CERTAIN SEAMLESS STEEL PIPES AND TUBES FROM JAPAN

Determination of the Commission in Investigation No. 731-TA-87 (Final) 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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report. These deletions are marked by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Investigation No. 731-TA-87 (Final)

CERTAIN SEAMLESS STEEL PIPES AND
TUBES FROM JAPAN

Determinations

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)(1)), that an industry in the United States is materially injured by reason of imports from Japan of seamless heat-resisting steel pipes and tubes, 3/ provided for in items 610.5206, 610.5208, 610.5229, or 610.5234 of the Tariff Schedules of the United States Annotated (TSUSA), which have been found by the Department of Commerce to be sold at less than fair value (LTFV).

In addition, the Commission determines 4/ that an industry in the United States is materially injured by reason of imports from Japan of seamless stainless steel pipes and tubes, 3/ provided for in TSUSA items 610.5205, 610.5229, or 610.5230, which have been found by Commerce to be sold at LTFV.

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

2/ Commissioner Stern dissenting.

3/ Excluding oil country tubular goods suitable for use as oil or gas well casing or tubing, oil or gas field drill pipe or oil or gas line pipe, all of the foregoing having a tensile strength of at least 95,000 pounds per square inch (psi) and a yield strength of at least 75,000 psi.

4/ Commissioner Stern determines only that there is a threat of material injury to an industry in the United States by reason of LTFV imports of seamless stainless steel pipes and tubes from Japan. Accordingly, pursuant to section 735(b)(4)(B) of the Tariff Act (19 U.S.C. § 1673d(b)(4)(B)), Commissioner Stern further determines that she would have found material injury but for any suspension of liquidation of entries of this merchandise.

Background

The Commission instituted this investigation effective August 25, 1982, following preliminary determinations by the Department of Commerce that certain seamless steel pipes and tubes from Japan are being sold, or are likely to be sold, in the United States at LTFV.

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. and by publishing the notices in the Federal Register (47 F.R. 42847, Sept. 28, 1982, and 47 F.R. 47708, Oct. 27, 1982). The hearing was held in Washington, D.C. on January 12, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Introduction

Chairman Eckes, Commissioner Stern and Commissioner Haggart join in the discussion of the appropriate domestic industries and the condition of those industries. The joint views of Chairman Eckes and Commissioner Haggart regarding material injury by reason of imports of seamless stainless and heat-resisting steel pipes and tubes sold at less than fair value (LTFV) follow the section on the condition of the domestic industries. The separate views of Commissioner Stern follow the majority views.

Definition of the domestic industries

The domestic industry against which the impact of the imports under investigation is to be gauged is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." [1/] "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." [2/]

The imported products in this investigation are seamless heat-resisting steel pipes and tubes and seamless stainless steel pipes and tubes, including

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1/ 19 U.S.C. § 1677(4)(A).
2/ 19 U.S.C. § 1677(10).

pipes and tubes commonly referred to as mechanical and pressure pipes and tubes. 3/

We have determined that there are two distinct like products: seamless stainless steel pipes and tubes and seamless heat-resisting steel pipes and tubes, excluding oil country tubular goods (OCTG). The basis for our determination is set forth below.

Pipes and tubes may be of either seamless or welded construction. 4/ Seamless pipes and tubes have different characteristics and uses than welded pipes and tubes. In contrast to welded pipes and tubes, which are largely off-the-shelf items, seamless pipes and tubes are generally made to order. Seamless pipes and tubes are also generally stronger than welded pipes and tubes. Thus, in uses where strength and reliability are important, welded pipes and tubes will not be substituted for seamless pipes and tubes. 5/ Therefore, welded pipes and tubes are not like seamless pipes and tubes.

Seamless pipes and tubes are made domestically from four different grades of steel: stainless, heat-resisting, other alloy, and carbon. Stainless and

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3/ The imported products do not include oil or gas well casing or tubing, oil or gas field drill pipes or tubes, or oil or gas line pipes, and having a tensile strength of at least 95,000 pounds per square inch (psi) and a yield strength of at least 75,000 psi (hereinafter these excluded products will be called oil country tubular goods).

4/ Seamless pipes and tubes are produced by forming a central cavity in solid steel stock. Unlike seamless pipes and tubes, welded pipes and tubes are made by forming flat-rolled steel sheet, strips, or plate into a tubular configuration and then by welding along the joint axis. See Report at A-6.

5/ See testimony by U.S. Steel's expert at the hearing in Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea, Inv. No. 701-TA-168 (Final), Hearing Transcript at 69; Written Testimony of John McCann, Babcock & Wilcox's Vice President of General Manufacturing, at 4.

heat-resisting pipes and tubes have different chemical compositions from each other and from carbon and other alloy pipes and tubes. 6/ Historically, the Commission has treated alloy steel products, 7/ such as stainless, as distinct from carbon steel products, because the chemical composition of alloy steel results in unique characteristics and uses. As a result of their differing chemical composition, carbon steel products cannot be substituted for alloy steel products except in rare instances. 8/ Since the imported products are stainless and heat-resisting pipes and tubes, in this investigation we determine that domestically produced pipes and tubes made from carbon steel are not like the imported stainless and heat-resisting pipes and tubes.

In addition to differences in chemical composition, other alloy pipes and tubes have different uses than stainless and heat-resisting pipes and tubes. For example, other alloy pressure pipes and tubes are principally used in electric utility boilers and are manufactured to the specifications provided

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6/ Stainless pipes and tubes have more than 11.5 percent chromium content and less than 1 percent carbon content. Heat-resisting pipes and tubes have 4.0 to 11.5 percent chromium content and less than 0.3 percent carbon content. Other alloy pipes and tubes have 0.20 to 4.0 chromium content, no carbon restrictions, and can contain numerous other elements, such as manganese, nickel or lead as a substitute for chromium. Carbon pipes and tubes have 0.20 percent or less chromium content and no carbon restrictions. See Report at A-4.

7/ Stainless, heat-resisting, and other alloy pipes and tubes are all referred to as alloy steel products.

8/ See Certain Carbon Steel Products from Spain, Invs. Nos. 155, 157-160, 162 (Final), USITC Pub 1331, (1982); Hot-Rolled Stainless Steel Bar and Stainless Steel Wire Rod from Spain, Invs. Nos. 701-TA-176-178, USITC Pub. 1333 (1982); and Welded Carbon Steel Pipes and Tubes from Korea, Inv. No. 701-TA-168 (1983).

by the boiler fabricator. Thus, domestically produced other alloy pipes and tubes are not like the imported stainless and heat-resisting pipes and tubes. 9/

Stainless and heat-resisting pipes and tubes, in addition to their different chemical composition, also have separate characteristics and uses. Stainless and heat-resisting pipes and tubes are each made to different specifications and are not interchangeable. 10/ Stainless steel pipes and tubes are more corrosion resistant than heat-resisting pipes and tubes. 11/ Stainless pipes and tubes are also stronger, more expensive and longer lasting than heat-resisting pipes and tubes. Stainless pipes and tubes are used where appearance may be important and may be cleaned more easily. In contrast to stainless pipes and tubes, heat-resisting pipes and tubes can withstand both internal and external elevated temperatures. Generally, seamless stainless pipes and tubes are used in such diverse industries as power generation, food processing, shipbuilding and construction. Heat-resisting pipes and tubes are produced for use in the chemical, petrochemical, and petroleum refining industries. 12/ Based on the foregoing analysis, we conclude that seamless

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9/ Chairman Eckes and Commissioner Stern note that information developed in this final investigation has clarified the distinctions between these products. In the preliminary, we noted that the TSUS and AISI break-points based on chromium content between these products differed. Information now available indicates that this difference is not significant, since there is no production near the dividing points. Also, the fact that there generally are not separate price lists for heat-resisting pipes and tubes is not compelling because our overriding concern in defining the "like product" is an analysis of characteristics and uses.

10/ McCann written testimony at p. 1.

11/ Report at A-3.

12/ Commission Hearing Transcript at 48.

stainless and heat-resisting pipes and tubes are two distinct like products. 13/ 14/

The imported products covered in this investigation do not include OCTG. OCTG are not like the imported seamless stainless and seamless heat-resisting pipes and tubes because OCTG are generally made to different specifications and are not interchangeable with the imported products. As stated in the Commerce Department notice of its final LTFV determination, OCTG goods have specific characteristics and uses. 15/ Further, unlike seamless stainless and heat-resisting pipes and tubes, normally OCTG have "upset" ends, i.e., flared up in a way suitable for threading. OCTG have to meet different standards, require more testing, and frequently are subjected to additional processing, e.g., cold-drawing, annealing, tempering, upsetting, pickling, and threading, before being sold. An examination of the characteristics and uses of OCTG demonstrates that OCTG are not like the imported stainless and heat-resisting pipes and tubes.

Based on the foregoing analysis, we determine that there are two distinct like products and two distinct industries in this investigation. The first

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13/ The imported seamless stainless and heat-resisting pipes and tubes include what are commonly referred to as mechanical and pressure pipes and tubes. Both imported and domestically produced mechanical and pressure pipes and tubes are made to customer specifications concerning such factors as width, wall thickness, and outside diameter. Based on the information available, there are no clear dividing lines between mechanical and pressure pipes and tubes or within each category. Thus, there is no basis for more narrowly defining the like product.

14/ There is no known domestic production of standard, line, and structural seamless stainless and heat-resisting pipes and tubes.

15/ 48 Fed. Reg. 1210.

industry is composed of the producers of seamless stainless pipes and tubes. The second industry is composed of the producers of seamless heat-resisting pipes and tubes.

Condition of the domestic seamless stainless pipe and tube industry. 16/ 17/

The condition of the domestic seamless stainless pipe and tube industry declined from 1979 to 1980, improved slightly in 1981, and then declined significantly in 1982. Production dropped from 1979 to 1980 and increased slightly in 1981. In January-September 1982, production declined by over 30 percent compared with the corresponding period of 1981. Production capacity increased slightly from 1979 to 1980 and then remained constant. Capacity utilization declined sharply from 1979 to 1980 and increased slightly in 1981. In January-September 1982, however, capacity utilization declined sharply as compared with the corresponding period in 1981.

U.S. producers' shipments of seamless stainless pipes and tubes followed the trends noted for production, declining from 1979 to 1980, increasing

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16/ Commissioner Stern joins these views only as they regard 1982 data. For her views on the 1979-1981 period, see her views in the preliminary determination in this case, Certain Seamless Steel Pipes and Tubes from Japan, Inv. No. 731-TA-87 (Preliminary), USITC Pub. 1224 (1982).

17/ Most of the machinery and equipment used in the production of seamless pipes and tubes covered in this investigation is also used to produce other products. Therefore, data on profitability, capacity, capacity utilization, and employment are based on allocations. Although such data are limited as a measure of actual levels, they are useful as indicators of trends. Report at A-17, A-21, and A-23.

slightly in 1981, and then declining sharply in January-September 1982 as compared with the same period in 1981.

Employment steadily declined from 1,079 in 1979 to 940 in 1981, and then dropped sharply to 537 in January-September 1982 as compared with 828 in the same period in 1981. Hours worked followed the same trend, declining from 2,016 in 1979 to 1,535 in 1981, and then declining sharply to 761 in January-September 1982 as compared with 1,204 for the same period in 1981. Wages, however, steadily increased from $11.59 per hour in 1979 to $14.10 per hour in January-September 1982.

The trends in U.S. producers' operating profits decreased from 1979 to 1980, then increased in 1981. These operating profits dropped significantly in January-September 1982 as compared with the same period in 1981. 18/ Aggregate net sales remained steady in 1979 and 1980, increased in 1981, and dropped in January-September 1982 as compared with sales in the same period in 1981.

Condition of the domestic seamless heat-resisting pipe and tube industry. 19/

The condition of the domestic heat-resisting pipe and tube industry declined steadily from 1979 to January-September 1982. Production declined

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18/ In calculating operating profits, Babcock & Wilcox did not allocate its data with respect to intracompany transfers in the same manner as the other domestic producers. However, the Commission was able to utilize aggregate data that were based on a consistent allocation of intracompany transfers. See Report footnote 3, table 9, at A-26.

19/ See footnote 17 at p. 8.

steadily from 1979 to 1981 and again declined in January-September 1982 as compared to the same period in 1981. 20/ Production capacity remained constant and, therefore, capacity utilization dropped significantly from 1979 to 1981. Capacity utilization declined even further in January-September 1982 as compared to the same period in 1981.

U.S. producer's shipments of seamless heat-resisting pipes and tubes also dropped steadily from 1979 to 1981, and then dropped sharply in January-September 1982 as compared to the same period in 1981.

Employment also declined significantly from 1979 to 1981 and dropped sharply in January-September 1982 as compared to the same period in 1981. Hours worked followed the same trend. Wages, however, increased during the same period. 21/

Operating profit margins declined steadily from 1979 to 1981 and then declined significantly through September of 1982. 22/ Aggregate net sales increased from 1979 to 1980, decreased in 1981, and declined sharply in January-September 1982 as compared to the same period in 1981. The ratio of operating profit or loss to net sales declined steadily from 1979 to September of 1982.

20/ Report at A-17.
21/ Report at A-21 and A-22.
22/ For heat-resisting pipes and tubes, the Commission relied on aggregate profit data in table 7 because data regarding intracompany transfers were allocated in a consistent manner. See Report at A-24.

VIEWS OF CHAIRMAN ALFRED E. ECKES AND COMMISSIONER VERONICA A. HAGGART

Material injury by reason of imports of seamless stainless steel pipes and tubes sold at less than fair value

During the period January-September 1982, the condition of the domestic seamless stainless pipe and tube industry deteriorated significantly when compared with the corresponding period in 1981. U.S. consumption decreased by 15 percent, capacity utilization decreased from 70 percent to 45 percent, total shipments decreased by 35 percent, hours worked decreased by 37 percent, profitability decreased sharply, and U.S. producers' market share fell by 23 percent. Imports of seamless stainless pipes and tubes from Sumitomo were at significant levels in 1982, although they declined during the first nine months of 1982 as compared with the same period in 1981. 1/ 2/ The available information indicates that the subject imports have had an adverse effect on the domestic industry.

According to a survey conducted by the Commission of 20 purchasers of seamless stainless pipes and tubes, 17 reported that the Japanese prices were

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1/ In March of 1982, Sumitomo Corp. of America (Sumitomo), the major importer of less-than-fair-value imports, sent a letter to its customers informing them that, because of this investigation, it would decline to quote firm prices on seamless stainless and seamless heat-resisting pipes and tubes. Exhibit 1, Commission Hearing Transcript at 26-27. This may explain, in part, the decline in imports from Sumitomo in 1982.

2/ Section 771(7)(C)(i) directs us to:

> consider whether the volume of imports of the merchandise, or any increase in that volume either in absolute terms or relative to production or consumption in the United States, is significant. (Emphasis added).

Thus, if the volume of LTFV imports is significant, the subject imports can be a cause of material injury under circumstances where the imports have the requisite causal effect.

lower than U.S. producers' prices. More specifically, according to the survey, the prices of the Japanese products were 10 percent to 40 percent lower than the prices of comparable U.S. produced products. The Commission has verified two instances in 1982 in which U.S. producers lost sales of seamless stainless pipes and tubes to Sumitomo Metal because of low prices. The Commission also verified ten instances in 1982 in which a major U.S. producer was forced to lower its prices in order to make sales to a traditional customer. 3/

Based on the declining condition of the domestic industry in the first nine months of 1982, the significant level of LTFV imports from Japan during this period, and the clear evidence of underselling, lost sales, and price depression, we determine that the domestic industry is materially injured by reason of imports of seamless stainless steel pipes and tubes from Japan.

