Circular Welded Nonalloy Steel Pipe from Romania and South Africa

Investigations Nos. 731-TA-732 and 733 (Final)

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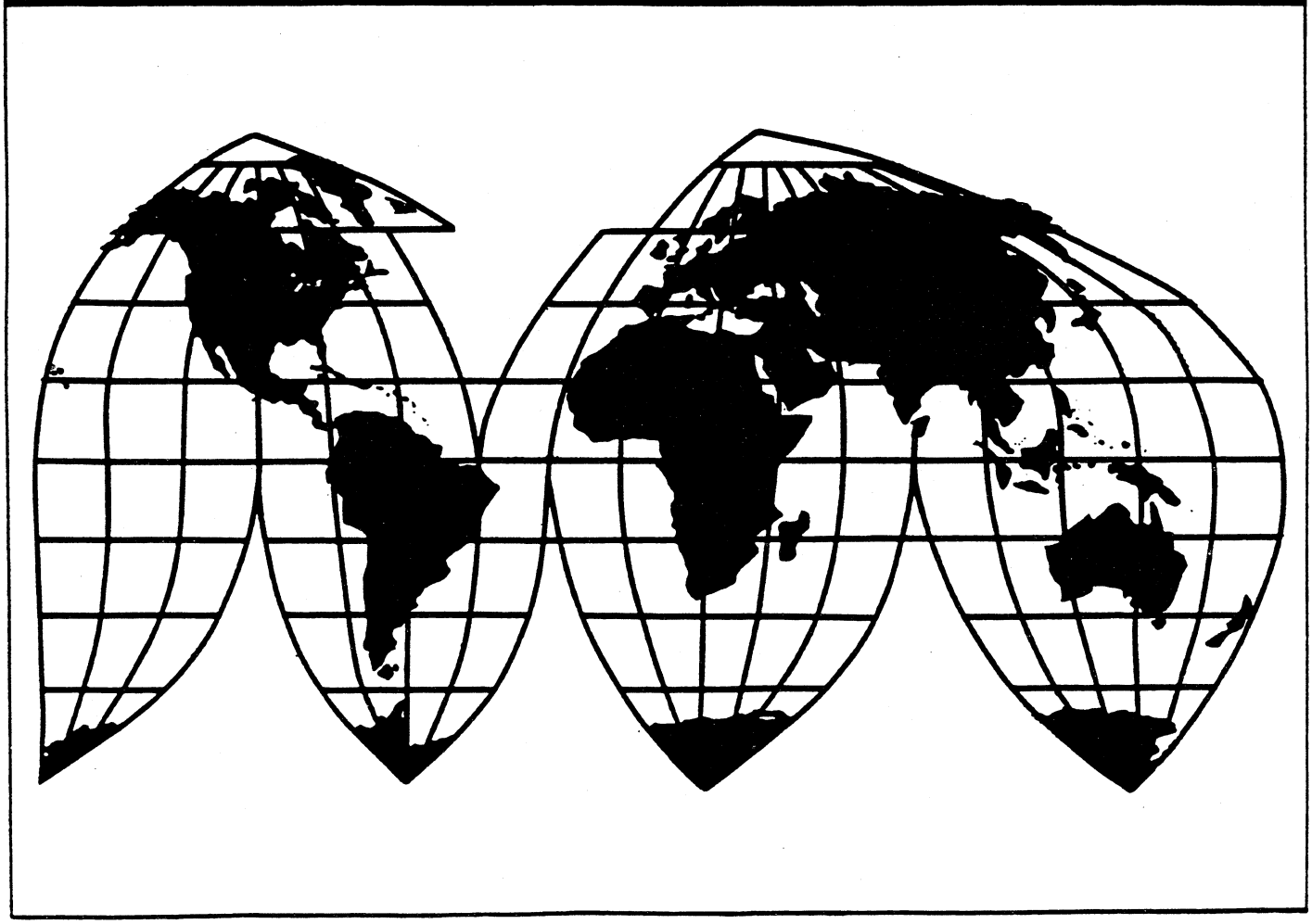
U.S. International Trade Commission



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U.S. International Trade Commission

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GLOSSARY OF ABBREVIATIONS

AISI	American Iron and Steel Institute
Allied	Allied Tube & Conduit
American Steel Pipe	American Cast Iron Pipe Co./American Steel Pipe Division
American Tube	American Tube Co.
AMS Tube	AMS Tube Corp.
API	American Petroleum Institute
ASME	American Society of Mechanical Engineers
ASOMA	ASOMA Corp.
ASTM	American Society for Testing and Materials
Bayamon Steel	Bayamon Steel Processors, Inc.
Bellville	Bellville Tube Corp.
Brollo	Brollo Africa
Bull Moose	Bull Moose Tube Co.
CAAA	Comprehensive Anti-Apartheid Act of 1986
California Steel	California Steel Industries
Century Tube	Century Tube Co.
COGS	Cost of goods sold
Commerce	U.S. Department of Commerce
Commission	U.S. International Trade Commission
COMPAS	Commercial policy analysis system
Copperweld	Copperweld Corp.
Customs	U.S. Customs Service
CW	Continuous welding
ERW	Electric resistance welding
EU	European Union
Ferrostaal	Ferrostaal, Inc.
Ferro Union	Ferro Union, Inc.
Gulf & Northern	Jermax, Inc., d/b/a/ Gulf & Northern Trading
Hall Longmore	Hall Longmore & Co. (Pty) Ltd.
Hickman Pipe	Hickman Pipe & Tube Corp.
HTS	Harmonized Tariff Schedule
HVAC	Heating, ventilation, and air conditioning
IPSCO	IPSCO Tubulars, Inc.
Laclede	Laclede Steel Co.
Lone Star	Lone Star Steel Co.
LTV	LTV Steel Tubular Products Co.
LTFV	Less than fair value
Maruichi	Maruichi American Corp.
Maurice Pincoffs	Maurice Pincoffs Co., Inc.
Maverick	Maverick Tube Corp.
MFN	Most-favored-nation
Newport	Newport Steel Corp.
North Shore	North Shore Supply Co.
Northwest Pipe	Northwest Pipe & Casing
NPS	Nominal pipe size

GLOSSARY OF ABBREVIATIONS

OCTG	Oil country tubular goods
O.D.	Outside diameter
Paragon	Paragon Industries
Preussag	Preussag International Corp.
Primary Steel	Primary Steel, Inc.
PRW	Production and related worker RIH Group
	RIH Group (Pty) Ltd.
Sawhill	Armco Inc./Sawhill Tubular Division
SG&A expenses	Selling, general, and administrative expenses
Sharon Tube	Sharon Tube Co.
Southland	Southland Tube, Inc.
Southwestern Pipe	Southwestern Pipe, Inc.
Standard pipe	Circular welded nonalloy steel pipe
Stupp	Stupp Corp.
Tepro	Tepro SA
Tex-Tube	Tex-Tube, Inc.
Texas Tubular	Texas Tubular Products, Inc.
Thyssen	Thyssen, Inc.
TradeARBED	TradeARBED, Inc.
UNR-Leavitt	UNR-Leavitt, division of UNR, Inc.
U.S. Steel	U.S. Steel Group, division of USX
USX	USX Corp.
Venable	Venable, Baetjer, Howard & Civiletti
VRA	Voluntary Restraint Agreement
Welded Tube	Welded Tube Co./Eagle Pipe Division
Western Tube	Western Tube & Conduit Corp.
Wheatland Tube	Wheatland Tube Co.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-732 and 733 (Final)

CIRCULAR WELDED NONALLOY STEEL PIPE FROM ROMANIA AND SOUTH AFRICA

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines,[2] pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that the industry in the United States producing standard pipe and multiple-stenciled pipe is neither materially injured nor threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from Romania and South Africa of circular welded nonalloy steel pipe,[3] provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule (HTS) of the United States, that are sold in the United States at less than fair value (LTFV).

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

[2] Commissioner Newquist dissenting.

[3] For purposes of these investigations, the subject product includes circular welded nonalloy steel pipes and tubes, of circular cross-section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, bevelled end, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), used in standard or structural pipe applications.

The scope specifically includes, but is not limited to, all pipe produced to the ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, and BS 1387 specifications, regardless of use. It also includes any pipe multiple-stenciled or multiple-certified to one of the above-listed specifications and to any other specification, if used in a standard or structural pipe application. Pipe which meets the above physical parameters and which is produced to proprietary specifications, the API 5L, the API 5L X-42, or to any other non-listed specification, is included within this scope if used in a standard or structural pipe application, regardless of the HTS category into which it is classified. If the pipe does not meet any of the above-identified ASTM or BS specifications, (i.e., ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, and BS 1387) or is multiple-stenciled or multiple-certified to one of these specifications and to any other specification, although it is within the identified physical parameters described above, it will be presumed that such pipe is not used in a standard pipe application.

Standard pipe uses include the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. Standard pipe uses also include load-bearing applications in construction and residential and industrial fence systems. Standard pipe uses also include shells for the production of finished conduit and pipe used for the production of scaffolding.

This scope does not cover mechanical tubing, tube and pipe hollows for redrawing, and finished electrical conduit if such products are not certified to ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, or BS 1387 specifications and are not used in standard pipe applications. Additionally, pipe meeting the specifications for oil country tubular goods is not included in these investigations, unless also certified to a listed standard pipe specification or used in a standard pipe application.

Background

The Commission instituted these investigations effective November 28, 1995, following preliminary determinations by the Department of Commerce that imports of circular welded nonalloy steel pipe from Romania and South Africa were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 19, 1996 (61 F.R. 1402). The hearing was held in Washington, DC, on May 14, 1996, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that the industry in the United States producing standard pipe and multiple-stenciled pipe is neither materially injured nor threatened with material injury by reason of imports of circular welded nonalloy steel pipe from Romania and South Africa that have been found by the Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV").[1] [2]

I. DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission first defines the "domestic like product" and the "industry." Section 771(4)(A) of the Act defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[3] In turn, the Act defines "domestic like product" as: "[a] product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[4]

Our decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and we apply the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[5] No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a particular investigation.[6] The Commission looks for "clear dividing lines among possible like products" and disregards minor variations.[7] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise sold at LTFV, the Commission

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[1] The question of whether establishment of a domestic industry has been materially retarded by reason of LTFV imports is not an issue in these investigations. These final investigations are subject to the Uruguay Round Agreements Act ("URAA") amendments to the Tariff Act of 1930 ("the Act"). Pub. L. 103-465, 108 Stat. 4809 (1994), codified at Sections 701-783 of the Trade Act of 1930 as amended, 19 U.S.C. §§ 1671-1677n.

[2] Commissioner Newquist determines that the industry in the United States producing standard pipe and multiple-stenciled pipe is threatened with material injury by reason of LTFV imports of circular welded nonalloy steel pipe from Romania and South Africa. See Dissenting Views of Commissioner Newquist. He joins sections I and II of these Views.

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(10).

[5] See, e.g., Nippon Steel Corp. v. United States, 19 CIT __, Slip Op. 95-55 at 11 (Apr. 3, 1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes, and production employees; (5) customer or producer perceptions; and, where appropriate, (6) price. See id. at 11 n.4, 18; Timken Co. v. United States, 20 CIT ___, Slip Op. 96-8 at 9 (Jan. 3, 1996).

[6] E.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[7] Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

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

In its final determinations of sales at LTFV, Commerce defined the imported merchandise within the scope of its investigations generally to be welded nonalloy steel pipes and tubes, of circular cross-section, not more than 16 inches in diameter, used in standard pipe applications. Commerce has defined "standard pipe applications" to encompass: (1) the low-pressure conveyance of liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and related uses that are not subject to application of external heat; (2) load-bearing applications in construction and residential and industrial fence systems, and (3) shells for the production of finished conduit and pipe used for the production of scaffolding.[9] The following discussion will use the term "standard pipe" to describe those articles containing the specifications set forth in Commerce's scope determinations.

B. Issues in these Investigations

In these final investigations, the parties dispute whether the domestic like product should be defined to include all "multiple-stenciled" pipe.[10] This is pipe that is certified to meet both ASTM certification

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[8] Hosiden Corp. v. Advanced Display Manufacturers, __ F.3d __, No. 94-1380, slip op. at 11-13 (Fed. Cir. May 31, 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[9] Commerce's scope determinations include:

> all pipes and tubes, of circular cross-section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, bevelled end, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other) used in standard or structural pipe applications.
>
> The scope specifically includes, but is not limited to, all pipe produced to the ASTM A-53, ASTM A-135, ASTM A-795, and BS-1387 specifications, regardless of use. It also includes any pipe multiple-stencilled or multiple-certified to one of the above-listed standard or structural pipe specifications and to any other specification, if used in a standard or structural pipe application. Pipe which meets the above physical parameters and which is produced to proprietary specifications, the API-5L, the API-5L X-42, or to any other non-listed specification is included within the scope of this investigation if used in a standard or structural pipe application, regardless of the Harmonized Tariff Schedule of the United States (HTSUS) category into which it was classified. If the pipe does not meet any of the above identified ASTM or BS specifications (i.e., ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, and BS-1387) or is multiple-stencilled or multiple-certified to one of these specifications and to any other specification, although it is within the identified physical parameters described in the second paragraph of this section, our presumption is that it is not used in a standard pipe application.

61 Fed. Reg. 24271, 24272 (May 14, 1996) (South Africa); 61 Fed. Reg. 24274, 24275 (May 14, 1996) (Romania). Commerce has specifically excluded from the scope mechanical tubing, tube and pipe hollows for redrawing, and finished electrical conduit, if not certified to and used for standard pipe applications, and oil country tubular goods, unless certified to or used in a standard pipe application. Id.

[10] South African respondents argue that all multiple-stenciled pipe should be included in the domestic like product. Petitioners disagree, and contend that the domestic like product should be limited to those domestically-manufactured articles matching the specifications stated in Commerce's scope determinations. Romanian respondents have taken no

(continued...)

standards for standard pipe applications and API certification standards for line pipe applications.[11] Only multiple-stenciled pipe actually used in standard pipe applications is within Commerce's scope determinations.

There is no dispute that multiple-stenciled pipe actually used in standard pipe applications should be included in the same like product with single-stenciled standard pipe. The only question is whether multiple-stenciled pipe not used in standard pipe applications (i.e. used in line pipe applications) should be included in the same like product that includes both single-stenciled standard pipe and multiple-stenciled pipe actually used in standard pipe applications.

Multiple-stenciled pipe used in line pipe applications is, by definition, physically identical to multiple-stenciled pipe used in standard pipe applications. Both products must meet the same ASTM and API specifications, and are completely interchangeable with each other.[12] They are produced at the same facilities, with the same processes, by the same people.[13] Even though different customers use them for different purposes, the products remain physically identical.[14] We have consequently determined to include all multiple-stenciled pipe in the domestic like product.[15] [16]

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[10](...continued)
position on the issue.

[11] See Confidential Report ("CR") at I-5, Public Report ("PR") at I-5.

[12] See CR at I-3, I-9, PR at I-3, I-8. The ASTM and API specifications concern the chemical and mechanical properties of the pipe.

[13] Indeed, five of the six U.S. producers that produce multiple-stenciled pipe that is used for line pipe applications also produce standard pipe at the same facilities using the same workers. CR at I-10 n.42, PR at I-9 n.42.

[14] We have considered petitioners' arguments that multiple-stenciled pipe used for line pipe applications differs from standard pipe generally. We do not believe that any differences between multiple-stenciled pipe used for line pipe applications and standard pipe in terms of length and diameter are important. Moreover, multiple-stenciled pipe is often sold in the same length regardless of application. CR at I-9 & n.34, PR at I-7 & n.34.

Contrary to petitioners' arguments, channels of distribution are similar for multiple-stenciled pipe used for line pipe applications and standard pipe generally. In each instance, a substantial majority of 1995 shipments were directed to distributors and the remainder went to end users. CR at I-11 & n.44, PR at I-9 & n.44.

Moreover, the record does not support petitioners' contentions of divergent customer and producer perceptions for multiple-stenciled pipe used for line pipe applications, on the one hand, and standard pipe generally, on the other. Staff interviews with producers and purchasers indicate that multiple-stenciled pipe, regardless of actual end-use application, is perceived to be a potential substitute for standard pipe. Producers manufacture multiple-stenciled pipe in part to increase flexibility in meeting customers' needs and to reduce the inventories of separate standard pipe and line pipe products that they would otherwise need to carry. Similarly, distributors commonly stock multiple-stenciled pipe in part to reduce their need for inventories of multiple products and to increase their possible markets, inasmuch as they can sell such pipe to either customers seeking product for standard pipe applications or to customers seeking product for line pipe applications. CR at I-5 n.21, PR at I-5 n.21.

[15] Although this domestic like product is different from the one that we found in the preliminary determination and in previous investigations concerning standard pipe, we did not have occasion to consider like product arguments concerning multiple-stenciled pipe prior to the instant final investigations. We consequently find, notwithstanding petitioners' reliance on these prior determinations, that they are not dispositive of the issues presented here. We believe that petitioners' argument that including multiple-stenciled pipe used for line pipe applications in the domestic like product would be "unfair" or "prejudicial" when Commerce has excluded such products from the scope is disingenuous, as it was petitioners themselves who sought to frame the scope to exclude multiple-stenciled pipe used in line pipe applications. See Petition, vol. I at 7-8. Moreover, as the Federal Circuit recently reaffirmed, "Commerce's designation of the class or kind of merchandise sold at LTFV does not control the Commission's definition of the industry injured in
(continued...)

Based on our domestic like product determination, we find there is one domestic industry. This industry includes all domestic producers of standard pipe and multiple-stenciled pipe.

II. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether the domestic industry is materially injured or threatened with material injury by reason of LTFV imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[17] 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."[18]

We note certain conditions of competition pertinent to our analysis of the domestic industry. First, a small proportion of production of the domestic like product is internally transferred for the production of downstream articles, so we must decide whether to apply the statutory captive consumption provision in these investigations. That provision applies only if significant production of the domestic like product is internally transferred and significant production is sold in the merchant market.[19]

In these investigations, internal transfers of conduit shell for the production of finished rigid conduit amounted to *** percent of total production of the domestic like product in 1993, 1994, and 1995

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[15](...continued)
its sale of like products." Hosiden Corp. v. Advanced Display Manufacturers, __ F.3d ___, No. 94-1380, slip op. at 11 (Fed. Cir. May 31, 1996).

[16] Commissioner Crawford and Commissioner Watson conclude that the record would justify defining the domestic like product to include line pipe as well. Standard pipe, multiple-stenciled pipe and line pipe are a continuum of pipe products. First, 13 of the 14 firms that produce line pipe manufacture standard pipe on the same production lines with the same workers using the same equipment. CR at I-10, PR at I-8. Second, line pipe is generally interchangeable with standard pipe, and many distributors view line pipe as a substitute for standard pipe. CR at I-9-10, PR at I-8. The chief difference is one of size and length. Even though line pipe typically has a larger diameter and is sold in different lengths, see CR at I-8-9, PR at I-7, there are no clear dividing lines along the continuum of pipe products. Because the Commission generally does not divide a continuum along less than clear lines, the domestic like product should include line pipe. Nevertheless, in light of the fact that no party to these investigations supported a domestic like product definition that would encompass all line pipe, Commissioner Crawford and Commissioner Watson join their colleagues in defining the domestic like product more narrowly and do not include line pipe in the domestic like product.

[17] 19 U.S.C. § 1677(7)(C)(iii).

[18] 19 U.S.C. § 1677(7)(C)(iii).

[19] 19 U.S.C. § 1677(7)(C)(iv). Neither the statute nor the legislative history describes what quantum of production is significant. Instead, the URAA Statement of Administrative Action (SAA) states merely that the Commission should determine "significance" on a case-by-case basis and that "[c]aptive production and merchant sales are significant if they are of such magnitude that a more focused analysis of market share and financial performance is needed for the Commission to obtain a complete picture of the competitive impact of imports on the domestic industry." SAA, H.R. Rep. 316, 103d Cong., 2d Sess. at 852 (1994).

Petitioners argue that the domestic industry's internal transfers of conduit shell for the production of finished rigid conduit are subject to the statutory captive production provision, and the Commission should consequently focus primarily on the merchant market in analyzing the market share and financial performance of the domestic industry. South African respondents argue that the captive production provision is inapplicable in these investigations.

respectively.[20] In the context of these investigations, these percentages are of such a low magnitude that a more focused analysis of market share and financial analysis would not provide a significantly altered picture of the competitive impact of imports on the domestic industry.[21] We therefore determine that domestic producers do not internally transfer significant production of the domestic like product for processing into downstream articles, rendering the captive production provision inapplicable.

A second pertinent condition of competition concerns the cyclical nature of demand for the standard and multiple-stenciled pipe products at issue. Because these products are used generally for construction, increases in construction activity will serve to increase demand for them.[22] The parties do not dispute this, and they agree that the period the Commission is examining in these investigations, calendar years 1993, 1994, and 1995, was one in which both construction activity and U.S. demand for standard pipe products generally increased.[23]

An examination of the apparent U.S. consumption of the standard and multiple-stenciled pipe products at issue confirms this. Measured by quantity, consumption increased significantly from 2.12 million short tons in 1993 to 2.44 million short tons in 1994, then declined slightly to 2.43 million short tons in 1995, for an overall increase of 14.3 percent over the period. Measured by value, consumption increased even more substantially, rising from $1.17 billion in 1993 to $1.41 billion in 1994 and to $1.45 billion in 1995, an overall increase of 23.3 percent from 1993 to 1995.[24]

A final condition of competition is the existence of "Buy American" policies in the industry. Eighteen out of 40 purchasers reported that they or their customers impose "Buy American" restrictions on some purchases of standard pipe. In most of the cases, only a fairly small proportion of total purchases were affected by such restrictions.[25] In this small portion of the overall market, however, competition between the domestic like product and imports from any source would be limited.

The domestic industry's production and shipments increased steadily during the period of investigation. Production rose from 1.76 million short tons in 1993 to 1.86 million short tons in 1994 and to 1.95 million short tons in 1995, a significant overall increase of 11.1 percent from 1993 to 1995. The quantity of the domestic industry's U.S. shipments rose each year, from 1.71 million short tons in 1993 to 1.82 million short tons in 1994 and to 1.87 million short tons in 1995, an overall increase of 9.0 percent. The value of the domestic industry's U.S. shipments rose from $970 million in 1993 to $1.09 billion in 1994 and to $1.15 billion in 1995, which is a large 19.0 percent increase from 1993 to 1995.[26]

The domestic industry's market share declined irregularly between 1993 and 1995. Nevertheless, the domestic industry's market share remained at substantial levels during the period of investigation. Measured by quantity, U.S. producers' share of apparent consumption declined from 80.6 percent in 1993 to 74.4 percent in 1994, and then increased to 76.9 percent in 1995. Measured by value, U.S. producers' share of apparent consumption declined from 82.7 percent in 1993 to 77.5 percent in 1994, and then increased to 79.8

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[20] Table A-2, CR at A-6, PR at A-6; CR at I-7, PR at I-6.

[21] Indeed, because the percentage of captive production is so small, there is little difference between market share and financial performance data for the domestic industry's merchant market sales and comparable data for the industry as a whole.

[22] See CR at II-2, PR at II-2.

[23] Petitioners' Prehearing Economic Brief at 1-2; South African Respondents' Prehearing Brief at 12 n.13.

[24] Table A-2, CR at A-5, PR at A-5.

[25] CR at II-5, PR at II-4.

[26] Table A-2, CR at A-6, PR at A-6.

percent in 1995.[27]

The domestic industry's capacity rose modestly during the period of investigation. Capacity declined from 2.662 million short tons in 1993 to 2.660 million short tons in 1994 and then increased to 2.751 million short tons in 1995, for a small increase of 3.3 percent from 1993 to 1995. Capacity utilization increased from 66.0 percent in 1993 to 69.8 percent in 1994 and to 70.9 percent in 1995.[28]

Inventories fluctuated during the period of investigation. End-of period inventories fell from 214,946 short tons in 1993 to 206,661 short tons in 1994, and then rose to 247,846 short tons during 1995. This represents an increase of 15.3 percent from 1993 to 1995. As a share of total shipments, however, inventories fluctuated within a narrow range of between 11.1 and 13.0 percent throughout the period examined.[29]

Employment-related indicators showed significant increases throughout the period of investigation. The number of production and related workers employed by the domestic industry increased from 3,173 in 1993 to 3,333 in 1994 and to 3,469 in 1995, an overall increase of 9.3 percent. Hours worked rose from 6.9 million in 1993 to 7.1 million in 1994 and to 7.4 million in 1995, an increase of 6.5 percent from 1993 to 1995. Hourly wages increased from $16.06 in 1993 to $16.47 in 1994 and to $17.23 in 1995.[30]

The domestic industry was profitable and showed improving financial results throughout the period examined. Paralleling the increases in production and shipments, sales revenues increased steadily from $950 million in 1993 to $1.09 billion in 1994 and to $1.14 billion in 1995, a significant 20.0 percent increase over the period. The unit value of cost of goods sold (COGS) and average unit sales values increased commensurately from 1993 to 1995. Consequently, the ratio of COGS to sales remained stable during this period, and, because overall sales revenues increased, the aggregate amount of gross profit rose. Gross profit increased from $104 million in 1993 to $120 million in 1994 and to $128 million in 1995, a substantial overall increase of 23.6 percent from 1993 to 1995.[31]

The domestic industry's selling, general, and administrative (SG&A) expenses also rose from 1993 to 1995, but the increase was less than that for sales revenue. Operating income levels and margins therefore both rose. Operating income increased from $41.4 million in 1993 to $52.3 million in 1994 and to $57.6 million in 1995. This represents a large 39.3 percent increase over the period of investigation. Operating margins rose from 4.4 percent in 1993 to 4.8 percent in 1994 and to 5.1 percent in 1995.[32]

Capital expenses of the domestic industry declined from $40.3 million in 1993 to $30.8 million in 1994 and to $27.1 million in 1995, an overall decrease of 32.8 percent from 1993 to 1995.[33] Research and development expenditures increased from 1993 to 1995.[34] [35] [36]

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[27] Table A-2, CR at A-5, PR at A-5.

[28] Table A-2, CR at A-6, PR at A-6.

[29] Id.

[30] Id.

[31] Id.

[32] Id.

[33] Id. The record indicates that the principal reason for this decline is that one producer completed a major capital project during the period of investigation. CR at VI-10, PR at VI-6.

[34] See Table VI-7, CR at VI-11, PR at VI-6. The information available concerning research and development expenditures is limited to standard pipe only.

[35] Chairman Rohr determines that the domestic industry is not presently experiencing material injury. Although the domestic industry's share of the U.S. market declined overall in 1993-95, he notes that domestic production, capacity,

(continued...)

III. CUMULATION

Section 771(7)(G)(i) provides the general rule for cumulation for determining material injury. This provision requires the Commission to cumulate imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the United States market.[37]

In assessing whether imports compete with each other and with the domestic like product, the Commission generally has considered four factors, including:

> (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
>
> (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
>
> (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
>
> (4) whether the imports are simultaneously present in the market.[38]

While no single factor is determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[39] Only a "reasonable overlap" of competition is required.[40] Thus, even if a certain volume of subject imports from a country are of a type or specification not produced by the domestic industry, imports from that country will be cumulated if the remaining imports "collectively do compete with the domestic like product (and with other imports)."[41]

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[35](...continued)
capacity to produce, shipments, and employment indicators improved substantially. The industry's financial performance was strong throughout the period, and showed improvement on an annual basis throughout 1993-95. Net sales value increased overall by 20 percent, while operating income rose by almost 40 percent. Operating income as a percentage of net sales was positive, and rose steadily, throughout the period, indicating a healthy industry. Accordingly, Chairman Rohr proceeds directly to the question of threat of material injury discussed in section V. below.

[36] Commissioner Newquist provides a further assessment of the condition of the domestic industry in his dissenting views. See Dissenting Views of Commissioner Newquist. He does not join the remainder of this opinion.

[37] 19 U.S.C. § 1677(7)(G)(i).

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

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

[40] See id., 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994). The SAA expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." SAA at 848 (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade), aff'd 859 F.2d 915 (Fed. Cir. 1988)).

[41] See Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992).

Fungibility. The record in these final investigations indicates that the domestic like product and subject imports from Romania and South Africa have common end use applications. The most commonly-cited applications for both the domestic like product and the subject imports are plumbing and HVAC applications. Approximately 45 percent of 1995 subject imports from Romania, 53 percent of 1995 subject imports from South Africa, and 40 percent of 1995 commercial shipments of U.S.-produced standard pipe were used in such applications.[42] Additionally, substantial quantities of the domestic like product, standard pipe from Romania, and standard pipe from South Africa were each used in structural applications.[43] The subject imports and domestically-produced standard pipe also have similar physical characteristics in terms of finish and diameter.[44] Moreover, all standard pipe imported from Romania and virtually all standard pipe imported from South Africa during 1995 met ASTM certification standards.[45]

Although the record reflects that most purchasers perceived standard pipe from Romania to be inferior in quality to either the domestic like product or to standard pipe from South Africa, the great majority of purchasers stated that imports from either subject country and domestically-produced standard pipe could be used in the same applications.[46] All domestic producers and a majority of importers from South Africa also reported that domestically-produced, Romanian, and South African standard pipe products were interchangeable.[47]

Common Geographic Markets. Houston was the predominant port of entry for both subject imports from Romania and subject imports from South Africa during 1994 and 1995, followed by New Orleans.[48] The domestic like product is sold nationwide.[49] There are several domestic producers located in Texas and Louisiana.[50]

Common Channels of Distribution. Both U.S. producers and importers sell standard pipe mainly through distributors and service centers.[51] Many of the distributors and service centers that purchase standard

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[42] CR at I-4 n.13, PR at I-4 n.13. Although these data and the cited data for the domestic product in the discussion below concern only standard pipe, the conclusions are valid for the domestic like product because of the relatively small quantities of domestically produced multiple-stenciled pipe used for line pipe applications.

[43] Approximately 45 percent of 1995 subject imports from Romania, 35 percent of 1995 subject imports from South Africa, and 14 percent of 1995 commercial shipments of U.S.-produced standard pipe were used in such applications. CR at I-4 n.15, PR at I-4 n.15.

[44] See CR at IV-5, PR at IV-4.

[45] CR at IV-4, PR at IV-4. Much of the Romanian product satisfied a modified standard. See CR at I-4 n.14, IV-4, PR at I-4 n.14, IV-4.

[46] CR at II-5-6, IV-3-4; PR at II-4-5, IV-2-3.

[47] CR at IV-2-3, PR at IV-2.

[48] CR at IV-6, PR at IV-5. Because most shipments of subject imports are destined for points less than 100 miles from the point of entry, CR at II-6, PR at II-5, this corroborates respondents' assertion that subject imports were relatively concentrated in the Gulf area.

[49] CR at II-6, PR at II-4-5.

[50] See Table III-1, CR at III-5, PR at III-3-4. Moreover, there was testimony at the hearing by representatives of U.S. producers that their companies could economically ship product by barge or rail substantial distances from their production facilities located in the northeast or midwest. Tr. at 25 (Feeney) (shipment by barge from Pennsylvania to Houston); Tr. at 26-27 (Meldrum) (nationwide shipment by barge or rail from Illinois).

[51] CR at I-11, II-1, PR at I-9, II-1.

pipe from domestic producers also purchase it from importers, or themselves import standard pipe for resale.[52]

Simultaneous Presence in Market. Standard pipe from Romania was imported into the United States during six months in 1994 and during five months in 1995. Standard pipe from South Africa was imported into the United States during each of these months. The domestic like product was sold in the United States throughout this period.[53]

Although purchasers often perceived the Romanian product to be inferior in quality, standard pipe from Romania is used for the same applications as standard pipe from South Africa and domestically-produced pipe, and has similar physical characteristics. In particular, record evidence demonstrates that substantial proportions of the subject imports and the domestic like product are all sold for the same applications, specifically HVAC and structural applications. Additionally, standard pipe from Romania, standard pipe from South Africa, and the domestic like product have been sold simultaneously in the same geographic areas through common channels of distributions.

We consequently conclude that there is a reasonable overlap of competition among subject imports from Romania and South Africa and between these subject imports and the domestic like product. We accordingly have cumulated subject imports from Romania and South Africa for purposes of making a determination whether there is material injury by reason of LTFV imports.

IV. NO MATERIAL INJURY BY REASON OF LTFV IMPORTS FROM ROMANIA AND SOUTH AFRICA

In antidumping investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[54] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[55] [56] Although the Commission may consider causes of injury to the industry other than the LTFV imports,[57] it is not to weigh causes.[58] [59] [60]

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

[53] CR at IV-7, PR at IV-6.

[54] 19 U.S.C. § 1673d(b). The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7)(A).

[55] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination," but shall "identify each [such] factor . . . and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[56] As part of its consideration of the impact of imports, the statute as amended by the URAA now also specifies that the Commission is to consider in an antidumping proceeding, "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). The SAA indicates that the amendment "does not alter the requirement in current law that none of the factors which the Commission considers is necessarily dispositive in the Commission's material injury analysis." SAA at 180.

[57] Alternative causes may include the following:

> [T]he volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

(continued...)

For the reasons explained below, we have determined that the domestic industry producing standard pipe and multiple-stenciled pipe is not materially injured by reason of LTFV imports from Romania and South Africa.

A. Volume of LTFV Imports

The quantity of cumulated LTFV imports increased from 30,356 short tons in 1993 to 61,822 short tons in 1994 and then declined to 51,321 short tons in 1995. The value of cumulated LTFV imports increased from $12.9 million in 1993 to $27.1 million in 1994 and then declined to $23.1 million in 1995.[61]

The market penetration of cumulated LTFV imports remained at very low levels throughout the period of investigation. Measured by quantity, market penetration increased from 1.4 percent in 1993 to 2.5 percent in 1994 and then declined to 2.1 percent in 1995. Measured by value, the market penetration of cumulated LTFV imports increased from 1.1 percent in 1993 to 1.9 percent in 1994 and then declined to 1.6 percent in 1995. In contrast, the market share for U.S. producers fluctuated between 74.4 percent and 80.6 percent of the market (measured by quantity) throughout the period of investigation.[62] This large share in the context of growing consumption reflects the fact that U.S. producers were able to increase shipments in each

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[57](...continued)
S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[58] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

[59] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of LTFV imports, not by reason of the LTFV imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979). The Commission is not to determine if the LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 96-249 at 74 (1979). Rather, it is to determine whether any injury "by reason of" the LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added).

[60] For Commissioner Watson's interpretation of the statutory requirement regarding causation, see Certain Calcium Aluminate Cement Clinker from France, Inv. No. 731-TA-645 (Final), USITC Pub. 2772 at I-14 n.68 (May 1994).

