UNITED STATES INTERNATIONAL TRADE COMMISSION

STAINLESS STEEL ANGLE FROM JAPAN, KOREA, AND SPAIN
Investigations Nos. 731-TA-888–890 (Final)

DETERMINATION AND VIEWS OF THE COMMISSION
(USITC Publication No. 3421, May 2001)

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-888–890 (Final)

STAINLESS STEEL ANGLE FROM JAPAN, KOREA, AND SPAIN

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from Japan, Korea, and Spain of stainless steel angle, provided for in subheading 7222.40.30 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted these investigations effective August 18, 2000, following receipt of a petition filed with the Commission and Commerce by Slater Steels Corp., Specialty Alloys Division, Fort Wayne, IN, and the United Steelworkers of America, AFL-CIO/CLC, Pittsburgh, PA. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of stainless steel angle from Japan, Korea, and Spain were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 26, 2001 (66 F.R. 7942). The hearing was held in Washington, DC, on March 27, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in these final investigations, we determine that an industry in the United States is materially injured by reason of imports of hot-rolled stainless steel angle ("SSA") from Japan, Korea, and Spain that the U.S. Department of Commerce ("Commerce") has determined to be sold in the United States at less than fair value ("LTFV").

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[1] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a {w}hole 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."[2] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[3]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[4] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[5] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[6] Although the Commission must accept the determination of Commerce as to the scope of the imported

---

[1] 19 U.S.C. § 1677(4)(A).

[2] Id.

[3] 19 U.S.C. § 1677(10).

[4] See, e.g., 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); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 & n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct Int'l Trade 1996).

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

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

merchandise that has been found to be subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[7]

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of these investigations as:

> hot-rolled, whether or not annealed or descaled, stainless steel products of equal leg length angled at 90 degrees, that are not otherwise advanced. The stainless steel angle subject to these investigations is currently classifiable under subheadings 7222.40.30.20 and 7222.40.30.60 of the Harmonized Tariff Schedules of the United States (HTSUS). Specifically excluded from the scope of these investigations is stainless steel angle of unequal leg length. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.[8] [9]

Accordingly, the specialty steel product subject to these investigations is hot-rolled stainless steel angle of equal leg length.[10] Angle may also be manufactured with the sides of the angle or "legs" of equal or unequal length, and it can be formed by extrusion as well as hot-rolling.[11] Stainless steel angle generally is used in industrial applications to provide structural support where resistance to heat or corrosion is

---

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

[8] Notice of Final Determinations of Sales at Less Than Fair Value: Stainless Steel Angle From Japan, Korea and Spain, 66 Fed. Reg. 16175 (March 23, 2001).

[9] Commissioners Miller and Hillman question petitioners' including within the scope of their petition SSA in sizes less than 1-inch and greater than 3- to 6-inches, despite the fact that petitioners have not produced such sizes. They note that ***, ***, and *** percent of subject imports from Japan, Korea, and Spain, respectively, were in sizes not produced in the United States in 2000, and thus, do not compete with domestically produced SSA. CR at II-17, PR at II-10. While petitioners assert in response to questions regarding the overly-broad scope, that larger SSA sizes could be substituted for sizes produced by petitioners, there is no record evidence that such substitution has occurred or is likely to occur given the significant differences in price for SSA between 1- and 3-inches and larger-sized SSA. Petitioners further contend that Slater could produce 4-inch SSA on existing equipment with minimal investment; that 4- to 5-inch SSA would require only a *** investment; and that AmeriSteel *** Petitioners' Prehearing Br. at 15-16, citing Petitioners' Postconference Brief at Exhibit 1, Attachment 3; Hearing Transcript ("Hearing Tr.") at 49 (Schram). We do not find these arguments compelling. Given petitioners' considerable excess capacity in 2000 and expected stable demand in the SSA market, the necessary capital investment and time required for petitioners to produce meaningful commercial quantities of larger-sized SSA, particularly between 4-inches and 6-inches seems unlikely. Moreover, AmeriSteel reported *** Petitioners' Posthearing Brief at 6-8; Response to Questions from Commissioners Miller (Hearing Tr. at 47-53, Schram) and Hillman (Hearing Tr. at 54-55, Schram); Petitioners' Posthearing Br. at Exhibit 1, pp. 1-2, CR at III-1, n.1, PR at III-1, n.1, citing a Staff Memorandum to the Commission (March 27, 2001).

[10] Petition at 4.

[11] Preliminary Conference Tr. ("Conf. Tr.") at 19; CR at I-3, PR at I-3.

necessary, or where a sanitary environment must be maintained.[12] It may be included as a support or brace in constructing stainless steel tanks or other containers used in the chemical, pharmaceutical, paper, food processing, and dairy industries. Although SSA may be produced through either hot-rolling or extrusion,[13] and with the sides of the angle or "legs" of equal or unequal length,[14] the imported merchandise subject to these investigations consists only of hot-rolled stainless steel angle of equal leg length.

C. Domestic Like Product

In the preliminary phase of these investigations the Commission found a single domestic like product consisting of hot-rolled stainless steel angle of equal leg length,[15] just as it did in the 1994-95 antidumping investigation of stainless steel angle from Japan.[16] [17] No party has challenged the Commission's domestic like product determination in the final phase of these investigations and no new evidence has been obtained that would call into question the Commission's reasoning in the preliminary determinations.

