

LARGE DIAMETER CARBON STEEL WELDED PIPES FROM BRAZIL

**Determination of the Commission in
Investigation No. 731-TA-183
(Preliminary) Under the Tariff
Act of 1930, Together With
the Information Obtained in
the Investigation**

USITC PUBLICATION 1524

MAY 1984

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Seeley G. Lodwick

Susan W. Liebeler

David B. Rohr

Kenneth R. Mason, Secretary to the Commission

This report was prepared by:

David Coombs, Investigator
Dennis Rapkins, Office of Industries
Peter Pogany, Office of Economics
Chandrakant Mehta, Office of Investigations
William Perry, Office of the General Counsel

Vera A. Libeau, Supervisory Investigator

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

C O N T E N T S

	<u>Page</u>
Determination-----	1
Views of the Commission-----	3
Information obtained in the investigation:	
Introduction-----	A-1
Past Commission investigations-----	A-1
Nature and extent of alleged sales at LTFV-----	A-2
The product:	
Description and uses-----	A-2
Manufacturing process-----	A-3
U.S. tariff treatment-----	A-4
U.S. market and channels of distribution:	
Apparent U.S. consumption-----	A-5
U.S. producers-----	A-6
U.S. importers-----	A-7
Foreign producer-----	A-7
The question of alleged material injury:	
U.S. production-----	A-8
Capacity and capacity utilization-----	A-9
Domestic shipments-----	A-9
U.S. exports-----	A-9
U.S. inventories-----	A-10
Employment-----	A-10
Financial experience of U.S. producers-----	A-11
Large-diameter carbon steel welded pipe operations-----	A-11
Overall establishment operations-----	A-13
Capital expenditures-----	A-13
The question of a reasonable indication of threat of material injury--	A-14
The question of the causal relationship between alleged material	
injury and alleged LTFV imports from Brazil:	
U.S. imports-----	A-14
Market penetration-----	A-16
Prices-----	A-18
Bid prices-----	A-18
Awarded contracts-----	A-19
Pending contracts-----	A-22
Exchange rates-----	A-22
Lost sales-----	A-23
Lost revenues-----	A-24
Appendix A. <u>Federal Register</u> notices-----	A-25
Appendix B. Witnesses appearing at the conference-----	A-31

CONTENTS

Tables

	<u>Page</u>
1. Large-diameter carbon steel welded pipes: Domestic shipments, exports, imports, and apparent consumption, 1981-83-----	A-5
2. Large-diameter carbon steel welded pipes: Confab Industrial S.A.'s production and exports, 1982-83, and January-March 1984-----	A-8
3. Large-diameter carbon steel welded pipes: Employment, hours worked, wages paid, and total compensation, 1981-83-----	A-10
4. Income-and-loss experience of three U.S. producers on their operations producing large-diameter carbon steel welded pipes, by firms, 1981-83-----	A-12
5. Income-and-loss experience of three U.S. producers on the overall operations of establishments within which large-diameter carbon steel welded pipes are produced, by firms, 1981-83-----	A-13
6. Large-diameter carbon steel welded pipes: Capital expenditures, 1981-83-----	A-14
7. Large-diameter carbon steel welded pipes: U.S. imports for consumption, by sources, 1981-83-----	A-15
8. Line pipes: U.S. imports for consumption, by sources, 1982 and 1983-----	A-17
9. Imports from Brazil and apparent U.S. consumption of large-diameter carbon steel welded pipes, 1981-83-----	A-18
10. Contracts awarded for large-diameter carbon steel welded pipes, 1982-84-----	A-20
11. Bid prices, initial quotations, Faustina project, March 1983 announcement-----	A-20
12. Bid prices, final quotations, Faustina project-----	A-21
13. Indexes of the nominal and real value rates of the Brazilian cruzeiro relative to the U.S. dollar, by quarters, during 1981-83-----	A-23

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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-183 (Preliminary), Large Diameter
Carbon Steel Welded Pipes from Brazil

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured, 3/ or threatened with material injury, by reason of imports from Brazil of carbon steel welded pipes known as line pipes, over 16 inches in outside diameter, provided for in item 610.32 of the Tariff Schedules of the United States (TSUS), which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On March 21, 1984, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of Berg Steel Pipe Corp., Panama City, Florida, alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Brazil of the subject merchandise which are allegedly being sold at LTFV. Accordingly, the Commission instituted a preliminary investigation under section 733(a) of the Tariff Act of 1930, to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

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 Liebeler did not participate in this investigation.