Material injury by reason of imports of seamless heat-resisting steel pipes and tubes sold at less than fair value

The domestic heat-resisting pipe and tube industry experienced a steady decline in its economic health during the entire period under investigation. During this period, imports of seamless heat-resisting steel pipes and tubes from Sumitomo decreased slightly from 1979 to 1980, increased significantly in 1981, and then decreased again in January-September 1982 as compared with the same period in 1981. 4/ Imports from Sumitomo, as a share of consumption, remained at significant levels throughout the period of investigation. 5/ As

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3/ Report at A-34-35.
4/ See footnote 1, supra.
5/ See footnote 2, supra.

a share of U.S. consumption, the Sumitomo imports increased in 1980 as compared with 1979, declined in 1981, and then declined again in 1982.

According to a pricing survey conducted by the Commission, all six purchasers contacted reported that the Japanese prices of heat-resisting pipes and tubes were lower than U.S. producers' prices during 1981 and 1982. U.S. purchasers also reported that Japanese imports undersold domestic products by 10 to 40 percent. There is one confirmed lost sale in late 1981. Further, in 1982, a major domestic producer was forced to lower its price significantly in two instances, one of which involved a substantial volume of pipes and tubes, in order to meet lower Japanese prices. 6/

Based on the steady decline of the domestic industry, the significant level of LTFV imports from Japan, and the clear evidence of underselling, lost sales, and price depression, we determine that the domestic industry is materially injured by reason of imports of seamless heat-resisting steel pipes and tubes from Japan.

6/ Report at A-33 and A-34.

VIEWS OF COMMISSIONER PAULA STERN

In this investigation I join my colleagues in finding two domestic industries and in making an affirmative finding concerning imports of seamless stainless pipes and tubes. I have come to a different judgment on seamless heat-resisting pipes and tubes because I do not find the necessary causal nexus between material injury in the industry and the less-than-fair-value imports from Japan.

Domestic industry

This is the second investigation of pipes and tubes from Japan by the Commission under the antidumping provisions of the Tariff Act of 1930. 1/ I share the views of my colleagues on the industries involved in the current investigation. 2/ But since I have been a member of the Commission during both investigations, I would like to make a few additional points.

The current case differs from the 1980 case both in regard to the scope of the products under investigation and the data available for purposes of analysis. The two products covered here -- seamless heat-resisting pipes and tubes and seamless stainless pipes and tubes -- have distinct end uses 3/ and, thus, demand varies independently for each. In the 1980 case the bulk of the items under investigation were boiler tubes, and their consumption was largely a result of the variation in the demand for boilers, rather than distinctly separate demand which varies independently for each tube. Thus, in

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1/ The first investigation was Pipes and Tubes of Iron or Steel from Japan, Inv. No. 731-TA-15 (Preliminary), April 1980.
2/ See pp. 3-8.
3/ See full discussion of the characteristics and uses of these products on pp. 6-7.

the 1980 case the information on "uses" argued for aggregation of the products under consideration; whereas in the current case it does not.

Moreover, in 1980 the use of aggregate data also seemed appropriate because separate profitability data by product was not available from all domestic producers, and in the 45-day time frame the staff could not effectively review the allocated data provided by Babcock & Wilcox (B&W). 4/ At that time I noted that "The Commission must determine what the value of the information is for the purposes of its assessment, not merely whether the data exists." In this investigation, perhaps because the products involved are not as narrow, the Commission has obtained separate profitability data from all domestic producers. In addition, our accounting staff has been able to confirm that allocations have been made according to accepted accounting practices. Though data estimated on this basis must be used with care, 5/ in this case they are adequate for purposes of analysis. Therefore, like my colleagues, I find two industries in this investigation, and I do not find it necessary to invoke Section 771(4)(D). 6/

4/ See Pipes and Tubes of Iron or Steel from Japan, Inv. No. 731-TA-15 (Preliminary), April 1980.

5/ See Report at A-23.

6/ Section 771(4)(D) discusses the relationship between product line assessment and the definition of industry:

> (D) PRODUCT LINES.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producers' profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided.

Seamless stainless pipes and tubes

I join my colleagues in voting affirmatively on this product. In my view, however, the facts of this case most clearly support an affirmative finding on the basis of threat of material injury rather than present material injury. The LTFV imports fell 62 percent from 2,960 tons in January-September 1981 to 1,135 tons in January-September 1982 and as a share of consumption dropped dramatically. This dramatic downturn in the subject imports from Japan in 1982 raises a question concerning the causal link between the industry's current problems and the less-than-fair-value imports from Japan. From a prospective point of view, however, material injury attributable to such imports is "real" and "imminent." 7/

The condition of the U.S. industry has deteriorated markedly since the Commission's preliminary investigation nearly a year ago. 8/ At that time the industry was not in a condition of material injury nor was it susceptible to such injury by reason of LTFV imports. 9/ In fact, the financial performance of this industry in 1981 was well above the 1979 level and substantially greater than the 1980 level. In 1982, however, all indicators

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7/ S. Rept. No. 96-249, 96th Cong., 1st Sess. 88-89 (1979).
8/ The unusually lengthy time period between the Commission's preliminary and final investigation resulted from Commerce's need to invoke extra time for "extraordinary complications" for its preliminary determination. I also note that an extension of the period for Commerce's final determination was granted at the request of Sumitomo Metal Industries, Ltd.
9/ See my views supporting my negative determination in Certain Seamless Steel Pipes and Tubes from Japan, Inv. No. 731-TA-87 (Preliminary), USITC Pub. No. 1224, March 1982.

trended downward and profitability dropped dramatically. Currently, the industry is in a very weak position. 10/

The pricing practices of the importer create the likelihood of material injury as a result of less-than-fair-value imports. There is admitted underselling 11/ which appears to be of the magnitude of ten to forty percent. 12/ The dumping margin is high, 22.95 percent, and largely accounts for the underselling. This is in sharp contrast to the situation regarding heat-resisting pipe and tube imports. Lost sales information confirms that price is important to the sale of this product.

The only question that remains is whether imports of seamless stainless pipes and tubes from Sumitomo Metal Industries, Ltd. (Sumitomo) will rise in 1983. The 1982 level of Japanese penetration of the U.S. market is misleading. The decline from 1981 levels appears at least in part to result from the Commission's investigation. 13/ The record of this investigation includes a letter from Sumitomo Corp. of America, the major importer of the LTFV imports, to its purchasers indicating that the company would not quote a firm price on products covered in this investigation. I have concluded that this policy reduced Sumitomo's sales in the U.S. market in 1982.

Sumitomo is Japan's largest producer and exporter of seamless stainless pipes and tubes, and the U.S. is an important market for the company. Though

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10/ The industry, in particular, suffered from a decline in demand and increases in market share held by fairly-traded imports from Japan. See Report at A-30 and A-31.

11/ Hearing transcript, p. 177.

12/ See Report at A-33.

13/ Sumitomo has been aware that B&W would file this petition at least since October 1981.

its capacity was fully utilized in 1982, Sumitomo has demonstrated flexibility in shifting exports between various markets. Were it not for an affirmative finding in this case, it is reasonable to assume that Sumitomo would increase its shipments to the United States, based on its past performance in this market, [14/] the sizable dumping margins and underselling of the U.S. product. Given the poor condition of the U.S. industry, such imports would quickly result in materal injury.

Section 735(b)(4)(B) directs that the threat determination in a final investigation include:

> . . . a finding as to whether material injury by reason of the imports of the merchandise with respect to which the administering authority has made an affirmative determination under subsection (a) would have been found but for any suspension of liquidation of entries of that merchandise.

I have found in the affirmative in this regard. As noted earlier, during the long period between the Commission's preliminary and final investigations in this case, the condition of the U.S. industry reversed, most directly as a result of a decline in demand and increasing competition from fairly-traded imports. The suspension of liquidation has held back imports at less than fair value from Japan. Given the current precarious position of the U.S. industry, higher import levels would have likely occurred, particularly in the latter part of 1982, but for the suspension of liquidation. Such imports would have resulted in material injury to the U.S. industry.

14/ See Report at A-29 to A-30.

Seamless heat-resisting pipes and tubes

I join my colleagues' views on the condition of the seamless heat-resisting pipe and tube industry. As indicated in my preliminary affirmative finding, the condition of this industry deteriorated steadily from 1979 to 1981. Information developed in this final investigation reveals that this trend continued in 1982 and that the industry is now facing severe problems. Nonetheless, I made a negative determination in this case because information now available demonstrates that there is no causal relationship between the problems of the domestic industry and less-than-fair-value imports. 15/

Sumitomo is the sole Japanese producer of seamless heat-resisting pipes and tubes found to be sold at LTFV by the Department of Commerce. Sumitomo's share of the U.S. market rose from 1979-81, but fell in 1982.

The final weighted-average dumping margin 16/ for Sumitomo is 2.83 percent ad valorem. U.S. purchasers report, however, that the Japanese product has been underselling the domestic product by ten to forty percent. Japanese prices are so far below U.S. prices that the dumping margin could not

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15/ For a detailed discussion of my views on causation, in particular, "margins analysis," see my views in Certain Carbon Steel Products from Belgium et al. incorporated in Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, USITC Pub. No. 1316 (November 1982).

16/ In accordance with the statutory scheme for bifurcation of responsibilities between the Department of Commerce and the Commission, Commerce's dumping finding follows the Commission's preliminary determination.

have had an injurious effect on the U.S. industry because it did not change the circumstances of competition in a material fashion. 17/

The legislative history to this statute indicates that Congress is concerned about price differences resulting from the margin of dumping which affect the condition of a domestic industry. The Senate noted:

> Similarly, for one product, price may be a factor in making a decision as to which product to purchase and a small price differential resulting from the amount of the subsidy or the margin of dumping can be decisive; for others the size of the differential may be of lesser significance. 18/ (Emphasis added.)

Here the margin is not decisive and, thus, while making the threshold showing of injury, the petitioner has not shown the requisite causal nexus for an affirmative finding.

17/ Some imports from Japan possibly benefitted from dumping in the range of the underselling where the dumping may have resulted in lost sales. However, the weighted-average margin of 2.83 percent indicates that the vast majority of sales were made at very low dumping margins. The Commission's role in these investigations is to make its judgment based on market phenomena. The Commission looks for material injury to an entire industry, rather than just a few lost sales.

18/ S. Rept. 96-249, 96th Cong., 1st Sess. (1979, p. 88). See also pp. 57-58 and H. Rept. 96-317, 96th Cong., 1st Sess. (1979) p. 46.

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 U.S. 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, 2/ 610.5229, or 610.5234, and seamless stainless steel pipes and tubes provided for in TSUSA items 610.5205, 610.5229, or 610.5230, allegedly sold at less than fair value (LTFV). 3/ Accordingly, effective January 20, 1982, the Commission instituted investigation No. 731-TA-87 (Preliminary) 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.

On March 2, 1982, the Commission determined that there was 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 such seamless heat-resisting steel and stainless steel 4/ pipes and tubes. In addition, the Commission determined 5/ that there was no reasonable indication that an industry in the United States is materially injured, or is 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 pressure pipes and tubes.

On August 25, 1982, Commerce preliminarily determined that certain seamless steel pipes and tubes from Japan are being sold, or are likely to be sold, in the United States at LTFV. Accordingly, the Commission instituted a final investigation under section 735(b) of the Tariff Act of 1930, to determine whether an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. On January 11, 1983, Commerce issued its final finding of sales at LTFV.

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

2/ As of Jan. 1, 1983, seamless heat-resisting steel pipes and tubes previously imported under item 610.5209 are now imported under items 610.5206 and 610.5208.

3/ Quanex Corp., a producer of seamless alloy steel pressure pipes and tubes; U.S. Steel Corp., a producer of seamless heat-resisting steel pipes and tubes; and Al Tech Specialty Steel Corp. and ITT Harper, producers of seamless stainless steel pipes and tubes, support the petition.

4/ Commissioners Alberger and Stern dissenting in the determination concerning stainless steel pipes and tubes.

5/ Commissioner Frank dissenting.

Notice of the institution of the Commission's investigation and of a hearing to be held in connection therewith was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notices in the Federal Register (47 F.R. 42847, Sept. 28, 1982, and 47 F.R. 47708, Oct. 27, 1982). 1/ The public hearing was held in Washington, D.C. on January 12, 1983, 2/ and the Commission voted on February 8, 1982.

Previous Investigation Concerning Certain Seamless 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 investigation No. 731-TA-87 (Preliminary).

The Agreement with the European Communities

On October 21, 1982, the U.S. Government and the European Communities (EC) exchanged letters concerning the level of steel pipe and tube exports from the EC to the United States. In the letters, the EC stated that it believes that future exports of steel pipes and tubes to the United States will not exceed the market share such exports held during 1979-81. The agreement establishes measures to monitor EC exports of pipes and tubes to the United States and provides for consultations should such exports account for a larger share of the U.S. market than anticipated. No restrictions on pricing and no restriction on product mix are imposed by the agreement. According to Commerce, 3/ the seamless heat-resisting steel and stainless steel pipes and tubes which are the subject of this investigation are among the tubular products subject to the agreement.

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

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

3/ The pipes and tubes subject to this agreement are listed in "Pipe and Tube 1982 Tariff Schedule Classification" prepared by Commerce.

Description and Uses

The pipes and tubes which are the subject of this investigation constitute a small share of all steel pipes and tubes 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.

For the most part, the terms "pipes," "tubes," and "tubular products" can be used interchangeably. In some industry publications, however, a distinction is made between pipes and tubes. According to these publications, pipes are produced in large quantities to a few standard sizes; whereas tubes are made to customer specifications for dimensions, finish, chemical composition, and mechanical properties. There is apparently no clear line of demarcation in all cases between pipes and tubes.

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, heat-resisting, stainless, or other alloy. This method of distinguishing among steel pipe and tube product lines is one of several methods used by the industry. Pipes and tubes typically come in circular, square, or rectangular cross sections.

Welded steel pipes and tubes, which are not the subject of this investigation, are generally less expensive to manufacture than seamless steel pipes and tubes, are smoother, and have a more uniform wall thickness. Until recently, welded pipes and tubes had not been considered to be as strong as seamless pipes and tubes when both were produced from steel of the same composition. This perception affected the marketability of welded products for particular applications. However, improvements in manufacturing techniques and in the performance of welded pipes and tubes have tended to erode this perception.

The strength (to withstand both external and internal pressure) of both welded and seamless steel pipes and tubes is enhanced by the presence of alloying elements in the steel. The presence of these elements also enables a steel pipe or tube to withstand elevated temperatures and to resist corrosion. Most pipes and tubes are made from carbon steel.

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

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

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 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, as follows.

Standard pipes

Steel standard pipes are 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 and may not be subjected to the application of external heat.

Pressure tubes

Steel pressure tubes are used to convey fluids and gases at elevated temperatures or pressures, or both, and may 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, flagstaffs and masts, furniture tubing, gun barrels, handles, muffler tubes, posts and poles, and vacuum cleaner parts. The products in this category are frequently cold-drawn to improve the smoothness of the material.

