Certain Ceramic Station Post Insulators From Japan

Investigation No. 731-TA-1023 (Final)

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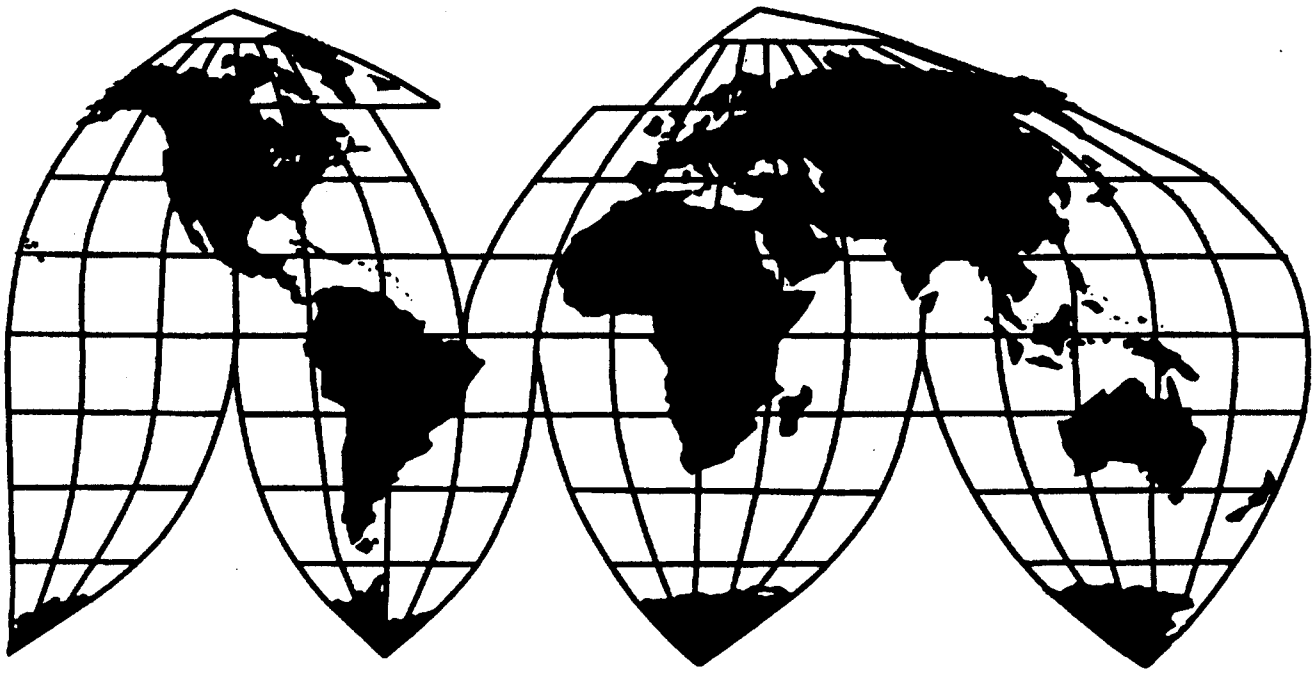

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Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1023 (Final)

CERTAIN CERAMIC STATION POST INSULATORS FROM JAPAN

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from Japan of certain ceramic station post insulators,[2] provided for in subheading 8546.20.00 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 December 31, 2002, following receipt of a petition filed with the Commission and Commerce by Lapp Insulator Company LLC (Lapp), LeRoy, NY; Newell Porcelain Co., Inc. (Newell), Newell, WV; Victor Insulators, Inc. (Victor), Victor, NY; and the IUE-CWA, AFL-CIO, Washington, DC. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of certain ceramic station post insulators from Japan 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 July 21, 2003 (68 *FR* 43162). The hearing was held in Washington, DC, on October 29, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] The subject products include station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength, solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kV Basic Impulse Insulation Level (BIL) and above).

VIEWS OF THE COMMISSION

Based on the record in this investigation, we find that an industry in the United States is materially injured by reason of imports of certain ceramic station post insulators ("CSPI") from Japan that are sold in the United States at less than fair value ("LTFV").

I. BACKGROUND AND SUMMARY

CSPI are elongated porcelain structures that have been machined into uniform or varying wavelike skirts, or "sheds." These pieces are subsequently glazed and fired in a kiln to produce a rigid structure with high resistance to an electrical current. CSPI are used either as single units or bolted together in stacks to obtain a particular voltage insulation rating. CSPI are used exclusively in electrical transmission and distribution substations to support incoming and outgoing power lines and internal substation buses (rigid hollow connecting tubes), thus isolating the electrical current in these conductors from undesired electrical "shorts" to the ground through structural metal supports, equipment, or personnel.

CSPI are commonly produced to American National Standards Institute ("ANSI") or Institute of Electrical and Electronic Engineers ("IEEE") standards and are produced in medium, high, and extra (or ultra) high voltage categories and standard, high, and extra-high mechanical strength ratings.[1] During the period examined, the majority of both domestic production and subject imports were sold to original equipment manufacturers ("OEMs") (which manufacture certain electrical equipment that are used in substations, such as switches) and electrical utilities (which either build or contract to build substations); however, sales in a third marketing channel, packagers and distributors (which contract to perform construction, maintenance, or stocking services for utilities), increased substantially in comparison to the other two channels during the period examined.[2]

The petition was filed on behalf of the Coalition for Fair Trade in Insulators. The Coalition is an unincorporated industry group comprised of three domestic producers of CSPI: Lapp Insulator Co. LLC ("Lapp"), Newell Porcelain Co. ("Newell"), and Victor Insulators, Inc. ("Victor"), as well as the IUE Industrial Division of the Communications Workers of America.[3] There were four known U.S. producers of CSPI in 2002, the petitioning companies and Locke Insulators, Inc. ("Locke"), all of which provided questionnaire responses to the Commission.[4] Lapp and Victor are located in New York; Newell is located in West Virginia, and Locke is located in Maryland.[5] In 2002, Locke accounted for *** percent of domestic production, Lapp for *** percent, and Newell and Victor *** percent and *** percent, respectively.[6] Thus, the three firms in the coalition accounted for *** percent of domestic production. The domestic producers (including Locke) accounted for *** percent of total apparent U.S. consumption in 2002.[7] The next largest source was subject imports from Japan. Locke, which is owned by a Japanese

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[1] Petition at 2, 17-18. Confidential Staff Report, INV-AA-176 (Nov. 18, 2003) ("CR") at I-4, Public Report ("PR") at I-4 to I-5.

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

[3] CR at I-1, PR at I-1.

[4] CR/PR at III-1 and Table III-1.

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

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

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

producer of the subject merchandise, was the *** of subject merchandise over the period examined.[8] We exclude Locke, a related party, from our definition of the domestic industry based on our finding that it is shielded from the effects of subject imports and that it benefitted from subject imports and its relationship to the Japanese producer.

U.S. shipments of subject imports, and their share of the U.S. market, increased sharply between 2000 and 2001 and rose again in 2002; subject imports' market share peaked at *** percent in the first half of 2002, which coincided with a peak in apparent U.S. consumption. As a result of the significant volume of subject imports and the increased U.S. market share of CSPI from Japan, the domestic industry lost a substantial share of the U.S. market over the period examined.

CSPI are standardized products that compete mainly on price. The limited number of price comparisons on the record show that subject imports from Japan undersold the domestic like product more often than not over the period examined. Prices of the domestic like product generally declined as well. Based on the record as a whole, and in light of the prevailing conditions of competition, we conclude that subject imports had a significant price effect over the period examined.[9]

Despite strong demand for CSPI over much of the period examined, the domestic industry's production, capacity utilization, shipments, and net sales all decreased while subject imports increased. The domestic industry is capital intensive, yet was unable to operate at a sufficient rate of capacity utilization to cover its fixed costs adequately; to the contrary, it was forced to idle kilns during times of high demand. Thus, despite strong demand, the industry remained *** during nearly all of the period examined. We find that the domestic industry's poor performance was due in significant part to the large loss of volume and market share to low-priced subject imports, and therefore subject imports had a significant adverse impact on the domestic industry.

We examined respondents' arguments that any material injury suffered by the domestic industry was due to factors other than subject imports, including demand trends, the inefficiencies of one domestic producer, rising natural gas prices, increased domestic capacity, and the effects of non-subject imports. We conclude that the record does not support respondents' contentions and find that the domestic industry is materially injured by reason of the subject imports.

II. DOMESTIC LIKE PRODUCT

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[10] 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."[11] In turn, the Act defines "domestic like

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[8] Nonsubject imports were minimal over the period examined. CR/PR at Table IV-4.

[9] Commissioner Pearson does not join in this finding. See note 116 infra.

[10] 19 U.S.C. § 1677(4)(A).

[11] Id.

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."[12]

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.[13] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[14] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[15] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles that Commerce has identified.[16]

B. Product Description

In its final determination, Commerce did not change the scope of the investigation from its preliminary determination and defined the imported merchandise as follows:

> [T]his investigation covers station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength, solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kV Basic Impulse Insulation Level and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. standard class specifications: T.R-286, T.R-287, T.R-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.- 308, T.R.-312, T.R.-316, T.R.-362

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[12] 19 U.S.C. § 1677(10).

[13] 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).

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

[15] 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 domestic 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.").

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

and T.R.-391. Subject merchandise is classifiable under subheading 8546.20.0060 of the Harmonized Tariff Schedule of the United States (HTSUS).[17]

CSPI are used in the transmission of high voltage electrical current. They isolate the electric current and prevent it from "grounding" through the structures supporting the transmission cables.[18] High and extra-high voltage station post insulators are designed and sold for use in electrical substations where electrical power is "stepped up" from generation voltage to transmission voltage or "stepped down" from transmission voltage to distribution voltage.[19]

CSPI are one-piece solid or hollow core porcelain columns with multiple petticoats or skirts from top to bottom.[20] They are composed of a porcelain body that has been turned on a lathe to form the characteristic shape;[21] they are manufactured in various styles and sizes and are classified according to the voltage they are designed to withstand.[22]

C. Domestic Like Product

In the preliminary phase of the investigation, the Commission defined the domestic like product coextensively with the scope of Commerce's investigation because application of the six-factor test did not support expanding the definition to include medium voltage station post insulators.[23]

No party has argued for an expansion of the like product to include any other product, such as medium voltage station post insulators, and no additional information obtained in the final phase of the investigation supports expanding the definition of the domestic like product. Accordingly, we incorporate by reference the Commission's reasoning from the preliminary determination and again find a single domestic like product coextensive with the scope of the investigation.

III. DOMESTIC INDUSTRY AND RELATED PARTIES

A. Domestic Industry

The domestic industry is defined as "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

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[17] Notice of Final Determination of Sales at Less Than Fair Value: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan, 68 Fed Reg. 62560, 62561 (Nov. 5, 2003). Commerce's discussion of the scope also notes that "[s]tation post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers (IEEE), the voltage spectrum is divided into three broad classes: 'medium' voltage (i.e., less than or equal to 69 kilovolts), 'high voltage' (i.e., from 115 to 230 kilovolts), and 'extra-high' or 'ultra-high' voltage (i.e., greater than 230 kilovolts)." Id.

[18] CR at I-6 n.8, PR at I-5 n.8.

[19] CR at I-6, PR at I-5.

[20] CR at I-9, PR at I-7.

[21] See Petition at Annex E.

[22] CR at I-6 to I-7, PR at I-5 to I-6.

[23] Certain Ceramic Station Post Insulators from Japan, Inv. No. 731-TA-1023 (Preliminary) USITC Pub. 3578 (Feb. 2003) at 5-6.

domestic production of the product."[24] 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.[25]

Based on our domestic like product finding, we determine that the domestic industry consists of all U.S. producers of high and extra-high voltage CSPI, with the exception of Locke, which we exclude from the domestic industry as a related party, for reasons discussed below.

B. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[26] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[27] The purpose of the provision is to exclude domestic producers that substantially benefit from their relationships with foreign exporters.[28]

Domestic producer Locke was *** U.S. importer of the subject merchandise during the period examined [29] and is a wholly-owned subsidiary of NGK Insulators, Ltd. ("NGK"), a producer of CSPI in Japan that is the *** of the subject merchandise.[30] Locke is a related party by virtue of being owned by an exporter of the subject merchandise as well as by virtue of its importation of the subject merchandise.

We next must consider whether appropriate circumstances exist to exclude Locke from the domestic industry. Petitioners urge the Commission to exclude Locke from the domestic industry contending that, *** importer of the subject merchandise, Locke was shielded from the effects of competition with the subject imports, and that it benefitted from subject imports and from its relationship

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[24] 19 U.S.C. § 1677(4)(A).

[25] 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).

[26] 19 U.S.C. § 1677(4)(B).

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

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

[29] CR at IV-1, PR at IV-1.

[30] CR at III-3, VII-2, PR at III-1, VII-2.

with NGK, including by capturing market share.[31] Respondents[32] argue against excluding Locke, noting that Locke is the *** U.S. producer of CSPI, is continuing to make significant investments to ***, and is now ***.[33] Respondents further argue that Locke was not shielded from competition with subject imports.[34]

Locke is the *** domestic producer. Locke accounted for *** percent, *** percent, and *** percent of domestic production in 2000, 2001, and 2002, respectively.[35] Locke appears committed to domestic production, as it *** expanded its capacity during the period.[36] Locke produces only CSPI,[37] and its shipments of its domestic production almost ***.[38] However, Locke's imports of subject merchandise, all of which were from its corporate parent in Japan, increased sharply from 2000 to 2001, and remained high in 2002.[39] Locke's U.S. shipments of subject merchandise rose sharply in 2001 and rose again slightly in 2002.[40] Locke's performance over the period examined was *** better than that of the remainder of the industry. Locke's production, shipments, market share, and operating income to net sales ratio all improved throughout the period examined, in contrast to the performance of the remainder of the domestic industry.[41] Locke opposes the imposition of antidumping duties in this investigation.[42]

The legislative history for the related party provision indicates that it is appropriate to exclude a related party from the definition of the domestic industry if it is shielded from the effects of subject imports.[43] The Statement of Administrative Action ("SAA") for the Uruguay Round Agreements Act[44] explains that the purpose of the provision is to "reduce any distortion in industry data caused by the

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[31] Petitioners' Prehearing Brief at 11-17.

[32] The respondents are Locke, NGK, and NGK-Locke, Inc. (a U.S. company that is a wholly-owned subsidiary of NGK and serves as sales agent for Locke). CR at III-3, VI-16, PR at III-1, VI-4 to VI-5.

[33] Respondents' Posthearing Brief at 22-32.

[34] Respondents' Posthearing Brief at 32.

[35] See CR/PR at Table III-2.

[36] Locke increased its capacity from *** units in 2000 to *** units in 2001 and *** units in 2002. CR/PR at Table III-2.

[37] CR at III-3, PR at III-1; Transcript of Public Hearing of October 29, 2003 ("Tr.") at 160.

[38] See CR/PR at Table IV-3.

[39] CR/PR at Table IV-1. Locke's imports of subject merchandise rose from *** CSPI in 2000 to *** CSPI in 2001 and were *** CSPI in 2002. CR/PR at Table IV-1.

[40] CR/PR at Table IV-3. NGK-Locke's U.S. shipments of subject imports rose from *** CSPI in 2000 to *** CSPI in 2001 and *** CSPI in 2002. NGK-Locke is the sales agent for Locke. CR at VI-16 to VI-17, PR at VI-4.

[41] CR/PR at Tables III-2, III-3, IV-4, and IV-5.

[42] Respondents' Prehearing Brief at 31.

[43] See S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) ("[W]here a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry.").

[44] Congress indicated that "[t]he statement of administrative action approved by the Congress under [19 U.S.C. § 3511(a)] shall be regarded as an authoritative expression by the United States concerning the interpretation and application of the Uruguay Round Agreements and this Act in any judicial proceeding in which a question arises concerning such interpretation or application." 19 U.S.C. § 3512(d).

inclusion in the domestic industry of a related party who is being shielded from the effects of the subject imports."[45]

Locke, as the *** importer of subject imports, controls the quantity and timing of the subject imports.[46] Locke states that it only imports when it cannot satisfy domestic demand through production of CSPI in the United States, including when it cannot make a particular product at all in the United States.[47] Locke sells both its imported and domestically produced CSPI through NGK-Locke, which markets and sells both to customers.[48] Thus, Locke coordinates the importation and sale of the imports, which do not compete with Locke's domestic products.[49]

The record indicates that Locke was not only shielded from competition with subject imports, but also benefitted from those imports at the expense of the other domestic producers. Locke was able to gain market share, unlike the other domestic producers, during the period examined.[50] Locke did so through its ability to offer subject imports to customers; Locke itself states that it imported subject merchandise to serve customers while it increased its production capacity in the United States.[51] In interim 2003, when subject imports largely stopped entering the United States, Locke kept its previously held market share and also captured the majority of market share previously held by subject imports.[52] By maintaining and then increasing its market share, Locke was able to maintain and then improve its production volume, shipment volume, and financial performance on U.S.-manufactured CSPI, and maintain a high capacity utilization rate, in contrast to the remainder of the domestic producers.[53]

Locke claims to be a more efficient producer than the other domestic producers.[54] However, we find that the stark contrast between its performance and that of the other producers is due in significant part both to its protection from competition with the subject imports, and the benefit it obtained from those subject imports. We also note that Locke opposed the petition and received some financial benefits from its relationship to the subject exporter.[55] For all of these reasons, we find appropriate circumstances exist to exclude Locke from the domestic industry.

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[45] Statement of Administrative Action for the Uruguay Round Agreements Act, H.R. Rep. 316, 103 Cong., 2d Sess., vol. 1 (1994) at 858.

[46] Tr. at 166, 172.

[47] Tr. at 214; Tr. at 165.

[48] Tr. at 172.

[49] Locke argues it has to meet market prices so it is not shielded from the effects of the subject imports. However, Locke is shielded from at least the volume effects of the subject imports; in sharp contrast to the remainder of the domestic industry, it did not lose market share to imports as it only imported if it could not supply demand from its domestic production.

[50] See CR/PR at Table IV-3.

[51] Respondents' Prehearing Brief at 26-27.

[52] See CR/PR at Table IV-3 .

[53] See CR/PR at Tables, III-2, III-3, IV-4, and VI-5.

[54] See CR at I-9, n.18, PR at I-7 n.18; CR at I-11, PR at I-8.

[55] See CR at VI-16-to VI-17, PR at VI-4 to VI-5.

IV. MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS

A. Conditions of Competition

The following conditions of competition in the CSPI industry inform our determination.

Demand for CSPI is dependent on electric utilities' and independent power producers' investment in and construction of power plants and substations.[56] Because there are no viable substitutes for CSPI, consumption changes very little when prices change.[57] Apparent U.S. consumption was *** CSPI in 2000, *** CSPI in 2001, and *** CSPI in 2002; it was *** CSPI in interim 2002 and *** CSPI in interim 2003.[58] Apparent U.S. consumption thus increased sharply from 2000 to 2001 by *** percent, and then fell *** percent in 2002, but remained well above the 2000 level.[59] It then fell sharply, by *** percent, between interim periods.[60] The increase in apparent U.S. consumption reportedly was due to rising investment in power generation facilities attributable to increased energy demand. Following the bankruptcy of Enron in 2002 and the disruption in energy markets, energy projects were less attractive and financing for investment in power generation facilities became difficult to obtain.[61] Consequently, there was a decline in orders for CSPI at the end of 2002.

Electric utilities, packagers, distributors, and OEMs are the primary purchasers of CSPI. [62] Packagers/distributors are becoming increasingly important as utilities have sought to decrease their overhead and inventory costs by contracting out their CSPI purchases.[63] Nonetheless, utilities and OEMs combined accounted for at least two-thirds of consumption throughout the period examined.[64] Sales to OEMs generally are made under blanket agreements, whereas sales to the electric utilities primarily occur on the spot market.[65]

Price is the single most important factor in purchasing decisions as CSPI are typically standardized to ANSI and IEEE specifications.[66] Petitioners and respondents agreed that CSPI are a standardized product and highly interchangeable, with suppliers competing foremost on the basis of price.[67] Twenty-four of 29 purchasers responding to the Commission's questionnaires indicated that they

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

[57] CR at II-4, PR at II-3. Polymer station post insulators could serve as substitutes, but they appear to be priced out of the CSPI market because they are considerably more expensive. CR at II-6, PR at II-4.

[58] CR/PR at Table IV-3. Similarly, in dollar terms, apparent U.S. consumption increased from $*** million in 2000 to $*** million in 2001 and declined to $*** million in 2002. Apparent U.S. consumption was $*** million in interim 2002 and $*** million in interim 2003. CR/PR at Table IV-3.

[59] See CR/PR at Table IV-3. Petitioners characterize the increase in demand as following the "cycle" of demand while respondents describe the market as being subject to "spikes" in demand rather than following a "cycle." CR at II-5, PR at II-3; Respondents' Prehearing Brief at 1, 26.

[60] See CR/PR at Table IV-3.

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

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

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

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

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

[66] CR at II-7, PR at II-4.

[67] Respondents' Prehearing Brief at 5; Petitioners' Prehearing Brief at 33; Tr. at 23, 193-94.

always purchase the lowest priced product,[68] and most purchasers stated that price is the first or second most important factor in purchasing decisions.[69] However, lead times can be substantial if a product is not in inventory and thus can be an important factor in determining which supplier obtains a particular sale.[70] Three of four domestic producers reported that the subject imports and domestic CSPI are used interchangeably.[71] Moreover, subject imports were sold by NGK-Locke in a manner that made them difficult to distinguish from Locke's domestic CSPI.[72]

There were four domestic producers of CSPI during the period examined: Lapp, Locke, Newell and Victor. In 2002, Locke accounted for *** percent of domestic production, Lapp for *** percent and Newell and Victor *** percent and *** percent, respectively.[73] As discussed earlier, we have excluded Locke as a related party from our analysis of the domestic industry. The domestic industry added capacity during the period examined, but the increase was less than the rise in apparent U.S. consumption.[74]

Raw materials and direct labor, which are primary variable costs, account for almost *** of the cost of goods sold for CSPI.[75] Further, natural gas is responsible for approximately *** percent of the costs of production for CSPI.[76] Nonetheless, the production process is relatively capital intensive and high capacity utilization rates are needed for producers to cover fixed costs adequately.[77] The industry employs two production processes: wet (green) and dry. The wet process uses electric current and heat to reduce moisture in the ceramic "blanks" that become CSPI while the dry process utilizes only heat to dry the blanks.[78] Each process offers distinct cost advantages and disadvantages, although the wet process is recognized as a significant development in production technology.[79] *** use the wet (green) process, while *** uses solely the dry process.[80]

Nonsubject imports were minimal during the period examined. These imports, from countries including Germany, Austria, and the Slovak Republic, accounted for between *** percent and *** percent of apparent consumption during the period examined.[81]

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[68] CR at II-7, PR at II-4 to II-5.

[69] See CR/PR at Table II-2.

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

[71] CR at II-13, PR at II-9 to II-10.

[72] Purchasers did not appear to be familiar with Japanese product, despite its substantial share of the market. Subject imports are sold by NGK-Locke, which also sells Locke's domestic CSPI, without any obvious indication that they are imports. CR at II-9, PR at II-5 to II-6; CR/PR at Table II-3; CR at II-9 n.28, PR at II-6 n.28; CR at IV-1, PR at IV-1. But see Tr. at 31 (insulators in crates marked "Made in Japan"). Customers generally do not specify a domestic product. Tr. at 205.

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

[74] See CR/PR at Table III-2; CR/PR at Table IV-3. ***. See CR/PR at Table III-2.

[75] CR at V-1, PR at V-1.

[76] CR at V-1, PR at V-1. Natural gas prices increased sharply during early 2001. Id.

[77] See CR/PR at Table VI-5 (other factory costs are relatively high in comparison with total costs of goods sold).

[78] CR at I-9, PR at I-7.

[79] CR at I-10. The dry process appears to have ***. CR at VI-2, PR at VI-1.

[80] See CR at III-1 to III-3, PR at III-1; CR at I-9 n.18, PR at I-7 n.18. *** uses the dry process for smaller CSPI. CR at III-1, PR at III-1.

[81] CR at IV-1, PR at IV-1; CR/PR at Table IV-1.

B. Volume of the Subject Imports

Section 771(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."[82]

The volume of subject imports more than *** from 2000 to 2001, rising from *** CSPI in 2000 to *** CSPI in 2001.[83] Subject imports then declined in 2002 to *** CSPI, still much higher than the level in 2000.[84] There was a sharp decrease in subject imports during the first half of 2003, following the filing of the petition.[85]

U.S. shipments of subject imports increased steadily and then declined more gradually over the period than did the subject imports[86] because Locke ***.[87] Shipments of subject imports rose from *** CSPI in 2000 to *** CSPI in 2001 and *** in 2002.[88] Shipments of the subject imports were *** CSPI in interim 2002 and *** CSPI in interim 2003.[89] Over the period examined, shipments of subject imports increased their share of the U.S. market from *** percent in 2000 to *** percent in 2001, and then to *** percent in 2002.[90] While subject imports' market share fell in interim 2003, after the filing of the petition, it remained at *** percent of apparent U.S. consumption (compared to the peak market share of *** percent reached in interim 2002).[91]

Over the period examined, the domestic industry lost substantial market share to the increasing volumes of subject imports,[92] while nonsubject imports supplied only a very small portion of the U.S.

