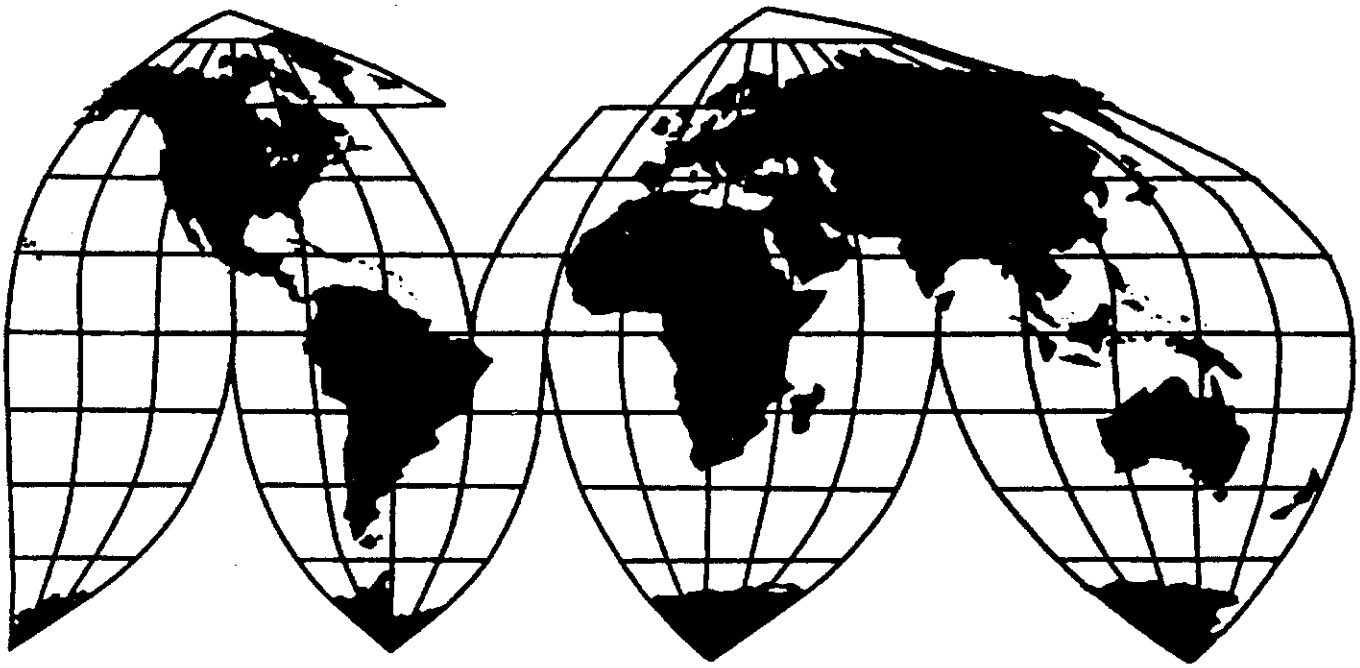
Lawn and Garden Steel Fence Posts From China

Investigation No. 731-TA-1010 (Final)

Publication 3598 **June 2003**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Deanna Tanner Okun, Chairman
Jennifer A. Hillman, Vice Chairman
Marcia E. Miller
Stephen Koplan

Robert A. Rogowsky
Director of Operations

Staff assigned:

Christopher J. Cassise, *Investigator*
Karl S. Tsuji, *Industry Analyst*
Mary Pedersen, *Economist*
Charles F. Yost, Jr., *Accountant*
Irene Chen, *Attorney*
Lemuel Shields, *Statistician*

George L. Deyman, *Supervisory Investigator*

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Lawn and Garden Steel Fence Posts From China

Investigation No. 731-TA-1010 (Final)

Publication 3598

June 2003

CONTENTS

	Page
Determination	1
Views of the Commission	3
Dissenting views of Chairman Deanna Tanner Okun and Commissioner Stephen Koplan	19
Part I: Introduction	I-1
Background	I-1
Summary data	I-2
Nature and extent of sales at LTFV	I-2
The product	I-2
Domestic like product issues	I-3
Part II: Conditions of competition in the U.S. market	II-1
Channels of distribution	II-1
Supply and demand considerations	II-1
Substitutability issues	II-3
Elasticity estimates	II-6
Part III: U.S. producers' production, shipments, and employment	III-1
Part IV: U.S. imports, U.S. consumption, and market shares	IV-1
U.S. importers	IV-1
U.S. imports	IV-2
U.S. consumption and U.S. market shares	IV-2
Part V: Pricing and related information	V-1
Factors affecting prices	V-1
Pricing and production practices	V-1
Price data	V-2
Lost sales and lost revenues	V-5
Part VI: Financial experience of Steel City	VI-1
Background	VI-1
Operations on lawn and garden steel fence posts	VI-1
Capital expenditures, research and development expenses, and investment in productive facilities	VI-2
Capital and investment	VI-2
Part VII: Threat considerations	VII-1
The industry in China	VII-1
U.S. inventories of imported product	VII-1
U.S. importers' current orders	VII-2
Antidumping duty orders in third-country markets	VII-2

Appendixes

A. *Federal Register* notices	A-1
B. List of hearing witnesses	B-1
C. Summary data	C-1
D. Official import data from the U.S. Department of Commerce	D-1
E. Fairly traded import price data reported by ***	E-1
F. LTFV purchase price data reported by ***	F-1
G. Commercial sales data of Steel City, 1998-2002	G-1

CONTENTS

Page

Figures

V-1. Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 1, as reported by U.S. producers and importers, by quarters, January 2000-December 2002 V-4

V-2. Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 2, as reported by U.S. producers and importers, by quarters, January 2000-December 2002 V-5

V-3. Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 3, as reported by U.S. producers and importers, by quarters, January 2000-December 2002 V-5

V-4. Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 4, as reported by U.S. producers and importers, by quarters, January 2000-December 2002 V-5

Tables

II-1. Lawn and garden steel fence posts: Ranking factors used in purchasing decisions, as reported by U.S. purchasers II-4

II-2. Lawn and garden steel fence posts: Perceived interchangeability of lawn and garden steel fence posts produced in the United States and in other countries II-5

II-3. Lawn and garden steel fence posts: Importance of purchase factors and comparisons of U.S. product with Chinese product, as reported by purchasers II-7

III-1. Lawn and garden steel fence posts and other posts of 1 pound or less per foot: U.S. producers, their positions on the petition, plant locations, and shares of production, 2002 ..... III-1

III-2. Lawn and garden steel fence posts: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 2000-02 ..... III-2

IV-1. Lawn and garden steel fence posts: Reporting importers, quantity of imports in 2002, and shares of reported imports in 2002 ..... IV-2

IV-2. Lawn and garden steel fence posts: U.S. imports, by sources, 2000-02 ..... IV-2

IV-3. Lawn and garden steel fence posts: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, apparent U.S. consumption, and U.S. market shares, 2000-02 . IV-2

V-1. Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 1, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002 ..... V-4

V-2. Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 2, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002 ..... V-4

CONTENTS

Page

Tables–*Continued*

V-3. Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 3, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002 ..... V-4

V-4. Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 4, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002 ..... V-4

V-5. Lawn and garden steel fence posts: Lost sales allegations V-6

VI-1. Lawn and garden steel fence posts: Results of Steel City's operations, 2000-02 ..... VI-1

VI-2. Lawn and garden steel fence posts: Variance analysis on the results of operations of Steel City, 2000-02 ..... VI-2

VI-3. Lawn and garden steel fence posts: Value of assets of Steel City, fiscal years 2000-03 ..... VI-2

VII-1. Lawn and garden steel fence posts: Reported Chinese production capacity, production, shipments, and inventories, 1999-2001, January-March 2001, January-March 2002, and projected 2002-03 ..... VII-1

VII-2. Lawn and garden steel fence posts: U.S. importers' end-of-period inventories of imports, by sources, 2000-02 ..... VII-1

C-1. Lawn and garden steel fence posts: Summary data concerning the U.S. market, 2000-02 . C-3

C-2. Other posts of 1 pound or less per foot: Summary data concerning the U.S. market, 2000-02 ..... C-3

C-3. All posts of 1 pound or less per foot: Summary data concerning the U.S. market, 2000-02 ..... C-3

D-1. Fence posts, studded with corrugations, knobs, studs, notches or similar protrusions, with or without anchor plates (HTSUS statistical reporting number 7326.90.8535): U.S. imports, by sources, July-December 2000 and 2001-02 ..... D-3

E-1. Lawn and garden steel fence posts: Fairly traded f.o.b. import prices and quantities for products 1 through 4, as reported by ***, by quarters, January 2000-December 2002 ..... E-3

F-1. Lawn and garden steel fence posts: F.o.b. China purchase prices and quantities for products 1 through 4, as reported by ***, by quarters, January 2000-December 2002 ..... F-3

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 No. 731-TA-1010 (Final)

LAWN AND GARDEN STEEL FENCE POSTS FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines,[2] 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 China of lawn and garden steel fence posts, provided for in subheadings 7326.90.85 and 7308.90 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective May 1, 2002, following receipt of a petition filed with the Commission and Commerce by Steel City Corp., Youngstown, OH. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of lawn and garden steel fence posts from China 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 final phase of the Commission's investigation 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 21, 2003 (68 FR 2794). The hearing was held in Washington, DC, on April 22, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

---

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

[2] Chairman Deanna Tanner Okun and Commissioner Stephen Koplan dissenting.

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is materially injured by reason of imports of lawn and garden steel fence posts from China that are sold in the United States at less than fair value ("LTFV").[1]

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

In determining 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."[2] 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."[3] 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 . . . ."[4]

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.[5] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[6] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[7] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise that has been found to be subsidized or sold

---

[1] Chairman Okun and Commissioner Koplan find that an industry in the United States is not materially injured or threatened with material injury by reason of subject imports from China. See Dissenting Views of Chairman Okun and Commissioner Koplan.

[2] 19 U.S.C. §1677(4)(A).

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(10).

[5] 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).

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

[7] 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.").

at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[8]

B. Product Description

Commerce's final determination defines the imported merchandise within the scope of this investigation as:

> All "U" shaped or "hat" shaped lawn and garden fence posts made of steel and/or any other metal, weighing 1 pound or less per foot, and produced in the PRC. The fence posts included within the scope of this investigation weigh up to 1 pound per foot and are made of steel and/or any other metal. Imports of these products are classified under the following categories: fence posts, studded with corrugations, knobs, studs, notches or similar protrusions with or without anchor posts and exclude round or square tubing or pipes.
>
> These posts are normally made in two different classes, light and heavy duty. Light duty lawn and garden fence posts are normally made of 14 gauge steel (0.068 inches - 0.082 inches thick), 1.75 inches wide, in 3, 4, 5, or 6 foot lengths. These posts normally weigh approximately 0.45 pounds per foot and are packaged in mini-bundles of 10 posts and master bundles of 400 posts. Heavy duty lawn and garden steel fence posts are normally made of 13 gauge steel (0.082 inches - 0.095 inches thick), 3 inches wide, in 5, 6, 7, and 8 foot lengths. Heavy duty posts normally weigh approximately 0.90 pounds per foot and are packaged in mini-bundles of 5 and master bundles of 200. Both light duty and heavy duty posts are included within the scope of the investigation.
>
> Imports of these products are classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheading 7326.90.85.35. Fence posts classified under subheading 7308.90 are also included within the scope of the investigation if the fence posts are made of steel and/or metal.
>
> Specifically excluded from the scope are other posts made of steel and/or other metal including "tee" posts, farm posts, and sign posts, regardless of weight.[9] Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (Customs) purposes, the written description of the merchandise under investigation is dispositive.[10]

C. Domestic Like Product

Petitioner, Steel City Corporation ("Steel City"), argues that the domestic like product in this investigation should only consist of lawn and garden steel fence posts ("lawn and garden fence posts")

---

[8] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[9] Tee posts are made by rolling red hot steel into a "T" shape. These posts do not have tabs or holes to help secure fencing to them and have primarily farm and industrial uses.

[10] 68 FR 20373, 20374 (April 25, 2003).

corresponding to Commerce's scope.[11] It does not advocate expanding the domestic like product definition beyond Commerce's scope to include other metal posts such as tee posts, farm posts, and sign posts.[12] No respondent participated in this final phase investigation.[13] [14]

Although no party has argued for it, we consider whether the domestic like product should be broadened to include other metal posts, such as tee posts, U-channel posts, newspaper posts, and angle posts, regardless of weight, in the domestic like product definition.[15] Although we defined the domestic like product more broadly in the preliminary phase investigation, the scope in this final phase investigation has been narrowed by Commerce to exclude other posts made of metal and/or steel, regardless of weight.[16] We thus base our current like product finding on the record of the final phase of this investigation. Based on the record in this final phase investigation, we find a single like product of lawn and garden fence posts consistent with Commerce's scope.

1. Physical Characteristics and Uses

Lawn and garden fence posts are specifically designed to support fencing in numerous home and garden applications.[17] These posts are characterized by a row of holes and tabs to help secure fencing to them by bending the tabs over the fence material. An anchor plate is crimped or bolted near the lower end of the post. Lawn and garden fence posts are made in both light-duty and heavy-duty weight classes.[18]

---

[11] Hearing Transcript ("Tr.") at 86 (Ms. Stras).

[12] Petitioner's Prehearing Brief at 3.

[13] Midwest Air Technologies, Inc. ("MAT") participated in the preliminary phase of this investigation as a respondent, but did not file briefs or appear for hearing in this final phase investigation.

[14] Commerce, in its notice of initiation, defined the scope of this final investigation as all fence posts made of steel and/or other metal weighing up to 1 pound per foot. "Tee" posts, farm posts, and sign posts over 1 pound per foot were specifically excluded from the scope. 67 FR 37388, 37388 (May 29, 2002). In the preliminary phase of this investigation, the Commission found two separate domestic like products: (1) U-shaped or hat-shaped lawn and garden fence posts made of steel and/or any other metal, weighing 1 pound or less per foot; and (2) other fence posts made of steel and/or other metal, including tee, farm, and sign posts weighing 1 pound or less per foot, based on clear dividing lines in physical characteristics, channels of distribution, producer perceptions, manufacturing facilities and processes, and price between the two groups of products. The Commission made an affirmative preliminary determination with respect to the U-shaped or hat-shaped lawn and garden fence posts, but made a negative determination with respect to the other metal fence posts weighing 1 pound or less per foot. The Commission did not expand the domestic like product definition to include other metal fence posts weighing over 1 pound per foot. Lawn and Garden Steel Fence Posts from China, Inv. No. 731-TA-1010 (Preliminary), USITC Pub. 3521 at 3, 9 (June 2002) ("Preliminary Determination"). Based on the Commission's negative preliminary determination with respect to other metal posts weighing 1 pound or less per foot, Commerce narrowed the scope to exclude other posts made of metal and/or steel, regardless of weight, for purposes of its determinations. 68 FR 8737, 8738 (Feb. 25, 2003); 68 FR. 20373, 20374 (April 25, 2003). The scope is thus different in this final phase of the investigation.

[15] See Preliminary Determination at 9-10, nn.52-53; Dissenting Views of Vice Chairman Jennifer A. Hillman and Commissioner Marcia E. Miller, Lawn and Garden Steel Fence Posts from China, Inv. No. 731-TA-1010 (Preliminary), USITC Pub. 3521 at 27, n.28 (June 2002) ("Preliminary Dissenting Views").

[16] See Preliminary Dissenting Views at 27; 68 FR 8737, 8738 (Feb. 25, 2003); 68 FR. 20373, 20374 (April 25, 2003).

[17] CR at I-5; PR at I-4.

[18] CR at I-6; PR at I-4.

Other metal tee posts, with a solid "T"-shaped cross-section, are suitable for supporting fencing on farms and ranches, plants, trees, and erosion-control fencing. These posts, whether under or over 1 pound per foot, normally have an anchor plate and a row of studs molded along their length to support fencing, but require wire clips to hold fence material to the post. Metal tee posts are heavier and sturdier and will break off rather than bend like lawn and garden fence posts.[19]

Steel angle-shaped posts, whether under or over 1 pound per foot, are also sturdy enough to support plants and trees. These posts have evenly spaced holes or notches along their length and require wire or plastic ties, or other fasteners, to secure the plant or tree. U-channel posts over 1 pound per foot are used as farm posts, highway sign posts, and support for barbed or electric wire fencing. They are heavier and longer than lawn and garden fence posts.[20] Newspaper posts are 5 to 5.5 feet in length, weigh 1 pound or less per foot, possess a hat-shaped profile and are painted green but do not have anchor plates or apparatus for attaching fencing.[21]

2. Interchangeability

Questionnaire responses from domestic producers of other posts 1 pound or less per foot are mixed regarding the interchangeability of their posts with lawn and garden fence posts. *** states that *** posts are not used as lawn and garden fence posts while *** believed that their posts may be substituted for lawn and garden fence posts.[22] SMI states that ***. Cascade Steel reports that ***.[23] In its product literature, Chicago Heights Steel states that its studded and smooth tee posts are for both farm and home fencing.[24] Purchasers distinguish "heavier" posts over 1 pound per foot from Steel City's lawn and garden fence posts as being for "more rugged applications" or for "agricultural and industrial uses."[25]

3. Channels of Distribution

Available data for 2002 indicate that *** percent of fence post sales by Steel City were sold to wholesalers or distributors.[26] Major customers of lawn and garden fence posts include home-hardware, home-improvement, and department stores, which in turn sell the posts to end users.[27] According to Steel City, lawn and garden fence posts are sold primarily by home-improvement or home-hardware retailers while farm and ranch supply outlets stock only tee posts.[28] SMI reports that ***.[29] ***.[30] ***.[31]

---

[19] CR at I-7; PR at I-5.

[20] CR at I-8; PR at I-5 to I-6.

[21] CR/PR at I-4.

[22] CR at I-11 to I-12; PR at I-8.

[23] CR at I-5; PR at I-4.

[24] CR at I-7, n.22; PR at I-5, n.22.

[25] CR at I-12; PR at I-9.

[26] CR/PR at II-1.

[27] CR at I-13, II-1 to II-2; PR at I-9, II-1.

[28] CR at I-13 to I-14; PR at I-9 to I-10.

[29] CR at I-5; PR at I-4.

[30] CR/PR at I-4.

[31] CR at I-8; PR at I-6.

4. Customer Perceptions

SMI reports that ***.[32] According to Steel City, residential consumers will not use tee posts or signposts because they are too heavy, and there is no convenient way to attach wire fencing. Farmers and contractors will not use lawn and garden fence posts because they bend too easily.[33]

5. Common Manufacturing Facilities and Production Processes

Steel City produces lawn and garden fence posts either by stamping or by roll forming light-gauge mild steel. Both stamping and roll forming are cold-working processes and do not require the steel to be heated prior to being bent into shape.[34]

Metal posts outside the product scope are hot-rolled from either scrapped railway rail or newly cast rail-quality billet steel.[35] Although lawn and garden fence posts and newspaper posts are ***.[36]

6. Price

According to Steel City, tee posts are cheaper than lawn and garden fence posts because they are produced from scrap steel. Steel City's commercial U.S. shipments of domestic lawn and garden fence posts had average unit values of $*** and $*** per pound during the period of investigation (POI), considerably higher than the average unit values of $*** to $*** per pound for domestic tee posts of 1 pound or less per foot.[37]

We do not find anything in the record of this final phase investigation to indicate that the domestic like product definition should be broadened to include other metal posts weighing 1 pound or less per foot. We decline to expand the domestic like product definition to include other metal posts, including tee posts, U-channel posts (i.e., sign posts and farm posts), newspaper posts, or angle posts, regardless of weight, due to differences in physical characteristics, uses, channels of distribution, production processes, and pricing.[38] Based on the record in this investigation, we find a single domestic like product consisting of lawn and garden fence posts consistent with Commerce's scope.

D. Domestic Industry

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.

Based on our finding that the domestic like product is lawn and garden steel fence posts, consistent with the scope of the investigation, we find that the domestic industry consists of all domestic producers of lawn and garden steel fence posts, which is only Steel City.

---

[32] CR at I-5; PR at I-4.

[33] Hearing Tr. at 15 (Mr. Speece).

[34] CR at I-9; PR at I-6.

[35] CR at I-10 to I-11; PR at I-7.

[36] CR/PR at I-4.

[37] CR at I-14; PR at I-10.

[38] Several domestic producers have indicated that other metal posts 1 pound or less per foot might be interchangeable with lawn and garden fence posts. CR at I-5, I-7, n.22, I-11 to I-12; PR at I-4, I-5, n.22, I-8.

II. MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS[39]

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.[40] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[41] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[42] 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.[43] 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."[44]

For the reasons discussed below, we determine that the domestic industry is materially injured by reason of subject imports from China found to be sold in the United States at LTFV.

A. Conditions of Competition

The following conditions of competition are pertinent to our analysis of material injury to the domestic industry by reason of subject imports in this investigation.

1. Demand

Demand for lawn and garden fence posts is driven by residential home and garden applications. Posts are sold to end users through home improvement, hardware and department stores. Steel City, importers, and the majority of purchasers comment that demand for lawn and garden fence posts is seasonal, with most sales occurring in the spring. However, prices for these posts were reported to remain constant throughout the year.[45]

While there are many purchasers of lawn and garden fence posts, four account for the vast majority of purchases in the U.S. market. These four firms are ***, which together accounted for nearly *** percent of apparent consumption in 2002. *** are retailers, while *** is a wholesaler that sells primarily to ***.[46]

---

[39] The statutory provision for termination of an investigation involving negligible imports, 19 U.S.C. § 1677(24), does not apply in this investigation because subject imports from China account for more than three percent of the volume of all lawn and garden fence posts imported into the United States in the most recent twelve-month period for which data are available preceding the filing of the petition. See CR/PR at Table IV-2.

[40] 19 U.S.C. § 1673d(b).

[41] 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).

[42] 19 U.S.C. § 1677(7)(A).

[43] 19 U.S.C. § 1677(7)(C)(iii).

[44] Id.

[45] CR at I-5, II-1 to II-4; PR at I-4, II-1 to II-2.

