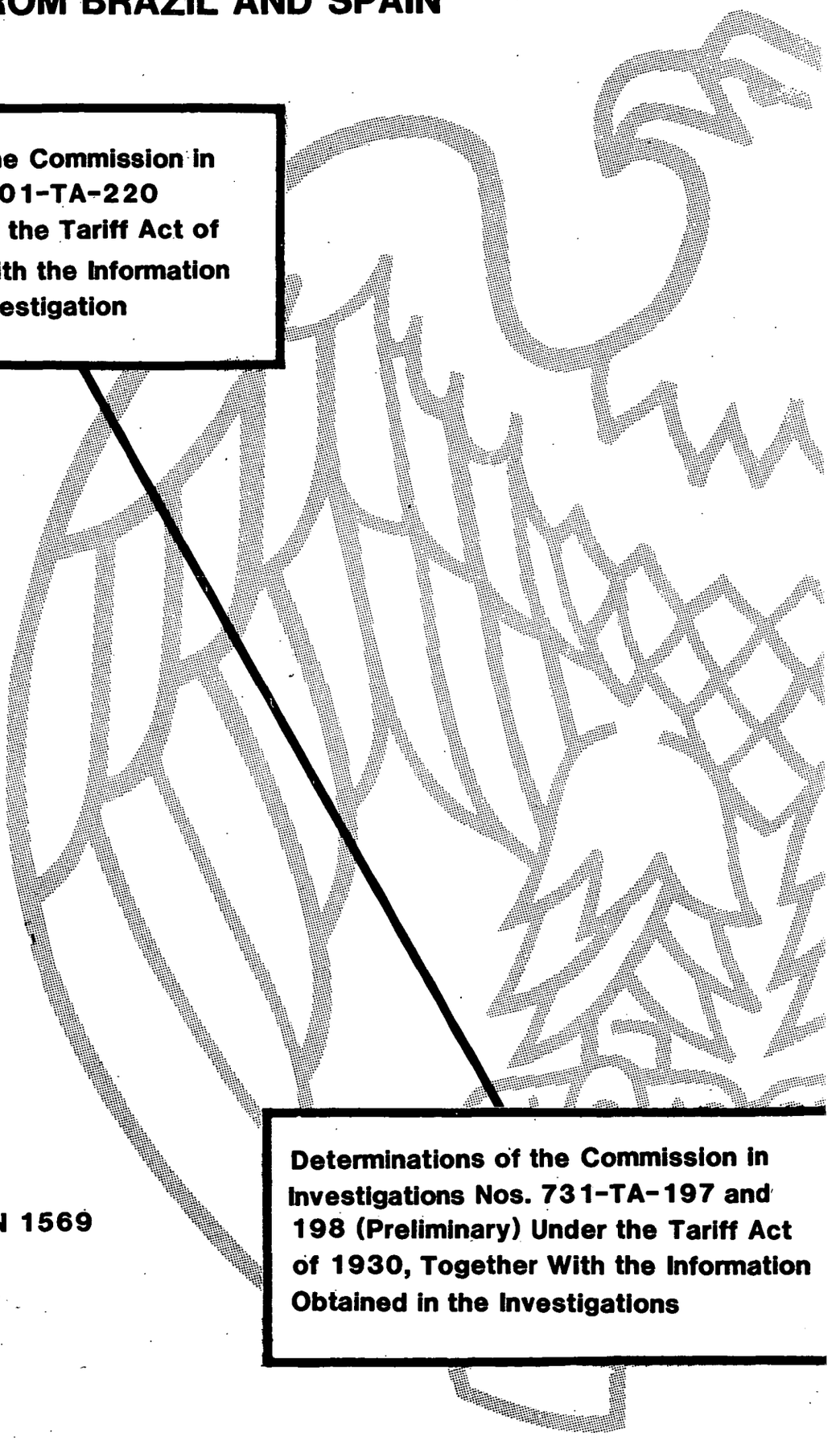
CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM BRAZIL AND SPAIN

Determination of the Commission in Investigation No. 701-TA-220 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



Determinations of the Commission in Investigations Nos. 731-TA-197 and 198 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

USITC PUBLICATION 1569

AUGUST 1984

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Paula Stern, Chairwoman

Susan W. Liebeler, Vice Chairman

Alfred E. Eckes

Seeley G. Lodwick

David B. Rohr

Kenneth R. Mason, Secretary to the Commission

Staff assigned:

Abigail Eltzroth

Marvin C. Claywell
Vincent DeSapio
Roy H. Ginsberg
Lynn I. Levine

Vera A. Libeau

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

C O N T E N T S

Tables

CONTENTS

Note.--Data which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-220 (Preliminary)
and 731-TA-197 and 198 (Preliminary)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES
FROM BRAZIL AND SPAIN

Determinations

On the basis of the record 1/ developed in investigation No. 701-TA-220 (Preliminary), the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Spain of small diameter circular welded carbon steel pipes and tubes 2/ which are alleged to be subsidized by the Government of Spain. 3/ The Commission also determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Spain of light-walled rectangular (including square) welded carbon steel pipes and tubes 4/ which are alleged to be subsidized by the Government of Spain. 5/ 6/

1/ The "record" is defined in section 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).

2/ The term "small diameter circular welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 4.5 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, and 610.3243 of the Tariff Schedules of the United States Annotated (1984) (TSUSA). Prior to April 1, 1984, the circular pipes and tubes were provided for in TSUSA items 610.3231, 610.3232, 610.3241, and 610.3244.

3/ Chairwoman Stern determines that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of the subject imports.

4/ The term "light-walled rectangular (including square) welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness of less than 0.156 inch, provided for in TSUSA item 610.4928. Prior to April 1, 1984, the rectangular pipes and tubes were provided for in TSUSA item 610.4975.

5/ Chairwoman Stern determines that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

6/ Vice Chairman Liebeler dissenting.

In addition, on the basis of the record developed in investigation No. 731-TA-197 (Preliminary), the Commission decermines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil of small diameter circular welded carbon steel pipes and tubes which are alleged to be sold in the United States at less than fair value (LTFV). 1/

The Commission further determines, on the basis of the record developed in investigation No. 731-TA-198 (Preliminary), pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Spain of small diameter circular welded carbon steel pipes and tubes which are alleged to be sold at LTFV. 2/ The Commission also determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Spain of light-walled rectangular (including square) welded carbon steel pipes and tubes which are alleged to be sold in the United States at LTFV. 3/ 4/

1/ Chairwoman Stern determines that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

2/ Chairwoman Stern determines that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

3/ Chairwoman Stern determines that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

4/ Vice Chairman Liebeler dissenting.

Background

On July 17, 1984, counsel for the Committee on Pipe & Tube Imports (CPTI) 1/ filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is being materially injured or threatened with material injury by reason of imports from Spain of certain welded carbon steel pipes and tubes which are allegedly being subsidized by the Government of Spain, and of imports from Brazil and Spain of certain welded carbon steel pipes and tubes which are allegedly sold at LTFV. Accordingly, effective July 17, 1984, the Commission instituted preliminary investigations under the provisions of the Tariff Act of 1930. Notice of the institution of the Commission's investigations and of a public conference 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, D.C., and by publishing the notice in the Federal Register on July 30, 1984 (49 F.R. 30375). A public conference was held in Washington, D.C. on August 8, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ The 11 member producers of the CPTI at the time the petitions were filed were Allied Tube & Conduit Corp., American Tube Co., Inc., Bull Moose Tube Co., Century Tube Corp., Copperweld Tubing Group, Kaiser Steel Corp., Merchants Metals, Inc., Pittsburgh-International, Southwestern Pipe, Inc., Western Tube & Conduit, and Wheatland Tube Co. Since the petitions were filed the following 11 firms became members of the CPTI, Central Steel Tube Co., Geneva Tube, LaClede Steel Co., Lone Star Steel Corp., Maverick Tube Corp., Newport Steel Corp., Phoenix Steel Corp., Sawhill division of Cyclops Corp., Sharon Tube Co., UNR-Leavitt, and Woodson Products.

VIEWS OF THE COMMISSION

In these preliminary investigations, we have made five affirmative determinations regarding two domestic industries. We determine that the record developed in these preliminary investigations provides a reasonable indication that an industry in the United States is materially injured by reason of imports of small diameter circular welded pipes and tubes from Brazil, and also by reason of such imports from Spain, which are alleged to be sold at less than fair value ("LTFV"). 1/ We also determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of light-walled rectangular (including square) welded pipes and tubes from Spain which are alleged to be sold at LTFV. 2/ 3/ Finally, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly subsidized imports from Spain of small diameter circular welded pipes and tubes 4/ and that another industry in the United States is materially injured by reason of

---

1/ Chairwoman Stern determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of imports of small diameter circular welded pipes and tubes from Brazil, and also by reason of such imports from Spain, which are alleged to be sold at LTFV.

2/ Chairwoman Stern determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Spain which are alleged to be sold at LTFV.

3/ Vice Chairman Liebeler determines that there is no reasonable indication that an industry is materially injured or threatened with material injury, and no reasonable indication that the establishment of an industry is being materially retarded, by reason of imports of light-walled rectangular pipes and tubes from Spain which are alleged to be sold at LTFV. See her Views, which follow.

4/ Chairwoman Stern determines that there is a reasonable indication that an industry is threatened with material injury by reason of imports of small diameter circular welded pipes and tubes from Spain which are alleged to be subsidized by the Government of Spain.

allegedly subsidized imports from Spain of light-walled rectangular (including square) welded pipes and tubes. 5/ 6/

Definition of the domestic industries

The domestic industry against which the impact of the imports under investigation is to be assessed is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 7/ "Like product" is defined in section 771(10) 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 . . . ." 8/

These investigations concern imports of two types of welded carbon steel pipes and tubes--small diameter circular pipes and tubes and light-walled rectangular pipes and tubes. These products were recently examined in Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131, 132 and 138 (Final), USITC Pub. No. 1519 (1984). In those investigations, the Commission determined that distinct domestic industries exist for small diameter circular and light-walled rectangular pipes and tubes. There was no persuasive evidence adduced in these

---

5/ Chairwoman Stern determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Spain which are alleged to be subsidized by the Government of Spain.

6/ Vice Chairman Liebeler determines that there is no reasonable indication that an industry is materially injured or threatened with material injury, and no reasonable indication that the establishment of an industry is being materially retarded, by reason of imports of light-walled rectangular pipes and tubes from Spain which are alleged to be subsidized by the Government of Spain. See her Views, which follow.

7/ 19 U.S.C. § 1677(4)(A).

8/ 19 U.S.C. § 1677(10).

preliminary investigations to warrant a change in the previous like product determinations regarding these products or our conclusions with respect to the relevant domestic industries.

Based upon our findings in these preliminary investigations that the like products are small diameter circular pipes and tubes and light-walled rectangular pipes and tubes, we determine that there are two separate domestic industries against which the impact of imports should be assessed. These are the domestic producers of small diameter circular pipes and tubes and the domestic producers of light-walled rectangular pipes and tubes.

SMALL DIAMETER CIRCULAR PIPES AND TUBES

Condition of the domestic industry

U.S. production of small diameter circular pipes and tubes fell from 1.4 million short tons in 1981 to 966,000 short tons in 1982, and then increased to 1.0 million short tons in 1983. In January-June 1984, production increased by 12 percent, compared with production in the corresponding period in 1983. 9/ Domestic shipments of small diameter circular pipes and tubes followed the same trends as production, falling from 1.4 million short tons in 1981 to 992,000 short tons in 1982 and then remaining at approximately this level in 1983. 10/ Domestic shipments increased by 10 percent in January-June 1984, compared to the corresponding period in 1983. 11/

Although U.S. producers' shipments of small diameter circular pipes and tubes increased in the first half of 1984 from the depressed levels of 1982 and 1983, U.S. producers' share of domestic consumption continued to decline. Thus, U.S. producers, which held a 67.5 percent share of domestic consumption

---

9/ Report of the Commission ("Report") at A-10-12.
10/ Id. at A-12-13.
11/ Id. at A-13-14.

in 1981, held only a 55.1 percent share of domestic consumption in the first half of 1984. 12/ Domestic capacity utilization remained low at 28.4 percent in 1983 and experienced only a modest increase in the first half of 1984. 13/ Employment declined from 5,478 workers in 1981 to 4,274 workers in 1982 and fell again in 1983 to 4,080 workers. 14/

Net sales of small diameter circular pipes and tubes fell from $732.6 million in 1981 to $514.0 million in 1983, or by 30 percent. 15/ In 1982, the domestic industry incurred combined operating losses of $33.3 million, or 6.1 percent of net sales, compared with an operating income of $10.8 million, or 1.5 percent of net sales, in 1981. In 1983, the industry continued to sustain operating losses of $11.5 million, or 2.2 percent of net sales. 16/ Net sales of the eight firms which provided financial information for the interim periods ending June 30, 1983, and June 30, 1984, increased 13 percent during the interim period ended June 30, 1984. 17/ These firms had a combined operating income of $886,000, or 0.3 percent of net sales, during the first six months of 1984, compared with a combined operating loss of $15.4 million, or 6.4 percent of net sales, for the corresponding period in 1983. 18/ Thus, while the financial performance of domestic producers improved in 1983 and the first half of 1984, operating results continued to be poor and the financial performance of the industry remained considerably below that of 1981.

12/ Id. at A-24.
13/ Id. at A-10-12. The capacity utilization level cited for 1983 is based upon information supplied by 27 producers. Only 13 producers provided capacity information for the first six months of 1984.
14/ Id. at A-15.
15/ Id. at A-16-17. Income-and-loss data for 1981-83 were received from 19 firms, accounting for approximately 88 percent of reported production of small diameter circular pipes and tubes in 1983. Id. at A-16.
16/ Id. at A-16-17.
17/ Id. at A-19.
18/ Id.

On the basis of the foregoing, we conclude that there is a reasonable indication of material injury to domestic producers of small diameter circular pipes and tubes.

Reasonable indication of material injury by reason of alleged LTFV imports from Brazil

Imports of small diameter circular pipes and tubes from Brazil rose from 11,000 short tons in 1982 19/ to 36,000 short tons in 1983. 20/ During the first six months of 1984, imports of the product from Brazil increased more than elevenfold, compared to the corresponding period in 1983, rising from 5,000 to 58,000 short tons. 21/ As a share of U.S. consumption, imports from Brazil increased from 0.7 percent in 1982 to 1.8 percent in 1983, and then increased further to 5.6 percent in January-June 1984. 22/ In January-June 1984, Brazil was the second largest source of imports of small diameter circular pipes and tubes, accounting for 12 percent of such imports. 23/

Prices of imports from Brazil of schedule 40 sprinkler pipe were lower than those of the domestically produced product in all quarters reported. 24/ Between January-March 1982 and April-June 1984, U.S. producers' prices for schedule 40 sprinkler pipe decreased by 20.7 percent on sales to service centers/distributors and by 15.2 percent on sales to end-users. 25/ The

---

19/ The data collected in these investigations do not provide a sufficient basis for estimating the volume of imports of small diameter circular pipes and tubes from Brazil in 1981. Id. at A-22. During that year, imports of the product from all countries totalled 662,000 short tons. Id. at A-22-23.