[61] Table IV-1, CR at IV-9, PR at IV-7. We observe that the declines in LTFV import volumes in 1995 relative to 1994 levels occurred during the second half of the year, which was after the petition in the instant investigations was filed. See CR at IV-7, PR at IV-6. Consequently, pursuant to section 777(7)(I) of the Act, we presume that these declines were related to the pendency of these investigations and reduce the weight we accord to the 1995 data. 19 U.S.C. § 1677(7)(I). No party argued that the 1995 declines in import volume were due to any reason other than the pendency of these investigations.

[62] Table A-2, CR at A-5, PR at A-5.

year of the investigation period.[63]

Even in 1994, the year featuring the largest quantities and highest market penetration of LTFV imports, LTFV import quantities were dwarfed by the quantity of domestic producers' U.S. shipments of the domestic like product, and subject import market penetration was very small in absolute terms. Commissioner Crawford and Commissioner Watson find the volume of subject imports not significant in light of the absence of significant price effects and impact on the domestic industry from subject imports, as discussed below.

Commissioner Bragg and Commissioner Nuzum observe that while the domestic industry's market share fluctuated between 1993 and 1995, the magnitude of these fluctuations was much greater than that of the concurrent fluctuations in the market share of cumulated LTFV imports. Between 1993 and 1994 domestic producers' share of the quantity of U.S. consumption declined by 6.2 percentage points while the market share of cumulated subject imports increased by a much smaller 1.1 percentage points. Similarly, between 1994 and 1995 when domestic producers increased their market share by 2.5 percentage points, the market share of the cumulated subject imports declined by only 0.4 percentage points.[64] Because the market penetration of the subject imports was so small over the investigation period, any changes in domestic producers' market share that can be attributed to the subject imports are not significant. Based on the very small subject import market penetration and rising shipments of the domestic industry, Commissioner Nuzum and Commissioner Bragg determine that the volume of subject imports, and increase in that volume, are not significant relative to either production or consumption in the United States.

B. Price Effects of LTFV Imports

The very small volume and market penetration of LTFV imports from Romania and South Africa in relation to domestic production and consumption are of particular importance to our assessment of the price effects of these imports.[65] Evidence on the record suggests that the domestic like product and the LTFV imports are less than perfect substitutes, especially with respect to imports from Romania.[66] As explained above in the discussion on cumulation, purchasers generally perceived LTFV imports from Romania to be

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[63] Table A-2, CR at A-6, PR at A-6.

[64] Table A-2, CR at A-5, PR at A-5.

[65] As part of its consideration of the impact of imports in an antidumping proceeding, the statute as amended by the URAA now also specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in final determination as the margin or margins most recently published by Commerce prior to the closing of the Commission's administrative record. 19 U.S.C. § 1677(35)(C)(ii). The dumping margins identified by Commerce in its final determinations are 117.66 percent for all South African exporters, 77.61 percent for Romanian exporter Metalexportimport S.A., and 85.12 percent for all other Romanian exporters. 61 Fed. Reg. at 24274 (South Africa), 24283 (Romania).

Commissioner Crawford and Commissioner Watson observe that the high margins indicate that the subject standard pipe from Romania and South Africa would not be sold in the United States if priced at fair value. For a full description of Commissioner Crawford's analytical framework, see Additional Views of Commissioner Carol T. Crawford in Polyvinyl Alcohol from China, Japan, and Thailand, Invs. Nos. 731-TA-726, 727, 729 (Final), USITC Pub. 2960 at 25-26 (May 1996).

[66] These factors may explain some of the underselling that was prevalent throughout the period of investigation. Table V-3, CR at V-7, PR at V-4.

lower in quality than either LTFV imports from South Africa or the domestic like product.[67] Lead times for delivery for the LTFV imports from Romania and South Africa tend to be much longer than those for the domestic like product.[68] Finally, substitutability between the LTFV imports and the domestic like product is limited somewhat by the existence of "Buy American" policies.[69] The volume of LTFV imports was so small in relation to total domestic consumption, however, that even if these imports were highly substitutable with the domestic like product, they would not have had a significant adverse effect on U.S. prices for the domestic like product.

Commissioner Crawford and Commissioner Watson believe that the existence of significant excess capacity in the domestic industry explains why the small volume of LTFV imports did not cause significant price effects. Excess capacity exercises discipline on prices in markets because any attempt by one producer to raise prices would be beaten back by its competitors who have the available capacity and are willing to sell more at a lower price. In these investigations, unused capacity in the domestic industry exceeds cumulated LTFV import volumes by many times,[70] and there are a large number of domestic producers that compete with each other on the basis of price.[71] Moreover, nonsubject imports are a significant competitive factor in the U.S. market, accounting for about one-fifth of consumption.[72] Even in the absence of subject imports, the excess capacity and competition among domestic producers and from nonsubject imports prevent the domestic industry from increasing its prices. Consequently, Commissioner Crawford and Commissioner Watson find that subject imports are not having significant effects on prices for the domestic like product.

Commissioner Nuzum and Commissioner Bragg observe that during 1993 and 1994, while apparent consumption of U.S. standard and multiple-stenciled pipe products was increasing, prices for the domestic like product also increased. These price increases occurred over the same period when LTFV import volume increased most rapidly and the LTFV imports from Romania and South Africa consistently undersold the domestic like product. Then, during the second half of 1995 -- concurrent with a period of stagnant apparent consumption -- prices for the domestic like product declined at the same time that subject import volumes also declined.[73] Consequently, there was no significant correlation between subject import prices and volumes and price trends for the domestic like product. U.S. price increases outpaced cost increases as well, as reflected in rising per unit profits in both 1994 and 1995.[74] In light of the small volumes of LTFV imports and the ability of U.S. producers to raise prices to more than cover cost increases, Commissioner Nuzum and Commissioner Bragg conclude that the LTFV imports did not have a significant price-suppressing or price-depressing effect on prices for the domestic like product.[75]

Petitioners suggest that the Commission focus on the Gulf region, where the LTFV imports from Romania and South Africa were most heavily concentrated. Nevertheless, even petitioners do not argue that

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[67] CR at II-5-6, PR at II-4.

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

[69] CR at II-5, PR at II-4.

[70] Compare Table IV-1, CR at IV-9, PR at IV-7 with Table A-2, CR at A-6, PR at A-6.

[71] See Tr. at 22-23 (Feeney), 35 (Kawczynski).

[72] Table A-2, CR at A-5, PR at A-5.

[73] Tables V-1-2, CR at V-5-6, PR at V-3.

[74] Table A-2, CR at A-6, PR at A-6.

[75] Commissioner Nuzum has also considered that the subject imports consistently undersold the domestic like product and that underselling margins were as high as 28 percent. Table V-3, CR at V-7, PR at V-4. In light of the foregoing, however, she must conclude that the underselling by the LTFV imports did not have significant adverse effects on the price of the domestic like product.

the LTFV imports had any discernible impact on prices in the Gulf region for one of the two domestically-produced standard pipe products for which pricing data were collected.[76] With respect to the other product, we cannot conclude that any pricing movements in the Gulf region had significant nationwide effects in light of the small LTFV import volumes.

Petitioners also invite us to compare price trends for the domestic like product with price trends for other steel pipe products. We must reject this invitation. Not only have petitioners failed to establish that other domestic steel pipe industries are closely comparable to the industry producing standard and multiple-stenciled pipe, their argument is contrary to the Congressional intent that we examine information concerning the domestic industries we investigate "in the context of the dynamics of that particular industry sector, not in relation to other industries or manufacturers as a whole."[77]

We accordingly conclude that the LTFV imports from Romania and South Africa have had no significant adverse effect on prices for the domestic like product.

C. Impact of LTFV Imports

The record shows no material adverse impact on the domestic standard and multiple-stenciled pipe industry that can be attributed to the LTFV imports from Romania and South Africa.

As discussed above, Commissioner Crawford and Commissioner Watson find that even if subject imports were not present in the U.S. market, the domestic industry cannot increase its prices. Therefore, any impact on the domestic industry principally affects the industry's output and sales. Commissioner Crawford and Commissioner Watson have given petitioners the benefit of the doubt and assumed that all the demand for subject imports would have been supplied by the domestic industry had subject imports not been present in the U.S. market. However, subject imports' market share of less than 3 percent is so low that any effect on the volume of the domestic industry's output and sales, and thus any impact on the industry, is so small that it is not material.[78] [79] It follows that, with no significant price or volume effects, the LTFV imports cannot be materially injuring the domestic industry.

Commissioner Nuzum and Commissioner Bragg observe that the domestic industry benefitted

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[76] See Petitioners' Posthearing Brief at 5 n.4. Petitioners further acknowledged that the products on which the petition sought pricing data in its questionnaires were representative. Tr. at 69 (Schagrin).

[77] S. Rep. 71, 100th Cong., 1st Sess. 117 (1987). See also General Motors Corp. v. United States, 827 F. Supp. 774, 780 (Ct. Int'l Trade 1993) (statute requires consideration of effect of imports in relationship to U.S. production of like product, not other products).

[78] At the hearing, petitioners were directly asked why a three to four percentage point decline in market share would be significant, given the large market share of the pertinent market held by the domestic industry. Neither petitioners' counsel nor their economic consultant meaningfully answered the question. See Tr. at 53-54 (Schagrin), 55 (Scott). In a subsequent written response to this question, petitioners never directly contended that a three percentage point decline in market share was significant in and of itself. See Petitioners' Posthearing Brief at x-xviii.

[79] Commissioner Crawford notes that petitioners in these investigations advocated that, in determining whether there is material injury by reason of subject imports, the Commission consider what the situation of the domestic industry would be if it were not for the dumped imports. See Tr. at 89 (Blecker). She welcomes economic-based analyses of material injury such as the one offered by petitioners here, and invites parties in other antidumping and countervailing duty investigations to frame their arguments by reference to economic, as well as legal, principles. Commissioner Crawford considered petitioners' arguments in these investigations carefully, but has concluded that the analytical framework she customarily uses provides a more accurate evaluation of the state of the domestic industry had the subject imports not been dumped. Using that framework, as the foregoing discussion indicates, she determines that the domestic industry is not materially injured by reason of LTFV imports from Romania and South Africa.

substantially from increased U.S. demand for standard and multiple-stenciled pipe products during 1993-95. Production, shipments, and capacity utilization all increased, and the domestic industry was able to maintain a very high market share.[80] Employment-related indicators were uniformly positive. Moreover, revenues increased more rapidly than costs, and the industry exhibited increasing profits and operating ratios throughout the period of investigation.

Petitioners acknowledge that most industry indicators were rising during the period of investigation, but state that this was simply a function of the business cycle, and contend that if LTFV imports from Romania and South Africa had not been present in the U.S. market, domestic industry performance would have been even better than it was.[81] Commissioner Nuzum and Commissioner Bragg conclude that nothing in the record establishes that there was any material impairment of the domestic industry's performance by reason of the LTFV imports. The domestic industry was able both to increase production and maintain its predominant market share during a period of rising consumption. Further, it was able to raise prices commensurately with increases in its costs. These factors, when considered in the context of the very small volumes of LTFV imports, lead Commissioner Nuzum and Commissioner Bragg to conclude that any adverse effects caused by the LTFV imports were not consequential or important.[82] [83]

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[80] As explained above, petitioners never satisfactorily answered the question at the hearing concerning why the small decline in the domestic industry's market share observed during the period of investigation was significant.

[81] Petitioners also emphasize that capital expenditures for the domestic industry declined over the period of investigation. Although this is correct, the record indicates that the principal reason for this decline is that one producer completed a major capital project during the period of investigation. CR at VI-10, PR at VI-6. Because this capital project was *** during the period of investigation, CR at F-3, PR at F-3, it skewed the 1993 data. Significantly, in their written response to a question Commissioner Nuzum asked at the hearing seeking an analysis of the reasons for the decline in capital expenditures, petitioners merely furnished anecdotal information provided by two firms, some of which focused heavily on events prior to the period of investigation. See Petitioners' Posthearing Brief at xxxii-xxxiii and ex. 10.

Other information in the record also militates against putting heavy weight on the decline in capital expenditures. Asked if they had experienced any negative effects on ability to raise capital or development and production efforts as a result of standard pipe imports from Romania and South Africa, the majority of responding domestic standard pipe producers responded in the negative. CR at G-3, PR at G-3. Indeed, two firms entered the industry during the period of investigation and another producer recently announced publicly a major capital expenditure project. CR at III-1-2 & n.4, PR at III-1-2 & n.4.

Petitioners further request the Commission to compare the domestic industry's performance in the current investigations with those in Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Invs. Nos. 731-TA-532-537 (Final), USITC Pub. 2564 (Oct. 1992). We will not do so, consistent with past investigations where we have declined to compare industry financial data with that generated for the same industry in a previous investigation. See Torrington Co. v. United States, 790 F. Supp. 1161, 1169 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993); Connecticut Steel Corp. v. United States, 852 F. Supp. 1061, 1066 (Ct. Int'l Trade 1994). Moreover, the domestic like product definition and questionnaire coverage in the instant investigations differ from those in the 1992 proceedings.

[82] Commissioner Nuzum notes that the final margins of dumping, which ranged from 77.61 percent to 85.12 percent for Romania and were 117.66 percent for South Africa, far exceed the magnitude by which the LTFV imports undersold the domestic like product in pricing comparisons. This suggests that, were the imports priced at fair value, they would not be underselling the domestic like product. Nevertheless, the underselling did not translate into significant adverse effects for the domestic industry. Consequently, Commissioner Nuzum does not find that the magnitude of dumping, at these volumes and under these market conditions, led to material injury.

[83] Commissioner Bragg does not consider the margin of dumping in these investigations to be of particular significance in evaluating the impact of subject imports on U.S. producers of standard and multiple-stenciled pipe. See

(continued...)

Because we find that the LTFV imports had no significant adverse price or volume effects, we conclude that the domestic industry producing standard and multiple-stenciled pipe is not materially injured by reason of LTFV imports from Romania and South Africa.

V. NO THREAT OF MATERIAL INJURY BY REASON OF LTFV IMPORTS FROM ROMANIA AND SOUTH AFRICA

Section 771(7)(F) of the Act directs the Commission to consider whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued. . . ."[84] The Commission may not make such a determination "on the basis of mere conjecture or supposition,"[85] and considers the threat factors "as a whole." In making our determination, we have considered, in addition to other relevant economic factors,[86] all statutory factors that are relevant to these investigations.[87]

We have cumulated the LTFV imports from Romania and South Africa for the purposes of our threat analysis.[88] Under section 771(7)(H) of the Act, the Commission may "to the extent practicable" cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on

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[83](...continued)
Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[84] 19 U.S.C. §§ 1673d(b) and 1677(7)(F)(ii).

[85] 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int'l Trade 1984).

[86] Suramerica de Aleaciones Laminadas, C.A. v. United States, 44 F.3d 978 (Fed. Cir. 1994). The Federal Circuit held that 19 U.S.C. § 1677(7)(F)(i) requires the Commission to consider "all relevant factors" that might tend to make the existence of a threat of material injury more probable or less probable. The Commission cannot limit its analysis to the enumerated statutory criteria when there is other pertinent information in the record. Moreover, the court appears to require consideration of the present condition of the industry as among the "relevant economic factors." Id. at 984.

[87] 19 U.S.C. § 1677(7)(F)(i). In addition, the Commission must consider whether dumping in markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or merchandise manufactured or exported by the same party as under investigation) suggest a threat of material injury to the domestic industry. 19 U.S.C. § 1677(7)(F)(iii)(I). Two statutory threat factors have no relevance to these investigations and need not be discussed. Because there are no subsidy allegations, factor I is not applicable. Factor VII regarding raw and processed agriculture products is also inapplicable to the products at issue.

[88] Chairman Rohr notes that he has in the past stated his views on the use of formal cumulated analysis in Commission threat opinions. He believes that formal cumulation obscures different trends in threat indicators, and can wrongly impose on one set of foreign producers the capabilities or intentions of another set of foreign producers. He recognizes, however, that imports from different sources may have a collective impact on a domestic industry, and has reconciled these differences by applying an informal cumulation analysis in threat determinations. In carrying out an informal cumulation, Chairman Rohr considers individually the threat posed by imports from a particular country but takes into account the presence of other unfairly traded imports in the consideration of "other demonstrable adverse trends." For purposes of these present determinations, he finds that the majority's discussion of cumulation establishes that appropriate circumstances exist for considering the presence of both the Romanian and South African imports together as such a trend, but does not find an indication of threat whether viewed individually or on a cumulated basis.

the same day if the requirements for cumulation for material injury analysis are satisfied.[89] We determined in section III above that the requirements for cumulation for material injury analysis are satisfied in these investigations, and we have determined to exercise our discretion to cumulate the LTFV imports for threat analysis as well. Moreover, there is nothing in the record to indicate that imports from both subject countries will not continue to compete with each other and the domestic like product in the near future and imports from both subject countries have exhibited similar price and volume trends during the period of investigation.[90]

The record indicates that substantially increased imports of the subject merchandise into the United States are not likely. In both countries several factors constrain the standard pipe producers from significantly increasing production. Capacity utilization is currently high in South Africa, and capacity there has been reduced significantly since issuance of our preliminary determination as a result of a rationalization program undertaken by that country's principal standard pipe producer.[91] While greater unused capacity exists in Romania, the ability of that country's standard pipe producer to exploit this capacity is speculative at best in light of the recurrent energy and supply problems that the Romanian producer has faced.[92]

Even if the producers in the subject countries had the ability to increase production substantially, which they do not, there is no indication that any increased production would be directed to the United States. Each country directs a significant proportion of its standard pipe exports to countries other than the United States.[93] Moreover, home market consumption of standard pipe in South Africa is projected to increase significantly in the imminent future.[94]

The increase in LTFV import volumes from Romania and South Africa during the period of investigation does not change our conclusion that substantially increased imports of the subject merchandise to the United States are not likely. Although subject import volumes and market penetration did increase before the filing of the petition giving rise to the instant investigations, market penetration remained at very low levels. In light of the information in the record discussed above concerning the standard pipe industries in Romania and South Africa, we conclude significant volumes of LTFV imports from these countries are not imminent.

At their likely import volumes, imports of standard pipe from Romania and South Africa are not likely to have a significant depressing or suppressing effect on domestic prices. As we found in section IV.B. above, the LTFV imports, in light of their small volumes, have not had significant adverse price effects on

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[89] 19 U.S.C. § 1677(7)(H).

[90] CR at IV-7, PR at IV-6; Table IV-1, CR at IV-9, PR at IV-7; Tables V-1-2, CR at V-5-6, PR at V-3. Commissioner Crawford and Commissioner Watson placed principal reliance on the likely continued competition of LTFV imports from Romania and South Africa with each other and with the domestic like product in exercising their discretion to cumulate for purposes of threat analysis.

[91] See Tr. at 109-13 (Niccoli), 120-21 (Evans), Table VII-2, CR at VII-6, PR at VII-4.

[92] See Tr. at 136-37 (Young); Romanian Respondents' Prehearing Brief, exs. 6, 10.

[93] Tables VII-1-2, CR at VII-5-6, PR at VII-4; Tr. at 114 (Niccoli). In this respect we note that Romanian exports of standard pipe to the European Union are no longer subject to the price undertaking that was effective at the time we issued our preliminary determination. CR at VII-2 & n.10; PR at VII-2 & n.10. Romanian exports of standard pipe to Canada are subject to antidumping duties. Because these duties have been in effect since 1991, see CR at VII-2, PR at VII-1, any diversion of exports from Canada to the United States would have occurred years ago, and thus the existence of these duties is unlikely to result in increases in exports to the United States above levels that prevailed during the period of investigation.

[94] Table VII-2, CR at VII-6, PR at VII-4; see Tr. at 109 (Niccoli).

the domestic industry.[95] This will continue to be true for the near future.

U.S. inventories of standard pipe from Romania and South Africa are minimal.[96] Standard pipe inventories in the subject countries are not high in relation to total shipments, and in 1995 were minuscule in relation to domestic consumption.[97] Nothing in the record indicates there is any potential for product shifting in Romania and South Africa.

We find no evidence indicating that there are demonstrable adverse trends that would suggest there is likely to be material injury by reason of further imports or that such imports would be likely to have actual or potential negative effects on the domestic industry's development and production efforts.

Evaluating all the statutory threat factors, we find that the record indicates neither that substantially increased volumes of standard pipe imports from Romania and South Africa are imminent nor that material injury by reason of imports would occur absent issuance of an antidumping order. Accordingly, we find that the domestic standard and multiple-stenciled pipe industry is not threatened with material injury by reason of LTFV imports from Romania and South Africa.

CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing standard pipe and multiple-stenciled pipe is neither materially injured nor threatened with material injury by reason of LTFV imports from Romania and South Africa.

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[95] Because Chairman Rohr did not find that this industry is presently experiencing material injury, he did not reach the issue of causation. Thus, he did not make a finding of whether the subject imports have had significant effects on domestic prices. He does not find, based on the available information, that at the prices at which the imports from Romania or South Africa are entering, they are likely to have a significant depressing or suppressing effect on domestic prices.

[96] CR at VII-4, PR at VII-3.

[97] Tables VII-1-2, CR at VII-5-6, PR at VII-4.

DISSENTING VIEWS OF COMMISSIONER NEWQUIST

Unlike my colleagues, I find that the domestic industry producing circular welded nonalloy steel pipe ("standard pipe"), including multiple-stenciled pipe, is threatened with material injury by reason of imports of this product from Romania and South Africa which the Department of Commerce has determined are sold in the United States at less-than-fair-value ("LTFV").

I concur with the majority's discussion of like product and domestic industry, and generally concur with its discussion of the condition of the domestic industry and cumulation. It is, however, with regard to these latter issues that I begin these dissenting views.

I. CONDITION OF THE DOMESTIC INDUSTRY

While the majority accurately recites the numerical indicia of the domestic industry's condition, in my view, they inadequately assess one significant element of the industry's performance during the period of investigation, particularly as it relates to whether the industry is threatened with material injury: the effect of antidumping orders imposed against unfair imports from Brazil, Korea, Mexico, Taiwan, and Venezuela in late 1992,[1] as well as earlier orders against dumped imports from Thailand, India, and Turkey.[2] Quite simply, this industry has a long history of injury caused by unfair imports.

Thus, in my view, the industry's "improving" condition is somewhat artificial -- reflecting largely the relief accorded by the existing orders. Accordingly, unlike my colleagues, I am skeptical whether the condition of the domestic industry is as impervious as it otherwise appears.

As I noted in other investigations, in my analytical framework, the relative health of a domestic industry plays a significant role in assessing whether a particular volume of imports threatens material injury. So, too, does the nature of the marketplace. In a basic, standard commodity industry, particularly one that has repeatedly been injured by unfair imports, a small volume of unfair imports may have significant adverse effects.[3] In fact, under such circumstances, a small volume of unfair imports may be substantially more injurious than a large volume of unfair imports on a different industry -- perhaps one characterized by rigid and discernible ultimate end user preferences, and historical competition with fairly traded imports.

Thus, while I concur with my colleagues' recitation of the industry's indicia of performance, in view of my understanding of the competitive realities of this marketplace -- namely: the standard commodity nature of the product and the constant battering by unfair imports from a succession of suppliers -- I find that the domestic industry is vulnerable to the continuing adverse effects of unfair imports from Romania and

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[1] See Certain Circular Welded Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Invs. Nos. 731-TA-532 through 537 (Final), USITC Pub. 2564 (October 1992). I note, in fact, that in these investigations, I made an affirmative determination with regard to imports from Romania; a majority of my colleagues, however, determined otherwise.

[2] Certain Welded Steel Pipes and Tubes from Turkey and Thailand, Invs. Nos. 701-TA-253 and 731-TA-252 (Final), USITC Pub. 1810 (February 1986); Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, and Turkey, Invs. Nos. 731-TA-271 through 273 (Final), USITC Pub. 1839 (April 1986).

[3] "For an industry which is already suffering considerable injury and has long been battered by unfair import competition, very small additional quantities of unfair imports may be [injurious]." H.R. Rep. 40, 100th Cong., 1st Sess. 130, 131 (Part I, 1987).

The circular welded nonalloy steel pipe industry has demonstrated this very phenomenon to this agency on more than one occasion. See notes 1 and 2 supra.

South Africa.[4] After further elaborating on certain cumulation issues, I proceed to a threat of material injury analysis.

II. CUMULATION

In my view, if cumulation is appropriate for purposes of a present injury analysis, absent the most compelling of circumstances, it is also appropriate for threat. Thus, for purposes of my affirmative threat of material injury analysis below, I cumulatively assess the adverse effect of dumped imports from Romania and South Africa.

In this regard, I generally adopt and incorporate by reference the following elements of the majority's discussion of cumulation for present injury: "Common Geographic Markets"; "Common Channels of Distribution"; and "Simultaneous Presence in Market." I note that I do not incorporate the majority's discussion of "Fungibility." In my view, once a like product determination is made, that determination establishes an inherent level of fungibility within that like product. Only in exceptional circumstances could I find products to be "like" and then turn around and find that, for purposes of cumulation, there is no "reasonable overlap of competition" based on some roving standard of substitutability.[5]

Finally, I note that when assessing whether to cumulate for purposes of a threat material injury analysis, I place little weight on whether imports from various subject countries are increasing at similar rates or have similar margins of underselling and pricing patterns. Nowhere does the statute require that these "factors" be examined in determining whether to cumulate for a threat analysis.

III. THREAT OF MATERIAL INJURY

In determining whether the domestic industry is threatened with material injury, the statute directs that the Commission consider several factors, none of which is necessarily dispositive.[6] In addition, the statute provides that an affirmative threat determination "not be made on the basis of mere conjecture or supposition."[7]

As a preliminary matter, I note that between 1986 and 1992, imports from South Africa were prohibited by the Comprehensive Anti-Apartheid Act of 1986.[8] The South African respondents assert, inter alia, that the level of South African imports during the period of investigation merely "represent a resumption of traditional trade."[9] While this may well be true, it is equally true that the temporary absence of such

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[4] I note that, even considering the industry's "improvements," on the whole, its condition today is somewhat comparable to its condition at the time of the majority affirmative determinations in 1992. See Certain Circular Welded Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Invs. Nos. 731-TA-532 through 537 (Final), USITC Pub. 2564 (October 1992).

[5] See Additional and Dissenting Views of Chairman Newquist in Flat-Rolled Carbon Steel Products, USITC Pub. No. 2664 (August 1993).

[6] See 19 U.S.C. § 1677(7)(F)(i) and (iii).

[7] 19 U.S.C § 1677(7)(F)(ii).

[8] 22 U.S.C. § 5001.

[9] Hearing Transcript at 108. The Romanian respondents have made a similar argument -- that their current export volumes represent a traditional level of trade. Romanian prehearing brief at 17. I note that the record clearly demonstrates otherwise. Imports from Romania in 1994 and 1995 are roughly double the average level for the years 1989-91. Compare Report at Table IV-1, CR at IV-9, PR at IV-7, with Certain Circular Welded Non-Alloy Steel Pipes

(continued...)

imports does not render the "resumed" imports any less injurious during the period examined here.

As an additional matter, the statute, as amended in 1994, directs the Commission to consider whether any change in the volume of imports is related to the pendency of the investigation; if such relationship is found, the Commission may reduce the weight accorded such "affected" volume data.[10] Here, the petition was filed in April 1995 and the Commission's affirmative preliminary determination was announced in mid-June. In these investigations, there has been no evidence demonstrating that the decline in the volume of subject imports since mid-1995 was not related to the filing of the petition and the Commission's affirmative preliminary determination. Accordingly, I attribute the second-half 1995 decline, at least in part, to the pendency of the investigation, and place less reliance on that volume data.[11]

Imports from the two subject countries more than doubled between 1993 and 1994, from 30,356 short tons to 61,822 short tons, then declined modestly to 51,321 short tons in 1995.[12] As noted above, however, I find less probative data for the second half of 1995.[13] The value of these imports increased from approximately $13 million in 1993 to in excess of $27 million in 1994, then fell slightly to $23 million in 1995.[14] The subject imports accounted for an irregularly increasing share of domestic consumption: 1.4 percent in 1993; 2.5 percent in 1994; and 2.1 percent in 1995.[15]

In view of the industry's historical hammering from unfair imports, as well as its standard commodity nature -- both of which render it extremely susceptible to even a small amount of unfair imports -- I find that the increase in the volume, value, and market share of the subject imports is significant.

Both subject countries report current and projected unused capacity. Although the specific numbers, even aggregated, are confidential, the data can be discussed in general terms. Projected unused capacity in the two countries for 1996 and 1997 exceeds the aggregated volume of dumped imports for each year during the period of investigation.[16] In fact, coupled with projected shipments which may otherwise be diverted from the home and other export markets, as well as projected production held in producers' inventories, the two countries could supply in 1996 and 1997 substantially more than 10 percent of the amount of total U.S.

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[9](...continued)
and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Invs. Nos. 731-TA-532 through 537 (Final), USITC Pub. 2564 (October 1992), PR at I-49. Citation to specific pages in the Confidential Report will be denoted as "CR at ____," and to the Public Report as "PR at ____."

[10] 19 U.S.C. § 1677(7)(I).

[11] See Uruguay Round Agreements Act, Statement of Administrative Action ("SAA") at 184, reprinted in H. Doc. 103-316, Vol. 1, 103d Cong, 2d Sess. at 854 (1994).

[12] Report at Table IV-1, CR at IV-9, PR at IV-7.

[13] Comparing, however, the import volume for the first seven months of 1994 with the first seven months of 1995 -- immediately after the Commission's affirmative preliminary determination (but allowing for previously ordered merchandise to be delivered) -- imports for that period in 1995 were 44,833 short tons compared with 32,462 for that period in 1994, a 38 percent increase. CR at IV-7, PR at IV-6.

[14] Report at Table IV-1, CR at IV-9, PR at IV-7. Value data for January through July 1995 compared to the same period in 1994 are not available. However, in view of the significant increase in volume between these two periods, there assumably was a similar increase in value.

[15] Report at Table A-2, CR at A-5, PR at A-5. I note that these cumulated market shares are comparable to individual country market shares in 1992, when a majority of the Commission made affirmative determinations. See USITC Pub. 2564 (October 1992) at Table 23, PR at I-55.

[16] Report at Tables IV-1, VII-1, and VII-2; CR at IV-9, VII-5, and VI-6; PR at IV-7 and VII-4.

consumption in 1995.[17]

Producers in both countries also have demonstrated tremendous ability to enter, exit, and re-enter the U.S. market with relative ease.[18] For example, South African exports fluctuated fairly significantly between 1993 and 1995.[19] Of course, over the longer term, South African exports were prohibited by the Comprehensive Anti-Apartheid Act for more than six years, then immediately regained a foothold in the marketplace.

Similarly, Romanian exports were zero in 1993, then jumped to more than 23,000 short tons in 1994.[20] These exports too have demonstrated a longer-term disposition to entering and exiting the market.[21]

There is no evidence in the record which suggests that the cumulated imports will encounter any barriers to entry, whatsoever, in the imminent future. Thus, in conjunction with unused capacity and divertible shipments, respondents' unimpeded and instant access to the U.S. market points to the likelihood of substantially increasing exports to the United States.

Importantly, pricing data gathered by Commission staff indicate that imports from both Romania and South Africa undersold the domestic like product in every quarter for which comparisons were available.[22] In fact, the margins of underselling were typically greatest during those quarters when volumes were largest.[23] Indeed, the average weighted unit value of the subject imports was more than $130 per short ton lower than the unit value of the domestic like product throughout the period of investigation.[24] Thus, I find that imports from Romania and South Africa are entering the market at prices which depress or suppress domestic prices to a significant degree, and that such price effects are likely to increase demand for additional imports which, as noted above, the subject producers are more than capable of supplying.

In addition, in 1991, Canada made an affirmative dumping finding against Romanian producers, which resulted in Canada setting minimum import prices for Romanian pipe.[25] Moreover, until 1995, a least one Romanian exporter was subject to a price undertaking in the European Union.[26] These adverse third country proceedings increase the likelihood that producers in Romania will seek to dump in the U.S. increasing volumes of subject pipe.

I note as a final "actual [or] potential negative effect[] on the existing development and production efforts of the domestic industry,"[27] that as the dumped imports were increasing in volume and market share, and adversely effecting domestic prices, the industry's capital expenditures declined rather appreciably, by

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[17] Derived from Report at Tables VII-1, VII-2, and A-2; CR at VII-5, VII-6, and A-5; PR at VII-4 and A-5.

[18] In part, this "ease" may be attributable to the outstanding orders against producers in several other producing nations. See notes1 and 2, supra. To the extent that these orders have "opened the door" for imports from Romania and South Africa, my colleagues' general disregard of this relationship is, in my view, unfortunate.

[19] Report at Table VII-2, CR at VII-6, PR at VII-4.

[20] Report at Table VII-1, CR at VII-5, PR at VII-4.

[21] See generally USITC Pub. 2564 (October 1992) at Table 23, PR at I-55, and Report at Table IV-1, CR at IV-9, PR at IV-7.

[22] Report at Tables V-1, V-2, and V-3; CR at V-6, V-7, and V-8; PR at V-3 and V-4.

[23] Id.

[24] Report at Tables IV-1 and A-2, CR at IV-9, A-5, and A-6; PR at IV-7, A-5, and A-6.

[25] CR at VII-2; PR at VII-1.

[26] Id.

[27] 19 U.S.C. § 1677(7)(F)(i)(VIII).

approximately one-third during the period of investigation.[28] Such decline in capital expenditures, particularly for a capital intensive industry, "indicate[s] the probability that there is likely to be material injury by reason of [continued] imports of the [dumped] subject merchandise."[29]

IV. CONCLUSION

Based on the foregoing, I find that the domestic industry producing circular welded nonalloy steel pipe is threatened with material injury by reason of imports of this product from Romania and South Africa which the Department of Commerce has determined are sold in the United States at less-than-fair-value.

V. APPLICATION OF SECTIONS 1671d(b)(4)(B) and 1673d(b)(4)(B)

As I have made final affirmative threat of material injury determinations, the statute requires that I make an additional finding indicating whether I would have found present material injury "but for" the suspension of liquidation of the subject imports pursuant to the various preliminary affirmative determinations.[30] In these two antidumping investigations, suspension of liquidation occurred on November 30, 1995. I find that the domestic industry would not have been materially injured by imports from Romania and South Africa absent the suspensions of liquidation.

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[28] Report at Table A-2, CR at A-6, PR at A-6.

[29] 19 U.S.C. § 1677(7)(F)(i)(IX).

[30] 19 U.S.C. § 1671d(b)(4)(B) and 1673d(b)(4)(B).

