

# **GALVANIZED FABRICATED STRUCTURAL STEEL UNITS FOR THE ERECTION OF ELECTRICAL TRANSMISSION TOWERS FROM ITALY**

**Determination of the Commission  
in Investigation No. 104-TAA -4  
Under Section 104(b) of the  
Trade Agreements Act of 1979,  
Together With the Information  
Obtained in the  
Investigation**

**USITC PUBLICATION 1204**

**DECEMBER 1981**

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

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**Michael J. Calhoun, Vice Chairman**

**Paula Stern**

**Alfred E. Eckes**

**Eugene J. Frank**

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C O N T E N T S

	<u>Page</u>
Determination of the Commission-----	1
Views of Chairman Alberger, Vice Chairman Calhoun, Commissioner Stern and Commissioner Eckes-----	3
Additional views of Vice Chairman Michael J. Calhoun-----	10
Views of Commissioner Frank-----	11
Information obtained in the investigation:	
Introduction-----	A-1
Previous Commission investigations-----	A-2
Nature and amount of the subsidy-----	A-3
The product:	
Description and uses-----	A-4
U.S. tariff treatment-----	A-6
U.S. producers-----	A-8
U.S. market and apparent consumption-----	A-9
U.S. imports-----	A-12
Consideration of material injury or the threat thereof to a domestic industry if the countervailing duty order were to be revoked:	
U.S. producers' domestic and export shipments-----	A-14
U.S. production, capacity, and capacity utilization-----	A-16
U.S. employment, wages, and productivity-----	A-16
Financial experience of U.S. producers-----	A-19
Capacity in Italy to generate exports-----	A-22
Market penetration of subsidized imports from Italy-----	A-23
Bids and prices-----	A-25
Bid competition-----	A-26
Projects won by SAE-----	A-26
Competing bids and prices-----	A-26
Bid competition on public power project contracts-----	A-30
Certain projects lost by SAE-----	A-33
Appendix A.--Treasury's notice of imposition of countervailing duties-----	A-35
Appendix B.--Requests for an investigation by the Commission-----	A-37
Appendix C.--Commerce's preliminary determination-----	A-41
Appendix D.--Commission's notice of institution of investigation-----	A-45
Appendix E.--Commerce's letter to the Commission and its final determination-----	A-49
Appendix F.--Commission's notice of change in date of public hearing and list of witnesses appearing at the hearing-----	A-53

Tables

1. Galvanized fabricated steel for transmission towers: U.S. producers' domestic shipments, imports, and apparent U.S. consumption, 1978-80, January-June 1980, and January-June 1981-----	A-10
2. Galvanized fabricated steel for transmission towers: Percentage distribution of U.S. producers' and importers' domestic shipments, by types of customers, January 1978-June 1981-----	A-11
3. Angles, shapes, and sections of carbon steel, drilled, punched or otherwise advanced (TSUS item 609.84): U.S. imports for consumption, by principal sources, 1964-80, January-June 1980, and January-June 1981-----	A-12

CONTENTS

	<u>Page</u>
4. Galvanized fabricated steel for transmission towers: U.S. imports for consumption, by sources, 1978-80, January-June 1980, and January-June 1981-----	A-13
5. Galvanized fabricated steel for transmission towers: U.S. producers' domestic and export shipments, 1978-80, January-June 1980, and January-June 1981-----	A-15
6. Average number of employees in U.S. establishments in which galvanized fabricated steel for transmission towers was produced, total and production and related workers, and man-hours worked by and wages paid to production and related workers producing such products, 1978-80, January-June 1980, and January-June 1981-----	A-17
7. Profit-and-loss experience of U.S. producers on their total establishment operations and on their operations in producing galvanized fabricated steel for transmission towers, 1978-80 and January-June 1981-----	A-20
8. Galvanized fabricated steel for transmission towers: Profit-and-loss experience of U.S. producers, by firms, 1978-80, and January-June 1981-----	A-21
9. Galvanized fabricated steel for transmission towers: Production, capacity, capacity utilization, and exports, by all fabricators in Italy and by SAE, 1979, 1980, and January-June 1981-----	A-23
10. Galvanized fabricated steel for transmission towers: Total tonnage of projects bid on by domestic and foreign firms, and tonnage of projects won and lost, 1979, 1980, and January-June 1981-----	A-27
11. Galvanized fabricated steel for transmission towers: Contracts awarded to SAE, unit prices, winning bid, range of competing domestic bids, and SAE's margin of underbidding, by awarding companies, 1979, 1980, and January-June 1981-----	A-29
12. Galvanized fabricated steel for transmission towers: Contracts awarded by the Bonneville Power Administration and the Tennessee Valley Authority, by winning firms, range of competing bids, and margins of overbidding by closest competing domestic and foreign bids, 1979, 1980, and January-June 1981-----	A-31

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

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigation No. 104-TAA-4

GALVANIZED FABRICATED STRUCTURAL STEEL UNITS FOR THE ERECTION  
OF ELECTRICAL TRANSMISSION TOWERS FROM ITALY

Determination

Based on the record 1/ developed in investigation No. 104-TAA-4, the Commission determines, 2/ pursuant to section 104(b) of the Trade Agreements Act of 1979, that an industry in the United States would not be materially injured, or threatened with material injury, nor would the establishment of an industry in the United States be materially retarded, by reason of imports of galvanized fabricated structural steel units for the erection of electrical transmission towers from Italy if the countervailing duty order on such merchandise were to be revoked.

Background

On March 27, 1980, the U.S. International Trade Commission received a request from counsel for Societa Anonima Elettificazione S.p.A. (SAE), an exporter accounting for a significant proportion of exports to the United States of the merchandise covered by the countervailing duty order, for an investigation under section 104(b) of the Trade Agreements Act of 1979. A second request for the investigation was received from the Delegation of the Commission of the European Communities on March 28, 1980.

On April 28, 1981, the Department of Commerce published a notice in the Federal Register of its preliminary determination of the net amount of the

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

2/ Commissioner Frank determined that an industry in the United States would be threatened with material injury if the countervailing duty order were to be revoked.

subsidy applicable to the merchandise covered by the countervailing duty order. On the basis of that determination by Commerce, the U.S. International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act, on July 10, 1981, instituted investigation No. 104-TAA-4 on galvanized fabricated structural steel units for the erection of electrical transmission towers from Italy, to determine whether an industry in the United States would be materially injured or threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of July 15, 1981 (46 F.R. 36780). The hearing, which had initially been scheduled for October 7, 1981, was subsequently rescheduled and held on October 23, 1981, in Washington, D.C. All persons requesting the opportunity were permitted to appear in person or by counsel. The Commission vote on this investigation was held in public session on December 10, 1981.

VIEWS OF CHAIRMAN ALBERGER, VICE CHAIRMAN CALHOUN,  
COMMISSIONER STERN AND COMMISSIONER ECKES

Imports of galvanized fabricated structural steel units for transmission towers have been subject to a countervailing duty order since April 1967. Based on the record of this investigation we conclude that revocation of this order would not result in material injury or threat of material injury to the U.S. industry. 1/ In arriving at this decision, we considered, among other factors, the relatively insignificant effect of the outstanding order on the overall competitiveness of Italian imports, the improving performance of the domestic industry, and the long-term decline in the absolute and relative quantity of the subject imports.

The domestic industry

The domestic industry is defined as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ The term "like product" means "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 3/

The imported Italian products are galvanized fabricated structural steel units for the erection of electrical transmission towers. These towers are used to support wires and cables for transmitting high voltage electric power

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1/ We did not consider the issue of material retardation of the establishment of an industry in the United States if the duty were revoked because there are already firmly established producers of the like product as defined in this investigation.

2/ Section 771(4)(A) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(A).

3/ Section 771(10) of the Tariff Act of 1930, 19; U.S.C. § 1677(10).

between generating stations and substations. Imports from Italy have consisted entirely of components for lattice transmission towers. 4/ No known importations of components for galvanized tubular transmission towers have been made. 5/

There are about twelve domestic producers of galvanized fabricated structural steel units for lattice transmission towers. For all practical purposes the domestically-produced lattice transmission towers are identical to the imported products. Therefore, we find them to be the "like product." For the purpose of this investigation, the producers of these units constitute the U.S. industry.

Several of these producers also manufacture components for galvanized steel tubular transmission towers. Except for shipments, the only available economic data includes galvanized tubular steel transmission towers which account for less than 5 percent of domestic production. In situations such as this, section 771(4)(D) of the Tariff Act permits the Commission to assess the impact of the imports under investigation by examining the production of the narrowest group or range of products, which includes the like product, for which the necessary information can be provided. Therefore, with the exceptions of shipments data, our determination in this investigation is based upon an examination of the potential impact of these imports on the production of all galvanized fabricated structural steel units for transmission towers. 6/

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4/ To a limited extent, tubular steel poles can also be used to transmit high voltage electric power.

5/ Commission Report at A-4.

6/ See Additional Views of Vice Chairman Calhoun.



Present condition of the domestic industry

The domestic industry's performance generally improved over the period covered by this investigation (January 1978-June 1981). The industry reported net losses in 1978 and 1979, but reported aggregate operating profits in 1980, which rose to 10.5 percent of sales in the first six months of 1981.

Some restructuring of the industry occurred--several of the major producers closed plants in one location to open facilities or expand operations in other areas. As a result of these changes, industry capacity will increase an estimated 17 percent (to 262,000 tons) by the end of 1981 as compared to 1980. Several fabricators have expansion plans, and there are some new entrants to the industry (reportedly organized to take advantage of the small business set-aside for government contracts).

Capacity utilization rose significantly in this period. In the first six months of 1981, it declined slightly, but in 1980, capacity utilization was substantially higher than in 1979. Productivity remained relatively stable in 1978-1980, and then increased approximately 5 percent in January-June 1981.

Although U.S. consumption of galvanized fabricated steel units for transmission towers during the investigation period was low compared to the late 1960's, the recent trend is up. Total consumption for 1980 was 10 percent over 1979, and the first six-month figures for 1981 showed an additional increase over the comparable 1980 period. U.S. producers' domestic shipments increased from 109,044 tons in 1978 to 128,799 tons in 1980, or by about 18 percent. <sup>7/</sup> However, shipments in January-June 1981 were about 12

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<sup>7/</sup> For purposes of this investigation, production and shipments are considered synonymous since parts and components for transmission towers are not normally inventoried. Commission Report at A-16.

percent less than shipments during the corresponding period in 1980. <sup>8/</sup> This decline reflected an increase in imports, primarily from countries other than Italy. U.S. export shipments rose sharply in the investigation period, although they still account for a relatively small percentage of total producer shipments.

Likely effects of removal of the countervailing duty order.

Our review of the record leads us to conclude that removal of the order will not provide a material competitive advantage to the Italian importers and will not appreciably alter their behavior so as to cause material injury to the domestic producers. Even if revocation results in a reduction in import prices fully equivalent to the amount of the duty, we do not expect the volume of U.S. imports from Italy to increase appreciably. This is because (1) any price decrease resulting from revocation of the order would be relatively insignificant, (2) the importance of imports from Italy in the U.S. transmission tower market has changed dramatically since 1967 when the order first came into effect, and (3) the bid evaluation process in this industry focuses on a number of factors in addition to price.

First, removal of the countervailing duty order will not cause a significant change in the price of galvanized steel units for transmission towers imported from Italy. From its imposition in 1967 until 1980, the absolute amount of the countervailing duty remained constant. <sup>9/</sup> However, the effect of the countervailing duty has declined significantly as the value

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<sup>8/</sup> Id. at A-14.

<sup>9/</sup> In 1980 the Department of Commerce revised its determination as to the value of the net subsidy bestowed by the Italian government from 13.67 lire per kilogram to 18 lire per kilogram.

of steel units for transmission towers increased. In 1967, the countervailing duty was equivalent to an effective rate of about 6.5 percent ad valorem. In 1980, it was about 2 percent, and in 1981, it was less than 1.5 percent. The current small amount of the countervailing duty relative to total landed value essentially limits the price reductions on U.S. imports from Italy that could result from revocation.

Second, since 1967, imports from Italy have declined both in relative and in absolute terms. In 1967, imports amounted to roughly 75,000 tons or 25 percent of the U.S. market. In contrast, in 1979 and 1980, imports amounted to less than 10,000 tons and 5,000 tons, respectively, representing less than 5 percent and less than 2 percent of the U.S. market. 10/ In the period covered by this investigation, with the exception of the first half of 1981, Italian imports trended downward as a percentage of U.S. consumption.

This trend is reflected in SAE's bid award pattern, which shows a sharply declining ratio of bids awarded, from more than 25 percent of the tonnage bid by SAE in 1979 to less than 5 percent in January-June 1981. SAE's ratio of tonnage awarded to total tonnage bid will, however, show an increase in the latter half of 1981 on the basis of the awarding of a large contract in July 1981. This single contract is not necessarily indicative of a reversal of the downward trend.

In the 1960s, when the countervailing duty was significantly larger on an ad valorem basis, the order led to the initial reversal of SAE's performance in the U.S. market. 11/ This reversal was intensified by other market

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10/ Commission Report at A-23 and A-24.

11/ SAE's Posthearing Brief at 8.

developments. These included a severe decline in consumption of transmission towers as a result of high interest rates and environmental concerns; a dramatic increase of U.S. imports of towers from Japan and Canada; increased competitiveness of the U.S. industry resulting from the growth of minimills, relocation of capacity, improved productivity, and lower costs; and an increase in the use of substitute products. At the present time, with the effective rate of the countervailing duty greatly reduced, the level of U.S. imports from Italy is no longer significantly linked to the existence of the countervailing duty order.

The third point supporting our view that imports will not increase appreciably if the order is revoked relates to the role of price in competition for transmission towers sales. Contract awards are made in this industry on the basis of bid evaluation. In this process, many factors are considered. Among the most important, in addition to price, are maintenance costs, erection costs, punctuality of the vendor, tower appearance, and, in one recent case, payment terms. The contract usually goes to the lowest bidder as determined by the overall bid evaluation process, not solely on the basis of price. The record of this investigation includes reports of several instances in which the lowest bidder on a price basis did not win a particular sale.

#### Conclusion

We foresee little, if any, increase in imports of galvanized structural steel units for transmission towers from Italy as a result of revocation. The insignificant price and volume changes that may occur will not adversely

effect the currently favorable performance of the domestic industry. We, therefore, conclude that the domestic industry would not be materially injured or threatened with material injury by termination of the countervailing duty order.