20/ Id.

21/ Id.

22/ Id. at A-22, A-24.

23/ Id. at A-22-23.

24/ Prices of imports from Brazil of schedule 40 sprinkler pipe on sales to service centers/distributors were reported for six of the ten quarters between January 1982 and June 1984. Prices of imports from Brazil of this product on sales to end-users were reported for only three of the ten quarters between January 1982 and June 1984. Id. at A-27-28.

25/ Id.

margin of underselling on sales of schedule 40 sprinkler pipe to service centers/distributors ranged from 15.9 to 30.2 percent during the period January 1982-June 1984. 26/ The margin of underselling on sales of this product to end-users ranged from 13.1 percent to 41.2 percent. 27/ Prices of imports from Brazil of schedule 40 standard pipe were also lower than those of the domestically produced product in all quarters reported. 28/

Eight U.S. firms indicated that they had purchased imported small diameter circular pipes and tubes from Brazil in 1983 and 1984. All of these purchasers confirmed that the Brazilian product was priced below the domestically produced product. 29/ Estimates of underselling by imports from Brazil, which were provided by four purchasers, ranged from 10 to 30 percent. 30/

26/ Id.
27/ Id.
28/ Id. at A-29. Prices of imports from Brazil of schedule 40 standard pipe for sales to service centers/distributors were reported for only three of the ten quarters between January 1982 and June 1984. Prices of imports from Brazil of this product for sales to end-users were reported for only two of the ten quarters between January 1982 and June 1984. Id.
29/ Id. at A-31-35.
30/ Id.

On the basis of these facts, we find that there is a reasonable indication of material injury to a domestic industry by reason of alleged LTFV imports of small diameter circular pipes and tubes from Brazil. 31/

Reasonable indication of material injury by reason of allegedly subsidized, and also by reason of alleged LTFV, imports from Spain

Imports of small diameter circular pipes and tubes from Spain rose from 3,000 short tons in 1982 32/ to 13,000 short tons in 1983. 33/ During the first six months of 1984, imports of the product from Spain increased more than twenty-eightfold, compared to the corresponding period in 1983, climbing from 1,000 to 31,000 short tons. 34/ As a share of U.S. consumption, imports from Spain increased from 0.2 percent in 1982 to 0.7 percent in 1983, and then

---

31/ Chairwoman Stern determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of alleged LTFV imports of small diameter circular pipes and tubes from Brazil. This determination is based upon a cumulative analysis of the alleged LTFV imports of the product from Brazil and Spain.

Chairwoman Stern notes that cumulation is appropriate where allegedly unfairly traded imports are having a collective, "hammering" effect on the domestic industry producing the like product. In determining whether imports are having such an effect, factors and conditions of trade in the industry under investigation must be examined. Such factors and conditions include: volume of subject imports, trends of import volume, fungibility of imports, competition in markets for the same end-users, common channels of distribution, similarity of pricing behavior of imports, simultaneous impact of imports upon the domestic industry, and existence of any coordinated action by importers with respect to the product under investigation. The record in this investigation indicates that the alleged LTFV imports from both Brazil and Spain compete with and are distributed through the same channels of trade as the domestically produced product. Moreover, the subject imports from these countries exhibited similar volume trends from 1982 to 1983 and during the first half of 1984.

While increases in the volume and market penetration of alleged LTFV imports from Brazil and Spain occurred between 1982 and 1983, such increases were most pronounced in the first six months of 1984. In the aggregate, these imports accounted for 2.5 percent of domestic consumption in 1983, and then climbed to 8.6 percent of domestic consumption in January-June 1984, as compared to 0.7 percent in the corresponding period in 1983. Id. at A-24. Chairwoman Stern, therefore, determines that there is a reasonable indication of material injury or threat of material injury to the domestic industry.

32/ The data collected in these investigations do not provide a sufficient basis for estimating the volume of imports of small diameter circular pipes and tubes from Spain in 1981. Id. at A-22. During that year, imports of the product from all countries totalled 662,000 short tons. Id. at A-22-23.

33/ Id. A-23-24.

34/ Id.

increased further to 3.0 percent in January-June 1984. 35/ Spain was the fourth largest source of imports of the product in January-June 1984, accounting for 7 percent of all imports. 36/

Five U.S. firms indicated that they had purchased imported small diameter circular pipes and tubes from Spain in 1983 and 1984. 37/ Four purchasers acknowledged that the prices of imports from Spain were substantially less than the U.S. producers' prices and provided estimates of such underselling ranging from 15 to 30 percent. 38/

On the basis of these facts, we find that there is a reasonable indication of material injury to a domestic industry by reason of allegedly subsidized imports of small diameter circular pipes and tubes from Spain. 39/

35/ Id. at A-24.
36/ Id. at A-22-23.
37/ Id. at A-32-35.
38/ Id. The Commission received only limited pricing information from one importer of small diameter circular pipes and tubes from Spain. Id. at A-29. This information indicates that schedule 40 standard pipe from Spain undersold the domestically produced product by 58 percent in one quarter in 1983. Id.
39/ Chairwoman Stern determines that there is a reasonable indication that an industry is threatened with material injury by reason of allegedly subsidized imports of small diameter circular pipes and tubes from Spain. This determination is based upon an individual analysis of allegedly subsidized imports from Spain.

In making a determination as to whether there is a threat of material injury, the Commission considers such factors as the rate of increase of the allegedly subsidized or dumped imports into the United States, the quantities of such imports held in inventory in the United States, and the capacity of the exporting country to generate exports. Chairwoman Stern notes that although importers of the subject imports reported that they maintain no inventory of the product and information regarding the capacity of Spanish producers to generate imports is not available, the data collected in this investigation indicate that the volume of imports of small diameter circular pipes and tubes from Spain increased substantially in the first six months of 1984, as compared to the corresponding period in 1983. Similarly, the data indicate that the share of domestic consumption held by such imports increased dramatically during this period, climbing from 0.1 percent in January-June 1983 to 3.0 percent in January-June 1984. In light of the rapid increase in the volume and market penetration of these imports in recent months, as well as other factors, Chairwoman Stern determines that there is a reasonable indication of threat of material injury to the domestic industry.

We also find that there is a reasonable indication of material injury to a domestic industry by reason of imports of small diameter circular pipes and tubes from Spain which are alleged to be sold at LFTV. 40/

LIGHT-WALLED RECTANGULAR PIPES AND TUBES 41/

Condition of the domestic industry

U.S. production of light-walled rectangular pipes and tubes declined from 119,000 short tons in 1981 to 106,000 short tons in 1982, but then recovered to 119,000 short tons in 1983. 42/ In January-June 1984, production increased by 11 percent, compared with production in the corresponding period in 1983. 43/ U.S. producers' domestic shipments of light-walled rectangular pipes and tubes followed a trend similar to that of production. Domestic shipments declined from 123,000 short tons in 1981 to 111,000 short tons in 1982, and then marginally increased to 113,000 short tons in 1983. 44/ In January-June 1984, domestic shipments increased by 7.5 percent, compared with the corresponding period in 1983. 45/ Although during 1983 and the first half of 1984 U.S. producers' shipments of light-walled rectangular pipes and tubes increased from the depressed level of 1982, U.S. producers' share of domestic consumption declined throughout the period of investigation, dropping from 73.0 percent in 1981 to 58.4 percent in 1983, and then still further to 52.3 percent in the first six months of 1984. 46/

40/ Chairwoman Stern determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of alleged LTFV imports of small diameter circular pipes and tubes from Spain. This determination is based upon a cumulative analysis of alleged LTFV imports of the product from Brazil and Spain. See note 31 supra.

41/ Vice Chairman Liebeler dissents from this determination. See her Views, which follow.

42/ Report at A-11.

43/ Id. at A-10, A-12.

44/ Id. at A-12-13.

45/ Id. at A-14.

46/ Id. at A-26.

Between 1981 and 1983, domestic capacity utilization increased from 54.6 percent to 58.6 percent, as domestic capacity decreased by 6 percent. 47/ In January-June 1984, capacity utilization increased, compared to the level in the corresponding period in 1983. 48/ Employment declined from 150 workers in 1981 to 140 workers in 1983. 49/

Net sales of light-walled rectangular pipes and tubes steadily declined from $52.2 million in 1981 to $42.8 million in 1983. 50/ Operating income declined from $1.7 million in 1981 to $951,000 in 1983. 51/ As a percentage of net sales, operating income decreased steadily from 3.4 percent in 1981 to 2.2 percent in 1983. 52/

On the basis of the foregoing, we conclude that there is a reasonable indication of material injury to domestic producers of light-walled rectangular pipes and tubes.

Reasonable indication of material injury by reason of allegedly subsidized, and also by reason of alleged LTFV imports, from Spain

Imports of light-walled rectangular pipes and tubes from Spain more than doubled in 1983, increasing to 5,547 short tons from 2,549 short tons in

---

47/ Id. at A-10-11.

48/ Id. at A-12. The capacity utilization levels cited for 1981-83 are based upon information provided by 12 producers. Only 6 producers provided capacity information for the first six months of 1984.

49/ Id. at A-14-15.

50/ Id. at A-19-20. Income-and-loss data for 1982-83 were received from six firms, accounting for 72 percent of reported production of light-walled rectangular pipes and tubes in 1983. Income-and-loss data for 1981 include data received from these firms and one additional firm, which discontinued production of this product at the end of its 1981 fiscal year. Id. at A-19.

51/ Id. at A-19-20.

52/ Id. Only two U.S. producers provided usable income-and-loss data for the interim periods ending June 30, 1983, and June 30, 1984. Id. at A-21. In the aggregate, these firms experienced substantially greater net sales and operating income in January-June 1984 than in the corresponding period of 1983. However, these producers account for only a small portion of the industry. In any final investigation, the Commission will attempt to collect additional income-and-loss data for 1984.

1982. 53/ During the first six months of 1984, imports of the product from Spain continued to rise, climbing from 554 short tons in January-June 1983 to 11,351 short tons in January-June 1984. 54/ Thus, Spain was the second largest source of imports of the product in January-June 1984, accounting for 20 percent of all imports. 55/ As a share of U.S. consumption, imports from Spain increased from 1.5 percent in 1982 to 2.8 percent in 1983 and 9.5 percent in January-June 1984. 56/

Three U.S. firms indicated that they had purchased light-walled rectangular pipes and tubes from Spain during the first six months of 1984. 57/ Additionally, three firms acknowledged that prices of imports from Spain were below U.S. producers' prices for the product and provided estimates of underselling ranging from 10 to 20 percent. 58/ Between January-March 1982 and April-June 1984, U.S. producers' prices for 1-inch square mechanical tubing decreased by 10.4 percent on sales to service centers/distributors and by 32 percent on sales to end-users. 59/

On the basis of these facts, we find that there is a reasonable indication of material injury to a domestic industry by reason of allegedly subsidized imports of light-walled rectangular pipes and tubes from

---

53/ Id. at A-24-25. The data collected in these investigations do not provide a sufficient basis for estimating the volume of imports of light-walled rectangular pipes and tubes from Spain in 1981. Id. at A-22.
54/ Id. at A-24-25.
55/ Id.
56/ Id. at A-24, A-26.
57/ Id. at A-35-36.
58/ Id. at A-35-36. The Commission received only limited pricing information from one importer of light-walled rectangular pipes and tubes from Spain. Id. at A-29. This information indicates that in two quarters between January 1983 and June 1984, 1-inch square mechanical tubing from Spain undersold the domestically produced product by margins of 28 to 32.7 percent. Id.
59/ Id.

Spain. 60/ We also find that there is a reasonable indication of material injury to a domestic industry by reason of imports of light-walled rectangular pipes and tubes from Spain which are alleged to be sold at LTFV. 61/

60/ Chairwoman Stern determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of allegedly subsidized imports of light-walled retangular pipes and tubes from Spain. This determination is based upon an individual analysis of allegedly subsidized imports from Spain.

While increases in the volume and market penetration of these imports occurred between 1982 and 1983, such increases were most pronounced in the first six months of 1984. The subject imports accounted for 2.8 percent of domestic consumption in 1983, and then climbed to 9.5 percent of domestic consumption in January-June 1984, as compared to 0.6 percent in the corresponding period in 1983. Id. at A-26.

61/ Chairwoman Stern determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of alleged LTFV imports of light-walled retangular pipes and tubes from Spain. This determination is based upon an individual analysis of alleged LTFV imports from Spain, and specifically upon recent increases in the volume and market penetration of imports of the product from Spain, which are discussed supra at note 60.

VIEWS OF VICE CHAIRMAN LIEBELER

On the basis of the record in Investigations 701-TA-220 and 731-TA-198, I determine that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry is being materially retarded, by reason of imports of light-walled welded rectangular pipes and tubes from Spain allegedly sold at less than fair value ("LTFV") and allegedly subsidized by the Government of Spain.[1] Accordingly, I do not join the majority in its affirmative determination in this preliminary investigation.

Requirements for a preliminary decision

As I have stated in a previous opinion, the Commission cannot make an affirmative determination on the chance that some unknown and unspecific information may be found to support an affirmative final determination. The record at hand must support a preliminary affirmative

---

[1]Because there is an established domestic industry, material retardation is not an issue in this investigation and will not be discussed further.

determination.[2]

Reasonable Indication of Material injury

These investigations have revealed that the financial condition of the domestic industry has dramatically improved in 1984. During the first 6 months of 1984,[3] net sales reported by domestic producers rose dramatically when compared with the corresponding period of 1983.[4] During interim 1984, total hourly compensation per worker increased to $12.85 from $10.76 in interim 1983, an increase of approximately 20 percent.[5] At the same time, total employment in the domestic industry increased.[6] Capacity utilization reached 77 percent in 1984. Over this same period capacity also increased. The increase in both capacity and capacity utilization suggests a growing industry.

---

[2]Views of Vice Chairman Liebeler, Stainless Steel Wire Cloth from Japan, 731-TA-190 (Preliminary) ("A preliminary determination must be based on the best information available to the Commission at the time the determination is made. However, this does not allow the Commission to make an affirmative decision merely upon a supposition that some now unknown information may be unearthed in a final investigation. There must be some positive reason for finding a reasonable indication of material injury by reason of the subject imports on the basis of the record at hand.") See also S. Rep. No. 249, 96th Cong., 1st Sess. 63 (1979).

