in the United States during the period examined in this review and were sold in all regions of the contiguous United States,[29] and were sold through the same distribution channels.[30] Thus, I find that there would likely be a reasonable overlap of competition among imports from Japan, Korea, Mexico, and Taiwan and the domestic like product if the orders were revoked.

2. Other Considerations

Having found a reasonable overlap of competition among imports from Japan, Korea, Mexico, and Thailand, I must examine any other factors that would bear upon my determination whether to exercise discretion to cumulate subject imports from those countries. Where, in a five-year review, I do not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the order were revoked and find that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, I cumulate them unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. In this case, I find no evidence of such a condition or propensity.[31] Given that subject imports from the four countries have a moderate to

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[27] 19 U.S.C. § 1675a(a)(7). Although I generally concur with the analysis regarding the likelihood of a reasonable overlap of competition in section III.D. of the Commission's views, in light of my having found that imports from Germany and Italy are likely to have no discernible adverse impact on the domestic industry, I necessarily must analyze the issue of a likely reasonable overlap of competition with respect to only imports from Japan, Korea, Mexico, and Taiwan, and not all six subject countries.

[28] CR at II-13 to II-14, PR at II-10, CR/PR at Tables II-11 and II-13.

[29] CR/PR at II-1, Table II-2.

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

[31] Elsewhere in this opinion, I have relied in part upon certain aspects of ThyssenKrupp's "local supply" strategy in determining that imports from Germany and Italy would be likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders on those imports and that revocation of those orders would not be likely to lead to the continuation or recurrence of material injury to the domestic industry. With respect to imports from Mexico, however, I have not found that such imports are likely to have no discernible adverse impact. In addition, I have found that there is a reasonable overlap of competition between imports from Mexico and imports from Japan, Korea, and Taiwan, as well as the domestic like product. Having made those findings, I must further decide with respect to imports from Mexico – as I do not need to do with respect to imports from Germany and Italy -- whether there are any additional factors that affect my decision on whether to exercise discretion to cumulate imports from Mexico with imports from Japan, Korea, and Taiwan. In this context, no aspect of ThyssenKrupp's "local supply" strategy sufficiently distinguishes imports from Mexico to justify an analysis of likelihood of material injury separate from that for imports from the other three countries. ThyssenKrupp's strategy changes the sourcing

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high level of substitutability with each other and all competed in all regions of the contiguous United States in the same channels of distribution, I find it appropriate to cumulate them in making my determination regarding the likelihood of material injury.

B. Revocation Of The Orders On Imports From Japan, Korea, Mexico, and Taiwan Would Likely Lead To Continuation Or Recurrence Of Material Injury To The Domestic Industry Within A Reasonably Foreseeable Time

I concur with the determinations of Vice Chairman Williamson and Commissioner Aranoff with respect to the likelihood that revocation of the orders on Japan, Korea, and Taiwan would lead to continuation or recurrence of material injury within a reasonably foreseeable time and generally concur with their findings and conclusions with respect to those three countries.[32] [33] Because I am cumulating imports from Mexico in addition to imports from Japan, Korea, and Taiwan, those findings and conclusions apply with all the greater force in my analysis of the likelihood of material injury.

Imports from Mexico maintained a significant presence in the U.S. market before and after the imposition of the antidumping order on imports from Mexico. In 1998, the last year of the period of the original investigation, imports from Mexico were *** short tons and accounted for *** percent of the U.S. market. They increased to *** short tons in 2004, the last year of the period covered by the first five-year reviews, at which time their U.S. market share had increased to *** percent. They were *** short tons in 2010, the last year of the period covered by this review, or *** percent of U.S. consumption.[34]

There is no question that Mexinox, ThyssenKrupp's Mexican affiliate and the only Mexican producer of subject products in Mexico, intends to remain a significant presence in the U.S. market. According to ThyssenKrupp, "the U.S. market has been, and continues to be, part of the Mexican affiliate's core sales territory."[35] Moreover, Mexinox has assured its customers that it "is committed to the U.S. market and [looks] forward to continuing to grow with" them in the future.[36] The United States was by far Mexinox's primary market in 2010, accounting for *** percent of its total shipments.[37] Shipments to the Mexican home market accounted for only *** percent of its shipments. Mexinox's capacity increased slightly over the period of review, and its capacity utilization in 2010 was *** percent,

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[31] (...continued)
of the input products that its Mexican affiliate Mexinox uses to produce SSSS, but otherwise makes no structural change in Mexinox's position vis-à-vis the U.S. market or alters the fact that Mexinox will continue to export a significant volume of SSSS to the United States. By contrast, the strategy specifically envisions a greatly diminished role in the U.S. market for ThyssenKrupp's German and Italian affiliates according to which they will supply only a negligible volume of niche products.

[32] Unlike Vice Chairman Williamson and Commissioner Aranoff, however, I find that the domestic industry is vulnerable to the continuation or recurrence of material injury in the reasonably foreseeable future. As a result of the downturn in consumption, the industry's performance indicators slumped sharply in 2009. Its net sales value declined 47.6 percent from 2008 to 2009, its operating income in 2009 was negative $267.3 million, and the industry registered an operating income margin in 2009 of negative 11.0 percent. In 2010, the industry's condition improved, but most indicators, including its net sales value and operating income, were still down compared to the period before the downturn, and its operating income margin was only 1.7 percent. CR/PR at Table C-1.

[33] In making this determination, I have taken into account all the factors set forth in 19 U.S.C. § 1675a(a).

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

[35] ThyssenKrupp's Pre-Hearing Brief at 2.

[36] Domestic Industry's Pre-Hearing Brief, Ex. 4.

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

leaving excess capacity of *** short tons available for export to the United States.[38] Given that the volume of Mexinox's exports to the United States in 2010 was *** achieved in 2004, there is good reason to conclude that Mexinox stands ready to maintain, if not increase, its sales to the United States.[39] It is also significant that under ThyssenKrupp's "local supply" strategy, Mexinox will cease supplying the U.S. market with any product that will be produced by its U.S. affiliate in Alabama.[40] Consequently, in selling to the United States, Mexinox will be unconstrained by any concerns about competing with its sister company and thus can compete freely with other U.S. producers. Thus, under a cumulated analysis, imports from Mexico would likely contribute substantially to the significant volume and market share of imports that would likely result if the orders on imports from Japan, Korea, and Taiwan were revoked.

Imports from Mexico undersold the domestic like product in the majority of instances during the period examined in the original investigation (26 of 48 quarterly comparisons). Under the discipline of the antidumping order, imports from Mexico oversold the domestic like product in the majority of instances in both the first five-year reviews (77 of 93 quarterly comparisons) and the present reviews (46 of 70 quarterly comparisons).[41] Given the predominant underselling prior to the order, the substitutability of imports from Mexico with other subject imports and the domestic like product, and the importance of price in the SSSS market, it appears likely that, when cumulated with imports from Japan, Korea, and Taiwan, imports from Mexico would contribute substantially to significantly underselling the domestic like product and causing the depression or suppression of domestic prices.

Based on the foregoing discussion with respect to likely volume and prices, I find that imports from Mexico, together with imports from Japan, Korea, and Taiwan, would be likely to result in a significant adverse impact on the domestic industry in the event of revocation of the orders on those countries.

IV. CONCLUSION

Accordingly, I determine that revocation of the antidumping duty orders on imports from Japan, Korea, Mexico and Taiwan and the countervailing duty order on imports from Korea would be likely to lead to the continuation or recurrence of material injury to the domestic SSSS industry within a reasonably foreseeable time.

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[38] CR/PR at Tables II-3 and IV-14.

[39] Imports from Mexinox are sufficiently central to ThyssenKrupp's plans for the U.S. market that its counsel stated at the hearing in the Commission's five-year reviews on stainless steel plate that he would accept cumulation in that case "if [domestic industry counsel] agrees to eliminate the order on stainless sheet from Mexico." Domestic Industry's Posthearing Brief at Exhibit 7.

[40] ThyssenKrupp's Final Comments at 7.

[41] CR at IV-21 n.26, PR at IV-9 n. 26, CR/PR at Table V-8.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On June 1, 2010, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the countervailing duty order on stainless steel sheet and strip from Korea and the antidumping duty orders on stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On September 7, 2010, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4] Selected information relating to the background and scheduling of this proceeding appears in the following tabulation:[5]

[1] 19 U.S.C. 1675(c).

[2] *Stainless Steel Sheet and Strip From Germany, Italy, Japan, Korea, Mexico, and Taiwan*, 75 FR 30437, June 1, 2010. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders. *Initiation of Five-Year ("Sunset") Review*, 75 FR 30777, June 2, 2010.

[4] *Stainless Steel Sheet and Strip From Germany, Italy, Japan, Korea, Mexico, and Taiwan*, 75 FR 59744, September 28, 2010. The Commission found the domestic interested party group and respondent interested party group responses with respect to Germany, Italy, Korea, and Mexico were adequate. The Commission found that the respondent interested party group responses with respect to Japan and Taiwan were inadequate. However, the Commission determined to conduct full reviews concerning the orders on stainless steel sheet and strip from Japan and Taiwan to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders concerning stainless steel sheet and strip from Germany, Italy, Korea, and Mexico.

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

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)
June 1, 2004	Commerce's initiation of first five-year reviews (69 FR 30874)
September 1, 2004	Commerce's revocation of countervailing duty order for France (69 FR 53415)
August 4, 2005	Commerce's revocation of antidumping duty order for France and the United Kingdom (70 FR 41236)
August 4, 2005	Commerce's continuation of antidumping duty orders for Germany, Italy, Japan, Korea, Mexico, and Taiwan and countervailing duty orders for Italy and Korea (70 FR 44886)
March 28, 2006	Commerce's final results of countervailing duty changed circumstances review from Italy and revocation of countervailing duty order (71 FR 15382)
June 1, 2010	Commission's institution of second five-year reviews (75 FR 30437)
	Commerce's initiation of second five-year reviews (75 FR 30777, June 2, 2010)
September 7, 2010	Commission's determination to conduct full five-year reviews (75 FR 59744, September 28, 2010)
October 7, 2010	Commerce's final results of expedited five-year review of the countervailing duty order on stainless steel sheet and strip from Korea (75 FR 62101)
October 7, 2010	Commerce's final results of expedited five-year reviews of the antidumping duty orders on stainless steel sheet and strip from Germany, Japan, Korea, and Taiwan (75 FR 62104)
December 20, 2010	Commission's scheduling of the reviews (75 FR 81308, December 27, 2010)
May 5, 2011	Commerce's final results of full five-year reviews of the antidumping duty orders on stainless steel sheet and strip from Italy (76 FR 25670) and Mexico (76 FR 25668)
May 25, 2011	Commission's hearing
July 8, 2011	Commission's vote
July 27, 2011	Commission's determinations transmitted to Commerce

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.[6] Following notification of a final determination by Commerce that imports of stainless steel sheet and strip from France, Italy, and Korea were being subsidized and imports of stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom were being sold at less than fair value ("LTFV"), the Commission determined on July 19, 1999, that a domestic industry was materially injured by reason of the subject imports from the eight countries.[7] Commerce issued the antidumping orders on July 27, 1999,[8] and the countervailing duty orders on August 6, 1999.[9] Commerce subsequently revoked the countervailing duty order on stainless steel sheet and strip from France in November 2003.[10]

In July 2005, the Commission completed full five-year reviews of the subject orders and determined that revocation of the antidumping and countervailing 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.[11] Following affirmative determinations in the first five-year reviews by Commerce and the Commission,[12]

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[6] 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.

[7] *Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan and The United Kingdom*, 64 FR 40896, July 28, 1999. *See also* *Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom*, Inv. Nos. 701-TA-380-382 and 731-TA-797-804 (Final), USITC Publication 3208 (July 1999).

[8] *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Germany*, 64 FR 40557, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Italy*, 64 FR 40567, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From France*, 64 FR 40562, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Japan*, 64 FR 40565, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Mexico*, 64 FR 40560, July 27, 1999. *Notice of Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From United Kingdom, Taiwan and South Korea*, 64 FR 40555, July 27, 1999.

[9] *Amended Final Determination: Stainless Steel Sheet and Strip in Coils From the Republic of Korea; and Notice of Countervailing Duty Orders: Stainless Steel Sheet and Strip in Coils From France, Italy, and the Republic of Korea*, 64 FR 42923, August 6, 1999.

[10] *Stainless Steel Sheet and Strip in Coils From France: Notice of Amended Final Determination Pursuant to Final Court Decision and Revocation of Order*, 69 FR 53415, September 1, 2004.

[11] *Certain 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), USITC Publication 3788 (July 2005).

[12] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom*, 70 FR 41236, July 18, 2005; *Stainless Steel Sheet and Strip in Coils from France; Final Results of*
(continued...)

Commerce issued a continuation of the countervailing duty order on imports of stainless steel sheet and strip from Korea and Italy and of the antidumping duty order on imports of stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan, effective August 4, 2005.[13] The Commission also determined that revocation of the antidumping duty orders on imports of stainless steel sheet and strip from France[14] 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.[15] Accordingly, Commerce revoked the antidumping duty order on imports of stainless steel sheet and strip from France and the United Kingdom, effective August 4, 2005.[16] Following a changed circumstances review of the countervailing duty order on stainless steel sheet and strip imports from Italy, Commerce revoked the order on March 28, 2006.[17]

[12] (...continued)
the Expedited Sunset Review of the Antidumping Duty Order, 69 FR 60357, October 8, 2004. *Stainless Steel Sheet and Strip in Coils from Japan*, 69 FR 62250, October 25, 2004*; Final Results of the Expedited Sunset Review of the Antidumping Duty Order; 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*, 69 FR 67892, November 22, 2004; *Stainless Steel Sheet and Strip from Mexico: Final Results of the Full Sunset Review of Antidumping Duty Order*, 70 FR 6620, February 8, 2005.

[13] *Continuation of Antidumping Duty Orders on Stainless Steel Sheet and Strip in Coils from Germany, Italy, Japan, the Republic of Korea, Mexico, and Taiwan, and Countervailing Duty Orders on Stainless Steel Sheet and Strip in Coils from Italy and the Republic of Korea*, 70 FR 44886, August 4, 2005.

[14] 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 institution notices for the first review, 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.

[15] *Certain 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), USITC Publication 3788 (July 2005).

[16] *Certain Stainless Steel Sheet and Strip in Coils from France and the United Kingdom; Final Results of Sunset Reviews and Revocation of Antidumping Duty Order*, 70 FR 44894, August 4, 2005.

[17] *Stainless Steel Sheet and Strip in Coils from Italy: Final Results of Countervailing Duty Changed Circumstances Review and Revocation of Countervailing Duty Order, in Whole*, 71 FR 15382, March 26, 2006.

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations, the first five-year reviews, and the current full five-year reviews.[18] 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 E, 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).

[18] *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.

The data series presented in table I-1 includes data before, during, and after the sequence of events known as the "Asian financial crisis." The initial crisis spread from Thailand in mid-1997 through Asia, and then more broadly by 1998. According to Commerce, reduced Asian steel demand, declining Asian currency values, and increased U.S. steel demand contributed to an increase in U.S. steel imports. *See Global Steel Trade: Structural Problems and Future Solutions*, International Trade Administration, U.S. Department of Commerce, July 2000, pp. 17-30. *See also* "Stainless Steel - A Global View," presented by Peter Kaumanns, ISSF, at the May 2004 International Industry Outlook Meeting in Basle, Switzerland; "Global Stainless Steel Demand Index" by ISSF (October 2010 update); and "Steel, Alloys and Stainless" by Marcel Genet (Laplace Conseil) and Cedric Orban (COMC), Stainless Steel World, Beaune, October 2010.

Table I-1
Stainless steel sheet and strip: Comparative data from the original investigations and the first and second reviews, 1996-2010
(*Quantity in short tons, value in 1,000 dollars*, *shares/ratios in percent*)

Item	1996	1997	1998	1999	2000	2001
U.S. consumption quantity:						
Amount	1,563,725	1,640,800	1,747,442	1,986,791	1,945,290	1,595,049
U.S. producers' share[1]	80.8	81.3	79.6	83.3	85.6	87.2
U.S. importers' share:[1]						
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal, subject imports	11.9	12.5	14.3	9.1	6.8	6.6
France	***	***	***	***	***	***
The United Kingdom	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
All other sources	4.3	3.8	4.6	7.0	6.8	5.6
Total imports	19.2	18.7	20.4	16.7	14.4	12.8
U.S. imports from:						
Germany:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***
Italy:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***
Japan:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***
Korea:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***

Table I-1--*Continued*

2002	2003	2004	2005	2006	2007	2008	2009	2010
1,734,565	1,704,087	1,895,410	1,671,537	1,969,248	1,645,385	1,492,172	1,121,848	1,508,745
87.2	86.9	84.0	83.6	80.7	79.9	79.0	86.7	83.2
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
5.7	6.6	7.6	7.0	7.0	8.1	7.6	7.1	6.9
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
6.3	5.6	7.4	9.4	12.2	12.0	13.4	6.2	9.9
12.8	13.1	16.0	16.4	19.3	20.1	21.0	13.3	16.8
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
$***	$***	$***	$***	$***	$***	$***	$***	$***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
$***	$***	$***	$***	$***	$***	$***	$***	$***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
$***	$***	$***	$***	$***	$***	$***	$***	$***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
$***	$***	$***	$***	$***	$***	$***	$***	$***

Table I-1--*Continued*
Stainless steel sheet and strip: Comparative data from the original investigations and the first and second reviews, 1996-2010
(*Quantity in short tons, value in 1,000 dollars*, *shares/ratios in percent*)

Item	1996	1997	1998	1999	2000	2001
Mexico:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***
Taiwan:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***
Subtotal:						
Quantity	189,164	219,154	265,164	167,998	149,384	98,869
Value	349,555	354,499	357,280	232,466	264,196	150,352
Unit value	$1,848	$1,618	$1,347	$1,384	$1,769	$1,521
France:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit Value	$***	$***	$***	$***	$***	$***
The United Kingdom:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***
Subtotal:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***
All other sources:						
Quantity	67,073	64,035	79,506	138,540	132,787	88,590
Value	167,390	134,654	140,654	227,103	276,008	154,562
Unit value	$2,496	$2,103	$1,769	$1,639	$2,079	$1,745
Total:						
Quantity	305,723	321,415	368,477	317,579	296,674	199,251
Value	620,760	563,660	545,524	481,090	570,261	323,748
Unit value	$2,030	$1,754	$1,480	$1,515	$1,922	$1,625

Table I-1--*Continued*

2002	2003	2004	2005	2006	2007	2008	2009	2010
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
$***	$***	$***	$***	$***	$***	$***	$***	$***
***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***
$***	$***	$***	$***	$***	$***	$***	$***	$***
100,683	112,681	143,185	116,786	138,462	133,921	112,823	79,741	104,708
144,624	173,164	288,655	269,861	352,993	444,736	373,050	176,798	273,532
$1,436	$1,537	$2,016	$2,311	$2,549	$3,321	$3,307	$2,217	$2,612
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
$***	$***	$***	([2])	([2])	([2])	([2])	([2])	([2])
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
$***	$***	$***	([2])	([2])	([2])	([2])	([2])	([2])
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
***	***	***	([2])	([2])	([2])	([2])	([2])	([2])
$***	$***	$***	([2])	([2])	([2])	([2])	([2])	([2])
109,144	95,747	140,875	157,697	240,822	197,273	200,622	69,036	149,057
178,061	186,231	348,026	426,577	664,081	853,162	771,678	188,891	460,905
$1,631	$1,945	$2,470	$2,705	$2,758	$4,325	$3,846	$2,736	$3,092
227,349	227,795	308,375	274,483	379,284	331,194	313,445	148,777	253,765
349,675	390,258	676,449	696,438	1,017,074	1,297,898	1,144,728	365,689	734,438
$1,538	$1,713	$2,194	$2,537	$2,682	$3,919	$3,652	$2,458	$2,894

Table I-1--*Continued*
Stainless steel sheet and strip: Comparative data from the original investigations and the first and second reviews, 1996-2010

Item	1996	1997	1998	1999	2000	2001
U.S. producers':	(***Quantity in short tons, value in 1,000 dollars, shares/ratios in percent***)					
Capacity quantity	1,913,709	2,004,648	2,092,165	2,025,067	2,104,373	2,132,834
Production quantity	1,370,283	1,405,072	1,429,041	1,818,664	1,736,738	1,446,691
Capacity utilization[1]	73.0	71.6	69.6	89.8	82.5	67.8
U.S. shipments:						
Quantity	1,263,931	1,333,176	1,390,249	1,655,812	1,665,026	1,390,225
Value	2,557,702	2,482,800	2,303,677	2,478,891	2,990,098	2,136,693
Unit value	$2,024	$1,862	$1,657	$1,497	$1,796	$1,537
Export shipments:						
Quantity	41,020	57,152	73,432	71,822	74,970	78,961
Value	95,416	114,085	129,857	153,499	165,523	162,274
Unit value	$2,326	$1,996	$1,768	2,137	2,208	2,055
Ending inventory quantity[3]	***	***	***	***	***	***
Inventory/total shipments[1]	***	***	***	***	***	***
Production workers[4]	8,441	8,316	8,154	4,729	5,106	4,262
Hours worked (*1,000*)	18,093	18,106	16,563	10,054	10,686	8,804
Wages paid	351,095	371,548	353,294	263,090	274,445	226,852
Hourly wage	$19.41	$20.52	$21.33	$26.17	$25.68	$25.77
Productivity (*tons per 1,000 hours*)	77.6	78.8	86.8	183.0	164.0	166.0
Net sales:						
Quantity	1,306,807	1,397,247	1,463,511	1,852,672	1,740,618	1,469,627
Value	2,659,658	2,599,825	2,433,455	2,814,625	3,173,050	2,310,402
Unit value	$2,035	$1,869	$1,663	$1,519	$1,823	$1,572
Cost of goods sold	2,317,256	2,319,212	2,254,260	2,441,039	2,685,379	2,232,820
Gross profit or (loss)	342,402	280,613	179,195	373,586	487,671	77,582
SG&A	117,891	127,743	134,431	166,573	158,606	135,003
Operating income or (loss) (*value*)	224,511	152,870	44,764	207,013	329,065	(57,421)
Unit cost of goods sold	$1,773	$1,667	$1,540	$1,318	$1,543	$1,520
Unit operating income or (loss)	$172	$110	$31	$112	$189	$(39)
Cost of goods sold/sales (percent)[1]	87.1	89.2	92.6	86.7	84.6	96.6
Operating income or (loss)/sales[1]	8.4	5.9	1.8	7.4	10.4	(2.5)

[1] Reported data are in percent.
[2] Not applicable. Because U.S. imports of stainless steel sheet and strip from France and the United Kingdom are no longer subject to an order, they are included in "all other sources" for the period 2005-10.
[3] The increase in ending inventories from 2004 to 2005 was from an increase in ending inventories by *** of *** short tons, respectively.
[4] The decrease in production and related workers from 2004 to 2005 was due to the absence of data from J&L (which was acquired by Allegheny in 2004). Data from Nucor, Somers Thin Strip, and Theis also are not included in the current reviews, but these companies accounted for *** percent of production and related workers in 2004.

Table I-1--*Continued*

2002	2003	2004	2005	2006	2007	2008	2009	2010
2,262,623	2,233,900	2,262,807	2,142,965	2,090,489	2,130,199	2,201,706	3,076,463	2,748,775
1,638,714	1,591,328	1,670,643	1,570,547	1,728,441	1,477,805	1,309,379	1,150,747	1,544,772
72.4	71.2	73.8	73.3	82.7	69.4	59.5	37.4	56.2
1,513,119	1,480,047	1,592,928	1,397,054	1,589,964	1,314,191	1,178,727	973,071	1,254,980
2,363,795	2,402,887	3,496,576	3,218,487	4,139,906	4,536,655	3,969,507	2,035,269	3,376,938
$1,562	$1,624	$2,195	$2,304	$2,604	$3,452	$3,368	$2,092	$2,691
109,075	146,919	89,411	135,683	158,668	204,116	189,594	177,813	290,797
160,063	192,257	179,065	325,891	439,875	720,670	667,534	392,295	835,038
1,467	1,309	2,003	2,402	2,772	3,531	3,521	2,206	2,872
***	***	***	338,904	318,713	278,211	219,269	219,132	218,127
***	***	***	22.1	18.2	18.3	16.0	19.0	14.1
4,196	4,457	4,407	3,236	3,316	3,214	3,133	2,560	2,989
8,772	9,184	8,605	7,356	7,663	7,097	6,929	5,389	6,456
229,932	236,150	233,925	220,119	246,642	240,322	251,451	199,606	236,989
$26.21	$25.71	$27.19	$29.92	$32.19	$33.86	$36.29	$37.04	$36.71
189.0	175.0	197.0	213.5	225.6	208.2	189.0	213.5	239.3
1,622,745	1,627,982	1,680,804	1,532,737	1,748,632	1,518,307	1,368,321	1,150,884	1,545,756
2,537,555	2,608,020	3,692,443	3,544,378	4,579,781	5,257,324	4,637,041	2,427,566	4,211,902
$1,564	$1,602	$2,197	$2,312	$2,619	$3,463	$3,389	$2,109	$2,725
2,389,911	2,841,863	3,332,922	3,224,268	4,036,980	4,519,031	4,402,371	2,596,804	4,021,106
147,644	(233,843)	359,521	320,110	542,801	738,293	234,670	(169,238)	190,796
127,600	137,978	127,398	109,132	125,493	128,981	115,763	98,054	119,653
20,044	(371,821)	232,123	210,978	417,308	609,312	118,907	(267,292)	71,143
$1,473	$1,746	$1,983	$2,104	$2,309	$2,976	$3,217	$2,256	$2,601
$12	($228)	$138	$138	$239	$401	$87	($232)	$46
94.2	109.0	90.3	91.0	88.1	86.0	94.9	107.0	95.5
0.8	(14.3)	6.3	6.0	9.1	11.6	2.6	(11.0)	1.7

Source: Compiled from data submitted in response to Commission questionnaires, adjusted Customs statistics to account for all dutiable imports for ***, and official Commerce statistics for nonsubject imports. Data for 1996-2004 are compiled from *Certain 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), USITC Publication 3788 (July 2005), table I-1.

PREVIOUS AND RELATED 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

Note.– As discussed above, Commerce has revoked the following orders on stainless steel sheet and strip related to this proceeding:

- CVD order/France (revoked effective September 1, 2004, 69 FR 53415)
- AD order/France (revoked effective August 4, 2005, 70 FR 41236)
- AD order/UK (revoked effective August 4, 2005, 70 FR 41236)
- CVD order/Italy (revoked effective March 28, 2006, 71 FR 15382)

Source: U.S. International Trade Commission publications.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

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 statutory criteria is presented throughout this report. A summary of trade and financial data for stainless steel sheet and strip as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of four U.S. producers of stainless steel sheet and strip (AK Steel, Allegheny Ludlum, NAS, and ThyssenKrupp USA), with additional information provided by Carpenter Technology, Nucor, and Ulbrich, that are believed to have accounted for virtually all domestic production of stainless steel sheet and strip in the period for which data were collected.[19] U.S. import data and related information are based on adjusted Customs statistics to account for all dutiable imports for ***[20] and official Commerce statistics for nonsubject imports. Related information is drawn from the questionnaire responses of 27 U.S. importers of stainless steel sheet and strip that are believed to have accounted for approximately three-quarters of subject U.S. imports during 2005-10 and for approximately one-third of total U.S.

[19] Staff compared the U.S. producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, U.S. producers providing data accounted for *** percent of hot-rolled annealing and pickling and *** percent of cold-rolled capacity in the United States in 2010.

[20] ***.

imports of stainless steel sheet and strip from other sources. Foreign industry data and related information are based on the questionnaire responses of nine producers of stainless steel sheet and strip: four producers in Germany accounting for *** percent of both hot-rolled and cold-rolled production, two producers in Italy accounting for *** percent of hot-rolled and *** percent of cold-rolled production, one producer in Mexico accounting for *** percent of both hot-rolled and cold-rolled production, one producer in Japan and one trading company in Japan accounting for minimal amounts of both hot-rolled and cold-rolled production, and one producer in Korea accounting for *** percent of hot-rolled and *** percent of cold-rolled production. No responses were received from any producers in Taiwan. Responses by U.S. producers, importers, purchasers, and foreign producers 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 revocation of such orders are presented in appendix D.

COMMERCE'S REVIEWS

Administrative Reviews[21]

The following tables present information on Commerce's administrative reviews of the subject orders.[22]

Germany

Commerce has completed six antidumping duty administrative reviews with regard to subject imports of stainless steel sheet and strip from Germany. The results of the administrative reviews are shown in table I-3.

Table I-3
Stainless steel sheet and strip: Administrative reviews of the antidumping duty order for Germany

Date results published	Period of review	Producer or exporter	Margin (*percent*)
February 20, 2002 (67 FR 7668)	01/04/1999-06/30/2000	ThyssenKrupp	2.61
February 10, 2003 (68 FR 6716) as amended on March 24, 2003 (68 FR 14193)	07/01/2000-06/30/2001	TKN	4.74 (corrected from 4.77)
February 10, 2004 (69 FR 6262) as amended on April 9, 2004 (69 FR 18872)	07/01/2001-06/30/2002	TKN	3.72
December 20, 2004 (69 FR 75930)	07/01/2002-06/30/2003	TKN	3.72
December 13, 2005 (70 FR 73729)	07/01/2003-06/30/2004	TKN	9.50
December 13, 2006 (71 FR 74897)	07/01/2004-06/30/2005	TKN	2.45

Source: Cited *Federal Register* notices.

[21] Commerce has not issued any absorption findings with respect to stainless steel sheet and strip from the subject countries

[22] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Italy

Commerce has completed four antidumping duty administrative reviews with regard to subject imports of stainless steel sheet and strip from Italy. The results of the administrative reviews are shown in table I-4.

Table I-4
Stainless steel sheet and strip: Administrative reviews of the antidumping duty order for Italy

Date results published	Period of review	Producer or exporter	Margin (*percent*)
January 14, 2002 (67 FR 1715)	01/04/1999-06/30/2000	AST	0.66
February 10, 2003 (68 FR 6719) as amended on March 11, 2003 (68 FR 11521)	07/01/2000-06/30/2001	TKAST	3.34
December 12, 2003 (68 FR 69382)	07/01/2001-06/30/2002	TKAST	1.62
February 14, 2005 (70 FR 7472) as amended on March 17, 2005 (70 FR 13009)	07/01/2002-06/30/2003	TKAST	3.73
Source: Cited *Federal Register* notices.			

Japan

Commerce has completed three antidumping duty administrative reviews with regard to subject imports of stainless steel sheet and strip from Japan. The results of the administrative reviews are shown in table I-5.

Table I-5
Stainless steel sheet and strip: Administrative reviews of the antidumping duty order for Japan

Date results published	Period of review	Producer or exporter	Margin (*percent*)
February 12, 2002 (67 FR 6495)	01/04/1999-06/30/2000	Kawasaki Steel	1.92
June 30, 2005 (70 FR 37759)	07/01/2003-06/30/2004	Kawasaki Steel	57.87
February 10, 2010 (75 FR 6627)	07/01/2007-06/30/2008	Hitachi Cable Ltd.	0.00
		Nippon	0.54
Source: Cited *Federal Register* notices.			

Korea

Commerce has completed three antidumping duty administrative reviews and five countervailing duty reviews with regard to subject imports of stainless steel sheet and strip from Korea. The results of the administrative reviews are shown in tables I-6 and I-7.

Table I-6
Stainless steel sheet and strip: Administrative reviews of the antidumping duty order for Korea

Date results published	Period of review	Producer or exporter	Margin (*percent*)
December 17, 2001 (66 FR 64950) as amended on January 16, 2002 (67 FR 2194)	01/04/1999-06/30/2000	POSCO	0.03
		Samwon	7.88
		DMC	2.74
		All others	2.49
February 10, 2003 (68 FR 6713) as amended on March 13, 2003 (68 FR 12039)	07/01/2000-06/30/2001	POSCO	0.92
		DMN	5.44
		All others	2.49
January 31, 2007 (72 FR 4486)	07/01/2004-06/30/2005	Boorim Corporation	58.79
		Dae Kyung Corporation	58.79
		DaiYang Metal Co., Ltd.	3.77
		Dine Trading Co., Ltd.	58.79
		Dosko Co., Ltd.	58.79

Source: Cited *Federal Register* notices.

Table I-7
Stainless steel sheet and strip: Administrative reviews of the countervailing duty order for Korea

Date results published	Period of review	Producer or exporter	Margin (*percent*)
February 22, 2002 (67 FR 8229)	11/17/1998-12/31/1999	Inchon	2.45
March 19, 2003 (68 FR 13267)	CY 2000	Inchon	3.79
January 14, 2004 (69 FR 2113) as amended on February 17, 2004 (69 FR 7419)	CY2001	INI/Sammi[1]	0.54
January 3, 2007 (72 FR 120)	CY 2004	Dai Yang Metal Co., Ltd.	0.02 *de minimis*
January 15, 2008 (73 FR 2456)	CY 2005	Dai Yang Metal Co., Ltd.	0.03 *de minimis*

[1] As of April 2001, Inchon changed its name to INI; as of April 2002, Sammi changed its name to BNG.