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[82] 19 U.S.C. § 1677(7)(C)(I).

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

[84] CR/PR at Table IV-1. The value of subject imports followed a similar trend, increasing from $*** in 2000 to $*** in 2001, before falling to $*** in 2002. Id.

[85] Subject imports fell from *** CSPI in interim 2002 to *** CSPI in interim 2003; their value fell from $*** million in interim 2002 to $*** in interim 2003. Respondents argue that, since April 2003, Locke has ceased importing except for isolated shipments of CSPI that it cannot manufacture in Baltimore. Respondents' Prehearing Brief at 27. However, we note that the sharp drop in subject imports coincided with the pendency of this investigation, and the monthly import data indicate that subject imports declined sharply in February 2003, the same month that the Commission made its preliminary affirmative determination. CR at I-1, PR at I-1; CR/PR Table IV-2. We therefore find that the decline in the volume of subject imports is in large part due to the pendency of this investigation, and accord it little weight. See 19 U.S.C. § 1677(7)(I).

[86] CR/PR at Table IV-3. The value of the shipments of subject imports displayed a similar trend. Id.

[87] See CR/PR at Table VII-2.

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

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

[90] CR/PR at Table IV-4. In value terms, shipments of subject imports captured *** percent of the U.S. market in 2000, *** percent in 2001, and *** percent in 2002. Their value share decreased from *** percent in interim 2002 to *** percent in interim 2003. Id.

[91] CR/PR at Table IV-4. We note that Locke claims that, in 2002, it placed its "last order" for CSPI that it could make in Baltimore. Respondents' Prehearing Brief at 27.

[92] The market share of the domestic industry, based upon units of CSPI, fell from *** percent in 2000 to *** percent in 2002 and returned to only *** percent in interim 2003. CR/PR at Table IV-4.

market during the period.[93] The industry's loss of market share to subject imports also occurred across all portions of the market that the Commission examined.[94] Furthermore, the ratio of subject imports to domestic production increased sharply, from *** percent to *** percent in 2001, and was *** percent in 2002.[95]

We therefore find the volume and increase in volume of the subject imports, both in absolute terms and relative to production and consumption in the United States, to be significant.

C. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[96]

The record indicates that subject imports and the domestic like product are highly substitutable when made according to ANSI and IEEE specifications, although producers often go beyond the minimum specifications.[97] Purchasers typically purchase the lowest priced product,[98] and most purchasers stated that price is the first or second most important factor in purchasing decisions, although lead times and product availability can also be important.[99] The parties agree that there is intense competition based on price for sales in the U.S. market.[100]

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[93] In quantity terms, nonsubject imports' market share rose from *** percent in 2000 to *** percent in 2001, and then fell to *** percent in 2002. CR/PR at Table IV-4.

[94] The domestic industry lost market share to subject imports in all three channels of distribution (OEMs, utilities, and packagers/distributors), all three voltage class groupings (115-242 kV, 243-500 kV, and over 500 kV), and all three cantilever strength groupings (standard, high, and extra-high). See CR/PR at Tables D-1 to D-3.

[95] CR/PR at Table IV-5. The ratio declined in the interim comparison from *** percent in interim 2002 to *** percent in interim 2003. Id.

[96] 19 U.S.C. § 1677(7)(C)(ii).

[97] As noted earlier, domestic producers generally indicated that CSPI produced in the United States and Japan are used interchangeably. CR at II-7, II-13, PR at II-4, II-5.

[98] CR at II-7, PR at II-4 to II-5.

[99] CR/PR at Table II-2 (23 of 29 purchasers reported price was first or second most important factor in purchasing decisions).

[100] Tr. at 36, 37, 94, 95, 167-170. Respondents contend that this heavy price competition is due in part to deregulation of the energy markets. Regardless of the reason for the increased price competition, the record indicates that subject imports were able to capture market share to the detriment of the domestic industry by competing on the basis of price.

The Commission obtained pricing data for seven pricing products.[101] Coverage was sporadic owing to the many configurations for CSPI based upon voltage class, basic impulse insulation level, and cantilever strength, as well as particular shed patterns and special glazing. With Locke's shipments of its domestic product excluded, the Commission's pricing data accounted for *** percent of U.S. producers' shipments and *** percent of U.S. shipments of subject imports.[102] Comparisons were available for 4 of the 7 pricing products.[103] Subject imports undersold the domestic product in *** quarterly comparisons

[101] See CR at V-5 to V-6, PR at V-3 to V-4. Respondents asserted in their prehearing brief that the pricing products were not sufficiently homogeneous and that the Commission should have collected data for more homogenous pricing products. Respondents' Prehearing Brief at 17. However, it is not clear that the pricing products used by the Commission are *not* reasonably homogeneous. Respondents provided little to no evidence to support their assertion, and the detailed data collected by the Commission in response to their assertions show that CSPI with semiconductive glazing and/or major/minor shed patterns account for a small percentage of sales. See CR/PR at F-3 n.2. Moreover, the underselling percentages discussed below are not substantially affected by sales of these products. Finally, respondents had an opportunity to comment on the draft questionnaires, including selection and definition of pricing products, and themselves recommended that the Commission collect data on products 3A, 4 and 6. CR at V-5 n.10, PR at V-3 n.10. However, despite this recommendation, Locke did not report any sales of domestic production or subject imports in the product 4 or 6 categories. CR at V-6, PR at V-4.

[102] CR at V-6, PR at V-4; CR at V-6 n.12, PR at V-4 n.12.

[103] No comparisons were available for products 3A, 4 or 6. CR at V-19, PR at V-6.

between subject imports and domestic CSPI.[104] Thus, the data indicate underselling in *** percent of available observations.[105]

Purchasers generally reported that NGK-Locke was the price leader, although it is not always clear whether purchasers' responses reflected Locke's sales of domestic product or subject imports.[106] In fact, despite subject imports' significant market presence, the vast majority of responding purchasers stated that they had no familiarity with CSPI from Japan. It is therefore reasonable to conclude that these purchaser responses apply to subject imports as well as Locke's domestic product. Because parties to the investigation agreed that CSPI have become a standardized product that competes mainly on price,[107] we find some evidence that the rapid rise in market share by the subject imports was at least in part due to lower pricing of the subject imports.[108]

Information obtained by the Commission shows that prices for the domestic like product generally declined over the period examined.[109] Initially prices for products 1 and 3B increased slightly during the period examined, apparently in response to a corresponding increase in demand, but then

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[104] We place particular weight on comparisons for products 1, 2 and 3B for which there were a greater volume of sales. CR/PR at Tables V-2, V-3, V-4, V-5, V-6, V-7, and V-8. The data show a similar pattern of underselling even when the small volume of products with special glazing or shed patterns are removed from consideration. See CR/PR at Tables F-1 to F-5.

Late in the investigation, respondents argued that the Commission should have investigated bid prices for sales. Respondents' Prehearing Brief at 18. The Commission employed its normal methodology for examining the price effects of the subject imports, by examining quarterly prices of certain specified products sold by both the domestic industry and importers of the subject merchandise. The Commission collected and analyzed the transactional data for each pricing product during the period examined. Further, after the hearing, at the request of respondents, the Commission collected information concerning the extent to which non-standard products were included in the pricing data. Respondents commented on the draft questionnaires in these final phase investigations, and did not request that the Commission seek to examine bid prices. Indeed, respondents suggested seeking pricing data on specific products, and we complied with their suggestion, as noted above. After their suggested pricing articles did not produce much data, they then suggested, just prior to the hearing, that we instead look to bid prices.

As the Commission stated in promulgating rule 207.20(b) in 1996, parties should make data collection requests at the time the draft questionnaires are circulated to the parties for comment, because it is often impracticable to gather data necessitated by argument only made later in the investigative process, "given the need to collect, verify, and analyze data, release data under APO, and receive comments from the parties concerning data before the record closes." See 61 Fed. Reg. 37818, 37826 (July 2, 1996). See also, e.g., Steel Wire Rope from China and India, Inv. Nos. 731-TA-868-69 (Final), USITC Pub. 3406 (March 2001) at 6, n. 31. Moreover, given the large number of transactions involved in this investigation, an examination of limited numbers of bids would have little probative value, in contrast to those investigations involving limited sales of "big-ticket" items where a bid by bid analysis was practicable and useful. Compare Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, from Germany and Japan, Inv. No. 731-TA-736 and 737 (Final) USITC Pub. 2988 (Aug. 1996).

[105] Lost sales and revenue allegations were generally unconfirmed, although this may be due in part to the fact that it was unclear whether the sales by Locke involved subject imports or Locke's domestic product. See CR/PR at Tables V-9 and V-10.

[106] See CR/PR at Table II-3. Among domestic producers, Locke was rated as the most likely to meet or beat other prices, to lower prices, and to offer the lowest prices. Id.

[107] CR at II-7, PR at II-4 to II-5; Tr. at 23.

[108] See Tr. at 30-31, 36-37 (aggressive pricing by NGK-Locke). Nonsubject imports were minimal throughout the period examined, peaking at *** percent of apparent consumption in 2001. CR/PR at Table IV-4.

[109] CR at V-18, PR at V-6.

prices for these products decreased through the end of the period.[110] Price trends for sales to OEMs, packagers/distributors and utilities all generally followed the same pattern.[111] Domestic producers also reported that a multiplier used for quoting prices declined throughout the period examined.[112] The general decline in domestic prices occurred in a period in which, as described above, demand was generally strong.[113] Lapp, *** indicated that it attempted to maintain prices, recognizing that it would cede some market share to the subject imports, but was forced to abandon this strategy and reduce prices in an attempt to stay competitive.[114] We also note that when all the domestic producers except Locke attempted to add an energy surcharge to their prices to reflect their increasing costs for natural gas prices, purchasers would not accept the price increases.[115]

Given the limitations on the pricing data, we do not place decisive weight on such data. Rather, we consider them in conjunction with evidence of a high degree of product substitutability, the importance of price in purchasing decisions, purchasers' responses regarding Locke's pricing, the sharp increase in shipments of subject imports and their market share, and the reported decline in pricing multipliers in a period of rising demand. Moreover, we find that price is the determining factor in subject imports' sharp gain in market share given the conditions of competition in this market. For the aforementioned reasons, and based on the record as a whole, we find that there has been significant underselling by the subject imports as compared with the prices of the domestic like product, and that the significant volumes of the subject merchandise depressed or suppressed prices to a significant degree. Therefore, we consider the price effects of the subject imports to be significant.[116]

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[110] CR/PR at Fig. V-2; CR at V-18, PR at V-6.

[111] CR/PR at Figures E-15 to E-31.

[112] The pricing multiplier declined from *** in the first quarter of 2000 to *** in the first quarter of 2002. CR at V-5, PR at V-3. See also Tr. at 23 (prices declined by 25 percent). We decline to place weight on the annual average unit value for all U.S. shipments in this investigation given the changing product mix. See Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002).

[113] Respondents contend that prices began to decline before subject imports entered the market in significant quantities. We note that respondents did not provide a factual basis for this contention and evidence before the Commission suggests that prices were relatively flat in the preceding period. Tr. at 30. Respondents also assert that increased domestic capacity for production of CSPI was responsible for the downward trend in prices because the average cost of production per unit declined. See Respondents' Prehearing Brief at 8. However, the industry's production *declined* throughout the period examined, while subject imports increased significantly. CR/PR at Table III-2.

[114] Tr. at 116; See also Petitioners' Prehearing Brief at 26.

[115] CR at V-1, PR at V-1.

[116] Commissioner Pearson does not join this conclusion. In light of the mixed product-specific pricing data and other conditions of competition, but also taking into consideration the importance of price as a factor in purchasing decisions, the significant increase in volume of subject imports over the period of investigation, and the reported decline in price multipliers over the period of investigation, Commissioner Pearson finds that subject imports have had negative effects, although not significant negative effects, on prices for the domestic like product.

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.[117] 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."[118] [119]

Apparent U.S. consumption increased in the first part of the period examined, yet the domestic industry[120] was unable to capture any of the then-growing market and instead saw its shipments steadily fall.[121] Low-priced subject imports captured significant market share in the expanding market at the expense of the domestic industry.[122] The domestic industry's production,[123] capacity utilization,[124]

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[117] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885).

[118] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[119] 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 of sales at less than fair value, Commerce found a dumping margin of 105.8 percent for all exporters of CSPI from Japan. 68 Fed Reg. 4169, 4171 (Jan. 28, 2003).

[120] Because we have excluded Locke, a related party, from the definition of the domestic industry, we examine the impact of the subject imports on the domestic industry consisting of the other three producers: Lapp, Newell, and Victor.

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

[122] The domestic industry's market share based upon quantity declined from *** percent in 2000 to *** percent in 2001, and to *** percent in 2002. It recovered a bit in the interim period comparison, increasing from *** percent in interim 2002 to *** percent in interim 2003, a level substantially below that in 2000. CR/PR at Table IV-4. The industry's market share based upon the value of shipments followed a similar trend. See CR/PR at Table IV-4. At the same time, subject imports' market share rose by *** percentage points from 2000 to 2001 (from *** percent to *** percent) and by *** percentage points from 2001 to 2002 (to *** percentage points). Subject imports' market share fell from *** percent in interim 2002 to *** percent in 2003. As stated earlier, Locke captured the majority of this market share in interim 2003. See CR/PR at Table IV-4.

[123] The industry's production fell from *** CSPI in 2000 to *** CSPI in 2001, and to *** CSPI in 2002. CR/PR at Table III-2. It fell further in the interim period comparison, from *** CSPI in interim 2002 to *** CSPI in interim 2003. Id.

[124] The domestic industry's capacity utilization fell from *** percent in 2000 to *** percent in 2001, and to *** percent in 2002. CR/PR at Table III-2. It fell further in the interim period comparison, falling from *** percent in interim 2002 to *** percent in interim 2003. Id.

shipments,[125] and net sales[126] all fell, and its inventories increased,[127] as the subject imports increased *** during the period examined.

Despite strong demand during much of the period examined, the industry was unable to operate at the high rates of capacity utilization necessary to adequately cover its high fixed costs.[128] Lapp, which accounts for *** of the domestic industry's net sales, was forced to idle kilns during 2002, a period of strong demand.[129] The unit value of the domestic industry's net sales initially increased but subsequently declined during the period,[130] while the per-unit cost of goods sold followed the same trend;[131] as a result, the domestic industry remained generally ***.[132] The domestic industry reported a ratio of operating income to net sales of ***. In the interim period comparison, profitability declined from *** percent in interim 2003.[133]

Other indicators confirm the domestic industry's worsening condition. The domestic industry's employment fell by almost *** during the period examined,[134] and capital expenditures increased ***, then fell ***.[135] While the industry's productivity declined and then increased,[136] this does not outweigh the other indicators of injury.

In assessing the condition of the domestic industry, we also take into account the cyclical nature of demand for CSPI.[137] In such a market, producers must be able to obtain substantial returns when demand is strong in order to weather the inevitable periods of weak demand. The period examined

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[125] The domestic industry's shipments fell from *** CSPI in 2000 to *** CSPI in 2001, and to *** CSPI in 2002. CR/PR at Table III-3. They fell further in the interim period comparison, from *** CSPI in interim 2002 to *** CSPI in interim 2003. Id.

[126] The domestic industry's net sales increased slightly from $*** million in 2000 to $*** million in 2001, then fell to $*** million in 2002. Sales also fell from $*** million in interim 2002 to $*** million in interim 2003. CR/PR at Table VI-5.

[127] The domestic industry's end of period inventories increased from *** CSPI in 2000 to *** CSPI in 2001 to *** CSPI in 2002. CR/PR at Table III-4. Inventories declined in the interim comparison, from *** CSPI in interim 2002 to *** CSPI in interim 2003. Id.

[128] CR at VI-13, PR at VI-3 to VI-4; Tr. at 72.

[129] CR at VI-12 to VI-13, PR at VI-3 to VI-4; Tr. at 19-21.

[130] The unit value of net sales increased from $*** in 2000 to $*** in 2001 and then fell to $*** in 2002. CR/PR at Table VI-5. It fell in the interim comparison, from $*** in interim 2002 to $*** in interim 2003.

[131] See CR/PR at Table V-5.

[132] CR/PR at Table VI-5.

[133] CR/PR at Table VI-5. Operating income was ***. CR/PR at Table VI-1. Estimated cash flow followed the same pattern. CR/PR at Table VI-1.

[134] The number of production workers increased slightly from *** in 2000 to *** in 2001 but then fell to *** in 2002. It declined between the interim periods, from *** in interim 2002 to *** in interim 2003. CR/PR at Table III-5. The domestic industry paid its workers $*** million 2000 and $*** million in 2001, but the total fell to $*** million in 2002. In the interim period comparison, wages paid fell from $*** million in interim 2002 to $*** million in interim 2003. CR/PR at Table III-5.

[135] Capital expenditures were $*** in 2000, $*** in 2001, $*** in 2002, and $*** and $*** in interim 2002 and interim 2003, respectively. CR/PR at Table VI-6. ***. CR/PR at G-3.

[136] The industry's productivity was *** units per 1,000 hours in 2000, *** units per 1,000 hours in 2001, and *** units per 1,000 hours in 2002. In interim 2002 and interim 2003 productivity was *** units per 1,000 hours and *** units per 1,000 hours, respectively. CR/PR at Table III-5.

[137] CR at II-5, PR at II-3.

included years of strong demand,[138] yet the domestic industry's profitability remained poor due to stagnant or declining prices and the loss of sales volume to the lower-priced subject imports as production, capacity utilization, sales and shipments all declined.[139] Contrary to respondents' arguments, the domestic industry's difficulties cannot be traced only to weakening demand toward the end of the period examined; its performance was poor throughout the period.

Similarly, we reject the contention that there is a significant lack of correlation between the levels of the subject imports and the condition of the domestic industry. First, we note that the industry's performance was poor throughout the period examined, while subject imports had a significant share of the market. The industry's condition worsened substantially in 2001, when subject imports made their largest gain of market share. In 2002, subject imports again gained market share; the industry's operating income improved but remained at a ***, while other indicators of the industry's condition such as market share, production, sales and capacity utilization declined. We assess the impact of the subject imports on the domestic industry based upon a number of indicators as required by the statute.[140] Moreover, even in interim 2002, when subject imports had their highest market share, the industry's operating income ratio, while positive, was only *** percent. In the context of this industry and market, such a low level of profitability during a demand surge is indicative of injury. Finally, the industry's improvement in operating income ratio in interim 2002 and the later decline in interim 2003 are at least in part due to large changes in apparent U.S. consumption during those periods.[141] The fact that changes in apparent U.S. consumption may also have had some effect on the industry's condition does not negate the significant effect of subject imports.

We have examined respondents' other alleged causes of injury, and conclude that these factors cannot adequately account for the condition of the domestic industry. Respondents assert that the industry's poor results were the result of production problems unique to Lapp.[142] However, each of the other two members of the domestic industry also generally performed poorly, particularly with respect to profitability; their combined operating income ratio was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in interim 2002, and *** percent in interim 2003.[143] Similarly, respondents argue that Lapp's use of the *** was responsible for the industry's difficulties over the period.[144] However, all the members of the industry, regardless of process used, reported poor performance over the period examined.[145]

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[138] Apparent U.S. consumption increased in 2000 relative to 1999, increased again in 2001, and then peaked in the first half of 2002. INV-AA-012 (Feb. 7, 2003) at Table C-1; CR/PR at Table IV-4.

[139] See CR/PR at Table III-4; CR/PR at Table VI-5;CR/PR at Table III-2. Apparent U.S. consumption peaked in the first half of 2002, yet even then the industry had *** with an operating income to net sales ratio of *** percent. See CR/PR at Table IV-4; CR/PR Table at VI-5.

[140] See 19 U.S.C. § 1677(7)(C)(iii). No single factor, such as operating income ratios, provides decisive guidance for the Commission. 19 U.S.C. § 1677(7)(E)(ii).

[141] See CR/PR at Table IV-4; CR/PR at Table IV-4; CR/PR at Table VI-5.

[142] Respondents' Prehearing Brief at 10.

[143] See CR/PR at Table VI-5.

[144] Respondents' Prehearing Brief at 10.

[145] CR/PR at Table VI-5. Furthermore, regardless of process used, the collective decline in U.S. producers' capacity utilization would have generally resulted in higher average manufacturing costs. While Locke's *** average manufacturing costs may have been to some extent due to manufacturing process differences, its performance relative to the petitioners is also due to its gain in market share, production level, and capacity utilization, which were at least in part enabled by its subject imports.

Likewise, we do not find that the increase in natural gas prices affected the industry's financial results to any significant extent. Natural gas prices peaked in early 2001, yet the industry performed poorly throughout the period, even when prices were relatively low, such as in 2000.[146]

Respondents also point to the domestic industry's increased production capacity as an alternate cause of injury.[147] The domestic industry (Lapp, Newell, and Victor) increased capacity by only *** CSPI from 2000 to 2002;[148] in contrast, apparent consumption rose by nearly *** CSPI,[149] and subject imports rose by over *** CSPI.[150] Thus, the increase in domestic capacity was in line with increasing demand, and was far outweighed by increased subject imports. Moreover, this additional capacity did not lead to increased domestic production, which fell over the period examined.[151] Thus, we reject respondents' argument.[152] [153]

Respondents also claim that nonsubject imports are an alternate cause of injury.[154] This argument is easily refuted, as nonsubject imports' market share, which peaked at *** percent in 2001, was dwarfed by subject imports' market share, which ranged between *** percent and *** percent in the full years of the period examined.[155]

We also do not find that Locke's sales of its domestic product were responsible for a significant adverse impact on the domestic industry. Locke markets the subject imports and its domestic production interchangeably. Locke held large inventories of subject imports and its shipments of subject imports increased sharply during the period examined before diminishing in interim 2003. These subject imports gained market share at the expense of the domestic industry. By contrast, Locke's market share based upon its domestic shipments remained *** until interim 2003 and its shipments of domestic product increased ***.[156]

Based on significant declines or sustained weaknesses in the performance indicators of the domestic industry, which occurred during a period of strong demand and at the same time that low-priced subject merchandise was being imported in significantly increasing quantities and capturing significant

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[146] See CR/PR at Table V-1; CR/PR at Table VI-5.

[147] Respondents' Prehearing Brief at 8.

[148] See CR/PR at Table III-2.

[149] See CR/PR at Table IV-4.

[150] See CR/PR at Table IV-1.

[151] See CR/PR at Table III-2.

[152] While we have excluded Locke from our analysis of the domestic industry as a related party, we recognize that Locke increased capacity by *** CSPI from 2000 to 2002. See CR/PR at Table III-2. However, this increase is substantially less than the increase in subject imports over the same period, *** CSPI. Moreover, the record indicates that Locke's increase in capacity was, at least in part, made possible by subject imports because it used significant volumes of subject imports to maintain and increase its customer base while it increased capacity. Accordingly, Locke's increased capacity does not detract from our finding of a material adverse impact on the domestic industry by the subject imports. See CR/PR at Table III-2.

[153] Commissioner Pearson does not join in this paragraph. Commissioner Pearson finds that the increase in production capacity in the U.S. may have had injurious effects as well, but those effects do not detract from those caused by subject imports.

[154] Tr. at 168.

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

[156] CR/PR at Table IV-3 (Locke's shipments of domestic product rose from *** CSPI in 2000 to *** CSPI in 2002). Locke's market share based upon domestic shipments of CSPI increased from *** percent in 2000 to *** percent in 2002. CR/PR at Table IV-4.

market share from the domestic industry, we find that the subject imports had a significant adverse impact on the domestic industry.