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed by Allied, Harvey, IL; Sawhill, Sharon, PA; LTV, Youngstown, OH; Sharon, Sharon, PA; Laclede, St. Louis, MO; Wheatland Tube, Collingswood, NJ; and Century Tube, Pine Bluff, AR, on April 26, 1995, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of standard pipe[1] from Romania and South Africa.[2] On July 25, 1995, the petitioning coalition was expanded to include American Tube, Phoenix, AZ. Information relating to the background of the investigations is provided on the following page.[3]

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[1] For purposes of these investigations, Commerce's scope includes circular welded nonalloy steel pipes and tubes, of circular cross-section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, bevelled end, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), used in standard or structural pipe applications.

The scope specifically includes, but is not limited to, all pipe produced to the ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, and BS 1387 specifications, regardless of use. It also includes any pipe multiple-stenciled or multiple-certified to one of the above-listed specifications and to any other specification, if used in a standard or structural pipe application. Pipe which meets the above physical parameters and which is produced to proprietary specifications, the API 5L, the API 5L X-42, or to any other non-listed specification, is included within this scope if used in a standard or structural pipe application, regardless of the HTS category into which it is classified. If the pipe does not meet any of the above-identified ASTM or BS specifications, (i.e., ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, and BS 1387) or is multiple-stenciled or multiple-certified to one of these specifications and to any other specification, although it is within the identified physical parameters described above, it will be presumed that such pipe is not used in a standard pipe application.

Standard pipe uses include the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. Standard pipe uses also include load-bearing applications in construction and residential and industrial fence systems. Standard pipe uses also include shells for the production of finished conduit and pipe used for the production of scaffolding.

This scope does not cover mechanical tubing, tube and pipe hollows for redrawing, and finished electrical conduit if such products are not certified to ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, or BS 1387 specifications and are not used in standard pipe applications. Additionally, pipe meeting the specifications for oil country tubular goods is not included in these investigations, unless also certified to a listed standard pipe specification or used in a standard pipe application.

The goods covered by these investigations are classified in subheadings 7306.30.10 and 7306.30.50 of the HTS (statistical reporting numbers 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90), with an MFN tariff rate of 6.4 percent ad valorem for products having a wall thickness of less than 1.65 mm and 1.5 percent ad valorem for those having a wall thickness of 1.65 mm or more. The column 2 rate of duty for the subject products, applicable to imports from Romania before Nov. 8, 1993, is 25 percent ad valorem for pipe having a wall thickness of less than 1.65 mm and 5.5 percent ad valorem for the remainder.

[2] A summary of the data collected in the investigations is presented in app. A.

[3] *Federal Register* notices related to Commerce's and the Commission's final investigations are presented in app. B.

Date	*Action*
April 26, 1995	Petitions filed with Commerce and the Commission; institution of Commission's investigations (60 F.R. 21828), published May 3, 1995
May 22, 1995	Commerce's notice of initiation (60 F.R. 27078)
June 12, 1995	Commission's preliminary determinations sent to Commerce (60 F.R. 33428), published June 28, 1995
November 28, 1995	Commerce's preliminary affirmative antidumping duty determinations on Romania (60 F.R. 61529) and South Africa (60 F.R. 61533), published November 30, 1996; institution and scheduling of Commission's final investigations (61 F.R. 1402), published January 19, 1996; scheduling subsequently revised following the extension of the date of Commerce's final determinations (61 F.R. 4680), published February 7, 1996
May 14, 1996	Commerce's final affirmative antidumping duty determinations on Romania (61 F.R. 24274) and South Africa (61 F.R. 24271)[4]
May 14, 1996	Commission's hearing[5]
June 18, 1996	Commission's vote
June 27, 1996	Commission's determinations to Commerce

Standard pipe has been the subject of numerous Commission investigations. Details on these investigations are provided in table I-1 at the end of this section.[6]

THE PRODUCT

For the purposes of these investigations, the term "standard pipe" consists of the tubular products within the scope of Commerce's LTFV determinations. As in previous investigations, this includes pipes and tubes used in standard and structural applications. The term "standard pipe" includes all pipe that is certified to the specifications noted in Commerce's scope and to any other specification (*i.e.*, multiple-stenciled), provided that the pipe is used in a standard or structural pipe application. This section presents information on imported and domestically produced standard pipe as well as information related to whether the Commission should include line pipe as part of the domestic like product.[7]

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[4] For Romania, Commerce established weighted-average margins of 77.61 percent for Metalexportimport, S.A. and 85.12 percent for Metagrimex and all other exporters. For the RIH Group, including Brollo and TOSA, and for all other South African exporters and/or manufacturers, Commerce established a weighted-average margin of 117.66 percent.

[5] A list of witnesses appearing at the Commission's hearing is presented in app. C.

[6] In addition to the investigations listed in table I-1, which were conducted by both the Commission and Commerce, Commerce also conducted and made affirmative determinations in countervailing duty investigations on imports of the subject product from Thailand and Argentina on Aug. 14, 1995, and Sept. 27, 1988, respectively.

[7] See *Views of the Commission* in *Circular Welded Non-Alloy Steel Pipe from Romania and South Africa*, Invs. Nos. 731-TA-732 through 733 (Preliminary), Pub. No. 2899, June 1995, p. I-8, fn. 23.

Imported and Domestically Produced Standard Pipe

Physical Characteristics

Commerce's scope covers imports of standard pipe through 16 inches O.D., inclusive. The large majority of Romanian standard pipe is 4.5 inches or less in O.D., with the remainder ranging between 4.5 and 8.0 inches in O.D. Approximately three-quarters of South African standard pipe is 4.5 inches or less in O.D., with much of the remainder ranging between 4.5 and 8.0 inches.[8] About 70 percent of domestically-produced standard pipe is 4.5 inches or less in O.D., with 18 percent ranging between 4.5 and 8.0 inches and 12 percent between 8.0 and 16.0 inches.

Most Romanian and South African standard pipe is imported black (that is, with a black paint and (sometimes) lacquer surface finish to inhibit rust), as is the majority of standard pipe produced in the United States, although a sizeable minority of South African standard pipe and domestically produced standard pipe is galvanized (coated with zinc to promote corrosion-resistance and enhance appearance). Very little Romanian standard pipe is galvanized.

Most imported Romanian and South African standard pipe has plain ends, as does the majority of standard pipe produced in the United States. Threaded and coupled product is less prevalent among Romanian imports than among South African imports or domestically produced standard pipe.[9] [10]

Several organizations publish standards and specifications for the production of steel pipes and tubes that are commonly used in the industry, including the ASTM, the ASME, and the API. Comparable organizations in Japan, Germany, the United Kingdom, and other countries have also developed standard specifications for steel pipes and tubes. The requirements concerning chemical and mechanical properties for standard pipe are generally, though not always, contained in one of the several ASTM specifications referenced in Commerce's scope language.

Standard pipe from Romania and from South Africa is commonly produced and certified in accordance with the ASTM A-53 specification (at times modified in the case of Romanian product). In the United States, standard pipe is also commonly produced to the ASTM A-53 (formerly A-120) standard,[11] followed by the ASTM A-135, A-500, and A-795 standards.[12]

Uses

Standard pipe produced in Romania, South Africa, and the United States is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating

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[8] Small quantities of multiple-stenciled South African pipe that is imported for use as *** exceed 8.0 inches in O.D. Facsimile transmission by ***.

[9] A small portion of domestically produced standard pipe is sold with compressed and slit ("swaged" or "grooved") ends. The ends are treated in this fashion to avoid having to cut threads and apply couplings.

[10] The scope language includes all standard pipe, regardless of wall thickness, surface finish, or end finish.

[11] The ASTM A-120 standard, now withdrawn, was almost identical to the current A-53 standard. A-120 pipe was differentiated by being hot-dipped and zinc-coated; however, the current A-53 standard includes hot-dipped and zinc-coated pipe. Some standard pipe produced outside the United States is certified to this (withdrawn) standard or to other national standards, such as BS 1387 (in the case of South Africa).

[12] Comparisons of standard pipe produced in Romania, South Africa, and the United States based on physical characteristics are provided in greater detail in part IV of this report as part of the discussion of cumulation considerations.

systems, air-conditioning units, automatic sprinkler systems, and other related uses.[13] It may carry fluids at elevated temperatures and pressures but must not be subjected to external heat. Romanian and South African standard pipe intended for such uses are generally inspected and tested hydrostatically, as is much domestically produced standard pipe.[14]

Imported and domestically produced standard pipe are also used for load-bearing applications in construction and for residential and industrial fencing systems.[15] Because general structural tubing, piling, and fencing and scaffolding elements are not subject to hydrostatic tests unless specified, such product need not be certified in full compliance with ASTM A-53.[16]

Steel pipes known as conduit shells are used as inputs in the manufacturing of finished conduit, which in turn is used in the protection of electrical wiring systems. Shells used in the production of finished conduit require no hydrostatic tests unless specified and are not subject to ASTM specifications.[17] Conduit shells are not imported from Romania or South Africa, but are produced in the United States and imported from nonsubject countries.[18]

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[13] Plumbing and HVAC applications are the most commonly-cited applications for standard pipe produced in Romania, South Africa, and the United States. Importers estimated that 45 percent of 1995 imports from Romania and 53 percent from South Africa were used in these applications, while U.S. mills estimated that 40 percent of 1995 commercial shipments were for plumbing and HVAC applications. Less than 2 percent of Romanian and South African imports were used in sprinkler or water well applications, as opposed to an estimated 17 percent of U.S.-produced standard pipe. Compiled from interviews with U.S. importers and producers between Apr. 3 and May 24, 1996.

[14] Hydrostatic testing requires firing a burst of water through the pipes for approximately 5 seconds in order to identify seam failures. South African standard pipe is tested in accordance with ASTM A-53 (grade A for single-stenciled pipe and grade B for multiple-stenciled *** pipe) or, for some of the product shipped to Puerto Rico, to BS 1387. Romanian product is tested in accordance with ASTM A-53 grade A (for *** sizes) or to less stringent standards assigned by Tepro (for *** sizes). Domestically produced standard pipe may be tested in accordance with ASTM A-53 grade A, grade B, or type F, although domestic pipe used in sprinkler or fire suppression systems is often produced to the ASTM A-135 or A-795 specifications, which provide for but do not require hydrostatic testing. Interview with ***; letter from counsel on behalf of the Romanian respondents, Apr. 19, 1996; *1995 Annual Book of ASTM Standards, Vol 01.01*, ASTM (Philadelphia, PA, 1995), pp. 44 and 577.

[15] Importers of Romanian standard pipe estimated that 45 percent of their 1995 imports were used in general structural applications, 6 percent as piling, and 3 percent as fencing. Importers of South African standard pipe estimated that 35 percent of their 1995 imports were used in general structural applications, 3 percent as piling, and 8 percent as fencing. U.S. mills estimated that 14 percent of their 1995 commercial shipments were used in general structural applications, 2 percent as piling, and 18 percent as fencing. Compiled from interviews with U.S. importers and producers between Apr. 3 and May 24, 1996.

[16] Nonhydrostatically-tested structural tubular products may be certified and stenciled as "ASTM A-53 (NH);" structural "rounds" may be certified to ASTM A-500 or 501; piling to ASTM A-252; and fence tubing to ASTM F-669, F-1043, or other "F" series specifications. Secondary or even reject tubular products can, at times, be used in structural applications.

[17] Finished conduit is not considered a steel mill product by the AISI, and is not subject to ASTM's Steel Piping, Tubing, Fittings specifications. Finished conduit is produced to electrical specifications of the Underwriters Laboratory.

[18] U.S. mills estimated that 8 percent of their 1995 domestic shipments were conduit shell. Compiled from interviews with U.S. producers between Apr. 3 and May 24, 1996.

Finally, standard pipe includes line pipe, OCTG, and mechanical tubing[19] if used in standard pipe applications, as well as any pipe which is certified both to one of five common standard pipe specifications (ASTM A-53, ASTM A-120, ASTM A-135, ASTM A-795, and BS 1387) and to any other specification, if used in a standard pipe application. In instances when the size requirements are the same, pipes can be produced to meet both standard pipe and the similar, but more stringent, line pipe specifications.[20] Such products may be "multiple-stenciled" with both ASTM and API specification numbers.[21] None of the Romanian imports of standard pipe is multiple-stenciled, while about 1.3 percent of standard pipe from South Africa and 7.5 percent of domestically produced standard pipe is multiple-stenciled and used in a standard pipe applications. OCTG and mechanical pipe and tube are rarely multiple-stenciled with standard pipe.

Manufacturing

The manufacture of standard pipe produced in Romania, South Africa, and the United States begins with coils of flat-rolled steel, known as skelp, which are cut by a slitting machine into strips of the precise width needed to produce a desired diameter of pipe. The slit coils are fed into the tube mills, which cold-form the flat ribbon of steel into a tubular cylinder by a series of tapered forming rolls. The product is then welded along the joint axis. This welding method (called the ERW method) can be used to form pipes up to 24 inches in diameter.

In the United States, a second welding method is often used in the production of smaller-diameter standard pipe. In the CW or furnace method, the slit sheet is heated to welding temperature (approximately 2,600° F) in a gas-fired furnace. While hot, it is shaped through a series of rollers into a tubular form and the edges are butted together under pressure to form the weld. This method can be used to form pipes and tubes up to 4.5 inches in diameter.

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[19] Line pipe is used for the transmission of gas, oil, or water, generally in pipeline or utility distribution systems. Line pipe is generally produced to API specifications. OCTG includes well casing, used both to support the walls of the oil or gas well and as surface pipe; tubing, used within the casing to conduct the oil or gas from the subsurface strata to the surface; and drill pipe, used to conduct drilling fluid and transmit power to the drill bit. OCTG is generally produced to API specifications. Mechanical tubing is employed in a variety of mechanical applications including bicycle and motorcycle frames and parts, conveyor rolls and links, fishing rods, flagstaffs and masts, furniture tubing, gun barrels, handles, muffler tubes, posts and poles, and vacuum cleaner parts. Mechanical tubing is generally produced using ASTM A-512 or A-513 as a baseline.

[20] Line pipe specifications typically require greater yield and tensile strength, higher hydrostatic test pressures, and lower weight tolerances, although there is a degree of overlap between these requirements for API 5L B and X-42, the two most common specifications to which multiple-stenciled pipe are produced, and those for ASTM A-53 B. *Specification for Line Pipe: API Specification 5L*, 41st ed., American Petroleum Institute (Washington, DC, 1995), pp. 7, 15-23, and 35. *1995 Annual Book of ASTM Standards*, Vol. 01.01 (Philadelphia, PA, 1995), pp. 3 and 10-12.

[21] U.S. producers identified the following reasons for producing and selling multiple-stenciled pipe: lower costs associated with the purchase and inventory of raw material from buying and stocking fewer grades and varieties of steel coil; lower costs associated with the inventory of finished pipe from reducing or eliminating the need for multiple inventories and avoiding potentially costly errors from mixing pipe products; and greater flexibility and responsiveness in meeting customers' needs, since some distributors specify pipe with multiple stencils. Telephone interviews with ***. U.S. distributors identified the following reasons for purchasing multiple-stenciled pipe: lower costs associated with the inventory of finished pipe from reducing or eliminating the need for multiple inventories and avoiding potentially costly errors from mixing pipe products; lower costs from volume purchases of a limited line of pipe products; and increased ability to sell in multiple markets. Telephone interviews with ***.

Immediately after welding, sizing rolls shape the tube to accurate diameter tolerances. At this point the round tube is formed into a circle, rectangle, square, or other desired shape using forming rolls.[22] The product is cooled, straightened, and cut at the end of the tube mill by a flying shear or saw to lengths typically ranging between 20 and 24 feet (with 21 feet being the most prevalent length). The pipe is then tested (hydrostatically, with electric current, by manual gauging, or by a combination of these methods), surface finished, and end finished as required.

Conduit

Commerce's scope includes shell used to produce electrical conduit, the latter being a finished product which is specifically excluded from the scope of the investigations. Finished electrical conduit includes electrical metallic tubing, intermediate metal conduit, and rigid metal conduit. The rigid metal conduit production process is discontinuous; mills which produce shell typically sell the product "as is" or transport it to separate finishing facilities.[23] Electrical metallic tubing and intermediate metal conduit, however, are produced in a continuous process; there is no output at any stage of production of these electrical products that can be identified as conduit shell. Interviews with all major conduit shell producers, conduit shell finishers, and electrical conduit manufacturers[24] indicate that there is no recognizable stage of production of electrical metallic tubing or intermediate metal conduit that could be considered "shell for the production of finished conduit."[25]

Petitioners argue that internal transfers of conduit shell should be treated as captive production.[26] Internal transfers of shell for the production of finished conduit by U.S. mills amounted to ***.[27] All such transfers were processed into either conduit pipe or, less frequently, conduit fittings, neither of which is within Commerce's scope definition.[28] Whether for use in conduit pipe or conduit accessories, the conduit shell is the predominant material input in the production of the downstream product.[29]

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[22] Some mills, including the U.S. producer ***, employ a stretch-reduction process, in which a heated "mother tube" is simultaneously elongated and its walls thinned to the required length and thickness.

[23] Conduit shell is produced on both ERW and CW mills. This tubular product is manufactured in the same fashion as other varieties of standard pipe through the straightening, cooling, and cutting stages. The shell may be galvanized by the producing mill before shipment or simply shipped from the production facility without any surface finishing.

[24] ***.

[25] Respondents contend that domestic producers should be required to report as part of their domestic production not only shell used to produce rigid metal conduit but also "unfinished" electrical metallic tubing and intermediate metal conduit. Letter from Fulbright & Jaworski, counsel on behalf of the South African respondents, Mar. 22, 1996. The Commission notified counsel that it would not collect additional data of this type. Letter to Fulbright & Jaworski, Apr. 12, 1996.

[26] Hearing transcript, p. 104; petitioners' posthearing brief, "Responses to Questions," p. vi.

[27] Total U.S. shipments of conduit shell by U.S. mills amounted to ***.

[28] Telephone interviews with ***. Similarly, a large majority of sales of conduit shell in the merchant market are to mills which produce conduit pipe; a distinct minority of sales are to manufacturers of conduit fittings.

[29] Finished conduit pipe is cut into 10-foot lengths, galvanized or coated with a thin layer of polyurethane (if needed), threaded, coupled, and stenciled with the Underwriters' Laboratory monogram. The additional volume added by these operations is minimal, although finishing costs can be high if galvanizing is required. Based on their questionnaire responses, ***. Finished conduit fittings are typically treated as discussed above, although they are cut into shorter lengths (nipples), bent (elbows), or otherwise fabricated as needed.

Line Pipe

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) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and, where appropriate, (6) price. This section discusses these factors with respect to the possible inclusion of line pipe in the domestic like product. Single-and multiple-stenciled line pipe are discussed separately where distinctions exist. Appendix A presents data on standard pipe combined with multiple-stenciled line pipe and with all line pipe.

Physical Characteristics and Uses

Line pipe is circular welded nonalloy steel pipe used for the transmission of gas, oil, or water, generally in pipeline or utility distribution systems. Line pipe with an O.D. of 16 inches or less is often used in collection lines at an oil or gas field, rather than for high volume, long distance transportation of oil or gas, which more commonly requires line pipe with larger O.D.s.[30] Line pipe is generally produced to API specifications, as is the 7.5 percent of pipe shipped commercially by U.S. producers that consists of multiple-stenciled pipe used as standard pipe.

Line pipe production and sales are concentrated in the size range over 4.5 inches O.D.; accordingly, virtually all line pipe is manufactured using the ERW process described earlier.[31] Like standard pipe, line pipe can be sold plain end, bevelled end, or threaded and coupled, although the couplings for line pipe can be more sophisticated than those used for standard pipe.[32] Line pipe is often sold black or bare, and rarely galvanized.[33] Also, line pipe is frequently sold in double or triple lengths of 42 or 63 feet, rather than in the single lengths of 21 feet more common to standard pipe.[34]

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[30] *Certain Line Pipes and Tubes from Canada*, Inv. No. 731-TA-375 (Preliminary), Pub. No. 1965, Mar. 1987, p. a-3.

[31] According to their questionnaire responses, ***. Several large line pipe producers (such as ***) sell no pipe below 8.0 inches in O.D. In 1995, about 46 percent of domestic shipments by U.S. mills of multiple-stenciled line pipe was in sizes over 8 inches through 16 inches. For single-stenciled line pipe, shipments in this size range accounted for about 71 percent of domestic shipments by U.S. mills.

[32] Conference transcript, p. 58. Specifically, both the threads and the coupling must meet API standards (specifying the depth of the coupling recess and requiring longer couplings, fewer exposed threads, and, in some instances, larger diameter coupling). Petitioners' posthearing brief, ex. 5. However, ASTM Specification A-53 notes that "the taper-tapped couplings provided on line pipe in these sizes (2 inches and under) may be used on mill-threaded standard-weight pipe of the same size" and that "taper-tapped couplings shall be furnished on all weights of threaded pipe 2.5 inches and larger." *1995 Annual Book of ASTM Standards*, Vol. 01.01 (Philadelphia, PA, 1995), p. 7. Virtually all multiple-stenciled pipe, whether sold as standard or as line pipe, as well as single-stenciled line pipe, is shipped from the U.S. mills without threads or coupling. Compiled from interviews with U.S. importers and producers between Apr. 3 and June 4, 1996.

[33] Hearing transcript, p. 64; telephone interview with ***; Wheatland's published price list (Jan. 31, 1996, p. 5), presenting offers for "API-5L Galvanized P.E. & T&C" (galvanized plain end and threaded and coupled line pipe); and *U.S. Customs Service General Notice 954256 JAS* (Sept. 29, 1994), p. 4 (cited in petitioners' posthearing brief, ex. 5). Some producers sell single-stenciled line pipe line pipe with an epoxy coating. ***.

[34] Telephone interview with ***. *** noted that line pipe is often welded together in the field, which is why longer lengths and bevelled ends are more common for line pipe than standard pipe. However, multiple-stenciled pipe used as standard pipe is often sold in double lengths, as is a small portion of single-stenciled standard pipe. ***.

Interchangeability

In certain instances, standard pipe can be used interchangeably with line pipe. Pipe that is multiple-stenciled to meet both ASTM A-53 and API 5L specifications (which accounts for 7.5 percent of commercial shipments of standard pipe by U.S. producers) is approved for use in both line pipe and standard pipe applications. Domestically produced pipe that is certified solely to the ASTM A-53 specification is not reported to be used in line pipe applications, although there was one reported instance of imported nonAPI pipe being used in a line pipe application.[35] Line pipe can be used interchangeably in some standard pipe applications, though sales into this market are not usually a producer's first preference.[36]

Customer and Producer Perceptions

Questionnaire responses indicate that 29 of 45 standard pipe distributors buy both standard and line pipe;[37] 9 of 40 consider line pipe to be a substitute for standard pipe. The representative of the primary importer of line pipe from South Africa testified that "line pipe is not the same as standard pipe" and that line pipe "is sold by us primarily to the oil and gas industry."[38]

Three of 21 responding U.S. producers consider line pipe to be a substitute for standard pipe.[39] In addition, the sole South African producer of API-certified line pipe has stated a belief that its line pipe products are not properly within the scope of the standard pipe investigations.[40]

Common Manufacturing Facilities and Employees

Thirteen of 14 U.S. mills which produce line pipe share common manufacturing facilities, production lines, and production workers for the production of standard pipe. These mills accounted for

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[35] Interview with ***. This firm ***.

[36] Interview with ***. *** indicated that any standard pipe sales by his firm of API-certified material would be incidental.

[37] These responses represent the *intermediate* customers for standard pipe and line pipe; the ultimate customers for line pipe are energy sector firms, while the ultimate customers for standard pipe are (primarily) plumbing, HVAC, fencing, and construction sector firms.

[38] Conference transcript, p. 101 (testimony of Michael Evans, Vice President, Maurice Pincoffs).

[39] Questionnaire responses of ***, all of which produce and ship both standard pipe and line pipe. *** noted that line pipe would be sold at a premium price and in different lengths.

[40] Letter from Fulbright & Jaworski, on behalf of Hall Longmore, to the Secretary of Commerce, June 28, 1995 (public version).

*** of U.S. production of standard pipe in 1995.[41] [42] Virtually all line pipe manufacturing facilities undergo an extensive review procedure by API in order to stencil the API monogram on their line pipe, a procedure that is not incumbent upon the producers of standard pipe that do not also produce line pipe.[43]

Channels of Distribution

In 1995, 54 percent of U.S. line pipe shipments were to end users (including pipeline contractors) and 46 percent were to distributors.[44] Also in 1995, 16 percent of U.S. standard pipe shipments were to end users and 84 percent were to distributors,[45] while nearly all shipments of standard pipe from Romania and South Africa were to distributors. Twelve of the 13 firms producing both line pipe and standard pipe indicated that their customer bases for the respective products "sometimes" overlapped; the remaining firm indicated that they "usually" overlapped.[46]

Prices

The average unit values for U.S. shipments of line pipe were noticeably lower than those for standard pipe, ranging between $454 and $504 per short ton.[47] During the period for which data were collected, the average unit values of standard pipe ranged between $577 and $627 per ton for product produced in the United States.[48] Unit values ranged from $397 to $421 per ton for product produced in Romania and from $426 to $484 per short ton for product produced in South Africa. For U.S. producers

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[41] Excluding ***, which reported line pipe production equivalent to *** of standard pipe production, the remaining mills accounted for *** percent of U.S. production of standard pipe in 1995.

[42] The five mills that produce both standard pipe and multiple-stenciled line pipe (***) accounted for *** percent of U.S. production of standard pipe in 1995. Three of these mills (***) also produce single-stenciled line pipe. In addition, *** produces multiple-stenciled line pipe but does not produce standard pipe. Finally, eight mills produce standard pipe and single-stenciled line pipe, but do not produce multiple-stenciled line pipe.

Of the 28 firms producing standard pipe, 10 produce multiple-stenciled pipe. Three of these firms sell multiple-stenciled pipe for both standard and line pipe applications, 2 sell multiple-stenciled pipe only for line pipe applications, and 5 sell multiple-stenciled pipe only for standard pipe applications (and sell single-stenciled line pipe for line pipe applications).

[43] The API does note the following disclaimer, however: "The API monogram is no longer a requirement of the API-specification. That means any manufacturer can claim its product meets an API specification. If you want a product monogrammed, you need to order it that way. Then only those manufacturers who are licensed by API are allowed to market their products with the API monogram." *Composite List of Manufacturers Licensed for Use of the API Monogram*, API (Dallas, TX, Oct. 1, 1994), p. 6.

[44] In 1995, 59 percent of shipments of single-stenciled line pipe were to end users and 41 percent to distributors; 12 percent of shipments of multiple-stenciled line pipe were to end users and 88 percent were to distributors.

[45] Excluding internal transfers for further manufacturing, *** percent of reported 1995 U.S. producer shipments of standard pipe that were not consumed internally were to end users and *** percent were to distributors.

[46] ***, a manufacturer of single-stenciled line pipe, reported its standard pipe and line pipe customer bases "usually" overlapped.

[47] The average unit values of commercial shipments of single-stenciled line pipe by U.S. mills ranged from $448 to $498. The average unit values of commercial shipments of multiple-stenciled line pipe by U.S. mills ranged from $467 to $520.

[48] The higher average unit values of standard pipe reflect in part the costs associated with the production of thinner-walled products, shorter lengths, threading and coupling, and galvanizing.

which manufacture and sell both standard pipe and line pipe, differences in average unit values were much less pronounced, and generally indicated higher average selling prices for line pipe than for standard pipe.[49]

Table I-1
Standard pipe: Previous Commission investigations

Country	Investigation number	Determination	*Federal Register* publication date
Antidumping investigations:			
Korea	731-TA-131(F)[1]	Affirmative[2]	05-09-84
Taiwan	731-TA-132(F)[1]	Affirmative	05-09-84
Brazil	731-TA-197(F)[1]	Terminated[3]	03-27-85
Spain	731-TA-198(F)[1]	Terminated[3]	02-08-85
Venezuela	731-TA-212(F)	Terminated[3]	10-28-85
Thailand	731-TA-252(F)	Affirmative	03-03-86
India	731-TA-271(F)	Affirmative	05-07-86
Turkey	731-TA-273(F)	Affirmative	05-07-86
Yugoslavia	731-TA-274(F)	Terminated[3]	04-16-86
China	731-TA-292(F)	Negative	09-04-86
Philippines	731-TA-293(F)	Negative	11-13-86
Singapore	731-TA-294(F)	Negative	11-13-86
Brazil	731-TA-532(F)	Affirmative	11-04-92
Korea	731-TA-533(F)	Affirmative	11-04-92
Mexico	731-TA-534(F)	Affirmative	11-04-92
Romania	731-TA-535(F)	Negative	11-04-92
Taiwan	731-TA-536(F)[4]	Affirmative	11-04-92
Venezuela	731-TA-537(F)	Affirmative	11-04-92
Countervailing duty investigations:			
Brazil	701-TA-165(F)	Suspended[5]	12-27-82
Italy	701-TA-167(P)	Negative	10-29-82
Korea	701-TA-168(F)	Affirmative[6]	02-15-83
Spain	701-TA-220(F)[1]	Terminated[3]	02-11-85
Venezuela	701-TA-242(F)	Terminated[3]	11-13-85
India	701-TA-251(F)	Terminated	01-15-86
Taiwan	701-TA-252(F)	Terminated[3]	01-15-86
Turkey	701-TA-253(F)	Affirmative	03-03-86

[1] Subject products were small-diameter, welded standard pipe, up to 4.5 inches in outside diameter.
[2] Order revoked on Oct. 21, 1985.
[3] Petitioners withdrew petition pursuant to VRA or similar measure (Taiwan maintained a unilateral restraint on exports to the United States).
[4] Subject products were standard pipe exceeding 4.5 inches but less than 16 inches in outside diameter.
[5] The suspension was based on an agreement with the Government of Brazil to offset subsidies with an export tax. Petition was withdrawn in 1985, which terminated the investigation.
[6] Order revoked on Oct. 29, 1985.

Source: *Federal Register* notices.

[49] ***. Questionnaire responses of ***; telephone interview with ***.

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

CHANNELS OF DISTRIBUTION

Both U.S. producers and importers sell mainly through distributors and service centers.[1] Master distributors sell the standard pipe to smaller distributors of plumbing and heating equipment, fire protection equipment, and fencing. According to questionnaire responses, many of the distributors and service centers that purchase standard pipe from domestic producers also buy standard pipe from importers, or import it themselves for resale to various contractors and industrial end users. Based on questionnaire responses, 84 percent of reported 1995 U.S. producer shipments of standard pipe were to distributors while 16 percent went to end users.[2] For importers, virtually all 1995 shipments were sold to unrelated distributors.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

The sensitivity of domestic supply of standard pipe to changes in price depends upon such factors as the availability of excess capacity, the levels of inventories in relation to shipments, the existence of export markets and the ease of shifting from the production of standard pipe to other products. Taking all factors into account, it is likely that the domestic supply of standard pipe is relatively sensitive to changes in price. Despite relatively small export markets and the uncertain ability to shift production between standard pipe and other products, the availability of significant excess capacity and high ratios of inventories to shipments both indicate a high flexibility in expanding output for U.S. producers.

U.S. producers have had excess capacity throughout the 1993-95 period. The capacity utilization rate was 66.2 percent in 1993, 69.0 percent in 1994, and 71.2 percent in 1995 (table III-2). This suggests that the industry has flexibility in expanding output in response to changes in price. The industry's levels of inventory also indicate a high degree of flexibility in expanding output. The ratio of inventories to U.S. shipments was 12.7 percent in 1993, 11.5 percent in 1994, and 13.4 percent in 1995 (table III-4).

Other factors point to less flexibility in supply. Exports never exceeded two percent of total annual shipments by U.S producers throughout the 1993-95 period. This small export market suggests that U.S. producers would have difficulty in diverting significant shipments to or from these foreign markets in response to changes in U.S. or foreign prices.

The ease of shifting to or from production of standard pipe to other products in response to price changes is uncertain. Thirteen producers of standard pipe also produce line pipe with the same facilities, production lines, and production workers. However, when asked in the producers' questionnaire if they

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[1] Service centers may also have finishing equipment to cut pipe to length and to thread and couple it; petition, vol. I, p. 3.

[2] Sixteen U.S. producers reported selling standard pipe to end users such as building contractors and original equipment manufacturers, but generally in much smaller quantities than sales to distributors. In addition, *** transferred rigid conduit shell to satellite facilities or toll finishers for transformation into finished electrical conduit and ***. Excluding these shipments, *** percent of reported 1995 U.S. producer shipments of standard pipe that were not consumed internally were to distributors and *** percent were to end users.

had switched to or from the production of standard pipe in response to price changes since 1993, only 1 of 21 standard pipe producers responding to this question reported switching as a result of price changes. Thirteen of the other 20 producers responded in the negative, and the answers by the remaining firms did not indicate that any shift in product mix due to prices had occurred.

U.S. Demand

Demand Characteristics

The overall demand for standard pipe depends upon demand for this pipe in a variety of applications including the conveyance of water, gas, and steam; water well casings; sprinkler and fire suppression systems; general structural applications; and fencing. Broadly speaking, then, demand for standard pipe is derived from demand for building and construction in general. According to data provided by the U.S. Bureau of the Census, the annual value of new construction put in place between 1993 and 1995 (in constant 1992 dollars) increased from $448 billion in 1993 to $469 billion in 1994 and $470 billion in 1995.[3] As an alternative form of measurement, building permits for residential and nonresidential construction were issued for 1,381,000 buildings in 1993; 1,508,000 buildings in 1994; and 1,441,000 buildings in 1995.[4]

Opinions concerning trends in demand since 1993 varied widely among questionnaire respondents. Three of the largest producers of standard pipe, ***, indicated that demand has been unchanged during this period. However, ***, another large producer, reported that demand for standard pipe used in fire protection and fencing has decreased since 1993, while *** reported that demand has increased since 1993 in nonresidential business. Though the majority of importers of standard pipe from South Africa were unable to comment on overall trends in demand, *** reported that demand has increased since 1993. Two importers of standard pipe from Romania reported that demand has increased, while one reported that it had remained constant. Since purchasers do not commonly switch between standard pipe and other types of pipe in response to small changes in price, the demand for standard pipe is probably moderately insensitive to changes in its own price.

Substitute Products

When asked whether other products could be substituted for standard pipe, the majority of questionnaire respondents agreed that some substitution was possible. Line pipe was the most frequently cited substitute, with 9 of 40 purchasers indicating that it could be substituted for standard pipe in at least some uses. Seamless steel pipe and copper and plastic pipe were also mentioned. However, the seamless and copper products are significantly more expensive than standard pipe. Purchasers were also asked whether changes in prices of these substitutes since 1993 had caused them to increase or reduce purchases

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[3] Facsimile transmission from Sherrita Powell of the Manufacturing and Construction Division of the U.S. Bureau of the Census, Apr. 16, 1996.

