

CERTAIN SEAMLESS STEEL PIPES AND TUBES FROM JAPAN

**Determination of the Commission
in Investigation No. 731-TA-87
(Preliminary) Under
the Tariff Act of 1930,
Together With the Information
Obtained in the Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-87 (Preliminary)

CERTAIN SEAMLESS STEEL PIPES AND TUBES
FROM JAPAN

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-87 (Preliminary), the Commission determines that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury by reason of imports from Japan of the following seamless steel pipe and tube products which are alleged to be sold in the United States at less than fair value (LTFV):

Seamless heat-resisting steel pipes and tubes provided for in items 610.5209, 610.5229, and 610.523⁴ of the Tariff Schedules of the United States Annotated (TSUSA);

and

seamless stainless steel pipes and tubes, provided for in TSUSA items 610.5205, 610.5229, or 610.5230 2/

The Commission 3/ determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of seamless alloy steel (other than stainless or heat-resisting steel) pressure 4/ pipes and tubes, provided for in item 610.5209 of the TSUSA, which are alleged to be sold in the United States at LTFV.

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

2/ Commissioners Alberger and Stern dissenting.

3/ Commissioner Frank dissenting.

4/ Suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces, and feedwater heaters.

Background

On January 20, 1982, the U.S. International Trade Commission and the U.S. Department of Commerce received a petition from counsel on behalf of Babcock & Wilcox Co., a U.S. producer of seamless steel pipes and tubes, alleging that an industry in the United States was being injured by imports of certain seamless steel pipes and tubes from Japan which were alleged to be sold at LTFV. Accordingly, the Commission instituted this preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury or the establishment of an industry in the United States is materially retarded by reason of the imports of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case by March 8, 1982.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. and by publishing the notice in the Federal Register on January 28, 1982 (47 F.R. 4164). The public conference was held in Washington, D.C. on February 10, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRMAN BILL ALBERGER, VICE CHAIRMAN MICHAEL J. CALHOUN,
COMMISSIONER PAULA STERN AND COMMISSIONER ALFRED ECKES

Summary

The Commission unanimously finds that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of heat-resisting steel pipes and tubes from Japan which are allegedly sold at less than fair value (LTFV). A Commission majority finds that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of seamless stainless steel pipes and tubes from Japan. 1/ A Commission majority also finds that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of seamless alloy pressure pipes and tubes from Japan. 2/

Introduction

This is the second investigation of steel pipes and tubes from Japan by the Commission under the antidumping provisions of the Tariff Act of 1930. In the first investigation, which was filed by the same petitioner as in the current case, LTFV sales were alleged with respect to several products, including welded, seamless, carbon, and noncarbon pipes and tubes. These products were described by their use, e.g., "boiler tubes" and "process pipes."

1/ Chairman Alberger and Commissioner Stern make their affirmative determinations only with regard to heat-resisting pipes and tubes.

2/ Commissioner Frank makes an affirmative determination with regard to seamless alloy steel pressure pipes and tubes from Japan.

The Commission's determinations as to material injury or threat in that preliminary case were appealed to the U.S. Court of International Trade, which remanded the case to the Commission. Judge Richardson of the Court took issue with the factors used by the Commission to define the domestic industry. He also instructed the Commission to attempt to collect profit and loss data on the narrowest range of products for which information is available.

On September 4, 1980, the Commission and Babcock & Wilcox reached an agreement to move to vacate the order and opinion of Judge Richardson upon acceptance of a new petition for pipes and tubes by the Department of Commerce. This new petition (the subject of the current investigation) named a different set of products, which included only noncarbon, seamless pipes and tubes and was not limited to pipes and tubes for boiler use.

The domestic industry

In any antidumping investigation, the Commission must determine whether a domestic industry is materially injured or threatened with material injury by reason of the allegedly dumped imports. The first element of this task is to determine the scope of the industry to be examined. In this investigation, the definition of the industry is particularly complex. We emphasize that our definition of industry at this preliminary stage is based on the information now available, and it may change in any resulting final investigation.

The industry is defined by the statute 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. 3/ 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. 4/

In this investigation the products allegedly being imported at LTFV consist of seamless stainless steel pipes and tubes, seamless heat-resisting steel pipes and tubes, and seamless alloy pressure steel pipes and tubes, in varying lengths, widths, and thicknesses. The petitioner maintains that there are three like products and, in turn, there are three industries experiencing injury from allegedly dumped imports: seamless alloy pressure pipes and tubes, 5/ seamless heat-resisting steel pipes and tubes, and seamless stainless steel pipes and tubes. We find that the petitioner has presented sufficient information for a preliminary determination that there are three separate industries in the United States manufacturing products like the imported goods. 6/ However, there are a number of issues bearing on the definitions of "like product" and "domestic industry" which must be examined further in any final determination.

3/ 19 U.S.C. 1677(4)(A).

4/ 19 U.S.C. 1677(10).

5/ The petitioner alleges that only the "pressure" type of alloy pipe and tube is being imported in such quantities as to materially injure or threaten the domestic industry. Structural and mechanical pipes were included by the petitioner in addition to pressure pipes under the heat-resisting and stainless categories. This categorization raises the question of whether the stainless and heat-resisting categories should be examined in any final investigation as separate "like products" in terms of their pressure, mechanical, or structural uses.

6/ Chairman Alberger and Commissioner Stern point out that this division was advantageous to the petitioner, as a finding of one or two industries would have led them to negative determinations and the possible termination of this entire investigation. Given the unusual complexity of the industry issue in this case, they are not willing to discard any of the suggested definitions at this preliminary stage.

The key to the petitioner's industry definition is the chromium content of the steel used for the pipes and tubes. Pipes and tubes are defined as "alloy" if they contain from .2 percent up to 4 percent chromium, "heat-resisting" if they contain more than 4 percent but less than 10 percent chromium, and "stainless steel" if the chromium content is 10 percent or more. These divisions based on chromium content correspond to categories listed by the American Iron and Steel Institute, and are close to those now in use in the Tariff Schedules of the United States Annotated (TSUSA). ^{7/}

Until 1980, the TSUSA combined import data for seamless heat-resisting and stainless steel pipes and tubes. These two categories also were combined by the petitioner in the earlier investigation. On the other hand, individual company price lists from companies included in this investigation combine prices for seamless heat-resisting and alloy pressure steel pipes and tubes on a single list; none of the prices lists submitted provide separate headings for heat-resisting products.

The chromium content of pipes and tubes has a direct bearing on their use. Heat resistance and resistance to corrosion increase as chromium is added to the steel mix. However, there appears to be no commonly recognized division between these three types of pipes and tubes on a use basis. At the margins, choices may be made by engineers based on such factors as economy or availability.

Production process is another factor to be examined in assessing the like product and industry scope because it may reveal certain distinguishing

^{7/} The TSUSA defines stainless steel as having more than 11.5 percent chromium content.

characteristics of the products. In this case, a division on the basis of production process is found only with regard to stainless steel pipes and tubes, 80 percent of which are extruded rather than pierced and are produced in separate facilities. Emphasis on production then, could result in a finding of two industries.

The petitioner and other domestic producers were able to supply profit and loss data for each of the three industries named. In fact, the petitioner could provide data for every individual order because of its accounting methods.

Material injury by reason of LTFV imports

Section 771(7) of the Tariff Act of 1930 directs the Commission to consider in making its determination, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on price, and (3) the consequent impact of the imports on the domestic industry. 8/ In assessing the impact on the domestic industry we are further directed by section 771(7)(c)(iii) to evaluate all relevant economic factors which have a bearing on the state of the industry, including, but not limited to: production, sales, market share, profits, productivity, return on investments, capacity utilization, cash flow, inventories, employment, wages, growth, ability to raise capital, and investment.

In this investigation, we have been able to obtain limited, if any, data on some of the economic factors listed above. For other factors, the data which we have collected have certain inherent weaknesses that limit their relevance and utility to our determination. In particular, the information

8/ 19 U.S.C. 1677(7).

submitted to the Commission by domestic producers concerning capacity and capacity utilization was not considered reliable for specific products because of the reported ability of producers to shift easily from making one product to another on the same equipment, particularly with regard to the heat-resisting and alloy pressure products, which are generally produced on the same piercing mills. Similar limitations exist with respect to data concerning employment, investment, and return on investment. As is discussed in detail in the accompanying report, 9/ the reported profit-and-loss data are limited in their use as an absolute measure of profitability. They are based on inherently arbitrary, although internally consistent, methods of allocation. Nevertheless, we have more complete coverage of profitability data 10/ for each of the three like products than in the prior investigation, and the information can provide useful indications of profit patterns for each product. In addition, we were unable to obtain pricing data from U.S. producers and importers on their sales of comparable products. 11/

Seamless heat-resisting pipes and tubes--From 1979 to 1981, the imports of seamless heat-resisting steel pipes and tubes from Japan increased dramatically, both in tonnage and as a share of apparent U.S. consumption. Japanese import tonnage in the heat-resisting category almost tripled from 1980 to 1981, and import penetration almost doubled.

The dramatic increase in imports of seamless heat-resisting products from 1980 to 1981 affected the performance of the domestic industry. Production and domestic shipments of the heat-resisting product both fell

9/ See p. A-22 of the Report.

10/ Nine companies in this investigation provided the Commission with profitability data.

11/ Report, p. A- 29 .

significantly from 1980 to 1981 and the profitability of the seamless heat-resisting pipe and tube industry which had already dropped substantially from 1979 to 1980 fell again in 1981. The steady decline in the condition of the industry since 1979 and the concomitant growth of imports from Japan, admittedly underselling the U.S. product, 12/ lead us to conclude that there is a reasonable indication that the domestic seamless heat-resisting steel pipe and tube industry is being materially injured or threatened with material injury 13/ by reason of imports of the product from Japan.

Seamless alloy pressure pipes and tubes--During the period of this investigation imports from Japan declined and the Japanese share of the U.S. market fell slightly. Domestic production and shipments of alloy pressure products fell from 1979 to 1980, but recovered somewhat in 1981.

The profitability picture of the alloy pressure industry was very good during the period examined. Although profits dropped from 1979 to 1980, they remained at a healthy level. During the interim 1981 period, profits increased substantially above the 1979 level. With this strong financial performance and the recently declining role of imports from Japan, we conclude that, despite underselling, there is not a reasonable indication that an industry in the U.S. is materially injured or threatened with material injury by reason of imports of the product from Japan.

12/ An economist for ICF, Inc., a consulting firm appearing on behalf of Sumitomo, acknowledged that underselling of the products under investigation ranged up to 25 percent.

13/ Chairman Alberger finds a reasonable indication that the alleged LTFV imports of seamless heat-resisting steel pipes and tubes are a cause of present material injury and therefore does not reach the issue of threat of material injury.

VIEWS OF VICE CHAIRMAN MICHAEL J. CALHOUN AND
COMMISSIONER ALFRED ECKES ON SEAMLESS STAINLESS STEEL PIPES AND TUBES

We find that there is a reasonable indication that the domestic industry producing stainless steel pipes and tubes is materially injured or threatened with material injury by reason of imports from Japan of these products which are allegedly sold at less than fair value (LTFV).

In reaching this conclusion, we focused primarily on the large share of the domestic market held by allegedly LTFV imports and the 28 percent rise in the volume of Japanese stainless pipe and tube imports entering the U.S. between 1980 and 1981. This increase in imports outpaced the increase in U.S. consumption of stainless steel pipes and tubes during the same period. 1/ The share of the domestic market for this product, already substantial in 1980, increased in 1981. Such a large market share held by allegedly LTFV imports is hard to ignore in a preliminary investigation. Given this level of market penetration, we must assume these imports have a significant impact on the pricing practices of the domestic industry, absent information to the contrary.

Indeed, there is evidence that Japanese imports may well be having some effect on prices in this industry. Information on pricing and lost sales is understandably sparse in a 45-day preliminary investigation,

1/ Because much of the data considered have been granted confidential treatment, we are unable to discuss in this opinion the specific numbers before us.

but it is evident that underselling by Japanese imports has occurred. Sumitomo, the major importer of pipes and tubes admitted such underselling. Although domestic list prices for stainless pipes and tubes increased almost 39 percent between 1979 and 1981, at least one domestic company indicated that it had been forced to offer discounts to meet Japanese competition.

Large increases in import volume, the capture of a substantial share of the market by imports, and the price depression suggested by our data can be expected to result in material injury to domestic producers. In this connection, certain data obtained in this investigation do point to a reasonable indication of material injury or the threat thereof. Domestic production in 1981, although it exceeded that in 1980, was still below 1979 levels. Capacity utilization also rose in 1981, but remained substantially below the rate for 1979. Employment and total hours worked decreased steadily from 1979 to 1981. Earlier in this report, we discussed the problems encountered in judging data (particularly employment data) in this case. However, these statistics should not be ignored completely.

Chairman Alberger and Commissioner Stern stress profitability in determining that there is no reasonable indication of material injury or threat to the industry. They point to the profit in the interim period of 1981. However, in 1980 there was a loss in the corresponding period; and in 1979, a relatively small positive return for the year.