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## ADDITIONAL VIEWS OF VICE CHAIRMAN CALHOUN

This is a minor point, but one I think is worthy of note. The majority's language in our industry analysis that 771(4)(D) permits us to assess the impact of the imports on the narrowest group or range of products which includes the like product is, by an important omission, misleading. To be precise, this section requires us to make our injury assessment against production of the like product. We can do the alternative assessment described only when available information does not permit assessment against production of the like product. In this case, for the reasons given, information does not allow for such an assessment.

## VIEWS OF COMMISSIONER FRANK

## INTRODUCTION

Based on the record developed in Investigation No. 104-TAA-4, I determine, pursuant to section 104(b) of the Trade Agreements Act of 1979, that an industry in the United States would be threatened with material injury by reason of imports of the merchandise (Steel Units for Electrical Transmission Towers from Italy), covered by the countervailing duty order if the order were to be revoked.

My determination is based upon the considerations set forth below.

## DISCUSSION

Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as the "domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 1/ "Like product" is defined as a product which is like, or in the absence of like, most similar in characteristics and uses with, the article under investigation. 2/

The imported products which are the subject of this investigation are galvanized fabricated structural steel units for the erection of electrical transmission towers from Italy. 3/ These towers are utilized by electric utilities whether publicly or privately owned.

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1/ Section 771(4)(A) of the Tariff Act of 1930.

2/ Section 771(10).

3/ Galvanized fabricated structural steel units for the erection of electrical transmission towers are currently provided for under Tariff schedules of the United States (TSUS) items 653.00, if imported complete or substantially complete; 652.94, if made up into a series of sections; or other items including but not necessarily limited to 609.84, 646.54, 646.65, 646.70, 646.72, 657.25 and 923.51, if imported as individual pieces.

Condition of the U.S. industry

The staff report to the Commission of November 27, 1981, covering Investigation No. 104-TAA-4, indicates historical demand and trade trends in the subject products with particular focus on the January 1978 through June 1981 period. References to the pre-1967 surge in Italian exports of the steel units for electrical transmission towers were made in: the above mentioned Commission Staff Report, testimony by or submissions from the North American representative of Societa Anonima Elettificazione S.p.A. (SAE) of Italy, or by Mr. Alfred R. McCauley, Esq. on behalf of Saelectric Transmission, Inc., and by United States Steel Corporation, et al.

These sources provided current opinion on the U.S. industry and impacts which would occur as a result of revocation of the countervailing duty order (CVD) for the subject products. Essentially, galvanized steel transmission towers are built to order specifications so that inventory considerations are minimal. The four largest (U.S.) firms involved in this industry accounted for 80% of the aggregate domestic output of galvanized fabricated steel for transmission towers reported in January 1978-June 1981. 1/

SAE has a major position in the Italian export of galvanized steel transmission towers world-wide, and in many developing countries, SAE has provided services similar to those of a general contractor while at the same time providing transmission towers. However, in the U.S. market, numerous general contractors or utility company employees perform functions SAE might provide in construction and related areas. Hence, the U.S. market is based

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1/ Investigation No. 104-TAA-4, Staff Report to the Commission, November 27, 1981, at page 12, footnote 1.



predominantly on price and related factors. The impact of high interest rates did tend to curb U.S. utility companies' commitments to new projects in 1981.

Because of the long bid and order to delivery cycle in the industry, up to two and one-half years, the recent and present economic and profit situations are not fully reflective of future operational achievements. Examination of recent bidding tactics and orders won is important. The use of external payment terms without interest charges for a significant time period by SAE in their sale to San Diego Power & Light is one illustration of intensified price discounting and price-related competition. The Japanese and Canadian manufacturers of steel units for transmission towers essentially have gained a very significant share of the U.S. market during the last decade. Now, because of worldwide slack demand, companies such as SAE (which experienced some loss of opportunities and business in countries involved in warfare, internal strife, and balance of payments problems) may seek to gain a larger share of U.S. business that has not been lost to the Japanese, et al. Potentials for export business for U.S. manufacturers of galvanized steel units for transmission towers is still minimal and depressed, although growing recently for U.S. producers.

Many U.S. steel producers are hurt by the overall U.S. investment and economic decline, especially in construction areas. Some of these producers will be threatened with material injury by the termination of the countervailing duty order on galvanized structural steel units for electrical transmission towers from Italy. SAE has already displayed a capability to obtain large orders by aggressive special price-related concessions in the case of the 7,000 ton San Diego Power & Light order. There is a serious

threat of material injury to U.S. manufacturers of steel units for electrical transmission towers if other large orders are lost to Italian suppliers of such units because of price-related concessions.

One extremely serious aspect of the entire situation is that the full extent of Italian subsidies and related benefits has not been determined. The U.S. Department of Commerce, because of apparent inadequate or inaccurate response by the Italian Government and SAE to the U.S. Department of Commerce questionnaire utilized in its Section 751 net subsidy review, did not obtain information I consider to be crucial to the Commission's Section 104 investigation. While I recognize the bifurcation of duties on the part of Commerce and the Commission as mandated by regulations and rules and procedures emanating from the Trade Agreements Act of 1979, I contend it is appropriate for the Commission to grant a postponement of decision in this investigation until after the second annual review by the U.S. Department of Commerce. Deputy Assistant Secretary for Import Administration, Gary Horlick, indicated that the final results of the Commerce Department's scheduled next review of this countervailing duty order would be published by May 1982, or about 6 months from now. However, a Commission determination of no injury in Investigation No. 104-TAA-4 will terminate Commerce's investigation. In the event of such termination, the U.S. Government may deprive itself, as well as others, of knowing the full answers to the Commerce Department's questionnaire or the extent to which subsidies exist relative to U.S. imports of steel units for electrical transmission towers from Italy.

The practice of seeking to bring investigations to fast resolution when material evidence is not officially available can be damaging to the U.S.

economy. This is especially true when statutory requirements do not mandate such fast action. These actions can lead to many other efforts by foreign countries or companies to seek revocation of countervailing duty orders under similar circumstances where sufficiency of questionnaire responses is questioned. The precedence that the Commission has established can lead to some decisions which are based upon inadequate information. Such insufficiency could result from unintentional or intentional response efforts by foreign governments or corporations. Since, in the case of Investigation No. 104-TAA-4, the Commission could withhold decision even until 1983, I believe it is only appropriate to determine more exactly the level of subsidies that are applicable. It is alleged by the U.S. Steel Corporation that the previously undisclosed subsidies exceed significantly the ten percent level. This alleged subsidization is not reflected in the present countervailing duty order.

Such a level could partly explain the unusual ability of SAE to provide a grace period without interest charges when interest levels have recently exceeded 15 percent. Such subsidy advantages can enable an aggressive marketing company to obtain significant orders in U.S. markets and threaten to materially injure the U.S. manufacturers of galvanized steel units for the erection of electrical transmission towers. Thus, I conclude that based on the record developed in Investigation No. 104-TAA-4, I determine, pursuant to section 104(b) of the Trade Agreements Act of 1979, that an industry in the United States would be threatened with material injury by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked.

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## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On April 21, 1967, the U.S. Department of the Treasury (Treasury) published in the Federal Register (32 F.R. 6274) a notice stating that it had determined that exports from Italy of galvanized fabricated structural steel units for the erection of electrical transmission towers benefited from bounties or grants within the meaning of section 303 of the Tariff Act of 1930. 1/ Accordingly, effective May 22, 1967, imports into the United States of such merchandise from Italy were subject to countervailing duties. 2/

In January 1980, the provisions of title I of the Trade Agreements Act of 1979 became effective and the authority for administering the countervailing duty statute was transferred from Treasury to the U.S. Department of Commerce (Commerce). On March 27, 1980, the U.S. International Trade Commission received a request from counsel for Societa Anonima Elettificazione S.p.A. (SAE), an exporter accounting for a significant proportion of exports to the United States of the merchandise covered by the countervailing duty order, 3/ for an investigation under section 104(b) of the Trade Agreements Act of 1979 with respect to fabricated structural steel units for the erection of electrical transmission towers from Italy. In accordance with section 104(b)(3) of the act, the Commission notified the Department of Commerce of its receipt of a request for an investigation and Commerce, on April 3, 1980, suspended liquidation on all shipments of such merchandise entered, or withdrawn from warehouse, for consumption on or after that date.

As required by section 751(a)(1) of the Tariff Act of 1930, Commerce has conducted its first annual administrative review of the countervailing duty order on U.S. imports from Italy of galvanized fabricated structural steel units for the erection of electrical transmission towers. As a result,

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1/ A copy of Treasury's notice is presented in app. A. Treasury's countervailing duty investigation resulted from a petition submitted in June 1966 by the Ad Hoc Committee of Galvanized Transmission Tower Fabricators. This committee consisted of 9 firms that produced transmission towers in the United States; most of these firms still produce such merchandise.

2/ The net amount of such bounties or grants was determined to be 13.67 lire per kilogram, which was equivalent at that time to about \$20 per short ton.

3/ Copies of this request and one received on Mar. 28, 1980, from the Delegation of the Commission of the European Communities are presented in app. B. The request from SAE pertained to all fabricated structural steel units for the erection of electrical transmission towers, both galvanized and not galvanized. As indicated previously, countervailing duties on such galvanized products were established in 1967 (TD-67-102). Countervailing duties on imports from Italy of certain steel products, including nongalvanized electrical transmission towers and parts, were established in May 1969 (TD-69-113). However, the countervailing duties on the steel products included in the 1969 order were revoked by the Department of Commerce in 1980; notice of the revocation was published in the Federal Register on Oct. 17, 1980 (45 F.R. 68930).

Commerce, in the Federal Register of April 28, 1981 (46 F.R. 23782), preliminarily determined that the net subsidy conferred on such merchandise was 18 lire per kilogram. 1/ On the basis of that determination, the United States International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act of 1979, instituted investigation No. 104-TAA-4 to determine whether an industry in the United States would be materially injured, would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports from Italy of the merchandise covered by the countervailing duty order if the order were to be revoked. 2/

On August 7, 1981, the Commission received advice from Commerce that it had completed its administrative review of the countervailing duty order on galvanized fabricated structural steel units for the erection of electrical transmission towers from Italy. Commerce's final determination was the same as its preliminary determination, that is, that the net subsidy conferred on such merchandise during the period reviewed (1980) was 18 lire per kilogram. 3/

The Commission's public hearing in this investigation, which had initially been scheduled for October 7, 1981, was subsequently rescheduled and held on October 23, 1981, in Washington, D.C. All persons requesting the opportunity were permitted to appear in person or by counsel. 4/ The Commission's vote in the investigation was held in public session on December 10, 1981.

The statutory deadline for completion of this investigation by the Commission is March 27, 1983, 3 years from the date of receipt of the request for the investigation. However, the Commission has scheduled the submission of its determination to the administering authority (Commerce) for December 16, 1981.

#### Previous Commission Investigations

The Commission has made three previous investigations in connection with electrical transmission towers and parts. These investigations were conducted under section 301(c)(2) of the Trade Expansion Act of 1962 in response to workers' petitions for determination of eligibility to apply for adjustment assistance. In November 1969, the U.S. Tariff Commission (now the U.S. International Trade Commission) determined in investigations Nos. TEA-W-9 and TEA-W-10 that as a result in major part of concessions granted under trade

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1/ A copy of Commerce's preliminary determination is shown in app. C.

2/ A copy of the Commission's notice of investigation, as published in the Federal Register on July 15, 1981 (46 F.R. 36780), is shown in app. D.

3/ A copy of Commerce's letter to the Commission and its final determination, as published in the Federal Register of Aug. 11, 1981 (46 F.R. 40719), is shown in app. E.

4/ Notice of the change in the Commission's hearing date was published in the Federal Register on Sept. 10, 1981 (46 F.R. 45223). A copy of this notice and a list of witnesses appearing at the hearing are shown in app. F.

agreements, articles like or directly competitive with transmission towers and parts produced by the American Bridge Division plants of the United States Steel Corp. located in Pittsburgh, Pa., and Los Angeles, Calif., were being imported into the United States in such increased quantities as to cause unemployment or underemployment of a significant number or proportion of the workers of such plants. In March 1970, the Commission made a similar affirmative determination in investigation No. TEA-W-12 with respect to workers engaged in the fabrication of transmission towers and parts at the Pinole Point, Calif., plant of the Bethlehem Steel Corp.

#### Nature and Amount of the Subsidy

The Department of Commerce's administrative review of the countervailing duty order on galvanized fabricated structural steel units for the erection of electrical transmission towers from Italy covered the period January 1, 1980, through December 31, 1980. The review was limited to rebates granted under Italian Law 639 of July 5, 1964, which was the only program found countervailable by Commerce in its final determination. The stated purpose of this law is to rebate customs duties and certain indirect taxes on the exportation of products containing iron and steel. No evidence was presented to Commerce during its review to demonstrate the requisite linkage between the incidence of customs duties and certain indirect taxes on various inputs used in producing transmission towers and parts therefor and the amount of the rebate. Therefore, Commerce determined that the full amount of the rebate on such merchandise, which is 18 lire per kilogram, is the rate of net subsidy conferred upon producers exporting to the United States during 1980. On the basis of the average lira-dollar exchange rate prevailing in 1980, this subsidy was equivalent to about \$19 per ton, or about \* \* \* percent of the average landed duty-paid value per ton of imports from Italy in that year. 1/

During the period allowed by the Department of Commerce for comments following publication of the preliminary results of its administrative review, it received new information from SAE, the principal Italian exporter of galvanized fabricated structural steel units for the erection of electrical transmission towers. The essence of the submission was a claim as to the incidence of indirect taxes related to the rebate under Italian Law 639.

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1/ "Ton", as used in this report, refers to a short ton (2,000 pounds). As indicated previously, at the time of Treasury's original investigation in 1967 the net amount of the applicable bounties or grants was determined to be 13.67 lire per kilogram (or, at that time, about \$20 per ton or 6.5 percent of the average per ton price of imports from Italy). The 1980 dollar-equivalent subsidy (\$19 per ton) is based on the average exchange rate for the entire year. However, the exchange rate has changed substantially since mid-1980--from about 832 lire per dollar in July 1980 to about 1,165 lire per dollar as of mid-September 1981. The effect of this appreciation of the dollar vis-a-vis the lira has, of course, effectively reduced the amount of the subsidy when expressed in dollar terms. On the basis of the mid-September 1981 exchange rate, the subsidy was equivalent to about \$14 per ton (or \* \* \* percent of the average landed duty-paid value per ton of imports from Italy in January-June 1981).