[4] Facsimile transmission from Cheryl Cornish of the Manufacturing and Construction Division of the U.S. Bureau of the Census, Apr. 17, 1996. Permits were issued for 81,041 buildings in Texas in 1993; 93,628 in 1994; and 91,898 in 1995. Permits were issued for 14,237 buildings in Louisiana in 1993; 17,516 in 1994; and 17,108 in 1995.

of standard pipe. While some purchasers reported changes in prices of the substitutes, none reported that such a change had caused them either to increase or reduce their purchases of standard pipe.[5]

SUBSTITUTABILITY ISSUES

U.S. Purchasers

Purchaser questionnaires were sent to distributors who are known to be important customers of U.S. producers and importers of pipe from Romania and South Africa. Forty-five purchasers of standard pipe provided reasonably complete responses.

Factors Affecting Purchasing Decisions

When ranking factors that are most important overall in making purchasing decisions, price was ranked as most important more often than any other factor. Twenty-one of 44 responding purchasers ranked price in first place. Quality and availability were also frequently cited as important factors. Quality was ranked first by 15 purchasers (and often ranked in second or third place) and availability was ranked first by 5 purchasers.[6]

Purchasers often require suppliers selling standard pipe to certify that the product meets ASTM standard. When asked whether any suppliers had failed to meet their qualification requirements for standard pipe since 1993, 39 of 44 purchasers said no. One purchaser reported that it had been dissatisfied with a U.S. company, ***, which is no longer producing standard pipe. However, in this case the problem had been lack of dependability of delivery rather than the quality of the product. Another purchaser reported that it had problems with pipe from Indonesia.

Comparison of Domestic Products and Subject Imports

While standard pipe from Romania and South Africa is physically similar to the domestic product and generally competes with U.S. producers for sales to the same categories of customers, some factors limit the extent of this competition. The restricted geographic market areas and longer lead times in delivery of standard pipe from Romania and South Africa limit their ability to compete in some instances. In addition, the product mix available from Romania has differed from that available from U.S. producers and South Africa. While none of the imports from Romania consisted of larger diameter pipe in 1995, and only a very small share of imports from South Africa fell into this category, 12.3 percent of U.S. shipments consisted of large diameter pipe. Likewise, galvanized standard pipe is less common for imports from Romania than for either imports from South Africa or domestically produced pipe. Related

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[5] Most reporting purchasers are distributors, many of which indicated that they were not very familiar with the extent of substitutability between standard pipe and the other kinds of pipe.

[6] When asked whether the lowest price will always win a contract or sale, 39 of 44 responding purchasers indicated that it would not, citing quality, availability, and other factors. On the other hand, 33 of 44 responding purchasers indicated that, in choosing between standard pipe that complies with the applicable specification, their purchasing decision is more or equally influenced by price compared to other factors (the most frequently named of which were, again, price and availability).

to these distinctions, Romanian standard pipe is not typically used in sprinkler or fire suppression systems, water well applications, fencing applications, or shell for the production of finished conduit.[7]

Buy American policies also limit the substitutability of Romanian and South African standard pipe with U.S. products in some cases. Eighteen of 40 purchasers reported that they or their customers impose *Buy American* restrictions on some purchases of standard pipe. In the case of two purchasers, *Buy American* policies affected 100 percent of their purchases; in the case of a third, 98 percent of its standard pipe was affected. In two additional cases, *Buy American* restrictions affected 25 percent of purchases. In all of the remaining cases these policies affected 15 percent or less of total purchases.

In comparing the quality of imported and domestically produced standard pipe, questionnaire responses show that importers and purchasers often consider the Romanian product to be inferior to the domestic product but generally consider the South African and domestic products to be comparable. Two of the three importers of the Romanian product reported that it is inferior in quality, noting specifically that it cannot be used in some applications requiring threading (due to its hardness) or in other applications such as galvanized fence posts (because of its unattractive surface appearance).[8] Five of the 8 purchasers that compared U.S. and Romanian product quality and product consistency reported that standard pipe from Romania is inferior.[9] In the case of South Africa, 2 of 10 importers reported that the quality of the South African product is inferior and the other 8 said that it is comparable with the domestic product. One importer specifically cited an inferior surface appearance. Seven of 8 purchasers of South African-produced standard pipe reported that the product quality is comparable with that of the domestic product, while the eighth reported that it is inferior. Six of 8 reported that the product consistency is comparable, 1 that it is superior, and 1 that it is inferior.

While certain factors limit the substitutability of standard pipe from Romania and South Africa with the U.S. product, the Romanian and South African products also are not viewed as completely substitutable for each other. Four importers, two of the Romanian product and two of the South African product, consider the South African product to be superior in quality.[10] Four of 7 purchasers that compared Romanian and South African pipe ranked the Romanian product consistency lower, and 5 of 7 ranked Romanian product quality lower.

Domestically produced standard pipe is marketed throughout the United States, while standard pipe from Romania and South Africa are only sold in particular areas. Inland transportation costs were frequently cited by both producers and importers as a factor limiting the market area. Four of the largest

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[7] These applications, which accounted for an estimated 44 percent of domestic shipments in 1995, frequently employ standard pipe that is thinner-walled and/or galvanized or, in the case of water well applications, is in the larger portion of the standard pipe size range. Compiled from interviews with U.S. importers and producers between Apr. 3 and May 24, 1996.

[8] The third importer of standard pipe from Romania did not compare the quality of Romanian imports with that of the domestic product.

[9] In addition to making quality comparisons between domestically produced and imported standard pipe, purchasers were also asked to report any returns of domestic and imported standard pipe due to defects during 1993-95. Five of 11 purchasers of Romanian material reported returns at some time during 1993-95, while 7 of 40 purchasers of the domestic product reported returns due to defects. In the case of South Africa, 1 of 12 purchasers reported returns during 1993-95. The reasons given for returns of Romanian product included an inability to thread properly, rust, incorrect stenciling, and pipe not being straight; U.S.-produced standard pipe was returned because of split seams and problems in the weld area; South African product was returned because it was not straight and could not be threaded properly.

[10] None of the other importers compared the quality of Romanian and South African standard pipe.

producers, ***, reported that they sell standard pipe throughout the country. However, *** reported that its market area is limited by transportation costs. Importers reported selling standard pipe from Romania in the Gulf states, Pennsylvania, New York, New Jersey, North Carolina and Georgia, and standard pipe from South Africa on the East Coast, West Coast, Gulf Coast, and Puerto Rico.

Domestic producers tend to ship standard pipe over longer distances within the United States than importers. The majority of all producers' shipments fall within a range of 100 to 500 miles, while most shipments of Romanian and South African standard pipe are for distances of less than 100 miles. Reported transportation costs for inland shipments of both imported and U.S.-produced standard pipe range from less than 2 percent to as much as 10 or 12 percent of the delivered price.

Delivery lead times are generally shorter for U.S. producers than for importers. Reported producer lead times generally ranged from 1 to 7 days when the product is available in inventory. However, when the products have to be produced, the lead times normally range from 14 to 60 days. In the case of Romania, *** reported that the lead time for delivery is 1 to 5 days if the product is available in inventory, while *** reported no inventory of Romanian product. When the Romanian material has to be imported from abroad, the lead time is 120 to 150 days. Importers of the South African pipe do not normally maintain inventories. When the South African pipe is ordered from abroad, the lead time is normally 90 to 180 days.

Comparison of Domestic Products andSubject Imports to Nonsubject Imports

Purchaser comparisons of the quality of imports from Romania and South Africa with nonsubject imports were available from both questionnaire responses and telephone interviews. In some cases purchasers compared either Romanian or South African standard pipe with imports from nonsubject countries, and in other cases they compared both countries together with imports from nonsubject sources. In the case of Romanian alone, one purchaser reported that it considers Romanian imports comparable in quality with imports from all other sources.[11] This purchaser does not distinguish between different nonsubject import sources. In the case of South African alone, one purchaser stated that the South African quality is good, but still inferior to imports from Korea in some pipe categories,[12] while another purchaser reported that the South African imports are superior to Korean standard pipe. A third purchaser reported that it regards the quality of South African imports as equal to the quality of imports from Croatia, Korea, Thailand, and Turkey.

When comparing both Romania and South Africa with nonsubject imports, some purchasers lumped standard pipe from these countries into broad categories. For example, one purchaser reported that it did not differentiate the South African pipe and Romanian pipe from imports from China, Croatia, and Thailand.[13] Another purchaser stated that it does not differentiate the imports from Romania and South Africa from imports from China, Croatia, the Czech Republic, Korea, Mexico, Spain, Thailand, and Turkey. A third purchaser reported that it prefers the quality of the standard pipe from the United States or Canada to imports from either Romania or South Africa.[14] A final purchaser reported that, in some cases, its downstream customers prefer standard pipe from the United States or Korea to imports from Romanian or South Africa because of quality considerations.

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[11] Interview with ***, Mar. 1, 1996.

[12] Interview with ***, Feb. 22, 1996.

[13] Interview with ***, Apr. 18, 1996.

[14] Interview with ***, Feb. 20, 1996.

ELASTICITY ESTIMATES

The staff estimates of elasticities discussed in this section were used in the COMPAS analysis described in appendix D. The U.S. demand elasticity for standard pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of standard pipe. Based on the available information developed in these investigations relating to substitute products, it is likely that this elasticity is in the .5 to 1.0 range.

The domestic supply elasticity for standard pipe measures the sensitivity of the quantity supplied by the domestic producers to a change in the U.S. market price of standard pipe. On the basis of information relating to capacity utilization, ratios of inventories to production, the importance of export markets, and the flexibility of facilities and equipment in shifting production between standard pipe and other products, it appears that the elasticity falls in the 5 to 10 range.

The substitution elasticity is a measure of the degree to which domestically produced standard pipe and the imported pipe from Romania and South Africa are substitutable across the range of all possible end uses. The information relating to geographic markets, lead times in delivery, quality, and *Buy American* policies indicates that this elasticity falls in the 3 to 5 range.

In a prehearing economic brief, the petitioners argued that the supply and demand elasticities are at the low end of the staff estimates, and that the elasticity of substitution is significantly higher than the staff estimate.[15] The respondents did not comment on these elasticities in their prehearing or posthearing briefs.

While the petitioners stated that the supply elasticity is high, and are willing to accept an estimate in the range of 5 to 10 because of the large amount of excess capacity in the industry, they believe that the value should actually be about 5. While a value of 5 is reasonable, the excess industry capacity combined with the reported ratios of inventories to U.S. shipments seem to indicate that higher values than 5 are also realistic. Therefore, an estimate anywhere in the range of 5 to 10 still seems reasonable.

The petitioners estimated a demand elasticity of about .4 with a range of .2 to .6. They argue that this elasticity is no higher than the low end of the staff estimate because there are no important substitutes for standard pipe in most applications. They also argue that these pipes account for only a small part of the total cost of the construction project in which they are installed. While opinions differ on the importance of substitutes, some purchasers do regard line pipe and other types of pipes as practical substitutes, as noted earlier. While it is very possible that the elasticity is near the low end of the range of the staff estimates, there does not seem to be sufficient information to rule out a slightly higher number. Therefore, taking all factors into account, a demand elasticity in the range of .5 to 1 still appears to be reasonable.

The petitioners argue that the elasticity of substitution is in the range of 6 to 12 rather than 3 to 5. These estimates are based on arguments in the main prehearing brief that standard pipe from Romania and South Africa is highly substitutable for domestic pipe because it is required to meet the same specifications as the domestic pipe and is sold in the same channels of distribution for ultimate use in the same applications.[16] Thus, in their view there are no important differences between the domestic and imported products. While the standard pipe from Romania and South Africa can be substituted for the domestic product, an estimate of 6 to 12 seems high in view of the long lead time for delivery of the imported

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[15] The brief was prepared by Dr. Robert A. Blecker of American University and Dr. Robert E. Scott of the University of Maryland. The discussion of the elasticities is presented on pp. 10-13. They also discuss their elasticity estimates from a previous standard pipe case in attachment C.

[16] Petitioners' prehearing brief, pp. 12-29.

products, the *Buy American* provisions, the lack of imported large diameter pipes, and a perception on the part of some purchasers that the quality of Romanian imports does not measure up to that of domestic pipe. Therefore, an estimate of 3 to 5 still seems reasonable in view of the information available.

In addition to the supply, demand, and substitution elasticity estimates, the petitioners also proposed estimates for the elasticity of foreign supply for nonsubject imports, and for the elasticity of substitution between domestic and nonsubject imports and between subject and nonsubject imports. They argue that the supply elasticity is in the range of 2 to 5, somewhat lower than the domestic supply elasticity, and that the two additional substitution elasticities both fall in the 6 to 12 range. However, a major problem with these estimates is that the information needed to derive and evaluate them is not available from public sources and is not normally collected in order to perform the COMPAS analysis. For example, in the case of the supply elasticity of nonsubject imports, current data are required on such factors as capacity utilization levels in the standard pipe industries in these nonsubject countries as well as information on the size and availability of home and export markets.[17] In the case of the substitution elasticities, extensive importer and purchaser information on similarities and differences between the products from the different sources is needed.

[17] The petitioners argue that long lead times in delivery for nonsubject imports serve as an indicator that the foreign supply elasticity is low. While this argument seems reasonable, current information on the lead times for delivery of nonsubject imports is not available.

PART III: CONDITION OF THE U.S. INDUSTRY

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V. Information on the other factors specified is presented in this section and/or part VI and (except as noted) is based on the questionnaire responses of 31 firms that accounted for 98 percent of U.S. production of standard pipe during 1995.

U.S. PRODUCERS

The Commission identified 34 firms that produced standard pipe during all or part of the period 1993-95. Thirty-one of the 34 firms provided the Commission with data on their standard pipe operations, including 28 firms that produced standard pipe in 1995.[1] Seven of these 28 firms are owned in whole or in part by companies located outside the United States, although none are located in Romania or South Africa. Eight firms, representing *** percent of reported 1995 production, are part of the petitioning coalition; 15 firms, representing *** percent of reported 1995 production, are not affiliated with the coalition but support the petition; 5 firms, representing *** percent of reported 1995 production, take no position on the petition; 3 firms closed prior to 1995; and 3 firms did not report data to the Commission. Details regarding each firm's position on the petition, share of 1995 production, production location, and parent company are presented in table III-1.

Reported U.S. production of standard pipe is concentrated in the Eastern and Central states, where 11 and 21 facilities, respectively, are located.[2] Since 1993, three firms have terminated their standard pipe operations: Alpha Tube ceased production of standard pipe in the first half of 1993; Welded Tube's Eagle Pipe Division ceased operations on December 1, 1993; and Berger Industries was liquidated in bankruptcy on March 14, 1994. Also since 1993, two companies have begun standard pipe production: Maverick expanded its production lines to include standard pipe in the last half of 1994 and AMS Tube began production in its Hammond, LA, facility in the last quarter of 1995.

Three of the petitioning firms are integrated. Laclede produces its own feedstock in an electric furnace from steel scrap at its plant in East Alton, IL, and LTV and Sawhill reported that they purchased hot-rolled coils from both related and unrelated parties on an arm's-length basis.[3]

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 and Figure III-1 present data on U.S. producers' production and capacity to produce standard pipe during 1993-95. Reported U.S. capacity and actual production of standard pipe increased over the period for which data were collected. These data reflect not only the entries into and exits from the marketplace noted above but also improvements made by U.S. producers in each of the years included

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[1] Of these 28 firms producing standard pipe, 10 produce multiple-stenciled pipe. Three of these firms sell multiple-stenciled pipe for both standard and line pipe applications, 2 sell multiple-stenciled pipe only for line pipe applications, and 5 sell multiple-stenciled pipe only for standard pipe applications (and sell single-stenciled line pipe for line pipe applications). In addition, *** produces multiple-stenciled pipe exclusively for line pipe applications and produces no standard pipe, and so is not included in any consideration limited to standard pipe operations.

[2] In addition to the reporting mills, standard pipe facilities are located in ***.

[3] Petition, vol. II, p. 14. Nonpetitioning mill *** is also integrated.

in these investigations: *** in mid-1993; *** in mid-1994; *** in 1994 and *** in 1995; *** in 1994 and 1995; *** in early 1995; and *** in late 1995.[4] No U.S. producer reported any labor constraints on production (e.g., inability to fill work crews, labor unrest, work stoppages), but one mill did report raw material constraints.[5]

The majority of the responding producers are capable of producing other types of pipe, such as line pipe, OCTG, finished electrical conduit, mechanical tube, and hollow (nonround) structural sections. These companies reported that, for the most part, minimal modifications or adjustments to equipment were necessary to produce other products and their product mix is determined by market demand.

U.S. producers do not individually produce all sizes and types of standard pipe.[6] Some purchase unfinished and finished standard pipe from other domestic producers, usually because they do not produce the pipe in the diameters needed to supply customers' orders. For example, Sharon produces standard pipe in sizes from 0.125 to 1.0 inch and supplements its product range with purchases from other U.S. producers in order to provide a full range of standard pipe. Sharon also sells its small diameter pipe to other U.S. producers in order for them to fill their product lines.[7] Wheatland Tube has a size limitation of 4.5 inches in outside diameter and purchases larger sizes from other U.S. producers.[8] Among nonpetitioning firms, Tex-Tube is the exclusive distributor of certain standard pipe products produced by Lone Star.[9]

U.S. PRODUCERS' SHIPMENTS

Table III-3 presents data on U.S. producers' shipments during 1993-95. The volume and value of domestic shipments of standard pipe increased during the period for which data were collected, while company transfers remained stable between 1993 and 1994, then increased in 1995.[10] Seven producers reported exports of standard pipe, mostly to Canada. Exports did not account for more than 2 percent of total shipments by U.S. standard pipe producers during the period for which data were collected.

U.S. PRODUCERS' INVENTORIES

Table III-4 presents end-of-period inventory data supplied by all responding producers of standard pipe during 1993-95. End-of-period inventories increased in 1995 from 1993 and 1994 levels, both in absolute terms and as a share of U.S. shipments. Producers generally maintained sizeable inventories in

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[4] On June 4, 1996, the *American Metal Market* reported that "IPSCO will spend approximately $12.4 million in the next year to revamp the Camanche mill and shift the majority of its product mix from...OCTG... to hollow structural sections and standard pipe." *American Metal Market*, June 4, 1996, p. 2.

[5] ***.

[6] Conference transcript, p. 61.

[7] *Ibid.*, pp. 24-25.

[8] *Ibid.*, pp. 62 and 64.

[9] Excerpt from "Villacero, Merfish buy Tex-Tube from Armco" in *Metal Center News*, Feb. 1995, p. 12. In addition, Lone Star is the exclusive distributor of Tex-Tube's line pipe. Tex-Tube ***.

[10] Company transfers consist of shipments to related companies and internal transfers for further manufacturing. ***. The increase in overall company transfers reflects an increase in ***. Market share and financial data are presented both with and without internal transfers for further manufacturing in parts IV and VI of this report, respectively.

order to respond promptly to customers' orders; however, as noted above, no U.S. mill produces the entire range of products within the standard pipe product line. Producers further supplemented inventories with direct imports (from countries other than Romania and South Africa) and with purchases of domestically produced and imported standard pipe (from sources other than Romania and South Africa).[11]

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' employment and productivity data are presented in table III-5. Employment, hours worked, total wages, hourly wages, and worker productivity all increased throughout 1993-95, while labor costs declined between 1993 and 1994, then increased between 1994 and 1995. U.S. producers that produce products such as line pipe, OCTG, etc., use the same equipment and PRWs used to produce standard pipe.

Table III-1
Standard pipe: U.S. producers, positions on the petitions, shares of reported 1995 U.S. production, U.S. production locations, and parent companies

Firm	Position	Share of production	Production location	Parent company and country
		Percent		
Allied	Petitioner	***	Philadelphia, PA Harvey, IL	Grinnell (US)
Alpha Tube	(1)	(1)	(1)	(1)
American Steel Pipe . .	***	***	Birmingham, AL	American Cast Iron Pipe Co. (US)
American Tube	Petitioner	***	Kokomo, IN Phoenix, AZ	American Tube (US)
AMS Tube	***	***	Hammond, LA	*** ***
Bayamon Steel	***	***	Bayamon, PR	***
Berger Industries	(1)	(1)	(1)	(1)
Bull Moose	***	***	Gerald, MO Trenton, GA	***
California Steel	***	***	Fontana, CA	*** ***
Century Tube	Petitioner	***	Pine Bluff, AR	***
Copperweld	***	***	Chicago, IL	Copperweld (US)
Geneva Steel	***	***	Vineyard, UT	Geneva Steel (US)

Continued on the following page.

[11] Direct imports amounted to 20,406 short tons in 1993; 17,584 short tons in 1994; and 17,890 short tons in 1995. Purchases amounted to 48,241 short tons in 1993; 39,795 short tons in 1994; and 45,173 short tons in 1995.

Table III-1 -- Continued
Standard pipe: U.S. producers, positions on the petitions, shares of reported 1995 U.S. production, U.S. production locations, and parent companies

Firm	Position	Share of production	Production location	Parent company and country
		Percent		
Hickman Pipe	***	***	Hickman, KY	Hickman Pipe (US)
IPSCO	***	***	Camanche, IA	IPSCO (Canada)
Laclede	Petitioner	***	Alton, IL Vandalia, IL Fairless Hills, PA	***
Lone Star	***	***	Lone Star, TX	Lone Star Tech. (US)
LTV	Petitioner	***	Counce, TN Cleveland, OH Elyria, OH Youngstown, OH	LTV (US)
Maruichi	***	***	Santa Fe Springs, CA	Maruichi (Japan)
Maverick	***	***	Conroe, TX Hickman, AR	Maverick (US)
Newport	***	***	Wilder, KY	NS Group (US)
Northwest Pipe	***	***	Portland, OR	Northwest Pipe (US)
Paragon	***	***	Sapulpa, OK	Paragon (US)
Sawhill	Petitioner	***	Sharon, PA	Armco (US)
Sharon	Petitioner	***	Sharon, PA	Sharon (US)
Southland	***	***	Birmingham, AL	Southland (US)
Southwestern Pipe	***	***	Houston, TX	Southwestern Pipe (US)
Stupp	***	***	Baton Rouge, LA	Stupp (US)
Tex-Tube	***	***	Houston, TX	***
Texas Tubular	***	***	Houston, TX	Friedman Ind. (US)
UNR-Leavitt	***	***	Chicago, IL	UNR Inc. (US)
U.S. Steel	***	***	Camp Hill, PA	USX (US)
Welded Tube	([1])	([1])	([1])	([1])
Western Tube	***	***	Long Beach, CA	***
Wheatland Tube	Petitioner	***	Little Rock, AR Wheatland, PA	John Maneely (US)
Total		100.0		

[1] Firm ceased production of standard pipe prior to 1995. Alpha Tube's facility was located in Holland, OH; Berger Industries' in Cleveland, OH, and Edison, NJ; and Welded Tube's in Chicago, IL.
[2] Firm did not respond to the Commission's questionnaires.

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

Table III-2
Standard pipe: U.S. capacity, production, and capacity utilization, 1993-95

Item	1993	1994	1995
Average-of-period capacity (*short tons*)	2,374,520	2,379,106	2,487,422
Production (*short tons*)	1,570,972	1,641,506	1,770,017
Average-of-period capacity utilization (*percent*)	66.2	69.0	71.2

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

Table III-3
Standard pipe: Shipments by U.S. producers, by types, 1993-95

Item	1993	1994	1995
	Quantity (*short tons*)		
Company transfers	224,875	222,684	239,569
Domestic shipments	1,321,296	1,397,052	1,459,776
Subtotal	1,546,171	1,619,736	1,699,345
Exports	21,807	31,957	30,296
Total	1,567,978	1,651,693	1,729,641
	Value (*1,000 dollars*)		
Company transfers	116,626	123,213	138,548
Domestic shipments	775,262	872,141	927,712
Subtotal	891,888	995,354	1,066,260
Exports	13,410	21,124	19,615
Total	905,298	1,016,478	1,085,875
	Unit value (*per short ton*)		
Company transfers	$518.63	$553.31	$578.32
Domestic shipments	586.74	624.27	635.52
Average	576.84	614.52	627.45
Exports	614.97	661.01	647.46
Average	577.37	615.42	627.80

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

Table III-4
Standard pipe: End-of-period inventories of U.S. producers, 1993-95

Item	1993	1994	1995
Inventories (*short tons*)	196,455	186,210	227,308
Ratio of inventories to--			
Production (*percent*)	12.5	11.3	12.8
U.S. shipments (*percent*)	12.7	11.5	13.4

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

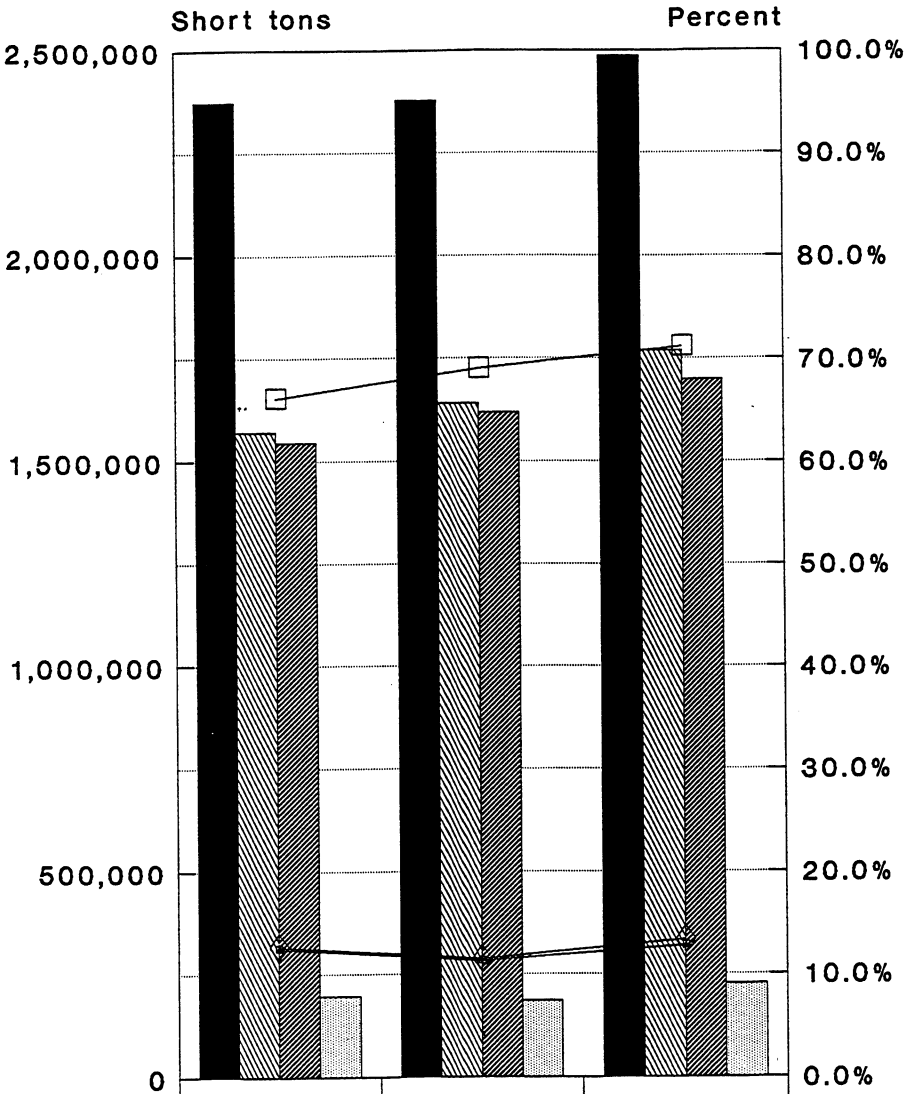
Table III-5
Average number of production and related workers in U.S. establishments wherein standard pipe is produced, hours worked,[1] wages paid to such employees, and hourly wages, productivity, and unit production costs, 1993-95

Item	1993	1994	1995
Number of PRWs	2,936	3,027	3,196
Hours worked (*1,000*)	6,409	6,509	6,812
Wages paid (*$1,000*)	103,381	107,290	118,030
Hourly wages (*per hour*)	$16.13	$16.48	$17.33
Productivity (*short tons per 1,000 hours*)	245.1	252.2	259.8
Unit production costs (*per short ton*)	$65.81	$65.36	$66.68

[1] Includes hours worked plus hours of paid leave time.

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

Figure III-1
Standard pipe: U.S. capacity, production, capacity utilization, U.S. shipments, and end-of-period inventories, 1993-95



	1993	1994	1995
Capacity	2,374,520	2,379,106	2,487,422
Production	1,570,972	1,641,506	1,770,017
Capacity utilization	66.2%	69.0%	71.2%
U.S. shipments	1,546,171	1,619,736	1,699,345
Inventory	196,455	186,210	227,308
Inventory/production	12.5%	11.3%	12.8%
Inventory/shipments	12.7%	11.5%	13.4%

Source: Tables III-2; III-3; and III-4.

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

U.S. IMPORTERS

The Commission sent questionnaires to 17 firms believed to have imported standard pipe from Romania and/or South Africa between 1993 and 1995, and received usable data from 14 of the firms.[1] In addition, questionnaires were sent to all U.S. producers of standard pipe, five of which actually import standard pipe (though none import from Romania or South Africa).[2] Companies responding to the Commission's questionnaire accounted for all imports of standard pipe (based on official Commerce data) from Romania and between 79 and 86 percent of imports of standard pipe from South Africa.

Reporting U.S. importers of Romanian and South African standard pipe are principally located in Texas or New York, with individual firms located in ***. *** importers of standard pipe from South Africa are affiliated with the ***. In addition, *** reporting importers of South African standard pipe and *** importers of Romanian standard pipe are owned by Western European firms, while the remainder reported U.S. ownership.[3] No single firm imported both Romanian and South African product between 1993 and 1995, although 6 of 11 importers of South African standard pipe and *** importers of Romanian standard pipe reported importing standard pipe from nonsubject countries.

U.S. IMPORTS

U.S. imports of standard pipe are presented in table IV-1. The imports subject to these investigations are provided for under subheadings 7306.30.10 and 7306.30.50 of the HTS. Data in this section of the report regarding the quantity and value of U.S. imports of standard pipe are based on Commerce statistics, with the exception of imports from Canada, which have been adjusted to account for the inclusion of mechanical pipe which is not included in the scope of these investigations.[4]

There were no imports of standard pipe from Romania in 1993 due in large part to internal problems between the integrated mills producing the hot coils to make the pipe and Tepro, whose ability to produce 21-foot pipe was curtailed for most of the year.[5] 1993 was also the first full year in which South African standard pipe was imported since the mid-1980s.[6] Imports from 35 nonsubject countries have been

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[1] ***.

[2] ***.

[3] None of the U.S. importers of standard pipe from Romania or South Africa reported any affiliation with domestic producers of standard pipe; however, ***, an importer of standard pipe from ***, reported an affiliation other than direct ownership with *** standard pipe producer ***.

[4] In the preliminary investigations, the Commission relied on data as adjusted by the petitioners but noted that it would seek information through questionnaires regarding the nature of imports from Canada. See *Circular Welded Non-Alloy Steel Pipe from Romania and South Africa*, Invs. Nos. 731-TA-732 through 733 (Preliminary), Pub. No. 2899, June 1995, *Views of the Commission*, p. I-18, fn. 103, and *Views of Chairman Watson and Commissioner Crawford*, p. I-22, fn. 6. The data on imports of standard pipe from Canada are from the responses of questionnaires sent to all known Canadian producers of standard pipe. According to these responses, Canadian exports amounted to 47,315 short tons ($24,482,000) in 1993; 44,918 short tons ($27,046,000) in 1994; and 49,955 short tons ($31,613,000) in 1995.

[5] Conference transcript, pp. 157-158; hearing transcript, pp. 130 and 133.

[6] Conference transcript, p. 101; hearing transcript, p. 113.

present in the market between 1993 and 1995, most notably those from Korea, Canada, Thailand, Turkey, and Japan.

CUMULATION CONSIDERATIONS

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors: fungibility; presence of sales or offers to sell in the same geographical markets; common or similar channels of distribution; and simultaneous presence in the market. Channels of distribution are discussed at the beginning of section II of this report; all other factors are discussed below.

Fungibility

Interchangeability

Questionnaire respondents were asked whether domestically produced standard pipe is interchangeable in use with similar imported products from Romania, South Africa, and other sources, and whether nonprice differences between domestic standard pipe and imports have any effect on sales. In all cases the producers either stated that the domestic and imported standard pipe products are interchangeable or said that they lacked the information to answer the question. Seventeen of 19 responding producers reported that nonprice differences between their products and imports had no effect on sales.

Responses by importers were more varied. *** of Romanian standard pipe reported that it was not interchangeable with the domestically produced product, while *** reported that it was interchangeable for the majority of applications. All three of these importers reported certain nonprice differences that had an effect on their sales. Three importers of South African standard pipe reported that it was limited in its interchangeability with the domestically produced product,[7] while five importers reported that it was, or generally was, interchangeable.[8] Five importers of South African standard pipe reported nonprice factors that had an effect on their sales, while five reported no effects by nonprice factors.[9]

Finally, *** importers of Romanian standard pipe reported that it was not interchangeable with South African product, while two of three responding importers of South African standard pipe indicated that it was interchangeable with Romanian product. *** importers of Romanian product and four of six responding importers of South African product indicated that nonprice differences between standard pipe from Romania and standard pipe from South Africa were a significant factor in their standard pipe sales.

Purchasers were asked if standard pipe produced in Romania, South Africa, and the United States were used in the same applications. Of the 14 purchasers that purchased either Romanian or South African product (9 purchased both) between 1993 and 1995, 10 responded to this question. Six firms indicated that domestically produced standard pipe and imports in general were used in the same

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[7] ***.

[8] This includes ***. Three companies were unable to compare standard pipe produced in the United States and South Africa.

[9] In addition, all responding U.S. producers that imported nonsubject standard pipe indicated that the nonsubject imported product was interchangeable with the domestically produced product. *** and seven of eight importers of Romanian and South African standard pipe, respectively, indicated that it was interchangeable with nonsubject imports.

applications.[10] Additionally, one firm indicated that Romanian and U.S. standard pipe were used in the same applications,[11] a second that Romanian, South African, U.S., and certain nonsubject imports were used in the same applications,[12] and a third that Romanian and South African standard pipe were used in the same applications, but that substitution with U.S. product could be limited by domestic content laws.[13] The final responding firm reported in a qualified manner that Romanian, South African, and U.S. standard pipe are not used in the same applications.[14]

Certification

When asked whether suppliers were required by standard pipe distributors to be certified or prequalified with respect to the performance characteristics of the product they sold to the distributor, responses were divided. Many distributors, however, indicated that their firms did not purchase pipe that was not certified as complying with commonly-accepted specifications, such as ASTM A-53 or A-135. Thirteen of 14 reporting purchasers of Romanian and South African standard pipe indicated that their firms did not purchase pipe that was not certified as complying with commonly-accepted specifications.

