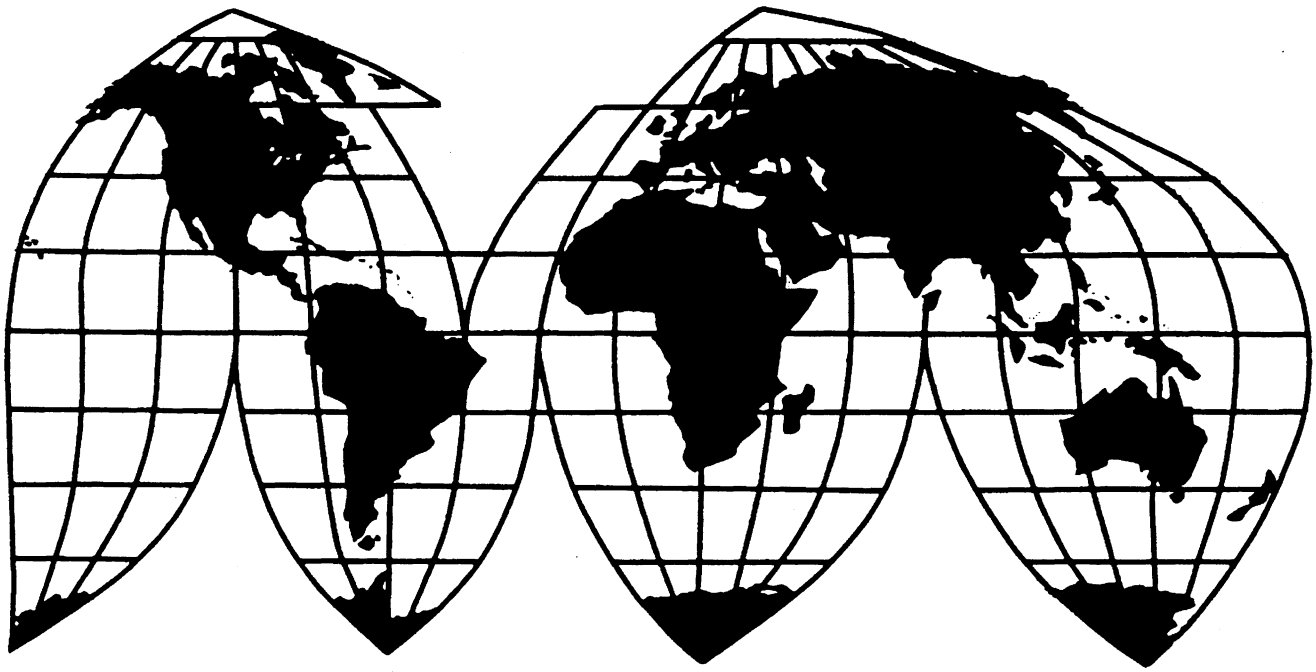
Certain Welded Large Diameter Line Pipe From Japan and Mexico

Investigations Nos. 731-TA-919-920 (Preliminary)

Publication 3400 **March 2001**

U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-919-920 (Preliminary)

Certain Welded Large Diameter Line Pipe from Japan and Mexico

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission 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 Japan and Mexico of certain welded large diameter line pipe,[2] that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under section 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On January 10, 2001, a petition was filed with the Commission and the Department of Commerce by Berg Steel Pipe Corp., Panama City, FL; American Steel Pipe Division of American Cast Iron Pipe Co., Birmingham, AL; and Stupp Corp., Baton Rouge, LA; alleging that an industry in the United States is materially injured by reason of LTFV imports of certain welded large diameter line pipe from Japan and Mexico. Accordingly, effective January 10, 2001, the Commission instituted antidumping duty investigations Nos. 731-TA-919-920 (Preliminary).

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

[2] For purposes of these investigations, certain welded large diameter line pipe is welded carbon and alloy steel line pipe, of circular cross section and with an outside diameter greater than 406.4 mm (16 inches), whether or not stenciled. This product is normally produced according to American Petroleum Institute specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The product is provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the Harmonized Tariff Schedule of the United States.

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, DC, and by publishing the notice in the *Federal Register* of January 18, 2001 (66 FR 4860). The conference was held in Washington, DC, on January 31, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain welded large diameter line pipe ("CWLDLP") from Japan and Mexico that are allegedly sold in the United States at less than fair value ("LTFV").

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. DOMESTIC LIKE PRODUCT

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[3] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[4] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ."[5]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[6] No single factor is dispositive, and the Commission

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[1] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353, 1368-69 (Ct. Int'l Trade 1999).

[2] American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

[6] See, e.g., NEC Corp. v. Dep't of Commerce and U.S. Int'l Trade Comm'n, 36 F. Supp. 2d 380 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4;

may consider other factors it deems relevant based on the facts of a particular investigation.[7] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[8] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[9]

B. Product Description

Commerce's notice of initiation defines the imported merchandise within the scope of these investigations as:

> welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute ("API") specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The product currently is classified under U.S. Harmonized Tariff Schedule (HTSUS) item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30, 7305.19.10.60, and 7305.19.50.00. . . . Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe.[10]

C. Domestic Like Product

Line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Line pipes, both welded and seamless, are produced to the American Petroleum Institute ("API") 5L specification.[11] Welded, large diameter pipes are formed into cylinders by the application of pressure to flat-rolled steel, then welded, tested, and finished.[12] The predominant form of welded line pipe in sizes greater than 16" in outside diameter is produced using the submerged arc welding ("SAW") method; such pipe accounted for 63.8 percent of reported U.S. mill shipments of the domestic like product between 1998 and 2000.[13] The remainder of reported U.S. shipments of the domestic like product consisted of

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Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

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

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

[10] Notice of Initiation of Antidumping Duty Investigations: Welded Large Diameter Line Pipes from Mexico and Japan, 66 Fed. Reg. 11266, 11267 (Feb. 23, 2001).

[11] CR at I-6, PR at I-5 (citing *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, at 1).

[12] CR at I-9-14, PR at I-9-I-12.

[13] CR/PR at Table D-1.

pipe produced through the electric resistance welding ("ERW") process, although the API 5L specification addresses a variety of acceptable welding methods.[14]

Both the Mexican Respondents[15] and the Japanese Respondents[16] argue that ERW and SAW line pipe should be treated as separate domestic like products.[17] Petitioners[18] maintain that ERW and SAW line pipe comprise a single like product.[19]

Physical Characteristics and Uses. ERW line pipe is normally produced in sizes between 2 3/8" through 24" in outside diameter ("OD"), while SAW line pipe is produced in OD sizes from 18" to 72".[20] Therefore, ERW line pipe and SAW line pipe overlap in sizes 18" in OD up to 24" in OD. Between 1998 and 2000, more than one-third of U.S. producers' U.S. CWLDLP shipments were in sizes between 18" and 24" in OD;[21] ERW pipe accounted for *** percent of such shipments while SAW pipe accounted for *** percent.[22]

With respect to wall thickness, the Japanese Respondents state that ERW manufactured by domestic producers has a maximum wall thickness of 0.625" and even less for some producers,[23] while SAW pipe has a wall thickness range of 0.25" to 1.5".[24] There is no information in the record as to the proportion of SAW pipe sold between 1998 and 2000 with wall thicknesses not exceeding 0.625".

The nature of the ERW and SAW production methods results in physical distinctions along the subject pipes' weld areas. ERW pipe is produced without using a filler metal in the weld, whereas SAW pipe is welded with such a filler. BP America, Inc. (a purchaser of CWLDLP) states that "[t]he welds [of ERW and SAW pipe], a critical element of the pipe, are physically different and are considered to differ in their strength and reliability."[25]

There apparently is no difference in the chemistry of the steel in ERW and SAW pipe. ERW is made from coiled plate, and SAW is made from cut-to-length plate.[26] The API specifications for line pipe permit both ERW and SAW processes in all grades and classes of CWLDLP.[27]

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[14] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, at 5-7.

[15] The Mexican Respondents are Procarsa SA de CV, Productora Mexicana de Tuberia SA de CV, Tubacero SA, Tuberia Laguna SA de CV, and Tubesa SA de CV.

[16] The Japanese Respondents are Kawasaki Steel Corporation, Nippon Steel Corporation, NKK Corporation, and Sumitomo Metal Industries, Ltd.

[17] Japanese Respondents' Postconference Brief at 30-40; Mexican Respondents' Postconference Brief at 4-13.

[18] Petitioners are American Steel Pipe Division of American Cast Iron Pipe Company, Berg Steel Pipe Corporation, and Stupp Corporation.

[19] Petitioners' Postconference Brief at 5-8.

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

[21] U.S. producers shipped 2,114,800 tons of CWLDLP between 1998 and 2000; shipments of line pipe greater than 16" in OD and up to 24" in OD accounted for 817,115 tons. CR/PR at Table D-1.

[22] See CR/PR at Tables D-1 and D-2. In 2000, however, total U.S. shipments of U.S. producers in this size range consisted of *** percent ERW pipe and *** percent SAW pipe. See CR/PR at Table D-2.

[23] Japanese Respondents' Postconference Brief at 34.

[24] CR at I-7, PR at I-6.

[25] BP America, Inc. Postconference Brief at 10.

[26] CR at I-9 and I-13, PR at I-9 and I-13.

[27] CR at I-8, PR at I-7.

Both ERW and SAW pipe are used for the same end use, namely the transmission of oil and natural gas.[28] However, the respondents in these investigations assert that the specific applications of SAW pipe and ERW pipe are not the same because SAW pipe is required for more demanding conditions (e.g., high pressure or extreme temperatures) than ERW pipe.[29]

In sum, the two types of pipe have some common and some divergent physical characteristics. The common characteristics include steel chemistry, API specifications, and some dimensional overlap in OD and wall thickness. The differences are in the ranges of OD and wall thickness, and in the nature of the pipes' weld.

Interchangeability. Once end use size needs are established, interchangeability between ERW and SAW pipe can only occur within the 18" to 24" OD range in which the two types of pipe overlap. Petitioners state that "[t]here is complete interchangeability in the market place between ERW and DSAW products that meet the same specifications," but provide no additional support for this assertion.[30] The Mexican Respondents provided statements from two distributors who contend that there is very little interchangeability between ERW and SAW pipe. One distributor stated that although SAW, ERW, and seamless pipe are made to the same specifications, their uses and acceptance vary greatly. In this distributor's opinion, SAW pipe has more in common with seamless pipe than with ERW pipe, in that SAW pipe and seamless pipe are regarded as suitable for critical applications. The distributor noted that "ERW seldom replaces a SAW requirement," but that "SAW often replaces ERW requirements."[31] Both distributors state that their customers will, when placing an order, sometimes or (in the case of one distributor) always specify whether they want ERW or SAW pipe.[32] In sum, the record suggests that interchangeability between ERW and SAW pipe may be limited and primarily in a single direction.

Channels of Distribution. The channels of distribution for ERW and SAW pipe are similar. Both types of pipe are sold predominantly to end users, but also to distributors. Seventy-seven percent of U.S. mill shipments of ERW line pipe are to end users and twenty-three percent are to distributors. Similarly, eighty percent of U.S. mill shipments of SAW line pipe are to end users and twenty percent are to distributors.[33]

Common Manufacturing Facilities, Employees, and Methods. The ERW production process and the SAW production process employ different techniques to produce welded line pipe from flat-rolled steel.[34] [35] None of the seven U.S. producers maintain both ERW production lines and SAW production

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[28] CR at I-8, PR at I-5.

[29] CR at I-7, PR at I-4.

[30] Petitioners' Postconference Brief at 6. The terms "SAW" and "DSAW" (double submerged arc welding) refer to production processes that are essentially similar. CR at I-8 n.25, PR at I-7.

[31] Declaration of *** at ¶7, Attachment 4 to Mexican Respondents' Postconference Brief.

[32] Id. and Declaration of *** at ¶ 6 and 7, Attachment 5 to Mexican Respondents' Postconference Brief.

[33] CR at I-18 and I-20, Table I-5, PR at I-16.

[34] CR at I-8 to I-14, PR at I-6 to I-12.

[35] We note that the use of multiple methods of manufacturing and/or finishing tubular products, sometimes as a reflection of dimensional requirements, is not unique to the line pipe industry in question. See, e.g., Certain Welded Stainless Steel Pipe from Korea and Taiwan, Invs. Nos. 731-TA-540 and 541 (Review), USITC Pub. 3351 at I-12 (Sept. 2000); Circular Seamless Stainless Steel Hollow Products from Japan, Inv. No. 731-TA-859 (Final), USITC Pub. 3344 at I-6 (Aug. 2000); Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final), USITC Pub. 3311 at I-13 (June 2000); Circular Welded Carbon Quality Line Pipe, Inv. No. TA-201-70, USITC Pub. 3261 at II-7 (Dec. 1999); Circular Welded Nonalloy Steel Pipe from Romania and South Africa, Invs. Nos. 731-TA-732 and 733 (Final), USITC Pub. 2973 at I-5 (July

lines.[36] Therefore, ERW and SAW pipe are not made in the United States in the same manufacturing facilities, using the same employees, or by common manufacturing methods.

Producer and Customer Perceptions. Petitioners state that "[b]ecause pipe is ordered to API specifications and this is the only requirement for meeting customer's usage, the customers and producers perceive ERW and DSAW products as being interchangeable."[37] As noted above, in connection with the discussion of interchangeability, there are statements by distributors on the record claiming that customers perceive ERW and SAW pipe as different products, and that they often, or always, specify the type of pipe when placing orders. The limited evidence on the record as to producer and customer perceptions is thus inconclusive.

Price. SAW pipe is more expensive than ERW pipe. Between 1998 and 2000, based on aggregate average unit values, the price differential for domestic products was 29.6 percent.[38] We note, however, that this differential declined from 38.8 percent in 1999 to 18.4 percent in 2000.[39] SAW pipe was more expensive than ERW pipe for each of the four API grade ranges for which the Commission gathered information, and in each year between 1998 and 2000.[40]

Conclusion. Although there are merits to both respondents' and petitioners' arguments concerning the domestic like product, because of the mixed evidence on the record, we determine for purposes of these investigations that CWLDLP comprises a single domestic like product. Two of the six factors which the Commission traditionally considers weigh in favor of finding separate like products: the two types of pipe do not have common manufacturing facilities, employees, or methods; and one type of pipe is more expensive than the other. With respect to an additional factor, physical characteristics and uses, the evidence is mixed. One of the six factors points clearly in favor of finding one like product: both types of pipe have similar channels of distribution. An analysis of the remaining two factors, interchangeability and customer/producer perceptions, is inconclusive.

Accordingly, for purposes of these preliminary determinations, we determine that there is one domestic like product coextensive with the scope of these investigations. We intend to examine this issue more closely in any final phase of these investigations.[41]

III. DOMESTIC INDUSTRY

Section 771(4) of the Act defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of that product."[42] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic

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1996); and Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, Invs. Nos. 701-TA-363 and 364 & 731-TA-711-717 (Final), USITC Pub. 2911 at II-7 and II-14 (Aug. 1995).

[36] CR at I-8, PR at I-7.

[37] Petitioners' Postconference Brief at 6.

[38] CR at I-21, PR at I-19.

[39] Id.

[40] CR/PR at Table I-6.

[41] The Mexican Respondents argue, in the alternative, that if the Commission finds a single domestic like product, it should expand the like product definition beyond the scope of these investigations to include standard, structural, and water pipe. Mexican Respondents' Postconference Brief at 13-17. However, the Mexican Respondents provide very little information to support this argument, and we see no basis in the record for such a definition.

[42] 19 U.S.C. § 1677(4)(A).

production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.[43] Based on our like product determination, we determine that there is a single domestic industry consisting of all domestic producers of CWLDLP.[44]

IV. CUMULATION[45]

A. In General

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, Section 771(7)(G)(i) of the Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like product in the U.S. market.[46] In assessing whether subject imports compete with each other and with the domestic like product,[47] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographical markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[48]

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[43] See, e.g., DRAMs From Taiwan, Inv. No. 731-TA-811 (Final), USITC Pub. 3256 at 6 (Dec. 1999); Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Invs. Nos. 701-TA-373, 731-TA-769-775 (Final), USITC Pub. 3126, at 7 (Sept. 1998); Manganese Sulfate from the People's Republic of China, Inv. No. 731-TA-725 (Final), USITC Pub. 2932, at 5 & n.10 (Nov. 1995) (the Commission stated it generally considered toll producers that engage in sufficient production-related activity to be part of the domestic industry); see, e.g., Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain ("OCTG"), Invs. Nos. 701-TA-363-364 (Final) and Invs. Nos. 731-TA-711-717 (Final), USITC Pub. 2911 (Aug. 1995) (not including threaders in the casing and tubing industry because of "limited levels of capital investment, lower levels of expertise, and lower levels of employment").

[44] There are no related party issues in the preliminary phase of these investigations. CR/PR at III-1.

[45] Based on our like product finding, the negligibility of subject imports is not an issue in these investigations. See 19 U.S.C. § 1677(24).

[46] 19 U.S.C. § 1677(7)(G)(i).

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

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

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[49] Only a "reasonable overlap" of competition is required.[50]

Because the petitions in the investigations concerning CWLDLP from Japan and Mexico were filed on the same day, the first statutory criterion for cumulation is satisfied. In addition, none of the four statutory exceptions to the general cumulation rule applies for purposes of these determinations.[51] Therefore, we are required to determine whether there is a reasonable overlap of competition both between the subject imports from Japan and Mexico, and between the subject imports and the domestic like product.

B. Analysis

Fungibility. There appears to be a moderate to high level of substitutability between domestic CWLDLP and the subject imports, and between the subject imports. A majority of domestic producers reported that domestically produced CWLDLP is "always" interchangeable with imports from each of the subject countries, and that CWLDLP from Japan is always interchangeable with CWLDLP from Mexico.[52] A majority of the importers responding to the Commission's questionnaire reported that the subject imports are "sometimes," "frequently," or "always" interchangeable with the domestic product, and with each other.[53]

Although imports from Japan between 1998 and 2000 were predominantly in the 24"-and-under OD range, and imports from Mexico were predominantly in the greater-than-24" OD sizes, there was nonetheless a reasonable overlap in shipments from the two countries in both size ranges.[54] There is some evidence in the record (consisting of a minority of importer questionnaire responses, and testimony by Mexican producers at the staff conference) that line pipe from Japan and Mexico are not viewed by customers as being interchangeable.[55] On the other hand, record information suggests that Mexican line pipe may be suitable for the oil and gas pipeline project market, despite the Mexican Respondents' arguments to the contrary.[56]

The substitutability of CWLDLP from Japan with the domestic products and with CWLDLP from Mexico is limited somewhat by the fact that Japanese mills reportedly supply a number of products

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

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

[51] These exceptions concern imports from Israel, countries as to which investigations have been terminated, countries as to which Commerce has made preliminary negative determinations, and countries designated as beneficiaries under the Caribbean Basin Economic Recovery Act. 19 U.S.C. § 1677(7)(G)(ii).

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

[53] Id.

[54] Between 1998 and 2000, 61 percent of imports from Japan, and 22 percent of imports from Mexico, were in the 24"-and-under OD range. See CR/PR at Table D-1.

[55] *See* Japanese Respondents' Postconference Brief at 42, Mexican Respondents' Postconference Brief at 24.

[56] There was one sale for a project application by a Mexican mill between 1998 and 2000. This was of approximately *** short tons of API X-70 pipe for Phase 4 of the Florida Gas project. Mexican Respondents' Postconference Brief at 31.

to the U.S. market that are not produced domestically. Imports from Japan of products allegedly not produced in the United States accounted for 24.0 percent of total imports of subject merchandise from Japan in 1998, 33.5 percent in 1999, and 24.9 percent in 2000.[57]

Geographic Overlap. Most imports from Mexico and Japan between 1998 and 2000 entered the United States through ports in the same geographic area, in Texas and Louisiana.[58] The Houston area is identified in the record as being a distribution hub for CWLDLP, including the domestic product.[59] The record shows that subject imports and domestically-produced CWLDLP are sold throughout the United States by large distributors of CWLDLP.[60]

Channels of Distribution. CWLDLP from domestic suppliers and from both of the subject countries moved in both the distributor and end user channels of distribution between 1998 and 2000. The ratios of shipments to distributors and end users were as follows: twenty percent to eighty percent for domestically produced CWLDLP, fifty-five percent to forty-five percent for imports from Japan, and sixty-seven percent to thirty-three percent for imports from Mexico.[61]

Simultaneous Presence. The record shows that there were substantial volumes of imports of CWLDLP from both of the subject countries in each year between 1998 and 2000.[62]

Conclusion. There is a moderate to high level of fungibility among domestic products and the subject imports. In terms of geographic overlap, most of the imports from Mexico and Japan entered the United States in the same region, in which the domestic product also is sold. Subject imports and the domestic like product were sold in the same two channels of distribution, although the imported products from both Mexico and Japan were more heavily concentrated in the distributor channel, while domestic production moved predominantly in the end user channel of distribution. Finally, the subject imports from Japan and Mexico were simultaneously present in the U.S. market between 1998 and 2000. Based on the foregoing, the record indicates that there is a reasonable overlap of competition between the subject imports from Japan and from Mexico, and between the subject imports and the domestic like product. Therefore, we have cumulated the volume and effect of imports of CWLDLP from Mexico and Japan.

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

In the preliminary phase of antidumping duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[63] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic

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[57] CR at I-15 and Table I-3, PR at I-13.

[58] CR at IV-6 and Table D-3, PR at IV-5.

[59] Transcript of January 31, 2001 Staff Conference ("Transcript") at 25 (Stavinoha, American Steel Pipe Division of American Cast Iron Pipe Company).

[60] E.g.,Transcript at 31-32 (Brock, Wilson Supply Corp.) and 115-116 (Fields, J.D. Fields and Co.).

[61] CR at I-18, PR at I-16.

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

[63] 19 U.S.C. §§ 1671b(a) and 1673b(a).

producers of the domestic like product, but only in the context of U.S. production operations.[64] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[65] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[66] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[67]

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports.

A. Conditions of Competition

CWLDLP is used primarily for the transmission of oil and gas in pipelines. Accordingly, customers require CWLDLP both to complete new pipeline projects and for the repair and maintenance of existing pipelines. Sales for the former application typically are made directly to the end user, while sales for the latter application typically are made through distributors. There is greater demand volatility in sales for new pipeline projects than in sales to distributors.[68]

Because most CWLDLP is used in the oil and gas sector, demand for CWLDLP depends to a large degree on oil and gas prices and the level of activity in that sector. Demand for CWLDLP in the United States declined between 1998 and 2000; apparent U.S. consumption of CWLDLP decreased from 1.4 million short tons in 1998 to 0.8 million short tons in 2000.[69] This decline in demand was attributed to a lack of large-scale pipeline projects since early 1999.[70] There is some evidence in the record that the decline in demand for CWLDLP in the latter part of the period of investigation was worldwide: the domestic industry's export shipments fell precipitously, from 310,276 short tons in 1998, to 3,747 short tons in 2000.[71] Similarly, exports of CWLDLP from Japan to non-U.S. markets declined from 804,353 short tons in 1998 to 300,611 short tons in 2000, while exports of CWLDLP from Mexico to non-U.S. markets declined from 40,669 short tons in 1998 to 5,734 short tons in 2000.[72]

The largest source of supply of CWLDLP in the U.S. market has been the U.S. industry, which held as much as 75 percent of the market in 1999.[73] However, the domestic industry's share of the U.S. market fell below 40 percent in 2000.[74] U.S. producers' production capacity declined moderately

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[64] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[65] 19 U.S.C. § 1677(7)(A).

[66] 19 U.S.C. § 1677(7)(C)(iii).

[67] 19 U.S.C. § 1677(7)(C)(iii).

[68] We intend to explore further in any final phase investigations the extent to which the U.S. market for CWLDLP is segmented, and the relevance of any segmentation to our injury analysis.

[69] CR/PR at TableIV-4.

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

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

[72] CR/PR at Tables VII-2 and VII-4. We note that exports of CWLDLP from Japan and Mexico to the United States did not fall precipitously. Id.