3/ Commissioners Haggart and Rohr have determined in this investigation that there is a reasonable indication of material injury, and therefore do not reach the issue of a reasonable indication of threat of material injury.

Notice of the institution of the Commission's investigation and of the public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on March 28, 1984 (49 F.R. 11895). The conference was held in Washington, D.C. on April 16, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

On the basis of the record in this investigation, we determine that there is a reasonable indication that an industry is materially injured ^{1/} or is threatened with material injury by reason of imports of large-diameter carbon steel welded pipes from Brazil which are allegedly being sold at less than fair value (LTFV). ^{2/}

Large declines in production, capacity utilization, domestic shipments, employment, sales, and profits indicate material injury to the U.S. industry. A reasonable indication that the Brazilian imports are linked to this injury is demonstrated by a number of factors, including the absolute and relative increase of imports, evidence of underselling by imports, and our analysis of the bidding process.

The domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." ^{3/} Section 771(10), in turn, defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to" this investigation. ^{4/}

^{1/} Commissioners Haggart and Rohr have determined in this investigation that there is a reasonable indication of material injury and therefore do not reach the issue of a reasonable indication of threat of material injury.

^{2/} Material retardation of the establishment of an industry in the United States is not an issue in this investigation and will not be discussed further.

^{3/} 19 U.S.C. § 1677(4)(A).

^{4/} 19 U.S.C. § 1677(10).

The imported products under investigation are large-diameter carbon steel welded pipes which exceed 16 inches in outside diameter. These pipes are produced to American Iron & Steel Institute (AISI) specifications and are used primarily as line pipes. Line pipes are used for the transportation of gas, oil, or water generally in a pipeline or utility distribution system. ^{5/} All of the domestically produced pipes which exceed 16 inches in outside diameter are produced to meet AISI specifications for and are used as line pipes. ^{6/}

In prior investigations, the Commission has defined line pipe as a separate like product. ^{7/} Since all the imported and the domestically produced pipes above 16 inches in outside diameter are produced in order to meet the AISI specifications for line pipes and are substitutable for each other, we determine that the domestic product is like the imported product. We, therefore, determine that the domestic industry is composed of the domestic producers of large-diameter carbon steel welded pipes which exceed 16 inches in outside diameter, which are primarily used as line pipes. ^{8/ 9/}

^{5/} Commission Report (Report).

^{6/} If the pipes do not meet the rigid specifications for line pipes because, for example, they are rusted, cracked, or not round, they may be used as pilings or in certain other construction applications. However, these are only secondary uses and are not the usual or desired market for such pipes.

^{7/} See Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131 and 132 (Preliminary), USITC Pub. 1389 (1983).

^{8/} Confab, the Brazilian producer, argues that Berg Pipe, the petitioner, should be excluded from the definition of the domestic industry under sec. 771(4)(B) of the Tariff Act of 1930, the related parties provision, because it is a subsidiary of Bergrohr, a West German pipe producer. Under the plain language of the statute, however, the related-parties provision is applicable to domestic producers that either import or are related to importers or exporters of the allegedly dumped merchandise, in this case large-diameter welded carbon steel pipes from Brazil. Since Berg Pipe is neither related to a Brazilian pipe producer nor does it import line pipe from Brazil, this

(Footnote continued)

Condition of the domestic industry

Material injury to the domestic industry is evidenced by such factors as large declines in production, capacity utilization, domestic shipments, employment, sales, and profits. Domestic production of large-diameter carbon steel welded pipes continuously declined from 1.0 million tons in 1981 to 623,000 tons in 1982 and then to 136,000 tons in 1983. ^{10/} Capacity utilization also fell sharply, from 51 percent in 1981 to 31 percent in 1982, and then to 7 percent in 1983. ^{11/} Domestic shipments declined by 85 percent during the period under investigation, from 1.0 million tons in 1981 to 587,000 tons in 1982, and then to 155,000 tons in 1983. ^{12/} At the same time, employment fell from 1,575 workers in 1981 to 1,284 workers in 1982, and then to 378 workers in 1983. ^{13/}

During the period under investigation, net sales declined by 86 percent, from \$450 million in 1981 to \$272 million in 1982, and then to \$62 million in 1983. ^{14/} Operating income fell from \$56 million in 1981 to a loss of \$17 million in 1982 and then to a loss of \$18 million in 1983. ^{15/ 16/} All reporting companies reported gross income losses in 1983 compared with one

(Footnote continued)

provision is not applicable. See also S. Rep. No. 96-249, 96th Cong., 1st Sess. at 83.