CONCLUSION

For the reasons stated above, we determine that the domestic industry producing CSPI is materially injured by reason of subject imports from Japan that are sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

This investigation was instituted in response to a petition filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) on December 31, 2002, by Lapp Insulator Company LLC (Lapp), LeRoy, NY; Newell Porcelain Co., Inc. (Newell), Newell, WV; Victor Insulators, Inc. (Victor), Victor, NY; and the IUE-CWA, AFL-CIO, Washington, DC. The petition alleges that an industry in the United States is materially injured, and threatened with material injury, by reason of imports from Japan of certain ceramic station post insulators (CSPI)[1] that are alleged to be sold in the United States at less than fair value (LTFV). Information relating to the background of this investigation is presented below:[2]

Effective date	Action	*Federal Register* citation
December 31, 2002	Petition filed with Commerce and the Commission; Commission institutes investigation	68 FR 1068, January 8, 2003
January 28, 2003	Initiation of investigation by Commerce	68 FR 4169
February 14, 2003	Commission's preliminary determination	68 FR 9723, February 28, 2003
June 16, 2003 July 3, 2003	Commerce 's preliminary determination and postponement of final determination	68 FR 35627 68 FR 39897
June 16, 2003	Scheduling of final phase of Commission's investigation	68 FR 43162, July 21, 2003
September 17, 2003	Commission's revised schedule of investigation	68 FR 55653, September 26, 2003
October 29, 2003	Commission's hearing[1]	NA
November 5, 2003	Commerce's final determination	68 FR 62560
December 2, 2003	Commission's vote	NA
December 19, 2003	Commission's determination and views transmitted to Commerce	NA

[1] A list of witnesses that appeared at the hearing is presented in appendix B.

PREVIOUS INVESTIGATIONS

The Commission has not previously conducted import injury investigations concerning CSPI.

[1] A complete description of the imported products subject to this investigation is presented in the section of this part of the report titled *The Subject Product.*

[2] *Federal Register* notices cited in the tabulation since the preliminary determination are presented in app. A.

ORGANIZATION OF REPORT

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

> *In evaluating the volume of imports of merchandise, 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.*
>
> . . .
>
> *In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*
>
> . . .
>
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to . . . (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) 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, and (V) in [an antidumping investigation], the magnitude of the margin of dumping.*

Information on the subject merchandise, final margins of dumping, and domestic like product is presented in *Part I.* Information on conditions of competition and other relevant economic factors is presented in *Part II. Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. The volume and pricing of imports of the subject merchandise are presented in *Parts IV and V*, respectively. *Part VI* presents information on

the financial experience of U.S. producers. The statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury are presented in *Part VII.*

SUMMARY DATA

A summary of data collected in the investigation is presented in appendix C. U.S. industry data are based on the questionnaire responses of four firms accounting for all known U.S. production of CSPI during January 2000 through June 2003. Data on U.S. imports from Japan are based on the questionnaire response of one firm accounting for *** U.S. imports of CSPI from Japan during this period.[3] Data on the industry in Japan are based on the questionnaire response of one firm believed to account for approximately *** percent of Japanese production of the subject merchandise, and virtually all known exports of the subject merchandise to the United States during January 2000 through June 2003.

THE NATURE AND EXTENT OF SALES AT LTFV

Commerce has made a final determination that CSPI from Japan are being, or are likely to be, sold in the United States at LTFV.[4] The following tabulation provides the final weighted-average dumping margins (in *percent ad valorem*) determined by Commerce for manufacturers/exporters in Japan:

Company	Dumping margin[1] (*percent ad valorem*)
NGK Insulators, Ltd.	105.8
All others	105.8

[1] Commerce selected adverse facts available and applied the petition's alleged dumping margin when it determined that NGK failed to cooperate to the best of its ability to comply with Commerce's request for information (68 FR 35628, June 16, 2003).

THE SUBJECT PRODUCT

Scope

The imported product subject to this investigation is defined by Commerce as:[5]

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[3] Information on imports from sources other than Japan are based on the response of two companies. Importers' questionnaires were sent to 20 companies and Commission staff contacted or attempted to contact an additional 18 companies whose names were obtained from Customs' data for item 8546.20.0060 of the Harmonized Tariff Schedule of the United States (HTS) covering the period 2000-2002. Staff eliminated from consideration all companies for which the average unit value (AUV) of imports during the period did not fall within the approximate range of AUVs associated with CSPI ($250-$2,000).

[4] *Notice of Final Determination of Sales at Less Than Fair Value: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan*, 68 FR 62560, November 5, 2003.

[5] *Notice of Initiation of Antidumping Duty Investigation: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan*, 68 FR 4170, January 28, 2003.

...station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength,[6] solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kilovolt Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.-286, T.R.-287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.-308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. Subject merchandise is classifiable under subheading 8546.20.0060 of the HTS. While the HTS subheading is provided for convenience and U.S. Customs purposes, the written description above remains dispositive as to the scope of the investigation.[7]

U.S. Tariff Treatment

Table I-1 presents current tariff rates for CSPI. The subject CSPI are classified under a tariff rate line that includes nonsubject ceramic electrical insulators, such as insulators with a voltage classification of less than 115 kV; suspension, line, and apparatus insulators; and insulators used in small electronic devices such as cell phones. The applicable statistical reporting number likewise covers nonsubject goods.

Table I-1
CSPI: Tariff rates, 2003

HTS provision	Article description[1]	General[2]	Special[3]	Column 2[4]
		Rates *(percent ad valorem)*		
8546.20.0060	Electrical insulators of ceramics: Used in high-voltage, low-frequency electrical systems: Other	3.0	Free	60.0

[1] An abridged description is provided for convenience; however, an unabridged description may be obtained from the respective headings, subheadings, and legal notes of the HTS.
[2] Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to imports from Japan.
[3] For eligible goods under the Generalized System of Preferences, African Growth and Opportunity Act, Caribbean Basin Economic Recovery Act, Andean Trade Preference Act, Automotive Products Trade Act, Israel Free Trade Agreement, Jordan Free Trade Agreement, and NAFTA-originating goods of Canada and Mexico.
[4] Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

Source: Harmonized Tariff Schedule of the United States (2003).

[6] Station post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers (IEEE), the voltage spectrum is divided into three broad classes: "medium" voltage (i.e., less than or equal to 69 kilovolts), "high" voltage (i.e., from 115 to 230 kilovolts), and "extra-high" or "ultra-high" voltage (i.e., greater than 230 kilovolts).

[7] Commerce revised the scope language proposed in the petition by changing the voltage class of covered merchandise from 69 to 115 kV and above, as petitioners reported that they did not manufacture station post insulators with service class ratings between 69 kV and 115 kV. *See* 68 FR 4170, January 28, 2003.

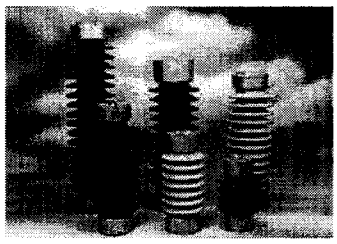
THE DOMESTIC LIKE PRODUCT

The Commission's determination regarding the appropriate domestic product that is "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information on these factors is set forth below.

Physical Characteristics and Uses

The scope in this investigation covers products that are recognized by the marketplace as high- and extra-high voltage ceramic station post insulators. Figure I-1 presents a depiction of different voltage-class ceramic station post insulators.

Figure I-1
Different voltage-class ceramic station post insulators



Source: http://www.insulators.com.cn/station_post.htm.

These devices are used exclusively in electrical transmission and distribution substations where electrical voltages from power generating plants are increased or "stepped up" from approximately 25 kV to transmission line voltages ranging typically from 115 to 765 kV; and where transmission line voltages are subsequently reduced or "stepped down" to subtransmission voltages of 45 to 69 kV or distribution voltages of 36 kV and below.[8]

Approximately 70 to 75 percent of high and extra-high voltage CSPI are produced to specific ANSI and IEEE standards in voltage classes ranging from 115 kV to over 1,000 kV. The most common voltage classes are 115 kV, 230 kV, 500 kV, and 765 kV.[9] The remaining 25 to 30 percent of subject CSPI are produced to individual customer specifications that typically differ slightly from the general requirements contained in the industry standards.[10] CSPI are not produced in voltage classes between 70

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[8] According to the IEEE, CSPI are used to support incoming and outgoing transmission and distribution power lines and internal substation electrical buses (rigid hollow conducting tubes) because of their ability to (1) efficiently block the flow of electrical current; (2) isolate the current in these high-voltage electrical conductors from undesired electrical pathways to prevent "shorts" to the ground through structural metal supports, equipment, or personnel; and (3) prevent "flashover" between equipment and structural members. Staff interview with ***.

[9] Staff interview with ***. A copy of the IEEE Standards Board's *IEEE Standard for Insulation Coordination–Definitions, Principles, and Rules (June 12, 2002)*, was presented in the petition, annex A .

[10] Hearing transcript, pp. 97-98 (Johnson).

kV to 114 kV because there are no applications for such voltages.[11] Station post insulators are produced in voltage classes of 69 kV and lower; however, such products are typically used in different applications.[12]

Station post insulators differ from other types of high voltage insulators such as those used on high voltage transmission towers. Station post insulators are single piece (or stacks of single pieces), solid, cavity, or hollow core units that are designed to be rigid. On the other hand, transmission insulators are generally individual bell-shaped units that are connected together to form a "string" that is flexible enough to withstand the sway inherent in any component that is exposed to the wind. Line post insulators are visibly, mechanically, and electrically the most similar in configuration to station post insulators, but because these units are typically mounted horizontally on transmission poles or towers, the ends of these insulators are configured to accept different mounting hardware and the configuration of the skirts, or "sheds," of the insulator have a distinctively different profile from station post insulators that are mounted vertically. Apparatus insulators are also distinguished from station post units in that their voltage ratings are significantly lower, they have a significantly larger internal cavity to slide over exposed metallic apparatus surfaces, and do not have external sheds.

An estimated 1 to 2 percent of U.S. installations in which station post insulators are employed are affected by environmental contaminants such as salt spray and industrial pollutants that can significantly impair the ability of traditional ceramic insulators to function as intended.[13] In these applications, the station post industry and other producers have responded by developing a class of ceramic insulator with special semiconducting glazes[14] as well as non-ceramic composition insulators made from such materials as silicon rubber and polymers (such as ethylene propylene dienemonomer). Because semiconductive-glaze insulators are typically sold at a premium, and non-ceramic insulators are, under normal operating conditions, not considered to be as reliable as their standard-glaze ceramic counterparts, the U.S. market for these products has generally been restricted to the small percentage of installations that have experienced severe environmental contamination problems.[15] In these applications, however, semiconductive glaze and composite material insulators would generally be in direct competition for these sales.

Manufacturing Process

The manufacturing process for high- and extra-high voltage CSPI is summarized below. In general, there are three distinct stages that include: (1) mixing and extruding the raw materials, (2) drying, shaping, and glazing the extruded ceramic blanks, and (3) kiln-firing and finishing operations.

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[11] No U.S. producer reported producing CSPI between 70 kV and 114 kV, and there were no imports of such merchandise from Japan.

[12] All four U.S. producers produce CSPI in voltage classes of 69 kV and lower. However, the average unit value for these products ranged from *** in comparison to average unit values of *** for CSPI in voltage classes of 115 kV and higher.

[13] The accumulation of environmental pollutants on standard composition ceramic insulators has, in areas of high contamination (e.g., seashore locations), created electrical conditions favorable to a relatively high level of failure (i.e., corona discharge and flashover).

[14] Semiconducting glazes impart two unique operating characteristics that are not associated with non-conductive glazes. They permit the passage of a low leakage current that produces a mild heating effect, which in turn helps to dry the insulator; and they suppress partial electrical discharges by keeping voltage distribution around the insulator uniform.

[15] ***. However, during this period, Locke began producing this product. Staff interview with ***.

Mixing and Extruding

The mixing and extruding processes begin with the arrival of dried and powdered clay (predominately kaolinite, or $Al_2Si_2O_5(OH)_4$) and alumina[16] (Al_2O_3), which are mixed together with water to form a slurry. The slurry mixture is blended and run through fine vibrating screens to eliminate any impurities and oversized particles. Excess moisture is eliminated from the mixture by pumping the slurry under high pressure through a filter press.[17] This process reduces the moisture content of the clay mixture from approximately 50 percent to between 15 and 20 percent. The pliable clay mixture is then passed through a vacuum pug mill that removes any trapped air in the material that could form voids in the finished insulator. The material is subsequently extruded under high pressure into a cylindrical "pug," or blank, and cut to length.

At this stage in the production process, U.S. and Japanese manufacturers diverge into either a wet (green) turn or dry turn process. In the green process, the ends of the blanks are fitted with electrodes and an electric current is employed to reduce the moisture to between 15 and 17 percent, while in the dry process the blanks go to a drying area or into convection ovens where controlled air or heat drying reduces the internal moisture content to around 3 percent.[18]

Drying, Shaping, and Glazing

After a short drying period, the "green" blanks are placed on vertical turntables where a computer numerically controlled (CNC) tool gradually removes material until the appropriate external shape (with external skirt, or "sheds") of the insulator is obtained. At this point, the shaped blanks are moved to a drying area and the electrodes at either end of the piece are again connected to an electrical source. The residual moisture in the piece helps to conduct an electric current that permits a more uniform drying of the shaped insulator than would be possible with regular air drying. This process also helps to reduce warpage.

Dry process insulators arrive from their drying areas or convection ovens with a much lower moisture content than wet blanks. As a result, the clay material is already significantly hardened and the tooling that must be used to shape each individual piece must be significantly more durable. The process used to machine the excess material is essentially the same as that for "green" pieces but takes longer because the hardened material is more difficult to remove. After the insulator is shaped, it is sent to a glazing area. Each piece is either dipped in glazing material or placed on a revolving turntable that spins the piece and indexes it to different positions where it is successively wetted, sprayed with glazing material, and dried. At this stage in the process, sand is also applied to both ends of the insulator to create a rough surface that improves the adhesion of mounting hardware. "Green" process insulators undergo virtually identical operations.

Kiln-Firing and Finishing

After glazing, both "green" and dry process insulators are placed in vertical racks on wheeled rail cars. These cars are subsequently rolled into large stationary kilns (for taller insulators) or tunnel kilns (for shorter insulators). The insulators are subjected to high temperatures in the natural-gas fired kilns

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[16] Alumina is added to increase the mechanical strength of the finished insulator.

[17] The amount of water that is removed depends upon whether the insulator will be shaped using a dry or wet (green) process.

[18] Locke employs ***, while NGK in Japan uses *** in its manufacturing process. Staff interview with ***. Newell ***. Staff interview with ***. Victor ***. Lapp ***. Staff interview with ***.

for a number of hours before being removed. After the pieces are cooled, final finishing consists of removing any headers or footers[19] from the insulators and attaching mounting and connecting hardware caps and/or bases to the ends of each insulator.[20] This is accomplished by first applying an asphalt coating to the inside of the cast iron end caps or bases (and also often to the insulator itself). The end caps or bases are then affixed to the insulator with Portland cement, which, in most cases, is subsequently steam-cured.

Although station post insulators represent relatively mature production technology with regard to materials and firing processes, significant technological strides have been made in moving from hollow or cavity core insulators to what is today the industry standard solid core insulator. The only cavity core station post insulators that reportedly are still produced are replacements for damaged units.[21]

The green production process for station post insulators is also recognized as a significant development in production technology, although one industry source maintains that cost differentials for the wet versus the dry process are insignificant.[22]

Channels of Distribution

Information provided in response to the Commission's questionnaires regarding producer and importer sales by channels of distribution is presented in table I-2, and company-by-company comparisons are presented in appendix D, table D-1. U.S. producers and importers of product from Japan both sell product to OEMs, utilities, and packagers/distributors. During 2000-2002, shares of U.S. producers' (excluding Locke) shipments decreased to the OEM and utilities markets, while shipments to packagers/distributors increased. During the same period, shares of U.S. shipments of imports from Japan decreased to utilities and packagers/distributors, while shipments to OEMs increased.[23]

Table I-2
CSPI: Shares of U.S. producers' and U.S. importers' U.S. shipments, by channels of distribution, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Price

Information with respect to pricing of specific CSPI products from Japan and the United States is presented in *Part V* of this report, *Pricing and Related Information*. Additional information regarding available average unit values of CSPI from the United States, Japan, and nonsubject sources, by voltage class and strength, is presented in table I-3, and company-by-company comparisons are presented in appendix D, tables D-2 and D-3.

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[19] As part of the shaping process a flanged area is sometimes machined into one or both ends of the insulator to provide a means of hanging or standing support for the insulator while it is being fired in either a tunnel or periodic kiln. After firing, these appendages are removed from the workpiece.

[20] ***. Staff interview with ***.

[21] ***. Staff interview with ***.

[22] ***. Staff interview with ***.

[23] Company-by-company comparisons by channels of distribution and types are presented in appendix D.

Table I-3
CSPI: Shares of U.S. producers' and U.S. importers' U.S. shipments, by channels of distribution, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

DOMESTIC LIKE PRODUCT ISSUES[24]

During the preliminary phase of this investigation, the petitioners argued that there is a single domestic like product corresponding to the scope definition.[25] The respondents did not object to the petitioners' proposed definition of the domestic like product, as amended.[26] No new like product issues have been raised during the final phase of this investigation.

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

The Commission's questionnaires during the preliminary phase of the investigation asked firms to discuss the similarities and differences between medium voltage CSPI (69 kV or lower) and high and extra-high voltage CSPI (115 kV and higher) in terms of the six factors listed above. A summary of comments received is presented below:

Physical characteristics.–Most firms identified size and weight as distinguishing factors; the fact that medium voltage products are typically single units rather than stacked units, and the fact that medium voltage CSPI are typically used in distribution applications, while high and extra-high voltage CSPI are used in transmission applications.

Common manufacturing facilities and production employees.–The clay-making processes are similar, regardless of voltage; however, the machining, firing, and assembly processes for high and extra-high voltage CSPI are more sophisticated and demanding than medium voltage CSPI. Some manufacturers use different production methods for medium vs. higher voltage CSPI (e.g., Locke's green production process for high and extra-high voltage station posts vs. its dry process for medium CSPI).

Interchangeability.–No interchangeability among CSPI of different voltage classes. Each voltage class meets distinct ANSI-IEEE standards.

Customer and producer perceptions.–High and extra-high voltage CSPI are typically viewed as more sophisticated products than are medium voltage CSPI; and because of their greater size and weight, high and extra-high voltage CSPI must be installed by mechanical means (i.e., by manipulators or cranes) while medium voltage CSPI may be lifted by hand.

Channels of distribution.–Similar distribution channels among different voltage classes, with sales through manufacturers' representatives, direct sales, and distributors; however, high and extra-high voltage CSPI are more likely to be sold directly to utilities or through packagers dealing directly with utilities.

Price.–Pricing for medium voltage CSPI are significantly lower than high and extra-high voltage CSPI, even when comparing the largest medium voltage CSPI (69 kV) to the smallest high voltage CSPI (115 kV).

See, producers' and importers' questionnaire responses.

[25] Petition, p. 25. The petitioners amended the definition of the domestic like product in the petition (p. 11) to conform with Commerce's revised scope (i.e., voltage class rating of 115 kV and above). Petitioners' postconference brief, p. 4.

[26] Conference transcript, p. 89 (Cassidy). *See also*, respondents' postconference brief, p. 31.

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

CHANNELS OF DISTRIBUTION

CSPI are sold through three primary channels of distribution: "packagers" and distributors, original equipment manufacturers (OEMs), and electric utilities. Over the past five years, utilities have sought to reduce inventory costs and outsource maintenance functions. This has led to a decrease in sales directly to electric utilities and a corresponding increase in sales to packagers/distributors. Sales to OEMs are mostly under "blanket" agreements, and sales to electric utilities are mostly on the spot market.[1] Data for U.S. producers' shipments to each of the channels (on a quantity basis) since 2000 can be found in table I-2.

All producers and importers noted selling throughout the entire United States. The percent of U.S. producers' sales of CSPI at distances of greater than 1,000 miles were: Newell *** percent, Locke *** percent, Victor *** percent, and Lapp *** percent.[2] Responses to Commission questionnaires were received from 29 purchasers: 15 electric utilities, nine packager/distributors, and five OEMs.[3] The packager/distributors noted that their CSPI are sold to electric utilities, municipalities, contractors, and industrial customers.

Most sales of CSPI are made through independent sales agents. In the preliminary phase of the investigation, the four U.S. producers noted making *** of their sales via independent sales agents in 2001. Lapp related that ***. Locke replied that *** percent of their imports were sold via independent agents.

As reported in the preliminary phase of the investigation, the overall market commission rate is 5 percent, though petitioners noted in some cases a lower rate applies.[4] Lapp's average commission rate in 2001 was ***.[5] Sales agents for Lapp selling to OEMs made an average commission of *** percent.[6] Victor stated that its sales agents made commissions of *** percent, and Newell's representatives received an average commission of *** percent in 2001.[7] Locke's reported average commission rate for 2001 was *** percent.[8] Direct sales account for a smaller portion of sales, and are typically to OEMs who purchase under "blanket" agreements. A third, more recent, avenue of sales is via internet auction. In the preliminary phase of the investigation, petitioners noted that there had been four significant auctions in the four months just prior to filing the petition, three of which were won by Locke.[9]

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[1] Petition, p. 22.

[2] Throughout this chapter, Locke represents all references made to Locke, NGK, and NGK-Locke by producers, importers, and purchasers.

[3] This breakdown of responding purchasers is representative of the shares sold to each channel of distribution for interim 2003. Questionnaires were mailed out to 58 purchasers representing the top three purchasers in each channel of distribution for each of the producers and importers from the questionnaire responses in the preliminary phase of the investigation. Four were returned as undeliverable, whereas 29 questionnaires were completed and returned.

[4] Petition, p. 23.

[5] Petition, p. 23.

[6] Petitioners' postconference brief, p. 29.

[7] Petitioners' postconference brief, p. 29.

[8] Respondents' postconference brief, app. 1, p. 6.

[9] Petition, p. 23.

Lead Times

The average lead time for producers in their delivery of CSPI varies greatly, especially with regard to whether the item is in inventory or not. Newell reported average lead times of ***. Lapp, Victor, and Locke stated that items that are in stock have lead times of ***. If not in stock, Lapp noted times ranging from ***, Victor can fill orders typically in ***, and Locke described its range of delivery times as ***. Lead times can be one of the most important factors in determining if a company gets a sale.[10]

Internet Sales

Since 2000, there have been some sales via "reverse auctions" on the internet. When asked if the producers and importers sell via the internet, though, all four responded negatively, with Locke adding that ***.[11] During the preliminary phase of the investigation, Locke noted that *** percent of its import sales in 2001 were via internet auction. *** via internet auction in 2001. None of the firms sells directly over the internet. Only one of 29 purchasers noted purchasing CSPI over the internet. ***.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

There are four producers of CSPI in the United States. In the short term, CSPI producers are likely to respond to changes in price with small changes in the quantity shipped to the U.S. market. Supply responsiveness is constrained by the time it takes to produce CSPI, and a lack of production alternatives, but is increased by the amount of inventory on hand of a particular style of CSPI and lower capacity utilization rates. On balance, the domestic industry is somewhat able to increase or decrease shipments to the U.S. market when there is a change in price. The elasticity of domestic supply is therefore likely to be in the range of 1 to 3.[12]

U.S. producers' reported capacity to produce CSPI increased throughout the period of review by *** percent. The industry's capacity utilization rate fell, however, from *** percent in 2000 to *** percent in 2002, and from *** percent in interim 2002 to *** percent in interim 2003. Locke noted that in the last three years, ***.

U.S. producers' export shipments have been relatively moderate compared to shipments to the U.S. market. On a quantity basis, the percentage of producers' export shipments relative to their total shipments increased from *** percent in 2000 to *** percent in 2002, and from *** percent in interim 2002 to *** percent in interim 2003. On a value basis, however, it first decreased from *** percent in 2000 to *** percent in 2001, but then increased to *** percent in 2002. Between the interim periods, exports relative to total shipments rose from *** percent to *** percent on a value basis.

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[10] Conference transcript, pp. 74, 77, and 79 (Dippold).

[11] In the preliminary phase of the investigation, all four producers and importers noted in their questionnaire responses that the internet has had a significant impact on the market for CSPI, noting that it has driven prices lower than they otherwise would have been. *** estimated the impact to be 5 to 10 percent lower prices. *** noted that the internet removed all service aspects of the industry, placing a heavier emphasis on price, a sentiment that *** echoed in its questionnaire response. Petitioners noted that they are aware of four significant auctions during the past 18 months, noting that in three of the four cases, Locke was the winner. Petition, p. 23.

[12] Parties were invited to submit comments in their prehearing briefs regarding elasticity estimates. Petitioners noted that elasticity of domestic supply is likely to be elastic. Petitioners' prehearing brief, app. 1, p. 3.

Ending inventories as a percentage of total shipments rose throughout the period of review, from *** percent in 2000 to *** percent in 2002. Inventories increased further between interim 2002 and 2003, from *** percent to *** percent of annualized shipments.

U.S. Demand

Demand for CSPI is highly dependent on the demand of electric utilities. The market for CSPI varies with the level of investment by these firms. Most CSPI are used in the upgrade or construction of power plants or electrical substations, but some are used as replacements for CSPI damaged by things like vandals or hurricanes. Lapp, Newell, and Victor estimated that replacement CSPI make up approximately *** percent of sales, respectively.[13] CSPI represent either a small or significant share in the cost of a finished good, depending on whether that good is an electrical substation, a bus support, or a switch. There is also a lack of viable substitutes for CSPI in the market. Due to these conditions, the elasticity of demand for CSPI is likely to be very inelastic, and in the range of -0.3 to -0.8.