We therefore adopt the Commission's reasoning in the preliminary phase that extruded SSA, including that with unequal leg length, is not part of the domestic like product. The record indicates that extruded SSA is used in similar applications as hot-rolled SSA and provides equipment designers with a greater range of angle choices for their designs. Nonetheless, the extruded angle is significantly more expensive than hot-rolled SSA.[18] While applications for extruded SSA are similar to those for hot-rolled SSA, customers normally purchase extruded angle only to obtain sizes, shapes (*i.e.*, angle of unequal length), grades, or dimensions not readily available in the hot-rolled product.[19] U.S. SSA manufacturers who produce the extruded product do not produce the hot-rolled product, and the sole domestic producer of

---

[12] CR at I-3, PR at I-3.

[13] Conf. Tr. at 19, CR at I-3, PR at I-3.

[14] Id.

[15] Stainless Steel Angle from Japan, Korea and Spain, Invs. Nos. 731-TA-888-890 (Preliminary), USITC Pub. 3356 at 5 (October 2000).

[16] See Stainless Steel Angle from Japan, Inv. No. 731-TA-699 (Preliminary), USITC Pub. 2777 at I-6, n.18 (May 1994); Stainless Steel Angle from Japan, Inv. No. 731-TA-699 (Final), USITC Pub. 2887, at I-6 (May 1995). In this previous antidumping investigation of SSA from Japan, the Commission considered whether to include extruded SSA—which was outside the scope of that investigation, as it is outside the scope of the current investigations—in the domestic like product. It concluded not to do so based on differences in price and the ways in which hot-rolled and extruded angle are produced. The final determination simply adopted the reasoning of the preliminary determination with respect to the like product.

[17] While Commerce determined in the 1994-95 investigation that stainless steel angle from Japan was being sold at LTFV, the Commission determined that the industry in the United States producing stainless steel angle was not materially injured, or threatened with material injury, by reason of imports of stainless steel angle from Japan. Stainless Steel Angle from Japan, Inv. No. 731-TA-699 (Final), USITC Pub. 2887, at I-5-6 (May 1995).

[18] Preliminary Confidential Report ("Prelim. CR") at I-8, n.28, Preliminary Public Report ("Prelim. PR") at I-5, n.28.

[19] Prelim. CR at I-4 and I-7, Prelim. PR at I-4-5. All SSA of unequal leg length produced in the United States is extruded. Prelim. CR at I-6, Prelim. PR at I-4. U.S. producers of extruded SSA include PMAC, Ltd., Beaver Falls, PA, and Plymouth Tube Co., Hopkinsville, KY. Prelim. CR I-6, n.22, Prelim. PR at I-4, n.22. The production of extruded SSA constitutes less than five percent of all SSA produced in the United States. Conf. Tr. at 35.

the hot-rolled product during the period of investigation, *i.e.*, Slater Steels Corp., Specialty Alloys Division ("Slater"), does not manufacture extruded angle.[20] In light of the differences in producers' and end users' perceptions, limited interchangeability, and differences in price and manufacturing processes, we do not include extruded angle in the domestic like product.

We again determine that, on the whole, all grades of hot-rolled SSA share similar physical characteristics, are generally used in similar applications (*i.e.*, they are used in industrial applications to provide structural support in particular circumstances), are produced in the same production facilities, and are sold in somewhat similar channels of distribution.[21] Consequently, we find, as in the Commission's preliminary determinations, that the domestic like product is all grades of hot-rolled SSA of equal leg length commensurate with Commerce's definition of the scope of these investigations.[22]

D. Domestic Industry

Section 771(4) of the Act defines the relevant industry as "the producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes the major proportion of that product."[23] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[24] Based on our definition of the like product, we find that the domestic industry consists of the sole U.S. producer of hot-rolled stainless steel angle, Slater.[25]

II. CUMULATION[26]

A. In General

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports

---

[20] Prelim. CR at I-6, Prelim. PR at I-4.

[21] CR at I-3-4, PR at I-3-4.

[22] As previously stated, although included in the scope, SSA in sizes under one inch and greater than three inches is not produced domestically. We find that the domestic product which is "most similar" to the subject angle, including angle not produced in the United States, is hot-rolled SSA.

[23] 19 U.S.C. § 1677(4)(A).

[24] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[25] See n.52, infra, regarding another possible U.S. producer. There are no related party issues in these investigations. Slater *** subject product during the period examined and is not related to any firm, either domestic or foreign, engaged in producing SSA, importing SSA from any subject country into the United States, or exporting SSA from any of the subject countries to the United States. CR at III-1, PR at III-1.