We are not prepared to conclude in a preliminary investigation that a profit per se precludes a finding of a reasonable indication of material injury. Nor do we believe that one year of profit upturn is a sufficient

basis for a negative finding in this case. A capital-intensive industry such as this one must show a positive trend in profits over a longer period to generate and attract necessary funds for modernization and for research and development. Further investigation may reveal there is such a trend. At this preliminary stage, however, we do not find that the profit figures prevent a finding of reasonable indication of material injury to the industry or the threat thereof.

VIEWS OF CHAIRMAN BILL ALBERGER AND COMMISSIONER PAULA STERN ON
SEAMLESS STAINLESS STEEL PIPE AND TUBES

Our rationale for a negative determination on seamless stainless pipes and tubes is similar to our views on seamless alloy pressure pipes and tubes. In both instances the condition of the U.S. industry is good and, despite the existence of underselling, the pattern of import penetration from Japan provides no reasonable indication of material injury or of real and imminent threat of material injury by reason of alleged LTFV imports.

Key trends for industry performance for seamless stainless pipe and tube producers parallel those for the seamless alloy pressure pipe and tube industry and contrast sharply with those for the seamless heat-resisting pipe and tube industry. Shipments and profitability for the seamless heat resisting pipe and tube industry fell regularly since 1979. The 1980-81 decline in the heat-resisting industry was concomitant with a near doubling of market penetration by alleged LTFV imports from Japan. On the other hand, shipments and profitability data for seamless stainless pipe and tube, like those for the seamless alloy pressure pipe and tube, declined in 1980 from 1979 levels but rebounded in 1981. From 1980-81 penetration by the alleged LTFV imports of seamless stainless pipes and tubes was basically steady.

The rebound in the profit level of the industry in 1981 is particularly significant. Financial performance in 1981 was well above the 1979 level and substantially greater than the 1980 level. The aggregate industry loss in 1980 took place during a decline in the market and when one company

experienced a six-week strike. 1/ Moreover, during the entire period of the investigation only one of the five U.S. producers reported losses. The other producers all had very good profits throughout the period.

Between 1980 and 1981 there was a significant increase in productivity in the industry; the number of hours worked in the production of seamless stainless steel pipes and tubes decreased substantially while production of these products increased substantially. 2/ 3/ Since data on imports from Japan do not demonstrate significant increased competitive pressure on domestic producers, the industry should continue to benefit from these productivity increases.

1/ In addition, Report, p. A-14.

2/ See Report, p. A-19.

3/ Productivity reported varied significantly by company and may explain the divergent financial performance of the single unprofitable firm. The divergence may also relate to the extent to which each company is participating in the open market.

Views of Commissioner Eugene J. Frank

Introduction

I find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan of seamless alloy steel pressure pipes and tubes, seamless heat-resisting steel pipes and tubes, and seamless stainless pipes and tubes, which are allegedly sold at less than fair value. 1/

First, I would note the following: the statute and legislative history of Title VII investigations require the Commission in its preliminary determinations for both antidumping and countervailing duty investigations to exercise only a low threshold test based upon the best information available to it at the time of such determination that the facts reasonably indicate an industry in the United States could possibly be suffering material injury, threat thereof, or material retardation. 2/ This less rigorous standard in my view was intended by Congress to screen those petitions where it was readily apparent, notwithstanding a necessarily incomplete record compiled in a compressed 45-day time period, that there was no indication of possibly establishing injury even with adequate time, a thorough and fully developed investigation and record and a detailed hearing before the Commission.

For the sake of brevity and as appropriate background, I refer the reader to my views on the recently concluded Commission preliminary antidumping and countervailing duty investigations on the 92 steel cases. In these views, the structural framework and context from which I maintain the Commission should review and analyze the information and record developed in these preliminary

1/ This is the second investigation of steel pipes and tubes from Japan by the Commission under the antidumping provisions of the Tariff Act of 1930. The chronology of events with respect to the previous investigation involving the same petitioner in which I did not participate leading up to the current investigation, is set forth in the majority's opinion on this case.

2/ H.R. Report No. 96-317, 96th Cong., 1st Sess., p. 52 (1979).

investigations, and render its determination accordingly, pursuant to this less rigorous low threshold standard (within the bounds of a focus on the "conditions of trade, competition, and development regarding the industry concerned") is more fully articulated. 3/

Domestic Industry

The industry is defined by the statute as the domestic producers as a whole of a like product or those producers whose collective output of the like product comprises a major proportion of the total domestic production of that product. 4/ 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. 5/

In this investigation, the issue of industry definition from which determinations of "reasonable indication" of material injury must be rendered and whether the requisite causal linkage "by reason of" alleged unfairly traded imports is ascertained to exist in the context of the "low threshold" standard set forth hereinabove, is complex and controversial. Petitioner has alleged that there are three domestic industries being affected by imports-- the seamless alloy steel pressure pipe and tube industry, the seamless heat-resisting steel pipe and tube industry, and the seamless stainless steel pipe and tube industry. Petitioner maintains that three "like products" which respectively define the aforesaid three industries, are distinguishable from the standpoint of product description (including chemical composition), American Society for Testing and Materials (ASTM) specifications, major applications, U.S. Tariff classification and other distinctions, including differences in distribution, marketing and production processes employed,

3/ Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany, USITC Publication 1221, February 1982, pp. 121-185.

4/ 19 U.S.C. 1677(4)(A).

5/ 19 U.S.C. 1677(10).

and "reasonable" availability of separate profitability data according to generally accepted accounting principles. 6/

On the other hand, one of the respondents (Sumitomo Metal Industries, Ltd.) claims the petitioner's delineation of these three separate industries per se and vis-a-vis other segments of the steel pipe and tube industry are "arbitrary, insignificant, and legally irrelevant", claiming among other things, substitutability and interchangeability exists among certain steel materials depending upon metallurgical content and diameter specifications (according to engineering design considerations); the inconsistency of this delineation of "like products" with petitioner's "like product" delineation in the prior petition; contradiction of the categorization of "like products" with petitioner's sales literature; and states that the "...products addressed in the petition are all produced by the same industry, and that industry also produces many products not mentioned in the petition." 7/

There also appear to be "value" considerations tied to end-uses that can be grounds for differentiation among the spectrum of products comprising the three "like product" and industry groupings submitted to be applicable by the petitioner.

I have taken under advisement and considered the various arguments submitted both for and against petitioner's "like product" and industry definitions and the discussion of pertinent issues arising therefrom as set forth in the views of Chairman Alberger, Vice Chairman Calhoun, and Commissioners Stern and Eckes. I concur with their determination that petitioner has presented sufficient information for the record to support a preliminary determination that there are three

6/ Petition of Babcock & Wilcox Company, dated 1/20/82, pp. 11-20; Post-Conference Brief of Babcock & Wilcox, 2/12/82, pp. 1-12.

7/ Brief of Coudert Brothers dated February 12, 1982, on Behalf of Respondent Sumitomo Metal Industries, Ltd., pp.4-9, which sets forth its argument in detail opposing Petitioner's "like product" and industry delineation.

separate industries in the United States manufacturing products like the imported goods subject to this preliminary investigation, and also agree that a number of issues which have arisen in this respect bear further scrutiny in any final determination.

I would emphasize that such determination was not based on any one purportedly distinguishing factor such as production process, separate profitability, etc., but on a preponderance of several criteria I deemed relevant that point to rational distinctions at this time on a "like product" basis. The statute and legislative history do not provide an all inclusive listing of pertinent criteria (note the plural), but cite certain factors such as production process or producer's profits. 8/ I believe the intent is clear that sufficient discretion is to be exercised by the Commission in arriving at appropriate determinations in this respect on a rational, factually-based, common-sense and consistent fashion. I would point out that further information developed in any final investigation in this regard will be carefully considered in any final determination I might render in this respect.

Material Injury by Reason of LTFV Imports

Section 771(7)(A) of the Act defines "material injury" to mean harm "which is not inconsequential, immaterial, or unimportant." 9/

Section 771(7) of the Act directs the Commission to consider, in making its determination, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on price, and (3) the consequent impact of imports on the domestic industry. 10/ I would add that the statute and pertinent legislative history make it clear with respect to volume of imports, the Commission would consider whether the volume of imports is significant, with the disjunctive "or" whether there is any significant increase in that volume

8/ 19 U.S.C. 1677(4)(D); Report of the Committee on Finance, U.S. Senate on H.R. 4537, pp. 82-84.

9/ 19 U.S.C. 1677(7)(A).

10/ 19 U.S.C. 1677(7).

absolutely or relative to U.S. production or consumption. 11/

Specific factors to be examined in consideration of material injury are detailed in Section 771(7)(C) and are not all-inclusive as the legislative history emphasizes. 12/ The statute and legislative history also makes clear that the presence or absence of any of the specific factors which the Commission examines would not necessarily provide decisive guidance with respect to determinations regarding injury. 13/

Although there are inherent limitations in certain "economic" data submitted to the Commission by domestic producers and perhaps questionable reliability with regard to capacity and capacity utilization, employment, investment, etc., I believe such data cannot be dismissed and discarded in entirety inasmuch as perhaps trends can be ascertained which are germane to injury considerations under a "low threshold" standard applicable in preliminary investigations. One of the concerns I think is relevant to any application of the "like product" industry definition approach in determining injury pursuant to the statute, employed in a "universe" comprised by multi-product integrated operations, is an inherent degree of arbitrariness in allocation of economic factors exclusively to various product-lines. One can become mired in a quagmire of assumptions as to e.g. their reasonability and consistency of application in a narrow-focused product-line analysis, yet face the dilemma of taking into consideration extraneous and perhaps inappropriate data if an industry definition were expanded, based on necessarily available data. I would expect a final investigation if conducted, to discuss thoroughly these underlying assumptions and their application for such data.

11/ Senate Report, pp. 86-87.

12/ 19 U.S.C. 1677(7)(C); Senate Report, p. 87.

13/ 19 U.S.C. 1677(7)(E); Senate Report, p. 87.

However, I have extreme misgivings about the advisability of using profit-and-loss data reported in this case. As was pointed out in the report, the data (reported by 9 U.S. producers) as developed are limited in their use as a measure of profitability. ^{14/} It was disclosed five producers used a standard cost system of accounting, while others used a process cost, direct cost, or job order cost system, to account for the accumulation of cost data with all general, selling, and administrative expenses for each product allocated. It is indicated that such data should reflect a "reasonable profit trend on each product line" if each producer were "consistent from year to year in its use of its respective allocation base (and there is no evidence to the contrary)..." ^{15/} Aside from the fact even granting the assumption of consistent year to year cost application by respective producers which there is no evidence evidently to corroborate either, the data might be reliable in terms of "trends" but invalid nevertheless. Consequently, I have discounted all profitability data from my analyses in this preliminary investigation in the expectation that the staff would be in a position in a final investigation, to obtain such data on a uniform, consistent cost-allocation basis for all domestic producers.

Seamless heat-resisting pipes and tubes

I concur in general with the analysis, except for profitability considerations, of the Commission majority as articulated in the Views of Chairman Alberger, Vice Chairman Calhoun, and Commissioners Stern and Eckes, that leads me to the determination that there is a reasonable indication that the domestic seamless heat-resisting steel pipe and tube industry is being materially injured by reason of allegedly LTFV imports from Japan. ^{16/}

Seamless stainless steel pipes and tubes

I concur in general with the analysis, except for profitability considerations, set forth in the views of Vice Chairman Calhoun and Commissioner Eckes on seamless

^{14/} Report at A-22.

^{15/} Id.

^{16/} Having reached a determination of reasonable indication of material injury for this industry, I did not reach the issue of threat of material injury.

stainless steel pipes and tubes that leads me to the determination there is a reasonable indication that the domestic seamless stainless steel pipe and tube industry is being materially injured by reason of allegedly LTFV imports from Japan. 17/

Seamless alloy pressure pipes and tubes 18/

Production, capacity, and capacity utilization showed declines in 1981 from 1979 levels, though increasing somewhat from 1980 figures, with U.S. shipments following the same trends, though captive domestic shipments increased substantially from 1979 levels as a percentage of total shipments. Employment and hours worked similarly showed declines in 1981 from 1979 levels. 19/ During this period imports from Japan (the largest exporter of seamless alloy steel pressure pipes and tubes) of the articles in question decreased in 1980 from 1979 levels, though maintaining the same penetration levels in terms of domestic consumption, but increased slightly in 1981 from 1980 levels with penetration dropping somewhat in 1981, but still representing significant levels of market penetration in 1981. 20/ It is important to note that imports of seamless alloy steel oil and gas well tubing and drill pipe entered under the same TSUSA item as seamless alloy steel pressure pipes and tubes in 1980-81 (beginning on January 1, 1982, these oil country tubular goods conforming to A.P.I. specifications enter under separate TSUSA items). Total imports under this item from Japan increased substantially in volume from 1980-1981. The report states that questionnaire data indicate that the "bulk of this increase from Japan can be attributed to imports of oil country tubular goods," and that the staff verified this by examination of Special Summary of Steel invoices (SSSIs)

17/ Having reached a determination of reasonable indication of material injury for this industry, I did not reach the issue of threat of material injury.