[46] *** purchase *** fence posts through MAT, while ***. CR/PR at II-1. MAT's largest customer, ***, accounted for *** percent of MAT's sales in 2002. CR at IV-2, n.6; PR at IV-1, n.6.

The growth of large "big box" home centers such as Home Depot and Lowe's has changed the dynamics of the retail industry, such that these stores now dominate current demand for lawn and garden fence posts. In fact, Home Depot is the ***.[47] Until recently, Steel City supplied both Home Depot and Lowe's. Steel City indirectly supplied Home Depot until 1998 through Northwestern Steel & Wire Co., a former U.S. producer of steel products that exited the business in 1998 due to bankruptcy. Steel City directly supplied Lowe's for over 20 years as its sole supplier of lawn and garden steel fence posts.[48] [49]

In 1997, Lowe's ***. By 2000, Lowe's was primarily purchasing subject imports from ***.[50] [51] In ***, Lowe's ceased all purchases from Steel City.

After losing Lowe's account completely in ***, Steel City's primary customers in 2002 were ***.[52] According to Steel City, it competes with subject importers for the business of ***, which constitute most of its lawn and garden fence post customers.[53]

Domestic demand for lawn and garden fence posts increased during the POI. Although questionnaire responses among domestic producers, importers, and purchasers regarding demand trends are mixed,[54] the record shows that apparent U.S. consumption for lawn and garden fence posts increased from *** pounds in 2000 to *** pounds in 2001 and to *** pounds in 2002.[55]

2. Supply

Suppliers of lawn and garden fence posts to the U.S. market consist of Steel City and importers of such posts from China.[56] Steel City, which accounts for all known domestic production of lawn and garden fence posts, contends that it has the capacity to produce up to *** pounds of fence posts per year.[57] Upon verification, Commission staff revised Steel City's reported capacity to *** pounds per

---

[47] CR/PR at Table IV-1; CR at IV-2, n.6; PR at IV-1, n.6.

[48] CR at IV-2, n.6; PR at IV-1, n.6.

[49] Petitioner's Posthearing Brief at 2.

[50] Lowe's ***. Lowe's, ***. CR/PR at II-1, n.2; CR/PR at Table IV-1; CR at IV-2, n.6; PR at IV-1, n.6; CR at V-14 to V-15; PR at V-6.

[51] CR/PR at Appendix G.

[52] CR/PR at Appendix G; CR/PR at II-1, n.3.

[53] Petitioner's Prehearing Brief at 9-10.

[54] According to Steel City, demand increased *** to *** percent for such posts due to the growth of retailers such as Home Depot and Lowe's. Among responding importers, two firms report that demand increased, while the other three firms *** report that demand was flat during this time frame. Purchasers' responses are also mixed, with three of ten purchasers stating that demand increased, two stating that demand declined, and five *** stating that demand was unchanged during this time frame. However, it is unclear whether importers and purchasers were referring to their own demand or end user demand for fence posts. For instance, despite *** response that fence post demand was flat, ***. CR at II-3 to II-4, n.8; PR at II-2, n.8.

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

[56] CR/PR at II-1.

[57] Steel City had argued earlier that it was able to supply 37 million pounds of posts by operating two and one-half production shifts and building inventory during the non-peak season, which is enough production capacity to supply the entire lawn and garden fence post market in the United States and Canada. Hearing Tr. at 67 (Mr. Fibus). Steel City then asserted that it ***. Petitioner's Posthearing Brief at 9, Attachment 4.

year during the POI, which suggests that Steel City would be unable to produce enough fence posts to satisfy total apparent U.S. consumption.[58]

3. Nonsubject Imports

There is a substantial volume of fairly traded imports from China in the U.S. market comprising all of the nonsubject imports. The market share of fairly traded imports was *** percent in 2000, *** percent in 2001 and *** percent in 2002. The market share of subject imports was *** percent in 2000, *** percent in 2001 and *** percent in 2002.[59] Imports from nonsubject countries ***.[60] The *** importer of lawn and garden fence posts in the United States is MAT of Lincolnshire, IL, which reports that *** of its imports of lawn and garden fence posts were purchased from ***.[61] Other reporting importers of subject product, ***.[62]

Steel City asserts that because big box retailers Home Depot and Lowe's do not want to share the same primary supplier, neither *** nor *** will turn to subject imports and *** will not import fairly traded fence posts produced by ***.[63] Lowe's ***.[64] Based on Home Depot's ongoing business relationship with ***, *** importing arrangement with ***, and ***, it appears that there are limits to the degree that either *** or *** would view fairly traded imports as substitutable for unfairly traded product and vice versa.

4. Interchangeability

Questionnaire responses reveal agreement among importers and purchasers that U.S.-produced and subject lawn and garden fence posts are readily interchangeable.[65] All four responding U.S. importers report that domestically-produced fence posts are interchangeable with fence posts produced in China.[66] All ten responding purchasers report that lawn and garden fence posts from the United States and China are used in the same applications.[67] [68]

---

[58] CR at III-4, n.5; PR at III-2, n.5.

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

[60] CR/PR at IV-1.

[61] MAT is *** importer of lawn and garden fence posts in the U.S. market, with a *** percent share of total reported lawn and garden fence post imports in 2002. CR at IV-2; PR at IV-1; CR/PR at Table IV-1. In these Views, we refer to all imports from ***. Imports from other firms are referred to as "subject imports" or "unfairly traded imports." See CR at IV-2, n.7; PR at IV-1, n.7; 68 FR 20373, 20376 (April 25, 2003).

[62] CR/PR at Table IV-1, n.3. ***. CR/PR at II-1, n.2.

[63] Petitioner's Posthearing Brief at 8-9.

[64] CR at V-15; PR at V-6.

[65] CR at II-6; PR at II-5.

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

[67] CR at II-6, n.14, PR at II-4, n.14.

[68] Three of five responding importers *** and three of ten responding purchasers do report, however, that anchor plates on U.S.-produced lawn and garden fence posts are crimped to the post whereas the anchor plates on posts from China are riveted to the post. Of these six responses, *** and two purchasers state that the fastening method is not an important factor in purchase decisions as long as the posts meet the same engineering and quality standards, while the remaining importers and purchasers observe that it is an important or somewhat important factor. CR at II-7; PR at II-5 to II-6. Two purchasers, including ***, report that they require suppliers of lawn and garden fence

5. Pricing

Questionnaire responses indicate that domestic sales of lawn and garden fence posts are primarily contract sales. Steel City reports that *** percent of its sales are on a contract basis and MAT reports that *** percent of its *** sales are on a contract basis. Several relatively smaller importers of unfairly traded subject fence posts report that 100 percent of their sales are on a spot basis.[69] According to firms engaged in contract sales, contracts generally last one year, involve only fixed prices, and have no meet-or-release provisions.[70] *** note the existence of volume-based price discounts, while the remaining three responding importers report having no discount policy.[71]

Steel City argues that purchasers view price as an extremely important factor in purchasing decisions.[72] Price was one of the top three factors cited by purchasers in buying decisions for lawn and garden fence posts.[73]

MAT argued in the preliminary phase of this investigation that purchasers like "big box" stores prefer a supplier with a range of products and that Steel City lacks this product range.[74] According to Steel City, however, it has supplied "big box" customers with products other than lawn and garden fence posts, and that it can combine shipments of different products to these customers. In addition to lawn and garden fence posts, Steel City produces mailboxes, shelving brackets, and other hardware items and stocks vinyl-coated wire fence and mesh fencing. Steel City has sold such products to Lowe's and continues to supply Lowe's with some of these products to this day.[75] All 10 responding purchasers report that subject posts are sold to customers together with other products.[76] Questionnaire responses indicate that purchasers view the product range of both Steel City and Chinese producers to be comparable.[77]

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."[78]

---

posts to become certified or prequalified. CR at II-4, n.11; PR at II-3, n.11.

[69] Steel City argues that most of its sales are made on a contract basis while most subject importers' sales are made primarily on a spot basis, which enable Chinese product to quickly enter the U.S. market at low prices and increasing volumes. Petitioner's Prehearing Brief at 11.

[70] CR at V-2; PR at V-1.

[71] CR at V-3; PR at V-2.

[72] Petitioner's Prehearing Brief at 9-10.

[73] CR at II-4 to II-5; PR at II-3 to II-4; CR/PR at Table II-1.

[74] MAT's Postconference Brief at 6-7; CR at I-11, n.37, II-6; PR at I-8, n.37, II-5. During the preliminary phase of this investigation, MAT asserted that home centers consider factors other than price to be important when choosing a supplier, including product mix, production capacity, and quality. Conference Tr. at 58-61 (Mr. Lee).

[75] Petitioner's Prehearing Brief at 7-8; Hearing Tr. at 20-21 (Mr. Janak).

[76] CR at V-3, n.7; PR at V-2, n.7.

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

[78] 19 U.S.C. § 1677(7)(C)(i).

The quantity of subject imports rose from *** pounds in 2000 to *** pounds in 2001 and to *** pounds in 2002, for an increase of *** percent from 2000 to 2002.[79] By value, subject imports increased from $*** in 2000 to $*** in 2001 and to $*** in 2002.[80] The value of subject imports rose by *** percent from 2000 to 2002.[81] We find the absolute increases in subject import volume, both by quantity and by value, to be significant.

Suppliers of subject imports increased U.S. shipments at the expense of the domestic industry during the POI. The share of apparent U.S. consumption held by subject imports increased from *** percent in 2000 to *** percent in 2001 to *** percent in 2002, while domestic producer market share dropped from *** percent in 2000 to *** percent in 2001 to *** percent in 2002.[82] By quantity and by value, subject import volume increased more rapidly than apparent domestic consumption during the POI.[83]

We recognize that the nonsubject import volume is significant, but the subject import volume is still large.[84] In particular, we note that subject import volume exceeded the volume of domestic production of lawn and garden fence posts in each year of the POI. Domestic production of lawn and garden fence posts was *** pounds in 2000, *** pounds in 2001, and *** pounds in 2002.[85] Subject import volume was *** pounds in 2000, *** pounds in 2001, and *** pounds in 2002.[86] The fact that subject import volume is greater than domestic production quantity is particularly significant when viewed in the context of how the "big box" retailers, Home Depot and Lowe's, are driving demand. Moreover, as "big box" retailers increasingly dominated the market and shifted lawn and garden fence post purchases to China, Steel City's role as a primary supplier in the U.S. market has diminished. In fact, by ***, Steel City no longer supplied lawn and garden fence posts to ***.[87]

For the foregoing reasons, we find the volume and increase in volume of subject imports to be significant in absolute terms and relative to apparent consumption and production in the United States.

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

---

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

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

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

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

[83] Apparent domestic consumption by quantity increased by *** percent from 2000 to 2002. By value, apparent domestic consumption increased by *** percent from 2000 to 2002. CR/PR at Table C-1.

[84] We note that nonsubject imports from China had a substantial presence in the U.S. market. Nonsubject imports' market share, by quantity, decreased *** from *** percent in 2000 to *** percent in 2001 before rising to *** percent in 2002. By value, nonsubject imports' market share remained relatively flat at *** percent in 2000 to *** percent in 2001, and *** percent in 2002. Nonsubject import volume by quantity rose *** percent from 2000 to 2002, and by value increased *** percent over the same period. CR/PR at Table IV-2.

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

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

[87] CR/PR at Appendix G.

(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.[88]

As stated above, the record evidence indicates that U.S.-produced domestic product and subject imports are highly interchangeable and that price is one of the top three factors in purchasing decisions.[89]

The Commission collected quarterly sales pricing data from the domestic industry and importers for four lawn and garden steel fence post products for the period from January 2000 to December 2002: two light-duty lawn and garden fence post products (pricing products 1 and 2)[90] and two heavy-duty lawn and garden fence post products (pricing products 3 and 4).[91] [92] Subject imported lawn and garden fence posts undersold the domestic product in 18 out of 34 quarterly price comparisons, by margins ranging from 0.2 percent to 24.1 percent. In the remaining 16 quarterly price comparisons, subject imports oversold the domestic product by margins ranging from 0.1 percent to 13.4 percent.[93] We have considered Steel City's argument that *** pricing data should be included in our underselling analysis because *** direct importation of dumped imports is having a price suppressive impact on Steel City's prices. Although Steel City acknowledges that *** pricing data do not reflect the same level of trade as

---

[88] 19 U.S.C. § 1677(7)(C)(ii).

[89] CR at II-4 to II-5; PR at II-3 to II-4; CR/PR at Table II-1.

[90] Pricing Product 1 consists of light-duty lawn and garden fence posts, 14 gauge thick, 1-3/4 inches wide by 4 feet tall. Pricing Product 2 consists of light-duty lawn and garden fence posts, 14 gauge thick, 1-3/4 inches wide by 5 feet tall. CR at V-3; PR at V-2.

[91] Pricing Product 3 consists of heavy-duty lawn and garden fence posts, 13 gauge thick, 3 inches wide by 5 feet tall. Pricing Product 4 consists of heavy-duty lawn and garden fence posts, 13 gauge thick, 3 inches wide by 6 feet tall. CR at V-3; PR at V-2.

[92] Steel City and two importers of subject LTFV fence posts provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters. Selling price data reported by Steel City and U.S. importers accounted for *** percent of the value of Steel City's U.S. shipments in 2002, *** percent of the value of importers' U.S. shipments of subject LTFV fence posts from China in 2002, and *** percent of the value of importers' U.S. shipments of fairly traded fence posts from China in 2002. CR at V-4; PR at V-2 to V-3. The low level of coverage for importers' sales pricing is due to the fact that ***, which imports *** subject imports for sale in its own stores, supplied landed cost data for its fence posts, which represents a different level of trade compared with importers' sale pricing data. CR at V-4; PR at V-3; CR/PR at Appendix F.

[93] For product 1, out of 12 quarterly comparisons, the Chinese product was priced below the U.S. product in five quarters (including all four quarters in 2002), with margins ranging from 0.9 to 5.8 percent and averaging 3.6 percent. In the other seven quarters, the Chinese product was priced above the U.S. product, with margins ranging from 0.1 to 13.4 percent and averaging 4.0 percent. CR at V-5; PR at V-3; CR/PR at Table V-1, Figure V-1. For product 2, out of 12 quarterly comparisons, the Chinese product was priced below the U.S. product in four quarters, with margins ranging from 0.2 to 5.0 percent and averaging 2.5 percent. In the other eight quarters, the Chinese product was priced above the U.S. product, with margins ranging from 1.2 to 9.0 percent and averaging 4.0 percent. CR at V-5; PR at V-4; CR/PR at Table V-2, Figure V-2. For product 3, out of six quarterly comparisons, the Chinese product was priced below the U.S. product in five quarters, with margins ranging from 0.8 to 24.1 percent and averaging 13.4 percent. In the remaining quarter, the Chinese product was priced above the U.S. product, with a margin of *** percent. CR at V-12; PR at V-5; CR/PR at Table V-3; Figure V-3. For product 4, out of four quarterly comparisons, the Chinese product was priced below the U.S. product in all four quarters, with margins ranging from 9.9 to 14.0 percent and averaging 11.3 percent. CR at V-12; PR at V-5; CR/PR at Table V-4; Figure V-4.

the pricing data for other subject imports or Steel City's shipments because ***, it argues that, even if freight expenses and duty charges are added to the reported data, *** is still *** Steel City by a *** margin.[94] Given the low level of pricing coverage for subject imports (***) and importance of *** as the ***, we have given separate consideration to *** estimated landed costs unit value data even though we decline to include it in the underselling analysis. We note that such unit value data were *** than Steel City's reported prices for the four products for which the Commission collected quarterly price data.[95]

Based on the foregoing, we find the record on underselling to be mixed in this final phase investigation.

On the whole, we do not find significant price depression in this final phase of the investigation. Sales prices for Steel City's pricing products 1 and 2 generally increased during the POI, from a low of $*** in portions of 2000 and 2001 for product 1 (and from *** for product 2) to a high of $*** in 2002.[96] Sales prices for Steel City's pricing product 3 show irregular increases throughout the POI, from $*** in 2000 and one quarter of 2001 to $*** in 2002.[97] Sales prices of Steel City's pricing product 4 fluctuated between $*** and $*** during the POI.[98]

We also do not find significant price suppression. Unit cost of goods sold (COGs) were essentially flat during the POI, and COGs as a ratio of net sales increased ***, by *** percentage points, over the POI.[99] [100] These data suggest that domestic prices have not been significantly suppressed relative to costs.

We note the lack of confirmed lost sales during the period of investigation due to the lower prices of the subject imports.[101] However, information on the record highlights the importance of lower priced fence posts from China in purchaser sourcing decisions.[102] As noted below, the adverse impact of the subject imports was felt through the reduction in sales volumes of the domestic industry, not necessarily through an effect on domestic prices.

Given the mixed record on underselling by subject imports and no evidence of price suppression or depression, on balance, we do not find significant price effects by reason of subject imports.

---

[94] Petitioner's Posthearing Brief at 3-5, 10-12; Hearing Tr. at 26 (Mr. Kimball); Petitioner's Prehearing Brief at 14, n.33; Hearing Tr. at 61-63 (Mr. Kimball); See CR at V-4, n.11.

[95] CR at V-4, n.11; PR at V-3, n.11; CR/PR at Tables V-1 to V-4, Appendix F.

[96] CR/PR at Tables V-1 to V-2, Figures V-1 to V-2.

[97] CR/PR at Table V-3, Figure V-3.

[98] CR/PR at Table V-4; Figure V-4.

[99] The domestic industry's unit (per pound) COGS remained steady at $*** in 2000 and 2001 before increasing to $*** in 2002. The ratio of cost of goods sold to net sales rose from *** percent in 2000 to *** percent 2001, but then fell to *** percent in 2002. CR/PR at Table C-1.

[100] Steel City argues that it tried to raise its fence post prices over the POI due to increased fence post demand, but was unable to increase prices because of underselling by subject imports. Petitioner's Posthearing Brief at 3; Petitioner's Prehearing Brief at 13; Hearing Tr. at 26 (Mr. Kimball); Petitioner's Posthearing Brief at 5. We do not find Steel City's price suppression argument to be compelling, given the reported increase in quarterly prices, the lack of concrete evidence of announced price increases by Steel City, and the mixed underselling data in this final phase investigation. Hearing Tr. at 56 (Mr. Janak); Petitioner's Posthearing Brief at 12, Attachment 6; CR/PR at Tables V-1 to V-4.

[101] CR/PR at Table V-5; CR at V-12 to V-15; PR at V-5 to V-6.

[102] For example, Steel City cites a ***. ***. CR at V-14; PR at V-6.

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.[103] 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."[104] [105]

We find that, as subject import volume rose significantly during the POI, capturing a greater share of U.S. apparent consumption, the domestic industry was materially impacted by the subject imports. Even as apparent domestic consumption of lawn and garden fence posts increased throughout the POI by ***, Steel City suffered declining sales volume and deteriorating financial performance.[106] By quantity, Steel City's U.S. shipments of fence posts continuously fell from *** pounds in 2000 to *** pounds in 2001 and to *** pounds in 2002.[107] Steel City's market share of U.S. shipments declined from *** percent in 2000 to *** percent in 2001 and to *** percent in 2002. Conversely, subject imports' market share increased from *** percent in 2000 to *** percent in 2001 and to *** percent in 2002.[108]

Reduced fence post sales, particularly in 2001, led Steel City to cut production of fence posts despite the overall increase in demand for such posts. After increasing initially from *** pounds in 2000 to *** pounds in 2001, Steel City's production decreased to *** pounds in 2002. Steel City's capacity utilization, which had increased *** from *** percent in 2000 to *** percent in 2001, declined to *** percent in 2002.[109] Steel City's end-of-period inventories initially declined from *** pounds in 2000 to *** pounds in 2001, but then climbed *** to *** pounds in 2002.[110] Consequently, the ratio of Steel City's inventories to its total shipments of lawn and garden fence posts increased *** from *** percent

---

[103] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 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.).

[104] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

[105] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its final determination, Commerce determined a final weighted-average margin of 0.00 percent for merchandise produced by Hangzhou Hongyuan Sporting Goods Co., Ltd., and exported by Shanghai BaoSteel Group; 6.60 percent for Hebei Metals and Minerals Import and Export Corp.; 1.42 percent for merchandise produced by Tianjin Shenyuan Steel Co., Ltd. or Tianjin Sunny Steel Products Co., Ltd., and exported by China Nanyang Import and Export Corp.; and a PRC-wide rate of 15.61 percent. 68 Fed. Reg. 20373, 20376 (April 25, 2003).

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

[107] CR/PR at Table IV-3. Steel City's U.S. shipments of fence posts declined by *** percent from 2000 to 2001 and by *** percent from 2001 to 2002. CR/PR at Table C-1.

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

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

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

in 2000 to *** percent in 2002.[111] Because of dropping sales and production, Steel City was forced to lay off more than *** of its workers and slash employee benefits.[112]

As a result of falling fence post sales, Steel City's operating income fell *** from $*** in 2000 to $*** in 2001 and then remained relatively stable at $*** in 2002.[113] [114] Steel City's operating income relative to net sales was *** percent in 2000, *** percent in 2001, and *** percent in 2002. The *** drop in Steel City's operating income from 2000 to 2001 took place during the same time period that subject imports gained *** percentage points and fairly traded imports lost *** percentage points in market share.[115] Steel City states that, due to the precipitous drop in its profitability, it had to undergo a formal process at the request of its bank to renew its line of credit. The bank asked Steel City for an accounting of the liquidation value of its equipment due to concerns over Steel City's loss of fence post sales.[116] [117]

Steel City's decline in profitability led to decreased cash flow during the POI, from $*** in 2000 to $*** in 2001 and to $*** in 2002.[118] Steel City had to *** capital expenditures in 2001 and 2002.[119]

Although we recognize that fairly traded imports comprise a majority of total imports of fence posts in the U.S. market and that these imports have gained market share somewhat during the POI, we find that subject imports themselves had a significant adverse impact on the domestic industry because of their significant gains in market share and increases in volume at the expense of the domestic industry.[120]

---

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

[112] The number of Steel City's production workers fell from *** in 2000 to *** in 2001 and to *** in 2002. CR/PR at Table C-1. Petitioner's Prehearing Brief at 18; Hearing Tr. at 23 (Mr. Janak); Petitioner's Posthearing Brief at 6.