Source: Cited *Federal Register* notices.

Mexico

Commerce has completed nine antidumping duty administrative reviews with regard to subject imports of stainless steel sheet and strip from Mexico. The results of the administrative reviews are shown in table I-8.

Table I-8
Stainless steel sheet and strip: Administrative reviews of the antidumping duty order for Mexico

Date results published	Period of review	Producer or exporter	Margin (*percent*)
February 12, 2002 (67 FR 6490) as amended on April 2, 2002 (67 FR 15542)	01/04/1999-06/30/2000	Mexinox S.A.	2.28
		All Others	30.85
February 10, 2004 (69 FR 6259)	07/01/2001-06/30/2002	TK Mexinox	7.43
		All Others	30.85
January 26, 2005 (70 FR 3677)	07/01/2002-06/30/2003	TK Mexinox	5.42
December 12, 2005 (70 FR 73444)	07/01/2003-06/30/2004	TK Mexinox	2.96
December 22, 2006 (71 FR 76978)	07/01/2004-06/30/2005	TK Mexinox	1.16
February 11, 2008 (73 FR 7710) as amended on March 17, 2008 (73 FR 74704)	07/01/2005-06/30/2006	TK Mexinox	2.31
February 9, 2009 (74 FR 6365)	07/01/2006-06/30/2007	TK Mexinox	2.86
February 10, 2010 (75 FR 6627) as amended on April 5, 2010 (75 FR 17122)	07/01/2007-06/30/2008	TK Mexinox	4.48
January 13, 2011 (76 FR 2332) as amended on February 18, 2011 (76 FR 9542)	07/01/2008-06/30/2009	TK Mexinox	12.13

Source: Cited *Federal Register* notices.

Taiwan

Commerce has completed 10 antidumping duty administrative reviews with regard to subject imports of stainless steel sheet and strip from Taiwan. The results of the administrative reviews are shown in table I-9.

Table I-9
Stainless steel sheet and strip: Administrative reviews of the antidumping duty order for Taiwan

Date results published	Period of review	Producer or exporter	Margin (*percent*)
February 13, 2002 (67 FR 6682)	01/04/1999-06/30/2000	YUSCO	0.00
		Tung Mung	0.00
		Chia Far	21.10
		All Others	12.61
December 13, 2002 (67 FR 76721)	07/01/2000-06/30/2001	YUSCO	0.00
		Chia Far	1.11
		Tung Mung	21.10
		All Others	12.12
February 9, 2004 (69 FR 5960)	07/01/2001-06/30/2002	YUSCO	1.96
		Chia Far	0.98
		Tung Mung	21.10
		All Others	12.12
February 15, 2005 (67 FR 6682)	07/01/2002-06/30/2003	YUSCO	1.92
		Chia Far	1.10
February 13, 2006 (71 FR 7519)	07/01/2003-06/30/2004	YUSCO	0.00
		Chia Far	1.36
		Goang Jau Shing Enterprise Co., Ltd.	21.10
		PFP Taiwan Co., Ltd.	21.10
		Yieh Trading Corporation	21.10
		Chien Shing Stainless Steel Company Ltd.	21.10
December 15, 2006 (71 FR 75504)	07/01/2004-06/30/2005	Chia Far	0.79
		Goang Jau Shing Enterprise Co., Ltd.	21.10
		PFP Taiwan Co., Ltd.	21.10
		Yieh Trading Corporation	21.10
		Chien Shing Stainless Steel Company Ltd.	21.10
		Tang Eng Iron Works Company, Ltd.	21.10
February 6, 2008 (73 FR 6932)	07/01/2005-06/30/2006	Chia Far	1.41
		PFP Taiwan Co., Ltd.	21.10
		Yieh Trading Corporation	21.10
December 9, 2008 (73 FR 74704)	07/01/2006-06/30/2007	Chia Far	2.71
February 5, 2010 (75 FR 5947)	01/07/2007-06/30/2008	Chia Far	4.30

Table continued on next page.

Table I-9--*Continued*
Stainless steel sheet and strip: Administrative reviews of the antidumping duty order for Taiwan

Date results published	Period of review	Producer or exporter	Margin (*percent*)
December 9, 2010 (75 FR 76700)	07/01/2008-06/30/2009	Chia Far	0.00
		Chain Chon Industrial Co., Ltd.	4.30
		Chien Shing Stainless Co.	4.30
		China Steel Corporation	([1])
		Dah Shi Metal Industrial Co., Ltd.	4.30
		Goang Jau Shing Enterprise Co., Ltd.	4.30
		KNS Enterprise Co., Ltd.	4.30
		Lih Chan Steel Co., Ltd	4.30
		Maytun International Corp.	4.30
		PFP Taiwan Co., Ltd	4.30
		Shih Yuan Stainless Steel Enterprise Co., Ltd.	4.30
		Ta Chen Stainless Pipe Co., Ltd	4.30
		Tang Eng Iron Works	4.30
		Tibest International Inc	4.30
		Tung Mung Development Co., Ltd./Ta Chen Stainless Pipe Co., Ltd.[2]	4.30
		Waterson Corp	4.30
		Yieh Loong Enterprise Co., Ltd. (aka Chung Hung Steel co., Ltd.)	4.30
		Yieh Mau Corp	4.30
		Yieh Trading Corp	4.30
		Yieh United Steel Corporation	4.30

[1] No shipments or sales subject to this review.
[2] This rate applies to shipments of stainless steel sheet and strip produced by Tung Mung Development Co. Ltd. In Taiwan and exported from Taiwan to the United States by Ta Chen Stainless Pipe Co., Ltd.

Source: Cited *Federal Register* notices.

Five-Year Reviews

Commerce has issued the final results of its expedited reviews with respect to Germany, Japan, Korea, and Taiwan. Table I-10 presents the countervailable subsidy margins and table I-11 presents the antidumping duty margins calculated by Commerce in its original investigations, first reviews, and second reviews.

Table I-10
Stainless steel sheet and strip: Commerce's original, first five-year review, and second five-year review countervailable subsidy margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
Korea[1]			
INI/BNG[2]	2.65	0.54	0.54
DaiYang	1.58	0.67	0.67
Taihan	7.00	4.64	4.64
Sammi	59.30	--	--
All others	1.68	0.63	0.63

[1] Countervailing duty order, 64 FR 42923, August 6, 1999; final results of Commerce's first review, 69 FR 75513, December 17, 2004; final results of Commerce's second review, 62 FR 62101, August 7, 2010.
[2] Hyundai Steel was formerly INI/BNG, Inchon, and Sammi before that.

Note.– The Korean producer POSCO was excluded from these orders because it received a *de minimis* net subsidy rate of 0.65 percent *ad valorem*.

Source: Cited *Federal Register* notices.

Table I-11
Stainless steel sheet and strip: Commerce's original, first five-year review, and second five-year review antidumping duty margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
Germany[1]			
TKN	13.48	9.38	13.48
All others	13.48	9.38	13.48
Italy[2]			
TKAST	11.23	11.23	2.11
All others	11.23	11.23	2.11

Table continued on next page.

Table I-11–*Continued*
Stainless steel sheet and strip: Commerce's original, first, and second five-year review antidumping duty margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
Japan[3]			
Kawasaki Steel Corporation	40.18	40.18	40.18
Nippon Steel	57.87	57.87	57.87
Nisshin Steel	57.87	57.87	57.87
Nippon Yakin Kogyo	57.87	57.87	57.87
Nippon Metal	--	57.87	57.87
All others	40.18	40.18	40.18
Korea[4]			
POSCO	2.49	2.49	2.49
Taihan	58.79	58.79	58.79
Inchon	0.00	Excluded	Excluded
Daiyang (DMC)	--	5.44	5.44
All others	2.49	2.49	2.49
Mexico[5]			
Mexinox S.A.	30.85	30.85	30.69
All others	30.85	30.85	30.69
Taiwan[6]			
Tung Mung/Ta Chen	15.40	15.40	15.40
Tung Mung	0.00	Excluded	Excluded
Chang Mien	0.98	Excluded	Excluded
YUSCO/Ta Chen	36.44	36.44	36.44
YUSCO	21.10	21.00	21.10
All others	12.61	12.61	12.61

[1] Antidumping duty order, 64 FR 40557, July 27, 1999; final results of Commerce's first review, 69 FR 67896, November 22, 2004; final results of Commerce's second review, 75 FR 62104.
[2] Antidumping duty order, 64 FR 40567, July 27, 1999; final results of Commerce's first review, 69 FR 67894, November 22, 2004; Final results of Commerce's second review, 76 FR 25670.
[3] Antidumping duty order, 64 FR 40565, July 27, 1999; final results of Commerce's first review, 69 FR 62250, October 25, 2004; final results of Commerce's second review, 75 FR 62104.
[4] Antidumping duty order, 64 FR 40555, July 27, 1999; final results of Commerce's first review, 69 FR 67892, November 22, 2004; final results of Commerce's second review, 75 FR 62104.
[5] Antidumping duty order, 64 FR 40560, July 27, 1999; final results of Commerce's first review, 70 FR 6620, February 8, 2005; Final results of Commerce's second review, 75 FR 25668.
[6] Antidumping duty order, 64 FR 40555, July 27, 1999; final results of Commerce's first review, 69 FR 67892, November 22, 2004; final results of Commerce's second review, 75 FR 62104.

Source: Cited *Federal Register* notices.

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA") (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.[23] During the review period, qualified U.S. producers of stainless steel sheet and strip were eligible to receive disbursements from the U.S. Customs and Border Protection ("Customs") under CDSOA relating to the orders covering the subject merchandise beginning in Federal fiscal year 2005.[24] Table I-12 presents CDSOA disbursements for Federal fiscal years 2005-10 by source.[25]

Table I-12
Stainless steel sheet and strip: CDSOA disbursements, by source, Federal fiscal years 2005-10

Item	Federal fiscal year					
	2005	2006	2007	2008	2009	2010
	Disbursements (*dollars*)					
Germany	$1,367,772	$851,811	$1,308,641	$484,439	$197,320	$178,170
Italy	$1,224	$1,053,978	-$20,515	$87,804	$4,854	$731
Japan	$1,917,407	$5,616,517	$5,137,016	$1,640,856	$4,684,316	$57,108
Korea	$108,625	$203,464	$463,318	$1,444,409	$613,832	$197,709
Mexico	$5,369,130	(1)	(1)	(1)	(1)	(1)
Taiwan	$34,117	$30,945	$41,135	$94,453	$571,765	$49,767

[1] No disbursements.

Note.--Negative disbursement amounts are the result of refunds to importers as a result of liquidations or court cases.

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved from http://www.cbp.gov/xp/cgov/trade/priority_trade/add_cvd/cont_dump/

THE SUBJECT MERCHANDISE

Commerce's Scope

A summary of the scope of the imported product subject to the antidumping and countervailing duty orders under review, as defined by Commerce in its original orders, is as follows.

> The products covered by these reviews 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

[23] Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)). The Deficit Reduction Act of 2005 repealed the CDSOA with respect to duties on entries of goods made and filed on or after October 1, 2007. *See* Pub. L. No. 109-171, 120 Stat. 4, 154 (2006).

[24] 19 CFR 159.64 (g).

[25] The Federal fiscal year begins on October 1 and ends on September 30 of the next calendar year.

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. 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.[26]

Tariff Treatment

Stainless steel sheet and strip is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under 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. U.S. tariffs on stainless steel sheet and strip ranged as high as 5.8 percent *ad valorem* in 1999. The general rates of duty on these products were staged down as a result of concessions given in the Uruguay Round of multilateral trade negotiations, and the current general rate of free became effective for each product as of January 1, 2004.

THE PRODUCT

Description and Applications

Description

The stainless steel sheet and strip subject to these reviews are flat-rolled stainless steel products, less than 4.75 mm in thickness, that are annealed (heat-treated) and pickled (subjected to an acid rinse to remove surface scale) and rolled into a coil.[27]

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[26] *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Germany*, 64 FR 40557, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Italy*, 64 FR 40567, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From France*, 64 FR 40562, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Japan*, 64 FR 40565, July 27, 1999. *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From Mexico*, 64 FR 40560, July 27, 1999. *Notice of Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils From United Kingdom, Taiwan and South Korea*, 64 FR 40555, July 27, 1999.

[27] Hot-rolled black band ("HRB"), the intermediate stainless flat-rolled product produced after stainless steel slab is rolled but before the rolled material is annealed and pickled, is not within the product scope. Also, flat-rolled stainless steel 4.75mm or more in thickness is termed "plate" and is not within the product scope although the plate production process is the same as that of sheet and strip through the hot rolling step. *See* "Hot rolling the slabs"

(continued...)

Sheet and strip are distinguished from one another by width. Sheet is 24 inches or greater in width; strip is less than 24 inches in width. There is also a very thin flat-rolled product called foil which has a maximum thickness of .0127 mm and is included in the product scope.[28] Stainless steel is a low carbon steel which contains 10.5 percent or more chromium by weight. The addition of chromium gives the steel its corrosion resisting properties. Other alloying elements can be added to impart various characteristics, but all stainless steels contain chromium at a minimum.[29]

There are over 100 different stainless steel alloys, each with its own characteristics. Moreover, there are several stainless steel classification systems. These include broad groupings by metallurgical structure, more specific alloy numbering systems such as the American Iron and Steel Institute ("AISI") classification system using the 200, 300, and 400 series numbers which correspond to metallurgical structure, as well as the Universal Numbering System used for all commercial metals and alloys. The broad metallurgical groupings are austenitic, ferritic, martensitic, precipitation-hardening, and duplex (table I-13).[30] The precipitation-hardening and duplex types are less widely used than the others. Each alloying element imparts certain characteristics to the steel (table I-14).

Table I-13
Stainless steel sheet and strip: Characteristics by type of steel

Type	Qualities	Typical applications
AISI grade 200 series	● Austenitic metallurgical structure ● Primary alloying elements are chromium, nickel, and manganese ● Non-magnetic ● Cannot be heat treated ● Excellent formability AISI grades 201, 202, 203, 204, and 205	-Washing machine tubs -Structural applications
AISI grade 300 series	● Austenitic metallurgical structure ● Primary alloying elements are chromium (15-30 percent) and nickel (6-20 percent) ● Excellent corrosion resistance ● Cannot be heat treated but can be hardened by cold working ● Non-magnetic ● Good high and low temperature mechanical properties ● Can be polished to a bright mirror finish AISI grades 304 and 316 are the major grades	-Food equipment -Chemical equipment -Architectural applications

Table continued on next page.

[27] (...continued)
section later in this report.

[28] Definitions of sheet, strip, and foil were obtained from "Stainless Steel Overview Definition of Terms," Specialty Steel Industry of North America ("SSINA"), http://www.ssina.com/overview/glossary.html, retrieved June 7, 2011. Although SSINA does not include width restrictions in its definition of foil, it is generally rolled in narrow widths of about 12 inches or less.

[29] Other alloying elements include nickel, molybdenum, manganese, among others.

[30] The terms austenitic, ferritic, martensitic, and duplex refer to the crystallographic structure of the alloy while precipitation-hardenable refers to a particular type of annealing. ASM International, *ASM Specialty Handbook: Stainless Steels*, pp. 5-8, 1994.

Table I-13–*Continued*
Stainless steel sheet and strip: Characteristics by type of steel

Type	Qualities	Typical applications
AISI grade 400 series ("Non-hardenable")	● Ferritic metallurgical structure ● Primary alloying element is chromium ● Does not contain nickel ● Good corrosion resistance ● Magnetic ● Limited temperature use ● Can be polished AISI grades 409 and 430 are the most common	-Automotive trim -Cooking utensils
AISI grade 400 series ("Hardenable")	● Martensitic metallurgical structure ● Chromium as the principal alloying element ● Carbon content of about 0.15 percent ● Adequate corrosion resistance ● Hardenable by heat treatment ● Magnetic ● Somewhat limited temperature use AISI grades 410, 420, and 440 are the most common	-Fasteners -Pump shafts -Turbine blades
Precipitation-hardening metallurgical structure	● Primary alloying elements are chromium and nickel ● Hardened by special heat treatment to great strength	-Valves -Gears -Petro-chemical equipment
Duplex metallurgical structure	● When heat-treated, metallurgical structure is about half austenitic and half ferritic ● Superior to the austenitic steels in resistance to chloride stress corrosion cracking, excellent pitting and crevice corrosion resistance	-Pipelines -Pressure shafting

Source: Specialty Steel Industry of North America, "Stainless Steel Overview: Applications," http://www.ssina.com/overview/learn.html, retrieved June 7, 2011, "Stainless Steel Overview: Alloy Classifications," http://www.ssina.com/overview/alloy.html, retrieved June 7, 2011, and *Design Guidelines for the Selection and Use of Stainless Steel*, p.2, http://www.ssina.com/download_a_file/designguidelines.pdf (first 13 pages only), retrieved June 7, 2011.

Table I-14
Stainless steel sheet and strip: Properties imparted by common alloying elements

Alloying element	Properties imparted
Chromium	- Resists rust
Nickel	- Increases ductility - Increases toughness - Increases corrosion resistance to acids - Creates non-magnetic structure
Molybdenum	- Increases pitting and crevice corrosion resistance - Increase resistance to chlorides
Manganese	- Substitutes for nickel in the AISI 200 grade series

Source: Specialty Steel Industry of North America, "Stainless Steel Overview: Alloying Elements Summary," http://www.ssina.com/overview/alloyelements_summary.html, retrieved June 7, 2011.

Applications

Stainless steel sheet and strip products are used in many consumer and industrial applications, especially where corrosion resistance, heat resistance, or stainless steel's aesthetic characteristics are desired. 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 and produces pipes and tubes by welding the lengthwise edges together. Sheet and strip are also used by the chemical and construction industries, as well as by appliance and industrial equipment manufacturers among many other applications. Foil is used in a wide variety of applications including electronic components and solar panel substrates.[31]

Manufacturing Process

The basic steps in stainless steel sheet and strip production regardless of grade or final width and thickness are: (1) stainless steel production; (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; and, if specified (5) finishing (figure 1-1). Firms that produce their own stainless steel perform at least the first four steps while re-rollers will perform step(s) three and/or four and five, if specified.

Three U.S. producers that make the stainless steel used in their stainless steel sheet and strip—AK Steel, Allegheny Ludlum, and NAS—currently account for the great majority of reporting producers' production of stainless steel sheet and strip.[32] In contrast, ThyssenKrupp Stainless USA re-rolls stainless steel inputs obtained from outside its own mill. The company imports hot-rolled stainless steel coils from ThyssenKrupp's facilities in Germany to cold roll at ThyssenKrupp Stainless USA's plant in Alabama. ThyssenKrupp Stainless USA does plan to produce its own stainless steel by December 2012.[33] There are also "re-roller" stainless steel mills that do not produce their own steel, have no plans to do so, and re-roll stainless steel coil obtained from outside the mill.

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[31] Information on foil applications obtained from website of Somers Thin Strip, http://www.olinbrass.com/companies/somers/Products/Pages/StainlessSteel.aspx, retrieved June 7, 2011.

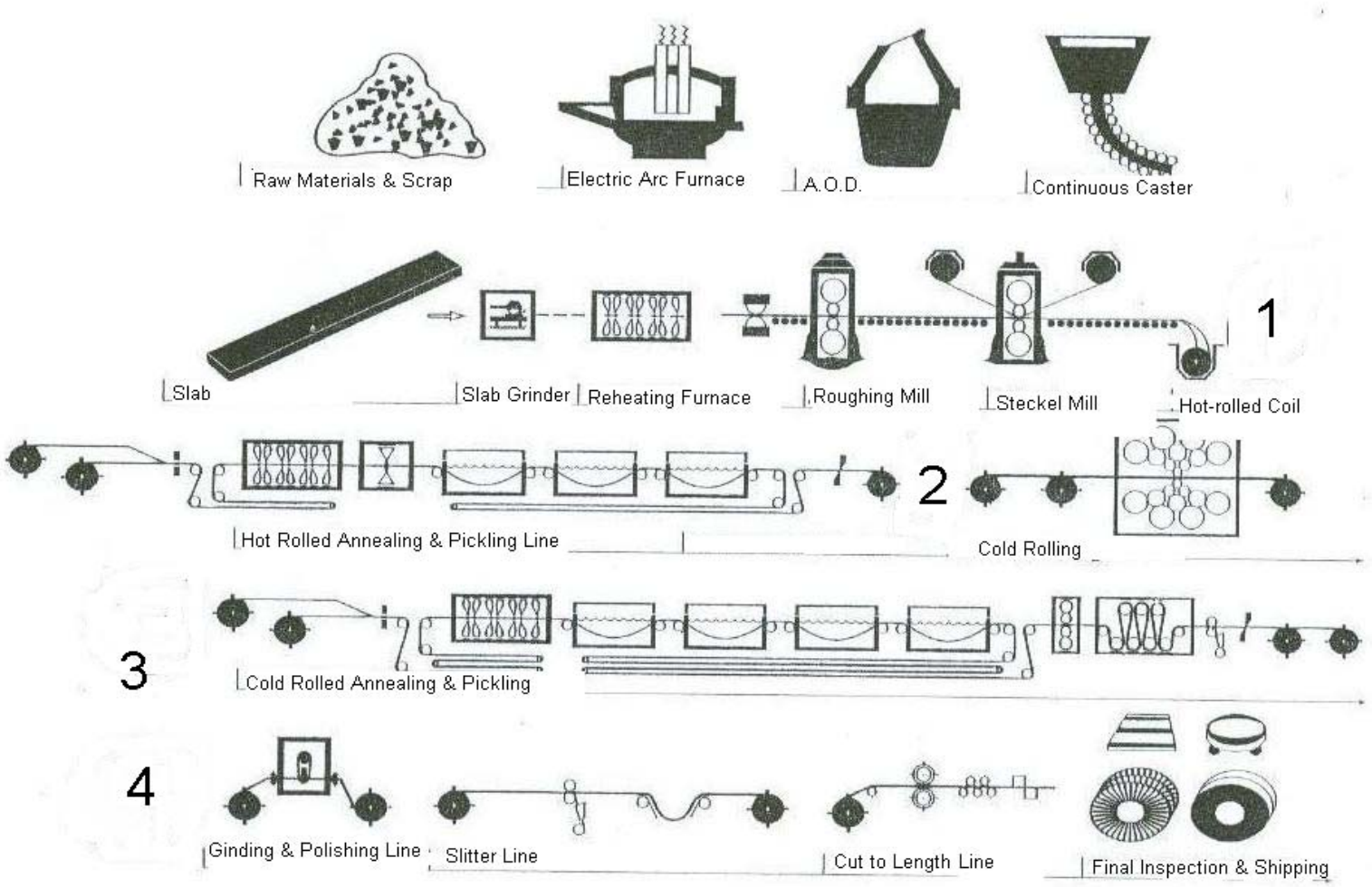
[32] AK Steel produces both stainless steel and stainless steel sheet and strip at its Butler and Mansfield Works and has stainless steel rolling mills at some of its other facilities (AK Steel, "Facilities," http://www.aksteel.com/production_facilities/, retrieved June 7, 2011).

Allegheny Ludlum makes stainless steel at its Brackenridge, PA facility which produces stainless steel sheet and strip as well as ships stainless steel inputs to other facilities. Allegheny Ludlum's Midland, PA, facility produces stainless steel slab for shipment to Allegheny Ludlum stainless steel rolling mills at other facilities (Allegheny Ludlum, "Operations, Operating Facilities," http://www.alleghenyludlum.com/pages/facilities/facilities.asp, retrieved June 7, 2011).

NAS produces both stainless steel and stainless steel sheet and strip at its facility in Kentucky (NAS, "Flat Products Brochure," http://www.northamericanstainless.com/wp-content/themes/northamericanstainless/pdf/NAS_Flat_Products_Brochure.pdf, retrieved June 7, 2011).

[33] Schier, Thorsten, "TK Erects First Steel at Melt Shop," American Metal Market, March 30, 2011. "Melt Shop" refers to a facility that melts raw materials to produce steel. *See* the "Stainless steel production" section later in this report.

Figure I-1
Stainless steel sheet and strip: Production process



1 Stainless steel coil at this point is not yet annealed and pickled. The coil at this point is hot-rolled black band and is not within the product scope.
2 After the stainless steel is hot-rolled annealed and pickled it is within the product scope. The product at this stage is also known as white band. Stainless steel coil can be sold at this point, be moved to finishing operations such as slitting, cut to length, or continue in the process to cold rolling. The production process, up to this point, is similar for stainless steel sheet and strip and stainless steel coiled plate. The only difference between the two products is the thickness of the steel on the coil. Typically, processing for stainless steel coiled plate ends here. The great majority of stainless steel sheet and strip continues processing through the cold*rolled stage.
3 If bright annealing is required, it takes place at this stage instead of the usual pickling and annealing. With bright annealing the pickling step is eliminated.
4 If desired, the coil can undergo finishing operations. Note that if the coil is cut to length, it is no longer within the product scope.

Source: NAS, *Flat Products Brochure*, p. 14, http://www.northamericanstainless.com/wp-content/themes/northamericanstainless/pdf/NAS_Flat_Products_Brochure.pdf, retrieved June 7, 2011, used by permission and modified by Commission staff.

Stainless Steel Production

Mills produce stainless steel by melting raw material—usually selected stainless (or other types of) steel scrap and various alloys of chromium (and nickel, molybdenum, etc. depending on the stainless steel grade) 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.[34] 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 scrap and the alloying elements nickel, molybdenum, and chromium account for most of the total cost.[35] After achieving the desired chemical composition, 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.

Slab Casting

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.

Hot Rolling the Slabs

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.[36] The product at this point (whether it is destined to become sheet, strip, or foil) is called hot-rolled

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[34] AK Steel claims to have the largest AOD unit in the world, with a capacity of 175 tons, at its facility in Butler, PA. AK Steel, "Facilities, Butler Works," http://www.aksteel.com/production_facilities/butler.aspx, retrieved June 7, 2011.

[35] ***.

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

black (HRB) 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.

Annealing

Rolling the steel creates internal stresses and makes the steel harder. Annealing, a form of heat treatment, relieves the stresses and softens the steel. After cooling down from the hot-rolling process, the black band passes through a continuous furnace in which it is heated to annealing temperatures, about 2,000 degrees Fahrenheit depending on the stainless steel grade, and then quickly cooled. The heat treatment creates a dark colored oxide scale on the surface of the steel. The band next passes through a grit-blasting machine in which the scale from the hot mill and the annealing furnace is broken up by using small particles of steel grit thrown at high speed by centrifugal wheels.

Pickling

The next process the band undergoes is pickling, an acid wash which removes the dark oxide scale and surface defects, and imparts corrosion resistance. The band passes through pickling tanks which contain acid to descale the steel, followed by a water rinse. Annealing and pickling are usually performed on a continuous process line, although they can be performed in separate units. The product at this point is considered white coil or white band, or hot-rolled annealed and pickled ("HRAP") coil or HRAP band, and can be shipped in this condition.[37]

Cold Rolling

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.[38] 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 may be 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, several times may be necessary to achieve the desired final thickness. The final product is considered cold-rolled, annealed, and pickled coil. The vast majority of stainless steel sheet and strip is sold as cold-rolled product. If specified, after cold rolling the coil can be bright annealed.[39] In bright annealing, the coil is placed in a special furnace that heats the coil in an oxygen-free reducing atmosphere. Bright annealing does not create the dark oxide scale on the coil and so the pickling step is

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[37] The production process for stainless steel plate is the same as that of stainless steel sheet and strip through the hot rolling process. Stainless steel plate is typically not cold rolled.

[38] There are two types of cold-rolling mills–either a reversing Z-mill, such as a Sendzimir mill; or a continuous or tandem mill. ThyssenKrupp Stainless USA's planned startup date for its 74-inch cold-rolling mill is July 2011 (ThyssenKrupp Stainless USA, "Progress Update," http://www.thyssenkrupp-stainless-usa.com/progress.html, retrieved June 7, 2011). This mill will be the largest in North America (Guzzo, M., "TK's Alabama stainless mill starts in nervous market," American Metal Market, October 7, 2010). ***.

[39] Bright annealing is performed by U.S. producers (domestic interested parties' posthearing brief, p.7 note 2) such as AK Steel and Allegheny Ludlum. AK Steel, *Stainless Steel Comparator*, http://www.aksteel.com/pdf/markets_products/stainless/Stainless_Steel_Comparator.pdf, and Allegheny Ludlum, "Process and Plant Capabilities," http://www.alleghenytechnologies.com/ludlum/pages/facilities/Louisville.asp?qdirections=, retrieved June 7, 2011.

unnecessary. This type of annealing produces a mirror-like appearance and is often used when a highly reflective surface is desired.[40]

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. Foil is used for specialized applications and tends to command a higher price due to the additional finishing processes required to produce foil products.

Finishing

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. As shown in table I-15, stainless steel sheet and strip are available in a number of standard and special finishes, including "rolled-on" embossing, etching, special surface mechanical treatment to provide, for example, perforations, electromechanical coloring and plating.[41]

Table I-15
Stainless steel sheet and strip: Standard finishes

No. 1	Rough, dull finish that results from hot rolling.
No. 2D	Dull finish generally used where the surface appearance is of little concern.
No. 2B	Bright finish with some reflectivity. It is a general purpose finish used as is, or it is used a basis for subsequent polished finishes.
No. 4	Polished bright surface with reasonable reflectivity, although it contains visible "grit lines" which prevent mirror reflection.
No. 6	Dull satin finish with less reflectivity than a No. 4.
No. 7	Highly reflective surface finish but still maintains some light "grit" lines.
No. 8	Most reflective standard finish with a mirror-like reflectivity.
Source: Specialty Steel Industry of North America, *Designer Handbook: Stainless Steel Primer*, p. 2, http://www.ssina.com/download_a_file/primerupdatebroc.pdf, retrieved June 7, 2011.	

Although not a "standard industry finish," some producers offer a bright annealed finish; *see* discussion of bright annealing in the previous cold rolling section.

Sheet and strip may also be edge-trimmed, slit, or cut-to-length. Edge condition is often more important for strip than 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

[40] Specialty Steel Industry of North America, "Standard Finishes: Which products are you planning to use?" http://www.ssina.com/finishes/whichproducts.html, retrieved June 7, 2011.

[41] Specialty Steel Industry of North America, *Designer Handbook: Stainless Steel Primer*, p. 2, http://www.ssina.com/download_a_file/primerupdatebroc.pdf, retrieved June 7, 2011.

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.[42]

Cut-to-length sheet and strip produced from coiled sheet and strip is made by placing the coil in a cut-to-length line which unrolls the coil, levels and then cuts it to desired length. Cut-to-length sheet and strip is not within the product scope of these reviews. The primary purchasers of stainless steel sheet in coil are major distributors, pipe producers, and auto exhaust manufacturers. The major distributors reportedly prefer coiled sheet as opposed to cut-to-length sheet because they have the capability to cut the sheet to the length desired by the end user and the flexibility of offering sheet at any length desired by the end user if coiled product is inventoried.[43]

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission found the domestic like product to correspond to the scope of Commerce's investigations.[44] In the first five-year reviews, the Commission again found the domestic like product to correspond to Commerce's scope.[45] In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[46] Four interested parties commented on the Commission's definitions of domestic like product and indicated that they either took no position or agreed with the definitions of domestic like product.[47] No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires. The domestic interested parties support the Commission's determination that the domestic like product should correspond to the scope of these cases and should also consist of stainless steel sheet and strip.[48]

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations, six mills and seven re-rollers of stainless steel sheet and strip were identified. In the Commission's first five-year reviews, five mills and two re-rollers supplied the Commission with data on their U.S. operations with respect to stainless steel sheet and strip. These firms accounted for 100.0 percent of U.S. production of stainless steel sheet and strip in 2004. In these current proceedings, the Commission issued producers' questionnaires to 11 firms, seven of which provided the

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[42] ASM International, *ASM Specialty Handbook: Stainless Steels*, p. 39, 1994.

[43] Hearing transcript, May 25, p. 41 (Blot).

[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.

[45] *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)*, USITC Publication 3788, July 2005, p. 6

[46] *Stainless Steel Sheet and Strip From Germany, Italy, Japan, Korea, Mexico, and Taiwan*, 75 FR 30437, June 1, 2010.

[47] *Substantive Response* of Posco p. 12; *Substantive Response* of the German ThyssenKrupp respondent interested parties p. 14; *Substantive Response* of TK Mexinox and Mexinox USA p. 14; *Substantive Response* of the domestic interested parties p. 18.