However, this information was received too late to be considered by Commerce in making its determination. In addition, more than a month after the close of the comment period Commerce received a letter from the United States Steel Corp. alleging other subsidies to SAE in the form of government grants and loans at subsidized interest rates. Again, because the submission was received too late, Commerce did not consider it in its administrative review. In the Department of Commerce's letter to the Commission advising of the completion of its first section 751 review of the relevant countervailing duty order, Commerce noted that when it begins its next annual review it will "examine the information submitted by both of these parties to determine its factual and legal adequacy and relevance." Commerce also noted that "Unless there is a determination of no injury which terminates the order under the transition provisions of section 104(b) of the Trade Agreements Act of 1979, we expect to adhere to the normal schedule for our section 751 reviews and publish the final results of our next review of this order by May 1982."

### The Product

#### Description and uses

Transmission towers are used throughout the United States and are an integral part of this country's vast system of electricity distribution. Such towers are designed and fabricated to support wires and cables for transmitting high-voltage electric power, generally in potentials ranging from 66 kilovolts (KV) to 765 KV, between generating stations and substations. Although electrical transmission towers may also be made from wood, concrete, or aluminum, steel is generally used, especially to carry the higher voltage transmission lines. Generally, all of the steel pieces used in lattice transmission towers are galvanized. However, some domestic consumers of transmission towers (e.g., electric utility companies) have purchased towers of "Corten" or similar steel, that is, an all-weather, high-strength, low-alloy steel which normally requires no galvanizing. Tubular towers (poles) are also used by some consumers in order to lessen right-of-way costs and for aesthetic purposes. Such tubular towers are not normally galvanized, and often cost about twice as much as lattice towers.

U.S. imports from Italy of galvanized fabricated structural steel units for the erection of electrical transmission towers, the articles subject to the relevant countervailing duty order, are comparable to the domestically produced articles. Both foreign and domestic fabricators bid on the basis of the same structural requirements, even though some elements of design may differ. It is believed that U.S. imports of such products from Italy have consisted entirely of components for lattice transmission towers; no known importations of components for galvanized tubular transmission towers have been made.

Most transmission towers are specially designed to withstand forces such as the stresses imposed by wind and ice and the pulls of the attached wires and cables. Towers may support single, double, or multiple circuits. Lines of 66 KV, 138 KV, and 230 KV are normally double-circuit lines. Individual in-line towers for such lines on the average weigh about 5, 7, and 10 tons



each, respectively. A 345 KV line can be either single or double circuited. The double-circuit in-line towers weigh about 12 tons each, and the single-circuit in-line towers weigh approximately 6 tons each. The 500 KV and 765 KV lines are single-circuit lines, with towers of about 14 tons and 23 tons each, respectively. When the direction of a line turns at an angle, a heavier tower (10 to 30 percent heavier, depending upon the angle) and a supporting bevel are required. Dead end, river crossing, or long-span towers normally are considerably heavier than in-line towers. The design of a tower and the amount of material used in its construction are also influenced by the number, size, and maximum assumed working tensions in the conductors, ground-wire cables, and wires. Generally, towers are spaced so that there are about five per mile; however, the number may vary because of the terrain.

The steel products (virtually all of which are made of carbon steel) fabricated into tower components are angles, plates, channels, beams, bolts, and accessories, all of which are subject to the specifications called for by the American Society for Testing Materials (ASTM). As indicated, all steel pieces (including bolts and nuts) used in lattice transmission towers are generally galvanized. The galvanized coating of these products, which is also subject to ASTM specifications, amounts to about 3-1/2 to 4 percent of the weight of the finished product. The specification requires a coating of not less than 2 ounces of zinc per square foot of product. <sup>1/</sup>

The steel mill products are fabricated into tower components from detailed drawings. Fabrication of some of the tower components is governed either by numerical tapes or by templets prepared by the tower fabricator. The fabricating process consists of cutting the steel materials to length and design (i.e., square cuts, bevel cuts, etc.) by means of shearing, flamecutting, or sawing; layout of holes in plates or angles; punching or drilling holes for bolts; milling the heels of angles where lap splices are necessary; bending and welding as required; assembling for "proof of fit" as deemed necessary; and shop inspection. After pickling and galvanizing, the material is sorted, bundled, and shipped according to customer instructions. Both domestic and foreign fabricators ship disassembled towers in their component form in either piece or tower lots to the job site to be erected by erection contractors.

The concrete base or foundation, if required, is supplied by the erecting contractor. The foundation prevents tower uplift due to wind conditions and bears the load of the tower and its attendant wires. A tower is affixed to

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<sup>1/</sup> The sizes of the angles used in transmission towers vary from 1-1/2 inches by 1-1/2 inches by 1/8 inch in thickness to 8 inches by 8 inches by 1-1/8 inches in thickness, and from 6 inches to 35 feet in length. Plates vary from 3/16 inch to 3 inches in thickness and from 6 inches by 6 inches to 4 feet by 4 feet. Beams and channels range from 6 to 15 inches in depth and usually from 6 inches to 10 feet in length. Bolts usually range from 5/8 inch in diameter by 1-1/4 to 3 inches in length to 3/4 inch diameter by 1-1/2 to 4 inches in length; however, on large towers the bolts may be 7/8 inch diameter by 2 to 4 inches in length. When bolts are used for steps, in place of steel rungs, the bolts may be 8 or more inches in length.

the ground by one of three methods. The most widely used method is to dig a large hole in the ground and connect the tower to a large steel base plate or earth grillage situated in the bottom of the hole. Towers may also be secured to the ground by steel stubs connected to a reinforced concrete base, or by steel anchor bolts fastened to the tower where it rests upon a solid rock base. Both domestic and foreign tower fabricators supply steel stubs, anchor bolts, base plates, and earth grillage as needed. Concrete footings are not normally required.

#### U.S. tariff treatment

Imported transmission towers and parts thereof are classifiable under different provisions of the Tariff Schedules of the United States (TSUS) depending upon whether they are imported as complete towers, structural units (or sections), or individual pieces. If imported as complete or substantially complete towers, they would enter under TSUS item 653.00. If two or more component materials are assembled together or made up into a series of sections, such imports would enter under TSUS item 652.94. Few, if any, complete towers or assembled structural units are believed to have entered under TSUS items 653.00 or 652.94.

If the various components of transmission towers are not assembled, in whole or in part, they are classified according to the tariff provision which most specifically describes the component or material. <sup>1/</sup> Virtually all such components are entered under the TSUS items shown in the following tabulation:

<u>Article</u>	<u>TSUS item No.</u>
Angles, beams, and channels-----	609.84
Bolts and nuts-----	646.54
Spiral and other lock washers-----	646.65
Other washers-----	646.70
Assembled bolts and washers-----	646.72
Gusset plates, base plates, steel rungs, and ladders-----	657.25

Angles, beams, and channels (TSUS item 609.84) account for an estimated 85 to 88 percent of the quantity of transmission tower components imported into the United States; gusset and base plates (TSUS item 657.25) account for 6 to 7 percent, and bolts and nuts (TSUS item 646.54) for about 5 percent. Imports of other component parts of a transmission tower are relatively insignificant.

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<sup>1/</sup> See general headnote 10(ij) of the TSUS.

The rates of duty as of January 1, 1981, under which transmission towers or components for such towers are imported are as follows:

TSUS item No.	Rate of duty		
	Col. 1 <u>1/</u>	Col. 2 <u>2/</u>	LDDC <u>3/</u>
609.84-----	6.5% ad val.	20.0% ad val.	-
646.54 <u>4/5/</u> -----	0.7% ad val.	3.5% ad val.	-
646.65 <u>4/</u> -----	9.0% ad val.	35.0% ad val.	5.8% ad val.
646.70-----	Free	0.6¢ per lb.	-
646.72 <u>4/</u> -----	8.6% ad val.	45.0% ad val.	5.7% ad val.
652.94-----	3.3% ad val.	20.0% ad val.	2.8% ad val.
653.00 <u>4/</u> -----	8.6% ad val.	45.0% ad val.	5.7% ad val.
657.25 <u>4/</u> -----	8.6% ad val.	45.0% ad val.	5.7% ad val.

1/ The rates of duty in rate of duty column numbered 1 are most-favored-nation (MFN) rates, and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, such rates would not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column.

2/ The rates of duty in rate of duty column numbered 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

3/ The rates of duty in rate-of-duty column "LDDC" are preferential rates (reflecting the full U.S. Multilateral Trade Negotiations concession rate for a particular item without staging) and are applicable to products of the least developed developing countries designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the GSP. If no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty provided in column numbered 1 applies.

4/ These products are eligible articles under the GSP. The GSP, under title V of the Trade Act of 1974, provided duty-free treatment of specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985, unless modified by the President or terminated.

5/ As a result of temporary modifications pursuant to trade-agreements legislation, imports of such bolts and nuts are currently dutiable under TSUS item 923.51 at 0.2 cent per lb. plus 15 percent ad val. This temporary duty increase is due to end on or before Jan. 5, 1982. GSP eligibility for imports under item 646.54 is temporarily suspended.

The column 1 (MFN) rates of duty for most of the items shown in the preceding tabulation became effective on January 1, 1981, as the second of eight staged reductions granted by the United States in the recent Tokyo round of trade negotiations under the General Agreement on Tariffs and Trade. The changes in column 1 rates of duty on those TSUS items affected by Tokyo round concessions, including the final staged reductions scheduled to become

effective on January 1, 1987, are shown in the following tabulation (in percent ad valorem):

Item	TSUS item No.					
	609.84	646.65	646.72	652.94	653.00	657.25
Prior rate-----	6.5	10.0	9.5	3.5	9.5	9.5
Rate effective Jan. 1--						
1980-----	6.5	9.5	9.0	3.4	9.0	9.0
1981-----	6.5	9.0	8.6	3.3	8.6	8.6
1982-----	6.2	8.4	8.1	3.2	8.1	8.1
1983-----	5.8	7.9	7.6	3.2	7.6	7.6
1984-----	5.5	7.4	7.1	3.1	7.1	7.1
1985-----	5.1	6.9	6.7	3.0	6.7	6.7
1986-----	4.8	6.3	6.2	2.9	6.2	6.2
1987-----	4.4	5.8	5.7	2.8	5.7	5.7

#### U.S. Producers

Approximately 15 firms, operating some 19 establishments, fabricate galvanized steel electrical transmission towers in the United States. Lattice towers, which account for more than 95 percent of domestic consumption of all galvanized steel transmission towers, are fabricated by about 12 of these firms. Three or four of the 12 firms that produce lattice towers also fabricate tubular steel towers (poles). A few additional firms produce no lattice transmission towers but do fabricate some galvanized steel poles. However, the great bulk of the output of these latter firms consists of nongalvanized items such as painted steel poles and poles made of Corten steel. Most of the firms that fabricate galvanized steel transmission towers are general structural steel fabricators that also fabricate components for bridges, microwave relay towers, radio and television towers, and a variety of related products.

The larger fabricators of galvanized steel transmission towers include Anchor Metals, Inc. (Anchor), Falcon Steel Co. (Falcon), Flint Steel Corp. (Flint), Lehigh Structural Steel Co. (Lehigh), Muskogee Iron Works, Inc. (Muskogee), Riverside Industries, Inc. (Riverside), and the United States Steel Corp. (U.S. Steel). <sup>1/</sup> Anchor operates three fabricating plants, one

<sup>1/</sup> The four largest firms accounted for 80 percent of aggregate domestic output of galvanized fabricated steel for transmission towers reported in January 1978-June 1981. The Bethlehem Steel Corp., formerly a major fabricator of galvanized steel transmission towers, ceased producing such merchandise around 1976. Domestic fabricators have closed some additional facilities in recent years, but they have largely replaced the capacity lost by expanding operations in their other plants or, in one case, by building a new plant. For example, \* \* \*

each in Texas, Iowa, and Alabama. Riverside has facilities in Oklahoma and Utah; its new Utah plant was scheduled to start production in late 1981. U.S. Steel, Falcon, Flint, Lehigh, and Muskogee each operate a single facility. In addition to the principal tower fabricators, there are several relatively new entrants, such as R.W. Taylor Steel Co., Great Western Steel Fabricators, Inc. (Great Western), and Advance Industries, Inc. To a considerable extent, the entry of these new fabricators appears to be due to contracts awarded by Federal agencies under small business set-aside requirements.

Domestic fabricators of transmission towers have benefited in recent years from the spread of the so-called mini steel mills. The great bulk of the component parts used in tower fabricating are products of minimills. Most U.S. minimills are low cost producers utilizing scrap, which is relatively abundant and cheap in the United States, and labor which is for the most part nonunion. According to trade sources, their labor costs are only about 60 percent of those of the major U.S. steel companies. With the exception of U.S. Steel, none of the domestic fabricators of transmission towers produces the steel used in such operations; \* \* \*

#### U.S. Market and Apparent Consumption

Orders for transmission towers are placed predominantly by private utility companies, Rural Electrification Administration (REA) cooperatives, Federal, State, and local government agencies concerned with the transmission of electricity, and by consulting engineers that represent either private firms or governmental agencies. The purchaser typically prepares tower specifications and solicits bids from fabricators by one of several methods, the most prevalent of which is to request a price for furnishing and delivering the towers (f.o.b. delivered destination). Another method (which is reportedly much more widely used in other countries) is to request that proposals be submitted to general contractors who, in turn, bid on a total project (or turnkey) basis. There are no list prices, inasmuch as each tower project is a "custom" job that requires a separate estimate in accordance with its particular requirements; it is unusual for large transmission tower projects to use existing designs. If testing is required by the purchaser, the cost of testing is usually priced separately.

An offer to bid would include the cost of furnishing tower components composed of fabricated steel parts that are set forth in a specified set of tower drawings that cover tower body, body extensions, leg extensions, grillage, rock anchor, and plate footing. To comply with a steel transmission tower bid, a contractor must furnish a master production schedule that includes planning and engineering, detail drawings, purchase of material, fabricating, testing, assembly, bundling, loading, and shipment. Generally, foreign fabricators comply in the same manner and detail as domestic fabricators. A more thorough discussion and analysis of the bidding process in the U.S. market is found in the section of this report entitled "Bids and prices."

Apparent U.S. consumption of galvanized fabricated steel for the erection of electrical transmission towers, as compiled from responses to questionnaires of the U.S. International Trade Commission, ranged between \* \* \* and \* \* \* tons annually during 1978-80. As shown in table 1, apparent consumption in January-June 1981 amounted to about \* \* \* tons, or \* \* \* percent more than consumption in the corresponding period of 1980. Domestic consumption of galvanized fabricated steel for transmission towers during the period surveyed in this investigation, January 1978-June 1981, was substantially less than consumption during the years surveyed by the Commission in its investigations in 1969 and 1970. <sup>1/</sup> For example, according to information in the earlier Commission reports, apparent U.S. consumption of transmission towers and parts rose from an estimated 150,000 tons in 1963 to a peak of 300,000 tons in 1967, then declined to 270,000 tons in 1968 and 1969. Consumption averaged about 240,000 tons annually in 1963-69. Trade sources report that the principal reasons for the decrease in consumption in recent years include the sharp increase in interest rates (and attendant financing charges for large, capital-intensive projects such as adding or replacing electrical transmission tower lines), environmental considerations, and an increased national effort to reduce energy consumption.