[113] CR/PR at Table VI-1. Steel City credits its own cost-cutting efforts as the reason that it avoided reporting negative *** in 2002. It was able to continue operations but at a reduced volume. Petitioner's Prehearing Brief at 18.

[114] Additionally, we note that in the preliminary phase of this investigation, Steel City's operating income in 1999 was $*** on sales of $***; its operating income as a ratio to sales was *** percent. Steel City's sales volume, sales value, and operating income fell by *** percent, *** percent and *** percent, respectively, between 1999 and 2000. CR/PR at VI-1, n.5. Although we do not usually consider data from the preliminary investigation, in this case we include the 1999 data, because these data in both instances came only from Steel City and are therefore comparable to the data in the final investigation.

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

[116] Hearing Tr. at 22-23 (Mr. Janak).

[117] Although Steel City argues that it experienced a cost-price squeeze over the POI, we attribute its significant decline in operating income to increasing subject import volume and declining sales, not rising costs and falling or stagnant prices. The industry's unit cost of goods sold (COGS) increased by *** percent from 2000 to 2002, while unit selling, general and administrative (SG&A) expenses per pound fell *** from $*** in 2000 to $*** in 2001 and remained steady at $*** in 2002. The ratio of cost of goods sold to net sales rose from *** percent in 2000 to *** percent 2001, but then fell to *** percent in 2002. The domestic industry's unit (per pound) COGS remained steady at $*** in 2000 and 2001 before increasing to $*** in 2002. CR/PR at Table C-1.

[118] CR/PR at Table VI-1.

[119] Steel City's capital expenditures were $*** in 2000, $*** in 2001, and $*** in 2002. CR/PR at Table C-1.

[120] We are mindful of the admonition by the Court of Appeals for the Federal Circuit in Gerald Metals, Inc. vs. the United States, 132 F.3d 716 (1997), not to attribute effects of fairly traded imports to subject imports. The Court of Appeals in Gerald Metals had held that the Commission had failed to adequately consider undisputed facts about fairly-traded imports from Russia given that "other than differences in the trading company, Russian imports, both fairly traded and less than fair value imports, were perfect substitutes for each other, if not the exact same product."

Thus, the record shows that significant increases in volume and market share of the subject imports resulted in declining sales and production, which in turn led to severe financial declines and a deterioration in the overall condition of the domestic industry during the POI. Accordingly, we find that the subject imports have had a significant adverse impact on the domestic industry.

Conclusion

For the foregoing reasons, we determine that an industry in the United States is materially injured by reason of lawn and garden fence posts from China that are sold in the United States at less than fair value.

Id. at 720. As discussed earlier in this opinion, the purchasing policies of *** and ***, two of the largest domestic purchasers of fence posts, limits the interchangeability between fairly traded imports and subject imports in the U.S. market. *** reports that ***. CR at V-15; PR at V-6. MAT's primary customers in 2002 were ***. CR/PR at II-1, n.3. *** supplied *** percent of *** 2002 lawn and garden fence post purchases. Memorandum INV-AA-053 at II-1. ***. CR at II-1, n.1, V-15; PR at II-1, n.3, V-6. In any event, we base our affirmative determination on specific data pertaining to subject imports and do not confuse the effects of fairly traded imports with the impact of subject imports on the domestic industry.

DISSENTING VIEWS OF
CHAIRMAN DEANNA TANNER OKUN AND COMMISSIONER STEPHEN KOPLAN

Based on the record in this investigation, we determine that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of U-shaped or hat-shaped lawn and garden fence posts made of steel and/or any other metal, weighing 1 pound or less per foot, from China that are sold in the United States at less than fair value (LTFV).[1] [2]

I. OVERVIEW

In the preliminary phase of this investigation, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured by reason of U-shaped or hat-shaped lawn and garden fence posts (lawn and garden fence posts) made of steel and/or any other material, weighing 1 pound or less per foot, from China that were allegedly sold in the United States at less than fair value (LTFV). The central issues in the final phase of this investigation, however, revolve around an expanding U.S. market that is dominated by fairly-traded (that is, non-LTFV) imports from China, and the stated desire by the sole producer of the domestic like product to regain the business of a large customer that it admittedly lost in 1999.[3] Therefore, before proceeding with the details of our separate analysis, we briefly summarize the factual elements in this investigation that we find significant in our determination that the domestic industry is neither materially injured nor threatened with material injury by reason of LTFV imports of lawn and garden fence posts from China.

The U.S. customer base for lawn and garden fence posts is diverse at the end user level, but more concentrated at the retail level. The U.S. market for lawn and garden fence posts has been expanding, with much if not all of the expansion attributable to the growth of large retail stores, sometimes referred to as "big box" stores. Supply in this market is limited to domestic production by petitioner Steel City and a limited number of Chinese exporters. The single domestic producer is unable to supply a substantial portion of the market in the United States. The "big box" stores, as well as several other major retailers or wholesalers, generally purchase from a single, or at most two, suppliers. With the *** exception of ***, these companies purchase non-LTFV lawn and garden fence posts from China. With respect to ***, the company's *** is an *** of non-LTFV lawn and garden fence posts from China.

We find that the volume of subject lawn and garden fence posts from China increased, though less substantially than the *** larger volume of non-LTFV lawn and garden fence posts from China. While the domestic producer's shipment volume and market share declined between 2000 and 2002, we find no evidence of lost sales to subject imports, and conclude that much of the domestic industry's

---

[1] Commerce calculated *de minimis* final weighted-average margins of 0.00 percent for merchandise produced by Hangzhou Hongyuan Sporting Goods Co., Ltd., and exported by Shanghai BaoSteel Group, and 1.42 percent for merchandise produced by Tianjin Shenyuan Steel Co., Ltd. or Tianjin Sunny Steel Products Co., Ltd., and exported by China Nanyang Import and Export Corp. 68 Fed. Reg. 20373, 20376 (April 25, 2003). For purposes of these views, we have characterized imports of such merchandise as "fairly-traded" or "non-LTFV." Commerce also calculated a final weighted-average margin of 6.60 percent for Hebei Metals and Minerals Import and Export Corp. and a China-wide rate of 15.61 percent. 68 Fed. Reg. 20373, 20376 (April 25, 2003). For purposes of these views, we have characterized imports of such merchandise as "LTFV" or "subject."

[2] Material retardation is not an issue in this investigation.

[3] "Simply put, Steel City needs to get Lowe's back." Petitioner's Posthearing Brief at 1. *See also* Hearing Tr. at 19 (testimony of Mr. Janak): "We lost the business (of Lowe's) in 1999, and we were only used as a back up supplier when its (Lowe's) primary Chinese supplier could not supply the posts because of logistics problems."

declining sales volume reflects a significant erosion in its customer base, which is separate and distinct from the primary customer for LTFV fence posts.

While price is an important factor in purchasing decisions, it is not the leading factor. In light of the significant volume of low-priced non-LTFV imports of lawn and garden fence posts from China, the sourcing priorities of "big box" retailers, mixed evidence of underselling by subject imports, rising domestic prices, and absent allegations of lost revenues or verified instances of sales lost to subject imports, we find that LTFV imports are not having a significant depressing or suppressing effect on domestic prices. Further, we conclude that volume losses suffered by the domestic industry between 2000 and 2002 were not directly attributable to the subject imports and that the sole domestic producer's positive operating margins reflect a stable relationship between prices and costs and expenses between 2000 and 2002. The record indicates that, if the domestic industry suffered any injury during the period examined, such injury reflects the changing nature of competition in the lawn and garden fence post market.

Finally, we do not find any evidence that material injury to the domestic industry by reason of subject imports would occur in the absence of an antidumping duty order. The account that the domestic industry seeks to re-acquire selected *** nearly four years ago, and the growth in LTFV sales of lawn and garden posts from China since 2000 has not been directed to the domestic industry's existing customer base.

II. DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

A. Domestic Like Product

As an initial matter, we concur with the description of the product at issue in the final phase of this investigation and the legal framework for analyzing the domestic like product contained in the Views of the Commission. In the preliminary phase of this investigation, we found that the differences in physical characteristics, channels of distribution, producer perceptions, manufacturing facilities and processes, and price between lawn and garden fence posts and other metal posts weighing 1 pound or less per foot constituted a clear dividing line for purposes of defining the domestic like product. We therefore concluded that U-shaped or hat-shaped lawn and garden fence posts made of steel and/or any other metal weighing 1 pound or less per foot constituted a separate and distinct product from other fence posts, including tee, farm, and sign posts.[4] In February 2003, Commerce amended its scope to exclude "tee" posts, farm posts, and sign posts, regardless of weight.[5] Steel City now contends that the domestic like product should be lawn and garden steel fence posts corresponding to Commerce's amended scope, and should not include tee posts, farm posts, and sign posts.[6] In light of the change in Commerce's scope, the lack of significant changes to the record regarding the nature of the product, and the absence

---

[4] Lawn and Garden Steel Fence Posts from China, Inv. No. 731-TA-1010 (Preliminary), USITC Pub. 3521 at 9 (June 2002) ("Preliminary Determination"). For the reasons and analysis set forth in the Preliminary Determination we determined that there was a reasonable indication that a domestic industry was materially injured by reason of imports of lawn and garden fence posts from China, but determined that there was not a reasonable indication that a domestic industry was materially injured or threatened with material injury by reason of imports of other metal posts weighing 1 pound or less from China.

[5] 67 Fed. Reg. 8737 (February 25, 2003).

[6] Hearing Tr. at 86 (testimony of Ms. Stras); Petitioner's Prehearing Brief at 3. No respondent participated in the final phase of this investigation.

of arguments to revise the domestic like product, we again find that U-shaped or hat-shaped lawn and garden fence posts constitute a discrete domestic like product.

B. Domestic Industry

The domestic industry is defined as "the producers as a [w]hole of a domestic like product ...."[7] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[8] Based on our finding of one domestic like product, we further find that the domestic industry consists of the only known producer of lawn and garden fence posts in the United States, petitioner Steel City.

III. NO MATERIAL INJURY BY REASON OF SALES OF SUBJECT IMPORTS AT LESS THAN FAIR VALUE

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.[9] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[10] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[11] 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.[12] 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."[13]

For the reasons discussed below, we determine that the domestic industry producing lawn and garden fence posts is not materially injured by reason of subject imports from China found to be sold at LTFV.

A. Conditions of Competition

The following conditions of competition for lawn and garden fence posts are pertinent to our analysis in this investigation.

Demand for lawn and garden fence posts is driven by residential housing needs in the United States and is seasonal in nature. Customers typically commit to purchase during September through

---

[7] 19 U.S.C. § 1677(4)(A).

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

[9] 19 U.S.C. § 1673d(b).

[10] 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).

[11] 19 U.S.C. § 1677(7)(A).

[12] 19 U.S.C. § 1677(7)(C)(iii).

[13] *Id.*

November of the previous year, while retail sales typically are concentrated during March through June.[14] According to Steel City, 65 to 70 percent of its lawn and garden fence posts are shipped during the Spring season.[15]

Demand by final retail consumers is channeled through intermediaries. There are many purchasers of lawn and garden fence posts in the United States, but four are dominant: retailers ***, and wholesaler ***. These four companies alone account for an estimated *** percent of apparent U.S. consumption.[16] ***, Home Depot and Lowe's, often referred to as "big box" stores, have emerged as the predominant factor affecting the way the majority of lawn and garden fence posts are imported and sold in the United States.[17]

Market participants provided varying estimates of U.S. demand for lawn and garden fence posts. Steel City claimed market growth of *** percent, reflecting the growth of "big box" retailers such as Home Depot and Lowe's.[18] Most importers and purchasers reported either flat or increasing demand.[19] Questionnaire data suggest that demand, as measured by apparent U.S. consumption, increased by *** percent between 2000 and 2002, rising from *** pounds in 2000 to *** million pounds in 2001 and to *** pounds in 2002.[20]

The *** sources of supply for the domestic market are lawn and garden fence posts produced in the United States and China. Non-LTFV imports from China are *** the dominant source of supply, providing for *** percent of apparent U.S. consumption in 2002. Shipments of subject imports and the domestic like product provided for *** and *** percent, respectively, of the U.S. market in 2002.[21] As noted above, Steel City is the only known U.S. producer of lawn and garden fence posts;[22] the company's verified capacity of *** pounds is insufficient to supply the U.S. market, whose size is at least *** pounds.[23]

All purchasers agreed that lawn and garden fence posts produced in the United States and China are used in the same applications.[24] The record indicates that quality is the leading factor used in

---

[14] CR at V-2-3, PR at V-2. Steel City's production takes place during the winter months. CR at V-3, PR at V-2.

[15] *See* Conference Tr. at 27 (testimony of Mr. Hendricks); Hearing Tr. at 73 (testimony of Mr. Fibus).

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

[17] As one Steel City witness testified before the Commission, "Lowe's and Home Depot are so far beyond anybody else that's in the market." Hearing Tr. at 42 (testimony of Mr. Janak). *See also* Hearing Tr. at 46-47 (testimony of Mr. Kimball): "(T)he presence of the big box stores have (sic) served to create an increase in demand because of their ubiquity and availability. That demand can reasonably be expected to affect all players, all suppliers, retailers, wholesalers, distributors of the product, even though the big box stores are the ones ... in essence creating the demand."

[18] CR at II-3, PR at II-2.

[19] CR at II-3, PR at II-2.

[20] CR and PR at Table IV-3.

[21] CR and PR at Table IV-3.

[22] Although Steel City is the only domestic producer of lawn and garden steel fence posts today, a larger domestic producer of lawn and garden steel fence posts, Gilbert & Bennett, closed its operations in 1998. *See, e.g.*, Conference Tr. at 9 (testimony of Mr. Speece).

[23] *Compare* CR at PR at Table III-2 *with* CR and PR at Table IV-3.

[24] CR at II-7, PR at II-5-6. Anchor plates on domestically produced lawn and garden fence posts are attached by crimping while reportedly anchor plates are riveted on Chinese fence posts. Seven of ten purchasers were unable even to confirm differences in construction, however, indicating that any difference in the fastening method is not

(continued...)

purchasing decisions, followed by price, availability, and other factors (such as lead time, service, and ability to provide other products).[25] Most purchasers viewed U.S.-produced fence posts as comparable-to-superior in terms of product quality and consistency, delivery time, reliability of supply, and service, while giving Chinese products an edge in pricing.[26]

An additional consideration for certain purchasers is the desire to maintain separate sources of supply from their competitors. According to Steel City, "big box" competitors Lowe's and Home Depot would not want to share the same supplier.[27] We note in this regard that Lowe's ***.[28] ***.[29]

Finally, most purchasers indicated that their suppliers must supply them with products other than fence posts.[30] While price, service, and lead times are important factors influencing purchasing decisions, the "big box" retailers in particular require the ability to purchase other products bundled with lawn and fence posts.[31] Steel City contends that it can supply "big box" customers with products other than lawn and garden fence posts, and that it can combine shipments of different products to these customers through production or outside sourcing.[32]

B. Volume of the 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."[33]

The quantity of subject imports from China rose from *** million pounds in 2000 to *** million pounds in 2001, an increase of *** percent, then increased to *** million pounds in 2002, an increase of *** percent. Overall, the quantity of subject imports increased by *** million pounds between 2000 and

---

[24] (...continued)
an important purchasing consideration. *Id.*

[25] CR and PR at Table II-1.

[26] CR and PR at Table II-3. Although most purchasers considered U.S. and Chinese production capacity and product range beyond fence posts to be comparable, two purchasers gave an edge to Chinese suppliers in both of these categories. *Id.*

[27] Hearing Tr. at 37 (testimony of Ms. Stras); Hearing Tr. at 22 (testimony of Mr. Janak); Petitioner's Posthearing Brief at 2-3.

[28] CR at I-2, PR at I-2; CR at V-15, PR at V-6.

[29] CR at II-1 n.1, PR at II-1 n.1.

[30] CR at II-6 n.16, PR at II-5 n.16. Eight of ten companies purchasing from *** agreed with this statement.

[31] See, e.g., Conference Tr. at 59-60 (testimony of Mr. Lee on behalf of MAT): "MAT, in contrast (to Steel City), is able to sell both fence posts and fencing and delivers both products in one container load. And, as a result, this type of efficient shipping is better suited to Home Depot's demand ... MAT is a better supply option, because they have a broader product mix and can handle the logistics that is better suited to Home Depot's overall needs." Similarly, in response to a question regarding the potential impact of an antidumping order on purchasing decisions, *** indicated: ***. Letter from ***, May 13, 2003.

[32] Petitioner's Prehearing Brief at 7-8. While Steel City claims it has never imported lawn and garden fence posts from China, it has imported wire for sale to domestic customers. Hearing Tr. at 65-66 (testimony of Mr. Fibus).

[33] 19 U.S.C. § 1677(7)(C)(i).

2002.[34] Direct imports by *** alone accounted for *** pounds of subject imports in 2000, and increased to *** pounds by 2002.[35] Non-LTFV imports from China during the same period increased from *** pounds in 2000 to *** pounds in 2001 and to *** pounds in 2002, an increase of *** pounds. Non-LTFV import volume reflects direct imports by ***, largely on behalf of ***.[36]

In terms of market share, U.S. shipments of subject imports increased from *** percent of the U.S. market in 2000 to *** percent in 2001 and to *** percent in 2002.[37] By comparison, U.S. shipments of non-LTFV imports accounted for *** percent of the U.S. market in 2000, *** percent in 2001, and *** percent in 2002.[38]

Finally, relative to production in the United States, subject imports were approximately *** times the volume of U.S. production between 2000 and 2002.[39] By comparison, relative to production in the United States, non-LTFV imports were more than *** times the volume of U.S. production during the period examined.[40]

The increase in volume and market share of subject imports between 2000 and 2002, when viewed in isolation, is significant. However, when evaluated in the context of the conditions of competition -- especially the substantial portion of the market that is increasingly supplied by the fairly-traded, non-LTFV imports of lawn and garden fence posts from China -- and in the absence of significant negative price effects, the volume of subject imports and the increase in the volume are not sufficient to demonstrate that the subject imports themselves made a material contribution to any injury to the domestic industry.

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

---

[34] CR and PR at Table IV-2. In analyzing the absolute volume of subject imports, we have focused on quantity, since *** reported the value of its imports on an f.o.b. China basis. *Id.*

[35] Questionnaire response of ***.

[36] CR and PR at Table IV-2; CR at IV-2 and nn. 6 and 7, PR at IV-1 and nn. 6 and 7. Non-LTFV import volume does not include direct imports by ***, which imports lawn and garden fence posts from ***, whose weighted-average margin of LTFV sales is ***. CR at I-2 and V-13, PR at I-2 and V-6. *** accounted for *** percent of the lawn and garden fence posts purchased by *** in 2002. CR at II-1 n.1, PR at II-1 n.1, as revised by memorandum INV-AA-053 (May 15, 2003).

[37] CR and PR at Table IV-3. In analyzing the relative volume of subject imports, we have focused on quantity, since *** shipment values ***. *Id.* For analytical consistency, we have focused on market share calculations based on U.S. shipments, rather than calculations that incorporate ***. *See* Memorandum INV-AA-053 (May 15, 2003), Alternative Table IV-3.

[38] CR and PR at Table IV-3.

[39] Calculated from CR and PR Tables III-2 and IV-2.

[40] Calculated from CR and PR Tables III-2 and IV-2.

(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.[41]

As noted in our discussion of the relevant conditions of competition, the record in this investigation indicates that lawn and garden fence posts produced in the United States and in China are largely interchangeable; lawn and garden fence posts are produced in eight standard light-duty and heavy-duty sizes, which suggests that these posts are not highly differentiated.[42]

The Commission collected pricing data for four standard lawn and garden steel fence post products: two light-duty fence post products (pricing products 1 and 2) and two heavy-duty fence post products (pricing products 3 and 4). Evidence of underselling is mixed. The most direct comparisons -- that is, comparisons based on the same level of trade -- suggest a mixture of underselling and overselling by lawn and garden fence posts from China. For light-duty fence posts, subject imports were priced higher in 15 of 18 comparisons between the first quarter of 2000 and the first quarter of 2002; Steel City increased its prices after the first quarter of 2002, however, and subject imports undersold Steel City's light-duty offerings in the remaining six comparisons.[43] Price comparisons between domestic and subject heavy-duty fence posts, available only for parts of 2001 and 2002, reflected underselling in 9 of 10 comparisons.[44]

We have considered indirect comparisons between *** estimated landed, duty-paid cost data and Steel City's sales. *** imports subject fence posts through its ***; it reported f.o.b. China prices which, even after adjustment to approximate a landed, duty-paid cost, generally were *** Steel City's selling prices.[45] We do not place significant weight on these comparisons, however, because *** data generally are based on substantially higher volumes; are highly constructed; and even as adjusted do not reflect the same level of trade.[46]

Steel City asserts that it tried to raise its fence post prices due to increased fence post demand, but was unable to sustain such price increases because of underselling by subject imports and rising subject import volume. As a consequence, Steel City contends that its profitability has been affected negatively.[47] Steel City further asserts that it has experienced a cost-price squeeze, arguing that it had to raise its fence post prices to cover increased costs, including health care insurance, workmen's

---

[41] 19 U.S.C. § 1677(7)(C)(ii).

[42] Light-duty lawn and garden fence posts are normally made of 14 gauge steel (.068 inch - .082 inch thick), 1 3/4 inches wide by 3 feet, 4 feet, 5 feet, and 6 feet long. These posts weigh approximately 0.45 pounds per foot. Heavy-duty lawn and garden fence posts are normally made of 13 gauge steel (.082 inch - .095 inch thick), 3 inches wide by 5 feet, 6 feet, 7 feet, and 8 feet long. These posts weigh approximately 0.90 pounds per foot. *See, e.g.*, Petition at 10.

[43] CR and PR at Tables V-1 and V-2.

[44] CR and PR at Tables V-3 and V-4.

[45] CR at V-4 n.11, PR at V-3 n.11.

[46] CR at V-4 n.11, PR at V-3 n.11; Memorandum INV-AA-053 (May 15, 2003), Alternative Tables V-1 through V-4.