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

[74] Id.

throughout the period examined, but production declined steeply, effectively idling more than 80 percent of reported capacity in 2000.[75]

Nonsubject imports are a significant source of supply, falling from 15.5 percent of apparent U.S. consumption in 1998, to 9.1 percent in 1999, but then rising to 31.2 percent in 2000.[76]

B. Volume of the Cumulated Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[77]

The quantity of subject imports declined from 324,262 short tons in 1998 to 198,468 short tons in 1999, and then increased to 247,058 short tons in 2000.[78] The share of domestic consumption supplied by subject imports declined from 23.0 percent in 1998 to 16.1 percent in 1999, and then rose to 29.4 percent in 2000.[79] The increase in the absolute volume and the market share of subject imports from 1999 to 2000 coincided with a substantial decline in apparent U.S. consumption, which dropped from 1,233,069 short tons in 1999 to 839,410 short tons in 2000, or by almost 32 percent, and with a sharp decline in the domestic industry's market share, which fell from 74.8 percent in 1999 to 39.4 percent in 2000. In light of the sharp increase in the subject imports' market share from 1999 to 2000, we find the volume of subject imports of CWLDLP to be significant.

C. Price Effects of the Cumulated Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[80]

The record indicates that subject imports and the domestic like product are generally substitutable, since API specifications establish a baseline, if not a standard, for sales in the United States. This substitutability, however, may be moderated by apparent limitations in the domestic industry's product line and by the fact that CWLDLP from Mexico may be viewed as being of lesser quality than the domestic like product.[81]

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

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

[77] 19 U.S.C. § 1677(7)(C)(i).

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

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

[80] 19 U.S.C. § 1677(7)(C)(ii).

[81] CR at I-15, Table I-3, and II-4-7, PR at I-15, Table I-3, II-3-6.

The means by which prices for CWLDLP are established vary according to the portion of the market in which a sale takes place. Distributors typically purchased CWLDLP on a spot basis. Line pipe project sales are typically made through a standard bidding process using sealed bids. Recently, some project sales have been made using on-line reverse auctions, although this appears to account for only a small portion of current sales.[82]

The information on the record for the two pricing products indicates that prices for the domestic like product declined between 1998 and 2000.[83] [84] Reported pricing data for the ERW product from Japan commenced in the third quarter of 1998, and prices of these imports immediately began to decline, consistently underselling the equivalent domestic pipe by significant margins, starting in the fourth quarter of 1998. Domestic prices fell irregularly beginning in the third quarter of 1998, bottoming out in the fourth quarter of 1999 and recovering somewhat in 2000. Mexican pipe was sold through the first quarter of 2000, but at more stable prices than either the Japanese or the U.S. product. Mexican pipe consistently undersold the U.S. pipe, but at about half the levels of the Japanese product.[85]

Reported pricing data for the SAW product from Japan commenced in the third quarter of 1998 at a level higher than domestic pipe, then immediately began to decline, consistently underselling the equivalent domestic pipe by significant margins starting in the fourth quarter of 1998. Domestic prices fell irregularly beginning in the second quarter of 1999, not bottoming out until the fourth quarter of 2000. Mexican pipe was sold beginning in the third quarter of 1999, underselling the domestic pipe but initially at prices higher than the Japanese pipe. Mexican prices declined rapidly, however, between the second quarter of 2000 and the end of the year.[86]

The limited data gathered for the two pricing products also shows consistent underselling. Imports from Japan were priced below the U.S. product in 17 out of 18 quarters in which comparisons were possible, with margins averaging 19.2 percent for the ERW product and 15.6 percent for the SAW product. Imports from Mexico were priced below the U.S. product in all 14 quarters in which comparisons were possible, with margins averaging 13.6 percent for the ERW product and 23.8 percent for the SAW product.[87] While AUV data is of limited utility in these investigations due to product mix issues, we note that AUVs for the subject imports were also consistently below those for the domestic like product.[88] The record also contains some evidence of lost sales due to the subject imports.[89]

Based on the record in these preliminary investigations, we find there has been significant price underselling by imports of the subject merchandise, and that increasing volumes of the subject merchandise depressed prices to a significant degree.

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[82] See CR at V-4, PR at V-3 for a description of on-line reverse auctions.

[83] CR/PR at Figures V-3 and V-4.

[84] In any final phase investigations, we intend to examine the effects that declining demand in the latter part of the period of investigation had on prices for CWLDLP.

[85] CR/PR at table V-1.

[86] CR/PR at table V-2.

[87] CR at V-6 and V-19, PR at V-4 and V-7.

[88] CR/PR at Table I-6.

[89] CR at V-10, PR at V-7.

D. Impact of the Cumulated Subject Imports on the Domestic Industry

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[90] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the industry."[91] [92] [93]

All of the indicators regarding the health of the domestic industry declined from 1999 to 2000. The domestic industry's operating income fell from $65.1 million in 1999 to an operating loss of $22.9 million in 2000.[94] The number of firms that sustained operating losses doubled from three in 1999 to six in 2000.[95] Domestic producers reported that subject imports negatively affected their returns on investment and their ability to raise capital.[96] Production fell from 927,083 short tons in 1999 to 331,350 short tons in 2000, and all of the domestic industry's other production-related indicators declined from 1999 to 2000.[97] The domestic industry's market share dropped from 74.8 percent in 1999 to 39.4 percent in 2000, while the market share of subject imports rose.[98] Employment-related indicators also showed sharp erosion in this period.[99]

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[90] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885).

[91] 19 U.S.C. § 1677(7)(C)(iii).

[92] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its notice of initiation, Commerce estimated dumping margins of 30.80 percent for Japan and 49.86 percent for Mexico. 66 Fed. Reg. 11266, 11268 (Feb. 23, 2001).

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

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

[95] CR/PR at Table VI-1

[96] CR/PR at Appendix E.

[97] CR/PR at Table III-2. Domestic producers' U.S. shipments declined from 922,515 short tons in 1999 to 330,635 short tons in 2000. CR/PR at Table III-3. Total net sales fell from 969,613 short tons in 1999 to 333,303 short tons in 2000. PR/CR at Table VI-1. The domestic industry's capacity utilization was 43.7 percent in 1999 and 15.7 percent in 2000. CR/PR at Table III-2. Although the absolute levels of end-of-period inventories declined slightly from 1999 to 2000 (falling from 56,153 to 48,605 short tons), the ratio of inventories to production increased from 6.1 percent in 1999 to 14.7 percent in 2000. CR/PR at Table III-4.

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

[99] From 1999 to 2000, the number of production and related workers dropped from 984 to 566; productivity fell from 493.8 tons per hour to 311.1 tons per hour; hours worked declined from 1.9 million to 1.1 million; wages paid fell from $37.8 million to $19.3 million; and hourly wages declined from $20.13 to $18.12. CR/PR at Table III-5.

The record indicates that increased volume of lower-priced subject imports depressed prices to a significant degree, while the domestic industry suffered declines in all indicators. We thus find that the cumulated subject imports have had a significant adverse impact on the domestic CWLDLP industry.

CONCLUSION

For the foregoing reasons, we determine there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain welded large diameter line pipe from Japan and Mexico that are allegedly sold in the United States at less than fair value.

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PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on January 10, 2001, by Berg Steel Pipe Corp., Panama City, FL; American Steel Pipe Division of American Cast Iron Pipe Co., Birmingham, AL; and Stupp Corp., Baton Rouge, LA (collectively "petitioners"). The petition alleges that an industry in the United States is materially injured or threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain welded large diameter line pipe (CWLDLP)[1] from Japan and Mexico. Information relating to the background of the investigations is provided below.[2]

Effective date	Action	*Federal Register* citation
January 10, 2001	Petitions filed with Commerce and the Commission; Commission institutes investigations	66 FR 4860, January 18, 2001
January 31, 2001	Commission's conference [1]	NA
February 22, 2001	Commission's vote	NA
February 23, 2001[2]	Initiation of investigations by Commerce	66 FR 11266
March 5, 2001	Commission's views transmitted to Commerce	NA

[1] A list of witnesses that appeared at the conference is presented in app. B.
[2] Commerce transmitted its notice of institution to the Commission on February 6, 2001.

ORGANIZATION OF THIS REPORT

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

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

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[1] The product covered by these investigations is welded carbon and alloy line pipe, of circular cross section and with an outside diameter (OD) greater than 406.4 mm (16 inches), whether or not stenciled. The product is provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the Harmonized Tariff Schedule of the United States (HTSUS). A complete description of the imported product subject to investigation is presented in the section of this report entitled *The Product.*

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

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

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

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

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

SUMMARY DATA

A summary of data collected in these investigations is presented in appendix C.[3] Except as noted, U.S. industry data are based on questionnaire responses of seven firms accounting for all known domestic production of CWLDLP for the period 1998-2000, the period for which data were gathered in these investigations. U.S. imports of CWLDLP are based on official Commerce statistics, adjusted.

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[3] Includes data for the U.S. markets for possible domestic like products.

PREVIOUS INVESTIGATIONS

The Commission has conducted two other investigations concerning welded large diameter line pipe. In 1984 the Commission conducted an antidumping duty investigation of *Large Diameter Carbon Steel Welded Pipes from Brazil*, Inv. No. 731-TA-183 (Preliminary), USITC Publication 1524, May 1984. The Commission terminated the final investigation in that case after petitioner (Berg Steel Pipe) withdrew its petition.[4]

Also in 1984, the Commission completed a safeguard investigation of *Carbon and Certain Alloy Steel Products*, Inv. No. TA-201-51, USITC Publication 1553, July 1984. The Commission determined that an industry producing pipes and tubes (including CWLDLP) was not seriously injured by reason of increased imports of the subject product.

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

Commerce has initiated antidumping investigations based on petitioners' allegations of LTFV sales. The following tabulation provides the estimated dumping margins (in percent *ad valorem*) as adjusted by Commerce for countries subject to these investigations:

Country	Margin *(percent)*
Japan	30.80
Mexico	49.86

THE PRODUCT

Commerce has defined the imported product subject to the scope of its investigations as--[5]

welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute (API) specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications . . . Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe.[6]

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[4] 50 FR 10118, March 13, 1985.

[5] The full statement of the scope and, thus, of the product subject to investigation is contained in Commerce's *Notice of Initiation of Antidumping Duty Investigations: Welded Large Diameter Line Pipes From Mexico and Japan* (66 FR 11267, February 23, 2001).

[6] The subject product is provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the HTSUS. Although the HTSUS subheading numbers are provided for convenience and Customs purposes, the written description of the scope is dispositive. The 2001 column 1 duty rates on goods entering under those subheadings are 0.6 percent *ad valorem* for carbon steel and 1.5 percent for alloy steel for Japanese products, and 0.3 percent for carbon steel and 0.9 percent for alloy steel for eligible goods of Mexico under NAFTA.

Petitioners have indicated that they are in the process of reviewing other product exclusions. Counsel for petitioners has stated that "in consultation with other domestic producers in the industry, distributors, and eventually with the foreign producers, we will be making exclusions to the scope during the course of this investigation for certain sizes and wall thickness combinations that are not produced by any producer in the United States."[7]

DOMESTIC LIKE PRODUCT

In making its injury determinations the Commission first determines the domestic like product. The Act defines "domestic like product" as "a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" (19 U.S.C. § 1677(10)).

Petitioners argue, on the basis of the factors the Commission considers in analyzing like product issues, that there should be a single like product: large diameter line pipe greater than 16 inches in OD.[8] Respondents argue that the Commission should find that electric resistance welded (ERW) line pipe and submerged arc welded (SAW) line pipe are separate like products.[9] In its 1984 investigation of large diameter carbon pipe from Brazil, the Commission found one like product consisting of "large-diameter carbon steel welded pipes which exceed 16 inches in outside diameter."[10]

Regarding its like product determinations, the Commission considers whether there should be separate domestic like products based on a number of factors including (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and where appropriate, (6) price. Information gathered during these investigations on the like product factors is presented below.

Physical Characteristics and Uses

Steel pipes and tubes are made in circular, rectangular, or other cross sections and can be divided into two general categories according to the method of manufacture--welded or seamless.[11] AISI has

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[7] Conference transcript (TR), pp. 9-10 (Schagrin). Mr. Schagrin also indicated that product made by European parents of U.S. producers that is not made in the United States will be excluded from the scope (TR, p. 156).

[8] February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, p. 4.

[9] February 5, 2001, postconference brief of Arent Fox on behalf of Kawasaki Steel Corp. (Kawaski), Nippon Steel Corp. (Nippon), NKK Corp. (NKK), and Sumimoto Metal Industries, Ltd. (Sumitomo) (collectively "Japanese respondents"), p. 30; and postconference brief of White & Case on behalf of Procarsa SA de CV (Procarsa), Productora Mexicana de Tuberia SA de CV (PMT), Tubacero SA (Tubacero), Tuberia Laguna SA de CV (Tuberia Laguna), and Tubesa SA de CV (Tubesa) (collectively "Mexican respondents"), p. 3.

[10] *Large Diameter Carbon Steel Welded Pipes from Brazil*, Inv. No. 731-TA-183 (Preliminary), USITC Publication 1524, May 1984, p. 4. The Commission also found that the subject products "are produced to American Iron and Steel Institute (AISI) specifications and are used primarily as line pipes," and that "(l)ine pipes are used for the transportation of gas, oil, or water generally in a pipeline or utility distribution system." Id.

[11] Welded pipe more commonly is used to transport liquids at or near atmospheric pressure. Seamless pipe is more commonly used in demanding applications that require exceptional strength, high pressure containment, and a great degree of reliability. US Steel is the only known U.S. producer capable of manufacturing seamless large diameter line pipe up to 24 inches OD at its Lorain, OH, facilities (January 24, 2001, amendment to the petition, p. 2).

defined six end-use categories: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil-country tubular goods (OCTG).[12] AISI further defines line pipe as follows:

> Line pipe.–Used for transportation of gas, oil or water generally in a pipeline or utility distribution system. It is produced to American Petroleum Institute (API) and American Water Works Association (AWWA) specifications.[13]

The API designates standards for different classes and grades of line pipe according to types, sizes, and strengths. API Specification 5L provides standards for "pipe suitable for use in conveying gas, water, and oil in both the oil and natural gas industries."[14] CWLDLP is line pipe with an OD greater than 16 inches (excluding water pipe as specified by the AWWA).

Carbon and alloy steels[15] are the most common materials for line pipe because of their high strength and moderate costs. Oil and natural gas are usually transported from wells to treating or storage facilities through short pipelines, commonly known as transfer lines or flow lines. In contrast, transmission lines are primarily used for long distance transportation of oil, natural gas, and petroleum products. Among the most serious problems associated with oil and natural gas transportation are the impurities produced with the hydrocarbons. Water, hydrogen sulfide, carbon dioxide, and oxygen can corrode the metal and weaken pipes and equipment.

According to the National Association of Steel Pipe Distributors (NASPD), ERW pipe is:

- normally produced in sizes from 2-3/8 inches through 24 inches OD;
- primarily used as API line pipe for the transmission of gas and oil, and is also used for the transmission of water, under AWWA specifications, as piling and slurry pipe and in mechanical applications; and
- purchased by oil companies, steel fabricators, piling contractors, dredging contractors, pipe distributors, and pipe line companies.[16]

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[12] Standard, line, and pressure pipe are generally intended to convey substances and are typically tested and rated for their ability to withstand internal hydrostatic pressure. Structural pipe and tubing is used for construction and load-bearing purposes. OCTG are steel pipes and tubes used in the drilling of oil and gas wells and in conveying oil and gas to ground level.

[13] *Instructions For Reporting Steel Shipment Statistics*, AISI, January 1988.

[14] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, p. 1. The specification covers seamless and welded steel line pipe.

[15] The AISI defines *carbon steels* as all ferrous materials other than alloy and stainless which are usefully malleable and which contain by weight 2 percent or less of carbon. Small quantities of certain residual elements, such as copper and nickel, are considered as incidental. It defines *alloy steels* as steels which do not comply with the definition of stainless steel and contain specific shares, by weight, of a variety of elements including aluminum, boron, chromium, cobalt, copper, lead, manganese, molybdenum, nickel, niobium, and silicon. These elements serve to improve the hardenability and toughness of the steel. It further defines *stainless steels* as alloy steels containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium with a minimum of 50 percent of iron. (AISI - Instruction for Reporting Steel Shipment Statistics, January 1988.)

[16] *Tubular Products Manual*, NASPD, 1996, pp. 5-6.

I-5

NASPD reports that SAW pipe is:

- produced in sizes from 18 inches through 72 inches OD and wall thicknesses from 0.250 inch through 1.5 inches;
- used in high pressure gas and oil transmission lines (both onshore and offshore), structural members, and pipe piles;[17] and
- purchased by liquid and gas transmission companies, hammer companies, construction contractors, platform fabricators, and pipe distributors.

Petitioners argue that the uses of ERW and SAW, i.e., the transmission of oil and natural gas, are exactly the same regardless of the production process.[18] Respondents allege that the more expensive SAW pipe is designed for more demanding operating conditions including high pressure, extreme temperatures, and chemically corrosive environments. Examples include deepwater and arctic transportation projects. The lighter wall and cheaper ERW pipe is suitable for less demanding applications including projects in shallow water and low-pressure operating conditions. ERW pipe is available in longer lengths, which may reduce field welding costs and lower long-term maintenance expenses.[19]

Manufacturing Processes, Facilities, and Production Employees

The API 5L specification provides for a number of line pipe manufacturing processes as follows:[20]

Without filler metal--

- Electric welding.–Process of forming a seam by electric-resistance or electric-induction welding wherein the edges to be welded are mechanically pressed together, and heat for welding is generated by the resistance to flow of the electric current.
- Laser welding.–Process that uses a laser beam and a keyholing technique to produce melting and coalesence of the edges to be welded. The edges may be preheated. Shielding is obtained entirely from an externally supplied gas or gas mixture.[21]

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[17] Id., p. 6. NASPD also reports that "(w)ith the development of the SAW process, the production of large hot rolled coils of sufficient width and the development of dependable non-destructive testing methods, it is now possible to produce spiral weld pipe for high pressure service." Id., p. 7.

[18] February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, p. 5.

[19] February 5, 2001, postconference brief of Arent Fox on behalf of Japanese respondents, p. 35.

[20] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, pp. 5-6.

[21] Laser welding was recently included in the API 5L standard, effective July 1, 2000 (February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, exhibit 13).

With filler metal–[22]

- Submerged-arc welding.–Process that produces coalescence of metals by heating them with an arc or arcs between a bare metal consumable electrode or electrodes and the work. The arc and molten metal are shielded by a blanket of granular, fusible material on the work. Pressure is not used, and part or all of the filler metal is obtained from the electrodes.

The API specifications permit both ERW and SAW processes in all grades and classes of large line pipe.[23] The two principal welding processes utilized by U.S. manufacturers are the ERW process, which is suitable for thinner walled and smaller diameter pipes,[24] and the SAW process, which is mainly used for larger diameter pipes.[25] Because of different equipment and procedures, domestic producers manufacture CWLDLP using either the ERW or the SAW process. Four of five producers/exporters in Mexico likewise produce the subject products using either one or the other process, while the four known producers/exporters in Japan use both processes.[26] Table I-1 presents available information relating to domestic and foreign producers' production capabilities.

Line pipe of virtually any size is produced from rolled-steel plate of weldable quality. The sequence of operations to produce CWLDLP from steel plates includes forming and welding of the steel pipe, sizing or expanding of the pipe to the designed diameter (for heavy-walled), and finishing operations. The two major processes are described following table I-1.

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[22] The API specification also allows for the gas metal-arc welding (GMAW) process which is similar to the SAW process except that the weld is shielded by an external flow of inert gas mixture (*Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, p. 6). This process is used principally in pipe less than or equal to 16 inches OD.

[23] Id., Table 1, p. 36.

[24] United States Steel, *The Making, Shaping and Treating of Steel*, 10th Edition, p. 1029.

[25] The SAW process is commonly referred to as double submerged arc welding (DSAW). Both names refer to essentially the same process.

[26] The Mexican producer Tubacero produces ERW and SAW pipe at the same manufacturing facility, while two of the four producers in Japan, Kawaski and Sumitomo, utilize both the ERW and SAW processes at the same manufacturing facility. *Pipe and Tube Mills of the World*, pp. 252-309 (January 22, 2001, amendment to the petition, attachment 7).

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Table I-1
CWLDLP: Producers' production capabilities, by country and specifications

Country/firm	Production process	Size (*inches OD*)	Wall thickness (*inches*)	Length (*feet*)	API specificiations/ grades
UNITED STATES:					
American	Continuous-line (CL) ERW	18 - 24	.219 - .625	25 - 85	API 5L B, X42-X80
Berg	Pyramid-rolling SAW	24 - 64	.312 - 1.375	20 - 40	API 5L B, X42-X70, PSL 1 & 2
Bethlehem	UOE SAW	20 - 42	.281 - 1.000	25 - 81	API 5L A, B, X42-X70
Napa	UOE SAW	18 - 42	.250 - 1.000	40 -80	API 5L B, X42-X80
Saw	UOE SAW	24 - 48	.250 - 1.000	36 - 80	API 5L A, B, X42-X80
Stupp	CL ERW	18 - 24	.250 - .562	20 -85	API 5L B, X42-X70
US Steel	CL ERW	18 - 20	.188 - .406	16 - 80	API 5L B, X42-X70
JAPAN:					
	CL ERW	18 - 26	.219 - .688	18 - 66	API 5L B, X42-X70
Kawasaki	UOE SAW	20 - 64	.250 - 1.75	40 - 60	API 5L B, X42-X80
	ERW	18 - 24	.18 - .87	18 - 60.2	API 5L B, X42-X80 and above
Nippon	UOE SAW	18 - 56	.25 - 1.57	29.6 - 60.9	API 5L B, X42- X80 and above
	ERW	18 - 24	.109 - .752	20 - 60	API 5L B, X42-X80
NKK	SAW	18 - 56	.236 - 2.0	20 - 60	API 5L B, X42-X80 (X100)
	ERW	18 - 24	.20 - .75	40 - 60	API 5L B, X42- X80 and above
Sumitomo	UOE SAW	18 - 56	.25 - 1.575	40 - 60	API 5L B, X42- X80 and above
MEXICO:					
PMT	SAW	18 - 48	.25 - 1.125	39 - 41	API 5L B, X42-X70, PSL1 & 2
Procarsa	ERW	18 - 20	.25 - .50	20 - 60	API 5L B, X42-X65
	CL ERW	18 - 42	.219 - 1.125	20 - 50	API 5L B, X42-X80
Tubacero	Pyramid-rolling SAW	20 - 48	.219 - 1.0	20 - 50	API 5L B, X42-X80
Tuberia Laguna	CL ERW	18 - 24	.25 - .50	20 - 40	API 5L B, X42-X60
Tubesa	Spiral SAW	20 - 80	.312 - 1.0	20 - 50	API 5L B, X42-X65

Source: Compiled from data submitted in response to Commission questionnaires and available company websites.

SAW Pipe[27]

The API 5L specification provides for a number of SAW pipes as follows:

(1) Longitudinal SAW pipe.–Pipe that has one longitudinal seam produced by the automatic SAW process. At least one pass shall be on the inside and at least one pass shall be on the outside. (This pipe is also known as SAW pipe.)
(2) Double seam SAW pipe ("DSSAW").–Pipe that has two longitudinal seams produced by the automatic SAW process.
(3) Helical SAW pipe.–Pipe that has one helical seam produced by the automatic SAW process. (This type of pipe is also known as spiral weld pipe.)[28]

Forming stage

SAW pipe is produced from steel plate which is cut to length and, one length at a time, proceeds through various steps including (a) shearing and edge planing to ensure that the plate is flat and aligned so that the two edges of the steel plate are parallel and square with the ends, (b) crimping or pre-bending of the plate edges in order to avoid a flat surface along the seam of the pipe, and (c) bending the plate to the desired form. The SAW manufacturing process is graphically depicted in figure I-1.