18/ In view of the fact that much of the data considered have been granted confidential treatment, the discussion here by necessity focuses on generalized trends.

19/ Report at A-18 through A-20.

20/ Report at A-25 through A-27.

at the Department of Commerce. 21/ & 22/ We were advised that on the basis of this examination, the articles in question comprised a certain percentage of the TSUSA "basket", but questionnaire data reflected slightly higher levels which were used in the Report. About 30 percent of SSSI's have been examined by staff, which is considered to be a "representative" sample that essentially confirms the conclusions drawn to date regarding the aggregated data. We also have been advised that quarterly data for imports of the articles in question were not available (although they were for the seamless heat-resisting pipes and tubes and seamless stainless steel pipes and tubes) that might more clearly show trends in import levels, in view of the aggregation with oil country tubular goods. I believe, however, that a more thorough and comprehensive examination of these data would have been prudent if this investigation for this industry would have been continued.

The report indicates that data requested by unit values (proxies for prices) from importers and domestic producers for specific ranges of pipes and tubes in each of the three product categories and that obtained reflect the fact that the product categories used in the questionnaires were too broad and that unit values may not be a satisfactory means of comparing transaction prices of imported and domestic products "either across sources of supply or over time". 23/ Nevertheless, there was a considerable amount of testimony attesting to underselling of such products by imports from Japan, including an admission to that effect from a consultant to Sumitomo (ICF Inc.), the major importer of pipes and tubes. 24/

In view of the discernible industry trends, the still significant presence of imports from Japan and evidence of underselling developed to date, I have determined that there is a reasonable indication that the domestic industry

21/ Report at A-25

22/ Note, the Report by ICF Inc. dated February 12, 1982, consultants to Sumitomo Metals Ltd. in analyzing Petitioner's data evidently did not discount OCTG's from import data of Petitioner with Census data. Staff evidently attributed much of the increase and discounted accordingly for oil country tubular goods (OCTG) as also claimed by Coudert Brothers, counsel for Sumitomo, in its February 12 brief. We have been ²² advised petitioner also by amendment to its petition requested exclusion of OCTG but did not have access to the figures to make adjustments.

23/ Report at A-30

24/ Report at A-30 and A-32; also see February 1, 1982 ICF Report, p. 30.

has suffered material injury by reason of allegedly LTFV imports from Japan. 25/ Although additional data need to be obtained as stated herein, I believe the petitioner has presented, under the prescribed "low threshold" standard for preliminary cases, a sufficiently meritorious case justifying continuation of the investigation by the administering authority (Commerce) and the Commission, if called upon to do so.

25/ Having reached a determination of reasonable indication of material injury for this industry, I did not reach the issue of threat of material injury.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 20, 1982, Babcock & Wilcox Co. filed a petition with the U.S. International Trade Commission and the Department of Commerce alleging that an industry in the United States is materially injured and is threatened with material injury by reason of imports from Japan of seamless alloy steel (other than stainless or heat-resisting steel) pressure 1/ pipes and tubes, provided for in item 610.5209 of the Tariff Schedules of the United States Annotated (TSUSA), seamless heat-resisting steel pipes and tubes, provided for in TSUSA items 610.5209, 610.5229, or 610.5234, and seamless stainless steel pipes and tubes, provided for in TSUSA items 610.5205, 610.5229, or 610.5230, sold at less than fair value (LTFV). Accordingly, effective January 20, 1982, the Commission instituted a preliminary investigation under section 731 of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the importation of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case, by March 8, 1982.

Notice of the institution of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on January 28, 1982 (47 F.R. 4164). 2/ The conference was held in Washington, D.C., on February 10, 1982. 3/

Previous Investigation Concerning Certain
Steel Pipes and Tubes

In the spring of 1980, the Commission determined in investigation No. 731-TA-15 (Preliminary) that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or the establishment of an industry in the United States was materially retarded by reason of the importation from Japan of certain steel pipes and tubes, some of which are the subject of the current investigation. Babcock & Wilcox, the petitioner in this previous investigation, subsequently commenced actions against the United States in the Customs Court (now the Court of International Trade) seeking judicial review of the Commission's negative determinations. Following various legal proceedings, on October 7, 1981, the Court granted a joint motion filed by Babcock & Wilcox and the United States seeking the suspension of all judicial and administrative proceedings pending the filing of a new petition by Babcock & Wilcox. Babcock & Wilcox filed a new petition on January 20, 1982, and, as a result, the Commission instituted this current investigation.

1/ Suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces, and feedwater heaters.

2/ A copy of the Commission's notice is presented in app. A.

3/ A list of witnesses appearing at the conference is presented in app. ^{A-1}5.

Description and Uses

The steel pipes and tubes which are alleged to be sold at LTFV constitute a small share of the many different types which are produced and consumed in the United States. Steel pipes and tubes, in general, and those pipes and tubes alleged to be sold at LTFV, in particular, will be described in this section.

The terms "pipe," "tube," and "tubular product" for the most part can be used interchangeably. In some industry publications, however, a distinction is made between pipes and tubes. According to these publications, pipes are produced in large quantities to a few standard sizes; tubes are made to more exacting specifications for dimensions, finish, chemical composition, and mechanical properties.

Steel pipes and tubes can be divided into two general categories based on method of manufacture--welded or seamless. Each category can be further subdivided by grade of steel: carbon, alloy, heat-resisting, or stainless. This method of distinguishing among steel pipe and tube product lines by methods of production and grades of steel is one of several such methods used by the industry.

Welded steel pipes and tubes are generally less expensive to manufacture than seamless steel pipes and tubes, and are smoother and have more uniform wall thickness. Welded pipes and tubes, however, are not as strong as seamless pipes and tubes when both are produced from steel of the same composition. The strength of both welded and seamless steel pipes and tubes can be enhanced by the addition of alloying elements to the steel composition, the presence of which also enables a steel pipe or tube to withstand pressure (both external and internal), corrosion, and elevated temperatures.

The grades of steel are defined by the TSUS principally on the basis of their chromium content, as shown in the following tabulation:

| Seamless | Chromium content | Carbon restrictions |
|--------------------|-----------------------|-------------------------------|
| | (Percent, by weight) | |
| Carbon----- | 0.20 or less----- | None. |
| Noncarbon: | | |
| Alloy: | | |
| Pressure----- | 0.20-4.0 1/----- | None. |
| Other----- | 0.20-4.0 1/----- | None. |
| Heat-resisting---- | 4.0-11.5, inclusive-- | Less than 0.3 percent carbon. |
| Stainless----- | More than 11.5----- | Less than 1 percent carbon. |

1/ Or over 1.65 percent of manganese, or
over 0.25 percent of phosphorus, or
over 0.35 percent of sulphur, or
over 0.60 percent of silicon, or
over 0.60 percent of copper, or
over 0.30 percent of aluminum, or
over 0.30 percent of cobalt, or
over 0.35 percent of lead, or
over 0.50 percent of nickel, or
over 0.30 percent of tungsten, or
over 0.10 percent of any other metallic element.

The definitions of the steel grades presented in the TSUS vary somewhat from those generally used by the domestic industry. For example, the American Iron & Steel Institute (AISI) defines heat-resisting steel as containing at least 4.0 percent but not more than 10 percent chromium, and stainless steel as including all grades of steel containing 10 percent or more of chromium and a minimum of 50 percent iron.

AISI distinguishes among the various types of steel pipes and tubes according to six end uses, which are described below.

Standard pipes

Standard pipes are steel pipes intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. These steel pipes may carry fluids at elevated temperatures and pressures which are not subject to the application of external heat applications.

Pressure tubes

Pressure tubes are steel tubes which are used to convey fluids and gases at elevated temperatures or pressures, or both, and which can be subjected to the application of heat. These tubes include air heater tubes, boiler tubes, heat exchanger and condenser tubes, and superheater tubes.

Mechanical tubing

Mechanical tubing is employed in a variety of mechanical applications including bicycle and motorcycle frames and parts, conveyor rolls and links, fishing rods, flag staffs and masts, furniture tubing, gun barrels, handles, muffler tubes, posts and poles, and vacuum cleaner parts.

Structure pipe and tubing

Structure pipe and tubing is used for framing and support members for construction or load-bearing purposes in the construction, shipbuilding, trucking, farm equipment, and other industries.

Oil country tubular goods

Oil country tubular goods are steel pipes and tubes used in the drilling of oil and gas wells and in conveying oil and gas to ground level. These pipes and tubes are frequently further processed by an upsetting operation in which the ends are flared.

Line pipes

Line pipes are used for the transportation of gas, oil, or water generally in pipeline or utility distribution systems.

The pipes and tubes in all six AISI categories can be of either welded or seamless construction and can be produced from various grades of steel. In addition, many pipes and tubes are suitable for multiple applications. In certain applications, a pipe can be either welded or seamless and meet the required specifications. In this situation, the end user would probably select the pipe which is least expensive. In selecting a grade of steel, an end user frequently has the option of choosing between a longer lasting and more expensive high-alloy product and a shorter lived and less expensive low alloy product. The end user's choice is likely to be determined by a combination of initial cost considerations and the ease with which a worn out pipe or tube can be replaced. For example, a boiler manufacturer may select a higher alloy steel for use in boiler pipes situated in a hard-to-reach section of its boilers or in those boilers which will be installed in a geographically remote section of the country.

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

All three of the steel pipe and tube product lines which are alleged to be imported at LTFV are seamless pipes and tubes. They are further distinguished by the petitioner by steel grades and by end uses. They are as follows:

1. Seamless alloy steel pressure pipes and tubes;
2. Seamless heat-resisting steel pipes and tubes other than line pipes and oil country tubular goods; and
3. Seamless stainless steel pipes and tubes other than line pipes and oil country tubular goods

The pipes and tubes which the petitioner alleges are being sold at LTFV, as differentiated by steel grades and by end uses, are presented in the following tabulation:

| | Standard | Pressure | Mechanical | Structural | Oil country | Line |
|--------------------|----------|----------|------------|------------|-------------|------|
| Carbon----- | : | : | : | : | : | : |
| Noncarbon: | : | : | : | : | : | : |
| Alloy: | : | : | : | : | : | : |
| Pressure----- | : | X | : | : | : | : |
| Other----- | : | : | : | : | : | : |
| Heat-resisting---- | : | X | X | X | : | : |
| Stainless----- | : | X | X | X | : | : |
| | : | : | : | : | : | : |

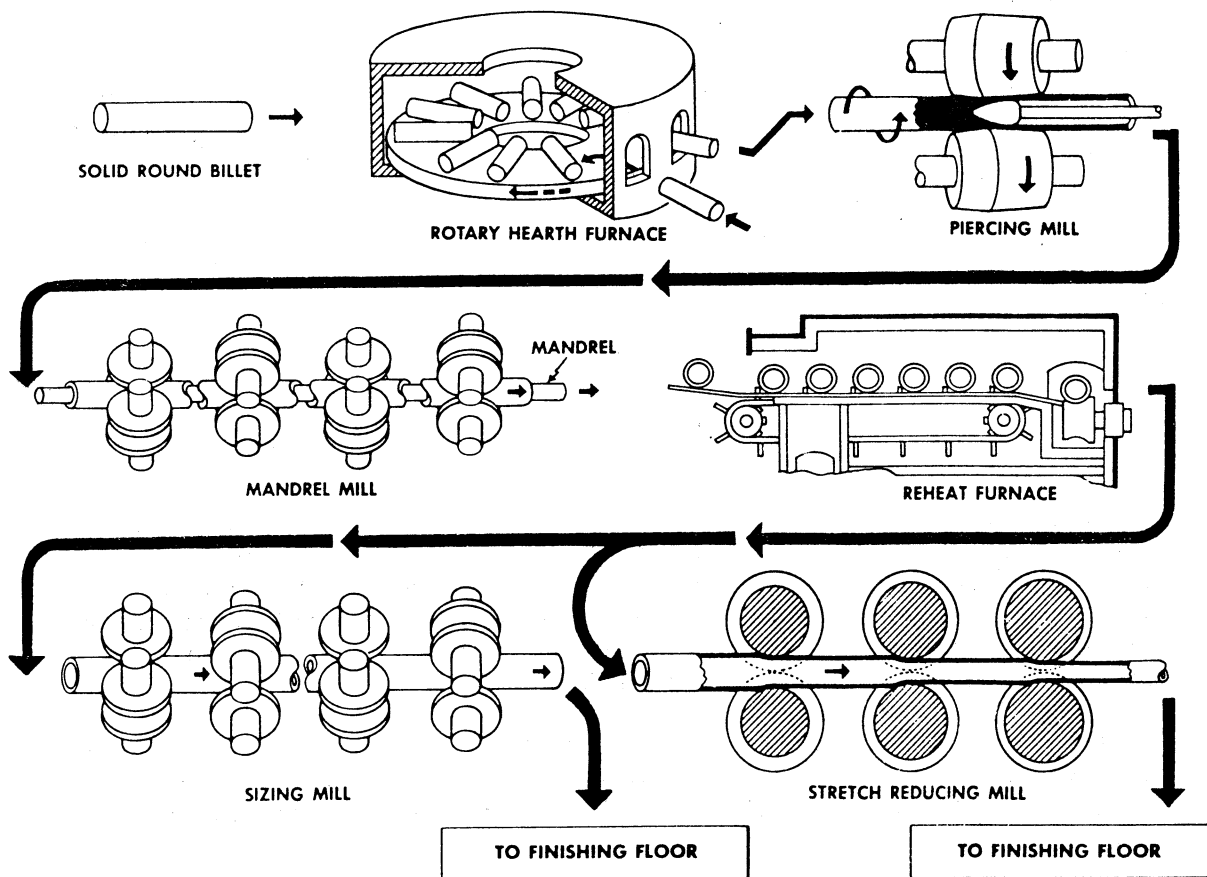
In this report, these three product lines will be referred to as alloy pressure, heat-resisting, and stainless. In addition, the term "total noncarbon" will refer to all noncarbon steel seamless pipes and tubes and "other noncarbon" will refer to noncarbon steel seamless pipes and tubes other than alloy pressure, heat-resisting, and stainless. The bulk of the "other noncarbon" category consists of oil country tubular goods.