[26] Commissioner Bragg finds that the record indicates that import quantities for each of the three subject countries exceeded the 3 percent statutory negligibility threshold during the pertinent period. Table IV-2, CR at IV-4-5, PR at IV-2-3. Accordingly, she finds that the subject imports from each country are not negligible.

compete with each other and with domestic like products in the U.S. market.[27] In assessing whether subject imports compete with each other and with the domestic like product,[28] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[29]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[30] Only a "reasonable overlap" of competition is required.[31]

B. Analysis

We cumulate the subject imports from Japan, Korea, and Spain for purposes of our analysis of present material injury. The petitions in these investigations were filed on the same day. Based on the record in these final investigations, we find that there is a reasonable overlap of competition among imports from each of the subject countries and between subject imports and the domestic like product.

First, as we did in the preliminary investigations, we find there is a reasonable degree of fungibility between the subject imports and the domestic like product.[32] Although Slater does not manufacture SSA in all sizes produced in the subject countries and exported to the United States, the record indicates that a substantial share of the imports from each subject country, in the range of *** to *** percent, consists of

---

[27] 19 U.S.C. § 1677(7)(G)(i).

[28] The Uruguay Round Agreements Act (URAA) Statement of Administrative Action ("SAA") expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." SAA, H.R. Rep. 316, 103d Cong., 2d Sess. at 848 (1994), citing, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

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

[30] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

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

[32] Stainless Steel Angle from Japan, Korea and Spain, Invs. Nos. 731-TA-888-890 (Preliminary), USITC Pub. 3356 at 7 (October 2000).

angle in sizes produced by Slater.[33] In addition, all SSA is produced in compliance with standard industry specifications with which all producers conform.[34] Moreover, Slater and most importers stated that they consider the domestically produced product and imported SSA to be *** interchangeable, regardless of country of origin.[35]

Second, no party disputed that there is a geographical overlap in sales of the subject imports and the domestically produced product. SSA produced by Slater is shipped throughout the United States,[36] while imported angle from the subject countries serves the entire U.S. market.[37] Accordingly, we find that there is a geographic overlap in sales among the subject imports and the domestic like product.

Third, both domestically produced angle and subject imports from Japan, Korea, and Spain were present in the United States throughout the period of investigation.[38]

Finally, we indicated in our preliminary determinations that we intended to explore further in any final phase investigations the overlap of competition between the subject and domestic merchandise, given apparent differences in the distribution patterns between the foreign and domestic product.[39]

As to competition among the subject imports, virtually all are sold first to master distributors. Specifically, while U.S.-produced SSA is primarily sold by Slater directly to service centers,[40] approximately *** percent of subject imports is sold to master distributors (either by U.S. importers or trading companies) before being sold to service centers.[41] Further along the distribution chain, both the

---

[33] As previously stated, foreign producer questionnaire responses submitted in these final investigations indicate that the ratio of their shipments in size specifications not produced by Slater in 2000 was approximately *** percent, *** percent, and *** percent of total shipments from Japan, Korea and Spain, respectively, with most in the larger-sized dimensions. CR at II-17, PR at II-10. However, petitioners contend that there is some overlap in competition between subject imports and the domestic like product regarding SSA in sizes not produced by Slater. Hearing Tr. at 49 (Schram). In addition, the ratio of shipments from the subject producers in specifications produced by Slater totaled *** percent, *** percent, and *** percent, respectively.

[34] Prelim. CR at I-6, Prelim. PR at I-4.

[35] CR at II-12, PR at II-7.

[36] CR at V-8, PR at V-6.

[37] Id.

[38] Table IV-3, CR at IV-6, PR at IV-3. See also Table V-2, CR at V-13, PR at V-9 (indicating pricing data for product 2 for the domestic like product and subject imports are available for every quarter in the period of investigation).

[39] Stainless Steel Angle from Japan, Korea and Spain, Invs. Nos. 731-TA-888-890 (Preliminary), USITC Pub. 3356 at 8 (October 2000) ("[a]ll domestically produced hot-rolled SSA is sold by Slater directly to service centers, while the large majority of subject imports is also sold to service centers, either directly or indirectly through master distributors (U.S. mill depots). Nonetheless, the record indicates that the bulk of subject imports is first sold to master distributors before being sold to service centers, while no domestic merchandise is sold to these customers before being sold to service centers. We intend to explore further in any final phase investigations the extent of competition between the subject and domestic merchandise given this difference in distribution patterns.").

[40] Although Slater claims it attempts to sell to master distributors as well as service centers and now sells to such master distributors as Energy Steel and Distributor Metals, respondents allege Slater historically has never done so. CR at II-7, PR at II-4. Joint Respondents' Posthearing Br. at 17-18; Hearing Tr. at 193-94 (Pierce). Two *** master distributors reported that ***. CR at II-7, PR at II-4.

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

domestic product and subject imports are also distributed through regional and/or smaller distributors.[42] Consequently, all domestically produced SSA and a significant share of imports are distributed to service centers (either directly or through master distributors). The master distributor may sell SSA to the service centers, or it may break up the bundles purchased from the importers and sell to smaller or regional distributors, but neither Slater nor the master distributor sells directly to end users.[43]

The record of these final investigations indicates that while both domestic and subject merchandise may enter the distribution chain at different points, the national and regional service centers sell both the domestic and subject product to SSA end users. The fact that most of the subject imports are distributed through an intermediary (the master distributor) not used or infrequently used by Slater does not necessarily support a finding of no reasonable overlap of competition between the domestic like product and subject imports. Where, in previous instances, the Commission has declined to cumulate based on a lack of overlap of competition due to differences in channels of distribution, subject imports from different countries have typically been destined for distinct end users in different markets.[44] Those circumstances do not exist in this case.