During the period examined, demand increased from 1999/2000 to late 2001/early 2002 as electric utility companies were building larger plants and upgrading the electricity grid. Since then, the market has become tighter. *** noted that economic conditions brought demand for CSPI down. As there is less overall construction in the economy, there is less demand for new electrical equipment to outfit the new construction, and, therefore, less demand for CSPI. Also, *** reported that the post-Enron fallout has made securing financing in the utilities industries more difficult, which has cut back on upgrading and the construction of new power facilities. *** stated that prices have decreased by 20 percent since 2000, but quantity demanded has been stable. Further, *** stated that while demand was surging in 2000-2002, it grew especially for *** that, according to ***, are typically the most profitable CSPI.

At the hearing, petitioners noted that demand began increasing in September 2003, with Mr. Johnson of Lapp stating that its order books have increased by 15 to 20 percent since that time, with Mr. Stanley of Newell concurring.[14] Petitioners asserted this is likely due to factors such as the increased attention brought to investment in the domestic electrical system by the regional blackout in August 2003.[15] Respondents referenced and submitted a Wall Street Journal article from November 4, 2003, that noted that noted that investment in electricity grid infrastructure may not occur even with the August 2003 blackout.[16]

The petition stated that demand follows multi-year cycles, with surges about every 10 years,[17] and Newell noted that ***. Locke disagreed with petitioners' characterization of demand being "cyclical," opting instead to note that the market is subject to demand spikes. It noted that there was a spike in demand for transmission line construction in 1989-90 and a spike in 2000-2002 for power generation as a result of the deregulation of the power industry and the electricity crisis.[18]

Purchasers who are end users were asked if demand has changed for their products incorporating CSPI. Responses were quite mixed. Of the 22 responding purchasers, nine noted no change, four have seen an increase, five witnessed a decrease, three replied that any changes are normal with the timing of different projects, and one noted an increase early in the period of review, followed by a decline.

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[13] Petitioners' postconference brief, p. 28.

[14] Hearing transcript, p. 83 (Johnson).

[15] Petitioners' prehearing brief, app. A, pp. 7-9.

[16] Respondents' posthearing brief, exh. 4.

[17] Petition, p. 43.

[18] Respondents' postconference brief, p. 14.

Cost Share

CSPI are typically part of electric substations and switches. Purchasers estimated that CSPI account for between 10 and 50 percent of the cost of a switch. Replies were more varied with respect to use as bus supports for electrical substations: three responding purchasers noted that CSPI likely account for between 45 and 60 percent of the final cost of a bus support. Lapp, on the other hand, noted that it believes the CSPI ***[19] of the cost of an electrical substation. The two responding purchasers that estimated the cost of CSPI in a substation put the number at one percent or below.

Substitute Products

There is very little in the way of substitutes for CSPI. Non-ceramic (polymer) station post insulators are in the marketplace, but represent less than one percent of the market.[20] Twelve of 28 responding purchasers noted that substitutes exist, and all 12 noted that polymer station post insulators are substitutes. These products are not thought of as the same and are only purchased by those who need these specialty products and are willing to pay a premium of 60 to 100 percent for them.[21] All four responding producers noted that substitution would occur only in very limited applications, for example, in ***,[22] and *** noted that polymer SPI are not used in the range of kV that are subject to this investigation. Three purchasers concurred, stating that polymer insulators are available, but at a substantial cost premium, are not widely accepted, and have limited use as a replacement.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported CSPI depends on a number of factors. The characteristics of the product must meet certain ANSI-IEEE specifications before it can be sold. Companies may manufacture CSPI to go beyond these minimum specifications, however. Relative prices are an important factor in this market, too, since CSPI have become somewhat of a commodity product in recent years.[23] Furthermore, lead times for delivery are an important, sometimes decisive, factor in the marketplace.[24] For the most part, purchasers do not compete with manufacturers for sales in the marketplace. Twenty of 25 responding purchasers noted not competing with manufacturers, whereas the five that did noted that it happens "sometimes," "in certain circumstances," "possibly," "at times," and that CSPI could be sold separately rather than already attached to switches.

Factors Affecting Purchasing Decisions

Available data indicate that a variety of factors influence purchasing decisions for CSPI. Purchasers were asked to list the top three factors that they consider in choosing a supplier of CSPI. Responses can be found in table II-2. In response to a question about how often they buy the lowest-priced CSPI, 24 of 29 replied that they usually purchase the lowest-price product, three sometimes purchase the lowest-price product, and one always does.

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[19] Lapp's U.S. producer's questionnaire response.

[20] Conference transcript, p. 56 (Sheldrick).

[21] Conference transcript, p. 57 (Johnson & Boltuck)

[22] *** questionnaire response.

[23] Conference transcript, p. 102 (Cassidy), and respondents' postconference brief, p. 2.

[24] Conference transcript, pp. 74, 77, and 79 (Dippold).

Table II-2
CSPI: Factors considered by purchasers in choosing a supplier

Factor	First	Second	Third
Price	9	14	5
Quality	8	5	3
Availability	2	3	5
Technical features[1]	5	1	0
Delivery/lead time	1	3	8
Pre-arranged contract	4	1	0
Supplier dependability	0	2	4
Other[2]	0	1	3
Service	0	1	1
Range of product line	0	0	2

[1] Technical features includes specifications, compatibility, and industry acceptance.
[2] Other includes: logistics and freight terms, ability to meet customer requirements, traditional supplier, and ultimate destination (shared agents).

Source: Compiled from responses to Commission questionnaires.

On the whole, purchasers know the origin of the CSPI they purchase, mostly because most purchasers know they only purchase domestic CSPI. Eight always know whether the CSPI they purchase are domestically made or imported, 12 usually know, six sometimes know, and three never know. There is even more certainty in what firm manufactured the CSPI: 25 purchasers always know what firm manufactured the CSPI and three usually know. Purchasers were also asked if their buyers were aware of or interested in the country of origin of the CSPI that they purchased. Eight purchasers had buyers that were always aware of or interested in such facts, nine usually, six sometimes, and four never. When asked what characteristics purchasers consider in determining the quality of a supplier's CSPI, most stated that the CSPI must meet industry (e.g., ANSI) standards, but some also noted that in-house standards, industry acceptance, and packaging may play a role in determining CSPI quality.

Fourteen of 28 responding purchasers required that their supplier of CSPI be certified or prequalified with respect to performance characteristics. All but one of the responding purchasers required 100 percent of their 2002 purchases of CSPI to be certified/prequalified, and the outlier required 95 percent to be certified/prequalified. The factors important to certification/prequalification by purchasers were most often quality, technical support/research and development/technology, ANSI certified and ISO 9000 compliant, cost/price, and supply history/reputation.[25] Two of 25 responding purchasers noted that PSN Components (supplying Chinese, Indian, and Japanese CSPI) had failed to become certified/prequalified. Just over half (15 of 28) responding purchasers reported that specifications of CSPI vary depending upon the end use application, with variances depending upon

[25] Also included in purchasers' responses were lead time, customer qualification, conforming to specifications, supplier financial condition, manufacturing processes, product history, capacity, product range, location, process control, customer satisfaction, labor skills, service, safety, test information, presentation, stability, e-commerce, and that drawings reflect requirements.

factors like voltage class, strength, semi-conductive glaze, differing standards, and substation arrangements. Across manufacturers, however, for a given style of CSPI, specifications do not change.

Purchasers were asked to compare the CSPI manufactured by domestic producers, Japan, and other countries[26] on nine factors relating to those firms'/countries' competitiveness in various areas. Results are provided in table II-3. Based on the responses received, firms/countries are given a score based on a Likert-type scale.[27] Below each score are the raw data for each of the responses used to computed the weighted score. Relatively few purchasers rated Japan separately.[28] Purchasers were asked if certain types of CSPI are available from a single source. Five of 26 responding purchasers replied affirmatively, but most noted two sources.[29]

Purchasing patterns vary somewhat among purchasers of CSPI. Almost half of purchasers responding to Commission questionnaires (14 of 29) only buy CSPI on an "as needed" basis, one buys quarterly, four monthly, eight weekly, and two daily. Twenty-one of 29 purchasers noted that their patterns have not changed significantly in the last three years. Of those that noted that their pattern had changed, four purchased fewer, three purchased more, and *** stated that it switched to Locke because Locke did not try to pass on increased transportation costs when transportation costs increased (during early 2001). Twenty-four of 27 responding purchasers noted that their purchasing pattern hasn't changed in regard to purchasing cavity core, hollow core, or solid core CSPI. The three responding affirmatively have all been moving toward solid core CSPI.

Due to the small number of manufacturers of CSPI, nearly three-quarters (20 of 27) of responding purchasers indicated that they contact between two and four suppliers before making a purchase. One contacts two or fewer due to long-term contracts, one contacts between one and three suppliers, three contact between three and five suppliers, and one contacts five suppliers.[30] The greatest variance in purchasers' responses concerned how often they change suppliers. Five purchasers noted that it depends on different factors for each purchase, whereas seven mentioned changing their suppliers infrequently. Of those that noted specific time frames, one purchaser replied that it changes its supplier every 10 to 12 months, whereas three noted that contracts of 3 to 5 years restricted their ability to change suppliers. Eight purchasers specified that they had dropped or added a supplier in the last three years. *** was added by three purchasers and dropped by two. Two of the purchasers that added *** noted that they did so because of long-term contracts, and the third stated that *** beat *** on a contract bid. One of the purchasers dropped *** because it was six months late with an order, and the other, ***, because *** added a fuel surcharge on its orders. *** added *** as a result. *** was added by one purchaser because it did not change its pricing and dropped by two in favor of ***. ***[31] was dropped by ***

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[26] One response was received with regard to other countries, with this answer regarding Brazil. Responses were also given regarding Ceram from Europe. These responses were aggregated within the "other countries" category.

[27] A point value is given to each answer in descending order, and the mean is reported. This type of scale is a simple way to compare attitudinal data using numeric values.

[28] Since few purchasers are certain that their CSPI come from Japan and since the Japanese CSPI are sold through the same agent (NGK-Locke) through which Locke's domestic CSPI are sold, the column for Locke's responses may also be instructive in determining sales characteristics of Japanese CSPI.

[29] Among the answers were that 500 kV and semiconductive glaze CSPI are only available from Lapp and Locke, polymer CSPI are only available through Sediver, and non-ANSI and some high strength products are not available from all sources. One further purchaser noted that it is aware of single-source items, usually specified by a customer, but these are rare.

[30] *** noted that it contacts no suppliers, and only changes suppliers when presented with changes in pricing.

[31] ***.

Table II-3
CSPI: Number of purchasers reporting specific firms/countries' competitiveness in various areas, and related index[1]

	Lapp	Locke	Newell	Victor	Japan	Other countries
Meets other prices:	*1.41*	*1.68*	*1.47*	*1.00*	*0.67*	*1.50*
Always	1	4	2	0	0	0
Usually	7	7	4	2	0	1
Sometimes	14	11	11	13	2	1
Never	0	0	0	2	1	0
No familiarity	5	5	9	8	21	24
Beats others prices:	*1.26*	*1.48*	*1.31*	*0.89*	*0.67*	*1.00*
Always	0	0	1	0	0	0
Usually	5	11	1	2	0	0
Sometimes	14	12	16	12	2	3
Never	0	0	0	4	1	0
No familiarity	4	4	9	7	20	24
Is first to lower prices:	*0.83*	*1.17*	*1.08*	*0.63*	*1.00*	*1.50*
Always	0	1	0	0	0	0
Usually	1	2	3	1	0	1
Sometimes	13	14	8	8	2	1
Never	4	1	2	7	0	0
No familiarity	9	9	11	10	22	24
Has lowest prices:	*1.20*	*1.46*	*1.05*	*0.80*	*1.00*	*1.33*
Always	0	1	0	0	0	0
Usually	7	11	3	2	0	1
Sometimes	16	13	15	12	3	2
Never	2	0	2	6	0	0
No familiarity	2	2	6	5	21	23
Has shortest lead time:	*1.13*	*1.38*	*1.17*	*1.00*	*1.00*	*1.50*
Always	0	1	0	0	0	0
Usually	5	8	3	3	0	1
Sometimes	16	14	15	9	2	1
Never	2	1	0	3	0	0
No familiarity	4	3	8	10	22	24

Table continued on next page.

Table II-3--*Continued*
CSPI: Number of purchasers reporting specific firms/countries' competitiveness in various areas, and related index[1]

	Lapp	Locke	Newell	Victor	Japan	Other countries
Has best service:	*1.38*	*1.54*	*1.17*	*1.31*	*1.00*	*1.00*
Always	2	3	1	1	0	0
Usually	9	9	3	6	1	0
Sometimes	12	10	12	6	1	3
Never	1	2	2	3	1	0
No familiarity	3	3	8	9	21	23
Is first I contact:	*1.38*	*1.44*	*1.05*	*1.05*	*0.75*	*0.43*
Always	2	2	0	0	0	0
Usually	8	7	3	6	0	0
Sometimes	14	16	17	9	3	3
Never	2	0	2	5	1	4
No familiarity	1	2	4	5	21	21
Product exceeds standards:	*1.55*	*1.86*	*1.22*	*1.29*	*1.33*	*1.33*
Always	4	6	1	0	0	0
Usually	5	7	3	5	1	1
Sometimes	12	9	13	8	2	2
Never	1	0	1	1	0	0
No familiarity	5	5	8	10	21	24
Has best quality:	*1.78*	*2.04*	*1.37*	*1.31*	*2.00*	*0.50*
Always	6	8	3	1	1	0
Usually	6	8	2	4	0	0
Sometimes	11	7	13	10	1	1
Never	0	0	1	1	0	1
No familiarity	4	4	7	9	22	24

[1] The index is an average of responding purchasers with familiarity with a company, and is computed using 3 for always, 2 for usually, 1 for sometimes, and 0 for never.

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

because *** became non-responsive once it was purchased by ***. Finally, ***[32] was added by one purchaser at their customers' request. Nine purchasers were aware of new suppliers, foreign or domestic, that have entered the market in the last 3 years, while 17 were unaware of any new entrants. Seven became aware of Ceram (PPC Insulators), two became aware of PSN Components,[33] two became aware of Santana, and one discovered Sediver.[34]

Also asked of purchasers was why they may have bought from one source even though a lower-priced source was available from another source. Thirteen of 21 responses noted that lead time/delivery/ availability was the deciding factor in these decisions, four noted a preference by the purchaser or a customer, one buys only domestic since ***, one buys based on historical service, and two noted always buying the lowest-priced CSPI.

Comparisons Between Domestic Products, Subject Imports, and Nonsubject Imports

When asked if CSPI made in the United States and Japan are used interchangeably, *** responded "yes," while *** responded "no."[35] All CSPI must meet the ANSI-IEEE standards for station posts or else they will not be purchased. During the preliminary phase of the investigation, *** noted that the only exception would be for insulators for specialty applications, and *** qualified its response, stating that the station post must have prior approval at the end user's facility or system. When asked if differences other than price between CSPI produced in the United States and Japan were a significant factor in deciding the firms' sales, *** replied affirmatively and *** replied negatively. *** pointed out that domestic manufacturers may enjoy a shorter lead time while *** also described a price break a domestic firm might receive for a government contract and *** said that domestic availability may be higher.

The main nonsubject countries producing CSPI are Austria, Brazil, France, Germany, India, Slovakia, and Sweden.[36] Though these countries may produce CSPI, very little nonsubject product is shipped to the United States. Three of the four responding firms noted interchangeability between U.S.-produced CSPI and nonsubject CSPI. *** answered negatively, averring that although they are physically similar, nonsubject CSPI are far less accepted due to quality, uniformity, and approval issues. Responses were the same with regard to the interchangeability of subject imports and nonsubject imports: three of four stated they are interchangeable, with *** giving the same negative reply.

When asked if differences other than price between CSPI produced in the United States and nonsubject countries were a significant factor in deciding the firms' sales, *** replied affirmatively and *** replied negatively. Again, *** pointed out that domestic manufacturers may enjoy a shorter lead time and added the same caveats in their responses concerning the United States and Japan. When asked the same question comparing Japanese CSPI and nonsubject countries' CSPI, three producers responded that there were no differences in sales conditions or product characteristics, with *** responding that there were differences.[37]

All 29 purchasers were familiar with domestic CSPI, six with Japanese CSPI, three with European CSPI (including one with CSPI specifically from Germany/Austria), and one with Brazilian

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[32] Santana sells nonsubject (medium voltage) and other ceramic insulators in addition to CSPI from ***.

[33] PSN Components imported *** insulators in 1999/2000 from *** for domestic utilities.

[34] Sediver does not appear to manufacture CSPI. It produces polymer station post insulators in addition to transmission and distribution insulating components. Sediver's website, http://www.sediver.fr.

[35] In the preliminary phase of the investigation, all producers responded "yes."

[36] Respondents' postconference brief, p. 13, and app. 7.

[37] *** notes that lead times can be a factor sometimes but price is the determining factor.

CSPI. Eight of 11 purchasers noted that domestic CSPI compared to Japanese CSPI or "foreign" CSPI are used in the same applications. Two of the three responding negatively stated they have not used foreign CSPI, and the third, ***, the only negatively responding company familiar with both Japanese and domestic CSPI, stated that "if they (CSPI) meet standards they are typically accepted by utilities." Eight of 27 purchasers have ordered CSPI specifically from a certain country, with six noting that they buy specifically from the United States. *** bought specifically from Japan because it was the only manufacturer that could meet a delivery date for a project deadline. *** buys specifically from the United States, Japan, and Brazil to meet its customers' needs. Fifteen purchasers gave a reason for only purchasing from one country, and the response most often given, by three purchasers each, was because of "Buy American" provisions, or a general preference for domestic goods.

Purchasers were asked to compare different countries' CSPI using 13 factors and list how important those factors are in their purchasing decisions. Results can be found in table II-4.

The elasticity of substitution between domestic and imported CSPI depends upon such factors as quality and conditions of sale. Since all CSPI must meet certain industry specifications, and since it is difficult for customers to know whether they have purchased subject CSPI from Japan or those made by Locke in Baltimore, the elasticity of substitution between domestic and subject CSPI is likely to be very high and in the range of 5 to 10. Elasticity of substitution between domestic and non-subject imports is likely to be slightly lower due to longer lead times and the time it takes to qualify suppliers. Even so, it is likely to be between 3 and 7.[38]

[38] Petitioners agreed with this elasticity estimate. Petitioners' prehearing brief, app. 1, p. 2.

Table II-4
CSPI: Importance of purchase factors and comparisons of product by source country, as reported by purchasers

Factor	Importance			U.S. vs Japan			U.S. vs other		
	VI	SI	NI	S	C	I	S	C	I
	Number of firms responding								
Availability	22	2	0	4	5	1	0	2	0
Delivery terms	9	13	0	2	6	1	0	2	0
Delivery time	24	0	0	4	4	2	0	2	0
Discounts offered	11	11	2	2	6	1	0	1	0
Lowest price [1]	23	1	0	1	6	1	1	0	0
Packaging	7	14	3	1	8	1	0	2	0
Product consistency	19	5	0	1	9	0	0	2	0
Product quality	24	0	0	1	9	0	0	2	0
Product range	10	14	0	1	8	1	0	2	0
Reliability of supply	20	4	0	2	6	1	1	1	0
Technical support/service	13	11	0	3	6	1	1	1	0
Transportation network	3	18	2	1	8	0	0	1	0
U.S. transportation costs	6	15	3	1	7	0	0	1	0

[1] A rating of superior means that the price of the country listed first is lower than the price of the imported product.

Note.–VI=very important; SI=somewhat important; NI=not important; S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

Note.–One purchaser also gave a response comparing Brazil to Japan. It stated that the lowest prices fluctuate, that Brazil is inferior to Japan on availability and product range, and the two countries' CSPI are comparable on all other factors, except for discounts offered, transportation network, and U.S. transportation costs, for which it made no comparison.

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

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

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

Information on capacity, production, shipments, inventories, and employment is presented in this section of the report and is based on the questionnaire responses of four U.S. producers of CSPI representing all known U.S. production during January 2000-June 2003. A summary of U.S. producer data is presented in appendix C.

U.S. PRODUCERS

Four firms, Lapp Insulator Co., Locke Insulators, Inc., Newell Porcelain Co., Inc., and Victor Insulators, Inc., currently produce CSPI in the United States.[1] Table III-1 presents the U.S. producers, the locations of production facilities, and the shares of reported U.S. production in 2002.

Lapp, the largest of the three domestic petitioners, is a full-line producer of ceramic insulators that has been in business since 1916. The company was founded by John Lapp, who originally was employed by Fred Locke in his Victor, NY plant. The company produces CSPI up to 69 inches in length (not including stacks) using only a dry turn production process. In addition to CSPI, Lapp also produces nonsubject CSPI, line post, and apparatus housing insulators in its LeRoy, NY facility.[2] Lapp has a German subsidiary company that manufactures high-voltage station post insulators by means of the wet turn manufacturing process.[3]

Victor has been in business since 1902. The company's plant in Victor, NY, was the starting point for most of the wet processing ceramic insulator manufacturing in the United States. Victor is a privately held, employee-owned company that produces CSPI up to *** inches in length by the *** turn process and in greater lengths by the *** turn process. The company claims that it has the most complete insulator product line in North America and CSPI currently accounts for approximately *** of the company's total operations.

Newell produces only line post insulators and CSPI using the wet turn process. The company was formerly owned by Ohio Brass until 1987 when the facility was closed. It was reopened as an employee-owned enterprise in 1989. Newell produces CSPI with voltage ratings through 765 kV in a single plant located in Newell, WV.[4]

Locke is a subsidiary of NGK North America, which in turn is a subsidiary of NGK Insulators Ltd. in Japan (NGK), and is housed in a plant that was originally built by the General Electric Co. (GE) in 1922. The company had previously established a working relationship with Fred Locke in 1920. In 1974, GE sold a majority interest in the facility to NGK. Locke became a wholly owned subsidiary of NGK in 1989. Locke began to shift production at the Baltimore facility towards CSPI during the 1990s, but also produced suspension, distribution line, and pin-type insulators at this location. By 2000, the Baltimore plant had been converted to produce only station post insulators up to 500 kV in voltage rating.[5]

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[1] One other firm, PPC Insulators, produces only low-voltage ceramic station post insulators in the United States. *See*, web site of Insulator News & Market Report, *http://www.inmr.com/bg2003/indexes/station_post_insulators.htm.*

[2] Hearing transcript, p. 20 (Johnson).

[3] Hearing transcript, p. 18 (Johnson).

[4] Hearing transcript, pp. 28-29 (Stanley).

[5] Hearing transcript, pp. 160-161 (Dippold).

Table III-1
CSPI: U.S. producers, locations of production facilities, positions taken with respect to the petition, and shares of U.S. production, 2002

Firm	Location of production facilities	Position taken with respect to the petition	Share of production based on units
		Response	*Percent*
Lapp[1]	LeRoy, NY	Petitioner	***
	Sandersville, GA		
Newell[2]	Newell, WV	Petitioner	***
Victor[3]	Victor, NY	Petitioner	***
Subtotal			***
Locke[4]	Baltimore, MD	Opposes	***
Total			100.0

[1] Lapp is a wholly-owned subsidiary of privately-held Lapp Holdings LLC, LeRoy, NY. In June 2000, Lapp purchased CeramTec AG, Wunsiedel, Germany and subsequently renamed it Lapp Insulator GmbH & Co. *See*, letter of Andrew Sheldrick, counsel to petitioners, February 4, 2003. Lapp has U.S. manufacturing facilities in LeRoy, NY, and Sandersville, GA. Including its Germany subsidiary, Lapp states that it is now the second largest electrical insulator company in the world. For additional information *see*, Lapp's web site at *http://www.lappinsulator.com*.

[2] Newell is a wholly-owned subsidiary of Newell Holding Co., Inc., Newell, WV. Newell produces low-voltage (7.5 kV to 69 kV) station post insulators, high-voltage (115kV to 230 kV) station post insulators, and extra-high voltage (345 kV to 500 kV) station post insulators. For additional information *see*, Newell's web site at *http://www.newellporcelain.com*.

[3] Victor is a privately-held employee-owned company. Victor produces low-voltage (7.5 kV to 69 kV) station post insulators, high-voltage (115kV to 230 kV) station post insulators, and extra-high voltage (345 kV to 500 kV) station post insulators. Victor also produces a full line of porcelain distribution insulators (pin type, spool, strain, line post, suspension, and pin post); polymer distribution insulators (15 kV to 35 kV); switch insulators; and cap and pin replacement insulators. For additional information *see*, Victor's web site at *http://www.victorinsulators.com*.