Structural pipe and tubing

Structural pipe and tubing are used for framing and support members for construction or load-bearing purposes in the construction, shipbuilding, trucking, farm equipment, and related 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. Included here are oil well drill pipe, oil well casing, and oil well tubing. These pipes and tubes are frequently further processed by an upsetting operations in which the ends are flared. There is no known production of welded oil well drill pipe; oil well casing and tubing may be welded or seamless.

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 either be of welded or seamless construction and can be produced from various grades of steel. In addition, some are suitable for multiple applications. There may be few or no inherent differences between a number of tubular steel products. For example, mechanical tubing which has been tested and warranted to withstand high pressure would be considered pressure tubing, whereas the same material not tested or warranted would be considered mechanical tubing. Similar problems exist in distinguishing standard pipes from structural pipe and tubing. In some applications, a pipe can either be welded or seamless and meet the required specifications; 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.

Steel pipes and tubes are generally produced according to standards and specifications published by a number of organizations, including the American Society for Testing & Materials (ASTM); the American Society of Mechanical

Engineers; and the American Petroleum Institute (API). Comparable organizations in Japan, West Germany, England, the U.S.S.R., and other countries also have developed standard specifications for steel pipes and tubes.

Both of the steel pipe and tube products which are imported at LTFV are seamless pipes and tubes. They are distinguished by the petitioner by steel grades and by end uses. They are as follows:

(1) Seamless heat-resisting steel pipes and tubes other than line pipes and oil country tubular goods, 1/ and

(2) Seamless stainless steel pipes and tubes other than line pipes and oil country tubular goods. 1/

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

Grade	Standard		Pressure	Mechanical	Structural		Oil country	Line
Alloy:								
Stainless	1/	X	X	X	1/	X		
Heat-resisting	1/	X	X	X	1/	X		
Other								
Carbon								

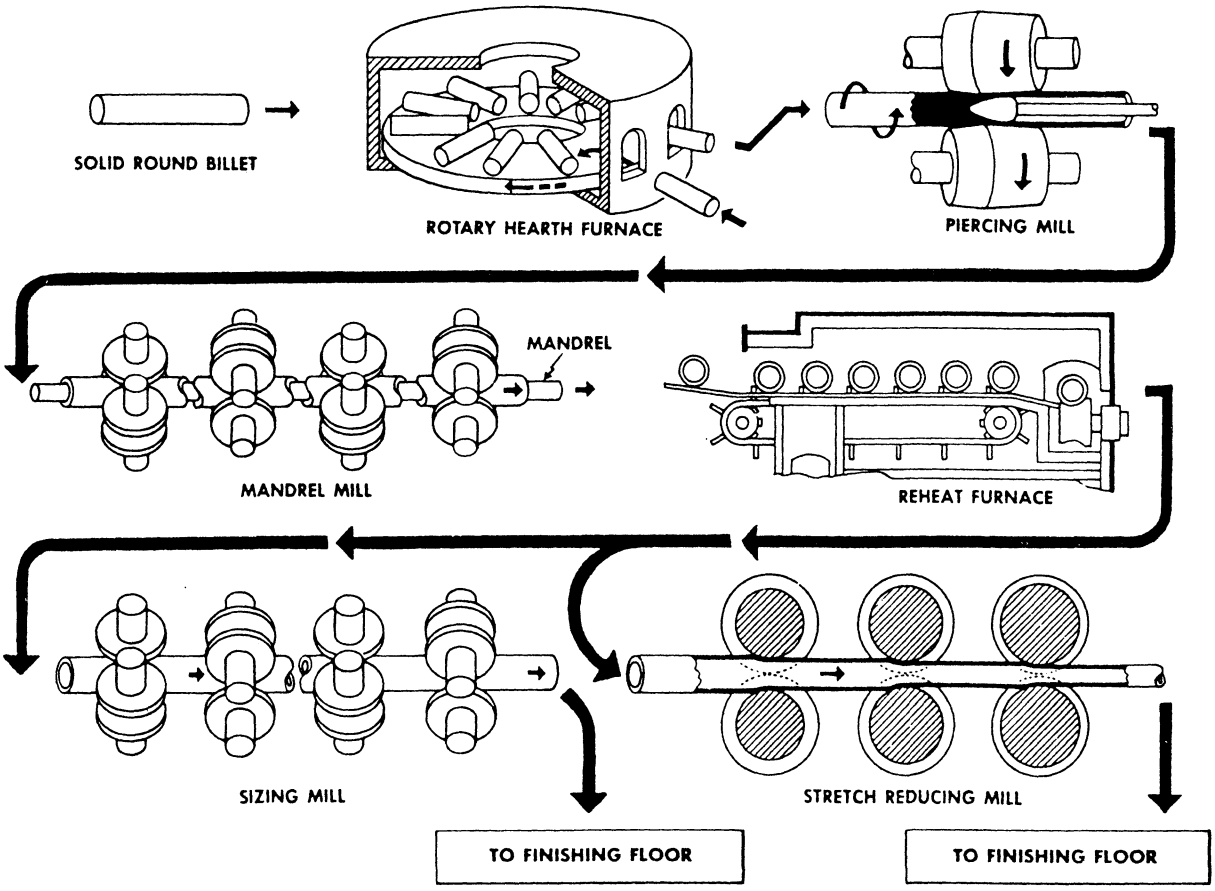
1/ No known production or imports.

In this report, these two product lines will be referred to as heat-resisting and stainless.

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 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/ The products excluded are defined as follows: Oil country tubular goods of seamless heat-resisting or seamless stainless steel suitable for use as oil or gas well casing or tubing, oil or gasfield drill pipe or oil or gasline pipe, and having a tensile strength of at least 95,000 pounds per square inch (psi) and a yield strength of at least 75,000 psi.

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 and hot expanded, or hot punched-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 steels with poorer hot-working properties are produced. The higher the chromium content and the smaller the diameter of the tubular product, the poorer the hot-working properties of the steel will be. Thus, certain small-diameter heat-resisting steel and small- and medium-diameter stainless steel pipes and tubes are extruded. On a tonnage basis, more then 80 percent of all U.S. production of seamless heat-resisting steel pipes and tubes is manufactured in rotary piercing mills in which pipes and tubes of carbon steel and low-alloy steel are also produced. An estimated 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 stainless steel production nearly always is 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.

Equipment associated with the rotary piercing and rolling operations account for about 60 percent of the cost of all equipment used to produce seamless steel pipes and tubes by this method. 1/ After a pipe or tube is pierced and rolled or extruded, the semi-finished product is then subject

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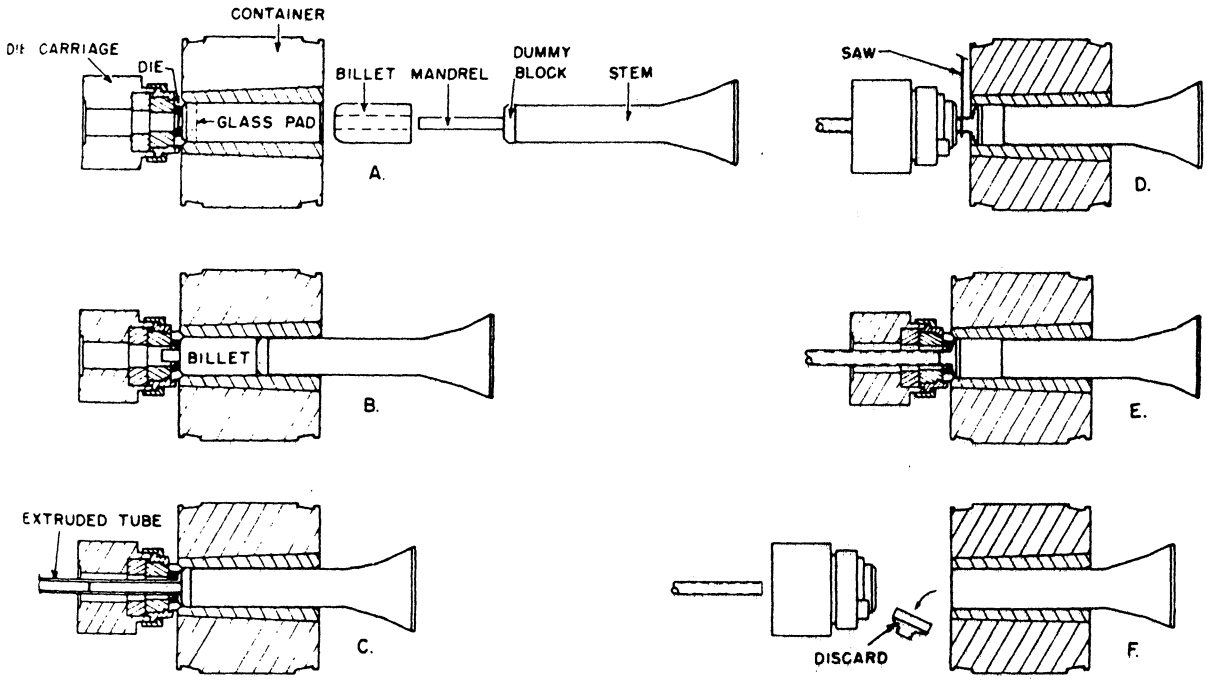
1/ Transcript of the conference, p. 68.

Figure 2.--The extrusion process.



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

to certain finishing operations which may include straightening, cutting, inspection, and testing. The product then 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, cold pilgering, and other special treatments. In general, the higher the alloy content and the more specialized the product, 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 (MTN), the most-favored-nation (MFN) (col. 1) 1/ rate of duty for this item was reduced from 13.0 percent ad valorem (effective from Jan. 1, 1971 to Dec. 31, 1981) to 11.2 percent ad valorem, effective January 1, 1983. This MFN rate of duty is scheduled to be further reduced in stages to 7.5 percent ad valorem by January 1, 1987. The rate of duty for imports under this item from least developed developing countries (LDDC's) 2/ is 7.5 percent ad valorem. The column 2 rate 3/ of duty is 35.0 percent ad valorem. Besides these 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 articles eligible for duty-free treatment under the Generalized System of Preferences (GSP). 4/

Commerce's Finding of LTFV Sales

On January 11, 1983, Commerce issued a final determination concerning LTFV sales of seamless heat-resisting steel and stainless steel pipes and tubes from Japan. Its investigation covered the exports of four Japanese manufacturers which accounted for approximately 90 percent of all exports of the subject pipes and tubes to the United States during the period from

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

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

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

4/ 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.

August 1, 1981 to January 31, 1982. Commerce found LTFV margins ranging from 0 percent to 252.8 percent. Its findings, by firms, are presented in the following tabulation (in percent):

Type and firm		Weighted average margin
Heat-resisting steel:		
Nippon Kokan K.K	1/	0.00
Sumitomo Metal Industries, Ltd		2.83
Other firms		2.83
Stainless Steel:		
Kobe Steel, Ltd	2/	.02
Sanyo Special Steel, Ltd	2/	.27
Sumitomo Metal Industries, Ltd		22.95
Other firms		22.95

1/ Nippon Kokan is excluded from the finding, because Commerce found no LTFV margins for exports of that firm.

2/ Commerce determined that these margins are de minimis and, as a consequence, excluded Kobe and Sanyo from its determination.

The U.S. Market

U.S. demand for all steel pipes and tubes (both welded and seamless) increased steadily during 1979-81, with U.S. consumption exceeding 16 million short tons in 1981, representing an increase of 58 percent compared with consumption in 1979. U.S. consumption decreased during January-September 1982 to less than 9 million short tons, representing a decline of 29 percent compared with the level of consumption in the corresponding period of 1981. Both the 1979-81 increase and the 1982 decrease in U.S. consumption of steel pipes and tubes can be attributed, in large part, to fluctuating U.S. demand for oil country tubular goods.

U.S. demand for seamless steel pipes and tubes exhibited stronger growth than demand for welded products during 1979-81, and experienced a less severe decline during January-September 1982. Total U.S. consumption of all seamless steel pipes and tubes increased by 3.9 million short tons (95 percent) during 1979-81, and declined by 1.6 million short tons (28 percent) from January-September 1981 to the corresponding period in 1982, as shown in the following tabulation (in millions of short tons):

Period	Seamless	Welded	Total
1979	4.1	6.3	10.4
1980	5.5	6.9	12.4
1981	8.0	8.4	16.4
January-September--			
1981	5.8	6.5	12.3
1982	4.2	4.5	8.7

The pipes and tubes under investigation accounted for roughly 0.5 percent of the consumption of all seamless steel pipes and tubes in 1981. The bulk of U.S. seamless pipes and tubes consumed in the United States are of carbon steel.

Seamless heat-resisting steel pipes and tubes

U.S. consumption of seamless heat-resisting steel pipes and tubes is presented in the following tabulation (in short tons):

Period	Quantity
1979	***
1980	***
1981	***
January-September--	
1981	***
1982	***

U.S. consumption of seamless heat-resisting steel pipes and tubes accounted for less than * * * percent of U.S. consumption of all seamless steel pipes and tubes in 1981.

Seamless stainless steel pipes and tubes

U.S. consumption of seamless stainless steel pipes and tubes is presented in the following tabulation (in short tons):

Period	Quantity
1979	***
1980	***
1981	***
January-September:	
1981	***
1982	***

These pipes and tubes constituted less than * * * percent of U.S. consumption of all seamless steel pipes and tubes in 1981.

U.S. Producers

Seamless heat-resisting steel pipes and tubes

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

Firm	Location(s)	Percentage distribution of total
Babcock & Wilcox Co------	Ambridge, Pa. Beaver Falls, Pa. Milwaukee, Wis.	***
Timken Co----------	Canton, Ohio	***
U.S. Steel Corp----------	McKeesport, Pa. Gary, Ind.	***
Total----------	-	100.0

Each of the U.S. plants which produces seamless heat-resisting steel pipes and tubes also produces other seamless carbon and alloy steel pipes and tubes.

Seamless stainless steel pipes and tubes

Five integrated steel producers 1/ manufacture seamless stainless steel pipes and tubes in the United States. The names of the producers, their plant locations, and their share of total shipments in 1981 are presented in the following tabulation:

Firm	Percentage distribution of total
Al Tech Specialty Steel Corp., Watervliet, N.Y-------	***
Babcock & Wilcox Co., Beaver Falls, Pa----------	***
Combustion Engineering, Inc., Chattanooga, Tenn------	***
ITT Harper, Morton Grove, Ill----------	***
Timken Co., Canton, Ohio----------	***
Total----------	100.0

The facilities used to produce seamless stainless steel pipes and tubes are generally used exclusively to produce specialty steel products including seamless stainless steel pipes and tubes.

* * *. 2/ * * *.

1/ For purposes of this report an integrated stainless steel pipe and tube producer manufactures such pipes and tubes from scrap it melts in an electric arc furnace.

2/ This information on ITT Harper is based upon a telephone conversation on Nov. 19, 1982 between Abigail Eltzroth of the Commission's staff and E. Thomas Vogel, President of ITT Harper and upon questionnaire data.

In addition to the five integrated seamless stainless steel pipe and tube producers, there are also several pipe and tube fabricators which redraw, thread, upset, and otherwise further process pipe and tube blanks. 1/ Both the pipe and tube blanks, which are produced by the integrated producers, and the fabricated products are included within the scope of this investigation.