In a series of telephone interviews, producers and importers were requested to report the most stringent (nonAPI) specification met by their products. The following tabulation compares the certifications of Romanian, South African, and U.S. standard pipe imported or shipped in 1995, ranked in descending order according to hydrostatic testing and other requirements (in percent):

Standard pipe certification	Romania[1]	South Africa[2]	United States[2]
A-53B	0.0	1.3	26.0
A-53A	***	87.9	2.9
A-53F	0.0	0.0	31.6
A-53A (modified)	***	0.0	0.0
BS 1387	0.0	9.7	0.0
A-135/795/53(NH)	0.0	0.0	9.3
Other or none	0.0	1.1	30.2
Total	100.0	100.0	100.0

[1] Importers were unable to separate product which complied fully with ASTM A-53 grade A from that which met Tepro's modified A-53 grade A standards. Data for Romania are based on exports from Romania to the United States. Venable, posthearing brief, ex. 1.

[2] All multiple-stenciled pipe is considered to meet ASTM A-53 grade B specifications.

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[10] These firms sell standard pipe for industrial maintenance, water wells, HVAC, plumbing, structural applications, fabrication (including pipe nipple manufacturing), fire protection, and fencing. One firm noted that "domestic only" is supplied upon customer request.

[11] *** sells to ***.

[12] *** sells to ***. The firm reported that "most of our customers do not care if pipe is supplied from different sources. All they care about is that the pipe should meet specification unless 'domestic only' is required."

[13] *** sells to ***. In comparing U.S., Romanian, and South African standard pipe, the firm reported that "the only reason they are not substituted is domestic content law."

[14] *** noted that "(i)f the customer requires domestic material, we provide domestic pipe only. We do not interchange country combinations without prior written approval by our customer. No other relationships, other than above, apply." *** sells to ***.

Size

The following tabulation compares 1995 imports from Romania and South Africa and domestic shipments by U.S. producers in terms of size. Small indicates product 4.5 inches in diameter or less, medium indicates product over 4.5 inches up to 8.0 inches in outside diameter, and large indicates product over 8.0 inches up to 16.0 inches in outside diameter (in percent):

Standard pipe size	Romania	South Africa[1]	United States
Small	79.0	77.7	70.0
Medium	21.0	21.0	17.7
Large	0.0	1.3	12.3
Total	100.0	100.0	100.0

[1] All multiple-stenciled pipe from South Africa exceeds 8.0 inches in O.D.

Finish

As noted in part I of this report, standard pipe is generally sold with one of four combinations of surface finish and end finish: black plain end; black threaded and coupled; galvanized plain end; and galvanized threaded and coupled.[15] The following tabulation compares 1995 imports from Romania and South Africa and domestic shipments by U.S. producers in terms of finishing (in percent):

Standard pipe finish	Romania	South Africa[1]	United States
Black plain end	73.7	52.5	58.3
Black threaded and coupled	14.7	15.0	12.4
Galvanized plain end	7.2	9.9	19.9
Galvanized threaded and coupled	4.4	22.6	5.9
Other	0.0	0.0	3.5
Total	100.0	100.0	100.0

[1] All multiple-stenciled pipe from South Africa is imported ***.

[15] Other finishing combinations include compressed ends (swaged) and nonlacquered, nongalvanized surface finishes.

Geographical Markets

As noted previously, standard pipe produced in the United States is shipped nationwide. The following tabulation, based on Commerce's official import statistics for the period January 1994 through December 1995,[16] presents U.S. imports of standard pipe, by country, according to the customs district through which they entered (in percent):

Customs district	Romania	South Africa
Boston	2.3	8.2
Houston	66.4	36.9
New Orleans	15.8	14.7
Philadelphia	6.2	2.1
Tampa	3.4	2.7
Savannah	2.3	10.4
Wilmington	3.7	8.4
Other	0.0	16.5[1]
Total	100.0	100.0

[1] 16.5 percent of South African standard pipe entered the United States through customs districts other than the seven through which Romanian standard pipe entered in 1994 and 1995, primarily San Juan, Puerto Rico (9.5 percent), and Los Angeles, CA (4.3 percent).

Presence in the Market

Standard pipe produced in the United States was present throughout the period for which data were collected. Based on Commerce's official statistics, imports of standard pipe from South Africa entered the United States in all 12 months of 1993; all 12 months of 1994; and in 10 of 12 months (through October) of 1995. Imports of standard pipe from Romania did not enter the United States in 1993, then entered in 6 months in 1994 and 5 months (through July) in 1995. The following tabulation, based on Commerce's official import statistics for the period January 1994 through December 1995,[17] presents U.S. imports of standard pipe, by country, according to the month in which they entered (in short tons):

[16] 1993 is not presented, since there were no imports of standard pipe from Romania in that year.

[17] *Ibid.*

Period	Romania	South Africa
January	3,920	3,352
February	0	688
March	0	2,583
April	4,022	2,611
May	0	6,360
June	3,662	2,973
July	0	2,291
August	5,032	1,596
September	0	4,362
October	6,370	5,754
November	0	3,253
December	27	2,968
Total 1994	23,033	38,789
January	5,995	6,473
February	0	379
March	6,378	1,232
April	0	3,030
May	6,326	5,179
June	4,797	525
July	4,274	245
August	0	1,802
September	0	3,076
October	0	1,609
November	0	0
December	0	0
Total 1995	27,770	23,550

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of standard pipe are based on U.S. producers' shipments as reported in Commission questionnaires and imports as recorded in official statistics and revised to exclude mechanical tubing (table IV-2 is based on total U.S. shipments by U.S. producers and table IV-4 is based on U.S. shipments by U.S. producers excluding internal transfers for further manufacturing).[18] During the period for which data were collected, the economy improved in general and consumption of standard pipe increased between 1993 and 1994, before stabilizing in 1995.

MARKET SHARES

The market shares of U.S. producers and imports from Romania, South Africa, and all other sources, based on apparent U.S. consumption of standard pipe, are presented in table IV-3 (based on total U.S. shipments by U.S. producers) and table IV-5 (based on U.S. shipments by U.S. producers excluding internal transfers for further manufacturing).

[18] The excluded data reflect ***.

Table IV-1
Standard pipe: U.S. imports, by sources, 1993-95

Item	1993	1994	1995
	Quantity (*short tons*)		
Standard pipe:			
Romania	0	23,033	27,770
South Africa	30,356	38,789	23,550
Subtotal	30,356	61,822	51,321
Nonsubject sources	362,372	538,916	487,138
Total	392,728	600,737	538,458
	Value (*1,000 dollars*)		
Standard pipe:			
Romania	0	9,155	11,685
South Africa	12,932	17,920	11,410
Subtotal	12,932	27,075	23,095
Nonsubject sources	182,257	279,471	259,712
Total	195,189	306,546	282,807
	Unit value (*per short ton*)		
Standard pipe:			
Romania	-	$397.48	$420.78
South Africa	$426.02	461.98	484.48
Subtotal	426.02	437.95	450.01
Nonsubject sources	502.95	518.58	533.14
Total	497.01	510.28	525.22
	Share of total quantity (*percent*)		
Standard pipe:			
Romania	-	3.8	5.2
South Africa	7.7	6.5	4.4
Subtotal	7.7	10.3	9.5
Nonsubject sources	92.3	89.7	90.5
Total	100.0	100.0	100.0
	Share of total value (*percent*)		
Standard pipe:			
Romania	-	3.0	4.1
South Africa	6.6	5.8	4.0
Subtotal	6.6	8.8	8.2
Nonsubject sources	93.4	91.2	91.8
Total	100.0	100.0	100.0

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

Source: Compiled from official statistics of Commerce (with adjustment for Canadian imports).

Table IV-2
Standard pipe: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1993-95

Item	1993	1994	1995
	Quantity (*short tons*)		
Producers' U.S. shipments	1,546,171	1,619,736	1,699,345
U.S. imports from--			
Romania	0	23,033	27,770
South Africa	30,356	38,789	23,550
Subtotal	30,356	61,822	51,321
Nonsubject sources	362,372	538,916	487,138
Subtotal	392,728	600,737	538,458
Apparent consumption	1,938,899	2,220,473	2,237,803
	Value (*1,000 dollars*)		
Producers' U.S. shipments	891,888	995,354	1,066,260
U.S. imports from--			
Romania	0	9,155	11,685
South Africa	12,932	17,920	11,410
Subtotal	12,932	27,075	23,095
Nonsubject sources	182,257	279,471	259,712
Subtotal	195,189	306,546	282,807
Apparent consumption	1,087,077	1,301,900	1,349,067

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

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce (with adjustment for Canadian imports).

Table IV-3
Standard pipe: Apparent U.S. consumption and market penetration, 1993-95

Item	1993	1994	1995
	Quantity (*short tons*)		
Apparent consumption	1,938,899	2,220,473	2,237,803
	Value (*1,000 dollars*)		
Apparent consumption	1,087,077	1,304,900	1,349,067
	Share of the quantity of U.S. consumption (*percent*)		
Producers' U.S. shipments	79.7	72.9	75.9
U.S. imports from--			
Romania	0	1.0	1.2
South Africa	1.6	1.7	1.1
Subtotal	1.6	2.8	2.3
Other sources	18.7	24.3	21.8
Total	20.3	27.1	24.1
	Share of the value of U.S. consumption (*percent*)		
Producers' U.S. shipments	82.0	76.5	79.0
U.S. imports from--			
Romania	0	0.7	0.9
South Africa	1.2	1.4	0.8
Subtotal	1.2	2.1	1.7
Other sources	16.8	21.5	19.3
Total	18.0	23.5	21.0

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

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce (with adjustment for Canadian imports).

Table IV-4
Standard pipe: U.S. shipments of domestic product excluding internal transfers for further manufacturing, U.S. imports, by sources, and apparent U.S. consumption, 1993-95

Item	1993	1994	1995
	Quantity (*short tons*)		
Producers' U.S. shipments, excluding internal transfers for further manufacturing	***	***	***
U.S. imports from--			
Romania	0	23,033	27,770
South Africa	30,356	38,789	23,550
Subtotal	30,356	61,822	51,321
Nonsubject sources	362,372	538,916	487,138
Subtotal	392,728	600,737	538,458
Apparent consumption	***	***	***
	Value (*1,000 dollars*)		
Producers' U.S. shipments, excluding internal transfers for further manufacturing	***	***	***
U.S. imports from--			
Romania	0	9,155	11,685
South Africa	12,932	17,920	11,410
Subtotal	12,932	27,075	23,095
Nonsubject sources	182,257	279,471	259,712
Subtotal	195,189	306,546	282,807
Apparent consumption	***	***	***

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

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce (with adjustment for Canadian imports).

Table IV-5
Standard pipe: Apparent U.S. consumption and market penetration, excluding internal transfers for further manufacturing, 1993-95

* * * * * * *

PART V: PRICING AND RELATED DATA

PRICES

Prices of standard pipe at the distributor level are generally determined through negotiations between buyers and sellers for each transaction. Although list prices are sometimes published by U.S. producers, they generally serve only as a point of departure in the negotiations. Distributors commonly contact as many as 5 suppliers before making a purchase. The majority of purchasers reported that they buy standard pipe on either a daily or weekly basis.

Prices of standard pipe are quoted in a variety of ways. Among U.S. producers, 10 reported that they quote prices on an f.o.b. basis, 8 reported that they quote delivered prices and 3 reported that they quote either f.o.b. or delivered prices. Among importers of standard pipe from Romania and South Africa, prices are most frequently quoted on an ex-dock basis from their port of entry into the United States.

The majority of sales of U.S.-produced standard pipe and imported standard pipe from Romania are on a spot basis, while the majority of sales of South African-produced pipe are on a contract basis. Fourteen of 20 producers reported that they sell exclusively on a spot basis and 5 other producers reported that the majority of their sales are on a spot basis, while 1 sells exclusively on a contract basis. Overall, more than 90 percent of all sales by U.S. producers are spot. In the case of imports from Romania, over 60 percent of sales are on a spot basis, while over 90 percent of sales of South African standard pipe are on a contract basis.

Reported contract provisions varied widely for both producers and importers. Contract periods ranged in length from as little as three months to as much as one year. In some cases both prices and sales quantities were fixed during the contract period, but in the other cases only the price was fixed.

Questionnaire Price Data

Producers and importers were asked to provide quarterly quantity and value data on shipments of two commonly used standard pipe categories both for the entire United States and for the Texas-Louisiana area[1] for the period January 1993-December 1995 for use in determining average quarterly prices. Purchasers were also asked to provide quarterly quantity and value data on purchases of these products for the same period. The products selected were as follows:

Product 1.--Circular, welded, nonalloy steel pipe, meeting ASTM A-53 or equivalent, schedule 40, black plain end, 1 inch in nominal inside diameter (NPS).

Product 2.--Circular, welded, nonalloy steel pipe, meeting ASTM A-53 or equivalent, schedule 40, black plain end, 4 inches in nominal inside diameter (NPS).

Twelve U.S. producers reported varying amounts of usable price information. Shipments of product 1 and 2 reported by these producers accounted for 4.3 percent of the quantity of total U.S. shipments of standard pipe in 1995. All three importers of Romanian-produced standard pipe provided price data, and seven importers of pipe from South Africa reported prices. The quantities of shipments of

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[1] Separate data for the Texas and Louisiana areas were collected at the request of Commissioner Rohr to determine whether prices in the gulf region differ from prices in the entire United States. As noted earlier, the majority of imports of standard pipe from both Romania and South Africa are sold in the Texas and Louisiana area.

products 1 and 2 reported by importers of the Romanian pipe represented 18.2 percent of the total quantity Romanian imports in 1995, and shipments of these products by importers of South African pipe represented 10.2 percent of the total quantity of South African imports in 1995.

Trends in Prices

Quarterly average domestic and import prices of products 1 and 2 are shown in tables V-1 and V-2 and in figures V-1 and V-2 for the years 1993-95.[2] The data show that U.S. producer prices for products 1 and 2 both increased irregularly during 1993-95 despite fluctuations. As a result of increases in the second and third quarters of 1995, Romanian prices for both products 1 and 2 showed overall increases from the first quarter of 1994 through the third quarter of 1995, the only period where data were available. South African prices for products 1 and 2 both increased irregularly throughout 1993-95.

Price Comparisons

Price comparisons between domestically produced standard pipe and pipe from Romania and South Africa show that the import prices were consistently lower than domestic prices (table V-3). Romanian prices of product 1 were lower than domestic prices in all quarters where comparisons were possible by margins ranging from 20.0 percent to 28.1 percent, and Romanian prices of product 2 were lower in all 7 quarters where comparisons could be made by margins ranging from 10.8 percent to 17.7 percent. South African prices of product 1 were lower than domestic prices in all 12 quarters with margins ranging from 8.1 percent to 26.4 percent, and South African prices of product 2 were lower in all 12 quarters by margins ranging from 0.6 percent to 14.9 percent.

In the three price comparisons available from purchaser questionnaires, import prices were also lower. ***.

Price Leadership

When asked to name the firm or firms that are price leaders in the U.S. standard pipe market, three producers with continuous welding mills, Laclede, Sawhill, and Wheatland Tube, were by far the most often mentioned by purchasers in their questionnaires. Among the 30 purchasers that answered this question, these firms were each cited 9 times. While other firms were mentioned, none received more than 4 references. Written explanations by purchasers of how firms actually function as price leaders varied widely.

[2] Price data for Texas and Louisiana are shown in App. E. ***.

Table V-1
Product 1: F.o.b. prices reported by U.S. producers and importers of standard pipe from Romania and South Africa, by quarters, Jan. 1993-Dec. 1995

Period	United States		Romania		South Africa	
	Price	Quantity	Price	Quantity	Price	Quantity
	Dollars per 100 feet	*100's of feet*	*Dollars per 100 feet*	*100's of feet*	*Dollars per 100 feet*	*100's of feet*
1993:						
Jan.-Mar.	$41	60,300	([1])	([1])	$***	***
Apr.-June	42	65,012	([1])	([1])	***	***
July-Sept.	43	65,807	([1])	([1])	***	***
Oct.-Dec.	45	57,823	([1])	([1])	***	***
1994:						
Jan.-Mar.	47	56,524	$***	***	***	***
Apr.-June	47	50,020	***	***	***	***
July-Sept.	48	57,127	***	***	***	***
Oct.-Dec.	47	61,503	***	***	***	***
1995:						
Jan.-Mar.	51	63,932	***	***	***	***
Apr.-June	50	58,495	***	***	***	***
July-Sept.	49	59,119	***	***	***	***
Oct.-Dec.	47	62,718	([1])	([1])	***	***

[1] Data not reported.

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

Table V-2
Product 2: F.o.b. prices reported by U.S. producers and importers of standard pipe from Romania and South Africa, by quarters, Jan. 1993-Dec. 1995

Period	United States		Romania		South Africa	
	Price	Quantity	Price	Quantity	Price	Quantity
	Dollars per 100 feet	*100's of feet*	*Dollars per 100 feet*	*100's of feet*	*Dollars per 100 feet*	*100's of feet*
1993:						
Jan.-Mar.	$250	24,589	([1])	([1])	$***	***
Apr.-June	259	22,831	([1])	([1])	***	***
July-Sept.	262	19,988	([1])	([1])	***	***
Oct.-Dec.	260	23,861	([1])	([1])	***	***
1994:						
Jan.-Mar.	267	21,530	$***	***	***	***
Apr.-June	264	24,635	***	***	***	***
July-Sept.	269	23,196	***	***	***	***
Oct.-Dec.	274	22,488	***	***	***	***
1995:						
Jan.-Mar.	281	24,166	***	***	***	***
Apr.-June	283	21,395	***	***	***	***
July-Sept.	275	24,028	***	***	***	***
Oct.-Dec.	266	28,512	([1])	([1])	***	***

[1] Data not reported.

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

Figure V-1
Product 1: F.o.b. prices reported by U.S. producers and importers of standard pipe from Romania and South Africa, by quarters, Jan. 1993-Dec. 1995

* * * * * * *

Figure V-2
Product 2: F.o.b. prices reported by U.S. producers and importers of standard pipe from Romania and South Africa, by quarters, Jan. 1993-Dec. 1995

* * * * * * *

Table V-3
Margins of underselling for products 1 and 2, by countries and by quarters, Jan. 1993-Dec. 1995

* * * * * * *

In order to obtain more information about price leadership, the Commission contacted the purchasers who had listed domestic firms as price leaders to determine whether these firms were leaders in increasing or reducing prices.[3] Nine of the 20 purchasers contacted said that the producer or producers designated as price leaders are generally the first to attempt to increase prices, often by written announcements in the mail.[4] However, these same producers tend to resist lowering prices, and only do so when the market is weak. Five other firms said that the price leaders were ahead of other firms both in raising or lowering prices, and one firm said that price leaders tend to lead prices downward. The other 5 purchasers were more general in their descriptions of price leaders. These purchasers consider the price leaders to be the producers that are most competitive in seeking business or in consistently having the lowest prices.

EXCHANGE RATES

Exchange rate data for Romania and South Africa are presented in figure V-3. The data show that the nominal exchange rate for the Romania currency depreciated in relation to the dollar during the period shown, while both the nominal and real exchange rates of the South African currency appreciated.[5]

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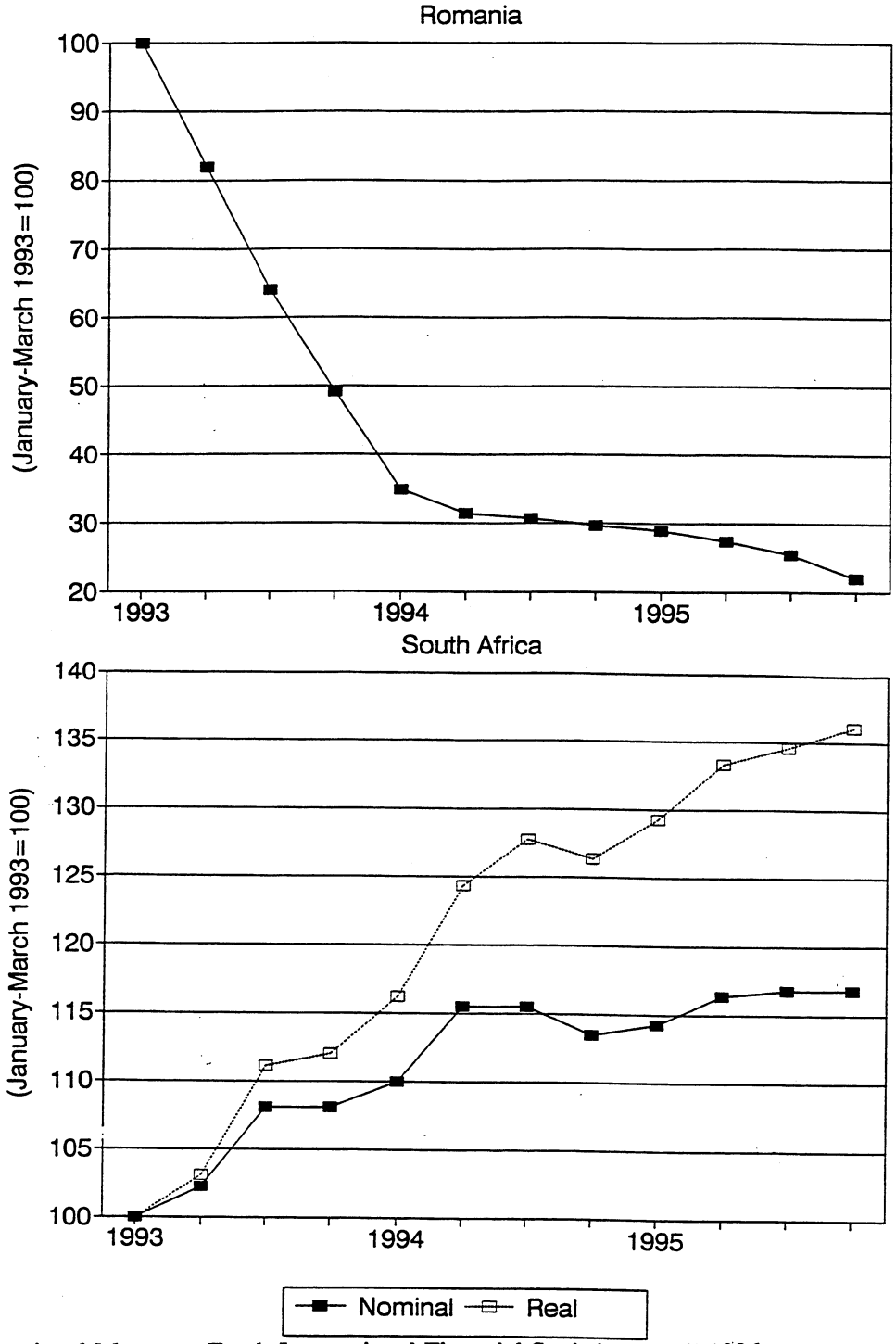
[3] This survey was requested by the petitioner at the hearing. Hearing transcript, p.151. A total of 20 of 22 purchasers that listed U.S. producers as price leaders were contacted by telephone and interviewed. Repeated attempts by the Commission staff to contact the other two purchasers were not successful.

[4] However, according to purchasers contacted, the attempts by these producers to increase prices are often not successful because of resistance from buyers.

[5] Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and other countries. Real exchange rates could not be calculated for Romania since a producer price index for Romania was not available.

Figure V-3
Indexes of nominal exchange rates for the currency of Romania and nominal and real exchange rates for the currency of South Africa, Jan. 1993-Dec. 1995



Source: International Monetary Fund, International Financial Statistics, April 1996.

LOST SALES AND LOST REVENUES

No new documented lost revenue or lost sales allegations were provided by U.S. producers for the final investigations.[6] The results of the Commission investigation of lost revenues and lost sales allegations in the preliminary investigations are discussed below.

Less than half of U.S. producers indicated that during the period for which data were collected they had lost revenues and/or sales to producers of standard pipe from Romania or South Africa. Of those that reported lost sales, only one producer provided any specific information. *** provided the names of two customers, ***, which may have decreased purchases due to imports from the subject countries, but did not give information on specific transactions. *** said that his demand for domestic pipe versus imported pipe depends on the requests of his customers. ***. *** said that his firm has *** its purchases of imported pipe relative to domestic pipe during the period of investigation. When he purchases pipe, he is ***.

Of those that reported lost revenues, two producers were able to provide the Commission with information concerning specific allegations. The two producers alleged 14 instances of lost revenues involving 12 purchasers and totalling more than $829,000. Two of the allegations involved imports from South Africa and 10 did not specify which country's imports were involved.

The Commission was able to contact all of the 12 purchasers named in the 14 lost revenue allegations. *** alleged *** instances of lost revenues involving *** purchasers. In each case, the date of the initial price quotation was listed as ***. The largest allegation involved *** for which the accepted quote was ***, which was purchased by ***. *** stated that he does not believe that he has ever purchased the alleged quantity in a single month, let alone in a single transaction. He estimated that his total imports for the year are around ***, only a few hundred tons more than the quantity involved in the allegation. He was not sure if the firm has ever purchased Romanian or South African product.

*** made another lost revenue allegation involving *** of product which was purchased by ***. *** stated that when he receives quotes from importers, he is never aware of the country of origin. He has received quotes from domestic producers and informed them that the price quote is out of line by a certain amount, but would not generally give any further details about other quotes he had received.

A third allegation by *** involved *** purchased by ***. *** responded that he does not recall the specific transaction involved in the allegation, but that the quantity sounded too high for his firm to have been involved. ***, also of ***, corroborated what *** said and added that he does not believe that the firm has ever received a quote for Romanian or South African product.

*** made an allegation of lost revenue in a transaction involving *** purchased by ***. *** responded that he thinks he may have received a quote for Romanian pipe several years ago, but it was not taken seriously. He added that he has never entered into negotiations for either pipe from Romania or South Africa, nor has he ever come close to purchasing. He had actually inquired about purchasing imports from Romania and South Africa, but never received a response.

*** included a transaction involving *** in its lost revenue allegations. *** stated that his firm hardly ever buys imported product and that he has never received a quote that indicated the country of origin of the imported product. He also did not recognize Romania or South Africa as countries of origin for product he has purchased.

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[6] Two U.S. producers, *** and ***, reported lost sales and/or lost revenues due to competition from imports from South Africa in their questionnaire responses during the final investigations, but they were not able to provide the Commission with the details needed to investigate the allegations.

Another company involved in the lost revenue allegations of *** is ***. Although *** could not comment on the specific transaction involved in the allegation, he responded that the company would not know or care about the country of origin when receiving a quote and therefore could not understand how an allegation could be made.

*** made another allegation involving ***. *** responded that he could not understand the allegation given that he has never known the country of origin of the product when receiving a quote or making a purchase.

Another purchaser named in this firm's allegations of lost revenues was ***. *** did not recall the transaction which *** described.

*** is another company named in the allegations of lost revenue. *** responded that he has not purchased Romanian or South African pipe during the period of investigation. He has also not received a quote for pipe from the subject countries. In addition, he commented that he would not have purchased pipe at the accepted quote listed in the allegation *** since he could purchase pipe from a number of countries for between ***.

Another company named by *** in a lost revenue allegation was *** denied the allegation. She said that her company has not used import prices to bid down the price of domestic products. ***.

Two companies were involved in lost revenue allegations by ***, ***, involving a total of *** of product. The contact name and number in the questionnaire that was listed for *** actually turned out to be for ***. *** stated that the firm's purchases of standard pipe from the subject countries are small and have not changed significantly in volume during the period of investigation. As far as the allegation, *** stated that he does not remember the specific transactions involved, but that the company would not typically compare the domestic product with South African product. *** responded that he did not recall the reported transactions.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Twenty-five producers representing approximately 95 percent of 1995 U.S. production of standard pipe provided usable financial information on their operations producing standard pipe.[1] Data for Sawhill, accounting for *** percent of production in 1995, were verified by the Commission's staff. As a result of the verification, Sawhill changed the originally reported data for income-and-loss, capital expenditures, property, plant, and equipment, shipments, employment, and pricing.

OPERATIONS ON STANDARD PIPE

Income-and-loss data for the U.S. producers on their standard pipe operations are presented in table VI-1 and figure VI-1. Income-and-loss data on a short ton basis are presented in table VI-2. Net sales, operating income, and the ratio of operating income to net sales as a percent, by firms, are presented in table VI-3. Net sales value increased by 20.3 percent whereas quantity rose by 10.3 percent from 1993 to 1995. The increase in the net sales value is higher than the sales quantity increase because average net sales value per short ton rose in each period from $576.49 in 1993 to $629.00 in 1995. Average cost of goods, as a percent of sales, remained almost constant at 88.0 percent in 1993 and 1994 and 87.9 percent in 1995. Not all responding producers provided the major components of cost of goods sold. However, the available data on the major components of cost of goods sold indicate that most of the increase in total cost of goods sold was due to rising raw material costs. Average selling, general, and administrative expenses per short ton increased by 4.0 percent during 1993-95. Operating income margins increased in each period from 5.2 percent in 1993 to 5.7 percent in 1995. Ten firms in 1993, 9 in 1994, and 6 in 1995 reported operating losses. The operations excluding internal transfers for further manufacturing for the 25 U.S. producers of standard pipe are presented in table VI-4. The operating income margins for the data excluding internal transfers for further manufacturing, compared to all sales, were higher in 1993, 1994, and 1995.

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[1] ***.

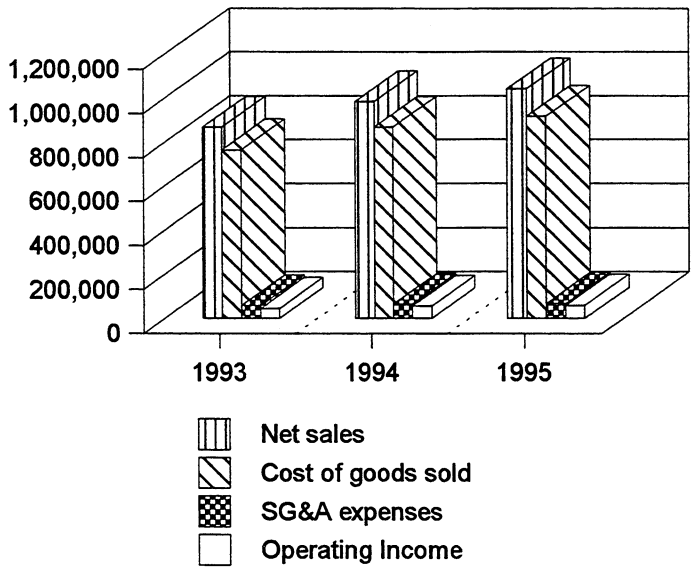
Table VI-1
Income-and-loss experience of U.S. producers on their operations producing standard pipe, fiscal years 1993-95[1]

Item	1993	1994	1995
	Quantity (*short tons*)		
Trade sales	1,279,587	1,378,700	1,419,115
Company transfers	224,584	222,900	239,416
Total	1,504,171	1,601,600	1,658,531
	Value (*1,000 dollars*)		
Net sales:			
Trade sales	750,771	861,487	904,797
Company transfers	116,371	123,501	138,412
Total	867,142	984,988	1,043,209
Cost of goods sold	763,449	867,063	916,556
Gross profit	103,693	117,925	126,653
Selling, general, and administrative expenses	58,785	63,848	67,406
Operating income or (loss)	44,908	54,077	59,247
Interest expense	11,496	13,101	14,889
Other expense	2,743	2,457	2,755
Other income items	1,818	2,590	3,208
Net income or (loss) before income taxes	32,487	41,109	44,811
Depreciation and amortization	14,335	16,063	17,304
Cash flow[2]	46,822	57,172	62,115
	Ratio to net sales (*percent*)		
Cost of goods sold	88.0	88.0	87.9
Gross profit	12.0	12.0	12.1
Selling, general, and administrative expenses	6.8	6.5	6.5
Operating income or (loss)	5.2	5.5	5.7
Net income or (loss) before income taxes	3.7	4.2	4.3
	Number of firms reporting		
Operating losses	10	9	6
Net losses	11	11	7
Data	23	23	23

[1] All 25 responding producers provided data.
[2] Cash flow is defined as net income or loss plus depreciation and amortization.

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

Figure VI-1
Standard pipe: Net sales, cost of goods sold, SG&A expenses, and operating income, fiscal years 1993-95



Source: Table VI-1

Table VI-2
Income-and-loss experience (*on a per-short ton basis*) of U.S. producers on their operations producing standard pipe, fiscal years 1993-95[1]

Item	Value (*per short ton*)		
	1993	1994	1995
Net sales	$576.49	$615.00	$629.00
Cost of goods sold	507.55	541.37	552.63
Gross profit	68.94	73.63	76.36
Selling, general, and administrative expenses	39.08	39.87	40.64
Operating income or (loss)	29.86	33.76	35.72

[1] All 25 responding producers provided data.

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

Table VI-3
Income-and-loss experience of U.S. producers on their operations producing standard pipe, by firms, fiscal years 1993-95

* * * * * * *

Table VI-4
Income-and-loss experience of U.S. producers on their operations for standard pipe, excluding internal transfers for further manufacturing, fiscal years 1993-95[1]

Item	1993	1994	1995
	Quantity (*short tons*)		
* * * * * * *			
	Value (*1,000 dollars*)		
* * * * * * *			
	Ratio to net sales (*percent*)		
Cost of goods sold	87.3	87.4	87.3
Gross profit	12.7	12.6	12.7
Selling, general, and administrative expenses	7.0	6.7	6.7
Operating income	5.7	5.9	6.0
Net income before income taxes	4.1	4.5	4.5
	Number of firms reporting		
Operating losses	10	9	6
Net losses	11	11	7
Data	23	23	23

[1] All 25 responding producers provided data.

[2] Company transfers consist of shipments to a related distributor at market values by *** and ***. Internal transfers for further manufacturing by *** were eliminated from company transfers.

[3] Cash flow is defined as net income or loss plus depreciation and amortization.

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

VARIANCE ANALYSIS

The variance analysis, table VI-5, for the 25 U.S. producers of standard pipe provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. The information for the variance analysis is derived from table VI-1. Export sales values do not exceed 2.2 percent of total shipment values in any year. Company transfer values as a ratio to total net sales values were 13.4 percent in 1993, 12.5 percent in 1994, and 13.3 percent in 1995. Subject to the effects of changes in product mix during the period of investigation, the variance analysis provides a reasonable indication of the changes in pricing, costs, and volume on profitability.