The two primary methods of shaping line pipe in the SAW process are the pyramid rolling and the UOE-methods.[29] The pyramid rolling machine consists of an elongated three-roll bending apparatus with the two bottom rolls fixed and the top roll movable along a vertical plane. The flat-rolled steel is moved into position beneath the top roll, and through the proper combination of force and counterpressure, the steel is shaped into a cylinder around the top roll. The edges of the pipe are formed by a continuous crimping machine, which prepares the edges for welding. When this is accomplished, the pipe is welded along the joint axis. Finally, the pipe is sized to ensure that it meets specifications on roundness and diameter at the ends. The sizing machine consists of a top and bottom roll shaped to the desired configuration of the pipe. Pressure is applied on the top roll to exert a force on the pipe as it is passed between the two rolls.

In the UOE method, the plate is crimped by bending the edges upward; it then enters the U-press, where a die bends it into a "U" shape. Next, the "U" enters the O-press, where the walls of the "U" are forced downward, resulting in an "O" shaped pipe. The pipe is then welded

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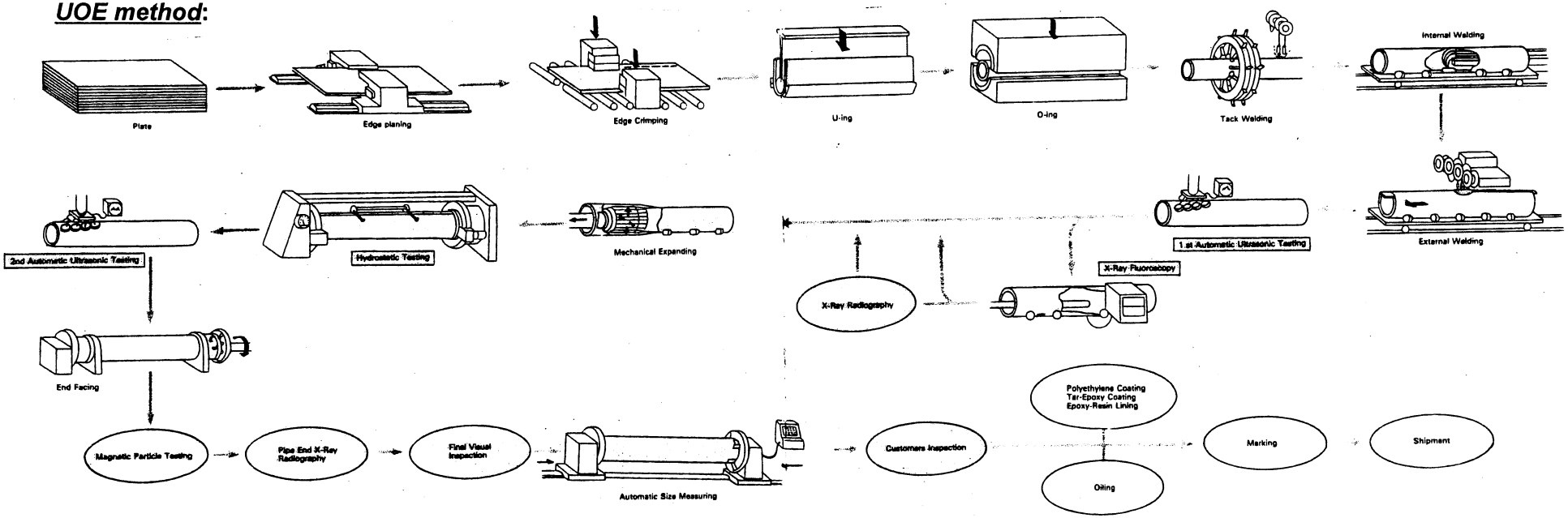
[27] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, p. 5.

[28] The 344-mile Vector gas pipeline (Joliet, IL, to St. Clair River, Ontario) has been supplied principally by two CWLDLP producers in Canada, IPSCO and Welland Pipe, Ltd. The pipeline is being constructed of *** line pipe manufactured by the two Canadian producers using the spiral DSAW process. February 8, 2001, staff interviews with ***. *** also reported that pipeline design engineers for U.S. oil and gas pipeline companies have a preference for longitudinal DSAW pipe. However, he noted that spiral DSAW pipe produced by *** was sold for use in the Gulf of Mexico 20 years ago.

[29] *Large Diameter Carbon Steel Welded Pipes from Brazil*, Inv. No. 731-TA-183 (Preliminary), USITC Publication1524, May 1984, pp. A-3-4.

Figure I-1
SAW manufacturing processes

***UOE method*:**



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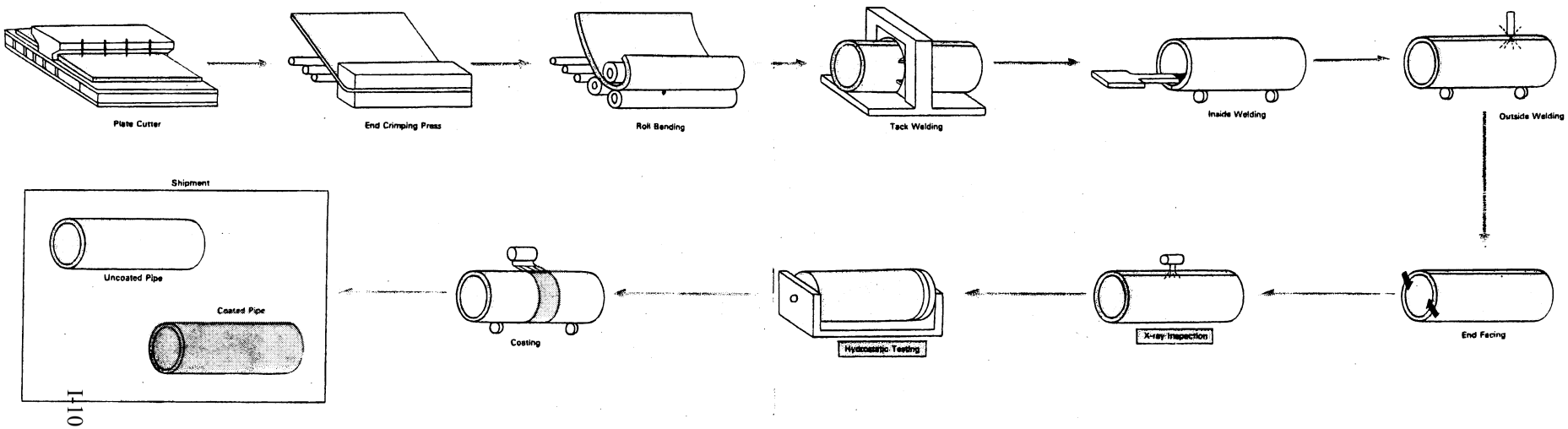
***Bending (pyramid) rolled method*:**



I-10

Source: Kawasaki line pipe catalog, pp. 22-25.

along the joint axis. In order to round the pipe and to ensure proper yield strength (which may be reduced in the O-press), two methods of expansion are utilized–mechanical and hydraulic. In the mechanical expander, the pipe is moved over a head mechanism with symmetrical segments that can exert force on the inside of the pipe, thereby causing it to expand. In the hydraulic expander, the pipe is closed at both ends, filled with water, and then pressurized. Under high pressure, the pipe expands to fill outside dies of the desired size. The pipe is then tested and inspected.

Welding stage

The metal edges are heated with an electric arc between the edges and a consumable electrode or electrodes. The weld is blanketed by a shield of granular, fusible flux to protect the hot weld from chemically reacting with the surrounding air. Filler metal comes from the electrodes. Pipes are usually welded on both the outside and inside of the same seam.

Following the welding process, the scaly deposit left from the flux must be scraped away and the pipe cleaned. The weld is then inspected to correct any defects. Specific heat treatments can be performed to achieve the desired physical properties for the weld section.

Sizing or expanding, testing, and finishing stage

Subsequent to the welding stage, the final diameter for the pipe is obtained by means of a hydraulic press that forces the pipe shell against an outside retaining jacket. Alternatively, expansion can also be achieved mechanically by inserting a mandrel inside the pipe. Following this stage, the pipe may be subjected to various tests including hydrostatic testing and X-ray examination of the weld in order to detect any defects and, if desired, would undergo the finishing of the ends of the pipe.

ERW Pipe

ERW pipe is formed from hot-rolled coil produced on a hot-strip mill. In the forming stage of ERW pipe, a single-width strip is used. The width of the strip is equal to the perimeter of the pipe to be welded. The strip is continuously formed into a circular shape by shaped rolls. In the welding stage, the still-unwelded pipe is heated by electric resistance or electric induction to the desired temperature, and the formed edges are then mechanically pressed together to form a seam. This welding process does not need a filler metal. The last phase, testing and finishing, is essentially similar to that of the SAW production process. The ERW manufacturing process is graphically depicted in figure I-2.

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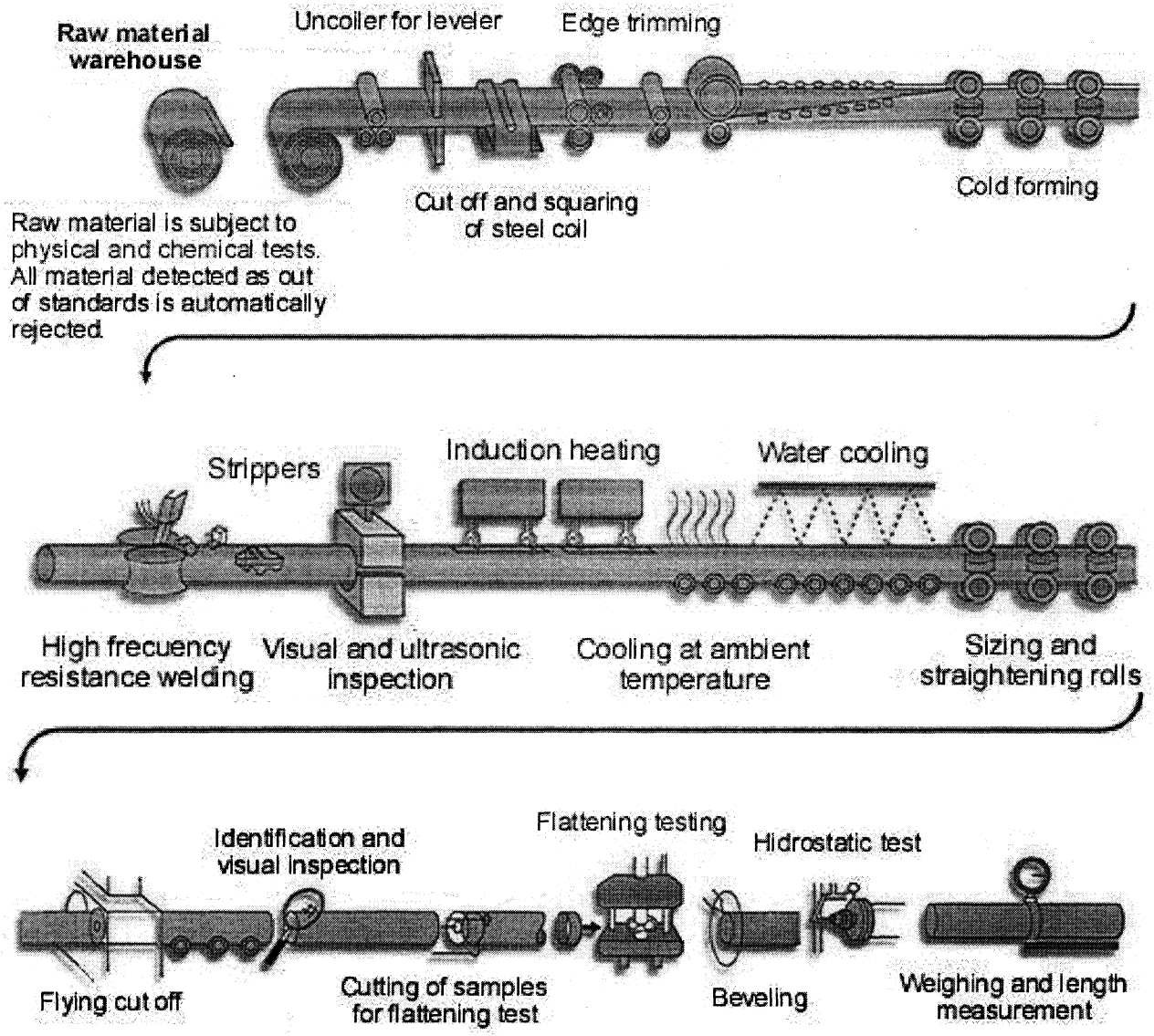
Figure I-2
ERW manufacturing process



Source: Tuberia Laguna website, *www.tuberialaguna.com*.

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Interchangeability and Customer and Producer Perceptions

Generally, foreign and domestic CWLDLP can largely be used interchangeably, depending on the specifications set out by the customer. Engineering design and specifications limit the interchangeability between pipe of different sizes and between carbon and alloy steel. Data concerning U.S. shipments of domestically produced and imported CWLDLP by type of weld, grade, and size are presented in table I-2 and in appendix D. The data indicate that CWLDLP is imported from Japan and Mexico within the same range of types, grades, and sizes. For most subject product, there does not appear to be a high degree of differentiation between foreign and U.S.-produced pipe based on the type of production process or on the basis of quality.

With respect to ERW and SAW pipe, there is an overlap in sizes produced by the two processes in the 18-24 inch OD range. During 1998-2000, this size range accounted for 43.5 percent, based on quantity, of total CWLDLP U.S. shipments (see table D-1). In this size category SAW pipe accounted for 7.1 percent of total U.S. shipments, *** percent of U.S.-produced shipments, 22.4 percent of U.S. shipments of imports from Japan, and *** percent of U.S. shipments of imports from Mexico (see table D-2).[30]

Respondents argue that there are many subject products that are not available from U.S. producers. In response to Commission questionnaires, nine firms that import the subject product from Japan provided the quantity and value of such CWLDLP, and the data are presented in table I-3. Imports from Japan for which there was reportedly no U.S. production accounted for a high of 33.5 percent of total imports (based on quantity) from Japan during 1999 and a low of 24.0 percent during 1998.

[30] An additional overlap occurs in the 25-42 inch OD size category with respect to Japan. The only known producer of 26 inch OD ERW pipe, Kawasaki, exports the product to the United States. In this size category such ERW pipe accounted for *** percent of total U.S. shipments of imports of CWLDLP from Japan during 1998-2000 (see table D-2).

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Table I-2
CWLDLP: Shares of U.S. shipments of domestically produced and imported products, by weld types, grades, and sizes, 1998-2000[1]

(In *percent*)									
Item	Source								
	U.S.-produced			Japan			Mexico		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
Weld type:									
ERW	40.4	28.9	45.6	39.2	45.6	46.8	14.8	11.8	4.8
SAW	59.6	71.1	54.4	60.8	54.4	53.2	85.0	88.2	95.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	99.8	100.0	99.8
Grade:									
X40-X49	15.9	10.3	19.4	22.0	38.8	46.6	53.9	39.4	28.6
X50-X59	2.8	2.1	5.4	25.7	30.2	31.5	29.3	12.7	10.3
X60-X69	30.5	10.1	34.1	41.9	16.3	11.8	5.2	6.8	1.6
X70 and above	48.5	76.6	37.7	10.3	9.2	6.7	3.3	33.4	38.1
Other	2.3	1.0	3.4	0.1	5.6	3.3	8.3	7.7	21.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Size:									
>16 in. ≤ 24 in. OD	41.7	29.7	55.6	74.0	45.1	58.5	32.2	27.0	9.1
>24 in. ≤ 42 in. OD	55.6	68.2	38.8	23.7	46.7	37.3	57.1	62.2	85.8
>42 in. OD	2.7	2.1	5.6	2.3	8.2	4.2	10.7	10.9	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Shares are based on the quantity of U.S. shipments.

Source: Appendix D, table D-1.

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Table I-3
CWLDLP: U.S. imports from Japan of products reportedly not available from domestic sources, 1998-2000[1]

Item	Calendar years		
	1998	1999	2000
	Quantity (*short tons*)		
ERW:			
High-strength (≥ X-80)	62	1,426	6,156
Heavy-walled (≥.75" WT)	8,477	12,854	12,167
26" OD	10,727	17,639	3,786
Subtotal ERW	19,266	31,919	22,109
SAW:			
High-strength (≥ X-80)	1,958	4,174	2,417
Heavy-walled (>1.0" WT)	12,888	6,995	17,605
Other[2]	37,708	12,797	15,943
Subtotal SAW	52,554	23,966	35,965
Total non-available CWLDLP	71,820	55,886	58,074
	Unit value (*per short ton*)		
ERW:			
High-strength (≥ X-80)	$4,548	$543	$675
Heavy-walled (≥.75" WT)	541	373	431
26" OD	619	543	507
Subtotal ERW	597	475	512
SAW:			
High-strength (≥ X-80)	959	984	847
Heavy-walled (>1.0" WT)	778	747	495
Other[2]	841	625	598
Subtotal SAW	830	723	564
Total non-available CWLDLP	767	581	544
	Ratio to total imports from Japan (*percent*)		
ERW:			
High-strength (≥ X-80)	0.02	0.9	2.6
Heavy-walled (≥.75" WT)	2.8	7.7	5.2
26" OD	3.6	10.6	1.6
Subtotal ERW	6.4	19.1	9.5
SAW:			
High-strength (≥ X-80)	0.7	2.5	1.0
Heavy-walled (>1.0" WT)	4.3	4.2	7.6
Other[2]	12.6	7.7	6.8
Subtotal SAW	17.5	14.4	15.4
Total non-available CWLDLP	24.0	33.5	24.9

[1] With respect to Mexico, *. Accordingly, *** data have not been included in the table. ***.**
[2] Includes deepwater, riser, and tendon pipes.

Source: Compiled from responses to the Commission's questionnaires and table IV-2.

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Channels of Distribution

During these investigations, the parties have defined the distributor and end user channels of distribution as follows: distributors supply pipe for repair and maintenance of existing pipelines, and pipe for non-contract gas transmission companies, contractors, fabricators, and other distributors;[31] and end users such as oil and gas companies purchase pipe for pipeline projects.

Tables I-4 and I-5 present the channels of distribution of CWLDLP by sources and types. As shown, the subject domestic, Japanese, and Mexican products were present to varying degrees in both the distributor and end user/project markets during the period of investigation. Approximately 30 percent of shipments of the subject product by the domestic and subject country producers were sold to the distributor market, and 70 percent to the end user/project market, during 1998-2000. Generally, the majority of U.S.-produced product was shipped to the end user/project market, the majority of imports from Mexico was shipped to the distributor market, and imports from Japan were fairly equally divided between the two markets. In particular, the ratios (in percent) of shipments to distributors and end users during 1998-2000 were:

- CWLDLP.--20/80 for U.S.-produced product, 55/45 for imports from Japan, and 67/33 for imports from Mexico;
- ERW CWLDLP.--23/77 for U.S.-produced product, 59/41 for imports from Japan, and 87/13 for imports from Mexico; and
- SAW CWLDLP.--20/80 for U.S.-produced product, 52/48 for imports from Japan, and 63/37 for imports from Mexico.

[31] TR, p. 35 (LaBarge). The president of a large distributor in Texas testified that a large share of his distributor business goes to the construction market for building off-shore platform structures in the Gulf of Mexico and around the world. These purchasers require the product to be full API to dimensional tolerances (TR, p. 109 (Fields)).

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Table I-4
CWLDLP: U.S. shipments to distributors and end users, and shares, 1998-2000

Item	Distributors				End users			
	1998	1999	2000	1998-2000	1998	1999	2000	1998-2000
	Quantity (*short tons*)							
Domestic product[1]	190,916	138,550	99,464	428,930	673,092	783,489	230,085	1,686,666
Imported product from--								
Japan	84,440	99,257	164,902	348,599	157,601	70,871	54,963	283,435
Mexico	13,160	14,757	12,597	40,514	1,336	9,629	8,794	19,759
Subject countries	97,600	114,014	177,499	389,113	158,937	80,500	63,757	303,194
Total	288,516	252,564	276,963	818,043	832,029	863,989	293,842	1,989,860
	Share of total shipments (*percent*)							
Domestic product[1]	22.1	15.0	30.2	20.3	77.9	85.0	69.8	79.7
Imported product from--								
Japan	34.9	58.3	75.0	55.2	65.1	41.7	25.0	44.8
Mexico	90.8	60.5	58.9	67.2	9.2	39.5	41.1	32.8
Average, subject countries	38.0	58.6	73.6	56.2	62.0	41.4	26.4	43.8
Average, all sources	25.7	22.6	48.5	29.1	74.3	77.4	51.5	70.9
	Share of market segments (*percent*)							
Domestic product[1]	66.2	54.9	35.9	52.4	80.9	90.7	78.3	84.8
Imported product from--								
Japan	29.3	39.3	59.5	42.6	18.9	8.2	18.7	14.2
Mexico	4.6	5.8	4.5	5.0	0.2	1.1	3.0	1.0
Subject countries	33.8	45.1	64.1	47.6	19.1	9.3	21.7	15.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Does not include *.**

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

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Table I-5
CWLDLP: Shares of the quantity of U.S. shipments to distributors and end users, by type of weld, 1998-2000

(In *percent*)								
Item	Distributors				End users			
	1998	1999	2000	1998-2000	1998	1999	2000	1998-2000
ERW:								
Domestic product	23.5	18.4	30.8	23.2	76.5	81.6	69.2	76.8
Imported product from–Japan	41.4	55.0	77.9	58.9	58.6	45.0	22.1	41.1
Mexico	90.8	82.9	92.0	86.9	9.2	17.1	8.0	13.1
SAW:								
Domestic product	22.1	15.0	30.2	20.3	77.9	85.0	69.8	79.7
Imported product from–Japan	30.9	60.5	72.4	52.2	69.1	39.5	27.6	47.8
Mexico	90.8	54.2	54.4	63.3	9.2	45.8	45.6	36.7
TOTAL:								
Domestic product	22.1	15.0	30.2	20.3	77.9	85.0	69.8	79.7
Imported product from–Japan	34.9	58.3	75.0	55.2	65.1	41.7	25.0	44.8
Mexico	90.8	60.5	58.9	67.2	9.2	39.5	41.1	32.8
Source: Compiled from data submitted in response to Commission questionnaires.								

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Price

Prices for CWLDLP vary by weld type, grade, and size. Table I-6 presents average unit values per ton for U.S. shipments of the subject products for 1998-2000. For more information concerning price comparisons of products from the United States, Japan, and Mexico, see Part V of this report, *Pricing and Related Information*.

Based on the data provided in table I-6, the percentage differentials between SAW and ERW pipe average unit values can be calculated, and are presented in the following tabulation:[32]

Source	1998	1999	2000	Average 1998-2000
All product categories:				
Domestic	26.3	38.8	18.4	29.6
Imports from--				
Japan	28.4	34.7	10.4	26.9
Mexico	19.6	16.2	11.0	15.3
Average	26.6	39.5	15.1	28.9
18-24" OD category:				
Domestic	22.5	44.3	16.5	19.5
Imports from--				
Japan	34.9	70.7	23.8	49.4
Mexico	27.8	40.1	57.4	36.0
Average	37.4	41.5	18.6	35.0
25-42" OD category:				
Japan	15.2	11.3	-0.9	4.3
Raw material unit costs:				
Domestic[1]	35.6	40.5	35.0	36.9
[1] Based on data contained in tables C-2 and C-3, appendix C.				

[32] The numbers shown are the percentages by which SAW average unit values exceed (or, as indicated by a minus (-) sign, are less than) ERW average unit values.