[48] Domestic Interested Parties' prehearing brief, p. 3.

Commission with information on their stainless steel sheet and strip operations.[49] These firms are believed to account for virtually all U.S. production of stainless steel sheet and strip in 2010.[50] Presented in table I-16 is a list of current domestic producers of stainless steel sheet and strip and each company's position on continuation of the orders, production location(s), related and/or affiliated firms, and share of reported production of stainless steel sheet and strip in 2010.

Table I-16
Stainless steel sheet and strip: U.S. producers, positions on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Mill location(s)	Parent Company	Position on orders	Share of production (*percent*)
Allegheny Ludlum	Brackenridge, PA Midland, PA New Castle, IN	Allegheny Technologies Incorporated (U.S.)	Supports	***
AK Steel	West Chester, OH Butler, PA Coshocton, OH Mansfield, OH Middletown, OH Rockport, IN Zanesville, OH	AK Steel Holding Corporation (U.S.)	Supports	***
Carpenter Technology	([1])	([1])	***	([2])
North American Stainless	Ghent, KY	***% Acerinox, S.A.(Spain)	Supports	***
Nucor	Crawfordsville, IN	([1])	***	([3])
ThyssenKrupp Stainless USA[4]	Calvert, AL	ThyssenKrupp (Germany)[4]	***	([2])
Ulbrich Stainless Steel & Special Metals	Wallingford, CT	Not owned by another company	***	([2])

[1] ***.
[2] Account for less than *** percent.
[3] No production in 2010.
[4] ThyssenKrupp Steel USA is a wholly owned subsidiary of ThyssenKrupp Steel & Stainless (U.S.), which in turn is a wholly-owned subsidiary of ThyssenKrupp AG (Germany). *See* http://www.thyssenkrupp.com/independent/beteiligungen_steel_americas_en.html, retrieved on April 5, 2011. On May 13, 2011, the ThyssenKrupp AG's Supervisory Board approved a decision to separate its stainless unit from ThyssenKrupp. This may be carried out through an initial public offering or by bringing in a new partner and transferring control of the complete portfolio of stainless steel assets to a new majority shareholder. ThyssenKrupp Respondent Interested Parties' posthearing brief, p. 27.

Note.–Because of rounding, shares may not total to 100.0 percent.

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

[49] ***. *** and *** reported that they did not produce stainless steel sheet and strip during the period for which data were collected.

[50] Staff compared the U.S. producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, U.S. producers providing data accounted for *** percent of hot-rolled annealing and pickling and *** percent of cold-rolled capacity in the United States in 2010. Precision S.M. and Elgiloy Special Steels were identified as having capacity to produce cold-rolled stainless steel sheet and strip, but did not provide a response.

Three U.S. producers, Allegheny Ludlum, NAS, and ThyssenKrupp Stainless USA, are related to foreign producers of stainless steel sheet and strip and one, ThyssenKrupp Stainless USA, is related to U.S. importers of stainless steel sheet and strip. In addition, as discussed in greater detail in Part III, no U.S. producers directly import stainless steel sheet and strip, although two purchase the subject merchandise from U.S. importers.[51]

U.S. Importers

The Commission received usable data from 46 U.S. importing firms during the original investigations and from 26 firms during the first reviews. In these current proceedings, the Commission issued importers' questionnaires to 52 firms that were reported in proprietary Customs data as importing more than 0.1 percent of total imports or more than 1.5 percent of imports for an individual subject country under the HTS statistical reporting numbers that cover stainless steel sheet and strip, as well as to all U.S. producers of stainless steel sheet and strip. Usable questionnaire responses were received from 27 companies, which accounted for approximately three-quarters of subject U.S. imports during 2005-10 and for approximately one-third of U.S. imports of stainless steel sheet and strip from other sources. [52] Table I-17 lists all responding U.S. importers of stainless steel sheet and strip from the six subject sources and other sources, their locations, and their shares of U.S. imports in 2010.

Table I-17
Stainless steel sheet and strip: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters	Parent Company	Share of imports *(percent)*							
			Germany	Italy	Japan	Korea	Mexico	Taiwan	Other	Total
American Leakless	Athens, AL	US Leakless (U.S.)	***	***	***	***	***	***	***	***
Ameri-Source	Bethel Park, PA	---	***	***	***	***	***	***	***	***
Arcelor Mittal	New Providence, NJ	Arcelor USA Holding LLC	***	***	***	***	***	***	***	***
Commercial Metals	Irving, TX	---	***	***	***	***	***	***	***	***
Gibbs Wire	Southington, CT	---	***	***	***	***	***	***	***	***
Hitachi Metals America, Ltd.	Purchase, NY	Hitachi Metals, Ltd.	***	***	***	***	***	***	***	***
Honda Trading	Marysville, OH	Honda Trading Corporation (Japan)	***	***	***	***	***	***	***	***
Marubeni Itochu	New York, NY	Marubeni-Itochu Steel Inc. (Japan)	***	***	***	***	***	***	***	***

Table continued on next page.

[51] ***.

[52] Nine firms reported that they have not imported stainless steel sheet and strip since 2005.

Table I-17–*Continued*
Stainless steel sheet and strip: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters	Parent Company	Share of imports *(percent)*							
			Germany	Italy	Japan	Korea	Mexico	Taiwan	Other	Total
Mexinox USA[1]	Bannockburn, IL	ThyssenKrupp Mexinox (Mexico)	***	***	***	***	***	***	***	***
Millenia Stainless	Santa Fe Springs, CA	---	***	***	***	***	***	***	***	***
Mirror Metals	Oxnard, CA	---	***	***	***	***	***	***	***	***
Mitsui	New York, NY	Mitsui & Co., Ltd.	***	***	***	***	***	***	***	***
MS Global Steel	La Palma, CA	---	***	***	***	***	***	***	***	***
Nexgen Metals	Torrance, CA	---	***	***	***	***	***	***	***	***
Nippon Steel	Chicago, IL	Nippon Steel Trading Co., Ltd. (Japan)	***	***	***	***	***	***	***	***
Okaya	Arlington Heights, IL	Okaya & Co., Ltd.(Japan)	***	***	***	***	***	***	***	***
Outokumpu	Schaumburg, IL	Outokumpu Stainless Inc.	***	***	***	***	***	***	***	***
Permasteelisa	Windsor, CT	Permasteelisa S.p.A (Italy)	***	***	***	***	***	***	***	***
Posco America	Fort Lee, NJ	POSCO (Korea)	***	***	***	***	***	***	***	***
Ryerson	Chicago, IL	Platinum Equity LLC (U.S.)	***	***	***	***	***	***	***	***
Sumitomo	Rosemont, IL	Sumitomo Corporation (Japan)	***	***	***	***	***	***	***	***
Thyssen Krupp VDM[1]	Florham Park, NJ	ThyssenKrupp USA, Inc. (U.S.)	***	***	***	***	***	***	***	***
TK AST USA[1]	Bannockburn, IL	ThyssenKrupp USA, Inc. (U.S.)	***	***	***	***	***	***	***	***
TK Nirosta North America[1]	Bannockburn, IL	ThyssenKrupp USA, Inc. (U.S.)	***	***	***	***	***	***	***	***
Toyota Tsusho	Georgetown, KY	Toyota Tsusho Corp. (Japan)	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-17–*Continued*
Stainless steel sheet and strip: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters	Parent Company	Share of imports *(percent)*							
			Germany	Italy	Japan	Korea	Mexico	Taiwan	Other	Total
Westfalia	Bristol, CT	Westfalia Metallshlau-chtechnik GmBH & Co. (Germany)	***	***	***	***	***	***	***	***
Zapp	Dartmouth, MA	Zapp Precision Wire Inc. (U.S.)	***	***	***	***	***	***	***	***
Total			100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Related ThyssenKrupp importers accounted for *** percent of reported imports in 2010.

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

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

U.S. Purchasers

The Commission received 25 useable purchaser questionnaire responses from firms that bought stainless steel sheet and strip during 2005-10.[53] These firms reported purchases totaling 656,873 short tons in 2010. The largest purchaser was the processor/service center *** (*** percent of reported 2010 purchases); other large purchasers included ***. Purchasers identified themselves in the following categories shown in the tabulation below.

Category	Number of purchasers
Distributor	9
Processor/service center	7
Automotive assembler/supplier	5
Consumer and household goods producer	4
Tubular products producer	3
Machinery and equipment producer	2
Transportation equipment producer	1
Other	2
Note.-- Some purchasers selected more than one category.	

[53] Of the 25 responding purchasers, 23 reported purchase data for domestic product, 11 for imports from Germany, 8 for Italy, 3 for Japan, 3 for Korea, 18 for Mexico, 4 for Taiwan, and 18 for other sources.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of stainless steel sheet and strip during the period for which data were collected in this proceeding are shown in table I-18.

Table I-18
Stainless steel sheet and strip: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
U.S. producers' U.S. shipments	1,397,054	1,589,964	1,314,191	1,178,727	973,071	1,254,980
U.S. imports from–						
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	116,786	138,462	133,921	112,823	79,741	104,708
Nonsubject countries	157,697	240,822	197,273	200,622	69,036	149,057
Total U.S. imports	274,483	379,284	331,194	313,445	148,777	253,765
Apparent U.S. consumption	1,671,537	1,969,248	1,645,385	1,492,172	1,121,848	1,508,745
	Value (*1,000 dollars*)					
U.S. producers' U.S. shipments	3,218,487	4,139,906	4,536,655	3,969,507	2,035,269	3,376,938
U.S. imports from--						
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	269,861	352,993	444,736	373,050	176,798	273,532
Nonsubject countries	426,577	664,081	853,162	771,678	188,891	460,905
Total U.S. imports	696,438	1,017,074	1,297,898	1,144,728	365,689	734,438
Apparent U.S. consumption	3,914,925	5,156,980	5,834,553	5,114,235	2,400,958	4,111,376

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

Source: Compiled from data submitted in response to Commission questionnaires, adjusted Customs statistics to account for all dutiable imports for ***, and official Commerce statistics for nonsubject imports.

U.S. MARKET SHARES

U.S. market share data are presented in table I-19.

Table I-19
Stainless steel sheet and strip: U.S. consumption and market shares, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Apparent U.S. consumption	1,671,537	1,969,248	1,645,385	1,492,172	1,121,848	1,508,745
	Value (*1,000 dollars*)					
Apparent U.S. consumption	3,914,925	5,156,980	5,834,553	5,114,235	2,400,958	4,111,376
	Share of quantity (*percent*)					
U.S. producers' U.S. shipments	83.6	80.7	79.9	79.0	86.7	83.2
U.S. imports from--						
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	7.0	7.0	8.1	7.6	7.1	6.9
Nonsubject countries	9.4	12.2	12.0	13.4	6.2	9.9
All countries	16.4	19.3	20.1	21.0	13.3	16.8
	Share of value (*percent*)					
U.S. producers' U.S. shipments	82.2	80.3	77.8	77.6	84.8	82.1
U.S. imports from--						
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	6.9	6.8	7.6	7.3	7.4	6.7
Nonsubject countries	10.9	12.9	14.6	15.1	7.9	11.2
All countries	17.8	19.7	22.2	22.4	15.2	17.9

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

Source: Compiled from data submitted in response to Commission questionnaires, adjusted Customs statistics to account for all dutiable imports for ***, and official Commerce statistics for nonsubject imports.

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

Stainless steel sheet and strip is an input used in a variety of downstream products including: automotive parts; pipe and tube; food service equipment, kitchen equipment, and appliances; tanks and pressure vessels; and computer parts. Since 2005, the growth of China as a producer and consumer of stainless steel sheet and strip, the economic downturn in the United States and abroad, and fluctuating prices of raw material inputs have had an effect on the stainless steel sheet and strip market.

CHANNELS OF DISTRIBUTION

Stainless steel sheet and strip is sold to service centers, sold directly to end users, and used internally by mills. Service centers may further process the stainless steel sheet and strip to customer specifications. 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.

During 2005-10, approximately one-half of U.S. producers' sales were to distributors/processors/service centers and about one-half were to end users (table II-1). The majority of sales of imports from *** were to end users, while the majority of sales of imports from other subject countries were to distributors/processors/service centers, with the exception of ***.

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers of product from each subject country reported selling stainless steel sheet and strip to all regions in the contiguous United States (table II-2). For U.S. producers, 16 percent of sales were within 100 miles of their production facilities, 73 percent were between 101 and 1,000 miles, and 11 percent were over 1,000 miles. For importers, 11 percent of sales were within 100 miles of their U.S. point of shipment, 18 percent were between 101 and 1,000 miles, and 71 percent were over1,000 miles. ThyssenKrupp Stainless USA reported that stainless steel sheet and strip from its Alabama mill will replace imports, particularly on the West Coast, and that the product will be shipped by rail.

Table II-1
Stainless steel sheet and strip: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2005-10

Item	Period					
	2005	2006	2007	2008	2009	2010
	Share of reported shipments (*percent*)					
Domestic producers' U.S. shipments:						
Distributors/processors/service centers	49.2	52.7	48.6	50.6	56.6	54.0
End users	50.8	47.3	51.4	49.4	43.4	46.0
U.S. importers' U.S. shipments of product from Germany:						
Distributors/processors/service centers	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from Italy:						
Distributors/processors/service centers	***	***	***	--	***	***
End users	***	***	***	--	***	***
U.S. importers' U.S. shipments of product from Japan:						
Distributors/processors/service centers	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from Korea:						
Distributors/processors/service centers	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from Mexico:						
Distributors/processors/service centers	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from Taiwan:						
Distributors/processors/service centers	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from nonsubject countries:						
Distributors/processors/service centers	79.7	86.0	81.0	81.5	90.1	92.1
End users	20.3	14.0	19.0	18.5	9.9	7.9

Note.–Data for domestic producers include only U.S. commercial shipments.

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

Table II-2
Stainless steel sheet and strip: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers						
		Germany	Italy[1]	Japan	Korea	Mexico[2]	Taiwan	Other
	Number of firms							
Northeast	5	2	2	4	2	1	3	8
Midwest	5	3	2	6	4	1	4	10
Southeast	5	2	3	3	2	1	2	6
Central Southwest	5	2	2	2	3	2	2	8
Mountains	5	2	1	2	3	2	2	4
Pacific Coast	5	2	2	4	4	2	2	9
Other	0	0	0	0	1	0	1	1

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

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

U.S. SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. stainless steel sheet and strip producers have the capability to respond to changes in demand with moderate to large changes in shipments to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity and increasing overall industry capacity.

Industry capacity

Domestic capacity increased from 2.1 million short tons in 2005 to 2.7 million short tons in 2010, while capacity utilization decreased from 73.3 percent in 2005 to 56.2 percent in 2010. This relatively low level of capacity utilization suggests that U.S. producers may have substantial available capacity to increase production of stainless steel sheet and strip in response to an increase in prices.

Export markets

U.S. producers' exports, as a percentage of total shipments, increased each year between 2005 and 2010. U.S. producers' export shipments rose from 8.9 percent in 2005 to 18.8 percent in 2010, indicating that U.S. producers may have some limited ability to shift shipments between the U.S. market and other markets in response to price changes. Two U.S. producers stated that it would be difficult to shift their shipments to other markets while three stated that the ability to shift to export markets depends

on market conditions.[1] Four U.S. producers reported tariff barriers to trade in other markets; specifically, in Brazil, Europe, India, and Asia. Allegheny Ludlum and AK steel reported increased exports to the EU while NAS reported that it exported mainly to Canada and Mexico with some shipments to Asia.[2]

Inventory levels

U.S. producers' inventories declined irregularly during 2005-10, from 22.1 of total shipments in 2005 to 14.1 percent in 2010. Despite the reduction over time, these inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Two of five responding producers stated that they could switch production from stainless steel sheet and strip to other products. Other products that producers reportedly can produce on the same equipment as stainless steel sheet and strip are electrical steel and carbon steel (***), and high nickel alloys, titanium, and grain-oriented electrical steels (***).

Subject Imports

Based on available information, producers in subject countries may have the capability to respond to demand changes with moderate changes in the quantity of stainless steel sheet and strip shipped to the U.S. market. Country specific factors contributing to supply responsiveness are outlined in table II-3.

Factors that affect the ability to increase sales to the U.S. market include capacity and capacity utilization rates, internal consumption, and inventories. Foreign producers in Italy, Korea, and Mexico reported increases in capacity from 2005-10 while German producers reported decreased capacity.[3] Most of the subject countries had decreases in capacity utilization rates from 2005-10, although German capacity utilization increased.[4] Internal consumption was only reported by producers in *** with low to moderate shares internally consumed. In general, the ratio of inventories to shipments was low, and decreased from 2005-10 (with the exception of ***).

Six of 10 foreign producers reported changes in factors that affected their ability to supply the U.S. market. ThyssenKrupp indicated that under its local supply strategy, production from its Alabama plant will replace its imports from Germany and Italy, with the exception of a few niche products. Mexinox will continue to supply the U.S. market with imports from Mexico of grade 430 and bright annealed products, while the Alabama plant will supply the U.S. market with 300 series product.[5] *** reported that declining U.S. consumption and increased availability of more attractive alternative markets (in Asia, particularly China) and "have greatly lessened the incentive to export subject merchandise to the U.S. in the future."

[1] ***.

[2] Hearing transcript, May 25, pp. 103-104 (Hartford, Feeley, and Schmitt).

[3] Capacity data for Japan and Taiwan were not available for 2005.

[4] Questionnaire data were not available for Japan or Taiwan. ***.

[5] Hearing transcript, May 25, pp. 159-160 (Lacor).

Table II-3
Stainless steel sheet and strip: Capacity, capacity utilization, inventories, internal consumption, sales to various markets, and overall ability to shift sales to the United States

Year	Total capacity	Capacity utilization	Inventories to shipments	Internal consump-tion	Sales to markets				Factors influencing the ability to shift production to the U.S.
	1,000 short tons	Percent			Home	U.S.	EU	Asia	
Germany:									
2005	***	***	***	***	***	***	***	***	Large capacity increases capability to shift product to the U.S. market, while high capacity utilization, and low inventories limit capability to shift to the U.S. market.
2010	***	***	***	***	***	***	***	***	
Italy:									
2005	***	***	***	***	***	***	***	***	Moderate capacity and capacity utilization increase ability to shift product to the U.S. market, while low inventories limit capability to shift to the U.S. market.
2010	***	***	***	***	***	***	***	***	
Japan:									
2005	--	***	--	--	--	--	--	--	
2010	***	***	--	--	--	--	--	--	***.
Korea:									
2005	***	***	***	***	***	***	***	***	Large and rising capacity increases ability to shift product to the U.S. market while high capacity utilization and relatively high levels of internal consumption limit capability to shift to the U.S. market.
2010	***	***	***	***	***	***	***	***	
Mexico:									
2005	***	***	***	***	***	***	***	***	Relatively small capacity, the large share already shipped to the U.S. market, and internally consumed limit capability to shift sales to the U.S. market.
2010	***	***	***	***	***	***	***	***	
Taiwan:									
2005	--	***	--	--	--	--	--	--	
2010	***	***	--	--	--	--	--	--	***.

Note.–Data for Germany, Italy, and Mexico are substantially complete; however, the data for Korea do not include all producers and thus the analysis from these Korean data must be, at best, tentative. Japanese and Taiwan data are from ***. No Taiwan producers provided data and Japanese data was provided by only one producer, ***.

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

Nonsubject Imports

The largest sources of nonsubject imports during 2005-10, in descending order, were China, Sweden, Brazil, France, Belgium, and Finland. Combined, these countries accounted for 84.5 percent of nonsubject imports in 2010.

Supply Limitations

No U.S. producer reported that it "refused, declined, or had been unable to supply stainless steel sheet and strip since 2005," while 3 of 21 importers reported limiting supply. Specifically, *** reported placing customers on allocation during most of late 2005 to 2007, in early 2008, and in mid-2010 when, it

reported, all U.S. mills also placed customers on allocation; *** reported limited supply in 2010 due to capacity constraints; and *** reported limiting supply of product from *** during 2005-07. When asked if any suppliers refused, declined, or were unable to supply stainless steel sheet and strip since 2005, 18 of 25 purchasers reported no supply limitations for U.S. product; 7 reported one or more problems including late deliveries (4 firms), products eliminated from U.S. market (2 firms), and allocations (1 firm).

U.S. Demand

Based on available information, purchasers have the capability to respond to changes in the price of stainless steel sheet and strip with small to moderate changes in their purchases of the product. The main contributing factors to the low to moderate responsiveness of demand are the lack of commercially viable substitute products and the moderate cost share of stainless steel sheet and strip in the final products in which it is used.

End Uses

U.S. demand for stainless steel sheet and strip depends on the demand for U.S.-produced downstream products. Reported end uses include automotive parts; pipe and tube; food service equipment, kitchen equipment, and appliances; tanks and pressure vessels; and computer parts. All responding producers and most importers (20 of 22) and purchasers (11 of 15) reported no changes in end uses, and nearly all firms anticipated no future changes in end uses. Some firms noted an increase in stainless consumption in certain applications, particularly household appliances.[6] ***.[7]

Business Cycles

Two of 5 producers, 3 of 24 importers, and 12 of 25 purchasers indicated that the market was subject to business cycles or conditions of competition other than changes in the overall economy. Specifically, *** indicated that historically there have been three to four year cycles but that the cycles appear to have shortened, importer *** reported that business cycles have shortened from seven years to three years, and importer *** reported that the business cycle changes every three months.[8] Among purchasers, firms' estimates of the duration of business cycles ranged from two months to two or three years, with one firm reporting more robust demand during the first half of the year, and one noting that business cycles have increased in frequency in the last ten years (and particularly since 2005). Several purchasers noted the effect of volatility in raw material prices on the stainless steel market. When asked about changes since 2005, purchaser comments included the following: Allegheny Ludlum has largely withdrawn from the commodity stainless market, increased capacity and availability from Asian countries

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[6] One importer noted increasing applications in solar panel manufacturing. *** noted in its importer questionnaire response, "The U.S. continues to consume less stainless steel per capita than other major economies. Efforts have been made in the U.S. to raise this level of consumption toward international levels. Some success has been achieved in this regard, for example, in consumer appliances (refrigerators and washing machines) and in automotive applications (e.g., exhaust systems and other components). These developments have boosted demand."

Among purchasers, one reported that many larger end users have switched to lower grades of stainless (for example, from 304 to 201, and other 400 series to lessen the effect of price spikes in the alloying elements. One firm reported increased consumption of stainless steel, and increased number of products using stainless steel. One firm reported that the use of stainless has become more popular in mid-tier appliances, not just premium-priced appliances; it also reported that an increase in the number of ethanol plants was a key driver, but that it has slowed recently.

[7] ***.

[8] In addition, *** reported that overcapacity of foreign mills often is sold at discount prices in the U.S. market.

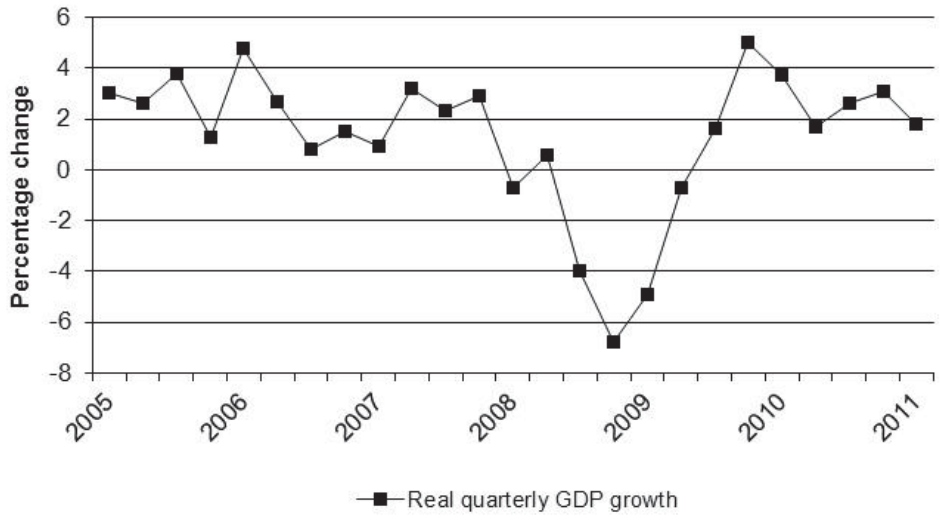
and more global suppliers, increased use of stainless steel in appliances, more mill direct business, steel from Mexico more price competitive since 2008, decreased business due to competition from integrated mills, some suppliers reduced capacity during 2008-09 forcing purchaser to qualify additional sources, a change in the number of distributors, and the rise of corn-based ethanol production as a major factor driving stainless steel demand growth until 2008.

Apparent Consumption

Apparent U.S. consumption of stainless steel sheet and strip fluctuated during 2005-10, increasing from 1.7 million short tons in 2005 to 2.0 million short tons in 2006, declining over the next three years to 1.1 million short tons by 2009, and increasing to 1.5 million short tons in 2010. Overall, apparent U.S. consumption in 2010 was 9.7 percent lower than in 2005.

Firms indicated that demand for stainless steel sheet and strip generally tracks overall economic conditions. Quarterly real growth in U.S. GDP is presented in figure II-1. Average forecasts for U.S. real GDP growth are 2.6 percent in 2011 and 3.1 percent in 2012.[9] Real industrial production is projected to increase by 4.5 percent in 2011 and 4.1 percent in 2012.[10]

Figure II-1
Real U.S. GDP growth: Percentage change, quarterly, January 2005-March 2011



Source: Bureau of Economic Analysis.

***.[11] ***.[12] Data on household appliance and motor vehicle and parts production is shown in figure II-2.

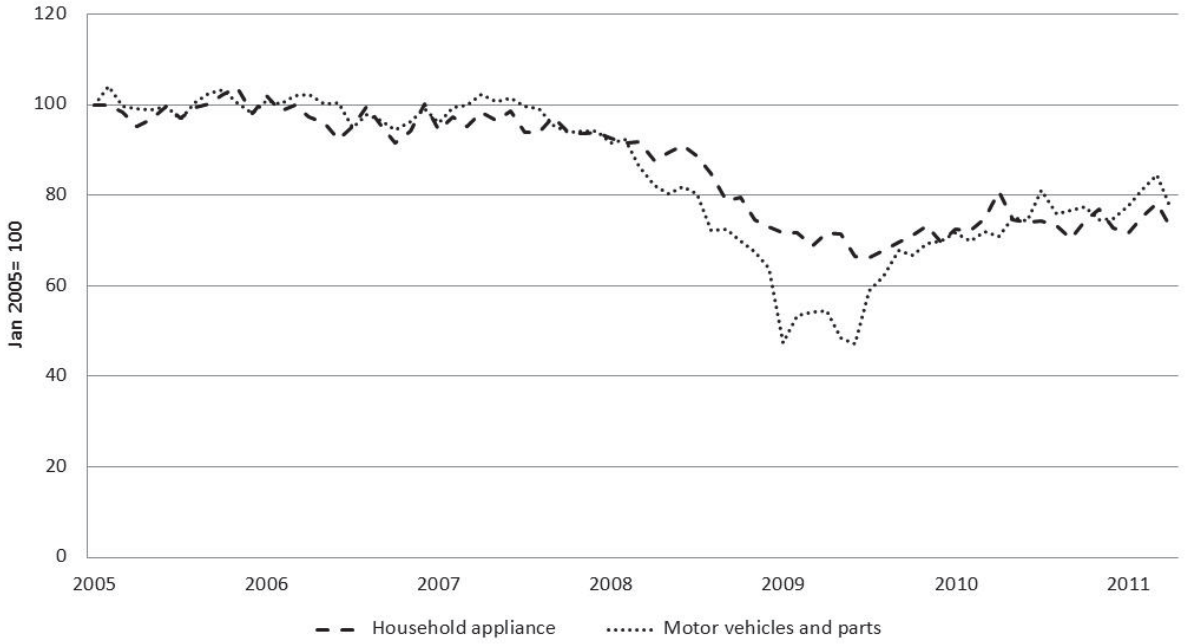
[9] *Blue Chip Economic Indicators*, Vol. 36, No. 6, June 10, 2011. This average or "consensus" rate is derived from monthly interviews of leading business economists and is one of the best known organizations for consensus macroeconomic forecasts. *See* http://www.aeaweb.org/RFE/showRes.php?rfe_id=35&cat_id=, retrieved March 15, 2011.

[10] Ibid.

[11] ***.

[12] ***.

Figure II-2
Indices of industrial production (household appliance and motor vehicles and parts), January 2005-April 2011



Source: Board of Governors of the Federal Reserve System, Industrial Production and Capacity Utilization, May 17, 2011, http://www.federalreserve.gov/econresdata/releases/statisticsdata.htm.

Demand Perceptions

Firms' perceptions of changes in U.S. demand during 2005-10 were mixed, with most firms reporting that it fluctuated or decreased (table II-4). Firms cited the recession in 2008-09 as the major reason for decreased demand. As noted earlier, some firms noted an increase in demand from increased stainless steel use in home appliances. *** reported that demand was strong from 2005 through third quarter 2008, weakened significantly as a result of the global recession, and began picking back up in 2010. Most firms expect U.S. demand to increase in 2011 and 2012. Producers *** reported that they expect gradual or modest growth in demand while importer *** expects 10 percent growth in the next two years.[13] ***. ***[14] ***[15] ***.[16]

[13] In hearing testimony, domestic interested parties characterized their demand forecasts for 2011 and 2012 as "slow, gradual growth" and "moderate" growth. Hearing transcript, May 25, p. 66-69 (Hartford, Feeley, and Schmitt).

[14] ***.

[15] ***.

[16] ***.

Table II-4
Stainless steel sheet and strip: Firms' perceptions regarding U.S. demand

Item	Number of firms reporting			
	Increase	Decrease	Fluctuate	No change
Demand since 2005				
U.S. producers	0	2	3	0
Importers	2	7	10	4
Purchasers	5	7	12	2
Foreign producers	2	1	6	1
Demand for purchasers' final products since 2005				
U.S. purchasers	5	4	4	1
Demand in 2011 and 2012				
U.S. producers	3	0	1	1
Importers	15	0	3	5
Purchasers	14	1	7	4
Foreign producers	7	0	2	0

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

Substitute Products

Substitutes for stainless steel sheet and strip are limited. Only 1 of 5 responding U.S. producers, 1 of 20 importers, and 5 of 23 purchasers reported that there were substitutes. Reported substitutes include aluminum, painted or pre-coated carbon steel, and plastics. End uses in which these products reportedly could be substituted for stainless steel sheet and strip were kitchen appliances/dishwasher/refrigerator doors and washer/dryer drums (aluminum, painted/pre-coated carbon steel), structural or decorative applications (aluminum or other malleable metals), and springs and fasteners (carbon steel). Firms generally indicated that changes in prices of substitutes have not affected prices for stainless steel sheet and strip. *** stated that price changes for substitutes may affect prices of stainless steel sheet and strip but only "over the longer term." Only 3 of 21 purchasers reported changes in substitutes since 2005, and only 2 anticipated future changes in substitutes.

Cost Share

Stainless steel sheet and strip accounts for a moderate to large share of the cost of the intermediate products in which it is used, but a smaller share of final end use products. Reported cost shares for some end uses were as follows:

- automotive (30-70 percent)
- pipe and tube (30-74 percent)
- fabrication (42-75 percent)
- food service equipment/kitchen equipment/appliances(20-60 percent)
- solar cells (5 percent)
- stamped computer parts (70 percent)
- rerollers (including hi-tech and medical industry) (15 percent)
- hypodermic needles (70 percent)
- window springs (70 percent)

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported stainless steel sheet and strip depends on factors such as product specifications, quality, consistency, and conditions of sale (such as reliability of supply, delivery lead times, and payment terms). Based on available data, staff believes there is a moderate to high degree of substitutability between U.S.-produced stainless steel sheet and strip and that imported from subject countries.

Knowledge of Country Sources

Purchasers were asked to indicate the countries of origin for which they have actual stainless steel sheet and strip marketing/pricing knowledge. Twenty-three purchasers were familiar with U.S.-produced product and 20 were familiar with the product of Mexico. The number of firms familiar with other sources were as follows: Germany (10), Italy (6), Japan (5), Korea (6), Taiwan (2), and other countries (13).

As shown in the tabulation below, most purchasers and their customers only "sometimes" or "never" make purchasing decisions based on the producer or country of origin. Of the seven purchasers that reported that they "always" make decisions based on the manufacturer, three firms cited quality issues; other reasons cited were availability and customer service.

Purchaser / Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	7	0	12	6
Purchaser's customer makes decision based on producer	0	2	13	9
Purchaser makes decision based on country	0	2	11	12
Purchaser's customer makes decision based on country	0	0	14	10

Purchases by Grade

Purchasers were asked to report, by country, the grades of stainless steel sheet and strip that they purchased (table II-5). Purchasers reported purchasing all of the specified grades from U.S. producers, and from Germany and Mexico, and at least one purchaser bought grades 304/304L, 316/316L, and 430 from each of the remaining subject countries.