[3]The first 6 months of a year will sometimes be referred to as "interim."

[4]Report at A-21. The exact figures are confidential.

[5]Id. at A-16.

[6]Id. at A-12.

Moreover, over the entire period of investigation, the available information indicates that producers have been able to cover variable and even fixed costs. The ratio of operating income to net sales ranged between 1.2 percent and 2 percent between 1981 and 1983 During interim 1984, this ratio increased considerably compared with the same period in 1983.

Finally, both domestic production and shipments increased from interim 1983 to interim 1984. All of these factors taken together indicate that there is insufficient evidence to support a finding of a reasonable indication that the domestic industry is suffering material injury, that is, "harm which is not inconsequential, immaterial, or unimportant."[7]

By reason of

Assuming arguendo that there is a reasonable indication of material injury to the domestic industry, I find that there is no reasonable indication that the alleged LTFV imports or the allegedly subsidized imports from Spain were a cause of such injury.

---

[7]19 U.S.C. § 1677(7)(A)(1980).

The ratio of Spanish imports of light-walled rectangular welded carbon steel pipes and tubes to domestic consumption did increase substantially during the years investigated. In 1982 this import penetration ratio was 1.5 percent, rising to 2.8 percent in 1983. For the January-June period of 1984, this ratio was 9.5 percent.

However, the fact that the import penetration ratio was increasing at a time when the industry's financial performance was improving demonstrates that there is no reason to believe that Spanish imports are having any material adverse impact on the domestic industry.

Reasonable indication of threat of material injury

In order to conclude that alleged LTFV or subsidized imports constitute a threat of material injury to the domestic industry, the Commission must find that the threat is real and imminent, and not based on a mere possibility that the injury might occur at some remote future date.[8] Because the available data indicates that the industry is in no imminent danger, I find that there is no reasonable indication of threat of material injury by reason of imports of light-walled rectangular welded carbon pipes and tubes from Spain.

---

[8]Alberta Gas Chemicals, Inc. v. United States, 515 F. Supp. 780 (Ct. Int'l Trade 1981).

Available information

Some might argue that the financial improvement indicated by the data should be disregarded because much of it is based on a relatively small response rate. As Commission Rohr has stated, "though the burden of a thorough investigation falls to the Commission, the petitioner is not relieved of the consequences of a thorough preliminary investigation that yields no information indicating a reasonable indication of material injury caused by imports."[9]

Congress has given the Commission the obligation to make a preliminary determination based on the best available evidence within 45 days of or after the date on which a petition is filed under section 1671a(b) or section 1673a(b).[10] The Commission is not allowed to wait for information. If Congress decides that 45 days is not long enough to generate reliable information, it is up to Congress to amend the law. It is not the Commission's mandate to imagine what information could possibly be forthcoming if a final investigation is instituted. Rather, the Commission must make its decision based on the best available information before it at the time of its determination.

---

[9]Views of Commissioner Rohr, Stainless Steel Wire Cloth from Japan, 731-TA-190, at A-17. In a preliminary determination the Commission must conduct a "thorough" investigation. Budd Co., Ry. Division v. United States, 507 F. Supp. 997, 1000-01 (Ct. Int'l Trade 1980). This requirement has been met.

[10]19 U.S.C. §§ 1671b(a), 1673b(a)(1980)(emphasis added).

Moreover, there is good reason to believe that responses received within the 45-day deadline will present the best case for the petitioners. Firms in the worst financial condition have the greatest incentive to respond to questionnaires to present a strong showing of material injury, whereas financially successful firms may choose not to respond. If only financially troubled firms send their data to the Commission within the reporting deadline, the indicators of the financial condition of the industry will be biased downward, increasing the probability of an affirmative preliminary determination.

Firms that are "healthy" will gain as much or more than firms that are "unhealthy" from an affirmative preliminary determination, even if the final determination is negative. The uncertainty surrounding the ultimate determination by the Commission on the final determination should cause a decrease in imports[11]. If some domestic firms are doing well because they are more efficient than their domestic competitors, the financial condition of these firms should get even better as these efficient firms capture a greater portion of the market vacated by the

---

[11]Between the time of an affirmative preliminary determination by Commerce and the final determination by the Commission, a cash deposit, bond or other security must be posted for each entry equal to the estimated average amount of the net subsidy or the estimated amount by which the foreign market value exceeds the U.S. price, as the case may be. Sometimes the bond required on an entry can be very substantial in the case of LTFV imports. Even a slight probability that this bond may be forfeited should cause some transactions to be foregone.

foreign producers. By failing to respond to the questionnaire, [12] financially healthy firms will gain. Thus, it is in the interest of both the healthy and the unhealthy firms that the Commission receive only that information which is more likely to depict an industry suffering material injury.

By only relying on the data before it, the Commission not only will be following the Congressional mandate, but also giving the industry every benefit of the doubt. The data now before this Commission requires me to make a negative preliminary determination.

---

[12] There apparently are no sanctions for missing the response deadline in the preliminary investigation.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On July 17, 1984, counsel for the Committee on Pipe & Tube Imports (CPTI) 1/ filed antidumping and countervailing duty petitions with the U.S. International Trade Commission and the U.S. Department of Commerce. The petitions allege that an industry in the United States is materially injured and is threatened with material injury by reason of imports from Spain of certain welded carbon steel pipes and tubes 2/ upon which bounties or grants are alleged to be paid, and imports from Brazil and Spain of certain welded carbon steel pipes and tubes 3/ which are allegedly sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary investigations under the provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States. The statute directs that the Commission make its determinations within 45 days after its receipt of the petitions, or in these cases, by August 31, 1984.

1/ The 11-member producers of the CPTI at the time the petitions were filed were Allied Tube & Conduit Corp., American Tube Co., Inc., Bull Moose Tube Co., Century Tube Corp., Copperweld Tubing Group, Kaiser Steel Corp., Merchants Metals, Inc., Pittsburgh-International, Southwestern Pipe, Inc., Western Tube & Conduit, and Wheatland Tube Co. Since the petitions were filed, the following 11 firms became members of the CPTI, Central Steel Tube Co., Geneva Tube, LaClede Steel Co., Lone Star Steel Corp., Maverick Tube Corp., Newport Steel Corp., Phoenix Steel Corp., Sawhill division of Cyclops Corp., Sharon Tube Co., UNR-Leavitt, and Woodson Products.

2/ For purposes of this investigation, the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 4.5 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, and 610.3243 of the Tariff Schedules of the United States Annotated (1984) (TSUSA), and welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness of less than 0.156 inch, provided for in TSUSA item 610.4928. Prior to Apr. 1, 1984, the circular pipes and tubes were provided for in TSUSA items 610.3231, 610.3232, 610.3241, and 610.3244, and the rectangular pipes and tubes were provided for in TSUSA item 610.4975.

3/ With respect to the investigations involving imports from Spain, the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of circular and rectangular cross sections as specified above. With respect to the investigation involving imports from Brazil, the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, as specified above.

Notice of the institution of the Commission's investigations and of a conference 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, D.C., and by publishing the notice in the Federal Register of July 30, 1984 (49 F.R. 30375). 1/ The conference was held in Washington, D.C., on August 8, 1984. 2/ The briefing and vote was held on August 22, 1984.

Previous Commission Investigations

On June 12, 1984, the Commission found in investigation No. TA-201-51, on carbon and certain alloy steel products, under section 201 of the Trade Act of 1974, that the domestic steel pipe and tube industry was experiencing serious injury. However, the Commission determined that imports of certain steel pipes and tubes were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. 3/ The steel pipes and tubes that were the subject of the section 201 investigation included the welded carbon steel pipes and tubes that are the subject of the instant investigations, as well as other pipes and tubes that are not the subject of these investigations.

On April 17, 1984, the Commission determined in investigations Nos. 731-TA-131 and 132 (Final) that an industry in the United States was materially injured by reason of imports from the Republic of Korea (Korea) and Taiwan of small circular pipes and tubes that had been found by Commerce to be sold in the United States at LTFV. In addition, on the same date, the Commission determined in investigation No. 731-TA-138 (Final) that an industry in the United States was materially injured by reason of LTFV imports of light-walled rectangular pipes and tubes from Korea. 4/ The small circular and light-walled rectangular pipes and tubes which were the subject of the previous investigations are the same products which are the subject of the current investigations.

On February 8, 1983, the Commission determined that an industry in the United States was materially injured by reason of imports of certain welded carbon steel pipes and tubes that were found by Commerce to be subsidized by the Government of Korea. 5/ That investigation covered certain circular pipes

---

1/ Copies of the Commission's and Commerce's notices are presented in app. A.

2/ A list of witnesses appearing at the conference is presented in app. B.

3/ Carbon and Certain Alloy Steel Products: Report to the President on Investigation No. TA-201-51. . ., USITC Publication 1553, July 1984.

4/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-131, 132, and 138 (Final). . ., USITC Publication 1519, April 1984.

5/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-168 (Final) . . ., USITC Publication 1345, February 1983.

and tubes (including American Petroleum Institute (API) line pipe) up to 16 inches in outside diameter. The current investigations cover both circular pipes and tubes up to 4.5 inches in outside diameter and rectangular (including square) pipes and tubes. 1/ The affirmative determinations by Commerce and the Commission resulted in the imposition of a countervailing duty of 1.88 percent on imports of such products produced by Dongjin Steel Co., Ltd., one of the five Korean producers of small circular pipes and tubes whose sales were examined by Commerce in the course of investigation No. 731-TA-131 (Final).

The Product

Description and uses

For the most part, the terms "pipes," "tubes," and "tubular products" can be used interchangeably. In some industry publications, however, a distinction is made between pipes and tubes. According to these publications, pipes are produced in large quantities in a few standard sizes, whereas tubes are made to customers' specifications regarding dimension, finish, chemical composition, and mechanical properties. Pipes are normally used as conduits for liquids or gases, whereas tubes are generally used for load-bearing or mechanical purposes. Nevertheless, there is apparently no clear line of demarcation in many cases between pipes and tubes.

Steel pipes and tubes can be divided into two general categories according to the method of manufacture--welded or seamless. Each category can be further subdivided by grades of steel: carbon, heat-resisting, stainless, or other alloy. This method of distinguishing between steel pipe and tube product lines is one of several methods used by the industry. Pipes and tubes typically come in circular, square, or rectangular cross section.

The American Iron & Steel Institute (AISI) distinguishes among the various types of pipes and tubes according to six end uses: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods. 2/

Steel pipes and tubes are generally produced according to standards and specifications published by a number of organizations, including the American Society for Testing & Materials (ASTM), the American Society of Mechanical Engineers, and the American Petroleum Institute (API). Comparable organizations in Japan, West Germany, the United Kingdom, the U.S.S.R., and other countries have also developed standard specifications for steel pipes and tubes.

1/ Neither the earlier investigation nor the current investigations cover API oil country tubular goods, pressure tubes, or cold-drawn pipes and tubes.

2/ For a full description of these items, see Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-168 (Final) . . ., USITC Publication 1345, February 1983.

The imported pipe and tube products which are the subject of these investigations are the following welded carbon steel products:

(1) Small-diameter circular welded carbon steel pipes and tubes, 0.375 inch or more but not over 4.5 inches in outside diameter, and with a wall thickness of not less than 0.065 inch, hereinafter referred to as small circular pipes and tubes. This is a general-purpose commodity used in such applications as sprinkler systems and fence posts and is commonly referred to in the industry as a standard pipe. It may be supplied with an oil coating (black pipe) or may be galvanized; it is sold in plain ends, threaded, threaded and coupled, or beveled for welding. This product is generally produced to ASTM specification A-120, a lenient specification requiring hydrostatic testing but not specifying grade, chemistry, yield, or tensile strength minimums.

(2) Rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of less than 0.156 inch, hereinafter referred to as light-walled rectangular pipes and tubes. This product is supplied in rectangles ranging from 0.375 x 0.625 inch to 4 x 8 inches and in 0.375 to 6-inch squares. It is employed in a variety of end uses not involving the conveyance of liquid or gas, such as agricultural equipment frames and parts and furniture parts. The product is generally produced to ASTM specification A-513 or specification A-500, Grade A, and is commonly referred to in the industry as mechanical or ornamental tubing.

Manufacturing processes

Welded steel pipes and tubes are made by forming flat-rolled steel into a tubular configuration and welding it along the joint axis. There are various ways to weld pipes and tubes: the most popular are the electric resistance weld (ERW), the continuous weld (butt weld) (CW), the submerged-arc weld, and the spiral weld. Submerged-arc weld and spiral weld are normally used to produce pipes and tubes of relatively large diameter. The small circular pipes and tubes which are the subject of these investigations are produced either by the ERW or CW processes, whereas the rectangular pipes and tubes are produced only by the ERW process. 1/ All pipes and tubes are formed and welded in a cylindrical configuration. Immediately after welding, the product may be reduced by rolling or stretch reducing or may be further formed into squares, rectangles, or other shapes by using forming rolls.

1/ Transcript of the public conference in investigations Nos. 731-TA-131 and 132 (Preliminary), pp. 52 and 53.

In the ERW process, skelp 1/ is cold-formed by tapered rolls into a cylinder. The weld is formed when the joining edges are heated to approximately 2,600° F. Pressure exerted by rolls squeezes the heated edges together to form the weld. ERW mills produce both pipe in standard sizes and tubular products between 0.375 and 24 inches in outside diameter.

In recent years, the ERW process has gained increased popularity with U.S. producers of small-diameter pipe and tube products. This process requires significantly less energy per pipe produced, as only the joining edges of the product are heated, creating a weld of comparatively high integrity within the product specification. It can be used to produce such products in sizes up to 24 inches in outside diameter, compared with the 4.5-inch maximum outside diameter usually attainable in the CW process.

In the CW process, skelp is heated to approximately 2600° F and hot-formed into a cylinder. The heat in combination with the pressure of the rolls forms the weld. Continuous-weld mills generally produce the higher volume, standardized pipe products from 0.375 through 4.5 inches in outside diameter.

The advantage of the CW process lies in its ability to produce pipe at speeds up to 1,200 feet per minute compared with the ERW process maximum of approximately 110 feet per minute. Thus, economies associated with high-volume production may make CW pipe cheaper to produce than ERW pipe of the same grade and specification. The CW process is especially suited for the manufacture of standardized, high-volume, small-diameter pipe products, such as the ASTM A-120 circular pipe included in these investigations.