[47] Petitioner's Posthearing Brief at 3; Petitioner's Prehearing Brief at 13; Hearing Tr. at 26 (testimony of Mr. Kimball); Petitioner's Posthearing Brief at 5.

compensation, and steel costs.[48] However, because prices of subject imports fell in 2001, Steel City contends that it was unable to raise prices of its fence posts to recoup those higher costs.[49]

Although evidence of underselling by lawn and garden fence posts from China was mixed,[50] pricing data and other record information do not show price depression or suppression. Rather, pricing data indicate that prices for the domestic products increased over the period examined, with first, second, third, and fourth quarter prices the same or higher in 2002 than in 2000 in 15 of 16 comparisons.[51] This finding is consistent with other domestic product data on the record. U.S. shipment AUVs were *** in 2000, *** in 2001, and *** in 2002.[52] Net sales values (which include *** exports) exhibited similar patterns, as costs and expenses remained stable between 2000 and 2002.[53] Similarly, over the longer term, unit sales values reported by Steel City increased between 1998 and 1999 and between 1999 and 2000; decreased between 2000 and 2001; but then increased again between 2001 and 2002.[54] Accordingly, we find that subject imports did not depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

Finally, Steel City reported no lost revenue allegations for lawn and garden fence posts. It did report three allegations of lost sales for price quotes in 1999 and 2000: ***, ***, and ***. Analysis of these allegations is complicated by the fact that they involve transactions several years in the past. The record, however, indicates that LTFV pricing is not currently contributing significantly to the loss of volume by Steel City.

- ***: *** is a ***.[55] *** is ***.[56] Thus, this sale ***.

- ***: *** was, and is, supplied by ***[57] which imports from ***. Thus, this sale ***.

---

[48] Hearing Tr. at 57 (testimony of Mr. Speece).

[49] Petitioner's Posthearing Brief at 10.

[50] Of the three purchasers which reported purchases of subject fence posts from China, one indicated that the subject merchandise was priced lower than the domestic like product, one reported it was priced the same, and one reported that it was priced higher; all three purchasers of non-LTFV fence posts reported that non-LTFV fence posts from China were priced below the domestic like product. CR at V-4, PR at V-3. These characterizations are broadly consistent with the data discussed above and with record evidence regarding non-LTFV fence posts. *** reported direct price comparisons in which non-LTFV light-duty fence posts *** Steel City's offerings in *** comparisons, and appears to have ***. CR at V-5 and V-12, nn.12-15, PR at V-3 and V-5, nn. 12-15. Similarly, the lowest prices on record were those for non-LTFV fence posts purchased by ***. CR at CR at V-5, V-6, and V-12, nn.12, 13, and 15, PR at V-3 and V-5, nn. 12, 13, and 15. While unit prices were reported by ***. CR at V-5-6, nn.12 and 13, PR at V-3-4, nn.12 and 13; Questionnaire response of ***.

[51] CR and PR at Tables V-1 - V-4.

[52] CR and PR at Table III-2.

[53] CR and PR at Table VI-1. Unit costs of goods sold (COGS) increased from $*** to $*** between 2000 and 2002, while unit selling, general, and administrative expenses decreased from $*** to $***, and unit sales values were ***. *Id.* Thus, we conclude that there is no record evidence to support the allegation by Steel City of a "cost-price" squeeze.

[54] CR at G-3, PR at G-3.

[55] CR at V-13, PR at V-6.

[56] CR at V-13, PR at V-6.

[57] CR at V-16 and II-1, PR at V-6 and II-1.

- ***: ***, which at one time represented *** for Steel City, set up ***.[58] The company then ***.[59] At that time, ***.[60] ***, however, was not the only consideration. ***.[61]

The record in the final phase of this investigation is mixed with respect to underselling. It indicates stable or rising domestic prices, an absence of any lost revenue allegations, and does not support Steel City's allegations of lost sales due to LTFV sales of subject imports. Therefore, on balance, we find that the price effects of the subject imports are not significant.

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.[62] 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."[63] [64]

With respect to the impact of the subject imports, the record indicates that Steel City has seen its market share decline from *** percent in 2000 to *** percent in 2002.[65] Steel City's U.S. shipment quantities and values declined throughout the period examined, while sales of both subject and non-LTFV Chinese lawn and garden fence posts increased throughout the period examined.[66] While Steel City's production of lawn and garden fence posts increased from 2000 to 2001 by *** percent, its output fell from 2001 to 2002 by *** percent, an overall decrease of *** percent. Capacity utilization rose from *** percent in 2000 to *** percent in 2001, before falling to *** percent in 2002, a net decrease of ***

---

[58] CR at V-14, PR at V-6. *See also* CR and PR at Appendix G.

[59] CR at V-15, PR at V-6. *** imports lawn and garden fence posts from ***, a Chinese exporter with a *** margin. CR at V-15 n.22, PR at V-6 n.22; CR at I-2, PR at I-2.

[60] CR at V-15, PR at V-6.

[61] CR at V-15, PR at V-6.

[62] 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."

[63] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885; 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.

[64] 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 calculated *de minimis* final weighted-average margins of 0.00 percent for merchandise produced by Hangzhou Hongyuan Sporting Goods Co., Ltd., and exported by Shanghai BaoSteel Group, and 1.42 percent for merchandise produced by Tianjin Shenyuan Steel Co., Ltd. or Tianjin Sunny Steel Products Co., Ltd., and exported by China Nanyang Import and Export Corp. Commerce also calculated a final weighted-average margin of 6.60 percent for Hebei Metals and Minerals Import and Export Corp. and a China-wide rate of 15.61 percent. 68 Fed. Reg. 20373, 20376 (April 25, 2003).

[65] CR and PR at Table IV-3.

[66] CR and PR at Tables III-2 (Steel City) and IV-3 (subject and non-LTFV imports).

percentage points.[67] Much of this loss, however, reflects a decline in the volume sold to ***.[68] ***, along with other major customers such as ***, purchase lawn and garden fence posts ***,[69] evidencing that the volume loss is not directly attributable to subject imports.[70]

Steel City maintained inventory levels between *** and *** percent of annual shipments in 2000 and 2001, but in 2002 that figure rose to *** percent, reflecting a combination of lower sales and higher inventory.[71] Employment levels followed declining output, decreasing from *** production workers in 2000 to *** in 2001 and *** in 2002.[72] Hours worked and wages paid decreased as well during this period, although wage rates fluctuated, increasing *** between 2000 and 2002.[73] Productivity, however, increased by *** percent in 2002, after a *** decline (*** percent) in 2001, and unit labor costs declined overall from (*** in 2000-2001 to ***) in 2002.[74]

Steel City's financial performance declined over the period examined, largely because the quantity of net sales fell by *** percent between 2000 and 2002. The value of net sales followed a similar trend, while unit sales remained stable at *** per pound throughout the period examined. Steel City's costs also remained stable, as unit COGS were *** in 2000 and 2001 and rose *** to *** in 2002, while its unit SG&A fell *** (***) over the period examined.[75] Overall, Steel City saw its operating income decline from *** in 2000 to *** in 2001, before rising in 2002 to ***.[76] Steel City's operating margins decreased from *** percent in 2000 to *** percent in 2001, then rose to *** percent in 2002.[77] Finally, Steel City reported *** capital expenditures and *** research and development expenses during the period examined.[78]

According to Steel City, displacement of domestic sales volume and price suppression have caused material injury by significantly reducing profitability.[79] Steel City also points to decreases in employment, capacity utilization, output, market share, and capital expenditures. These trends, Steel City contends, can be attributed to increased subject imports and declining prices.[80] Steel City asserts that the most significant effect has been on profitability, which fell between 2000 and 2002, continuing

---

[67] CR and PR at Table III-2.

[68] CR and PR at Appendix G. Between 2001 and 2002, Steel City's lawn and garden fence post sales to *** fell from *** pounds to *** pounds, a decrease of *** pounds. *Id.*

[69] CR at II-1 n.3, PR at II-1 n.3. ***. U.S. producer and importer questionnaire responses.

[70] Steel City's sales volumes to *** fell by nearly *** between 2000 and 2002. CR and PR at Appendix G.

[71] CR and PR at Table III-2.

[72] CR and PR at Table III-2.

[73] CR and PR at Table III-2.

[74] CR and PR at Table III-2.

[75] Steel City's SG&A expenses were consistently equivalent to *** percent of its net sales.

[76] CR and PR at Table VI-1. Steel City's cash flow from its fence post operations was *** in 2000; *** in 2001; and *** in 2002. *Id.*

[77] CR and PR at Table VI-1.

[78] CR and PR at Table VI-3. Steel City reported ***. *Id.*

[79] Petitioner's Prehearing Brief at 11.

[80] Petitioner's Prehearing Brief at 16-17.

the decline between 1999 and 2000.[81] Steel City claims to have maintained *** operating margins only by slashing costs, and reducing volume.[82]

We have considered Steel City's arguments, but find that subject imports do not contribute importantly to the current state of the industry in the United States. Throughout the period examined, the *** of subject imports has been ***,[83] an account that, like its competitor ***.[84] [85] Moreover while subject import volume has increased, non-LTFV import volume has increased *** more substantially, and from a *** larger base. Sales of these non-LTFV imports are not limited to a single account, but are dispersed among a number of accounts, including *** of the four largest purchasers in the country.[86]

As discussed above, the record is mixed with respect to the existence of lower prices for subject lawn and garden fence posts from China and does not support the conclusion that prices declined between 2000 and 2002. Moreover, while Steel City has seen its sales volumes decline to key customers, the record does not support the contention that these diminished sales are due to competition from the subject imports. The largest importer of subject fence posts ***. Indeed, as previously discussed, it is questionable at best whether *** would reduce its importation of lawn and garden fence posts from *** if such fence posts were fairly traded.[87] Even if it did so, *** is not *** but instead is ***. Therefore, on balance, we find that the impact of the subject imports is not significant.

Based on the record in the final phase of this investigation, and in light of our analysis of the significance of the volume, price effects, and impact of the LTFV sales of subject imports, we determine that an industry in the United States is not materially injured by reason of imports of the subject fence posts from China that are sold in the United States at less than fair value.

IV. NO THREAT OF MATERIAL INJURY BY REASON OF SALES OF SUBJECT IMPORTS AT LESS THAN FAIR VALUE

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[88] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a

---

[81] Petitioner's Prehearing Brief at Attachment 9, Posthearing Brief at 6.

[82] Petitioner's Posthearing Brief at 6.

[83] During the period examined in this investigation, *** accounted for *** percent of LTFV imports in 2000; *** percent of LTFV imports in 2001; and *** percent of LTFV imports in 2002. *Compare* CR and PR at Table IV-2 *with* Questionnaire response of ***.

[84] At one time, Steel City supplied lawn and garden fence posts to Home Depot through Northwestern Steel & Wire, a full-line steel producer. Northwestern, which purchased *** pounds of lawn and garden fence posts in 1998 from Steel City, went bankrupt in that year, and Steel City ***. Home Depot, the *** purchaser of lawn and garden fence posts, is supplied ***. CR at IV-2 n.6, PR at IV-1 n.6; CR at II-1 n.1, PR at II-1 n.1; Questionnaire response of ***.

[85] *See also* Petitioner's Postconference Brief at 7 ("Steel City has supplied *** in several U.S. regions and ***. The only reason that it is not supplying these large customers today is because they were replaced by cheap Chinese imports.") As discussed above, the large customers identified in this passage purchase *** lawn and garden fence posts from China.

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

[87] Instead, *** indicated that at most it would review *** for ***, in its ***. Letter from ***, May 13, 2003.

[88] 19 U.S.C. § 1673d(b) and 1677(7)(F)(ii).

whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued.[89] In making our determination, we have considered all statutory factors that are relevant to this investigation.[90]

At the outset, we note that the only information that we received from manufacturers or exporters of lawn and garden fence posts from China was provided in the preliminary phase of this investigation by Hangzhou Hongyuan Sporting Goods Co., Ltd.; Hangzhou's fence post production, however, when exported by Shanghai BaoSteel Group, is not subject merchandise.[91] Hangzhou estimated that it accounted for *** percent of Chinese production and fully *** percent of Chinese exports of lawn and garden fence posts to the United States.[92] While these estimates are not precisely correct, non-LTFV U.S. imports of lawn and garden fence posts manufactured by Hangzhou nonetheless accounted for ***, ***, and *** percent of total imports of lawn and garden fence posts from China during the period 2000-2002.[93] These data indicate that Hangzhou, a producer of non-LTFV lawn and garden fence posts, was the dominant exporter of fence posts from China.[94]

The record does not contain detailed information regarding subject producers' capacity or inventory levels in China.[95] Nonetheless, the record is sufficiently developed to allow us to gauge the likelihood and significance of increased imports of the subject merchandise into the United States.[96]

The quantity of subject imports from China rose from *** million pounds in 2000 to *** million pounds in 2002, an increase of *** million pounds between 2000 and 2002.[97] Direct imports by ***, however, accounted for *** million pounds of subject imports in 2000, and increased to *** million pounds by 2002.[98] Lawn and garden fence posts exported by Hebei Metals and Minerals on behalf of *** consistently accounted for more than *** percent of subject import volume, while lawn and garden fence posts destined for other customers consistently accounted for less than *** percent of subject

---

[89] 19 U.S.C. § 1677(7)(F)(ii).

[90] 19 U.S.C. § 1677(7)(F)(i). Factor I is inapplicable in this investigation because no countervailable subsidy is involved. Factor VII is inapplicable in this investigation because it does not involve imports of a raw agricultural product.

[91] CR at VII-1, PR at VII-1.

[92] CR at VII-1, PR at VII-1.

[93] CR and PR at Table IV-2.

[94] Moreover, the *** reported by Hangzhou indicate that shipments to the United States are a reasonable proxy for production. Therefore, the record strongly supports the proposition that Hangzhou is *** the dominant manufacturer of lawn and garden fence posts in China. *See* CR and PR at Table VII-1.

[95] We have also considered 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. The manufacturing process for lawn and garden fence posts and for other posts (*e.g.*, tee posts), however, are completely different. Hearing Tr. at 17 (testimony of Mr. Speece).

[96] Steel City argues that, since no Chinese producer of lawn and garden fence posts has submitted a questionnaire response in this final phase investigation, the Commission should take an adverse inference with respect to the Chinese industry's production capacity. Petitioner's Prehearing Brief at 20; Hearing Tr. at 29 (testimony of Mr. Kimball). While the Commission has the discretion to take adverse inferences against all of the non-responding Chinese producers, we have frequently stated that the ability to take adverse inferences does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination and to draw reasonable inferences from all the record evidence. *See, e.g.*, Sulfanilic Acid from China and India, Invs. Nos. 701-TA-318, 731-TA-538, 561 (Review), USITC Pub. 3301, at 9-10 (May 2000).

[97] CR and PR at Table IV-2.

[98] Questionnaire response of ***.

import volume.[99] Thus, the record demonstrates that the *** of subject imports are destined for a single customer, ***.[100] As discussed above, Steel City ***.[101] *** imports lawn and garden fence posts in direct competition with ***, and does not re-sell this product to Steel City's customer base.

The record does not suggest that there is substantial production capacity or inventories available for export to other customers in the United States, since no company other than *** has imported more than *** quantities of the subject merchandise. Therefore, while the record indicates a likelihood of continued imports of the subject fence posts in conjunction with rising U.S. demand fed by large "big box" retailers such as Lowe's and its competitor, Home Depot, the record does not indicate that material injury by reason of subject imports would occur unless an order is issued.

We also have considered whether subject imports are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports. As we observed in our analysis of price effects in the context of our present injury analysis, the record is mixed with respect to underselling by the subject imports, but clearly indicates that the lowest prices in the market are those of certain non-LTFV imports from China. In light of the domestic industry's recent price increases, the absence of any lost revenue allegations, and the lack of evidence regarding three alleged lost sales due to the subject imports, we do not view significant price effects as likely.

We have considered the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product. While Steel City reported ***,[102] we note that Steel City reported *** and *** throughout the period examined.[103] This suggests that the existing development and production efforts of the domestic industry have been *** throughout the period examined, and that subject imports are unlikely to have potential negative effects.

As discussed above, the volume of subject imports from China has been directed toward ***, in direct competition with ***'s purchases of non-LTFV fence posts from China, and has resulted in no significant price effects with regard to Steel City. Any imminent LTFV importation of the subject merchandise is unlikely to have a significant negative impact on the domestic industry's production, capacity utilization, employment, revenues, or profitability. Given the continued profitability of the domestic industry, any impact is unlikely to threaten the domestic industry with material injury.[104]

Finally, the record does not contain any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of LTFV imports of the subject

---

[99] During the period examined in this investigation, *** accounted for *** percent of LTFV imports in 2000; *** percent of LTFV imports in 2001; and *** percent of LTFV imports in 2002. *Compare* CR and PR at Table IV-2 *with* Questionnaire response of ***.

[100] End-of-period inventories of subject imports from China increased during 2000-2002 by *** percent and were *** percent of subject imports in 2002. These data appear to be overstated, however, because ***. *** beginning-of-period inventories (taken from its books) ranged between *** and ***, and declined over the period examined. Questionnaire response of ***.

[101] Steel City sold a small volume, *** pounds, to *** in 2000. ***; CR and PR at Appendix G.

[102] CR at VI-5, PR at VI-2.

[103] CR and PR at Table VI-3.

[104] In light of strong overall demand for lawn and garden fence posts in the U.S. market, the *** customer base of Steel City, Steel City's demonstrated ability to increase prices, and its continued profitability, we do not consider Steel City to be vulnerable.

merchandise.[105] Accordingly, we determine that the domestic industry is not threatened with material injury by reason of imports of the subject fence posts from China that are sold in the United States at less than fair value.

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of lawn and garden fence posts from China that are sold in the United States at less than fair value.

[105] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry." There is no indication of any such finding or remedy against lawn and garden fence posts from China.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed by Steel City Corporation ("Steel City"), Youngstown, OH, on May 1, 2002, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of lawn and garden steel fence posts[1] from China. Information relating to the background of the investigation is provided below.

Date	*Action*
May 1, 2002	Petition filed with Commerce and the Commission; institution of Commission investigation (67 FR 30963, May 8, 2002)
May 21	Commerce's notice of initiation (67 FR 37388, May 29, 2002)
June 17	Commission's preliminary determination (67 FR 42581, June 24, 2002)
November 27, 2002 .	Commerce's preliminary determination (67 FR 72141, December 4, 2002); scheduling of the final phase of the Commission's investigation (68 FR 2794, January 21, 2003)[2]
April 18, 2003	Commerce's final determination (68 FR 20373, April 25, 2003)
April 22	Commission's hearing[3]
May 20	Commission's vote
June 2, 2003	Commission's determination to Commerce

[1] The scope of the investigation consists of "lawn and garden steel fence posts," defined as all "U"-shaped or "hat"-shaped lawn and garden fence posts made of steel and/or any other metal, weighing 1 pound or less per foot. Imports of these products are classified under the Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting number 7326.90.8535 ("fence posts, studded with corrugations, knobs, studs, notches or similar protrusions, with or without anchor plates"), with a general rate of duty (applicable to imports from China) of 2.9 percent *ad valorem*. Lawn and garden steel fence posts classified under HTSUS subheading 7308.90 ("columns, pillars, posts, beams, girders, and similar structural units of iron or steel") are also included within the scope of the investigation if they are made of steel and/or metal. Although the classifications are provided for convenience and U.S. Customs Service ("Customs") purposes, the written description of the merchandise under investigation is dispositive.

Specifically excluded from the scope are other posts made of steel and/or other metal including "tee" posts, farm posts, and sign posts, regardless of weight, and round or square tubing. Although not within the scope of this investigation, this report may make reference to "other posts of 1 pound or less per foot" which are defined as posts (including tee, farm, and sign posts) of steel and/or any other metal, weighing 1 pound or less per square foot, other than lawn and garden steel fence posts, and other than round or square tubing or pipes. Such posts are covered by HTSUS statistical reporting number 7326.90.8535. They may also be entered under HTS subheading 7308.90.

[2] Selected *Federal Register* notices are presented in app. A.

[3] A list of witnesses that appeared at the Commission's public hearing is located in app. B.

SUMMARY DATA

Table C-1 presents a summary of data on the U.S. market for lawn and garden steel fence posts (which corresponds to products covered by the scope of the investigation); table C-2 presents a summary of data on the U.S. market for other posts of 1 pound or less per foot (which covers products that are outside the scope of the investigation but which may be candidates for inclusion within the domestic like product); and table C-3 presents a summary of data on the U.S. market for both lawn and garden steel fence posts and other posts of 1 pound or less per foot (sum of tables C-1 and C-2).

NATURE AND EXTENT OF SALES AT LTFV

On April 25, 2003, Commerce published a notice in the *Federal Register* setting forth its affirmative final determination with regard to the antidumping investigation on lawn and garden steel fence posts from China. Commerce's margins are provided in the tabulation below:

Foreign producer/exporter	Weighted-average margin *(percent)*
Shanghai BaoSteel Group[1]	0
Hebei Metals & Minerals Import & Export Corp.[2]	6.60
China Nanyang Import & Export Corp.[3]	1.42
Other--PRC-wide rate	15.61

[1] Specifically, merchandise produced by Hangzhou Hongyuan Sporting Goods Co., Ltd., and exported by Shanghai BaoSteel Group International Trade Corp. ***.

[2] ***.

[3] Specifically, merchandise produced by Tianjin Shenyuan Steel Co., Ltd., or Tianjin Sunny Steel Products Co., Ltd., and exported by China Nanyang Import & Export Corp. The weighted-average margin is less than 2 percent and therefore *de minimis*. *** of the importers of lawn and garden steel fence posts from China reported importing from this Chinese producer.

Source: U.S. Department of Commerce. 68 FR 20373, 20376 (April 25, 2003).