Table II-5
Stainless steel sheet and strip: Number of purchasers reporting purchasing various grades produced in the United States and in subject countries

Producing country	Grades						
	304/304L	316/316L	403/410	409	430	434/436	Other
U.S.	22	16	5	15	18	5	15
Germany	8	3	3	1	3	1	2
Italy	3	1	0	0	2	0	0
Japan	1	1	0	0	1	0	1
Korea	5	2	0	0	3	0	0
Mexico	15	7	1	2	15	2	4
Taiwan	4	1	0	0	3	0	2

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

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

When asked to identify the three major factors considered by their firm in their purchasing decisions for stainless steel sheet and strip, the most often cited factors were price (24 firms), quality (22 firms), availability (10 firms), and delivery (10 firms), as shown in table II-6. Quality was the most frequently cited first most important factor (cited by 13 firms), followed by price (9 firms); delivery, price, and quality were the most frequently reported second most important factor (6 firms each); and price was the most frequently reported third most important factor (9 firms).

Table II-6
Stainless steel sheet and strip: Ranking factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting			
	First	Second	Third	Total
Price	9	6	9	24
Quality	13	6	3	22
Availability	1	4	5	10
Delivery (timeliness and reliability)	0	6	4	10
Other[1]	2	3	4	9

[1] Other includes lead time, reliability of supply, product line, range of sizes and finishes, and long-term strategic view of relationship.

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

The majority of purchasers (15 of 25) reported that they only "sometimes" or "never" purchase the lowest priced product for their spot purchases (see tabulation below). For contract purchases, however, 13 of 23 reported "always" or "usually" purchasing the lowest priced product.

Purchaser response	Always	Usually	Sometimes	Never
Purchase lowest priced product (spot)	2	8	7	8
Purchase lowest priced product (contract)	2	11	5	5

When 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, 17 purchasers reported that thye had, for reasons including quality, reliability of supply, lead times, and material chemistry. Ten of 24 purchasers reported that certain types of stainless steel sheet and strip were only available from a single source.[17]

[17] Purchasers listed alloy FW2, SUS45T, and SUS448 (Japan), material with guaranteed 2B finish on both sides (Germany), SMP 254 and LDX 2102 (Outokumpu), 29-4C (Allegheny Ludlum), and 430 and 301 BA (Mexinox has been a single source because U.S. mills do not produce all thicknesses), and also that Allegheny Ludlum typically provides material with higher nickel content than the required industry recognized level for certain grades.

Importance of Specified Purchase Factors

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-7). The factors rated as "very important" by more than half of responding purchasers were availability, price, and reliability of supply (23 each), delivery time and product consistency (22 each), quality meets industry standards (21), discounts offered (17), availability of cold-rolled product (16), delivery terms (14), and technical support/service (13).

Table II-7
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	23	2	0
Availability of cold-rolled product	16	7	2
Availability of extra wide or long rolls	2	12	11
Availability of metric widths	2	6	17
Delivery terms	14	11	0
Delivery time	22	3	0
Discounts offered	17	7	1
Extension of credit	11	7	7
Price	23	2	0
Minimum quantity requirements	3	19	3
Packaging	9	14	2
Product consistency	22	3	0
Quality meets industry standard	21	3	0
Quality exceeds industry standard	12	12	1
Product range	8	14	2
Reliability of supply	23	2	0
Technical support/service	13	11	0
U.S. transportation costs	7	17	1

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

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

Factors Determining Quality

When asked to identify factors that determine the quality of stainless steel sheet and strip, purchasers reported numerous factors including: meeting buyer or ASTM specifications and certifications; producer characteristics (i.e., mill inspection process, experience with mill, and customer satisfaction), and physical properties of the steel including dimensions tolerance (i.e., gauge control, no wedge condition, length, width, flatness, and coil shape); surface condition (i.e., no pits, no scratches, cleanliness, appearance, and corrosion resistance); edge condition; slitting burrs; mechanical properties (i.e., formability, manufactureability, and consistent mechanical strengths); and chemical/physical properties (i.e., grain size, inclusion level, and micro cleanliness).

Supplier Certification

Nearly all responding purchasers (24 of 25) require that all of the stainless steel sheet and strip they purchase be certified to meet standards set by ASTM, AISI, or a similar body.[18] In addition, 17 purchasers reported other supplier qualifications including quality control checks, ISO certifications, parts qualifications and approval processes, willingness to comply with purchaser's specifications, Lloyd's shipping certificate, and financial stability. Purchasers reported that the time to qualify a new supplier ranged from 1 to 240 days, with 11 of 23 firms reporting 90 to 180 days. Only 1 of 25 responding purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status since 2005.[19]

Lead Times

Most U.S. producers' and importers' sales are produced to order rather than sold from inventory. For U.S. producers, 83 percent of sales were of product made-to-order and for importers, 86 percent were made-to-order.[20] Reported lead times for U.S. producers' sales to order were 30 to 84 days, while lead times for sales from inventories were 2 to 7 days. Importers reported lead times of 28 to 180 days for made-to-order product and from foreign manufacturers' inventories, and 1 to 60 days from importers' U.S. inventories.

U.S. producers report that they traditionally sold stainless steel sheet and strip produced to order, with distributors carrying inventories, but that the market now requires that producers hold more inventory.[21] Lead times in the U.S. market have declined from 6 to 8 weeks to 4 to 6 weeks.[22] According to ThyssenKrupp, in order to meet customers' shorter lead time requirements, importers would have to hold inventories in the United States, which is risky given the major fluctuations in surcharges in the last five years.[23] ThyssenKrupp contends that the lead times from Germany and Italy of 9 weeks or longer is a major obstacle to shipping to the United States where customers demand lead times of 6 weeks or less.[24]

Changes in Purchasing Patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2005 (table II-8); reasons reported for changes in sourcing included product demand, pricing, availability, customer specifications, lead times, firm expansion, and economic fluctuations. Eleven of 25 responding purchasers reported that they had changed suppliers since 2005. Specifically, firms dropped or reduced purchases from Mexinox, TKAST, ThyssenKrupp, and Ken-Mac because of price and availability. Firms added or increased purchases from Outokumpu, NAS, Mexinox, Arcelor, Baosteel, and "U.S. suppliers" because of price, quality, diversification, product offerings, and to improve supply chain reliability.

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[18] Firms listed the following certifications, among others: ASTM, ASME, AISI, and SAE.

[19] This purchaser reported that two suppliers failed to meet material chemistry application requirements.

[20] Eight importers reported selling mostly made-to-order product; two sold mostly from foreign manufacturers' inventories, and three sold mostly from U.S. inventory.

[21] Hearing transcript, May 25, pp. 125-127 (Hartford and Schmitt). However, questionnaire data show that U.S. producers' inventories relative to total shipments declined from 22.1 percent in 2005 to 14.1 percent in 2010.

[22] Hearing transcript, May 25, p. 123 (Feeley).

[23] Hearing transcript, May 26, p. 150 (Lacor).

[24] ThyssenKrupp Respondent Interested Parties' posthearing brief, p. 15.

Table II-8
Stainless steel sheet and strip: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchase	Increased	Constant	Decreased	Fluctuated	Did not purchase
U.S.	8	5	6	4	1
Germany	1	1	7	2	12
Italy	0	1	7	0	14
Japan	1	0	3	0	18
Korea	1	0	2	2	17
Mexico	7	2	4	5	5
Taiwan	1	0	0	2	18
Other	4	3	3	8	6

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

Firms also reported changes because of mill/vendor consolidation. Sixteen of 24 responding purchasers reported new suppliers, particularly ThyssenKrupp's new U.S. facility.[25]

Importance of Purchasing Domestic Product

Most purchasers (17 of 24) reported that purchasing U.S.-produced product was not an important factor in their purchasing decisions. However, two reported that domestic product was required by law (for 5 to 10 percent of their purchases), four reported it was required by their customers (for 8 to 91 percent of their purchases), and four reported other preferences for domestic product (two of these reported 50 and 95 percent of purchases).[26] Reasons cited for preferring domestic product included: shorter supply line/shorter lead times/higher inventory turns; establishing close working relationships with mills; service; quality; lower transportation costs; no duties; and innovation.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Purchasers were asked a number of questions comparing stainless steel sheet and strip produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 18 factors (tables II-9 and II-10) for which they were asked to rate the importance. Most responding purchasers reported that U.S. and subject product were comparable on most factors; however, there were some exceptions. For delivery time, a majority or plurality of purchasers found U.S. product to be superior to imports from each subject country. A majority or plurality of firms also indicated U.S. product was superior to subject imported product for the following factors and countries: availability (Korea, Taiwan), availability of cold-rolled product and extra wide or long rolls (Taiwan), delivery terms (Japan, Korea, Taiwan), extension of credit (Taiwan), and U.S. transportation costs (Japan, Taiwan). Conversely, most firms rated product from Taiwan as superior to U.S. product for availability of metric widths. For several factors and countries there was no majority or plurality response: availability of extra wide or long rolls (Korea, Mexico), reliability of supply (Japan, Korea), technical support/service (Germany, Korea), and U.S. transportation costs (Italy).

[25] In addition, purchasers listed the following other new suppliers: USCO Bahrain, Samsung China, POSCO Vietnam, Tisco U.S., Jindal India, Baosteel, Tung Mong, ZPSS, Daewoo, VIP Stainless (division of Ta Chen), Empire Resources, Tisco, and Portland Metals.

[26] One firm reported all three reasons for purchasing domestic product.

Table II-9
Stainless steel sheet and strip: Comparisons between U.S.-produced and imported product as reported by U.S. purchasers

Factor	U.S. vs Germany			U.S. vs Italy			U.S. vs Japan			U.S. vs Korea			U.S. vs Mexico			U.S. vs Taiwan			U.S. vs nonsubject		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	3	4	0	2	3	0	1	4	0	4	2	0	6	9	0	2	1	0	8	5	2
Availability of cold rolled product	2	4	0	0	4	0	0	5	0	2	3	0	5	9	0	2	1	0	6	7	1
Availability of extra wide or long rolls	0	5	1	0	4	0	0	5	0	2	2	1	7	7	0	2	1	0	6	6	2
Availability of metric widths	0	3	3	0	3	1	0	3	2	0	4	1	0	10	4	0	0	3	2	8	4
Delivery terms	2	5	0	1	4	0	3	2	0	4	2	0	5	9	1	2	1	0	5	8	2
Delivery time	4	1	2	3	1	1	4	1	0	4	1	1	7	6	2	3	0	0	11	3	1
Discounts offered	0	7	0	0	4	1	1	4	0	0	5	1	1	13	1	1	2	0	1	10	4
Extension of credit	0	7	0	0	5	0	2	3	0	1	5	0	2	13	0	2	1	0	3	12	0
Price [1]	2	4	1	1	3	1	2	3	0	0	4	2	3	11	1	1	1	1	2	8	5
Minimum quantity requirements	1	5	1	0	5	0	0	5	0	0	6	0	0	14	1	1	2	0	2	13	0
Packaging	1	6	0	0	5	0	0	5	0	3	4	0	2	13	0	0	2	1	1	14	0
Product consistency	0	7	0	0	5	0	0	5	0	1	5	0	3	11	1	0	3	0	3	12	0
Quality meets industry standard	0	7	0	0	5	0	0	5	0	0	6	0	2	12	1	0	3	0	2	13	0
Quality exceeds industry standard	0	7	0	0	5	0	1	4	0	0	6	0	3	11	1	0	3	0	2	13	0
Product range	2	4	1	1	4	0	0	5	0	2	4	0	6	7	2	1	2	0	7	7	1
Reliability of supply	3	4	0	2	3	0	2	2	1	3	3	0	7	8	0	1	2	0	8	7	0
Technical support/service	3	3	1	2	3	0	1	4	0	3	3	0	5	9	1	1	2	0	11	3	1
U.S. transportation costs [1]	2	3	2	2	2	1	3	2	0	4	1	1	5	8	2	2	1	0	6	7	2

[1] A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior", it meant that the U.S. product was generally priced lower than the imported product.

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

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

Table II-10
Stainless steel sheet and strip: Comparisons between imports from Mexico and Taiwan, and between Mexican and nonsubject imported product, as reported by U.S. purchasers

Factor	Mexico vs. Taiwan			Mexico vs. nonsubject		
	S	C	I	S	C	I
Availability	2	0	0	3	2	0
Availability of cold rolled product	2	0	0	2	3	0
Availability of extra wide or long rolls	2	0	0	0	3	2
Availability of metric widths	0	1	1	1	4	0
Delivery terms	2	0	0	3	2	0
Delivery time	2	0	0	4	0	0
Discounts offered	1	1	0	1	3	1
Extension of credit	2	0	0	2	3	0
Price [1]	0	2	0	2	2	1
Minimum quantity requirements	2	0	0	2	3	0
Packaging	0	2	0	0	5	0
Product consistency	1	1	0	1	4	0
Quality meets industry standard	0	2	0	0	5	0
Quality exceeds industry standard	0	2	0	1	4	0
Product range	1	1	0	0	5	0
Reliability of supply	1	1	0	2	3	0
Technical support/service	2	0	0	3	2	0
U.S. transportation costs [1]	2	0	0	3	2	0

[1] A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior", it meant that the U.S. product was generally priced lower than the imported product.

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

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

Most purchasers reported that U.S. and nonsubject product were comparable on all but six factors, indicating that U.S. product was superior for availability, delivery time, reliability of supply, and technical support/service. For availability of extra wide or long rolls and product range, equal numbers of firms reported that U.S. product was superior and comparable to nonsubject product. Two purchasers compared product from Mexico with that from Taiwan, reporting that product from Mexico was superior for nine factors. Purchasers also compared product from Mexico to nonsubject product, reporting that the products were comparable for 12 factors, and that Mexico was superior for availability, delivery terms, delivery times, technical support, and U.S. transportation costs.

Firms were also asked how frequently stainless steel sheet and strip from different countries were interchangeable (table II-11). Almost all responding U.S. producers reported that the domestic and subject imported products were always interchangeable. Importers' responses were more mixed, with most importers reporting that U.S. and subject imported product was either always or frequently interchangeable except for Mexico which most reported "sometimes." Most purchasers reported that U.S. and subject imported product were always or frequently interchangeable.

Table II-11
Stainless steel sheet and strip: Perceived interchangeability between stainless steel sheet and strip produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. other countries:												
U.S. vs. Germany	3	1	0	0	4	6	1	0	8	6	0	1
U.S. vs. Italy	3	1	0	0	4	5	2	0	6	5	0	1
U.S. vs. Japan	3	0	0	0	3	2	2	2	5	6	0	1
U.S. vs. Korea	3	1	0	0	5	8	1	2	5	7	1	1
U.S. vs. Mexico	3	0	1	0	3	2	6	0	10	7	3	1
U.S. vs. Taiwan	3	1	0	0	4	5	2	1	5	4	1	1
U.S. vs. Nonsubject	3	0	0	0	4	4	2	0	4	6	2	1
Subject country comparisons:												
Germany vs. Italy	2	1	0	0	3	4	0	0	7	3	0	0
Germany vs. Japan	2	0	0	0	3	0	0	0	5	3	0	0
Germany vs. Korea	2	0	1	0	2	1	4	0	5	3	1	0
Germany vs. Mexico	2	0	1	0	3	0	4	0	5	5	1	0
Germany vs. Taiwan	2	0	1	0	2	0	5	1	5	2	1	0
Italy vs. Japan	2	0	0	0	2	0	1	0	5	3	0	0
Italy vs. Korea	2	0	1	0	2	0	5	0	5	5	0	0
Italy vs. Mexico	2	0	1	0	2	1	4	0	5	5	0	0
Italy vs. Taiwan	2	0	1	0	2	1	4	0	4	4	0	0
Japan vs. Korea	2	0	0	0	2	1	0	0	3	4	0	0
Japan vs. Mexico	2	0	0	0	2	0	1	0	3	5	0	0
Japan vs. Taiwan	2	0	0	0	2	0	1	0	4	2	0	0
Korea vs. Mexico	2	0	1	0	2	1	4	0	4	4	0	0
Korea vs. Taiwan	2	0	1	0	2	1	4	0	4	3	0	0
Mexico vs. Taiwan	2	0	1	0	2	1	4	0	4	3	0	0
Subject vs nonsubject country comparisons:												
Germany vs. Nonsubject	2	0	0	1	2	1	0	0	3	5	0	0
Italy vs. Nonsubject	2	0	0	0	2	1	0	0	3	4	0	0
Japan vs. Nonsubject	2	0	0	0	2	0	2	0	3	3	0	0
Korea vs. Nonsubject	2	0	0	0	2	1	0	0	3	4	0	0
Mexico vs. Nonsubject	2	0	0	0	2	1	0	0	3	6	1	0
Taiwan vs. Nonsubject	2	0	0	0	2	1	0	0	3	3	1	0

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Firms that indicated that product from country pairs were not interchangeable cited the following reasons: the end use determined interchangeability; bright annealed products are only available from certain suppliers (such as Mexinox); some sources did not offer some grades; differing visual appearance; limited U.S. supply of wide bright annealed in many ferritic grades; some customers have country-specific melting requirements; and cold-rolled 72" wide coil is not produced in the United States. One firm reported that domestic product and that from Japan were never interchangeable because U.S. producers' quality does not match that of Japan. One firm reported that Italy, Mexico, and Taiwan have a more limited alloy program than other countries. One firm reported that certain of Mexinox's offerings (including 430BA) are a "uniquely different product." *** reported that physical interchangeability is more frequent for commodity products and less frequent for value-added products, and that products imported from Mexico tend to involve value-added products that are not as interchangeable.

Firms' assessments of how often differences other than price were significant are shown in table II-12. Differences other than price cited by purchasers and importers included differences among mills/countries in reliability of supply, on-time delivery record, product consistency, product quality, performance characteristics, reject experience, product range, and technical support. Also, firms indicated that stainless steel sheet and strip from the United States and other countries differed with respect to product offering, know-how, technical capability, customer service, polishing (due to EPA constraints), and labor intensive features; imports' ability to meet critical customer parameters; limited U.S. production of cold-rolled 72-inch wide coil[27] and wide bright annealed ferritic grades; U.S. mills differ from other countries (except Mexico) on logistics, technical support, delivery, and lead-times; U.S. suppliers and those in Mexico differed on product range, technical/production capabilities; Germany alone produces 430 in some gauges and widths; Japan provided superior quality and wide production capabilities for high-tech customers; Japan had less availability; Italy offered a narrow alloy range and no technical support; Korean product differs from U.S. product on availability of special chemical compositions, odd sizes, and transportation network; mills in Taiwan produce superior 430-BA; and Taiwan offered no technical support.

[27] New facilities are being brought on line to produce 72-inch wide material in the United States. For example, *see* hearing transcript, May 25, 2011, pp. 217-218 (Lacor), regarding ThyssenKrupp Stainless USA.

Table II-12
Stainless steel sheet and strip: Perceived importance of factors other than price between stainless steel sheet and strip produced in the United States and in other countries, by country pairs

	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
Country pair	**A**	**F**	**S**	**N**	**A**	**F**	**S**	**N**	**A**	**F**	**S**	**N**
U.S. vs. other countries:												
U.S. vs. Germany	1	0	0	4	4	0	1	4	6	1	6	3
U.S. vs. Italy	1	0	0	4	4	1	1	3	4	1	5	2
U.S. vs. Japan	1	0	0	3	6	1	3	3	3	2	4	2
U.S. vs. Korea	1	0	0	3	6	1	3	4	3	1	6	2
U.S. vs. Mexico	0	0	1	4	0	1	6	3	7	2	8	4
U.S. vs. Taiwan	1	0	0	3	5	0	2	4	3	2	5	1
U.S. vs. Nonsubject	1	0	0	3	5	1	4	2	5	2	6	1
Subject country comparisons:												
Germany vs. Italy	0	0	0	2	0	1	4	2	2	1	3	1
Germany vs. Japan	0	0	0	2	0	0	1	2	2	1	3	0
Germany vs. Korea	0	0	0	3	0	1	0	2	2	1	4	1
Germany vs. Mexico	1	0	0	2	4	0	1	2	3	1	3	2
Germany vs. Taiwan	0	0	0	2	0	1	0	2	1	1	4	0
Italy vs. Japan	0	0	0	2	0	0	0	3	2	1	3	1
Italy vs. Korea	0	0	0	2	0	0	1	2	2	1	3	2
Italy vs. Mexico	1	0	0	2	4	0	1	2	3	1	3	1
Italy vs. Taiwan	0	0	0	2	0	0	1	2	1	1	3	1
Japan vs. Korea	0	0	0	2	0	0	1	2	2	1	3	1
Japan vs. Mexico	1	0	0	2	4	1	0	2	2	1	3	1
Japan vs. Taiwan	0	0	0	2	0	1	0	2	1	1	3	0
Korea vs. Mexico	1	0	0	2	4	1	0	2	3	1	3	1
Korea vs. Taiwan	0	0	0	2	0	0	1	2	1	1	3	1
Mexico vs. Taiwan	0	0	0	2	0	0	1	2	2	1	3	0
Subject vs nonsubject country comparisons:												
Germany vs. Nonsubject	0	0	0	2	0	0	1	2	2	1	2	1
Italy vs. Nonsubject	0	0	0	2	0	0	1	2	2	1	2	1
Japan vs. Nonsubject	0	0	0	2	0	1	1	3	2	1	2	0
Korea vs. Nonsubject	0	0	0	2	0	0	1	2	2	1	2	1
Mexico vs. Nonsubject	0	0	0	2	0	0	1	2	3	1	3	0
Taiwan vs. Nonsubject	0	0	0	2	0	0	1	2	1	1	2	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Purchasers reported that both domestic and subject product always or usually met their minimum quality standards (table II-13). Most purchasers reported that U.S., German, Japanese, and Mexican product always met minimum quality standards, while nearly all purchasers reported that imports from Italy, Korea, and Taiwan either always or usually met minimum quality standards.

Table II-13
Stainless steel sheet and strip: Purchasers' responses regarding minimum quality specifications

Source of purchase	Always	Usually	Sometimes	Rarely or never
U.S.	16	7	2	0
Germany	8	5	0	0
Italy	2	6	0	0
Japan	4	3	0	0
Korea	1	7	0	0
Mexico	11	8	1	0
Taiwan	1	6	1	0

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

ELASTICITY ESTIMATES

This section discusses the elasticity estimates. Although parties were requested to comment on these estimates in their prehearing or posthearing briefs, none commented.

U.S. Supply Elasticity[28]

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. 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 stainless steel sheet and strip. Analysis of these factors indicates that the U.S. industry has the capacity to increase domestic shipments in response to moderate price increases. An estimate in the range of 4 to 8 is suggested.

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 stainless steel 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.

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 estimated to be in the range of 2 to 5 for all subject countries.

[28] A supply function is not defined in the case of a non-competitive market.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The U.S. industry's capacity growth since 2005 has primarily involved two firms: NAS, which has increased its capacity; and ThyssenKrupp Stainless USA which is a new entrant into the U.S. stainless steel sheet and strip market. Table III-1 summarizes important industry events that have taken place in the U.S. industry since January 2005.

Table III-1
Stainless steel sheet and strip: Survey of industry events since 2005

Year	Company	Description of event
2006	AK	**Production slowdown:** AK fails to reach an agreement with union workers at its Middletown, OH facility leading to a lockout of union workers beginning March 1.
	NAS	**Capacity increase:** A second electric arc furnace begins operations and increases melting capacity to 1.1 million from 800,000 metric tons.
2007	AK	**Production resumption:** AK reaches agreement with union workers at its Middletown, OH facility ending a year-long lockout.
	Nucor	**Capacity decrease**: Nucor ends stainless steel production at its facility in Crawfordsville, IN.
2008	Allegheny Ludlum	**Capacity decrease**: Melt shop at Midland, PA idled in late 2008.
	NAS	**Capacity increase**: A new AOD unit, the company's second, begins operations, increasing the company's melt shop capacity to over 1.4 million metric tons per year. A new hot annealing and pickling line, the company's fourth, begins operations with an annual capacity of just over 1 million metric tons.
2009	Allegheny Ludlum	**Capacity increase:** Idled melt shop at Midland, PA, is re-started.
	NAS	**Capacity increase**: A new cold rolling line, the fifth at the company, begins operation and increases cold-rolling capacity to more than 840,000 metric tons.
2010	Allegheny Ludlum	**Consolidation:** Melt shop in Natrona, PA is shut down leaving company with two melt shops - one in Midland, PA and the other in Brackenridge, PA.
	ThyssenKrupp Stainless USA	**Capacity increase:** ThyssenKrupp Stainless USA begins operations at its Alabama cold rolling mill which is currently running at a level of 100,000 metric tons per year.
2011	ThyssenKrupp AG	**Possible reorganization:** Announcement of intent to make the global stainless operations independent of the ThyssenKrupp companies. All options for continuing the operations independently of the ThyssenKrupp companies, including the sale of the stainless operations, are being examined.

Source: American Metal Market (various articles), ThyssenKrupp Stainless USA Press Release, **"**Stainless steel production starts at ThyssenKrupp Stainless USA in Alabama," http://www.thyssenkrupp-stainless-usa.com/press_detail.html?news=45, October 7, 2010. ThyssenKrupp AG, Press Release, "Supervisory Board approves plans for strategic development of ThyssenKrupp," http://www.thyssenkrupp.com/en/presse/art_detail.html&eid=TKBase_1305277305797_1810061965, May 13, 2011.

Changes Experienced by the Industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of stainless steel sheet and strip since 2005. All domestic producers indicated that they had experienced such changes; their responses are presented in table III-2.

Table III-2
Stainless steel sheet and strip: Changes in the character of U.S. producers' operations since January 1, 2005

* * * * * * *

Anticipated Changes in Operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of stainless steel sheet and strip. Their responses appear in table III-3.

Table III-3
Stainless steel sheet and strip: Anticipated changes in the character of U.S. producers' operations

* * * * * * *

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

U.S. producers' capacity, production, and capacity utilization data for stainless steel sheet and strip are presented in table III-4. *** reported an expansion of a melt shop and cold-rolling facility that increased capacity in 2009 by *** tons per year. Allegheny Ludlum reported increasing output in other sheet and strip finishing facilities to support post recession demand recovery, which increased capacity from *** to *** short tons per year in 2009.[1] ThyssenKrupp USA started a limited run of production in September 2010. Its capacity, therefore, was reported as *** short tons per year in 2010. According to ThyssenKrupp's posthearing brief, cold-rolled stainless steel production at ThyssenKrupp USA as of June 2011 is approximately *** metric tons per year.[2]

[1] The largest increase in capacity in 2009, and therefore a leading factor in the decreased capacity utilization rate, is ***.

[2] ThyssenKrupp Respondent Interested Parties' posthearing brief, appendix p. 4.

Table III-4
Stainless steel sheet and strip: U.S. capacity, production, and capacity utilization, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Capacity (*short tons*)	2,142,965	2,090,489	2,130,199	2,201,706	3,076,463	2,748,775
Production (*short tons*)	1,570,547	1,728,441	1,477,805	1,309,379	1,150,747	1,544,772
Capacity utilization (*percent*)	73.3	82.7	69.4	59.5	37.4	56.2

Note.-- ***.

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

Constraints on Capacity

The Commission asked domestic producers to report constraints on their capacity to produce stainless steel sheet and strip. Three domestic producers responded that they did not experience capacity constraints.[3] The remaining firms provided the information presented in table III-5 regarding their constraints on capacity.

Table III-5
Stainless steel sheet and strip: U.S. producers' constraints on capacity

* * * * * * *

Alternative and Downstream Products

The Commission asked domestic producers to report production of other or downstream products on the same equipment and machinery. Three companies (***) indicated that they produce other products on their stainless steel sheet and strip equipment and machinery, while two companies (***) indicated that they do not.

Data on domestic producers' capacity, production, and capacity utilization for alternative steel products are presented in table III-6. The reported capacity and production for all categories of steel products[4] fluctuated throughout the period for which data were collected with reported capacity and production levels generally higher during 2010 than reported during 2005.[5] Capacity utilization also fluctuated throughout the period for which data were collected, but was lower for all products in 2010 than in 2005.

[3] The domestic producers that indicated that they had no constraints on capacity include ***.

[4] ***.

[5] ***.

Table III-6
Stainless steel sheet and strip: U.S. producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Melting (raw stainless steel):						
Capacity (short tons)	2,827,283	2,894,442	2,887,785	2,876,218	3,514,985	3,549,369
Production (short tons)	2,194,902	2,418,835	2,134,320	1,886,740	1,615,667	2,236,767
Capacity utilization (percent)	77.6	83.6	73.9	65.6	46.0	63.0
Hot-rolled steel:						
Capacity (short tons)	3,171,742	3,087,298	3,165,888	3,255,271	3,786,438	3,375,578
Production (short tons): Stainless steel sheet and strip in coils (subject)	1,777,726	1,974,064	1,771,806	1,570,362	1,352,645	1,797,892
Stainless steel sheet and strip cut-to-length	***	***	***	***	***	***
Stainless steel plate in coils	***	***	***	***	***	***
Stainless steel plate cut-to-length	***	***	***	***	***	***
Other flat-rolled	***	***	***	***	***	***
Total	2,216,766	2,484,112	2,243,962	2,011,404	1,760,898	2,250,228
Capacity utilization (percent)	69.9	80.5	70.9	61.8	46.5	66.7
Cold-rolled steel:						
Capacity (short tons)	2,440,840	2,502,215	2,576,250	2,433,138	2,645,984	2,817,392
Production (short tons): Stainless steel sheet and strip in coils (subject)	1,693,277	1,852,818	1,658,284	1,455,937	1,247,537	1,677,671
Stainless steel sheet and strip cut-to-length	***	***	***	***	***	***
Stainless steel plate in coils	***	***	***	***	***	***
Stainless steel plate cut-to-length	***	***	***	***	***	***
Other flat-rolled	***	***	***	***	***	***
Total	1,890,737	2,082,232	1,895,410	1,706,161	1,444,547	1,889,605
Capacity utilization (percent)	77.5	83.2	73.6	70.1	54.6	67.1
Other:						
Capacity (short tons)	***	***	***	***	***	***
Production (short tons)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***

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

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

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of stainless steel sheet and strip are presented in table III-7. The quantity of U.S. shipments increased between 2005 and 2006, declined between 2006 and 2009, and increased again between 2009 and 2010 to levels approaching those of 2007. The value of U.S. shipments increased between 2005 to 2007, decreased between 2007 and 2009, and increased again in 2010 to levels slightly above those in 2005. As a share of total shipment quantity, U.S. shipments gradually declined throughout the review period from 91.1 to 81.2 percent. Exports followed the opposite trend, increasing from 8.9 percent in 2005 to 18.8 percent of total shipments in 2010.

Table III-7
Stainless steel sheet and strip: U.S. producers' shipments, by types, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Quantity (*short tons*)						
U.S. shipments	1,397,054	1,589,964	1,314,191	1,178,727	973,071	1,254,980
Export shipments	135,683	158,668	204,116	189,594	177,813	290,797
Total shipments	1,532,737	1,748,632	1,518,307	1,368,321	1,150,884	1,545,777
Value (*1,000 dollars*)						
U.S. shipments	3,218,487	4,139,906	4,536,655	3,969,507	2,035,269	3,376,938
Export shipments	325,891	439,875	720,670	667,534	392,295	835,038
Total shipments	3,544,378	4,579,781	5,257,325	4,637,041	2,427,564	4,211,976
Unit value (*per short ton*)						
U.S. shipments	$2,304	$2,604	$3,452	$3,368	$2,092	$2,691
Export shipments	2,402	2,772	3,531	3,521	2,206	2,872
Total shipments	2,312	2,619	3,463	3,389	2,109	2,725
Share of quantity (*percent*)						
U.S. shipments	91.1	90.9	86.6	86.1	84.5	81.2
Export shipments	8.9	9.1	13.4	13.9	15.5	18.8
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

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

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

U.S. PRODUCERS' INVENTORIES

As shown in table III-8, end-of-period inventories for stainless steel sheet and strip declined from 2005 to 2008 by approximately one-third, but remained relatively stable between 2008 and 2010. As a ratio to production, U.S. shipments, and total shipments, inventories fluctuated between 2005 and 2010, but were 7-8 percentage points lower in 2010 than in 2005. ***'s inventories declined throughout the period for which data were collected from *** short tons in 2005 to *** short tons in 2010. ***'s inventories decreased between 2005 and 2008, but then increased in 2009 and 2010 to levels close to those of 2007. ***'s inventories fluctuated between *** and *** short tons during 2005-10.