The six known redrawers of seamless stainless steel pipes and tubes and their plant locations, as compiled from questionnaires, are shown in the following tabulation:

Firm	Location
Bishop Tube Co	Frazer, Pa.
Pacific Tube Co	Los Angeles, Calif.
Plymouth Tube Co	West Monroe, La.
Sandvik, Inc	Clarks Summit, Pa.
Superior Tube Co	Norristown, Pa.
Teledyne Columbia-Summerill	Pittsburgh, Pa.

These redrawers purchase both U.S.-produced and imported pipe and tube blanks. To avoid double counting in this report, questionnaire data collected from the redraw firms have not been cumulated with data collected from the integrated producers. Instead, the data obtained from redraw firms have been reported separately. There are no known redrawers of seamless heat-resisting steel pipes and tubes.

The Importers

Sumitomo Corp., a large Japanese trading company, is the largest importer of the two product groups under investigation, accounting for approximately * * * percent of the imports of the seamless heat-resisting steel and stainless steel pipes and tubes exported by Sumitomo Metal during January 1979-September 1982.

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 between Sumitomo Corp. and Sumitomo Metal is between * * * percent. Counsel stated that these * * *.

The other 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. The importers, including Sumitomo, generally do not purchase for inventory.

1/ The integrated U.S. producers also perform these additional operations upon pipe and tube blanks.

The Japanese Industry

According to Commerce, there are four major Japanese exporters of the pipes and tubes under investigation, as follows:

Firm	Heat-resisting	Stainless
Kobe Steel Ltd		X
Nippon Kokan Kaisha	X	
Sanyo Special Steel Co., Ltd		X
Sumitomo Metal Industries, Ltd	X	X

These firms accounted for 90 percent of all exports from Japan to the United States during the period of Commerce's investigation, August 1, 1981-January 31, 1982. Sumitomo Metal, the only major Japanese producer not excluded from Commerce's finding, accounted for * * * percent of the imports from Japan of the pipes and tubes under investigation in 1981.

Sumitomo Metal is * * * Japanese producer and exporter of seamless heat-resisting steel and stainless steel pipes and tubes. It is believed that Sumitomo Metal accounts * * * of Japanese production and exports of the heat-resisting steel product and about * * * percent of the production and exports of the stainless steel product. Data on shipments by Sumitomo Metal for these two products are presented in table 1. Exports of the heat-resisting product to the United States accounted for * * * percent of Sumitomo Metal's total shipments in 1979, * * * percent in 1980, * * * percent in 1981, and * * * percent in 1982. Exports of the stainless steel product to the United States * * * from * * * percent of its total shipments in 1979 to * * * percent in 1980, * * * percent in 1981 and * * * percent in 1982.

Table 1.--Certain seamless steel pipes and tubes: Shipments by Sumitomo Metal, by types and principal markets, 1979-82

* * * * * * *

According to data submitted by counsel for Sumitomo Metal, the company has the annual capacity to produce approximately * * * short tons of seamless heat-resisting steel pipes and tubes and * * * short tons of seamless stainless steel pipes and tubes. It operated its tube facilities at * * * capacity 1/ in 1982, as shown in the following tabulation (in percent):

1/ As measured by the ratio of shipments to capacity.

	Heat-resisting steel	Stainless steel
1979---------	***	***
1980---------	***	***
1981---------	***	***
1982---------	***	***

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 heat-resisting steel and seamless stainless steel pipes and tubes. All integrated producers of these pipe and tube products and three of the redrawers responded to the Commission's questionnaires. Except as noted, the data presented will be for the integrated producers only. ITT Harper, * * *.

After the Commission issued its preliminary findings of fact in this investigation, Commerce excluded oil country tubular goods from the scope of the investigation. Accordingly, data in this final staff report have been adjusted to exclude oil country tubular goods.

In its questionnaire, the Commission requested separate data on U.S. production and shipments of seamless heat-resisting steel and seamless stainless steel, excluding oil country tubular goods. Separate data for productive capacity, employment, profitability, and research and development and capital expenditures excluding oil country tubular goods were not supplied.

Oil country tubular goods accounted for * * * percent of total U.S. producers' shipments of heat-resisting steel pipes and tubes during January 1979-September 1982. * * *. To estimate productive capacity, employment, profitability, and research and development and capital expenditures for the heat-resisting steel pipe and tube industry (excluding oil country tubular goods) * * *.

In the seamless stainless steel pipe and tube industry, oil country tubular goods accounted for less than * * * percent of total U.S. producers' shipments during January 1979-September 1982. Since oil country tubular goods account for such a small share of total seamless stainless steel pipe and tube shipments, adjustments to data on productive capacity, employment, profitability, and research and development and capital expenditures have not been made.

Seamless heat-resisting steel and stainless steel pipes and tubes are frequently produced in mills which produce other products. As a result, some questionnaire respondents were not able to break out 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 pipes and tubes under investigation should be used with caution. Producers indicated that production can shift from one product line to another if demand so warrants. Thus capacity data, as reported by questionnaire respondents (table 2), are based upon optimum product mixes. Although these capacity figures are of limited use as a measure of actual productive capacity, they can be used in an analysis of trends. Such an analysis shows that U.S. producers' capacity to manufacture seamless heat-resisting steel and stainless steel pipes and tubes * * *.

Production

U.S. production of seamless heat-resisting steel pipes and tubes * * *.

U.S. production of seamless stainless steel pipes and tubes decreased from * * * short tons in 1979 to * * * short tons in 1980 and then increased to * * * short tons in 1981. Production then decreased from * * * short tons in January-September 1981 to * * * short tons in the corresponding period of 1982, or by 37 percent. 1/

U.S. producers' shipments and inventories

U.S. producers' shipments of the pipes and tubes under investigation (table 3) followed the trends noted for production. Most of these pipes and tubes are consumed domestically, with less than * * * percent entering the export market during January 1979-September 1982. 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.

Captive sales of seamless heat-resisting steel pipes and tubes are * * *. Combustion Engineering and Babcock & Wilcox accounted for * * *. These captive shipments, including captive shipments to foreign affiliates, accounted for * * * percent of total industry shipments of seamless stainless steel pipes and tubes in 1979, * * * percent of total shipments in 1980, * * * percent in 1981, and * * * percent in January-September 1982.

Purchases of blank pipes and tubes

Redrawers purchase blank seamless stainless steel pipes and tubes for use in the fabrication of more advanced pipe and tube products. A significant share of the blank pipes and tubes used by the redrawers is imported from Japan. * * * reported that in 1981 about * * * percent of its purchases of blank pipes and tubes were from Japan. Another redrawer, * * *, stated that it also buys a portion of its blank pipe and tube requirements from Japan. As shown in table 4, * * * bought * * * percent and * * * percent, respectively, of their blank pipe and tube requirements from Japan in 1981.

1/ These data exclude oil country tubular goods.

Table 2.--Certain seamless steel pipes and tubes: U.S. production, capacity, and capacity utilization, by types, 1979-81, January-September 1981, and January-September 1982

Item	1979	1980	1981	Jan.-Sept.--	
				1981	1982
Heat-resisting steel:					
Production					
short tons 1/--	***	***	***	***	***
Production capacity					
short tons 1/--	***	***	***	***	***
Capacity utilization					
percent 1/--	***	***	***	***	***
Stainless steel:					
Production					
short tons 2/--	***	***	***	11,433	7,196
Production capacity					
short tons--	***	***	***	16,504	16,125
Capacity utilization					
percent-----	***	***	***	69	45

1/ * * *. Total U.S. production of seamless heat-resisting steel pipes and tubes (excluding oil country tubular goods) of all three U.S. producers is as follows (in short tons):

Period	Production
1979----------	***
1980----------	***
1981----------	***
Jan.-Sept--	
1981----------	***
1982----------	***

2/ Includes the following quantities of seamless stainless steel oil country tubular goods (in short tons):

Period	Production
1979----------	***
1980----------	***
1981----------	***
Jan.-Sept--	
1981----------	***
1982----------	***

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

Table 3.--Certain seamless steel pipes and tubes: 1/ U.S. producers' shipments, by types, 1979-81, January-September 1981, and January-September 1982

(In short tons)

Item	1979	1980	1981	Jan.-Sept.--	
				1981	1982
Heat-resisting steel:					
Domestic intracompany shipments	***	***	***	***	***
Domestic commercial shipments	***	***	***	***	***
Total domestic shipments	***	***	***	***	***
Export shipments 2/	***	***	***	***	***
Total shipments	***	***	***	***	***
Stainless steel:					
Domestic intracompany shipments	***	***	***	***	***
Domestic commercial shipments	***	***	***	***	***
Total domestic shipments	***	***	***	***	***
Export shipments 2/	***	***	***	***	***
Total shipments	***	***	***	***	***

1/ Excluding oil country tubular goods.
2/ Includes shipments to foreign affiliates.

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

Table 4.--Blank seamless stainless steel pipes and tubes: Purchases by redrawers, from Japan and from all sources, 1979-81, January-September 1981, and January-September 1982

Item	1979	1980	1981	Jan.-Sept.--	
				1981	1982
Bishop:					
Purchases from Japan short tons	***	***	***	***	***
Total purchases 1/ do	***	***	***	***	***
Purchases from Japan as a share of total purchases percent	***	***	***	***	***
Plymouth:					
Purchases from Japan short tons	***	***	***	***	***
Total purchases 2/ do	***	***	***	***	***
Purchases from Japan as a share of total purchases percent	***	***	***	***	***
Sandvik: 3/					
Total purchases short tons	***	***	***	***	***

1/ Bishop's other purchases of blank pipes and tubes came primarily from * * *. * * * percent of its total purchases were of U.S.-produced blanks during January 1979-September 1982.

2/ Less than * * * percent of Plymouth's total purchases during January 1979-September 1982 were U.S.-produced blanks; other purchases came primarily from * * *.

3/ Sandvik purchased * * *.

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

Total shipments by three redrawers of seamless stainless steel pipes and tubes are presented in the following tabulation (in short tons):

Period	Shipments
1979	***
1980	***
1981	***
January-September--	
1981	***
1982	***

Redrawers use blank pipes and tubes which have been purchased from integrated U.S. producers and importers. These purchases of blank pipes and tubes have already been counted in this report as shipments by the integrated U.S. producers and as imports. Thus, to avoid double counting, shipments of products fabricated by the redrawers will not be considered as additional shipments to be included in the calculations of U.S. consumption.

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 are often used to produce various types of seamless steel pipes and tubes.

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 5.

An examination of the trends in the employment data shows that the number of production and related workers engaged in the production of seamless heat-resisting steel and stainless steel pipes and tubes and the hours worked by such workers * * *.

From 1980 to 1981, the number of hours worked in the production of seamless stainless steel pipes and tubes decreased by 13 percent, production of these products increased by 8 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 also be due to a shift to the production of less labor-intensive products.

Table 5.--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, January-September 1981, and January-September 1982

Item	1979	1980	1981	January-September--	
				1981	1982
	Number of workers				
Heat-resisting steel 1/	***	***	***	***	***
Stainless steel 2/	1,079	940	821	828	537
	Hours worked (1,000)				
Heat-resisting steel 1/	***	***	***	***	***
Stainless steel 2/	2,016	1,766	1,535	1,204	761
	Wages paid (per hour)				
Heat-resisting steel 1/	***	***	***	***	***
Stainless steel 2/	11.59	12.60	13.84	13.72	14.10
	Total compensation 3/ (per hour)				
Heat-resisting steel 1/	***	***	***	***	***
Stainless steel 2/	14.61	16.57	18.23	18.15	20.16

1/ * * *.

2/ Data on seamless stainless steel pipes and tubes are slightly overstated to the extent they include small quantities of oil country tubular goods.

3/ Wages plus fringe benefits.

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

Total compensation received by the workers engaged in the production of seamless heat-resisting steel pipes and tubes increased from * * * per hour in 1979 to * * * per hour in January-September 1982, or by * * * percent. Total compensation received by the seamless stainless steel workers increased by 38 percent during the same period.

Financial experience of U.S. producers

Profit-and-loss data reported by U.S. producers on their operations on the pipes and tubes under investigation are presented in tables 6 through 9. All U.S. producers, * * * 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 is used in the production of more than one product. In addition, producers generally do not keep separate profit-and-loss data on each product line. Depending on the cost accounting system employed, some costs are directly charged to a product line, whereas other costs are allocated on various bases. 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. There are no perfect methods for allocating manufacturing overhead costs and other expenses. The basis of allocation should have a logical and close relationship with actual production practices in order to apply appropriate costs and expenses to each product. Generally, each company uses allocation methods which are based on each firm's objectives for cost control and accounting needs, and which take into consideration the cost-benefit rule for the company as a whole.

U.S. Steel reported that its:

* * * * * * *

The profit-and-loss data developed here for all companies, hence, are limited in their use as an absolute 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.

Seamless heat-resisting steel pipes and tubes.--Two producers, accounting for * * * percent of total U.S. shipments in 1981, provided profit-and-loss data on their operations on seamless heat-resisting steel pipes and tubes. These data are presented in table 6. Aggregate net sales * * *.

Table 6.--Profit-and-loss experience of U.S. producers 1/on their operations producing seamless heat-resisting steel pipes and tubes, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Aggregate net sales of seamless heat-resisting steel pipes and tubes * * *. The aggregate gross profit * * *. During the same period, aggregate operating profit * * *. The operating margin * * *. During January-September 1982, the gross profit margin * * *. The operating profit margin * * *.

Net sales, operating profits, and operating profit margins of each producer are presented in table 7. * * *.

Table 7.--Seamless heat-resisting steel pipes and tubes: Net sales, operating profit (loss), and operating profit margins, by firms 1/, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Seamless stainless steel pipes and tubes.--Four producers, accounting for 99.9 percent of total shipments by integrated U.S. producers in 1981, provided profit-and-loss data on their operations on seamless stainless steel pipes and tubes. These data are presented in table 8. Aggregate net sales remained steady in 1979 and 1980, and increased in 1981. Such sales dropped in January-September 1982 compared with sales in the corresponding period of 1981. Operating profit turned into losses in 1980 and increased substantially to profits in 1981. The industry reported aggregate operating losses in January-September 1982.

As shown in the table, aggregate net sales of seamless stainless steel pipes and tubes remained steady in 1979 (* * * million) and 1980 (* * * million). In 1980, commercial sales * * * percent; intracompany transfers * * * percent. In 1981, total net sales increased to * * * million, reflecting * * *. During January-September 1982, aggregate net sales declined by 33 percent to $46.8 million, compared with $70.0 million in the corresponding period of 1981. This decline represents a * * *-percent * * * in commercial sales and a * * *-percent * * * in intracompany transfers.

Aggregate operating profit on seamless stainless steel pipes and tubes decreased from * * * million, or 4.8 percent of net sales, in 1979 to an operating loss of * * *, or a negative 1.3 percent of net sales in 1980. In 1981, the aggregate operating profit increased significantly to * * * million, or 8.1 percent of net sales. During January-September 1982, U.S. producers reported aggregate operating losses of $4.0 million, or a negative 8.6 percent of net sales, compared with an operating profit of $6.8 million, or 9.7 percent of net sales, in the corresponding period of 1981. Net profit or (loss) before income taxes followed the same trend as trends in operating profit or (loss). * * *.