On balance, we find that there is a reasonable overlap of competition among the subject merchandise from Japan, Korea, and Spain, and between subject imports and the domestic product. Consequently, we cumulate subject imports from Japan, Korea, and Spain for purposes of our final determinations.

III. MATERIAL INJURY BY REASON OF LTFV IMPORTS

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[45] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but

---

[42] See Figure II-3, CR at II-1-2, PR at II-1.

[43] See Figure II-3, CR at II-1-5, PR at II-1-2.

[44] In Certain Preserved Mushrooms from Chile, Inv. No. 731-TA-776 (Final), USITC Pub. 3144 at 13-15 (Nov. 1998), the Commission did not cumulate subject imports from Chile with subject imports from Indonesia because the overwhelming majority of the Indonesian product entered the retail channel of distribution, where there was very small Chilean presence. Conversely, virtually all the Chilean product was distributed in industrial or food service channels, where there was no or minimal participation by subject imports from Indonesia. No purchaser purchased both Chilean and Indonesian product. Similarly, in Ferrosilicon from Egypt, Inv. No. 731-TA-642 (Final), USITC Pub. 2688 at I-16-21 (Oct. 1993), the Commission did not cumulate subject imports from Brazil and Egypt, where the off-specification Egyptian product was shipped to processors who blended it into a commercially viable product, while the Brazilian and domestically produced product were sold directly to end users.

In another case where the Commission declined to cumulate based in part on lack of overlap of channels of distribution, the imports were destined for the same end-use markets but were imported at different stages of development. The Commission found this distinction to be probative of 1) limited fungibility between imports from the subject countries; and 2) differences in channels of distribution. See Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 12-15 (Feb. 1999) (Commission also cited lack of geographic overlap as an additional ground for not cumulating). By contrast, no party here contends that respondents' use of master distributors affects the fungibility of the subject imports with the domestic like product.

[45] 19 U.S.C. § 1673d(b).

only in the context of U.S. production operations.[46] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[47] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[48] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[49]

For the reasons discussed below, we determine that the domestic industry is materially injured by reason of subject imports from Japan, Korea, and Spain that are sold in the United States at less than fair value.

A. Conditions of Competition

We find several conditions of competition relevant to our analysis in these investigations. First, demand for SSA is derived from conditions in the industries in which angle is used.[50] U.S. apparent consumption of SSA fluctuated during the period of investigation, increasing *** percent between 1998 and 2000, and falling between 1999 and 2000.[51]

Second, as previously stated, Slater currently is the only U.S. producer of hot-rolled SSA for commercial sale.[52] Slater's share of the domestic market declined by *** percentage points from 1998 to 2000, while the U.S. market share of subject imports increased by *** percentage points and the U.S. market share of nonsubject imports decreased by *** percentage points during the same period.[53] Slater supplied *** percent of the U.S. market in 1998, compared with *** percent of the market in 1999, and ***

---

[46] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also, Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[47] 19 U.S.C. § 1677(7)(A).

[48] 19 U.S.C. § 1677(7)(C)(iii).

[49] Id.

[50] SSA is most often used as a support or brace in the construction of stainless steel structures, such as tanks, pipelines, and as vats for the food, beverage, and chemical processing industries. These uses have not changed in recent years, and no firm reported any change over the period of investigation, although there are indications that, in the short term, demand for SSA may be influenced by fluctuations in the prices of such raw materials as nickel, which is a primary component in the production of stainless steel angle. CR at II-10, PR at II-6.

[51] U.S. apparent consumption of SSA increased from *** pounds in 1998 to *** pounds in 1999, and then fell to *** pounds in 2000. Table IV-4, CR at IV-7, PR at IV-4. CR at II-10, n.14, PR at II-6, n.14. Although purchasers indicated there had been no fluctuations in overall consumption of SSA over the period of investigation, there was an increase in (annual) apparent consumption of SSA of *** percent from 1998 to 1999 and of *** percent over the whole period of investigation.

[52] Slater was the sole U.S. SSA producer during the period of investigation. However, at the Commission's hearing on March 27, 2001, Slater's Vice President of Sales and Marketing testified on behalf of petitioners that another U.S. company, AmeriSteel, had begun offering SSA for sale in the United States. See Hearing Tr. at 14. In response to an inquiry by Commission staff, AmeriSteel CEO and President Philip Casey advised that ***. CR at III-1 n.1, PR at III-1, n.1, citing a Staff Memorandum to the Commission (March 27, 2001).