THE PRODUCT

Commerce has defined the scope of this investigation as follows:

> All "U" shaped or "hat" shaped lawn and garden fence posts made of steel and/or any other metal, weighing 1 pound or less per foot, and produced in the PRC. The fence posts included within the scope of this investigation weigh up to 1 pound per foot and are made of steel and/or any other metal.
>
> Imports of these products are classified under the following categories: fence posts, studded with corrugations, knobs, studs, notches or similar protrusions with or without anchor posts (sic) and exclude round or square tubing or pipes.
>
> These posts are normally made in two different classes, light and heavy duty. Light duty lawn and garden fence posts are normally made of 14 gauge steel (0.068 inches - 0.082 inches thick), 1.75 inches wide, in 3, 4, 5, or 6 foot lengths. These posts normally weigh approximately 0.45 pounds per foot and are packaged in mini-bundles of 10 posts and master bundles of 400 posts. Heavy duty lawn and garden steel fence posts

are normally made of 13 gauge steel (0.082 inches - 0.095 inches thick), 3 inches wide, in 5, 6, 7, and 8 foot lengths. Heavy duty posts normally weigh approximately 0.90 pounds per foot and are packaged in mini-bundles of 5 and master bundles of 200. Both light duty and heavy duty posts are included within the scope of the investigation.

Imports of these products are classified under the Harmonized Tariff Schedule of the United States subheading (sic) 7326.90.85.35. Fence posts classified under subheading 7308.90 are also included within the scope of the investigation if the fence posts are made of steel and/or metal.

Specifically excluded from the scope are other posts made of steel and/or other metal including "tee" posts, farm posts, and sign posts, regardless of weight.[1]

Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (Customs) purposes, the written description of the merchandise under investigation is dispositive.

[1] Tee posts are made by rolling red hot steel into a "T" shape. These posts do not have tabs or holes to help secure fencing to them and have primarily farm and industrial uses.

DOMESTIC LIKE PRODUCT ISSUES

This section presents information related to the Commission's "domestic like product" determination.[4] In its preliminary determination, the Commission found two domestic like products: (1) U-shaped or hat-shaped lawn and garden fence posts, of steel and/or other metal, weighing 1 pound or less per foot (hereafter, "lawn and garden steel fence posts"); and (2) other fence posts (including tee, farm, and sign posts), of steel and/or other metal, weighing 1 pound or less per foot (hereafter, "other posts of 1 pound or less per foot").[5] Although the Commission made an affirmative preliminary determination regarding lawn and garden steel fence posts, it also made a negative determination regarding imports from China of other posts of 1 pound or less per foot (specifically "other posts made of steel and/or other metal including tee, farm, and sign posts weighing one pound or less per foot").[6]

There is only one known U.S. producer of lawn and garden steel fence posts, the petitioner Steel City. With regard to producers of other posts of 1 pound or less per foot, three U.S. producers provided data to the Commission: Cascade Steel Rolling Mills, Inc. ("Cascade Steel"); SMI Steel-Arkansas/ Southern Post Co. ("SMI"); and Steel City.

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

[5] *Lawn and Garden Steel Fence Posts from China*, Investigation No. 731-TA-1010 (Preliminary), USITC Pub. 3521, June 2002, pp. 1, 9. Vice Chairman Jennifer A. Hillman and Commissioner Marcia E. Miller found one domestic like product corresponding to the scope that was in effect at the time ("all metal posts, excluding round or square tubing or pipes, up to 1 pound per foot in weight, including U-shaped posts, tee posts, and angle-shaped posts"). Ibid., p. 27. Commissioner Lynn M. Bragg found a single domestic like product consisting of lawn and garden steel fence posts. Ibid., p. 9.

[6] Ibid., p. 1.

Steel City produces both lawn and garden steel fence posts and newspaper posts (a product that falls into "other posts of 1 pound or less per foot"). It also produces and distributes mailboxes, mailbox posts, and accessories.[7] ***. ***.[8]

SMI produces "T-posts" (tee posts) under 1 pound per foot (a product that falls into "other posts of 1 pound or less per foot"). ***.[9]

Cascade Steel produces hot-rolled studded tee posts under 1 pound per foot (a product that falls into "other posts of 1 pound or less per foot"). ***.[10]

Physical Characteristics and Uses

Lawn and garden steel fence posts are specifically designed to support fencing in numerous home and garden applications. The petition stated that these posts "are mainly used by homeowners in suburban and rural areas for lawn and garden applications. These posts are used for pet containment, tomato stakes, garden protection, property boundaries, sapling supports, safety barriers and many other uses."[11] Steel City stated that these posts are not appropriate for use as farm posts because they are too light and bend too easily.[12] Steel City specifically tried to sell its posts to support grape vines (grape stakes) but was unsuccessful at penetrating the grape-stake market because its posts were too soft and would not hold up, which it attributed to the weight of the grape stakes being over 1 pound per foot.[13] Steel City also specifically tried to expand into the farm and sign post market by producing heavier (over 1 pound per foot) U-shaped metal posts that it identified in its product brochure as "farm and sign posts." However, since its production process is limited to using a steel soft enough for its existing cold presses, it did not produce a strong enough post to compete in the farm and sign post market.[14]

Lawn and garden steel fence posts are characterized by a row of holes and tabs to help secure fencing to them by bending the tabs over the fence material. An anchor plate is crimped or bolted near the lower end of the post to stabilize it once driven into the ground. Of the eight different duty and length combinations, Steel City believes that the 4-foot and 5-foot lengths are the most representative of the light-duty lawn and garden steel fence posts sold in the U.S. market and that 5-foot and 6-foot lengths are the most representative of the heavy-duty lawn and garden steel fence posts sold in the U.S. market.[15] These posts are not an intermediate product for the production of downstream products. Rather, they are produced as a finished product in various convenient lengths and are sold through retail channels for use "as is" without the need for additional preparatory work for their primary application of supporting residential lawn and garden fencing. Both Steel City and importer-respondent Midwest Air Technologies ("MAT") concurred in the preliminary phase of the investigation that they were not aware

---

[7] Petition, p. 4.

[8] Producer questionnaire response of Steel City.

[9] Producer questionnaire response of SMI.

[10] Producer questionnaire response of Cascade Steel.

[11] Petition, p. 7.

[12] Steven Speece, Vice President, Production, Steel City, conference transcript, p. 15.

[13] Steven Speece, Vice President, Production, Steel City, conference transcript, pp. 34-35 and 40-41. There are at least three sizes of grape stakes offered by domestic producers: 0.95 pound per foot, 1.25 pounds per foot, and 1.33 pounds per foot. See product descriptions at *http://www.smi-southernpost.com/products/posts.asp*.

[14] Robert Hendricks, Vice President, Steel City, and Steven Speece, Vice President, Production, Steel City, conference transcript, pp. 38-39.

[15] Petition, p. 11.

of any product or industry-set standards for lawn and garden steel fence posts of either domestic or foreign origin.[16]

Metal posts outside the product scope vary in shape and weight per foot. Metal tee posts, with a solid "T"-shaped cross-section, are suitable for supporting fencing on farms and ranches (e.g., for livestock containment),[17] plants[18] and trees,[19] and erosion-control fencing (silt posts).[20] These posts, whether under or over 1 pound per foot, normally have an attached anchor plate for added stability in the ground[21] and a row of studs molded along their length[22] to support fencing, but require wire clips to hold the fence material to the post. According to Steel City, metal tee posts are generally much heavier and sturdier,[23] and will break off rather than bend like Steel City's lawn and garden steel fence posts.[24]

U-channel posts[25] over 1 pound per foot are used as farm posts and highway sign posts. One domestic producer offers a lug-type U-channel post over 1 pound per foot that is suitable for supporting barbed or electric wire fencing.[26] These posts are also heavy and sturdy enough to support plants and

---

[16] ***, Steel City, electronic communication via counsel for petitioner, June 4, 2002, and Adams Lee, White & Case, electronic mail communication with staff, June 5, 2002.

[17] Steven Speece, Vice President, Production, Steel City, conference transcript, p. 15. See also product descriptions at *http://www.smi-southernpost.com/products/posts.asp*.

[18] Tee posts (usually smooth rather than studded) may be used as grape stakes. ***, W. Silver, Inc., (W. Silver) telephone interview with staff, June 6, 2002.

[19] Tee posts are required by most metropolitan areas to stabilize newly planted trees in the first few years of growth and help prevent costly replacement in the event of high winds or flooding. See product descriptions at *http://www.smi-southernpost.com/products/posts.asp*.

[20] The construction industry has adopted tee posts, both over and under 1 pound per foot, as "the method of choice" for erosion control to prevent top soil from eroding during the excavation process. See product descriptions at *http://www.smi-southernpost.com/products/posts.asp* which describes both lightweight (0.95 pound per foot) and heavier (1.25 pounds per foot) tee silt posts.

[21] Studded tee posts are available from SMI/Southern Post with or without anchor plates. See product descriptions at *http://www.smi-southernpost.com*.

[22] In addition to studded tee posts, Chicago Heights Steel (Chicago Heights) produces smooth tee posts, characterized by holes along the length of the web rather than studs along the flange surface opposite the web as for a studded tee post. In its product literature, Chicago Heights states that its studded tee posts are for "fencing applications on the farm, at commercial or industrial sites, or for yards or gardens at home" and that its smooth tee posts are for "fencing on the farm or at home, and for chain-link fence." See product descriptions at *http://www.chicagoheights.com*.

[23] Even though there are some light-weight (1 pound or less) tee posts, they are sturdier than Steel City's lawn and garden steel fence post of comparable weight because of the hardness and tensile strength of the steel, as described below in *Manufacturing Facilities and Production Employees*.

[24] A 5-foot light-duty lawn and garden steel fence post weighs 2.50 pounds, whereas a common (1.25 pounds per foot) tee post of the same length weighs 6.25 pounds. Steven Speece, Vice President, Production, Steel City, conference transcript, pp. 15-16.

[25] There was no reported production of U-channel posts weighing 1 pound or less, but even if there were, such posts would have completely different product characteristics (e.g., hardness and tensile strength) because of their production process and would still be referred to as "U-channel posts" to distinguish them from the cold-formed lawn and garden steel fence posts made by Steel City.

[26] Franklin Industries Co.'s "self-fastening" U-channel post is characterized by a row of lug hooks (instead of studs) along its length to fit around (rather than tabs that can be bent around) and hold fence material to the post.

(continued...)

trees, e.g., for grape stakes and for fruit-tree saplings (orchard stakes), but require wire clips, plastic tape, or other types of fasteners to secure the plant or tree. U-channel highway sign posts weigh over 1 pound per foot and have closely spaced holes along their length for attaching a highway or traffic sign by nuts and bolts. Such posts suitable for displaying highway signs are both heavier and longer than Steel City's lawn and garden steel fence posts[27] and are typically sold to municipal, state, and federal agencies instead of being marketed in retail stores.[28]

Steel angle-shaped posts (angle posts), whether under or over 1 pound per foot, are also sturdy enough to support plants and trees as grape stakes and orchard stakes. These posts are normally characterized by evenly spaced holes or notches along their length and require wire or plastic ties, or other fasteners, to secure the plant or tree. Angle posts weighing 1 pound or less per foot are available from one domestic producer.[29]

Manufacturing Facilities and Production Employees

Lawn and garden steel fence posts are currently produced by Steel City either by stamping or by roll forming, light-gauge mild steel.[30] Both stamping and roll forming are cold-working processes and do not require the steel to be heated prior to being bent into shape. Stamping starts with a steel strip that is sheared, or a coil strip that is cut, to the proper width and pre-set post length. The sheared or cut strip is placed in a forming die that shapes it into a shallow U-shaped fence profile. The formed post is then pushed down by an air cylinder to the piercing die, and an operator inserts an anchor plate into the die. This station punches holes and lugs along the length of the post and crimps on the anchor plate.

Roll forming starts with the steel in coil form, slit to the proper width. The steel coiled slits run through successive rolls that form U-shaped post profiles. A roll former includes a flying cut-off that can be set for any length post. The formed post is then placed along with an anchor plate into the piercing die that punches holes and tabs along the post's length and crimps the anchor plate onto the post.

Subsequently, in both production processes, formed and assembled posts are removed from the die and stacked on a buggy, ready for cleaning and painting. Posts are hung on the paint line and are sent through a washer that cleans them and applies a phosphate rust inhibitor before entering a drying oven. A water-based air-dry paint is applied at a dip tank. The finished posts are then conveyed down the line to allow the paint to dry. At the banding station, a Universal Product Code label is automatically attached. Posts are removed from the conveyor and stacked into mini bundles. Automated banding heads band the ends of the bundles with one-half-inch steel strapping. The mini-bundles are then stacked on buggies to form master bundles which are banded for either shipment or warehouse storage.

---

[26] (...continued)
See product description at Internet site at *http://www.franklinindustries.com.*

[27] For example, Franklin Industries produces U-channel sign posts weighing up to 4 pounds per foot. Company Internet site at *http://www.franklinindustries.com.*

[28] Steven Speece, Vice President, Production, Steel City, conference transcript, p. 37.

[29] Jersey Shore Steel Co. Inc. (Jersey Shore) produces angle posts weighing both under and over 1 pound per foot. ***, Jersey Shore, telephone interview with staff, June 7, 2002.

[30] Mild steel is a less-hard steel with considerably lower tensile strength compared to higher-quality steels (e.g., rail steel). Steel City's production process compiled from the petition, pp. 7-8; Steven Speece, Vice President, Production, Steel City, written submission for staff conference, May 22, 2002, pp. 3-4; Steven Speece, Vice President, Production, Steel City, conference transcript, pp. 12-13; and ***, Steel City, electronic communications, through counsel for petitioner, with staff, June 4 and 7, 2002.

To the best of Steel City's knowledge, the production process in China for lawn and garden steel fence posts is basically identical to its own except for the packaging.[31] Whereas steel bands and seals are the packaging materials in the United States, Steel City believes that Chinese producers use twine and plastic tarp mat to package their posts.[32]

In its questionnaire response, Steel City stated that it *** using the same equipment and employees used to produce its lawn and garden steel fence posts.[33]

In contrast to lawn and garden steel fence posts, metal posts outside the product scope are hot-rolled from either scrapped railway rail or newly cast rail-quality billet steel.[34] Re-rolling mills hot-roll reheated short sections of scrapped railway rails.[35] In contrast, "minimills" cast billets by a continuous casting machine fed by molten steel produced from steel scrap that was melted in an electric arc furnace. In the rolling process, either reheated slit rail portions (in a re-rolling mill) or newly cast steel billets (in a minimill) are passed through a series of mill stands with grooved rolls that progressively reduce and shape the hot steel into posts.[36] Studs on a studded tee post are rolled in the last stand of the rolling mill. After rolling, posts are cut to desired lengths. A piercing press punches holes along the length of U-channel posts and angle posts. Anchor plates are attached to tee posts by crimping. Once posts have been allowed to cool, they are cleaned and then either painted with rust-inhibiting paint, hot-dip galvanized, or left uncoated. Finished posts are gathered into bundles, with the number of posts per bundle varying by their individual weights (determined by their shape, size, and length), either for shipment or for warehouse storage.

---

[31] Steven Speece, Vice President, Production, Steel City, conference transcript, p. 14.

[32] Petition, p. 15.

[33] As previously mentioned, in an attempt to expand its market, Steel City did use the same equipment used to produce lawn and garden steel fence posts to produce heavier (over 1 pound per foot) U-shaped posts that it identified as "farm and sign posts" by the stamping and piercing process described above. Steven Speece, Vice President of Production, Steel City, conference transcript, p. 40. Steel City described this attempt as a "bad experiment" that was unsuccessful since its product was not strong enough and therefore not competitive in the farm and sign post market, and so Steel City stated that, after trying for a couple of years, it "took its lumps and went home." Robert Hendricks, Vice President, Steel City, conference transcript, p. 38.

[34] High-carbon rail steel offers several performance advantages over mild steel. The high strength (high yield point) of rail steel provides stiffness to rail-steel products. Likewise, its high strength-to-weight ratio offers advantages of added strength with reduced weight. Plus, rail steel can be readily sheared, punched, and welded. Chicago Heights, "About Rail Steel," Internet site at *http://www.chicagoheightssteel.com/railsteel.htm*; and Jersey Shore, "Mild Steel vs. Rail Steel," Internet site at *http://www.jssteel.com/advantages/mild-steel.asp.*

[35] The rail is first heated in a reheat furnace to more than 2,300 degrees Fahrenheit in preparation for slitting along the length into the head (top), web (middle), and foot (base) portions. Generally, tee posts are rolled from the head portion of the rail, whereas other types of posts are rolled from the various portions of the slit rail, depending on the size and shape of the post. For an overview of the re-rolling process, see Jersey Shore, "Rail Steel from Jersey Shore Steel Company," at Internet site *http://www.jssteel.com/information/rolled_steel.asp*; and Jersey Shore, "From Railroad Rails to High-Strength Angle Iron, the Jersey Shore Steel Manufacturing Process," at Internet site *http://www.jssteel.com/advantages/manufacturing.asp.*

[36] Post of various sizes and shapes, and other products, can be rolled on the same rolling mill by substituting the appropriate grooved rolls.

Interchangeability and Customer and Producer Perceptions

As previously discussed, Steel City contends that its lawn and garden steel fence posts are fully interchangeable with the subject imports,[37] but that there is no interchangeability between its product and any other domestic product. Steel City specifically included grape stakes and other tee posts, farm posts, and sign posts among domestic products that were not like its product.[38] Steel City noted that domestic producers of these other posts are steel mills that reheat railway rail or other scrap steel and shape it into their very strong and hard posts which will break rather than bend, whereas its lawn and garden steel fence posts are softer and prone to bending.[39] According to Commission questionnaires, among domestic producers of other posts of 1 pound or less per foot, *** stated that *** posts were not utilized as lawn and garden steel fence posts and *** stated that such posts may be substituted for petitioner's lawn and garden steel fence posts.

Steel City stated that customers perceive that its lawn and garden steel fence posts are different and not interchangeable with tee posts, farm posts, and sign posts, and therefore the customers will not substitute one for the other.[40] For example, according to Steel City, farmers will not use lawn and garden steel fence posts because they have less strength and bend easily, as well as being much more expensive. Likewise, residential users typically do not use tee posts, even though they are less expensive, because they are too heavy and there is no convenient way to attach the wire; these customers are willing to pay

---

[37] Steel City reportedly performed extensive testing but found that the Chinese-made lawn and garden steel fence posts to be "equal to Steel City fence posts in every aspect including, size, weight, paint, strength, and quality." (Steven Speece, Vice President, Production, Steel City, written submission for staff conference, May 22, 2002, p. 2, and conference transcript, pp. 10-11.) Steel City's counsel asserted that customers perceive domestically produced and imported lawn and garden steel fence posts as being substitutable with no product differences and that price, rather than quality, is the prime consideration by major hardware retailers. (Marcela B. Stras, counsel for petitioner, conference transcript, pp. 7 and 78.) Steel City notes further that there is no brand recognition or customer loyalty for the U.S.-made product nor any quality difference to attract customers to the higher priced U.S. product. Petition, p. 27.

Respondent MAT agreed that the imported product is at least equal in quality to Steel City's product; in fact, counsel for respondent argued that certain purchasers consider that (1) the riveted anchor plate of respondent's imported product provides a more stable bond to the post and therefore is more resistant to twisting than domestic posts, and (2) the powder-based paint on respondent's imported fence posts is higher quality, provides a better finish, and is more durable than the regular air-dry spray-paint of the domestic product. (Adams Lee, White & Case, conference transcript, pp. 61-62.) MAT's counsel asserted that the imported product is lower priced, in spite of its higher quality, because of the market power of large-volume retailers, although he states that the lower prices still reflect to some extent the previous low-quality reputation of imported product. (Adams Lee, White & Case, conference transcript, pp. 61-62 and 74-75.) MAT's counsel stated that given their market power, major home-improvement and home-hardware chains impose their purchasing criteria of factors other than price such as product mix, product quality, reliability of supply, production capacity, a central supply source, and customer service. Although importers and traders offer advantages as single sources for both fence posts and fence materials, and are able to provide products in very large volumes to meet customers' requirements, MAT asserted that Steel City lacks the size and product range to qualify as a supplier. Adams Lee, White & Case, conference transcript, pp. 59-61 and 67-68, and respondent's postconference brief, pp. 2 and 6-9. For information submitted by purchasers of lawn and garden steel fence posts, see Part II of this report.

[38] Steven Speece, Vice President, Production, Steel City, conference transcript, pp. 15, 34-35, 38-41.

[39] Steel City's postconference brief, pp. 2-3.

[40] Steel City points out that there are differences in physical appearance between its lawn and garden steel fence posts and metal tee posts, sign posts, or farm posts that are readily apparent to the consumer.

more for the convenience of the "user-friendly" lawn and garden steel fence post.[41] Moreover, the Steel City's product is light enough to be driven into the ground with an ordinary hammer, whereas heavier tee posts, farm posts, and sign posts require pounding with a post driver to effectively set them into the ground.[42] According to Commission questionnaires, purchasers distinguished "heavier" posts over 1 pound per foot from Steel City's lawn and garden steel fence posts as being for "more rugged applications" or for "agricultural and industrial uses."

End users usually will not be confronted with a choice between lawn and garden steel fence posts and other posts (regardless of weight per foot), because there is only a limited selection of these other posts at home improvement, hardware, and department stores that carry both products. Where they are simultaneously present (e.g., the 6-foot metal tee post weighing 1.25 pounds per foot standing alongside a variety of both light-duty and heavy-duty lawn and garden steel fence posts), Steel City states that the customer perceives the posts as being different in physical appearance and uses.[43]

Channels of Distribution

According to Steel City, markets and channels of distribution are the same for both U.S.-made and imported lawn and garden steel fence posts.[44] Steel City markets its posts directly nationwide and states that lawn and garden steel fence posts are also sold nationwide by related and unrelated importers and traders.[45] Major customers include home-hardware, home-improvement, and department stores.

Although virtually all metal posts, regardless of shape and weight per foot, are sold to distributors instead of end users,[46] Steel City states that lawn and garden steel fence posts are sold through different channels of distribution to different customers than are tee posts. Although acknowledging that some home-improvement or home-hardware retailers stock both tee posts and lawn and garden steel fence posts, Steel City contends that it usually only stocks a single size of tee post (usually, if not always, over 1 pound per foot) compared to many sizes and lengths of lawn and garden steel fence posts. According to Steel City, many farm and ranch supply outlets stock only tee posts because they sell mostly to farmers and ranchers. In contrast, hardware, home-improvement, and department stores usually stock only lawn and garden steel fence posts because their customers are

---

[41] Steven Speece, Vice President, Production, Steel City, conference transcript, pp. 15-16.