Welded steel pipes and tubes are made by forming flat-rolled steel--sheets, strips, or plate--into a tubular configuration and welding along the joint axis. These steel pipes and tubes are not the subject of this investigation.

Seamless pipes and tubes are produced by forming a central cavity in solid steel stock. The central cavity may be formed by rotary piercing and rolling ^{1/} or extruding. A flow chart of the production process for one type of rotary piercing mill is illustrated in figure 1. The process is described by AISI in its publication Steel Products Manual: Steel Specialty Tubular Products as follows:

^{1/} Hot-finishing.

Figure 1.--Rotary piercing and rolling process.



Source: Steel Products Manual: Steel Specialty Tubular Products, the American Iron & Steel Institute, October 1980, p. 17.

Rotary Piercing and Rolling operations produce the great bulk of seamless steel tubular products. A conditioned steel round of proper grade, diameter and weight is heated to a suitable forging temperature and rotary pierced in one of several available types of mills which work the steel and cause it to flow helically over and around a so-called piercer-point yielding a seamless hollow billet. This billet is then roller elongated either in a succession of plug mills or in one of several mandrel mills. Finally the elongated steel is sized by further rolling without internal support in one or more of the sizing mills . . . the tension mill stretches the material between stands and actually makes wall reduction possible; the rotary sizing mill frequently is used in conjunction with one of the other mills to make final precision sizing of the outside diameter.

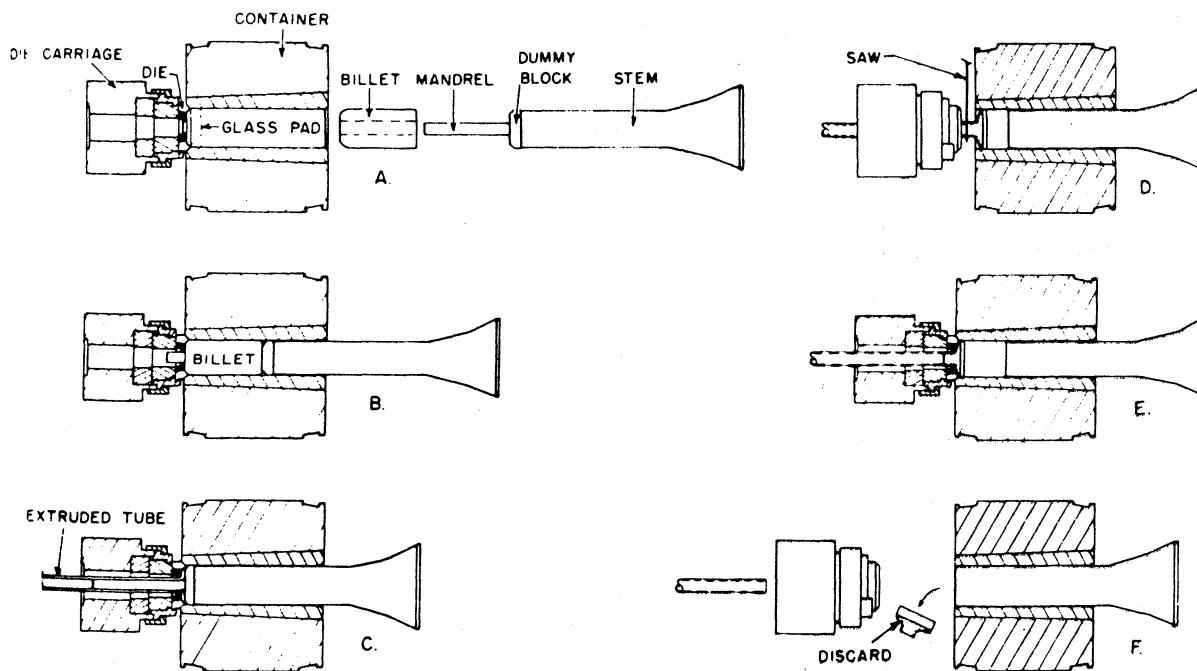
The extrusion process is illustrated in figure 2 and is described in the same AISI publication as follows:

Extrusion process also starts with a conditioned steel round of desired grade, diameter and weight. This billet may be cold drilled, cold drilled and hot expanded, or hot punch-pierced either separately or in the extrusion process. The drilled or punched billets are hot extruded by axially forcing the material through a die and over a mandrel.

Because of its lower cost, the rotary piercing method is the preferred method of producing seamless pipes and tubes of all grades of steel (carbon through stainless steel). However, the more expensive extrusion method is preferred when pipes and tubes of more fragile steel are produced. The higher the chromium content and the smaller the diameter of the tubular product is, the more fragile the steel will be. Thus, certain small diameter heat-resisting steel and small- and medium diameter stainless steel pipes and tubes are extruded. It is estimated that 80 percent, on a tonnage basis, of all U.S. production of seamless stainless steel pipes and tubes is produced by the extrusion process. Such production is usually performed in separate and distinct production facilities that are used almost exclusively for this purpose. However, large diameter stainless steel pipes and tubes are rotary pierced. 1/

1/ Babcock & Wilcox is able to rotary pierce about 50 percent of the tonnage of seamless stainless steel pipes and tubes it produces (transcript of the conference, p. 67).

Figure 2.--The extrusion process.



Source: Steel Products Manual: Steel Specialty Tubular Products, the American Iron & Steel Institute, October 1980, p. 19.

The equipment associated with the rotary piercing and rolling operations accounts for about 60 percent of the total machinery used to produce seamless steel pipes and tubes. 1/ After a pipe or tube is pierced and rolled or extruded it can either be sold as is or it may undergo additional operations before being sold. These additional operations include heat treating, cold drawing, polishing, rough turning, honing, testing, pickling, threading, galvanizing, and other special treatments. In general, the higher the alloy content and the more specialized the product is, the greater the number of additional processes that will be required.

U.S. Tariff Treatment

Imports of the seamless steel pipes and tubes under investigation are classifiable under item 610.52 of the TSUS. As a result of the agreements made during the Tokyo round of trade negotiations, the basic most-favored-nation (MFN) (column 1) 2/ rate of duty for this item was reduced from 13.0 percent ad valorem (effective from Jan. 1, 1971 to Dec. 31, 1981) to 12.1 percent ad valorem, effective January 1, 1982. This basic MFN rate of duty is scheduled to be further reduced in stages to 7.5 percent ad valorem by January 1, 1987. The basic rate of duty for imports under this item from least developed developing countries (LDDC's) 3/ is 7.5 percent ad valorem. The basic column 2 rate 4/ of duty is 35.0 percent ad valorem. In addition to the basic rates of duty, additional duties are assessed on imports under this item depending on the content of chromium, molybdenum, tungsten, and vanadium, as provided for in schedule 6, headnote 4, part 2, subpart B. The pipes and tubes classifiable under item 610.52 are not eligible articles for purposes of duty-free treatment under the Generalized System of Preferences (GSP). 5/

1/ Transcript of the conference, p. 68.

2/ Column 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA. However, these rates would not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences or under the "LDDC" rate of duty column.

3/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Multilateral Trade Negotiation concession rates implemented without staging for particular items which are the products of LDDC's enumerated in general headnote 3(d) of the TSUSA.

4/ Column 2 rates of duty apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

5/ The GSP, enacted as title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented in 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.

Nature and Extent of Alleged Sales at LTFV

According to Babcock & Wilcox, the prices at which Japanese-produced alloy steel pressure pipes and tubes, heat-resisting steel pipes and tubes, and stainless steel pipes are sold in the United States are below the prices at which comparable products are sold in Japan, or are sold in the United States at below the cost of their production in Japan. The alleged margins of sales at LTFV, as presented in the Babcock & Wilcox petition, are shown in table 1.

Table 1.--Alleged less-than-fair-value margins of certain seamless steel pipes and tubes from Japan, 1981

| (In percent) | | | |
|---------------------|-----------|-----------|--|
| Item | Pipes | Tubes | |
| Alloy pressure----- | 43.6 | 12.6-62.2 | |
| Heat-resisting----- | 23.3-63.6 | 44.7-67.0 | |
| Stainless----- | 8.8-35.4 | 18.7-23.8 | |

Source: The petition, pp. 33-37.

The U.S. Market

U.S. demand for all steel pipes and tubes (both welded and seamless) increased dramatically during 1979-81, with U.S. consumption exceeding 16 million tons in 1981 or 58 percent more than consumption in 1979. U.S. demand for seamless steel pipes and tubes exhibited stronger growth than demand for welded products during this period; total U.S. consumption of all seamless steel pipes and tubes increased by 3.9 million tons (89 percent) during 1979-81, as shown in the following tabulation (in millions of tons):

| Year | Seamless | Welded | Total |
|-----------|----------|--------|-------|
| 1979----- | 4.4 | 6.0 | 10.4 |
| 1980----- | 5.8 | 6.6 | 12.4 |
| 1981----- | 8.3 | 8.1 | 16.4 |

Alloy pressure

U.S. consumption of seamless alloy steel pressure pipes and tubes decreased from * * * tons in 1979 to * * * tons in 1980 and then increased to * * * tons in 1981 (table 2). The petitioner advised that seamless alloy steel pressure pipes and tubes are "principally used in electric utility

Table 2.--Certain seamless steel pipes and tubes: U.S. consumption 1/, by types, 1979-81

| (In thousands of tons) | | | | |
|----------------------------------|-----------|------|------|-----|
| Item | 1979 | 1980 | 1981 | |
| Alloy pressure----- | *** | *** | *** | *** |
| Heat-resisting----- | <u>2/</u> | *** | *** | *** |
| Stainless----- | <u>2/</u> | *** | *** | *** |
| Other noncarbon <u>3/</u> ----- | *** | *** | *** | *** |
| Total, noncarbon <u>3/</u> ----- | *** | *** | *** | *** |

1/ U.S. producers' domestic shipments and imports.

2/ Not available; total U.S. consumption of seamless heat-resisting steel and stainless steel pipes and tubes was *** tons in 1979.

3/ Estimated by the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, data published by the American Iron & Steel Institute, and data obtained from responses of questionnaires of the U.S. International Trade Commission.

boilers," and "the majority of seamless alloy pressure pipes and tubes are sold directly from the mill to the fabricator." Babcock & Wilcox estimated that 80 to 85 percent of alloy steel pressure pipes and tubes are used for boiler applications, with the remaining 15 to 20 percent used in process plants (chemical, petrochemical, and refinery).

Heat-resisting

U.S. consumption of seamless heat-resisting steel pipes and tubes increased from * * * tons in 1980 to * * * tons in 1981. Data for 1979 consumption are not available, because import statistics in that year were not separately reported for seamless heat-resisting and stainless steel pipes and tubes.

Babcock & Wilcox advised that "seventy percent of industry sales of seamless heat-resisting pipes and tubes are estimated to be pipes," and "seamless heat-resisting pipes are generally employed to transfer material from one location to another." Babcock & Wilcox estimated that 95 percent of U.S. consumption of seamless heat-resisting pipes and tubes are used in process plants (chemical, petrochemical, and refinery). They are usually made to standard specifications and sold to distributors.

Stainless

U.S. consumption of seamless stainless steel pipes and tubes increased from * * * tons in 1980 to * * * tons in 1981. Data for 1979 are not available. Babcock & Wilcox advised that "seamless stainless pipes and tubes have process plant uses but also are used in a broad range of other applications," and "they are also usually made to standard specifications and sold to distributors." Babcock & Wilcox estimated that 40 to 50 percent of these products are used in process plants. Data presented in Babcock & Wilcox's petition also suggested that heat-transfer applications are a significant use for these products.