^{9/} The domestic producers are American Cast Iron Pipe Co., Armco, Inc., Berg Steel Pipe Corp., Bethlehem Steel Corp., Kaiser Steel Corp., Stupp Corp., and U.S. Steel Corp.

^{10/} Report at A-8.

^{11/} Report at A-9.

^{12/} Report at A-9.

^{13/} Report at A-10.

^{14/} Report at A-12.

^{15/} Report at A-12.

^{16/} Income-and-loss data were received from three firms which together accounted for an estimated 76 percent of U.S. production of the large-diameter pipes in 1983. Report at A-11.

company in 1982 and none in 1981. ^{17/} Therefore, on the basis of the condition of the domestic industry, we determine that there is a reasonable indication of material injury.

Reasonable indication of material injury or threat of material injury by reason of alleged LTFV imports

Imports from Brazil increased steadily from 567 tons, valued at \$286,000, in 1981 to 15,000 tons, valued at \$5.6 million, in 1982, and then to 53,000 tons, valued at \$19.8 million, in 1983. ^{18/} By contrast, during 1981-83, imports from all sources dropped from 717,000 to 175,000 tons. ^{19/} The import penetration ratio for imports from Brazil increased from less than 0.5 percent in 1981 to 1.1 percent in 1982 and then jumped to 16.1 percent in 1983. ^{20/} In 1983, Brazil was the principal source of U.S. imports of large-diameter carbon steel welded pipes.

In most instances, large-diameter pipes are sold through a bidding process and, consequently, most of the information on prices is confidential. The Commission has examined 15 major contracts for projects awarded since January 1982. Confab, the sole Brazilian producer, was awarded two of those contracts, including the largest contract awarded in 1983 for the Trans Louisiana Project (the Faustina Project). On this contract, Confab underbid both U.S. and several foreign producers by substantial margins. ^{21/} The

^{17/} Report at A-11.

^{18/} Report at A-15.

^{19/} Report at A-16.

^{20/} Report at A-18.

^{21/} Report at A-19. During the first round of the bidding process, Confab underbid several U.S. producers. In the second round of the bidding, only one domestic producer submitted a bid. The Commission seeks further information from the parties on the bidding process in any final investigation.

much lower price was a factor in the decision to award the contract to Confab. ^{22/} In early 1984, Confab was awarded another major contract for the Paradis/LGS project. Once again, the low bid price was a factor in the award of the contract to Confab. ^{23/}

The Commission has received 10 allegations of sales lost to imports from Brazil. Most of these allegations involved sales in the secondary distributor market. The Commission confirmed that on five of those occasions, price was the critical factor in the decision to purchase the Brazilian product.

In addition to the substantial increase in imports in 1983, another factor which provides a reasonable indication of threat of material injury is that consumption of the large-diameter pipes in Brazil declined from 1982 to 1983. During the same period, Confab maintained significant, unused capacity to produce large-diameter pipes. ^{24/} In 1983, the United States was a substantial export market for Brazil. ^{25/} With domestic consumption falling in Brazil, there is a real and imminent threat that the significant, unused capacity will be directed towards the United States.

Furthermore, there are three contracts now pending for large-diameter welded pipes in which Confab is an active participant. Confab has bid on all

^{22/} Although pricing appears to be an important factor, financing terms and delivery considerations also appear to be important. The Commission seeks further information on these factors in any final investigation.

^{23/} Report at A-21. The petitioner Berg Pipe did not bid on the two contracts which Confab won. Berg Pipe's parent company, Bergrohr, did bid on those contracts. Information gathered in the preliminary investigation indicates that Bergrohr and Berg Pipe do not compete on the same projects. We note, however, that two other large domestic producers, U.S. Steel Corp and Bethlehem Steel Corp., did compete for these projects and have announced that they are parties in support of the petition.