[42] ***, Steel City, communications with staff, May 22, 2002.

[43] Steven Speece, Vice President, Production, Steel City, conference transcript, pp. 15-17.

[44] Petition, p. 9.

[45] Petition, p. 8.

[46] Commission's purchasers questionnaire responses.

homeowners rather than farmers and ranchers.[47] Further information on channels of distribution is presented in Part II of this report.

Price

According to Steel City, there is no similarity in price between its lawn and garden steel fence posts and other posts, regardless of weight per foot. Steel City states that tee posts are much cheaper, even though they are sturdier, because they are produced from scrap steel.[48] According to Commission questionnaires, Steel City's commercial U.S. shipments of domestic lawn and garden steel fence posts had average unit values of $*** and $*** per pound during the period investigated–considerably higher than the average unit values of $*** and $*** per pound for other (essentially tee) posts of 1 pound or less per foot (table C-2). Prices received for four specific lawn and garden steel fence posts in response to Commission questionnaires are presented in Part V of this report.

---

[47] Steven Speece, Vice President, Production, Steel City, written submission, staff conference, May 22, 2002, pp. 5-6. In the preliminary phase of this investigation, staff examined fence posts at both a local Home Depot and a local Lowe's in Alexandria, VA, and found that, although there were several sizes of both the light-duty and heavy-duty lawn and garden steel fence posts, the only tee post stocked by either store visited was 6 feet long and weighed 1.25 pounds per foot. Neither store stocked any domestic product. Staff also visited a farm store and a hardware store in more rural Culpeper, VA, and found no lawn and garden steel fence posts whatsoever. The farm store stocked/catalogued metal studded tee posts weighing 1.25 pounds per foot in 5-, 5.5-, 6-, 6.5-, 7-, 8- and 10-foot lengths (each sold with five clips) as well as several different types of 4-foot fence posts–a fiberglass tee post, a fiberglass rod, a molded ultraviolet light-resistant "step-in" polyolefin post with eight wire holders, and a steel post with a solid round cross section and a 4-inch anchor plate. The hardware store stocked only one type of metal post–a studded metal tee post weighing 1.25 pounds per foot (the post was out of stock and staff neglected to note the length from the bin sticker).

[48] For example, according to petitioner, prices at a major home-improvement retailer are $1.85 for a 6-foot metal tee post compared to $4.13 for 6-foot heavy-duty and $3.22 for 6-foot light-duty lawn and garden steel fence posts. Steven Speece, Vice President, Production, Steel City, conference transcript, p. 17. All tee posts with which Steel City is familiar are not only sturdier but also are heavier than its lawn and garden steel fence posts. Staff noted similar prices in its visit to a local home improvement retailer in Alexandria, VA, in the preliminary phase of the investigation. The prices staff noted were $1.85 for a 6-foot Chinese metal tee post, $3.56 for a 6-foot Chinese heavy-duty lawn and garden steel fence post, and a $2.42 discounted price (down from $3.22) for a 6-foot Chinese light-duty lawn and garden steel fence post. Using the 0.45 pound per foot weight for light duty and 0.9 pound per foot for heavy-duty lawn and garden steel fence posts given in Commerce's scope, the per-pound price of the metal tee post would have been $0.25 compared with $0.66 per pound for the heavy-duty and $0.90 (down from $1.19) per pound for the light-duty lawn and garden steel fence posts.

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

Suppliers of lawn and garden steel fence posts to the U.S. market consist of Steel City and importers of such posts from China. While there are many purchasers of lawn and garden steel fence posts, four account for the vast majority of purchases in the U.S. market. These four firms are ***, ***, ***, and ***, which together accounted for nearly *** percent of apparent consumption in 2002. *** , *** and *** are retailers, while *** is a wholesaler that sells *** to ***. *** primarily purchase *** fence posts from ***,[1] while *** imports *** fence posts from *** in China.[2]

CHANNELS OF DISTRIBUTION

In the U.S. market, both domestic and fairly traded imported lawn and garden steel fence posts are sold primarily to wholesalers or distributors, while LTFV imported fence posts are sold primarily to retailers or end users. Available data for 2002 indicate that *** percent of sales by Steel City, *** percent of sales by U.S. importers of the fairly traded Chinese product, and *** percent of sales by U.S. importers of the LTFV Chinese product were sold to wholesalers or distributors.[3]

Lawn and garden steel fence posts are sold to end users primarily by home centers such as Home Depot and Lowe's, independent cooperative stores, and smaller "mom and pop" hardware and gardening stores.[4] While both U-shaped posts and tee posts may be sold in these stores, Steel City asserts that fewer sizes of tee posts are generally available as compared to the U-shaped lawn and garden steel fence post selections. Steel City states that many farm supply outlets carry only tee posts and generally do not carry the U-shaped lawn and garden steel fence posts.[5]

SUPPLY AND DEMAND CONSIDERATIONS[6]

U.S. Supply

Based on available information, Steel City has the ability to respond to changes in demand with relatively large changes in the quantity of shipments of U.S.-produced lawn and garden steel fence posts to the U.S. market. The main factors contributing to this degree of responsiveness are general increases in end-of-period inventories and substantial excess capacity. These factors are detailed next.

---

[1] *** reported that *** percent of its 2002 purchases was from ***. The remaining *** percent was purchased from ***, which imports subject posts from *** (staff interviews with *** of ***, April 3, 2003, and *** of ***, April 30, 2003.

[2] ***.

[3] Steel City's primary customers in 2002 were ***. ***. MAT reported that its primary customers in 2002 were ***.

[4] Respondent MAT's postconference brief, p. 4.

[5] Steven Speece, Vice President of Production, Steel City, hearing transcript, p. 16. *** states that lawn and garden steel fence posts and tee posts over one pound per foot (*** does not sell tee posts under one pound per foot) are often sold and distributed by the same company, along with other lawn and garden fencing products. According to ***, the two types of posts are generally merchandised side by side at home centers with other fencing products. Farm supply stores sometimes separate the two types of posts, or sell only the tee posts over one pound per foot.

[6] Reported data on Chinese production capacity, production, capacity utilization, inventories, and exports of lawn and garden steel fence posts are shown in detail in Part VII of this report.

Industry Capacity

Data reported by the Steel City indicate it has substantial excess capacity with which to expand production in the event of price changes. Domestic capacity utilization decreased irregularly from *** percent in 2000 to *** percent in 2002.

Inventory Levels

Steel City's inventories of lawn and garden steel fence posts, as a ratio to total shipments, increased irregularly from *** percent in 2000 to *** percent in 2002. These data indicate that it has the ability to use inventories as a means of increasing shipments to the U.S. market.

Export Markets

While Steel City's exports represented *** share of total shipments of lawn and garden steel fence posts during the period examined, they increased irregularly from *** percent of total shipments in 2000 to *** percent in 2002. These numbers suggest that Steel City has a somewhat limited ability to divert shipments to or from alternate markets in response to changes in the price of such posts in the U.S. market.

U.S. Demand

Based on available information, the overall demand for lawn and garden steel fence posts is likely to exhibit small to moderate changes in response to changes in price. The main factor contributing to the estimated degree of price sensitivity is the lack of substitute products reported by most of the responding firms. However, some of the responding firms mentioned products which may be substitutes for such posts.

Demand Characteristics

Steel City, importers, and purchasers had mixed responses regarding demand for lawn and garden steel fence posts in the United States since January 1, 2000. According to Steel City, demand increased *** to *** percent for such posts due to the growth of retailers such as Home Depot and Lowe's. Among responding importers, two firms reported that demand increased, while the other three firms *** reported that demand was flat during this time frame. Similarly, purchasers' responses were mixed, with three of ten purchasers stating that demand increased, two stating that demand declined, and five *** stating that demand was unchanged during this time frame.[7] [8] Steel City, importers, and the majority of purchasers stated that demand for lawn and garden steel fence posts is seasonal, with most sales occurring in the spring. However, prices for these posts were reported to remain constant throughout the year.

---

[7] Available information from responses to Commission questionnaires indicates that U.S. consumption of lawn and garden steel fence posts increased from *** pounds in 2000 to *** pounds in 2002.

[8] It is unclear whether importers and purchasers are referring to their demand for fence posts or end user demand for fence posts. For example, *** questionnaire response indicated that demand was flat. However, during a staff conference call with *** of ***, *** indicated that *** was *** (staff conference call with *** of ***, April 28, 2003). Staff assumes that *** was referring to end user demand in its questionnaire response.

Substitute Products

Questionnaire responses from Steel City, five importers, and ten purchasers reveal that most of the responding firms (10 out of 16, ***) believe there are no practical substitutes for lawn and garden steel fence posts. However, three importers *** and three purchasers mentioned fiberglass posts, tee posts, or wood posts as possible substitutes.[9]

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported lawn and garden steel fence posts depends upon such factors as relative prices, quality, and conditions of sale. Based on available data, staff believes that there is a relatively high degree of substitution between domestic lawn and garden steel fence posts and subject imports from China.

Factors Affecting Sales

Table II-1 summarizes purchasers' responses concerning their top three factors in purchase decisions.[10] As indicated in the table, quality was cited most frequently as the primary factor in buying decisions, while price and "other" were the most frequently cited factors among the top three factors.[11] [12]

[9] In terms of relative prices, tee posts and fiberglass posts are less expensive than lawn and garden steel fence posts, while wood posts are more expensive than lawn and garden steel fence posts (voice mail response from *** of ***, March 19, 2003).

[10] Questionnaire responses were received from ten purchasers; based on reported data, these firms accounted for approximately 80 percent of apparent consumption in 2002. *** accounted for approximately *** percent of apparent consumption in 2002. These ten purchasers account for *** apparent consumption than the top four purchasers reported on p. II-1 because ***, an importer, not purchaser, of fence posts is included in the calculation on p. II-1.

[11] Purchasers were asked if they require their suppliers to become certified or prequalified in order to sell to their firms. Of the ten responding purchasers, two *** stated that they require suppliers to become certified or prequalified.

[12] *** reported that its three major factors in deciding from whom to purchase lawn and garden steel fence posts, in order of importance, are "quality," "service," and "price." *** reported that its three major factors in deciding from whom to purchase lawn and garden steel fence posts, in order of importance, are "quality," "price," and "service."

Table II-1
Lawn and garden steel fence posts: Ranking factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	2	1	1
Price	2	5	2
Quality	6	1	1
Other[1]	---	3	6

[1] Other factors include lead time, service, and ability of supplier to provide other products.

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

When asked how often their firm purchases lawn and garden steel fence posts that are offered at the lowest price, *** was the only purchaser among ten responses to indicate "always," five *** indicated "usually," two indicated "sometimes," and two indicated "never." Questions concerning purchasers' awareness of the country of origin and the manufacturer reveal that seven of ten responding purchasers *** "always" know whether the lawn and garden steel fence posts they are purchasing are U.S.-produced or imported, two purchasers *** "usually" know the origin, and one purchaser "never" knows the origin. Regarding the manufacturer, seven of ten responding purchasers *** "always" know this information, while two *** reported that they "usually" know and one reported that it "never" knows the manufacturer of the lawn and garden steel fence posts.[13]

Comparison of Domestic Product and Subject Imports

Questionnaire responses reveal agreement on the issue of interchangeability between U.S.-produced and subject lawn and garden steel fence posts (table II-2).[14]

[13] *** is the purchaser that "never" knew the country of origin or the manufacturer of the lawn and garden steel fence posts that it purchased. According to ***, he buys very small quantities from wholesalers. He does not care about the country of origin, and stated that he buys such products from "whoever has them at the cheapest price" (staff interview with ***, March 19, 2003).

[14] Purchasers were asked if imported and domestically produced lawn and garden steel fence posts are used in the same applications. Of the ten responding purchasers, all ten reported that lawn and garden steel fence posts from the United States and China are used in the same applications.

Table II-2
Lawn and garden steel fence posts: Perceived interchangeability of lawn and garden steel fence posts produced in the United States and in other countries

Country pair	Number of U.S. producers reporting[1]		Number of U.S. importers reporting	
	Yes	No	Yes	No
U.S. vs. China	***	***	4	-
U.S. vs. other[2]	([2])	([2])	([2])	([2])
China vs. other[2]	([2])	([2])	([2])	([2])

[1] ***.
[2] None reported.

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

*** claims that price is the only factor in home centers' purchasing decisions, *** asserts that factors other than price are also important when home centers select suppliers. In response to questions regarding any differences in product characteristics and sales terms and conditions between sales to "big box" retailers (such as Home Depot and Lowe's) and other customers, *** claimed that "big box" retailers require larger volume rebates and sometimes require special shipping arrangements that make them more costly for the supplier as compared to other customers. According to MAT, product mix, production capacity, and quality also play important roles in home centers' purchasing decisions.[15] [16]

At the conference, respondent MAT stated that the Chinese product is viewed as a higher quality product due to the use of rivets to fasten the metal plate to the fence post as opposed to the U.S.-produced method which involves stamping or crimping the metal plates on to the post.[17] Steel City responded to this assertion by stating that its quality had never been questioned, and that it has repeatedly been told that price was the primary determinant in home centers' purchasing decisions. Steel City further asserted that U.S. consumers could not detect quality differences between the domestic and imported product since they have very similar appearances.[18]

Steel City, importers, and purchasers were asked several questions regarding the method in which anchor plates are fastened to lawn and garden steel fence posts. When asked whether it is true that the anchor plates on domestically produced lawn and garden steel fence posts are crimped to the post whereas the anchor plates on such posts imported from China are riveted to the post, three of five responding importers *** and three of ten responding purchasers stated "yes."[19] Of these six responses, *** and two purchasers stated that the fastening method is not an important factor in purchase decisions

[15] Adams Lee, White & Case, conference transcript, pp. 58-61.

[16] Eight of ten responding purchasers *** answered "yes" to the question of whether their suppliers of lawn and garden steel fence posts also supply their firms with other products, and noted various other lawn and garden products supplied by Steel City, MAT, Jackson Wire, and Wire Cloth Manufacturers.

[17] Adams Lee, White & Case, conference transcript, p. 61.

[18] Marcela Stras, counsel for Steel City, conference transcript, pp. 78-80.

[19] All other responding firms, including ***, ***, and *** responded "no" to this question. *** stated that its heavy duty lawn and garden steel fence posts are ***.

as long as the posts meet the same engineering and quality standards, while the remaining importers and purchasers stated that it is an important or somewhat important factor.[20]

Purchasers were asked to rate a number of factors in terms of their importance in purchase decisions for lawn and garden steel fence posts, as well as rate domestically produced lawn and garden steel fence posts against lawn and garden steel fence posts imported from China using these same factors. Purchasers' responses are presented in table II-3.

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for lawn and garden steel fence posts measures the sensitivity of the quantity supplied by the U.S. producer to changes in the U.S. market price for such posts. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced lawn and garden steel fence posts. Previous analysis of these factors indicates that the U.S. industry is likely to have the ability to increase or decrease shipments to the U.S. market, due primarily to unused capacity and inventory levels. An estimate in the range of 5 to 8 is suggested. No parties commented on this estimate.

U.S. Demand Elasticity

The U.S. demand elasticity for lawn and garden steel fence posts measures the sensitivity of the overall quantity demanded to changes in the U.S. market price for such posts. This estimate depends on the factors discussed earlier, such as the existence, availability, and commercial viability of substitute products. As noted earlier, about half of the responding firms stated that there are no substitute products for fence posts, while the other responding firms mentioned fiberglass posts, tee posts, and wood posts as possible substitutes. Based on available information, the aggregate demand for lawn and garden steel fence posts is likely to be somewhat low. An estimate in the range of -0.5 to -1.0 is suggested. No parties commented on this estimate.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced fence posts and fence posts from China is likely to be in the range of 3 to 5. No parties commented on this estimate.

---

[20] Steel City, importers, and purchasers were also asked about the method used for securing anchor plates on nonsubject-country lawn and garden steel fence posts. *** stated that they did not know whether anchor plates on lawn and garden steel fence posts produced in nonsubject countries are crimped or riveted to the post, while *** indicated that such anchor plates are riveted to the post and the remaining three purchasers *** indicated that such anchor plates are crimped to the post. While most responding firms did not comment on the importance of this factor in nonsubject-country purchase decisions, two firms stated that the fastening method is not important. In any event, there were *** reported U.S. imports of lawn and garden steel fence posts from nonsubject countries during 2000-02.

Table II-3
Lawn and garden steel fence posts: Importance of purchase factors and comparisons of U.S. product with Chinese product, as reported by purchasers

Factor	Importance			U.S. vs. China		
	V	S	N	S	C	I
	Number of purchaser responses[1]					
Availability	8	0	0	2	6	0
Delivery terms	5	3	0	2	4	2
Delivery time	7	1	0	4	4	0
Discounts offered	5	3	0	1	4	3
Distribution network	2	4	1	2	5	1
Lowest price	6	2	0	1	2	5
Minimum quantity requirements	4	4	0	2	5	1
Packaging	5	2	1	1	7	0
Product consistency	8	0	0	3	4	1
Product quality	8	0	0	3	4	1
Product range of lawn and garden steel fence posts	3	4	1	0	8	0
Product range of other lawn and garden products	2	4	2	1	5	2
Production Capacity	5	3	0	1	5	2
Reliability of supply	8	0	0	3	4	1
Technical support/service	0	6	2	3	5	0
Transportation network	1	7	0	1	7	0
U.S. transportation costs	3	5	0	1	5	2

[1] ***.

Note.–For importance, V=very important, S=somewhat important, N=not important. For the country comparisons, S = U.S. product is superior, C = both countries' products are comparable, I = U.S. product is inferior.

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

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the final dumping margins was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire response of one firm, Steel City, the petitioner, which accounts for all known domestic production of lawn and garden steel fence posts.[1] Data regarding other posts of 1 pound or less per foot, which are outside of Commerce's scope, are based on the questionnaire responses of three firms: Cascade Steel, SMI, and Steel City, which account for virtually all known domestic production of these products.[2]

Table III-1 presents plant locations and shares of reported 2002 U.S. production (by weight) for each of the producers that responded to the Commission's questionnaire.

Table III-1
Lawn and garden steel fence posts and other posts of 1 pound or less per foot: U.S. producers, their positions on the petition, plant locations, and shares of production, 2002

Firm	Position on petition	Plant location(s)	Share of reported production	
			Lawn and garden	Other posts of 1 lb. or less per foot
Cascade Steel[1]	Support	McMinnville, OR	0	***
Franklin Industries	***	Franklin, PA	0	(2)
Jersey Shore Steel[3]	***	Jersey Shore, PA	0	(2)
SMI[4]	Support	Magnolia, AR	0	***
Steel City[5]	Petitioner	Youngstown, OH	100	***

1 ***.
2 Both Franklin Industries and Jersey Shore Steel submitted ***.
3 Jersey Shore Steel reported that the products under investigation represent approximately *** percent of its sales, ***.
4 ***.
5 ***.

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

[1] The petition stated that two other U.S. producers exited the lawn and garden steel fence post market: Gilbert & Bennett, which filed for bankruptcy in 1998, and Western Metals & Manufacturing, Inc., which exited the market in the late 1970s. Petition, p. 4.

[2] *** responded that they did not produce the subject product. In addition to the 5 firms responding to the Commission's questionnaire, the Commission sent producer's questionnaires to 9 firms, namely: ***.

Table III-2 presents data on U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators for Steel City, the sole U.S. producer of lawn and garden steel fence posts during 2000-02.[3]

Table III-2
Lawn and garden steel fence posts: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 2000-02

* * * * * * *

Total U.S. capacity from 2000 to 2002 remained constant.[4] Total U.S. production of lawn and garden steel fence posts decreased overall by *** percent from 2000 to 2002, but increased by *** percent from 2000 to 2001 before decreasing by *** percent from 2001 to 2002. Capacity utilization has remained under *** percent during the entire period examined.[5]

Steel City reported that it produces ***. ***.[6]

The volume of Steel City's U.S. shipments decreased throughout the entire period examined, specifically decreasing by *** percent from 2000 to 2002. The value of its U.S. shipments also decreased, by *** percent, during the same time period. Transfers to related firms and internal

---

[3] Data on U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators for Cascade Steel, SMI, and Steel City, the reporting U.S. producers of other posts of 1 pound or less per foot, are set forth in app. C, table C-2.

[4] At the hearing, Steel City stated that it doubled its production capabilities in 1998 by adding a second painting line and banding station. It claimed that it could produce 37 million pounds of lawn and garden steel fence posts annually by running 2.5 shifts and building inventory in the off-season. Hearing transcript, p. 22.

A representative of *** stated that ***. Staff conference call of April 28, 2003, ***, see notes, p. 1. Steel City claimed at the hearing that it did not import lawn and garden steel fence posts from China. Hearing transcript, p. 65. It also claimed that it ***. Telephone conversation with ***, Steel City, June 11, 2002, and an April 28, 2003 e-mail from Marcela Stras, counsel for the petitioner. Data obtained from Customs indicated that ***.

Steel City has stated that it was the primary supplier of lawn and garden fence posts to Lowe's for 20 years until 1998, a year in which it claimed a superior supplier rating with Lowe's, when Lowe's decided to use imports from China as a primary source of the product. At the present, Steel City supplies Lowe's with other products such as vinyl-coated lawn and garden wire and mesh fencing, mail boxes, and shelf bracketing. Hearing transcript, pp. 20-21. According to Steel City's counsel at the hearing, re-establishing Steel City as the primary Lowe's supplier of lawn and garden steel fence posts is of the utmost importance ("They're {Steel City} here basically to get Lowe's back . . .".) Hearing transcript, p. 37; *see also* Steel City's posthearing brief, p. 1.

***. Staff conference call of April 28, 2003, ***, see notes, p. 1.

[5] Upon verification, staff has revised Steel City's reported capacity data from *** pounds per year to *** pounds per year during the period examined. *See* Charles Yost, Verification Report, April 4, 2003, pp. 3-4. In its capacity computation, Steel City ***. Steel City's posthearing brief, attachments 3 and 4. (Note that Steel City's questionnaire response in the preliminary phase of this investigation stated its capacity at *** pounds per year, but Steel City later contended that the *** pound figure was the amount produced in 1998, not the actual capacity.) Steel City's posthearing brief, attachment 4. In its posthearing brief, Steel City maintained that the *** pounds per year figure should be used by the Commission. Steel City's posthearing brief, attachment 4.