Total noncarbon

U.S. consumption of all seamless noncarbon steel pipes and tubes increased steadily, from * * * million tons in 1979 to * * * million tons in 1980, and * * * million tons in 1981, or by * * * percent between 1979 and 1981. This increase in consumption can be attributed, in large part, to a surge in demand for oil country tubular goods.

U.S. Producers

Alloy pressure

Six firms (accounting for 94 percent of total industry shipments in 1981, as reported by AISI) responded to the Commission's questionnaires concerning their production of seamless alloy steel pressure pipes and tubes in the United States. The names of the producers and their share of U.S. production in 1981, as reported in response to Commission questionnaires, are presented in the following tabulation:

| <u>Firm</u> | <u>Percentage distribution of production</u> |
|-------------|--|
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| Total----- | 100 |

Babcock & Wilcox produces seamless alloy steel pressure pipes and tubes and various other steel tubular products at plants in Milwaukee, Wis., Beaver Falls, Pa., and Ambridge, Pa. According to company publications, Babcock & Wilcox committed \$75 million for the modernization and expansion of their total pipe and tube operations in 1973 (* * * of which was allocated for the construction of their plant at Ambridge).

U.S. Steel Corp. produces seamless noncarbon steel pipes and tubes at two plants in McKeesport, Pa., and at one plant in Gary, Ind. Quanex produces

seamless noncarbon steel pipes and tubes at plants in South Plainfield, N.J., and South Lyon, Mich. Quanex acquired its South Plainfield plant on June 1, 1979, and expanded its South Lyon plant in 1980. Phoenix produces these products at a plant in Claymont, Del. Timken's production facilities are located in Canton, Ohio. Timken added a new seamless-steel-tube piercing mill to this facility in March 1979, and added two roller hearth furnaces for tempering, annealing, and quenching to this facility in December 1979. Armco produces these products at a plant in Houston, Tex.

Heat-resisting

Three firms (accounting for 100 percent of shipments in 1981, as reported by AISI) responded to the Commission's questionnaires concerning production of seamless heat-resisting steel pipes and tubes. The names of the producers and their share of U.S. production in 1981 are presented in the following tabulation:

| <u>Firm</u> | <u>Percentage distribution of production</u> |
|-------------|--|
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| Total----- | 100 |

Babcock & Wilcox produces these products at the same three plants in which it produces seamless alloy steel pressure pipes and tubes. Timken produces the products at its plant in Canton, Ohio, where it also produces alloy steel pressure pipes and tubes. U.S. Steel produces these products at its plants in McKeesport, Pa., and Gary, Ind.--the same plants where it produces seamless alloy steel pressure pipes and tubes.

Stainless

Five firms (accounting for 78 percent of shipments in 1981, as reported by AISI) responded to the Commission's questionnaires concerning production of stainless steel products. The names of the producers and their share of U.S. production in 1981, as reported in response to Commission questionnaires, are presented in the following tabulation:

| <u>Firm</u> | <u>Percentage distribution of production</u> |
|-------------|--|
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| * * *----- | *** |
| Total----- | 100 |

Patcock & Wilcox produces seamless stainless steel pipes and tubes at its Beaver Falls, Pa., plant, and Timken produces these products at its Canton, Ohio, plant. The other three producers (Al Tech, Combustion Engineering, and Plymouth Tube) produce stainless steel pipes and tubes in production facilities devoted exclusively to such production. Al Tech's production facilities are located in Watervliet, N.Y.

Combustion Engineering produces seamless stainless steel pipes and tubes at a plant in Chattanooga, Tenn. This facility experienced a 6-week strike in 1980. Plymouth produces these products in West Monroe, La. Plymouth is a "redrawer," a firm which purchases a semifinished tubular product and draws it through a die to reduce its diameter or wall thicknesses, or both, and make it suitable for commercial applications. The firm experienced * * *.

The Japanese Industry

According to the petition, three Japanese firms produced the products under investigation. These firms and the tubular products they produce are presented in table 3.

Table 3.--Certain seamless steel pipes and tubes:
Japanese producers, by types, 1981

| Firm | : Alloy : pressure | : Heat-resisting | : Stainless |
|------------------------------------|-----------------------|------------------|-------------|
| Sumitomo Metal Industries, Ltd---- | X | X | X |
| Nippon Kokan Kaisha----- | X | X | X |
| Sanyo Special Steel Co., Ltd----- | | | X |
| | | | |

Source: The petition, pp. 21-22.

Sumitomo Metal accounts for approximately * * * percent of imports from Japan of the pipes and tubes under investigation. Counsel for Sumitomo Metal stated that it was unable to provide information on capacity by product lines, because it can easily shift production from product line to product line.

The Importers

Sumitomo Corp., a large Japanese trading company, is the largest importer of all three of the product groups under investigation. Its share of total imports from Japan for each product group, in 1981, as reported by questionnaire respondents, is presented in the following tabulation:

| <u>Product group</u> | <u>Share</u> <u>(Percent)</u> |
|----------------------|----------------------------------|
| Alloy pressure----- | *** |
| Heat-resisting----- | *** |
| Stainless----- | *** |

Sumitomo Corp. is part of the Sumitomo group of companies, one of which is Sumitomo Metal, the largest Japanese producer of the products under investigation. According to counsel for Sumitomo Metal, the mutual stock ownership among the various companies in the Sumitomo group is between * * * and * * * percent. Counsel stated that these companies * * *.

The other large U.S. importers of the pipes and tubes under investigation are also Japanese trading companies. All of the Japanese trading companies, including Sumitomo Corp., generally purchase the pipes and tubes from the Japanese mills when a specific order is placed by a U.S. end user or distributor. Generally the importers do not purchase for inventory.

The Question of Material Injury

To obtain information for this section of the report, the Commission sent questionnaires to all known U.S. producers of seamless steel pipes and tubes. Ten producers responded to these questionnaires. Shipments, as reported by questionnaire respondents, accounted for the estimated shares of U.S. producers' shipments in 1981 that are shown in the following tabulation:

| <u>Type</u> | <u>Share of 1981</u> <u>shipments</u> <u>(Percent)</u> |
|-----------------------|--|
| Alloy pressure----- | 94 |
| Heat-resisting----- | 100 |
| Stainless----- | 78 |
| Other noncarbon----- | 50 |
| Total, noncarbon----- | 52 |

Seamless alloy steel pressure, heat-resisting steel, and stainless steel pipes and tubes are frequently produced in mills which produce other seamless steel pipes and tubes. As a result, some questionnaire respondents were not able to breakout data by product lines. In some instances, respondents provided the Commission with data which were estimated by a variety of methods.

Production capacity

Data on U.S. capacity to produce the seamless noncarbon steel pipes and tubes under investigation should be used with caution. Producers indicated

that production can shift from one product line to another if the demand so warrants. Capacity data, as reported by questionnaire respondents, are, thus, based upon optimum product mixes. Conference testimony by Mr. John G. Reilly, an economist with ICF Inc., who appeared on behalf of Sumitomo, suggested that full-capacity conditions of U.S. pipe and tube producers (caused by increased demand for oil country tubular goods) created a supply shortfall in 1981 for the pipes and tubes subject to this investigation. Capacity constraints in 1981 of domestic pipe and tube producers were reported in the U.S. Industrial Outlook 1982, U.S. Department of Commerce. Capacity data are presented in table 4.

Table 4.--Certain seamless steel pipes and tubes: U.S. producers' production capacity, production, and capacity utilization, by types, 1979-81

| Item | 1979 | 1980 | 1981 |
|--------------------------------|---------|---------|-----------|
| Production capacity (tons) | | | |
| Alloy pressure----- | 76,052 | 74,859 | 74,965 |
| Heat-resisting----- | *** | *** | *** |
| Stainless----- | *** | *** | *** |
| Other noncarbon----- | 844,142 | 892,565 | 941,418 |
| Total, noncarbon----- | 949,255 | 997,385 | 1,046,344 |
| Production (tons) | | | |
| Alloy pressure----- | 37,050 | 30,343 | 35,503 |
| Heat-resisting----- | *** | *** | *** |
| Stainless----- | *** | *** | *** |
| Other noncarbon----- | 709,347 | 619,564 | 751,313 |
| Total, noncarbon----- | 768,045 | 668,036 | 805,089 |
| Capacity utilization (percent) | | | |
| Alloy pressure----- | 49 | 41 | 47 |
| Heat-resisting----- | *** | *** | *** |
| Stainless----- | *** | *** | *** |
| Other noncarbon----- | 84 | 69 | 80 |
| Total, noncarbon----- | 81 | 67 | 77 |

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

Production

Alloy pressure.--U.S. production of seamless alloy steel pressure pipes and tubes decreased from 37,000 tons in 1979 to 30,000 tons in 1980, or by 18 percent (table 4). Production subsequently rose by 17 percent to 36,000 tons in 1981.

Heat-resisting.--U.S. production of seamless heat-resisting steel pipes and tubes * * * from * * * tons in 1979 to * * * tons in 1980, and to * * * tons in 1981. U.S. production of such merchandise * * * by * * * percent in 2 years.

Stainless.--U.S. production of seamless stainless steel pipes and tubes * * * from * * * tons in 1979 to * * * tons in 1980, before * * * to * * * tons in 1981. U.S. production experienced a * * * percent between 1979 and 1981.

Other noncarbon.--U.S. production of other noncarbon seamless steel pipes and tubes, as reported by questionnaires, decreased from 709,000 tons in 1979 to 620,000 tons in 1980, or by 13 percent. Production of such pipes and tubes increased by 21 percent to 751,000 tons in 1981. This increase in production can be attributed to increased demand for pipes and tubes for use in oil and gas drilling. It should be noted that questionnaire coverage in this category accounted for 50 percent of estimated total shipments in 1981, as estimated from AISI data.

U.S. producers' shipments and inventories

U.S. producers' shipments of the pipes and tubes under investigation (table 5) followed the trends noted for production. Most of these pipes and tubes are consumed domestically, with less than 5 percent entering the export market. The pipes and tubes under investigation are made to special order and are, in general, not produced for stock. Inventories, as reported by the respondents, are production overruns or orders completed and not yet shipped. A significant share of these products are produced for intracompany consumption as discussed below.

Alloy pressure.--Babcock & Wilcox is one of the three major U.S. producers of large power boilers, and it consumed * * * percent of the seamless alloy steel pressure pipes and tubes it produced during 1979-81. Captive domestic shipments for all U.S. producers accounted for * * * percent, * * * percent, and * * * percent of total shipments during 1979, 1980, and 1981, respectively.

Heat-resisting.--Captive consumption of seamless heat-resisting steel pipes and tubes are * * * accounting for * * * percent to * * * percent of total shipments during 1979-81.

Stainless.--Combustion Engineering, a major producer of nuclear powered boilers, and Babcock & Wilcox * * *. Captive shipments accounted for * * * percent of total industry shipments of these products in 1979, and * * * percent during 1980 and 1981.

Total noncarbon.--Intracompany transfers, as reported by questionnaire respondents, accounted for * * * percent of total domestic shipments of noncarbon seamless steel pipes and tubes in 1979 and 1980, and * * * percent in 1981.

Table 5.--Certain seamless steel pipes and tubes: U.S. producers' shipments, by types, 1979-81

| (In tons) | | | | |
|---------------------------------|---------|---------|---------|-----|
| Type | 1979 | 1980 | 1981 | |
| Domestic intracompany shipments | | | | |
| Alloy pressure----- | *** | *** | *** | *** |
| Heat-resisting----- | *** | *** | *** | *** |
| Stainless----- | *** | *** | *** | *** |
| Other noncarbon----- | *** | *** | *** | *** |
| Total, noncarbon----- | *** | *** | *** | *** |
| Domestic commercial shipments | | | | |
| Alloy pressure----- | 24,470 | 18,955 | 21,490 | |
| Heat-resisting----- | *** | *** | *** | *** |
| Stainless----- | *** | *** | *** | *** |
| Other noncarbon----- | 487,757 | 442,049 | 574,136 | |
| Total, noncarbon----- | 530,957 | 476,138 | 610,223 | |
| Export shipments ^{1/} | | | | |
| Alloy pressure----- | *** | *** | *** | *** |
| Heat-resisting----- | *** | *** | *** | *** |
| Stainless----- | *** | *** | *** | *** |
| Other noncarbon----- | *** | *** | *** | *** |
| Total, noncarbon----- | *** | *** | *** | *** |
| Total shipments | | | | |
| Alloy pressure----- | 36,816 | 31,825 | 35,707 | |
| Heat-resisting----- | *** | *** | *** | *** |
| Stainless----- | *** | *** | *** | *** |
| Other noncarbon----- | 704,214 | 628,844 | 746,604 | |
| Total, noncarbon----- | 762,659 | 679,132 | 800,393 | |

^{1/} Includes shipments to foreign affiliates.

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

Employment

The pipes and tubes under investigation are frequently produced in large steel-manufacturing complexes which may employ thousands of workers. The piercing mills and cold working shops in which the items under investigation are produced frequently are used to produce various types of seamless steel pipes and tubes. Three producers, including * * * specifically reported that no employee was principally engaged in the production of the products under investigation.