U.S. tariff treatment

Imports of the small circular pipes and tubes covered by these investigations are classified under TSUSA items 610.3231, 610.3234, 610.3241, 610.3242, and 610.3243, which include welded pipes and tubes (and blanks therefor 2/) of iron (except cast iron) or of nonalloy (carbon) steel, of circular cross section, with walls not thinner than 0.065 inch and having an outside diameter of not less than 0.375 inch or more than 4.5 inches. During the Tokyo round of the Multilateral Trade Negotiations (MTN), the most-favored-nation (MFN) (col. 1) rate of duty 3/ for TSUS item 610.32 was

---

1/ Skelp is a flat-rolled, intermediate product used as the raw material in the manufacture of pipes and tubes. It is typically an untrimmed band of hot- or cold-rolled sheet.

2/ Blanks are semifinished pipe or tube hollows which are purchased by producers and further processed.

3/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

changed from 0.3 cent per pound to 1.9 percent ad valorem, effective January 1, 1982. This MFN rate of duty is the final rate negotiated in the Tokyo round.

Imports of the light-walled rectangular pipes and tubes that are covered by these investigations are classified under TSUSA item 610.4928, which includes welded nonalloy steel pipes and tubes of cross sections other than circular, having a wall thickness less than 0.156 inch. As of January 1, 1984, the column 1 rate of duty for TSUS item 610.49 was 9.3 percent ad valorem. As a result of tariff concessions granted in the Tokyo round, the column 1 rate of duty is to be reduced in stages until January 1, 1987, when it will reach its final negotiated rate of 8 percent ad valorem.

Nature and Extent of Alleged Subsidies and Alleged LTFV Sales

The petitioner alleges that the manufacturers, producers, and exporters of certain welded carbon steel pipes and tubes from Spain receive benefits from several government programs which constitute bounties or grants. The allegations concerning these subsidy programs are summarized by Commerce in its Federal Register notice instituting the investigation (app. A). The petition did not provide an estimate of the magnitude of these subsidies.

The petitioner also alleges that imports of certain welded carbon steel pipes and tubes from Brazil and Spain are being sold in the United States at prices which are below the cost of production. In calculating the LTFV margins, the petition compared the U.S. ex-factory sales prices and production cost connected with imports from Brazil in December 1983 and with imports from Spain in February 1984. The magnitude of the alleged LTFV margins are summarized in the following tabulation (in percent):

Country	Small circular	Light-walled rectangular
Brazil	46.4-75.1	1/
Spain	61.5-77.8	60.0

1/ Light-walled rectangular pipes and tubes from Brazil are not under investigation.

The Domestic Market

U.S. consumption

U.S. consumption of small circular and light-walled rectangular welded carbon steel pipes and tubes followed the same trend during the period covered by the investigations. Consumption of each product line decreased from 1981 to 1982 and then increased from 1982 to 1983. Percentage declines in consumption from 1981 to 1982 were 21 percent for small circular pipes and tubes, and 2 percent for light-walled rectangular pipes and tubes. Percentage increases in consumption from 1982 to 1983 were 23 percent and 18 percent,

respectively. Consumption data, compiled from data submitted by producers and importers in response to the Commission's questionnaires and from official statistics of the U.S. Department of Commerce, as adjusted for inventories, are provided in the following tabulation (in short tons):

Item	1981	1982	1983
Small circular	2,025,404	1,599,579	1,968,014
Light-walled rectangular	167,996	164,994	194,109

In January-June 1984, estimated U.S. consumption of small circular and light-walled rectangular pipes and tubes increased 15 percent and 29 percent, respectively, when compared with the level of estimated consumption in the corresponding period of 1983, as shown in the following tabulation (in short tons):

Item	January-June	
	1983	1984
Small circular	897,301	1,027,772
Light-walled rectangular	92,487	118,922

Channels of distribution

In the U.S. market, sales of the pipes and tubes that are the subject of these investigations are made directly to end users or to steel service centers/distributors, which in turn sell to end users. The bulk of shipments in all product lines are more or less standardized and are sold to service centers/distributors. 1/ Service centers/distributors are middlemen that buy large quantities of pipes and tubes, usually from both domestic producers and importers, warehouse the product, and sell smaller quantities to end users. The service centers/distributors may also have some simple finishing equipment, such as equipment to cut pipe to lengths or to thread and couple it. According to AISI data for 1983, service centers/distributors accounted for 68 percent of domestic shipments of standard pipe, for 60 percent of structural tubing shipments, and for 19 percent of mechanical tubing shipments. 2/ Major markets in which shipments were made directly to end users in 1983 were the oil and gas and electrical equipment industries for standard pipe, the oil and gas industry for structural tubing, and the machinery, industrial equipment, and tools industry for mechanical tubing.

1/ Transcript of the public conference in investigations, Nos. 731-TA-131 and 132 (Preliminary), pp. 79 and 86.

2/ AISI data are not available on the basis of size or shape.

U.S. Producers

There are two types of welded carbon steel pipe and tube producers--large, fully integrated producers, which make raw steel and produce a variety of steel products, and smaller, nonintegrated or partially integrated producers, which concentrate on fewer product lines. The integrated producers, which include Republic Steel Corp., Jones & Laughlin Steel, Inc., United States Steel Corp., Armco, Inc., and Bethlehem Steel Corp., 1/ all of which are located in the East, concentrate production in the high-volume standardized pipe products, predominantly A-120 pipe. Armco manufactures small circular and light-walled rectangular pipes and tubes, whereas the other integrated producers manufacture only the circular product. The nonintegrated producers manufacture the low-volume, more specialized tubular products as well as the high-volume products. Integrated producers accounted for 36 and 10 percent of reported production of the small circular and light-walled rectangular products, respectively, in 1983.

The largest U.S producers of the welded carbon steel pipes and tubes that are the subject of these investigations, as compiled from questionnaires submitted to the Commission, are shown in table 1.

Questionnaire data show that 52 percent of the reported production of the small circular pipes and tubes subject to these investigations was made by the ERW process in 1983 versus 48 percent by the CW process. All of the rectangular pipes and tubes subject to these investigations are made by the ERW process.

Integrated producers reported using both the ERW and CW processes for production of small circular pipes and tubes. Most of the nonintegrated producers that submitted questionnaire data to the Commission reported production by the ERW process exclusively.

The Question of Material Injury

This section on the question of material injury is based primarily upon imformation obtained during the course of investigations Nos. 731-TA-131, 132, and 138 (Final) on certain welded carbon steel pipes and tubes from Korea and

---

1/ Bethlehem permanently closed its pipe and tube operations, which were located at Sparrows Point, Md., effective Apr. 30, 1983. Another firm, Merchants Metals, Inc., ceased producing the small circular and light-walled rectangular pipes and tubes in January-March 1984.

Table 1.--Certain welded carbon steel pipes and tubes: 1/ Selected producers' shares of reported U.S. production, by product lines, 1983

(In percent)

Producers	Small circular pipes	Light-walled rectangular pipes and tubes
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
* * *----------	***	***
All other----------	22.9	25.9
Total----------	100.0	100.0

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.
2/ * * *.
3/ CPTI member.
4/ Integrated producer.
5/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Taiwan, completed in April 1984. 1/ In the instant investigations, the Commission sent questionnaires to the U.S. producers to update information already available. There were 13 producers of small circular pipes and tubes and 6 producers of light-walled rectangular pipes and tubes that responded to the Commission's request for additional information. In comparison, 28 and 15 firms, respectively, responded to questionnaires in the previous investigations. The questionnaire respondents in the instant investigations accounted for 84 percent of reported U.S. production of small circular pipes and tubes in 1983, and 71 percent of the reported production of the rectangular product.

1/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-131, 132, and 138 (Final). . ., USITC Publication 1519, April 1984.

In their questionnaire responses in the instant investigations, some of the producers of small diameter circular pipes and tubes reported minor corrections to the information provided during the previous investigations. These corrections do not affect the overall trends in the data. One firm, * * *, accounted for * * * percent of the reported production of light-walled rectangular pipes and tubes in the previous investigations. This firm has informed the Commission that upon further examination, it is not a producer of the rectangular product. The staff has requested * * * to provide an explanation and to describe the products for which it had provided data during the previous investigations. Until such an explanation is received, the data reported by * * * in the previous investigations will be incorporated in this report.

Several respondents were unable to provide usable employment data and income-and-loss data, because of an inability, for the most part, to provide data by product lines. As a result, the data in those sections of the report are understated relative to data contained in other sections.

U.S. production, capacity, and capacity utilization

As shown in table 2, U.S. production of small circular welded carbon steel pipes and tubes decreased by 31 percent from 1981 to 1982 and then increased by 7 percent from 1982 to 1983. Production of light-walled rectangular pipes and tubes also declined from 1981 to 1982, by 11 percent, and then rose from 1982 to 1983 by 12 percent. Capacity utilization for each product line followed the same trend, falling from 1981 to 1982 and then rising from 1982 to 1983. Integrated producers of small circular pipes and tubes had significantly lower capacity utilization than nonintegrated producers. They experienced an overall 4-percent decline in production of this product from 1982 to 1983 compared with an overall 14-percent increase in production by the nonintegrated producers. Armco, the only integrated producer of the light-walled rectangular product, * * *. Capacity for manufacturing the circular and light-walled rectangular products increased marginally from 1981 to 1982 and then fell from 1982 to 1983.

During January-June 1984, U.S. production of small circular pipes and tubes, as reported by 13 producers, increased by 12 percent when compared with the level of production in the corresponding period of 1983. Data for six firms indicate that U.S. production of the rectangular product increased by 11 percent in January-June 1984 when compared with the level in the corresponding

Table 2.--Certain welded carbon steel pipes and tubes: 1/ U.S. production, capacity, and capacity utilization, by product lines, 1981-83

Item	1981	1982	1983
Capacity:			
Small circular:			
Integrated producers			
short tons	2,966,700	2,966,700	2,474,300
Nonintegrated producers 2/			
short tons	1,082,096	1,085,687	1,131,577
Total 2/ do	4,048,796	4,052,387	3,605,877
Light-walled rectangular 2/			
short tons	207,672	208,618	195,088
Production:			
Small circular:			
Integrated producers			
short tons	687,154	385,299	371,649
Nonintegrated producers			
short tons	712,813	580,720	660,631
Total do	1,399,967	966,019	1,032,280
Light-walled rectangular			
short tons	118,838	106,202	119,274
Capacity utilization:			
Small circular:			
Integrated producers			
percent	23.2	13.0	15.0
Nonintegrated producers 3/			
percent	65.3	53.0	57.6
Total 3/ do	34.4	23.7	28.4
Light-walled rectangular 3/			
percent	54.6	48.7	58.6

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ Firms which accounted for 0.9 and 4.2 percent of reported production of the small circular and light-walled rectangular products, respectively, in 1983, did not provide data concerning their capacity.

3/ Production by firms which could not provide data on capacity are excluded from the calculations.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

period of 1983. With the increase in production, utilization of production capacity increased during the January-June periods, as shown in the following tabulation:

Item	January-June--	
	1983	1984
Capacity:		
Small circular----------short tons--	1,322,623	1,334,863
Light-walled rectangular----------do----	56,627	57,827
Production:		
Small circular----------do----	427,292	479,133
Light-walled rectangular----------do----	40,299	44,732
Capacity utilization:		
Small circular----------percent--	32	36
Light-walled rectangular----------do----	71	77

U.S. producers' shipments and inventories

As shown in table 3, U.S. producers' domestic shipments of each product line followed the same trend as production, decreasing from 1981 to 1982 and then increasing from 1982 to 1983. Percentage declines from 1981 to 1982 were 27 percent for small circular pipes and tubes and 9 percent for light-walled rectangular pipes and tubes. Percentage increases from 1982 to 1983 were 4 and 2 percent for the small circular and light-walled rectangular products, respectively. In contrast with the overall improvement in domestic shipments in 1983, shipments by integrated producers of the circular product dropped 7 percent from 1982 to 1983 (compared with a 13-percent increase for the nonintegrated producers).

Yearend inventories of the small circular and light-walled rectangular products fell steadily during 1981-83. At yearend 1983, inventories of small circular and light-walled rectangular pipes and tubes were 32 and 20 percent lower, respectively, than at yearend 1981. Inventories of small circular pipes and tubes as a percentage of domestic shipments increased from 1981 to 1982 and then decreased from 1982 to 1983, whereas the ratios of inventories to domestic shipments of the light-walled rectangular pipes and tubes fell steadily, during 1981-83.

Table 3.--Certain welded carbon steel pipes and tubes: 1/ U.S. producers' domestic shipments and inventories, by product lines, 1981-83

Item	1981	1982	1983
Domestic shipments:			
Small circular:			
Integrated producers			
short tons	671,106	421,021	389,477
Nonintegrated producers----do----	696,382	570,577	642,911
Total----------do----	1,367,488	991,598	1,032,388
Light-walled rectangular-----do----	122,568	111,168	113,299
Inventories:			
Small circular:			
Integrated producers-------do----	113,541	71,492	49,203
Nonintegrated producers 2/			
short tons	85,491	79,285	86,378
Total 2/----------do----	199,032	150,777	135,581
Light-walled rectangular 2/			
short tons	10,077	8,328	8,108
Ratio of inventories to domestic shipments:			
Small circular:			
Integrated producers----percent--	16.9	17.0	12.6
Nonintegrated producers 3/-do----	12.4	14.1	13.6
Total 3/----------do----	14.6	15.3	13.3
Light-walled rectangular 3/--do----	8.6	7.8	7.6

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ Firms which accounted for 0.9 percent and 5.4 percent of reported shipments of the small circular and light-walled rectangular products, respectively, in 1983, did not provide data concerning their inventories.

3/ Shipments by firms which could not provide data on inventories are excluded from the calculations.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. producers' export shipments during January 1981-June 1984 never exceeded 1 percent of U.S. production or shipments of either of the product lines. Export markets included Canada, Central America, South America, Europe, Asia, the Middle East, and the Far East.

During January-June 1984, domestic shipments of small circular pipes and tubes as reported by 12 firms increased by 10.2 percent when compared with the level in the corresponding period of 1983. Inventories held by these firms decreased from 16.5 percent of annualized shipments on June 30, 1983 to 14.9 percent of annualized shipments on June 30, 1984.

U.S. domestic shipments of the rectangular product, as reported by six firms, increased by 7.5 percent in the January-June periods, and inventories increased from 5.0 percent to 5.4 percent of annualized shipments, as shown in the following tabulation:

Item	January-June--	
	1983	1984
Domestic shipments:		
Small circular----------short tons--	419,861	462,826
Light-walled rectangular----------do----	41,112	44,175
Inventories (as of June 30):		
Small circular----------do----	138,762	138,019
Light-walled rectangular----------do----	4,071	4,777
Ratio of inventories to annualized domestic shipments:		
Small circular----------percent--	16.5	14.9
Light-walled rectangular---------do----	5.0	5.4

U.S. employment

As shown in table 4, employment of workers producing small circular and light-walled rectangular pipes and tubes 1/ declined by 22 and 6 percent, respectively, from 1981 to 1982, and by 5 and 1 percent, respectively, from 1982 to 1983. Average weekly hours worked by workers producing each of the product lines also fell from 1981 to 1982 and from 1982 to 1983.