Table 1.--Galvanized fabricated steel for transmission towers: U.S. producers' domestic shipments, imports, and apparent U.S. consumption, 1978-80, January-June 1980, and January-June 1981

Item	1978	1979	1980	January-June--	
				1980	1981
U.S. producers' domestic shipments-----tons	112,487	116,671	131,234	68,426	60,691
Imports:					
From Italy-----do	* * *	* * *	* * *	* * *	* * *
From other countries--do	* * *	* * *	* * *	* * *	* * *
Total-----do	* * *	* * *	* * *	* * *	* * *
Apparent U.S. consumption-----do	* * *	* * *	* * *	* * *	* * *
Ratio of imports to apparent U.S. consumption:					
Total imports-----percent	* * *	* * *	* * *	* * *	* * *
Imports from Italy-----do	* * *	* * *	* * *	* * *	* * *

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

<sup>1/</sup> Although questionnaires were not returned by all firms known to have produced or imported galvanized fabricated steel for transmission towers during the period covered, it is believed that the data shown in table 1 represent the vast bulk of all U.S. production and imports of such merchandise.

As indicated previously, the principal purchasers of galvanized steel transmission towers are utility companies, both public and investor owned. <sup>1/</sup> Table 2 shows the percentage distribution of U.S. producers' and importers' shipments, by types of customer, during January 1978-June 1981. During the period, about 74 percent of U.S. producers' output was shipped to private utility companies, 10 percent to State or municipal government agencies, and 8 percent to Federal agencies (chiefly the Tennessee Valley Authority (TVA)). In contrast, about \* \* \* percent of SAE's shipments of merchandise from Italy went to REA cooperatives and \* \* \* percent to private utilities; \* \* \* percent was shipped to Federal agencies. All galvanized fabricated steel for transmission towers imported from countries other than Italy (chiefly Japan) was shipped to Federal, State, or municipal governmental agencies, predominantly the Bonneville Power Administration (BPA) and the TVA.

Table 2.--Galvanized fabricated steel for transmission towers: Percentage distribution of U.S. producers' and importers' domestic shipments, by types of customers, January 1978-June 1981

Type of customer	(In percent)		Shipments of		Total shipments
	U.S. producers' shipments		imports from-- Italy	Other countries	
Federal agencies-----	8.2	:	* * *	* * *	* * *
Agencies of State or municipal governments-----	9.6	:	* * *	* * *	* * *
REA cooperatives-----	7.2	:	* * *	* * *	* * *
Private utility companies-----	73.8	:	* * *	* * *	* * *
Other-----	1.2	:	* * *	* * *	* * *
Total-----	100.0	:	100.0	100.0	100.0

<sup>1/</sup> Less than 0.05 percent.

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

<sup>1/</sup> As subsequently used in this report, the term "public" refers to those utilities owned or operated by Federal, State, or municipal governmental agencies, while "investor owned" (or "private") refers to those utilities not owned or operated by governmental agencies. Public power in the United States currently takes three main forms: Federal power projects, municipal utilities, and REA cooperatives (there are also a few State projects). Technically, the REA cooperatives are privately owned, but they are sponsored by a Federal agency. See Case Studies in American Industry by Leonard W. Weiss, ch. 3, "Monopoly and Regulation--Electric Power," pp. 90-157.

## U.S. Imports

Official statistics on U.S. imports of galvanized fabricated structural steel units for the erection of electrical transmission towers are not available. As indicated earlier, however, about 85 to 88 percent of the weight of a steel transmission tower consists of items entered under TSUS item 609.84 (angles, shapes, and sections). Table 3 shows such imports during 1964-80 and January-June 1981. As indicated, the principal foreign suppliers of this merchandise in recent years were Italy, Japan, and Canada. It is believed that, at least in the case of Italy, the great bulk of imports shown in the table consist of components for galvanized steel transmission towers. Imports from Italy reached a peak in 1967-69, but have fallen sharply since that time (as have imports from Japan and some other sources).

Table 3.--Angles, shapes, and sections of carbon steel, drilled, punched or otherwise advanced (TSUS item 609.84): U.S. imports for consumption, by principal sources, 1964-80, January-June 1980, and January-June 1981

(In short tons)						
Period	Total	Italy	Japan	Canada	All other	
1964-----	34,879	23,361	14	5,359	6,145	
1965-----	41,389	32,747	439	2,354	5,849	
1966-----	59,513	46,072	3,374	1,779	8,288	
1967-----	84,977	58,515	13,766	871	11,825	
1968-----	78,769	55,558	8,938	752	13,521	
1969-----	92,883	57,476	14,794	821	19,792	
1970-----	87,536	40,456	21,479	7,146	18,455	
1971-----	59,850	31,330	17,369	2,515	8,636	
1972-----	52,676	20,434	12,460	6,283	13,499	
1973-----	65,916	26,525	13,683	6,669	19,039	
1974-----	40,530	15,506	9,974	5,111	9,939	
1975-----	29,725	3,830	18,196	2,470	5,229	
1976-----	15,260	3,322	7,600	3,119	1,219	
1977-----	15,969	3,442	6,950	4,422	1,154	
1978-----	35,844	12,870	5,328	16,518	1,128	
1979-----	23,587	5,074	767	15,891	1,855	
1980-----	11,873	2,916	2,397	5,453	1,108	
January-June--						
1980-----	5,690	2,139	178	2,650	723	
1981-----	13,334	2,473	8,265	2,364	232	

Source: Compiled from official statistics of the U.S. Department of Commerce.



Data reported to the Commission by SAE, the only firm known to have shipped galvanized fabricated structural units for the erection of electrical transmission towers from Italy to the United States during January 1978-June 1981, corresponded fairly closely with the imports from Italy shown in table 3. <sup>1/</sup> Imports reported by SAE and by three importers of merchandise produced in Japan, as well as estimated imports from the Republic of Korea (South Korea) and Canada, are shown in table 4. SAE's imports from Italy fell from \* \* \* tons in 1978 to \* \* \* tons in 1979, and to \* \* \* tons in 1980. The firm's imports in January-June 1981 amounted to \* \* \* tons; in comparison, \* \* \* tons were imported in the corresponding period of 1980. As discussed in a later section of this report, however, SAE's imports from Italy \* \* \*

Table 4.--Galvanized fabricated steel for transmission towers: U.S. imports for consumption, by sources, 1978-80, January-June 1980, and January-June 1981

Source	1978	1979	1980	January-June--	
				1980	1981
Quantity (tons)					
Italy-----	* * *	* * *	* * *	* * *	* * *
Japan-----	0	0	* * *	0	* * *
South Korea-----	0	* * *	0	0	0
Canada-----	0	* * *	0	0	0
Total-----	* * *	* * *	* * *	* * *	* * *
Value (1,000 dollars) <sup>1/</sup>					
Italy-----	* * *	* * *	* * *	* * *	* * *
Japan-----	-	-	* * *	-	* * *
South Korea-----	-	* * *	-	-	-
Canada-----	-	* * *	-	-	-
Total-----	* * *	* * *	* * *	* * *	* * *

<sup>1/</sup> Landed duty-paid value at the U.S. port of importation.

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

<sup>1/</sup> During the Commission's earlier investigations on transmission towers and parts, SAE (which at that time was the largest of 3 Italian firms which fabricated transmission towers for the U.S. market) reported the following exports to the United States (in tons): 1965--\* \* \*, 1966--\* \* \*, 1967--\* \* \*, 1968--\* \* \*, and January-September 1969--\* \* \* (annual rate of \* \* \*).

Although it is known that Japan has exported galvanized fabricated steel for transmission towers to the United States for more than a decade, the only imports reported during January 1978-June 1981 occurred in the second half of 1980 (\*\*\* tons) and January-June 1981 (\*\*\* tons). All such merchandise imported from Japan was shipped to Federal agencies--the BPA and the TVA. Questionnaires were not returned by firms known to have imported galvanized fabricated steel for transmission towers from South Korea and Canada during the period covered. It is believed that all such merchandise imported from South Korea went to the TVA, while the only purchase from Canada was reported by a municipal utility company. It is likely that some additional imports from Canada occurred during the period shown, but it is not known what quantities were involved.

Consideration of Material Injury or the Threat Thereof to a Domestic Industry if the Countervailing Duty Order Were to Be Revoked

U.S. producers' domestic and export shipments

U.S. producers' domestic shipments of galvanized fabricated steel for the erection of electrical transmission towers increased from 112,000 tons in 1978 to 131,000 tons in 1980, or by 17 percent (table 5). <sup>1/</sup> However, producers' domestic shipments of such products in January-June 1981 amounted to 61,000 tons, or about 11 percent less than shipments during the corresponding period of 1980. More than 95 percent of U.S. producers' total domestic shipments of galvanized fabricated steel for transmission towers during each of the periods shown in table 5 was for erecting lattice towers.

Two domestic producers reported exports of galvanized fabricated steel for transmission towers. Such export shipments rose sharply from \*\*\* tons in 1978 to \*\*\* tons in 1980. About \*\*\* tons were exported in the first half of 1981, in comparison with \*\*\* tons exported in the first half of 1980. The principal export markets were \* \* \*. Exports accounted for less than \*\*\* percent of U.S. producers' total shipments in 1978, but in January-June 1981 exports accounted for \*\*\* percent of the total.

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<sup>1/</sup> However, in conjunction with the earlier noted contraction in apparent U.S. consumption of galvanized fabricated steel for transmission towers since its peak in 1967, U.S. producers' shipments have also fallen sharply from levels prevailing in the mid- and late-1960's. U.S. producers' domestic shipments of steel transmission towers and parts averaged 184,000 tons annually during 1963-69; such shipments peaked at 225,600 tons in 1966.

Table 5.--Galvanized fabricated steel for transmission towers: U.S. producers' domestic and export shipments, 1978-80, January-June 1980, and January-June 1981

Item	1978	1979	1980	January-June--	
				1980	1981
Quantity (tons)					
Domestic shipments:					
Lattice-----	109,044	114,544	128,799	67,191	59,018
Poles-----	3,443	2,127	2,435	1,235	1,673
Total-----	112,487	116,671	131,234	68,426	60,691
Export shipments-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars) <sup>1/</sup>					
Domestic shipments:					
Lattice-----	76,313	89,142	108,940	53,409	56,511
Poles-----	3,859	2,782	3,751	1,905	1,699
Total-----	80,172	91,924	112,691	55,314	58,210
Export shipments-----	***	***	***	***	***
Total-----	***	***	***	***	***
Average unit value (per ton)					
Domestic shipments:					
Lattice-----	\$700	\$778	\$846	\$795	\$958
Poles-----	1,121	1,308	1,540	1,542	1,016
Average	713	788	859	808	959
Export shipments-----	***	***	***	***	***
Average	***	***	***	***	***

<sup>1/</sup> F.o.b. fabricating facility.

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

### U.S. production, capacity, and capacity utilization

Inasmuch as most transmission tower projects must be specially designed and engineered to meet the requirements of the particular customer, parts and components for transmission towers are not normally inventoried by either domestic producers or by importers. Consequently, U.S. production (or imports) and domestic producers' shipments (or importers' U.S. shipments) may, for all practical purposes, be considered synonymous.

U.S. practical capacity <sup>1/</sup> for the fabrication of galvanized steel for electrical transmission towers declined irregularly from about 224,000 tons per year at year-end 1978 to 218,000 tons per year as of June 30, 1981. This 3-percent decline in capacity chiefly reflects the cessation of production by one of U.S. Steel's plants. The following tabulation shows U.S. capacity during 1978-80 and January-June 1981, and the rate of utilization of such capacity (as measured by the ratio of U.S. producers' total shipments to capacity):

<u>Period</u>	<u>End-of-period capacity (tons per year)</u>	<u>Capacity utilization (percent)</u>
1978-----	224,300	* * *
1979-----	229,750	* * *
1980-----	223,700	* * *
January-June 1981-----	217,800	* * *

U.S. capacity to produce galvanized fabricated steel for transmission towers is projected to be approximately 262,000 tons per year by the end of 1981. The data in the above tabulation do not include the additional capacity to be provided by Riverside's new Utah plant (\* \* \* tons per year). In addition, two other fabricators indicated that they planned some additions to their present capacity.

### U.S. employment, wages, and productivity

Table 6 shows the average number of production and related workers engaged in fabricating galvanized steel for transmission towers, as well as the man-hours worked by and wages paid to such employees. As indicated, the average number of such employees increased from 1,320 in 1978 to a peak of 1,561 in January-June 1980, and then declined to 1,345 in January-June 1981. Similarly, the number of man-hours worked by and wages paid to such employees increased from 1978 to 1980, then decreased in January-June 1981, when compared with the corresponding period of 1980.

---

<sup>1/</sup> Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. In estimating practical capacity, producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

Table 6.--Average number of employees in U.S. establishments in which galvanized fabricated steel for transmission towers was produced, total and production and related workers, and man-hours worked by and wages paid to production and related workers producing such products, 1978-80, January-June 1980, and January-June 1981

Item	1978	1979	1980	January-June--	
				1980	1981
Average number of employees:					
All persons-----	3,263	3,335	3,035	3,091	2,961
Production and related workers producing:					
All products-----	2,527	2,618	2,379	2,427	2,276
Galvanized fabricated steel for transmission towers-----	1,320	1,387	1,527	1,561	1,345
Man-hours worked by production and related workers producing--					
All products-----1,000 hours--	4,997	5,193	4,959	2,592	2,382
Galvanized fabricated steel for transmission towers 1,000 hours--	2,638	2,761	3,162	1,656	1,404
Wages paid to production and related workers producing-- 1/					
All products-----1,000 dollars--	31,198	34,989	34,325	17,675	17,140
Galvanized fabricated steel for transmission towers 1,000 dollars--	14,461	16,688	20,079	10,472	9,504

1/ Wages before deductions of any kind. Includes wages paid directly by the firm for overtime, holidays, vacations, and sick leave. Excludes "fringe" benefits (such as health and other types of insurance, contributions to retirement, etc., paid by the firm), bonuses (unless earned and paid regularly each pay period), and payment in kind (e.g., free rent, fuel, or meals).