Employment data, as reported by questionnaire respondents, reflect estimates of the actual number of production and related workers engaged in the production of the specified pipes and tubes. The respondents estimated the number of workers using a method of allocation--generally based on hours worked or on estimated labor costs--which does not accurately reflect the total number of workers actually engaged in the production of the specified pipes and tubes over the course of a given year. The data on employment received by the Commission are presented in table 6.

The number of hours worked in the production of seamless stainless steel pipes and tubes decreased from 1980 to 1981 by 13 percent while production of these products increased by 12 percent during the same period. This decrease in hours worked can be attributed in large part to an increase in productivity (as measured by tons per hour) which was reported by all firms. In addition, this decrease may be due to a shift to the production of less labor intensive products.

Productivity of the seamless stainless steel producers ranged from * * * tons per hour, reported by * * * in 1980, to * * * tons per hour reported by * * * in 1981. The differences in productivity can be attributed to varying methods of allocating hours worked to the product line; some producers began such allocations at the melt shop and other firms began allocation of workers at the piercing or extruding mill. In addition, productivity may vary depending on a particular firm's product mix. In 1981, * * *, the producer reporting the lowest productivity, decreased its production of seamless stainless steel pipes and tubes while other firms increased production of such products. The net effect is an increase in production and decrease in the number of hours worked in the production of seamless stainless steel pipes and tubes.

Table 6.--Average number of production and related workers engaged in the manufacture of certain seamless steel pipes and tubes, hours worked by such workers, wages paid, and total compensation, by types, 1979-81

| Type | 1979 | 1980 | 1981 |
|---|--------|--------|--------|
| Number of workers | | | |
| Alloy pressure----- | *** | *** | *** |
| Heat-resisting----- | *** | *** | *** |
| Stainless----- | *** | *** | *** |
| Other noncarbon----- | 6,115 | 5,494 | 6,263 |
| Total, noncarbon----- | 7,858 | 7,066 | 7,729 |
| Hours worked (thousands) | | | |
| Alloy pressure----- | *** | *** | *** |
| Heat-resisting----- | *** | *** | *** |
| Stainless----- | *** | *** | *** |
| Other noncarbon----- | 12,550 | 11,000 | 12,646 |
| Total, noncarbon----- | 16,121 | 14,119 | 15,692 |
| Wages paid (per hour) | | | |
| Alloy pressure----- | \$ *** | \$ *** | \$ *** |
| Heat-resisting----- | *** | *** | *** |
| Stainless----- | *** | *** | *** |
| Other noncarbon----- | 11.81 | 12.99 | 14.61 |
| Total, noncarbon----- | 11.78 | 12.93 | 14.40 |
| Total compensation ^{1/} (per hour) | | | |
| Alloy pressure----- | \$ *** | \$ *** | \$ *** |
| Heat-resisting----- | *** | *** | *** |
| Stainless----- | *** | *** | *** |
| Other noncarbon----- | 15.06 | 17.27 | 19.27 |
| Total, noncarbon----- | 14.99 | 17.16 | 19.11 |

^{1/} Wages plus fringe benefits.

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

Financial experience of U.S. producers

Profit-and-loss data reported by 9 U.S. producers on their operations on the pipes and tubes under investigation are presented in table 7. * * * manufacture other products in their establishments within which the pipes and tubes under investigation are produced. With the exception of the machinery and equipment used in the production of extruded stainless steel tubing, most of the machinery and equipment in these establishments are used in the

Table 7.--Profit-and-loss experience of U.S. producers on their operations on certain seamless steel pipes and tubes, by specified types, accounting years 1979-80, interim period 1980, and interim period 1981 1/

| Item and period | Commercial sales | Intracompany and inter-company transfers | Total net sales | Cost of sales | Gross profit | General, selling, and administrative expenses | Net operating profit or (loss) | Ratio of operating profit or (loss) to net sales |
|---------------------|------------------|--|-----------------|---------------|--------------|---|--------------------------------|--|
| | | | | | | | | Percent |
| | | | | | | | | |
| Alloy pressure: | | | | | | | | |
| 1979----- | *** | *** | 83,459 | 67,705 | 15,754 | 2,658 | 13,096 | 15.7 |
| 1980----- | *** | *** | 83,529 | 69,881 | 13,648 | 3,408 | 10,240 | 12.3 |
| Interim period: 1/: | | | | | | | | |
| 1980----- | *** | *** | 85,579 | 71,499 | 14,080 | 3,431 | 10,649 | 12.4 |
| 1981----- | *** | *** | 104,849 | 83,047 | 21,802 | 2,964 | 18,838 | 18.0 |
| Heat-resisting: 2/ | | | | | | | | |
| 1979----- | *** | *** | *** | *** | *** | *** | *** | *** |
| 1980----- | *** | *** | *** | *** | *** | *** | *** | *** |
| 1981----- | *** | *** | *** | *** | *** | *** | *** | *** |
| Stainless: | | | | | | | | |
| 1979----- | *** | *** | *** | *** | *** | *** | *** | *** |
| 1980----- | *** | *** | *** | *** | *** | *** | *** | *** |
| 1981----- | *** | *** | *** | *** | *** | *** | *** | *** |
| Interim period: 1/: | | | | | | | | |
| 1980----- | *** | *** | *** | *** | *** | *** | *** | *** |
| 1981----- | *** | *** | *** | *** | *** | *** | *** | *** |
| Other noncarbon: | | | | | | | | |
| 1979----- | 607,681 | 184,869 | 792,550 | 673,070 | 119,480 | 29,211 | 90,269 | 11.4 |
| 1980----- | 640,712 | 193,015 | 833,727 | 706,922 | 126,805 | 32,635 | 94,170 | 11.3 |
| Interim period: 1/: | | | | | | | | |
| 1980----- | 643,452 | 193,015 | 836,467 | 708,789 | 127,678 | 32,874 | 94,804 | 11.3 |
| 1981----- | 1,084,277 | 224,454 | 1,308,731 | 975,111 | 333,620 | 40,032 | 293,588 | 22.4 |
| Total, noncarbon: | | | | | | | | |
| 1979----- | 747,212 | 221,851 | 969,063 | 825,399 | 143,664 | 34,621 | 109,043 | 11.3 |
| 1980----- | 771,053 | 240,510 | 1,011,563 | 867,342 | 144,221 | 39,333 | 104,888 | 10.4 |
| Interim period: 1/: | | | | | | | | |
| 1980----- | 770,034 | 240,510 | 1,010,544 | 865,772 | 144,772 | 39,317 | 105,455 | 10.4 |
| 1981----- | 1,229,372 | 280,376 | 1,509,748 | 1,144,166 | 365,582 | 45,901 | 319,681 | 21.2 |

1/ In this report, the interim period 1980 is, for each U.S. producer, the period from the beginning of each producer's 1980 fiscal year to Dec. 31, 1980. Similarly, the interim period 1981 is, for each U.S. producer, the period from the beginning of each producer's 1981 fiscal year to Dec. 31, 1981.

2/ All firms reported by calendar year.

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

production of more than one product. In addition, producers generally do not keep separate profit-and-loss data on each product line. Five producers use a standard cost system of accounting, and other producers employ a process cost system, direct cost system, or job order cost system of accounting for the accumulation of cost data. Depending on the cost accounting system employed, some costs are directly charged to a product line, whereas other costs are allocated. All general, selling, and administrative expenses for each product subject to this investigation are allocated.

The basis used for allocating each of the costs and expenses to each product varied from producer to producer. Any method of allocation is inherently arbitrary. Hence, the profit-and-loss data developed here are limited in their use as a measure of profitability. However, if each producer was consistent from year to year in its use of its respective allocation base (and there is no evidence to the contrary), the data presented in this section should reflect a reasonable profit trend on each product line.

Alloy pressure.--Six producers, accounting for about 94 percent of total U.S. shipments in 1981, provided profit-and-loss data on their operations on seamless alloy steel pressure pipes and tubes. * * * producers were profitable in each of the years 1979-81. Net sales were flat in 1980 and increased in 1981. Net operating profit decreased in 1980 and increased significantly in 1981.

As shown in table 7, total net sales of seamless alloy steel pressure pipes and tubes were approximately the same in 1979 (\$83.4 million) and 1980 (83.5 million). During the same period, net commercial sales * * * by * * * percent, * * * intracompany transfers * * * by * * * percent. In the interim period 1981, 1/ total net sales increased by 23 percent to \$104.8 million. During the same period, net commercial sales * * * intracompany transfers * * * by * * * and * * * percent, respectively.

Aggregate net operating profits of U.S. producers on their seamless alloy steel pressure pipe and tube operations declined by 22 percent, from \$13.1 million in 1979 to \$10.2 million in 1980. During the same period, the ratio of net operating profit to total net sales declined from 15.7 to 12.3 percent. In the interim period 1981, net operating profit increased to \$18.8 million, or 18 percent of total net sales, compared with the net operating profit of \$10.6 million, or 12.4 percent of total net sales, in the corresponding period of 1980.

Virtually all captive sales, which accounted for about * * * percent of total net sales during 1979-81, * * *.

Heat-resisting.--Three producers, accounting for 100 percent of total U.S. shipments in 1981, provided profit-and-loss data on their operations on seamless heat-resisting steel pipes and tubes. * * *. * * *. Total net sales * * * from 1979 to 1980 and * * * in 1981. Net operating profits * * *.

1/ In this report, the interim period 1980 is, for each U.S. producer, the period from the beginning of each producer's 1980 fiscal year to Dec. 31, 1980. Similarly, the interim period 1981 is, for each U.S. producer, the period from the beginning of each producer's 1981 fiscal year to Dec. 31, 1981.

Total net sales of seamless heat-resisting steel pipes and tubes * * * by * * * percent, from * * * million in 1979 to * * * million in 1980, * * * to * * * million in 1981. The aggregate net operating profit for the three producers * * * from * * * million in 1979 to * * * in 1981. As a share of net sales, net operating profits * * * from * * * percent in 1979 to * * * percent in 1981.

Stainless.--Four producers, accounting for about 75 percent of total U.S. shipments in 1981, provided profit-and-loss data concerning their operations on seamless stainless steel pipes and tubes. * * *.

As shown table 7, total net sales of seamless stainless steel pipes and tubes * * * in 1979 (* * * million) and 1980 (* * * million). In the interim period 1981, total net sales * * * by * * * percent to * * * million from * * * million in the corresponding period of 1980. This * * * equally divided between * * *.

The financial experience of U.S. producers on their seamless stainless steel pipe and tube operations * * * from an aggregate net operating profit of * * * million, or * * * percent of net sales, in 1979 to an operating * * * of * * * million in 1980, or * * * percent of net sales. The aggregate net operating margin increased significantly from an operating * * * of * * * million in the interim period 1980 to an operating * * * of * * * million in the corresponding period of 1981. During the same period, the ratio of net operating margin to net sales rose from * * * percent in the interim period 1980 to * * * percent in the interim period 1981.

Total noncarbon.--Total net sales of the reporting companies on all noncarbon seamless steel pipes and tubes increased by 4 percent from \$969 million in 1979 to 1.01 billion in 1980. Net sales increased by 49 percent to \$1.5 billion in the interim period 1981 compared with \$1.01 billion for the corresponding period of 1980. Net operating profit declined by 4 percent from \$109 million in 1979 to \$105 million in 1980. In the interim period 1981, net operating profit tripled to \$320 million from \$105 million in the corresponding period of 1980. Average net operating profits, as a share of net sales, declined slightly, from 11.3 percent in 1979 to 10.4 percent in 1980, and thereafter increased to 21.2 percent in 1981. The increases in net sales and net operating profits in 1981 can be attributed to high demand for oil country tubular goods.

Profitability of the establishments.--Table 8 presents data on the financial experience of U.S. producers on the overall operations of the establishments in which the pipes and tubes under investigation are produced. The specified product lines, as a share of total establishment sales, ranged from a low of * * * percent for heat-resisting steel in 1981 to a high of * * * percent for stainless steel in 1980. The ratio of net operating profit to net sales for these establishments increased substantially during 1979-81. During 1981, this ratio was * * * percent or more for each of the establishments involved.