Table 8.--Profit-and-loss experience of U.S. producers 1/ on their operations producing seamless stainless steel pipes and tubes, 1979-81, 2/ January-September 1981, and January-September 1982

Item	1979	1980	1981	Jan.-Sept.-- 1981	Jan.-Sept.-- 1982
Commercial sales--1,000 dollars	***	***	***	***	***
Intracompany transfers----do----	***	***	***	***	***
Total net sales----------do----	***	***	***	70,019	46,751
Cost of goods sold--------do----	***	***	***	61,253	48,872
Gross profit or (loss)----do----	***	***	***	8,766	(2,121)
General, selling, and administrative expenses--------do----	***	***	***	2,001	1,915
Operating profit----------do----	***	***	***	6,765	(4,036)
Other income (expense)----do----	***	***	***	(710)	(693)
Net profit or (loss) before income taxes----------do----	3,240	(1,299)	6,198	6,055	(4,729)
Depreciation and amortization expense----------do----	1,456	1,759	1,804	1,237	1,498
Cash flow from operations-do----	4,696	460	8,002	7,292	(3,231)
As a percentage of net sales--					
Gross profit or (loss) percent--	7.6	2.0	11.1	12.5	(4.5)
Operating profit or (loss) do----	4.8	(1.3)	8.1	9.7	(8.6)
Net profit or (loss) before income taxes----------do----	***	***	***	8.6	(10.1)
Number of firms reporting operating and net losses------	1	1	1	1	2

1/ 4 firms reporting, accounting for * * * percent of U.S. producers' shipments in 1981. Data for a * * * are not included. Data may be slightly overstated to the extent they include small quantities of oil country tubular goods.

2/ Al Tech reported data on its fiscal year ending Mar. 31. All other producers reported data on a calendar year basis.

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

Note.--These data should be evaluated in terms of profit trends rather than in terms of absolute numbers.

Net sales, operating profits, and operating profit margins of each producer are presented in table 9. * * *.

Table 9.--Seamless stainless steel pipes and tubes: Net sales, operating profit (loss), and operating profit margins, 1/ by firms, 1979-81, January-September 1981, and January-September 1982

Item and firm	1979	1980	1981	Jan.-Sept.--	
				1981	1982
Net sales:					
Babcock & Wilcox					
1,000 dollars--	***	***	***	***	***
Al Tech 2/----------do----	***	***	***	***	***
Combustion Engineering---do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	70,019	46,751
Operating profit or (loss):					
Babcock & Wilcox					
1,000 dollars--	***	***	***	***	***
Al Tech 2/----------do----	***	***	***	***	***
Combustion Engineering---do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	6,765	(4,036)
Operating profit margins: 3/					
Babcock & Wilcox--percent----	***	***	***	***	***
Al Tech 2/----------do----	***	***	***	***	***
Combustion Engineering-do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Average----------do----	4.8	(1.3)	8.1	9.7	(8.6)

1/ Data may be slightly overstated to the extent they include small quantities of oil country tubular goods.

2/ Al Tech reported data on its fiscal year ending Mar. 31, 1979-1981.

3/ Ratio of operating profit or (loss) to net sales. These data for Babcock & Wilcox include profits on the intracompany transfer of the bars which were used as the raw material in the production of the subject pipes and tubes. If such profits are excluded from these data, then these ratios for Babcock & Wilcox and for all firms would be * * * percent and * * * percent in 1979, * * * percent and * * * percent in 1980, * * * percent and * * * percent in 1981, * * * percent and * * * percent in January-September 1981, and * * * percent and * * * percent in January-September 1982.

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

Note.--These data should be evaluated in terms of profit trends rather than in terms of absolute numbers.

Research and development and capital expenditures

In its questionnaire sent to all known U.S. producers of seamless heat-resisting steel and stainless steel pipes and tubes, the Commission requested information concerning research and development and capital expenditures. U.S. producers reported the following research and development and capital expenditures for the specified steel pipes and tubes (in thousands of dollars):

* * * * * * *

It should be noted that seamless heat-resisting steel and stainless steel pipes and tubes generally constitute a small portion of all the products made in a given mill, and that U.S. producers generally make research and development and capital expenditures for the benefit of all products, and not specifically for the products under investigation. * * * was unable to break out research and development and capital expenditures by product line; six respondents estimated such expenditures on the basis of tonnage produced or dollar sales.

Consideration of the Causal Relationship Between LTFV Imports and Alleged Injury

U.S. imports

Seamless heat-resisting steel pipes and tubes.--Total U.S. imports of seamless heat-resisting steel pipes and tubes more than tripled from 2,375 short tons in 1979 to 8,992 short tons in 1981 (table 10). Imports then decreased from 6,967 short tons in January-September 1981 to 4,540 short tons in the corresponding period of 1982, or by 34.8 percent. Imports of this item in 1981 entered principally from Japan (42 percent), West Germany (26 percent), and Italy (17 percent).

Imports of seamless heat-resisting steel pipes and tubes from Sumitomo Metal * * * from * * * short tons in 1979 to * * * short tons in 1980. Such imports then * * * to 2,059 short tons in 1981, or by * * * percent. In January-September 1982, imports of this item were 46.5 percent lower than the level of such imports in the corresponding period of 1981.

Table 10.--Seamless heat-resisting steel pipes and tubes: U.S. imports for consumption, by principal sources, 1979-81, January-September 1981, and January-September 1982

(In short tons)

Source	1979	1980	1981	January-September--	
				1981	1982
Japan:					
Sumitomo Metal	1/ ***	1/ ***	2/ 2,059	2/ 1,644	2/ 880
Other	***	***	1,739	1,467	50
Total	1,959	1,328	3,798	3,111	930
West Germany	3/	666	2,340	1,709	2,562
Italy	280	162	1,531	824	827
Other countries	136	227	1,323	1,323	221
Total	2,375	2,383	8,992	6,967	4,540

1/ Compiled from data submitted by counsel for Sumitomo Metal.

2/ Compiled from a nonconfidential exhibit entered by counsel for Sumitomo Metal at the Commission's hearing.

3/ Included in other countries.

Source: Derived from questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce, except as noted.

Imports of seamless heat-resisting steel pipes and tubes from Sumitomo Metal as a share of U.S. consumption * * * from * * * percent in 1979 to * * * percent in 1980. The share then * * * to * * * percent in January-September 1982 (table 11). U.S. producers' domestic shipments as a share of consumption * * * from * * * percent in 1979 to * * * percent in January-September 1982. The share of consumption held by imports from West Germany and Italy * * * from * * * percent in 1980 to * * * percent in January-September 1982.

Table 11.--Seamless heat-resisting steel pipes and tubes: U.S. producers' domestic shipments, imports, and consumption, 1979-81, January-September 1981, and January-September 1982

Period	U.S. producers' domestic shipments	Imports				Consumption
		From Japan		From other countries	Total	
		Sumitomo	Total			
	Quantity (short tons)					
1979	***	***	1,959	416	2,375	***
1980	***	***	1,328	1,055	2,383	***
1981	***	2,059	3,798	5,194	8,992	***
Jan.-Sept.--						
1981	***	1,644	3,111	3,856	6,967	***
1982	***	880	930	3,610	4,540	***
	Share of consumption (percent)					
1979	***	***	***	***	***	100.0
1980	***	***	***	***	***	100.0
1981	***	***	***	***	***	100.0
Jan.-Sept.--						
1981	***	***	***	***	***	100.0
1982	***	***	***	***	***	100.0

Source: U.S. producers' shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, derived from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

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

Seamless stainless steel pipes and tubes.--Total U.S. imports of seamless stainless steel pipes and tubes * * * from 10,703 short tons in 1979 to * * * short tons in 1981, or by * * * percent (table 12). Total imports * * * in 1982, * * * by * * * percent from January-September 1981 to the corresponding period of 1982. In 1981, imports from Japan accounted for * * * percent of total imports, and imports from Sweden accounted for * * * percent of total imports.

Table 12.--Seamless stainless steel pipes and tubes: U.S. imports for consumption, by principal sources, 1979-81, January-September 1981, and January-September 1982

(In short tons)

Source	1979	1980	1981	January-September--	
				1981	1982
Japan:					
Sumitomo Metal	1/ ***	1/ ***	2/ 3,782	2/ 2,960	2/ 1,135
Other	***	***	***	***	4,891
Total	5,549	***	***	***	6,026
Sweden	4,396	2,727	4,435	2,930	2,082
West Germany	3/	1,138	799	742	503
Other countries	758	462	977	684	1,634
Total	10,703	***	***	***	10,245

1/ Compiled from data submitted by counsel for Sumitomo Metal.

2/ Compiled from a nonconfidential exhibit entered by counsel for Sumitomo Metal at the Commission's hearing.

3/ Included in other countries.

Source: Derived from questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce, except as noted.

Imports of this item from Sumitomo Metal * * * from * * * short tons in 1979 to 3,782 short tons in 1981, or by * * * percent. Such imports then decreased in 1982, falling by 61.7 percent, from 2,960 short tons in January-September 1981 to 1,135 short tons in the corresponding period of 1982.

Imports from Sumitomo Metal as a share of U.S. consumption * * * from * * * percent in 1979 to * * * percent in 1981 (table 13). Sumitomo Metal's share then * * * to * * * percent in January-September 1982. U.S. producers' share of U.S. consumption * * * during the same period, * * * from * * * percent of the market in 1979 to * * * percent in January-September 1982.

Prices

Despite the wide range of the specifications for the products covered by this investigation, telephone contacts with distributors and other purchasers of seamless pipes and tubes indicate that some pricing policies are fairly consistent among the seamless heat-resisting steel and stainless steel pipe and tube producers and importers. In arriving at transaction prices for these products, distributors generally seek informal price quotations from domestic mills and from importers. They rarely make use of formal sealed bids, and do not normally enter into long-term contractual purchasing arrangements with their suppliers. Import prices from all sources, including Japan, are generally quoted on a delivered basis, whereas domestic producers usually quote prices on an f.o.b. plant basis, thus requiring purchasers to pay transportation charges.

Table 13.--Seamless stainless steel pipes and tubes: U.S. producers' domestic shipments, imports, and consumption, 1979-81, January-September 1981, and January-September 1982

Period	U.S. producers' domestic shipments	Imports				Consumption
		From Japan		From other countries	Total	
		Sumitomo	Total			
	Quantity (short tons)					
1979	***	***	5,549	5,154	10,703	***
1980	***	***	***	4,327	***	***
1981	***	3,782	***	6,211	***	***
Jan.-Sept.--						
1981	***	2,960	***	4,356	***	***
1982	***	1,135	6,026	4,219	10,245	***
	Share of consumption (percent)					
1979	***	***	***	***	***	100.0
1980	***	***	***	***	***	100.0
1981	***	***	***	***	***	100.0
Jan.-Sept.--						
1981	***	***	***	***	***	100.0
1982	***	***	***	***	***	100.0

Source: U.S. producers' shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, derived from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

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

The Producer Price Index of list prices of seamless stainless steel tubes is presented in table 14, along with indexes of prices of several related products. List prices of seamless stainless steel tubes increased fairly steadily during January 1979-September 1981, by more than 40 percent. This increase was larger than the increases recorded for hot-rolled stainless steel bars which rose by about 35 percent during this period, and for finished steel mill products which rose by 27 percent, and for all steel pipes and tubes which increased by 32 percent. However, between July-September 1981 and April-June 1982, the price index for seamless stainless steel tubes remained constant at 140.5. The index for hot-rolled stainless steel bars also remained constant at 134.7 during this period. In comparison, the list prices of finished steel mill products and all steel pipes and tubes increased slightly between July 1981 and June 1982. The price index for seamless stainless steel tubes is probably a good indicator of the trends in the actual transaction prices of the pipes and tubes under investigation. Babcock &

Table 14.--Producer Price Indexes for all finished steel mill products and for selected finished steel mill products, by quarters, January 1979-September 1982

(January-March 1979=100)

Quarter	Finished steel mill products	All steel pipes and tubes	Seamless stainless steel tubes 1/	Hot-rolled stainless steel bars
1979:				
January-March	100.0	100.0	100.0	100.0
April-June	101.6	99.8	100.4	102.4
July-September	104.6	102.3	106.0	108.4
October-December	106.2	102.9	105.1	113.5
1980:				
January-March	108.0	106.1	114.2	117.7
April-June	112.1	108.6	113.5	125.4
July-September	110.5	110.3	113.5	126.4
October-December	113.8	113.7	119.1	126.4
1981:				
January-March	119.2	120.4	122.0	127.3
April-June	122.0	126.1	136.6	134.7
July-September	126.7	131.8	140.5	134.7
October-December	128.1	136.6	140.5	134.7
1982:				
January-March	128.8	137.4	140.5	134.7
April-June	129.1	137.9	140.5	134.7
July-September	128.8	136.5	2/	134.7

1/ Mechanical tubes.
2/ Not available.

Source: Compiled from official statistics of the Bureau of Labor Statistics.

Wilcox stated that it consistently sold pipes and tubes at list prices during January 1979-June 1982.

In its questionnaire, Babcock & Wilcox stated that it * * *.

Because of the widely varied specifications of the products included in the investigation, efforts to compare prices of domestic and imported seamless pipes and tubes, by specific specifications, during the preliminary investigation and in the earlier pipe and tube investigation, which was conducted in 1980, were not successful. Similarly, attempts to compare unit values of domestic and imported products during the preliminary investigation were also unsuccessful because of frequent shifts in the mix of the product that was marketed by Babcock & Wilcox and by Sumitomo Corp.

The Commission conducted a telephone survey of U.S. purchasers of seamless heat-resisting steel and stainless steel pipes and tubes. The names of these purchasers were obtained from lists of customers provided by the

importers of the Japanese-produced products and by the U.S. producers. The purchasers surveyed include distributors, redrawers and other fabricators. Six firms, including * * *., reported that Japanese prices of seamless heat-resisting steel pipes and tubes were lower than U.S. producers' prices during 1981-1982. None reported that the Japanese prices were higher, as shown in the following tabulation:

Japanese heat-resisting steel prices were--	Number reporting
Lower	1/ 6
The same	0
Higher	0
Total	6

1/ * * *.

According to the survey respondents, the prices of the Japanese product were 10 percent to 40 percent below the prices of U.S.-produced seamless heat-resisting steel pipes and tubes.

The purchasers compared the prices of Japanese-produced and U.S.-produced seamless stainless steel pipes and tubes during 1981-82 as follows:

Japanese stainless steel prices were--	Number reporting
Lower	1/ 17
The same	2
Higher	1
Total	20

1/ * * *.

According to the survey results, the prices of the Japanese stainless steel products were 10 percent to 40 percent lower than the prices of comparable U.S.-produced products.

Lost sales

During the preliminary investigation, the staff investigated one lost sale allegation. According to * * * it lost a sale in * * * of * * * tons of seamless heat-resisting steel pipes to * * * because the Japanese price was lower. * * * advised that his firm had purchased the tonnage in question due to lower prices of the Japanese product.

During the current investigation, domestic producers presented three lost sales allegations involving three purchasers. The staff was able to contact two of the three purchasers. In one allegation, * * * stated that it lost a sale of * * * tons of stainless steel pipe to * * * in * * * because its quotation of * * * was * * * as the Japanese quote. The spokesman for * * * acknowledged that his company had purchased the stainless steel pipe from

* * * because of its lower price. * * *. In the other allegation, * * * stated that it lost a sale of stainless steel pipe to * * *. The spokesman for * * * acknowledged that his firm purchased some imported stainless steel pipe from Japan and that Japanese prices are lower than domestic prices; however, he stated that Japanese purchases as a share of * * *'s total purchases have not increased within the last year.