[53] Table IV-4, CR at IV-7, PR at IV-4.

percent in 2000.[54] Slater has reported that its annual capacity to produce SSA was *** pounds throughout the period of investigation,[55] which is substantially less than the overall level of consumption in the U.S. market, which ranged from *** to *** pounds between 1998 and 2000.[56] Additionally, Slater does not produce SSA in sizes over three inches or under one inch; consequently, purchasers who require such sizes currently must purchase imports.[57]

Slater has acquired the stainless steel operations of the Canadian firm Atlas and reports that it closed its stainless melt and ingot production shop at Fort Wayne, Indiana in April.[58] [59] Slater also experienced some production and operations difficulties during the period of investigation. Slater implemented a management restructuring program that involved the recruitment of new executives and the replacement of key managers in 1998,[60] but experienced a labor strike from May 17 to June 23, 1999.[61]

Third, the record in these final investigations indicates that SSA is a commodity-type product, sold only in a few grades (primarily 304 and 316) and dimensions.[62] Consequently, within the dimensions produced by Slater, there is a relatively high degree of substitutability between imported and domestically produced SSA, making price a key factor in purchasing decisions.[63]

Fourth, the prices of both the subject imports and the domestic like product are affected by the cost of raw materials, including scrap and nickel, which are the principal inputs in the production of SSA.[64] The price of scrap and nickel fluctuated sharply during the period of investigation.[65]

Fifth, as stated previously in our discussion of cumulation, national and regional service centers sell both the domestic and subject product to SSA end users through channels that differ at a few points in the distribution chain but are the same at others.[66]

---

[54] Table IV-4, CR at IV-7, PR at IV-4.

[55] Table III-1, CR at III-2, PR at III-2.

[56] Table IV-4, CR at IV-7, PR at IV-4. Compare Table III-1, CR at III-2, PR at III-2, with Table IV-4, CR at IV-7, PR at IV-4.

[57] CR at II-17, PR at II-10.

[58] Slater indicates it will supply its Fort Wayne SSA facility with billets from the Welland, Ontario production facility of Atlas Specialty Steels. CR at I-5, PR at I-4.

[59] In a press release dated March 28, 2001, Slater announced it was closing its Fort Wayne melting facilities permanently as of April 12, 2001. CR at I-5, PR at I-4.

[60] Prelim. CR at VI-4, Prelim. PR at VI-2.

[61] CR at III-3, PR at III-2.

[62] The vast majority of stainless steel angle is produced in grades 304 and 304L, which contain minimums of 8 percent nickel and 18 percent chromium, by weight, and grades 316 and 316L, which contain minimums of 10 percent nickel, 16 percent chromium, and 2 percent molybdenum, by weight. 304L and 316L are low carbon grades that are used in particular welding applications, as well as in nearly all other standard applications (*i.e.*, dual-use certified). Slater produces and stocks SSA in grade 304 in 18 standard sizes, and also stocks grades 304L and 316L in a lesser number of sizes. CR at I-3, n.5, PR at I-3, n.5. Hearing Tr. at 19 (Anderson).

[63] CR at II-12-14, PR at II-12-14; Table II-3, CR at II-14, PR at II-14.

[64] CR at I-5, PR at I-4; Hearing Tr. at 210-11 (Hartquist); 129-134 (Button).

[65] Figure V-1, CR at V-2, PR at V-2.

[66] CR at II-18, PR at II-1-4.

Sixth, both U.S. and foreign producers manufacture stainless steel bar at the same facilities at which they produce SSA, and they have the ability to switch production from bar to angle should market conditions warrant.[67]

Finally, as we found in the preliminary investigations, nonsubject imports—primarily from Italy—were a small and stable presence in the U.S. market during the period of investigation, with market penetration considerably lower than that of either domestic production or cumulated subject imports.[68]

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[69]

The volume of the cumulated subject imports increased in terms of both quantity and market share over the period of investigation.[70] Cumulated subject imports increased from *** million pounds in 1998 to *** million pounds in 2000.[71] Market share data reflect similar trends. Measured by quantity, the market penetration of cumulated subject import shipments increased from *** percent in 1998 to *** percent in 2000.[72]

The increase in market share captured by cumulated subject imports was accompanied by a decrease in the domestic industry's market share. The domestic industry's share of U.S. apparent consumption, measured by quantity, decreased from *** percent in 1998 to *** percent in 1999, and then fell further to *** percent in 2000.[73]

We note that the volume and market share of subject imports increased substantially even when measured only in sizes of SSA produced by Slater.[74] For purposes of these final determinations, we determine that subject import volume, both in absolute terms and relative to consumption in the United States, is significant.

---

[67] CR at I-4-5, VII-1-7, PR at I-3, VII-1-4.

[68] Nonsubject imports' market share, based on quantity of U.S. shipments, increased from *** percent in 1998, to *** percent in 1999, then declined to *** percent in 2000. Table IV-4, CR at IV-7, PR at IV-4.

[69] 19 U.S.C. § 1677(7)(C)(i).

[70] CR at IV-1-7, PR at IV-1-4, Table IV-4, CR at IV-7, PR at IV-4.

[71] Table IV-2, CR at IV-4-5, PR at IV-2-3.

[72] Table IV-4, CR at IV-7, PR at IV-4.

[73] Id.