Table III-8
Stainless steel sheet and strip: U.S. producers' end-of-period inventories, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Inventories (*short tons*)	338,904	318,713	278,211	219,269	219,132	218,127
Ratio to production (*percent*)	21.6	18.4	18.8	16.7	19.0	14.1
Ratio to U.S. shipments (*percent*)	24.3	20.0	21.2	18.6	22.5	17.4
Ratio to total shipments (*percent*)	22.1	18.2	18.3	16.0	19.0	14.1

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of stainless steel sheet and strip are presented in table III-9. *** were the only producers to report imports and/or purchases during the review period.

Table III-9
Stainless steel sheet and strip: U.S. producers' imports and purchases, 2005-10

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for stainless steel sheet and strip are presented in table III-10. The number of production and related workers employed by the domestic stainless steel sheet and strip producers fluctuated during the period for which data were collected, but declined to the lowest point in 2009. The number of production and related workers for ***, generally declined from 2005 to 2009, and then increased in 2010. Productivity fell to its lowest point in 2008. Hourly wage rates, however, continued to increase through 2009, contributing to generally higher unit labor costs in 2007-09, which moderated in 2010.

Table III-10
Stainless steel sheet and strip: U.S. producers' employment-related data, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Production and related workers (PRWs)	3,236	3,316	3,214	3,133	2,560	2,989
Hours worked by PRWs (*1,000 hours*)	7,356	7,663	7,097	6,929	5,389	6,456
Hours worked per PRW	2,273	2,311	2,208	2,212	2,105	2,160
Wages paid to PRWs (*1,000 dollars*)	220,119	246,642	240,322	251,451	199,606	236,989
Hourly wages	$29.92	$32.19	$33.86	$36.29	$37.04	$36.71
Productivity (*short tons produced per 1,000 hours*)	213.5	225.6	208.2	189.0	213.5	239.3
Unit labor costs (*per short ton*)	$140.15	$142.70	$162.62	$192.04	$173.46	$153.41

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

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Introduction

Three U.S. firms provided financial data on their operations on stainless steel sheet and strip.[6] These data are believed to account for the vast majority of U.S. operations on stainless steel sheet and strip since 2005. No firms reported internal consumption or current tolling operations, however *** did report transfers to related firms. Because these intercompany transfers accounted for *** of total net sales during the period for which data were collected, they are not shown separately in this section of the report. All firms reported a fiscal year end of December 31.

Operations on Stainless Steel Sheet and Strip

Income-and-loss data for U.S. firms on their operations on stainless steel sheet and strip are presented in table III-11, while selected financial data, by firm, are presented in table III-12. The domestic industry experienced steadily increasing operating income from 2005 to 2007, followed by generally decreasing operating income thereafter, including an operating loss in 2009. In 2010, the domestic industry returned to profitability; however, operating income was still below the levels achieved earlier in the review period. While total net sales quantity fluctuated from 2005 to 2007, total net sales value increased during this time. From 2008 to 2009, both net sales quantity and value declined; however, net sales value declined to a greater degree than net sales quantity. In 2010, both net sales quantity and value increased; however, net sales value increased to a greater degree than net sales quantity. Thus, per-unit net sales value increased from 2005 to 2007, declined in 2008 and 2009, then increased once again in 2010.

The per-unit cost of goods sold ("COGS") increased continually from 2005 to 2007 due primarily to increased raw material costs, but overall increased to a lesser degree than per-unit revenue during this time. In 2008, per-unit COGS continued to increase despite a decline in raw material costs, while per-unit revenue declined. In 2009, per-unit COGS declined due primarily to a decline in raw material costs; however, per-unit revenue declined more than per-unit COGS. Finally, in 2010, per-unit revenue increased to a greater degree than per-unit COGS. Thus, per-unit gross and operating income increased from 2005 to 2007, declined in 2008 and 2009, then once again increased in 2010.[7]

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[6] The U.S. firms are AK Steel, Allegheny Ludlum, and NAS. Two firms, ***, did not provide usable financial data for these reviews. For the entire review period, *** reported sales of *** in 2010. In its questionnaire response, the firm stated that ***. If included in the overall financial data, *** would account for *** percent of total net sales quantity and *** percent of total net sales value in 2010. Staff contacted *** regarding the submission of profit-and-loss data on its stainless steel sheet and strip operations. However, no such data were provided. If included in the overall financial data, *** would account for *** percent of total net sales quantity and *** percent of total net sales value (based on the firm's reported trade data).

[7] ThyssenKrupp Respondent Interested Parties assert that the metal margin (the difference between the price of stainless steel sheet and strip and the average cost of raw materials) is a better measure for studying recent price/cost behavior in this industry than operating income as a ratio to sales. ThyssenKrupp Respondent Interested Parties' prehearing brief, p. 16. During the period for which data were requested, the per short ton metal margins were as follows: $1,118 (2005), $1,126 (2006), $1,387 (2007), $1,347 (2008), $837 (2009), and $1,016 (2010). At the hearing, the Domestic Interested Parties disagreed that the metal margin is a superior analytical tool, and stated that there are many operating expenses other than raw material costs that must be taken into account when assessing the financial performance of the industry. Hearing transcript, May 25, pp. 112-113 (Hartford, Hartquist).

Table III-11
Stainless steel sheet and strip: Results of operations of U.S. producers, 2005-10

Item	Fiscal year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Total net sales	1,532,737	1,748,632	1,518,307	1,368,321	1,150,884	1,545,756
	Value (*$1,000*)					
Total net sales	3,544,378	4,579,781	5,257,324	4,637,041	2,427,566	4,211,902
COGS	3,224,268	4,036,980	4,519,031	4,402,371	2,596,804	4,021,106
Gross profit/(loss)	320,110	542,801	738,293	234,670	(169,238)	190,796
SG&A expenses	109,132	125,493	128,981	115,763	98,054	119,653
Operating income/(loss)	210,978	417,308	609,312	118,907	(267,292)	71,143
Interest expense	36,133	31,892	20,414	11,327	13,263	25,355
CDSOA income	11,949	11,733	6,114	0	8,282	1,692
Other income/(expense)	3,423	7,917	13,866	28,319	6,064	176
Net income/(loss)	190,217	405,066	608,878	135,899	(266,209)	47,656
Depreciation	102,491	112,632	118,902	111,453	115,221	123,287
Cash flow	292,708	517,698	727,780	247,352	(150,988)	170,943
	Ratio to net sales (*percent*)					
COGS:						
Raw materials	51.7	57.0	59.9	60.2	60.3	62.7
Direct labor	7.9	6.4	4.9	5.3	10.4	6.8
Other factory costs	31.4	24.7	21.1	29.4	36.2	26.0
Total COGS	91.0	88.1	86.0	94.9	107.0	95.5
Gross profit/(loss)	9.0	11.9	14.0	5.1	(7.0)	4.5
SG&A expenses	3.1	2.7	2.5	2.5	4.0	2.8
Operating income/(loss)	6.0	9.1	11.6	2.6	(11.0)	1.7
Net income/(loss)	5.4	8.8	11.6	2.9	(11.0)	1.1
	Unit value (*per short ton*)					
Total net sales	$2,312	$2,619	$3,463	$3,389	$2,109	$2,725
COGS:						
Raw materials	1,195	1,493	2,076	2,042	1,273	1,709
Direct labor	184	168	170	179	219	185
Other factory costs	725	648	731	996	764	707
Total COGS	2,104	2,309	2,976	3,217	2,256	2,601
Gross profit/(loss)	209	310	486	172	(147)	123
SG&A expenses	71	72	85	85	85	77
Operating income/(loss)	138	239	401	87	(232)	46
Net income/(loss)	124	232	401	99	(231)	31
	Number of firms reporting					
Operating losses	1	0	0	1	3	1
Data	3	3	3	3	3	3

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

Table III-12
Stainless steel sheet and strip: Results of operations of U.S. producers, by firm, 2005-10

* * * * * * *

According to AK Steel, the firm's reported financial performance reflects ***.[8]

According to Allegheny Ludlum, the firm's reported financial performance since 2008 reflects ***.[9]

According to NAS, ***.[10]

Variance Analysis

A variance analysis for stainless steel sheet and strip is presented in table III-13.[11] The information for the variance analysis is derived from table III-11. The analysis shows that the decrease in operating income from 2005 to 2010 is primarily attributable to an unfavorable net cost/expense variance that more than offset a favorable price variance (that is, costs/expenses rose to a greater extent than prices).

Capital Expenditures and Research and Development Expenses

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are shown in table III-14. Three firms provided capital expenditure data, while only two firms provided data on R&D expenses. Capital expenditures for stainless steel sheet and strip generally increased from 2005 to 2008, then declined markedly in 2009 and 2010. NAS accounted for more than *** percent of total capital expenditures ***, and Allegheny Ludlum accounted for more than *** percent of total capital expenditures in 2010. According to NAS, capital expenditures primarily reflect ***, while Allegheny Ludlum reported that its capital expenditures primarily reflect ***.

[8] E-mail correspondence from ***, April 7, 2011. AK Steel ***, which according to AK Steel's most recent 10K filing reflects "poor pension asset investment returns." AK Steel Holding Corporation, Form 10-K for the fiscal year ended December 31, 2010, p. 30.

[9] Ibid. The company records underlying ***'s reported 2010 financial data were reviewed at Commission offices. In general, Allegheny Ludlum reported ***.

[10] Ibid. *** financial performance in 2010, and the industry's overall, presumably is due in part to a reversal of the 2009 scenario. At the hearing, the Domestic Interested Parties explained that the domestic producers try to achieve good alignment between the price they pay for raw materials and the price they recover through the surcharge on sales prices. While the majority of sales have good alignment in this regard, approximately 40 percent of sales are not aligned. Hearing transcript, May 25, pp. 135-136 (Hartford).

[11] A variance analysis is calculated in three parts, sales variance, cost of sales variance, and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the cost of sales and SG&A expense variance) and a volume variance. The sales or cost variance is calculated as the change in unit price times the new volume, while the volume variance is calculated as the change in volume times the old unit price. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively; and the volume variance is the sum of the volume variance lines under price and cost/expense variance.

Allegheny Ludlum also accounted for *** percent or more of reported R&D expenses during the review period, and reported that such expenses primarily reflect ***.[12] [13]

Table III-13
Stainless steel sheet and strip: Variance analysis on operations of U.S. producers, 2005-10

Item	Between fiscal years					
	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
	Value (*$1,000*)					
Total net sales:						
Price variance	637,418	536,157	1,280,779	(100,938)	(1,472,613)	951,430
Volume variance	30,106	499,246	(603,236)	(519,345)	(736,862)	832,906
Total net sales variance	667,524	1,035,403	677,543	(620,283)	(2,209,475)	1,784,336
Cost of sales:						
Cost variance	(769,451)	(358,555)	(1,013,791)	(329,753)	1,105,996	(533,330)
Volume variance	(27,387)	(454,157)	531,740	446,413	699,571	(890,972)
Total cost variance	(796,838)	(812,712)	(482,051)	116,660	1,805,567	(1,424,302)
Gross profit variance	(129,314)	222,691	195,492	(503,623)	(403,908)	360,034
SG&A expenses:						
Expense variance	(9,594)	(989)	(20,018)	477	(687)	12,044
Volume variance	(927)	(15,372)	16,530	12,741	18,396	(33,643)
Total SG&A variance	(10,521)	(16,361)	(3,488)	13,218	17,709	(21,599)
Operating income variance	(139,835)	206,330	192,004	(490,405)	(386,199)	338,435
Summarized as:						
Price variance	637,418	536,157	1,280,779	(100,938)	(1,472,613)	951,430
Net cost/expense variance	(779,045)	(359,544)	(1,033,809)	(329,276)	1,105,309	(521,287)
Net volume variance	1,792	29,717	(54,967)	(60,191)	(18,895)	(91,709)

Note.-- Unfavorable variances are shown in parentheses; all others are favorable.

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

Table III-14
Stainless steel sheet and strip: Capital expenditures and research and development expenses of U.S. producers, 2005-10

* * * * * * *

[12] E-mail correspondence from ***, April 7, 2011. Additional information on capital expenditures/cost reduction projects during the period for which data were requested was provided during the May 25 hearing (hearing transcript, May 25, pp. 121-123 (Hartford)), as well as in ThyssenKrupp Respondent Interested Parties' prehearing brief, p. 11.

[13] Table III-14 does not include any data from ThyssenKrupp USA. At the hearing, ThyssenKrupp Respondent Interested Parties stated that $1.2 billion of the $1.4 billion investment in stainless operations has already been spent on the new ThyssenKrupp mill in Alabama. Hearing transcript, May 25, p. 190 (Iller).

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"). Data on the U.S. producers' total assets and their ROI are presented in table III-15. From 2005 to 2010, the total assets for stainless steel sheet and strip increased irregularly from $2.6 billion in 2005 to $2.8 billion in 2010. The ROI increased by 12.5 percentage points from 2005 to 2007, but then declined by 31.0 percentage points from 2007 to 2009 before somewhat recovering by 13.0 percentage points in 2010.

Table III-15
Stainless steel sheet and strip: Asset values and return on investment of U.S. producers, 2005-10

Item	Fiscal year					
	2005	2006	2007	2008	2009	2010
Value of assets:	**Value (*$1,000*)**					
Current assets:						
Cash and equivalents	138,647	134,791	308,884	134,512	107,172	56,483
Accounts receivable, net	336,756	460,790	434,319	329,883	273,371	520,032
Inventories	461,191	592,774	519,939	388,561	370,709	429,609
Other	80,597	127,969	108,576	90,918	72,520	76,120
Total current assets	1,017,191	1,316,324	1,371,718	943,874	823,772	1,082,244
Property, plant and equipment:						
Original cost	3,374,616	3,494,561	3,590,339	3,634,726	3,963,610	4,083,058
Less: accumulated depreciation	1,812,917	1,873,937	2,031,962	2,102,135	2,282,219	2,443,968
Equals: book value	1,561,699	1,620,624	1,558,377	1,532,591	1,681,391	1,639,090
Other non-current assets	34,662	31,218	33,068	35,493	60,149	56,531
Total assets	2,613,552	2,968,166	2,963,163	2,511,958	2,565,312	2,777,865
Operating income or (loss)	210,978	417,308	609,312	118,907	(267,292)	71,143
	Share *(percent)*					
Return on investment	8.1	14.1	20.6	4.7	(10.4)	2.6

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

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

Overview

The Commission issued questionnaires to 52 firms believed to have imported stainless steel sheet and strip between 2005 and 2010. Twenty-seven firms provided data and information in response to the questionnaires, while 9 firms indicated that they had not imported stainless steel sheet and strip during the period for which data were collected. Based on official Commerce statistics for imports of stainless steel sheet and strip, importers' questionnaire data accounted for approximately one-half of total U.S. imports during 2005-10 and approximately three-quarters of total subject imports during 2005-10. Firms responding to the Commission's questionnaire accounted for the following shares of individual subject country subject imports during the review period:

- *** percent of the subject imports from Germany;[1]
- *** percent of the subject imports from Italy;
- *** percent of the subject imports from Japan;
- *** percent of the subject imports from Korea;
- *** percent of the subject imports from Mexico; and
- *** percent of the subject imports from Taiwan.[2]

In light of the data coverage by the Commission's questionnaires, import data in this report are based on adjusted Customs statistics to account for all dutiable imports for *** and official Commerce statistics for nonsubject imports of stainless steel sheet and strip.[3]

Imports from Subject and Nonsubject Countries

Table IV-1 presents data for U.S. imports of stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, Taiwan, and all other sources. As shown in table IV-1, total subject imports were at their highest level in 2006 before declining to their lowest level in 2009. Mexico was the largest subject source throughout the period. Subject imports from Italy and Germany (with the exception of Japan in 2010) accounted for the smallest share of subject imports throughout the period for which data were collected.

Unit values of subject imports increased from 2005 to their highest point in 2007, before decreasing in 2009 to their lowest point during the period for which data were collected. The unit values increased again in 2010, ending at values slightly higher than those of 2006.

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[1] ***.

[2] ***.

[3] Import data were based on the following HTS statistical reporting numbers: HTS 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

Table IV-1
Stainless steel sheet and strip: U.S. imports, by sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	116,786	138,462	133,921	112,823	79,741	104,708
Other sources	157,697	240,822	197,273	200,622	69,036	149,057
Total	274,483	379,284	331,194	313,445	148,777	253,765
	Value (*1,000 dollars*)[1]					
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	269,861	352,993	444,736	373,050	176,798	273,532
Other sources	426,577	664,081	853,162	771,678	188,891	460,905
Total	696,438	1,017,074	1,297,898	1,144,728	365,689	734,438
	Unit value (*dollars per short ton*)					
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	2,311	2,549	3,321	3,307	2,217	2,612
Other sources	2,705	2,758	4,325	3,846	2,736	3,092
Total	2,537	2,682	3,919	3,652	2,458	2,894

Table continued on next page.

Table IV-1--*Continued*
Stainless steel sheet and strip: U.S. imports, by sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Share of quantity (*percent*)					
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	42.5	36.5	40.4	36.0	53.6	41.3
Other sources	57.5	63.5	59.6	64.0	46.4	58.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)					
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
Subtotal	38.7	34.7	34.3	32.6	48.3	37.2
Other sources	61.3	65.3	65.7	67.4	51.7	62.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Note.– The following tabulation presents the quantity (in short tons) of dutiable imports from Korea based on the coverage of the countervailing duty order (e.g. excluding POSCO) and the antidumping duty order (e.g. excluding Inchon), respectively:

	2005	2006	2007	2008	2009	2010
CVD	***	***	***	***	***	***
AD	***	***	***	***	***	***

Source: Compiled from adjusted Customs statistics to account for all dutiable imports for *** and official Commerce statistics for nonsubject imports.

Leading Nonsubject Sources of Imports

During 2005-10, imports of stainless steel sheet and strip entered the United States from a variety of sources other than the six subject countries. The leading nonsubject suppliers as well as the United Kingdom are shown in table IV-2. Nonsubject imports peaked early in the review period, reaching their highest level in 2006. The leading nonsubject source was China, which accounted for 45.6 percent of imports of stainless steel sheet and strip from nonsubject sources during 2005-10.

Table IV-2
Stainless steel sheet and strip: U.S. imports from leading nonsubject sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
China	56,892	111,733	100,393	110,513	15,183	68,100
Brazil	22,146	28,392	23,488	21,322	13,464	13,893
Sweden	11,243	12,437	13,195	10,212	8,731	13,558
France	12,652	20,524	18,936	19,676	9,621	13,154
Finland	16,637	14,916	8,686	8,278	5,561	11,609
India	5,327	3,241	3,437	5,878	2,947	6,656
Belgium	13,613	12,190	13,365	5,213	7,505	5,831
South Africa	10,352	25,973	9,224	5,499	1,757	3,966
Thailand	2,477	2,456	621	3,612	1,031	3,031
Indonesia	1,141	1,190	1,593	1,359	683	2,827
United Kingdom	865	1,409	1,652	1,310	774	869
All other	4,350	6,360	2,684	7,751	1,780	5,563
Total	157,697	240,822	197,273	200,622	69,036	149,057

Table continued on next page.

Table IV-2--*Continued*
Stainless steel sheet and strip: U.S. imports from leading nonsubject sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
	Value (*1,000 dollars*)[1]					
China	126,974	273,114	401,177	392,036	34,727	185,983
Brazil	53,282	78,143	100,070	74,981	24,179	29,906
Sweden	55,411	64,049	97,390	75,459	36,858	69,366
France	32,691	46,373	49,260	57,211	25,410	40,749
Finland	48,608	48,662	46,434	41,956	16,239	42,699
India	17,809	11,322	18,015	26,500	8,802	23,782
Belgium	39,607	38,282	69,686	25,462	20,790	19,528
South Africa	24,416	64,100	32,329	15,204	4,232	8,262
Thailand	6,225	6,760	2,370	12,797	3,506	7,639
Indonesia	3,790	4,465	8,177	5,888	2,170	10,124
United Kingdom	4,673	9,250	14,993	10,929	4,631	4,115
All other	13,092	19,562	13,262	33,255	7,346	18,754
Total	426,577	664,081	853,162	771,678	188,891	460,905
	Unit value (*dollars per short ton*)					
China	$2,231	$2,444	$3,996	$3,547	$2,287	$2,731
Brazil	2,406	2,752	4,260	3,517	1,796	2,152
Sweden	4,928	5,150	7,381	7,390	4,221	5,116
France	2,584	2,259	2,601	2,908	2,641	3,098
Finland	2,922	3,262	5,346	5,069	2,920	3,678
India	3,343	3,493	5,242	4,508	2,987	3,573
Belgium	2,909	3,140	5,214	4,884	2,770	3,349
South Africa	2,359	2,468	3,505	2,765	2,409	2,083
Thailand	2,513	2,753	3,817	3,543	3,401	2,520
Indonesia	3,321	3,752	5,134	4,333	3,178	3,582
United Kingdom	5,404	6,565	9,078	8,345	5,987	4,733
All other	3,009	3,076	4,941	4,290	4,128	3,371
Total	2,705	2,758	4,325	3,846	2,736	3,092

[1] Landed, duty-paid.

Note.–The top ten nonsubject importers, by quantity, are listed, as well as the United Kingdom, which, like France, was included in the original orders.

Source: Compiled from official Commerce statistics.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2010

The Commission requested importers to indicate whether they had imported or arranged for the importation of stainless steel sheet and strip from subject countries for delivery after December 31, 2010. Data on the actual and arranged imports in 2011 are presented in the following tabulation.

* * * * * * *

U.S. IMPORTERS' INVENTORIES

Table IV-3 presents data for inventories of U.S. imports of stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, Taiwan,[4] and all other sources held in the United States. Inventories of imports from subject countries, after rising from 2005 to 2007, declined from 2007 to their lowest point in 2009, before rising again in 2010. Inventories of imports from Germany were held by ***. Inventories of imports from Italy were mostly held by ***.[5] Inventories of imports from Japan were primarily held by ***. Inventories of imports from Korea were only reported by ***. The only reported inventories of imports from Mexico were held by ***. Lastly, inventories of imports from Taiwan were held by ***.[6]

Table IV-3
Stainless steel sheet and strip: U.S. importers' end-of-period inventories of imports, by source, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Imports from Germany:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from Italy:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***

Table continued on next page.

[4] Staff notes that data for inventories held by U.S. importers do not include inventories from Taiwan held by Ta Chen. Ta Chen (or TCI) recently announced that it is "expanding our inventory" and "ready to meet your needs." The company's full-page advertisement suggests that it holds inventories of stainless steel coil in a variety of grades (including 304; 304L; 306L; and 430); plate and sheet thicknesses (.500" to 28 gauge); finishes (HRAP #1; 2B; 2D; #4; BA); and widths (36; 48; 60; and 72 inches). The advertisement further indicates that current inventory is held in Atlanta, Baltimore, Chicago, Houston, Los Angeles, and New Jersey. *See Modern Metals*, November 2010, inside front cover.

[5] ***.

[6] These data are substantially understated due to Ta Chen's failure to respond to the Commission's questionnaire.

Table IV-3--*Continued*
Stainless steel sheet and strip: U.S. importers' end-of-period inventories of imports, by source, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
Imports from Japan:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from Korea:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from Mexico:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from Taiwan:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Subtotal:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from all other sources:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to total shipments of imports (*percent*)	***	***	***	***	***	***
Imports from all sources:						
Inventories (*short tons*)	19,015	24,302	28,010	22,540	19,528	32,444
Ratio to U.S. imports (*percent*)	11.7	13.1	15.9	15.7	19.8	23.7
Ratio to total shipments of imports (*percent*)	11.7	13.7	16.4	15.2	19.4	26.4

[1] Not applicable.

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

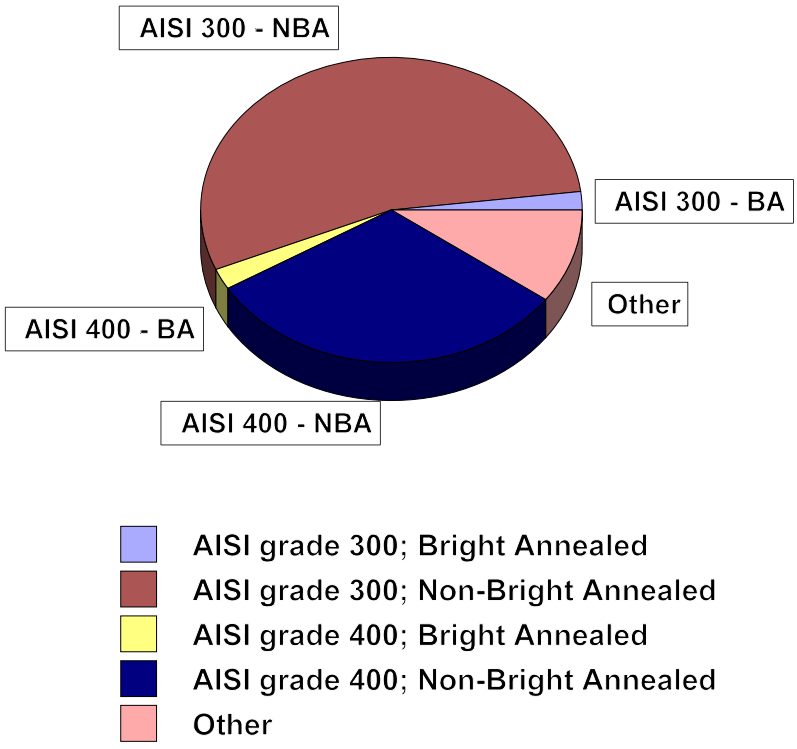
CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market follows.[7]

Fungibility

As shown in figure IV-1, slightly more than one-half (*** percent) of U.S. shipments by the U.S. producers and the largest U.S. importers consist of AISI grade 300, not bright annealed product. AISI grade 400, not bright annealed, comprises *** percent of U.S. shipments, while "other" (consisting mainly of AISI 200 grade product) accounts for *** percent. AISI grades 300 and 400, bright annealed, are much smaller, accounting for *** and *** percent, respectively.

Figure IV-1
Stainless steel sheet and strip: U.S. shipments by grade and finish, 2010



Source: Compiled from responses to Commission data request.

[7] The data presented in "Geographic Markets" and "Presence in the Market" are based on official Commerce statistics, and may include exempted products, especially from Japan.

Table IV-4 shows shipments by grade and finish for each of the leading sources in the U.S. market.[8]

Table IV-4
Stainless steel sheet and strip: U.S. shipments by grade and finish and by source, 2010

* * * * * * *

Geographic Markets

During 2005-10, the top Customs district for imports from Germany, Italy, and Japan were cities on the Eastern seaboard. For Germany the leading Customs district was Philadelphia, PA (28.1 percent of imports). For Italy the leading Customs district was Baltimore, MD (22.1 percent of imports), and for Japan the leading Customs district was Savannah, GA (31.7 percent of imports). The top customs district for imports from Korea and Taiwan was Los Angeles, CA, accounting for 66.7 and 47.2 percent of imports, respectively. Imports from Mexico most often came overland through Laredo, TX (99.8 percent of imports). According to testimony at the hearing, the west coast has an "extremely high import penetration."[9] Additional information on geographic markets may be found in Part II of this report.

Presence in the Market

Imports from Germany, Japan, Korea, Mexico, and Taiwan were present in every month of the period for which data were collected. Imports from Italy were present in all months between 2005-10, except in June 2006 and September 2009.

THE INDUSTRY IN GERMANY

Overview

One major producer, Krupp Thyssen Nirosta GmbH, and one minor producer, Ergste Westig GmbH, provided questionnaire data for the original investigation. In the first reviews four German firms, TKN/TKNP, TKVDM, Buderus, and Ergste Westig provided data on their German operations. The same four companies have provided data in response to the Commission questionnaires in the current reviews. These firms are believed to account for a substantial portion of current German production of stainless steel sheet and strip.[10]

Stainless Steel Sheet and Strip Operations

Table IV-5 presents data provided by Buderus Edelstahl GmBH ("Buderus"), Stahlwerk Ergste Westig GmbH ("Ergste Westig"), ThyssenKrupp Nirosta GmbH ("TK Nirosta"), and ThyssenKrupp VDM GmbH ("TK VDM") concerning their stainless steel sheet and strip operations in Germany during calendar years 2005-10.

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[8] A data request was sent to the major U.S. producers and the largest importers of stainless steel sheet and strip for U.S. shipments by grade and finish for 2010.

[9] Hearing transcript, May 25, p. 196 (Lacor).

[10] Staff compared the German producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the four responding German producers accounted for *** percent of both hot-rolling and cold-rolling capacity in Germany in 2010.

The combined capacity to produce stainless seel sheet and strip in Germany remained relatively stable between 2005 and 2009, but decreased in 2010, ending at a level *** percent below that of 2005. Production of stainless steel sheet and strip increased from 2005 to 2006, but declined the following three years to the lowest point during the period for which data were collected in 2009. Production increased again in 2010, but was still below the 2005 levels. Capacity utilization followed the same trend as production, but was *** percentage points higher in 2010 than in 2005.

German producers' shipments of stainless steel sheet and strip generally mirrored production trends. More than half of the annual shipments were to the home market, while shipments to the European Union accounted for the largest share of exports.

Table IV-5
Stainless steel sheet and strip: German producers' capacity, production, shipments, and inventories, 2005-10

* * * * * * *

Alternative and Downstream Products

As shown in table IV-6, the majority of the four responding German producers' capacity for hot-rolled stainless steel was devoted to stainless steel plate and other forms of flat-rolled steel. Conversely, the majority of the cold-rolled stainless steel capacity was used to produce the subject merchandise, with the second largest product being cut-to-length stainless steel sheet and strip.

Table IV-6
Stainless steel sheet and strip: German producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

* * * * * * *

THE INDUSTRY IN ITALY

Overview

During the original investigations there was one major producer of stainless steel sheet and strip in Italy, Acciai Speciali Terni SPA, and a smaller producer, Arinox SpA. In the first reviews, ThyssenKrupp Acciai Speciali Terni SpA[11] ("TKAST") was still the leading producer of stainless steel sheet and strip and provided data on its Italian operations. Finally, TKAST and Arinox also provided data on their stainless steel sheet and strip operations in response to Commission questionnaires in the current reviews. These firms are believed to account for the majority of current Italian production of stainless steel sheet and strip.[12]

[11] Acciai Speciali Terni SpA was acquired by Krupp Thyssen Stainless in 1998.

[12] Staff compared the Italian producers that responded to the Commission's questionnaires to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, the two responding Italian producers accounted for *** percent of cold-rolling capacity and *** percent of hot-rolling capacity in Italy in 2010. Also according to ***, Marcegaglia is the Italian producer that accounts for the remaining cold-rolling and hot-rolling capacity.

Stainless Steel Sheet and Strip Operations

Table IV-6 presents data provided by ThyssenKrupp Acciai Speciali Terni S.p.A. ("TKAST") and Arinox S.p.A. ("Arinox") concerning its stainless steel sheet and strip operations in Italy during calendar years 2005-10.

As presented in table IV-7, the combined capacity for stainless steel sheet and strip in Italy varied throughout the period for which data were collected, but remained within *** percent of the capacity in 2005. The overall capacity numbers are driven by TKAST, which closed a plant in Turin in 2008. According to testimony, the closure of the TKAST facility in Turin temporarily reduced TKAST's cold-rolling capacity by *** tons, but this reduction has been partially offset since then by further investments.[13] Arinox increased capacity by adding a precision rolling mill, annealing line, and slitter. Actual production followed a similar trend to the overall capacity. Production reached its lowest point in 2009, but increased in 2010, ending *** percent lower than 2005.

The Italian producers' shipments of stainless steel sheet and strip also reached their lowest point in 2009, but increased in 2010, ending *** percent lower than 2005.[14] Between *** and *** percent of total shipments by the Italian producers of stainless steel sheet and strip were to their home market. The largest export market for the Italian producers is the European Union. Exports to Asia accounted for *** percent of total shipments in 2005, but declined rapidly in 2006, and remained at *** percent in 2010.

Table IV-7
Stainless steel sheet and strip: Italian producers' capacity, production, shipments, and inventories, 2005-10

* * * * * * *

Alternative and Downstream Products

As shown in table IV-8, the majority of the two responding Italian producers' capacity for hot-rolled stainless steel was devoted to subject merchandise, with the second largest product being stainless steel plate in coils. The majority of the Italian producer's capacity for cold-rolled stainless steel was also devoted to the subject merchandise, with the second largest product being cut-to-length stainless steel sheet and strip.

Table IV-8
Stainless steel sheet and strip: Italian producers' capacity, production, and capacity utilization for alternative and downstream products, 2005-10

* * * * * * *

[13] ThyssenKrupp Respondent Interested Parties' posthearing brief, p. 20.

[14] ***.

THE INDUSTRY IN JAPAN

Overview

During the original investigations there were reportedly 11 stainless steel sheet and strip producers in Japan with a combined capacity of more than 2.6 million short tons. None of the companies provided responses to Commission questionnaires.[15] During the first reviews, Hitachi Metals and Takasago Tekko K.K. returned questionnaires, with ***. In the current proceedings, a questionnaire response was received from Nippon Steel Trading Co., Ltd. ("Nippon") and Hitachi Metals, Inc.