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Table I-6
CWLDLP: Average unit values of U.S. shipments, by weld types, grades, and sizes, and sources and margins of under/(over) selling, 1988-2000

Item	U.S.-produced		Japan			Mexico		
	Quantity (*short tons*)	Avg. unit value (*per ton*)	Quantity (*short tons*)	Avg. unit value (*per ton*)	Margin	Quantity (*short tons*)	Avg. unit value (*per ton*)	Margin
ERW, Grade:								
X40-X49: 1998	***	***	***	***	(5.2)	***	***	20.9
1999	***	***	***	***	13.3	***	***	52.2
2000	***	***	***	***	17.4	***	***	49.5
X50-X59: 1998	***	***	***	***	(4.3)	0	(1)	(1)
1999	***	***	***	***	(0.5)	***	***	(2.9)
2000	***	***	***	***	16.8	***	***	8.3
X60-X69: 1998	***	***	***	***	(5.5)	0	(1)	(1)
1999	***	***	***	***	2.9	0	(1)	(1)
2000	***	***	***	***	5.3	***	***	(3.9)
≥X70: 1998	***	***	***	***	(173.2)	0	(1)	(1)
1999	***	***	***	***	(4.2)	0	(1)	(1)
2000	***	***	***	***	(20.7)	0	(1)	(1)
ERW, Size:								
>16 in. ≤24 in. OD: 1998	***	***	***	***	(5.0)	***	***	26.5
1999	***	***	***	***	13.4	***	***	45.6
2000	***	***	***	***	10.7	***	***	41.5
>24 in. ≤42 in. OD: 1998	0	(1)	***	***	(1)	0	(1)	(1)
1999	0	(1)	***	***	(1)	0	(1)	(1)
2000	0	(1)	***	***	(1)	0	(1)	(1)
>42 in. OD: 1998	0	(1)	0	(1)	(1)	0	(1)	(1)
1999	0	(1)	0	(1)	(1)	0	(1)	(1)
2000	0	(1)	0	(1)	(1)	0	(1)	(1)

Continued on next page.

Table I-6--*Continued*
CWLDLP: Average unit values of U.S. shipments, by weld types, grades, and sizes, and sources and margins of under/(over) selling, 1988-2000

Item	U.S.-produced		Japan			Mexico		
	Quantity (*short tons*)	Avg. unit value (*per ton*)	Quantity (*short tons*)	Avg. unit value (*per ton*)	Margin	Quantity (*short tons*)	Avg. unit value (*per ton*)	Margin
SAW, Grade:								
X40-X49: 1998	***	***	***	***	3.1	***	***	18.7
1999	***	***	***	***	14.6	***	***	11.6
2000	***	***	***	***	16.9	***	***	(0.7)
X50-X59: 1998	***	***	***	***	11.8	***	***	15.4
1999	***	***	***	***	8.5	***	***	33.7
2000	***	***	***	***	19.9	***	***	20.9
X60-X69: 1998	***	***	***	***	(14.6)	***	***	12.2
1999	***	***	***	***	(7.0)	***	***	41.1
2000	***	***	***	***	12.1	***	***	11.7
≥X70: 1998	***	***	***	***	(18.8)	***	***	13.8
1999	***	***	***	***	(61.1)	***	***	10.2
2000	***	***	***	***	(16.3)	***	***	(10.1)
SAW, Size:								
>16 in. ≤24 in. OD: 1998	***	***	***	***	(15.6)	***	***	23.3
1999	***	***	***	***	(2.5)	***	***	47.1
2000	***	***	***	***	5.1	***	***	21.0
>24 in. ≤42 in. OD: 1998	***	***	***	***	1.6	***	***	15.3
1999	***	***	***	***	14.1	***	***	16.0
2000	***	***	***	***	18.3	***	***	10.8
>42 in. OD: 1998	***	***	***	***	0.5	***	***	18.2
1999	***	***	***	***	10.6	***	***	8.7
2000	***	***	***	***	26.7	***	***	1.3

[1] **Not applicable.**

Source: Appendix D, table D-2.

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

CHANNELS OF DISTRIBUTION AND MARKET SEGMENTATION

In the U.S. market, domestic and imported CWLDLP is sold to both distributors and end users. Available data for 2000 indicate that the majority of sales by U.S. producers were made to end users, primarily gas transmission companies, while the majority of sales by importers of subject CWLDLP were made to distributors. During 2000, data reported by U.S. producers indicate that 30.2 percent of their domestic CWLDLP shipments went to distributors, and 69.8 percent went to end users. In contrast, combined data from importers indicate that 73.6 percent of their domestic CWLDLP shipments went to distributors, and 26.4 percent went to end users.[1] [2]

Both petitioners and respondents describe the CWLDLP market in terms of two market segments: a maintenance and repair market, and a project market. The maintenance and repair market is typically serviced through distributors, and experiences very stable demand. The project market typically involves sales directly to end users for new pipeline projects, and experiences greater demand volatility as compared with the maintenance and repair market.[3]

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Based on available information, U.S. CWLDLP producers have the ability to respond to changes in demand with moderate to large changes in the quantity of shipments of U.S.-produced CWLDLP to the U.S. market. The main factors contributing to this degree of responsiveness are low levels of capacity utilization and the existence of alternate markets. The degree of responsiveness may be moderated by the lack of large inventories.[4] These factors are detailed below.

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[1] See table I-4. At the conference, petitioners explained that there is significant year-to-year variation in the percentages of sales going to distributors versus end users due to the irregularity of end user demand associated with new pipeline projects. Petitioners estimate that over a 5- to 10-year period 60 to 70 percent of their U.S. shipments go to end users, and 30 to 40 percent go to distributors (TR, pp. 69-72).

[2] The statistics on U.S. shipments of subject imports are heavily weighted toward data for shipments of CWLDLP from Japan. On a country-by-country basis, 25.0 percent of U.S. shipments of imported CWLDLP from Japan went to end users, and 75.0 percent went to distributors. Data on U.S. shipments of imported CWLDLP from Mexico indicate that 41.1 percent went to end users and 58.9 percent went to distributors.

[3] At the conference, respondents representing the CWLDLP industry in Japan segmented the project market into on-shore pipeline projects and off-shore pipeline projects, with off-shore pipeline projects further classified as either shallow water or deep water projects (TR, pp. 100 and 104). Respondents for the Japanese industry state that subject imports from Japan compete primarily in the off-shore segment, which requires specifications not produced in the United States (TR, pp. 94-95). Petitioners state that subject imports from Japan are primarily commodity products that compete directly with domestic CWLDLP, and that 10 percent or less of subject Japanese imports are made to specifications not produced in the United States (TR, p. 26).

[4] U.S. producers' responsiveness of supply may also be somewhat limited by the inability to produce CWLDLP to the specifications required for some applications.

Industry Capacity

Data reported by U.S. producers indicate that there is substantial capacity with which to expand production in the event of price changes. Domestic capacity utilization declined from 43.7 percent in 1999 to 15.7 percent in 2000.

Inventory Levels

U.S. producers' inventories of CWLDLP, as a ratio to total shipments, were 8.4 percent in 1998 and 14.5 percent in 2000. These data indicate that the ability of U.S. producers to use inventories as a means of increasing shipments to the U.S. market may be somewhat limited.

Export Markets

Although exports have accounted for a declining portion of total shipments in 1999 and 2000, there is some potential for increased sales in alternate markets. While exports represented only a small percent of total shipments in 2000, they accounted for 26.3 percent in 1998. The variance of these numbers suggests that U.S. producers may have some ability to divert shipments to or from alternate markets in response to changes in the price of CWLDLP.[5]

U.S. Demand

Based on available information, the overall demand for CWLDLP is unlikely to change significantly in response to changes in price. The main factor contributing to the low degree of price sensitivity is the lack of practical substitute products.

Demand Characteristics

Since CWLDLP is used as a factor of production, demand for it depends on the price and productivity of the end product that it is used to produce. Since most CWLDLP is used in the transmission of oil and gas, demand for CWLDLP is sensitive to changes in gas and oil prices.

Petitioners and respondents believe that overall demand for large diameter line pipe in the United States declined significantly during the period for which data were collected.[6] Available information indicates that U.S. consumption of CWLDLP fell from 1.4 million short tons in 1998 to 0.8 million short tons in 2000. The decline in demand is reportedly due to a lack of large-scale pipeline projects since the completion of the Alliance Pipeline project in early 1999. According to both petitioners and respondents, rapid consolidation among customers during the period of investigation has resulted in a lack of new pipeline projects, as plans involving large capital expenditures were either abandoned or delayed.

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[5] At the conference, David Delie of Berg stated that exports are an important part of Berg's sales mix, particularly to the Latin American market (TR, p. 20).

[6] In contrast to petitioners' and respondents' agreement on the direction of demand at the conference, questionnaire responses reveal that all responding U.S. producers believe that demand during the period of investigation has either declined or remain unchanged, while 10 of 18 importers believe that demand has increased. Importers cited rising prices for oil and gas, as well as various pipeline projects.

As previously mentioned, the maintenance and repair market experiences very stable demand. According to petitioners, as demand has subsided in the project market, competition for sales to distributors serving the maintenance and repair market has increased. Petitioners describe distributors as being very price sensitive, thus lower priced subject imports from Japan and Mexico are purported to have forced U.S. producers to substantially reduce prices in order to acquire business.

Despite the grim characterization of demand over the past several years, petitioners and respondents expect a long-term increase in CWLDLP demand. At the conference, respondents representing the Japanese industry cited a forecast from the U.S. Energy Information Administration which states that, "additional investment in natural gas pipeline expansions will be required as U.S. and world demand for natural gas increases. Higher natural gas prices are supporting decisions to invest in pipelines, and demand is expected to increase for natural gas due to its environmental advantages and increased use for electricity generation."[7]

Substitute Products

Questionnaire responses from U.S. producers and importers reveal that the vast majority of responding firms believe there are no practical substitutes for CWLDLP. Several firms cited seamless pipe and polyethylene pipe as potential substitutes, however seamless pipe is not considered a realistic substitute due to significantly higher costs and polyethylene pipe appears to be feasible only for low pressure gas transmission.

Cost Share

According to the majority of responding U.S. producers and importers, the CWLDLP that they sell in the U.S. market is used in oil and gas transmission lines, with several firms also indicating industrial construction as an end use. Several firms estimated the percentage of total end-use cost accounted for by CWLDLP to be in the range 30 to 50 percent.[8]

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported CWLDLP depends upon such factors as relative prices, quality, and conditions of sale. Based on available data at this preliminary phase of the investigations, staff believes that, given identical specifications, there is a high degree of substitution between domestic CWLDLP and subject imports from Japan and Mexico. However, substitutability in a broader sense may be moderated by the fact that U.S. producers do not produce CWLDLP to specifications that match some subject imports, and in some cases subject imports may be viewed as products of unequal quality as compared with the U.S. product.

Factors Affecting Sales

While price is an important factor in the sale of CWLDLP, other factors such as quality and product availability may also be important considerations in purchase decisions. Questionnaire responses reveal that, in general, U.S. producers believe differences in price between products from

[7] TR, p. 99.

[8] At the conference, Junya Kako of Itochu estimated that CWLDLP would represent 20 to 30 percent of total costs for off-shore pipeline projects, and 50 percent for on-shore pipeline projects (TR, p. 105).

II-3

various supplying countries are a relatively more important factor in sales of CWLDLP in the U.S. market as compared with differences in other factors. Importers' responses reveal an opposite view (table II-1).

Table II-1
CWLDLP: Perceived importance of differences in factors other than price between CWLDLP produced in the United States and in other countries in sales of CWLDLP in the U.S. market

Country pair	Number of U.S. producers reporting					Number of U.S. importers reporting				
	A	F	S	N	O	A	F	S	N	O
U.S. vs. Japan	1	--	2	5	--	2	11	4	--	1
U.S. vs. Mexico	1	--	3	4	--	2	4	3	1	3
U.S. vs. Other	1	--	3	2	--	--	6	3	1	2
Japan vs. Mexico	1	--	3	4	--	2	6	4	--	3
Japan vs. Other	1	--	2	2	1	--	6	5	--	2
Mexico vs. Other	1	--	2	2	1	2	3	3	--	3

A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity

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

Comparison of Domestic and Imported CWLDLP

U.S. producers and importers have differing views regarding the issue of interchangeability between U.S.-produced and subject CWLDLP. In general, U.S. producers were more unified in their responses, answering that in most cases CWLDLP from different countries is "always" interchangeable. Importers' responses were more diverse, but reveal that for most country combinations, importers believe CWLDLP is "somewhat" interchangeable (table II-2).

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Table II-2
CWLDLP: Perceived degree of interchangeability of CWLDLP produced in the United States and in other countries

Country pair	Number of U.S. producers reporting					Number of U.S. importers reporting				
	A	F	S	N	O	A	F	S	N	O
U.S. vs. Japan	6	1	--	--	1	2	4	9	2	1
U.S. vs. Mexico	6	1	1	--	--	2	2	5	1	3
U.S. vs. Other	3	--	3	--	--	2	1	5	1	2
Japan vs. Mexico	6	1	--	--	1	2	1	7	2	3
Japan vs. Other	3	--	1	--	2	1	1	9	--	2
Mexico vs. Other	3	--	2	--	1	1	2	4	1	3

A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity

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

United States versus Japan

The majority of responding U.S. producers believe that CWLDLP from Japan is always interchangeable with domestic CWLDLP. They describe these products, particularly products for the maintenance and repair market, as completely interchangeable commodities produced to meet the same specifications. In contrast, importers of the subject product from Japan believe that CWLDLP from Japan is not always interchangeable with domestic CWLDLP because of the more limited product range available from U.S. producers, particularly for CWLDLP required in severe environments and off-shore deepwater projects.

United States versus Mexico

As with subject imports from Japan, the majority of U.S. producers believe that CWLDLP from Mexico is always interchangeable with domestic CWLDLP. Respondents reported that while the quality of Mexican CWLDLP is improving, it is often perceived in the U.S. marketplace as inadequate for many applications. Thus, respondents stated that customers frequently request either domestic or Japanese CWLDLP.[9]

[9] *** reported that "no Mexican LDLP suppliers are considered qualified vendors for *** pipeline projects" (***).

United States versus Nonsubject Countries

U.S. producers' questionnaire responses reveal that some producers view nonsubject CWLDLP as less interchangeable with the domestic product because some countries' products are considered to be of lower quality. According to one distributor, many of his customers will specify Japanese, German, or domestic product only.[10]

Japan versus Mexico

The vast majority of responding U.S. producers believe that subject imports from Japan are always interchangeable with subject imports from Mexico. As previously mentioned, importers report that subject imports from Mexico are not always as highly regarded as domestic or Japanese CWLDLP. According to ***, "the Japanese steel and pipe industry is one of the world leaders in research and development and produces pipe...in dimensions, wall thicknesses, and lengths much greater than the Mexican pipe, with more strict requirements and tolerances in chemistry and physical properties...Some U.S. construction companies consider the Mexican pipe a product with a lower quality..."[11]

[10] TR, p. 131.

[11] Questionnaire response of ***, p. 13.

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

Information on capacity, production, shipments, inventories, and employment is presented in this section of the report, and is based on the questionnaire responses of seven firms that are believed to account for all known U.S. production of CWLDLP during 1998 through 2000. Additional information relating to separate ERW and SAW operations are presented in appendixes C and D.

U.S. PRODUCERS

The Commission sent producers' questionnaires to all firms identified as producers in the petition. Table III-1 presents a list of U.S. producers, with each company's position on the petition, share of reported 2000 U.S. production of CWLDLP, U.S. production locations, and parent companies. U.S. producers reportedly do not purchase or import the subject products.[1] In addition, no U.S. producer is related to exporters or importers of the subject product.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

U.S. producers' aggregate capacity, production, and capacity utilization data for CWLDLP, by firms, are presented in table III-2.

U.S. PRODUCERS' SHIPMENTS

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

U.S. PRODUCERS' INVENTORIES

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

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

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

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[1] Berg and its parent company, Europipe, joint-bid on the Gulfstream gas pipeline project. Having been awarded the project, Berg has contracted for *** (February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, p. 33, fn. 15). Imports of the Europipe product from Germany for the project will be entered by *** (February 6, 2001, telephone interview with Roger Schagrin, counsel for petitioners).

III-1

Table III-1
CWLDLP: U.S. producers, positions on the petition, shares of 2000 production, U.S. production locations, and parent companies

Firm	Position on petition	Share of 2000 total production–(*percent*)	Plant location	Parent company
American	Petitioner	***	Birmingham, AL	N.A.
Berg	Petitioner	***	Panama City, FL	Europipe, Germany–***%
Stupp	Petitioner	***	Baton Rouge, LA	Stupp Bros. Inc., MO
Subtotal		69.3		
Bethlehem[1]	***	***	Steelton, PA	N.A.
Napa	***	***	Napa, CA	Oregon Steel Mills, OR
Saw	***	***	Bayton, TX	Saw Pipes, India--***
US Steel	***	***	McKeesport, PA[2]	USX Corp.
Subtotal		30.7		
Total		100.0		

[1] Bethlehem's large diameter pipe mill at its Pennsylvania Steel Technologies division *. Bethlehem accounted for *** percent of U.S. production during 1999 and *** percent during 1998.**

[2] During 1998 through *, the subject products were produced for US Steel under a toll processing arrangement with Camp Hill Corp. in McKeesport. Camp Hill *** the petition. In *** (February 7, 2001, telephone interview with ***, US Steel).**

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

III-2

Table III-2
CWLDLP: U.S. producers' capacity, production, and capacity utilization, by firms, 1998-2000

Item	Calendar year		
	1998	1999	2000
	Capacity (*short tons*)		
American	***	***	***
Berg	***	***	***
Bethlehem	***	***	***
Napa	***	***	***
Saw	***	***	***
Stupp	***	***	***
US Steel	***	***	***
Total	2,178,746	2,122,217	2,106,620
	Production (*short tons*)		
American	***	***	***
Berg	***	***	***
Bethlehem[1]	***	***	***
Napa	***	***	***
Saw	***	***	***
Stupp	***	***	***
US Steel	***	***	***
Total	1,224,365	927,083	331,350
	Capacity utilization (*percent*)		
American	***	***	***
Berg	***	***	***
Bethlehem	***	***	***
Napa	***	***	***
Saw	***	***	***
Stupp	***	***	***
US Steel	***	***	***
Average	56.2	43.7	15.7

[1] Bethlehem reported that *.**

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

III-3

Table III-3
CWLDLP: U.S. producers' shipments, by types, 1998-2000

Item	Calendar year		
	1998	1999	2000
	Quantity (*short tons*)		
Commercial shipments	***	***	***
Internal shipments[1]	***	***	***
U.S. shipments	867,334	922,515	330,635
Export shipments	310,276	48,376	3,747
Total	1,177,610	970,891	334,382
	Value (*1,000 dollars*)		
Commercial shipments	***	***	***
Internal shipments[1]	***	***	***
U.S. shipments	571,383	591,037	187,276
Export shipments	208,364	30,831	2,261
Total	779,747	621,868	189,537
	Unit value		
Commercial shipments	***	***	***
Internal shipments[1]	***	***	***
U.S. shipments	$659	$641	$566
Export shipments	672	637	603
Average	662	641	567
	Share of total (*percent*)		
Commercial shipments	***	***	***
Internal shipments[1]	***	***	***
U.S. shipments	73.7	95.0	98.9
Export shipments	26.3	5.0	1.1
Total	100.0	100.0	100.0

[1] ***.

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

III-4

Table III-4
CWLDLP: U.S. producers' end-of-period inventories, 1998-2000

Item	Calendar year		
	1998	1999	2000
	Quantity (*short tons*)		
End-of-period inventories	99,478	56,153	48,605
	Ratio (*percent*)		
Ratio of inventories to:			
Production	8.1	6.1	14.7
U.S. shipments	11.5	6.1	14.7
Total shipments	8.4	5.8	14.5
Source: Compiled from data submitted in response to Commission questionnaires.			

Table III-5
Average number of production and related workers (PRWs) producing CWLDLP, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1998-2000

Item	Calendar year		
	1998	1999	2000
PRWs (*number*)	1,258	984	566
Hours worked (*1,000*)	2,689	1,877	1,065
Wages paid (*$1,000*)	50,907	37,793	19,299
Hourly wages	$18.93	$20.13	$18.12
Productivity (*tons per hour*)	455.4	493.8	311.1
Unit labor costs (*per ton*)	$41.58	$40.77	$58.24
Note.–Hourly wages, productivity, and unit labor costs are calculated from the unrounded figures, using data of firms providing both numerator and denominator information. **Source: Compiled from data submitted in response to Commission questionnaires.**			

III-5

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

U.S. IMPORTERS

The Commission sent importer questionnaires to approximately 50 U.S. companies that were believed to import or distribute CWLDLP. Thirty-two companies, accounting for almost all subject imports, provided the Commission with data on U.S. imports for the period 1998-2000. U.S. importers and their shares of CWLDLP imports from Japan and Mexico during 1998-2000 are presented in table IV-1. Additional information relating to imports and shipments of imports of ERW and SAW pipe are presented in appendixes C and D.

U.S. IMPORTS

Table IV-2 presents U.S. imports of CWLDLP. U.S. import data presented were compiled from official Commerce statistics, and were adjusted for ***.[1]

APPARENT U.S. CONSUMPTION

Table IV-3 presents data on apparent U.S. consumption of CWLDLP for the period 1998-2000.

U.S. MARKET SHARES

Data on market shares of CWLDLP are presented in table IV-4.

Table IV-1
CWLDLP: U.S. importers and shares of imports from Japan and Mexico, by types, 1998-2000

* * * * * *

[1] ***.

IV-1

Table IV-2
CWLDLP: U.S. imports, by sources, 1998-2000

Source	Calendar year		
	1998	1999	2000
	Quantity (*short tons*)		
Japan	299,708	166,896	219,430
Mexico	24,555	31,572	27,628
Subtotal, subject imports	324,262	198,468	247,058
All other sources, adjusted[1]	218,230	112,086	261,716
Total imports	542,493	310,554	508,775
	Value (*1,000 dollars*)[2]		
Japan	195,954	83,490	102,405
Mexico	13,063	14,193	12,615
Subtotal, subject imports	209,017	97,684	115,019
All other sources, adjusted[1]	145,769	59,575	140,644
Total imports	354,787	157,259	255,663
	Unit value (*per ton*)		
Japan	$654	$500	$467
Mexico	532	450	457
Subtotal, subject imports	645	492	466
All other sources, adjusted[1]	668	532	537
Total imports	654	506	503
	Share of total, based on quantity (*percent*)		
Japan	55.2	53.7	43.1
Mexico	4.5	10.2	5.4
Subtotal, subject imports	59.8	63.9	48.6
All other sources, adjusted[1]	40.2	36.1	51.4
Total imports	100.0	100.0	100.0
	Share of total, based on value (*percent*)		
Japan	55.2	53.1	40.1
Mexico	3.7	9.0	4.9
Subtotal, subject imports	58.9	62.1	45.0
All other sources, adjusted[1]	41.1	37.9	55.0
Total imports	100.0	100.0	100.0

[1] Category has been adjusted for *.**
[2] Landed, duty-paid.

Source: Compiled from official import statistics and responses to Commission questionnaires.

IV-2

Table IV-3
CWLDLP: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000

Item/source	Calendar year		
	1998	1999	2000
	Quantity (*short tons*)		
U.S. producers' U.S. shipments	867,334	922,515	330,635
U.S. imports from--			
Japan	299,708	166,896	219,430
Mexico	24,555	31,572	27,628
Subtotal, subject imports	324,262	198,468	247,058
All other sources	218,230	112,086	261,716
Total imports	542,493	310,554	508,775
Apparent U.S. consumption	1,409,827	1,233,069	839,410
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	571,383	591,037	187,276
U.S. imports from--			
Japan	195,954	83,490	102,405
Mexico	13,063	14,193	12,615
Subtotal, subject imports	209,017	97,684	115,019
All other sources	145,769	59,575	140,644
Total imports	354,787	157,259	255,663
Apparent U.S. consumption	926,169	748,296	442,939

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

IV-3

Table IV-4
CWLDLP: Apparent U.S. consumption and market shares, 1998-2000

Item/source	Calendar year		
	1998	1999	2000
	Quantity (*short tons*)		
Apparent U.S. consumption	1,409,827	1,233,069	839,410
	Value (*1,000 dollars*)		
Apparent U.S. consumption	926,169	748,296	442,939
	Share of quantity (*percent*)		
U.S. producers' U.S. shipments	61.5	74.8	39.4
U.S. imports from--			
Japan	21.3	13.5	26.1
Mexico	1.7	2.6	3.3
Subtotal, subject imports	23.0	16.1	29.4
All other sources	15.5	9.1	31.2
Total imports	38.5	25.2	60.6
	Share of value (*percent*)		
U.S. producers' U.S. shipments	61.7	79.0	42.3
U.S. imports from--			
Japan	21.2	11.2	23.1
Mexico	1.4	1.9	2.8
Subtotal, subject imports	22.6	13.1	26.0
All other sources	15.7	8.0	31.8
Total imports	38.3	21.0	57.7

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

IV-4

CUMULATION ISSUES

With respect to cumulation, in assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographical markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Fungibility (interchangeability) and channels of distribution are discussed in Part I and Part II of this report, and information relating to simultaneous presence in the market is presented in Part V. A discussion of presence in geographical markets follows.