[74] As noted previously, a range of between *** and *** percent of subject imports are in size specifications not produced by Slater. CR at II-17, PR at II-10. The quantity of cumulated subject imports in sizes produced by Slater increased from approximately *** million pounds in 1998 to *** million pounds in 2000, and market share, by volume, increased from *** percent in 1998 to *** percent in 2000, as Slater's market share decreased from *** percent to *** percent. Supplemental Tables IV-3a and IV-4a, compiled from data submitted in response to Commission questionnaires.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[75]

As noted, the record in these final investigations indicates that SSA is a commodity-type product, and that the domestic like product and the subject imports are *** substitutable.[76] Moreover, the record suggests that price is an important factor in purchasing decisions.[77] We find that the prices of both the subject imports and the domestic like product declined overall during the period of investigation.[78]

During these final phase investigations, the Commission gathered extensive pricing data and, using that data, compared prices of the domestic and subject product at all relevant levels of distribution. Specifically, the Commission compared: 1) sales to first unaffiliated purchasers; 2) sales by Slater and trading companies directly to service centers; and 3) other sales to service centers, including sales through master distributors (both importing and non-importing) and/or trading companies.

1. Sales to First Unaffiliated Purchasers

The Commission first employed its traditional method of making price comparisons by requesting that U.S. producers and importers provide quarterly data for the total quantity and value of SSA sold to their first unaffiliated customers in the United States. In making this comparison, the Commission sought pricing comparison data specifically on: (1) first unaffiliated sales by Slater and importers to all customers (including sales from importers to master distributors); and (2) first unaffiliated sales by Slater and importers directly to steel service centers (not through the master distributors).[79] As indicated above, the vast majority, *** percent, of importers' first unaffiliated sales in the United States were to master distributors (also known as U.S. mill depots), and all of Slater's first unaffiliated sales were to national steel service centers.[80] Firms were requested to provide pricing data for four products, regardless of

---

[75] 19 U.S.C. § 1677(7)(C)(ii).

[76] CR at II-12, PR at II-7.

[77] CR at II-13, PR at II-7.

[78] CR at V-25, PR at V-10; Tables G-1-8, CR at G-7-14, PR at G-5-6.

[79] Slater's data were entirely within this latter category of sales. CR at V-11, n.15, PR at V-8, n.15. See Tables V-1-V-4, CR at V-12-15, PR at V-9.

[80] Data on first unaffiliated sales to service centers by importers of the four products chosen for purposes of making pricing comparisons accounted for *** percent, *** percent, and *** percent, respectively, of shipments of imports from Japan, Korea, and Spain during the period. CR at V-11, n.13, PR at V-8, n.13.

whether they sold high or low carbon versions of the products, or versions certified as dual use.[81] The data were requested only for sales of full bundles,[82] since it was acknowledged that most SSA is sold in standard bundle sizes of 2,000 pounds, and it would be infeasible to attempt to relate pricing differences to bundle size differences.[83]

Slater and ten importers provided usable pricing data on their first unaffiliated sales, but not all firms reported pricing for all products for all quarters.[84] These pricing data reflected significant underselling by subject imports. First unaffiliated sales to all customers (*i.e.*, sales from Slater to service centers, and sales by importers/trading companies to master distributors *and* service centers) showed that subject imports undersold the domestic like product in 98 of 137 possible quarterly pricing comparisons.[85] First unaffiliated sales by importers/trading companies *directly* to service centers also undersold the domestic like product in 63 of 130 possible quarterly pricing comparisons.[86]

2. Direct Sales to Service Centers By Slater and Trading Companies

Throughout these investigations, respondents argued that comparing Slater's prices to national service centers with importers' sales to their first unaffiliated customers in the United States (primarily master distributors) was inappropriate, because the comparison did not take into account the value-added or "mark-up" by master distributors who provided certain services when selling SSA to service centers and regional and smaller distributors.[87] Respondents claimed that these services were not provided by Slater, and that adding a markup equivalent to the value of these added services would result in the price of the subject product's overselling, rather than underselling, the domestic product.[88]

In light of respondents' position, the Commission also compared the prices of domestic product and imported product sold by Slater and trading companies directly to service centers (*i.e.*, bypassing master distributors entirely). While these data represent a relatively small percentage of the total shipments of subject imports from Japan, Korea, and Spain, we believe this comparison, as well as our traditional

---

[81] CR at V-10, PR at V-7. See n.62, supra.

[82] CR at V-10, n.11, PR at V-7, n.11.

[83] CR at V-11, n.12, PR at V-8, n.12. ***, and respondents agreed that the most appropriate bundle size for purposes of making price comparisons were "full bundles," averaging about 2,000 pounds. CR at V-11, n.12, PR at V-8, n.12. Hearing Tr. at 174-175 (Pierce).

[84] CR at V-11, PR at V-8.

[85] Tables V-7-V-10, CR at V-17-20, PR at V-9-10. Underselling margins ranged from *** to *** percent, averaging *** percent.

[86] Tables V-7-V-10, CR at V-17-20, PR at V-9-10. Underselling margins ranged from *** to *** percent, averaging *** percent.

[87] Master distributors provide services to customers that are otherwise not provided if the same customers were to purchase product directly from trading companies. These services include the rapid delivery of the product from the master distributor's inventory; breaking "full" bundles for sale into smaller amounts; and cutting and/or grinding the SSA. The Commission requested information from master distributors with respect to the amount of value-added for such services. However, information received with respect to the value-added varied widely. For example, master distributors reported margins in their sales to national service centers of *** percent in 1998, *** percent in 1999, and *** percent in 2000. Margins in sales to regional service centers were generally reported to be approximately 1 to 3 percentage points higher than the corresponding margins in sales to national service centers. CR at II-2, n.4, PR at II-1, n.4.