[4] Locke is a wholly-owned subsidiary of NGK North America Inc., which in turn is a wholly owned subsidiary of NGK Insulators, Ltd., Nagoya, Japan. NGK also owns NGK-Locke Polymer Insulators, Virginia Beach, VA, a producer of silicone polymer insulators for transmission lines and substations. For additional information, *see*, NGK-Locke Polymer Insulators' web site at *http://www.ngk-polymer.com*. All of Locke's sales (U.S. production and imports) are sold through a related entity, NGK-Locke.

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

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

At least two of the domestic petitioners, Lapp and Newell, reportedly have the production capability to produce CSPI rated at 765 kV.[6] Locke has previously indicated that it did not have the domestic capability to produce CSPI rated any higher than 500 kV.[7] Although few 765 kV transmission lines have been built in the United States in recent years, at least one major new transmission project with this voltage rating has recently received regulatory approval. The Wyoming-Jacksons Ferry 765 kV transmission line through West Virginia and Virginia is scheduled to be in service by mid-2006.[8] The CSPI portion of that transmission line is estimated to be approximately $1 million.[9]

During the preliminary phase of this investigation, the Commission found appropriate circumstances existed to exclude Locke from the domestic industry as a related party. Therefore, industry data in this report are presented separately for the three petitioners and Locke.

[6] Hearing transcript, pp. 25-26, p. 28, p. 60 (Stanley).

[7] Hearing transcript, pp. 60-61 (Sheldrick).

[8] Petitioners' prehearing brief, Exhibit 2.

[9] Hearing transcript, p. 80 (Johnson).

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data are presented in table III-2 and figure III-1. Lapp and Victor produce a full line of ceramic insulators including station post and line post insulators. Newell produces only line post and station post insulators. Locke produces only station post insulators.[10]

With respect to the units of quantity reported in response to Commission questionnaires, problems relating to comparability were encountered by responding firms. This problem arose from the fact that for any given insulator ordered by a customer, a manufacturer often has considerable leeway in arriving at the requested rating and performance characteristic of the finished unit by producing a single piece (or combination of individual pieces) and bolting, or stacking, pieces together to reach the desired performance parameters. Thus, for example, to satisfy an order for a 230 kV insulator, one manufacturer might produce the unit as a single piece, while another might stack two or more pieces to arrive at the equivalent insulation rating and mechanical strength. In order to resolve this problem, firms were requested to treat stacked insulators as a single unit.[11] Thus, data from all firms in this and other sections of the report have been reported on the basis of stacks, and are, therefore, comparable.

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments are presented in table III-3.

U.S. PRODUCERS' PURCHASES

*** reported purchasing CSPI from other domestic producers, U.S. importers, or other sources.[12]

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' inventories of CSPI are presented in table III-4.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' employment data are presented in table III-5.

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[10] ***.

[11] September 15, 2003, letter from Andrew Sheldrick, Nixon Peabody.

[12] ***.

Table III-2
CSPI: U.S. producers' capacity, production, and capacity utilization, by firms, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Quantity *(units)*				
Capacity:					
Lapp[1]	***	***	***	***	***
Newell[2]	***	***	***	***	***
Victor[3]	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke[4]	***	***	***	***	***
Total	114,018	123,013	131,434	65,090	66,412
Production:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	104,004	103,238	101,900	55,321	45,471
	Ratio *(percent)*				
Capacity utilization:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	91.2	83.9	77.5	85.0	68.5

[1] Capacity is based on operating *** hours per week, *** weeks per year.
[2] Capacity is based on operating *** hours per week, *** weeks per year. ***. October 23, 2003, e-mail from A. Sheldrick.
[3] Capacity is based on operating *** hours per week, *** weeks per year.
[4] Capacity is based on operating *** hours per week, *** weeks per year.

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

Figure III-1
CSPI: U.S. producers' (excluding Locke) capacity, production, and capacity utilization, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Table III-3
CSPI: U.S. producers' shipments, by firms, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Quantity *(units)*				
U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke[1]	***	***	***	***	***
Total	92,943	88,178	83,051	44,467	40,127
Exports:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke[1]	***	***	***	***	***
Total	***	***	***	***	***
Total shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke[1]	***	***	***	***	***
Total	***	***	***	***	***
	Value *($1,000)*				
U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke[1]	***	***	***	***	***
Total	32,241	36,971	31,582	18,659	12,657
Export shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke[1]	***	***	***	***	***
Total	***	***	***	***	***
Total shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke[1]	***	***	***	***	***
Total	***	***	***	***	***

Table continued on next page.

Table III-3--*Continued*
CSPI: U.S. producers' shipments, by firms, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Unit value *(per unit)*				
U.S. shipments:					
Lapp	$***	$***	$***	$***	$***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke[1]	***	***	***	***	***
Average	347	419	380	420	315
Export shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke[1]	***	***	***	***	***
Average	***	***	***	***	***
Total shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke[1]	***	***	***	***	***
Average	***	***	***	***	***

[1] All of Locke's commercial shipments are sold through its sales arm, NGK-Locke.

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

Table III-4
CSPI: U.S. producers' end-of-period-inventories, by firms, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Quantity *(units)*				
End-of-period inventories:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	10,553	14,093	22,266	19,990	23,293
	Ratio *(percent)*				
Inventories to production:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	10.1	13.7	21.9	18.1	25.6
Inventories to U.S. shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	11.4	16.0	26.8	22.5	29.0
Inventories to total shipments:					
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	***	***	***	***	***

Note.–Due to certain inconsistencies in reporting, production, shipments, and inventories may not reconcile. Partial-year ratios are calculated using annualized production and shipment data.

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

Table III-5
Average number of production and related workers producing CSPI, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, by firms, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Production and related workers				
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	274	300	258	283	207
	Hours worked (*1,000 hours*)				
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	604	700	575	327	234
	Wages paid (*$1,000*)				
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Subtotal	***	***	***	***	***
Locke	***	***	***	***	***
Total	9,264	10,845	9,192	5,280	3,814
	Hourly wages (*per hour*)				
Lapp	$***	$***	$***	$***	$***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	15.35	15.49	15.98	16.16	16.30
	Productivity (*units per 1,000 hours*)				
Lapp	***	***	***	***	***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	172.3	147.4	177.1	169.3	194.3
	Unit labor costs				
Lapp	$***	$***	$***	$***	$***
Newell	***	***	***	***	***
Victor	***	***	***	***	***
Average	***	***	***	***	***
Locke	***	***	***	***	***
Average	89.08	105.05	90.21	95.45	83.87

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

PART IV: U.S. IMPORTERS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent questionnaires to 20 firms that were believed to have imported miscellaneous insulators (including CSPI) from January 2000 through June 2003, and received responses from all firms.[1] Only one firm, Locke, reported imports of CSPI from Japan during this period and accounted for *** imports of the subject merchandise.[2] ***. Another company, ***.

U.S. IMPORTS

Data on imports from Japan are based on the questionnaire response of Locke, while imports from all other sources are based on questionnaire responses of the two companies noted above.[3] Table IV-1 and figure IV-1 present data on U.S. imports of CSPI.

Table IV-1
CSPI: U.S. imports, by sources, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Figure IV-1
CSPI: U.S. imports, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Almost all of Locke's imports from NGK display the "Locke" brand, not the NGK brand. Therefore, purchasers do not necessarily know whether a Locke product was imported or produced in the United States.[4]

U.S. PRODUCERS' IMPORTS

Other than Locke, ***. ***.[5] Locke imported *** units of the subject merchandise in 2000, *** units in 2001, *** units in 2002, *** units in January-June 2002, and *** units in January-June 2003. Locke's subject imports as a share of its production were *** percent in 2000, *** percent in 2001, ***

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[1] A list of potential importers was derived from information provided by Customs.

[2] Based on information from Customs, ***.

[3] Importers' questionnaires were sent to all 15 of the companies that were identified as potential importers of CSPI during the preliminary phase of the Commission's investigation as well as to all 4 U.S producers. In addition, Commission staff contacted or attempted to contact an additional 18 companies that appeared in Customs' data for HTS item 8546.20.0060 covering imports entered during 2000-02. The companies were selected based upon import shipments during the period for which the average unit value of the merchandise was within the range typically associated with CSPI ($250 to $2,000). Commission staff has also attempted to contact any company identified by U.S. purchasers in their questionnaire responses as potential sources of CSPI to determine if any of these companies have imported CSPI during the period examined.

[4] ***. E-mail to Fred Fischer from ***.

[5] ***.

percent in 2002, *** percent in January-June 2002, and *** percent in January-June 2003. Locke's monthly imports of CSPI from Japan during January 2002-June 2003 are presented in table IV-2 and figure IV-2.

Table IV-2
CSPI: Locke's U.S. imports from Japan, by months, January 2002-June 2003

* * * * * * *

Figure IV-2
CSPI: Locke's U.S. imports, by months, January 2002-June 2003

* * * * * * *

APPARENT U.S. CONSUMPTION

Table IV-3 and figure IV-3 present data on apparent U.S. consumption of CSPI. The ***-percent increase in apparent U.S. consumption of CSPI to *** units in 2001 compared to 2000 was largely the result of a ***-percent increase in shipments of U.S. imports of CSPI from Japan, which rose to *** units in 2001 compared with *** units in 2000. The upward trend in shipments of CSPI from Japan continued in 2002 (up *** percent to *** units) but was offset by a decline in U.S. shipments of CSPI from all other sources (down by *** percent to *** units) and in U.S. petitioners' shipments (down by *** percent to *** units), resulting in a ***-percent decline in apparent consumption to *** units in 2002. During January-June 2003, U.S. shipments of CSPI imported from Japan declined by *** percent to *** units, accounting for the majority of the ***-percent decline in apparent U.S. consumption of CSPI to *** units. In terms of value, apparent U.S. consumption of CSPI followed trends similar to those noted for the quantity data above, except that the value of petitioners' shipments increased by *** percent (on lower volume) to *** in 2001 compared to 2000, and the value of U.S. shipments of imports declined by *** percent to *** in 2002 compared to 2001.

Table IV-3
CSPI: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Figure IV-3
CSPI: Apparent U.S. consumption, by sources, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

U.S. MARKET SHARES

Table IV-4 presents data on U.S. market shares based on apparent U.S. consumption of CSPI.

Table IV-4
CSPI: Apparent U.S. consumption and market shares, by sources, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

U.S. IMPORTS RELATIVE TO PRODUCTION

Table IV-5 presents information regarding the relationship of U.S. imports of CSPI to U.S. production.

Table IV-5
CSPI: Ratio of U.S. imports to U.S. production, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Production Costs

The main costs associated with the production of CSPI are raw materials (including clay and additives such as alumina), labor, and natural gas. Altogether, raw materials account for approximately *** percent of the cost of goods sold. Natural gas accounts for approximately *** percent. At the end of 2000, the price of natural gas rose dramatically, with petitioners noting that "it went from about $3 a decitherm to $10 a decitherm where it closed on December 30th of 2000 for January of 2001."[1] Since natural gas is a large cost in the production and distribution processes, the petitioners decided to add on an energy surcharge of 6.0 percent for Newell, 6.2 percent for Victor, and 7.0 percent for Lapp in the first quarter of 2001.[2] Locke did not add an energy surcharge to its orders.[3] Newell and Victor did not maintain their surcharges, which petitioners attributed to Locke's aggressive pricing.[4] Locke noted that ***.[5] Producers and importers were asked to list, on a quarterly basis, the quantity and price per MMBtu for the natural gas that they used in that quarter. These are listed in table V-1 below.

Table V-1
CSPI: Quantities and prices of natural gas used by producers, quarterly, January 2000-June 2003

* * * * * * *

Transportation Costs

Transportation costs for CSPI from Japan to the United States (excluding U.S. inland costs) are estimated to be approximately 5.6 percent of the total cost for CSPI.[6] These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

The producers and importers of CSPI were asked to estimate the cost of U.S. inland transportation of their products. All four firms noted that transportation costs were between 3 and 5 percent.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Japanese yen depreciated 10 percent relative to the U.S. dollar from January 2000 to June 2003 (figure

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[1] Conference transcript, p. 23 (Johnson).

[2] Conference transcript, p. 23, and petitioners' postconference brief, annex E. The letter informing purchasers of the surcharge, however, only notes that the charge will be "a flat rate."

[3] Locke noted that it did a better job of managing rising gas prices through the futures market. Respondents' postconference brief, p. 27.

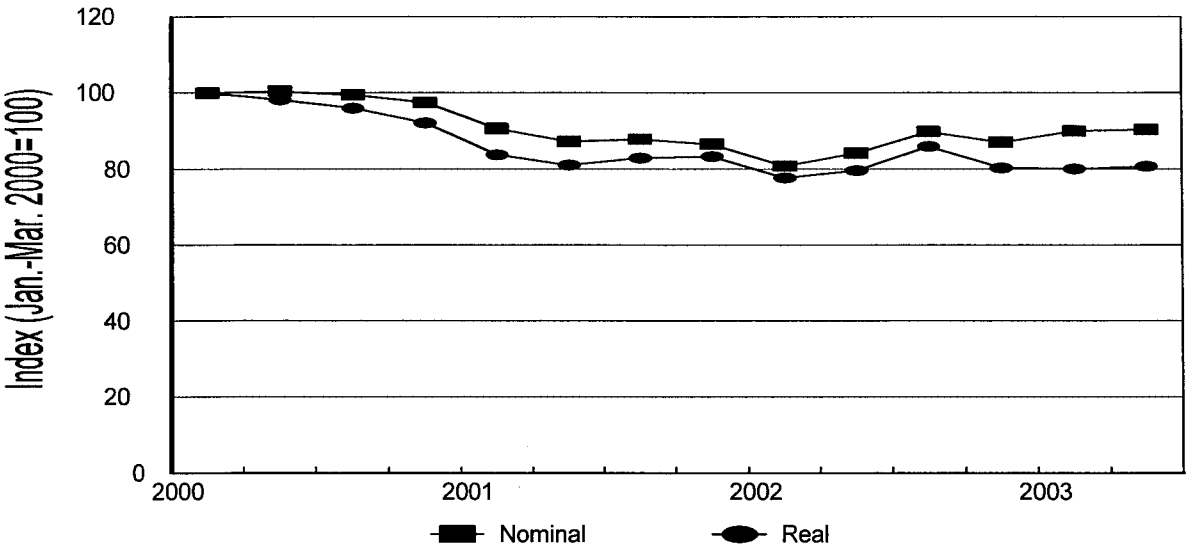
[4] Conference transcript, p. 24 (Johnson).

[5] ***.

[6] This is based on import data for HTS statistical reporting number 8546.20.0060 for 2002 which includes other products besides CSPI.

V-1). The real value of the Japanese yen depreciated 19 percent vis-a-vis the U.S. dollar in that time period.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates between the Japanese yen and the U.S. dollar, by quarters, January 2000-June 2003



Source: International Monetary Fund, *International Financial Statistics*, August 2003.

PRICING PRACTICES

Pricing Methods

Responses of U.S. producers varied somewhat with regard to how much of their CSPI are sold on a spot versus contract basis. *** estimated that 30 percent of sales are on the spot market and 70 percent are via contracts. *** reported that it is currently selling 100 percent on the spot market. *** makes a lower percentage of its sales on the spot market (20 percent) (***), while *** sells a larger percentage on the spot market (60 percent).

All responding producers and importers noted that contracts are typically one year in length, with two reporting a fixed price. However *** report prices decreasing within contracts. *** reported that there were usually no standard quantity requirements, *** reported contracts for as little as $50,000, *** reported pallet quantity minimum shipments, and *** did not answer the question. *** charges premiums of *** percent for sub-minimum shipments. Contracts typically do not contain meet-or-release provisions, with *** reporting these were not usual, *** reporting releases required in advance, and *** reporting no meet or release provisions. Only two of 29 purchasers stated that since 2000 they had invoked meet-or-release clauses in response to changing market prices. Most purchasers reported that the price of CSPI they purchased has changed annually or less frequently than annually since 2000.

Sales Terms and Discounts

Prices are mostly quoted on a delivered basis for the petitioners, unless a minimum order amount is not satisfied (***).[7] In its importer questionnaire, Locke noted its practice as ***.[8] Delivery of CSPI is most often arranged by the producer or importer. All firms carry net 30 terms of payment although most purchasers (24 of 28) reported that sales terms are negotiable.

*** noted using price lists to help determine the pricing of a product, with discounts according to the competitive environment. *** reported pricing on a case-by-case basis. Other factors noted that help determine pricing include: ***. At the hearing, Lapp noted that prices are usually quoted as a multiplier of a price list that it put together in 1995, and has become somewhat of an industry benchmark.[9] *** submitted data describing how this multiplier has declined since the first quarter of 1999. In 1999, it was ***. It declined to *** in the first quarter of 2000, *** in the second quarter of 2001, *** in the first quarter of 2002, *** in the first quarter of 2003, and *** in the second quarter of 2003.

PRICE DATA

The Commission requested U.S. producers and importers of CSPI to provide quarterly data for the total quantity and value of CSPI that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 2000 to June 2003. The products for which pricing data were requested are as follows:[10]

Product 1.–Porcelain station post insulators of 138 kV service class, 650 kV Basic Impulse Insulation Level (BIL), 2200 lb. cantilever strength.

Product 2.–Porcelain station post insulators of 230 kV service class, 900 kV BIL, 2750 lb. cantilever strength.

Product 3A.–Porcelain station post insulators of 345 kV service class, 1300 kV BIL, 2450 lb. cantilever strength.

Product 3B.–Porcelain station post insulators of 345 kV service class, 1300 kV BIL, 1450 lb. cantilever strength.

Product 4.–Porcelain station post insulators of 345 kV service class, 1300 kV BIL, 3500 lb. cantilever strength.

Product 5.–Porcelain station post insulators of 500 kV service class, 1800 kV BIL, 2500 lb. cantilever strength.

Product 6.–Porcelain station post insulators of 500 kV service class, 1550 kV BIL, 3100 lb. cantilever strength.

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[7] ***.

[8] ***.

[9] Hearing transcript, pp. 87-88 (Johnson).

[10] Before the final phase questionnaires were sent, Locke requested that the Commission collect data on products 3A, 4, and 6. Respondents' comments on draft questionnaires, July 15, 2003.

All four U.S. producers provided usable pricing data for sales of products 1, 2, and 3B, two producers provided data for product 4, three provided data for product 5, only *** provided data for product 6, and only *** provided data for product 3A.[11] Locke's import data were received for products 1, 2, 3A, 3B, and 5. Pricing data reported by these firms accounted for approximately 17.2 percent of U.S. producers' domestic shipments of CSPI on a quantity basis (30.9 percent on a value basis), and *** percent of subject imports from Japan in 2002 on a quantity basis (*** percent on a value basis).[12] Because there exist many different types of CSPI, coverage was low and pricing data were sporadic. As such, quarters and products with few sales can have a large impact on the values shown in the pricing series.[13] Pricing data are shown in tables V-2 to V-8 and figures V-2 to V-8 for sales to all three channels of distribution.[14] In addition, appendix E contains tables showing price, quantity, and margins if Locke were included in the domestic industry, as well as figures showing prices and quantities broken out by individual producer for each product and prices by channel of distribution.

Table V-2
CSPI: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, and margins of underselling/(overselling), by quarters, January 2000-June 2003

* * * * * * *

Table V-3
CSPI: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, and margins of underselling/(overselling), by quarters, January 2000-June 2003

* * * * * * *

Table V-4
CSPI: Weighted-average f.o.b. prices and quantities of domestic and imported product 3A, by quarters, January 2000-June 2003

* * * * * * *

Table V-5
CSPI: Weighted-average f.o.b. prices and quantities of domestic and imported product 3B, and margins of underselling/(overselling), by quarters, January 2000-June 2003

* * * * * * *

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[11] Originally, data on products 3A and 3B were combined. ***, however, had reported data for product 3B instead of 3A, which was how the product was originally defined. Pricing for product 3B was requested of parties to gather more data which were of basic products and thus more likely to yield usable underselling/overselling margin calculations.

[12] If Locke is excluded from the domestic data set, the percentages fall to *** percent on a quantity basis and *** percent on a value basis.

[13] Staff has received information from parties regarding some outlying data points.

[14] Note that the domestic pricing data exclude the data for Locke, which also sells imported Japanese CSPI.

Table V-6
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 4, by quarters, January 2000-June 2003

* * * * * * *

Table V-7
CSPI: Weighted-average f.o.b. prices and quantities of domestic and imported product 5, and margins of (overselling), by quarters, January 2000-June 2003

* * * * * * *

Table V-8
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 6, by quarters, January 2000-June 2003

* * * * * * *

Figure V-2
Weighted-average f.o.b. prices of domestic and imported product 1, by quarters, January 2000-June 2003

* * * * * * *

Figure V-3
Weighted-average f.o.b. prices of domestic and imported product 2, by quarters, January 2000-June 2003

* * * * * * *

Figure V-4
Weighted-average f.o.b. prices of imported product 3A, by quarters, January 2000-June 2003

* * * * * * *

Figure V-5
Weighted-average f.o.b. prices of domestic and imported product 3B, by quarters, January 2000-June 2003

* * * * * * *

Figure V-6
Weighted-average f.o.b. prices of domestic product 4, by quarters, January 2000-June 2003

* * * * * * *

Figure V-7
Weighted-average f.o.b. prices of domestic and imported product 5, by quarters, January 2000-June 2003

* * * * * * *

Figure V-8
Weighted-average f.o.b. prices of domestic product 6, by quarters, January 2000-June 2003

* * * * * * *

Respondents argued that the pricing categories were too general, and would include products which included more costly options such as semiconductive glazing or a major/minor shed pattern. Petitioners disagreed with this assertion. Parties were asked to submit pricing data that included these distinctions for each of the sales made during the period examined. For an analysis of these data, including minimum, maximum, and average prices for each distinct model number sold, along with the markup for semiconductive glazes and major/minor shed patterns, see appendix F. Respondents further argued that bid price data, specifically the lowest losing bid, would yield more accurate comparisons.[15]

Price Trends

In general, domestic prices have had a downward trend over the period for which data were collected. Prices for product 1 did rise irregularly, however, from the first quarter of 2000 to the second quarter of 2001, but have since fallen. Prices for product 2 have declined irregularly since the first quarter of 2000. There is not enough data for products 3A and 4 to assess their price trends. Pricing for domestic product 3B appears to have spiked at the beginning of 2002, and then declined until the first quarter of 2003, after which prices rose somewhat. Pricing for domestic product 5 spiked in the fourth quarter of 2000, then declined through the fourth quarter of 2001, and has remained similar since that time. Pricing for product 6 made domestically declined slightly from the first quarter of 2001 through the first quarter of 2002. It then dropped in the first quarter of 2003.

Price Comparisons

For product 1, during the four quarters with comparable pricing data, there was underselling by the imported CSPI in three of the four quarters.[16] Margins ranged from *** to *** percent. In the fourth quarter, imported product 1 oversold domestic product 1 by *** percent. For the seven possible comparisons of domestic and imported product 2, imports undersold domestic CSPI five times with margins between *** and *** percent, and oversold domestic CSPI twice with a margins of *** and *** percent. During the six quarters of comparison for product 3B, imported CSPI undersold domestic CSPI four times by margins of between *** and *** percent, but oversold domestic CSPI twice by margins of *** and *** percent. For the three possible comparisons of domestic and imported product 5, imports oversold domestic CSPI all three times with margins between *** and *** percent. No comparisons are available for products 3A, 4, or 6.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of CSPI to report any instances of lost sales or revenues they experienced due to competition from imports of CSPI from Japan since January 2000. ***

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[15] These arguments were made for the first time in the prehearing brief, despite having the chance to comment on the collection of pricing data before the questionnaires were composed.

[16] For all products, CSPI with semiconductive glazing and major/minor shed patterns were kept in the data set. Overall, on a quantity and value basis, these CSPI accounted for *** of Lapp's shipments from 2000-2003, *** of Locke's domestic shipments, *** of Locke's import shipments, *** of Newell's shipments, and *** of Victor's shipments.

reported that they had lost sales or reduced prices in order to keep sales.[17] The Commission has received complete information on *** lost revenue claims from *** purchasers totaling *** covering *** units. The petitioners reported *** lost sales allegations from *** purchasers, totaling *** covering *** units. The specific allegations and purchasers responses are presented in tables V-9 and V-10.

Table V-9
CSPI: U.S. producers' lost revenue allegations

* * * * * * *

Table V-10
CSPI: U.S. producers' lost sales allegations

* * * * * * *

***.
***.
***
***.
***.
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***.
***.
***.[18] ***.
***.

[17] The Commission did not receive enough information from *** to investigate their allegations.

[18] ***.