With respect to presence in geographical markets, data regarding U.S. imports of the subject products based on Commerce's official import statistics, by customs districts, are presented in appendix D. The majority of U.S. imports of CWLDLP from Japan and Mexico were entered through ports in Texas and Louisiana.

THE QUESTION OF NEGLIGIBLE IMPORTS

The statute (section 771(24)(A)(i) of the Act) provides that imports from a subject country corresponding to the domestic like product are negligible if such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition. During the 12-month period preceding the filing of the petition (January-December 2000), imports of CWLDLP from Japan accounted for 43.1 percent of total imports and subject imports from Mexico accounted for 5.4 percent of total imports. For ERW pipe, Japan accounted for 59.3 percent of total ERW imports and Mexico accounted for 2.4 percent. Regarding SAW pipe, Japan accounted for 35.2 percent of total SAW imports and Mexico accounted for 7.0 percent.

IV-5

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The main raw material used in the production of CWLDLP varies with the method of production. For ERW pipe, hot-rolled steel coil is the primary raw material. For SAW/DSAW pipe, the primary raw material is cut-to-length plate. The significance of raw material costs in the overall cost structure varies among U.S. producers, but such costs accounted for an average of 68 percent of the total 2000 cost of goods sold for CWLDLP production. Respondents stated that competitive pressure made it impossible to pass through raw material cost increases incurred during the first half of 2000.

U.S. Inland Transportation Costs

Transportation costs of CWLDLP for delivery within the United States vary from firm to firm but tend to account for a moderate percentage of the total cost of the product. For the seven U.S. producers who responded to this question, these costs accounted for between 2.0 and 10.0 percent of the total cost of CWLDLP, with an average of 7.5 percent. For the 14 importers who provided usable responses to this question, these costs accounted for between 4.5 and 20.0 percent of the total cost of the product, with an average of 11.8 percent.

With one exception, all U.S. producers reported a geographic market area encompassing the continental United States, with four of the seven responding firms reporting that their market area extends to cover Alaska and/or Hawaii.[1] For the 18 importers that provided usable responses to this question, eight reported a market area encompassing the entire continental United States, with four of these firms reporting that their market area extends to cover Alaska and Hawaii. The remaining importers reported market areas primarily in the southeastern and southwestern states.

Producers and importers were also requested to provide estimates of the percentages of their shipments that were made within specified distance ranges. Among the seven U.S. producers that provided usable responses to this question, an average of 18.6 percent of shipments occurred within 100 miles, 60.0 percent occurred within 101 to 1,000 miles, and 21.4 percent occurred at distances over 1,000 miles. Among the 17 importers that provided usable responses to this question, an average of 60.3 percent of shipments occurred within 100 miles, 32.6 percent occurred within 101 to 1,000 miles, and 7.1 percent occurred at distances over 1,000 miles.

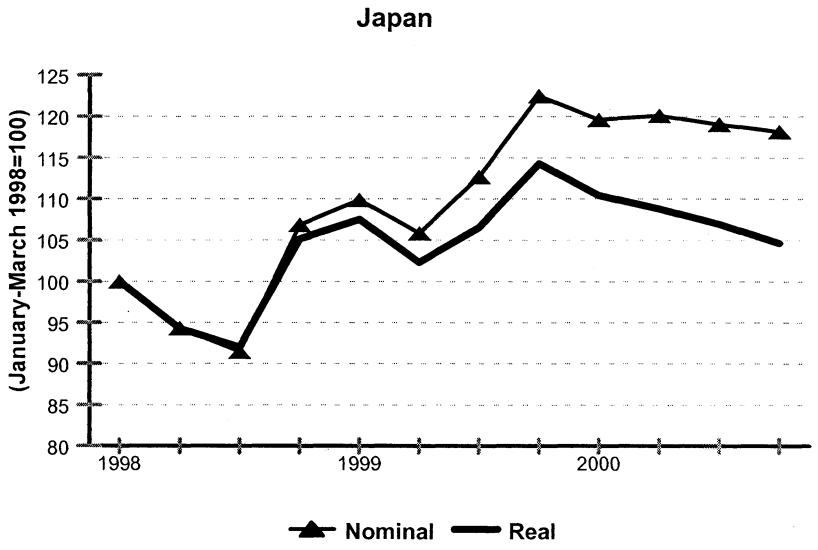
Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the real values of the Japanese yen and Mexican peso depreciated by approximately 8.0 and 5.0 percent, respectively, relative to the U.S. dollar through the first three quarters of 1998 before experiencing volatile overall increases through 1999 of 22.0 and 13.0 percent. During 2000, the Japanese yen again depreciated, by nearly 10.0 percent. Real values for the Mexican peso cannot be calculated for 2000 due to the current unavailability of the relevant Mexican producer price information (figures V-1 and V-2).

[1] *** reported a smaller market area consisting of the southwestern and midwestern states.

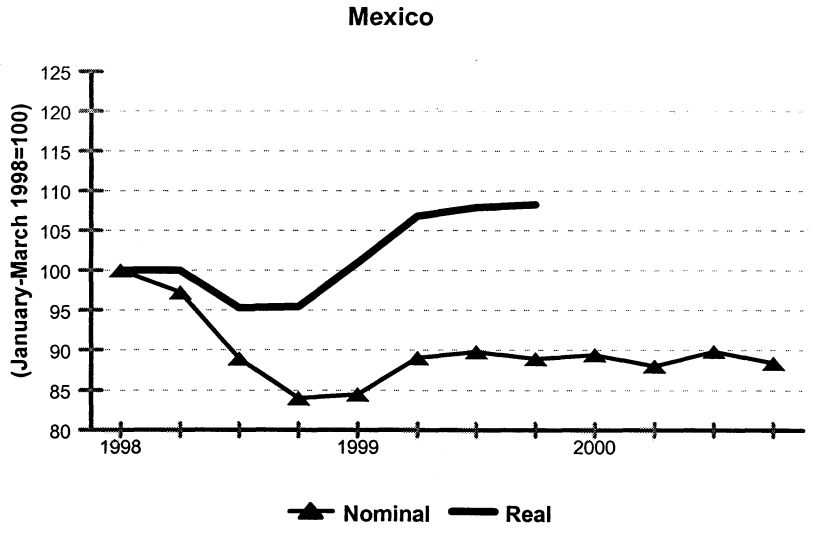
V-1

Figure V-1
Exchange rates: Indices of the nominal and real values of the Japanese yen relative to the U.S. dollar, by quarters, January 1998-December 2000



Source: International Monetary Fund, *International Financial Statistics*, January 2001.

Figure V-2
Exchange rates: Indices of the nominal and real values of the Mexican peso relative to the U.S. dollar, by quarters, January 1998-December 2000



Source: International Monetary Fund, *International Financial Statistics*, January 2001.

V-2

PRICING PRACTICES

Pricing Methods

Questionnaire responses reveal that most sales of CWLDLP in the United States are made on a transaction-by-transaction basis, with project business typically involving a standard bidding process initiated by end users and maintenance and repair business typically involving spot sales to distributors. Several firms reported that they have recently participated in on-line reverse auctions, which apparently are not as prevalent as the standard bidding process involving sealed bids. According to *** of ***, however, the former method of supplier selection is becoming increasingly common in the CWLDLP market.

On-Line Reverse Auctions

The initial stages of an on-line reverse auction are similar to a standard bid process. Purchasers, typically oil and gas transmission companies, formulate a plan covering the technical specifications and timing requirements associated with the welded large diameter line pipe necessary for a particular project. This plan serves as the basis for the Request for Quotation (RFQ) issued by purchasers to select manufacturers.

Manufacturers are given a specified time period, typically 4 to 5 weeks, in which to submit a technical proposal, including any exceptions to terms. The purchaser then engages in a review of these proposals, and selects qualified manufacturers based on their compliance with the technical and timing aspects stated in the RFQ. Only these qualified mills are allowed to participate in the on-line bidding.

The purchaser informs the competing firms of a ceiling price for each bid approximately 1 to 2 weeks prior to the actual bidding process. The ceiling price is typically derived from a reference price from a past project, plus a mark-up. Firms bid on specific "lot listings" for a given project, in which a "lot" typically represents a certain portion of the project. The reverse auction begins at a pre-specified time, and each "lot" is open for bid submissions for 15 minutes. During this time, participating firms can view their competitors' quotes on line, but are not provided information on the identities of the other firms. Firms can bid repeatedly, but each successive bid must be lower than the firm's previous bid. However, a firm is not required to submit a market-leading bid. If a market-leading bid is submitted near the end of the 15-minute window, the purchaser may extend the bidding time by 10 to 15 minutes to allow competing firms to rebid if so desired. After the bidding closes, there is a "tending period" of 10 minutes to allow for any technical problems that may have delayed a participating firm's bid submission.

Purchasers review the final bids from participating firms, and select the manufacturer that they believe provides the best combination of cost and quality. *** of *** stated that quite frequently the lowest bid does win the "lot," but this is not always the case. Purchasers factor in any exceptions to technical terms, lead times, etc., when making their final decisions. The entire process, from mailing the RFQ to selecting a supplier, generally takes 4 to 5 months.[2]

[2] Staff interviews with *** of ***, February 8 and 9, 2001.

V-3

Sales Terms and Discounts

The vast majority of CWLDLP producers and importers did not report having fixed discount policies. However, some firms reported that price discounting based on quantity may occur during negotiations with individual customers. U.S. producers and importers showed near unanimity on the issue of payment terms, with most firms reporting that payment is required within 30 days. U.S. producers and importers were somewhat mixed with regard to how prices are quoted in the CWLDLP market. Among U.S. producers, the majority reported that price quotes occur on an f.o.b. basis, with some firms stating that price quotes occur on both an f.o.b. and delivered basis. Among importers, the majority reported that port-of-entry is the usual basis on which prices are quoted.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and value of two CWLDLP products. These data were used to determine the weighted-average price in each quarter. Data were requested for the period January 1998 through December 2000. The products for which pricing data were requested are as follows:

Product 1. **– ERW line pipe, 20-inch OD, 0.375 inch wall, API 5 LB X-42/52, regardless of length.**

Product 2. **– DSAW line pipe, 30-inch OD, 1 inch wall, API 5 LB X-42/52, regardless of length.**

Seven U.S. producers and 14 importers provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters. Pricing data reported by U.S. producers and importers accounted for *** percent of the 2000 value of U.S. producers' commercial shipments of CWLDLP, as well as *** percent of the 2000 landed, duty-paid value of imports of CWLDLP from Japan and *** percent of the 2000 value of imports of CWLDLP from Mexico.

Price Comparisons

Data on f.o.b. selling prices and quantities of products 1 and 2 sold by U.S. producers and importers of Japanese and Mexican large diameter line pipe are shown in tables V-1 and V-2, and figures V-3 and V-4, respectively.

Product 1

As shown in table V-1 and figure V-3, price comparisons for product 1 between the United States and Japan were possible in a total of 10 quarters. In all 10 quarters, the Japanese product was priced below the U.S. product, with margins ranging from *** to *** percent and averaging 19.2 percent.

Price comparisons for product 1 between the United States and Mexico were possible in a total of 8 quarters. In all 8 quarters, the Mexican product was priced below the U.S. product, with margins ranging from *** to *** percent and averaging 13.6 percent.

V-4

Table V-1
Product 1: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-December 2000

Period	United States		Japan			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per ton	*Tons*	*Per ton*	*Tons*	*Percent*	*Per ton*	*Tons*	*Percent*
1998:								
January-March	$***	***	---	---	---	$***	***	***
April-June	***	***	---	---	---	***	***	***
July-September	***	***	$***	***	***	---	---	---
October-December	***	***	***	***	***	***	***	***
1999:								
January-March	***	***	***	***	***	***	***	***
April-June	***	***	392.73	78	***	***	***	***
July-September	513.89	2,865	***	***	***	***	***	***
October-December	473.66	3,631	366.86	196	22.5	***	***	***
2000:								
January-March	513.08	1,492	398.84	209	22.3	***	***	***
April-June	541.35	1,045	429.02	248	20.7	---	---	---
July-September	***	***	439.35	421	***	---	---	---
October-December	***	***	***	***	***	---	---	---

Product 1 – ERW line pipe, 20-inch OD, 0.375 inch wall, API 5 LB X-42/52, regardless of length.

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

V-5

Table V-2
Product 2: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-December 2000

Period	United States		Japan			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per ton	*Tons*	*Per ton*	*Tons*	*Percent*	*Per ton*	*Tons*	*Percent*
1998:								
January-March	$***	***	---	---	---	---	---	---
April-June	---	---	---	---	---	---	---	---
July-September	***	***	$***	***	***	---	---	---
October-December	***	***	***	***	***	---	---	---
1999:								
January-March	---	---	***	***	---	---	---	---
April-June	***	***	***	***	***	---	---	---
July-September	***	***	---	---	---	$***	***	***
October-December	***	***	***	***	***	***	***	***
2000:								
January-March	***	***	***	***	***	***	***	***
April-June	***	***	***	***	***	***	***	***
July-September	***	***	436.04	204	***	***	***	***
October-December	***	***	***	***	***	***	***	***

Product 2 – DSAW line pipe, 30-inch OD, 1 inch wall, API 5 LB X-42/52, regardless of length.

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

V-6

Figure V-3
Weighted-average f.o.b. prices for product 1, as reported by U.S. producers and importers, by quarters, January 1998-December 2000

* * * * * *

Figure V-4
Weighted-average f.o.b. prices for product 2, as reported by U.S. producers and importers, by quarters, January 1998-December 2000

* * * * * *

Product 2

As shown in table V-2 and figure V-4, price comparisons for product 2 between the United States and Japan were possible in a total of 8 quarters. In 1 quarter, the Japanese product was priced above the U.S. product, with a margin of *** percent. In the other 7 quarters, the Japanese product was priced below the U.S. product, with margins ranging from *** to *** percent and averaging 15.6 percent.

Price comparisons for product 2 between the United States and Mexico were possible in a total of 6 quarters. In all 6 quarters, the Mexican product was priced below the U.S. product, with margins ranging from *** to *** percent and averaging 23.8 percent.

LOST SALES AND LOST REVENUES

Five U.S. producers provided information on alleged lost sales and/or lost revenues due to imports of CWLDLP from Japan and/or Mexico. U.S. producers reported 8 firms to which they allegedly lost sales and/or revenues. Of the 14 specific lost sales/lost revenues allegations, 5 were confirmed by purchasers, 8 were denied by purchasers, and in 1 instance it was impossible to obtain adequate information.[3] The reported allegations of lost sales and lost revenues total $152.5 million and involve just over 238,000 tons of CWLDLP,[4] of which $36.3 million and just over 62,000 tons were confirmed by purchasers. The lost sales and lost revenues allegations are reported in tables V-3 and V-4, respectively. Additional information provided by purchasers follows.

[3] *** refused to participate in the lost sales/lost revenues verification process (staff interview with *** of ***, January 30, 2001).

[4] In some cases, *** disagreed with the quantities stated by U.S. producers. ***'s adjustments lower the total quantity involved in lost sales allegations to approximately 184,500 tons. These discrepancies may be due to the narrowing of project scope from the time of U.S. producers' bids to the actual awarding of contracts (staff interview with *** of ***, February 13, 2001).

V-7

Table V-3
CWLDLP: Lost sales allegations

* * * * * *

Table V-4
CWLDLP: Lost revenues allegations

* * * * * *

***

*** was cited in 4 lost sales allegations involving *** ERW pipe, as well as *** DSAW pipe. *** denied the lost sales allegations of ***, but partially confirmed the allegation of ***. *** stated that ***'s allegations are mistaken because neither *** was awarded to Japan or Mexico. Regarding the lost sales allegations of ***, *** stated that these allegations are all referring to ***. ***.[5]

***

*** was cited in 1 lost sale allegation involving *** ERW pipe. Although *** confirmed the allegation, he stated that the successful bid was not significantly lower than the unsuccessful bids. According to ***, all bids appeared to be fair and competitive.

***

*** was cited in 1 lost sale allegation involving *** ERW pipe. *** confirmed this allegation, stating that *** provided pricing on both U.S.-produced and imported *** ERW pipe to a customer, and the customer requested the imported product because it was slightly less expensive.

***

*** was cited in *** involving *** ERW pipe. According to ***. ***. *** eventually purchased *** DSAW pipe from *** based on price and lead time.[6]

***

*** was cited in 2 lost sales allegations involving *** ERW pipe. *** confirmed the allegations, but was unable to confirm the tonnage and prices reported by U.S. producers.

---

[5] Some information in this section of the report is based on a staff interview with ***, February, 13, 2001.

[6] Some information in this section is based on a staff interview with ***, February 12, 2001.

V-8

***

*** was cited in *** involving *** DSAW pipe. *** denied the allegation, stating that this pipe was purchased from *** at the initial offer price. *** sought no competitive prices from Japanese or Mexican suppliers for this purchase.

***

*** was cited in 3 lost sales allegations involving *** ERW and *** DSAW pipe. *** denied these allegations, stating that ***. Regarding the *** ERW pipe, ***. Regarding the *** DSAW pipe, *** considered numerous factors other than price. According to ***, all bidding U.S. producers took exceptions to the requested pipe specifications, while the foreign supplier accepted the specifications without exceptions. Accepting the specifications in full was the key determinant in the company's purchase decision.

V-9

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Seven firms that produced CWLDLP during the period examined supplied financial data on their line pipe operations.[1] No producers reported transfers to related firms. Only one producer, ***, reported internal consumption in 2000, which was insignificant.

OPERATIONS ON CERTAIN WELDED LARGE DIAMETER LINE PIPE

The aggregate results of operations of CWLDLP producers are presented in table VI-1.[2] Total net sales volume and value decreased significantly and continuously from 1998 through 2000. However, operating income increased somewhat from 1998 to 1999, due mainly to an increased per-ton sales price. Per-ton net sales values decreased considerably from 1999 to 2000, by $112, while total unit cost increased by $24, resulting in an operating loss of $69 per ton, a $136 per-ton lower unit operating income in 2000 compared to 1999.

The results of operations of individual firms are presented in table VI-2. The table presents financial information on a company-by-company basis for net sales value, operating income, and the ratio of operating income to net sales values. ***. The aggregate operating loss margin in 2000 without *** would be *** percent.

---

[1] The only producer whose fiscal year ends other than on December 31 is ***. However, *** reported financial data on a calendar year basis.

[2] Separate financial data for ERW and SAW operations are presented in tables C-2 and C-3, app. C.

Table VI-1
Results of operations of U.S. producers in the production of CWLDLP, fiscal years 1998-2000

Item	Fiscal year		
	1998	1999	2000
	Quantity (*short tons*)		
Total net sales	1,175,290	969,613	333,303
	Value (*$1,000*)		
Total net sales	807,321	684,755	198,046
COGS	721,996	583,161	200,161
Gross profit (loss)	85,325	101,594	(2,115)
SG&A expenses	26,198	36,543	20,793
Operating income (loss)	59,127	65,051	(22,908)
Interest expense	4,581	3,349	3,355
Other expense	1,772	3,907	744
Other income	1,919	1,492	603
Net income (loss)	54,693	59,287	(26,404)
Depreciation/amortization	9,685	9,148	8,110
Cash flow	64,378	68,435	(18,294)
	Unit value (*per short ton*)		
Net sales	$687	$706	$594
COGS	614	601	601
Gross profit (loss)	73	105	(6)
SG&A expenses	22	38	62
Operating income (loss)	50	67	(69)
	Ratio to net sales (*percent*)		
COGS	89.4	85.2	101.1
Gross profit (loss)	10.6	14.8	(1.1)
SG&A expenses	3.2	5.3	10.5
Operating income (loss)	7.3	9.5	(11.6)
	Number of firms reporting		
Operating losses	0	3	6
Data	7	7	7

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

VI-2

Table VI-2
Results of operations of U.S. producers, by firms, in the production of CWLDLP, fiscal years 1998-2000

* * * * * *

Selected aggregate per-unit cost data of the producers on their operations, on a dollar-per-short ton basis, are presented in table VI-3. While per-unit cost of goods sold (COGS) decreased slightly over the period, per-unit selling, general, and administrative (SG&A) expenses increased to a greater degree over the same period, which resulted in increased unit total costs from 1998 through 2000. While unit raw material costs decreased during this period, fabrication costs (direct labor and factory overhead combined) increased continuously.

Table VI-3
Results (*per short ton*) of operations of U.S. producers in the production of CWLDLP, fiscal years 1998-2000

Item	Fiscal year		
	1998	1999	2000
COGS:	**Unit value** (*per short ton*)		
Raw materials	$449	$434	$408
Direct labor	54	48	71
Factory overhead	112	120	121
Total COGS	614	601	601
SG&A expenses:			
Selling expenses	5	6	13
G&A expenses	18	32	49
Total SG&A expenses	22	38	62
Total cost	637	639	663

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

A variance analysis showing the effects of prices and volume on the producers' sales of line pipe, and of costs and volume on their total cost, is shown in table VI-4. The analysis is summarized at the bottom of the table. The substantial decrease in operating income ($82 million) between 1998 and 2000 was attributable to the negative effects of falling sales prices (negative $31 million), climbing costs and expenses (negative $9 million), and decreasing sales volumes (negative $42 million).

VI-3

Table VI-4
Variance analysis of operations of U.S. producers in the production of CWLDLP, fiscal years 1998-2000

Item	Between fiscal years		
	1998-2000	1998-99	1999-2000
	Value (*$1,000*)		
Net sales:			
Price variance	(30,904)	18,716	(37,337)
Volume variance	(578,371)	(141,282)	(449,372)
Total net sales variance	(609,275)	(122,566)	(486,709)
Cost of sales:			
Cost variance	4,591	12,485	300
Volume variance	517,244	126,350	382,700
Total cost variance	521,835	138,835	383,000
Gross profit variance	(87,440)	16,269	(103,709)
SG&A expenses:			
Expense variance	(13,363)	(14,930)	(8,231)
Volume variance	18,768	4,585	23,981
Total SG&A variance	5,405	(10,345)	15,750
Operating income variance	(82,035)	5,924	(87,959)
Summarized as:			
Price variance	(30,904)	18,716	(37,337)
Net cost/expense variance	(8,772)	(2,445)	(7,932)
Net volume variance	(42,359)	(10,347)	(42,690)

Note.--Unfavorable variances are shown in parentheses; all others are favorable.

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

VI-4

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

The U.S. producers' capital expenditures and research and development (R&D) expenses, together with the value of their fixed assets, are presented in table VI-5. Capital expenditures increased slightly from 1998 to 1999 and decreased significantly from 1999 to 2000.

Only two producers reported R&D expenses; such expenses were insignificant. Aggregated R&D expenses increased in 1999 from 1998 and fell somewhat in 2000. The original cost of fixed assets increased somewhat over the period while net book value decreased from 1999 to 2000. Depreciation exceeded capital expenditures in 2000.

Table VI-5
Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of CWLDLP, fiscal years 1998-2000

Item	Fiscal year		
	1998	1999	2000
	Value (*$1,000*)		
Capital expenditures	14,166	15,449	4,390
R&D expenses	***	***	***
Productive facilities:			
Original cost	223,076	235,163	240,056
Book value	124,898	125,588	120,650

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

CAPITAL AND INVESTMENT

The Commission requested the producers to describe any actual or potential negative effects of imports of CWLDLP from Japan and/or Mexico on their growth, investment, ability to raise capital, and/or their development efforts (including efforts to develop a derivative or more advanced version of the product). The producers' comments are presented in appendix E.