Stainless Steel Sheet and Strip Operations

Table IV-8 presents data provided by Hitachi Metals and Nippon concerning their stainless steel sheet and strip operations in Japan during calendar years 2005-10. Nippon does not produce stainless steel sheet and strip, but instead is a trading company that exports the product. Nippon's major supplier is ***.

As presented in table IV-9, Nippon primarily exports to markets in ***. Exports fluctuated throughout the period for which data were collected, but were *** percent lower in 2010 than in 2005.

Table IV-10 presents data on Hitachi Metals and Nippon's cold-rolled capacity, production, and exports for 2005-10.

Table IV-9
Stainless steel sheet and strip: Hitachi Metals' and Nippon's capacity, production, shipments, and inventories, 2005-10

* * * * * * *

Staff notes that these documents and other supply and demand forecasts do not take into account the impact of the Tohoku Pacific earthquake and tsunami of March 11, 2011. This occurrence is a tragedy on many levels. Focusing on stainless steel sheet and strip, however, the effects are not entirely clear. Questions remain regarding the nature of demand, such as a potential surge in construction demand counterbalanced by possible reductions in the Japanese automotive sector as well as potential negative effect on the overall Japanese economy. Some analysts suggest that the Japanese steel industry, defined broadly, has sufficient capacity to meet Japan's anticipated reconstruction needs and will not require imports, except perhaps in the near term. However, damage to port facilities as well as other transportation infrastructure may impact Japanese steel trade generally, including downstream products, as well as raw material availability.[16] ***.[17]

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[15] In comments provided to the Commission, Japan Iron & Steel Federation stated that the Japanese producers declined to participate in the investigations as interested parties because the producers did not view the U.S. market as an important market and to the extent that the Japanese producers service the U.S. market, it is often with custom product that has proven less sensitive to the high costs imposed by the antidumping duty order.

[16] *See, e.g.*, "Japan Steelmakers Resume Shipments But Output Seen Curtailed" by Alex MacDonald, Dow Jones Newswires, March 15, 2011, found at http://online.wsj.com/article/BT-CO-20110315-711682.html, retrieved on June 8, 2011; *see also* "Japan Steel Capacity Can Feed Massive Reconstruction," by Manolo Serapio Jr. and Yuko Inoue, Reuters, March 16, 2011, found at http://in.reuters.com/article/2011/03/16/idINIndia-55625220110316, retrieved on June 8, 2011.

[17] ***.

Table IV-10
Stainless steel sheet and strip: Japan's cold-rolled production, capacity, and exports, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Capacity	([1])	([1])	([1])	([1])	([1])	***
Production	***	***	***	***	***	***
Exports	980,518	1,008,455	886,504	934,298	762,514	900,265

[1] Not available.

Note.–Original data were published in metric tons which were converted to short tons using a conversion factor of 1.1023.

Source: *** and Global Trade Atlas data.

THE INDUSTRY IN KOREA

Overview

During the original investigations there were reportedly four producers of stainless steel sheet and strip in Korea. In the first reviews the Commission received questionnaires from five Korean firms: POSCO, BNG, DaiYang, INI, and Taihan. During these current reviews, only POSCO has responded with data regarding its production of stainless steel sheet and strip.[18]

Stainless Steel Sheet and Strip Operations

Table IV-11 presents data provided by POSCO concerning its stainless steel sheet and strip operations in Korea during calendar years 2005-10. POSCO has increased overall capacity during the period for which data were collected. POSCO acquired a *** percent ownership interest in Taihan ST in 2007 and an additional *** percent of shares in 2009. POSCO also acquired Daimyung TMS, a subsidiary of Taihan ST at the time, during this transaction. Also in 2009, POSCO completed a cold-rolling expansion project that increased capacity by *** short tons. Production increased from 2005 to 2006, but decreased from 2006 to 2008. Production increased slightly in 2009, but recovered fully in 2010 to levels *** percent higher than in 2005.

Home market shipments accounted for a little over *** of POSCO's total shipments during the period for which data were collected. POSCO's export market is primarily directed toward Asia, however Asia's share of shipments declined by *** percentage points from 2005 to 2010.

Table IV-11
Stainless steel sheet and strip: POSCO's capacity, production, shipments, and inventories, 2005-10

* * * * * * *

[18] Staff compared POSCO's data to those producers identified by the steel analysts at ***. *See* ***. According to this comparison, POSCO accounted for *** percent of cold-rolling capacity and *** percent of hot-rolling capacity in Korea in 2010.

Alternative and Downstream Products

As shown in table IV-12, POSCO has a much higher capacity for hot-rolled stainless steel than cold-rolled stainless steel. Approximately *** of this capacity is used to produce the subject stainless steel sheet and strip, with the rest used to produce stainless steel plate in coils and other flat-rolled products. All of POSCO's cold-rolled stainless steel capacity is used to produce subject stainless steel sheet and strip. POSCO's cold-rolled stainless steel capacity increased by *** percent from 2005 to 2010, mostly due to the expansion project mentioned previously.

Table IV-12
Stainless steel sheet and strip: POSCO's capacity, production, and capacity utilization for alternative and downstream products, 2005-10

* * * * * * *

Table IV-13 presents data on Korea's cold-rolled capacity, production, and exports for 2005-10.

Table IV-13
Stainless steel sheet and strip: Korea's cold-rolled production, capacity, and exports, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Capacity	([1])	([1])	([1])	([1])	([1])	***
Production	***	***	***	***	***	***
Exports	1,235,801	1,194,428	928,261	777,171	862,019	1,102,383

[1] Not available.

Note.–Original data were published in metric tons which were converted to short tons using a conversion factor of 1.1023.

Source: *** and Global Trade Atlas data.

THE INDUSTRY IN MEXICO

Overview

ThyssenKrupp Mexinox S.A. de C.V. ("Mexinox") is the only producer of stainless steel sheet and strip in Mexico. Mexinox provided a questionnaire response in the original investigations, and in both reviews. Mexinox 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.

Stainless Steel Sheet and Strip Operations

Table IV-14 presents data provided by Mexinox concerning its stainless steel sheet and strip operations in Mexico during calendar years 2005-10. Mexican capacity was *** percent higher in 2010 than in 2005. Mexinox based its overall production capacity on its normal production mix. Capacity increased *** in 2007 as a result of *** in 2006. Capacity utilization remained between *** and *** percent throughout the period for which data were collected with the exception of 2009, when capacity utilization dropped to *** percent. Mexinox's reported exports during 2005-10 were between *** and

*** percent of total shipments, and the majority of those were to the United States, during the period for which data were collected.

Table IV-14
Stainless steel sheet and strip: Mexinox's capacity, production, shipments, and inventories, 2005-10

* * * * * * *

Alternative and Downstream Products

As shown in table IV-15, Mexinox's cold-rolled stainless steel capacity increased in 2007 as a result of the installation of the bright annealing line that was mentioned previously.

Table IV-15
Stainless steel sheet and strip: Mexinox's capacity, production, and capacity utilization for alternative and downstream products, 2005-10

* * * * * * *

THE INDUSTRY IN TAIWAN

Overview

During 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. In the first review, only one company, Stanch, provided the Commission with a questionnaire response. In the current proceedings, no firms in Taiwan have provided a questionnaire response.

Stainless Steel Sheet and Strip Operations

According to *** data, Taiwan's global shipments of cold-rolled stainless steel increased from *** tons in 2005 to *** tons in 2010. Global shipments of hot-rolled stainless steel increased from *** tons in 2005 to *** tons in 2010. Capacity for cold-rolled and hot-rolled stainless steel in Taiwan was *** and *** short tons per year, respectively, in 2010.

Proprietary Customs data for 2005-10 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: ***. Table IV-16 presents data on Taiwan's cold-rolled capacity, production, and exports for 2005-10.

Table IV-16
Stainless steel sheet and strip: Taiwan's cold-rolled production, capacity, and exports, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*short tons*)					
Capacity	([1])	([1])	([1])	([1])	([1])	***
Global Shipments	***	***	***	***	***	***
Exports	998,806	998,696	857,982	809,564	877,444	1,056,679

[1] Not available.

Note.–Original data were published in metric tons which were converted to short tons using a conversion factor of 1.1023.
Note.– Tung Mung, an excluded company, accounted for *** percent of the reported capacity.

Source: *** and Global Trade Atlas data.

THE GLOBAL MARKET

Capacity and Shipments

Global stainless steel cold-rolled flat product capacity is concentrated in three areas (from greatest to smallest): Asia, Western Europe, and North America (table IV-17).

Table IV-17
Stainless steel cold-rolled sheet and strip capacity by global, regional, and individual country, 2010-15

* * * * * * *

Global shipments of stainless steel cold-rolled flat products increased by about *** tons (*** percent) during 2005-10 primarily due to shipments by China which accounted for *** of the increase (table IV-18).

Table IV-18
Stainless steel cold-rolled flat products: Global, regional, and individual country shipments, 2005-10

* * * * * * *

During this period, shipments by China ***. In fact, in 2009, shipments from China increased while those in many other parts of the world decreased. Global shipments are projected to increase, during 2011-15 by *** (*** percent) with Asia accounting *** (table IV-19).

Table IV-19
Stainless steel cold-rolled flat products: Forecast of global, regional, and individual country shipments, 2011-15

* * * * * * *

Although the great majority of stainless steel flat product shipments are of cold-rolled product, a substantial amount of hot-rolled product is also shipped (tables IV-20 and IV-21). Shipments of stainless steel hot-rolled flat products increased during 2005-10 and China was the driving force behind the increase. In 2005, China's shipments were less than several other large producers such as the United States, Japan and Korea. By 2010, China was the largest shipper of this product (table IV-20).

Table IV-20
Stainless steel hot-rolled flat products: Global, regional, and individual country shipments, 2005-10

* * * * * * *

Shipments of stainless steel hot-rolled flat products are also projected to increase during 2011-15 by roughly the same percentage as during 2005-10 (table IV-21).

Table IV-21
Stainless steel hot-rolled flat products: Forecast of global, regional, and individual country shipments, 2011-15

* * * * * * *

Consumption

In most regions, consumption of stainless steel cold-rolled flat products made a strong recovery in 2010 from a trough in 2009. Consumption in the United States and Western Europe increased by *** percent respectively, with the largest percentage consumption increase, *** percent, in the Commonwealth of Independent States (table IV-22). China was an exception as consumption grew by *** percent, which is lower than in most regions. However, the 2009 consumption decrease that occurred in most areas did not occur in China. Apparent 2009 demand in China was not matched by demand growth in end use industries such as appliances and automobiles. Much of this "demand" ended up in inventories which were being drawn down in 2010.[19]

Table IV-22
Stainless steel cold-rolled flat products: Global, regional, and individual country apparent consumption, 2005-10

* * * * * * *

Continued increases in cold-rolled flat product consumption are predicted during 2011-15 with Mexico projected to have the greatest growth in consumption *** percent, albeit from a smaller base than many other countries and regions. The second largest growth in consumption during this period is predicted to be in Asia outside of China, Japan, Korea, and Taiwan (*** percent). Consumption growth during 2011-15 in the United States is projected to be *** percent, in Western Europe *** percent, and in China *** percent (table IV-23).

Table IV-23
Stainless steel cold-rolled flat products: Forecast of global, regional, and individual country apparent consumption, 2011-15

* * * * * * *

Although global stainless steel hot-rolled flat product consumption increased by *** percent during 2005-10, there were wide variations by region. Consumption declined in the United States by *** percent, while consumption in Asia increased by *** percent. China accounted for *** of the Asian consumption increase (table IV-24).

Table IV-24
Stainless steel hot-rolled flat products: Global, regional, and individual country apparent consumption, 2005-10

* * * * * * *

Consumption is projected to recover during 2011-15 with consumption growth occurring globally. Mexico will have the largest growth in consumption during this period (*** percent) albeit

[19] ***.

from a relatively low base compared to many other regions and countries. China is projected to have the second largest increase, *** percent, but consumption will grow in North America and Western Europe by *** percent and *** percent, respectively (table IV-25).

Table IV-25
Stainless steel hot-rolled flat products: Forecast of global, regional, and individual country apparent consumption, 2011-15

* * * * * * *

Firms' responses regarding demand outside the United States since 2005, and in 2011 and 2012, are summarized in table IV-26. Firms reported a variety of answers regarding demand trends since 2005.[20] Several foreign producers noted that demand is global and that demand in outside markets followed similar trends to U.S. demand. The *** noted that demand has increased globally, but particularly in Brazil and China where production of end-use products has increased. Several importers noted increased demand in Brazil, China, and India, and some firms also noted that they expect an improvement in the auto industry in 2011 and 2012.

Table IV-26
Stainless steel sheet and strip: Firms' perceptions regarding demand outside the United States

Item	Number of firms reporting			
	Increase	Decrease	Fluctuate	No change
Demand since 2005				
U.S. producers	0	1	3	0
Importers	8	3	7	4
Purchasers	6	2	10	4
Foreign producers	3	0	6	0
Demand in 2011 and 2012				
U.S. producers	3	0	2	0
Importers	15	0	3	4
Purchasers	15	0	4	4
Foreign producers	6	0	2	0

Note.–Foreign producers were asked separately about demand in their home markets and in third country markets; all firms responded the same for both markets.

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

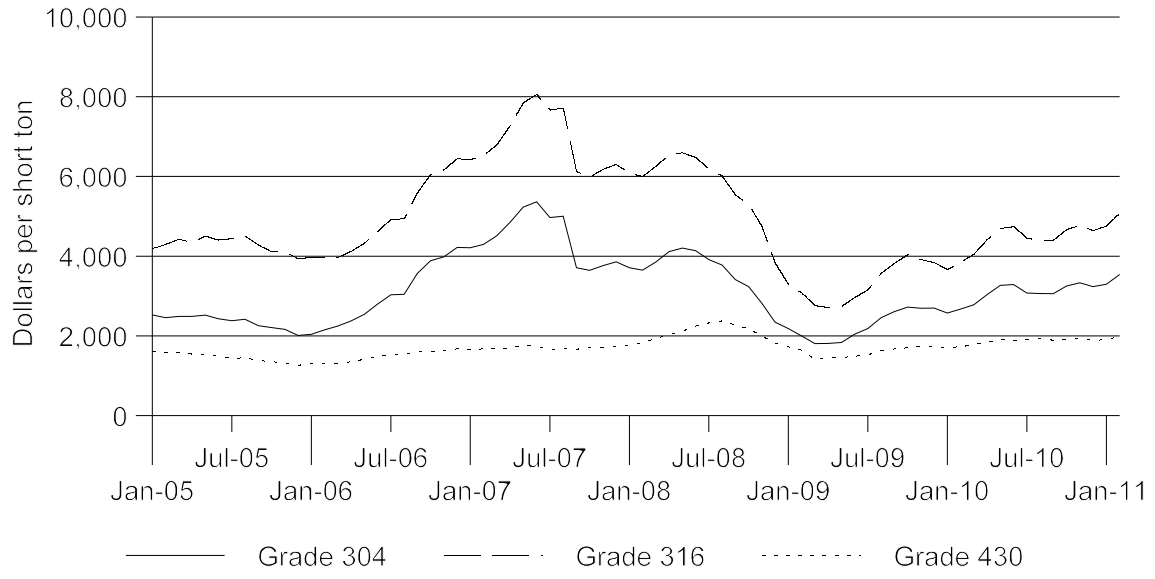
Most firms expect an increase in demand outside the United States in 2011 and 2012. *** anticipates substantial growth in demand in "key export markets for North American producers, including Mexico, Latin America, and Asia" while *** anticipates gradual growth in demand.

[20] Foreign producers reporting an increase since 2005 were ***.

Prices

The Commission asked U.S. producers and importers to compare prices for stainless steel sheet and strip in U.S. and non-U.S. markets. Most foreign producers did not provide price comparisons between U.S. and foreign markets for stainless steel sheet and strip. However, according to ***, "Prices for subject merchandise in the U.S. tend to be slightly higher than prices in Korea, but less than or equivalent to prices in other major markets, such as the EU and Japan." The movement of average world prices for stainless steel cold-rolled coil in grades 304, 316, and 430 during January 2005-February 2011, is displayed in figure IV-2.

Figure IV-2
Stainless steel cold-rolled sheet and strip: Average world prices for grades 304, 316, and 430, January 2005-February 2011



Source: MEPS International Ltd., "MEPS - World Stainless Steel Prices," http://www.meps.co.uk/Stainless%20Prices.htm,.

Data on prices for stainless steel cold-rolled sheet in AISI grades 304, 316, 409, and 430, are presented in the following tables.

Table IV-27
Stainless steel sheet and strip: U.S. negotiated transaction prices for stainless steel cold-rolled coil AISI grade 304, by region and country, January 2005-May 2011

* * * * * * *

Table IV-28
Stainless steel sheet and strip: U.S. negotiated transaction prices for stainless steel cold-rolled coil AISI grade 316, by region and country, January 2005-May 2011

***** ***** ***** ***** ***** ***** *****

Table IV-29
Stainless steel sheet and strip: U.S. negotiated transaction prices for stainless steel cold-rolled coil AISI grade 409, by region and country, January 2005-May 2011

***** ***** ***** ***** ***** ***** *****

Table IV-30
Stainless steel sheet and strip: U.S. negotiated transaction prices for stainless steel cold-rolled coil AISI grade 430, by region and country, January 2005-May 2011

***** ***** ***** ***** ***** ***** *****

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. 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). As shown in table V-1, the amount of alloying elements used varies by grade of stainless steel. Some common grades, such as AISI grades 304 and 316, contain significant amounts of nickel while others, such as AISI grades 409 and 430, contain little if any nickel. The price of stainless steel sheet and strip also depends on the extent of processing; the extent of cold reduction (thinner materials cost more per ton); surface finish; or slitting to a narrower width. Most stainless steel sheet and strip discussed in this section is cold-rolled or cold-reduced.

Table V-1
Stainless steel: Share of alloying elements in various grades of stainless steel

	Alloying element				
	Nickel	Chromium	Manganese	Molybdenum	Titanium
AISI grade	Share of alloying element in stainless steel grade (*percent*)				
304	8.0-10.5	18.0-20.0	2.0	--	--
316L	10.0-14.0	16.0-18.0	2.0	2.0-3.0	--
409	0.50	10.50-11.75	1.0	--	0.48-0.75
430	0.75	16.0-18.0	1.0	--	--

Source: Specialty Steel Industry of North America, *Designer Handbook: Design Guidelines for the Selection and Use of Stainless Steel*, pp. 8, 10, http://www.ssina.com/publications/design.html, retrieved April 15, 2011.

Raw Material Costs

Raw material components vary based on the grade of stainless steel produced and the proportion and composition of scrap material used. Accordingly, raw material costs depend on the desired characteristics of the final product. Two producers, *** reported that nickel accounted for *** percent of production costs, chrome for *** percent, and iron for *** percent, while *** reported that scrap was *** percent of costs, nickel was *** percent, and ferrochrome was *** percent. *** reported that hot-rolled stainless steel annealed and pickled accounted for *** percent of the cost of stainless steel sheet and strip production.

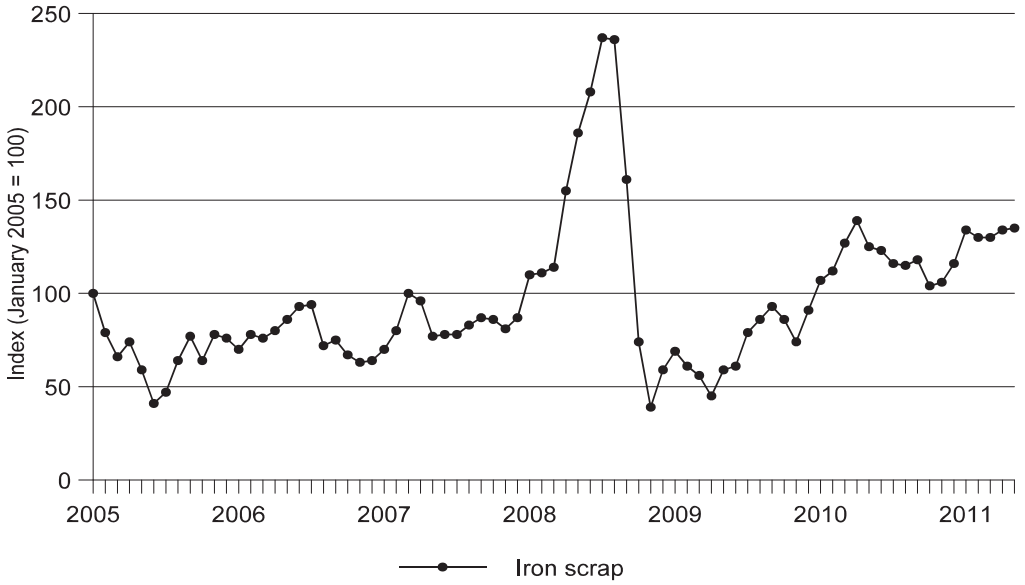
Four U.S. producers anticipate changes in raw material prices, with most stating that they expect continuing volatility in raw material markets. *** also expects increased costs for raw materials in the near future due to increasing global demand for stainless products and for raw materials.

Price trends for iron scrap and for alloying elements nickel, chromium, manganese, and molybdenum are shown in figures V-1 and V-2, respectively.[1]

[1] During January 2005-May 2011, chromium prices ranged from $108-497 per short ton and manganese prices were $93-484 per short ton. Nickel prices ($4-23 per pound) and molybdenum prices ($9-38 per pound) were much higher. *American Metal Market.*

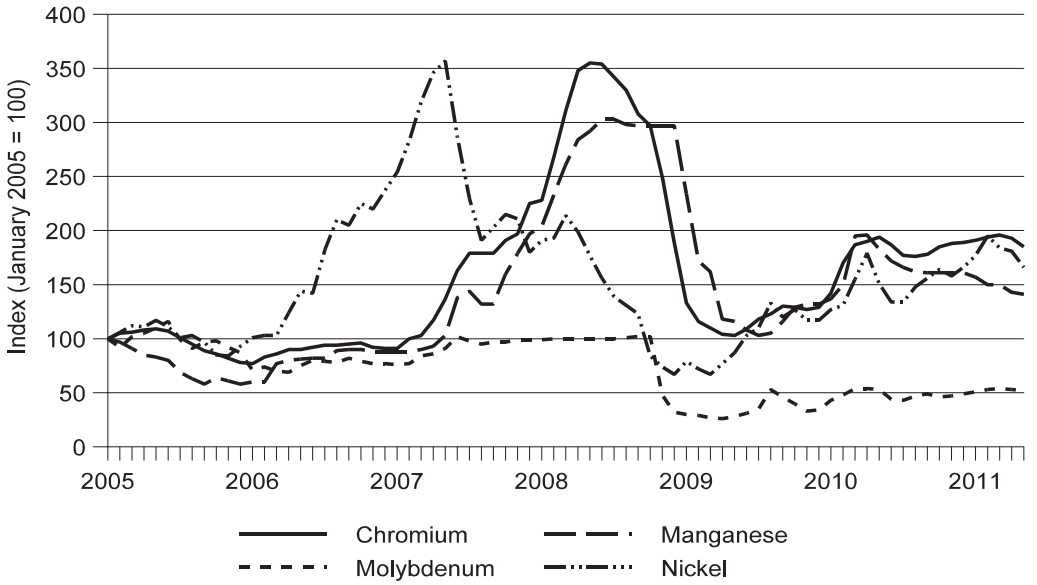
The price of ferrotitanium fell from a high of $8.83 per pound in January 2006 to $1.35 in May-June 2009, rose to $3.52 in May 2010, declined to $3.20 in December 2010, then rose to $4.13 in May 2011. *Platts Metals.*

Figure V-1
Raw materials: Iron scrap (No. 1 Bushelings, Pittsburgh), index of monthly prices, January 2005-May 2011



Source: *American Metal Market*, retrieved June 8, 2011.

Figure V-2
Raw materials: Alloying elements, index of monthly prices, January 2005-May 2011



Source: *American Metal Market*, retrieved June 8, 2011.

Week Price Notification Monthly Report, monthly editions January 2006 - May 2011.

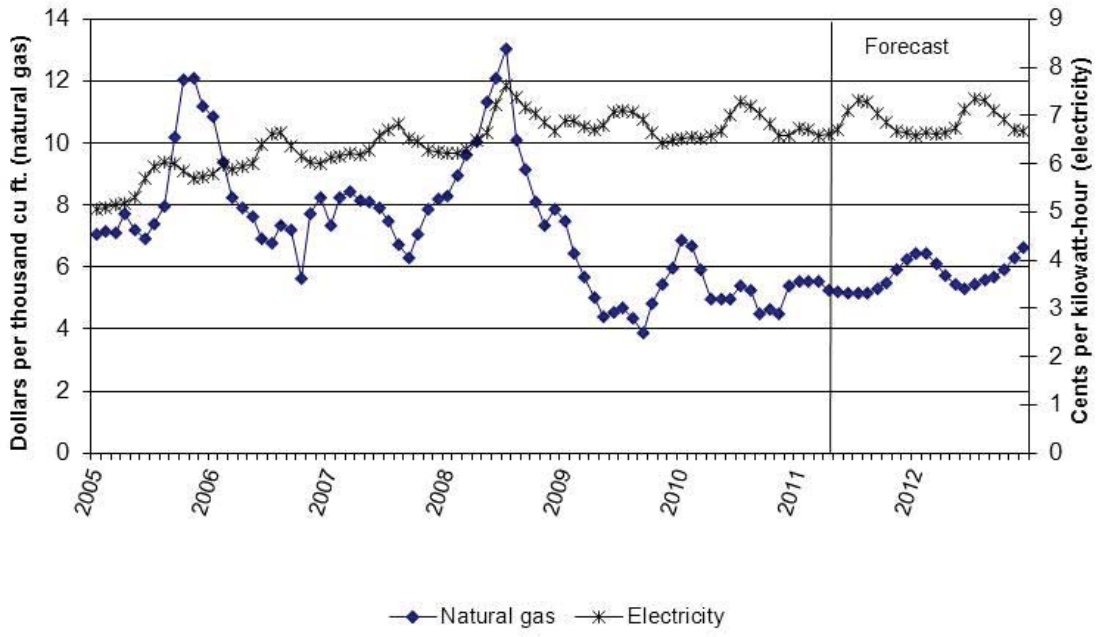
Iron scrap prices fluctuated within a range of $133 to $328 per short ton during 2005-07. In 2008, prices spiked to $772 in August but were down to $195 by the end of the year. In 2009-10, prices gradually increased and were $495 by May 2011. Chromium and manganese prices showed a similar trend to iron scrap prices, with a spike in prices in 2008 while nickel prices peaked in 2007. Molybdenum prices were relatively stable from 2005-08, declined in early 2009, and then increased slightly but remained below 2005 levels.

***.[2]

Energy Costs

Energy costs are an important factor in stainless steel production. At the melting stage, electric arc furnaces use large amounts of electricity while natural gas is used in reheating and annealing lines.[3] Available data indicate that annual average industrial prices of electricity (per kilowatt hour) generally increased from 5.23 cents in January 2005 to 6.35 cents in January 2011 (figure V-3).[4] Natural gas prices (per thousand cubic feet) spiked during late 2005 and mid-2008, declined to a period low in September 2009, and have since increased but not to pre-2008 prices. Prices for electricity and natural gas are not forecasted to vary appreciably from 2010 levels in 2011 and 2012.

Figure V-3
Industrial natural gas and electricity: Monthly prices, January 2005-April 2011 and May 2011-December 2012 (forecast)



Source: *Short Term Energy Outlook*, Energy Information Administration, retrieved from www.eia.doe.gov, June 1, 2011.

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[2] ***.

[3] Hearing transcript, May 26, p. 102 (Hartford).

[4] As shown in figure V-3, energy prices appear to be highly cyclical, with electricity prices increasing in the summer and natural gas prices increasing in the winter, due to seasonal demand.

Surcharges

Many firms add one or more types of surcharges to the base price of their products to account for fluctuations in raw material and energy prices. Raw material surcharges are calculated using formulas based on trigger prices for each raw material and vary depending on the specific grade of steel. Fuel and energy surcharges are based on prices of natural gas and transportation fuels. All five responding U.S. producers reported raw material surcharges, four reported fuel surcharges, and two reported energy surcharges. Fourteen of 20 importers reported the use of one or more type of surcharge; specifically raw material surcharges (8 firms), fuel (5), energy (5), transportation (4), and other surcharges (2).

U.S. producers' surcharges are adjusted monthly with a 60 day lag.[5] Domestic producers have utilized surcharges since the 1980s, beginning with nickel surcharges and later including other raw materials. The most recently added surcharges were for energy; Allegheny Ludlum added this surcharge around 2002-03.[6]

For illustrative purposes, Allegheny Ludlum's surcharges, per short ton of stainless steel, for May 2008 and December 2010 are shown in table V-2. The table illustrates the type of surcharges, and the variation in types and extent of surcharges, by grade of stainless steel, and over time. As shown in the table, the nickel surcharge has been higher than other surcharges for grades 304 and 316 (comprising 55 to 75 percent of total surcharges in the periods shown).

Table V-2
Stainless steel: Allegheny Ludlum's raw material and energy surcharges

Grade/ period	Surcharges (*per short ton*)					
	Nickel	Chrome	Molybdenum	Iron	Energy	Total
May 2008						
304/304L	$2,335	$834	$0	$180	$38	$3,386
316/316L	2,918	741	1,459	175	38	5,331
430	0	741	0	205	38	984
December 2010						
304/304L	1,690	415	0	154	0	2,259
316/316L	2,112	369	587	150	0	3,218
430	0	369	0	176	0	544

Note.--No other surcharges (including for manganese) were indicated for these grades during these time periods.

Source: *Surcharges For Orders Promised for Delivery, May 4, 2008 Through May 31, 2008 and November 28, 2010 Through January 1, 2011* http://www.alleghenyludlum.com, retrieved April 15, 2011.

***.

* * * * * *

[5] Allegheny Ludlum reported that "the raw material cost indices average for the month of January would determine our surcharge in the month of March." Hearing transcript, May 25, pp. 99-100 (Hartford and Schmitt).

[6] Hearing transcript, May 26, pp. 89-92 (Hartford and Feeley).

Allegheny Ludlum and AK Steel noted that while surcharges typically cover raw material costs, base prices reflect market conditions and affect profitability.[7] Producers seek to frequently turn over raw material inventories to avoid the risks of volatile prices.[8] Producers estimate that surcharges match raw material costs about 60 percent of the time.[9]

Some purchasers report that the surcharge mechanism's yield loss ratio assumes greater losses than actually occurs in production, and mills frequently use (lower cost) scrap as feedstock rather than virgin metal used as the base for the surcharge. These purchasers report that these aspects of the surcharge mechanisms are a source of profit for the producers.[10]

Twenty-four purchasers reported that they paid surcharges since 2005, including 24 for raw materials, 11 for fuel, 13 for energy, and 8 for transportation. Thirteen purchasers reported that all suppliers imposed surcharges.[11] Five purchasers listed specific suppliers that used surcharges including AK Steel, NAS, TK Mexinox, ArcelorMittal, Ken-Mac Metals, Combined Metals of Chicago, and TKN. All responding purchasers reported that surcharges were used during the entire review period.[12] Purchasers reported that these surcharges have lead to fluctuations in prices but none reported that the type of surcharges has changed since 2005.

U.S. Inland Transportation Costs

All 5 producers and 16 of 21 importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 1 to 3 percent. Among importers, 10 reported such costs were 1 to 5 percent, and 5 reported costs of 8 to 18 percent.[13] Freight costs account for a much smaller percentage of stainless steel costs than for carbon steel.[14]

Transportation Costs to the U.S. Market

ThyssenKrupp reported that long distance shipping costs have escalated.[15] According to ThyssenKrupp, freight costs from Italy to North America have increased nearly 70 percent since 2003; it estimated that 2010 ocean freight rates from Germany to the United States were $91 per short ton.[16] POSCO reported that ocean freight rates from Korea to the U.S. market in 2010 were *** per short ton compared to *** per short or less for shipments to Asia.[17]

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[7] Hearing transcript, May 25, pp. 99-102 (Hartford, Schmitt, and Hartquist).

[8] Hearing transcript, May 26, pp. 103-104 (Hartford and Feeley).

[9] Hearing transcript, May 25, pp. 135-136 (Hartford).

[10] Metal Bulletin, "AMM's Stainless and its Alloys Conference: Stainless buyers fed up with surcharge," retrieved June 2, 2011.

[11] Of these firms, two specifically reported that both domestic and import suppliers had surcharges and four reported that all domestic suppliers imposed surcharges.

[12] One purchaser reported that surcharges had been in effect at least since 2007.

[13] One importer arranged transportation but did not report its cost.

[14] Hearing transcript, May 26, p. 143 (Lacor).