Research and development and capital expenditures

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In its questionnaire sent to all known U.S. producers of seamless steel pipes and tubes, the Commission requested information concerning research and

Table 8.--Profit-and-loss experience of U.S. producers on the overall operations of their establishments in which certain seamless steel pipes and tubes are produced, by specified types, accounting years 1979-80, interim period 1980, and interim period 1981 1/

| Item and period | Commercial sales | Intracompany and inter-company transfers | Total net sales | Cost of sales | Gross profit | General, selling, and administrative expenses | Net operating profit or (loss) | Ratio of: | |
|---------------------|------------------|--|-----------------|---------------|--------------|---|--------------------------------|---|---|
| | | | | | | | | operating profit or (loss) to net sales | product line sales to total establishment sales |
| 1,000 dollars | | | | | | | | | |
| Percent | | | | | | | | | |
| Percent | | | | | | | | | |
| Alloy pressure: | | | | | | | | | |
| 1979----- | 1,672,357 | 267,212 | 1,939,569 | 1,731,506 | 208,063 | 61,279 | 146,784 | 7.6 | 4.3 |
| 1980----- | 1,997,004 | 296,554 | 2,293,558 | 1,997,281 | 296,277 | 72,129 | 224,148 | 9.8 | 3.6 |
| Interim period: 1/: | | | | | | | | | |
| 1980----- | 2,010,596 | 297,712 | 2,308,308 | 2,010,899 | 297,409 | 73,057 | 224,352 | 9.7 | 3.7 |
| 1981----- | 3,019,378 | 333,982 | 3,353,360 | 2,516,991 | 836,368 | 87,366 | 749,003 | 22.3 | 3.1 |
| Heat-resisting: 2/: | | | | | | | | | |
| 1979----- | *** | *** | 1,595,178 | 1,438,632 | 156,546 | 53,978 | 102,568 | 6.4 | 1.0 |
| 1980----- | *** | *** | 1,855,025 | 1,619,264 | 235,761 | 61,927 | 173,834 | 9.4 | 1.0 |
| 1981----- | *** | *** | 2,740,837 | 2,056,528 | 684,309 | 74,672 | 609,637 | 22.2 | 0.5 |
| Stainless: | | | | | | | | | |
| 1979----- | *** | *** | 887,037 | 774,265 | 112,772 | 42,206 | 70,566 | 8.0 | 8.7 |
| 1980----- | *** | *** | 863,097 | 731,614 | 131,483 | 47,006 | 84,477 | 9.8 | 8.9 |
| Interim period: 1/: | | | | | | | | | |
| 1980----- | *** | *** | 820,695 | 688,976 | 131,719 | 44,993 | 86,726 | 10.6 | 8.6 |
| 1981----- | *** | *** | 1,048,800 | 812,569 | 236,231 | 50,193 | 186,038 | 17.7 | 7.8 |
| Total, noncarbon: | | | | | | | | | |
| 1979----- | 2,416,523 | 275,303 | 2,691,826 | 2,419,007 | 272,819 | 86,577 | 186,242 | 6.9 | 36.0 |
| 1980----- | 2,777,349 | 308,280 | 3,085,629 | 2,723,083 | 362,546 | 99,075 | 263,471 | 8.5 | 32.8 |
| Interim period: 1/: | | | | | | | | | |
| 1980----- | 2,748,539 | 309,438 | 3,057,977 | 2,694,063 | 363,914 | 97,990 | 265,924 | 8.7 | 33.0 |
| 1981----- | 3,861,013 | 346,863 | 4,207,876 | 3,265,590 | 942,286 | 112,846 | 829,440 | 19.7 | 35.9 |

1/ In this report, the interim period 1980 is, for each U.S. producer, the period from the beginning of each producer's 1980 fiscal year to Dec. 31, 1980. Similarly, the interim period 1981 is, for each U.S. producer, the period from the beginning of each producer's 1981 fiscal year to Dec. 31, 1981.

2/ All firms reported by calendar year.

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

development and capital expenditures for the specified pipes and tubes under investigation. In their responses, U.S. producers reported expenditures of \$9 million for research and development and * * * million for capital improvements during 1979-81 for all seamless noncarbon steel pipes and tubes. However, it should be noted that seamless noncarbon steel pipes and tubes generally constitute a small portion of all the tubular products made in a given mill, ^{1/} and that U.S. producers generally make research and development and capital expenditures for the benefit of all seamless steel pipes and tubes and not specifically for the products under investigation. Four of the questionnaire respondents were unable to breakout research and development and capital expenditures by product lines, and six respondents estimated such expenditures on the basis of tonnage produced or dollar sales.

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

U.S. imports

Alloy pressure.--Imports of seamless alloy steel pressure pipes and tubes from all countries * * * from * * * tons in 1979 to * * * tons in 1980 and * * * to * * * tons in 1981 (table 9). The principal exporters of such merchandise to the United States in 1981 were Japan (* * * percent of total imports) and West Germany (* * * percent of total imports). Imports of such merchandise from Japan * * * from * * * tons in 1979 to * * * tons in 1980, or by * * * percent. Imports from Japan * * * by * * * tons, or about * * * percent, in 1981. As a share of U.S. consumption, imports of seamless alloy steel pressure pipes and tubes from Japan * * * from * * * percent in 1979 and 1980 to * * * percent in 1981 (table 10).

Imports of seamless alloy steel oil and gas well tubing and drill pipe entered under the same TSUSA item as seamless alloy steel pressure pipes and tubes in 1980 and 1981. Total imports under this item from Japan increased from 20,000 tons in 1980 to 38,000 tons in 1981. Questionnaire data indicate that the bulk of this increase from Japan can be attributed to imports of oil country tubular goods. The Commission staff was able to verify this by examination of Special Summary of Steel Invoices (SSSI's) at the Department of Commerce. Beginning on January 1, 1982, these oil country tubular goods which conform to API specifications enter under separate TSUSA items.

Heat-resisting.--Total imports of seamless heat-resisting steel pipes and tubes more than tripled from 2,383 tons in 1980 to 8,992 tons in 1981. Imports of this item in 1981 entered principally from Japan (42 percent), West Germany (26 percent), and Italy (17 percent). Imports from Japan increased from 1,328 tons in 1980 to 3,798 tons in 1981, or by 186 percent. Imports from Japan as a share of U.S. consumption increased from 18 percent in 1980 to 30 percent in 1981. Data on total imports of seamless heat-resisting steel pipes and tubes in 1979 are not available because such imports entered under a "basket category" of the TSUSA in 1979.

^{1/} Seamless noncarbon steel pipes and tubes accounted for an estimated 32 percent of all seamless steel pipes and tubes produced in the United States in 1981.

Stainless.--Imports of seamless stainless steel pipes and tubes increased by 42 percent from 11,033 tons in 1980 to 15,643 tons in 1981. In 1981, imports from Japan accounted for 60 percent of total imports, and imports from Sweden accounted for 28 percent of total imports. Imports from Japan increased from 6,706 tons in 1980 to 9,432 tons in 1981, or by 41 percent. Imports from Japan (excluding oil country tubular goods) accounted for 26 percent of U.S. consumption in 1980 and 27 percent in 1981.

Table 9.--Certain seamless steel pipes and tubes: U.S. imports for consumption, by types and by principal sources, 1979-81

| (In tons) | | | |
|-----------------------------------|---------|---------|---------|
| Type and source | 1979 | 1980 | 1981 |
| Alloy pressure: | | | |
| From Japan 1/----- | *** | *** | *** |
| Other 2/----- | *** | *** | *** |
| Total----- | *** | *** | *** |
| Heat-resisting: | | | |
| From Japan----- | 3/ | 1,328 | 3,798 |
| Other----- | 3/ | 1,055 | 5,194 |
| Total----- | 3/ | 2,383 | 8,992 |
| Stainless: | | | |
| From Japan: | | | |
| Oil country tubular goods 1/----- | 3/ | 494 | 1,499 |
| Other----- | 3/ | 6,212 | 7,933 |
| Subtotal----- | 3/ | 6,706 | 9,432 |
| Other----- | 3/ | 4,327 | 6,211 |
| Total----- | 3/ | 11,033 | 15,643 |
| Other noncarbon: | | | |
| From Japan----- | *** | *** | *** |
| Other----- | *** | *** | *** |
| Total----- | *** | *** | *** |
| Total, noncarbon: | | | |
| From Japan----- | 80,900 | 96,880 | 193,517 |
| Other----- | 70,332 | 60,603 | 294,358 |
| Total----- | 151,232 | 157,483 | 487,875 |

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

2/ Data may be significantly overstated because they include unknown quantities of tubular products other than seamless alloy pressure pipes and tubes.

3/ Official statistics of the U.S. Department of Commerce presented combined data for seamless heat-resisting and stainless steel pipes and tubes in 1979. Aggregate imports of heat-resisting and stainless steel pipes and tubes from Japan were 5,570 tons in 1979, and imports from all sources were 7,508 tons in 1979.

Source: Compiled from official statistics of the U.S. Department of Commerce, unless otherwise noted.

Table 10.--Certain seamless steel pipes and tubes: U.S. imports from Japan as a share of apparent U.S. consumption, by types, 1979-81

| (In percent) | | | | |
|-----------------------|------|------|------|-----|
| Type | 1979 | 1980 | 1981 | |
| Alloy pressure----- | *** | *** | *** | *** |
| Heat resisting----- | 1/ | *** | *** | *** |
| Stainless 2/----- | 1/ | *** | *** | *** |
| Other noncarbon----- | 3/ | 3/ | 3/ | 3/ |
| Total, noncarbon----- | *** | *** | *** | *** |

1/ Not available.

2/ Excludes oil country tubular goods.

3/ Petitioner does not allege that imports of other noncarbon seamless steel pipes and tubes were sold at less than fair value.

Source: Based on data in tables 2, 5, and 9 of this report.

In its petition, Babcock & Wilcox specifically excluded imports of oil country tubular goods from those imports which it alleged were being sold at LTFV (petition, p. 12 footnote 11). In 1980, Sumitomo Metal began to produce seamless stainless steel oil country tubular goods. Exports of these pipes and tubes to the United States, according to counsel for Sumitomo Metal, totaled 494 tons in 1980 and 1,499 tons in 1981. The general magnitude of these imports was verified by the Commission staff by an examination of a sample of SSSI's and by contacting officials at Grant Oil Country Tubular Corp., a U.S. distributor of this product that purchased its requirements from Sumitomo. Imports of these items are separately broken out in that section of table 9 where imports of seamless stainless steel pipes and tubes from Japan are reported.

Total noncarbon.--Imports of all seamless noncarbon steel pipes and tubes increased from 151,000 tons in 1979 to 157,000 tons in 1980, or by 4.1 percent. With the surge in demand for oil country tubular goods, imports tripled to 488,000 tons in 1981.

All seamless.--U.S. imports of all seamless steel pipes and tubes more than tripled from 1.2 million tons in 1979 to 3.8 million tons in 1981 (table 11). As a share of apparent U.S. consumption, imports increased from 27 percent in 1979 to 46 percent in 1981 (table 12). Imports from Japan of certain seamless steel pipes and tubes which the petitioner has alleged were sold at LTFV accounted for less than * * * percent of U.S. consumption of all seamless steel pipes and tubes during each year between 1979 and 1981.

Table 11.--Seamless steel pipes and tubes (both carbon and noncarbon):
U.S. consumption, 1/ 1979-81

| (In thousands of tons) | | | | |
|--------------------------------|-------|-------|-------|--|
| Item | 1979 | 1980 | 1981 | |
| U.S. producers' shipments----- | 3,772 | 4,213 | 4,777 | |
| Exports----- | 539 | 338 | 331 | |
| Imports----- | 1,170 | 1,915 | 3,828 | |
| Consumption----- | 4,403 | 5,789 | 8,274 | |

1/ U.S. producers' shipments less exports plus imports.

Source: Compiled from data published by the American Iron & Steel Institute and the U.S. Department of Commerce.

Table 12.--Seamless steel pipes and tubes (both carbon and noncarbon): U.S. producers' domestic shipments and imports as a share of U.S. consumption, 1979-81

| (In percent) | | | | | | |
|--------------|------------------------------------|--|---------------------------|--------------------------------|----------------------|-------|
| Year | U.S. producers' domestic shipments | Imports from Japan: Specified products | Imports from Japan: Total | Imports from-- Other countries | Imports from-- Total | Total |
| 1979--- | 73.4 | *** | 17.5 | 9.1 | 26.6 | 100 |
| 1980--- | 66.9 | *** | 22.2 | 10.9 | 33.1 | 100 |
| 1981--- | 53.7 | *** | 21.7 | 24.5 | 46.3 | 100 |

Source: Based on data in tables 9, 10, and 11 of this report, and official statistics of the U.S. Department of Commerce.