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

The average hourly earnings of production and related workers engaged in fabricating galvanized steel transmission towers were consistently less throughout January 1978-June 1981 than average hourly wages received by workers in all manufacturing or by those workers employed in fabricating structural metal products. The average hourly earnings of workers fabricating steel transmission towers were also less than average hourly earnings of all production and related workers employed in the establishments in which steel

transmission towers were fabricated, as indicated by the following tabulation:

Item	1978	1979	1980	January-June--	
				1980	1981
Production workers employed in--					
All manufacturing-----	\$6.17	\$6.70	\$7.27	\$7.07	\$7.83
Blast furnaces and steel mills---	9.70	10.77	11.87	11.52	12.81
Fabricating structural metal products-----	6.04	6.60	7.25	7.07	7.77
Establishments in which galva- nized steel transmission towers were fabricated:					
Producing all products-----	6.24	6.74	6.92	6.82	7.20
Fabricating galvanized steel for transmission towers----	5.48	6.04	6.35	6.32	6.77

1/ \* \* \*

Source: Data relating to establishments in which galvanized steel transmission towers were fabricated compiled from responses to questionnaires of the U.S. International Trade Commission; other data compiled from official statistics of the U.S. Department of Labor.

The productivity of production and related workers engaged in fabricating galvanized steel transmission towers, as measured by physical output per man-hour worked by such employees, remained relatively stable during 1978-80 and then increased by about 5 percent in January-June 1981, as shown in the following tabulation:

Item	1978	1979	1980	January-June	
				1980	1981
Production-----tons--	* * *	* * *	* * *	* * *	* * *
Man-hours worked by pro- duction and related workers-----1,000 hours--	2,638	2,761	3,162	1,656	1,404
Productivity pounds per man-hour--	* * *	* * *	* * *	* * *	* * *

Financial experience of U.S. producers

Profit-and-loss data were obtained from domestic fabricators accounting for virtually all reported U.S. production and shipments of galvanized fabricated steel for transmission towers during January 1978-June 1981. Most producers reported similar trends in their total establishment operations and in their operations specifically in fabricating galvanized steel for transmission towers--that is, net losses in 1978 and 1979, small profits in 1980, and increased profits in January-June 1981. In the aggregate, such producers reported a net operating loss on their galvanized steel tower operations of \$1.9 million (2.6 percent of sales) in 1978, a net loss of \$5.5 million in 1979 (7.2 percent of sales), an operating profit of \$3.9 million in 1980 (2.8 percent of sales), and an operating profit of \$6.4 million (10.5 percent of sales) in January-June 1981 (tables 7 and 8). 1/

Capital expenditures and research and development expenses incurred by domestic producers in connection with their operations in fabricating galvanized steel for transmission towers are shown in the following tabulation. The great bulk of the capital expenditures in

*            *            *            *            *            *            *	<u>Period</u>	<u>Capital expenditures (1,000 dollars)</u>	<u>Research and development expenses (1,000 dollars)</u>
	1978-----	2,061	* * *
	1979-----	1,627	* * *
	1980-----	6,675	* * *
	Jan.-June 1981-----	4,887	* * *

1/ Domestic producers' net sales of galvanized fabricated steel for transmission towers shown for some periods in table 7 differ considerably from the value of producers' domestic shipments of such merchandise shown for the same periods in table 5. The difference, which is especially pronounced in 1980, results from two principal factors. First, the shipment data shown in table 5 are on a calendar year basis, while the profit-and-loss data shown in tables 7 and 8 were compiled on the basis of domestic producers' accounting years; some producers have accounting years which do not end on Dec. 31. Second, domestic producers differ in their treatment of the point in time at which revenues are recognized--some reported on an accrual basis, while others reported on the basis of completed contracts. In any event, aggregate net sales shown in tables 7 and 8 for the entire January 1978-June 1981 period (\$351.1 million) are virtually the same as the total value of producers' shipments shown in table 5 over the period (\* \* \* million).

Table 7.--Profit-and-loss experience of U.S. producers on their total establishment operations and on their operations in producing galvanized fabricated steel for transmission towers, 1978-80 and January-June 1981

Item	1978	1979	1980	January- June 1981
Total establishment operations				
Net sales-----1,000 dollars--	136,623	158,716	224,538	120,062
Cost of goods sold-----do-----	130,221	151,144	200,648	100,357
Gross margin-----do-----	6,402	7,572	23,890	19,705
General, selling, and administrative expenses-----1,000 dollars--	13,166	13,274	17,530	10,513
Net operating profit or (loss)-----do-----	(6,764)	(5,702)	6,360	9,192
Ratio of cost of goods sold to net sales-----percent-----	95.3	95.2	89.4	83.6
Ratio of net operating profit or (loss) to net sales-----percent-----	(5.0)	(3.6)	2.8	7.6
Number of firms reporting--				
Net operating profits-----	3	6	7	8
Net operating losses-----	5	3	2	1
Operations on galvanized fabricated steel for transmission towers				
Net sales-----1,000 dollars--	74,156	76,423	139,436	61,129
Cost of goods sold:				
Raw materials <sup>1/</sup> -----do-----	40,508	43,547	79,660	31,535
Direct labor-----do-----	12,405	14,031	23,370	7,539
Depreciation and amortization-----do-----	823	967	1,123	644
Other factory costs-----do-----	16,259	16,669	23,436	10,449
Total cost of goods sold-----do-----	69,995	75,214	127,589	50,167
Gross margin-----do-----	4,161	1,209	11,847	10,962
General, selling, and administrative expenses-----1,000 dollars--	6,092	6,699	7,937	4,548
Net operating profit or (loss)-----do-----	(1,931)	(5,490)	3,910	6,414
Ratio of cost of goods sold to net sales-----percent-----	94.4	98.4	91.5	82.1
Ratio of net operating profit or (loss) to net sales-----percent-----	(2.6)	(7.2)	2.8	10.5
Number of firms reporting--				
Net operating profits-----	3	4	7	7
Net operating losses-----	5	4	2	2

<sup>1/</sup> The average per ton cost of purchased steel, which is by far the major raw material used by producers in fabricating galvanized steel transmission towers, was as follows: 1978--\$352, 1979--\$381, 1980--\$387, and January-June 1981--\$390.

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



Table 8.--Galvanized fabricated steel for transmission towers: Profit-and-loss experience of U.S. producers, by firms, 1978-80, and January-June 1981

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\* \* \* \* \*

### Capacity in Italy to generate exports

As part of its consideration of threat of material injury to a domestic industry, the Commission may examine the likelihood of a particular situation developing into actual material injury. In this regard, demonstrable trends--for example, the rate of increase of the subsidized exports to the U.S. market, capacity in the exporting country to generate exports, the likelihood that such exports will be directed to the U.S. market taking into the account the availability of other export markets, and the nature of the subsidy in question (i.e., is the subsidy the sort that is likely to generate exports to the United States)--may be important. This section summarizes the data available concerning capacity in Italy to generate exports of galvanized fabricated structural steel units for the erection of electrical transmission towers. Data on the rate of increase of subsidized U.S. imports of such merchandise from Italy are presented in the sections entitled "U.S. Imports" (pp. A-12 to A-14) and "Market penetration of subsidized imports from Italy" (pp. A-23 and A-24). As indicated previously (pp. A-3 and A-4), the stated purpose of Italian law 639--the only program found countervailable by Commerce in its administrative review--is to rebate customs duties and certain indirect taxes on the exportation of products containing iron and steel.

Table 9 shows production, capacity, capacity utilization, and exports of galvanized fabricated steel for transmission towers during 1979, 1980, and January-June 1981 by all Italian fabricators and by SAE. SAE is, by far, the largest of some 16 to 18 firms in Italy that fabricate galvanized steel for the erection of electrical transmission towers, and is believed to have supplied virtually all U.S. imports of such merchandise from Italy in recent years. As indicated in the table, the capacity of the Italian industry to fabricate components for galvanized steel transmission towers is about 275,600 tons per year. (In comparison, the capacity of the U.S. industry to fabricate such merchandise is projected at 262,000 tons annually as of year-end 1981.) The rate of utilization of capacity in Italy declined from 60 percent in 1979 to 52 percent in 1980 and the first half of 1981. Exports accounted for 88 percent of aggregate Italian production of galvanized fabricated structural steel for transmission towers in the 2-1/2-year period shown in the table. Exports to the United States, \* \* \*, were equivalent to 3.8 percent of aggregate production in 1979, 1.7 percent in 1980, and 4.5 percent in January-June 1981.

In response to a request for available information pertaining to any projected changes in Italy's production, capacity, or capacity utilization in 1981-83, as well as intentions or projections with respect to the quantity of exports of galvanized fabricated steel for transmission towers to the United States during those years, the U.S. Department of State reported the following:

Association (Italian Association of Steel Fabricators) does not expect any changes in capacity or production during 1981-1983; if any changes occur, they are (sic) likely to be some decline in production because of competition from Japan and other exporters. . . . Industry would like to expand exports, but is unlikely to be able to do so because of competition. Assn. cannot make projections.

Table 9.--Galvanized fabricated steel for transmission towers: Production, capacity, capacity utilization, and exports, by all fabricators in Italy and by SAE, 1979, 1980, and January-June 1981

Item	1979	1980	January- June 1981
All Italian fabricators:			
Capacity-----short tons---	275,575	275,575	1/ 137,788
Production-----do-----	165,345	143,300	71,650
Capacity utilization-----percent---	60	52	52
Exports:			
To the United States-----short tons---	6,283	2,425	3,197
To the European Community-----do-----	11,023	11,023	5,511
To other countries-----do-----	109,458	118,828	68,453
Total exports-----do-----	126,764	132,276	77,161
SAE:			
Capacity-----do-----	***	***	1/ ***
Production-----do-----	***	***	***
Capacity utilization-----percent---	***	***	***
Exports:			
To the United States-----short tons---	***	***	***
To the European Community-----do-----	***	***	***
To other countries-----do-----	***	***	***
Total exports-----do-----	***	***	***

1/ Capacity is one half of the annual capacity.

Source: Data for all fabricators in Italy obtained by the U.S. Department of State from the Italian Association of Steel Fabricators (Associazione fra i Costruttori in Acciaio Italiani, or ACIAI); data for SAE obtained from that firm.

#### Market penetration of subsidized imports from Italy

U.S. imports from Italy of galvanized fabricated structural steel units for the erection of electrical transmission towers--as reported by SAE, the firm which has supplied virtually all such imports during recent years--are shown in table 1 (p. A-10) and table 4 (p. A-13). As indicated earlier, imports of such merchandise from Italy declined from \*\*\* tons in 1978 to \*\*\* tons in 1980, but increased to \*\*\* tons in January-June 1981. These imports were equivalent to \*\*\* percent of apparent U.S. consumption of galvanized fabricated steel for transmission towers in 1978, \*\*\* percent in 1979, \*\*\* percent in 1980, and \*\*\* percent in January-June 1981.

During the period surveyed by the Commission in its previous investigations, U.S. imports of steel transmission towers and parts from Italy (as reported by SAE) and the share of apparent domestic consumption accounted for by such imports were as follows:

	<u>Imports</u> (tons)	<u>Percent of apparent</u> <u>U.S. consumption</u>
1965-----	* * *	* * *
1966-----	* * *	* * *
1967-----	* * *	* * *
1968-----	* * *	* * *
1969 <u>1/</u> -----	* * *	* * *

1/ Annualized; \* \* \* tons reported in January-September.

Counsel for SAE acknowledged during the Commission's hearing in the instant investigation that U.S. imports from Italy of galvanized fabricated steel for transmission towers had declined sharply in the past decade, and testified that the imposition of countervailing duties had initially affected such imports: 1/

Now at the outset, we agree with U.S. Steel's observation that the decline in SAE's imports has indeed been precipitous, since the early 1970's, and that our imports have been and continue to be minimal. . . .

We also agree, the countervailing duty order was one reason for the initial phase of this decline. It must be remembered that in the late 1960's and early 1970's, towers were priced at about \$300 a ton, and as the Commission has already been told and as its own reports in the worker cases of 1969 and 1970 indicated, the countervailing duty amounted to \$20. And that meant that the incidence of the duty was approximately 6.6 percent.

While the staff report computes the countervailing duty in terms of the lira-dollar relationship at the end of 1980, at presently 1.76 percent, the current exchange rate results in a duty of 1.2 percent, and we think that is highly significant in this proceeding.

Now, the decline in SAE's imports did not abate, but continued, long after the countervailing duty became a relatively less factor in the marketplace and eventually became a non-factor, as it is today.

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1/ Transcript of Proceedings in the Matter of Steel Units for Electrical Transmission Towers from Italy, Oct. 23, 1981, pp. 95-97.

## Bids and prices

The bid process provides the marketing arena in which domestic and foreign steel fabricators compete for contracts awarded by electric utilities to supply fabricated steel transmission towers for new or replacement transmission and distribution lines. Bids are by invitation and are usually made on an approved vendor basis. Public power entities such as BPA, TVA, and the City of Los Angeles have an open bidding process with the results of the bid competition sent to all bidders. Investor-owned utilities generally do not make all bids public and often losing bidders may not know the amount of the winning bid or the winning bidder's identity.

Foreign firms (i.e., those in Japan, South Korea, Canada, and Italy) have been invited to bid on public power company projects during recent years, but industry sources say that, so far, investor-owned utilities have rarely invited the Japanese or Korean firms to bid. Recently, other foreign fabricators--Spanish, Indian, and Brazilian--have expressed interest in bidding but as yet have not moved to compete. SAE has been invited to bid on a considerable number of investor-owned power company projects, but on many other investor-owned power company projects SAE did not receive an invitation to compete. 1/

Often there is more than a year lead time from the inquiry date (request for quotes) to the date of delivery. Preparing a bid may take 1-1/2 to 2 months, then about 2 months after bid submission the contract award is made. Delivery stretches over a 1 year period in many cases, and can involve shipments over 2 to 3 years for some large projects.

Project specifications that accompany a request for quotes may be to existent design or may involve new competitive design. Bids to existing design specifications are usually for replacement or, in some cases, for add-ons to systems already in place. Large new projects are almost always bid on new competitive design. Engineering costs in the former are negligible, but in the latter they are significant. Projects involving new tower design also involve a requirement for testing, a cost that increases the amount of a bid.

SAE emphasizes its engineering and design capability as a competitive advantage on bids involving new tower design. Moreover, over the years, SAE designed towers have been accepted by many power companies and such designs are frequently specified when these companies acquire additional towers. In such cases, competing fabricators bid on the basis of supplying towers that conform to the SAE design.

Among domestic fabricators, SAE's engineering and tower design have a good reputation. Its towers are characterized as "skinny"--not over-stressed--by industry executives who state that SAE's minimum thicknesses are less than towers designed by domestic firms. SAE explains that specialized engineering characterizes the market and that, based on design, the price of a tower can

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1/ During recent years, SAE has been invited to bid on contracts awarded by approximately \* \* \* utility companies in the United States. A-25

vary considerably. Tower design with less weight translates into a lower tower cost and a lower overall bid. Less weight also means lower transportation costs and less labor cost in erection. The lowest bid is therefore not simply a reflection of the cents per pound price of steel, but also a reflection of the number of pounds (tons) of steel involved in competing designs.