PART VI: FINANCIAL EXPERIENCE AND CONDITION OF U.S. PRODUCERS

BACKGROUND

The following companies provided financial data on their U.S.-produced CSPI operations: Lapp, Locke, Newell, and Victor. Financial results were reported on a calendar-year basis using U.S. generally accepted accounting principles (GAAP). With the exception of Locke, producers reported commercial sales of CSPI. Locke sells CSPI through a related company, NGK-Locke, and reported its sales as transfers.[1]

Lapp and Locke account for the majority of financial activity reported during the period examined. Newell and Victor combined accounted for *** of reported revenue. Lapp, Newell, and Victor are essentially stand-alone companies. Locke and NGK-Locke are subsidiaries of NGK North America, a holding company, which is itself a wholly-owned subsidiary of NGK Insulators, Ltd. (NGK Japan), which is headquartered in Nagoya, Japan.[2]

Verifications of information submitted by Lapp and Locke were conducted by ITC staff. Revisions pursuant to those verifications are reflected in this and other affected sections of the staff report.[3]

OPERATIONS ON INSULATORS

Income-and-loss data for Lapp, Newell, and Victor are presented in table VI-1 and on an average unit basis in table VI-2. This information, with Locke included, is presented in tables VI-3 and VI-4. Selected company-specific financial information for all companies is presented in table VI-5.[4]

Table VI-1
Results of CSPI operations of U.S. producers (excluding Locke), calendar years 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Table VI-2
Results of CSPI operations (*per unit*) of U.S. producers (excluding Locke), calendar years 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

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[1] ***.

[2] Lapp and Newell are owned by holding companies which have no other significant activity. Lapp itself owns a subsidiary in Germany (formerly Ceram Tec AG, now Lapp Insulator GmbH) which produces subject and nonsubject insulators. Victor is not owned by a separate holding company. Locke's operational relationship to NGK Japan is discussed below.

[3] September 23, 2003, and September 30, 2003, ITC verification reports of Lapp and Locke, respectively, David Boyland, ITC auditor.

[4] ***. Because product mix changed during the period examined, a variance analysis table is not presented.

Table VI-3
Results of CSPI operations of U.S. producers (including Locke), calendar years 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Table VI-4
Results of CSPI operations (*per unit*) of U.S. producers (including Locke), calendar years 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Table VI-5
Results of CSPI operations of U.S. producers, by firms, calendar years 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Manufacturing Differences

As shown in table VI-5, company-specific revenue, average unit cost of goods sold (COGS), selling, general, and administrative (SG&A) expenses, and operating profitability are different despite sharing similar trends. Cost structure, degree and type of product focus, actual product and customer mix, and organizational structure are important variables which help to explain these differences.

Company-specific manufacturing costs reflect the current mix of insulators produced and sold and, at a more fundamental level, the underlying production processes used. Primary manufacturing differences include the use of the dry versus green process, as described in a previous section of this report. While ***.[5] The wet process is used, to varying degrees, by all producers ***. While the wet and dry processes are unique in terms of drying and turning procedures, there is no general consensus as to the specific cost advantages that either process provides.[6]

Company-specific COGS (raw material, direct labor, and other factory costs) are in part due to more subtle variations in manufacturing which extend beyond the primary (wet versus dry) manufacturing processes. The difficulty in directly comparing/explaining differences in costs between manufacturers is due, in large part, to the fact that each company is unique in terms of the manner in which it has chosen to lay out its facility and address various manufacturing-related issues. Raw material, for example, while basically kaolinite with certain additives, is not the same for each company. ***.[7] ***. While the purchase price of the raw material is reportedly the same for each manufacturer, the amount consumed in the production of CSPI is a function of the underlying company-specific production process. Lapp's average unit raw material costs (i.e., the amounts consumed and recognized

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[5] September 12, 2003, field notes, John Cutchin, ITC investigator. ITC verification report of Lapp.

[6] At the hearing, a Lapp company official stated that ". . . our German subsidiary manufactures high-voltage station posts using the wet process. We have benchmarked the two processes extensively. We are very familiar with the relative costs and efficiencies of the two processes. Each has benefits and disadvantages in terms of cost, and in our opinion, there is no clear cost advantage to either." Hearing transcript, p. 18 (Johnson). A Locke company official stated that ". . . at Locke we use green to produce higher voltage insulators because we're more successful at making longer porcelain units than we are with dry. If that is true, that fundamental advantage is good. If I can make longer units, that means I can build an equivalent voltage stack with fewer units. That means {fitting} costs are less, assembly costs are less." Hearing transcript, p. 236 (Dippold).

[7] September 12, 2003, field notes, John Cutchin, ITC investigator.

in COGS) are ***.[8] This suggests that Lapp is *** in terms of its actual raw material usage. On the other hand, Lapp's average unit direct labor costs are ***, which is consistent with the company's position that the dry process is less labor-intensive.[9]

Operational Factors

In some cases, differences in manufacturing costs were not the result of planned operations. Lapp's facilities have been characterized as specifically set up for high-volume production. At the end of the third quarter of 2002, the company completely shut down one of its two tunnel kilns, along with several periodic kilns, which in turn affected production scheduling and efficiency. Lapp's reduced CSPI operations reportedly impacted its ability to cover fixed costs and is, according to the company, a primary element explaining its ***.[10]

Higher natural gas prices in 2001 and interim 2003 are reflected in higher average natural gas costs attributable to CSPI. Notwithstanding the extent to which fluctuations in natural gas costs were reduced by the use of hedging instruments,[11] differences in absolute natural gas costs also reflect the energy that each company-specific process consumes. Lapp has noted that its process (the dry process) is ***.

In addition to differences in manufacturing processes, the range of production is also different for each company. After reconfiguring its production operations in stages (starting in 1996), Locke's plant now produces a single product line: station post insulators (CSPI and nonsubject insulators).[12] Newell's narrow production line reflects the fact that it has always been a niche manufacturer primarily focused on station posts with a smaller volume of line posts.[13] In contrast with Locke and Newell, Lapp and Victor both manufacture a larger product line.[14]

Period-to-period differences in average unit revenue and COGS are also attributable to changes in the types of CSPI being sold. While each company has a unique product mix, information submitted during the preliminary phase of this investigation indicated that in 2000 and 2001 ***.[15] Both Locke and

---

[8] ***.

[9] As shown in table VI-5, direct labor represents a smaller subset of personnel than the PRW information reported in table III-5.

[10] ***.

[11] Hedging is a business transaction that is designed to insulate a company from commodity price, interest rate, or exchange rate risk. Derivative securities are often used to accomplish this insulation. Typical derivative securities include the following: forward contracts, futures contracts, swap contracts, and options contracts. Narrative information submitted in the final phase questionnaires indicated that ***.

[12] ***.

[13] ***. September 23, 2003, telephone interview ***.

[14] Victor states in its web site that it ". . . manufactures the widest product line of any North American insulator manufacturer." Victor reported that it produces the following products in the facilities where it produces CSPI: ***. In its questionnaire response, Lapp reported that it produces the following products in the facilities where it produces CSPI: ***.

[15] ***. Table D-2, appendix D.

Lapp have indicated that ***.[16] ***.[17] A shift to higher voltage CSPI would, all things being equal, generally result in higher average unit COGS.[18]

Non-Operational Factors

With respect to items that do not directly affect operating income, Lapp and Newell were purchased by members of the company's senior management through leveraged buyouts (LBO)[19] prior to the period examined. The direct impact was primarily higher interest expense associated with higher debt levels. Lapp reported that it considers its post-LBO interest expense to be within the average range for a capital intensive industry. According to Lapp, the subsequent ***.[20] [21]

For both Lapp and Newell, non-financing costs were not significantly affected by the LBOs. According to Lapp, because it was an autonomous subsidiary prior to the LBO, the services of a corporate parent did not have to be replicated. Lapp's general and administrative (G&A) expenses did reportedly increase by a *** amount for audit, legal, and tax services. Newell, which was also a stand-alone operation prior to its LBO, indicated that the LBO had no substantive effect on the cost structure of CSPI or related SG&A expenses. So far neither company has achieved its desired post-LBO capital structure: Lapp planned on replacing its subordinated debt with an equity partner, while Newell intended to self-generate equity through retained earnings.

Locke's Relationship to NGK Japan

Notwithstanding common manufacturing elements shared by all producers of CSPI, Locke's overall organizational structure is different. As noted previously, Locke is owned (indirectly) by NGK Japan. Locke's focus is manufacturing station post insulators, while the product (U.S.-produced and imported) is sold by NGK-Locke. Formal communication with NGK Japan takes place in monthly sales and production reports submitted by NGK-Locke. Direct control (by the parent) is primarily through its review/approval of annual budgets. According to the company, while ***.

Company officials stated that NGK Japan does not provide engineering services directly or indirectly to Locke for CSPI and that design changes are performed in-house. In general, while some important pieces of equipment currently used by Locke were provided directly by NGK Japan, others were purchased through NGK Japan and/or manufactured to specifications provided by the parent.[22]

NGK-Locke, which is headquartered in the same building as Locke, is the sales agent for Locke, as well as other NGK affiliates. As a practical matter, the two companies work together closely with

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[16] ITC verification reports of Lapp and Locke, p. 6 and p. 1, respectively.

[17] ***.

[18] ***.

[19] An LBO is the purchase of a company using a large amount of debt -- much of it short-term bank borrowing secured by the assets of the company being purchased. After the acquisition, the acquired company typically issues bonds to pay off a portion of the debt created by the takeover.

[20] ***.

[21] ***.

[22] ITC verification report of Locke, p. 3. For purchases of equipment directly from NGK Japan, Locke pays for the direct cost of the machinery plus 5 percent. Hearing transcript, p. 162 (Dippold).

NGK-Locke developing sales projections which are in turn used for production planning by Locke. NGK-Locke is a selling arm exclusively and has no manufacturing capabilities.[23]

***.[24]

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

The U.S. producers' data on capital expenditures, research and development (R&D) expenses, and the value of their property, plant, and equipment are presented in table VI-6.[25]

Table VI-6
CSPI: U.S. producer-specific capital expenditures, research and development (R&D) expenses, and overall value of property, plant, and equipment for operations on insulators, calendar years 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

Much of Locke's restructuring reportedly took place prior to 1999. In addition to ***. At verification it was noted that Locke has continued to make incremental changes to its CSPI operations.

Lapp and Newell indicated that the need to reduce costs at the end of the period resulted in the idling of kilns. ***.

With respect to company-specific differences in reported amounts for the original cost and book value of property, plant, and equipment shown in table VI-6, it should be noted that Locke only produces station posts. Most of the other producers manufacture a wider range of insulators which in turn results in a somewhat smaller amount of total original cost and book value being attributed to CSPI.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of CSPI from Japan 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). Their responses are shown in appendix G.

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[23] ***.

[24] ***.

[25] ***. U.S. GAAP has no formal requirements regarding income statement classification of R&D expenses other than they be expensed, under most circumstances, as opposed to capitalized. Items that could be characterized as R&D are likely period expenses included in reported COGS (e.g., as part of other factory costs) or SG&A expenses (i.e., in the general component).

PART VII: THREAT CONSIDERATIONS

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors[1]--
>
> (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,
>
> (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,
>
> (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,
>
> (IV) whether imports of the subject merchandise 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,
>
> (V) inventories of the subject merchandise,
>
> (VI) 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,
>
> (VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission

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[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider [these factors]. . . as a whole in making a determination of 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 under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) 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, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Subsidies are not relevant to this investigation; 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 JAPAN

The petition identified three Japanese producers of CSPI; however, only one of these firms, NGK Insulators, Inc., Nagoya, Japan, was identified as exporting CSPI to the United States during January 2000 to June 2003.[3] Based on information obtained from its questionnaire response, NGK accounted for *** exports to the United States during this period, and accounted for approximately *** percent of production of CSPI in Japan in 2002.[4] Table VII-1 and figure VII-1 present data for NGK's CSPI operations in Japan.

Table VII-1
CSPI: Data on the industry in Japan, 2000-2002, January-June 2002, January-June 2003, and projections for 2003-2004

* * * * * * *

Figure VII-1
CSPI: NGK's capacity, production, and capacity utilization, 2000-2002, January-June 2002, January-June 2003, and projected 2003 and 2004

* * * * * * *

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[2] 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."

[3] Petition, pp. 29-30. *See also*, 68 FR 4169, January 28, 2003.

[4] ***. NGK has previously identified two other producers of CSPI in Japan, Daito Company Ltd. and Koransha Company Ltd. However, to NGK's knowledge, these two firms do not export CSPI to the United States. Respondents' postconference brief, exh. 1, p. 9.

NGK's capacity declined *** during 2000-02 and is expected to increase *** in 2003. NGK did indicate in its questionnaire response that it intended to reduce production capacity by *** in 2004, by decommissioning one of two tunnel kilns in its Chita plant. Japanese production increased by *** percent from *** units in 2000 to *** units in 2001, but then decreased by *** percent to *** units in 2002. Production of CSPI declined by *** percent to *** units during January-June 2003, compared with *** units in the comparable period of 2002. NGK's capacity utilization was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in interim 2002, and *** percent in interim 2003. In a supplemental statement to its producers' questionnaire, NGK attributed the *** to stronger demand for *** than for *** that are produced on the same equipment. Depending upon market conditions, NGK reportedly can *** the type of insulator most in demand and in the process *** above "normal" levels to reach the desired production output.[5]

In February 2003, NGK established *** in India. There is *** in NGK's foreign producers' questionnaire response as to whether *** has been *** to the United States. NGK has additional production facilities in Belgium (NGK Europe, S.A.), China (NGK Insulators Tangshan Co., Ltd.), and Indonesia (PT WIKA-NGK Insulators); however, none of these facilities produces the high or extra-high voltage CSPI.[6]

U.S. IMPORTERS' INVENTORIES

Table VII-2 presents data on U.S. importers' end-of-period inventories of imported CSPI. Importer Locke accounted for *** percent of reported inventories of Japanese product during January 2000-June 2003.

Table VII-2
CSPI: U.S. importers' end-of-period inventories of imports from Japan, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS

Since June 30, 2003, Locke has arranged for the delivery of *** CSPI stacks valued at $*** in July 2003 and *** stacks valued at $*** for October 2003. Locke stated that it placed its last order for CSPI it could produce in Baltimore on July 22, 2002.[7]

ANTIDUMPING DUTY ORDERS IN THIRD COUNTRY MARKETS

There are currently no known antidumping duty orders concerning CSPI produced in Japan.[8]

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[5] NGK supplemental response (p. 6) to its foreign producers' questionnaire.

[6] ***. E-mail to Fred Fischer from *** and NGK's foreign producers' questionnaire response, p. 2.

[7] Conference transcript, pp. 82 and 85 (Dippold), also Locke's importer questionnaire response during the preliminary phase of the investigation (question II-3 and attachment 2) and respondents' postconference brief, pp. 29-30.

[8] Foreign producer questionnaire responses.

APPENDIX A

FEDERAL REGISTER NOTICES

EFFECTIVE DATE: June 16, 2003.

FOR FURTHER INFORMATION CONTACT: Patricia Tran or Robert James, AD/CVD Enforcement Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, telephone: (202) 482–1121 or (202) 482–0649, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department conducted verification on March 13, 2003, through March 26, 2003. We verified the GOU's responses at the offices of the Ministry of Economy in Kiev, Ukraine on March 13 and 14, 2003; the Department's verifiers then traveled to Mariupol and Donetsk, Ukraine to verify the information submitted by Ilyich and Azovstal from March 17 through 20, 2003. Finally, the Department verified relevant information pertaining to sales made by Azovstal through an affiliated trading company, Leman Commodities. This last portion of the verification took place at Leman's sales offices in Donetsk, Ukraine on March 21, 2003, and at Leman's corporate headquarters in Geneva, Switzerland on March 24 and 25, 2003. We issued the verification report on May 2, 2003.

We invited parties to comment on our *Preliminary Results*. We received a case brief from Azovstal and Ilyich on May 13, 2003. Petitioners, Bethlehem Steel Corporation and United States Steel Corporation, filed their rebuttal brief on May 19, 2003.

Scope of Review

The products covered by this agreement include hot-rolled iron and non-alloy steel universal mill plates (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief), of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances; and certain iron and non-alloy steel flat-rolled products not in coils, of rectangular shape, hot-rolled, neither clad, plated, nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances, 4.75 mm or more in thickness and of a width which exceeds 150 mm and measures at least twice the thickness. Included as subject merchandise in this Agreement are flat-rolled products of nonrectangular cross-section where such cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been "worked after rolling") for example, products which have been beveled or rounded at the edges. This merchandise is currently classified in the Harmonized Tariff Schedule of the United States (HTS) under item numbers 7208.40.3030, 7208.40.3060, 7208.51.0030, 7208.51.0045, 7208.51.0060, 7208.52.0000, 7208.53.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.13.0000, 7211.14.0030, 7211.14.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000. Although the HTS subheadings are provided for convenience and customs purposes, the written description of the scope of this Agreement is dispositive. Specifically excluded from subject merchandise within the scope of this Agreement is grade X–70 steel plate.

Analysis of Comments Received

All issues raised in the case and rebuttals briefs by parties to this administrative review are addressed in the "Issues and Decision Memorandum" (Decision Memorandum) from Barbara Tillman, Acting Deputy Assistant Secretary for Import Administration to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated June 6, 2003, which is hereby adopted by this notice. Azovstal and Ilyich submitted a single comment requesting termination of the Agreement and the suspended antidumping investigation. Parties can find a complete discussion of termination of the Agreement and the underlying investigation and the corresponding recommendations in the public Decision Memorandum which is on file in room B–099 of the main Department of Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at *http://www.ia.ita.doc.gov*. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

For the reasons described in the Decision Memorandum, the Department has determined not to terminate the Agreement or underlying investigation.

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Tariff Act.

Dated: June 6, 2003.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 03–15150 Filed 6–13–03; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–862]

Notice of Preliminary Determination of Sales at Less Than Fair Value: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan

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

EFFECTIVE DATE: June 16, 2003.

FOR FURTHER INFORMATION CONTACT: Timothy Finn at (202) 482–0065 or Michele Mire at (202) 482–4711, AD/CVD Enforcement Office 4, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We preliminarily determine that high and ultra-high voltage ceramic station post insulators (HVSPs) from Japan are being sold, or are likely to be sold, in the United States at less than fair value (LTFV), as provided in section 733 of the Tariff Act of 1930, as amended (the Act). The estimated margin of sales at LTFV is shown in the *Suspension of Liquidation* section of this notice.

Case History

This investigation was initiated on January 21, 2003.[1] *See Notice of Initiation of Antidumping Duty Investigation: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan*, 68 FR 4169 (January 28, 2003) (*Initiation Notice*). Since the initiation of the investigation, the following events have occurred.

On February 13, 2003, the United States International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan of HVSPs. *See Certain*

[1] The petitioners in this investigation are Lapp Insulator Company LLC (Lapp), Newell Porcelain Co., Inc. (Newell), Victor Insulators, Inc. (Victor), and the IUE Industrial Division of the Communications Workers of America, the union representing employees of Lapp (collectively, the petitioners).

Ceramic Station Post Insulators from Japan, 68 FR 9723 (February 28, 2003).

On February 3, 2003, and February 28, 2003, we solicited comments from interested parties regarding the criteria to be used for model-matching purposes. Petitioners provided comments on February 10, 2003, February 14, 2003, February 24, 2003, and March 18, 2003. Respondent, NGK Insulators, Ltd. (NGK), provided comments on February 10, 2003, February 14, 2003, February 21, 2003, and March 18, 2003.

On February 28, 2003, the Department issued a complete antidumping duty questionnaire to NGK.[2] NGK submitted its Section A questionnaire response on April 4, 2003. On April 11, 2003, the Department requested that NGK report one additional product characteristic, cantilever strength, in its Sections B and C questionnaire responses. On April 18, 2003, NGK withdrew from the antidumping duty investigation and requested that the Department return its Section A questionnaire response. On May 9, 2003, the Department removed the proprietary version of NGK's original Section A questionnaire response from the official record and returned it to NGK. The Department sent a letter to NGK certifying the removal and destruction of all proprietary copies of NGK's Section A questionnaire response. The Department retained the public version of NGK's Section A questionnaire response as part of the public record.

Period of Investigation

The period of investigation (POI) is October 1, 2001, through September 30, 2002. This period corresponds to the four most recent fiscal quarters prior to the date of the filing of the petition (i.e., December 31, 2002).

Scope of Investigation

The scope of this investigation covers station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength,[3] solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kV Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.-286, T.R.-287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.-308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. Subject merchandise is classifiable under subheading 8546.20.0060 of the Harmonized Tariff Schedule of the United States (HTSUS) Annotated. While the HTSUS subheading is provided for convenience and customs purposes, the written description above remains dispositive as to the scope of the investigation.

Facts Available (FA)

1. Application of FA

Section 776(a)(2) of the Act provides that, if an interested party (A) withholds information requested by the Department, (B) fails to provide such information by the deadline, or in the form or manner requested, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the Act, facts otherwise available in reaching the applicable determination.

Pursuant to section 782(e) of the Act, the Department shall not decline to consider submitted information if all of the following requirements are met: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

On April 18, 2003, NGK notified the Department that it did not intend to participate further in the Department's investigation and requested the return of all of its business proprietary information. NGK was notified by the Department that failure to submit the requested information by the date specified could result in use of the FA, as required by section 776(a)(2)(B) of the Act and section 351.308 of the Department's regulations. *See* letters from the Department to respondent dated February 28, 2003, March 20, 2003, April 1, 2003, and April 16, 2003.

As described above, NGK withdrew its response to Section A of the Department's questionnaire, and chose not to respond to Sections B and C. Because NGK withheld information requested by the Department essential to the calculation of dumping margins, we have applied FA to calculate the dumping margin pursuant to section 776(a)(2) of the Act.

2. Selection of Adverse FA (AFA)

In selecting from among the facts otherwise available, section 776(b) of the Act authorizes the Department to use an adverse inference if the Department finds that an interested party failed to cooperate by not acting to the best of its ability to comply with the request for information. *See, e.g., Certain Welded Carbon Steel Pipes and Tubes From Thailand: Final Results of Antidumping Duty Administrative Review*, 62 FR 53808, 53819–20 (October 16, 1997). As a general matter, it is reasonable for the Department to assume that NGK possessed the records necessary for the Department to complete its investigation. Therefore, by withdrawing some of the information the Department requested, and declining to submit the remainder of the requested information, NGK failed to cooperate to the best of its ability. As NGK failed to cooperate to the best of its ability, we are applying an adverse inference pursuant to section 776(b) of the Act.

3. Corroboration of Information

Section 776(b) of the Act authorizes the Department to use as AFA information derived from the petition, the final determination from the LTFV investigation, a previous administrative review, or any other information placed on the record. In this case, we have used the dumping margin alleged in the petition as AFA.

Section 776(c) of the Act requires the Department to corroborate, to the extent practicable, secondary information used as FA. Secondary information is defined as "{i}nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise." *See* Statement of Administrative Action (SAA) accompanying the Uruguay Round

[2] Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home market sales, or, if the home market is not viable, of sales in the most appropriate third-country market (this section is not applicable to respondents in non-market economy (NME) cases). Section C requests a complete listing of U.S. sales. Section D requests information on the cost of production (COP) of the foreign like product and the constructed value (CV) of the merchandise under investigation. Section E requests information on further manufacturing.

[3] Station post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers (IEEE), the voltage spectrum is divided into three broad classes: "medium" voltage (*i.e.*, less than or equal to 69 kilovolts), "high" voltage (*i.e.*, from 115 to 230 kilovolts), and "extra-high" or "ultra-high" voltage (*i.e.*, greater than 230 kilovolts).

Agreements Act (URAA), H.R. Doc. No. 103–316 at 870 (1994), and 19 CFR 351.308(d).

The SAA clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value (*see* SAA at 870). The SAA also states that independent sources used to corroborate such evidence may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. *Id.*

In order to determine the probative value of the petition margin, we examined evidence supporting the calculation of the antidumping duty margin in the petition. We reviewed the adequacy and accuracy of the information in the petition during our pre-initiation analysis of the petition, to the extent appropriate information was available for this purpose. *See AD Investigation Checklist*, dated January 21, 2003 (*Initiation Checklist*) for a discussion of the margin calculation in the petition (public version is on file in Import Administration's Central Record Unit (CRU) of the Department of Commerce, Room B-099). In addition, in accordance with section 776(c) of the Act, to the extent practicable, we examined the key elements of the constructed export price (CEP) and normal value (NV) calculations on which the margin in the petition was based.