Table VI-5
Variance analysis[1] for standard pipe, fiscal years 1993-95

(1,000 dollars)

Item	1993-95	1993-94	1994-95
Net sales:			
Trade:			
Price variance	72,161	52,564	18,057
Volume variance	81,865	58,152	25,253
Total trade sales variance[2]	154,026	110,716	43,310
Company transfers:			
Price variance	14,356	8,003	5,760
Volume variance	7,685	(873)	9,151
Total company transfers variance[2]	22,041	7,130	14,911
Total net sales:			
Price variance	87,080	61,679	23,208
Volume variance	88,987	56,167	35,013
Total net sales variance[2]	176,067	117,846	58,221
Cost of goods sold:			
Cost variance	(74,761)	(54,163)	(18,672)
Volume variance	(78,346)	(49,451)	(30,821)
Total cost of goods sold variance[2]	(153,107)	(103,614)	(49,493)
Gross profit variance[2]	22,960	14,232	8,728
Selling, general, and administrative expenses:			
Expense variance	(2,588)	(1,255)	(1,288)
Volume variance	(6,033)	(3,808)	(2,270)
Total selling, general, and administrative variance[2]	(8,621)	(5,063)	(3,558)
Operating income variance[2]	14,339	9,169	5,170

[1] Unfavorable variances are shown in parentheses; all others are favorable.

[2] Comparable to changes in net sales; cost of goods sold; gross profit; selling, general, and administrative expenses; and operating income, as presented in table VI-1.

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

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

The U.S. producers' value of property, plant, and equipment are presented in table VI-6. Capital expenditures and research and development expenses are presented in table VI-7. The decrease in capital expenditures in 1994 compared to 1993 is primarily due to ***. The Commission asked the U.S. producers to provide details of any major capital expenditures in the last five years which have influenced their capacity to produce circular welded nonalloy steel pipe. Their responses are shown in appendix F.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of standard pipe from Romania and South Africa 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.

Table VI-6
Value of fixed assets of U.S. producers[1] used in the production of standard pipe, fiscal years 1993-95

(1,000 dollars)

Item	1993	1994	1995
Original cost	290,941	301,972	329,746
Book value	175,866	172,836	179,060

[1] The producers are ***.

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

Table VI-7
Capital expenditures and research and development expenses for standard pipe, fiscal years 1993-95

(1,000 dollars)

Item	1993	1994	1995
Capital expenditures[1]	35,249	25,119	21,783
Research and development expenses[2]	673	809	1,280

[1] The producers are ***.
[2] The producers are ***.

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

PART VII: THREAT CONSIDERATIONS

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

THE INDUSTRY IN ROMANIA

The petition listed two firms believed to produce standard pipe in Romania. According to counsel, Tepro is the only Romanian producer of standard pipe.[1] Tepro exports its standard pipe through the following trading companies: Metalexportimport S.A., Metagrimex S.A., and Metanef S.A., accounting for *** percent, *** percent, and *** percent of exports to the United States during the period April 1, 1994, through March 31, 1995, respectively.[2] Standard pipe accounted for *** percent of Tepro's sales in 1995. Data on Tepro's production and shipments of standard pipe were provided by counsel in response to the Commission's foreign producer questionnaire and are presented in table VII-1.

Tepro's capacity to produce standard pipe ***. According to counsel, Tepro has experienced significant problems in obtaining hot-rolled coil from its domestic supplier, Sidex.[3] Tepro reported in its questionnaire response that the standard pipe it produces for the home market ***.[4] Tepro also noted that its inventories of the subject product are ***.[5] Tepro's exports to the United States are projected to ***.[6] Tepro's principal export markets other than the United States are ***.

Standard pipe from Romania is currently subject to an antidumping finding in Canada dating from 1991. The investigation resulted in setting Canadian import minimum prices through surcharges on the subject Romanian exports, resulting in an average price of $490 to $510 per ton.[7] In April 1990, the EU imposed provisional duties of 22.0 percent on certain welded steel pipe and tube products, including standard pipe, from Romania. Subsequently, the EU accepted a price undertaking from

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[1] There are also several mills in Romania which are certified to produce API 5L line pipe. However, none of these mills produce welded pipe with an O.D. of 16 inches or less. Letter from Venable, Apr. 19, 1996.

[2] *Ibid.*

[3] Venable, postconference brief, pp. 21-22, ex. 2. Tepro's questionnaire response also indicates ***. Additionally, counsel noted that Tepro's reported 1993 and 1994 capacity was based on a theoretical calculation which ***. Because Tepro ***. Letter from Venable, counsel for Romanian respondents, May 29, 1996.

[4] Respondents testified that Tepro's plant is badly outdated, with most of the machinery used to produce standard pipe being 20 to 30 years old. The testing equipment is old and unreliable and the pipe produced does not meet ASTM hydrostatic tests for most sizes of pipe. The machinery used to galvanize the pipe is old and the lacquer applied to the pipe is inferior in finish and coating. Conference transcript, pp. 119-121; hearing transcript, p. 132.

[5] Pipe produced on Tepro's Line 114 is shorter than the 21-foot lengths preferred in the United States.

[6] ***. Telephone interview with ***.

[7] Petition, vol. II, ex. 10, contains a copy of the Canadian tribunal's findings. See also petitioners' postconference brief, p. 29.

Metalexportimport S.A. in lieu of the provisional duties.[8] In December 1995, the EU determined that the antidumping duties in force should be repealed and that the corresponding undertaking had no further purpose.[9] [10]

THE INDUSTRY IN SOUTH AFRICA

Three firms reported production and exports to the United States of the subject pipe: Brollo, TOSA, and Macsteel.[11] On September 30, 1994, the RIH Group purchased TOSA from the Dorbyl Group, its principal competitor in the South African welded pipe market.[12] Since its acquisition, TOSA has undergone a process of "rationalization" which included dismantling its factory and transferring the majority of the equipment to Brollo.[13] Both firms are now divisions of the RIH Group.[14]

RIH Group segregates its operations into four main categories: mill production, value-added finishing, domestic distribution, and international distribution. Its mills produce standard pipe in sizes ranging from *** inch to *** inches. The standard pipe is produced to ***. All standard pipe is ***.[15] In addition to standard pipe, RIH Group produces ***. RIH Group does not produce ***.[16]

Macsteel is a producer of structural tubing and a member of the Macsteel Group trading conglomerate. The firm produces rounds to the equivalent of the *** standard, which requires ***.[17] Macsteel also produces ***.

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[8] Petition, vol. II, ex. 11.

[9] *Official Journal of the European Communities*, No. L 308/74, Dec. 21, 1995, cited in Venable's posthearing brief, ex. 4.

[10] The Embassy of Romania has provided the following additional information regarding the status of its exports of standard pipe to the EU: "Circular welded nonalloy steel pipes are not included in the CSEC list of products which -- according to the Europe Agreement between Romania and the European Union -- are subject to voluntary export restraints. Consequently, the Romanian Ministry of Commerce confirms that circular welded nonalloy steel pipes (classified under tariff heading No. 73.06) are not included in the list of products the exports of which are being monitored by the Romanian Government when having the EU as destination." Letter from Marian Voicu, Economic Counselor, Embassy of Romania, May 29, 1996.

[11] Hall Longmore is the only API 5L-certified mill in South Africa. Until ***, the firm produced multiple-stenciled line pipe in sizes ranging from 8 to 14 inches O.D. Hall Longmore reports ***. Facsimile transmission from ***. Data for the industry in South Africa producing standard pipe do not include the operations of Hall Longmore.

[12] Letter from Fulbright & Jaworski, May 24, 1996.

[13] TOSA has ***. Fulbright & Jaworski, prehearing brief, pp. 31 and 32. At the Commission's hearing, Giorgio Niccoli, Managing Director of Brollo, characterized the transition in the following manner: "We have been required to rationalize our operations to eliminate inefficiencies and overcapacity no longer sustainable in a competitive, free-market environment. This leads me to a single most important fact about our industry. We have reduced our capacity by 40 percent." Hearing transcript, p. 107. This characterization is consistent with data reported in TOSA's and Brollo's questionnaires comparing the years 1993 and 1996. Finally, the South African respondents assert that "RIH will not relocate the discontinued mills in South Africa because it wants no additional capacity in the country." Fulbright & Jaworski, posthearing brief, p. 12, fn. 23.

[14] Conference transcript, pp. 94-95 and p. 140. Robor Industrial Holdings is the trading arm for the RIH Group.

[15] Interview with ***, Mar. 27, 1996. ***.

[16] ***.

[17] Telephone interview with ***. The firm's shipments ***.

Data on Brollo's, TOSA's, and Macsteel's production and shipments of standard pipe were provided in response to the Commission's foreign producer questionnaire and are presented in table VII-2. Sales of standard pipe accounted for *** percent of Brollo's total sales in its most recent fiscal year, *** percent of TOSA's total sales, and *** percent of Macsteel's total sales. The primary export markets other than the United States for South African standard pipe are ***.

From 1986 to July 1991, the CAAA was in effect, prohibiting the importation of standard pipe from South Africa. The South African respondents have noted that imports of standard pipe did not actually start until mid-1992 and testified that South Africa's import levels during the period for which data were collected "represent a resumption of traditional trade."[18] According to counsel, future exports of standard pipe from South Africa to the United States will be constrained by the rationalization of productive capacity and by the need to meet demand requirements in the home market and in other export markets.[19]

U.S. IMPORTERS' INVENTORIES

The majority of U.S. importers reported that they do not maintain inventories of standard pipe in the United States and instead order from Romanian and South African suppliers on behalf of their customers. There were no reported inventories of Romanian standard pipe in 1993 or 1994, and *** tons in 1995.[20] Inventories of standard pipe from South Africa rose from *** short tons in 1993 to *** short tons in 1994 and then fell to *** short tons in 1995.[21]

U.S. IMPORTERS' CURRENT ORDERS

In its questionnaire, the Commission asked firms to report future contracts for importing standard pipe from Romania and South Africa after December 31, 1995. Responding importers reported no current or outstanding orders for standard pipe from Romania or South Africa for 1996.

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[18] Hearing transcript, p. 108. Maurice Pincoffs, ***, provided a list of its top 10 customers for South African standard pipe prior to the CAAA sanctions. ***. Fulbright & Jaworski, posthearing brief, ex. 6, and questionnaire response of ***.

[19] Fulbright & Jaworski, posthearing brief, p. 12. Specifically, counsel for the South African respondents noted an improving South African economy, an existing housing shortage, and the implementation of the Government of South Africa's Reconstruction and Development Program. The Program anticipates building one million new housing units, as well as new schools, hospitals, and other social infrastructure projects, over the next five years. Fulbright & Jaworski, postconference brief, pp. 16-17, ex. 4.

[20] Inventories as a share of U.S. shipments of Romanian standard pipe were *** percent.

[21] Inventories of South African standard pipe as a share of shipments ***. *** importers reported holding inventory of South African standard pipe.

Table VII-1
Standard pipe: Romania's capacity, production, inventories, capacity utilization, and shipments, 1993-95 and projected 1996-97

* * * * * * *

Table VII-2
Standard pipe: South Africa's capacity, production, inventories, capacity utilization, and shipments, 1993-95 and projected 1996-97

* * * * * * *

APPENDIX A

SUMMARY TABLES

Table A-1
Standard pipe: Summary data concerning the U.S. market, 1993-95

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1993	1994	1995	1993-95	1993-94	1994-95
U.S. consumption quantity:						
Amount	1,938,899	2,220,473	2,237,803	15.4	14.5	0.8
Producers' share (1)	79.7	72.9	75.9	-3.8	-6.8	3.0
Share of imports from--(1):						
Romania	0.0	1.0	1.2	1.2	1.0	0.2
South Africa	1.6	1.7	1.1	-0.5	0.2	-0.7
Subtotal	1.6	2.8	2.3	0.7	1.2	-0.5
Other sources	18.7	24.3	21.8	3.1	5.6	-2.5
Total	20.3	27.1	24.1	3.8	6.8	-3.0
U.S. consumption value:						
Amount	1,087,077	1,301,900	1,349,067	24.1	19.8	3.6
Producers' share (1)	82.0	76.5	79.0	-3.0	-5.6	2.6
Share of imports from--(1):						
Romania	0.0	0.7	0.9	0.9	0.7	0.2
South Africa	1.2	1.4	0.8	-0.3	0.2	-0.5
Subtotal	1.2	2.1	1.7	0.5	0.9	-0.4
Other sources	16.8	21.5	19.3	2.5	4.7	-2.2
Total	18.0	23.5	21.0	3.0	5.6	-2.6
U.S. imports from:						
Romania:						
Quantity	0	23,033	27,770	(2)	(2)	20.6
Value	0	9,155	11,685	(2)	(2)	27.6
Unit value	(2)	$397.48	$420.78	(2)	(2)	5.9
Ending inventory quantity	0	0	***	(2)	(2)	(2)
South Africa:						
Quantity	30,356	38,789	23,550	-22.4	27.8	-39.3
Value	12,932	17,920	11,410	-11.8	38.6	-36.3
Unit value	$426.02	$461.98	$484.48	13.7	8.4	4.9
Ending inventory quantity	***	***	***	-31.9	151.4	-72.9
Subject subtotal:						
Quantity	30,356	61,822	51,321	69.1	103.7	-17.0
Value	12,932	27,075	23,095	78.6	109.4	-14.7
Unit value	$426.02	$437.95	$450.01	5.6	2.8	2.8
Ending inventory quantity	***	***	***	109.4	151.4	-16.7
Other sources:						
Quantity	362,372	538,916	487,138	34.4	48.7	-9.6
Value	182,257	279,471	259,712	42.5	53.3	-7.1
Unit value	$502.95	$518.58	$533.14	6.0	3.1	2.8
Ending inventory quantity	13,851	11,356	6,234	-55.0	-18.0	-45.1
All sources:						
Quantity	392,728	600,737	538,458	37.1	53.0	-10.4
Value	195,189	306,546	282,807	44.9	57.1	-7.7
Unit value	$497.01	$510.28	$525.22	5.7	2.7	2.9
Ending inventory quantity	***	***	***	-51.8	-14.7	-43.5

Table continued on next page.

Table A-1--Continued
Standard pipe: Summary data concerning the U.S. market, 1993-95

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1993	1994	1995	1993-95	1993-94	1994-95
U.S. producers':						
Average capacity quantity	2,374,520	2,379,106	2,487,422	4.8	0.2	4.6
Production quantity	1,570,972	1,641,506	1,770,017	12.7	4.5	7.8
Capacity utilization (1)	66.2	69.0	71.2	5.0	2.8	2.2
U.S. shipments:						
Quantity	1,546,171	1,619,736	1,699,345	9.9	4.8	4.9
Value	891,888	995,354	1,066,260	19.6	11.6	7.1
Unit value	$576.84	$614.52	$627.45	8.8	6.5	2.1
Export shipments:						
Quantity	21,807	31,957	30,296	38.9	46.5	-5.2
Value	13,410	21,124	19,615	46.3	57.5	-7.1
Unit value	$614.94	$661.01	$647.45	5.3	7.5	-2.1
Ending inventory quantity	196,455	186,210	227,308	15.7	-5.2	22.1
Inventories/total shipments (1)	12.5	11.3	13.1	0.6	-1.3	1.9
Production workers	2,936	3,027	3,196	8.9	3.1	5.6
Hours worked (1,000s)	6,409	6,509	6,812	6.3	1.6	4.7
Wages paid ($1,000)	103,381	107,290	118,030	14.2	3.8	10.0
Hourly wages	$16.13	$16.48	$17.33	7.4	2.2	5.1
Productivity (short tons per 1,000 hours)	245.1	252.2	259.8	6.0	2.9	3.0
Unit labor costs	$65.81	$65.36	$66.68	1.3	-0.7	2.0
Net sales:						
Quantity	1,504,171	1,601,600	1,658,531	10.3	6.5	3.6
Value	867,142	984,988	1,043,209	20.3	13.6	5.9
Unit value	$576.49	$615.00	$629.00	9.1	6.7	2.3
Cost of goods sold (COGS)	763,449	867,063	916,556	20.1	13.6	5.7
Gross profit or (loss)	103,693	117,925	126,653	22.1	13.7	7.4
SG&A expenses	58,786	63,848	67,406	14.7	8.6	5.6
Operating income or (loss)	44,908	54,077	59,247	31.9	20.4	9.6
Capital expenditures	35,249	25,119	21,783	-38.2	-28.7	-13.3
Unit COGS	$507.55	$541.37	$552.63	8.9	6.7	2.1
Unit SG&A expenses	$39.08	$39.87	$40.64	4.0	2.0	1.9
Unit operating income or (loss)	$29.86	$33.76	$35.72	19.7	13.1	5.8
COGS/sales (1)	88.0	88.0	87.9	-0.2	(3)	-0.2
Operating income or (loss)/ sales (1)	5.2	5.5	5.7	0.5	0.3	0.2

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) A decrease of less than 0.05 percentage points.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

Table A-2
Standard pipe and multiple-stenciled line pipe: Summary data concerning the U.S. market, 1993-95

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1993	1994	1995	1993-95	1993-94	1994-95
U.S. consumption quantity:						
Amount	2,124,723	2,444,220	2,427,965	14.3	15.0	-0.7
Producers' share (1)	80.6	74.4	76.9	-3.7	-6.2	2.5
Share of imports from--(1):						
Romania (subject)	0.0	0.9	1.1	1.1	0.9	0.2
South Africa (subject)	1.4	1.6	1.0	-0.5	0.2	-0.6
Subject subtotal	1.4	2.5	2.1	0.7	1.1	-0.4
Other sources (nonsubject)	18.0	23.1	21.0	3.0	5.1	-2.1
Total	19.4	25.6	23.1	3.7	6.2	-2.5
U.S. consumption value:						
Amount	1,172,733	1,407,734	1,445,939	23.3	20.0	2.7
Producers' share (1)	82.7	77.5	79.8	-2.9	-5.2	2.3
Share of imports from--(1):						
Romania (subject)	0.0	0.7	0.8	0.8	0.7	0.2
South Africa (subject)	1.1	1.3	0.8	-0.3	0.2	-0.5
Subject subtotal	1.1	1.9	1.6	0.5	0.8	-0.3
Other sources (nonsubject)	16.2	20.5	18.6	2.4	4.3	-1.9
Total	17.3	22.5	20.2	2.9	5.2	-2.3
U.S. imports from:						
Romania (subject):						
Quantity	0	23,033	27,770	(2)	(2)	20.6
Value	0	9,155	11,685	(2)	(2)	27.6
Unit value	(2)	$397.48	$420.78	(2)	(2)	5.9
Ending inventory quantity	0	0	***	(2)	(2)	(2)
South Africa (subject):						
Quantity	30,356	38,789	23,550	-22.4	27.8	-39.3
Value	12,932	17,920	11,410	-11.8	38.6	-36.3
Unit value	$426.02	$461.98	$484.48	13.7	8.4	4.9
Ending inventory quantity	***	***	***	-31.9	151.4	-72.9
Subject subtotal:						
Quantity	30,356	61,822	51,321	69.1	103.7	-17.0
Value	12,932	27,075	23,095	78.6	109.4	-14.7
Unit value	$426.02	$437.95	$450.01	5.6	2.8	2.8
Ending inventory quantity	***	***	***	109.4	151.4	-16.7
Other sources (nonsubject):						
Quantity	381,510	563,503	508,895	33.4	47.7	-9.7
Value	190,147	289,269	269,054	41.5	52.1	-7.0
Unit value	$498.41	$513.34	$528.70	6.1	3.0	3.0
All sources:						
Quantity	411,866	625,324	560,215	36.0	51.8	-10.4
Value	203,079	316,344	292,149	43.9	55.8	-7.6
Unit value	$493.07	$505.89	$521.49	5.8	2.6	3.1

Table continued on next page.

Table A-2--Continued
Standard pipe and multiple-stenciled line pipe: Summary data concerning the U.S. market, 1993-95

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1993	1994	1995	1993-95	1993-94	1994-95
U.S. producers':						
Average capacity quantity	2,662,124	2,659,989	2,750,884	3.3	-0.1	3.4
Production quantity	1,755,933	1,856,385	1,949,964	11.1	5.7	5.0
Capacity utilization (1)	66.0	69.8	70.9	4.9	3.8	1.1
U.S. shipments:						
Quantity	1,712,857	1,818,896	1,867,750	9.0	6.2	2.7
Value	969,654	1,091,390	1,153,790	19.0	12.6	5.7
Unit value	$566.10	$600.03	$617.74	9.1	6.0	3.0
Export shipments:						
Quantity	31,768	45,717	40,518	27.5	43.9	-11.4
Value	17,945	28,048	24,952	39.0	56.3	-11.0
Unit value	$564.88	$613.51	$615.83	9.0	8.6	0.4
Ending inventory quantity	214,946	206,661	247,846	15.3	-3.9	19.9
Inventories/total shipments (1)	12.3	11.1	13.0	0.7	-1.2	1.9
Production workers	3,173	3,333	3,469	9.3	5.0	4.1
Hours worked (1,000s)	6,916	7,124	7,366	6.5	3.0	3.4
Wages paid ($1,000)	111,095	117,361	126,895	14.2	5.6	8.1
Hourly wages	$16.06	$16.47	$17.23	7.2	2.6	4.6
Productivity (short tons per 1,000 hours)	253.9	260.6	264.7	4.3	2.6	1.6
Unit labor costs	$63.27	$63.22	$65.08	2.9	-0.1	2.9
Net sales:						
Quantity	1,680,818	1,805,951	1,841,422	9.6	7.4	2.0
Value	949,746	1,085,719	1,139,933	20.0	14.3	5.0
Unit value	$565.05	$601.19	$619.05	9.6	6.4	3.0
Cost of goods sold (COGS)	846,031	965,783	1,011,707	19.6	14.2	4.8
Gross profit or (loss)	103,715	119,936	128,226	23.6	15.6	6.9
SG&A expenses	62,354	67,593	70,605	13.2	8.4	4.5
Operating income or (loss)	41,362	52,343	57,621	39.3	26.5	10.1
Capital expenditures	40,252	30,785	27,052	-32.8	-23.5	-12.1
Unit COGS	$503.34	$534.78	$549.42	9.2	6.2	2.7
Unit SG&A expenses	$37.10	$37.43	$38.34	3.4	0.9	2.4
Unit operating income or (loss)	$24.61	$28.98	$31.29	27.2	17.8	8.0
COGS/sales (1)	89.1	89.0	88.8	-0.3	-0.1	-0.2
Operating income or (loss)/ sales (1)	4.4	4.8	5.1	0.7	0.5	0.2

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

Table A-3
Standard pipe and total line pipe: Summary data concerning the U.S. market, 1993-95

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1993	1994	1995	1993-95	1993-94	1994-95
U.S. consumption quantity:						
Amount	2,664,332	2,940,801	2,967,700	11.4	10.4	0.9
Producers' share (1)	78.3	73.7	77.7	-0.6	-4.6	4.0
Share of imports from--(1):						
Romania (subject)	0.0	0.8	0.9	0.9	0.8	0.2
South Africa (subject)	1.1	1.3	0.8	-0.3	0.2	-0.5
Subject subtotal	1.1	2.1	1.7	0.6	1.0	-0.4
Other sources (nonsubject)	20.5	24.1	20.6	(2)	3.6	-3.6
Total	21.7	26.3	22.3	0.6	4.6	-4.0
U.S. consumption value:						
Amount	1,415,019	1,638,942	1,715,224	21.2	15.8	4.7
Producers' share (1)	80.4	76.6	80.0	-0.4	-3.8	3.4
Share of imports from--(1):						
Romania (subject)	0.0	0.6	0.7	0.7	0.6	0.1
South Africa (subject)	0.9	1.1	0.7	-0.2	0.2	-0.4
Subject subtotal	0.9	1.7	1.3	0.4	0.7	-0.3
Other sources (nonsubject)	18.7	21.8	18.7	(3)	3.1	-3.1
Total	19.6	23.4	20.0	0.4	3.8	-3.4
U.S. imports from:						
Romania (subject):						
Quantity	0	23,033	27,770	(4)	(4)	20.6
Value	0	9,155	11,685	(4)	(4)	27.6
Unit value	(4)	$397.48	$420.78	(4)	(4)	5.9
Ending inventory quantity	0	0	***	(4)	(4)	(4)
South Africa (subject):						
Quantity	30,356	38,789	23,550	-22.4	27.8	-39.3
Value	12,932	17,920	11,410	-11.8	38.6	-36.3
Unit value	$426.02	$461.98	$484.48	13.7	8.4	4.9
Ending inventory quantity	***	***	***	-31.9	151.4	-72.9
Subject subtotal:						
Quantity	30,356	61,822	51,321	69.1	103.7	-17.0
Value	12,932	27,075	23,095	78.6	109.4	-14.7
Unit value	$426.02	$437.95	$450.01	5.6	2.8	2.8
Ending inventory quantity	***	***	***	109.4	151.4	-16.7
Other sources (nonsubject):						
Quantity	546,683	710,149	610,310	11.6	29.9	-14.1
Value	264,714	357,023	320,150	20.9	34.9	-10.3
Unit value	$484.22	$502.74	$524.57	8.3	3.8	4.3
All sources:						
Quantity	577,040	771,971	661,630	14.7	33.8	-14.3
Value	277,647	384,098	343,245	23.6	38.3	-10.6
Unit value	$481.16	$497.56	$518.79	7.8	3.4	4.3

Table continued on next page.

Table A-3--Continued
Standard pipe and total line pipe: Summary data concerning the U.S. market, 1993-95

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1993	1994	1995	1993-95	1993-94	1994-95
U.S. producers':						
Average capacity quantity	3,369,300	3,343,944	3,520,943	4.5	-0.8	5.3
Production quantity	2,127,711	2,213,562	2,412,664	13.4	4.0	9.0
Capacity utilization (1)	63.1	66.2	68.5	5.4	3.0	2.3
U.S. shipments:						
Quantity	2,087,292	2,168,830	2,306,070	10.5	3.9	6.3
Value	1,137,372	1,254,844	1,371,979	20.6	10.3	9.3
Unit value	$544.90	$578.58	$594.94	9.2	6.2	2.8
Export shipments:						
Quantity	33,796	59,533	54,436	61.1	76.2	-8.6
Value	18,880	34,497	32,121	70.1	82.7	-6.9
Unit value	$558.65	$579.46	$590.07	5.6	3.7	1.8
Ending inventory quantity	253,305	238,447	290,094	14.5	-5.9	21.7
Inventories/total shipments (1)	11.9	10.7	12.3	0.3	-1.2	1.6
Production workers	3,756	3,851	4,032	7.3	2.5	4.7
Hours worked (1,000s)	8,003	8,152	8,537	6.7	1.9	4.7
Wages paid ($1,000)	130,606	137,343	149,611	14.6	5.2	8.9
Hourly wages	$16.32	$16.85	$17.53	7.4	3.2	4.0
Productivity (short tons per 1,000 hours)	265.9	271.5	282.6	6.3	2.1	4.1
Unit labor costs	$61.38	$62.05	$62.01	1.0	1.1	-0.1
Net sales:						
Quantity	2,062,076	2,159,915	2,293,187	11.2	4.7	6.2
Value	1,120,185	1,250,682	1,364,572	21.8	11.6	9.1
Unit value	$543.23	$579.04	$595.05	9.5	6.6	2.8
Cost of goods sold (COGS)	1,012,956	1,126,346	1,219,816	20.4	11.2	8.3
Gross profit or (loss)	107,229	124,336	144,756	35.0	16.0	16.4
SG&A expenses	72,648	77,142	80,771	11.2	6.2	4.7
Operating income or (loss)	34,582	47,194	63,985	85.0	36.5	35.6
Capital expenditures	48,903	39,734	33,364	-31.8	-18.7	-16.0
Unit COGS	$491.23	$521.48	$531.93	8.3	6.2	2.0
Unit SG&A expenses	$35.23	$35.72	$35.22	(5)	1.4	-1.4
Unit operating income or (loss)	$16.77	$21.85	$27.90	66.4	30.3	27.7
COGS/sales (1)	90.4	90.1	89.4	-1.0	-0.4	-0.7
Operating income or (loss)/ sales (1)	3.1	3.8	4.7	1.6	0.7	0.9

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) An increase of less than 0.05 percentage points.
(3) A decrease of less than 0.05 percentage points.
(4) Not applicable.
(5) A decrease of less than 0.05 percent.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

APPENDIX B

FEDERAL REGISTER NOTICES OF THE COMMISSION AND COMMERCE

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–732 and 733 (Final)]

Circular Welded Non-Alloy Steel Pipe From Romania and South Africa

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of final antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731–TA–732 and 733 (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 of circular welded non-alloy steel pipe from Romania and South Africa, provided for in subheading 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States.

For further information concerning the conduct of these investigations, 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: November 28, 1995.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202–205–3191), 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 or ftp://ftp.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of circular welded non-alloy steel pipe from Romania and South Africa 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 investigations were requested in a petition filed on April 26, 1995, by Allied Tube, Harvey, IL; ARMCO/Sawhill, Sharon, PA; LTV Steel, Youngstown, OH; Sharon Tube, Sharon, PA; Laclede Steel, St. Louis, MO; Wheatland Tube, Collingswood, NJ; and Century Tube, Pine Bluff, AR.

Participation in the Investigations and Public Service List

Persons wishing to participate in the investigations 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, not later than 21 days after publication of this notice in the Federal Register. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these final investigations available to authorized applicants under the APO issued in these investigations, provided that the application is made not later than 21 days after the publication of this notice in the Federal Register. 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 these investigations will be placed in the nonpublic record on April 4, 1996, and a public version will be issued thereafter, pursuant to section 207.21 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on April 17, 1996, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before April 5, 1996. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on April 10, 1996, 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 207.23(b) of the Commission's rules. Parties are strongly encouraged to submit as early in the investigations as possible any requests to present a portion of their hearing testimony *in camera.*

Written Submissions

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.22 of the Commission's rules; the deadline for filing is April 11, 1996. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.24 of the Commission's rules. The deadline for filing posthearing briefs is April 23, 1996; 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 investigations may submit a written statement of information pertinent to the subject of the investigations on or before April 23, 1996. On May 14, 1996, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before May 17, 1996, but such final comments must not contain new factual information, or comment on information disclosed prior to the filing of posthearing briefs, and must otherwise comply with section 207.29 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.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.20 of the Commission's rules.

Issued: January 11, 1996.

By Order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 96–554 Filed 1–18–96; 8:45 am]

BILLING CODE 7020–02–P

[Investigations Nos. 731-TA-732 and 733 (Final)]

Circular Welded Non-Alloy Steel Pipe From Romania and South Africa

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigations.

EFFECTIVE DATE: November 28, 1995.

FOR FURTHER INFORMATION CONTACT: Douglas Corkran (202-205-3177), 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 or ftp://ftp.usitc.gov).

SUPPLEMENTARY INFORMATION: On November 28, 1995, the Commission instituted the subject investigations and established a schedule for their conduct (61 FR 1402, January 19, 1996). Subsequently, the Department of Commerce extended the date for its final determinations in the investigations from April 15, 1996, to May 6, 1996. The Commission, therefore, is revising its schedule in the investigations to conform with Commerce's new schedule.

The Commission's new schedule for the investigations is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than April 26, 1996; the prehearing conference will be held at the U.S. International Trade Commission Building at 9:30 a.m. on May 1, 1996; the prehearing staff report will be placed in the nonpublic record on April 25, 1996; the deadline for filing prehearing briefs is May 2, 1996; the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on May 8, 1996; the deadline for filing posthearing briefs is May 14, 1996; the Commission will make its final release of information on June 4, 1996; and final party comments are due on June 7, 1996.

For further information concerning these investigations see the Commission's notice of investigation 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: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.20 of the Commission's rules.

By order of the Commission.

Issued: January 30, 1995

Donna R. Koehnke,

Secretary.

[FR Doc. 96-2576 Filed 2-6-96; 8:45 am]

BILLING CODE 7020-02-P

The Commission's new schedule for the investigations is as follows: the deadline for filing prehearing briefs is May 8, 1996; the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on May 14, 1996; and the deadline for filing posthearing briefs, the date that the Commission will make its final release of information, and the deadline for filing final party comments will be announced at the Commission's hearing.

For further information concerning these investigations see the Commission's notices 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: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.20 of the Commission's rules.

By order of the Commission.

Issued: April 29, 1996.

Donna R. Koehnke,

Secretary.

[FR Doc. 96-11084 Filed 5-2-96; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-732 and 733 (Final)]

Circular Welded Nonalloy Steel Pipe From Romania and South Africa

AGENCY: International Trade Commission.

ACTION: Revised schedule for the subject investigations.

EFFECTIVE DATE: April 29, 1996.

FOR FURTHER INFORMATION CONTACT: Douglas Corkran (202-205-3177), 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 or ftp://ftp.usitc.gov).

SUPPLEMENTARY INFORMATION: On November 28, 1995, the Commission instituted the subject investigations and established a schedule for their conduct (61 F.R. 1402, January 19, 1996), which was subsequently revised to reflect the extension by the Department of Commerce of its final determinations in the investigations (61 F.R. 4680, February 7, 1996). The Commission is revising its schedule in these investigations.

International Trade Administration

[A-791-803]

Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From South Africa

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

EFFECTIVE DATE: May 14, 1996.

FOR FURTHER INFORMATION CONTACT: Jennifer Stagner or John Beck, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., Washington, D.C. 20230; Telephone: (202) 482-1673 or (202) 482-3464, respectively.

The Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930 (the Act) are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Rounds Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

Final Determination

As explained in the memoranda from the Assistant Secretary for Import Administration dated November 22, 1995, and January 11, 1996, the Department of Commerce (the Department) has exercised its discretion to toll all deadlines for the duration of the partial shutdowns of the Federal Government from November 15 through November 21, 1995, and December 16, 1995, through January 6, 1996. Thus, the deadline for the final determination in this investigation has been extended by 28 days, *i.e.*, one day for each full or partial day the Department was closed. As such, the deadline for this final

determination is no later than May 6, 1996.

We determine that circular welded non-alloy steel pipe from South Africa is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Act.

Case History

Since the preliminary determination on November 21, 1995 (60 FR 61533, November 30, 1995), the following events have occurred:

On December 6, 1995, the Department provided the respondent, RIH Group, Ltd., and its operating divisions Brollo Africa and Tosa, (collectively, RIH) with a supplemental questionnaire relating to sales to affiliated parties. On January 17, 1996, the respondent submitted its response.

On December 6, 1995, the respondent alleged clerical errors in the preliminary determination. We determined that there were clerical errors made; however, we did not amend the preliminary determination since the change in the margin was not significant (see the December 14, 1995, Memorandum from David L. Binder to Barbara R. Stafford).