Bid competition.--In order for the Commission to analyze the competitive positions of the various suppliers in the U.S. market for fabricated steel transmission towers, domestic fabricators and foreign importers were asked to provide data on (a) the 20 largest tonnage requests for quotes to which they responded with bids in 1979, 1980, and January-June 1981, and (b) the 5 largest tonnage bids made on contracts of less than 1,000 tons in each of those periods. These data are aggregated by respondent firm in table 10 to show total tonnage of those bids made and the total tonnage of the contracts awarded as a result of those bids. The data also show bids lost to SAE and to other foreign bidders as a percent of total tonnage bid.

The ratio of winning bids to total bids made, in terms of tonnage, varied widely among competing major domestic transmission tower fabricators from a success ratio of \* \* \* \* \*

The bid award pattern for SAE \* \* \* \*

Several other foreign fabricators, chiefly importers of towers from Japan, are included in the data base. For example, one Japanese firm,

\* \* \* \* \*

Projects won by SAE.--Contracts awarded to SAE to supply transmission tower steel are summarized in table 11. These data indicate that in 1979

\* \* \* \* \* 1/ 2/ 3/

Competing bids and prices.--A comparison of bids shows a broad range of competing bids for the same project. For example,

\* \* \* \* \* 4/

Competing bids for the same projects were as diverse in 1980 as in 1979, varying as much as \* \* \* \* \*

1/	*	*	*	*	*	*	*
2/	*	*	*	*	*	*	*
3/	*	*	*	*	*	*	*
4/	*	*	*	*	*	*	*

Table 10.--Galvanized fabricated steel for transmission towers: Total tonnage of projects bid on by domestic and foreign firms, and tonnage of projects won and lost, 1979, 1980, and January-June 1981

Period 1/ and bidding firm	Total tons of projects bid on	No. of projects bid on	No. of projects bids won	Tons lost	Bids won and lost as percent of tons bid	
					Bids won	Bids lost
<b>1979:</b>						
Domestic:						
U.S. Steel	***	***	***	***	***	***
Lehigh	***	***	***	***	***	***
Anchor	***	***	***	***	***	***
Muskogee	***	***	***	***	***	***
ITT Meyer	***	***	***	***	***	***
Flint	***	***	***	***	***	***
Riverside	***	***	***	***	***	***
Foreign:						
SAE	***	***	***	***	***	***
Sumitomo	***	***	***	***	***	***
Nichimen	***	***	***	***	***	***
Nissho-Iwai	***	***	***	***	***	***
Hyundai	***	***	***	***	***	***
<b>1980:</b>						
Domestic:						
U.S. Steel	***	***	***	***	***	***
Lehigh	***	***	***	***	***	***
Anchor	***	***	***	***	***	***
Muskogee	***	***	***	***	***	***
Great Western	***	***	***	***	***	***
ITT Meyer	***	***	***	***	***	***
Flint	***	***	***	***	***	***
Riverside	***	***	***	***	***	***
Foreign:						
SAE	***	***	***	***	***	***
Sumitomo	***	***	***	***	***	***
Nichimen	***	***	***	***	***	***
Nissho-Iwai	***	***	***	***	***	***
Hyundai	***	***	***	***	***	***

See footnotes at end of table.

Table 10. Galvanized fabricated steel for transmission towers: Total tonnage of projects bid on by domestic and foreign firms, and tonnage of projects won and lost, 1979, 1980, and January-June 1981--Continued

Period 1/ and bidding firm	Total tons of projects bid on	No. of projects bid on	No. of projects won	No. of bids in tons	No. of bids lost	Tons lost		Bids won and lost as percent of tons bid	
						Bids won	Bids lost	Bids won	Bids lost
1981 (January-June):									
Domestic:									
U.S. Steel	***	***	***	***	***	***	***	***	***
Lehigh	***	***	***	***	***	***	***	***	***
Anchor	***	***	***	***	***	***	***	***	***
Muskogee	***	***	***	***	***	***	***	***	***
Great Western	***	***	***	***	***	***	***	***	***
ITT Meyer	***	***	***	***	***	***	***	***	***
Flint	***	***	***	***	***	***	***	***	***
Riverside	***	***	***	***	***	***	***	***	***
Advance Industries	***	***	***	***	***	***	***	***	***
Foreign:									
SAE	3/	***	***	3/	***	***	***	***	***
Sumitomo	***	***	***	***	***	***	***	***	***
Nichimen	***	***	***	***	***	***	***	***	***
Nissho-Iwai	***	***	***	***	***	***	***	***	***
Hyundai	***	***	***	***	***	***	***	***	***

1/ Based on date of bid.

2/ \*\*\* tons consisted of Corten-type steel.

3/ \*\*\* tons was bid on in January-June 1981 and awarded in July of that year.

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



Table 11.--Galvanized fabricated steel for transmission towers: Contracts awarded to SAE, unit prices, winning bid, range of competing domestic bids, and SAE's margin of underbidding, by awarding companies, 1979, 1980, and January-June 1981

Period and awarding company	Weight	Unit price	Winning bid	Range of domestic bids	Range of SAE's margin of underbidding		Competing unit price
					Percent	Cents per pound	
	Tons	Cents per lb.	1,000 dollars	1,000 dollars	Percent	Cents per pound	
<b>1979</b>							
*		***	***	1/	1/	1/	1/
*		***	***	1/	1/	1/	1/
*		***	***	3/	-	-	-
*	2/	***	***	3/	***-***	***-***	***-***
*	2/	***	***	6/	-	-	-
*	4/	***	***	3/	***	1/	1/
*		***	***	1/	1/	1/	1/
*		***	***	***-***	***-***	***-***	***-***
*		***	***	***	***	***	***
*		***	***	***-***	***-***	***-***	***-***
*	8/	***	***	***-***	***-***	***-***	***-***
<b>1980</b>							
*		***	***	***-***	***-***	***-***	***-***
*	2/	***	***	***-***	***-***	***-***	***-***
*		***	***	***-***	***-***	***-***	***-***
*	2/	***	***	***-***	***-***	***-***	***-***
*		***	***	3/	-	-	-
<b>1981 (Jan.-June)</b>							
*		***	***	1/	1/	1/	1/
*	9/	***	***	***-***	***-***	***-***	***-***

1/ Not available.  
 2/ Tonnage reported by the awarding utility; SAE reported smaller tonnage awarded.  
 3/ No competing bids.  
 4/ Award won by SAE for Corten-type steel towers, in competition with bids for supplying galvanized or competing weather resistant steel towers; \*  
 5/ Bid on galvanized steel; SAE's winning bid was lower for Corten-type steel transmission towers.  
 6/ Calculated from weight multiplied by the price per pound.  
 7/ Award won by SAE for Corten-type steel towers, in competition with bids for supplying galvanized or competing weather resistant steel towers.  
 8/ Bidding opened in December 1978.  
 9/ Contract awarded in July 1981.  
 10/ \* \* \*

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. Contract awards reported by SAE were supplemented by contract awards to SAE reported by responding awarding power companies.

These anomalies in which the lowest bidder does not get the contract award are explained to some extent by a process called bid evaluation. Domestic and foreign fabricators have explained that both public power companies and investor-owned utilities evaluate the bids made on their projects. Various factors are considered. Among the most important, in addition to the bid price for tower steel and related costs, are maintenance costs, 1/ erection costs (which are partly a function of tower weight, number of pieces, and fit), punctuality of the vendor, tower appearance, and in one recent case (the San Diego project), payment terms. According to industry sources, the awarding utility usually buys from the lowest bidder, as determined by the overall bid evaluation process.

Data on SAE's unit price in cents per pound were provided by respondent firms and are shown in table 11. Unit prices in 1979 ranged from \* \* \* to \* \* \* cents per pound. The latter was \* \* \*. The lowest unit prices were on the highest tonnage projects, \* \* \*, illustrating the cost benefits of a large order where fixed costs and variable costs of fabricating and engineering fall appreciably. In contrast, unit prices for contracts of less than 1,000 tons ranged from \* \* \* to \* \* \* cents per pound. The only large contract won by SAE in 1980 was at an average unit price of \* \* \* cents per pound, while the small contracts generally reflected unit prices ranging from \* \* \* to \* \* \* cents per pound. The San Diego Power & Light contract in 1981 had a unit price of \* \* \* cents per pound, with the lowest competing bid at about \* \* \* cents per pound. It has been noted previously that unit price in itself is not the determinant factor in projects that involve new competitive design; this, in turn, results in varying tower weights and thus varying total tonnage figures. These tonnages multiplied by unit price, including engineering but not testing, can result in widely different total bids. Most large projects are bid to new design, not to existent specifications. Tables 10 and 11 focus on the largest tonnage bids quoted by competing domestic and foreign fabricators. Consequently, bid comparisons are largely for projects involving new tower design.

Bid competition on public power project contracts.--Public power company projects account for an estimated 20 percent of the domestic demand for fabricated steel transmission towers. The most important entities contributing to this segment of the market are the Bonneville Power Administration and the Tennessee Valley Authority. Data on bids and awards for transmission tower projects were collected separately from BPA and TVA and are summarized in table 12.

During January 1979-June 1981, BPA let 15 contracts for a total of 31,395 tons of steel for galvanized transmission towers. Six of these contracts, totaling 6,465 tons, or 21 percent, were awarded under the Federal contract requirement for small business set-asides. No foreign bidders compete in such bid competition. Eight of the contracts for the remaining nine large projects were won by foreign bidders.

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1/ Expected tower life ranges from 25 to 50 years, depending on location and climatic factors.

Table 12.--Galvanized fabricated steel for transmission towers: Contracts awarded by the Bonneville Power Administration (BPA) and the Tennessee Valley Authority (TVA), by winning firms, range of competing bids, and margins of overbidding by closest competing domestic and foreign bids, 1979, 1980, and January-June 1981.

Awarding agency	Award date	Weight	Winning bid			Range of competing bids	Closest domestic bid			Closest foreign bid			
			Firm	Value	1,000 dollars		Firm	Margin of over-bidding	Percent	Firm	Margin of over-bidding	Percent	
BPA 1/	9-79	1,225	Nichimen	1,182	1,000	1,359-2,214	Northwest Steel	87.0	SAE	87.0	SAE	15.0	
	9-79	625	Missho-Iwai	725	1,000	753-1,220	None	-	SAE	-	SAE	3.8	
	3-80	2,400	Nichimen	1,928	1,000	2,048-2,691	Riverside	13.5	Sumitomo	13.5	Sumitomo	6.2	
	3-80	1,670	Sumitomo	1,793	1,000	1,881-2,632	Flint	31.8	Nichimen	31.8	Nichimen	4.9	
	4-80	1,500	Nichimen	1,270	1,000	1,178-1,906	Riverside	50.2	Samsung	50.2	Samsung	-7.2	
	6-80	4,340	Sumitomo	4,474	1,000	5,583-6,189	Riverside	38.3	Nichimen	38.3	Nichimen	23.9	
	4-81	4,700	Anchor	4,597	1,000	4,181-5,588	R.W. Taylor	3.2	Hyundai	3.2	Hyundai	-9.0	
	4-81	7,900	Nichimen	7,930	1,000	6,897-10,058	Great Western	26.8	Hyundai	26.8	Hyundai	-13.0	
	6-81	570	Sumitomo	662	1,000	705-817	Riverside	9.3	SAE	9.3	SAE	6.5	
	TVA	1-79	5,940	Anchor	4,095	1,000	4,468-6,661	Lehigh	9.1	SAE	9.1	SAE	9.7
		3-79	5,458	Lehigh	4,036	1,000	4,311-5,894	Anchor	8.9	SAE	8.9	SAE	6.8
		5-79	1,414	Hyundai	1,061	1,000	1,290-1,977	Anchor	21.6	SAE	21.6	SAE	38.6
6-79		4,029	Lehigh	3,342	1,000	3,463-4,432	Anchor	3.6	SAE	3.6	SAE	4.5	
3-80		489	Anchor	457	1,000	453-670	U.S. Steel	1.0	SAE	1.0	SAE	11.1	
7-80		4,711	Lehigh	4,091	1,000	4,162-5,330	Power Systems	1.7	SAE	1.7	SAE	.8	
4-80		1,689	Anchor	1,461	1,000	1,511-1,795	Flint	3.4	No bid	3.4	No bid	-	
5-80		183	Flint	174	1,000	178-309	Lehigh	2.0	No bid	2.0	No bid	-	
12-80		241	Anchor	230	1,000	242-357	Flint	5.2	No bid	5.2	No bid	-	
1-81		236	Anchor	239	1,000	254-411	Falcon	6.3	No bid	6.3	No bid	-	
4-81		109	Flint	116	1,000	119-451	Anchor	2.7	No bid	2.7	No bid	-	

1/ Table does not include contracts let by BPA under the federal requirement for small business set asides.

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

Exclusive of the small business set-aside contracts, only one contract was awarded to a domestic fabricator. This award, for 4,700 tons, went to Anchor in 1981. Anchor won the bid on the basis of adjustment of the lower foreign bid (by Hyundai Corp., an importer of towers from South Korea) to meet the 6 percent Buy American requirement and the additional 6 percent adjustment for a surplus labor area. Buy American and surplus labor area bid adjustment requirements were not a factor in any other contract awarded by BPA. <sup>1/</sup>

Japanese firms won all other contracts awarded by BPA during the period examined. Sumitomo Corp., an integrated steel producer, fabricator, and trading company, won three contracts totaling 6,580 tons. Nichimen Co., a Japanese trading company representing Japan Steel Tower, a leading Japanese fabricator, won four contracts for a total of 13,025 tons. Nissho Iwai Co., a Japanese trading company representing the Japan Bridge Co., won one contract for 625 tons. SAE, although it was occasionally the second lowest bidder, did not win a single BPA contract during the subject period. BPA officials indicated that the Japanese provided a quality product; were dependable in delivery, and had a significant cost and price advantage in being able to deliver steel by ocean freight almost to BPA's back door.

Two Korean fabricators, Hyundai and Samsung Corp., competed for five contracts during the period. Although one or the other of these two firms was the lowest bidder on several projects, neither was awarded a contract. BPA makes inspections of foreign facilities when the low bid is by a foreign firm. The purpose of such inspections is to evaluate performance capability. BPA officials have inspected the Korean fabricators' facilities on two recent bid evaluations, but did not approve their ability to perform on the contracts involved.