Workers employed in the production of each of the product lines received increases in wages and total compensation from 1981 to 1982, but some decreases were experienced from 1982 to 1983, particularly for the workers producing the circular product. Large, integrated producers of the circular product paid workers substantially higher wages and fringe benefits than did nonintegrated producers. Armco, the only integrated producer of the light-walled rectangular product * * *. Workers at four of the five integrated steel-producing firms that submitted questionnaire responses are represented by the United Steelworkers of America, and workers at the fifth integrated firm, * * *. Of the 26 nonintegrated firms that responded to the questionnaire, 11 are nonunion; 7 have workers represented by the United Steelworkers; 4, by the Teamsters union; 2, by the United Auto Workers union; 1, by the Metal Processors, Fabricators, and Finishers union; and 1, by the Sheet Metal Workers union.

1/ A number of firms that produced more than one of the products covered by these investigations could not provide separate employment data by product line. These include six producers accounting for 10 percent of production of the circular product in 1983 and six producers accounting for 58 percent of production of the light-walled rectangular product. * * *.

Table 4.--Average number of production and related workers engaged in the manufacture of certain welded carbon steel pipes and tubes, 1/ hours worked by such workers, wages paid, and total compensation, by product lines, 1981-83

Item	1981	1982	1983
Number of workers: 2/			
Small circular:			
Integrated producers	3,215	2,172	2,018
Nonintegrated producers	2,263	2,102	2,062
Total	5,478	4,274	4,080
Light-walled rectangular	150	141	140
Hours worked: 2/			
Small circular:			
Integrated producers per worker, per week	37.9	36.0	33.1
Nonintegrated producers--do	40.5	36.8	38.5
Average--do	39.0	36.4	35.8
Light-walled rectangular--do	38.5	33.2	33.0
Wages paid: 2/			
Small circular:			
Integrated producers per worker, per hour	$14.20	$15.75	$14.08
Nonintegrated producers--do	10.51	11.21	10.72
Average--do	12.62	13.49	12.26
Light-walled rectangular--do	9.30	10.74	10.72
Total compensation: 2/			
Small circular:			
Integrated producers per worker, per hour	$19.92	$22.87	$22.52
Nonintegrated producers--do	14.65	16.28	15.02
Average--do	17.66	19.60	18.45
Light-walled rectangular--do	11.11	13.44	13.82

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ Excludes data for firms which accounted for 10.5 percent and 57.8 percent of reported production of the small circular and light-walled rectangular products, respectively, in 1983.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The number of workers engaged in the production of small circular pipes and tubes, as reported by 10 firms, increased by 5 percent from January-June 1983 to January-June 1984. The total compensation received by these workers increased by 2.8 percent during the period. Only three firms accounting for

14 percent of U.S. production in 1983, reported employment data for the rectangular products for the January-June periods; these data are presented in the following tabulation:

Item	January-June--	
	1983	1984
Number of workers:		
Small circular	3,408	3,588
Light-walled rectangular	39	41
Hours worked:		
Small circular--per worker, per week	36	3/
Light-walled rectangular--do	40	43
Wages paid:		
Small circular--per worker, per hour	$12.60	$13.67
Light-walled rectangular--do	9.02	9.63
Total compensation:		
Small circular--per worker, per hour	$19.32	$19.87
Light-walled rectangular--do	10.76	12.85

Financial experience of U.S. producers

Small circular pipes and tubes.--Nineteen firms provided income-and-loss data concerning small circular pipes and tubes; these firms together accounted for 88 percent of reported production of this product in 1983. As shown in table 5, net sales of small circular pipes and tubes fell from $732.6 million in 1981 to $542.2 million in 1982 and $514.0 million in 1983, or by 30 percent overall. In the aggregate, the 19 firms sustained combined operating losses of $33.3 million, or 6.1 percent of net sales in 1982, compared with an operating income of $10.8 million, or 1.5 percent of net sales, in 1981. In 1983, the industry continued to sustain operating losses of $11.5 million, or 2.2 percent of net sales. However, the operating losses declined by 66 percent from the level of 1982, despite declining sales. Net income-or-loss margins followed a trend similar to that of operating income-or-loss margins. U.S. producers reported negative cash flows of $29.2 million in 1982 and $6.9 million in 1983 compared with a positive cash flow of $17.4 million in 1981. Seven firms sustained operating losses in 1982 compared with five firms in 1981 and 1983.

Table 5.--Income-and-loss experience of 19 U.S. producers on their operations producing small circular welded carbon steel pipes and tubes, 1/ accounting years 1981-83

Item	1981	1982	1983 2/
Net sales----------1,000 dollars--	732,608	542,188	514,014
Cost of goods sold----------do----	677,502	530,633	484,553
Gross profit----------do----	55,106	11,555	29,461
General, selling, and administrative expenses--1,000 dollars--	44,325	44,894	40,919
Operating income or (loss)---do----	10,781	(33,339)	(11,458)
Interest expense----------do----	6,858	6,131	4,153
Other income or (expense)----do----	267	(367)	(83)
Net income or (loss) before income taxes----------1,000 dollars--	4,190	(39,837)	(15,694)
Depreciation and amortization included above----1,000 dollars--	13,249	10,620	8,810
Cash flow from operations----do----	17,439	(29,217)	(6,884)
Ratio to net sales of--			
Gross profit or (loss)--percent--	7.5	2.1	5.7
Operating income or (loss)-do----	1.5	(6.1)	(2.2)
Net income or (loss) before income taxes----------percent--	.6	(7.3)	(3.1)
Cost of goods sold---------do----	92.5	97.9	94.3
General, selling, and administrative expenses---------percent--	6.0	8.3	8.0
Number of firms reporting operating losses----------	5	7	5
Number of firms reporting net losses----------	7	10	7

1/ The small circular pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ Data for one firm are for a 10-month period.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Of the 19 reporting firms, 5 are integrated producers of small circular pipes and tubes. The following tabulation shows income-and-loss data for the 5 integrated producers and the 14 nonintegrated producers:

Item	Integrated producers			Nonintegrated producers		
	1981	1982	1983	1981	1982	1983
Net sales--1,000 dollars--	359,091	225,925	189,771	373,517	316,263	324,243
Operating income or (loss):						
1,000 dollars--	(18,301)	(44,941)	(29,727)	29,082	11,602	18,269
Operating income or (loss) margin--percent--	(5.1)	(19.9)	(15.7)	7.8	3.7	5.6

The above data show that the integrated producers sustained operating losses in each year during 1981-83, and the nonintegrated producers earned operating income in every period. Three of the five integrated firms reported gross losses in 1981 and 1983, and four such firms sustained gross losses in 1982. In contrast, none of the nonintegrated producers reported gross losses during 1981-83.

Two of the 5 integrated firms and 11 of the 14 nonintegrated firms supplied data for their raw-material costs, direct labor costs, and other factory costs. Such data are estimated by some of the firms. The percentage distribution for each of these costs in relation to their total cost of goods sold is presented in the following tabulation:

Item	Integrated producers			Nonintegrated producers		
	1981	1982	1983	1981	1982	1983
Raw material-----percent--	50.7	45.6	52.4	72.5	72.7	72.3
Direct labor--------do----	31.8	34.7	30.0	11.9	11.7	11.3
Other factory costs do----	17.5	19.7	17.6	15.6	15.6	16.4
Total cost of goods sold----------percent--	100.0	100.0	100.0	100.0	100.0	100.0

Raw-material costs accounted for a much higher percentage of total costs of goods sold for nonintegrated producers than for integrated producers, whereas direct labor costs were relatively much more significant for integrated producers than for nonintegrated producers.

Steel coil accounted for virtually 100 percent of the cost of raw materials used in the production of nongalvanized pipes and tubes covered by these investigations. Zinc accounted for approximately 15 to 20 percent of the cost of raw materials used in the production of galvanized pipes and tubes. In general, reporting producers purchased coil from a variety of sources, selecting the lowest cost source at the time, whether domestic or foreign. Prices varied from about $300 per ton to $500 per ton, depending upon the grade of steel (carbon content, tensile strength, and so forth), whether hot-rolled or cold-rolled (the latter costs about $50 per ton more), the finish (galvanized or black), the thickness, and whether preslit or in standard widths. Most producers indicated that coil prices were stable or declined slightly during 1982 and most of 1983 and then began to increase in the latter part of 1983.

Eight firms provided financial information for the interim periods ending June 30, 1983, and June 30, 1984. Net sales of these eight firms rose 13 percent during the interim period ended June 30, 1984, and the eight firms posted an operating income of $886,000, or 0.3 percent of net sales, compared with an operating loss of $15.4 million, or 6.4 percent of net sales, for the corresponding period of 1983, as shown in the following tabulation:

Item	Interim period ending June 30--	
	1983	1984
Net sales---1,000 dollars	241,134	272,375
Cost of goods sold---do	236,050	252,828
Gross income---do	5,084	19,547
General, selling, and administrative expenses---do	20,484	18,661
Operating income or (loss)---do	(15,400)	886
Depreciation and amortization---do	1,649	1,457
Cash flow from operations---do	(13,751)	2,343
Ratio to net sales:		
Gross income---percent	2.1	7.2
Operating income or (loss)---do	(6.4)	0.3
Cost of goods sold---do	97.9	92.8
General, selling, and administrative expenses---do	8.5	6.9
Number of firms reporting operating losses	3	1

Light-walled rectangular pipes and tubes.--There were seven firms that provided income-and-loss information on their light-walled rectangular pipes and tubes operations (table 6). One producer, * * *, discontinued production of this product at the end of its 1981 fiscal year. The remaining six firms together accounted for 72 percent of reported production of this product in 1983. Net sales of light-walled rectangular pipes and tubes dropped from $52.2 million in 1981 to $42.8 million in 1983, or by 18 percent. Operating

Table 6.--Income-and-loss experience of seven U.S. producers on their operations producing light-walled rectangular welded carbon steel pipes and tubes, 1/ accounting years 1981-83

Item	1981	1982 2/	1983 2/
Net sales----------1,000 dollars--	52,156	45,491	42,752
Cost of goods sold----------do----	47,125	41,176	38,556
Gross profit----------do----	5,031	4,315	4,196
General, selling, and administrative expenses--1,000 dollars--	3,283	3,281	3,245
Operating income----------do----	1,748	1,034	951
Interest expense----------do----	789	506	373
Other income----------do----	63	3	9
Net income before income taxes 1,000 dollars--	1,022	531	587
Depreciation and amortization included above 3/-1,000 dollars--	291	276	236
Cash flow from operations 3/-do----	1,313	807	823
Ratio to net sales:			
Gross profit----------percent--	9.6	9.5	9.8
Operating income----------do----	3.4	2.3	2.2
Net income before income taxes percent--	2.0	1.2	1.4
Cost of goods sold---------do----	90.4	90.5	90.2
General, selling, and administrative expenses---------percent--	6.3	7.2	7.6
Number of firms reporting operating losses----------	4	4	2
Number of firms reporting net losses----------	4	4	3

1/ The light-walled rectangular pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ Data are for 6 firms as 1 producer, * * *, discontinued production at the end of its 1981 fiscal year.

3/ 1 firm did not provide depreciation data. Hence, cash flow from operations is somewhat understated.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

income declined more precipitously, from $1.7 million in 1981 to $951,000 in 1983, or by 46 percent. During the same period, the average operating income margin dropped from 3.4 to 2.2 percent. Most of the decline in operating income occurred from 1981 to 1982. In 1983, the ratio of net income or loss to sales before income taxes showed slight improvement because of declining interest expense. Cash flow from operations declined from $1.3 million in 1981 to $807,000 in 1982 and then rose slightly to $823,000 in 1983. There were two firms that reported an operating loss in 1983 compared with four firms in 1981 and 1982.

Two U.S. producers furnished usable income-and-loss data for interim 1983 and interim 1984. Their net sales * * *, as shown in the following tabulation:

* * * * * * *

Capital expenditures and research and development expenses

Data on U.S. producers' capital expenditures and research and development expenses related to their operations on certain welded carbon steel pipes and tubes are presented in table 7.

Table 7.--Certain welded carbon steel pipes and tubes: Capital expenditures and research and development expenses, 1981-83

(In thousands of dollars)

Item	Small circular	Light-walled rectangular
Capital expenditures:		
1981	6,340	473
1982	5,015	103
1983	4,528	125
Research and development expenses:		
1981	525	22
1982	543	24
1983	423	31

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The Question of the Threat of Material Injury

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the alleged subsidized and LTFV imports, the rate of increase of U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of producers in Brazil and Spain to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the subsidized and LTFV imports. Information regarding the capacity of the Brazilian and Spanish producers to generate exports is not available. The importers of the pipes and tubes under investigation reported that they maintain no inventory of these products.

Consideration of the Causal Relationship Between the Allegedly Subsidized and LTFV Imports and the Alleged Injury

U.S. imports

Data for this section of the report were compiled from official statistics of the U.S. Department of Commerce (for 1982-83, January-June 1983, and January-June 1984) and from questionnaire responses submitted by importers during the course of the previous investigations on the subject pipes and tubes (for 1981). In 1981, the TSUSA items under which certain welded carbon steel pipes and tubes entered the United States were "basket" items containing steel pipes and tubes which are not subject to the investigation as well as those pipes and tubes under investigation.

During the course of the previous investigations on certain welded carbon steel pipes and tubes from Korea and Taiwan, the Commission was able to estimate imports from Korea, Taiwan, and total imports for 1981 by multiplying the official import statistics for 1982 by the ratio of imports reported by questionnaire respondents in 1981 to imports reported by respondents in 1982. In the instant investigations, the Commission sent questionnaires to 32 importers. The respondents in the instant investigations accounted for 5 percent and 9 percent of the small diameter pipes and tubes from Brazil and Spain, respectively, and none of the light-walled rectangular pipes and tubes from Spain in 1982. Because of the low response rate, estimates of the volume of imports from Brazil and Spain in 1981 cannot be calculated. As a consequence, for 1981, only data for Korea, Taiwan, and total imports, as estimated in the previous investigations, will be presented. 1/

Small circular pipes and tubes.--Total imports of small circular pipes and tubes decreased from 662,000 short tons in 1981 to 572,000 short tons in 1982, representing a decrease of 13.6 percent (table 8). Imports then increased to 909,000 short tons in 1983, or 58.8 percent above the level of imports in 1982 and 37.2 percent above the level in 1981. During January-June 1984, total imports increased further, by 20.0 percent, when compared with the level of imports in the corresponding period of 1983. In January-June 1984, the largest sources of imports of small diameter pipes and tubes were Korea (38 percent), Brazil (12 percent), Mexico (11 percent), Spain (7 percent) Canada (6 percent), and Japan (6 percent).