Constructed Export Price

With respect to the margin in the petition, CEP was based on two price quotes for NGK merchandise during the POI. The petitioners calculated net U.S. price by deducting from the starting price U.S. sales commissions, inventory carrying costs, U.S. warehousing expenses, U.S. imputed credit expenses, foreign inland freight, ocean freight, U.S. customs duty and fees, U.S. inland freight, U.S. indirect selling expenses, and an amount for CEP profit. *See Initiation Checklist.*

With regard to the CEP contained in the petition, the Department has no information from the respondent and is aware of no other independent sources of information that would enable us to further corroborate the CEP. *See Initiation Checklist.* Notably, the implementing regulation for section 776 of the Act states, "(t)he fact that corroboration may not be practicable in a given circumstance will not prevent the Secretary from applying an adverse inference as appropriate and using secondary information in question." *See* 19 CFR 351.308(d). Additionally, the SAA at 870 specifically states that where "corroboration may not be practicable in a given circumstance, the Department need not prove that the facts available are the best alternative information." Therefore, based on our efforts, described above, to corroborate information contained in the petition, and in accordance with section 776(c) of the Act, we consider the CEP based on the petition to be corroborated to the extent practicable for purposes of this preliminary determination.

Normal Value

The petitioners calculated NV based on home market price quotes that were obtained through foreign market research. These prices quotes, which were made during the POI, are for subject merchandise of the same grade as that of the merchandise for which the U.S. price quotes for CEP were obtained. *See Initiation Checklist.* With regard to the NV contained in the petition, as with the CEP contained in the petition, the Department has no information from the respondent and is aware of no other independent sources of information that would enable us to further corroborate NV.

Accordingly, in selecting AFA with respect to NGK, the Department applied the petition dumping margin of 105.8 percent.

All Others

Section 735(c)(5)(B) of the Act provides that, where the estimated weighted-average dumping margins established for all exporters and producers individually investigated are zero or *de minimis*, or are determined entirely under section 776 of the Act, the Department may use any reasonable method to establish the estimated "all others" rate for exporters and producers not individually investigated. This provision contemplates that the Department may weight-average margins other than zero, *de minimis*, and FA margins to establish the "all others" rate. Where the data do not permit weight-averaging such rates, the SAA, at 873, provides that we may use other reasonable methods. Because the petition contained only an estimated price-to-price dumping margin, there are no other estimated margins available with which to create the "all others" rate. Therefore, we applied the petition margin of 105.8 percent as the "all others" rate. *See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products From Indonesia*, 66 FR 22163 (May 3, 2001).

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Bureau of Customs and Border Protection (BCBP) to suspend liquidation of all imports of HVSPs from Japan entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the BCBP to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the normal value exceeds the U.S. price, as indicated below. These suspension of liquidation instructions will remain in effect until further notice.

Manufacturer/Exporter	Weighted-Average Percent Margin
NGK Insulators, Ltd.	105.8 percent
All Others	105.8 percent

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final antidumping determination is affirmative, the ITC will determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. The deadline for that ITC determination is the later of 120 days after the date of this preliminary determination or 45 days after the date of our final determination.

Public Comment

For the investigation of HVSPs from Japan, case briefs must be submitted no later than 30 days after the publication of this notice in the **Federal Register**. Rebuttal briefs must be filed within five calendar days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Public versions of all comments and rebuttals should be

provided to the Department and made available on diskette. Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request within 30 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If this investigation proceeds normally, we will make our final determination in the investigation of HVSPs from Japan no later than 75 days after the date of this preliminary determination.

This determination is issued and published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: June 6, 2003.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 03–15149 Filed 6–13–03; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Proposed Information Collection; Comment Request; Surveys To Support the Inadequate Interoperability Cost Analysis of the U.S. Capital Facilities Industry

ACTION: Notice.

SUMMARY: The Department of Commerce (DOC), as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on the continuing and proposed information collection, as required by the Paperwork Reduction Act of 1995, Public Law 104–13 (44 U.S.C. 3506(c)(2)(A)).

DATES: Written comments must be submitted on or before August 15, 2003.

ADDRESSES: Direct all written comments to Diana Hynek, Departmental Forms Clearance Officer, Department of Commerce, Room 6625, 14th and Constitution Avenue, NW., Washington, DC 20230 (or via the Internet at *dHynek@doc.gov).*

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument(s) should be directed to the attention of Phyllis Boyd, National Institute of Standards and Technology, 100 Bureau Drive, Stop 3220, Gaithersburg, MD, 20899–32210, (301) 975–4062. In addition, written comments may be sent via e-mail to *phyllis.boyd@nist.gov.*

SUPPLEMENTARY INFORMATION

I. Abstract

In accordance with Executive Order 12862, the National Institute of Standards and Technology (NIST), a nonregulatory agency of the Department of Commerce, proposes to conduct a number of surveys of the U.S. capital facilities industry, a sector of the U.S. construction and facilities management industry. The surveys, to be administered to capital facilities architects, general contractors, engineers, suppliers, software developers, and owner-operators, will be designed to gather quantitative data. This data will be used to calculate the efficiency loss, in dollars, of inadequate electronic interoperability in the capital facilities supply chain and in capital facilities life cycle management. Each aforementioned stakeholder group will be administered a unique survey tailored to their activities in the design, construction, and operation of capital facilities. The surveys will collect data on respondents' capital facilities projects, business processes involving the exchange of electronic and paper-based communication, information technology investments, and the amount of labor involved in managing information flows internally and externally. Respondents will also be offered the opportunity to freely comment on the extent to which interoperability issues impact their businesses and operations. The surveys will be voluntary and confidential. At no time will the data collected be disclosed to any third parties.

II. Method of Collection

NIST will collect this information through an Internet survey housed on a Web site using 128-bit encryption. Respondents will create their own unique user IDs and passwords. If respondents indicate that they are available for further comment or for clarifying responses, they may be contacted via telephone or e-mail.

III. Data

OMB Number: None.

Form Numbers: None.

Type of Review: Regular Submission.

Affected Public: Individuals or households; business or for-profit organizations.

Estimated Number of Respondents: 225.

Estimated Time Per Response: 30 minutes.

Estimated Total Annual Respondent Burden Hours: 113.

Estimated Total Annual Respondent Cost Burden: $0.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, *e.g.,* the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: June 10, 2003.

Gwellnar Banks,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 03–15073 Filed 6–13–03; 8:45 am]

BILLING CODE 3510–CN–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 060203A]

Endangered Species; File No. 1438

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Receipt of application.

SUMMARY: Notice is hereby given that Dr. Thane Wibbels, Department of Biology, University of Alabama at Birmingham, Birmingham, AL 35294–1170, has

Order 870, 62 FR 7750, 2/20/97; June 1999 (Board Order 1040, 64 FR 33242, 6/22/99); and, April 2002 (Board Order 1224, 67 FR 20087, 4/15/02). The general-purpose zone project currently consists of the following sites in the Cleveland, Ohio, area: *Site 1* (94 acres)—Port of Cleveland complex on Lake Erie at the mouth of the Cuyahoga River, Cleveland; *Site 2* (128 acres)—the IX Center (formerly the "Cleveland Tank Plant"), in Brook Park, adjacent to the Cleveland Hopkins International Airport; *Site 3* (1,900 acres)—Cleveland Hopkins International Airport complex; *Site 4* (450 acres)—Burke Lakefront Airport, 1501 North Marginal Road, Cleveland; *Site 5* (298 acres)—Emerald Valley Business Park, Cochran Road and Beaver Meadow Parkway, Glenwillow; *Site 6* (30 acres)—Collinwood site, South Waterloo (South Marginal) Road and East 152nd Street, Cleveland; *Site 7* (47 acres)—Water Tower Industrial Park, Coit Road and East 140th Street, Cleveland; *Site 8* (83 acres)—Strongsville Industrial Park, Royalton Road (State Route 82), Strongsville; *Site 9* (13 acres)—East 40th Street between Kelley & Perkins Avenues (3830 Kelley Avenue), Cleveland; and, *Site 10* (15 acres)—Frane Industrial Park, Forman Road, Ashtabula; *Temporary Site 11* (15 acres)—Snow Road Industrial Park, 18901 Snow Road, Brook Park; and, *Temporary Site 12* (32 acres)—Tow Path Valley Business Park, 3060 Eggers Avenue, Cleveland. Applications are pending with the FTZ Board to expand existing Site 3 (Docket 38–2002), to expand existing Site 1 (Docket 6–2003) and to expand existing Site 8 (Docket 14–2003).

The applicant is now requesting authority to expand the general-purpose zone to include an additional site (New Proposed Site 11) in the City of Vermilion (Lorain County). *New Proposed Site 11* (172 acres, 2 parcels) is located within the 800-acre Harbour Point Business Park, Baumhart Road, at the intersections of U.S. Route 6 and Ohio Route 2, Vermilion. (Though there is an existing Site 11, it is temporary, and an application is pending with the Board that would incorporate it as part of Site 3.) The proposed zone project is immediately adjacent to the Ford Motor Company subzone in Lorain. The site is owned by Great Lakes Development, Ltd. The site will provide public warehousing and distribution services to area businesses. No specific manufacturing requests are being made at this time. Such requests would be made to the Board on a case-by-case basis.

In accordance with the Board's regulations, a member of the FTZ Staff has been designated examiner to investigate the application and report to the Board.

Public comment on the application is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at one of the following addresses:

1. Submissions via Express/Package Delivery Services: Foreign-Trade Zones Board, U.S. Department of Commerce, Franklin Court Building-Suite 4100W, 1099—14th Street, NW., Washington, DC 20005.

2. Submissions via the U.S. Postal Service: Foreign-Trade Zones Board, U.S. Department of Commerce, FCB-Suite 4100W, 1401 Constitution Avenue, NW., Washington, DC 20230.

The closing period for their receipt is September 2, 2003. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period (to September 16, 2003).

A copy of the application and accompanying exhibits will be available during this time for public inspection at address Number 1 listed above, and at the U.S. Department of Commerce Export Assistance Center, 600 Superior Avenue East, Suite 700, Cleveland, OH 44114.

Dated: June 27, 2003.

Dennis Puccinelli,

Executive Secretary.

[FR Doc. 03–16921 Filed 7–2–03; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–862]

Notice of Postponement of Final Antidumping Duty Determination: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan

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

ACTION: Postponement of final antidumping duty determination.

EFFECTIVE DATE: July 3, 2003.

FOR FURTHER INFORMATION CONTACT: Timothy Finn or Michele Mire, AD/CVD Enforcement, Office 4, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 482–0065 or (202) 482–4711, respectively.

SUMMARY: The Department of Commerce (the Department) is postponing the final determination in the antidumping duty investigation of high and ultra-high voltage ceramic station post insulators (HVSPs) from Japan. The deadline for issuing the final determination in this investigation is now October 29, 2003.

SUPPLEMENTARY INFORMATION:

Background

On June 16, 2003, the Department published its preliminary determination in the investigation of HVSPs from Japan (68 FR 35627). The notice stated that the Department would issue its final determination no later than 75 days after the date of publication of the preliminary determination.

Postponement of Final Determination

On June 20, 2003, the Department received a request for postponement of the final determination from NGK Insulators, Ltd., a manufacturer/exporter who accounts for a significant portion of the exports of subject merchandise. There are no compelling reasons for the Department to deny this request. Therefore, pursuant to section 19 CFR 351.210(b)(2)(ii), the Department is postponing the deadline for issuing the final determination until October 29, 2003.

This notice of postponement is in accordance with section 735(a)(2)(A) of the Tariff Act of 1930, as amended, and 19 CFR 351.210(b)(2)(ii).

Dated: June 23, 2003.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 03–16919 Filed 7–2–03; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–533–502]

Welded Carbon Steel Pipes and Tubes From India

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

ACTION: Notice of initiation of new shipper antidumping duty review: Welded carbon steel pipes and tubes from India.

EFFECTIVE DATE: July 3, 2003.

SUMMARY: On May 30, 2003, the Department of Commerce received a request to conduct a new shipper review of the antidumping duty order on welded carbon steel pipes and tubes from India. In accordance with section 751(a)(2)(B) of the Tariff Act of 1930, as

Durable: No requirements.

Standard Sizes: Only requirement is that materials can be made to fit into a 9½"×12" archival file folder.

Commentary. All HABS/HAER/HALS materials are intended for reproduction. Some 20,000 records are reproduced each year by the Library of Congress. Although field records are not generally reproduced, they are intended to serve as supplements to the formal documentation. The basic durability performance standard (that is to say, life expectancy) for HABS/HAER/HALS materials is 500 years. Ink on Mylar is believed to meet this standard, while color photography does not (although color transparencies are acceptable, their life expectancy is considerably shorter—50 years or less). Field records do not meet this standard but are maintained in the HABS/HAER/HALS collections as a courtesy to collections patrons.

The HABS/HAER/HALS office reserves the right to refuse documentation that does not meet these requirements for materials.

Presentation

Standard: Documentation shall be clearly and concisely produced.

Guideline: The following requirements for presentation shall be met for all levels of documentation:

A. Measured Drawings: Level I measured drawings shall be lettered mechanically (*i.e.*, CAD, Leroy or similar) or in a hand-printed equivalent style. Adequate dimensions shall be included on all sheets. Level III sketch plans should be neat and orderly.

B. Large-format photographs: Level I photographs shall include duplicate photographs that include a scale. Level II and III photographs shall include, at a minimum, at least one photograph with a scale, usually of the principal facade.

C. Written history and description: Data shall be typewritten or laser printed on bond, following accepted rules of grammar.

Commentary. The HABS/HAER/HALS office reserves the right to refuse documentation that does not meet these requirements for presentation.

Architectural and Engineering Documentation Prepared for Other Purposes

Where a preservation planning process is initiated, architectural and engineering documentation, like other treatment activities, is undertaken to achieve the goals identified by that process. Documentation is deliberately selected as a treatment for properties evaluated as significant, and the development of the documentation program for a property follows from the planning objectives. Documentation efforts focus on the significant characteristics of the historic subject, as defined in the previously completed evaluation. The selection of a level of documentation techniques (measured drawings, photography, *etc.*) is based on the significance of the subject and the management needs for which the documentation is being performed. For example, the kind and level of documentation required to record a historic property for easement purposes may be less detailed than the kind and level required as mitigation prior to destruction of the property. In the former case, essential documentation might be limited to portions of the property controlled by the easement (exterior facades, for example), while in the latter case, significant interior architectural features and non-visible structural details would also be documented.

HABS/HAER/HALS encourages other archives to use the Secretary of the Interior's Standards and related HABS/HAER/HALS guidelines as a basis for their own documentation guidelines. Levels of documentation and the durability and sizes of the items may vary depending on the intended use of the materials and various storage and preservation considerations. Review of documentary sources and the periodic verification of factual information in the documentation are among the best means of assuring quality. The reliability of the documentation is only strengthened by an accounting of the limitations of the research and physical examination of the property, and by retaining the primary data (field measurements and notebooks) from which the archival record was produced. The long-term usefulness of the documentation is directly related to the quality and durability of the materials (ink, paper, film, *etc.*) used to record the historic resource.

Dated: March 18, 2003.

E. Blaine Cliver,

Chief.

[FR Doc. 03–18197 Filed 7–18–03; 8:45 am]

BILLING CODE 4312–52–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1023 (Final)]

Certain Ceramic Station Post Insulators From Japan

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–1023 (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 Japan of certain ceramic station post insulators.[1]

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: June 16, 2003.

FOR FURTHER INFORMATION CONTACT: John Cutchin (202–205–3396), 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) at *http://edis.usitc.gov.*

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 certain

[1] For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength, solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kilovolt Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.–286, T.R.–287, T.R.–288, T.R.–289, T.R.–291, T.R.–295, T.R.–304, T.R.–308, T.R.–312, T.R.–316, T.R.–362 and T.R.–391. Subject merchandise is classifiable under subheading 8546.20.00 (statistical reporting number 8546.20.0060) of the Harmonized Tariff Schedule of the United States (HTS).

ceramic station post insulators from Japan 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 December 31, 2002, by Lapp Insulator Company LLC, Le Roy, NY; Newell Porcelain Co., Inc., Newell, WV; Victor Insulators, Inc., Victor, NY; and the IUE–CWA, AFL–CIO, Washington, DC.

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 October 16, 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 October 30, 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 October 21, 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 October 24, 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 October 23, 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 November 6, 2003; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before November 6, 2003. On November 24, 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 November 26, 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 permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the 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.

Issued: July 15, 2003.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03–18348 Filed 7–18–03; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 303–TA–23, 731–TA–566–570, and 731–TA–641 (Final) (Reconsideration) (Second Remand)]

Ferrosilicon From Brazil, China, Kazakhstan, Russia, Ukraine, and Venezuela

AGENCY: United States International Trade Commission.

ACTION: Notice and scheduling of remand proceedings.

SUMMARY: The United States International Trade Commission (Commission) hereby gives notice of the court-ordered remand of its reconsideration proceedings pertaining to countervailing duty Investigation No. 303–TA–23 (Final) concerning ferrosilicon from Venezuela, and antidumping Investigation Nos. 731–TA–566–570 and 731–TA–641 (Final) concerning ferrosilicon from Brazil, China, Kazakhstan, Russia, Ukraine, and Venezuela.

EFFECTIVE DATE: July 14, 2003.

FOR FURTHER INFORMATION CONTACT: Christopher Cassise, Office of Investigations, telephone 202–708–5408, or Marc A. Bernstein, Office of General Counsel, telephone 202–205–3087, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*).

SUPPLEMENTARY INFORMATION:

Committee will host a working group of interested members of the public to resolve the issues of resource damage and conflicts with other users.

While hikers, horseback riders, mountain bicyclists and other users can schedule their use around published hunting seasons for safety reasons; they are not able to avoid random target shooting. Local conditions including heavy timber and rough terrain reduce visibility and increase the hazard to other users from target shooters. As a result recent incidents involving random target shooting have resulted in endangerment and injury to other users. In addition, resource damage is occurring from the accumulation of debris from target materials. To reduce the incidence of future conflicts, three areas of public land known as the Acton Area, 21-Mile Area, and Shepherd Ah-Nei, located north of Billings, Montana are being closed to target shooting with firearms. These areas will remain open to hunting by licensed hunters during seasons administered by the Montana Department of Fish, Wildlife and Parks.

This Emergency Closure does not apply to other lands, specifically the "17-Mile" area located west of Highway 87, north of Billings, Montana, on the Crooked Creek Road.

SUPPLEMENTARY INFORMATION: Under the authority of 43 CFR 9268.3 (d)(1)(i) and 43 CFR 8364.1(a) the Bureau of Land Management will enforce the following Emergency Closure on public lands within the closed area.

Emergency Closure

1.0 Emergency Closure of Certain Public Lands to Target Shooting.

The following is prohibited:

The discharge of firearms for the purpose of target shooting.

(2.0) Exceptions:

(a) This regulation does not apply to the hunting of lawful game by licensed hunters during seasons administered by the Montana Department of Fish, Wildlife and Parks.

(b) This regulation does not apply to archery marksmanship at fixed targets affixed to a backstop sufficient to stop and hold target or broad-head arrows or the use of compressed gas paintball projectors.

(c) This regulation does not apply to special target shooting events, which may be authorized by the authorized officer under special permit.

Penalties: The authority for this closure is found under section 303(a) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1733 (a) and 43 CFR 9268.3(e)(2), 43 CFR 8360.0–7, and 43 CFR 8365.1–6). Violations of this regulation are punishable by a fine in accordance with the Sentencing Reform Act of 1984 (18 U.S.C. 3551 *et seq.*), and/or imprisonment not to exceed 12 months for each offense.

Dated: September 18, 2003.

Sandra S. Brooks,

Field Office Manager, Billings Field Office.

[FR Doc. 03–24340 Filed 9–25–03; 8:45 am]

BILLING CODE 4310–$$–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1020 (Final)]

Barium Carbonate From China

Determination

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of barium carbonate, provided for in subheading 2836.60.00 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 September 30, 2002, following receipt of a petition filed with the Commission and Commerce by Chemical Products Corporation, Cartersville, GA. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of barium carbonate 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 April 16, 2003 (68 FR 18670). The hearing was held in Washington, DC, on July 31, 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)).

The Commission transmitted its determination in this investigation to the Secretary of Commerce on September 19, 2003. The views of the Commission are contained in USITC Publication 3631 (September 2003) entitled *Barium Carbonate from China: Investigation No. 731–TA–1020 (Final).*

By order of the Commission.

Issued: September 22, 2003.

Marilyn R. Abbott,

Secretary.

[FR Doc. 03–24338 Filed 9–25–03; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1023 (Final)]

Certain Ceramic Station Post Insulators from Japan

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigation.

EFFECTIVE DATE: September 17, 2003.

FOR FURTHER INFORMATION CONTACT: John Cutchin (202–205–3396), 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) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On July 21, 2003, the Commission established a schedule for the conduct of the final phase of the subject investigation (68 FR 43162). The Commission is changing its hearing date and subsequently revising its schedule.

The Commission's new schedule for the investigation is as follows: Requests to appear at the hearing must be filed with the Secretary to the Commission not later than October 20, 2003; the prehearing conference will be held at the U.S. International Trade Commission Building at 9:30 a.m. on October 23, 2003; the prehearing staff report will be placed in the nonpublic record on October 15, 2003; the deadline for filing prehearing briefs is

October 22, 2003; the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on October 29, 2003; and the deadline for filing posthearing briefs and written statements is November 5, 2003.

For further information concerning this investigation see the Commission's notice cited above and 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).

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: September 22, 2003.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03–24337 Filed 9–25–03; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Antitrust Division

United States v. National Council on Problem Gambling, Inc., Civil Action No. 1:03CV01278; Public Comments and Plaintiff's Response

Pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b) and (d), the United States hereby publishes below the written comments on the proposed Final Judgment in *United States of America* v. *National Council on Problem Gambling, Inc.,* Civil Action No. 1:03CV01278 filed in the United States District Court for the District of Columbia, together with the United States' response to the comments. Copies of the comments and the United States' response are available for inspection at the United States Department of Justice, Antitrust Division, 325 Seventh Street, NW., Suite 200, Washington, DC 20530, and at the Office of the Clerk for the United States District Court for the District of Columbia, E. Barrett Prettyman Building, 333 Constitution Ave. NW., Washington, DC 20001.

J. Robert Kramer,

Director of Operations, Antitrust Division.

Response to Public Comments

Pursuant to the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h) ("APPA" or "Tunney Act"), the United States hereby responds to the public comments received regarding the Proposed Final Judgment in this case.

I. Background

On June 13, 2003, the United States filed a Complaint alleging that the National Council on Problem Gambling, Inc. ("NCPG") had orchestrated an unlawful territorial allocation of problem gambling products and services along state lines in violation of section 1 of the Sherman Act, 15 U.S.C. 1. Simultaneously with the filing of the Complaint, the United States filed a Proposed Final Judgment. A Competitive Impact Statement ("CIS") was also filed with the Court at that time, and published in the **Federal Register**, along with the Proposed Final Judgment, on June 26, 2003 (*see* 68 FR 38093). Pursuant to 15 U.S.C. 16(c), a summary of the terms of the Proposed Final Judgment and CIS was published in *The Washington Post,* a newspaper of general circulation in the District of Columbia, during the period of June 24 through 30, 2003.

Under the consent order, NCPG is prohibited from directly or indirectly initiating, adopting, or pursuing any agreement, program, or policy that has the purpose or effect of prohibiting or restraining any Problem Gambling Service Provider ("PGSP") from: (1) Selling problem gambling services in any state or territory or to any customer; or (2) submitting competitive bids in any state or territory or to any customer. The NCPG is also prohibited from directly or indirectly adopting, disseminating, publishing, seeking adherence to or facilitating any agreement, code of ethics, rule, bylaw, resolution, policy, guideline, standard, certification, or statement made or ratified by an official that has the purpose or effect of prohibiting or restraining any PGSP from engaging in any of the above practices, or that states or implies that any of these practices are, in themselves, unethical, unprofessional, or contrary to the policy of the NCPG.

The consent order further provides that the NCPG is prohibited from adopting or enforcing any standard or policy that has the purpose or effect of: (1) Requiring that any PGSP obtain permission from, inform, or otherwise consult with another PGSP before selling problem gambling services or submitting bids for the provision of problem gambling services in any state or territory or to any customer; or (2) requiring that any PGSP contract with, provide a fee or a portion of revenues to, or otherwise remunerate any other PGSP as a result of selling problem gambling services in any state or territory or to any customer. Finally, the NCPG is prohibited from adopting or enforcing any standard or policy or taking any action that has the purpose or effect of: (1) Sanctioning, penalizing or otherwise retaliating against any PGSP for competing with any other PGSP; or (2) creating or facitating an agreement not to compete between two or more PGSPs.