In March 1996, we conducted verification of the sales questionnaire responses of the respondent in South Africa.

The respondent and the petitioners[1] submitted case briefs on April 17, 1996 and rebuttal briefs on April 22, 1996.

Scope of Investigation

The following scope language reflects certain modifications from the notice of the preliminary determination. We clarified the paragraph beginning "The scope specifically includes * * *" for use and presumed use language.

For purpose of this investigation, circular welded non-alloy steel pipes (standard pipes) are all pipes and tubes, of circular cross-section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, bevelled end, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other) used in standard or structural pipe applications.

The scope specifically includes, but is not limited to, all pipe produced to the ASTM A–53, ASTM A–135, ASTM A–795, and BS–1387 specifications, regardless of use. It also includes any pipe multiple-stencilled or multiple-certified to one of the above-listed standard or structural pipe specifications and to any other specification, if used in a standard or structural pipe application. Pipe which meets the above physical parameters and which is produced to proprietary specifications, the API–5L, the API–5L X–42, or to any other non-listed specification is included within the scope of this investigation if used in a standard or structural pipe application, regardless of the Harmonized Tariff Schedule of the United States (HTSUS) category into which it was classified. If the pipe does not meet any of the above identified ASTM or BS specifications (i.e., ASTM A–53, ASTM A–120, ASTM A–135, ASTM A–795, and BS–1387) or is multiple-stencilled or multiple-certified to one of these specifications and to any other specification, although it is within the identified physical parameters described in the second paragraph of this section, our presumption is that it is not used in a standard pipe application.

Standard pipe uses include the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. Standard pipe uses also include load-bearing applications in construction and residential and industrial fence systems. Standard pipe uses also include shells for the production of finished conduit and pipe used for the production of scaffolding.

Specifically excluded from this investigation are mechanical tubing, tube and pipe hollows for redrawing, and finished electrical conduit if such products are not certified to ASTM A–53, ASTM A–120, ASTM A–135, ASTM A–795, and BS–1387 specifications and are not used in standard pipe applications. Additionally, pipe meeting the specifications for oil country tubular goods is not covered by the scope of this investigation, unless also certified to a listed standard pipe specification or used in a standard pipe application.

The merchandise under investigation is currently classifiable under items 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Regarding implementation of the use provision of the scope of this investigation, and any order which may be issued in this investigation, we are well aware of the difficulty and burden associated with such certifications. Therefore, in order to maintain the effectiveness of any order that may be issued in light of actual substitution in the future (which the use criterion is meant to achieve), yet administer certification procedures in the least problematic manner, we have developed an approach which simplifies these procedures to the greatest extent possible.

First, we will not require use certification until such time as petitioner or other interested parties provide the Department with a reasonable basis to believe or suspect that substitution is occurring. Second, we will require use certification only for the product(s) (or specification(s)) for which evidence is provided that substitution is occurring. For example, if, based on evidence provided by petitioner, the Department finds a reasonable basis to believe or suspect that pipe produced to the API–5L specification is being used as standard pipe, we will require use certifications for imports of API–5L specification pipe. Third, normally we will require only the importer of record to certify to the use of the imported merchandise. If it later proves necessary for adequate implementation, we may also require producers who export such products to the United States to provide such certification on invoices accompanying shipments to the United States.

Period of Investigation

The period of investigation (POI) is April 1, 1994, through March 31, 1995.

Facts Available

At verification, we found the following inaccuracies in the information provided by RIH which render the response unusable for purposes of margin calculations: unreported home market and U.S. sales; errors in the quantity and value reconciliations; certain discounts and rebates reported that should not have been; certain U.S. prices reported incorrectly; and certain discrepancies found in the pre-selected and surprise sales[2]. In addition, we found errors in the calculations of the following: indirect selling expenses; average stock days; and variable/total costs. The deficiencies found are outlined in detail

[1] Allied Tube & Conduit Corporation, Sawhill Tubular Division—Armco, Inc., LTV Steel Tubular Products Company, Sharon Tube Company, Laclede Steel Company, Wheatland Tube Company, and Century Tube Corporation.

[2] We chose certain sales to examine at verification in order to verify the specific sales data reported (e.g., date of sale, date of payment, quantity, unit price, etc.).

in the public version of our April 3, 1996, verification report.

We have determined that the questionnaire responses of the respondent are unverifiable. The misreporting and inaccuracies of the information were so material and pervasive as to make the responses unreliable within the meaning of section 782(e)(3) of the Act. Therefore, RIH's responses provide an inadequate basis for calculating dumping margins.

We note that the respondent has cooperated throughout the investigation. In July and August 1995, we received questionnaire responses from RIH. In addition, RIH responded to five supplemental questionnaires; we received those responses in September–October 1994, and January–February 1996. In addition, RIH went through the entire verification process in South Africa in March 1996. Therefore, because the respondent has fully cooperated in this investigation, we are not using an adverse inference in selecting from among the facts otherwise available (*see* "Interested Party Comment" section of this notice).

Section 776(a)(2)(D) states that the Department "shall, subject to section 782(d), use the facts otherwise available in reaching the applicable determination under this title" if an interested party or any other person provides such information but the information cannot be verified. The statute also provides that the facts otherwise available may be based on secondary information.

Section 776(c) provides that where the Department relies on "secondary information," the Department shall, to the extent practicable, corroborate that information from independent sources reasonably at the Department's disposal. The Statement of Administrative Action (SAA), accompanying the URAA, clarifies that the petition is "secondary information." ıSee! H. Doc. 316, 103d Cong., 2d Sess. 870 (1996). The SAA also clarifies that "corroborate" means to determine that the information used has probative value. *Id.* However, where corroboration is not practicable, the Department may use uncorroborated information. Given that the facts available margin for the respondent involves information contained in the petition, we are required to corroborate this data, to the extent practicable, pursuant to section 776(c) of the Act, because the information submitted by RIH was not verifiable.

In the present case, the petition is the only information on the record which could form the basis for a dumping calculation. Accordingly, the Department has based the margin on information in the petition. In accordance with section 776(c) of the Act, we attempted to corroborate the data contained in the petition. Because the petitioners based export price and normal value on independent, public sources (U.S. import statistics and a price list from one of respondent's distributors, respectively), we find that this information has probative value. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Clad Steel Plate from Japan* (61 FR 7469, 7470, February 28, 1996). Regarding the discounts used for normal value, we are not aware of any practicable means of corroborating such information. For a further discussion, *see* the May 6, 1996, memorandum from the Team to Gary Taverman.

Accordingly, we have relied upon the information contained in the petition. We have assigned to all exporters a margin of 117.66 percent, the average margin calculated in the petition on merchandise which is within the scope of this investigation.

Fair Value Comparisons

This final determination has been made using the average margin calculated in the petition as the facts available. For a discussion of how export price and normal value were calculated in the petition, see the *Initiation of Antidumping Duty Investigations: Circular Welded Non-Alloy Steel Pipe from Romania and South Africa* (60 FR 27078, May 22, 1995).

Verification

As provided in section 782(i) of the Act, we attempted to verify the information submitted by the respondent. We used standard verification procedures, including examination of relevant accounting and sales records and original source documents provided by the respondent. However, as stated above, we found numerous errors at verification (*see* the April 3, 1996, verification report). Thus, we did not use the respondent's information for our final determination.

Interested Party Comment

Use of Facts Available

The petitioners assert that the Department should make its final determination based on an adverse assumption of the facts available (AFA). The petitioners argue that respondent failed verification because the Department found errors in the respondent's home market and U.S. sales data such that it would not be possible to accurately determine normal value, export price or difference in merchandise adjustments.

In addition, the petitioners argue that the respondent failed to accurately report certain home market sales of the foreign like product. They cite *Circular Welded Non-Alloy Steel Pipes from Brazil* (57 FR 42940, September 17, 1992) in which the Department based its final determination on the best information available (the statutory predecessor to facts available) in part because the respondent had not reported certain home market sales of subject pipe which it contended were not comparable to the products sold in the U.S. market.

The petitioners state that the respondent has met the statutory requirement (19 U.S.C. 1677e) for the application of facts available which stipulates that the Department may rely on an adverse assumption of the facts available when "an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information." They also argue that the pervasive nature of the deficiencies, despite numerous opportunities to correct the information, and unilateral decision making exhibited by the respondent, indicate a respondent who has not made its best effort to comply with the Department's information requests.

The respondent argues that the Department should not use AFA in its final determination because (1) it has cooperated with the Department throughout the investigation; and (2) the errors found at verification were inadvertent and due to RIH's inexperience with the Department's antidumping laws. It argues that the Department should resort to less drastic solutions than AFA if it finds gaps in the record; the respondent states that the Department has sufficient verified information on the record to fill such gaps. It notes that the statute states that the Department should not resort to adverse inferences unless an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information." (19 U.S.C. 1677e(b)).

Regarding the excluded products in the home market, the respondent argues that the costs of those products are significantly higher than the standard pipe products and that there were no sales of these products to the United States. Thus, they would not have been considered in the analysis.

DOC Position

We agree, in part, with the petitioners. Section 782(e)(3) of the Act states that, in reaching a determination, the

Department will not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all the applicable requirements established by the Department if the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination.

At verification, we discovered numerous errors in the respondent's reported information. For example, the vast majority of the pre-selected and surprise sales contained discrepancies. While many of these errors may be corrected, the number of errors discovered draw into question the completeness and accurateness of respondent's remaining sales (*i.e.*, the sales not specifically reviewed at verification). Additionally, we discovered that the respondent did not report certain home market and U.S. sales and incorrectly reported the sales price for certain U.S. sales. Based on these errors and others discussed in the verification report, we find that the respondent's response is so incomplete that it cannot serve as a reliable basis for this determination. Because the information cannot be verified, section 776(a) requires us to use the facts otherwise available.

As facts available, we are basing the respondent's margin on the average margin calculated in the petition. We are using the petition rates because this is the only information on the record which could form the basis for a dumping margin (*see* "Facts Available" section above).

The respondent has been fully cooperative in the investigation, as noted above. Also, the errors discovered at verification do not indicate that the respondent withheld or misreported information to "obtain a more favorable result." SAA at 870. Rather, some of the errors hurt the respondent while others helped it. Therefore, we have used the average margin contained in the petition, rather than the highest margin. The Department's practice has been to assign the highest margin contained in the petition only where the respondent was found to have been uncooperative. *See Final Determination of Sales at Less Than Fair Value: Oil Country Tubular Goods from Italy* (60 FR 33558, 33559, June 28, 1995).

Because we are basing our final determination on the facts available, all other interested party comments are moot.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of circular welded non-alloy steel pipe from South Africa, as defined in the "Scope of Investigation" section of this notice, that are entered, or withdrawn from warehouse for consumption, on or after November 30, 1995, the date of publication of our preliminary determination in the Federal Register. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated amount by which the normal value exceeds the export price, as shown below. In accordance with section 733(d) of the Act, the suspension of liquidation based on the Department's preliminary determination may not remain in effect for more than six months (including the statutorily permissible extension). In accordance with this provision, the suspension of liquidation will remain in effect until May 28, 1996.

The weighted-average dumping margin is as follows:

Exporter/manufacturer	Weighted-average margin percentage
All exporters	117.66

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 material injury, does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

This determination is published pursuant to section 735(d) of the Act.

Dated: May 6, 1996.

Paul L. Joffe,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96-11940 Filed 5-13-96; 8:45 am]

BILLING CODE 3510-DS-P

[A-485-804]

Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Romania

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

EFFECTIVE DATE: May 14, 1996.

FOR FURTHER INFORMATION CONTACT: Magd Zalok or John Beck, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-4162 or (202) 482-3464, respectively.

Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930 (the Act) are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Rounds Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, as amended by the interim regulations published in the Federal Register on May 11, 1995 (60 FR 25130).

Final Determination

As explained in the memoranda from the Assistant Secretary for Import Administration dated November 22, 1995, and January 11, 1996, the Department of Commerce (the Department) has exercised its discretion to toll all deadlines for the duration of the partial shutdowns of the Federal Government from November 15 through November 21, 1995, and December 16, 1995, through January 6, 1996. Thus, the deadline for the final determination in this investigation has been extended by 28 days, *i.e.*, one day for each full or partial day the Department was closed. As such, the deadline for this final determination is no later than May 6, 1996.

We determine that circular welded non-alloy steel pipe (pipe) from Romania is being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Act. The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the preliminary determination of November 21, 1995 (60 FR 61529, November 30, 1995), the following events have occurred:

In February 23, 1996, the respondents, Tepro S.A. (Tepro) (the producer of the subject merchandise), Metagrimex S.A. (Metagrimex), Matalexportimport S.A. (Metalexportimport) and Metanef S.A. (Metanef) submitted additional publicly available published information (PAPI) pertaining to surrogate values. On March 1, 1996, the petitioners [1] commented on the respondents' PAPI.

In March 1996, we verified the questionnaire responses to Tepro, Metagrimex and Metalexportimport. The third exporter, Metanef, did not permit the Department to verify its questionnaire responses.

The petitioners and respondents submitted case and rebuttal briefs on April 12 and 17, 1996, respectively. Additional comments were requested by the Department and submitted by the petitioners and respondents on April 19 and 23, 1996, respectively.

Scope of Investigation

The following scope language reflects certain modifications from the notice of the preliminary determination. We clarified the paragraph beginning "The scope specifically includes * * *" for use and presumed use language.

For purpose of this investigation, circular welded non-alloy steel pipes (standard pipes) are all pipes and tubes, of circular cross-section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, bevelled end, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other) used in standard or structural pipe applications.

The scope specifically includes, but is not limited to, all pipe produced to the ASTM A–53, ASTM A–120, ASTM A–135, ASTM A–795, and BS–1387 specifications, regardless of use. It also includes any pipe multiple-stencilled or multiple-certified to one of the above-listed standard or structural pipe specifications and to any other specification, if used in a standard or structural pipe application. Pipe which meets the above physical parameters and which is produced to proprietary specifications, the API–5L, the API–5L X–42, or to any other non-listed specification is included within the scope of this investigation if used in a standard or structural pipe applicaion, regardless of the *Harmonized Tariff Schedule of the United States (HTSUS)* category into which it was classified. If the pipe does not meet any of the above identified ASTM or BS specifications (i.e., ASTM A–53, ASTM A–120, ASTM A–135, ASTM A–795, and BS–1387) or is multiple-Stencilled or multiple-certified to one of these specifications and to any other specification, although it is within the identified physical parameters described in the second paragraph of this section, our presumption is that it is not used in a standard pipe application.

Standard pipe uses include the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. Standard pipe uses also include load-bearing applications in construction and residential and industrial fence systems. Standard pipe uses also include shells for the production of finished conduit and pipe used for the production of scaffolding.

Specifically excluded from this investigation are mechanical tubing, tube and pipe hollows for redrawing, the finished electrical conduit if such products are not certified to ASTM A–53, ASTM A–120, ASTM A–135, ASTM A–795, and BS–1387 specifications and are not used in standard pipe applications. Additionally, pipe meeting the specifications for oil country tubular goods is not covered by the scope of this investigation, unless also certified to a listed standard pipe specification or used in a standard pipe application.

The merchandise under investigation is currently classifiable under items 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90 of the *HTSUS*. Although the *HTSUS* subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Regarding implementation of the use provision of the scope of this investigation, and any order which may be issued in this investigation, we are well aware of the difficulty and burden associated with such certifications. Therefore, in order to maintain the effectiveness of any order that may be issued in light of actual substitution in the future (which the use criterion is meant to achieve), yet administer certification procedures in the least problematic manner, we have developed an approach which simplifies these procedures to the greatest extent possible.

First, we will not require use certification until such time as petitioner or other interested parties provide the Department with a reasonable basis to believe or suspect that substitution is occurring. Second, we will require use certification only for the product(s) (or specification(s)) for which evidence is provided that substitution is occurring. For example, if, based on evidence provided by petitioner, the Department finds a reasonable basis to believe or suspect that pipe produced to the API–5L specification is being used as standard pipe, we will require use certifications for imports of API–5L specification pipe. Third, normally we will require only the importer of record to certify to the use of the imported merchandise. If it later proves necessary for adequate implementation, we may also require producers who export such products to the United States to provide such certification on invoices accompanying shipments to the United States.

Period of Investigation

The period of investigation (POI) is October 1, 1994, through March 31, 1995.

Facts Available

Pursuant to section 776 of the Act, the Department shall use the facts otherwise available if necessary information is not available on the record, or if an interested party or any other person withholds requested information, fails to provide such information by the deadlines for submission of the information or in the form and manner requested, significantly impedes a proceeding, or provides such information but the information cannot be verified.

In addition, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as the facts otherwise available. The statute also provides that such an adverse inference may be based on secondary information, including information drawn from the petition. In this case, Metanef refused the verification of its questionnaire responses. Therefore, since reliable information is not on the record, and Metanef has not acted to the best of its ability, the application of section 776(b) is warranted. As a result, we are basing adverse facts available for the Romania-wide rate, which covers Metanef, on the rate calculated for Metagrimex, which is

[1] Allied Tube & Conduit Corporation, Sawhill Tubular Division—Armco, Inc., LTV Steel Tubular Products Company, Sharon Tube Company, Laclede Steel Company, Wheatland Tube Company and Century Tube Corporation.

highest margin calculated and is higher than the rate contained in the petition.[2]

Separate Rates

As stated in our preliminary determination, Romania is a non-market economy (NME) country. To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test articulated in the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China* (56 FR 20588, May 6, 1991) and amplified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China* (59 FR 22585, 22586, May 2, 1994) (*Silicon Carbide*). Under the separate rates criteria, the Department assigns separate cash deposit rates in nonmarket economy cases only if a respondent demonstrates the absence of both *de jure* and *de facto* governmental control over export activities.

The Department typically considers three factors which support, though do not require, a finding of *de jure* absence of central control. These factors include: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; or (3) any other formal measures by the government decentralizing control of companies. The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) Whether the export prices are set by or subject to the approval of a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses (*see Silicon Carbide*).

1. Absence of De Jure Control

The two cooperating exporters of the subject merchandise in this investigation, Metagrimex and Metalexportimport, have provided their business licenses issued by the Romanian Chamber of Commerce and Industry. These exporters have stated that these licenses do not require renewal, do not impose any limitations on or create any entitlements for their operations, and can only be revoked by the issuing authorities if the requirements of the license are not fulfilled. The exporters also provided copies of several trade laws which they claim provide for the elimination of the state monopoly in the economy and foreign trade. During the verification of Metagrimex and Metalexportimport, we examined these exporters' business licenses, as well as the relevant trade laws. These documents supported the absence of *de jure* control claimed by these two exporters.

2. Absence of De Facto Control

These two exporters also asserted absence of governmental control based on all the *de facto* criteria. Specifically, they stated that: (1) They establish their own export prices; (2) they negotiate contracts without guidance from any governmental entities or organizations; and (3) there are no restrictions on the use of their export revenues and they make independent decisions regarding disposition of profits or financing of losses. During our verification of these two companies, we examined sales documentation, including correspondence and contracts with the customer, as well as bank accounts and profit allocation. These documents confirmed the accuracy of the above-referenced statements.

Concerning the fourth criterion that the respondent in question has autonomy from the government in making decisions regarding the selection of management, both Metagrimex and Metalexportimport stated that they had this autonomy. During our verification of Metagrimex, we examined the membership of its Council of Administration, which selects the management and is similar to a board of directors. Our examination confirmed that this council was independent of the Romanian government or agencies thereof, and therefore, Metagrimex was able to make its own management personnel decisions.

During our verification of Metalexportimport, we also examined the membership of its Council of Administration, which also selects the management and is similar to a board of directors. We confirmed that this council, which is made up of five members, only included one member appointed by the state ownership fund (SOF) and one member appointed by the private ownership fund (POF). The SOF and the POF were created by the Romanian government to help privatize Romanian companies. We thus confirmed that this council was independent of the Romanian government or agencies thereof, and therefore, Metalexportimport was able to make its own management personnel decisions.

Consequently, we determine that the information provided by Metalexportimport and Metagrimex supports our finding that there is *de jure* and *de facto* absence of governmental control of export functions. Therefore, these two companies have met the criteria for the application of separate rates.

Respondent Metanef provided information regarding separate rates in this investigation. However, because it refused verification, we could not verify its separate rate claim.

Fair Value Comparisons

To determine whether sales of pipe from Romania to the United States by Metagrimex and Metalexportimport were made at less than fair value, we compared Export Price (EP) to the Normal Value (NV), as specified in the "Export Price" and "Normal Value" sections of this notice.

Export Price

For both exporters, we calculated EP in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation and because constructed export price under section 772(b) is not otherwise warranted on the basis of the facts of this investigation.

For Metagrimex and Metalexportimport, we calculated EP based on packed, FOB Romania port prices to unaffiliated purchasers in the United States, as appropriate, based on the same methodologies described in the preliminary determination.

Normal Value

As stated in our preliminary determination, when the Department is investigating imports from a NME, section 773(c)(1) of the Act directs us to base NV on the NME producer's factors of production, valued in a comparable market economy that is a significant producer of comparable merchandise. Therefore, we calculated NV based on factors of production reported by Tepro, the sole producer of the subject merchandise. We made the following adjustments to the factors reported by Tepro based on our findings at verification.

[2] Because Metanef refused to have its questionnaire response verified, it is ineligible for consideration for a separate dumping margin. Accordingly, because Metanef is the only other exporter, the country-wide rate is being based on Metanef's rate (which is based on adverse facts available).

First, we used corrected wall thicknesses in matching steel coil to its surrogate value (*see* comment #5 in the "Interested Party Comments" section of this notice). Second, we adjusted lacquer, electricity, and thread protector factors for corrections found at verification. Third, since Tepro was unable to adequately support its claimed labor figures for pipe produced on production line 220, we disregarded the amount reported and used, as facts available, the highest verified direct labor input for the size of pipe on another verified line closest to the sizes produced on line 220 (as discussed below, indirect labor is included in the value for overhead) (*see* comment #9 in the "Interested Party Comments" section of this notice).

Valuation of Factors

For the final determination, we have calculated NV using Colombian and Thai prices to value Tepro's factors of production. We have multiplied the reported factor quantities by these values. Where we had information for Columbia, we used it as our primary surrogate. We have used data from Columbia because Colombia is the closest country to Romania in terms of economic development that is also a significant producer of the subject merchandise. Where we had no information for Colombia, we used Thailand as our secondary surrogate since Thailand is within the same per-capita income band of countries as Romania and Colombia and it is also a significant producer of the subject merchandise (*see* Comment #1 in the "Interested Party Comments" section of this notice). All values were adjusted for inflation, where appropriate.

To value hot rolled steel coil, the major material input, we again used the steel price list for sheet and coil sold to industrial users in Colombia published by Acerias Paz del Rio S.A., a Colombian producer of steel sheet and coil. To value saleable steel scrap, because we could find no Colombian PAPI, we used the percentage difference between steel coil and steel scrap from the 1994 Thai import statistics, contained in the *Foreign Trade Statistics of Thailand,* published by the Thai Customs Department (1994 Thai Import Statistics). For lacquer and marking paint, we used the basket category data for paints and varnishes for both of these factors reported in the 1994 Colombian import statistics, provided by the Instituto Colombiano de Comercia Exterior (1994 Colombian Import Statistics). For zinc, hydrochloric acid, zinc chloride and ammonium chloride, we used values in the 1994 Colombian Import Statistics. For saleable zinc scrap, because we could find no Colombian PAPI, we used the values in the 1994 Thailand Import Statistics.

To value unskilled and packing labor, we used the 1994 wage rate for the manufacturing sector published in the *Economic Guide for Investors* by the Colombian government. Since we cannot determine if the labor values in this case were for skilled or unskilled workers, we are following the method established in the *Final Determination of Sales at Less than Fair Value: Polyvinyl Alcohol from the PRC* (61 FR 14057, March 29, 1996). In that investigation, we found no basis to assume the skill level of the surrogate value, nor did we have agreement among the parties regarding the skill level. Thus, we applied a single wage rate to all reported labor factors. Since we have the same situation here, we applied a single wage rate to unskilled and packing labor factors. Further, because this value was exclusive of benefits, we increased the amount reported to include benefits. As explained above, the value for overhead includes an amount for indirect labor. Thus, we did not value the factor for indirect labor.

To value electricity, we used electricity rates for Colombian industrial users published quarterly by the Latin America Energy Organization (Organizacion Latinoamericana de Energia, or OLADE). For methane, because we were unable to find a Colombian value, we used the value of natural gas because, according to the petitioners, it has substantially the same end use as methane. We based the surrogate value for natural gas on 1992 Colombian prices shown in a 1993 OLADE publication.

For the packing materials of cold rolled strip, PVC foil and thread protectors, because we could find no Colombian PAPI, we used the values in the 1994 Thailand Import Statistics.

We were unable to locate Colombian PAPI for overhead, selling, general and administrative (SG&A) expenses, and profit. Therefore, we used the values from the *Final Results of the 1992-93 Antidumping Duty Administrative Review of Certain Circular Welded Carbon Steel Pipes and Tubes from Thailand* (61 FR 1328, January 19, 1996) (*1992-93 Administrative Review*). The rate for overhead included an amount for indirect labor. Overhead was calculated as a factor of direct labor. SG&A expenses were calculated as a percentage of the sum of materials, labor and overhead.

We were also unable to locate Colombian PAPI for rail freight and foreign brokerage and handling. Thus, for rail freight, we used the rate contained in the *Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe from Romania* (57 FR 42957, September 17, 1992) (*Steel Pipe I*). This information was obtained from *The Investment Environment in Thailand* for 1991. For foreign brokerage and handling, we used the rate contained in the public version of a questionnaire response submitted in the 1994 antidumping duty investigation of *Carbon Steel Butt Weld Pipe Fittings from Thailand* (60 FR 10552, February 27, 1995). We used the rate contained in the 1994 investigation because this figure was more recent than the foreign brokerage and handling rate contained in *Steel Pipe I,* which was based on an earlier Carbon Steel Butt Weld Pipe Fittings from Thailand investigation. For a complete analysis of surrogate values used in the calculation of NV, see the May 3, 1996, memorandum from the Team to Gary Taverman, Acting Director, Office of Antidumping Investigations.

Romania-Wide Rate

As in all NME cases, the Department implements a policy whereby there is a rebuttable presumption that all exporters or producers comprise a single exporter under common government control, the "NME entity." The Department assigns a single NME rate to the NME entity, unless an exporter can demonstrate eligibility for a separate rate. As stated previously, Metanef has not established entitlement to a separate rate because of its refusal to have its questionnaire response verified. Therefore, it becomes the Romania-wide rate (for a further discussion of the NME rate, see the *Final Determination of Sales at Less than Fair Value: Bicycles from the People's Republic of China* (61 FR 19026, April 30, 1996).

Verification

As provided in section 782(i) of the Act, we verified all information submitted (except that of Metanef) used in our final determination. We used standard verification procedures, including examination of relevant accounting and production records and original source documents.

Interested Party Comments

Comment 1: Selection of Surrogate Countries

The petitioners state that any surrogate country used in this investigation should be a significant

producer of comparable merchandise. Since Colombia, Thailand and the United States are the only countries on the record which have been shown to be significant producers of the subject merchandise, the petitioners state that only surrogate data from these countries can be used in the final determination.

DOC Position

We agree with the petitioners. However, for the final determination, we have only used values from Colombia and Thailand because values were found for these two countries, making the use of U.S. values unnecessary.

Comment 2: Proposed Use of the Acerias Price List to Value Steel Coil

The respondents argue that the Department should not use the price list of Acerias Paz del Rio, S.A. (Acerias) to value steel in the final determination. The petitioners argue that respondents' assertions on this matter have, for the part, been rejected by the Department in its preliminary determination and that the Department should continue to use the price list to value steel in the final determination. The arguments presented by both sides have been classified into five main areas: (1) Whether the prices on the price list were aberrational; (2) whether the price list represents actual prices; (3) whether the Department's use of this list in the preliminary determination was predictable and fair; (4) whether the problems of Acerias have an impact on its prices; and (5) whether the Department's past practice allows for the use of the price list.

Regarding whether the price list was aberrational, the respondents argue that the Acerias prices are aberrational and conflict with the other values on the record and are, therefore, not reliable. The petitioners counter that the Acerias prices are not aberrational and fall squarely in the range of the prices: (1) Provided by the respondents when one increases these prices for the increase in world steel prices; and (2) from 12 countries provided by the petitioners.

Both parties then argue about whether the price list represents actual prices. The respondents argue that the Acerias price list does not represent actual prices. They then contend the following. First, the Department relied upon a vague affidavit provided by the petitioners to establish steel prices in the preliminary determination. In contract, the affidavit, provided by respondents shows that the price list does not represents actual prices. Second, Colombia pipe producers use imported steel. Therefore, the price list has no probative value. Third the petitioners have previously argued that a price list submitted by the respondents was inconsequential since "it is widely known that virtually all steel purchasers receive substantial discounts from price lists."

The petitioners counter that the Acerias price is publicly available published information which represents actual prices paid for steel coil in Colombia. The petitioners argue the following to support this contention. First, petitioners' affidavit was properly sworn and consularized and was not vague in any way. Second, the two affidavits submitted by the respondents to discredit the price list rely on broad generalizations and misdirection and are not proper affidavits. Third, the petitioner' previous statements regarding the applicability of steel price lists related to U.S. lists and therefore are of no relevance to the Acerias price list.

Both parties then argue whether the Department's use of this list in this investigation was predictable and fair. The respondents assert that the use of this price list violates the Department's own precepts that NME cases be accurate, fair and predictable. To support their assertion, they argue the following. First, during the last four years, the Department has developed a PAPI hierarchy that prefers import statistics. Second, in this case, the Romanians could not have anticipated that Colombia would be selected as the surrogate country. However, even if they would have relied on Colombia import statistics or world import statistics to help them predict probable surrogate values and establish a price structure for the U.S. market, not a price list dated seven months after the POI. Third, even the Departments *Notice of Proposed Rulemaking and Request for Public Comments* (16 FR 7308, February 27, 1996) states that prices observed in international markets may better serve the Department's goals of accuracy and fairness.

The petitioners counter that the selection of Colombia as a surrogate country was very predictable. First, the Department's policy has never required that the surrogate be a major exporter in the production of comparable merchandise. Second, the fact that the surrogate countries for Romania have changed over time is attributable to economic changes in Romania. Third, there is no fixed policy preference for import statistics over all other sources in NME cases. Fourth, the Department has been willing to use world prices only where the surrogate value that would have been selected under the traditional method is aberrational, which is not the case here.

Both parties then discussed whether the problems of Acerias have an impact on its prices. The respondents argue the following. First, Acerias is currently in bankruptcy and continues to suffer the effects of strikes which took place in 1994. The Department in a previous case refused to use the annual report of an Indian bearing producer for overhead because it too, was in bankruptcy (*Final Results of Antidumping Duty Administrative Review: Tapered Roller Bearings and Parts Thereof from the Peoples Republic of China (Tapered Roller Bearings)* (56 FR 67590, December 31, 1991)). Second, Acerias is not comparable to other world steel producers because it is not representative of modern steel companies.

The petitioners counter that the Acerias price list is not unreliable. unrepresentative or distortive. To support their position, the petitioners argue the following. First, respondents have failed to demonstrate any connection between Acerias financial difficulties and the notion that this caused Acerias to charge higher prices for its products. If any connection between financial problems and prices has been established, the record shows that Acerias had to charge lower prices for its products than it normally would have. Second, respondents' claim that Acerias' production is based on old technology is inconsequential because it does not refer to whether the technology relates to the production of hot-rolled coil and does not mention the fact that Acerias has made improvements to its infrastructure in the preceding years.

Finally, both parties discuss whether the Department's past practice allows for the use of the price list. The respondents contend that the Department's acceptance of an unverified price list contravenes the Department's policy on price lists. They argue that to use a price list, the Department requires that all sales be based on the price list, an accounting firm must certify that the company adheres to the price lists, and the price list must be contemporaneous, none of which is present here. The respondents then argue that the price list is not PAPI and should not be used.

The petitioners counter that respondent's characterization of the Department's practice with respect to price lists is incorrect. The further state that the documentation provided by the respondents relates only to the use of price lists as substitute for sale-by-sale reporting of actual transaction prices.

DOC Position

We agree with the petitioners, in part. We have used the Acerias price list to value steel coil but have not made an adjustment to this list for the price trend claimed by the petitioners (*see* also Comments #3 below). In this case we have used the Acerias price list because we feel that its is more appropriate to use actual prices of a producer of a material input in the primary surrogate country rather than import statistics. We believe that Acerias prices more closely represent prices a pipe producer in a comparable market economy country would pay for this input material. Furthermore, the use of the price list was found to be reasonable when analyzing the points (discussed below) raised by the interest parties. Therefore, it is our first choice for valuation purposes.

Regarding the issue of whether the prices on the price list are aberrational, we have compared the Acerias prices to (1) Colombian import statistics provided by the respondents; (2) Thailand import statistics; [3] and (3) Latin American export prices published in the *Metal Bulletin.* Where appropriate, prices were adjusted for inflation to make them POI prices. The results of this analysis showed that the prices on the Acerias price list were reasonably close in value to those comparators (for a complete discussion of this analysis, see the May 6, 1996, issues memorandum from the Team to Barbara R. Stafford, Deputy Assistant Secretary for Investigations).

Regarding the issue of whether the price list represents actual prices, we feel confident that the prices on Acerias' list are actual prices. The affidavit provided by the petitioners states that the price list (1) Is publicly available to any person who requests it; and (2) contains actual prices charged by Acerias to industrial users in Colombia. While these industrial users receive discounts for unfinished edges, quantity purchases, and prompt payment, these discounts are clearly identified on the price list and have been deducted from the prices used in our calculations. Thus, we have utilized actual prices paid by Acerias' customers in our margin calculations.

Regarding Tepro's affidavit, we believe that the price list describes adequately the type of steel. We agree with the petitioners that "commercial quality" adequately describes SAE 1010 grade or its equivalent which is used by pipe producers. Furthermore, it does not matter that Acerias may: (1) Not have sold the steel to Colombian pipe producers; (2) not have sold exclusively from the price list; or (3) have sold to large customers at discounts below those listed on the price list. None of these arguments explicitly disproves that Acerias sold steel coil using the prices on its price list to customers in Colombia. We have found no evidence that the prices in the price list are not actual prices; in contrast, we believe that petitioners' affidavit demonstrates that the list prices are, indeed, actual prices.