^{24/} Report at A-7.

^{25/} The Commission seeks further information from the parties on export markets for Brazil in any final investigation.

three contracts. One contract, the All American Pipeline, represents the largest project in the last few years. 26/ The quantity is reported to range from 300,000 to 349,000 tons.

Accordingly, we conclude that there is a reasonable indication that imports from Brazil of the large-diameter carbon steel welded pipes are a cause of material injury and threaten material injury to the domestic industry. 27/

26/ Report at A-22

27/ See note 1, supra.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On March 21, 1984, the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) received a petition from counsel on behalf of Berg Steel Pipe Corporation of Panama City, Florida, a domestic producer of steel pipe products, alleging that large-diameter carbon steel welded pipes from Brazil, which are known as line pipes and provided for in item 610.32 of the Tariff Schedules of the United States (TSUS), are being sold in the United States at less than fair value (LTFV). The Commission therefore instituted a preliminary antidumping investigation, under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports. The statute directs that the Commission make its determination within 45 days after its receipt of the petition, or in this case, by May 7, 1984.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on March 28, 1984 (49 F.R. 11895). 1/ The public conference was held in Washington, D.C., on April 16, 1984. 2/ The briefing and vote in this investigation was held on May 1, 1984.

Past Commission Investigations

The Commission has conducted prior investigations under section 701 of the Tariff Act of 1930 concerning imports of large-diameter carbon steel welded pipes from France, Italy, and West Germany.

On May 7, 1982, United States Steel Corp. filed petitions with the Commission and Commerce alleging that an industry in the United States was materially injured and was threatened with material injury by reason of imports from Brazil, France, Italy, the Republic of Korea, and West Germany of welded carbon steel pipes and tubes provided for in item 610.32 of the TSUS, upon which bounties or grants were alleged to be paid. Among the specific products covered by these petitions were large-diameter carbon steel welded pipes known as line pipes from France, Italy, and West Germany.

1/ A copy of the Commission's notice of institution is presented in app. A. A copy of Commerce's notice of initiation is also presented in app. A.

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

On June 21, 1982, the Commission found that there was a reasonable indication of material injury 1/ by reason of imports of such pipes from France (investigation No. 701-TA-166 (Preliminary)), and West Germany (investigation No. 701-TA-169 (Preliminary)). The Commission found no reasonable indication of material injury by reason of imports of such pipes from Italy (investigation No. 701-TA-167 (Preliminary)). 2/

On October 4, 1982, Commerce issued preliminary negative determinations, finding the benefits provided by the Governments of France and West Germany to be de minimus (47 F.R. 44818 and 47 F.R. 44826, respectively). Both investigations were terminated by Commerce on October 29, 1982, when U.S. Steel withdrew its petitions in response to an arrangement whereby the European Coal and Steel Community (ECSC) agreed to limit its exports of certain steel products to the United States (47 F.R. 49058).

Nature and Extent of Alleged Sales at LTFV

~~The petition alleges that line pipes from Brazil are being sold in the United States at LTFV.~~ The petitioner calculated the estimated cost to produce line pipes in Brazil for 11 product sizes by adding a 25-percent processing cost to published list prices for plate. The petitioner then compared these estimated pipe costs to the value of imports entered into the United States 12 to 15 weeks later, allowing for the lag time between the purchase of plate and shipment of the finished pipe and for shipping time from Brazil to the United States. These calculations resulted in estimated dumping margins ranging from 34.45 to 46.56 percent for imports entered during November 1983.

The petitioner also states that it cannot ascertain whether Brazilian producers are selling line pipe in Brazil below their costs of production. In case this is true, the petition also calculates dumping margins for the 11 products using a constructed value for the Brazilian pipe. In this comparison, dumping margins are estimated to range from 45.21 to 58.29 percent.

The Product

Description and uses

The imported products covered by this investigation are large diameter carbon steel welded pipes which exceed 16 inches in outside diameter (o.d.) and are known as line pipes.

1/ Commissioner Stern found no reasonable indication of material injury.

2/ Welded Carbon Steel Pipes and Tubes from Brazil, France, Italy, the Republic of Korea, and West Germany: Determinations of the Commission in Investigations Nos. 701-TA-165 through 169 . . . , USITC Publication 1262, June 1982.