The sixty-day period for public comments expired on August 29, 2003. As of today, the United States has received written comments from: (1) Joseph E. Finnerty, James A. Gentry, Fred Gottheil, and John Warren Kindt of the Gambling Research Group ("Gambling Research Group"); (2) Kathleen M. Scanlan, Executive Director of the Massachusetts Council on Compulsive Gambling, Ind., ("Massachusetts Council"); and (3) Richard A. Johnson, CEO, and Glen Gorelick, Director, of Problemgambling.com, Responsiblegaming.com, and Safegamingsystem.com ("Problemgambling.com"). The United States has carefully considered the views expressed in these comments, but nothing in the comments has altered the United States' conclusion that the Proposed Final Judgment is in the public interest. Pursuant to Section 16(d) of the Tunney Act, the United States is now filing with this Court its response to such comments. Once these comments and this response are published in the **Federal Register**, the United States will have fully complied with the Tunney Act and will file a motion for entry of the Proposed Final Judgment.

II. Response to Public Comments

A. Gambling Research Group's Comment

The Gambling Research Group asserts that "a majority of experts would probably argue that this entire market [for services to pathological and problem gamblers] is currently dominated by problem gambling service providers (PGSPs) who are involved in direct or indirect vertical relationships [with Gambling Related Organizations ("GROs")] resulting in those PGSPs being dominated or substantially influenced by various GROs." The comment asserts that control of the PGSPs by GROs may result in less effective services to pathological and problem gamblers because GROs benefit financially from the excessive wagering of these troubled gamblers. Thus, the Gambling Research Group recommends that the NCPG be required to reveal all donations and influences impacting upon its financial viability and to divest itself from all direct and indirect

LIST OF PETITION ACTION BY TRADE ADJUSTMENT ASSISTANCE FOR PERIOD SEPTEMBER 22, 2003–OCTOBER 27, 2003—Continued

Firm name	Address	Date petition accepted	Product
Mark VII Equipment, Inc	5981 Tennyson Street, Arvada, CO 80003.	10/20/03	Car wash systems—mechanical appliances for projecting, dispersing or spraying liquids or powders.
Norit Americas, Inc	3200 West University Ave., Marshall, TX 75671.	09/23/03	Activated carbon.
Peerless Pottery, Inc	671 North Lincoln Avenue, Rockport, IN 47635.	10/27/03	Vitreous china bathroom fixtures—water closets, urinals and lavatories.
Porter Medical Products, Inc	1609 S. SR 15–A, Deland, FL 32720	09/29/03	Surgical aortic punches for cardiac bypass surgery.
Southwest Textiles, Inc	P.O. Box 710, Abernathy, TX 79311	09/22/03	Cotton yarn.
Stanley Jeans Corp. dba Earl's Apparel, Inc.	908 South 4th Street, Crockett, TX 75835	09/22/03	Men's trousers of cotton.
Shuford Mill, Inc	P.O. Box 2228 Hickory, NC 28603	10/15/03	Yarns of woven cotton, poly-cotton, polyester and acrylic.
Trailmate, Inc	2359 Trailmate Drive, Sarasota, FL 34243.	09/26/03	Recreational specialty cycles including edgers and high-level lawn mowers.
Tricon Timber, LLC	126 Highway 135, Saint Regis, MT 59866	10/22/03	Coniferous lumber studs.
USCOA International Corporation	160 Coco Street, St. George, SC 29477	10/20/03	Doormats of cocoa fiber.
Zero Defects, Inc	1420 East Third Avenue, Post Falls, ID 83854.	10/22/03	Wire harnesses for power supply distribution boards.

The petitions were submitted pursuant to Section 251 of the Trade Act of 1974 (19 U.S.C. 2341). Consequently, the United States Department of Commerce has initiated separate investigations to determine whether increased imports into the United States of articles like or directly competitive with those produced by each firm contributed importantly to total or partial separation of the firm's workers, or threat thereof, and to a decrease in sales or production of each petitioning firm. Any party having a substantial interest in the proceedings may request a public hearing on the matter. A request for a hearing must be received by Trade Adjustment Assistance, Room 7315, Economic Development Administration, U.S. Department of Commerce, Washington, D.C. 20230, no later than the close of business of the tenth calendar day following the publication of this notice.

(The Catalog of Federal Domestic Assistance official program number and title of the program under which these petitions are submitted is 11.313, Trade Adjustment Assistance.)

Dated: October 27, 2003.

Anthony J. Meyer,

Coordinator, Trade Adjustment and Technical Assistance.

[FR Doc. 03–27792 Filed 11–4–03; 8:45 am]

BILLING CODE 3510–24–U

DEPARTMENT OF COMMERCE

International Trade Administration

[A-588–862]

Notice of Final Determination of Sales at Less Than Fair Value: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan

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

EFFECTIVE DATE: November 5, 2003.

FOR FURTHER INFORMATION CONTACT: Timothy Finn or Michele Mire at (202) 482–0065 or (202) 482–4711, respectively, Office of AD/CVD Enforcement IV, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Final Determination

We determine that high and ultra-high voltage ceramic station post insulators (HVSPs) from Japan are being, or are likely to be, sold in the United States at less than fair value (LFTV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Background

On June 6, 2003, the Department of Commerce (the Department) issued its preliminary determination in the above-captioned antidumping investigation. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan*, 68 FR 35627 (June 16, 2003) (*Preliminary Determination*). *See* also *Notice of Initiation of Antidumping Duty Investigation: High and Ultra-High Voltage Ceramic Station Post Insulators from Japan*, 68 FR 4169 (January 28, 2003) (*Initiation Notice*).

Since the preliminary determination, the following events have occurred. We gave interested parties an opportunity to comment on the preliminary determination. No case or rebuttal briefs were submitted. On June 20, 2003, NGK Insulators, Ltd. (NGK), the respondent, requested that the Department postpone the final determination the full sixty days as permitted by the statute and the Department's regulations. On June 23, 2003, the Department postponed the final determination until no later than 135 days after the publication of the preliminary determination in the **Federal Register**. *See* 68 FR 39897 (July 3, 2003).

Scope of Investigation

The scope of this investigation covers station post insulators manufactured of porcelain, of standard strength, high strength, or extra-high strength,[1] solid

[1] Station post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers, the voltage spectrum is divided into three broad classes: "medium" voltage (i.e., less than or equal to 69 kilovolts), "high" voltage (i.e., from 115 to 230 kilovolts), and "extra-high" or

core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kV Basic Impulse Insulation Level and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. standard class specifications: T.R.- 286, T.R.-287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.- 308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. Subject merchandise is classifiable under subheading 8546.20.0060 of the Harmonized Tariff Schedule of the United States (HTSUS) Annotated. While the HTSUS subheading is provided for convenience and customs purposes, the written description above remains dispositive as to the scope of the investigation.

Analysis of Comments Received

As noted above, there were no case or rebuttal briefs submitted in this investigation, nor was a hearing held in this investigation.

Use of Facts Available

In the *Preliminary Determination*, the Department applied total adverse facts available to the mandatory respondent, NGK, because NGK chose not to participate in the investigation. See *Preliminary Determination* at 35628. Specifically, the Department assigned NGK a dumping margin of 105.80 percent, the estimated dumping margin rate in the petition. *See Initiation Notice* at 4171. Also, the Department used the petition margin of 105.80 percent as the "all others" rate. *See Preliminary Determination* at 35629. Interested parties did not comment on the Department's use of adverse facts available in the *Preliminary Determination*, nor did they comment on the Department's choice of facts available. For this final determination, we are continuing to apply total adverse facts available to NGK.

Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we are instructing the U.S. Bureau of Customs and Border Protection (BCBP) to continue to suspend liquidation of all entries of high and ultra-high voltage ceramic station post insulators from Japan that are entered, or withdrawn from warehouse, for consumption on or after June 16, 2003, the date of publication of the *Preliminary Determination*. BCBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. The suspension of liquidation instructions will remain in effect until further notice.

We determine that the following percentage margins exist for the period October 1, 2001 through September 30, 2002:

Manufacturer/Exporter	Weighted-Average Percent Margin
NGK	105.80
All Others	105.80

International Trade Commission (ITC) Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will determine, within 45 days, whether these imports are causing material injury, or threat of material injury, to an industry in the United States. If the ITC determines that material injury, or threat of 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 BCBP officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, 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: October 29, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03–27861 Filed 11–4–03; 8:45 am]

BILLING CODE 3510–DS–S

"ultra-high" voltage (i.e., greater than 230 kilovolts).

DEPARTMENT OF COMMERCE

International Trade Administration

Export Trade Certificate of Review

ACTION: Notice of application.

SUMMARY: The Office of Export Trading Company Affairs ("OETCA"), International Trade Administration, Department of Commerce, has received an application for an Export Trade Certificate of Review. This notice summarizes the conduct for which certification is sought and requests comments relevant to whether the Certificate should be issued.

FOR FURTHER INFORMATION CONTACT: Jeffrey C. Anspacher, Director, Office of Export Trading Company Affairs, International Trade Administration, by telephone at (202) 482–5131 (this is not a toll-free number) or e-mail at *oetca@ita.doc.gov.*

SUPPLEMENTARY INFORMATION: Title III of the Export Trading Company Act of 1982 (15 U.S.C. 4001–21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. An Export Trade Certificate of Review protects the holder and the members identified in the Certificate from state and federal government antitrust actions and from private, treble damage antitrust actions for the export conduct specified in the Certificate and carried out in compliance with its terms and conditions. Section 302(b)(1) of the Export Trading Company Act of 1982 and 15 CFR 325.6(a) require the Secretary to publish a notice in the **Federal Register** identifying the applicant and summarizing its proposed export conduct.

Request for Public Comments

Interested parties may submit written comments relevant to the determination of whether a Certificate should be issued. If the comments include any privileged or confidential business information, it must be clearly marked and a nonconfidential version of the comments (identified as such) should be included. Any comments not marked privileged or confidential business information will be deemed to be nonconfidential. An original and five (5) copies, plus two (2) copies of the nonconfidential version, should be submitted no later than 20 days after the date of this notice to: Office of Export Trading Company Affairs, International Trade Administration, Department of Commerce, Room 1104H, Washington, DC 20230, or transmitted by e-mail to *oetca@ita.doc.gov.* Information submitted by any person is exempt from

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Certain Ceramic Station Post Insulators from Japan

Inv. No.: 731-TA-1023 (Final)

Date and Time: October 29, 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, DC.

OPENING REMARKS

Petitioners (**Andrew Sheldrick**, Nixon Peabody LLP)
Respondents (**Robert C. Cassidy, Jr.**, Wilmer, Cutler & Pickering)

In Support of the Imposition of Antidumping Duties:

Nixon Peabody LLP
Washington, DC
on behalf of

Coalition for Fair Trade in Insulators

Rob Johnson, Vice President and General Manager, Lapp Insulator Co. LLC

Traci Weaver, Senior Product Manager, Lapp Insulator Co. LLC

Rick Stanley, President, Newell Porcelain Co., Inc.

Ron Graczyk, President, Victor Insulators, Inc.

In Support of the Imposition
of Antidumping Duties (*continued*):

Salvatore Fili, President, IEU-CWA Local No. 22485/81495, AFL-CIO

Richard D. Boltuck, Vice President, International Trade Practice, Charles River Associates, Inc.

Andrew Sheldrick – OF COUNSEL
Grant G. Beckwith

In Opposition to the Imposition
of Antidumping Duties:

Wilmer, Cutler & Pickering
Washington, DC
on behalf of

NGK Insulators, Ltd.
Locke Insulators, Inc.
NGK-Locke, Inc.

John T. Dippold, President, Locke Insulators, Inc.

Kenny Nakano, President, NGK-Locke, Inc.

Frederick R. Warren-Boulton, Principle, Microeconomic Consulting & Research Associates, Inc.

Robert C. Cassidy, Jr. – OF COUNSEL

REBUTTAL/CLOSING REMARKS

Petitioners (**Andrew Sheldrick**, Nixon Peabody LLP)
Respondents (**Robert C. Cassidy, Jr.**, Wilmer, Cutler & Pickering)

APPENDIX C

SUMMARY TABLES

Table C-1
CSPI: Summary data concerning the U.S. market, 2000-2002, January-June 2002, and January-June 2003

(Quantity=*units*; value=$*1,000*; unit values, labor costs, and unit expenses are *per unit*; period changes=*percent*)

Item	Reported data					Period changes			
	Calendar year			January-June		Calendar year			January-June
	2000	2001	2002	2002	2003	2000-02	2000-01	2001-02	2002-03
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share [1]	***	***	***	***	***	***	***	***	***
Importers' share:[1]									
Japan	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share [1]	***	***	***	***	***	***	***	***	***
Importers' share:[1]									
Japan	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from:									
Japan:	***	***	***	***	***	***	***	***	***
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

See footnotes at end of table.

Table C-1--*Continued*
CSPI: Summary data concerning the U.S. market, 2000-2002, January-June 2002, and January-June 2003

(Quantity=*units*; value=$*1,000*; unit values, labor costs, and unit expenses are *per unit*; period changes=*percent*)

Item	Reported data					Period changes			
	Calendar year			January-June		Calendar year			January-June
	2000	2001	2002	2002	2003	2000-02	2000-01	2001-02	2002-03
U.S. producers':									
Average capacity quantity	114,018	123,013	131,434	65,090	66,412	15.3	7.9	6.8	2.0
Production quantity	104,004	103,238	101,900	55,321	45,471	-2.0	-0.7	-1.3	-17.8
Capacity utilization[1]	91.2	83.9	77.5	85.0	68.5	-13.7	-7.3	-6.4	-16.5
U.S. shipments:									
Quantity	92,943	88,178	83,051	44,467	40,127	-10.6	-5.1	-5.8	-9.8
Value	32,241	36,971	31,582	18,659	12,657	-2.0	14.7	-14.6	-32.2
Unit value	$347	$419	$380	$420	$315	9.6	20.9	-9.3	-24.8
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	10,553	14,093	22,266	19,990	23,293	111.0	33.5	58.0	16.5
Inventories/total shipments[1]	***	***	***	***	***	***	***	***	***
Production workers	274	300	258	283	207	-5.8	9.5	-14.0	-26.9
Hours worked *(1,000)*	604	700	575	327	234	-4.7	16.0	-17.8	-28.4
Wages paid *($1,000)*	9,264	10,845	9,192	5,280	3,814	-0.8	17.1	-15.2	-27.8
Hourly wages	$15.35	$15.49	$15.98	$16.16	$16.30	4.1	0.9	3.2	0.8
Productivity *(units/1,000 hours)*	172.3	147.4	177.1	169.3	194.3	2.8	-14.4	20.1	14.8
Unit labor costs	$89.08	$105.05	$90.21	$95.45	$83.87	1.3	17.9	-14.1	-12.1
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales[4]	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales[1]	***	***	***	***	***	***	***	***	***

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] Not applicable.
[3] Undefined.

Note.--Because of rounding, figures may not add to the totals shown; shares are calculated from the unrounded figures.

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

Table C-2
CSPI: Summary data concerning the U.S. market (excluding Locke), 2000-2002, January-June 2002, and January-June 2003

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APPENDIX D

COMPANY-BY-COMPANY COMPARISONS, BY CHANNELS OF DISTRIBUTION AND TYPES

Table D-1
CSPI: U.S. producers' and importers' U.S. shipments, by channels of distribution and by firms, 2000-2002, January-June 2002, and January-June 2003

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Table D-2
CSPI: U.S. producers' and importers' U.S. shipments, by voltage class and by firms, 2000-2002, January-June 2002, and January-June 2003

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Table D-3
CSPI: U.S. producers' and importers' U.S. shipments, by strengths and by firms, 2000-2002, January-June 2002, and January-June 2003

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APPENDIX E

SUPPLEMENTAL PRICING DATA

In this appendix, tables E-1 through E-7 present price, quantity, and margin data for the CSPI industry if Locke is included as a producer, and figures E-1 through E-7 present these prices graphically. These correspond to tables V-2 through V-8 and figures V-2 through V-8 in part V. Also presented are tables and figures, by product, demonstrating the pricing data separated by firm (in tables E-8 through E-14 and figures E-8 through E-14). Pricing data by channel of distribution are presented in two manners: in figures E-15 through E-33, and in table E-15.

Table E-1
CSPI: Weighted-average f.o.b. prices and quantities of all sales of domestic and imported product 1, and margins of underselling/(overselling), by quarters, January 2000-June 2003

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Table E-2
CSPI: Weighted-average f.o.b. prices and quantities of all sales of domestic and imported product 2, and margins of underselling/(overselling), by quarters, January 2000-June 2003

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Table E-3
CSPI: Weighted-average f.o.b. prices and quantities of all sales of domestic and imported product 3A, by quarters, January 2000-June 2003

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Table E-4
CSPI: Weighted-average f.o.b. prices and quantities of all sales of domestic and imported product 3B, and margins of underselling/(overselling), by quarters, January 2000-June 2003

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Table E-5
CSPI: Weighted-average f.o.b. prices and quantities of all sales of domestic product 4, by quarters, January 2000-June 2003

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Table E-6
CSPI: Weighted-average f.o.b. prices and quantities of all sales of domestic and imported product 5, and margins of overselling, by quarters, January 2000-June 2003

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Table E-7
CSPI: Weighted-average f.o.b. prices and quantities of all sales of domestic product 6, by quarters, January 2000-June 2003

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Figure E-1
Weighted-average f.o.b. prices of domestic (including Locke) and imported product 1, by quarters, January 2000-June 2003

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Figure E-2
Weighted-average f.o.b. prices of domestic (including Locke) and imported product 2, by quarters, January 2000-June 2003

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Figure E-3
Weighted-average f.o.b. prices of domestic (including Locke) and imported product 3A, by quarters, January 2000-June 2003

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Figure E-4
Weighted-average f.o.b. prices of domestic (including Locke) and imported product 3B, by quarters, January 2000-June 2003

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Figure E-5
Weighted-average f.o.b. prices of domestic (including Locke) product 4, by quarters, January 2000-June 2003

* * * * * * *

Figure E-6
Weighted-average f.o.b. prices of domestic (including Locke) and imported product 5, by quarters, January 2000-June 2003

* * * * * * *

Figure E-7
Weighted-average f.o.b. prices of domestic (including Locke) product 6, by quarters, January 2000-June 2003

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Table E-8
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 1 to all channels of distribution, by quarters, January 2000-June 2003

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Table E-9
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 2 to all channels of distribution, by quarters, January 2000-June 2003

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Table E-10
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 3A to all channels of distribution, by quarters, January 2000-June 2003

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Table E-11
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 3B to all channels of distribution, by quarters, January 2000-June 2003

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Table E-12
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 4 to all channels of distribution, by quarters, January 2000-June 2003

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Table E-13
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 5 to all channels of distribution, by quarters, January 2000-June 2003

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Table E-14
CSPI: Weighted-average f.o.b. prices and quantities of domestic product 6 to all channels of distribution, by quarters, January 2000-June 2003

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Figure E-8
Weighted-average prices and quantities of domestic and imported product 1, by quarters and firm, January 2000-June 2003

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Figure E-9
Weighted-average prices and quantities of domestic and imported product 2, by quarters and firm, January 2000-June 2003

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Figure E-10
Weighted-average prices and quantities of domestic and imported product 3A, by quarters and firm, January 2000-June 2003

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Figure E-11
Weighted-average prices and quantities of domestic and imported product 3B, by quarters and firm, January 2000-June 2003

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Figure E-12
Weighted-average prices and quantities of domestic and imported product 4, by quarters and firm, January 2000-June 2003

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Figure E-13
Weighted-average prices and quantities of domestic and imported product 5, by quarters and firm, January 2000-June 2003

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Figure E-14
Weighted-average prices and quantities of domestic and imported product 6, by quarters and firm, January 2000-June 2003

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Figure E-15
Weighted-average f.o.b. prices of domestic and imported product 1 sold to OEMs, by quarters, January 2000-June 2003

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Figure E-16
Weighted-average f.o.b. prices of domestic and imported product 1 sold to packagers/ distributors, by quarters, January 2000-June 2003

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Figure E-17
Weighted-average f.o.b. prices of domestic and imported product 1 sold to utilities, by quarters, January 2000-June 2003

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Figure E-18
Weighted-average f.o.b. prices of domestic and imported product 2 sold to OEMs, by quarters, January 2000-June 2003

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Figure E-19
Weighted-average f.o.b. prices of domestic and imported product 2 sold to packagers/ distributors, by quarters, January 2000-June 2003

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Figure E-20
Weighted-average f.o.b. prices of domestic and imported product 2 sold to utilities, by quarters, January 2000-June 2003

* * * * * * *

No data were reported for sales of product 3A to OEMs during the period of review.

Figure E-21
Weighted-average f.o.b. prices of domestic and imported product 3A sold to packagers/ distributors, by quarters, January 2000-June 2003

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Figure E-22
Weighted-average f.o.b. prices of domestic and imported product 3A sold to utilities, by quarters, January 2000-June 2003

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Figure E-23
Weighted-average f.o.b. prices of domestic and imported product 3B sold to OEMs, by quarters, January 2000-June 2003

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Figure E-24
Weighted-average f.o.b. prices of domestic and imported product 3B sold to packagers/ distributors, by quarters, January 2000-June 2003

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Figure E-25
Weighted-average f.o.b. prices of domestic and imported product 3B sold to utilities, by quarters, January 2000-June 2003

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Figure E-26
Weighted-average f.o.b. prices of domestic product 4 sold to OEMs, by quarters, January 2000-June 2003

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Figure E-27
Weighted-average f.o.b. prices of domestic product 4 sold to packagers/distributors, by quarters, January 2000-June 2003

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Figure E-28
Weighted-average f.o.b. prices of domestic product 4 sold to utilities, by quarters, January 2000-June 2003

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Figure E-29
Weighted-average f.o.b. prices of domestic and imported product 5 sold to OEMs, by quarters, January 2000-June 2003

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Figure E-30
Weighted-average f.o.b. prices of domestic and imported product 5 sold to packagers/ distributors, by quarters, January 2000-June 2003

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Figure E-31
Weighted-average f.o.b. prices of domestic and imported product 5 sold to utilities, by quarters, January 2000-June 2003

* * * * * * *

No data were reported for sales of product 6 to OEMs during the period of review.

Figure E-32
Weighted-average f.o.b. prices of domestic product 6 sold to packagers/distributors, by quarters, January 2000-June 2003

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Figure E-33
Weighted-average f.o.b. prices of domestic product 6 sold to utilities, by quarters, January 2000-June 2003

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Table E-15
CSPI: Pricing data used to create Figures E-15 through E-33

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APPENDIX F

TRANSACTIONAL PRICING DATA

Producers and importers were asked to provide transactional data for each of the pricing products noted in chapter V, including pricing broken out by part number, and whether those CSPI had any special features like a semiconductive glaze or a major/minor shed pattern. For each sale that was made, a per-unit price was computed. In this appendix, tables F-1 through F-5 present minimum price, maximum price, average price, and number of transactions.[1] [2] Through these tables, the amount of variation among prices of the same product in the same quarter across all channels can be seen.[3]

Table F-1
CSPI: Lapp's minimum, maximum, and average transactional prices, by product and quarter when transactions occurred, January 2000-June 2003

* * * * * * *

Table F-2
CSPI: Locke's (United States) minimum, maximum, and average transactional prices, by product and quarter when transactions occurred, January 2000-June 2003

* * * * * * *

Table F-3
CSPI: Locke's (Japan) minimum, maximum, and average transactional prices, by product and quarter when transactions occurred, January 2000-June 2003

* * * * * * *

Table F-4
CSPI: Newell's minimum, maximum, and average transactional prices, by product and quarter when transactions occurred, January 2000-June 2003

* * * * * * *

Table F-5
CSPI: Victor's minimum, maximum, and average transactional prices, by product and quarter when transactions occurred, January 2000-June 2003

* * * * * * *

Table F-6
CSPI: Weighted-average f.o.b. prices and quantities of sales of domestic product EXCLUDING SPECIALTY ITEMS, by firms and quarters, January 2000-June 2003

* * * * * * *

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[1] For ease of presentation, sales to all channels are included in these tables combined.

[2] ***.

[3] Transactional data were submitted for each item number sold by the firms. Separate lines in the tables are presented based on each item number. Therefore, since transactions of distinct item numbers occurred in some quarters, some quarters may have multiple entries. Transactions of items with semiconductive glaze or major/minor shed pattern have been marked with a "g" or "m," respectively.

Table F-7
CSPI: Weighted-average f.o.b. prices and quantities of sales of imported product EXCLUDING SPECIALTY ITEMS, and margins of underselling/(overselling), by firms and quarters, January 2000-June 2003

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APPENDIX G

EFFECTS OF IMPORTS OF CERTAIN CERAMIC STATION POST INSULATORS FROM JAPAN ON U.S. PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested U.S. firms to describe any actual or anticipated negative effects, since January 1, 2000, of imports of certain ceramic station post insulators from Japan on their 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). Responses are shown below.

Actual Negative Effects

Lapp	***.
Locke	***.
Newell	***.
Victor	***.

Anticipated Negative Effects

Lapp	***.
Locke	***.
Newell	***.
Victor	***.