[88] Conf. Tr. at 53; Hearing Tr. at 158-159 (Pierce).

comparison of first unaffiliated sales, is the most appropriate in examining price differences between domestically produced SSA and the imported product. Subject import shipments from trading companies directly to service centers are the only ones in which the subject material is shipped directly from the foreign producers to service centers in the same way that domestic product is shipped from the domestic producer to service centers. A comparison of these data shows 53 instances of underselling out of a total of 76 possible quarterly pricing comparisons.[89]

3. Other Sales to Service Centers

Finally, the Commission also requested purchase and price data from U.S. purchasers of SSA (*i.e.*, the prices of SSA sold by Slater and the master distributors to the service centers). However, data obtained in response to these purchaser questionnaires were sparse. Consequently, the Commission issued a post-hearing supplemental questionnaire to master distributors specifically to obtain additional pricing data that would permit pricing comparisons between the domestic and imported product sold to service centers. These data, combined with previously obtained questionnaire data, covered all sales to service centers, whether made directly by Slater, or indirectly through a trading company, an importing master distributor, or a non-importing master distributor. In quantity terms, the majority of these data for imports represented master distributor's sales of product previously purchased from trading companies.[90] These data indicated that the prices of sales to service centers of subject product were often somewhat higher than Slater's prices to the service centers.[91] Specifically, these data revealed 37 instances of underselling out of a total of 135 possible quarterly comparisons.[92] However, we did not rely on these price comparisons for our underselling analysis because the higher prices may be attributable to the additional product working (*i.e.*, value-added) performed by master distributors not performed by Slater,[93] the value of which we were unable to quantify with any degree of certainty;[94]and the fact that U.S. sales were made to much larger customers than were subject import sales.[95]

In light of the instances of underselling noted above in comparing, in particular, (1) Slater's sales to service centers with importers' sales to their first unaffiliated customers; and (2) Slater's sales to service centers with subject sales made by trading companies directly to service centers, we conclude for purposes of these final determinations that the underselling is significant.[96]

---

[89] Tables G-5-G-8, CR at G-11-14, PR at G-6. Underselling margins ranged from *** to *** percent, averaging *** percent.

[90] CR at G-5, PR at G-5.

[91] Id.

[92] Tables G-1-G-4, CR at G-5-10, PR at G-5-6. Underselling margins ranged from *** to *** percent, averaging *** percent.

[93] CR at G-4, PR at G-4.

[94] See n.87, supra, and Hearing Tr. 102 (Neil); 120 (Hunter).

[95] CR at G-4, PR at G-4. Slater sells primarily to relatively large national service centers in bundles of roughly 2,000 pounds, whereas master distributors generally sell to smaller and regional distributors. CR at II-1-2, PR at II-1-2.

[96] While we do not typically rely on average unit values ("AUVs"), we note that the subject product's AUVs were lower than those of the domestic product during the last two years of the period of investigation. CR at C-3-4, PR at C-3. There is no evidence that the product mix of either the subject imports or Slater's product changed

(continued...)

In addition to underselling, substantial record evidence indicates that the subject imports suppressed domestic prices. Specifically, the absolute size of the increase in the cost of raw materials, beginning in late 1998, was significantly larger than the increase in domestic SSA prices.[97]

Respondents have argued that SSA prices did not increase as immediately or as sharply as nickel prices because changes in raw material costs such as nickel and stainless steel scrap have a "lagged effect" on angle prices.[98] They asserted that foreign suppliers reported a lag of *** months between changes in nickel costs and changes in angle prices, while purchasers reported a lag of between *** months.[99] They stated that, in contrast, Slater's purchasers reported the time in which angle prices changed in response to changes in nickel costs was shorter due to Slater's *** shorter lead times. Consequently, respondents claimed, Slater's customers would see a price increase on angle delivered within *** days, while master distributors selling subject merchandise would not see a price increase attributable to higher raw material costs until *** months later.[100]

However, our examination of both SSA and raw material prices in 1997, a full year prior to the period examined for purposes of this investigation, indicates that SSA prices tracked raw material costs closely.[101] Then, in 1999, when subject imports were increasing in volume in the U.S. market, SSA prices increased only modestly.[102] Thus, while subject import prices that were lagged three months correlated highly with raw material prices prior to 1998, they correlated very poorly with raw material prices thereafter.[103]

Since Slater was the sole domestic producer of SSA during the period of investigation, and non-subject imports maintained a small and stable presence in the U.S. market throughout the period of investigation, we attribute the failure of domestic prices to keep pace with rising raw material cost to the subject imports to a significant degree.[104] [105]

Consequently, we find that the subject imports have had significant adverse effects on domestic prices during the period of investigation.

---

[96] (...continued)
over the period of investigation. Indeed, subject import AUVs were lower than Slater's AUVs, even though approximately *** to *** percent of the subject imports was of SSA in sizes Slater does not produce and, in many instances, in sizes we would expect to be higher-priced than the size range produced by Slater.