Imports of small circular pipes and tubes from Brazil more than tripled, rising from 11,000 short tons in 1982 to 36,000 short tons in 1983. During January-June 1984, these imports from Brazil increased more than eleven times, from 5,000 short tons in January-June 1983 to 58,000 short tons in the corresponding period of 1984. Imports from Brazil, as a share of U.S. consumption, increased from 0.7 percent in 1982 to 5.6 percent in January-June 1984 (table 9).

1/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-131, 132, and 138 (Final). . . ., USITC Publication 1519, April 1984.

Table 8.--Small circular welded carbon steel pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-June 1983, and January-June 1984

Source	1981	1982	1983	January-June--	
				1983	1984
	Quantity (short tons)				
Brazil	2/	10,993	35,677	4,732	57,691
Spain	2/	2,868	13,186	1,061	31,059
Subtotal	2/	13,861	48,863	5,795	88,750
Korea	2/ 269,660	258,837	445,486	190,765	176,189
Taiwan	2/ 96,305	86,590	130,635	66,817	2,268
Mexico	2/	21,249	92,033	34,386	52,530
Japan	2/	64,448	49,264	20,938	27,281
Canada	2/	41,643	46,542	20,148	29,674
Belgium and Luxembourg	2/	7,213	22,671	12,309	10,738
Netherlands	2/	15,996	19,370	7,739	13,881
South Africa	2/	22,689	18,456	7,350	8,615
All other	2/ 296,367	39,608	35,299	18,602	51,982
Total	2/ 662,332	572,134	908,619	384,847	461,908
	Percent of total quantity				
Brazil	2/	2	4	1	12
Spain	2/	1	1	3/	7
Subtotal	2/	3	5	1	19
Korea	2/ 41	45	49	50	38
Taiwan	2/ 14	15	14	17	3/
Mexico	2/	4	10	9	11
Japan	2/	11	5	5	6
Canada	2/	7	5	5	6
Belgium and Luxembourg	2/	1	2	3	2
Netherlands	2/	3	2	2	3
South Africa	2/	4	2	2	2
All other	2/ 45	7	6	5	11
Total	100	100	100	100	100

1/ The small circular welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report. Data for January 1982-March 1984 may be slightly overstated to the extent they contain small quantities of pipes and tubes not under investigation.

2/ Import data for 1981 for imports from Korea and Taiwan and for "all other" imports were derived by multiplying the official import statistics for 1982 by the ratio of imports reported by questionnaire respondents in 1981 to imports reported by respondents in 1982. Import data for individual countries other than Korea and Taiwan are not available and have been included in the category for "all other" imports.

3/ Less than 0.5 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce, and from data submitted in response to questionnaires of the U.S. International Trade Commission.

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

Table 9.--Small circular welded carbon steel pipes and tubes: 1/ Ratios of imports and U.S. producers' domestic shipments to consumption, 2/ 1981-83, January-June 1983, and January-June 1984

(In percent)

Source	1981	1982	1983	January-June--	
				1983	1984
Brazil	3/	0.7	1.8	0.5	5.6
Spain	3/	.2	0.7	.1	3.0
Subtotal	3/	.9	2.5	.7	8.6
All other imports	32.5	37.1	45.0	42.2	36.3
U.S. producers' domestic shipments	67.5	62.0	52.5	57.1	55.1
Total	100.0	100.0	100.0	100.0	100.0

1/ The small circular welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ Calculated from consumption adjusted for importers' inventories.

3/ Data for Brazil and Spain in 1981 are not available. These data have been included in the category "all other imports."

Source: Compiled from official statistics of the U.S. Department of Commerce, and from data submitted in response to questionnaires of the U.S. International Trade Commission.

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

Imports of small circular pipes and tubes from Spain quadrupled from 3,000 short tons in 1982, or 0.2 percent of U.S. consumption, to 13,000 short tons in 1983, or 0.7 percent of U.S. consumption. In January-June 1984, imports from Spain increased more than twenty-eightfold, when compared with the level of imports in the corresponding period of 1983, and accounted for 3.0 percent of U.S. consumption.

U.S. producers' domestic shipments of small circular pipes and tubes decreased from 67.5 percent of U.S. consumption in 1981 to 52.5 percent of consumption in 1983. In January-June 1984, U.S. producers' share of the market was 55.1 percent compared with 57.1 percent in the corresponding period of 1983.

Light-walled rectangular pipes and tubes.--Total U.S. imports of light-walled rectangular pipes and tubes increased steadily from 44,000 short tons in 1981 to 80,000 short tons in 1983, an increase of 81.2 percent in 2 years (table 10). Total imports increased further, by 64.0 percent, in January-June 1984 when compared with the level of imports in the corresponding period of 1983. Japan, Spain, and Canada were the largest exporters of these pipes and tubes to the United States in January-June 1984, accounting for 48 percent, 20 percent, and 10 percent of total imports, respectively.

Table 10.--Light-walled rectangular welded carbon steel pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-June 1983, and January-June 1984

Source	1981	1982	1983	January-June--	
				1983	1984
	Quantity (short tons)				
Spain	2/	2,549	5,547	554	11,351
Japan	2/	16,001	37,640	13,619	27,310
Canada	2/	18,359	14,194	8,685	5,825
Korea	2/ 633	821	10,373	6,214	2,394
South Africa	2/	5,836	4,218	3,370	132
Taiwan	2/	1,115	3,812	761	3,177
Mexico	2/	558	1,819	659	2,488
West Germany	2/	2,630	1,102	479	757
All other	2/ 43,739	6,195	1,677	242	3,270
Total	2/ 44,372	54,064	80,382	34,583	56,704
	Percent of total quantity				
Spain	2/	5	7	2	20
Japan	2/	30	47	39	48
Canada	2/	34	18	25	10
Korea	2/ 1	2	13	18	4
South Africa	2/	11	5	10	3/
Taiwan	2/	2	5	2	6
Mexico	2/	1	2	2	4
West Germany	2/	5	1	1	1
All other	2/ 99	10	2	1	7
Total	100	100	100	100	100

1/ The light-walled rectangular welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report. Data for January 1982-March 1984 may be slightly overstated to the extent they contain small quantities of pipes and tubes not under investigation.

2/ Import data for 1981 for imports from Korea and for "all other" imports were derived by multiplying the official import statistics for 1982 by the ratio of imports reported by questionnaire respondents in 1981 to imports reported by respondents in 1982. Import data for individual countries other than Korea are not available and have been included in the category for "all other" imports.

3/ Less than 0.5 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce, and from data submitted in response to questionnaires of the U.S. International Trade Commission.

Imports from Spain of light-walled rectangular pipes and tubes more than doubled from 2,549 short tons in 1982 to 5,547 short tons in 1983. These imports then increased more than nineteenfold from 554 short tons in January-June 1983 to 11,351 short tons in the corresponding period of 1984. As a share of U.S. consumption, imports from Spain increased from 1.5 percent in 1982 to 9.5 percent in January-June 1984 (table 11). In comparison, U.S. producers' share of the market decreased steadily from 67.4 percent in 1982 to 52.3 percent in January-June 1984.

Table 11.--Light-walled rectangular welded carbon steel pipes and tubes: 1/ Ratios of imports and U.S. producers' domestic shipments to consumption, 2/ 1981-83, January-June 1983, and January-June 1984

(In percent)

Source	1981	1982	1983	January-June--	
				1983	1984
Spain	2/	1.5	2.8	0.6	9.5
All other imports	27.0	31.1	38.8	36.8	38.2
U.S. producers' domestic shipments	73.0	67.4	58.4	62.6	52.3
Total	100.0	100.0	100.0	100.0	100.0

1/ The light-walled welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.
2/ Calculated from consumption adjusted for importers' inventories.
3/ Data for Spain in 1981 are not available. These data have been included in the category "all other imports."

Source: Compiled from official statistics of the U.S. Department of Commerce, and from data submitted in response to questionnaires of the U.S. International Trade Commission.

Prices

The Commission requested U.S. producers and importers to provide price data on sales of three product specifications. The three products are as follows:

Product 1--ASTM-A120, schedule 40, sprinkler pipe, carbon welded, black, 2.375-inch outside diameter, 0.154-inch wall thickness, plain end.

Product 2--ASTM-A120, schedule 40, standard pipe, carbon welded, galvanized, 1.660-inch outside diameter, 0.140-inch wall thickness, plain end.

Product 3--ASTM-A513 (mechanical) or A500 grade A (ornamental) tubing, carbon welded, black, 1-inch square, 16-gage (0.058 inch to 0.065) wall thickness, 20- to 24-foot mill lengths.

A price series was obtained from f.o.b. sales prices reported by producers to their largest customer in each quarter January 1982 to June 1984. However, not all importers of circular pipes and tubes from Brazil reported sales during all the quarters. Furthermore, the Commission has received only limited pricing information from one importer of these products from Spain. The official Customs files indicate that the largest importer of record of * * * under investigation was * * *. * * * sent an importer's questionnaire. * * * sent a telegram to the Commission stating that * * * and thus would not be able to fill out the questionnaire until September. * * * has not yet responded to the questionnaire, despite numerous requests by Commission staff requesting it to provide the pricing information. In addition, the staff has contacted * * * and requested his aid in obtaining the information.

Small circular pipes and tubes.--Table 12 shows U.S. producers' and importers' weighted average prices to service centers/distributors and to end users for small circular welded carbon steel pipes and tubes (schedule 40 sprinkler pipe) by quarters from January 1982 to June 1984. U.S. producers' prices for this product to service centers/distributors decreased by 15.7 percent from January-March 1982 through January-March 1983. For the remainder of 1983, prices remained relatively stable. However, producers' prices in January-March 1984 decreased by 9.1 percent over January-March 1983, and prices in April-June 1984 decreased by 7.3 percent over April-June 1983. U.S. producers' prices on sales to end users fluctuated during 1982 and declined irregularly from October-December 1982 to April-June 1984 by 11.1 percent.

Import prices of product 1 from Brazil on sales to service centers/distributors * * * percent from July-September 1982 to July-September 1983, * * * percent from October-December 1983 to April-June 1984. Import prices from Brazil for end-users, which were only reported for three quarters, * * * percent from April-June 1983 to January-March 1984, and then * * * percent in April-June 1984.

Prices of imports from Brazil of product 1 were lower in all quarters reported than those of the U.S.-produced product. Margins of underselling to service centers/distributors * * * percent in July-September 1982 to * * * percent in July-September 1983, * * * percent in October-December 1983 to * * * percent in April-June 1984. Margins of underselling to end users, which were available for only three quarters, * * * percent in April-June 1983 to * * * percent in January-March 1984 and * * * percent in April-June 1984.

Table 12.--Small circular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted average prices to service centers/distributors and to end users for schedule 40 sprinkler pipe, 1/ by quarters, January 1982-June 1984

Market and period	U.S. product price	Brazilian product		
		Price	Margin of underselling	
			Amount	Percent
	Per 100 feet			
Service center/distributor market:				
1982:				
January-March	$105.09	-	-	-
April-June	100.17	-	-	-
July-September	96.48	***	***	***
October-December	90.44	-	-	-
1983:				
January-March	88.55	-	-	-
April-June	89.92	***	***	***
July-September	86.71	***	***	***
October-December	90.25	***	***	***
1984:				
January-March	80.47	***	***	***
April-June	83.37	***	***	***
End-user market:				
1982:				
January-March	$100.09	-	-	-
April-June	98.32	-	-	-
July-September	102.67	-	-	-
October-December	95.47	-	-	-
1983:				
January-March	90.13	-	-	-
April-June	84.02	***	***	***
July-September	95.44	-	-	-
October-December	86.94	-	-	-
1984:				
January-March	88.80	***	***	***
April-June	84.90	***	***	***

1/ ASTM-A120, schedule 40, sprinkler pipe, carbon welded, black, 2.375-inch outside diameter, 0.154-inch wall thickness, plain end.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. producers' prices on sales of product 2 (schedule 40 standard pipe) to service centers/distributors dropped 30.4 percent from $69.57 per 100 feet in January-March 1983 to $48.39 per 100 feet in January-March 1984, before rising 15.3 percent to $55.80 in April-June 1984. U.S. producers' prices on sales of product 2 to end users * * * percent from * * * per 100 feet in July-September 1982 to * * * per 100 feet in April-June 1984. Prices of imports from Brazil of product 2 to service centers/distributors * * * percent from * * * per 100 feet in October-December 1983 to * * * per 100 feet in April-June 1984. Prices of imports from Brazil of product 2 to end users * * *. One importer of product 2 from Spain reported a sale to * * * of * * * per 100 feet during * * *. * * *.

Prices of imports from Brazil of product 2 were lower in all quarters reported than those of the U.S.-produced product. Margins of underselling to service centers/distributors, which were available for only three quarters, * * * percent in October-December 1983 to * * * percent in January-March 1984 and then * * * in April-June 1984 * * *. Margins of underselling to end users, which were available for only two quarters, * * *. The margin of underselling to * * * reported by one importer of product 2 from Spain who responded to the Commission questionnaire was * * *. * * *.

Light-walled rectangular pipes and tubes.--U.S. producers' prices on sales to service centers/distributors decreased steadily by 10.4 percent from $23.55 per 100 feet in January-March 1982 to $21.09 in April-June 1984. U.S. producers' prices on sales to end users decreased irregularly by 32 percent from January-March 1982 to April-June 1984. One importer of product 3 from Spain reported prices on sales to merchants of * * * per 100 feet for * * * and * * * per 100 feet for * * *. The margins of underselling on these sales to merchants were * * * percent for * * * and * * * percent for * * *. As stated above, this margin may be lower when * * *.

Exchange rates

U.S. dollar/Brazilian cruzeiro and U.S. dollar/Spanish peseta exchange rates are shown in table 13. In nominal terms, the Brazilian cruzeiro and the Spanish peseta depreciated against the U.S. dollar from January-March 1981 to January-March 1984. The nominal value of the Brazilian cruzeiro depreciated by 94 percent and the nominal value of the Spanish peseta depreciated by 46 percent over this period. The real value of the Brazilian cruzeiro decreased by 22 percent from January-March 1981 to January-March 1984. The real value of the Spanish peseta decreased by 28 percent from January-March 1981 to October-December 1983.