[6] At the hearing, Steel City claimed that it presently had the manufacturing equipment capacity to supply the entire U.S. and Canadian market with lawn and garden steel fence posts. Hearing transcript, p. 67. Steel City reiterated that its capacity is *** pounds per year. Steel City's posthearing brief, attachment 4.

shipments ***. Export shipments reported were to *** and accounted for *** percent of its total volume of 2002 shipments.[7]

Steel City ***.

Steel City *** lawn and garden steel fence posts from 2000 to 2002. Also, Cascade Steel, SMI, and Steel City *** other posts of 1 pound or less per foot.

[7] Steel City's total shipments of lawn and garden steel fence posts were *** pounds in 1998, *** pounds in 1999, *** pounds in 2000, *** pounds in 2001, and *** pounds in 2002. Steel City's posthearing brief, attachment 3.

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

U.S. IMPORTERS

The Commission sent importer questionnaires to 31 firms believed to be importers of lawn and garden steel fence posts from China, as well as to the U.S. producing firms.[1] Questionnaire responses were received from 6 companies accounting for what is believed to be the vast majority of imports of lawn and garden fence posts from China.[2] U.S. import data presented herein consist of the questionnaire data provided by ***; MAT; ***.[3 4] *** reporting importers reported imports *** during the period examined. Therefore, imports from nonsubject countries ***.[5] Table IV-1 lists all responding U.S. importers and their quantity and share of imports from China in 2002.

The *** importer of lawn and garden steel fence posts in the United States is MAT of Lincolnshire, IL.[6] MAT reported that *** of its imports of lawn and garden steel fence posts were purchased from ***.[7] Other questionnaire respondents, ***, were located in ***. *** U.S. importers entered the subject product into or withdrew it from foreign trade zones or bonded warehouses. Table

---

[1] The Commission sent questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by the U.S. Customs Service, may have imported lawn and garden steel fence posts since 2000.

[2] *** submitted incomplete and unusable data. In addition to the 6 responses, the Commission received responses from *** indicating that they did not import lawn and garden fence posts during the period examined.

[3] ***.

[4] Official Commerce import data for HTSUS statistical reporting number 7326.90.8535, which became effective on July 1, 2000, include products both within and outside the scope of this investigation as the HTSUS category does not have a weight limitation nor a fence post type designation. The definition of the product under this statistical reporting number is as follows: "fence posts, studded with corrugations, knobs, studs, notches or similar protrusions, with or without anchor plates." App. D sets forth the official Commerce statistics for HTSUS statistical reporting number 7326.90.8535.

[5] Even when examining the volume of the broader category of products found in the official Commerce statistics, imports from countries other than China accounted for only 1.5 percent of imports in 2000, 1.7 percent in 2001, and 4.0 percent in 2002. Imports from India accounted for 67 percent of the imports from nonsubject countries in 2002. Imports from Canada, Mexico, and South Africa accounted for most of the remaining 33 percent during that period.

[6] In 2002, MAT imported *** percent by volume of total reported lawn and garden steel fence posts from China. MAT's *** accounted for *** percent of MAT's sales in 2002. MAT and *** together account for *** percent of total reported imports from China in 2002. According to data obtained from Customs using the broader HTS subheading, MAT accounted for *** percent of the imports from China in 2000, *** percent in 2001, and *** percent in 2002.

Steel City stated at the hearing that it once supplied lawn and garden steel fence posts to Home Depot indirectly through Northwestern Steel & Wire Co., a former U.S. producer of steel products including wire fencing products that exited the business in 1998 due to bankruptcy. Steel City has not supplied any lawn and garden steel fence posts to Home Depot since 1998. Hearing transcript, p. 59; Steel City's posthearing brief, p. 2. In its posthearing brief, Steel City argued that its product competes more directly with dumped imports (namely imports being sold to ***) than the fairly traded imports (those imports of ***). According to petitioner, "simply put, Steel City needs to get Lowe's back." Steel City's posthearing brief, p. 1.

[7] 68 FR 20373 (April 25, 2003). In this report, the imports of *** will be designated as being traded "at fair value" whereas imports by other firms will be designated as "LTFV."

IV-1 presents information on the importing firms that responded to the Commission's importers' questionnaire.

Table IV-1
Lawn and garden steel fence posts: Reporting importers, quantity of imports in 2002, and shares of reported imports in 2002

* * * * * * *

U.S. IMPORTS

Table IV-2 shows that the volume of total U.S. imports of lawn and garden steel fence posts from China increased by *** percent from 2000 to 2002 while the volume of LTFV imports increased by *** percent. The value of total U.S. imports of lawn and garden steel fence posts from China increased by *** percent from 2000 to 2002, and the value of LTFV imports of lawn and garden steel fence posts from China increased by *** percent from 2000 to 2002. ***. *** U.S. importer reported imports from nonsubject countries.

Table IV-2
Lawn and garden steel fence posts: U.S. imports, by sources, 2000-02

* * * * * * *

U.S. CONSUMPTION AND U.S. MARKET SHARES

Data on apparent U.S. consumption and U.S. market shares are presented in table IV-3.

Table IV-3
Lawn and garden steel fence posts: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, apparent U.S. consumption, and U.S. market shares, 2000-02

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Transportation Costs to the U.S. Market

Transportation and related costs for lawn and garden steel fence posts from China to the United States (excluding U.S. inland costs) are estimated to be 20.1 percent of the landed, duty-paid value of lawn and garden steel fence posts during 2002. This estimate is derived from official import data for HTS subheading 7326.90.85, and represents the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs and Geographic Markets

Steel City reported that ***.[1] Importers that provided estimates indicated that U.S.-inland transportation costs accounted for between 4 and 10 percent of the total delivered cost of the lawn and garden steel fence posts. All five responding firms stated that they arrange transportation to their customers' locations.

Steel City reported that *** percent of the lawn and garden steel fence posts that it sells are shipped to customers within 100 miles, *** percent are shipped to customers within 101-1,000 miles, and *** percent are shipped to customers at distances over 1,000 miles. On average, importers of unfairly traded subject fence posts reported shipping 48.8 percent of their lawn and garden steel fence posts within 100 miles, 17.4 percent within 101-1,000 miles, and 33.8 percent at distances over 1,000 miles.[2] [3]

With regard to geographic market areas served, ***. While two responding importers *** reported that they sell to all parts of the United States, the remaining three responding importers reported selling to specific markets, such as the East Coast.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan remained essentially unchanged during the period examined. The Chinese yuan has been pegged to the U.S. dollar since January 1, 1994, and thus nominal rates have remained virtually unchanged relative to the U.S. dollar since that time. Real values cannot be calculated due to the unavailability of the relevant Chinese producer price information.

PRICING AND PRODUCTION PRACTICES

Available information from questionnaires reveals that sales of lawn and garden steel fence posts in the United States are primarily contract sales. Steel City reported that *** percent of its sales are on a contract basis and MAT reported that *** percent of its *** sales are on a contract basis. Several relatively smaller importers of unfairly traded subject fence posts reported that 100 percent of their sales are on a spot basis. According to firms engaged in contract sales, contracts generally last one year, involve only fixed prices, and have no meet-or-release provisions.

---

[1] E-mail response from *** of ***, March 20, 2003.

[2] ***.

[3] *** reported that 100 percent of their sales are delivered by truck.

Lawn and garden steel fence posts experience seasonal demand, with sales at the retail level typically occurring from March through June.[4] According to Steel City, commitments from customers generally occur in September through November of the previous year,[5] and production takes place during the winter months.[6]

*** reported the existence of volume-based price discounts, while the remaining three responding importers reported having no discount policy.[7] *** reported that prices are quoted on an f.o.b. basis and payment is required within 30 days. *** also reported that prices *** are quoted on an f.o.b. basis, but payment is required in 60 days. Other importers were mixed regarding payment terms and price basis, with payment terms ranging from cash on delivery to net 30, and the price basis reported as f.o.b. or delivered.

PRICE DATA

The Commission requested that U.S. producers and importers provide quarterly data for the total quantity and value of four lawn and garden steel fence post products. Data were requested for the period January 2000 through December 2002. The products for which data were requested are as follows:

Product 1. **– Light-duty lawn and garden fence posts, 14 gauge thick, 1-3/4 inches wide by 4 feet tall**

Product 2. **– Light-duty lawn and garden fence posts, 14 gauge thick, 1-3/4 inches wide by 5 feet tall**

Product 3. **– Heavy-duty lawn and garden fence posts, 13 gauge thick, 3 inches wide by 5 feet tall**

Product 4. **– Heavy-duty lawn and garden fence posts, 13 gauge thick, 3 inches wide by 6 feet tall**

Steel City and two importers of subject LTFV fence posts provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters.[8] Selling price data reported by Steel City and U.S. importers accounted for *** percent of the value of Steel City's U.S. shipments in 2002, *** percent of the value of importers' U.S.

---

[4] According to ***, prices remain constant throughout the year despite the seasonal demand pattern.

[5] Steel City stated that in the fall it meets with potential buyers to present its product and price list. Potential buyers review the information provided by different suppliers and make purchase decisions (Robert Hendricks, Vice President, Steel City, conference transcript, pp. 27, 32).

[6] Ibid, pp. 26-27.

[7] Purchasers were asked if lawn and garden steel fence posts are sold to customers together with other products, and if the pricing of lawn and garden steel fence posts is affected by the product mix demand of the customers. According to 10 of 10 responding purchasers, subject posts are sold to customers together with other products. However, 9 of 10 purchasers *** reported that the price of lawn and garden steel fence posts is not affected by the product mix demand of the customers. Somewhat similarly, *** reported that prices for lawn and garden steel fence posts are not affected by the availability and prices for other products sold by their firms.

[8] *** are the two importers that provided usable price data. Staff has confirmed that both firms reported price data as requested in the Commission questionnaire.

shipments of subject LTFV fence posts from China in 2002, and *** percent of the value of importers' U.S. shipments of fairly traded fence posts from China in 2002.[9]

*** reported price data for sales of fairly traded lawn and garden steel fence posts are presented in appendix E, and *** reported import price data for its LTFV imports are presented in appendix F. *** price data are not included in tables V-1 through V-4 and figures V-1 through V-4 because they represent a different level of trade. Further, ***.[10] [11]

Data on selling prices and quantities of products 1 through 4 for Steel City and LTFV imports from China (excluding data for *** imports, which are presented in app. F) are presented in tables V-1 through V-4 and figures V-1 through V-4. As shown in table V-1 and figure V-1, price comparisons for product 1 between the United States and China were possible in a total of 12 quarters. In seven quarters, the Chinese product was priced above the U.S. product, with margins ranging from 0.1 to 13.4 percent and averaging 4.0 percent. In the other five quarters (including all four quarters in 2002), the Chinese product was priced below the U.S. product, with margins ranging from 0.9 to 5.8 percent and averaging 3.6 percent.[12]

---

[9] Purchasers were asked to indicate whether prices of lawn and garden steel fence posts from different sources have generally been higher, lower, or about the same as those of product from other sources. Of the eight responding purchasers, six indicated that prices for the Chinese product were lower than prices for the U.S. product, one indicated that prices were the same, and one indicated that prices for the Chinese product were higher than prices for the U.S. product. Of the six responding purchasers who reported buying the Chinese product, three bought the fairly traded Chinese product and three bought the LTFV product. Those that bought the fairly traded product all indicated that prices for the Chinese product were lower than prices for the U.S. product. Of the three purchasers who bought the LTFV product, one indicated that prices for the Chinese product were lower as compared to the U.S. product, one indicated that prices were the same, and one indicated that prices for the Chinese product were higher as compared to the U.S. product.

[10] Staff conference call with *** of ***, April 28, 2003.

[11] *** supplied general estimates of landed cost for the four products for which the Commission requested quarterly price data. *** estimates indicate that the landed cost for product 1 is *** percent higher than the reported f.o.b. China cost. Similar estimates for product 2, product 3, and product 4 indicate that *** landed costs are ***, ***, and *** percent higher than the reported f.o.b. China costs, respectively.

If *** total value data in app. F are increased by the aforementioned percentages, *** estimated landed costs are still *** than Steel City's reported prices for the four products. However, the estimates of landed costs for *** still do not reflect the same level of trade as Steel City's price data. For product 1and product 2, *** estimated quarterly landed costs are *** than Steel City's quarterly prices. For product 3 and product 4, *** estimated quarterly landed costs are *** than Steel City's quarterly prices in six of eight quarters per product, and *** than Steel City's quarterly prices in the other two quarters per product (fax response from *** of ***, May 2, 2003).

[12] ***, a wholesaler that sells primarily to ***, provided usable purchase price data for fairly traded product 1 in 12 quarters. In one quarter, the Chinese fairly traded product was priced *** the U.S. product, with a margin of *** percent. In the other 11 quarters, the Chinese fairly traded product was priced *** the U.S. product, with margins ranging from *** to *** percent and averaging *** percent. Throughout 2000-02, the reported purchase prices for the Chinese product ***, while the reported purchase prices for the U.S. product ***.

*** also provided product 1 purchase price data for fairly traded Chinese fence posts. *** prices generally increased during 2001-02 (no data were provided for 2000) and ranged from $*** to $*** per pound. *** prices were unchanged during 2000-02 at $*** per pound.

For product 1 only, *** reported purchase price data for subject fence posts imported by *** from ***. *** prices for the *** product were unchanged at $*** per pound in 2001 (no data were provided for 2000), then declined to *** in the first two quarters of 2002 before rising to $*** and $*** in the third and fourth quarters of 2002, respectively. Note: *** confirmed that all of its price data are purchase prices reported in pounds (staff interview with *** of ***, April 14, 2003).

As shown in table V-2 and figure V-2, price comparisons for product 2 between the United States and China were possible in a total of 12 quarters. In eight quarters, the Chinese product was priced above the U.S. product, with margins ranging from 1.2 to 9.0 percent and averaging 4.0 percent. In the other four quarters (three of which were in 2002), the Chinese product was priced below the U.S. product, with margins ranging from 0.2 to 5.0 percent and averaging 2.5 percent.[13]

Table V-1
Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 1, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

Table V-2
Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 2, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

Table V-3
Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 3, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

Table V-4
Lawn and garden steel fence posts: Weighted-average f.o.b. prices and quantities for product 4, and margins of underselling/(overselling), as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

Figure V-1
Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 1, as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

[13] *** provided usable purchase price data for product 2 in 11 quarters. In all 11 quarters, the Chinese fairly traded product was priced *** the U.S. product, with margins ranging from *** to *** percent and averaging *** percent. The reported purchase prices for the Chinese product ***. The reported purchase prices for the U.S. product ***.

*** also provided product 2 purchase price data for fairly traded Chinese fence posts. *** prices generally increased from $*** to $*** per pound during 2001-02 (no data were provided for 2000). *** prices were unchanged during 2000-02 at $*** per pound. Note: *** confirmed that all of its price data are purchase prices reported in pounds (staff interview with *** of ***, April 14, 2003).

Figure V-2
Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 2, as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

Figure V-3
Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 3, as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

Figure V-4
Lawn and garden steel fence posts: Weighted-average f.o.b. prices for product 4, as reported by U.S. producers and importers, by quarters, January 2000-December 2002

* * * * * * *

As shown in table V-3 and figure V-3, price comparisons for product 3 between the United States and China were possible in a total of six quarters. In one quarter (July-September 2002), the Chinese product was priced above the U.S. product, with a margin of *** percent. In the other five quarters, the Chinese product was priced below the U.S. product, with margins ranging from 0.8 to 24.1 percent and averaging 13.4 percent.[14]

As shown in table V-4 and figure V-4, price comparisons for product 4 between the United States and China were possible in a total of four quarters. In all four quarters, the Chinese product was priced below the U.S. product, with margins ranging from 9.9 to 14.0 percent and averaging 11.3 percent.[15]

LOST SALES AND LOST REVENUES

Three U.S. producers of metal posts provided information on allegations of lost sales and lost revenue due to imports of metal posts from China. However, only the lost sales allegations (***) relate to subject imports from China. All lost revenue allegations were supplied by non-petitioners *** and ***, and in *** the alleged lost revenue is due to imports of metal tee posts from China weighing over 1 pound per foot. The three reported lost sales allegations involved $*** and *** pounds of U-shaped metal posts weighing 1 pound or less per foot. The subject lost sales allegations are reported in table V-5.[16]

---

[14] *** provided usable purchase price data for the fairly traded Chinese product 3 in 12 quarters. The reported purchase prices for the Chinese product were ***.

[15] ***, a retailer of the subject posts, provided usable purchase price data for U.S. product 4 in 12 quarters, and *** provided usable purchase price data for the fairly traded Chinese product 4 in 12 quarters. The reported purchase prices for the Chinese product ***. The reported purchase prices for the U.S. product ***.

*** also provided product 4 purchase price data for fairly traded Chinese fence posts. *** prices increased from $*** per pound in 2000 to $*** in 2001 and 2002.

[16] Nonsubject lost revenue allegations were shown in table V-6 of the report in the preliminary phase of the investigation.

Table V-5
Lawn and garden steel fence posts: Lost sales allegations

* * * * * * *

*** [17]
*** [18]
*** [19]
*** [20]
*** [21] [22]
*** [23] *** [24] [25]

[17] Staff interviews with *** of ***, April 3, 2003, and *** of ***, April 30, 2003.

[18] Staff interview with *** of ***, May 30, 2002.

[19] ***.

[20] Staff conference call with *** of ***, April 28, 2003.

[21] Fax response from *** of ***, May 2, 2003.

[22] *** imports lawn and garden steel fence posts from *** (staff interview with *** of ***, April 30, 2003).

[23] Staff interview with *** of ***, June 5, 2002.

[24] Fax response from *** of ***, May 1, 2003.

[25] In its posthearing brief, Steel City reported that it sold ***.

PART VI: FINANCIAL EXPERIENCE OF STEEL CITY

BACKGROUND

Steel City is the sole known U.S. producer[1] of lawn and garden steel fence posts, and provided usable financial data on its operations of such posts. Steel City also provided usable financial data on its operations producing other posts of 1 pound or less per foot, as did two other U.S. firms (Cascade and SMI).[2] Steel City produces its lawn and garden steel fence posts by roll forming, stamping, and piercing steel sheet or strip.[3] Steel City also produces newspaper posts, mail boxes, mail box accessories, brackets, and other formed steel sheet products for the do-it-yourself homeowner.

OPERATIONS ON LAWN AND GARDEN STEEL FENCE POSTS

Income and loss data for Steel City's operations on lawn and garden steel fence posts are presented in table VI-1. The quantity and value of Steel City's sales decreased each year between 2000 and 2002.[4] Unit sales values irregularly declined (from *** cents per pound in 2000 to *** cents in 2001, rising *** to *** cents in 2002). Sales volume fell *** percent between 2000 and 2002, leading to a *** decrease in operating income, down by *** percent between 2000 and 2002.[5]

Table VI-1
Lawn and garden steel fence posts: Results of Steel City's operations, 2000-02

* * * * * * *

The total cost of goods sold (COGS) decreased between each year investigated in response to the decline in quantity sold, although unit COGS increased ***, mostly due to factory overhead where other costs were held down by improvements in manufacturing efficiency despite the lower volume of sales.[6] Steel City's operating income fell between 2000 and 2001 but increased *** between 2001 and 2002 as did its ratio of operating income to net sales.[7]

---

[1] Steel City has a fiscal year that ends on ***. However, Steel City reported its shipment and sales data on a calendar-year basis; it reported data for *** on the basis of its fiscal year. Commission staff verified the firm's questionnaire response and the results of that verification are incorporated.

[2] Cascade and SMI, *** with a fiscal year ending on ***, provided data on other posts of 1 pound or less per foot in both the trade and financial sections of the questionnaire on a fiscal year basis (appendix C). ***. Staff telephone conversation with *** Cascade, on March 7, 2003. ***. See *Lawn and Garden Steel Fence Posts from China, Inv. No. 731-TA-1010 (Preliminary)*, USITC Pub. 3521, June 2002, p. VI-1.

[3] Telephone conversation with Steel City personnel on May 22, 2002.

[4] See app. G. for details of Steel City's sales during 1998-2002.

[5] Based on data obtained in the preliminary phase of this investigation, Steel City's operating income was $*** on sales of $*** and its operating income as a ratio to sales was *** percent in 1999. Its sales volume, sales value, and operating income fell by *** percent, *** percent, and *** percent, respectively, between 1999 and 2000. See *Lawn and Garden Steel Fence Posts from China, Inv. No. 731-TA-1010 (Preliminary)*, USITC Pub. 3521, June 2002, table VI-2.

[6] Robert Hendricks, Vice President, Steel City, conference transcript, p. 20.

[7] As noted earlier, based on data obtained in the preliminary phase of this investigation, the decline in Steel

(continued...)

Changes in Steel City's operating income are further examined by the variance analysis that shows the effects of prices and volume on net sales and of costs and volume on its total costs (table VI-2). This analysis shows that the decrease in operating income between 2000 and 2002 of $*** was attributable to combined unfavorable variances of $*** on price, $*** on net cost/expense, and $*** on volume. An unfavorable price variance between 2000 and 2001 became favorable between 2001 and 2002 and operating income increased *** between those two years.[8]

Table VI-2
Lawn and garden steel fence posts: Variance analysis on the results of operations of Steel City, 2000-02

* * * * * * *

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

Steel City's data on the value of its property, plant, and equipment used in the production of lawn and garden fence posts are shown in table VI-3.

Table VI-3
Lawn and garden steel fence posts: Value of assets of Steel City, fiscal years 2001-03

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of lawn and garden steel fence posts from China on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Steel City's response is:

***.

***.

---

[7] (...continued)
City's operating performance was *** between 1999 and 2000 compared with 2000 to 2001. Between 1999 and 2000, the ratio of operating income to net sales fell by *** percentage points and the per-unit operating income fell by approximately *** percent.