[97] CR at V-2, PR at V-2.

[98] Joint Respondents' Prehearing Br. at 13.

[99] Id.

[100] Joint Respondents' Prehearing Br. at 13-14; Hearing Tr. at 136-137 (Button).

[101] Figure V-2, CR at V-3, PR at V-2.

[102] CR at V-2-3, PR at V-2; Figure F-3, CR at F-7, PR at F-6.

[103] Figures F-2-3, CR at F-6-7, PR at F-6.

[104] Table IV-2, CR at IV-4-5, PR at IV-2-3.

[105] Record evidence indicates the increase in Slater's operating *** between 1998 and 2000 was primarily due to ***, indicating that Slater's price increases were insufficient to cover its raw material costs. CR at VI-3, PR at VI-2.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[106] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[107] [108] [109]

Consistent with our finding that the volume of the subject imports during the period of investigation was significant, and that the decline in prices for domestically produced SSA over that same period was due to the subject imports to a significant degree, we find that the subject imports are having a significant adverse impact on the domestic industry. Specifically, the combination of generally declining shipments and suppressed prices resulted in falling sales revenues for the domestic industry from 1998 to 2000, notwithstanding increasing apparent consumption.[110] As raw material price increases greatly outpaced modest increases in domestic SSA prices, Slater experienced a cost-price squeeze induced by the presence of a significant volume of subject imports.[111] The domestic industry's *** increased from *** in 1998 to *** in 1999, and were *** in 2000. *** margins were *** in 1999, *** in 1998, and *** in 2000.[112] Moreover, the domestic industry lost market share due to the significant

---

[106] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

[107] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[108] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). Commerce published its final antidumping determinations in its investigation of stainless steel angle from Japan, Korea and Spain on March 23, 2001. Commerce found margins ranging from 70.48 to 114.51 percent for the Japanese respondents; 40.21 to 99.56 percent for the Koreans; a margin of 61.45 percent for the Spanish respondent, Roldan, and 24.32 percent for "all other" manufacturers/exporters from Spain. Notice of Final Determinations of Sales at Less Than Fair Value: Stainless Steel Angle From Japan, Korea and Spain, 65 Fed. Reg.16175 (March 23, 2001).

[109] Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on the domestic producers. See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996); Anhydrous Sodium Sulfate from Canada, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11, n.63.

[110] The domestic industry's sales revenues declined from *** in 1998 to *** in 1999, and to *** in 2000. Table VI-1, CR at VI-2, PR at VI-1.

[111] Raw material costs (on a per unit basis) increased 35 percent from *** in 1999, to *** in 2000, while domestic SSA prices increased between 23 and 28 percent in that time. Table VI-3, CR at VI-4, PR at VI-2, and Tables V-1-V-4, CR at V-12-V-15, PR at V-9.

[112] Table VI-1, CR at VI-2, PR at VI-1.

volume of cumulated subject imports. U.S. producers' shipments as a share of the U.S. market declined from *** percent in 1998 to *** percent in 2000.[113]

Other indicators of the performance of the domestic SSA industry also declined. In particular, Slater's employment of production workers decreased from *** in 1998 to *** in 2000.[114] Moreover, although we would have expected increased production efficiencies as a result of both the company's new management and Slater's acquisition of Atlas Specialty Steels in the third quarter of 2000,[115] its domestic capacity utilization rate to produce SSA remained at *** percent.[116] [117] Although respondents argue that neither Slater individually, nor Slater and nonsubject suppliers collectively, can produce sufficient stainless steel angle to satisfy demand in the U.S. market,[118] we note that the domestic industry in 2000 was producing at only *** percent of capacity.[119] Currently, due to losses suffered, Slater has no incentive to produce to capacity. In fact, Slater's inventories have steadily increased over the period of investigation, rising from *** percent of shipments in 1998 to *** percent in 2000.[120]

In sum, the record indicates there have been significant increases in the volume and market share of the subject imports, and that the subject imports undersold the domestic merchandise and have had a significant suppressing effect on domestic prices. As a result, the overall condition of the industry declined during the period. Accordingly, we find that the subject imports are causing material injury to the domestic industry.

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is materially injured by reason of imports of SSA from Japan, Korea, and Spain that are being sold in the United States at less than fair value.

---

[113] Table IV-4, CR at IV-7, PR at IV-4.

[114] Table C-1, CR at C-4, PR at C-3; Table III-4, CR at III-5, PR at III-2.

[115] CR at VI-1, PR at VI-1. Upon closing its U.S. melting facilities, Slater consolidated its melting of stainless steel products at its recently acquired Welland, Ontario, melting facility and is now shipping billets from the Canadian facility to its Fort Wayne SSA facility for rolling. CR at I-5, PR at I-4.

[116] Table III-1, CR at III-2, PR at III-2.

[117] Slater testified that the main reason for Slater's switch to Atlas' melting operations was to increase Slater's capacity utilization. Hearing Tr. at 26 (Schram).

[118] Hearing Tr. at 13 (Pierce).

[119] Table III-1, CR at III-2, PR at III-1.

[120] Table C-1, CR at C-4, PR at C-3.