Table 13.--Nominal and real exchange rate indexes between the U.S. dollar and the Brazilian cruzeiro and the Spanish peseta, by quarters, January 1981-March 1984

(January-March 1981=100.0)

Period	Brazilian cruzeiro		Spanish peseta	
	Nominal	Real	Nominal	Real
1981:				
January-March	100.0	100.0	100.0	100.0
April-June	84.5	98.6	92.2	94.0
July-September	71.0	95.0	85.8	89.9
October-December	60.0	93.2	87.5	94.1
1982:				
January-March	51.3	92.9	83.0	92.0
April-June	44.2	96.4	79.3	89.9
July-September	37.4	95.8	75.0	85.9
October-December	30.7	91.1	70.0	82.0
1983:				
January-March	21.6	80.2	64.7	80.4
April-June	14.8	72.5	60.5	77.0
July-September	11.0	76.7	56.0	72.3
October-December	8.2	78.5	54.4	72.5
1984: January-March	6.2	78.5	54.5	-

Source: International Monetary Fund.

Transportation costs

Domestic producers of certain welded carbon steel pipes and tubes are concentrated along the eastern seaboard, the west coast and in the Midwest. The importers from Brazil and Spain are located in Texas and along the eastern seaboard. In 1983, about 40 percent of circular pipes and tubes from Brazil were imported into the United States through Houston, Tex. and about 22 percent were imported through New Orleans. About 24 percent of circular pipes and tubes from Spain were imported into the United States through Bridgeport, Conn., and about 18 percent were imported through New Orleans. About 85 percent of rectangular pipes and tubes from Spain were imported into the United States through Houston in 1983.

The Commission's questionnaire asked producers and importers to report on their three largest metropolitan markets, the distance between their plant and these markets, freight charges per 100 pounds of pipe and tube, and method of transportation for 1983. Importers reported no transportation data.

Seven U.S. producers reported an average distance between their plants and their 17 largest metropolitan markets of 303 miles at an average freight charge of $18.80 per short ton. All deliveries were made by truck. One producer reported transporting a shipment by rail over * * * miles between its plant and its second largest metropolitan market for a freight charge of * * *

per short ton. In general, transportation costs averaged 3 percent of the delivered price of the products under investigation.

The seven producers also responded to questions concerning their largest service center/distributor and end-user customer for April-June 1984, the distance between their shipping location and their customer's receiving point, and transportation costs paid by customer and producer. For product 1 (schedule 40 sprinkler pipe), one producer reported that its service center/distributor was * * * miles from its shipping location with the transport cost of * * * per 100 feet paid by the firm. Another producer reported a * * * mile distance to its service center/distributor at a transport cost of * * * per 100 feet paid by the customer. One producer reported a * * * mile distance to its end-user customer at a cost of * * * per 100 feet paid by the producer. These transportation costs accounted for an estimated 1.5 percent to 9.9 percent of the delivered price of product 1.

For product 2 (schedule 40 standard pipe), one producer reported a * * * mile distance to its service center/distributor at a cost of * * * per 100 feet paid by the producer. Another producer reported a * * * mile distance to its service center/distributor with the customer paying transportation costs of * * * per 100 feet. One sale to an end user was * * * miles from the producer's shipping location, with transportation cost amounting to * * * per 100 feet paid by the producer. These transportation costs ranged from 3.9 percent to 10.2 percent of the total delivered price of product 2.

For product 3 (light-walled rectangular), one producer reported a * * * mile distance to its service center/distributor with transport costs of * * * per 100 feet paid by the customer. Another producer reported that its service center/distributor customer paid * * * per 100 feet to transport its product over * * * miles. The same producer also reported that its end-user customer paid * * * per 100 feet to transport the product over * * * miles. Transportation costs of product 3, as a share of the total delivered price, ranged between 5.3 percent ant 9.7 percent.

Lost sales

Small circular pipes and tubes.--Three U.S. producers, * * *, * * *, and * * *, provided the Commission with instances in which they allegedly lost sales to low-priced imports of small circular pipes and tubes from Brazil and Spain. Another producer, * * *, asserted that it too had lost sales to low-priced imports, but was unable to provide any details concerning its alleged lost business. The alleged lost sales involved more than 70 customers, of which the staff contacted 17. These customers' purchases of small circular pipes and tubes are discussed below:

Customer 1 * * *.--* * * alleged that it was unable to sell small diameter pipe and tube to this customer because of low-priced imports from Brazil and Spain. The pipe and tube purchaser at * * * stated, however, that he has never purchased any pipes and tubes from these two countries because their delivery times are indefinite, and their quotations are often vague.

Customer 2 * * *.--This firm is a service center headquartered in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases in 1982 and 1983 of * * * short tons of Brazilian pipe, valued at * * *, and * * * short tons of Spanish pipe, valued at * * *. A spokesman for * * * stated that the company returned an order of Brazilian pipe in 1984, labeling the imported product "garbage." He stated that the price of the Brazilian product was "about the same" as the U.S. product. The spokesman also stated that his company has not imported any other pipe from Brazil and has not imported any pipe from Spain. He said that his company buys * * * percent of its pipe from domestic sources and purchases imported pipe only when domestic product is not available. Occasionally, imported pipe is of better quality than domestic pipe, the spokesman reported.

Customer 3 * * *.--This firm is headquartered in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases in 1983 and 1984 of * * * short tons of Brazilian pipe, valued at * * *. The firm's purchasing agent was on vacation and no one else at the firm would speak to the Commission staff.

Customer 4 * * *.--This firm is a distributor located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases of * * * short tons of Brazilian pipe in 1983 and 1984, valued at * * *. A spokesman for * * * stated that he purchases pipe and tube products from Brazil and Spain and that the quality of these imported products compares favorably with the domestically-produced products. He stated that the prices of the Brazilian and Spanish products are substantially lower than the prices of the U.S. products, which is why he purchased the imported products. Although the spokesman stated that he was not able to provide the Commission with information concerning the quantity or price of his imported products, he did state that he imported more pipe and tube from Spain in 1984 than in 1983 and that he imported less from Brazil in 1984 than in 1983. No reasons were provided for these shifts.

Customer 5 * * *.--This firm is a service center located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases in 1983 and 1984 of * * * short tons of Brazilian pipe valued at * * *. A spokesman for * * * stated that his company does not purchase Brazilian pipe.

Customer 6 * * *.--This firm is a distributor located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases in 1983 and 1984 of * * * short tons of Brazilian pipe valued at * * *. A spokesman for * * * would not provide any information over the telephone concerning his firm's purchases of Brazilian pipe.

Customer 7 * * *.--This firm is a distributor located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases in 1983 and 1984 of * * * short tons of Brazilian pipe, valued at * * *, and * * * short tons of Spanish pipe, valued at * * *. A spokesman for * * * stated that his firm does not keep records of the country of origin of the imported pipe and tube products it purchased. He did state that the prices of imported products were generally 15-20 percent lower than the prices of U.S.-products, and that the quality of the imported products was "as good, if not better" than the quality of the U.S. products.

Customer 8 * * *.--The firm is an end-user located in * * *. Lost sale allegations were made by * * * and involved purchases in 1983 and 1984 of * * * short tons from Brazil, valued at * * *, and * * * short tons from Spain, valued at * * *. A spokesman for * * * stated that he could not recall purchasing any Spanish pipe in 1984; he did recall that in 1983 he purchased a small quantity of Spanish pipe, but could provide no details of the purchase. He stated that purchases of Brazilian pipe constitute * * * percent of his firm's total needs. * * *'s purchases of Brazilian pipe increased in 1984 over 1983 as it shifted from Taiwan and Korea to Brazil, a more reliable supplier, according to the spokesman. He further stated that prices of Brazilian pipe are 10-15 percent lower than the price of the U.S. product and that the quality of imports is comparable to the quality of the U.S. product. The spokesman for * * * projects that his future purchases of Brazilian pipe will remain at current levels due to prevailing market conditions.

Customer 9 * * *.--The firm is a distributor located in * * *. Lost sales allegations were made by * * * and involved purchases in 1983 and 1984 of * * * short tons of Brazilian pipe, valued at * * * and * * * short tons of Spanish pipe valued at * * *. A spokesman for * * * stated that his firm purchased pipe and tube products from both Brazil and Spain. He stated that prices of the imported products were 22 percent less than the prices of domestically-produced products and that the quality of the imported products was "as good, if not better" than the domestic products. In 1983 and 1984 the spokesman stated that * * * percent of his total purchases of pipes and tubes were produced in Brazil; * * * percent were produced in Spain. He purchases more Brazilian pipe than Spanish because he has more experience with the Brazilian product. He stated his firm will continue to purchase Brazilian and Spanish pipes and tubes; he did not provide, however, an estimate of the actual tonnage purchased from these producers in 1983 or 1984.

Customer 10 * * *.--The firm is a service center/distributor located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases in 1983 and 1984 of * * * short tons of Brazilian pipe, valued at * * *. A spokesman for * * * stated that his firm did not purchase any Brazilian pipe during 1983 or 1984.

Customer 11 * * *.--The firm is an end user located in * * *. Lost sales allegations were made by * * * and involved purchases in 1983 and 1984 of * * * short tons of Brazilian pipe, valued at * * *, and * * * short tons of Spanish pipe, valued at * * *. A spokesman for the firm stated that he is not aware of the country of origin of the pipes and tubes he purchases. He stated that, in general, the prices of imports are 20 percent lower than U.S. prices and that the domestic products are superior in quality to the imported products. According to the spokesman, imported pipes and tubes are attractive because of their availability and lower prices. The spokesman stated that * * * percent of his firm's requirements for these products in 1983 and 1984 have been met by imports.

Customer 12 * * *.--The firm is a distributor in * * *. Lost sales allegations relating to this firm were made by * * * and involved unspecified amounts of Brazilian pipe. A spokesman for * * * stated he had purchased Brazilian pipe. He would not, however, answer any other questions posed by the Commission staff.

Customer 13 * * *.--The firm is an end user located in * * *. Lost sales allegations relating to this firm were made by * * * and involved unspecified amounts of Spanish pipe. A spokesman for * * * stated that the firm purchased Brazilian and Spanish pipe in 1983 and 1984. Prices of Brazilian and Spanish pipe are about 15-30 percent lower than the price of the U.S. product and the quality of the imported product is comparable to the U.S. product, according to the spokesman. The spokesman stated that of total pipe purchases, Brazilian and Spanish pipe constitute * * * and * * * percent, respectively. The spokesman also stated that purchases of Brazilian and Spanish pipe will continue at current levels subject to price and availability.

Customer 14 * * *.--The firm is an end user located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases of unspecified amounts of Brazilian pipe. A spokesman for * * * stated that since his pipe is supplied through a distributor he is not aware of its country of origin.

Customer 15 * * *.--The firm is a service center located in * * *. Lost sales allegations relating to the firm were made by * * * and involved an unspecified amount of Brazilian pipe. A spokesman for * * * stated that his company has purchased Brazilian and Spanish pipe in 1983 and 1984 and than the prices of the imported pipe are between 20-25 percent lower than the prices of the U.S. product. He stated the quality of imported pipe is "equal if not superior" to the U.S. product. His firm's purchases of Brazilian and Spanish pipe constitute * * * percent of the firm's total purchases, according to the spokesman. The spokesman stated that there is a very long lag time between the time he places and receives an order from Brazil. So long as prices remain more than 10 percent lower than the U.S. product, he stated his company will continue to purchase Spanish and Brazilian pipe.

Customer 16 * * *.--The firm is a supply center located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchase of * * * short tons of Spanish pipe, valued at * * *. A spokesman for * * * stated that he was not aware of any purchases of Brazilian or Spanish pipe.

Customer 17 * * *.--The firm is a supply center located in * * *. Lost sales allegations relating to this firm were made by * * * and involved purchases of * * * short tons of Brazilian pipe valued at * * *, and * * * short tons of Spanish pipe, valued at * * *. A spokesman for * * * stated that his company has not bought any Brazilian or Spanish pipe.

In addition to contacting the purchasers cited by the producers as lost sales, the Commission also sent questionnaires to nine purchasers of certain welded carbon steel pipes and tubes from Brazil and Spain. Three purchasers of small circular pipes and tubes accounting for 23 percent of imports from Brazil, in 1983, responded to the questionnaire. None of these purchasers were cited by the producers as a lost sale. Each purchaser reported that during January 1982-June 1984 its purchases of small diameter pipes and tubes from Brazil had increased as a share of its total purchases, that the prices of the Brazilian product were always less than the price of the U.S. product, and that there was no difference between the quality of the Brazilian- and

U.S.-produced merchandise. Two of the three purchasers reported that they had rejected offers to purchase U.S.-produced small diameter pipes and tubes in favor of the Brazilian product, and two stated that if the U.S. product had been offered at a comparable price, then they would have bought the U.S. product.

Light-walled rectangular pipes and tubes.--One firm, * * *, provided the Commission with information concerning instances in which it allegedly lost sales to low-priced imports of light-walled rectangular pipes and tubes from Spain. Another producer of the rectangular product, * * *, stated that it had lost sales to low-priced Spanish imports, but was unable to provide any details concerning its lost business. The alleged lost sales involved * * * transactions with * * * customers. The staff contacted * * * of these customers. These customers' purchases of light-walled rectangular pipes and tubes are discussed below.

Customer 1 * * *.--* * * stated that in 1984 it lost sales involving * * * because * * * bought the lower-priced Spanish merchandise. * * * is a * * * which purchases about * * * of the rectangular pipes and tubes a year. In 1983, about * * * percent to * * * percent of its requirements were purchased from one U.S. mill. In January-July 1984, this U.S. mill accounted for about * * * percent of its purchases and Spain accounted for the rest. According to the pipe and tube purchaser, the Spanish product was cheaper because of the large quantities involved. The purchaser also stated that * * *.

Customer 2 * * *.--* * * alleged that it was not able to sell * * * to this customer because of low-priced Spanish imports. This alleged lost business was * * *. * * *, buys about * * * to * * * short tons of light-walled rectangular pipes and tubes a year. In 1983, it bought all of its requirements from U.S. mills. In 1984, because of its low price, * * * of * * *'s purchases are from Spain. The buyer at * * * estimates that the cost of the Spanish merchandise is 15 percent to 20 percent less than the U.S. product when delivery charges are taken into consideration. * * *.

Customer 3 * * *.--* * * alleged that in 1984 this customer rejected its quotation for * * * and purchased low-priced Spanish material instead. The pipe and tube purchaser at * * * stated that he buys about * * * short tons of the rectangular product a year, * * * percent of which is foreign. He said that the Japanese and German product is superior to the U.S. product, whereas, the Spanish, Italian, Brazilian, and Korean product is inferior. According to the purchaser, Spanish-produced light-walled rectangular pipes and tubes are not as malleable, cannot be formed into square corners, and are poorly packaged. He stated that he weighs several criteria when selecting a supplier. These criteria include quality, packaging, price, and delivery schedule. The superior U.S.-produced rectangular pipes and tubes, according to the purchaser, are entitled to a 10 percent premium over the Spanish material. The price of Spanish rectangular pipes and tubes, however, is about 20 percent lower than the price of the U.S. product. The purchaser was not able to discuss specific transactions involving pipes and tubes from Spain.