[15] Hearing transcript, May 25, pp. 143-144 (Iller). ***. ThyssenKrupp Respondent Interested Parties' prehearing brief, p. 40.

[16] ThyssenKrupp Respondent Interested Parties' posthearing brief, Exh. 3, pp. 14-15.

[17] POSCO's posthearing brief, p. A-7-8. Ocean freight rates in 2010 were *** to ship a 20-foot container to Asian countries compared to *** to the United States. A 20-foot container typically holds 20 short tons of steel.

The Baltic Dry Index, which tracks worldwide shipping prices of various dry bulk cargos, spiked in late 2007 and 2008, fell sharply in late 2008, and increased slightly in 2009-10. Over the last year, the index fell from September 2010 to February 2011, and has increased very slightly, but still remains at much lower levels than the peak period of 2007-08.[18]

Exchange Rates

ThyssenKrupp contends that the "relatively weak dollar makes shipments from Europe to the United States unattractive" and that "the dollar is likely to remain weak for some time."[19] They also state that the weak dollar has increased the competitiveness of U.S. exports.[20] ThyssenKrupp reports that "the dollar has decreased significantly in value in the past year."[21]

Exchange rate data for January 2005-March 2011 are shown in appendix F. During this period, the real value of the dollar versus the Euro fell by 3.9 percent, the real value of the dollar to the Japanese yen increased by 4.0 percent, the real value of the U.S. dollar compared to the Korean won fell by 14.2 percent, and the real value of the dollar compared to the Mexican peso fell by 3.4 percent. The nominal value of the U.S. dollar to the Taiwan new dollar increased by 7.5 percent.[22]

PRICING PRACTICES

Pricing Methods

All five U.S. producers reported using both transaction-by-transaction negotiations and contracts. Three producers *** also use price lists, with ***. Fifteen importers reported transaction-by-transaction-pricing; eight reported contract prices, four reported set price lists, and five reported other methods. U.S. producers sold mainly on a spot basis; about *** percent of 2010 sales were on a spot basis, *** percent were on a short-term contract basis, and *** percent were on a long-term contract basis. For importers, about 43 percent of 2010 sales were on a spot basis and 57 percent were on a short-term contract basis.[23]

Twelve purchasers reported that they purchase stainless steel sheet and strip daily, six purchase weekly, three purchase monthly, and one each reported that they purchase quarterly and annually. No purchaser reported that it expected its purchasing pattern to change in the next two years. Most purchasers (17 of 24) contact 1 to 3 suppliers before making a purchase.

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[18] Bloomberg, http://www.bloomberg.com/apps/quote?ticker=BDIY:IND, retrieved June 9, 2011.

[19] ThyssenKrupp Respondent Interested Parties' posthearing brief, p. 15 and exhibit 5, *The Wall Street Journal* "Dollar's Decline Speeds Up, with Risks for U.S." April 23, 2011. This article attributes the U.S. dollar's weakness to low interest rates, inflation concerns, and federal budget deficits, and expects that none of these factors will change soon.

[20] ThyssenKrupp Respondent Interested Parties' posthearing brief, p. 15.

[21] ThyssenKrupp Respondent Interested Parties' posthearing brief, p. 15 and exhibit 4. Exhibit 4 shows the U.S. dollar index future spot prices fell between June 1, 2010 and June 1, 2011.

[22] Real exchange rates for the Taiwan currency were not available. International Financial Statistics, International Monetary Fund, retrieved June 8, 2011, and St. Louis Federal Reserve, retrieved June 8, 2011.

[23] Thirteen importers reported spot sales, seven reported short-term contracts and one reported long-term contracts.

Sales Terms and Discounts

U.S. producers typically quote prices on an f.o.b. basis while the majority of importers quote prices on a delivered basis.[24] All responding producers reported offering either quantity or total volume discounts or both.[25] In contrast, 13 importers reported no discounts, 2 reported quantity discounts, 4 reported annual total volume discounts, and 7 reported other discounts. Most producers offer a discount of one-half to one percent for early payment while 18 of 24 importers reported selling net 30 days.

Price Leadership

Twenty of 21 purchasers that reported price leaders listed one or more U.S. producers including NAS (reported by 15), AK Steel (reported by 9), and Allegheny Ludlum (reported by 5). Two purchasers listed non-domestic producers, one from China and one from Mexico.

Regional Price Differences

Firms were asked if regional price differences existed in the stainless steel sheet and strip market. Two of 5 producers indicated that West Coast prices tend to be, or have historically been, lower than the rest of the country. No importer noted any geographic price differences.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following products shipped to unrelated U.S. customers during 2005-10:

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 304, 0.029 inch nominal thickness (0.0291-0.032 inch actual), width 48-60 inches, 2B 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.

Three U.S. producers and five importers of stainless steel sheet and strip from subject countries provided usable pricing data, although not all firms reported pricing for all products for all quarters. For subject imports, one importer provided data for Germany, one for Italy, one for Korea, one for Mexico, and two for Taiwan; no data were reported for Japan. By quantity, reported pricing data for 2005-10 accounted for approximately 3.1 percent of U.S. producers' shipments of stainless steel sheet and strip, 1.9 percent of subject imports from Germany, 6.0 percent from Italy, 0.8 percent from Korea, 2.2 percent

[24] Three producers reported usually quoting f.o.b. prices; *** reported quoting both f.o.b. and delivered, and *** reported usually quoting delivered. Eight importers reported quoting f.o.b. prices and 14 reported quoting delivered prices.

[25] Three firms reported quantity discounts and 4 reported total volume discounts.

from Mexico, and less than 0.1 percent from Taiwan. Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-3 to V-6.

Table V-3
Stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, 2005-10

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Table V-4
Stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, 2005-10

* * * * * * *

Table V-5
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, 2005-10

* * * * * * *

Table V-6
Stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, 2005-10

* * * * * * *

Figure V-3
Stainless steel sheet and strip: Weighted-average f.o.b prices and quantities of domestic and imported product 1, by quarters, 2005-10

* * * * * * *

Figure V-4
Stainless steel sheet and strip: Weighted-average f.o.b prices and quantities of domestic and imported product 2, by quarters, 2005-10

* * * * * * *

Figure V-5
Stainless steel sheet and strip: Weighted-average f.o.b prices and quantities of domestic and imported product 3, by quarters, 2005-10

* * * * * * *

Figure V-6
Stainless steel sheet and strip: Weighted-average f.o.b prices and quantities of domestic and imported product 4, by quarters, 2005-10

* * * * * * *

Price Trends and Comparisons

Prices declined slightly in 2005, increased sharply until the second quarter of 2007, then declined to below 2005 levels in the second quarter of 2009, before increasing through the end of 2010. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic prices increased by 11 to 34 percent during 2005-10.

Table V-7
Stainless steel sheet and strip: Summary of f.o.b. prices for products 1-4, by country

Country	Number of quarters	Highest price *(per ton)*	Lowest price *(per ton)*	Change in price[1] *(percent)*
Product 1				
U.S.	24	$***	$***	***
Korea	17	***	***	***
Mexico	24	***	***	***
Taiwan	3	***	***	-
Product 2				
U.S.	24	***	***	***
Korea	3	***	***	-
Mexico	23	***	***	***
Product 3				
U.S.	16	***	***	***
Germany	3	***	***	-
Italy	2	***	***	-
Mexico	18	***	***	-
Taiwan	1	***	***	-
Product 4				
U.S.	24	***	***	***
Mexico	13	***	***	-

[1] Price change is from the first quarter of 2005 to the fourth quarter of 2010, except for domestic product 3 which is from first quarter 2005 to the second quarter of 2010. Changes in price are only shown for data series with 2005 and 2010 data.

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

Table V-8 summarizes the data on margins. Subject imports were priced lower than domestic products in 39 of 99 instances, by margins of 0.1 to 19.3 percent, and were priced higher than domestic products in 60 instances, by margins of 0.2 to 77.8 percent.[26]

[26] In the original investigations, imports from the countries currently subject to the orders were priced lower than domestic product in 162 of 259 comparisons. Specifically, imports from each subject country were priced lower than domestic product in the following number of comparisons: Germany- 23 of 47; Italy- 43 of 71; Japan- 21 of 36; Korea- 9 of 16; Mexico- 26 of 48; and Taiwan- 40 of 41. Confidential staff report for the original investigations (memorandum INV-W-150, July 6, 1999), p. V-31.

In the first reviews, imports from the countries currently subject to the orders were priced lower than domestic product in 78 of 192 comparisons. Specifically, imports from each subject country were priced lower than domestic product in the following number of comparisons: Germany- 25 of 40; Italy- 23 of 36; Japan- 0 of 1; Korea- 10 of 17; Mexico- 16 of 93; and Taiwan- 4 of 5. Confidential staff report for the original investigations (memorandum INV-CC-070, May 23, 2005), table V-11, pp. V-20-21.

Table V-8
Stainless steel sheet and strip: Instances of underselling/overselling and the range and average of margins, 2005-10

	Underselling			Overselling		
	Number of instances	Range (*percent*)	Average margin (*percent*)	Number of instances	Range (*percent*)	Average margin (*percent*)
Germany	1	9.6	9.6	2	10.5 to 13.2	11.8
Italy	0	-	-	2	2.5 to 8.1	5.3
Korea	14	0.5 to 19.3	8.7	6	10.1 to 45.1	23.4
Mexico	24	0.1 to 16.4	4.9	46	0.2 to 26.1	5.0
Taiwan	0	-	-	4	30.7 to 77.8	53.8
Total	39	0.1 to 19.3	6.4	60	0.2 to 77.8	10.3

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

Purchaser Perceptions of Relative Price Trends

Purchasers were asked how the price of product from subject countries had changed relative to U.S. prices since 2005. Most responding purchasers reported that German prices had increased relative to U.S. prices and that all other country prices were unchanged relative to U.S. prices (table V-9).

Table V-9
Stainless steel sheet and strip: Number of purchasers reporting subject price changes relative to U.S. prices

Country	Increased	Decreased	Unchanged
Germany	8	2	5
Italy	4	1	6
Japan	3	1	6
Korea	1	3	6
Mexico	7	1	13
Taiwan	1	1	7

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

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Stainless Steel Sheet and Strip in Coils from Germany, Italy, Japan, Korea, Mexico, and Taiwan
Inv. Nos. 701-TA-382 and 731-TA-798-803 (Second Review)

On September 7, 2010, the Commission 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 (19 U.S.C. § 1675(c)(5)).

The Commission received a consolidated response from three domestic producers that account for a significant percentage of domestic production of stainless steel sheet and strip in coils ("SSSS"), and from three domestic labor unions whose workers are engaged in SSSS production in the United States.[1] The Commission found the individual response of each of the three domestic SSSS producers, and for each of the three labor unions, which contained company-specific data, adequate. With respect to the orders concerning SSSS from Germany, Italy, Japan, Korea, Mexico, and Taiwan, the Commission determined that the domestic interested party group response was adequate.

The Commission received an adequate joint response concerning the antidumping duty order on SSSS from Germany filed by ThyssenKrupp Nirosta GmbH ("TKN") and ThyssenKrupp VDM GmbH ("TKVDM"), producers of subject SSSS in Germany, and ThyssenKrupp Nirosta North America, Inc. ("TKNNA") and ThyssenKrupp VDM USA, Inc. ("TKVDM USA"), U.S. importers of the subject merchandise from Germany. With respect to the review of the antidumping duty order on SSSS from Italy, the Commission received an adequate joint response filed by ThyssenKrupp Acciai Speciali Terni S.p.A. ("TKAST"), a producer and exporter of subject SSSS in Italy, and ThyssenKrupp Acciai Speciali Terni USA, Inc. ("TKAST USA"), a U.S. importer of the subject merchandise from Italy. With respect to the review of the antidumping duty order on SSSS from Mexico, the Commission received an adequate joint response filed by ThyssenKrupp Mexinox S.A. de C.V. ("Mexinox"), a producer and exporter of subject SSSS in Mexico, and Mexinox USA, Inc. ("Mexinox USA"), a U.S. importer of the subject merchandise. With respect to the review of the antidumping duty order and countervailing duty order on SSSS from Korea, the Commission received an adequate individual response filed by POSCO Specialty Steel Co., Ltd ("POSCO"), a Korean producer of SSSS.

The Commission found that the respondent interested party group responses were adequate with respect to the orders on SSSS from Germany, Italy, Mexico, and Korea because respondents from each of these countries accounted for a significant share of the production of subject merchandise in their respective countries.

Because the group and individual responses from both domestic interested parties and respondent interested parties were adequate in the reviews of the orders concerning SSSS from Germany, Italy, Mexico, and Korea, the Commission determined to conduct full reviews in these proceedings.

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[1] The domestic producers are AK Steel Corp. ("AK Steel"), Allegheny Ludlum Corp. ("Allegheny Ludlum"), and North American Stainless ("NAS"), and the domestic labor unions are the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"), United Auto Workers, Local 3303 ("UAW Local 3303").

The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Japan and Taiwan, and therefore determined that the respondent interested party group responses for these countries were not adequate. The Commission nevertheless voted to conduct a full review concerning subject imports from Japan and Taiwan to promote administrative efficiency in light of the Commission's determination to conduct full reviews of the other orders in these grouped reviews.

A record of the Commissioners' votes is available from the Office of the Secretary and on the Commission's website (http://www.usitc.gov).

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–382 and 731–TA–798–803 (Second Review)]

Stainless Steel Sheet and Strip From Germany, Italy, Japan, Korea, Mexico, and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty order on stainless steel sheet and strip from Korea and the antidumping duty orders on stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan.

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 order on stainless steel sheet and strip from Korea and 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. 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 1, 2010. Comments on the adequacy of responses may be filed with the Commission by August 16, 2010. 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), as most recently amended at 74 FR 2847 (January 16, 2009).

DATES: *Effective Date:* June 1, 2010.

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 ("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, Commerce issued countervailing duty orders on imports of stainless steel sheet and strip in coils from France, Italy, and Korea (64 FR 42923–42925). Following five-year reviews by Commerce and the Commission, effective July 25, 2005, Commerce issued a continuation of the countervailing duty orders on stainless steel sheet and strip in coils from Italy and Korea and the antidumping duty orders on stainless steel sheet and strip in coils from Germany, Italy, Japan, Korea, Mexico, and Taiwan (70 FR 44886, August 4, 2005).[2] The Commission is now conducting second five-year reviews to determine whether revocation of the countervailing duty order on stainless steel sheet and strip in coils from Korea and the antidumping duty orders on stainless steel sheet and strip in coils from Germany, Italy, Japan, Korea, Mexico, and Taiwan 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 review 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 Germany, Italy, Japan, Korea, Mexico, and Taiwan.

(3) The *Domestic Like Product i*s the domestically produced product or

[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. 10–5–219, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 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.

[2] Subsequent to the issuance of the first five-year review institution notices, 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 first five-year review of the countervailing duty order on stainless steel sheet and strip from France. Following the Commission's and Commerce's five-year reviews of the remaining orders, Commerce revoked the antidumping duty orders on stainless steel sheet and strip from France and the United Kingdom effective July 27, 2004 (70 FR 44894, August 4, 2005). Following a changed circumstances review, Commerce revoked the countervailing duty order on stainless steel sheet and strip in coils from Italy, effective November 17, 1998 (71 FR 15382, March 28, 2006).

products which are like, or in the absence of like, most similar in characteristics and uses with, the *Subject Merchandise.* In its original and full first five-year review 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 and full first five-year review determinations, the Commission defined the *Domestic Industry* as all producers of stainless steel sheet and strip in coils. The Commission also determined that rerollers were members of the *Domestic Industry* producing stainless steel sheet and strip in coils during the original investigations because of their substantial production-related activity. In its determinations in the full first five-year reviews, the Commission indicated that no party objected to its decision to include rerollers in the *Domestic Industry.*

(5) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list. Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official has advised that a five-year review is not considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b)(19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics. Consequently, former employees are not required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list. Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register.** Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification. Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions. Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is July 1, 2010. 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, 2010. 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) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product,* a U.S. union or worker group, a U.S. importer of the

Subject Merchandise, a foreign producer or exporter of the *Subject Merchandise,* a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping and countervailing duty orders on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry.*

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product.* Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in each *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 2004.

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and E-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) 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 2009, except as noted (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) Capacity (quantity) of your firm to produce the *Domestic Like Product* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

(c) the quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(d) the quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(e) the value of (i) Net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) If you are a U.S. importer or a trade/business association of U.S. importers of *the Subject Merchandise* from the *Subject Country(ies),* provide the following information on your firm's(s') operations on that product during calendar year 2009 (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.*

(11) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country(ies),* provide the following information on your firm's(s') operations on that product during calendar year 2009 (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) Capacity (quantity) of your firm to produce the *Subject Merchandise* in each *Subject Country* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) 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.

(12) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in each *Subject Country* after 2004, 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.

(13) (Optional) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry;* if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: May 24, 2010.

By order of the Commission.

William R. Bishop,

Acting Secretary to the Commission.

[FR Doc. 2010–12763 Filed 5–28–10; 8:45 am]

BILLING CODE P

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-Year ("Sunset") Review

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

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("the Department") is automatically initiating a five-year review ("Sunset Review") of the antidumping and countervailing duty orders listed below. The International Trade Commission ("the Commission") is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers the same orders.

DATES: *Effective Date:* June 1, 2010.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the *Initiation of Review* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Ave., NW., Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders,* 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department's conduct of Sunset Reviews is set forth in the Department's Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders: Policy Bulletin,* 63 FR 18871 (April 16, 1998).

Initiation of Review

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping and countervailing duty orders:

DOC Case No.	ITC Case No.	Country	Product	Department contact
A–405–803	731–TA–1084	Finland	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–201–834	731–TA–1085	Mexico	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–421–811	731–TA–1086	Netherlands	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–405–803	731–TA–1087	Sweden	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–423–808	731–TA–788	Belgium	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–475–822	731–TA–790	Italy	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–580–831	731–TA–791	Korea	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–791–805	731–TA–792	South Africa	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–583–830	731–TA–783	Taiwan	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–1391.
A–428–825	731–TA–798	Germany	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–475–824	731–TA–799	Italy	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–588–845	731–TA–800	Japan	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–580–834	731–TA–801	Korea	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–201–822	731–TA–802	Mexico	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–583–831	731–TA–803	Taiwan	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
C–423–809	701–TA–376	Belgium	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
C–791–806	701–TA–379	South Africa	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
C–580–835	701–TA–382	Korea	Stainless Steel Sheet and Strip in Coils (2nd Review).	Brandon Farlander (202) 482–0182.

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the pertinent statute and Department's regulations, the Department schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the Department's Internet Web site at the following address: *http://ia.ita.doc.gov/sunset/.* All submissions in these Sunset Reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(d), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order ("APO") immediately following publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

Information Required From Interested Parties

Domestic interested parties defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b) wishing to participate in a Sunset Review must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. *See* 19 CFR 351.218(d)(1)(i). The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the order without further review. *See* 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's conduct of Sunset Reviews.[1] Please

[1] In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the

consult the Department's regulations at 19 CFR part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218 (c).

John M. Andersen,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2010–13058 Filed 6–1–10; 8:45 am]

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final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests to extend that five-day deadline based upon a showing of good cause.

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–382 and 731–TA–798–803 (Second Review)]

Stainless Steel Sheet and Strip From Germany, Italy, Japan, Korea, Mexico, and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty order on stainless steel sheet and strip from Korea and the antidumping duty orders on stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan.

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 order on stainless steel sheet and strip from Korea and 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 within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's

Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* September 7, 2010.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On September 7, 2010, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (75 FR 30437, June 1, 2010) was adequate and that the respondent interested party group responses with respect to Germany, Italy, Korea, and Mexico were adequate and decided to conduct full reviews with respect to the orders concerning stainless steel sheet and strip from Germany, Italy, Korea, and Mexico. The Commission found that the respondent interested party group responses with respect to Japan and Taiwan were inadequate. However, the Commission determined to conduct full reviews concerning the orders on stainless steel sheet and strip from Japan and Taiwan to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders concerning stainless steel sheet and strip from Germany, Italy, Korea, and Mexico. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: September 22, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–24243 Filed 9–27–10; 8:45 am]

BILLING CODE 7020–02–P

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 Second Sunset Review

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

SUMMARY: On June 2, 2010, the Department of Commerce ("the Department") initiated the second sunset review of the countervailing duty order ("CVD") on stainless steel sheet and strip in coils from the Republic of Korea ("Korea") 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 the domestic interested parties and an inadequate response from respondent interested parties (in this case, no response), the Department conducted an expedited sunset review of the CVD order pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(B). As a result of this sunset review, the Department finds that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the level indicated in the "Final Results of Review" section of this notice.

DATES: Effective Date: October 7, 2010.

FOR FURTHER INFORMATION CONTACT: Eric Greynolds or David Goldberger, AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482–6071 or (202) 482–4136, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 2, 2010, the Department initiated the second sunset review of the CVD order on stainless steel sheet and strip in coils from Korea pursuant to section 751(c) of the Act. *See Initiation of Five-Year ("Sunset") Reviews,* 75 FR 30777 (June 2, 2010). The Department received a notice of intent to participate from the following domestic interested parties: AK Steel Corporation; Allegheny Ludlum Corporation; the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union; United Auto Workers, Local 3303; and United Auto Workers, Local 4104 (collectively, "domestic interested parties"), within the deadline specified in 19 CFR 351.218(d)(1)(i). The domestic interested parties claimed interested party status under sections 771(9)(C) and (D) of the Act, as domestic producers of stainless steel sheet and strip in coils in the United States and certified unions representing workers in the domestic industry producing stainless steel and strip in coils in the United States.

The Department received an adequate substantive response collectively from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). However, the Department did not receive a substantive response from any government or respondent interested party to this proceeding. 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 an expedited review of the CVD order.

Scope of the Order

The merchandise subject to the CVD order consists of stainless steel sheet and strip in coils from Korea. 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 the order is classified in the Harmonized Tariff

Schedule of the United States ("HTS") at 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 HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise subject to the order is dispositive.

Excluded from the scope of the 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).

In response to comments by interested parties, the Department determined that certain specialty stainless steel products are also excluded from the scope of the 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 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 the 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 the 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."[1]

Certain electrical resistance alloy steel is also excluded from the scope of the 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."[2]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of the 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."[3]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of the order. 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

[1] "Arnokrome III" is a trademark of the Arnold Engineering Company.

[2] "Gilphy 36" is a trademark of Imphy, S.A.

[3] "Durphynox 17" is a trademark of Imphy, S.A.

[4] This list of uses is illustrative and provided for descriptive purposes only.

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".[5]

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum ("Decision Memorandum") from Susan H. Kuhbach, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated September 30, 2010, which is hereby adopted by this notice. 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, located in room 7046 of the main Commerce building. The issues include the likelihood of continuation or recurrence of a countervailable subsidy, the net countervailable subsidy likely to prevail, and the nature of the subsidy. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

The Department determines that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the following weighted-average percentage rates:

Manufacturers/exporters/producers	Weighted-average subsidy rate (percent)
Hyundai Steel Company—(formerly known as INI/BNG and as Inchon)	0.54
Dai Yang Metal Company	0.67
Taihan	4.64
All Others	0.63

Notification Regarding Administrative Protective Order

This notice serves as the only reminder to parties subject to administrative protective order ("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 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.

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 30, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2010–25304 Filed 10–6–10; 8:45 am]

BILLING CODE 3510–DS–P

[5] "GIN4 Mo," "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–428–825, A–588–845, A–580–834, A–583–831]

Certain Stainless Steel Sheet and Strip in Coils From Germany, Japan, the Republic of Korea, and Taiwan: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On June 2, 2010, the Department of Commerce (the Department) initiated second sunset reviews of the antidumping duty orders on certain stainless steel sheet and strip in coils from Germany, Italy, Japan, the Republic of Korea (Korea), Mexico, and Taiwan, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). The Department has conducted expedited (120-day) sunset reviews for the Germany, Japan, Korea, and Taiwan antidumping duty orders pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2).[1] As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping.

FOR FURTHER INFORMATION CONTACT: David Cordell or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482–0408, or (202) 482–3019, respectively.

SUPPLEMENTARY INFORMATION

Background

On June 2, 2010, the Department published the notice of initiation of the second sunset reviews of the antidumping duty orders on certain stainless steel sheet and strip in coils from Japan, Germany, Italy, Korea, Taiwan, and Mexico, pursuant to section 751(c) of the Act. *See Initiation of Five-Year (*"*Sunset*"*) Review,* 75 FR

[1] With respect to the antidumping duty orders on certain stainless steel sheet and strip in coils from Mexico and Italy, the Department is conducting full sunset reviews.

30777 (June 2, 2010) (*Notice of Initiation*).

The Department received a notice of intent to participate from the AK Steel Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial Service Workers International Union; United Auto Workers Local 3303; and United Auto Workers Local 4104 (collectively, "petitioners" or "domestic interested parties") within the deadline specified in 19 CFR 351.218(d)(1)(i). The petitioners claimed domestic interested party status under sections 771(9)(C) and (D) of the Act stating that they are either producers in the United States of a domestic like product or certified unions which are representative of an industry engaged in the manufacture, production, or wholesale in the United States of a domestic like product.

The Department received adequate substantive responses to the *Notice of Initiation* from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). We received no substantive responses from respondent interested parties with respect to the antidumping duty orders on certain stainless steel sheet and strip in coils from Germany, Japan, Korea and Taiwan. 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 (120-day) sunset reviews of the antidumping duty orders on certain stainless steel sheet and strip in coils from Germany, Japan, Korea, and Taiwan.

Scope of the Orders

For purposes of the orders, 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 the orders is currently classified 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, 7220.90.00.80.

Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise subject to the orders is dispositive. Excluded from the scope of the 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 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 the 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 the 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."[2]

Certain electrical resistance alloy steel is also excluded from the scope of the orders. This product is defined as a non-magnetic stainless steel manufactured to

[2] "Arnokrome III"' is a trademark of the Arnold Engineering Company.

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 the 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 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 the orders. 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] Also excluded from the orders is a permanent magnet iron-chromium-cobalt stainless steel strip containing, by weight, 13 percent chromium, 6 percent cobalt, 71 percent 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."

[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.

Analysis of Comments Received

All issues raised in these sunset reviews are addressed in the "Issues and Decision Memorandum for the Final Results of Expedited Second Sunset Reviews of the Antidumping Duty Orders on Certain Stainless Steel Sheet and Strip in Coils from Germany, Japan, the Republic of Korea, and Taiwan" from Susan H. Kuhbach, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration (Decision Memo), which is hereby adopted by, and issued concurrently with, this notice. The issues discussed in the Decision Memo are the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room 7046 of the main Department building. In addition, a complete version of the Decision Memo can be accessed directly on the Web at *http://ia.ita.doc.gov/frn*. 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 orders on certain stainless steel sheet and strip in coils from Germany, Japan, Korea, and Taiwan 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)
Germany:	
TKN	13.48.
All-Others Rate	13.48.
Japan:	
Kawasaki Steel Corporation/ JFE Steel Corporation.	40.18.
Nippon Steel Corporation	57.87.
Nisshin Steel Co., Ltd.	57.87.
Nippon Yakin Kogyo	57.87.
Nippon Metal Industries	57.87.
All-Others Rate	40.18.
Korea:	
POSCO	2.49.
Taihan	58.79.
Daiyang (DMC)	5.44.
All-Others Rate	2.49.
Taiwan:	
Tung Mung/Ta Chen	15.40.
Tung Mung	Excluded.
YUSCO/Ta Chen	36.44.
YUSCO	21.10.
All-Others Rate	12.61.

Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: September 30, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2010–25299 Filed 10–6–10; 8:45 am]

BILLING CODE 3510–DS–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–382 and 731–TA–798–803 (Second Review)]

Stainless Steel Sheet And Strip From Germany, Italy, Japan, Korea, Mexico, And Taiwan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty order on stainless steel sheet and strip from Korea and antidumping duty orders on stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty order on stainless steel sheet and strip from Korea and/or 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 within a reasonably foreseeable time. The Commission has determined that these reviews are extraordinarily complicated, and therefore will 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 Date:* December 20, 2010.

FOR FURTHER INFORMATION CONTACT: Jennifer Merrill (202–205–3188), 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 September 7, 2010, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (75 FR 59744, September 28, 2010). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the reviews and public service list:—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list: —Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report: —The prehearing staff report in the reviews will be placed in the nonpublic record on May 2, 2011, 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 May 25, 2011, 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 May 18, 2011. 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 May 20, 2011, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony in camera no later than 7 business days prior to the date of the hearing.

Written submissions:—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is May 11, 2011. 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 June 6, 2011; 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 June 6, 2011. On June 29, 2011, 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 July 1, 2011, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

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

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.
Issued: December 20, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–32409 Filed 12–23–10; 8:45 am]

BILLING CODE 7020–02–P

400 and 780 nWb, and coercivity of between 60 and 100 oersteds. This product is currently supplied under the trade name "SemiVac 90."

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum ("Decision Memorandum") from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Acting Deputy Assistant Secretary for Import Administration, dated concurrently with this notice, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendation in this public memorandum which is on file in the Central Records Unit, Room 7046 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on SSSS in coils from Mexico would be likely to lead to continuation or recurrence of dumping at the following weighted-average margins:

Manufacturer/exporter	Margin (percent)
Mexinox	30.69
All Others	30.69

In accordance with section 752(c)(3) of the Act, we will notify the U.S. International Trade Commission of the final results of this sunset review.

Notification Regarding Administrative Protective Order

This notice serves as a final reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the disposition of proprietary material disclosed under APO in accordance with 19 CFR 351.305. 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.

This sunset review and notice are being published in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: April 28, 2011.

Paul Piquado,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–11005 Filed 5–4–11; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–824]

Stainless Steel Sheet and Strip in Coils From Italy: Final Results of the Full Five-Year ("Sunset") Review of the Antidumping Duty Order

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

SUMMARY: Pursuant to sections 751(c) and 752 of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("Department") finds, as a result of this review, that revocation of the antidumping duty order on stainless steel sheet and strip ("SSSS") in coils from Italy would be likely to lead to a continuation of dumping.

DATES: *Effective Date:* May 5, 2011.

FOR FURTHER INFORMATION CONTACT: David Cordell or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0408, or (202) 482–3019, respectively.

SUPPLEMENTARY INFORMATION

Background

On December 27, 2010, the Department published in the **Federal Register**, a notice of the *Preliminary Results* of the second sunset review of the antidumping duty order on SSSS in coils from Italy. *See Stainless Steel Sheet and Strip in Coils From Italy: Preliminary Results of the Full Second Sunset Review of the Antidumping Duty Order,* 75 FR 81214 (December 27, 2010) ("*Preliminary Results*"). In those *Preliminary Results,* we preliminarily determined that revocation of the order would likely result in continuation or recurrence of dumping. On February 4, 2011, Department officials met with counsel to ThyssenKrupp Acciai Speciali Terni S.p.A. ("TKAST").[1] On February 15, 2011, TKAST submitted a case brief in response to the Department's *Preliminary Results,*[2] and on February 22, 2011, the domestic interested parties[3] submitted a rebuttal brief. A hearing was requested by TKAST on January 24, 2011, and the request was withdrawn on February 23, 2011.

Scope of the Order

For purposes of the order, 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 the order is currently classified 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,

[1] *See* Memo to the File from Angelica Mendoza, dated February 8, 2011, in which the Department also placed on the record the Foreign Trade Zone Board ("FTZB") Examiner's Report and the FTZB Determination on the Alabama Mill.

[2] In support of TKAST's positions, the European Union also filed comments on the same day.

[3] AK Steel Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial Service Workers International Union; United Auto Workers ("UAW") Local 3303; and UAW Local 4104 (collectively, "domestic interested parties").

7220.90.00.15, 7220.90.00.60, 7220.90.00.80.

Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise subject to the order is dispositive. Excluded from the scope of the order is 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 2.01microns, 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 the 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 the 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."[4]

Certain electrical resistance alloy steel is also excluded from the scope of the 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"[5]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of the 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."[6]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of the order. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.,* carpet knives).[7] 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

[4] "Arnokrome III" is a trademark of the Arnold Engineering Company.

[5] "Gilphy 36" is a trademark of Imphy, S.A.

[6] "Durphynox 17" is a trademark of Imphy, S.A.

[7] This list of uses is illustrative and provided for descriptive purposes only.

example, "GIN6."[8] Also excluded from the order is a permanent magnet iron-chromium-cobalt stainless steel strip containing, by weight, 13 percent chromium, 6 percent cobalt, 71 percent 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."

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum ("Decision Memorandum") from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Acting Deputy Assistant Secretary for Import Administration, dated concurrently with this notice, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendation in this public memorandum, which is on file in the Central Records Unit, Room 7046 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on SSSS in coils from Italy would be likely to lead to continuation or recurrence of dumping at the following weighted-average margins:

Manufacturer/exporter	Margin (percent)
TKAST	2.11
All Others	2.11

In accordance with section 752(c)(3) of the Act, we will notify the U.S. International Trade Commission of the final results of this full sunset review.