VI-5

PART VII: THREAT CONSIDERATIONS

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

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

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider [these factors] . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

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

Information on the nature of the alleged LTFV margins is presented earlier in Part I of this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" and any other threat indicators, if applicable, follows.

The Commission sent foreign producers' questionnaires to all known producers of CWLDLP in Japan and Mexico that were identified in the petition. Responses were received from almost all producers/exporters in the subject countries. Information relating to separate ERW and SAW operations in Japan and Mexico is presented in appendix F.

THE INDUSTRY IN JAPAN

The petition, as amended, cited nine producers/exporters of CWLDLP in Japan.[3] Four firms provided the Commission with information relating to their CWLDLP operations, two firms reported that they do not produce the subject products,[4] and three firms did not respond to the Commission's questionnaires.[5] The four responding firms in Japan are: Kawasaki Steel Corp. ("Kawasaki"), Nippon Steel Corp. ("Nippon Steel"), NKK Corp.("NKK"), and Sumitomo Metal Industries ("Sumitomo").

Data on capacity, production, shipments, and inventories of CWLDLP in Japan were provided by counsel for the four firms and are presented in tables VII-1 and VII-2. The Commission's questionnaires in these investigations inquired as to whether foreign producers had plans to add, expand, curtail, or shut

---

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

[3] Petition, exhibit 4.

[4] The firms are ***.

[5] The firms include ***. The firms are not known to have exported CWLDLP to the United States.

VII-2

Table VII-1
CWLDLP: Manufacturers/exporters in Japan, and shares of reported production and exports to the United States, by types, 1998-2000

Firm	Share of production (*percent*)			Share of exports to the United States (*percent*)		
	ERW	SAW	CWLDLP	ERW	SAW	CWLDLP
Kawasaki	***	***	***	***	***	***
Nippon	***	***	***	***	***	***
NKK	***	***	***	***	***	***
Sumitomo	***	***	***	***	***	***
Total	45.9	54.1	100.0	42.0	58.0	100.0

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

down production capacity and/or production of CWLDLP in Japan. Producers in Japan reported no such plans, with the exception of ***. The firm reported that it ***.[6]

[6] *** foreign producer questionnaire response, p. 2.

VII-3

Table VII-2
CWLDLP: Japan's capacity, production, inventories, and shipments, 1998-2000, and projected 2001-2002

Item	Actual experience			Projections	
	Calendar years				
	1998	1999	2000	2001	2002
	Quantity (*short tons*)				
Capacity	1,239,686	1,193,497	713,587	1,234,796	1,234,796
Production	1,134,080	1,124,060	636,667	1,068,705	1,092,807
End-of-period inventories	85,746	43,415	159,862	112,008	97,017
Shipments:					
Internal consumption/transfers	795	718	547	551	551
Home market	14,652	18,629	6,243	10,307	10,307
Exports to:					
United States	282,160	162,265	202,819	130,410	130,410
All other markets	804,353	984,779	300,611	974,930	966,529
Total exports	1,086,513	1,147,044	503,430	1,105,340	1,096,939
Total shipments	1,101,960	1,166,391	510,220	1,116,198	1,107,797
	Ratios and shares (*percent*)				
Capacity utilization	91.5	94.2	89.2	86.5	88.5
Inventories/production	7.6	3.9	25.1	10.5	8.9
Inventories/shipments	7.8	3.7	31.3	10.0	8.8
Share of total shipments:					
Internal consumption/transfers	0.1	0.1	0.1	0.0	0.0
Home market	1.3	1.6	1.2	0.9	0.9
Exports to:					
United States	25.6	13.9	39.8	11.7	11.8
All other markets	73.0	84.4	58.9	87.3	87.2
Total exports	98.6	98.3	98.7	99.0	99.0

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

VII-4

THE INDUSTRY IN MEXICO

According to the petition, the five producers/exporters of CWLDLP in Mexico are: Procarsa SA de CV ("Procarsa"), Productora Mexicana de Tuberia SA de SV ("PMT"), Tubacero SA ("Tubacero"), Tuberia Laguna SA de CV ("Tuberia Laguna"), and Tubesa SA de CV ("Tubesa").[7] All five firms provided the Commission with information regarding their CWLDLP operations.

Data on production, shipments, and inventories of CWLDLP in Mexico were provided by counsel for the five firms and are presented in tables VII-3 and VII-4. The Commission's questionnaires in these investigations inquired as to whether foreign producers had plans to add, expand, curtail, or shut down production capacity and/or production of CWLDLP in Mexico. Producers in Mexico reported no such plans.

Table VII-3
CWLDLP: Manufacturers/exporters in Mexico, and shares of reported production and exports to the United States, by types, 1998-2000

Firm	Share of production (*percent*)			Share of exports to the United States (*percent*)		
	ERW	SAW	CWLDLP	ERW	SAW	CWLDLP
PMT	***	***	***	***	***	***
Procarsa	***	***	***	***	***	***
Tubacero	***	***	***	***	***	***
Tuberia Laguna	***	***	***	***	***	***
Tubesa	***	***	***	***	***	***
Total	31.4	68.6	100.0	23.8	76.2	100.0

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

[7] Petition, exhibit 5.

VII-5

Table VII-4
CWLDLP: Mexico's capacity, production, inventories, and shipments, 1998-2000, and projected 2001-2002

Item	Actual experience			Projections	
	Calendar years				
	1998	1999	2000	2001	2002
	Quantity (*short tons*)				
Capacity	253,965	162,965	162,965	112,565	162,965
Production	229,309	57,152	31,977	108,016	118,946
End-of-period inventories	27,050	38,469	23,310	17,797	9,312
Shipments:					
Internal consumption/transfers	0	462	0	0	0
Home market	147,265	10,242	18,450	60,662	67,986
Exports to:					
United States	25,483	28,121	22,951	26,575	29,396
All other markets	40,669	6,878	5,734	26,222	30,049
Total exports	66,152	34,999	28,685	52,797	59,445
Total shipments	213,417	45,703	47,135	113,459	127,431
	Ratios and shares (*percent*)				
Capacity utilization	90.3	35.1	19.6	96.0	73.0
Inventories/production	11.8	67.3	72.9	16.5	7.8
Inventories/shipments	12.7	84.2	49.5	15.7	7.3
Share of total shipments:					
Internal consumption/transfers	0.0	1.0	0.0	0.0	0.0
Home market	69.0	22.4	39.1	53.5	53.4
Exports to:					
United States	11.9	61.5	48.7	23.4	23.1
All other markets	19.1	15.0	12.2	23.1	23.6
Total exports	31.0	76.6	60.9	46.5	46.6

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

VII-6

U.S. IMPORTERS' INVENTORIES

End-of-period inventories held by U.S. importers of CWLDLP are shown in table VII-5.

Table VII-5
CWLDLP: End-of-period inventories of U.S. importers, by sources, 1998-2000

Source	Calendar year		
	1998	1999	2000
	Quantity (*short tons*)		
Japan	16,673	10,818	17,535
Mexico	807	827	1,780
Total, subject imports	17,480	11,645	19,315
	Ratio to imports (*percent*)		
Japan	6.5	6.5	7.7
Mexico	5.7	3.4	7.8
Average, subject imports	6.5	6.1	7.7

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

U.S. IMPORTERS' CURRENT ORDERS

In response to a question on whether importers had imported or arranged for importation of CWLDLP from Japan and/or Mexico for delivery after December 31, 2000, seven firms reported a total of 33,830 short tons scheduled for delivery from Japan and two firms reported a total of *** tons for delivery from Mexico.

PRODUCT SHIFTING

Petitioners argue that CWLDLP exports to the United States from Japan and Mexico are likely to increase while upstream plate products remain subject to dumping orders.[8] Respondents dispute this. The Mexican respondents maintain that since countervailing duty and antidumping orders on cut-to-length plate were imposed in 1992 and 1993, any product shifting would have occurred already.[9]

[8] Postconference brief of Schagrin Associates, p. 36.

[9] February 5, 2001, postconference brief of White & Case, pp. 48-49.

VII-7

APPENDIX A

FEDERAL REGISTER NOTICES

A-1

Manufacturer/exporter	Margin (percent)
Dong Won Metal Co., Ltd	14.14
Dae-Lim Trading Co., Ltd	1.69
Sam Yeung Ind. Co., Ltd	31.23
Ssang Yong Ind. Co., Ltd	31.23
Chefline Corporation	31.23
B.Y Enterprise, Ltd	31.23
Clad Co., Ltd	31.23
Sae Skwang Aluminum Co., Ltd	31.23
East One Co., Ltd	31.23
East West Trading Korea, Ltd	31.23
Bae Chin Metal Ind. Co	31.23
Han Il Stainless Steel Ind. Co., Ltd	31.23
Il Shin Co., Ltd	31.23
Kyung-Dong Industrial Co., Ltd	31.23
Poong Kang Ind. Co., Ltd	31.23
Namyang Kitchen Flower Co., Ltd	31.23

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within 5 days of the date of publication of this notice. Any interested party may request a hearing within 30 days of the date of publication of this notice. Parties who submit arguments in this proceeding are requested to submit with each argument: (1) A statement of the issue and (2) a brief summary of the argument. All case briefs must be submitted within 30 days of the date of publication of this notice. Rebuttal briefs, which are limited to issues raised in the case briefs, may be filed not later than seven days after the case briefs are filed. Further, we would appreciate it if parties submitting written comments would provide the Department with an additional copy of the public version of any such comments on diskette. A hearing, if requested, will be held two days after the date the rebuttal briefs are filed or the first business day thereafter.

The Department will publish a notice of the final results of this administrative review, which will include the results of its analysis of the issues raised in any written comments, within 120 days from the publication of these preliminary results.

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. The Department will issue appraisement instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties. We have calculated importer-specific ad valorem duty assessment rates based on the ratio of the total amount of dumping margins calculated for the examined sales to the entered value of sales used to calculate those duties. We will direct Customs to liquidate without regard to antidumping duties any entries for which the assessment rate is *de minimis, i.e.,* less than 0.5 percent.

Furthermore, the following deposit requirements will be effective upon completion of the final results of these administrative reviews for all shipments of top-of-stove stainless steel cooking ware from Korea entered, or withdrawn from warehouse, for consumption on or after publication date of the final results of these administrative reviews, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for the reviewed companies will be the rate established in the final results of this administrative review, except if the rate is less than 0.5 percent *ad valorem* and, therefore, *de minimis,* no cash deposit will be required; (2) for exporters not covered in this review, but covered in the original LTFV investigation or a previous review, the cash deposit rate will continue to be the company-specific rate published in the most recent period; (3) if the exporter is not a firm covered in this review, a previous review, or the original LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous reviews or the LTFV investigation, the cash deposit rate will be 8.10 percent, the "all-others" rate established in the LTFV investigation. These deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) of the Department's regulations to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review and this notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: January 30, 2001.

Bernard T. Carreau,

Deputy Assistant Secretary, AD/CVD Enforcement II.

[FR Doc. 01–4537 Filed 2–22–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–857, A–201–828]

Notice of Initiation of Antidumping Duty Investigations: Welded Large Diameter Line Pipes From Mexico and Japan

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

ACTION: Initiation of antidumping duty investigations.

EFFECTIVE DATE: February 23, 2001.

FOR FURTHER INFORMATION CONTACT: Rick Johnson (Mexico) or Nancy Decker (Japan) at (202) 482–3818 and (202) 482–0196, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR Part 351 (2000).

The Petitions

On January 10, 2001, the Department of Commerce (the Department) received petitions filed in proper form by the following parties: Berg Steel Pipe Corp., American Steel Pipe Division of American Cast Iron Pipe Company, and Stupp Corporation (collectively "petitioners"). Additionally, one other domestic producer, although a non-petitioner, issued a statement supporting the petition. The Department received information from the petitioners supplementing the petition on January 22, January 24, January 26, and January 29, 2001.

In accordance with section 732(b) of the Act, the petitioners allege that imports of welded large diameter line pipes (hereafter referred to as LDLP)

from Mexico and Japan 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 Act, and that such imports are materially injuring an industry in the United States.

The Department finds that the petitioners filed these petitions on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and have demonstrated sufficient industry support with respect to each of the antidumping investigations that they are requesting the Department to initiate (*see* the *Determination of Industry Support for the Petitions* section below).

Scope of Investigations

The product covered by this investigation is welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches in diameter, whether or not stencilled. This product is normally produced according to American Petroleum Institute (API) specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The product currently is classified under U.S. Harmonized Tariff Schedule (HTSUS) item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30. 7305.19.10.60, and 7305.19.50.00. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope is dispositive. Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe.

As discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by February 20, 2001. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petitions

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[1]

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Finally, section 732(c)(4)(D) of the Act provides that if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the administering agency shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

[1] *See Algoma Steel Corp. Ltd.*, v. *United States*, 688 F. Supp. 639, 642–44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefore from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380–81 (July 16, 1991).

For Mexico and Japan, the petitioners established industry support representing over 50 percent of total production of the domestic like product. Therefore, the domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) are met. Furthermore, because the Department received no opposition to the petition, the domestic producers or workers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Thus, the requirements of section 732(c)(4)(A)(ii) are also met.

Accordingly, the Department determines that the petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *See* Industry Support Attachment to the *Initiation Checklist.*

Mexico

Normal Value

The Mexican producers named in the petition are Procarsa SA de CV, Productora Mexicana de Tuberia SA de SV, Tubacero SA, Tuberia Laguna SA de CV, and Tubesa SA de CV. In order to calculate normal value (NV), the petitioners provided an affidavit and supporting documentation listing home market price quotes from one Mexican producer for merchandise which falls within the scope of the petition. These quotes were obtained by a foreign market researcher during the period of investigation. Based on the terms of the price quotes, petitioners made no adjustments to normal value.

Export Price

The petitioners based export price (EP) on average unit value (AUV) data gathered from IM–145 import statistics. Using the month of September 2000, they compared the one HTSUS ten-digit category which corresponds to the products described in the calculation of NV. Petitioners maintain that this methodology is appropriate because the NV was based on price quotes which would be most contemporaneous with September entries. For the purposes of initiation, the Department has based EP on the weighted-average AUVs for the HTSUS category corresponding to the HTSUS category used as the basis for NV using all available data for the calendar year 2000 (*i.e.*, January through November). This decision is consistent with Department practice in other cases in which import statistics were used as

the basis for EP. *See, e.g., Initiation of Antidumping Duty Investigations: Certain Hot-Rolled Carbon Steel Flat Products From Argentina, India, Indonesia, Kazakhstan, the Netherlands, the People's Republic of China (the PRC), Romania, South Africa, Taiwan, Thailand, and Ukraine, et. al.*, 65 FR 77568, 77571 (December 12, 2000).

Petitioners then deducted an amount for foreign inland freight, which was a simple average of the separate freight quotes from a Mexican producer, to arrive at a net EP. However, for the purposes of initiation, the Department has adjusted petitioners' foreign inland freight calculation. Specifically, we have adjusted for the difference in distances between: (1) The rate supplied by petitioners; and (2) the distance between the Mexican producer from which the rates were obtained and the presumed ports of export for the merchandise, based on the actual U.S. ports of entry. *See* Attachment B to the *Initiation Checklist.*

Based upon the comparison of EP to NV, the petitioners' estimated dumping margin, as adjusted by the Department, is 49.86 percent.

Japan

Normal Value

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners based NV for sales in Japan on CV because they could not obtain corresponding home market prices. The petitioners calculated CV by using publicly available cost information from a Japanese producer, information from a U.S. surrogate, and other sources. The amount calculated for CV consisted of COM and SG&A expenses. Consistent with 773(e)(2) of the Act, the petitioners added to CV an amount for profit which was based upon a Japanese producer's financial statements.

Export Price

The petitioners were unable to obtain specific sales or offers for sale of subject merchandise in the United States. Therefore, the petitioners based EP on the average unit values ("AUV") for one ten-digit category of the HTSUS accounting for approximately 40 percent of in-scope imports for consumption from Japan. The petitioners calculated the import AUV using the reported quantity and customs value for imports as recorded in the U.S. Census Bureau's official IM–145 import statistics. In their calculation of estimated dumping margins, the petitioners based EP on import statistics covering the first three quarters of 2000. For the purposes of initiation, the Department has based EP on the weighted-average AUVs for the HTSUS category corresponding to the HTSUS category used as the basis for NV using all available data for the calendar year 2000 (*i.e.*, January through November). This decision is consistent with Department practice in other cases in which import statistics were used as the basis for EP. *See, e.g.; Initiation of Antidumping Duty Investigations: Certain Hot-Rolled Carbon Steel Flat Products From Argentina, India, Indonesia, Kazakhstan, the Netherlands, the People's Republic of China (the PRC), Romania, South Africa, Taiwan, Thailand, and Ukraine, et. al.*, 65 FR 77568, 77571 (December 12, 2000). We note that customs import value as defined by Technical Documentation for US Exports and Imports of Merchandise on CD-ROM excludes U.S. import duties, freight, insurance and other charges incurred in bringing the merchandise to the United States.

Based upon the comparison of EP to CV, the petitioners calculated an estimated dumping margin of 30.80 percent.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of LDLP from Mexico and Japan are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitions allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. The petitioners contend that the industry's injured condition is evident in the significant increases in imports of LDLP from Mexico and Japan, a shrinking portion of market share, and declining volumes in production, shipment, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation (*see Initiation Checklist* at Attachment II Re: Material Injury).

Initiation of Antidumping Investigations

Based upon our examination of the petitions on LDLP, and the petitioners' responses to our supplemental questionnaire clarifying the petitions, we have found that they meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of LDLP from Mexico and Japan are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of the governments of Mexico and Japan. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition, as appropriate.

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine, no later than February 24, 2001, whether there is a reasonable indication that imports of LDLP from Mexico and Japan are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act. Effective January 20, 2001, Bernard T. Carreau is fulfilling the duties of the Assistant Secretary for Import Administration.

Dated: January 30, 2001.

Bernard T. Carreau,

Deputy Assistant Secretary, AD/CVD Enforcement II.

[FR Doc. 01–4541 Filed 2–22–01; 8:45 am]

BILLING CODE 3510–DS–P

Gearhart (TEL: 202–205–3091; EMAIL: wgearheart@ustic.gov), Office of the General Counsel. Hearing impaired individuals are advised that information on this matter can be obtained by contacting the TDD terminal on (202) 205–1810.

Background: In its letter to the Commission, the Committee stated that a number of the United States' trading partners have aggressively pursued free trade area negotiations that may segment markets to the commercial disadvantage of the United States. The Committee indicated that over the course of the next several months it expects to ask the Commission for a series of investigations under section 332 related to the economic impact of negotiating bilaterally or regionally with particular trading partners in the absence of a new round of multilateral talks.

Public Hearing: A public hearing in connection with the investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on May 17, 2001. All persons shall have the right to appear, by counsel or in person, to present information and to be heard. Requests to appear at the public hearing should be filed with the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436, no later than 5:15 p.m., April 27, 2001. Any prehearing briefs (original and 14 copies) should be filed no later than 5:15 p.m., May 4, 2001; the deadline for filing post-hearing briefs or statements is 5:15 p.m., May 25, 2001. In the event that, as of the close of business on April 27, 2001, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Secretary of the Commission (202–205–1806) after April 27, 2001, to determine whether the hearing will be held.

Written Submissions: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements (original and 14 copies) concerning the matters to be addressed by the Commission in its report on this investigation. Commercial or financial information that a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available in the Office of the Secretary of the Commission for inspection by interested parties. To be assured of consideration by the Commission, written statements relating to the Commission's report should be submitted to the Commission at the earliest practical date and should be received no later than the close of business on May 25, 2001. All submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic means.

Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov).

List of Subjects

Republic of Korea, Free Trade Agreement, Tariffs, and Imports.

Issued: January 10, 2001.
By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–1489 Filed 1–17–01; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–919–920 (Preliminary)]

Certain Welded Large Diameter Line Pipe From Japan and Mexico

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping investigations Nos. 731–TA–919–920 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan and Mexico of certain welded large diameter line pipe[1] that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by February 26, 2001. The Commission's views are due at the Department of Commerce within five business days thereafter, or by March 5, 2001.

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

EFFECTIVE DATE: January 10, 2001.

FOR FURTHER INFORMATION CONTACT: Diane J. Mazur (202–205–3184), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on January 10, 2001, by Berg Steel Pipe Corp., Panama City, FL; American Steel Pipe Division of American Cast Iron Pipe Co., Birmingham, AL; and Stupp Corp., Baton Rouge, LA.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations

[1] For purposes of these investigations certain welded large diameter line pipe are welded circular carbon and alloy products of a kind used in oil and gas pipelines with an outside diameter greater than 16 inches, regardless of stenciling. The products are provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the Harmonized Tariff Schedule of the United States.

have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on January 31, 2001, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Diane Mazur (202–205–3184) not later than January 29, 2001, to arrange for their appearance. Parties in support of the imposition of antidumping 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. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before February 5, 2001, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

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

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: January 10, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–1491 Filed 1–17–01; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–438]

In the Matter of Certain Plastic Molding Machines With Control Systems Having Programmable Operator Interfaces Incorporating General Purpose Computers, and Components Thereof; Notice of a Commission Determination Not to Review an Initial Determination Terminating the Investigation on the Basis of a Settlement Agreement

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's ("ALJ's") initial determination ("ID") granting a joint motion to terminate the above-captioned investigation on the basis of a settlement agreement.

FOR FURTHER INFORMATION: Peter L. Sultan, Office of the General Counsel, U.S. International Trade Commission, telephone (202) 205–3094.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on October 13, 2000, based on a complaint filed by Milacron Inc. ("Milacron") alleging that respondents UBE Industries, Ltd. and UBE Machinery Inc. (collectively "UBE") violated section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, by importing, selling for importation, or selling within the United States after importation certain plastic molding machines with control systems having programmable operator interfaces incorporating general purpose computers, and components thereof, that infringe certain claims of Milacron's U.S. Letters Patent 5,062,052, as amended by Reexamination Certificate B1 5,062,052.

On November 6, 2000, Milacron and UBE entered into a settlement agreement, which included an agreement to file a joint motion to terminate the investigation. On November 13, 2000, Milacron and UBE filed the joint motion to terminate the investigation, which was supported by the Commission investigative attorney.

On December 20, 2000, the ALJ issued an ID (Order No. 2) granting the joint motion to terminate the investigation on the basis of the settlement agreement. None of the parties filed a petition to review the subject ID. The Commission subsequently determined not to review the subject ID.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, and Commission rule 210.42, 19 CFR 210.42. Copies of the public version of the ALJ's ID and all other nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–2000. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov).

Issued: January 10, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–1490 Filed 1–17–01; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[USITC SE–01–003]

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: United States International Trade Commission.

TIME AND DATE: January 22, 2001 at 2:00 p.m.

PLACE: Room 101, 500 E Street SW, Washington, DC 20426, Telephone: (202) 205–2000.

APPENDIX B

LIST OF WITNESSES

B-1

CALENDAR OF PUBLIC CONFERENCE

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

Subject:	Certain Welded Large Diameter Line Pipe from Japan and Mexico
Invs. Nos.:	731-TA-919-920 (Preliminary)
Date and Time:	January 31, 2001 - 9:30 a.m.

The conference in connection with these investigations was held in the Main Hearing Room, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Schagrin Associates
Washington, DC
on behalf of

American Steel Pipe Division, American Cast Iron Pipe Co.
Berg Steel Pipe Corp.
Stupp Corp.

David Delie, V.P., Chief Operating Officer, Berg Steel
Ron Williamson, V.P. Distributor Products, Berg Steel
Dan O'Leary, President, Stupp
Mark Stavinoha, Division Mgr., American Steel Pipe
J.M. O'Brien, V.P. Marketing, American Steel Pipe
Pierre L. LaBarge, III, President & CEO, LaBarge Pipe & Steel Co.
Shaun Brock, Mgr. Line Pipe, Wilson Supply Corp.