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<sup>1/</sup> The Buy American Act, 41 U.S.C. 10a-10d (1978), is the primary congressionally mandated legislative preference for U.S. goods. Under this act, U.S. Government agencies may purchase products of foreign origin for delivery in the United States only if the cost of the domestic product exceeds the cost of the foreign product, including duty, by 6 percent or more. This differential rises to 12 percent if the low domestic bidder is situated in a labor-surplus area, and to 50 percent if the purchase is made by the Department of Defense. The preferences may be waived in the public interest, however. There are other similar restrictions on U.S. Government procurement which may affect imports of carbon steel products in specific instances. Still other statutes effect programs favoring certain disadvantaged domestic suppliers, to the competitive detriment of other nonfavored domestic and foreign suppliers; these programs include preferences for small and minority business set-asides (15 U.S.C. 631.44, 41 U.S.C. 252(b), 42 U.S.C. 6705(f)(2), Public Law 95-507, and Executive Orders Nos. 11458, 11158, and 11625), and labor-surplus-area concerns (15 U.S.C. 644(d) and Executive Order No. 12073).

Finally, a number of States have Buy American restrictions on their own procurements. (A recent compilation may be found in GAO Report IP-79-1, Nov. 30, 1978, pp. 2 and 20-25). According to domestic suppliers and importers of transmission towers, many privately owned utilities have a policy of limiting bids to domestic suppliers, even in States which have no statutory Buy American requirement.

During the subject period TVA awarded 11 contracts for a total of 24,500 tons of galvanized fabricated tower steel. Competition was largely among domestic firms, although SAE competed for the 5 largest contracts and a small 489 ton project. While not winning a single contract, SAE came in second or third in four of the six bid competitions. Its margin of overbidding in those bids ranged from 0.8 percent to 38.6 percent.

Lehigh won three of the four major tonnage contracts for a total award of 14,198 tons, or more than half the total major tonnage awarded, which amounted to 24,500 tons. Anchor won a major contract for 5,940 tons in 1979 and another for 1,689 tons in 1980. Hyundai won the remaining large contract (1,414 tons) on a bid sharply lower than any competing bid. According to TVA officials and industry sources, Hyundai had serious performance problems in this contract. The firm asked TVA for upward adjustments of the bid but the request was denied. This is the only contract known to have been won by Hyundai. Canadian fabricators also bid on the TVA projects, as did Sumitomo on one occasion. None of their bids were very competitive relative to the winning bids. Their margins of overbidding ranged from 24.5 percent to 46.3 percent.

As noted, SAE has frequently been the second lowest bidder on public power projects. These bids however are not adjusted bids to meet the Buy American or labor surplus area requirements. This 6 percent or 12 percent (as appropriate) upward adjustment adds to the margins by which SAE lost these awards. The cost of the present countervailing duty, 18 lire per kilo, amounted to about 1.91 percent of the bid price per ton calculated at the average 1980 exchange rate and a price of 50 cents per pound. The elimination of this cost would not have appreciably affected SAE's bid position on BPA and TVA contracts.

Certain projects lost by SAE.--In SAE's lost bids on investor-owned utility contracts, Buy American adjustments are often not a factor and, absent the cost disadvantage of the countervailing duty on galvanized steel transmission tower components, SAE might have won a few additional awards. <sup>1/</sup> On the basis of the dollar/lira exchange rates prevailing during January 1978-June 1981 and the average per ton price of imports from Italy, the countervailing duty added approximately \* \* \* percent to the cost of such merchandise imported from Italy during that period. Questionnaires returned to the Commission by firms awarding contracts during January 1978-June 1981 as a result of bid competitions in which SAE participated but did not receive the award, revealed four instances in which SAE's losing bid was within 2 percent of the winning bid of a domestic fabricator. These instances, which are shown in the following tabulation, amounted in the aggregate to about \* \* \* tons of galvanized steel for transmission towers:

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<sup>1/</sup> As noted elsewhere in this report, because of the bid evaluation process, the lowest bidder does not necessarily receive an award by a utility company for a contract to supply transmission towers. Some of the other factors considered by utilities in awarding contracts were indicated on page A-30.<sup>33</sup>

Awarding firm	Award date	Winning bid		SAE's bid	
		Value	Firm	Value	Quantity
		<u>1,000</u>		<u>1,000</u>	
		<u>dollars</u>		<u>dollars</u>	<u>tons</u>
*** -----	***	***	***	***	***
*** -----	***	***	***	***	***
*** -----	***	***	***	***	***
*** -----	***	***	***	***	***

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**APPENDIX A**

**TREASURY'S NOTICE OF IMPOSITION OF COUNTERVAILING DUTIES**

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## RULES AND REGULATIONS

### Title 19—CUSTOMS DUTIES

#### Chapter I—Bureau of Customs, Department of the Treasury (T.D. 67-102)

#### PART 16—LIQUIDATION OF DUTIES Countervailing Duties; Steel Units for Electrical Transmission Towers From Italy

Information was received in proper form pursuant to the provisions of § 16.24(b) of the Customs Regulations (19 CFR 16.24(b)) alleging that certain rebates or refunds created by the Government of Italy on the exportation from Italy of galvanized fabricated structural steel units for the erection of electrical transmission towers constitute the payment or bestowal of a bounty or grant, directly or indirectly, within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303), upon the manufacture, production, or exportation of the units to which the refunds apply.

An investigation was conducted pursuant to § 16.24(d) of the Customs Regulations (19 CFR 16.24(d)).

After consideration of all information received, the Bureau is satisfied that exports of such steel units for electrical transmission towers from Italy receive bounties or grants within the meaning of section 303.

Accordingly, notice is hereby given that galvanized fabricated structural steel units for the erection of electrical transmission towers imported directly or indirectly from Italy (except any such importations which are free of duty under the Tariff Act of 1930, as amended), if entered for consumption or withdrawn from warehouse for consumption after the expiration of 33 days after publication of this notice in the Federal Register, will be subject to the payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed.

In accordance with section 303, the net amount of such bounty or grant under the information presently available has been ascertained and determined, or estimated, and such net amount is hereby declared to be 13.67 lire per kilo of the product. Effective on the 31st day after the date of publication of this notice in the Federal Register, and until further notice, upon the entry for consumption or withdrawal from warehouse for consumption of such dutiable galvanized fabricated structural steel units for the erection of electrical transmission towers imported directly or indirectly from Italy, which benefit from such bounties or grants there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount ascertained in accordance with the above declaration.

The table in § 16.24(f) of the Customs Regulations (19 CFR 16.24(f)) is amended by inserting after the last entry for Ireland the word "Italy" in the column headed "Country," the words "Galvanized fabricated structural steel units for the erection of electrical transmission towers" in the column headed "Commodity," the number of this Treasury Decision in the column headed "Treasury Decision," and the words "Bounties declared—Rate" in the column headed "Action."

(T.D. 231, sec. 601, 604, 60 Stat. 637, 750; 19 U.S.C. 64, 1303, 1324)

[SEAL] LESTER D. JOHNSON,  
Commissioner of Customs.

Approved: April 17, 1967.

TRUE DAVIS,  
Assistant Secretary of the Treasury.

[F.R. Doc. 67-4416; Filed, Apr. 20, 1967;  
8:43 a.m.]



APPENDIX B

REQUESTS FOR AN INVESTIGATION BY THE COMMISSION

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## GRAUBARD, MOSKOVITZ &amp; MCCAULEY

1620 K STREET, N. W.

WASHINGTON, D. C. 20006

TELEX 90-4006

TELEPHONE  
(202) 296-4700

March 27, 1980

BY HAND

Mr. Kenneth R. Mason  
 Secretary, United States  
 International Trade Commission  
 701 E Street, N.W.  
 Washington, D.C. 20436

Dear Mr. Mason:

Pursuant to the Commission's notice of March 12, 1980 (45 F.R. 16051-52) of its intention to establish a schedule for the conduct of investigations pursuant to § 104(b) of the Trade Agreements Act of 1979, Societa Anonima Elettrificazione S.p.A., Via G. Fara 26, Milano (Italy) (SAE) requests that the appropriate investigations be made of the following outstanding countervailing duty orders which apply to the designated products imported from Italy:

<u>Commodity</u>	<u>Treasury Decision Establishing Countervailing Duty</u>
Galvanized fabricated structural steel units for the erection of electrical transmission towers	T.D. 67-102
Certain steel products: Fabricated structural steel units for the erection of electrical transmission towers, not galvanized	T.D. 69-113

SAE makes the foregoing requests in its capacity as an exporter accounting for a significant proportion of the exports to the United States of the described merchandise covered by the above countervailing duty orders.

Sincerely yours,

Graubard, Moskovitz &amp; McCauley

A-38

By Alfred R. McCauley  
 Alfred R. McCauley  
 Counsel to SAE

ARM:mp  
 cc: Cesare Curti

## DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

March 28, 1980

Mr. Kenneth R. Mason  
 Secretary  
 International Trade Commission  
 701 E Street, N.W.  
 Washington, D.C. 20436

RECEIVED

MAR 28 1980

OFFICE OF THE SECRETARY  
 U.S. INTL. TRADE COMMISSION

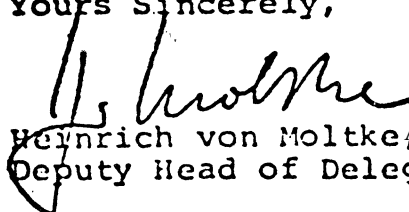
Dear Sir:

The Delegation of the Commission of the European Communities has the honour of referring to the relevant provisions of the Trade Agreements Act of 1979 and to the Notice published in the Federal Register of March 14, 1980, by the International Trade Commission.

Accordingly, we respectfully request the inclusion in the schedule to be established on or about April 30, 1980, for the conduct of investigations pursuant to section 104 (b) of the Trade Agreements Act of 1979 of the following products originating in Member States of the European Communities:

Barley: France  
 Molasses: France  
 Spirits: Ireland, U.K.  
 Sugar: E.C.  
 Certain Steel Products: Italy  
 Chains and Parts: Italy  
 Compressors and Parts: Italy  
 Die Presses: Italy  
 Float Glass: Italy  
 Refrigerators, Freezers and Parts: Italy  
 Screws: Italy  
 Ski Lifts and Parts: Italy  
 Steel Units for Electrical Transmission Towers: Italy  
 Steel Welded Wire Mesh: Italy

Yours Sincerely,

  
 Heinrich von Moltke<sup>A-39</sup>  
 Deputy Head of Delegation

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**APPENDIX C**

**COMMERCE'S PRELIMINARY DETERMINATION**

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**Steel Units for Electrical Transmission Towers From Italy; Preliminary Results of Administrative Review of Countervailing Duty Order**

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Notice of preliminary results of administrative review of countervailing duty order.

**SUMMARY:** The Department of Commerce has conducted an administrative review of the countervailing duty order on steel units for electrical transmission towers from Italy. The review covers the period January 1, 1980, through December 31, 1980. As a result of this review, the Department has preliminarily determined the net amount of the subsidy to be the full value of the rebate for this product under Italian law 639. Interested parties are invited to comment on these preliminary results.

**EFFECTIVE DATE:** April 28, 1981.

**FOR FURTHER INFORMATION CONTACT:** Paul J. McGarr, Office of Compliance, Room 1128, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1167).

**SUPPLEMENTARY INFORMATION:**

*Procedural Background*

On April 21, 1967, a final countervailing duty determination on steel units for electrical transmission towers from Italy, T.D. 67-102, was published in the Federal Register (32 FR 6274). The notice stated that the Department of the Treasury had determined that exports of steel units for electrical transmission towers from Italy benefitted from bounties or grants within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) ("the Tariff Act"). Accordingly, imports of this merchandise were subject to countervailing duties.

On January 1, 1980, the provisions of title I of the Trade Agreements Act of 1979 ("the TAA") became effective. On January 2, 1980, the authority for administering the countervailing duty law was transferred from the

Department of the Treasury to the Department of Commerce ("the Department"). On April 3, 1980, the International Trade Commission ("the ITC") notified the Department that an injury determination for this order had been requested under section 104(b) of the TAA. Therefore, following the requirements of that section, liquidation was suspended on April 3, 1980, on all shipments of such merchandise entered, or withdrawn from warehouse, for consumption on or after that date. The Department published in the Federal Register of May 13, 1980 (45 FR 31455) a notice of intent to conduct administrative reviews of all outstanding countervailing duty orders. As required by section 751 of the Tariff Act, the Department has conducted an administrative review of the order on steel units for electrical transmission towers from Italy.

*Scope of the Review*

Imports covered by this review are galvanized fabricated structural steel units for the erection of electrical transmission towers imported directly or indirectly from Italy. These imports are currently classifiable under items 652.94 and 652.96, Tariff Schedules of the United States.

The review covers the period January 1, 1980, through December 31, 1980, and is limited to rebates granted under Italian Law 639 of July 5, 1964, which was the only program found countervailable in the Final Determination.

*Preliminary Results of the Review*

Under Italian Law 639, exporters receive rebates of customs duties and certain indirect taxes on the export of specified products containing iron and steel. The rates differ for particular types of products. For steel units for electrical transmission towers the rebate is 18 lire per kilogram.

The Government of Italy provided no substantive response to our questionnaire of June 26, 1980, nor were our follow-up requests for information answered. Our independent investigation has confirmed that the rate legislated in Law 639 still applies in full for exports of this merchandise to the United States.

Because we have received no information to indicate that any part of the rebate is not countervailable, we preliminarily determine that the rate of net subsidy conferred upon producers exporting to the United States is 18 lire per kilogram.

The Department intends to instruct the Customs Service to assess

countervailing duties of 18 lire per kilogram on all unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption on or after January 1, 1980, and prior to April 3, 1980. The provisions of section 303(a)(5) of the Tariff Act, prior to the enactment of the TAA, apply to all entries prior to January 1, 1980. Accordingly, the Department also intends to instruct the Customs Service to assess countervailing duties of 13.67 lire per kilogram, the amount set forth in T.D. 67-102, on all unliquidated entries of this merchandise which were entered, or withdrawn from warehouse, for consumption prior to January 1, 1980. (The lower rate is due to allowable offsets reported on during the initial investigation but not reported during this review.) In addition, should the ITC find that there is injury or likelihood of injury to an industry in the United States, the Department intends to instruct the Customs Service to assess countervailing duties of 18 lire per kilogram on all unliquidated entries of steel units for electrical transmission towers entered, or withdrawn from warehouse, for consumption on or after April 3, 1980, and exported on or before December 31, 1980. Further, as required by § 355.38(c) of the Commerce Regulations, a cash deposit of estimated countervailing duties of 18 lire per kilogram shall be required on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results. This requirement shall remain in effect until publication of the final results of the next administrative review.