Lost revenue

* * * domestic producers, * * * and * * *, alleged that their prices had been suppressed because of competition from low-priced imported seamless pipes and tubes from Japan. * * *. In * * *, * * * requested quotations on * * * short tons, * * * feet, of seamless heat-resisting steel pipes and tubes. The firm received the following quotations (per foot):

Source	Quotation
* * *	$ ***
* * *	***
* * *	***
* * * 1/	***
* * * 1/	***

1/ Bids received after the order was placed.

According to * * *, the order was awarded to * * * after it decreased its bid by * * * matching the * * * bid for * * * per foot. In addition, according to this distributor, "Japanese prices have been lower than domestic producers' prices in 1982 but the European prices have been even lower." * * * purchases are discussed as follows.

* * * * * * *

When contacted by the Commission, a spokesman for * * * acknowledged all * * * of the price suppression allegations. The total lost revenue for these transactions is approximately * * *. Each of these allegations concerned offers of pipes and tubes from Sumitomo Corp., * * * . According to the purchaser, Sumitomo Corp. has been offering very low prices in recent periods in order to increase its sales * * *. However, the purchaser stated that despite the low prices, * * * still purchases most of its seamless pipes and tubes from domestic producers.

* * * provided * * * allegations of price suppression. * * *. * * * further stated that it buys most of its stainless pipe from domestic sources because U.S. producers offer a speedier and more flexible delivery schedule

than import suppliers. * * * said that it frequently solicits price quotations from several European and Japanese sources, including Sumitomo Corp., and that Japanese prices are consistently lower than domestic prices. The spokesman also indicated that stainless steel pipe prices from German and Swedish sources have been lower than domestic prices in recent months.

* * *. A spokesman for * * * acknowledged that Japanese prices are generally lower than domestic prices. * * *.

APPENDIX A

THE FEDERAL REGISTER NOTICES

Preliminary Determination of Sales at Less Than Fair Value; Certain Steel Pipes and Tubes From Japan

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of preliminary determination of sales at less than fair value; certain steel pipes and tubes from Japan.

SUMMARY: We have preliminarily determined that certain steel pipes and tubes from Japan are being sold, or are likely to be sold, in the United States at less than fair value. Therefore, we have notified the United States International Trade Commission (ITC) of our determination, and we have directed the United States Customs Service to suspend the liquidation of all entries (except as noted below) of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice and to require a cash deposit or bond for each such entry in an amount equal to the estimated dumping margin as described in the "Suspension of Liquidation" section of this notice. We have also preliminarily determined that one of the four manufacturers investigated should be excluded from this preliminary determination because we found a 0.02 percent weighted-average margin for exports by that manufacturer of seamless stainless pipes and tubes. This margin is *de minimis*.

If this investigation proceeds normally, we will make a final determination by November 1, 1982.

EFFECTIVE DATE: August 25, 1982.

FOR FURTHER INFORMATION CONTACT: Stuart Keitz, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have preliminarily determined that there is a reasonable basis to believe or suspect that certain steel pipes and tubes from Japan are being sold, or are likely to be sold, in the United States at less than fair value, as

provided in section 733 of the Tariff Act of 1930, as amended (the Act).

For heat resisting pipes and tubes we have found that the foreign market value exceeded the United States price on 7 percent of sales. These margins ranged from 0.72 percent to 54.30 percent. The overall weighted-average margin on all sales compared is 1.7 percent.

For stainless pipes and tubes, we have found that the foreign market value exceeded the United States price on 19 percent of sales. These margins ranged from 0.01 percent to 186.57 percent. The overall weighted-average margin on all sales compared is 6.02 percent.

The weighted-average margins for individual companies investigated are given for each product in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make a final determination by November 1, 1982.

Case History

On January 20, 1982, we received a petition from counsel for Babcock & Wilcox Company, filed on behalf of the United States industry producing certain seamless steel pipes and tubes. The petitioner alleged certain seamless pipes and tubes from Japan are being, or are likely to be, sold in the United States at less than fair value, and that such sales are materially injuring, or threatening to materially injure, a United States industry. The petitioner also alleged that seamless stainless tube sales in the home market were made at prices below the cost of production.

After reviewing the petition, we determined it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on February 8, 1982 (47 FR 6457). The ITC subsequently found, on March 2, 1982, that there is a reasonable indication that imports of seamless heat resisting and seamless stainless pipes and tubes are materially injuring, or are threatening to materially injure, a United States industry.

We determined this case to be "extraordinarily complicated", as defined in section 733(c) of the Act. Therefore, we extended the period for making the preliminary determination by 50 days until August 18, 1982 (47 FR 22999).

Questionnaires were presented to Kobe Steel Ltd. (Kobe), Nippon Kokan Kaisha (NKK), Sanyo Special Steel Company, Ltd. (Sanyo) and Sumitomo Metal Industries, Ltd. (SMI) on February 10, 1982. Questionnaires were also presented to Sumitomo Corporation (SC) on April 9, 1982 and Sumitomo Corporation of America (SCA) on April 7, 1982. Responses were received from NKK on April 5, 1982 and from Kobe, Sanyo and SMI on April 19, 1982. A response was received from SC on June 1, 1982. SCA responded on June 25, 1982.

Scope of the Investigation

The products covered by this investigation are:

- Seamless heat resisting pipes and tubes
- Seamless stainless pipes and tubes

This investigation covers the period August 1, 1981 to January 31, 1982.

The products are fully described in Appendix A which follows this notice.

Since Kobe, NKK, Sanyo and SMI manufacture approximately 90 percent of all seamless heat resisting pipes and tubes and seamless stainless pipes and tubes exported from Japan to the United States, we limited our investigation to these companies.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by all four companies because the merchandise was sold to unrelated purchasers prior to its importation into the United States. Prices to unrelated exporters who resell the merchandise to United States importers were used to represent purchase price, since the manufacturers knew at the time of sale that the merchandise was destined for the United States.

We calculated the purchase price based on the f.o.b. or f.a.s. Japan packed price, to unrelated exporters who resell the merchandise to the United States customer. We made deductions, where appropriate, for inland freight in Japan, insurance, commissions, stowing and trimming charges, and customs clearance charges.

Foreign Market Value

In accordance with section 773 of the Act, we calculated foreign market value based on home market sales or, where appropriate, on constructed value. For purposes of determining similar merchandise under section 771(16) of the Act, we made comparisons based on similarities in finish, specification and grade, and size.

The petitioner alleged that sales in the home market of seamless stainless tubes were at prices below the cost of production. For Sanyo and SMI, we examined production costs related to this product, including materials, labor and general expenses. For all categories of seamless stainless pipes and tubes exported by Sanyo and SMI, there were sufficient sales above the cost of production over an extended period of time, in substantial quantities and at prices permitting the recovery of all costs within a reasonable period of time to provide a basis for the determination of foreign market value. Therefore, we used home market sales prices to determine foreign market value.

We could not determine whether Kobe's home market sales were made below the cost of production, as the firm did not satisfactorily identify the allocation method for selling, general and administrative expenses used in its development of cost data. Therefore, we used constructed value to determine foreign market value for seamless stainless tubes exported by this firm.

For all sales by Kobe of seamless stainless pipes, all sales by NKK of seamless heat resisting pipes and tubes, all sales by Sanyo of seamless stainless pipes and tubes, and all sales by SMI of seamless heat resisting pipes and tubes and seamless stainless pipes and tubes, we used home market sales prices to determine foreign market value.

Kobe—Constructed Value

For Kobe we caluclated constructed value in accordance with section 773(e) of the Act. We added to Kobe's cost of materials and fabrication the statutory minimum of ten percent of the sum of material and fabrication costs for general expenses, since Kobe's reported actual expenses were lower than the statutory minimum. We added Kobe's profit to the constructed value, as it was higher than the statutory minimum eight percent. We also added Kobe's packing costs.

Kobe, NKK, Sanyo and SMI—Home Market Price

Where appropriate, home market prices were based on delivered, packed prices to unrelated purchasers. We made deductions where appropriate, for inland freight, insurance, and commissions. We also made adjustments, where appropriate, for warehousing expenses, credit costs and packing costs.

All four firms investigated claimed a circumstance of sale adjustment for differences in the cost of credit. In their computation of credit costs three of the four firms, Kobe, NKK and SMI claimed an effective corporate borrowing rate

which was the weighted-average of rates incurred on both short- and long-term funds. In addition, all four firms claimed a net interest benefit on export sales to the United States based on the preshipment advance of funds by customers at below-market interest rates. Their rationale was that the advanced funds made it unnecessary to borrow at commercial rates, thereby providing a benefit equal to the difference in rates. We disallowed the use of long-term funds in the calculation of interest rates because only short-term financing of receivables is under consideration in our investigation. We also disallowed the claim for the amount of interest earned on prepayments in excess of the interest cost on export sales to the United States. We disallowed this adjustment because such an imputed cost of credit cannot be employed when the actual experience of cost exists.

Three of the four firms, Kobe, NKK and Sanyo, employed offsetting compensatory balances for short-term credits in their credit cost calculations. We allowed the interest offset on the basis that it may be viewed as the price borrowers pay for the bank's commitment under a line of credit to extend a loan and, as such, it is a directly related selling expense, since it relates to the financing of receivables.

Sanyo asked for an adjustment for physical differences in the merchandise based on random length cutting. The adjustment was disallowed because we did not receive the information in time for proper evaluation. If verified, we will consider this information for our final determination.

Sanyo also claimed a level of trade adjustment based on sales to a trading firm, Kanematsu-Gosho, Ltd. Sanyo claimed that the trading firm buys in large quantities and sells only to wholesalers. We disallowed this claim. We did not view this as a claim for level of trade adjustment, since all sales were made to trading firms. We viewed this instead as a claim for differences in quantities purchased and, as such, disallowed it as it did not not conform to the requirements of § 353.14 of the Commerce Regulations.

SMI claimed an adjustment for differences in prices where sales were made in small quantities. We did not make this adjustment as cost justification data were not presented. If the evidence is presented in a form which can be evaluated by the Department of Commerce, it will be considered for our final determination if verified.

All four of the firms claimed adjustments for physical differences in the merchandise being compared. We did not make these adjustments as no information was provided on the cost of the physical differences. If such evidence is presented in a form which can be evaluated by the Department of Commerce, it will be considered for our final determination if verified.

Supplemental Data Requested

Kobe

During the verification of Kobe's response to our antidumping questionnaire on June 12, 1982 and again on July 15, 1982, we asked for information concerning the specific methodology used in the allocation of selling, general and administrative expenses in Kobe's cost of production calculations. On both occasions the response was incomplete and provided no opportunity for the Commerce Department to ascertain the veracity of that segment of the cost information. Consequently, for purposes of this preliminary determination, we used the statutory minimum of 10 percent as described in the section on foreign market value. We will once again ask Kobe for this information so that we may consider it for our final determination. We will also ask Kobe for United States selling expense information which will be used if constructed value is used as our basis for foreign market value for our final determination.

In addition, Kobe claimed an adjustment for physical differences in the merchandise being compared. They claimed that certain groups of sizes of the merchandise had virtually identical costs of production within each group. They claimed to be unable to provide us with the cost differences of individual sizes. Consequently, we made no allowance for physical differences. We once again will ask Kobe for information on a size-by-size basis so that the requested adjustments can be considered.

If the information requested of Kobe is not received by September 15, 1982, we may use only some or none of the partial information that has already been submitted in making our final determination. In these instances we may resort to using the best information otherwise available according to section 776(b) of the Act for our final determination.

NKK

NKK requested an adjustment for physical differences in the merchandise. NKK claimed to be unable to break down the cost of the differences on a specific size basis. Instead, they suggested the use of price ratios developed from actual price lists to arrive at size adjustment factors. We have not made any adjustment for physical differences in the merchandise and we once again will ask NKK for the information necessary to adjust for differences in size on a cost basis.

In addition, NKK claimed they had insufficient time to prepare information regarding technical services. We are providing them with a final opportunity to supply this informaiton.

If the information requested of NKK is not received by September 15, 1982, we may use only some or none of the partial information that has already been submitted in making our final determination. In these instances we may resort to using the best information otherwise available according to section 776(b) of the Act for our final determination.

Sanyo

Sanyo claimed a cost differential for random-cut pipes and tubes, but furnished no cost information to support the claim. We will once again ask Sanyo for such data so that we can properly evaluate their claim.

Sanyo also claimed an adjustment for physical differences in the merchandise similar to that of Kobe. Since the data provided did not quantify the differences between specific sizes, no adjustment was made. We will once again ask Sanyo for the cost information necessary to make adjustments for size.

If the information requested of Sanyo is not received by September 15, 1982, we may use only some or none of the partial information that has already been submitted in making our final determination. In these instances we may resort to using the best information otherwise available according to section 776(b) of the Act for our final determination.

SMI

SMI claimed an adjustment for differences in quantity in the form of an additional charge for small quantities. if the firm can provide specific cost justification for this adjustment in time for proper evaluation and verification, we will consider it in making our final determination.

SMI claimed an adjustment for size differential similar to that made by NKK. We made no adjustment in our comparisons for differences in the merchandise and we will once again ask SMI to provide the information to justify an adjustment for differences in size on a cost basis.

If the information requested of SMI is not received by September 15, 1982, we may use only some or none of the partial information that has already been submitted in making our final determination. In these instances we may resort to using the best information otherwise available according to section 776(b) of the Act for our final determination.

Verification

In accordance with section 776(a) of the Act, we verified, to the extent possible, all information used in this determination. We were granted access to the books and records of the four foreign manufacturers and one trading firm investigated.

We used standard verification procedures, including on-site inspection of the manufacturer's operations and examination of accounting records and selected documents containing relevant information. We will verify all data used in reaching the final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of the seamless heat resisting pipes and tubes and seamless stainless pipes and tubes from Japan, with the exception of entries of seamless stainless pipes and tubes from Kobe Steel Ltd., which are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average margin by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. This suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Firm product	Weighted-average margin (percent)
Seamless heat resisting pipes and tubes:	
NKK	1.30
SMI	1.96
Other manufacturers/producers/exporters	1.96
Seamless stainless pipes and tubes:	
Kobe	[1] 0.00
Sanyo	0.62
SMI	10.14
Other manufacturers/producers/exporters	10.14

[1] Imports of this product from Kobe are excluded from this preliminary determination. As the weighted-average margin for this product was 0.02 percent, which is *de minimis*, we are listing the cash deposit or bonding rate as 0.00 percent for purposes of this preliminary determination.

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Public Comment

In accordance with § 353.47 of the Commerce Department Regulations, if requested, we will hold a public hearing to afford interested parties an opportunity to comment on these preliminary determinations at 10 a.m. on September 27, 1982 at the United States Department of Commerce, Room 3080, 14th Street and Constitution Avenue NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address within ten days of publication of this notice. Requests should contain: (1) The party's name, address and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs must be submitted to the Deputy Assistant Secretary by September 20, 1982. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within thirty days of publication of this notice, at the above address and in at least ten copies.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

August 18, 1982.

Appendix A

The merchandise covered by this investigation includes the following two categories of products:

1. Seamless heat-resisting pipes and tubes classifiable under item numbers 610.5209, 610.5229, and 610.5234 of the Tariff Schedules of the United States Annotated (TSUSA).