Notification Regarding Administrative Protective Order

This sunset review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act. This notice serves as a final reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the disposition of proprietary material disclosed under APO in accordance with 19 CFR 351.305. 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.

Dated: April 28, 2011.

Paul Piquado,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–11004 Filed 5–4–11; 8:45 am]

BILLING CODE 3510–DS–P

[8] "GIN4 Mo," "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Proposed Information Collection; Comment Request

AGENCY: Corporation for National and Community Service.

ACTION: Notice.

SUMMARY: The Corporation for National and Community Service (hereinafter the "Corporation"), as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance consultation program to provide the general public and federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA95) (44 U.S.C. Sec. 3506(c)(2)(A)). This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirement on respondents can be properly assessed.

Currently, the Corporation is soliciting comments concerning its proposed renewal of its Interest Payment Form. This form is the official document AmeriCorps members and institutions use to collect information necessary for disbursing interest payments, as detailed in 42 U.S.C. 12602 through 12604. Copies of the information collection request can be obtained by contacting the office listed in the **ADDRESSES**section of this notice.

DATES: Written comments must be submitted to the individual and office listed in the **ADDRESSES** section by July 5, 2011.

ADDRESSES: You may submit comments, identified by the title of the information collection activity, by any of the following methods:

(1) *By mail sent to:* Corporation for National and Community Service, National Service Trust; Attention Bruce Kellogg; 1201 New York Avenue, NW., Washington, DC 20525.

(2) By hand delivery or by courier to the Corporation's mailroom at Room 8100 at the mail address given in paragraph (1) above, between 9 a.m. and 4 p.m. Monday through Friday, except Federal holidays.

(3) *By fax to:* (202) 606–3492, *Attention:* Bruce Kellogg.

(4) *Electronically through the Corporation's e-mail address system: bkellogg@cns.gov.* Individuals who use a telecommunications device for the deaf (TTY–TDD) may call (202) 606–3472 between 8:30 a.m. and 5 p.m. Eastern time, Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Bruce Kellogg, (202) 606–6954, or by e-mail at *bkellogg@cns.gov.*

SUPPLEMENTARY INFORMATION: The Corporation is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Corporation, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's 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 expected to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology (*e.g.,* permitting electronic submissions of responses).

Background

This form or its electronic equivalent is used by AmeriCorps members to request interest payments, by schools and lenders to verify eligibility for the payments, and by both parties to verify certain legal requirements.

Current Action

The Corporation seeks to renew the current information collection. The Interest Payment Form is unchanged.

The information collection will be used in the same manner as the existing application. The Corporation also seeks to continue using the current

Orders on Certain Stainless Steel Plate in Coils From Belgium, Italy, South Korea, South Africa, and Taiwan, and the Countervailing Duty Orders on Certain Stainless Steel Plate in Coils From Belgium, Italy, and South Africa, 70 FR 41202 (July 18, 2005). We will notify the International Trade Commission of these results.

Effective Date of Revocation

Pursuant to section 19 CFR 351.222(i)(2), the Department will instruct U.S. Customs and Border Protection to terminate the suspension of liquidation of the merchandise subject to this order entered, or withdrawn from warehouse, on or after July 18, 2010. Entries of subject merchandise prior to the effective date of revocation will continue to be subject to suspension of liquidation and CVD deposit requirements. The Department will complete any pending administrative reviews of this order and will conduct administrative reviews of subject merchandise entered prior to the effective date of revocation in response to appropriately filed requests for review.

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: April 28, 2011.

Paul Piquado,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–11002 Filed 5–4–11; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–201–822]

Stainless Steel Sheet and Strip in Coils From Mexico: Final Results of the Five-Year ("Sunset") Review of the Antidumping Duty Order

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

SUMMARY: Pursuant to sections 751(c) and 752 of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("Department") finds that revocation of the antidumping duty order on stainless steel sheet and strip ("SSSS") in coils from Mexico would be likely to lead to continuation or recurrence of dumping.

DATES: Effective Date: May 5, 2011.

FOR FURTHER INFORMATION CONTACT: David Cordell or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0408, or (202) 482–3019, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 27, 2010, the Department published in the **Federal Register**, a notice of the *Preliminary Results* of the second sunset review of the antidumping duty order on SSSS in coils from Mexico. *See Stainless Steel Sheet and Strip in Coils From Mexico; Preliminary Results of the Five-Year ("Sunset") Review of Antidumping Duty Order,* 75 FR 81221 (December 27, 2010) ("*Preliminary Results*"). In those *Preliminary Results,* we determined that revocation of the order would likely result in continuation or recurrence of dumping. The Department received a case brief from the respondent, ThyssenKrupp Mexinox S.A. de C.V., and its affiliated U.S. importer, Mexinox USA, Inc. (collectively "Mexinox") on February 15, 2011. On February 18, 2011, the Department published the amended final results of the 2008–2009 administrative review, in which it calculated a weighted-average dumping margin of 12.13 percent for Mexinox. *See Stainless Steel Sheet and Strip in Coils From Mexico: Notice of Amended Final Results of Antidumping Duty Administrative Review,* 76 FR 9542 (February 18, 2011). On February 22, 2011, the Department received a rebuttal brief from the domestic interested parties.[1] On February 22, 2011, the Department invited parties to submit comments addressing the issue of whether dumping is likely to continue or recur, if the antidumping duty order is revoked, in light of the amended final results of the 2008–2009 administrative review. On February 23, 2011, Mexinox withdrew its January 23, 2011 request for a hearing. On February 28, 2011, both Mexinox and the domestic interested parties filed comments and both Mexinox and the domestic interested parties filed rebuttal comments on March 4, 2011.

[1] The domestic SSSS in coils industry includes AK Steel Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial Service Workers International Union; United Auto Workers ("UAW") Local 3303; and UAW Local 4104 (collectively, "domestic interested parties").

Scope of the Order

For purposes of the order, 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 the order is currently classified 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, 7220.90.00.80.

Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise subject to the order is dispositive. Excluded from the scope of the order is 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 2.01microns, 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 the 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 the 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 the 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 the 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 the order. 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] Also excluded from the order is a permanent magnet iron-chromium-cobalt stainless steel strip containing, by weight, 13 percent chromium, 6 percent cobalt, 71 percent 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

[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.

400 and 780 nWb, and coercivity of between 60 and 100 oersteds. This product is currently supplied under the trade name "SemiVac 90."

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum ("Decision Memorandum") from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Acting Deputy Assistant Secretary for Import Administration, dated concurrently with this notice, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendation in this public memorandum which is on file in the Central Records Unit, Room 7046 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on SSSS in coils from Mexico would be likely to lead to continuation or recurrence of dumping at the following weighted-average margins:

Manufacturer/exporter	Margin (percent)
Mexinox	30.69
All Others	30.69

In accordance with section 752(c)(3) of the Act, we will notify the U.S. International Trade Commission of the final results of this sunset review.

Notification Regarding Administrative Protective Order

This notice serves as a final reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the disposition of proprietary material disclosed under APO in accordance with 19 CFR 351.305. 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.

This sunset review and notice are being published in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: April 28, 2011.

Paul Piquado,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–11005 Filed 5–4–11; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–824]

Stainless Steel Sheet and Strip in Coils From Italy: Final Results of the Full Five-Year ("Sunset") Review of the Antidumping Duty Order

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

SUMMARY: Pursuant to sections 751(c) and 752 of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("Department") finds, as a result of this review, that revocation of the antidumping duty order on stainless steel sheet and strip ("SSSS") in coils from Italy would be likely to lead to a continuation of dumping.

DATES: *Effective Date:* May 5, 2011.

FOR FURTHER INFORMATION CONTACT: David Cordell or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0408, or (202) 482–3019, respectively.

SUPPLEMENTARY INFORMATION

Background

On December 27, 2010, the Department published in the **Federal Register**, a notice of the *Preliminary Results* of the second sunset review of the antidumping duty order on SSSS in coils from Italy. *See Stainless Steel Sheet and Strip in Coils From Italy: Preliminary Results of the Full Second Sunset Review of the Antidumping Duty Order,* 75 FR 81214 (December 27, 2010) ("*Preliminary Results*"). In those *Preliminary Results,* we preliminarily determined that revocation of the order would likely result in continuation or recurrence of dumping. On February 4, 2011, Department officials met with counsel to ThyssenKrupp Acciai Speciali Terni S.p.A. ("TKAST").[1] On February 15, 2011, TKAST submitted a case brief in response to the Department's *Preliminary Results,*[2] and on February 22, 2011, the domestic interested parties[3] submitted a rebuttal brief. A hearing was requested by TKAST on January 24, 2011, and the request was withdrawn on February 23, 2011.

Scope of the Order

For purposes of the order, 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 the order is currently classified 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,

[1] *See* Memo to the File from Angelica Mendoza, dated February 8, 2011, in which the Department also placed on the record the Foreign Trade Zone Board ("FTZB") Examiner's Report and the FTZB Determination on the Alabama Mill.

[2] In support of TKAST's positions, the European Union also filed comments on the same day.

[3] AK Steel Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial Service Workers International Union; United Auto Workers ("UAW") Local 3303; and UAW Local 4104 (collectively, "domestic interested parties").

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Stainless Steel Sheet and Strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan

Inv. Nos.: 701-TA-382 and 731-TA-798-803 (Second Review)

Date and Time: May 25, 2011 - 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.

OPENING STATEMENTS:

In Support of Continuation of Orders (**David A. Harquist**, Kelley Drye & Warren LLP)
In Opposition to Continuation of Orders (**Lewis E. Leibowitz**, Hogan Lovells US LLP; *and* **Jarrod M. Goldfeder**, Akin Gump Strauss Hauer & Feld LLP)

In Support of the Continuation of the Countervailing Duty Order and Antidumping Duty Orders:

Kelley Drye & Warren LLP
Washington, D.C.
on behalf of

The Domestic Industry

Terrence L. Hartford, Vice President and General Manager - Sheet, Allegheny Ludlum Corporation

Mark Carson, General Manager - Field Sales, Allegheny Ludlum Corporation

Patrick Feeley, Vice President Commercial, North American Stainless

In Support of the Continuation of the Countervailing Duty Order and Antidumping Duty Orders:

Thomas Schmitt, General Manager, Stainless Steel Sales, AK Steel Corporation

Thomas Conway, International Vice President, United Steelworkers of Americam AFL-CIO/CLC

Edward J. Blot, President, Ed Blot and Associates

Jason Suslak, Senior Attorney, Allegheny Technologies, Inc.

Brad Hudgens, Economist, Georgetown Economic Services

David A. Hartquist)
Kathleen W. Cannon) – OF COUNSEL
R. Alan Luberda)

In Opposition to the Continuation to the Countervailing Duty Order and Antidumping Duty Orders:

Hogan Lovells US LLP
Washington, D.C.
on behalf of

ThyssenKrupp Mexinox S.A. de C.V. ("Mexinox")
ThyssenKrupp Nirosta GmbH ("TKN")
ThyssenKrupp VDM GmbH ("TKVDM")
ThyssenKrupp Accial Speciali Terni S.p.A. ("TKAST")
Mexinox USA, Inc. ("Mexinox USA")
ThyssenKrupp Nirosta North America, Inc. ("TKNNA")
ThyssenKrupp VDM USA, Inc. ("TKVDM USA")
ThyssenKrupp Acciai Speciali Terni USA, Inc. ("TKAST USA")
ThyssenKrupp Stainless USA LLC ("SL-USA")

Clemens Iller, Chairman of the Management Board,
Business Area Stainless Global, ThyssenKrupp AG

Jose-Ramon Salas, Vice President for Operative Planning,
ThyssenKrupp Stainless USA LLC

Stephan Lacor, Vice President for Sales and Marketing,
ThyssenKrupp Stainless USA LLC

Bruce Malashevich, President, ECS Consulting Services, LLC

Lewis E. Leibowitz)
Craig A. Lewis)
) – OF COUNSEL
T. Clark Weymouth)
Brian S. Janovitz)

In Opposition to the Continuation to the Countervailing Duty Order and Antidumping Duty Orders:

Akin Gump Strauss Hauer & Feld LLP
Washington, D.C.
on behalf of

POSCO

Warren E. Connelly)
) – OF COUNSEL
Jarrod M. Goldfeder)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**David A. Hartquist**, Kelley Drye & Warren LLP)
In Opposition to Continuation of Orders (**Lewis E. Leibowitz**, Hogan Lovells US LLP; *and* **Warren E. Connelly**, Akin Gump Strauss Hauer & Flom LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Stainless steel sheet & strip: Summary data concerning the U.S. market, 2005-10

(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	2005	2006	2007	2008	2009	2010	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
U.S. consumption quantity:												
Amount	1,671,537	1,969,248	1,645,385	1,492,172	1,121,848	1,508,745	-9.7	17.8	-16.4	-9.3	-24.8	34.5
Producers' share (1)	83.6	80.7	79.9	79.0	86.7	83.2	-0.4	-2.8	-0.9	-0.9	7.7	-3.6
Importers' share (1):												
Germany	***	***	***	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject)	7.0	7.0	8.1	7.6	7.1	6.9	-0.0	0.0	1.1	-0.6	-0.5	-0.2
All other sources	9.4	12.2	12.0	13.4	6.2	9.9	0.4	2.8	-0.2	1.5	-7.3	3.7
Total imports	16.4	19.3	20.1	21.0	13.3	16.8	0.4	2.8	0.9	0.9	-7.7	3.6
U.S. consumption value:												
Amount	3,914,925	5,156,980	5,834,553	5,114,235	2,400,958	4,111,376	5.0	31.7	13.1	-12.3	-53.1	71.2
Producers' share (1)	82.2	80.3	77.8	77.6	84.8	82.1	-0.1	-1.9	-2.5	-0.1	7.2	-2.6
Importers' share (1):												
Germany	***	***	***	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject)	6.9	6.8	7.6	7.3	7.4	6.7	-0.2	-0.0	0.8	-0.3	0.1	-0.7
All other sources	10.9	12.9	14.6	15.1	7.9	11.2	0.3	2.0	1.7	0.5	-7.2	3.3
Total imports	17.8	19.7	22.2	22.4	15.2	17.9	0.1	1.9	2.5	0.1	-7.2	2.6
U.S. imports from:												
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:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject):												
Quantity	116,786	138,462	133,921	112,823	79,741	104,708	-10.3	18.6	-3.3	-15.8	-29.3	31.3
Value	269,861	352,993	444,736	373,050	176,798	273,532	1.4	30.8	26.0	-16.1	-52.6	54.7
Unit value	$2,311	$2,549	$3,321	$3,307	$2,217	$2,612	13.1	10.3	30.3	-0.4	-32.9	17.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
Stainless steel sheet & strip: Summary data concerning the U.S. market, 2005-10

(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	2005	2006	2007	2008	2009	2010	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
U.S. imports from:												
All other sources:												
Quantity	157,697	240,822	197,273	200,622	69,036	149,057	-5.5	52.7	-18.1	1.7	-65.6	115.9
Value	426,577	664,081	853,162	771,678	188,891	460,905	8.0	55.7	28.5	-9.6	-75.5	144.0
Unit value	$2,705	$2,758	$4,325	$3,846	$2,736	$3,092	14.3	1.9	56.8	-11.1	-28.9	13.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	274,483	379,284	331,194	313,445	148,777	253,765	-7.5	38.2	-12.7	-5.4	-52.5	70.6
Value	696,438	1,017,074	1,297,898	1,144,728	365,689	734,438	5.5	46.0	27.6	-11.8	-68.1	100.8
Unit value	$2,537	$2,682	$3,919	$3,652	$2,458	$2,894	14.1	5.7	46.1	-6.8	-32.7	17.7
Ending inventory quantity	19,015	24,302	28,010	22,540	19,528	32,444	70.6	27.8	15.3	-19.5	-13.4	66.1
U.S. producers':												
Average capacity quantity	2,142,965	2,090,489	2,130,199	2,201,706	3,076,463	2,748,775	28.3	-2.4	1.9	3.4	39.7	-10.7
Production quantity	1,570,547	1,728,441	1,477,805	1,309,379	1,150,747	1,544,772	-1.6	10.1	-14.5	-11.4	-12.1	34.2
Capacity utilization (1)	73.3	82.7	69.4	59.5	37.4	56.2	-17.1	9.4	-13.3	-9.9	-22.1	18.8
U.S. shipments:												
Quantity	1,397,054	1,589,964	1,314,191	1,178,727	973,071	1,254,980	-10.2	13.8	-17.3	-10.3	-17.4	29.0
Value	3,218,487	4,139,906	4,536,655	3,969,507	2,035,269	3,376,938	4.9	28.6	9.6	-12.5	-48.7	65.9
Unit value	$2,304	$2,604	$3,452	$3,368	$2,092	$2,691	16.8	13.0	32.6	-2.4	-37.9	28.6
Export shipments:												
Quantity	135,683	158,668	204,116	189,594	177,813	290,797	114.3	16.9	28.6	-7.1	-6.2	63.5
Value	325,891	439,875	720,670	667,534	392,295	835,038	156.2	35.0	63.8	-7.4	-41.2	112.9
Unit value	$2,402	$2,772	$3,531	$3,521	$2,206	$2,872	19.6	15.4	27.4	-0.3	-37.3	30.2
Ending inventory quantity	338,904	318,713	278,211	219,269	219,132	218,127	-35.6	-6.0	-12.7	-21.2	-0.1	-0.5
Inventories/total shipments (1)	22.1	18.2	18.3	16.0	19.0	14.1	-8.0	-3.9	0.1	-2.3	3.0	-4.9
Production workers	3,236	3,316	3,214	3,133	2,560	2,989	-7.6	2.5	-3.1	-2.5	-18.3	16.8
Hours worked (1,000s)	7,356	7,663	7,097	6,929	5,389	6,456	-12.2	4.2	-7.4	-2.4	-22.2	19.8
Wages paid ($1,000s)	220,119	246,642	240,322	251,451	199,606	236,989	7.7	12.0	-2.6	4.6	-20.6	18.7
Hourly wages	$29.92	$32.19	$33.86	$36.29	$37.04	$36.71	22.7	7.6	5.2	7.2	2.1	-0.9
Productivity (tons/1,000 hours)	213.5	225.6	208.2	189.0	213.5	239.3	12.1	5.6	-7.7	-9.2	13.0	12.1
Unit labor costs	$140.15	$142.70	$162.62	$192.04	$173.46	$153.41	9.5	1.8	14.0	18.1	-9.7	-11.6
Net sales:												
Quantity	1,532,737	1,748,632	1,518,307	1,368,321	1,150,884	1,545,756	0.8	14.1	-13.2	-9.9	-15.9	34.3
Value	3,544,378	4,579,781	5,257,324	4,637,041	2,427,566	4,211,902	18.8	29.2	14.8	-11.8	-47.6	73.5
Unit value	$2,312	$2,619	$3,463	$3,389	$2,109	$2,725	17.8	13.3	32.2	-2.1	-37.8	29.2
Cost of goods sold (COGS)	3,224,268	4,036,980	4,519,031	4,402,371	2,596,804	4,021,106	24.7	25.2	11.9	-2.6	-41.0	54.8
Gross profit or (loss)	320,110	542,801	738,293	234,670	(169,238)	190,796	-40.4	69.6	36.0	-68.2	(2)	(2)
SG&A expenses	109,132	125,493	128,981	115,763	98,054	119,653	9.6	15.0	2.8	-10.2	-15.3	22.0
Operating income or (loss)	210,978	417,308	609,312	118,907	(267,292)	71,143	-66.3	97.8	46.0	-80.5	(2)	(2)
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	$2,104	$2,309	$2,976	$3,217	$2,256	$2,601	23.7	9.7	28.9	8.1	-29.9	15.3
Unit SG&A expenses	$71	$72	$85	$85	$85	$77	8.7	0.8	18.4	-0.4	0.7	-9.1
Unit operating income or (loss)	$138	$239	$401	$87	($232)	$46	-66.6	73.4	68.2	-78.3	(2)	(2)
COGS/sales (1)	91.0	88.1	86.0	94.9	107.0	95.5	4.5	-2.8	-2.2	9.0	12.0	-11.5
Operating income or (loss)/ sales (1)	6.0	9.1	11.6	2.6	(11.0)	1.7	-4.3	3.2	2.5	-9.0	-13.6	12.7

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) 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.

APPENDIX D

RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY AND COUNTERVAILING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

All responses in appendix D contain information that would reveal confidential operations and therefore been have deleted from this report.

APPENDIX E

DEFINITION OF THE SUBJECT MERCHANDISE

CERTAIN STAINLESS STEEL SHEET AND STRIP

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 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 classified in the Harmonized Tariff Schedule of the United States (HTS) at subheadings: 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. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise subject to 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 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.

[1] See Chapter 72 of the HTS ("Additional U.S. Note" 1(d)).

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 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:

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[2] "Arnokrome III" is a trademark of Arnold Engineering Co.

[3] "Gilphy 36" is a trademark of Imphy S.A.

[4] "Durphynox 17" is a trademark of Imphy, S.A.

(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 -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%

[5] “GIN Mo,” “GIN5,” and “GIN6" are the proprietary grades of Hitachi Metals America Ltd.

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 F

EXCHANGE RATES FOR SUBJECT COUNTRIES

Figure F-1
Exchange rates: Indices of the nominal and real exchange rates between the Euro, Japanese yen, Korean won, Mexican peso, and the Taiwan new dollar and the U.S. dollar, by quarters, January 2005-March 2011

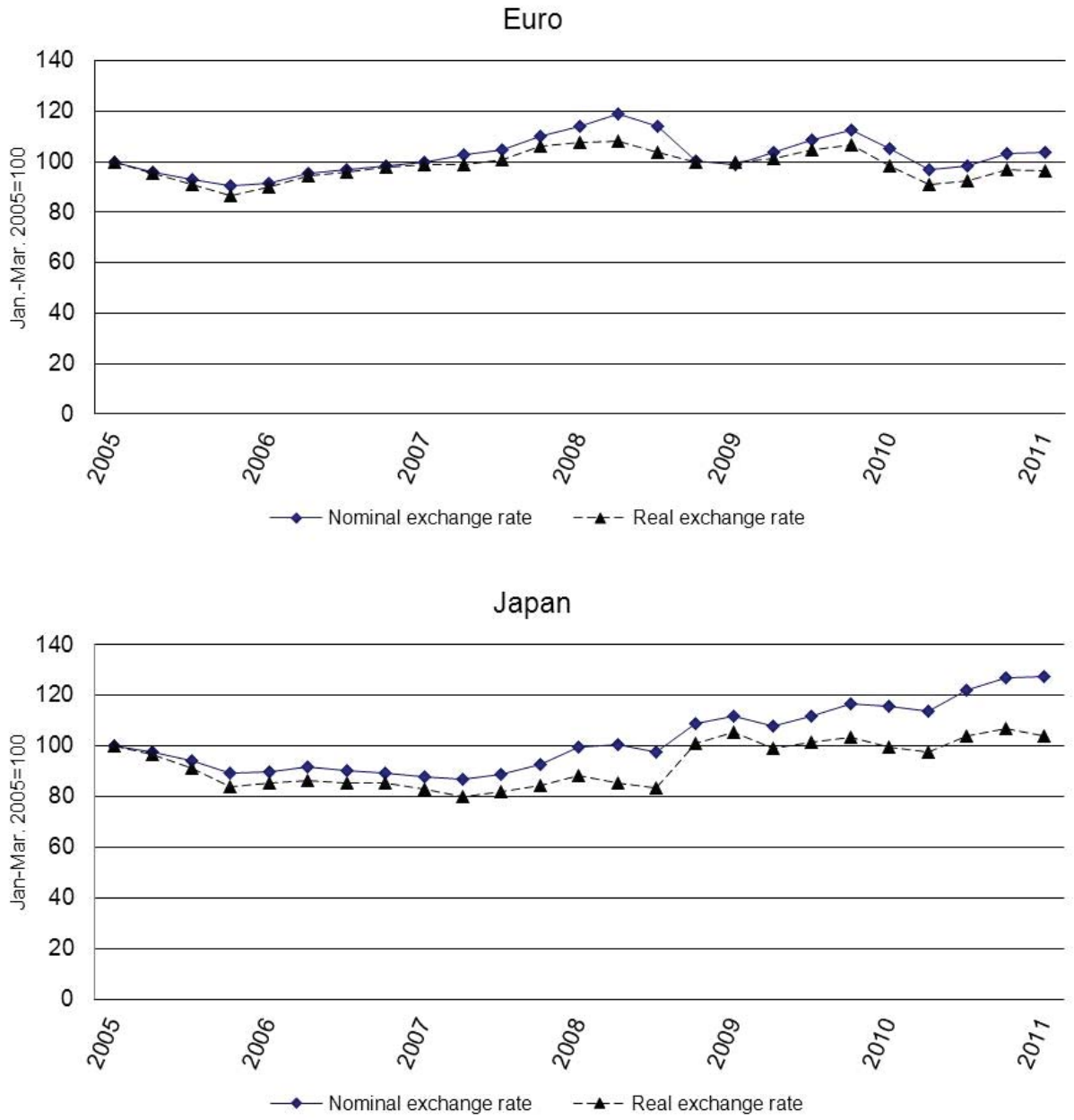
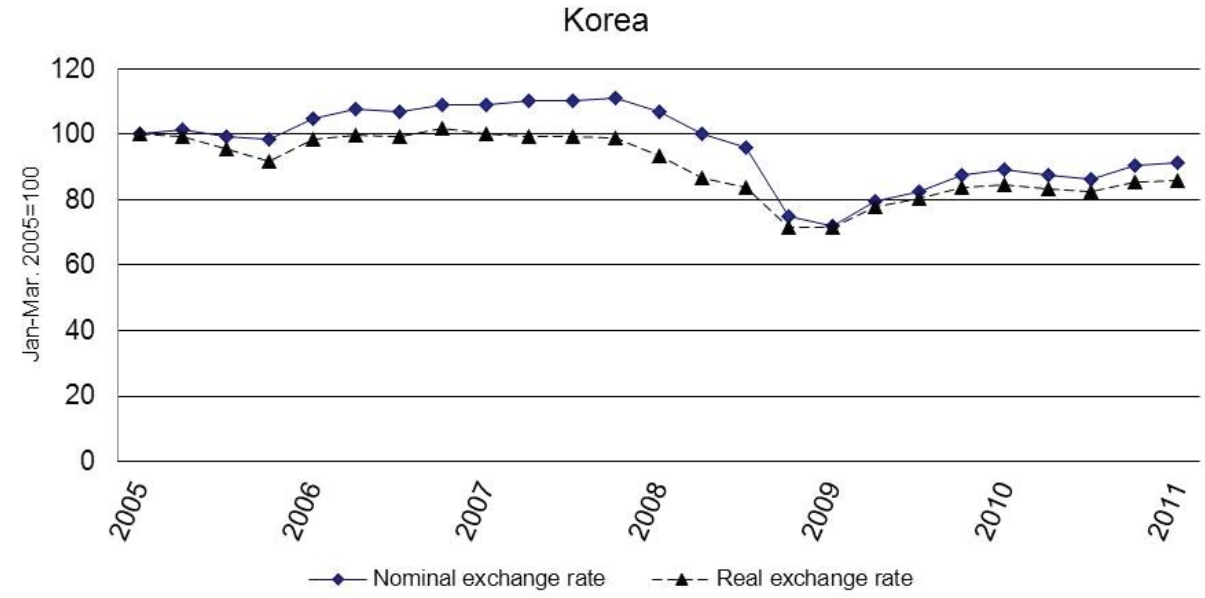


Figure continued on next page.

Figure F-1--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the Euro, Japanese yen, Korean won, Mexican peso, and the Taiwan new dollar and the U.S. dollar, by quarters, January 2005-March 2011



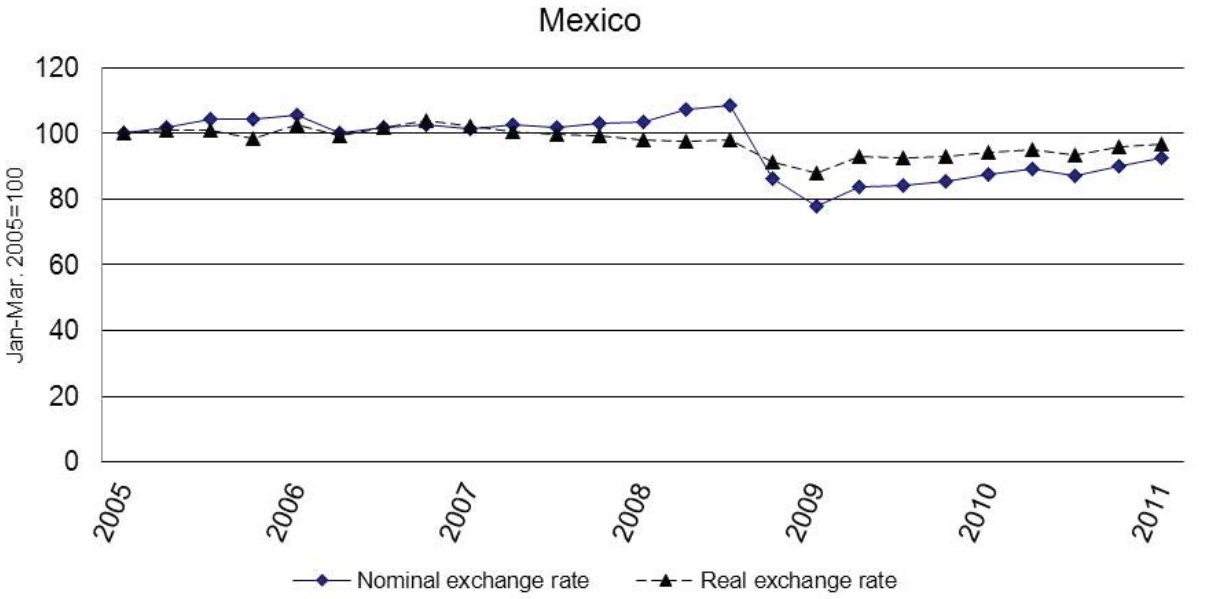
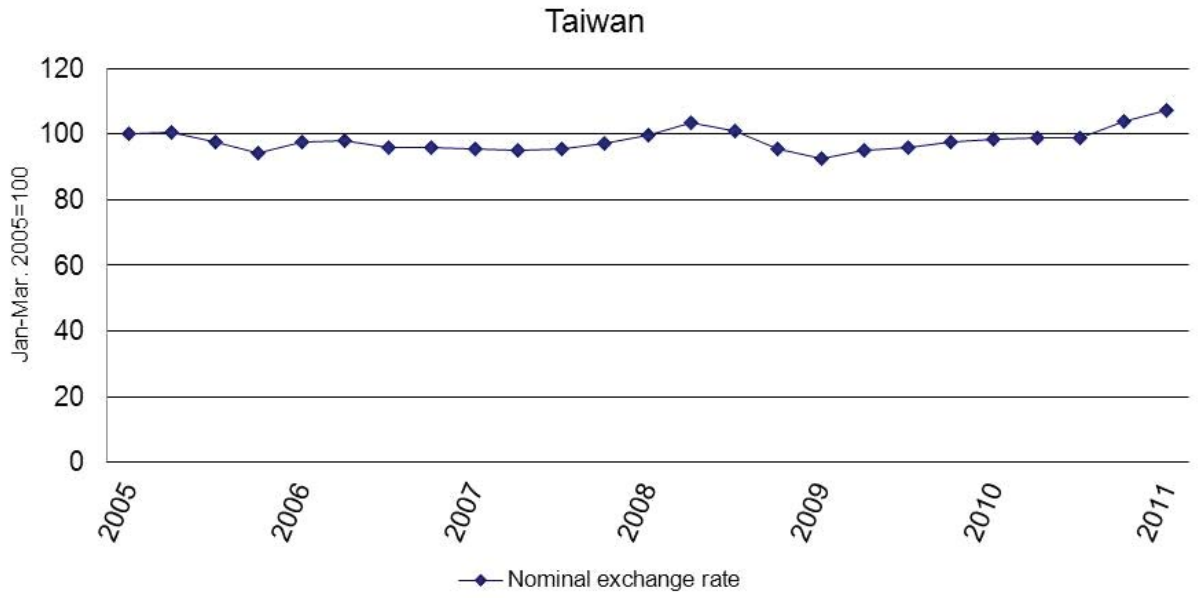


Figure continued on next page.

Figure F-1--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the Euro, Japanese yen, Korean won, Mexican peso, and the Taiwan new dollar and the U.S. dollar, by quarters, January 2005-March 2011



Note.– Real exchange rate data are not available for Taiwan.

Source: International Financial Statistics, International Monetary Fund, retrieved June 8, 2011, and St. Louis Federal Reserve, retrieved June 8, 2011.