[8] Based on data obtained in the preliminary phase of this investigation, Steel City's operating income fell by $*** between 1999 and 2000, attributable to unfavorable variances on net cost/expense of $*** and net volume of $*** that were ameliorated by a favorable price variance of $***.

PART VII: THREAT CONSIDERATIONS

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

THE INDUSTRY IN CHINA

The Commission requested data from seven firms believed to export lawn and garden steel fence posts to the United States from China, but did not receive any responses.[1] In its preliminary phase of this investigation, however, the Commission did receive a questionnaire response from Hangzhou Hongyuan Sportsware Co., Ltd. ("Hangzhou"). Hangzhou's exports of lawn and garden steel fence posts, if exported through Shanghai BaoSteel Group, currently have a weighted-average dumping margin of zero, based on Commerce's final determination. Table VII-1 presents data for this Chinese producer, which was provided to the Commission in the preliminary phase of this investigation.

Hangzhou estimated that it accounted for *** percent of total production in China of subject fence posts and accounted for *** percent of the total exports to the United States. It also reported that it had *** to add, expand, curtail, or shut down production capacity and/or production of subject fence posts in China. Additionally, it is *** to any U.S. firm producing or planning to produce these fence posts. ***, which is reported to be *** of Hangzhou's subject fence posts in the United States, stated that *** of its imports of subject posts weighing 1 pound or less per foot are U-shaped posts and are exported to the United States through Shanghai BaoSteel. No information was given concerning any additional products made by Hangzhou.

Table VII-1
Lawn and garden steel fence posts: Reported Chinese production capacity, production, shipments, and inventories, 1999-2001, January-March 2001, January-March 2002, and projected 2002-03

* * * * * * *

U.S. INVENTORIES OF IMPORTED PRODUCT

Table VII-2 sets forth reported importers' end-of-period inventories of lawn and garden steel fence posts from China during 2000-02.

Table VII-2
Lawn and garden steel fence posts: U.S. importers' end-of-period inventories of imports, by sources, 2000-02

* * * * * * *

[1] The Commission requested data from: ***.

U.S. IMPORTERS' CURRENT ORDERS

Three U.S. importers, ***, reported that they had placed orders to import lawn and garden steel fence posts from China since December 31, 2002. *** reported that it had ordered ***. *** reported that it ordered a quantity (unspecified) valued at ***. *** reported that it ordered *** since December 31, 2002 from its supplier in China.

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There is no indication that lawn and garden steel fence posts from China have been the subject of any other import relief investigations in any other countries.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1010 (Final)]

Lawn and Garden Steel Fence Posts from China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–1010 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China of lawn and garden steel fence posts, provided for in subheading 7326.90.85 of the Harmonized Tariff Schedule of the United States.

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: December 4, 2002.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202–708–5408), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server *(http://www.usitc.gov)*. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public.*

SUPPLEMENTARY INFORMATION:

Background—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of lawn and garden steel fence posts from China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. § 1673b). The investigation was requested in a petition filed on May 1, 2002, by Steel City Corp. of Youngstown, OH.

Participation in the investigation 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 final phase of this investigation 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, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

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 the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. § 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation 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 final phase of this investigation will be placed in the nonpublic record on April 8, 2003, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on April 22, 2003, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before April 14, 2003. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on April 16, 2003, 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), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is April 15, 2003. 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 207.25 of the Commission's rules. The deadline for filing posthearing briefs is April 29, 2003; witness testimony must be filed no later than three business days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before May 13, 2003. On May 13, 2003, 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 May 15, 2003, but such final comments must not contain new factual information and must otherwise comply with section 207.30 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 provided by section 201.8 of the Commission's rules, as amended (67 FR 68036, November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (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: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: January 15, 2003.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03–1232 Filed 1–17–03; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–877]

Notice of Final Determination of Sales at Less Than Fair Value: Lawn and Garden Steel Fence Posts From the People's Republic of China

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

ACTION: Notice of final determination of sales at less than fair value.

SUMMARY: We determine that lawn and garden steel fence posts (fence posts) from the People's Republic of China (PRC) are being sold, or are likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are shown in the *Final Determination of Investigation* section of this notice.

EFFECTIVE DATE: April 25, 2003.

FOR FURTHER INFORMATION CONTACT: Salim Bhabhrawala or Chris Welty, Group II, Office 5, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–1784, (202) 482–0186, respectively.

SUPPLEMENTARY INFORMATION:

Case History

The preliminary determination in this investigation was published on December 4, 2002. *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Lawn and Garden Steel Fence Posts from the People's Republic of China,* 67 FR 72141 (December 4, 2002) (*Preliminary Determination*). Since the preliminary determination, the following events have occurred.

We conducted verification of the questionnaire responses of Shanghai BaoSteel International Economic and Trading Corporation, Ltd. (BaoSteel),[1] Hebei Metals and Minerals Import and Export Corporation (Hebei), and China Nanyang Import & Export Corporation (Nanyang),[2] from January 13 through

[1] Hangzhou Hongyuan Sporting Goods Company, Ltd. was the producer of the subject merchandise sold by BaoSteel during the period of investigation (POI).

[2] Tianjin Shenyuan Steel Company, Ltd. and Tianjin Sunny Steel Products Company, Ltd. were the producers of the subject merchandise sold by Nanyang during the POI.

January 24, 2003. *See Verification of Sales and Factors of Production Data Submitted by Shanghai BaoSteel International Economic and Trading Corporation, Ltd.* (Feb. 20, 2003); *Verification of Sales and Factors of Production Data Submitted by Hebei Metals and Minerals Import and Export Corporation and its Suppliers,* (Mar. 4, 2003); and *Verification of Sales and Factor of Production Data Submitted by China Nanyang Import & Export Co., Ltd.* (Mar. 4, 2003).

On January 15, 2003, the petitioner[3] submitted information to support its contention that the price of BaoSteel's market-economy supplied input should not be included in the calculation of normal value. *See Issues and Decision Memorandum for the Final Determination of the Antidumping Duty Investigation of Lawn and Garden Steel Fence Posts from the People's Republic of China,* from Holly A. Kuga, Acting Deputy Assistant Secretary, Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration (*Decision Memorandum*) dated April 18, 2003, at Comment 2.

Respondents Hebei and Nanyang filed surrogate value information and data on January 21, 2003.

On February 23, 2003, the Department of Commerce (the Department) issued a correction to the *Preliminary Determination,* correcting the scope of the investigation to be consistent with the International Trade Commission's preliminary determination. *See Lawn and Garden Steel Fence Posts from China,* 67 FR 42581 (June 24, 2002). No other changes were made to the *Preliminary Determination. See Correction: Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Lawn and Garden Steel Fence Posts from the People's Republic of China,* 68 FR 8737 (Feb. 25, 2003).

On March 13, 2003, Hebei, Nanyang, and the petitioner filed case briefs. BaoSteel did not file a case brief. On March 17, 2003, the Department filed a letter rejecting the petitioner's March 13, 2003, case brief because it contained untimely filed new information. We asked the petitioner to resubmit its case brief in compliance with the Department's specific redaction instructions contained within that letter. (*See* Letter from the Department to Steel City Corporation dated March 17, 2003). On March 18, 2003, the petitioner submitted a revised version of its case brief, complying with the Department's instructions in the Department's March 17, 2003, letter. The petitioner also filed its rebuttal brief on March 18, 2003. All three respondents filed rebuttal briefs on March 24, 2003.

No hearing was requested by the interested parties in this proceeding.

Scope of Investigation

For purposes of this investigation, the products covered consist of all "U" shaped or "hat" shaped lawn and garden fence posts made of steel and/or any other metal, weighing 1 pound or less per foot, and produced in the PRC. The fence posts included within the scope of this investigation weigh up to 1 pound per foot and are made of steel and/or any other metal. Imports of these products are classified under the following categories: fence posts, studded with corrugations, knobs, studs, notches or similar protrusions with or without anchor posts and exclude round or square tubing or pipes.

These posts are normally made in two different classes, light and heavy duty. Light duty lawn and garden fence posts are normally made of 14 gauge steel (0.068 inches—0.082 inches thick), 1.75 inches wide, in 3, 4, 5, or 6 foot lengths. These posts normally weigh approximately 0.45 pounds per foot and are packaged in mini-bundles of 10 posts and master bundles of 400 posts. Heavy duty lawn and garden steel fence posts are normally made of 13 gauge steel (0.082 inches—0.095 inches thick), 3 inches wide, in 5, 6, 7, and 8 foot lengths. Heavy duty posts normally weigh approximately 0.90 pounds per foot and are packaged in mini-bundles of 5 and master bundles of 200. Both light duty and heavy duty posts are included within the scope of the investigation.

Imports of these products are classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheading 7326.90.85.35. Fence posts classified under subheading 7308.90 are also included within the scope of the investigation if the fence posts are made of steel and/or metal.

Specifically excluded from the scope are other posts made of steel and/or other metal including "tee" posts, farm posts, and sign posts, regardless of weight.[4] Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (Customs) purposes, the written description of the merchandise under investigation is dispositive.

Period of Investigation

The POI is October 1, 2001, through March 31, 2002.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this proceeding and to which we have responded are listed in the *Appendix* to this notice and addressed in the *Decision Memorandum,* which is hereby adopted by this notice. Parties can find a complete discussion of the issues raised in this investigation and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit (CRU), room B–099 of the main Department building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the internet at *http://ia.ita.doc.gov.* The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Non-Market Economy

The Department has treated the PRC as an non-market economy (NME) country in all its past antidumping investigations. *See e.g., Notice of Final Determination of Sales at Less Than Fair Value: Ferrovanadium From the People's Republic of China,* 67 FR 71137, 71138 (Nov. 29, 2002); and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Circular Welded Carbon-Quality Steel Pipe From the People's Republic of China,* 67 FR 36570, 36571 (May 24, 2002). An NME country designation remains in effect until it is revoked by the Department. *See* section 771(18)(C) of the Act. The respondents in this investigation have not requested revocation of the PRC's NME status. Therefore, we have continued to treat the PRC as an NME country in this investigation. For further details, see the *Preliminary Determination.*

Separate Rates

In our *Preliminary Determination,* we found that all three responding companies met the criteria for the application of separate, company-specific antidumping duty rates. We have not received any other information since the preliminary determination which would warrant reconsideration of our separates rates determination with respect to these companies. For a complete discussion of the Department's determination that the respondents are entitled to a separate rate, see the *Preliminary Determination.*

The PRC-Wide Rate

In the preliminary determination, we found that the use of adverse facts

[3] The petitioner in this investigation is Steel City Corporation.

[4] Tee posts are made by rolling red hot steel into a "T" shape. These posts do not have tabs or holes to help secure fencing to them and have primarily farm and industrial uses.

available for the PRC-wide rate was appropriate for other exporters in the PRC based on our presumption that those respondents who failed to demonstrate entitlement to a separate rate constitute a single enterprise under common control by the Chinese government. The PRC-wide rate applies to all entries of the merchandise under investigation except for entries from Hebei, entries from Nanyang which were produced by Tianjin Shenyuan Steel Company, Ltd. or Tianjin Sunny Steel Products Company, Ltd., and entries from BaoSteel which were produced by Hangzhou Hongyuan Sporting Goods Company, Ltd.

When analyzing the petition for purposes of the initiation, the Department reviewed all of the data upon which the petitioners relied in calculating the estimated dumping margin and determined that the margin in the petition was appropriately calculated and supported by adequate evidence in accordance with the statutory requirements for initiation. In order to corroborate the petition margin for purposes of using it as adverse facts available, we examined the price and cost information provided in the petition in the context of our preliminary determination. For further details, *see* Memorandum from Christopher Smith to Gary Taverman, *Corroboration of Secondary Information*, dated November 27, 2002 (*Preliminary Corroboration Memorandum*). We received no comments on this decision and continue to find in this final determination that the rate contained in the petition, as recalculated, has probative value. We have continued to apply this rate in the final determination. For further discussion, *see Preliminary Determination.*

Since the preliminary determination, we have obtained new information regarding several surrogate values. In order to take into account the more recent information, we recalculated the petition margin using, where possible, revised surrogate values to value the petitioners' consumption rates. As a result of this recalculation, the PRC-wide rate is, for the final determination, 15.61 percent. *See* Memorandum from Christopher Smith to the File, *Corroboration of Secondary Information*, dated April 18, 2003.

Surrogate Country

For purposes of the final determination, we continue to find that India remains the appropriate surrogate country for the PRC. For further discussion and analysis regarding the surrogate country selection for the PRC, see the *Preliminary Determination.*

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondents for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondents. For changes from the *Preliminary Determination* as a result of verification, see the *Changes Since the Preliminary Determination* section below.

Changes Since the Preliminary Determination

Based on our findings at verification and on our analysis of the comments received, we have made the following adjustments to the calculation methodologies used in the preliminary determination. These adjustments are discussed in detail in the *Decision Memorandum; Final Calculation of Antidumping Duty Investigation of Lawn and Garden Steel Fence Posts From the People's Republic of China for Shanghai BaoSteel International Economic and Trading Co., Ltd.* (Apr. 18, 2003) (*BaoSteel's Final Calculation Memorandum*); *Final Calculation of Antidumping Duty Investigation of Lawn and Garden Steel Fence Posts From the People's Republic of China for Hebei Metals and Minerals Import and Export Corporation* (Apr. 18, 2003) *Hebei's Final Calculation Memorandum*); and *Final Calculation of Antidumping Duty Investigation of Lawn and Garden Steel Fence Posts From the People's Republic of China for China Nanyang Import & Export Corporation* (Apr. 18, 2003) (*Nanyang's Final Calculation Memorandum*).

BaoSteel

1. We revised our calculation of freight costs for the factors of production to include the revised distances identified during verification. *See BaoSteel's Final Calculation Memorandum.*

2. We revised the calculations for the following packing materials for BaoSteel as a result of changes discovered at verification: packing labels, plastic hanging ties, and plastic ties. *See id.*

Hebei

1. Hebei omitted certain bank fees from its reporting of U.S. sales. Accordingly, we have included these verified fees as adjustments to U.S. price. *See Hebei's Final Calculation Memorandum.*

2. We removed non-subject "T-posts" from Hebei's U.S. sales database. *See id.*

3. We revised our calculation of freight costs for the factors of production to include the revised distances identified during verification. *See id.*

4. We revised certain packing material weights to account for remeasurements conducted at verification. *See id.*

5. We revised the electricity factor for one of Hebei's suppliers in accordance with our verification findings. *See id.*

Nanyang

1. As reported by Nanyang during the company's presentation of minor corrections at verification, the company omitted certain bank fees from its reporting of U.S. sales. Accordingly, we have included these verified fees as adjustments to U.S. price. *See Nanyang's Final Calculation Memorandum.*

2. At verification, certain differences were found between reported transportation distances and remeasured distances. We have revised the transportation distances previously used to reflect the remeasured amounts. *See id.*

3. We revised our calculation for certain rivet costs to reflect changes in weight, loss rate, and consumption rates discovered at verification. *See id.*

4. We revised our acid bath and phosphate acid calculations to reflect changes in input allocations discovered at verification. *See id.*

5. At verification, certain differences were found between reported packing material weights and remeasured weights. We have revised the packing material weights previously used to reflect the remeasured amounts. *See id.*

6. We revised certain electricity calculations to reflect changes in electricity consumption discovered as a result of verification. *See id.*

7. We revised certain labor calculations to reflect changes in labor allocations discovered as a result of verification. *See id.*

8. We revised certain calculations for steel coil scrap production to reflect changes in steel allocations discovered as a result of verification. *See id.*

Surrogate Values

1. We adjusted the surrogate value for steel coil to reflect updated surrogate data. *See Decision Memorandum* at Comment 3.

2. We adjusted the surrogate values for the following packing materials to reflect updated surrogate data: steel screws, nails, wood pallets, wood, plastic sheet/strips, foam, plastic twine, and steel pallets. *See id.*

3. We revised the surrogate value for hydrochloric acid to reflect less aberrational data. *See Decision Memorandum* at Comment 4.

4. We revised the surrogate value for brokerage and handling to include a more representative and contemporaneous source of surrogate data. *See Decision Memorandum* at Comment 5.

5. We revised the surrogate value for labor to reflect the Department's updated wage rate regression calculation. *See Decision Memorandum* at Comment 6.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B)(ii) of the Act, we are directing the Customs Service to continue suspension liquidation of entries of subject merchandise from the PRC, with the exception of merchandise exported by Shanghai BaoSteel International Economic and Trading Co., Ltd. which was produced by Hangzhou Hongyuan Sporting Goods Company, Ltd., and merchandise exported by China Nanyang Import & Export corporation which was produced by Tianjin Shenyuan Steel Company, Ltd. or Tianjin Sunny Steel Products Company, Ltd., that are entered, or withdrawn from warehouse, for consumption on or after December 4, 2002 (the date of publication of the *Preliminary Determination* in the **Federal Register**). We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which NV exceeds the U.S. price, as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice.

Final Determination

We determine that the following weighted-average percentage margins exist for the period October 1, 2001, through March 31, 2002:

Manufacturer/Exporter	Weighted-average margin (percent)
Shanghai BaoSteel International Economic and Trading Co., Ltd	0.00
Hebei Metals and Minerals Imports and Export Corporation	6.60
China Nanyang Import & Export Corporation	1.42
PRC-Wide Rate	15.61

The PRC-wide rate applies to all entries of the merchandise under investigation except for entries from Hebei, entries from Nanyang which were produced by Tianjin Shenyuan Steel company, Ltd. or Tianjin Sunny Steel Products Company, Ltd., and entries from BaoSteel which were produced by Hangzhou Hongyuan Sporting Goods Company, Ltd.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will determine, within 45 days, whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or cancelled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of subject merchandise entered for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Order (APO)

This notice also serves as a reminder to parties subject to APO of their responsibility concerning the disposition 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.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: April 18, 2003.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

Appendix—Decision Memorandum

Comment 1: Department's Acceptance of New Information

Comment 2: Use of BaoSteel's Market Economy Steel Value

Comment 3: Surrogate Value Selection for Steel Coil and Packing Materials

Comment 4: Surrogate Value Selection for Powder Coating, Coal, and Hydrochloric Acid

Comment 5: Surrogate Value Selection for Selection for Brokerage and Handling

Comment 6: Surrogate Value Selection for Labor

Comment 7: Exclusion of Labor Costs from Calculation of Surrogate Overhead and SG&A Ratios

Comment 8: Use of Gross, Rather Than Net, Material Costs in the Calculation of Surrogate Overhead and SG&A Ratios

[FR Doc. 03–10257 Filed 4–24–03; 8:45 am]

BILLING CODE 3510–DS–M

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Lawn and Garden Steel Fence Posts from China

Inv. No.: 731-TA-1010 (Final)

Date and Time: April 22, 2003 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS

Petitioners (**Marcy B. Stras**, Baker & Hostetler LLP)

In Support of the Imposition of Antidumping Duties:

Baker & Hostetler LLP
Washington, DC
on behalf of

Steel City Corporation

Ken Fibus, President, Steel City Corporation

Steven Speece, Vice President, Production, Steel City Corporation

Michael Janak, Controller, Steel City Corporation

Peter Kimball, Economic Consultant, Economic Consulting Services, Inc.

Marcy B. Stras – OF COUNSEL

CLOSING REMARKS

Petitioners (**Marcy B. Stras**, Baker & Hostetler LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Lawn and garden steel fence posts: Summary data concerning the U.S. market, 2000-02

* * * * * * *

Table C-2
Other posts of 1 pound or less per foot: Summary data concerning the U.S. market, 2000-02

* * * * * * *

Table C-3
All posts of 1 pound or less per foot: Summary data concerning the U.S. market, 2000-02

* * * * * * *

APPENDIX D

OFFICIAL IMPORT DATA FROM THE U.S. DEPARTMENT OF COMMERCE

Table D-1
Fence posts, studded with corrugations, knobs, studs, notches or similar protrusions, with or without anchor plates (HTSUS statistical reporting number 7326.90.8535): U.S. imports, by sources, July-December 2000 and 2001-02

Source	Calendar year		
	July-Dec. 2000	2001	2002
	Quantity (*1,000 pounds*)		
China	7,860	39,860	50,481
Other sources[1]	121	681	2,083
Total	7,981	40,542	52,564
	Value (*1,000 dollars*)[2]		
China	1,975	9,520	12,082
Other sources	63	459	1,076
Total	2,037	9,979	13,158
	Unit value (*per pound*)		
China	$0.25	$0.24	$0.24
Other sources	0.52	0.67	0.52
Average	0.26	0.25	0.25

[1] Imports from India accounted for 67 percent of the imports from nonsubject countries in 2002. Imports from Canada, Mexico, and South Africa accounted for most of the remaining 33 percent.
[2] Landed, duty-paid.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from official Commerce import data using HTSUS statistical reporting number 7326.90.8535, which became effective on July 1, 2000. This statistical reporting number includes products both within and outside the scope of this investigation as it does not have a weight limitation nor a fence post type designation.

APPENDIX E

FAIRLY TRADED IMPORT PRICE DATA REPORTED BY ***

Table E-1
Lawn and garden steel fence posts: Fairly traded f.o.b. import prices and quantities for products 1 through 4, as reported by *, by quarters, January 2000-December 2002**

* * * * * * *

APPENDIX F

LTFV PURCHASE PRICE DATA
REPORTED BY ***

Table F-1
Lawn and garden steel fence posts: F.o.b. China purchase prices and quantities for products 1 through 4, as reported by *, by quarters, January 2000-December 2002**

* * * * * * *

APPENDIX G

COMMERCIAL SALES DATA OF STEEL CITY, 1998-2002

This appendix presents data on Steel City's total commercial sales by customer for 1998-2002. Data presented are for value, quantity, and a calculated unit value based on the company's attachment 3 to its posthearing brief of April 29, 2003. The total quantity and value of sales shown in the company's questionnaire response reconcile to the totals shown at the bottom of the columns for the applicable year.

The sales data have been sorted by value in 1998, 2000, and 2002 (sheets labeled A, B, and C, respectively), declining from highest value to lowest value of sales. These data show the *** between 1998 and 2000. These *** companies were ***. The data also show a generally ***. Unit values of sales, calculated from the data provided, ***.

* * * * * * *