2. Seamless stainless pipes and tubes classifiable under item numbers 610.5205, 610.5229 and 610.5230 of the TSUSA.

The products, however, exclude oil and gas well casing and tubing, oil and gas field drill pipes, and oil and gas line pipe which are manufactured according to API standards.

The products are produced in compliance with certain country standards, for example, American Society for Testing and Material Standards (ASTM), American Society of Mechanical Engineers (ASME), or Japan Industrial Standards (JIS).

Seamless heat resisting pipes and tubes consist of ASTM designations A199, A200, A213 for tubes and A335 for pipes. Heat resisting steel refers to alloy steel which contains by weight less than 0.3 percent carbon and 4.0 percent to 11.5 percent inclusive chromium.

Seamless stainless pipes and tubes consist of ASTM designations A213, A268, A269, A271 and A511 for tubes and A312 and A376 for pipes. Stainless steel refers to alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium.

The principal determinants of the price and cost of production are:

1. Type of Finish—Hot or Cold
2. Specification and Grade
3. Outside Diameter (O.D.) and Wall Thickness (W.T.)

The products are used in the chemical, petrochemical and oil refining industries and by electric utilities for conveyance of gases and liquids at high pressures and/or at high temperatures in heat exchangers, boilers and other industrial equipment.

[FR Doc. 82-23284 Filed 8-24-82; 8:45 am]
BILLING CODE 3510-25-M

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

Certain Seamless Steel Pipes and Tubes From Japan

AGENCY: International Trade Commission.

ACTION: Institution of a final antidumping duty investigation.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-87 (Final) to determine, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), whether 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 heat-resisting steel pipes and tubes,[1] 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,[1] provided for in TSUSA items 610.5205, 610.5229, and 610.5230, which are allegedly sold, or are likely to be sold, at less than fair value.

EFFECTIVE DATE: August 25, 1982.

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

SUPPLEMENTARY INFORMATION:

Background.—On January 20, 1982, a petition was filed with the Commission and the U.S. Department of Commerce by counsel for Babcock & Wilcox Co. 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 heat-resisting steel pipes and tubes and seamless stainless steel pipes and tubes, which are allegedly sold at less than fair value. On March 2, 1982, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports of such merchandise. On August 25, 1982, Commerce issued a preliminary determination that such merchandise is being sold, or is likely to be sold at less than fair value. Accordingly, the Commission is instituting a final antidumping investigation. The investigation will be subject to the provisions of part 207 of the Commission's Rules of Practice and Procedure (19 CFR Part 207 (1981), as amended by 47 FR 6190 (Feb. 10, 1982)), and particularly subpart B thereof.

Written submissions.—Any person may submit to the Commission on or before November 10, 1982, a written statement of information pertinent to the subject matter of the investigation. A signed original and fourteen copies of such statements must be submitted. In the event that confidential treatment of the document is requested under § 201.6, at least one additional copy shall be filed in which the confidential business information shall have been deleted and which shall have been marked "nonconfidential" or "public inspection".

Any business information which a submitter desires the Commission to treat as confidential shall be submitted in conformance with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6 (1981)). Each sheet of information for which confidential treatment is desired must be clearly marked at the top "Confidential Business Data". All written submissions, except for confidential business data, will be available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

A staff report containing preliminary findings of facts will be made available to all interested parties on October 19, 1982.

Service of documents.—The Secretary will compile a service list from the record of the preliminary investigation and the entries of appearance filed in this investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 47 FR 13791 (April 1, 1982)), serve a copy of each such document on all other parties to the investigation. Such service shall conform with the requirement set forth in § 201.16(b) of the rules (19 CFR 201.16(b)) as amended by 47 FR 6190 (Feb. 10, 1982).

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

Public hearing. The Commission will hold a public hearing in connection with this Investigation on November 3, 1982, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 10 a.m. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on October 18, 1982. Persons desiring to appear at the hearing and make oral presentations may file a prehearing brief and should attend a prehearing conference to be held at 10 a.m., on October 20, in Room 117 of the U.S. International Trade Commission Building. Prehearing briefs must be filed on or before October 29, 1982.

Testimony at the public hearing is governed by § 207.23 of the Commission's Rules of Practice and Procedure (19 CFR 207.23), as amended by 47 FR 6191 (Feb. 10, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to new information. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with rule 207.22 (19 CFR 207.22) as amended by 47 FR 6191 (Feb. 10, 1982). Posthearing briefs will also be accepted within a time specified at the hearing.

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 (1981)), as amended by 47 FR 6190 (Feb. 10, 1982, and part 201, subparts A through E (19 CFR Part 201 (1981)), as amended by 47 FR 6188 (Feb. 10, 1982) and 47 FR 13791 (April 1, (1982).

This notice is published pursuant to section 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12 (1981)).

Issued: September 21, 1982.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-26828 Filed 9-28-82; 8:45 am]

BILLING CODE 7020-02-M

[1] Excluding oil and gas well casing and tubing, oil and gas field drill pipes, and oil and gas line pipes which are manufactured according to API standards.

Certain Steel Pipes and Tubes From Japan; Extension of Period for Final Determination

AGENCY: International Trade Administration, Commerce.

ACTION: Extension of Period for Final Determination.

SUMMARY: The Department of Commerce hereby extends the period for determination with respect to its antidumping investigation of certain steel pipes and tubes from Japan. The final determination will be made no later than December 31, 1982.

EFFECTIVE DATE: October 8, 1982.

FOR FURTHER INFORMATION CONTACT: Stuart Keitz, Office of Investigations, International Trade Administration, Department of Commerce, Washington, D.C. 20230, (202) 377-1769.

SUPPLEMENTARY INFORMATION: On August 18, 1982, the Department of Commerce ("the Department") determined preliminarily that certain steel pipes and tubes from Japan were being, or were likely to be, sold at less than fair value within the meaning of section 731, Tariff Act of 1930, as amended (19 U.S.C. 1673) ("the Act"). On September 1, 1982, counsel for one of the respondents, who accounts for a significant proportion of exports of the merchandise which is the subject of the investigation, requested that the Department extend the period for determination until 135 days after the date of the Preliminary Determination in accordance with section 735(a)(2) of the Act.

We have determined that the additional time is needed in order that a proper analysis may be completed with regard to this investigation. Accordingly, the period for determination in this case is hereby extended. A final determination will be made not later than December 31, 1982.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

October 1, 1982.

[FR Doc. 82-27743 Filed 10-7-82; 8:45 am]

BILLING CODE 3510-25-M

Certain Seamless Steel Pipes and Tubes from Japan

AGENCY: United States International Trade Commission.

ACTION: Change of Date of Public Hearing.

SUMMARY: Notice is hereby given that the public hearing to be held in connection with United States International Trade Commission investigation No. 731-TA-87 (Final), certain seamless steel pipes and tubes from Japan, will begin at 10:00 a.m., Wednesday, January 12, 1983, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. A hearing date of November 3, 1982, had previously been announced in the Commission's notice of institution of investigation as published in the Federal Register of September 29, 1982 (47 F.R. 42847). Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) December 16, 1982. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 10:00 a.m., on December 20, 1982, in Room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed on or before January 5, 1982. The Commission's final action, notification of the Department of Commerce, is similarly postponed until February 14, 1982. These changes are made pursuant to the Department of Commerce's granting of an extension of time as a result of a request by an exporter involved in this investigation. (see 47 F.R. 44594).

By order of the Commission.

Issued: October 20, 1982

Kenneth R. Mason,

Secretary.

[FR Doc. 82-29532 Filed 10-26-82: 8:45 am]

BILLING CODE 7020-02-M

DEPARTMENT OF COMMERCE

International Trade Administration

Certain Steel Pipes and Tubes From Japan; Amendment to preliminary Determination of Sales at Less Than Fair Value and Exclusion From Preliminary Determination

AGENCY: International Trade Administration, Commerce Department.

ACTION: Amendment to Preliminary Determination of Sales at Less Than Fair Value and Exclusion from Preliminary Determination.

SUMMARY: On August 25, 1982, we announced our preliminary determination that certain steel pipes and tubes from Japan are being, on are likely to be, sold in the United States at less than fair value. We directed the U.S. Customs Service to suspend the liquidation of all entries of this merchandise, with the exception of entries of this merchandise produced by Kobe Steel, Ltd. (Kobe), and that the Customs Service require a cash deposit or the posting of a bond in an amount equal to the estimated dumping margin listed for each manufacturer investigated, except Kobe.

We are amending our preliminary determination of sales at less than fair value to exclude merchandise produced by Sanyo Special Steel, Ltd. (Sanyo). The directive that was issued September 23, 1982, to suspend liquidation is hereby terminated with respect to Sanyo. No cash deposit or bond will be required at the time of each entry, or withdrawal from warehouse, for consumption in the United States of this merchandise produced by this manufacturer. All other manufacturers, with the exception of Kobe and Sanyo, will continue to be subject to our original notice. Customs officers are being instructed to refund all deposits of estimated duties paid by importers on enteries of certain steel pipes and tubes produced by Sanyo.

EFFECTIVE DATE: November 17, 1982.

FOR FURTHER INFORMATION CONTACT: Stuart Keitz, Office of Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230 (202) 377-1769.

Amendment

On October 1, 1982, we found clerical errors in our fair value calculations for Sanyo. On correction of the figures, we found that Sanyo's weighted-average dumping margin was reduced from 0.62 percent to 0.47 percent, which is *de minimis*. We, therefore, are excluding Sanyo from the preliminary determination.

Accordingly, we are amending our preliminary determination of sales at less than fair value by directing the U.S. Customs Service to remove the suspension of liquidation earlier imposed on imports of certain steel pipes and tubes manufactured by Sanyo. Customs officers are being instructed to refund all deposits of estimated duties paid by importers of entries of certain steel pipes and tubes produced by Sanyo. Our preliminary determination is, otherwise, unchanged.

This determination is published in accordance with § 353.39, Commerce Regulation (19 CFR 353.39).

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

November 10, 1982.

[FR Doc. 82-31426 Filed 11-16-82; 8:45 am]

BILLING CODE 3510-25-M

DEPARTMENT OF COMMERCE

International Trade Administration

Certain Steel Pipes and Tubes From Japan; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of Final Determination of Sales at Less Than Fair Value.

SUMMARY: We have determined that certain steel pipes and tubes (CSPT) from Japan are being, or are likely to be, sold in the United States at less than fair value. The U.S. International Trade Commission (ITC) will determine within 45 days of publication of this notice whether these imports are materially injuring, or are threatening to materially injure, a U.S. industry. We have also determined that three of the four manufacturers investigated should be excluded from this determination. Nippon Kokan K.K. is excluded, because we found no margins for exports of that firm. Kobe Steel, Ltd. and Sanyo Special Steel, Ltd., are excluded, because we found margins of 0.02 percent and 0.27 percent, respectively, on exports of those firms. These margins are *de minimis*.

EFFECTIVE DATE: January 11, 1983.

FOR FURTHER INFORMATION CONTACT: Stuart Keitz, Office of Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230 (202-377-1769).

SUPPLEMENTARY INFORMATION:

Case History

On January 20, 1982, we received a petition in proper form from counsel for the Babcock & Wilcox Company, filed on the behalf of the U.S. industry producing CSPT. The petitioner alleged that CSPT from Japan are being or are likely to be sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930 (the Act) (19 U.S.C. 1673), and that such sales are materially injuring, or are threatening to materially injure, a U.S. industry. The petitioner also alleged that seamless stainless tube sales in the home market were being made at prices below the cost of production.

On August 18, 1982, we preliminarily determined that CSPT from Japan are being, or are likely to be, sold in the United States at less than fair value (47 FR 37263-66). Our preliminary notice gave interested parties an opportunity to submit views in writing and on November 17, 1982, we held a public hearing.

On October 1, 1982, following a request by the largest responding firm, we extended the date for a final determination to January 3, 1983.

Scope of Investigation

For the purpose of this investigation, the term "certain steel pipes and tubes" covers seamless heat-resisting pipes and tubes, and seamless stainless pipes and tubes. The products are fully described in Appendix A which follows this notice.

This investigation covers the period from August 1, 1981 to January 31, 1982.

We investigated four manufacturers: Kobe Steel Ltd. (Kobe), Nippon Kokan K.K. (NKK), Sanyo Special Steel, Ltd. (Sanyo), and Sumitomo Metal Industries, Ltd. (SMI). These firms manufactured approximately 90 percent of all the CSPT exported to the United States during the period of investigation.

Methodology of Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

We used purchase price, as defined in section 772(b) of the Act, to represent the United States price for sales by all four companies, because the merchandise was sold to unrelated purchasers prior to its importation into the United States. Prices to unrelated exporters who resell the merchandise to the United States importers were used to represent purchase price, since the manufacturers knew at the time of sale that the merchandise was destined for the United States.

We calculated purchase price based on the f.o.b. or f.a.s. Japan packed price, to unrelated exporters who resell the merchandise to the United States customer. We made deductions, where appropriate, for inland freight in Japan, insurance, stowing and trimming charges, and customs clearance charges.

Foreign Market Value

There were sufficient sales in the home market to allow the use of home market prices as the basis for foreign market value. For the purposes of

determining such or similar merchandise under section 771 of the Act, where possible, we made comparisons using CSPT of the same finish, grade, specification, and dimension to those of the product sold in the United States. In instances where items of the same dimension were not available, we selected items within specified dimensional parameters for comparison, as detailed in the section of this notice devoted to comments by interested parties.

The petitioner alleged that sales in the home market of seamless stainless tubes were at prices below the cost of production. For Kobe, Sanyo and SMI, the three firms with sales to the United States of seamless stainless tubes during the period of investigation, there were sufficient sales above the cost of production over an extended period of time to provide a basis for the determination of foreign market value. Therefore, for all manufacturers and products investigated, we used home market sales prices to determine foreign market value.

The home market prices were based on delivered, packed prices to unrelated purchasers. From these prices we deducted inland freight and insurance. We also made adjustments, where appropriate, for differences in warehousing expenses, credit costs, commissions, physical differences in the cost of materials, direct labor, and direct factory overhead.

We verified the information used in making this final determination. We were granted access to the books and records of the Japanese firms investigated. We used standard verification procedures, including on-site inspection of the manufacturer's operations and examination of accounting records and randomly selected documents containing relevant information.

Results of Investigation

We made fair value comparisons on virtually all of the sales to the United States made by NKK, Sanyo and SMI. For Kobe, we made comparisons on all sales to the United States, except those made to Shinsho Corporation, a related trading firm responsible for less than 6 percent of Kobe's sales during the period. Since sales to Shinsho were small in comparison to Kobe's overall sales of CSPT, it was deemed appropriate to eliminate those sales from consideration rather than expand the investigation to include exporter's sales price for that firm. We found margins on 26.16 percent of the sales compared. The margins range from 0 to 252.8 percent. The overall weighted-average margin on all sales compared is 11.57 percent.

Comments by Interested Parties

Comment 1

Petitioner

The Department of Commerce (DOC) should not have made a circumstance of sale adjustment for higher commissions paid by the Japanese manufacturers in domestic sales than in U.S. sales. The commission differential is artificially created through cooperation of producers and their associated trading firms by virtue of either financial relationships or a shared export philosophy which exists between producers and trading firms who have a long-standing business relationship.

Further, these conditions make possible the concealment of sales by trading firms below the cost of acquisition.

Respondents

Under the Act, no relationships were found to exist between producers and trading firms involved in the export sales under investigation. No evidence has been presented which supports the "shared export philosophy" alleged by the petitioner.