Regarding the issue of whether the Department's use of the Acerias list was predictable and fair, we note that Colombia was used in this investigation due to its per-capita GNP similarity with Romania and the fact that it is a significant producer of the subject merchandise. While the surrogate countries have changed over time because of the economic changes of Romania and other countries, the Department has utilized the same criteria for selecting surrogate countries. The Department selects surrogate countries based on the per-capita GNP rankings of all countries listed in the *World Development Report* published by the World Bank. Therefore, we believe the selection of Colombia as the surrogate country in this investigation was both predictable and fair. Furthermore, we disagree with the respondents that the Department has developed a PAPI hierarchy in which import statistics are preferred to surrogate values from a producer of the material input in the primary surrogate country. The Department does not have a hierarchy where import statistics are used. As explained above, in this case, publicly available surrogate values from a producer of the material input in the primary surrogate country have been found to be preferable over import statistics. Finally, the Department's *Notice of Proposed Rulemaking and Request for Public Comments* stated that international markets should only be used when data from a primary and/or secondary surrogate countries were not found to be appropriate, and not as the first choice.

Regarding the issue of whether the problems of Acerias have an impact on its prices, we do not believe that the respondents have adequately demonstrated any relationship between Acerias' financial difficulties and the steel coil prices charged by Acerias. There is nothing on the record which states that Acerias charged its customers higher prices than it normally would have due to its financial difficulties. In fact, one could argue that a cause of Acerias' negative financial state is a consequence of the lower than normal prices it charged its domestic customers. Furthermore, in *Tapered Roller Bearings*, the Department refused to use the Indian roller bearing producer's data because the auditor's report for this producer noted that the financial statements were not presented in accordance with the generally accepted accounting principles of India. In addition, there are conflicting arguments on the record regarding the age of the technology used by Acerias and its resultant level of efficiency. However, there is not information on the record which proves that the technology used by Acerias has had a marked impact on its prices.

Regarding the issue of whether the Department's past practice allows for the use of the price list, we disagree with the respondents. The conditions for using a price list described in the respondents' argument only apply when the price list is used as a substitute for sale-by-sale reporting of actual transaction prices in market economy cases.

Although we have used the Acerias price list to value steel coil in this investigation and have made an adjustment to the prices in this list for inflation, we have not made the additional adjustment to the prices for the price trend claimed by the petitioners. This additional adjustment was made in the preliminary determination. However, we have determined that, after a further review of the information on the record, this adjustment is not appropriate, as the information supplied by the petitioners to substantiate it was not specific to the Colombian domestic market, but was for Latin American export prices. We have determined that there is an insufficient link between domestic Colombian prices and average Latin American export prices and, therefore, we have denied this adjustment (for a further discussion of the Department's discussion of this issue, see the May 6, 1996, issues memorandum from the Team to Barbara R. Stafford, Deputy Assistant Secretary for Investigations).

Comment 3: Proposed Use of Colombian Import Statistics To Value Steel Coil

The respondents argue that the Colombian import statistics they provided are PAPI that should be used in the final determination. They also argue the following. First, the lowest import prices are the prices paid by large industrial users and should be used by the Department in this case to

[3] Thai import statistics are used for comparison purposes because: (1) Thailand is within the same per-capita income band of countries as Romania and Columbia; (2) Thailand is a large producer of the subject merchandise; and (3) steel import statistics were available from Thailand.

value steel coil. Second, the rationale contained in the Department's November 21, 1995, steel valuation memorandum (regarding thickness and grade) is no longer relevant. Thus, the respondents argue that the Department should use the Colombian import statistics to value steel. The respondents than state that only limited adjustments need to be made if the Colombian import prices are used.

The respondents also state that petitioners' evidence showing an increase in the prices of steel during January 1994 to March 1995 is largely anecdotal or based on Metal Bulletin spot prices. The respondents argue that the U.S. import data shows no such increase in the prices of steel during this time. Furthermore, if there was such an increase, the petitioners should have been able to provide their own invoices to substantiate this. Finally, since most companies keep inventories of key raw materials, a monthly spike in prices will not necessarily affect a large user as much as a user which buys sporadically.

The petitioners counter respondents' arguments with the following. First, respondents' claim that the lowest Columbian import prices reflect the prices paid by large industrial users is sheer speculation. Furthermore, the Department had many other reasons for rejecting respondents' arguments in the steel valuation memorandum than just thickness and grade. However, the petitioners argue that if the Department chooses to use the Colombian import statistics submitted by the respondents, certain adjustments need to be made.

Finally, the petitioners argue that the evidence of the steel price surge is not anecdotal nor based on spot prices but information contained in the *Metal Bulletin*. They contend that respondent's U.S. import statistics are useless to the Department because they provide country-specific information for only a handful of exporting countries and the totals are skewed by the inclusion of cheap imports from non-market economies such as Russia. They further contend that the information on the record does not allow the Department to identify the quantity or value of NME imports so that they may be excluded. Finally, the petitioners argue that the limited information in these import statistics seems to support petitioners' information regarding steel price trends.

DOC Position

We disagree with the respondents and have not selected the Colombian import statistics to value the steel coil. As stated above in our response to Comment #2, in this case we believe that the Acerias price list is preferable to the Colombian import statistics. Accordingly, the issue about how to adjust the Colombian import statistics is therefore moot.

Comment 4: Discount for Secondary Steel

Tepro argues that the Department's rejection of a discount for the purchase of secondary steel in the preliminary determination was unreasonable and should be corrected for the final determination. To support its claim, Tepro argues the following. First, the information Tepro provided for the preliminary determination should be sufficient to warrant an adjustment. Second, the Department has now verified Tepro's gross consumption and scrap rates. These rates do not support rejection of the discount. Third, qualitative differences impact price and Tepro's supplier sold its steel at a significant discount because of qualitative differences. Fourth, the Department itself has differentiated between "first quality" and "second quality" merchandise in the *Steel Trigger Price Mechanism Procedures Manual*. Fifth, the reluctance of the Department to grant a discount for secondary steel may be based on the fear that the precedent in this case would make the Department vulnerable in other cases to similar requests for discounts based on qualitative differences in merchandise. The last argument notwithstanding, the Department has the obligation to select surrogate values which are "accurate and fair" and thus, the discount should be granted.

Tepro also states that the information gained at the verification proved that it was entitled to this discount. This information included: (1) The statement by an official of Tepro's supplier at verification that the quality standards for sale of hot-rolled coil to Romania in general and Tepro in particular are significantly lower than those for export and the discount to Tepro was because of differences in quality; and (2) invoices which show that Tepro bought steel during the POI at prices lower than Romanian exports to the European Union (EU). Tepro also stated that the reason the verifiers did not see physical defects in the steel in Tepro's inventory is that this steel was of Russian origin and Tepro does not purchase secondary steel from its Russian supplier. Finally, Tepro argued that the only information on the record that conflicted with Tepro's secondary steel claim is the statement from an employee of one of the petitioners who, to Tepro's knowledge, had never been to Romania, never visited Tepro or its supplier, and had no knowledge of the production process employed by Tepro. Thus, the Department's decision is not supported by evidence on the record.

The petitioners counter that Tepro's claim that the secondary steel discount should again be rejected for the final determination. To support this contention, the petitioner argues first, that nothing has been submitted to the Department since the preliminary determination to warrant a different conclusion. In particular, Tepro's reported scrap rates have not changed, nor has Tepro rebutted the results of the metallurgical tests to which the Department referred. Second, no new documents were produced at verification to substantiate the claim that Tepro uses only secondary steel. The statement on the invoices observed at verification was that the steel was "not designated for exports to the EU." Respondents' interpretation of this is not buttressed by any evidence on the record. Petitioners proffer that the restriction probably arises from export controls between the EU and eastern European countries or the desire of Romanian producers to avoid triggering an EU antidumping action. Furthermore, internal prices in an NME country are irrelevant to the Department's analysis because such prices are not established by market forces.

Third, respondents cannot state that the Department's reluctance to grant a discount is based on fear of the precedent that would set since they cannot speak for the Department, and the petitioners note that the Department has previously been receptive to adjustments for qualitative differences where they have been established by substantial evidence on the record. Fourth, the petitioners had more than one piece of evidence disputing respondents' claims; in fact, the metallurgical test not mentioned by the respondents was the piece of evidence most damaging to the respondents' argument. Finally, although the employee of one of the petitioners did not visit Tepro's plant, the Department verifiers did and found no evidence to support Tepro's claims.

DOC Position

We agree with the petitioners. Since the preliminary determination, the only additional information on the record regarding this issue is the discussion in the verification report and verification exhibits. Regarding the statement by Tepro's supplier at verification that it granted Tepro a discount because of differences in quality, we do not believe

that it would be appropriate to grant a price adjustment based on statements that were not supported by physical evidence. As explained in the preliminary determination, Tepro did not provide adequate documentation to support its claimed adjustment. The only new documentation gained at the verification were invoices that state that the merchandise is not designated for exports to the EU. As noted by the petitioners, this could have been for a variety of reasons. No evidence was provided which conclusively demonstrated that Tepro received a discount for buying steel that was of a lower quality or grade than standard steel.

Regarding Tepro's other points, we note the following. First, the scrap rates of Tepro, although verified, have not changed since the preliminary determination. Furthermore, although we agree with Tepro that qualitative differences may affect price and that the Department has discussed prime versus secondary quality merchandise in the past, this is irrelevant since no such qualitative differences have been established here. In addition, Tepro's claim that "reluctance of the Department to grant a discount for secondary steel may be based on the fear that the precedent in this case would open up the Department in other cases to similar requests for discounts based on qualitative differences in merchandise" is not accurate. As stated above, the Department has rejected this adjustment to price because there has been no evidence placed on the record which demonstrates that Tepro received a discount for buying steel that was of a lower quality or grade than standard steel. Finally, the metallurgical test submitted by the petitioners showed that the grade of steel used by Tepro was identical to the grade of steel used by U.S. and other world producers of the subject merchandise. As noted by the petitioners, this test was not rebutted by Tepro.

Comment 5: Prices for Different Steel Sizes Matched to Proper Pipe Sizes

The petitioners contend that the Department in certain instances incorrectly matched prices for different thicknesses of steel with the wrong pipe sizes. They argue that the coil thicknesses reported by Tepro are inconsistent with the steel thicknesses specified by ASTM A–53 grade with which Tepro claims to comply. They also state that prices for 3–4mm thick coil may be applied only to pipe that is 2" diameter or smaller.

DOC Position

We agree with the petitioners and have corrected the wall thicknesses for those products that were incorrectly listed. Furthermore, we have used the corrected wall thicknesses in the matching to the surrogate value for steel coil.

Comment 6: Use of Steel Input Quantities Reported in the Questionnaire Response

The petitioners argue that since Tepro reported its theoretical steel weight figures instead of its actual steel weight figures, it should be subject to adverse facts available. They also state that, at a minimum, the Department should not adjust downward the reported amounts by the amount of the difference noted in the verification report.

DOC Position

Since the Department only had time at verification to examine the theoretical/actual weight difference for one pipe size, we do not believe that it would be appropriate to attempt to convert all weights from theoretical to actual for all pipe sizes based on the one size examined. Also, as noted in the verification report, the theoretical weight was greater than the actual weight for the one size examined. Therefore, we have made no adjustments to the theoretical weights listed and have accepted them for purposes of the final determination.

Comment 7: Steel Scrap

The petitioners argue that the steel scrap surrogate used in the preliminary determination is aberrational and must be reduced. To support its argument, the petitioners make the following points: (1) The tariff category used for scrap in 1991 was under- or over-inclusive; (2) the 1991 scrap/coil ratio in Thailand was completely unlike that of other markets; and (3) the scrap/coil ratio has changed dramatically since 1991. The petitioners state that the scrap value to coil value in other world markets was one-third to one-half the values used in the preliminary determination and argue that the Thai scrap/coil ratios are aberrational, as well as not being contemporaneous with the POI. Thus, the Department should instead use the average of three contemporaneous ratios calculated by the petitioners.

The respondents claim that if the Colombian import statistics are used to value steel, then they do not object to the use of a lower scrap price. The respondents state that, where possible, contemporaneous prices should be used.

DOC Position

We have obtained updated Thai import values for steel coil and steel scrap and are using these values to obtain a steel scrap ratio. These values are specific to the steel used in the production of steel pipe. These values are from the Thai Import Statistics, the same source that was used in the preliminary determination, but are based on the period from January to June, 1994, and thus, the resultant ratio from these figures is more contemporaneous with the POI than the ratio used in the preliminary determination. Therefore, any change in the scrap/coil ratio since 1991 has been incorporated into this new ratio. Regarding the argument that this ratio is aberrational, we found no other information on scrap ratios for Colombia, the primary surrogate country, or Thailand, the secondary surrogate country, which show that this rate is aberrational in the surrogate countries. Furthermore, we disagree with the petitioners that we should use an average of the three scrap ratios calculated by the petitioners as these ratios are from countries that are less appropriate surrogate countries than Thailand.

Comment 8: Other Raw Materials

In addition to hot-rolled coil, the respondents contend that the Department should use Colombian import statistics on the record to value zinc, zinc chloride, ammonium chloride, hydrochloric acid and paint.

DOC Position

We agree with the respondents that we should use Colombian import statistics now on the record to value these raw materials. Colombia is our first choice as a surrogate country and we have therefore used the import statistics to value these raw materials.

Comment 9: Direct and Indirect Labor Inputs for Line 220

The petitioners state that since Tepro could not substantiate its unit labor amounts reported for each size pipe produced on its production line 220, the Department should use facts available for direct and indirect labor inputs for all subject merchandise above three inches diameter. They argue that the methodology suggested at verification is untimely, unsubstantiated and unverified and that the statute and the Department's policies forbid the use of such information. They argue that the Department should use the higher of: (1) the highest reported direct and indirect labor input reported for pipe of other

sizes; or (2) the factor used in the petition for 4" diameter pipe.

The respondents state that the Department should use the alternative methodology suggested by Tepro at verification in order to calculate labor factors for line 220.

DOC Position

We agree with the petitioners, in part. We do not believe that the methodology suggested by the respondents at verification is appropriate because it was calculated only for one month, and does not arrive at the actual labor hours on line 220 for that month. Thus, we believe that the use of facts available is appropriate. However, we do not agree with the petitioners on the selection of adverse facts available. Instead of using the highest reported labor input reported for pipe of other sizes, we believe that it is more appropriate to use the highest verified direct labor input for the size of pipe on another verified line closest to the sizes produced on line 220 and have done so. An amount for indirect labor was not added because indirect labor is included in the overhead amount.

Comment 10: Factory Overhead, SG&A Expenses and Profit

For SC&A expenses, the respondents state that the figure used in the preliminary determination is inappropriate because it is not contemporaneous with the POI. The respondents argue that the Department should use the SG&A figure from the *1994–95 Administrative Review of Certain Circular Welded Carbon Steel Pipes and Tubes from Thailand* (*1994–95 Administrative Review*) rather than the SG&A figure from the *1987–88 Administrative Review of Certain Circular Welded Carbon Steel Pipes and Tubes from Thailand* (*1987–88 Administrative Review*), which was used in the preliminary determination. The respondents also argued that the petitioners' proposed new SG&A figure, when one makes the proper adjustments, serves to underscore the unreasonableness of the data used in the preliminary determination.

For profit, the respondents argue the following. First, since the steel price selected by the Department is 30–40 percent higher than the steel price paid by Thai pipe producer Saha Thai Steel Pipe Co., Ltd. (Saha Thai) in the *1994–95 Administrative Review,* the Department cannot use such high raw material prices and then hypothesize that an eight percent profit could be obtained in Thailand, since U.S. import statistics confirm that Thai producers sell steel pipe at prices similar to that paid for Romanian pipe. Second, there are questions about how the profit was calculated in the *1992–93Administrative Review* and the profit amounts in the *1994–95 Administrative Review* contradict the profit figures proposed by the petitioners from the *1992–93 Administrative Review.* Third, the Department should rely upon what is knows about the Colombian steel industry to calculate profit. Information on the record suggests that all sectors of the Colombian steel industry are not profitable. Therefore, the Department should use a zero profit margin or petitioner's own profit margins.

The petitioners state that the values used in the preliminary determination for factory overhead, SG&A expenses and profit should also be used for the final determination. The petitioners argue that the information provided by respondents for these factors was submitted for the *1994–95 Administrative Review* which has not been completed. These factors are therefore based on questionnaire responses that may have been superseded by subsequent revisions and have not yet been determined to be reliable for the case in which they were originally filed. In addition,the excerpts themselves are also incomplete. The information used in the preliminary determination does not have these defects and should therefore be used in the final determination. Alternatively, the petitioner argue that the Department should use information from the *1992–93 Administrative Review,* the most recently completed administrative review. This record of this review contains publicly-ranged figures for SG&A expenses and profit for Saha Thai. The petitioners note that if the Department decides to use information from the *1994–95 Administrative Review,* it should use the most recent amendments or revisions to such data.

Regarding profit, the petitioners contend that respondents' suggestion that the Department use the Acerias profit should be rejected because although no objectionable connection has been established between Acerias' financial problems and its prices, there is definitely a connection between those problems and its profit.

DOC Position

We agree with the petitioners that the best information to use for overhead, SG&A expenses and profit for the final determination in this case are the futures from the most recently completed administrative review of *Circular Welded Carbon Steel Pipes and Tubes from Thailand.* In this case, the most recently completed review is the *1992–93 Administrative Review.* We believe that it is not appropriate to use figures from an uncompleted review since they may be altered as the case progresses. We are therefore using the public figures from the *1992–93 Administrative Review* for overhead and SG&A expenses.

For profit, since we are using actual public overhead and SG&A expense amounts, we believe that it is also appropriate to use the actual public profit figure listed in the *1992–93 Administrative Review,* not the eight percent figure used in the preliminary determination, and have done so.

Comment 11: Inland Freight

The petitioners argue that the Department should use in the final determination the costs incurred by Tepro in non-convertible currency for domestic inland freight. They state that where surrogate values are not available, the Department should use facts available based on data in the petition.

DOC Position

In asking that the Department use the costs incurred by Tepro in non-convertible currency for foreign inland freight, the petitioners failed to note that the Department applied a surrogate value for domestic inland freight in the preliminary determination. We have followed the same methodology for purposes of the final determination. The inland freight distance between Tepro and the Romanian port was reported by Tepro in its questionnaire response.

Comment 12: Brokerage

The respondents argue that the Department should use the brokerage figure for Saha Thai contained in the *1994–95 Administrative Review of Circular Welded Carbon Steel Pipes and Tubes from Thailand* for purposes of the final determination.

DOC Position

We disagree with the respondents. As mentioned above (*see* Issue #12), we believe that it is appropriate not to use the figures from an uncompleted review where possible since these figures may be altered as the case progresses. We are therefore using the same public values we used in the final determination from *Carbon Steel Butt Weld Pipe Fittings from Thailand* to value foreign brokerage and handling.

Continuation of Suspension of Liquiation

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of

circular welded non-alloy steel pipe from Romania, that are entered, or withdrawn from warehouse for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated amount by which the normal value exceeds the export price as shown below. In accordance with section 733(d) of the Act, the suspension of liquidation based on the Department's preliminary determination may not remain in effect for more than six months (including the statutory permissible extension). In accordance with this provision, these suspension of liquidation instructions will remain in effect until May 28, 1996.

The weighted-average dumping margins are as follows:

Exporter	Weighted-average percentage margin
Metagrimex S.A	85.12
Metalexportimport S.A	77.61
Romanian-Wide Rate	85.12

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, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of the subject merchandise entered for consumption on or after the effective date of the suspension of liquidation.

This determination is published pursuant to section 735(d) of the Act.

Dated: May 6, 1996.

Paul L. Joffe,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96–11941 Filed 5–13–96; 8:45 am]

BILLING CODE 3510–DS–M

APPENDIX C

WITNESSES APPEARING AT THE COMMISSION'S HEARING

On May 14, 1996, a hearing was held in connection with the Commission's investigations on circular welded nonalloy steel pipe from Romania and South Africa (Invs. Nos. 731-TA-732 and 733 (Final)), in the Main Hearing Room, 500 E Street, SW, Washington, D.C. Those listed below appeared as witnesses:

In support of imposition of
antidumping duties:

Schagrin Associates
Washington, D.C.
on behalf of

Allied Tube & Conduit Corp.
Sawhill Tubular Division, Armco, Inc.
LTV Steel Tubular Products Co.
Sharon Tube Co.
Laclede Steel Co.
Wheatland Tube Co.
Century Tube Co.
American Tube and Pipe Co.

David Higbee, President, Sawhill Tubular Division, Armco, Inc.

Randy Kawczynski, Vice President, Marketing and Sales, Sawhill Tubular Division, Armco, Inc.

Richard F. Meldrum, General Manager-Sales, Laclede Steel Co.

James E. Feeney, Senior Vice President of Operations, Wheatland Tube Co.

Dr. Robert A. Blecker, Associate Professor, Department of Economics, The American University

Dr. Robert E. Scott, Associate Director, Center for Business Education and Research, The University of Maryland

Roger B. Schagrin)
R. Alan Luberda)--OF COUNSEL
John C. Steinberger)

In opposition to the imposition
of antidumping duties:

Fulbright & Jaworski
Washington, D.C.
on behalf of

RIH Group (Pty) Ltd.
TOSA (Operating Division of RIH Group (Pty) Ltd.)
Brollo Africa (Operating Division of RIH Group (Pty) Ltd.)

Michael Evans, Vice President, Maurice
Pincoffs Co., Inc.

John Mortimer, Manager, Tubular and Flat Rolled
Sales, Maurice Pincoffs Co., Inc.

Giorgio Niccoli, CEO, Brollo Africa

Dr. Seth Kaplan, Economic Consultant,
Trade Resources Co.

Matthew M. Nolan)
Andrew Jaxa-Debicki) --OF COUNSEL

Venable, Baetjer, Howard & Civiletti
Washington, D.C.
on behalf of

Tepro S.A.
Metalexportimport S.A.
Metanef S.A.
Metagrimex S.A.

Seth Young, President, Gulf & Northern
Trading Corp.

Dr. Seth Kaplan, Economic Consultant,
Trade Resources Co.

John M. Gurley--OF COUNSEL

APPENDIX D

COMPAS MODEL

METHODOLOGY

The COMPAS model is a supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the discussion in part II of this report, the staff selects a range of estimates that represent price-supply, price-demand, and product substitution relationships (i.e., elasticities of supply, demand, and substitution) in the U.S. market for standard pipe. The model uses these estimates with data on market shares and Commerce's margin of dumping to analyze the likely effect on the U.S. like product industry of removing the subject Romanian and South African imports. A constant elasticity of substitution version of this model was used to analyze the effects of eliminating the imports.

FINDINGS

The model examines different scenarios of economic effects that correspond to various combinations of the ranges of elasticities discussed in part II of this report. In addition to the elasticities, inputs into the model include the 1995 domestic market value share of 79 percent, the 1995 subject imports shares of 0.9 percent for Romania and 0.8 percent for South Africa and the 1995 nonsubject import share of 19.3 percent (table IV-3) . Because of the very large dumping margins of 78 to 85 percent for Romania and 118 percent for South Africa, a "but-for" analysis was used. The results in the table on the page D-4 show that if both Romanian and South African imports were eliminated, the U.S. producers' share of the market would have been 80.4 percent in 1995 rather than 79.0 percent, and the domestic price would have been 0.2 percent to 0.4 percent higher, domestic output would have been 1.4 percent to 2.0 percent higher, and domestic revenue would have been 1.7 percent to 2.3 percent higher. Model estimates of the effects of separately eliminating imports from Romania and South Africa are also shown in the tables on pages D-5 and D-6. Additional sets of estimates for an industry consisting of standard pipe and multiple-stencil line pipe are presented in the tables on pages D-7 through D-9 and estimates for an industry consisting of standard pipe and total line pipe are shown on pages D-10 through D-12.

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
by Keith Hall, Office of Economics, USITC

Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	79	5	10	0
Romania:	1	5	10	E
South Africa:	1	5	10	E
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.4%	-0.2%	-0.3%	-0.2%	-0.4%	-0.2%	-0.3%	-0.2%
Domestic Ouput:	-1.9%	-2.0%	-1.4%	-1.5%	-1.7%	-1.8%	-1.4%	-1.5%
Domestic Revenue:	-2.3%	-2.2%	-1.7%	-1.7%	-2.1%	-2.0%	-1.7%	-1.7%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%
Romania Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-subject Share:	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	--	--	--	--	--	--	--	--
Romania Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Romania Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Price:	--	--	--	--	--	--	--	--
South Africa Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-subject Price:	-0.4%	-0.2%	-0.3%	-0.2%	-0.4%	-0.2%	-0.3%	-0.2%
Non-subject Revenue:	-1.9%	-2.0%	-1.4%	-1.5%	-1.7%	-1.8%	-1.4%	-1.5%
Imports #3 Revenue:	-2.3%	-2.2%	-1.7%	-1.7%	-2.1%	-2.0%	-1.7%	-1.7%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
by Keith Hall, Office of Economics, USITC

Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	79	5	10	0
Romania:	1	5	10	E
South Africa:	1	5	10	0
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.2%	-0.1%	-0.2%	-0.1%	-0.2%	-0.1%	-0.2%	-0.1%
Domestic Ouput:	-1.0%	-1.1%	-0.8%	-0.8%	-0.9%	-1.0%	-0.8%	-0.8%
Domestic Revenue:	-1.2%	-1.2%	-0.9%	-0.9%	-1.1%	-1.1%	-0.9%	-0.9%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	79.7%	79.7%	79.7%	79.7%	79.7%	79.7%	79.7%	79.7%
Romania Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa Share:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Non-subject Share:	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	--	--	--	--	--	--	--	--
Romania Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Romania Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Price:	-0.2%	-0.1%	-0.2%	-0.1%	-0.2%	-0.1%	-0.2%	-0.1%
South Africa Output:	-1.0%	-1.1%	-0.8%	-0.8%	-0.9%	-1.0%	-0.8%	-0.8%
South Africa Revenue:	-1.2%	-1.2%	-0.9%	-0.9%	-1.1%	-1.1%	-0.9%	-0.9%
Non-subject Price:	-0.2%	-0.1%	-0.2%	-0.1%	-0.2%	-0.1%	-0.2%	-0.1%
Non-subject Revenue:	-1.0%	-1.1%	-0.8%	-0.8%	-0.9%	-1.0%	-0.8%	-0.8%
Imports #3 Revenue:	-1.2%	-1.2%	-0.9%	-0.9%	-1.1%	-1.1%	-0.9%	-0.9%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
by Keith Hall, Office of Economics, USITC

Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	79	5	10	0
Romania:	1	5	10	0
South Africa:	1	5	10	E
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Domestic Ouput:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Domestic Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	79.6%	79.6%	79.6%	79.6%	79.6%	79.6%	79.6%	79.6%
Romania Share:	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
South Africa Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-subject Share:	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Romania Output:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Romania Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
South Africa Price:	--	--	--	--	--	--	--	--
South Africa Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-subject Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Non-subject Revenue:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Imports #3 Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
by Keith Hall, Office of Economics, USITC

Push To Solve....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	80	5	10	0
Romania:	1	5	10	E
South Africa:	1	5	10	E
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.4%	-0.2%	-0.3%	-0.1%	-0.3%	-0.2%	-0.3%	-0.1%
Domestic Ouput:	-1.8%	-1.9%	-1.3%	-1.5%	-1.6%	-1.7%	-1.3%	-1.5%
Domestic Revenue:	-2.2%	-2.1%	-1.6%	-1.6%	-2.0%	-1.9%	-1.6%	-1.6%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	81.1%	81.1%	81.1%	81.1%	81.1%	81.1%	81.1%	81.1%
Romania Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-subject Share:	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	--	--	--	--	--	--	--	--
Romania Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Romania Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Price:	--	--	--	--	--	--	--	--
South Africa Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-subject Price:	-0.4%	-0.2%	-0.3%	-0.1%	-0.3%	-0.2%	-0.3%	-0.1%
Non-subject Revenue:	-1.8%	-1.9%	-1.3%	-1.5%	-1.6%	-1.7%	-1.3%	-1.5%
Imports #3 Revenue:	-2.2%	-2.1%	-1.6%	-1.6%	-2.0%	-1.9%	-1.6%	-1.6%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
by Keith Hall, Office of Economics, USITC

Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	80	5	10	0
Romania:	1	5	10	E
South Africa:	1	5	10	0
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Domestic Ouput:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Domestic Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%
Romania Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa Share:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Non-subject Share:	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	--	--	--	--	--	--	--	--
Romania Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Romania Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
South Africa Output:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
South Africa Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
Non-subject Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Non-subject Revenue:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Imports #3 Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
by Keith Hall, Office of Economics, USITC

Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	80	5	10	0
Romania:	1	5	10	0
South Africa:	1	5	10	E
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Domestic Ouput:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Domestic Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%
Romania Share:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
South Africa Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-subject Share:	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Romania Output:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Romania Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
South Africa Price:	--	--	--	--	--	--	--	--
South Africa Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-subject Price:	-0.2%	-0.1%	-0.1%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
Non-subject Revenue:	-0.9%	-1.0%	-0.7%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%
Imports #3 Revenue:	-1.1%	-1.0%	-0.8%	-0.8%	-1.0%	-0.9%	-0.8%	-0.8%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
by Keith Hall, Office of Economics, USITC

Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	80	5	10	0
Romania:	1	5	10	E
South Africa:	1	5	10	E
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.3%	-0.2%	-0.2%	-0.1%	-0.3%	-0.1%	-0.2%	-0.1%
Domestic Ouput:	-1.5%	-1.5%	-1.1%	-1.2%	-1.3%	-1.4%	-1.1%	-1.2%
Domestic Revenue:	-1.8%	-1.7%	-1.3%	-1.3%	-1.6%	-1.5%	-1.3%	-1.3%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	81.1%	81.1%	81.1%	81.1%	81.1%	81.1%	81.1%	81.1%
Romania Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-subject Share:	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	--	--	--	--	--	--	--	--
Romania Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Romania Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Price:	--	--	--	--	--	--	--	--
South Africa Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-subject Price:	-0.3%	-0.2%	-0.2%	-0.1%	-0.3%	-0.1%	-0.2%	-0.1%
Non-subject Revenue:	-1.5%	-1.5%	-1.1%	-1.2%	-1.3%	-1.4%	-1.1%	-1.2%
Imports #3 Revenue:	-1.8%	-1.7%	-1.3%	-1.3%	-1.6%	-1.5%	-1.3%	-1.3%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
CES FUNCTIONAL FORM (5/7/96)
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Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	80	5	10	0
Romania:	1	5	10	E
South Africa:	1	5	10	0
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Domestic Ouput:	-0.7%	-0.7%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.5%
Domestic Revenue:	-0.8%	-0.8%	-0.6%	-0.6%	-0.7%	-0.7%	-0.6%	-0.6%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%
Romania Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
South Africa Share:	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Non-subject Share:	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	--	--	--	--	--	--	--	--
Romania Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Romania Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Price:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
South Africa Output:	-0.7%	-0.7%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.5%
South Africa Revenue:	-0.8%	-0.8%	-0.6%	-0.6%	-0.7%	-0.7%	-0.6%	-0.6%
Non-subject Price:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Non-subject Revenue:	-0.7%	-0.7%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.5%
Imports #3 Revenue:	-0.8%	-0.8%	-0.6%	-0.6%	-0.7%	-0.7%	-0.6%	-0.6%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

COMPAS* (Dumping) -- THE EFFECTS OF LTFV PRICING OF IMPORTS
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Push To Solve.....

Market Segments:	Market Value Shares:	Supply Elasticities: Low	Supply Elasticities: High	Dumping Margins (percent):
Domestic:	80	5	10	0
Romania:	1	5	10	0
South Africa:	1	5	10	E
Non-subject	19	5	10	0
Import #4:	0	5	10	0

Use "E" to eliminate all products in a market segment

	From:	To:
Substitution Elasticity:	3	5
Demand Elasticity:	0.5	1

O U T P U T S

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Price:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Domestic Ouput:	-0.7%	-0.7%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.5%
Domestic Revenue:	-0.8%	-0.8%	-0.6%	-0.6%	-0.7%	-0.7%	-0.6%	-0.6%
"BUT-FOR" ESTIMATIONS								
Domestic Share:	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%
Romania Share:	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
South Africa Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-subject Share:	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
Import #4 Share:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated Impact of Dumping on Imports (as a percentage of "fair" values)

Romania Price:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Romania Output:	-0.7%	-0.7%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.5%
Romania Revenue:	-0.8%	-0.8%	-0.6%	-0.6%	-0.7%	-0.7%	-0.6%	-0.6%
South Africa Price:	--	--	--	--	--	--	--	--
South Africa Output:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
South Africa Revenue:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-subject Price:	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Non-subject Revenue:	-0.7%	-0.7%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.5%
Imports #3 Revenue:	-0.8%	-0.8%	-0.6%	-0.6%	-0.7%	-0.7%	-0.6%	-0.6%
Imports #4 Price:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Imports #4 Output:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Imports #4 Revenue:	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

INPUT ELASTICITIES:

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
Domestic Supply	5	10	5	10	5	10	5	10
Romania Supply	5	10	5	10	5	10	5	10
South Africa Supply	5	10	5	10	5	10	5	10
Non-subject Supply	5	10	5	10	5	10	5	10
Import #4 Supply	5	10	5	10	5	10	5	10
Aggregate Demand	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
Substitution	3	3	3	3	5	5	5	5

APPENDIX E

PRICES ON SALES IN TEXAS AND LOUISIANA

Table E-1
Product 1: F.o.b. prices reported by U.S. producers and importers of standard pipe from Romania and South Africa on sales in Texas and Louisiana, by quarters, Jan. 1993-Dec. 1995

* * * * * * *

Table E-2
Product 2: F.o.b. prices reported by U.S. producers and importers of standard pipe from Romania and South Africa on sales in Texas and Louisiana, by quarters, Jan. 1993-Dec. 1995

* * * * * * *

Table E-3
Margins of underselling for products 1 and 2 on sales in Texas and Louisiana, by countries and by quarters, Jan. 1993-Dec. 1995

* * * * * * *

APPENDIX F

DESCRIPTION OF PRODUCERS' MAJOR CAPITAL EXPENDITURES IN THE LAST FIVE YEARS THAT HAVE INFLUENCED CAPACITY TO PRODUCE STANDARD PIPE

Responses of U.S. producers providing financial data to the following question:

Has your firm had any major capital expenditures in the last five years which have influenced your capacity to produce circular welded nonalloy steel pipe?

*** responded "Yes" with no explanation. *** did not respond. *** responded "No." Other responses are as follows:

* * * * * * *

APPENDIX G

EFFECT OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Response of U.S. producers providing financial information to the following questions:

1. Since January 1, 1993, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of circular welded nonalloy steel pipe from Romania and/or South Africa?

*** did not respond. *** responded "No." Other responses are as follows:

* * * * * * *

2. Does your firm anticipate any negative impact of imports of circular welded nonalloy steel pipe from Romania and/or South Africa?

*** did not respond. *** responded "No." Other responses are as follows:

* * * * * * *