Customer 4 * * *.--The firm is * * * located in * * *. Lost sales allegations relating to this firm were made by * * * and involved * * *. A spokesman for * * * stated that his firm purchased Spanish pipe in 1984. Prices of the Spanish product, according to the spokesman are 10-20 percent below the prices of the U.S. product. The Spanish product is readily available and its quality is "as good" as the U.S.-product, according to the spokesman. His purchases of Spanish pipe constitute * * * percent of * * *'s total pipe purchases. The spokesman stated that he expects his firm's purchases of the Spanish product to continue at current levels subject to availability.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-220 (Preliminary) and 731-TA-197 and 198 (Preliminary)]

Certain Welded Carbon Steel Pipes and Tubes From Brazil and Spain

AGENCY: United States International Trade Commission.

ACTION: Institution of preliminary countervailing duty and antidumping investigations and scheduling of a conference to be held in connection with the investigations.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of investigation No. 701-TA-220 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of certain welded carbon steel pipes and tubes,[1] which are allegedly subsidized.

The Commission also gives notice of the institution of investigations Nos. 731-TA-197 and 198 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil and Spain of certain welded carbon steel pipes and tubes,[2] which are alleged to be sold in the United States at less than fair value.

EFFECTIVE DATE: July 17, 1984.

FOR FURTHER INFORMATION CONTACT: Ms. Abigail Eltzroth, Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0289.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed on July 17, 1984, by the Committee on Pipe and Tube Imports, an association of domestic manufacturers of welded carbon steel pipes and tubes.[3] The Commission must make its determinations in these investigations within 45 days after the date of the filing of the petitions, or by August 31, 1984 (19 CFR § 207.17).

Participation

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairwoman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service of documents

The Secretary will compile a service list from the entries of appearance filed in these investigations. Any party submitting a document in connection with the investigations shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth in section 201.16(b) of the rules (19 CFR 201.16(b)).

In addition to the foregoing, each document filed with the Commission in the course of these investigations must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions

Any person may submit to the Commission on or before August 10, 1984, a written statement of information pertinent to the subject matter of these investigations (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on August 8, 1984, at the U.S. International Trade Commission Building, 701 E Street, NW, Washington, D.C. Parties wishing to participate in the conference should contact Abigail Eltzroth (202-523-0289), not later than August 6, 1984, to arrange for their appearance. Parties in support of the imposition of antidumping and countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

[1] For purposes of this investigation, the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 4.5 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, and 610.3243 of the Tariff Schedules of the United States Annotated (1984) (TSUSA), and welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness of less than 0.156 inch, provided for in TSUSA item 610.4928. Prior to April 1, 1984, the circular pipes and tubes were provided for in TSUSA items 610.3231, 610.3232, 610.3241, and 610.3244, and the rectangular pipes and tubes were provided for in TSUSA item 610.4975.

[2] With respect to the investigations involving imports from Spain, the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of circular and rectangular cross sections as specified above. With respect to the investigation involving imports from Brazil, the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, as specified above.

[3] The 11 member producers of the CPTI are Allied Tube & Conduit Corp., American Tube Co., Inc., Bull Moose Tube Co., Century Tube Corp., Copperweld Tubing Group, Kaiser Steel Corp., Merchants Metals, Inc., Pittsburgh-International, Southwestern Pipe, Inc., Western Tube & Conduit, and Wheatland Tube Co.

Public inspection

A copy of the petitions and all written submissions, except for confidential business data, will be available for public inspection during regular hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

"This notice is published pursuant to section 207.12 of the Commission's rules (19 CFR 207.12).

Issued: July 25, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-20039 Filed 7-27-84; 8:45 am]

BILLING CODE 7020-02-M

DEPARTMENT OF COMMERCE

International Trade Administration

[A-469-407]

Certain Welded Carbon Steel Pipes and Tubes From Brazil; Initiation of Antidumping Investigation

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether certain welded carbon steel pipes and tubes (pipe and tubes) from Brazil are being, or are likely to be, sold in the United States at less than fair value. Critical circumstances have been alleged, also.

We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 31, 1984, and we will make ours on or before December 24, 1984.

EFFECTIVE DATE: August 13, 1984.

FOR FURTHER INFORMATION CONTACT: Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-5288.

SUPPLEMENTARY INFORMATION:

The Petition

On July 17, 1984, we received a petition in proper form filed on behalf of the Committee on Pipe and Tube Imports. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that the imports of the subject merchandise from Brazil are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports materially injure, or threaten material injury to, a United States industry.

Petitioners were unable to obtain price information for U.S. sales. Therefore, they calculated United States price based on the Customs' value for Brazilian imports of the merchandise during December 1983, with deductions for estimated inland freight costs in Brazil.

Since petitioners also were unable to secure home market or third country prices for the merchandise subject to this investigation, foreign market value was based on the cost of hot-rolled coil, with extras, from Brazilian price lists. Additional adjustments were made for internal Brazilian taxes, foreign inland freight, and scrap. If the product was galvanized, estimates of zinc costs from discussions with zinc brokers are included. Using this comparison, there are apparent dumping margins ranging from 46 to 75 percent. We saw errors in the price calculations. However, after making adjustment for these errors, there are still substantial margins alleged.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We have examined the petition on pipe and tubes, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether pipe and tubes from Brazil are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by December 24, 1984.

Scope of Investigation

The products covered by this investigation are "certain welded carbon steel pipes and tubes," which include certain small-diameter circular welded carbon steel pipes and tubes.

Small-diameter circular welded carbon steel pipes and tubes, with an outside diameter of 0.375 inch or more but not over 4.5 inches and with a wall thickness of not less than 0.065 inch, are currently classified in the *Tariff Schedules of the United States, Annotated* (TSUSA) under items 610.3231, 610.3234, 610.3241, 610.3242, and 610.3243. These products, commonly referred to in the industry as standard pipe or structural tubing, are produced to various ASTM specification, most notably A-120 and A-135.

Notification to ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files provided it confirms that it will not disclose such information either publicly or under an administration protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 31, 1984, whether there is a reasonable indication that imports of pipes and tubes from Brazil materially injure, or threaten to material injury to, a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Date: August 6, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-21429 Filed 8-10-84; 8:45 am]

BILLING CODE 3510-DS-M

[A-469-407]

Certain Welded Carbon Steel Pipes and Tubes From Spain: Initiation of Antidumping Investigation

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether certain welded carbon steel pipes and tubes (pipe and tubes) from Spain are being, or are likely to be, sold in the United States at less than fair value. Critical circumstances have been alleged, also. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 31, 1984, and we will make ours on or before December 24, 1984.

EFFECTIVE DATE: August 13, 1984.

FOR FURTHER INFORMATION CONTACT: Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone, (202) 377-5288.

SUPPLEMENTARY INFORMATION:

The Petition

On July 17, 1984, we received a petition in proper form filed on behalf of the Committee on Pipe and Tube Imports. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that the imports of the subject merchandise from Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports materially injure, or threaten

material injury to, a United States industry.

Petitioners were unable to obtain price information for U.S. sales. Therefore, they calculated United States price based on the Customs' value for Spanish imports of the merchandise during December 1983, with deductions for estimated inland freight costs in Spain.

Petitioners also were unable to secure home market or third country prices for pipe and tubes. Foreign market value was based upon cost of production for four commonly sold types of merchandise. These costs were based upon published prices for hot-rolled coil, including extras, and estimates of zinc costs from discussions with zinc brokers. Additional adjustments were made for the cost of foreign inland freight and for scrap. Conversion costs were based on the U.S. industry average for non-integrated producers as determined by the ITC. Using this comparison, there are apparent dumping margins ranging from 61.5 to 83.2 percent. We saw errors in the price calculations. However, after making adjustment for these errors, there are still substantial margins alleged.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations. We have examined the petition on pipe and tubes, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether pipe and tubes from Spain are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by December 24, 1984.

Scope of Investigation

The products covered by this investigation are "certain welded carbon steel pipes and tubes," which include certain small-diameter circular welded carbon steel pipes and tubes and light-walled rectangular tubing.

Small-diameter circular welded carbon steel pipes and tubes, with an outside diameter of 0.375 inch or more but not over 4.5 inches and with a wall thickness of not less than 0.065 inch, are currently classified in the *Tariff Schedules of the United States, Annotated* (TSUSA) under items 610.3231, 610.3234, 610.3241, 610.3242, and 610.3243. These products, commonly referred to in the industry as standard pipe or structural tubing, are produced to various ASTM specifications, most notably A-120 and A-135.

Rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of less than 0.156 inch are currently classified under TSUSA item 610.4928. This product, commonly referred to in the industry as mechanical or structural tubing, is generally produced to ASTM specifications A-500 or A-513.

Notification to ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 31, 1984, whether there is a reasonable indication that imports of pipe and tubes from Spain materially injure, or threaten material injury to, a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Date: August 6, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-21428 Filed 8-10-84; 8:45 am]

BILLING CODE 3510-DS-M

[C-469-408]

Initiation of a Countervailing Duty Investigation: Certain Welded Carbon Steel Pipes and Tubes From Spain

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Spain of certain welded carbon steel pipes and tubes receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of certain welded carbon steel pipes and tubes from Spain materially injure, or threaten material injury to, a U.S. industry. If our investigation proceeds normally, the ITC will make its preliminary determination on or before August 31, 1984, and we will make ours on or before October 10, 1984.

EFFECTIVE DATE: August 13, 1984.

FOR FURTHER INFORMATION CONTACT: John M. Davies, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 377-1784.

SUPPLEMENTARY INFORMATION:

Petition

On July 17, 1984, we received a petition from the Committee on Pipe and Tube Imports, a trade association composed of domestic pipe and tube producers, on behalf of the U.S. industry producing certain welded carbon steel pipes and tubes. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Spain of certain welded carbon steel pipes and tubes receive, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry. The petition also alleges that "critical circumstances" exist under section 703(e)(1) of the Act.

Spain is a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore, Title VII of the Act applies to this investigation and an injury determination is required.

Initiation of the Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for initiation of a countervailing duty investgtigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on certain welded carbon steel pipes and tubes, and we have found that the petition meets those requirements.

Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Spain of certain welded carbon steel pipes and tubes, as described in the "Scope of the Investigation" section of this notice, receive benefits which constitute subsidies. If our investigation proceeds normally, we will make our preliminary determination by October 10, 1984.

Scope of the Investigation

The products covered by this investigation are "certain welded carbon steel pipes and tubes," specifically certain small-diameter circular welded carbon steel pipes and tubes and light-walled rectangular tubing.

Small-diameter circular welded carbon steel pipes and tubes, with an outside diameter of 0.375 inch or more but not over 4.5 inches and with a wall thickness of not less than 0.065 inch, are currently classified in the *Tariff Schedules of the United States, Annotated* (TSUSA) under items 610.3231, 610.3234, 610.3241, 610.3242, and 610.3243. These products, commonly referred to in the industry as standard pipe or structural tubing, are produced to various ASTM specifications, most notably A-120 and A-135.

Light-walled rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of less than 0.156 inch are currently classified under TSUSA item 610.4928. These products, commonly referred to in the industry as mechanical or structural tubing, are generally produced to ASTM specifications A-500 or A-513.

Allegations of Subsidies

The petition lists a number of practices by the government of Spain which allegedly confer subsidies on manufacturers, producers, or exporters in Spain of certain welded carbon steel pipes and tubes. We will initiate a countervailing duty investigation on the following allegations.

- Benefits Under Decree 669/1974 and Order of May 22, 1980.
- Preferential Loans Under Law 60/1978.
- Economic Assistance Under Royal Decree 878/1981.
- Benefits Under the Privileged Circuit Exporter Credits Programs.
- Warehouse Construction Loans.
- National and Regional Investment Incentive Programs.
- Excessive Rebate of Indirct Taxes on Exports Under the Desgravacion Fiscal a la Exportacion (DFE).
- Subsidized Steel Inputs.

In our final affirmative countervailing duty determination on certain carbon steel products from Spain, published on November 15, 1982 (47 FR 51438), we determined that certain programs did not confer subsidies to the companies investigated during the period calendar year 1981. Allegations concerning some of these programs are included in the current petition. Because the petition presents no new evidence or changed

circumstances with respect to these programs, we will not initiate a countervailing duty investigation on the following allegations.

• Research and Development Incentives.

Petitioners allege that firms located in Spain may receive government loans covering up to 50 percent of the cost of research and development projects. Up to 90 percent of the government loan may be forgiven, with the remaining 10 percent being treated as an interest free loan. As stated in our final determination on certain steel products from Spain, funding for such research and development loans is not awarded on a regional or industry-specific basis but is generally available on equal terms.

• Government Equity Infusions.

In our final determination on certain steel products from Spain, we found that Altos Hornos de Vizcaya, S.A. (AHV) did not receive a subsidy from a 1981 government stock purchase. Since petitioners have not presented any new evidence of government equity infusions in AHV or in any of the other Spanish pipe and tube companies, we will not examine at this time any of the petitioners' allegations on government equity infusions.

Allegation of Critical Circumstances

Petitioners allege that their petition demonstrates that imports of certain welded carbon steel pipes and tubes from Spain have benefited from Privileged Circuit Exporter Credit Programs, which constitute an export subsidy "inconsistent with the Agreement," and that there have been massive imports of this merchandise from Spain over a short period of time. Accordingly, petitioners allege that "critical circumstances" exist, as set forth under section 703(e)(1) of the Act and § 355.29(a) of the Department's Regulations.

Notification of ITC

Section 702(d) of the Act requires us to notify the ITC of this action, and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 31, 1984, whether there is a reasonable indication that imports of certain welded carbon steel pipes and tubes from Spain materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will terminate; otherwise, the investigation will proceed to conclusion.

Date: August 6, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-21432 Filed 8-10-84; 8:45 am]
BILLING CODE 3510-DS-M

APPENDIX B

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-220 (Preliminary)
and 731-TA-197 and 198 (Preliminary)

Those listed below appeared at the United States International Trade Commission conference held in connection with the subject investigations on Wednesday, August 8, 1984, in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of additional duties

Roger B. Shagrin--Counsel
Washington, D.C
on behalf of

The Committee on Pipe and Tube Imports (CPTI)

Henry Weiss, Vice President Marketing and Planning
Wheatland Tube Co.

Jack Myer, General Manager
Bull Moose Tube Co.

Roger B. Shagrin--Counsel

In opposition to the imposition of additional duties

Wald, Harkrader & Ross--Counsel
Washington, D.C.
on behalf of

Persico Pizzamiglio, S.A. (PERSICO)

Royal Daniel, III--COUNSEL