DOC Position

The only known relationship, within the meaning of the Act, between producer and trading firm, is that between SMI and Sumiken Bussan in the domestic sales of CSPT which were investigated. However, verified sales data indicate that sales are made at arms length. DOC has also investigated a possible relationship between SMI and Sumitomo Corporation in sales to the U.S. However, these sales also proved to have been made at arms length. Further, the investigation did not reveal evidence to support the "shared export philosophy" allegation. The verification of data submitted by the respondents did, however, support the claimed commissions.

Comment 2

Petitioner

Japanese producers incur greater liability costs in the United States than in Japan by virtue of the differences in legal and social standards between the two countries.

Respondents

All respondents claim no product liability costs during the period of investigation. All state that they have had no products returned for defects during the period and that they carry no liability insurance and keep no reserve for this purpose.

DOC Position

The investigation did not reveal any unreported costs associated with warrantees or any other form of produc liability.

Comment 3

Petitioner

DOC should not have made an adjustment for differences in credit costs claimed by producers in U.S. and domestic sales. All sales are made to trading companies which perform essentially the same services in sales to both markets. Further, the apparent differences in credit costs are artificially created through cooperation between producers and trading firms.

Respondents

Differences in credit costs beteen the two markets exist and are not artificially created. However, DOC did not compute those differences correctly in the preliminary determination. Fair value computations did not take accoun of the "benefit" derived from the advance of funds at preferential interest rates by trading firms on U.S. sales. Since the advanced funds make it unnecessary to borrow operating funds at the higher commercial rates the producers receive a net "benefit" equal to the difference between the preferential rate paid and the commercial rate they would have paid had the funds been borrowed at market rates.

DOC Position

DOC regards the "benefit" of not borrowing at market rates as a theoretical or imputed value and, as such, it does not represent the actual cost of extending credit in U.S. sales. Initially, DOC was willing to allow an offset to the cost of the advanced funds on the assumption that they may have been invested by the producers. It is now clear that the advanced funds are used to finance operations and so are not invested by the producers. Consequently, DOC now regards the credit cost associated with advance payments by trading firms as being solely equal to the actual interest paid on those funds.

Comment 4

Petitioner

A circumstance of sale adjustment should be made for legal fees paid in connection with litigation resulting from an earlier antidumping investigation

involving some of these companies and products which include those presently being investigated.

Respondents

Legal fees resulting from that litigation have no relation to the exports subject to this investigation. An adjustment for those legal fees would effectively punish the respondents for retaining counsel.

DOC Position

The legal fees associated with that litigation bear no direct relation to the sales under consideration.

Comment 5

Petitioner

DOC should not grant the respondents an adjustment for differences in quantity in the sales being compared, because the claimed adjustments do not satisfy the requirements of section 353.14(b)(1) of the Commerce Regulations. In addition, SMI, and NKK have failed to justify a quantitiy discount on a cost basis. Additionally, quantity is only one factor in many which influence the negotiated prices of the respondents.

Respondents

SMI and NKK contend that cost analyses they submitted subsequent to the preliminary determination support a quantity adjustment.

DOC Position

Both SMI and NKK cost analyses have been verified to have been based on data from their actual records. However, while SMI's data roughly supports its claimed schedule of mark-ups for small quantities, adherence to the schedule is not evident in the negotiated prices to customers in either market. Examination of sales data reveals that, while quantity appears to have some effect on price, it rarely, if ever, conforms to the scheduled mark-ups. It is evident that other factors also influence price; and there is no way to demonstrate that the scheduled factors are actually used. Consequently, we denied the adjustment for SMI.

In the case of NKK, the submitted cost data demonstrate that different quantities result in differences in processing time and other expense related factors. The methodology of NKK's computation appears to be sound and it relates to the actual quantities being compared. Therefore, we made the adjustment for NKK.

Comment 6

Petitioner

DOC should only compare pipes or tubes whose sizes are within a plus or minus 10 percent variation in dimension without adjustment. When sizes of greater dimensional variation are being compared, adjustment should be made on the basis of actual cost differences between the specific sizes. In lieu of data defining those differences, adjustments should be made on the basis of the ratio of the weights between the two products.

Respondents

Kobe argued that it cannot furnish the cost of production of individual sizes because its standard accounting procedures make development of such data impossible.

Therefore, the firm has provided cost data for size groupings within which it contends the cost variation is extremely small. By furnishing, in this manner, cost for one representative "standard" size within that group, Kobe claims it has provided a cost which reasonably applies to any size in the group. Additionally, the firm has furnished data which demonstrates that, for two size groupings, cost data for six sizes within each group do not vary from that of the "standard" size by more than a small percentage. Kobe is further willing to accept comparison of its products of differing dimensions, with an adjustment equal to this "maximum" deviation, in whichever direction is least advantageous. Kobe contends, alternatively, that if an adjustment is not made on the basis of its size-group cost data, no adjustment should be made.

NKK contends that the petitioner's suggested comparison of products within a plus or minus ten percent variance in dimensional characteristics without adjustment would distort reality. The same is claimed for petitioner's suggested use of weight ratios in comparisons of products which exceed the suggested parameter.

NKK and Sanyo have also provided cost data which they contend supports adjustments for use in comparison of their products which are of different dimensions.

SMI has not provided data to support adjustments for differences in dimension.

DOC Position

The "size grouping" cost methodology is not acceptable. Adjustment for differences in size should only be made on the basis of cost for the specific sizes being compared. NKK and Sanyo have provided such data, which has been verified. Consequently, adjustment for differences in the dimensions of the products compared for these firms has been made. Similar adjustment for Kobe and SMI has been denied. In lieu of specific size/cost differentials, the petitioner's suggested range is the most acceptable benchmark available. Therefore, comparisons have been made on the basis of identical grade of steel, finish and least advantageous match within the petitoner's suggested 10 percent dimensional range. Where no products are available for comparison within the 10 percent parameter, the least advantageous selection has been made from the closest larger and smaller sizes.

Comment 7

Petitioner

SMI and Sanyo have submitted cost-of-production data which, on petitioner's analysis and combined with petitioner's experience, suggest that both firms are selling CSPT in Japan at prices below their cost of production.

Respondents

SMI states simply that DOC has verified their cost of production data and has found no sales below cost.

Sanyo claims that the petitioner misunderstands the cost information furnished and that perhaps they have made their judgment without consideration of additional data furnished subsequent to the original response.

DOC Position

Cost submissions by both SMI and Sanyo have been verified and are supported by records examined at the producer's respective premises. DOC analysis of those submissions indicates that there have been some sales in Japan by both firms at less than the cost of production. However, there were sufficient sales above cost upon which to base foreign market value.

Comment 8

Petitioner

Japanese producers are selling cold-finished CSPT in the United States as hot-finished products, thereby understating their true value. Under the circumstances, hot-finished products sold to the United States should not be compared to hot-finished products sold in Japan.

Respondents

Japanese producers have not sold cold-finished CSPT in the United States as hot-finished CSPT.

DOC Position

DOC has no substantiated evidence of the practice alleged by the petitioner.

Comment 9

Kobe

DOC used an improperly high profit component in computing constructed value for Kobe's sales of seamless stainless tubes in the home market, when it concluded that it did not have sufficient data to establish the cost of production for Kobe's home market sales.

DOC Position

In establishing the constructed value of seamless stainless tubes sold by Kobe, DOC had to use verified data from Kobe's cost of production submission. Since only a limited number of sales could be verified, we could not establish a comprehensive figure which would represent Kobe's profit experience on an average basis. We did, however, have several verified sales from which profit data could be obtained. Since we were establishing constructed value on a "best information available" basis, it was reasonable to select the verified profit figure which was least advantageous to Kobe.

However, this point is moot since Kobe has, subsequent to the preliminary determination, provided the missing data to complete its cost of production information. Using this data, it had been determined that there were sufficient sales over an extended period of time, above the cost of production, to provide a basis for the determination of foreign market value. Consequently, constructed value has not been used in making comparisons for our final determination with respect to Kobe's sales of seamless stainless tubes.

Comment 10

Sanyo

An adjustment should be made when comparing sales of CSPT which have been cut to length with sales of CSPT in random lengths. Sanyo has furnished cost data to support such and adjustment.

Petitioner

No adjustment should be made when comparing cut-to-length CSPT to random-length CSPT. DOC should, instead, compare only sales of products which have been manufactured to the same standards.

DOC Position

Comparison of sales with the same production standards is not always possible because most U.S. sales are random length and most home market sales are cut-to-length. In order to treat all sales in a consistent manner, home market price was based on a weighted-average of identical sizes which are either manufactured to the same production standards or are adjusted for the difference according to verified cost data furnished by Sanyo.

Comment 11

Sanyo

DOC should allow an adjustment for differences in the level of trade with regard to U.S. sales made to Kanematsu-Gosho (KG). KG is a "wholesaler's wholesaler" who sells to Kanematsu-Gosho, U.S., who is turn, stocks the products and resells them to U.S. wholesalers. Sanyo sets prices with knowledge of KG's status.

DOC Position

Sanyo does sell CSPT to KG at prices lower than those to any other trading firm. KG usually, but not always, buys CSPT in larger quantities than other trading firms. When KG does buy in larger quantities, they are often not significantly greater than those to other trading firms for the same merchandise. In addition, DOC cannot be certain without an extensive new investigation that KG's function in the marketplace is as claimed, nor can we be certain that its status is unique among trading firms. If other firms are purchasing the same standard, stockable products as KG, it is entirely possible that they are selling them in a similar capacity. Consequently, DOC did not allow an adjustment for differences in level of trade.

Comment 12

Sanyo

The Department must allow an adjustment for differences in merchandise when comparing sales of polished pipe in the home market to sales of non-polished pipe in the United States.

DOC Position

Sanyo made only one sale of polished pipe in the home market during the period of investigation. No sales of polished pipe were made to the United States. Consequently, the Department excluded the sale of polished pipe from the calculation of foreign market value for the final determination.

Comment 13

Sanyo

The Department must allow a circumstance of sale adjustment for technical services and differences in selling expenses associated with the sales under consideration.

DOC Position

Sanyo failed to establish a direct relationship between technical services and the sales under consideration. Adjustments for differences in selling expenses associated with sales to the United States may be made when comparing foreign market value with United States price based on exporters sales price, in accordance with section 353.15(c) of the Commerce Regulations. Such an adjustment is inappropriate for comparisons where United States price is based on purchase price.

Comment 14

SMI

DOC should use SMI's overall borrowing rate in its computation of credit costs. Exclusive use of short-term borrowing rates to measure SMI's cost is improper since SMI does not borrow short-term to finance individual sales.

DOC Position

DOC recognizes that firms do not finance receivables on an individual basis. However, it attempts to quantify credit costs associated with the extension of credit to customers. Since the extension of credit under consideration relates to short-term receivables, it is deemed appropriate to use the commercial rates applicable to short-term financing.

Comment 15

SMI

Oil country tubular goods (OCTG) should not have been included in the investigation, since the petitioner amended the original petition to exclude them.

Petitioner

OCTG sold by SMI should not be omitted from the Commerce Department investigation of CSPT, because they are difficult to identify and would compromise the enforcement of any potential antidumping duty order.

DOC Position

During the initiatin of this case, the petitioner had amended the petition to exclude OCTG. DOC included certain OCTG in its investigation because of a concern that, in the event of an affirmative determination of dumping, exclusion of these items might complicate enforcement. However, DOC is now convinced that an alternative enforcement method is available through the use of mill certificates which identify the imported pipes and tubes and the use of inspection methods which have been worked out with the U.S.

Customs Service. Consequently, OCTG have been excluded from the investigation.

Final Determination

Based on our investigation and in accordance with section 735(a) of the Act, we have reached a final determination that certain steel pipes and tubes from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act.

Continuation of Suspension of Liquidation

Liquidation will continue to be suspended on all entries of CSPT for manufacturers, producers or exporters other than Kobe, NKK and Sanyo, that are entered into the United States, or withdrawn from warehouse, for consumption. The U.S. Customs Service will continue to require a cash deposit or the posting of a bond, equal to the estimated weighted-average margin by which the foreign market value exceeds the United States price for SMI and manufacturers, producers or exporters other than Kobe, NKK and Sanyo. The weighted-average margins are as follows:

Manufacturer/product	Weighted-average margin (percent)
Seamless Heat-Resisting CSPT:	
Nippon Kokan K.K	0.00
Sumitomo Metal Industries, Ltd	2.83
Other Manufacturers/Producers/Exporters	2.83
Seamless Stainless CSPT:	
Kobe Steel, Ltd	[1].02
Sanyo Special Steel, Ltd	[1].27
Sumitomo Metal Industries, Ltd	22.95
Other Manufacturers/Producers/Exporters	22.95

[1] This margin is *de minimis*, therefore, these firms are excluded from this determination, as is NKK. Therefore, any cash deposit made or bonds posted by those companies pursuant to our preliminary determination will be refunded or released, as appropriate.

The security amounts established in our preliminary determination of August 18, 1982, will no longer be in effect.

ITC Notification

We are notifying the ITC and making available to it all nonprivileged and nonconfidential information relating to this determination. We will allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on certain steel pipes and tubes from Japan entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price for each firm. This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Lawrence J. Brady,

Assistant Secretary.

January 3, 1983.

Appendix A

The merchandise covered by this investigation includes the following two categories of products:

1. Seamless heat-resisting pipes and tubes classifiable under item numbers 610.5209, 610.5229, and 610.5234 of the Tariff Schedules of the United States Annotated (TSUSA).
2. Seamless stainless pipes and tubes classifiable under item numbers 610.5205, 610.5229, and 610.5230 of the TSUSA.

The products exclude, however, oil country tubular goods of seamless heat-resisting or seamless stainless steel suitable for use as oil or gas well casing or tubing, oil or gas field drill pipe or oil or gas line pipe, and having a tensile strength of at least 95,000 pounds per square inch (psi) and a yield strength of at least 75,000 psi.

The products are generally used in the chemical, petrochemical and oil refining industries and by electric utilities for conveyance of gases and liquids at high pressures and/or at high tempertures in heat exchangers, boilers and other industrial equipment. Additional uses may also include mechanical applications such as structurals and bicycle wheel spokes.

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APPENDIX B

WITNESSES AT THE COMMISSION'S HEARING

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

Subject : Certain Seamless Steel Pipes and Tubes from Japan

Inv. No. : 731-TA-87 (Final)

Date and time: January 12, 1983 - 10:00 a.m.

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

In support of the petition:

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

Babcock & Wilcox Company

Jack McCann, Vice President and General Manager

Raymond Angell, Vice President and General Sales Manager

John Knoblock, Group Controller

Clark Riley, Vice President for Sales, Al Tech Specialty Steel Company

Mark Love, Economic Consulting Service, Inc.

Adam Monks, Auditor, Arthur Young & Company

Howard Lacey, American Iron & Steel Institute
Representative

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

In opposition to the petition:

Coudert Brothers--Counsel
Washington, D.C.
on behalf of

Sumitomo Metal Industries, Ltd.

Foster Wheeler Energy Corporation

L. A. Matteia, Director of Procurement

Joseph G. Altman, Vice President of Equipment Operations

John G. Reilly of ICF, Inc.

Charles R. Stevens)
Milo G. Coerper)--OF COUNSEL
Arthur M. Mitchell)