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

Prices

The Producers' Price Indexes (PPI's) for finished steel mill products, selected finished steel mill product categories, and steel input costs, published by the Bureau of Labor Statistics, are shown in table 13. Producers' prices for finished steel mill products, which includes pipes and tubes, increased 28.9 percent from January-March 1979 to October-December 1981. In contrast, producers' prices for all steel pipes and tubes increased 36.6 percent from January-March 1979 to October-December 1981, and those for seamless stainless steel tubes increased 38.8 percent. Both of these latter increases were greater than the 34.7-percent increase in the PPI for hot-rolled stainless bars (the raw material input for seamless stainless pipes and

tubes), or the 27.6-percent increase in the PPI for hot-rolled alloy bars (the raw material input for seamless alloy pressure pipes and tubes). 1/

The Commission requested data on unit values rather than prices in its questionnaire in an attempt to deal with the large number of product options which make it difficult to obtain pricing data on products having identical specifications. Unit values (proxies for prices) were requested from importers and domestic producers for specified ranges of pipes and tubes in each of the three product categories. Data that were obtained indicate that the product categories used in the questionnaires were too broad. Significant changes in product mix were reported by both * * * and * * *. This suggests

Table 13.--Producer Price Indexes for all finished steel mill products and for selected finished steel mill products, by quarters, 1979-81

| (January-March 1979=100) | | | | | | |
|--------------------------|------------------------------------|---------------------------------|--|---------------------------------|-----------------------------|--|
| Period | Finished steel mill products | All steel pipes and tubes | Seamless stainless tubes <u>1/</u> | Hot-rolled stainless bars | Hot-rolled alloy bars | |
| 1979: | | | | | | |
| Jan.-Mar----- | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Apr.-June----- | 101.6 | 99.8 | 100.4 | 102.4 | 100.5 | |
| July-Sept----- | 104.6 | 102.3 | 106.0 | 108.4 | 104.6 | |
| Oct.-Dec----- | 106.2 | 102.9 | 105.1 | 113.5 | 104.6 | |
| 1980: | | | | | | |
| Jan.-Mar----- | 108.0 | 106.1 | 114.2 | 117.7 | 112.3 | |
| Apr.-June----- | 112.1 | 108.6 | 113.5 | 125.4 | 115.4 | |
| July-Sept----- | 110.5 | 110.3 | 113.5 | 126.4 | 112.5 | |
| Oct.-Dec----- | 113.8 | 113.7 | 119.1 | 126.4 | 116.9 | |
| 1981: | | | | | | |
| Jan.-Mar----- | 119.2 | 120.4 | 122.0 | 127.3 | 122.3 | |
| Apr.-June----- | 122.0 | 126.1 | 136.6 | 134.7 | 122.2 | |
| June-Sept----- | 126.7 | 131.8 | 140.5 | 134.7 | 127.6 | |
| Oct.-Dec----- | 128.9 | 136.6 | 138.8 | 134.7 | 127.6 | |

1/ Mechanical tubes.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

1/ The Producer Price Indexes are based on list prices. Therefore, the PPI may overstate price increases for the alloy and stainless steel bars, because price discounting from posted prices in the rod and bar markets occurred in 1981 (U.S. Industrial Outlook 1982, U.S. Department of Commerce).

that these unit values may not be a satisfactory means of comparing transaction prices of imported and domestic products, either by sources of supply or over time.

Indexes of unit values and prices 1/ for certain alloy pressure steel pipes and tubes were calculated from questionnaire responses and are presented in table 14. According to this pricing information, prices of the subject pipes and tubes produced domestically and imported from Japan, although fluctuating, generally increased in 1980 and 1981. Similar questionnaire data for seamless heat-resisting steel pipes and tubes and for seamless stainless steel pipes and tubes, not shown, showed similar trends. Despite fluctuations, the prices of the subject Japanese pipes and tubes increased between January-March 1980 and October-December 1981. This is consistent with robust market conditions, which conference testimony by representatives for Sumitomo suggest. 2/ The appreciation of the U.S. dollar against the yen during 1981 (about 9 percent from the first quarter of 1981 to the fourth quarter of 1981) does not appear to have affected prices in the U.S. market. 3/

Both domestic producers and importers testified at the conference that the subject pipes and tubes imported from Japan undersold the domestic product. A representative of Babcock & Wilcox alleged that such underselling ranged from 7 percent to almost 53 percent, and an economist for ICF Inc., a consulting firm appearing on behalf of Sumitomo, acknowledged that such

1/ Unit values were calculated as weighted averages of individual product prices for all tonnage of the products in the specified product range sold during the given quarter. The individual product prices used in the weighted average calculations were f.o.b. mill or f.a.s. dock and were net of all returns, discounts, and allowances. Delivered prices rather than f.o.b. prices, however, are more appropriate in determining the degree of underselling. Both importers and domestic producers frequently arrange for inland transportation to their customers and usually charge freight to the purchaser's account. One exception is the practice of freight equalization. (* * * indicated in the questionnaire that it freight equalizes.) Under this practice, a producer that supplies a customer that is located closer to a competing producer will absorb any differences in freight costs. The more distant producer charges the customer's account only for freight costs that the customer would pay if the product were shipped from the closer producer.

2/ Transcript of the conference pp. 80 through 88.

3/ The appreciation of the U.S. dollar may possibly decrease the dollar price of yen-denominated contracts for imports from Japan. The domestic price of imports, however, is also affected by many other factors which may at times offset the impact of the exchange-rate changes. (See the Staff Report on Steel Investigations Section I, pp. 57-59, for a full discussion of factors limiting the effect of exchange-rate changes on the domestic price of imports).

Table 14.--Indexes of domestic average selling prices and unit values of seamless alloy steel pressure pipes and tubes produced in the United States and Japan, by types, 1/ and by quarters, 1980 and 1981

| (January-March 1980=100.0) | | | | |
|----------------------------|----------------|---------------|--------------------|---------------|
| Period | U.S. producers | | Imports from Japan | |
| | *** <u>2/</u> | *** <u>3/</u> | *** <u>2/</u> | *** <u>3/</u> |
| Pipe | | | | |
| 1980: | | | | |
| Jan.-Mar---- | *** | *** | *** | *** |
| Apr.-June---- | *** | *** | *** | *** |
| July-Sept---- | *** | *** | *** | *** |
| Oct.-Dec---- | *** | *** | *** | *** |
| 1981: | | | | |
| Jan.-Mar---- | *** | *** | *** | *** |
| Apr.-June---- | *** | *** | *** | *** |
| July-Sept---- | *** | *** | *** | *** |
| Oct.-Dec---- | *** | *** | *** | *** |
| Tube | | | | |
| 1980: | | | | |
| Jan.-Mar---- | *** | *** | *** | *** |
| Apr.-June---- | *** | *** | *** | *** |
| July-Sept---- | *** | *** | *** | *** |
| Oct.-Dec---- | *** | *** | *** | *** |
| 1981: | | | | |
| Jan.-Mar---- | *** | *** | *** | *** |
| Apr.-June---- | *** | *** | *** | *** |
| July-Sept---- | *** | *** | *** | *** |
| Oct.-Dec---- | *** | *** | *** | *** |

1/ The product categories represented in the table below are not comparable across respondents because of significantly different product compositions. In addition, except for the product categories of * * *, shifting product mixes over time may influence the observed trends in the prices and unit values shown below.

2/ * * * and * * * reported prices, f.o.b. mill or f.a.s. dock, for seamless alloy steel pressure pipes and tubes with the following specifications:

| *** | | *** | |
|--------|--------------|--------|--------------|
| Pipes: | ***----- *** | Pipes: | ***----- *** |
| | ***----- *** | | ***----- *** |
| | ***----- *** | | |
| | ***----- *** | | |
| | ***----- *** | | |
| | ***----- *** | | |
| Tubes: | ***----- *** | Tubes: | ***----- *** |
| | ***----- *** | | ***----- *** |
| | ***----- *** | | |
| | ***----- *** | | |
| | ***----- *** | | |
| | ***----- *** | | |

The product categories used by * * * and * * * differ substantially from each other because the latter also included pipes and tubes of all size, quantity, finish, and length specifications, as well as numerous product options that were part of these sales. * * *, however, reported prices for pipes and tubes with a narrower range of specifications and without any options.

3/ * * * reported unit values for a category of seamless alloy steel pressure pipes and a category of seamless alloy steel pressure tubes with the following specifications (requested by the Commission in its questionnaires):

Pipes--4"-6" schedule 40 and schedule 80 (4.5"-6.625" OD by .237"-.432" average wall).

Tubes--4.000"-6.625" OD by .237"-.500" minimum wall.

* * *, which reported unit values for seamless alloy steel pressure tubes only, also used the above tube category definitions.

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

underselling ranged up to 25 percent. 1/ Combustion Engineering and Foster Wheeler Corp., two U.S. producers of utility boilers which together account for about * * * percent of the U.S. boiler market, stated at the conference that the price of seamless alloy steel and heat-resisting steel pipes and tubes from Japan are below the price offered by Babcock & Wilcox. Foster Wheeler estimates that the prices of the product imported from Japan were 10 percent below the prices of Babcock & Wilcox. These firms stated that quality and timely delivery, in addition to price, influenced their decision to purchase the Japanese-produced pipes and tubes. 2/ In addition, * * *, a U.S. producer, provided information in the questionnaire indicating that it discounted from its list prices for stainless steel tubular products in 1981 in order to meet Japanese prices, which * * * felt were 10 to 15 percent under its list prices.

Lost sales

* * * to provide the Commission with a list of firms to which it allegedly lost sales of the subject seamless steel pipes and tubes to LTFV imports from Japan. The Commission staff was able to contact three of the six firms identified (these three firms account for four of the nine allegations of lost sales), 3/ and all three reported that their proportion of purchases between the subject domestic and Japanese pipes and tubes was unchanged in 1981 from that in prior years. Two firms, * * * and * * *, discussed the alleged lost sales. * * *. The second firm, * * * purchased * * * tons of * * * pipes in * * *, because the price was lower and the quality better than those aspects of domestically produced product. The third firm contacted by the Commission staff, * * *, was unable to discuss the specific alleged lost sale, because no one in the purchasing department remembered that particular purchase. * * *, however, reported that its purchases of the subject Japanese pipes and tubes were in sizes which domestic manufacturers do not supply; and otherwise, it purchases only domestically produced pipes and tubes subject to this investigation. * * * indicated, however, that it might be forced to switch at least some of its purchases from the domestic product to the Japanese product if these imports continue to undersell the domestic product.

The Commission staff was not able to contact three of the alleged lost sales customers. In two instances, the customers did not return repeated phone calls placed by the staff; in the other instance, * * *.

1/ Transcript of the conference, pp. 34 and 89.

2/ Ibid., pp. 101 and 115.

3/ A value or tonnage figure could not be given to the sum of these allegations because * * *.

APPENDIX A

THE COMMISSION'S FEDERAL REGISTER NOTICE

(TSUSA), seamless heat-resisting steel pipes and tubes, provided for in TSUSA items 610.5209, 610.5229, or 610.5234, and seamless stainless steel pipes and tubes, provided for in TSUSA items 610.5205, 610.5229, or 610.5230.

EFFECTIVE DATE: January 20, 1982.

FOR FURTHER INFORMATION CONTACT: Ms. Abigail Eltzroth, Office of Investigations, U.S. International Trade Commission; telephone 202-523-0289.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted following receipt of a petition filed by counsel for Babcock & Wilcox Co., a U.S. producer of the subject merchandise. The Commission must make its determination in the investigation within 45 days after the date of receipt of a petition, or by March 8, 1982 (19 CFR 207.17). The investigation will be subject to the provisions of part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457), and particularly subpart B thereof.

Written submissions.—Any person may submit to the Commission on or before February 12, 1982, a written statement of information pertinent to the subject matter of this investigation. A signed original and nineteen copies of such statements must be submitted.

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 § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data will be available for public inspection.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m., e.s.t., on February 10, 1982, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the investigator for the investigation, Ms. Abigail Eltzroth, telephone 202-523-0289, not later than February 3, 1982, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

For further information concerning the conduct of the investigation and rules of

general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and B (19 CFR Part 207), and Part 201, subparts A through E (19 CFR Part 201). Further information concerning the conduct of the conference will be provided by Ms. Eltzroth.

This notice is published pursuant to § 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12).

By order of the Commission.

Issued: January 25, 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-2259 Filed 1-27-82; 8:45 am]

BILLING CODE 7020-02-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-87 (Preliminary)]

Certain Seamless Steel Pipes and Tubes From Japan; Preliminary Antidumping Investigation

AGENCY: United States International Trade Commission.

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

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-87 (Preliminary) to determine, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of seamless alloy steel (other than stainless or heat-resisting steel) pressure¹ pipes and tubes, provided for in item 610.5209 of the Tariff Schedules of the United States Annotated

¹ Suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces, and feedwater heaters.

APPENDIX B

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE
Investigation No. 731-TA-87 (Preliminary)
CERTAIN SEAMLESS STEEL PIPES AND TUBES

Those listed below appeared as witnesses at the United States International Trade Commission conference held in connection with the subject investigation on Wednesday, February 10, 1982, in the Hearing of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the petition

Harris, Berg & Creskoff
Washington, D.C.
on behalf of

Babcock & Wilcox Co., Tubular Products Group

Jack McCann, Vice President and General Manager
Raymond Angell, Vice President and General Sales Manager
John Knobloch, Group Controller

Al Tech Specialty Steel Corp.

Clark Riley, Director of Sales

Economic Consulting Services Inc.
Washington, D.C.

Stanley Nehmer, President
Mark W. Love, Vice President

Stephen M. Creskoff)
Brian E. McGill) --OF COUNSEL

In opposition to the petition

Coudert Brothers
Washington, D.C.
on behalf of

Sumitomo Metal Industries, Ltd.

ICF Inc.
John G. Reilly

Milo G. Coerper)
James R. Breckenridge) --OF COUNSEL

Combustion Engineering, Inc.

Stanley Shippenberg, Vice President, Purchasing

Foster Wheeler Corp.

W. D. Stevens, Director and Former Chairman of the Board
Murray Wolsky, Vice President Administration