Roger B. Schagrin
Andrew B. Knapp) --OF COUNSEL

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In Opposition to the Imposition of Antidumping Duties:

Government of Mexico

Victor Aguilar, First Secretary, Commercial Office, Embassy of Mexico, Washington, D.C.

Arent Fox Kintner Plotkin & Kahn
Washington, DC
on behalf of

Kawasaki Steel Corp.
Nippon Steel Corp.
NKK Corp.
Sumitomo Metals Industries

Jerry D. Fields, President & Chairman, J.D. Fields & Co.
Junya ("Jerry") Kako, Mgr. Linepipe Dept., Itochu Project Management Corp.

Daniel W. Klett, Economist, Capital Trade Inc.

Matthew J. Clark)--OF COUNSEL

White & Case
Washington, DC
on behalf of

Procarsa SA de CV
Productora Mexicana de Tuberia SA de CV
Tubacero SA
Tuberia Laguna SA de CV
Tubesa SA de CV

Rodrigo Sanchez, General Mgr., Tubesa

David E. Bond)
Lyle B. Vander Schaaf)--OF COUNSEL
Christina Benson)

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APPENDIX C

SUMMARY TABLES

C-1

SUMMARY TABLES

Summary and comparative tables relating to U.S. market data for CWLDLP are presented in appendix C as follows:

C-3

Table C-1
CWLDLP: Summary data concerning the U.S. market, 1998-2000

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

Item	Calendar year			Period changes		
	1998	1999	2000	1998-2000	1998-1999	1999-2000
U.S. consumption quantity:						
Amount	1,409,827	1,233,069	839,410	-40.5	-12.5	-31.9
Producers' share[1]	61.5	74.8	39.4	-22.1	13.3	-35.4
Importers' share:[1]						
Japan	21.3	13.5	26.1	4.9	-7.7	12.6
Mexico	1.7	2.6	3.3	1.6	0.8	0.7
Subtotal	23.0	16.1	29.4	6.4	-6.9	13.3
Other sources	15.5	9.1	31.2	15.7	-6.4	22.1
Total	38.5	25.2	60.6	22.1	-13.3	35.4
U.S. consumption value:						
Amount	926,169	748,296	442,939	-52.2	-19.2	-40.8
Producers' share[1]	61.7	79.0	42.3	-19.4	17.3	-36.7
Importers' share:[1]						
Japan	21.2	11.2	23.1	2.0	-10.0	12.0
Mexico	1.4	1.9	2.8	1.4	0.5	1.0
Subtotal	22.6	13.1	26.0	3.4	-9.5	12.9
Other sources	15.7	8.0	31.8	16.0	-7.8	23.8
Total	38.3	21.0	57.7	19.4	-17.3	36.7
U.S. imports from--						
Japan:						
Quantity	299,708	166,896	219,430	-26.8	-44.3	31.5
Value	195,954	83,490	102,405	-47.7	-57.4	22.7
Unit value	$653.82	$500.25	467	-28.6	-23.5	-6.7
Ending inventory	16,673	10,818	17,535	5.2	-35.1	62.1
Mexico:						
Quantity	24,555	31,572	27,628	12.5	28.6	-12.5
Value	13,063	14,193	12,615	-3.4	8.7	-11.1
Unit value	$532.00	$449.56	457	-14.2	-15.5	1.6
Ending inventory	807	827	1,780	120.5	2.5	115.2
Subtotal:						
Quantity	324,262	198,468	247,058	-23.8	-38.8	24.5
Value	209,017	97,684	115,019	-45.0	-53.3	17.7
Unit value	$644.59	$492.19	466	-27.8	-23.6	-5.4
Ending inventory	17,480	11,645	19,314	10.5	-33.4	65.9
Other sources:						
Quantity	218,230	112,086	261,716	19.9	-48.6	133.5
Value	145,769	59,575	140,644	-3.5	-59.1	136.1
Unit value	$667.96	$531.52	537	-19.5	-20.4	1.1
Ending inventory	3,020	902	891	-70.5	-70.1	-1.2
All sources:						
Quantity	542,493	310,554	508,775	-6.2	-42.8	63.8
Value	354,787	157,259	255,663	-27.9	-55.7	62.6
Unit value	$653.99	$506.38	503	-23.2	-22.6	-0.8
Ending inventory	20,500	12,547	20,206	-1.4	-38.8	61.0
Table continued on next page.						

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Table C-1--*Continued*
CWLDLP: Summary data concerning the U.S. market, 1998-2000

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

Item	Calendar year			Period changes		
	1998	1999	2000	1998-2000	1998-1999	1999-2000
U.S. producers'--						
Capacity quantity	2,178,746	2,122,217	2,106,620	-3.3	-2.6	-0.7
Production quantity	1,224,365	927,083	331,350	-72.9	-24.3	-64.3
Capacity utilization[1]	56.2	43.7	15.7	-40.5	-12.5	-28.0
U.S. shipments:						
Quantity	867,334	922,515	330,635	-61.9	6.4	-64.2
Value	571,383	591,037	187,276	-67.2	3.4	-68.3
Unit value	$659	$641	$566	-14.0	-2.7	-11.6
Export shipments:						
Quantity	310,276	48,376	3,747	-98.8	-84.4	-92.3
Value	208,364	30,831	2,261	-98.9	-85.2	-92.7
Unit value	$672	$637	$603	-10.1	-5.1	-5.3
Ending inventory quantity	99,478	56,153	48,605	-51.1	-43.6	-13.4
Inventories/total shipments[1]	8.4	5.8	14.5	6.1	-2.7	8.8
Production workers	1,258	984	566	-55.0	-21.8	-42.5
Hours worked (*1,000 hours*)	2,689	1,877	1,065	-60.4	-30.2	-43.3
Wages paid (*1,000 dollars*)	50,907	37,793	19,299	-62.1	-25.8	-48.9
Hourly wages	$18.93	$20.13	$18.12	-4.3	6.3	-10.0
Productivity (*tons per hour*)	455.4	493.8	311.1	-31.7	8.4	-37.0
Unit labor costs	$41.58	$40.77	$58.24	40.1	-2.0	42.9
Net sales:						
Quantity	1,175,290	969,613	333,303	-71.6	-17.5	-65.6
Value	807,321	684,755	198,046	-75.5	-15.2	-71.1
Unit value	$687	$706	$594	-13.5	2.8	-15.9
COGS	721,996	583,161	200,161	-72.3	-19.2	-65.7
Gross profit or (loss)	85,325	101,594	(2,115)	-102.5	19.1	-102.1
SG&A expenses	26,198	36,543	20,793	-20.6	39.5	-43.1
Operating income or (loss)	59,127	65,051	(22,908)	-138.7	10.0	-135.2
Capital expenditures	14,166	15,449	4,390	-69.0	9.1	-71.6
Unit COGS	$614	$601	$601	-2.2	-2.1	-0.1
Unit SG&A expenses	$22.29	$37.69	$62.38	179.9	69.1	65.5
Unit operating income or (loss)	$50.31	$67.09	$(68.73)	-236.6	33.4	-202.4
COGS/sales[1]	89.4	85.2	101.1	11.6	-4.3	15.9
Operating income or (loss)/sales[1]	7.3	9.5	-11.6	-18.9	2.2	-21.1

[1] Period changes are in percentage points.

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

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

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Table C-2
ERW CWLDLP: Summary data concerning the U.S. market, 1998-2000

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

Item	Calendar year			Period changes		
	1998	1999	2000	1998-2000	1998-1999	1999-2000
U.S. consumption quantity:						
Amount	576,548	453,262	321,570	-44.2	-21.4	-29.1
Producers' share[1]	60.5	58.7	46.8	-13.8	-1.9	-11.9
Importers' share:[1]						
Japan	25.6	19.3	31.6	6.0	-6.3	12.3
Mexico	0.8	1.0	1.3	0.4	0.2	0.3
Subtotal	26.5	20.3	32.8	6.4	-6.2	12.5
Other sources	13.0	21.0	20.4	7.4	8.0	-0.6
Total	39.5	41.3	53.2	13.8	1.9	11.9
U.S. consumption value:						
Amount	328,903	217,971	154,629	-53.0	-33.7	-29.1
Producers' share[1]	60.6	61.3	50.1	-10.4	0.7	-11.2
Importers' share:[1]						
Japan	27.2	18.7	30.7	3.4	-8.5	11.9
Mexico	0.8	0.8	1.2	0.4	0.1	0.3
Subtotal	28.0	19.6	31.8	3.8	-8.5	12.3
Other sources	11.4	19.1	18.0	6.6	7.7	-1.1
Total	39.4	38.7	49.9	10.4	-0.7	11.2
U.S. imports from–[2]						
Japan:						
Quantity	147,642	87,465	101,532	-31.2	-40.8	16.1
Value	89,624	40,830	47,436	-47.1	-54.4	16.2
Unit value	$607	$467	$467	-23.0	-23.1	0.1
Ending inventories	10,715	3,901	12,239	14.2	-63.6	213.7
Mexico:						
Quantity	4,891	4,528	4,085	-16.5	-7.4	-9.8
Value	2,582	1,846	1,799	-30.3	-28.5	-2.5
Unit value	$528	$408	$440	-16.6	-22.8	8.0
Ending inventories	398	773	1,154	190.0	94.2	49.3
Subtotal:						
Quantity	152,533	91,993	105,617	-30.8	-39.7	14.8
Value	92,206	42,676	49,235	-46.6	-53.7	15.4
Unit value	$605	$464	$466	-22.9	-23.3	0.5
Ending inventories	11,113	4,674	13,393	20.5	-57.9	186.5
Other sources:						
Quantity	75,058	95,329	65,613	-12.6	27.0	-31.2
Value	37,478	41,684	27,859	-25.7	11.2	-33.2
Unit value	$499	$437	$425	-15.0	-12.4	-2.9
All sources:						
Quantity	227,591	187,321	171,230	-24.8	-17.7	-8.6
Value	129,685	84,360	77,094	-40.6	-35.0	-8.6
Unit value	$570	$450	$450	-21.0	-21.0	0.0
Table continued on next page.						

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Table C-2--*Continued*
ERW CWLDLP: Summary data concerning the U.S. market, 1998-2000

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

Item	Calendar year			Period changes		
	1998	1999	2000	1998-2000	1998-1999	1999-2000
U.S. producers'–[3]						
Capacity quantity	634,746	578,217	562,620	-11.4	-8.9	-2.7
Production quantity	457,464	268,339	161,412	-64.7	-41.3	-39.8
Capacity utilization[1]	72.1	46.4	28.7	-43.4	-25.7	-17.7
U.S. shipments:						
Quantity	348,957	265,941	150,340	-56.9	-23.8	-43.5
Value	199,218	133,611	77,535	-61.1	-32.9	-42.0
Unit value	$571	$502	$516	-9.7	-12.0	2.7
Export shipments:						
Quantity	86,996	11,158	1,124	-98.7	-87.2	-89.9
Value	49,534	6,188	665	-98.7	-87.5	-89.3
Unit value	$569	$555	$592	3.9	-2.6	6.7
Ending inventory quantity	40,848	32,580	38,013	-6.9	-20.2	16.7
Inventories/total shipments[1]	9.4	11.8	25.1	15.7	2.4	13.3
Production workers	320	270	239	-25.3	-15.6	-11.5
Hours worked (*1,000 hours*)	708	490	368	-48.0	-30.8	-24.9
Wages paid (*1,000 dollars*)	11,731	9,117	6,568	-44.0	-22.3	-28.0
Hourly wages	$16.56	$18.60	$17.84	7.7	12.3	-4.1
Productivity (*tons per hour*)	645.9	547.4	438.5	-32.1	-15.3	-19.9
Unit labor costs	$25.64	$33.98	$40.69	58.7	32.5	19.8
Net sales:						
Quantity	435,953	277,099	151,464	-65.3	-36.4	-45.3
Value	248,752	139,799	78,199	-68.6	-43.8	-44.1
Unit value	$571	$505	$516	-9.5	-11.6	2.3
COGS	228,645	134,063	76,529	-66.5	-41.4	-42.9
Gross profit or (loss)	20,107	5,736	1,670	-91.7	-71.5	-70.9
SG&A expenses	7,158	7,815	6,513	-9.0	9.2	-16.7
Operating income or (loss)	12,949	(2,079)	(4,843)	-137.4	-116.1	132.9
Capital expenditures	5,018	3,823	951	-81.0	-23.8	-75.1
Unit COGS	$524	$484	$505	-3.7	-7.8	4.4
Unit SG&A expenses	$16.42	$28.20	$43.00	161.9	71.8	52.5
Unit operating income or (loss)	$29.70	$(7.50)	$(31.97)	-207.6	-125.3	326.2
COGS/sales[1]	91.9	95.9	97.9	5.9	4.0	2.0
Operating income or (loss)/sales[2]	5.2	-1.5	-6.2	-11.4	-6.7	-4.7

[1] Period changes are in percentage points.

[2] ERW imports are compiled from Customs statistics for HTS numbers 7305.12, and 7305.19. Excluded from the 7305.19 category are *.**

[3] U.S. producers of ERW pipe include American, Stupp, and US Steel.

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

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

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Table C-3
SAW CWLDLP: Summary data concerning the U.S. market, 1998-2000[1]

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

Item	Calendar year			Period changes		
	1998	1999	2000	1998-2000	1998-1999	1999-2000
U.S. consumption quantity:						
Amount	833,243	778,866	514,996	-38.2	-6.5	-33.9
Producers' share[1]	62.2	84.3	35.0	-27.2	22.1	-49.3
Importers' share:[1]						
Japan	18.2	10.2	22.9	4.6	-8.1	12.7
Mexico	2.4	3.5	4.6	2.2	1.1	1.1
Subtotal	20.6	13.7	27.5	6.9	-6.9	13.8
Other sources	17.2	2.0	37.5	20.3	-15.1	35.5
Total	37.8	15.7	65.0	27.2	-22.1	49.3
U.S. consumption value:						
Amount	591,645	521,816	288,054	-51.3	-11.8	-44.8
Producers' share[1]	62.9	87.7	38.1	-24.8	24.8	-49.6
Importers' share:[1]						
Japan	18.0	8.2	19.1	1.1	-9.8	10.9
Mexico	1.8	2.4	3.8	2.0	0.6	1.4
Subtotal	19.7	10.5	22.8	3.1	-9.2	12.3
Other sources	17.4	1.8	39.1	21.7	-15.6	37.3
Total	37.1	12.3	61.9	24.8	-24.8	49.6
U.S. imports from--[2]						
Japan:						
Quantity	152,050	79,423	117,886	-22.5	-47.8	48.4
Value	106,330	42,660	54,969	-48.3	-59.9	28.9
Unit value	$699	$537	$466	-33.3	-23.2	-13.2
Ending inventories	5,958	6,917	5,296	-11.1	16.1	-23.4
Mexico:						
Quantity	19,662	27,042	23,542	19.7	37.5	-12.9
Value	10,481	12,347	10,816	3.2	17.8	-12.4
Unit value	$533	$457	$459	-13.8	-14.3	0.6
Ending inventories	409	54	626	53.1	-86.8	1,059.3
Subtotal:						
Quantity	171,712	106,465	141,428	-17.6	-38.0	32.8
Value	116,811	55,007	65,785	-43.7	-52.9	19.6
Unit value	$680	$517	$465	-31.6	-24.0	-10.0
Ending inventories	6,367	6,971	5,922	-7.0	9.5	-15.0
Other sources:						
Quantity	143,154	15,827	193,273	35.0	-88.9	1,121.2
Value	102,670	9,382	112,528	9.6	-90.9	1,099.3
Unit value	$717	$593	$582	-18.8	-17.3	-1.8
All sources:						
Quantity	314,866	122,291	334,701	6.3	-61.2	173.7
Value	219,481	64,390	178,313	-18.8	-70.7	176.9
Unit value	$697	$527	$533	-23.6	-24.5	1.2
Table continued on next page.						

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Table C-3--*Continued*
SAW CWLDLP: Summary data concerning the U.S. market, 1998-2000

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

Item	Calendar year			Period changes		
	1998	1999	2000	1998-2000	1998-1999	1999-2000
U.S. producers'–[3]						
Capacity quantity	1,544,000	1,544,000	1,544,000	0.0	0.0	0.0
Production quantity	766,901	658,744	169,938	-77.8	-14.1	-74.2
Capacity utilization[1]	49.7	42.7	11.0	-38.7	-7.0	-31.7
U.S. shipments:						
Quantity	518,377	656,574	180,295	-65.2	26.7	-72.5
Value	372,165	457,426	109,741	-70.5	22.9	-76.0
Unit value	$718	$697	$609	-15.2	-3.0	-12.6
Export shipments:						
Quantity	223,280	37,218	2,623	-98.8	-83.3	-93.0
Value	158,830	24,643	1,596	-99.0	-84.5	-93.5
Unit value	$711	$662	$609	-14.5	-6.9	-8.1
Ending inventory quantity	58,630	23,573	10,592	-81.9	-59.8	-55.1
Inventories/total shipments[1]	7.9	3.4	5.8	-2.1	-4.5	2.4
Production workers	938	714	327	-65.1	-23.9	-54.2
Hours worked (*1,000 hours*)	1,980	1,387	697	-64.8	-29.9	-49.8
Wages paid (*1,000 dollars*)	39,176	28,676	12,730	-67.5	-26.8	-55.6
Hourly wages	$19.78	$20.67	$18.27	-7.7	4.5	-11.6
Productivity (*tons per hour*)	387.3	474.9	243.9	-37.0	22.6	-48.6
Unit labor costs	$51.08	$43.53	$74.91	46.6	-14.8	72.1
Net sales:						
Quantity	739,337	692,514	181,839	-75.4	-6.3	-73.7
Value	558,569	544,956	119,847	-78.5	-2.4	-78.0
Unit value	$756	$787	$659	-12.8	4.2	-16.2
COGS	493,351	449,098	123,632	-74.9	-9.0	-72.5
Gross profit or (loss)	65,218	95,858	(3,785)	-105.8	47.0	-103.9
SG&A expenses	19,040	28,728	14,280	-25.0	50.9	-50.3
Operating income or (loss)	46,178	67,130	(18,065)	-139.1	45.4	-126.9
Capital expenditures	9,148	11,626	3,439	-62.4	27.1	-70.4
Unit COGS	$667	$649	$680	1.9	-2.8	4.8
Unit SG&A expenses	25.75	41.48	78.53	204.9	61.1	89.3
Unit operating income or (loss)	62.46	96.94	(99.35)	-259.1	55.2	-202.5
COGS/sales[1]	88.3	82.4	103.2	14.8	-5.9	20.7
Operating income or (loss)/sales[1]	8.3	12.3	-15.1	-23.3	4.1	-27.4

[1] Period changes are in percentage points.
[2] ERW imports are compiled from Customs statistics for HTS number 7305.11. Adjustments include *.**
[3] U.S. producers of SAW pipe include Berg, Bethlehem, Napa, and Saw.

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

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

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APPENDIX D

ADDITIONAL INFORMATION REGARDING U.S. SHIPMENTS AND U.S. IMPORTS

D-1

ADDITIONAL DATA TABLES

Additional data relating to U.S. shipments and U.S. imports of CWLDLP are presented in appendix D as follows:

Table D-1
CWLDLP: U.S. producers' U.S. shipments and U.S. shipments of imports, by product categories, 1998-2000

Item	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00
	U.S. producers				Product from Japan				Product from Mexico				Product from other sources				TOTAL			
WELD TYPE:																				
ERW --Qty. (tons)	348,957	265,941	150,340	765,238	94,768	77,960	102,831	275,558	2,147	2,867	1,031	6,045	6,417	7,996	1,051	15,464	452,289	354,764	255,253	1,062,305
--Val. ($1,000)	199,218	133,611	77,535	410,364	57,033	35,892	47,775	140,700	1,059	1,359	507	2,925	3,055	2,940	479	6,474	260,365	173,802	126,296	560,463
--Unit Val	$571	$502	$516	$536	$602	$460	$465	$511	$493	$474	$491	$484	$476	$368	$456	$419	$576	$490	$495	$528
--%Category	77.2	75.0	58.9	72.0	21.0	22.0	40.3	25.9	0.5	0.8	0.4	0.6	1.4	2.3	0.4	1.5	100.0	100.0	100.0	100.0
--%CWLDLP	40.4	28.9	45.6	36.2	39.2	45.6	46.8	43.5	14.8	11.8	4.8	10.0	58.5	82.5	20.8	60.1	40.0	31.5	44.3	37.5
SAW --Qty. (tons)	515,051	655,296	179,216	1,349,563	147,269	93,124	116,993	357,387	12,316	21,519	20,311	54,146	3,008	1,700	2,988	7,696	677,644	771,639	319,508	1,768,792
--Val. ($1,000)	371,335	457,107	109,471	937,913	113,803	57,760	60,015	231,578	7,264	11,858	11,080	30,203	1,336	807	1,323	3,466	493,739	527,531	181,890	1,203,160
--Unit Val	$721	$698	$611	$695	$773	$620	$513	$648	$590	$551	$546	$558	$444	$475	$443	$450	$729	$684	$569	$680
--%Category	76.0	84.9	56.1	76.3	21.7	12.1	36.6	20.2	1.8	2.8	6.4	3.1	0.4	0.2	0.9	0.4	100.0	100.0	100.0	100.0
--%CWLDLP	59.6	71.1	54.4	63.8	60.8	54.4	53.2	56.5	85.0	88.2	95.0	89.8	27.4	17.5	59.0	29.9	59.9	68.5	55.5	62.4
OTHER --Qty. (tons)	0	0	0	0	0	0	0	0	33	0	49	82	1,551	0	1,026	2,577	1,584	0	1,075	2,659
--Val. ($1,000)	0	0	0	0	0	0	0	0	19	0	24	43	783	0	487	1,269	802	0	510	1,312
--Unit Val	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	$582	ERR	$488	$526	$505	ERR	$474	$493	$506	ERR	$475	$494
--%Category	0.0	ERR	0.0	0.0	0.0	ERR	0.0	0.0	2.1	ERR	4.6	3.1	97.9	ERR	95.4	96.9	100.0	ERR	100.0	100.0
--%CWLDLP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.1	14.1	0.0	20.3	10.0	0.1	0.0	0.2	0.1
TOTAL --Qty. (tons)	864,008	921,237	329,556	2,114,801	242,037	171,084	219,824	632,945	14,496	24,386	21,391	60,273	10,976	9,696	5,065	25,737	1,131,517	1,126,403	575,836	2,833,756
--Val. ($1,000)	570,553	590,718	187,006	1,348,277	170,836	93,652	107,790	372,278	8,342	13,217	11,611	33,171	5,174	3,747	2,289	11,210	754,906	701,334	308,696	1,764,935
--Unit Val	$660	$641	$567	$638	$706	$547	$490	$588	$576	$542	$543	$550	$471	$386	$452	$436	$667	$623	$536	$623
--%Category	76.4	81.8	57.2	74.6	21.4	15.2	38.2	22.3	1.3	2.2	3.7	2.1	1.0	0.9	0.9	0.9	100.0	100.0	100.0	100.0
--%CWLDLP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SIZE:																				
>16" <= 24" OD --Qty. (tons)	360,257	273,615	183,243	817,115	178,986	77,085	128,643	384,714	4,668	6,577	1,957	13,202	6,421	8,215	1,932	16,568	550,332	365,492	315,775	1,231,599
--Val. ($1,000)	207,120	139,174	97,307	443,601	127,166	38,765	62,587	228,518	2,411	2,780	946	6,137	3,051	3,065	939	7,055	339,748	183,784	161,780	685,311
--Unit Val	$575	$509	$531	$543	$710	$503	$487	$594	$516	$423	$484	$465	$475	$373	$486	$426	$617	$503	$512	$556
--%Category	65.5	74.9	58.0	66.3	32.5	21.1	40.7	31.2	0.8	1.8	0.6	1.1	1.2	2.2	0.6	1.3	100.0	100.0	100.0	100.0
--%CWLDLP	41.7	29.7	55.6	38.6	74.0	45.1	58.5	60.8	32.2	27.0	9.1	21.9	58.5	84.7	38.1	64.4	48.6	32.4	54.8	43.5
>24" <= 42" OD --Qty. (tons)	480,158	628,663	127,748	1,236,569	57,445	79,893	81,996	219,335	***	***	***	***	***	***	***	***	547,872	723,981	229,810	1,501,664
--Val. ($1,000)	347,433	439,515	77,915	864,863	39,887	46,883	40,860	127,630	***	***	***	***	***	***	***	***	393,432	495,454	129,564	1,018,450
--Unit Val	$724	$699	$610	$699	$694	$587	$498	$582	***	***	***	***	***	***	***	***	$718	$684	$564	$678
--%Category	87.6	86.8	55.6	82.3	10.5	11.0	35.7	14.6	***	***	***	***	***	***	***	***	100.0	100.0	100.0	100.0
--%CWLDLP	55.6	68.2	38.8	58.5	23.7	46.7	37.3	34.7	***	***	***	***	***	***	***	***	48.4	64.3	39.9	53.0
>42" OD --Qty. (tons)	23,593	18,960	18,563	61,116	5,605	14,107	9,187	28,899	***	***	***	***	***	***	***	***	33,312	36,933	30,252	100,497
--Val. ($1,000)	15,998	12,031	11,784	39,813	3,783	8,004	4,344	16,131	***	***	***	***	***	***	***	***	21,724	22,098	17,354	61,176
--Unit Val	$678	$635	$635	$651	$675	$567	$473	$558	***	***	***	***	***	***	***	***	$652	$598	$574	$609
--%Category	70.8	51.3	61.4	60.8	16.8	38.2	30.4	28.8	***	***	***	***	***	***	***	***	100.0	100.0	100.0	100.0
--%CWLDLP	2.7	2.1	5.6	2.9	2.3	8.2	4.2	4.6	***	***	***	***	***	***	***	***	2.9	3.3	5.3	3.5
TOTAL --Qty. (tons)	864,008	921,238	329,554	2,114,800	242,037	171,085	219,826	632,948	14,496	24,386	21,392	60,274	10,976	9,697	5,065	25,738	1,131,517	1,126,406	575,837	2,833,760
--Val. ($1,000)	570,551	590,720	187,006	1,348,277	170,836	93,652	107,791	372,279	8,343	13,217	11,611	33,171	5,174	3,747	2,289	11,210	754,903	701,336	308,697	1,764,936
--Unit Val	$660	$641	$567	$638	$706	$547	$490	$588	$576	$542	$543	$550	$471	$386	$452	$436	$667	$623	$536	$623
--%Category	76.4	81.8	57.2	74.6	21.4	15.2	38.2	22.3	1.3	2.2	3.7	2.1	1.0	0.9	0.9	0.9	100.0	100.0	100.0	100.0
--%CWLDLP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

--Continued on next page.