Pending publication of the final results of the present review, the existing deposit of estimated duties of 13.67 lire per kilogram shall continue to be required on each entry, or withdrawal from warehouse, for consumption of this merchandise, and liquidation shall continue to be suspended on entries made on or after April 3, 1980 until the Department is notified of a determination by the ITC.

Interested parties may submit written comments on these preliminary results on or before May 28, 1981 and may request disclosure and/or a hearing within 15 days of the date of publication. The Department will publish the final results of this administrative review including the results of its analysis of any such comments or hearing.

(Section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and section 355.41 of the Commerce Regulations (19 CFR 355.41))

John D. Greenwald,

*Deputy Assistant Secretary for Import Administration.*

April 23, 1981.

[FR Doc. 81-12680 Filed 4-27-81; 8:45 am]

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**APPENDIX D**

**COMMISSION'S NOTICE OF INSTITUTION OF INVESTIGATION**

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[Investigation No. 104-TAA-4]

**Steel Units for Electrical Transmission  
Towers From Italy**

**AGENCY:** International Trade  
Commission.

**ACTION:** Institution of a countervailing  
duty investigation.

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**SUMMARY:** On April 21, 1967, the U.S. Department of the Treasury (Treasury) published in the Federal Register (32 FR 6274) a notice of final countervailing duty determination and suspension of liquidation of duties stating that it had determined that exports from Italy of galvanized fabricated structural steel units for the erection of electrical transmission towers benefited from bounties or grants within the meaning of section 303 of the Tariff Act of 1930. Accordingly, imports into the United States of such merchandise from Italy were subject to countervailing duties.

On January 1, 1980, the provisions of the Trade Agreements Act of 1979

became effective, and on January 2, 1980, the authority for administering the countervailing duty statute was transferred from Treasury to the U.S. Department of Commerce (Commerce). On May 13, 1980, Commerce published a notice in the Federal Register (44 FR 31455) of intent to conduct an annual administrative review of all outstanding countervailing duty orders.

On March 27, 1980, the U.S. International Trade Commission received a request from counsel for Societa Anonima Elettificazione S.p.A, Milano, Italy, for an investigation under section 104(b)(1) of the Trade Agreements Act of 1979 with respect to steel units for electrical transmission towers from Italy. A request for such an investigation was also received from the Delegation of the Commission of the European Communities on March 28, 1980. In accordance with section 104(b)(3) of the Act, the Commission notified the Department of Commerce of its receipt of a request for an investigation.

As required by section 751(a)(1) of the Tariff Act of 1930, Commerce has conducted its first annual administrative review of the countervailing duty order on U.S. imports from Italy of galvanized fabricated structural steel units for the erection of electrical transmission towers. As a result, Commerce, in the Federal Register of April 28, 1981 (46 FR 23782), preliminarily determined that the net subsidy conferred on such merchandise is 18 lire per kilogram. On the basis of that determination, the United States International Trade Commission, pursuant to section 104(b)(2) of the Trade Agreements Act of 1979, is instituting an investigation to determine whether an industry in the United States would be materially injured, would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports from Italy of the merchandise covered by the countervailing duty order if the order were to be revoked. Galvanized fabricated structural steel units for the erection of electrical transmission towers are currently provided for under Tariff Schedules of the United States (TSUS) items 653.00, if imported complete or substantially complete; 652.94, if made up into a series of sections; or other items including but not necessarily limited to 609.84, 646.54, 646.65, 646.70, 646.72, 657.25 and 923.51, if imported as individual pieces.

Commerce reported that it would issue a final determination in this case after analysis of issues received in written comments or at a hearing.

However, no hearing was requested and no written comments had been received by the deadline for their submission to Commerce, May 28, 1981. Commerce's final determination as to the most current level of subsidies will be made as soon as possible.

**EFFECTIVE DATE:** July 6, 1981.

**FOR FURTHER INFORMATION CONTACT:** Quay Williams, Office of Industries, (202-523-0341), Howard Gooley, Office of Economics, (202-523-1175), or Robert Eninger, Office of Investigations, (202-523-0312).

**SUPPLEMENTARY INFORMATION:**

*Public hearing.* The Commission will hold a public hearing in connection with this investigation on October 7, 1981, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 10 a.m., e.d.t. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m., e.d.t.) on October 2, 1981. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 10 a.m., e.d.t., on September 30, 1981, in Room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed on or before September 30, 1981.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules of practice and procedure (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing statements and to new information. The Commission will not receive prepared testimony for the public hearing, as would otherwise be provided for by rule 201.12(d). All legal arguments, economic analysis, and factual materials relevant to the public hearing should be included in prehearing statements in accordance with rule 207.22. Posthearing briefs will also be accepted within a time specified at the hearing.

*Written submissions.* Any person may submit to the Commission on or before September 30, 1981, a written statement of information pertinent to the subject matter of this investigation. A signed original and nineteen true copies of such statements must be submitted in accordance with § 201.8 of the Commission's rules of practice and procedure, 19 CFR 201.8 (1980). All written submissions, except confidential business data, will be available for public inspection.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted

separately and each sheet must be clearly marked at the top "Confidential business data". Confidential submissions must conform with the requirements of § 201.8 of the rules of practice and procedure (19 CFR 201.8).

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

This notice is published pursuant to § 207.20 of the Commission's rules of practice and procedure (19 CFR 207.20, 44 FR 76458).

Issued: July 10, 1981.

By order of the Commission.

Kenneth R. Mason,  
Secretary.

[FR Doc. 81-20678 Filed 7-14-81; 9:45 am]

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**APPENDIX E**  
**COMMERCE'S LETTER TO THE COMMISSION**  
**AND ITS FINAL DETERMINATION**

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**UNITED STATES DEPARTMENT OF COMMERCE**  
International Trade Administration  
Washington, D.C. 20230

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OFFICE OF THE SECRETARY  
U.S. INTL. TRADE COMMISSION

Honorable Bill Alberger, Chairman  
International Trade Commission  
701 E Street, N.W.  
Washington, D. C. 20436

OFFICE OF  
COMMISSIONER ALBERGER  
U.S. ITC

Dear Chairman Alberger:

The Department of Commerce has completed its section 751 review of the countervailing duty order on steel units for electrical transmission towers from Italy and will publish the final results of that review in the Federal Register on August 11, 1981. We have determined that during the period of review the net subsidy conferred was 18 lire per kilogram of this merchandise.

During the comment period following publication of our preliminary results of this review, we received new information from Societa Anonima Elettificazione (SAE), the main exporter of this merchandise. The essence of the submission was a claim as to the incidence of indirect taxes related to the rebate under Italian Law 639. Because this information was a late response to our questionnaire of June 26, 1980, we did not incorporate the information in our final results.

More than a month after the close of the comment period, we received a letter from the United States Steel Corporation alleging other subsidies to SAE in the form of government grants and loans at subsidized interest rates. Again, because the submission was too late, we did not consider it in our review.

When we begin our next annual review, we will examine the information submitted by both of these parties to determine its factual and legal adequacy and relevance. Unless there is a determination of no injury which terminates the order under the transition provisions of section 104(b) of the Trade Agreements Act of 1979, we expect to adhere to the normal schedule for our section 751 reviews and publish the final results of our next review of this order by May 1982.

Sincerely,

Gary N. Horlick  
Deputy Assistant Secretary  
for Import Administration

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On April 3, 1980, the International Trade Commission ("the ITC") notified the Department of Commerce ("the Department") that an injury determination for this order had been requested under section 104(b) of the Trade Agreements Act of 1979 ("the TAA"). Therefore, following the requirements of that section, liquidation was suspended on April 3, 1980, on all shipments of such merchandise entered, or withdrawn from warehouse, for consumption on or after that date.

On April 28, 1981, the Department published in the Federal Register a notice of "Preliminary Results of Administrative Review of Countervailing Duty Order" on steel units for electrical transmission towers from Italy (46 FR 23782). The Department has now completed its administrative review of that countervailing duty order.

#### Scope of the Review

Imports covered by this review are galvanized fabricated structural steel units for the erection of electrical transmission towers imported directly or indirectly from Italy. This merchandise is imported as complete towers or made up into structural units, or as individual or similar pieces. These imports are currently classifiable under item numbers 609.84, 646.54, 646.65, 646.70, 646.72, 652.94, 653.00, 657.25 and 923.51, Tariff Schedules of the United States (TSUS).

The notice of preliminary results of administrative review listed TSUS item numbers 652.94 and 652.96 as the current classification. One of these, 652.96, was incorrect because it is for allow steel. In addition, our listing was incomplete because 652.94 only covers structural units and not complete towers or individual pieces. Accordingly, the above list supersedes our preliminary notice.

The review covered the period January 1, 1980 through December 31, 1980, and was limited to rebates granted under Italian Law 639 of July 5, 1964, which was the only program found countervailable in the final determination.

#### Final Results of the Review

During the comment period, the Government of Italy supplied us with new data on behalf of the leading exporter to the U.S. market of this merchandise. We have not considered this information because it represents an untimely response to our original questionnaire.

The final results of our review are the same as those presented in the preliminary results of the review. The

stated purpose of Italian Law 639 is to rebate customs duties and certain indirect taxes on the export of products containing iron and steel. No evidence was presented in this case to demonstrate the requisite linkage between the incidence of customs duties and certain indirect taxes on various inputs of this merchandise and the amount of the rebate.

Therefore, we determine that the full value of the rebate for this product, which is 18 lire per kilogram, is the rate of net subsidy conferred upon producers exporting to the United States for the period January 1, 1980 through December 31, 1980.

The U.S. Customs Service shall assess countervailing duties of 18 lire per kilogram on all unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption on or after January 1, 1980, and prior to April 3, 1980.

The provisions of T.D. 67-102 and of section 303(a)(5) of the Tariff Act of 1930 ("the Tariff Act"), prior to the enactment of the TAA, apply to all entries prior to January 1, 1980. Accordingly, the Customs Service shall assess countervailing duties of 13.67 lire per kilogram, the amount set forth in T.D. 67-102, on all unliquidated entries of this merchandise which were entered, or withdrawn from warehouse, for consumption prior to January 1, 1980.

In addition, should the ITC find that there is material injury or likelihood of material injury to an industry in the United States, the Department will instruct the Customs Service to assess countervailing duties of 18 lire per kilogram on all unliquidated entries of steel units for electrical transmission towers entered, or withdrawn from warehouse, for consumption on or after April 3, 1980, and exported on or before December 31, 1980. Liquidation shall continue to be suspended on entries made on or after April 3, 1980 until the Department is notified of a determination by the ITC.

Further, as required by section 751(a)(1) of the Tariff Act, the Customs Service shall collect a cash deposit of estimated countervailing duties of 18 lire per kilogram on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results.

This deposit requirement will remain in effect until publication of the final results of the next administrative review. The Department intends to conduct the next review by the end of May, 1982.

This administrative review and notice are in accordance with section 751(a)(1)

### International Trade Administration

#### Steel Units for Electrical Transmission Towers From Italy; Final Results of Administrative Review of Countervailing Duty Order

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

**ACTION:** Notice of final results of administrative review of countervailing duty order.

**SUMMARY:** On April 28, 1981, the Department of Commerce published the preliminary results of its administrative review of the countervailing duty order on steel units for electrical transmission towers from Italy. The review covered the period January 1, 1980 through December 31, 1980.

Interested parties were invited to comment on the preliminary results, and we received new information concerning one of the exporting firms. Nonetheless, we have determined the net amount of the subsidy to be the full value of the rebate for this product under Italian Law 639.

**EFFECTIVE DATE:** August 11, 1981.

**FOR FURTHER INFORMATION CONTACT:** Paul J. McGarr, Office of Compliance, Room 2803, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1167).

#### SUPPLEMENTARY INFORMATION:

##### Procedural Background

On April 21, 1967, a final countervailing duty determination on steel units for electrical transmission towers from Italy, T.D. 67-102, was published in the Federal Register (32 FR 6274). The effective date was May 21, 1967.

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Federal Register / Vol. 46, No. 154 / Tuesday, August 11, 1981 / Notices

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of the Tariff Act (19 U.S.C. 1675(a)(1))  
and § 355.41 of the Commerce  
Regulations (19 CFR 355.41).

Gary N. Horlick,

*Deputy Assistant Secretary for Import  
Administration.*

August 6, 1981.

(FR Doc. 81-23368 Filed 8-10-81; 8:48 am)

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**APPENDIX F**

**COMMISSION'S NOTICE OF CHANGE IN DATE OF PUBLIC HEARING  
AND LIST OF WITNESSES APPEARING AT THE HEARING**

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**[Investigation No. 104-TAA-4]****Steel Units for Electrical Transmission Towers From Italy; Change of Date of Public Hearing**

Notice is hereby given that the public hearing to be held in connection with United States International Trade Commission investigation No. 104-TAA-4, galvanized fabricated structural steel units for the erection of electrical transmission towers from Italy, will begin at 10 a.m., e.d.t., Friday, October 23, 1981, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E. Street, NW., Washington, D.C. A hearing date of October 7, 1981, had previously been announced in the Commission's notice of institution of the investigation as published in the Federal Register of July 15, 1981 (46 FR 36780). Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m., e.d.t.) October 15, 1981. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 10 a.m., e.d.t., on October 16, 1981, in Room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed on or before October 16, 1981.

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and C (19 CFR 207), and Part 201, subparts A through E (19 CFR 201).

Issued: August 31, 1981.

By order of the Commission.  
**Kenneth R. Mason,**  
*Secretary.*

[FR Doc. 81-20424 Filed 9-9-81; 8:45 am]  
BILLING CODE 7020-02-M

CALENDAR OF PUBLIC HEARING

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

Subject : Steel Units for Electrical Transmission  
Towers from Italy

Inv. No. : 104-TAA-4

Date and time: October 23, 1981 - 10:00 a.m., e.d.t.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of continuation of countervailing duty:

United States Steel Corporation  
Pittsburgh, Pennsylvania

H. Miller Walton, Manager, Contracting, Fabrication  
Division

John J. Mangan )  
Ms. Leslie Ranney) --OF COUNSEL

Lanigan, O'Connell, Jacobs & Chazin--Counsel  
Basking Ridge, New Jersey  
on behalf of

Flint Steel Corporation  
Anchor Metals, Inc.  
Riverside Industries  
Muskogee Iron Works  
Lehigh Structural Steel Company

Jack Billingsley, Vice President, Flint Steel  
Corporation

William W. Lanigan--OF COUNSEL

In opposition to the continuation of countervailing duty:

Graubard, Moskovitz & McCauley--Counsel  
Washington, D.C.  
on behalf of

Saelectric Transmission, Inc.

Dr. Cesare Curti, President

Alfred R. McCauley--OF COUNSEL

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