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Table D-1--Continued
CWLDLP: U.S. producers' U.S. shipments and U.S. shipments of imports, by product categories, 1998-2000

Item	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00	1998	1999	2000	'98-'00
	U.S. producers				Product from Japan				Product from Mexico				Product from other sources				TOTAL			
GRADE:																				
X40-X49 --Qty. (tons)	137,345	95,018	63,908	296,271	53,223	66,299	102,431	221,953	7,816	9,614	6,137	23,567	6,600	8,019	663	15,282	204,984	178,950	173,139	557,073
--Val. ($1,000)	91,907	56,500	35,617	184,024	33,204	33,260	46,998	113,462	4,285	5,125	3,470	12,879	3,176	2,952	227	6,355	132,571	97,837	86,312	316,720
--Unit Val	$669	$595	$557	$621	$624	$502	$459	$511	$548	$533	$565	$546	$481	$368	$342	$416	$647	$547	$499	$569
--%Category	67.0	53.1	36.9	53.2	26.0	37.0	59.2	39.8	3.8	5.4	3.5	4.2	3.2	4.5	0.4	2.7	100.0	100.0	100.0	100.0
--%CWLDLP	15.9	10.3	19.4	14.0	22.0	38.8	46.6	35.1	53.9	39.4	28.6	39.1	60.1	82.7	13.1	59.4	18.1	15.9	30.1	19.7
X50-X59 --Qty. (tons)	24,230	19,182	17,839	61,251	62,181	51,601	69,286	183,068	4,246	3,090	2,209	9,545	1,815	0	1,297	3,112	92,472	73,873	90,631	256,976
--Val. ($1,000)	16,603	10,947	10,302	37,852	39,675	27,883	33,700	101,258	2,652	1,302	1,143	5,097	916	0	681	1,597	59,846	40,132	45,827	145,804
--Unit Val	$685	$571	$578	$618	$638	$540	$486	$553	$625	$421	$517	$534	$505	ERR	$525	$513	$647	$543	$506	$567
--%Category	26.2	26.0	19.7	23.8	67.2	69.9	76.4	71.2	4.6	4.2	2.4	3.7	2.0	0.0	1.4	1.2	100.0	100.0	100.0	100.0
--%CWLDLP	2.8	2.1	5.4	2.9	25.7	30.2	31.5	28.9	29.3	12.7	10.3	15.8	16.5	0.0	25.6	12.1	8.2	6.6	15.7	9.1
X60-X69 --Qty. (tons)	263,643	92,930	112,334	468,907	101,361	27,906	26,035	155,301	***	***	***	***	***	***	***	***	368,315	123,718	140,609	632,642
--Val. ($1,000)	174,228	53,548	61,577	289,353	75,847	17,581	13,133	106,561	***	***	***	***	***	***	***	***	251,645	72,384	75,733	399,761
--Unit Val	$661	$576	$548	$617	$748	$630	$504	$686	***	***	***	***	***	***	***	***	$683	$585	$539	$632
--%Category	71.6	75.1	79.9	74.1	27.5	22.6	18.5	24.5	***	***	***	***	***	***	***	***	100.0	100.0	100.0	100.0
--%CWLDLP	30.5	10.1	34.1	22.2	41.9	16.3	11.8	24.5	***	***	***	***	***	***	***	***	32.6	11.0	24.4	22.3
X70 & ABOVE --Qty. (tons)	418,683	705,838	124,388	1,248,909	24,931	15,661	14,770	55,362	***	***	***	***	***	***	***	***	444,092	730,105	147,863	1,322,059
--Val. ($1,000)	276,756	465,937	67,877	810,570	21,855	11,520	10,643	44,018	***	***	***	***	***	***	***	***	298,910	482,898	83,893	865,701
--Unit Val	$661	$660	$546	$649	$877	$736	$721	$795	***	***	***	***	***	***	***	***	$673	$661	$567	$655
--%Category	94.3	96.7	84.1	94.5	5.6	2.1	10.0	4.2	***	***	***	***	***	***	***	***	100.0	100.0	100.0	100.0
--%CWLDLP	48.5	76.6	37.7	59.0	10.3	9.2	6.7	8.7	***	***	***	***	***	***	***	***	39.2	64.8	25.7	46.6
OTHER --Qty. (tons)	20,107	8,835	11,087	40,029	340	9,617	7,303	17,260	***	***	***	***	***	***	***	***	21,653	20,324	23,624	65,601
--Val. ($1,000)	11,058	3,675	5,632	20,365	253	3,389	3,313	6,955	***	***	***	***	***	***	***	***	11,930	7,952	10,927	30,809
--Unit Val	$550	$416	$508	$509	$744	$352	$454	$403	***	***	***	***	***	***	***	***	$551	$391	$463	$470
--%Category	92.9	43.5	46.9	61.0	1.6	47.3	30.9	26.3	***	***	***	***	***	***	***	***	100.0	100.0	100.0	100.0
--%CWLDLP	2.3	1.0	3.4	1.9	0.1	5.6	3.3	2.7	***	***	***	***	***	***	***	***	1.9	1.8	4.1	2.3
TOTAL --Qty. (tons)	864,008	921,803	329,556	2,115,367	242,037	171,084	219,824	632,945	14,496	24,385	21,421	60,302	10,976	9,697	5,065	25,738	1,131,517	1,126,970	575,866	2,834,352
--Val. ($1,000)	570,551	590,607	181,006	1,342,164	170,834	93,633	107,787	372,254	8,343	13,216	11,610	33,168	5,174	3,747	2,289	11,210	754,902	701,202	302,692	1,758,795
--Unit Val	$660	$641	$549	$634	$706	$547	$490	$588	$576	$542	$542	$550	$471	$386	$452	$436	$667	$622	$526	$621
--%Category	76.4	81.8	57.2	74.6	21.4	15.2	38.2	22.3	1.3	2.2	3.7	2.1	1.0	0.9	0.9	0.9	100.0	100.0	100.0	100.0
--%CWLDLP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

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Table D-2
CWLDLP: U.S. producers' U.S. shipments and U.S. shipments of imports, by weld types and product categories, 1998-2000

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Table D-3
CWLDLP: Quantities and shares of U.S. imports, by Customs districts, 1998-2000

Source	Anch., AK	Sea., WA	Col., OR	SF, CA	LA, CA	SD, CA	GF, MT	El Pas., TX	Hous/Gal., TX	Laredo, TX	NO, LA	Tam., FL	Sav., GA	Phil., PA	PR	Total
JAPAN--									(Quantity, short tons)							
1998:																
1st Qtr.	0	0	209	0	266	0	4	0	13,074	0	3,816	0	0	0	0	17,370
2nd Qtr.	0	0	0	0	410	0	0	0	36,161	0	32,936	0	0	0	0	69,507
3rd Qtr.	0	0	0	0	3,578	0	0	0	22,646	0	62,873	24,856	0	0	0	113,952
4th Qtr.	11,004	0	231	0	834	0	0	0	39,793	18	46,531	231	0	220	0	98,864
1998:	11,004	0	441	0	5,088	0	4	0	111,674	18	146,156	25,087	0	220	0	299,693
1999:																
1st Qtr.	0	0	0	2,331	1,399	0	0	0	25,195	0	24,773	0	51	0	0	53,749
2nd Qtr.	0	14	175	2,260	2,488	0	116	0	20,128	0	5,883	0	51	1,484	0	32,598
3rd Qtr.	0	260	1,098	3,330	12,187	0	0	0	17,736	0	12,227	72	0	0	0	46,909
4th Qtr.	0	3,521	688	4,905	6,014	0	0	0	14,066	0	4,392	0	44	0	0	33,630
1999:	0	3,795	1,961	12,826	22,088	0	116	0	77,126	0	47,274	72	146	1,484	0	166,887
2000:																
1st Qtr.	0	183	990	287	4,249	0	43	0	26,012	0	20,636	0	0	0	0	52,400
2nd Qtr.	0	240	1,117	5,552	10,482	0	0	0	33,489	0	24,613	0	63	588	0	76,144
3rd Qtr.	35	366	1,002	327	5,045	0	0	0	38,672	0	19,098	0	0	0	0	64,546
4th Qtr.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000:	35	789	3,108	6,166	19,776	0	43	0	98,173	0	64,348	0	63	588	0	193,090
MEXICO--																
1998:																
1st Qtr.	0	0	0	0	0	0	6	185	0	7,622	0	0	0	0	0	7,813
2nd Qtr.	0	0	0	0	0	0	0	35	0	2,717	0	0	0	0	0	2,752
3rd Qtr.	0	0	0	0	871	0	0	0	0	9,341	0	0	0	0	0	10,212
4th Qtr.	1,123	0	0	0	0	0	0	34	55	2,534	0	0	0	0	32	3,779
1998:	1,123	0	0	0	871	0	6	255	55	22,215	0	0	0	0	32	24,556
1999:																
1st Qtr.	0	0	0	0	0	0	0	43	0	2,168	0	0	0	0	0	2,211
2nd Qtr.	0	0	0	0	0	0	0	0	1,451	3,888	0	0	0	0	0	5,338
3rd Qtr.	0	0	0	0	0	0	0	0	0	6,170	0	0	0	0	182	6,351
4th Qtr.	0	0	0	0	0	0	0	0	237	9,350	8,083	0	0	0	0	17,670
1999:	0	0	0	0	0	0	0	43	1,688	21,575	8,083	0	0	0	182	31,571
2000:																
1st Qtr.	0	0	0	0	0	0	0	0	23	8,691	8,344	0	0	0	0	17,058
2nd Qtr.	0	0	0	0	0	139	0	0	18	5,671	0	0	0	0	0	5,828
3rd Qtr.	0	0	0	0	0	0	0	0	0	3,662	0	0	0	0	0	3,662
4th Qtr.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000:	0	0	0	0	0	139	0	0	41	18,024	8,344	0	0	0	0	26,548

--CONTINUED ON NEXT PAGE.

Table D-3--Continued
CWLDLP: Quantities of U.S. imports, by Customs districts, 1998-November 2000

Source	Anch., AK	Sea., WA	Col., OR	SF, CA	LA, CA	SD, CA	GF, MT	El Pas., TX	Hous/Gal., TX	Laredo, TX	NO, LA	Tam., FL	Sav., GA	Phil., PA	PR	Total
									Share of total imports (percent)							
JAPAN--																
1998:																
1st Qtr.	(1)	(1)	1.2	(1)	1.5	(1)	(1)	(1)	75.3	(1)	22.0	(1)	(1)	(1)	(1)	100.0
2nd Qtr.	(1)	(1)	(1)	(1)	0.6	(1)	(1)	(1)	52.0	(1)	47.4	(1)	(1)	(1)	(1)	100.0
3rd Qtr.	(1)	(1)	(1)	(1)	3.1	(1)	(1)	(1)	19.9	(1)	55.2	21.8	(1)	(1)	(1)	100.0
4th Qtr.	11.1	(1)	0.2	(1)	0.8	(1)	(1)	(1)	40.3	(1)	47.1	0.2	(1)	0.2	(1)	100.0
1998:	3.7	(1)	0.1	(1)	1.7	(1)	(1)	(1)	37.3	(1)	48.8	8.4	(1)	0.1	(1)	100.0
1999:																
1st Qtr.	(1)	(	(	4.3	2.6	(1)	(1)	(1)	46.9	(1)	46.1	(1)	0.1	(1)	(1)	100.0
2nd Qtr.	(1)	(	0.5	6.9	7.6	(1)	0.4	(1)	61.7	(1)	18.0	(1)	0.2	4.6	(1)	100.0
3rd Qtr.	(1)	0.6	2.3	7.1	26.0	(1)	(1)	(1)	37.8	(1)	26.1	0.2	(1)	(1)	(1)	100.0
4th Qtr.	(1)	10.5	2.0	14.6	17.9	(1)	(1)	(1)	41.8	(1)	13.1	(1)	0.1	(1)	(1)	100.0
1999:	(1)	2.3	1.2	7.7	13.2	(1)	0.1	(1)	46.2	(1)	28.3	(1)	0.1	0.9	(1)	100.0
2000:																
1st Qtr.	(1)	0.3	1.9	0.5	8.1	(1)	0.1	(1)	49.6	(1)	39.4	(1)	(1)	(1)	(1)	100.0
2nd Qtr.	(1)	0.3	1.5	7.3	13.8	(1)	(1)	(1)	44.0	(1)	32.3	(1)	0.1	0.8	(1)	100.0
3rd Qtr.	0.1	0.6	1.6	0.5	7.8	(1)	(1)	(1)	59.9	(1)	29.6	(1)	(1)	(1)	(1)	100.0
4th Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2000:	0.0	0.4	1.6	3.2	10.2	(1)	(1)	(1)	50.8	(1)	33.3	(1)	(1)	0.3	(1)	100.0
MEXICO--																
1998:																
1st Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	0.1	2.4	(1)	97.6	(1)	(1)	(1)	(1)	(1)	100.0
2nd Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1.3	(1)	98.7	(1)	(1)	(1)	(1)	(1)	100.0
3rd Qtr.	(1)	(1)	(1)	(1)	8.5	(1)	(1)	(1)	(1)	91.5	(1)	(1)	(1)	(1)	(1)	100.0
4th Qtr.	29.7	(1)	(1)	(1)	(1)	(1)	(1)	0.9	1.5	67.1	(1)	(1)	(1)	(1)	(1)	100.0
1998:	4.6	(1)	(1)	(1)	3.5	(1)	(1)	1.0	0.2	90.5	(1)	(1)	(1)	(1)	(1)	100.0
1999:																
1st Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1.9	(1)	98.1	(1)	(1)	(1)	(1)	(1)	100.0
2nd Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	27.2	72.8	(1)	(1)	(1)	(1)	(1)	100.0
3rd Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.0	97.1	(1)	(1)	(1)	(1)	2.9	100.0
4th Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1.3	52.9	45.7	(1)	(1)	(1)	(1)	100.0
1999:	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1	5.3	68.3	25.6	(1)	(1)	(1)	0.6	100.0
2000:																
1st Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1	50.9	48.9	(1)	(1)	(1)	(1)	100.0
2nd Qtr.	(1)	(1)	(1)	(1)	(1)	2.4	(1)	(1)	0.3	97.3	(1)	(1)	(1)	(1)	(1)	100.0
3rd Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	100.0	(1)	(1)	(1)	(1)	(1)	100.0
4th Qtr.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2000:	(1)	(1)	(1)	(1)	(1)	0.5	(1)	(1)	0.2	67.9	31.4	(1)	(1)	(1)	(1)	100.0

(1) Not applicable.

Source: Official Commerce statistics.

D-8

APPENDIX E

EFFECTS OF SUBJECT IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

E-1

The Commission requested U.S. producers to describe any actual or potential negative effects on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of CWLDLP from Japan and/or Mexico (questions III-8 and III-9). Their responses are as follows:

Actual Negative Effects

* * * * * * *

Anticipated Negative Effects

* * * * * * *

E-3

APPENDIX F

ADDITIONAL INFORMATION ON THE FOREIGN INDUSTRIES

F-1

This appendix presents additional information relating to the ERW and SAW operations of Japanese and Mexican manufacturers/exporters, as follows:

Table F-1
CWLDLP: Data for producers in Japan, by products, 1998-2000, and projected 2001-2002

Item	1998	1999	2000	Projected 2001	Projected 2002
	Quantity (short tons)				
ERW--					
Capacity	295,557	229,547	183,770	242,095	242,095
Production	252,231	199,272	163,786	200,477	204,776
End-of-period inventories	17,252	11,143	17,565	13,267	13,268
Shipments:					
Internal consumption/transfers	***	***	***	***	***
Home market	***	***	***	***	***
Exports to:					
United States	100,054	64,374	108,284	79,133	79,133
All other markets	150,454	140,990	49,079	124,375	124,375
Total exports	250,508	205,364	157,363	203,508	203,508
Total shipments	252,560	205,382	157,363	204,775	204,775
SAW--					
Capacity	944,129	963,950	529,817	992,701	992,701
Production	881,849	924,788	472,881	866,868	888,031
End-of-period inventories	68,494	32,272	142,297	98,741	83,749
Shipments:					
Internal consumption/transfers	***	***	***	***	***
Home market	***	***	***	***	***
Exports to:					
United States	182,103	97,891	94,535	51,277	51,277
All other markets	653,899	843,789	261,532	850,555	842,154
Total exports	836,002	941,680	356,067	901,832	893,431
Total shipments	849,397	961,009	362,857	911,423	903,022
	Ratios and shares (percent)				
ERW--					
Capacity utilization	85.3	86.8	89.1	82.8	84.6
Inventories/production	6.8	5.6	10.7	6.6	6.5
Inventories/shipments	6.8	5.4	11.2	6.5	6.5
Share of total shipments:					
Internal consumption/transfers	***	***	***	***	***
Home market	***	***	***	***	***
Exports to:					
United States	39.6	31.3	68.8	38.6	38.6
All other markets	59.6	68.6	31.2	60.7	60.7
Total exports	99.2	100.0	100.0	99.4	99.4
SAW--					
Capacity utilization	93.4	95.9	89.3	87.3	89.5
Inventories/production	7.8	3.5	30.1	11.4	9.4
Inventories/shipments	8.1	3.4	39.2	10.8	9.3
Share of total shipments:					
Internal consumption/transfers	***	***	***	***	***
Home market	***	***	***	***	***
Exports to:					
United States	21.4	10.2	26.1	5.6	5.7
All other markets	77.0	87.8	72.1	93.3	93.3
Total exports	98.4	98.0	98.1	98.9	98.9

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

F-4

Table F-2
CWLDLP: Data for producers in Mexico, by products, 1998-2000, and projected 2001-2002

* * * * * * *

Table F-3
CWLDLP: Exports to the United States, by product categories, 1998-2000

Item	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
	JAPAN						*MEXICO*					
	Quantity (short tons)			Share of total (percent)			Quantity (short tons)			Share of total (percent)		
ERW--												
Grade:												
X 40-49	26,767	23,982	35,950	9.5	14.8	17.7	***	***	***	***	***	***
X 50-59	42,885	14,094	55,163	15.2	8.7	27.2	***	***	***	***	***	***
X 60-69	30,062	14,389	10,282	10.7	8.9	5.1	***	***	***	***	***	***
X 70 and above	339	9,624	1,076	0.1	5.9	0.5	***	***	***	***	***	***
Other	0	2,283	5,813	0.0	1.4	2.9	***	***	***	***	***	***
Size:												
>16" <= 24" O.D.	86,088	48,111	103,556	30.5	29.6	51.1	***	***	***	***	***	***
>24" <= 42" O.D.	13,967	16,262	4,725	5.0	10.0	2.3	***	***	***	***	***	***
>42" O.D.	0	0	0	0.0	0.0	0.0	***	***	***	***	***	***
SAW--												
Grade:												
X 40-49	38,013	55,047	52,792	13.5	33.9	26.0	***	***	***	***	***	***
X 50-59	48,456	20,331	28,704	17.2	12.5	14.2	***	***	***	***	***	***
X 60-69	63,123	17,185	5,268	22.4	10.6	2.6	***	***	***	***	***	***
X 70 and above	26,969	3,238	6,111	9.6	2.0	3.0	***	***	***	***	***	***
Other	5,542	2,092	1,658	2.0	1.3	0.8	***	***	***	***	***	***
Size:												
>16" <= 24" O.D.	105,528	27,318	19,358	37.4	16.8	9.5	***	***	***	***	***	***
>24" <= 42" O.D.	69,923	55,244	68,815	24.8	34.0	33.9	***	***	***	***	***	***
>42" O.D.	0	0	0	0.0	0.0	0.0	***	***	***	***	***	***
TOTAL CWLDLP--												
Weld Type:												
ERW	151,414	73,431	123,297	53.7	45.3	60.8	4,904	8,281	5,323	19.2	29.1	23.2
SAW	130,743	88,834	79,542	46.3	54.7	39.2	20,579	20,159	17,626	80.8	70.9	76.8
All other	0	0	0	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
Grade:												
X 40-49	64,780	79,029	88,742	23.0	48.7	43.7	17,111	13,720	9,575	67.1	48.2	41.7
X 50-59	91,341	34,425	83,867	32.4	21.2	41.3	4,061	917	994	15.9	3.2	4.3
X 60-69	93,185	31,574	15,550	33.0	19.5	7.7	1,105	2,784	1,361	4.3	9.8	5.9
X 70 and above	27,308	12,862	7,187	9.7	7.9	3.5	714	8,222	7,913	2.8	28.9	34.5
Other	5,542	4,375	7,471	2.0	2.7	3.7	70	300	1,093	0.3	1.1	4.8
Size:												
>16" <= 24" O.D.	191,616	75,429	122,914	67.9	46.5	60.6	4,946	7,774	4,175	19.4	27.3	18.2
>24" <= 42" O.D.	83,890	71,506	73,540	29.7	44.1	36.3	17,487	17,072	15,929	68.6	60.0	69.4
>42" O.D.	6,655	15,307	6,355	2.4	9.4	3.1	628	1,908	832	2.5	6.7	3.6
TOTAL	282,157	162,265	202,839	100.0	100.0	100.0	25,483	28,440	22,949	100.0	100.0	100.0

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

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