Line pipes are one of six categories of pipes and tubes recognized by the American Iron & Steel Institute (AISI). 1/ Such pipes are used for the transportation of gas, oil, or water, generally in a pipeline or utility distribution system, in sizes 1/8 inch to 42 inches or larger o.d. 2/ and produced to API specifications.

Although the AISI defines large-diameter line pipes as those with an o.d. of 24 inches or more, the line pipes covered by this investigation are those with an o.d. greater than 16 inches. This was done to conform with the statistical breakout provided for in the Tariff Schedules of the United States Annotated (TSUSA). 3/ Since most line pipes are manufactured to particular specifications for individual projects, there is little competition between different sizes.

Line pipes are subject to rigid inspections by both plant personnel and independent or customer engineers before they are shipped from the producer's plant. Most line pipes are required to pass three different tests--hydro-static, ultrasonic, and X-ray--before they are accepted by the purchaser. Pipes which meet quality standards are usually coated before use to prevent corrosion. Those which do not meet the required specifications (if rusted, cracked, or out of round, for example) may be used as pilings or in certain other construction applications. However, these are secondary uses and not the usual or preferred market. Pipes for these applications are sold at discounted prices.

Manufacturing process

Welded steel pipes are made by forming flat-rolled steel into a tubular configuration and welding it along the joint axis. The two primary methods of shaping the line pipes which are subject to this investigation are the pyramid rolling process and the U-O-E method. 4/

The pyramid rolling machine consists of an elongated 3-roll bending apparatus with the two bottom rolls fixed and the top roll movable along a vertical plane. The flat-rolled steel is moved into position beneath the top roll, and through the proper combination of force and counterpressure, the steel is shaped into a cylinder around the top roll. The edges of the pipe are formed by a continuous crimping machine, which prepares the edges for welding. When this is accomplished, the pipe is welded along the joint axis.

1/ For a full discussion of all six categories, see Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-168 . . ., USITC Publication 1345, February 1983.

2/ The American Petroleum Institute (API) has established standards for pipes up to 80 inches in outside diameter.

3/ Transcript of the conference, p. 41.

4/ A third process, called continuous line production, is used by some firms to produce line pipes up to about 24 inches o.d. In this process, pipe is produced in a continuous line and cut into individual sections toward the end of the process.

Finally, the pipe is sized to ensure that it meets specifications on roundness and diameter at the ends. The sizing machine consists of a top and bottom roll shaped to the desired configuration of the pipe. Pressure is applied on the top roll to exert a force on the pipe as it is passed between the two rolls.

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

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

There are various methods by which pipes are welded, including the continuous weld (CW), the electric resistance weld (ERW), the submerged-arc weld (SAW), and the spiral weld methods. Submerged-arc welds and electric resistance welds are normally used to produce the line pipes covered in this investigation.

In the SAW process, a steel plate is cold-formed into a cylinder, the edges of which are beveled forming a V-notch when brought together. The edges are welded as the notch is filled with molten metal from a welding rod. The seam on the inside is also welded. The pipe is rotated and a welding apparatus inserted inside. Pipes made by the SAW process are usually between 16 and 48 inches in outside diameter. 1/

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

U.S. tariff treatment

U.S. imports of the large-diameter carbon steel welded pipes which are the subject of this investigation are classified under TSUSA items 610.3211 and 610.3251. Imports from Brazil and all other countries receiving the column 1 rate of duty 2/ are dutiable at 1.9 percent ad valorem. 3/ This

1/ The SAW process is sometimes referred to as double submerged arc welding (DSAW). However, both names refer to essentially the same process.

2/ The rates of duty in col. 1 are most-favored-nation rates and are applicable to imported products from all countries except those communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

3/ Prior to Jan. 1, 1982, the rate of duty was 0.3 cent per pound.

rate of duty is the final staged rate negotiated in the Tokyo round and thus is not scheduled for further reduction.

U.S. Market and Channels of Distribution

Apparent U.S. consumption

The most important factor affecting consumption of line pipes is the construction of new oil, gas, and water pipeline projects. The last year during which construction of such projects (and consumption of line pipes) was at historically "normal" levels was 1981. ^{1/} In "normal years," although some line pipes are sold by distributors to existing systems for replacement purposes, most line pipes are directed toward new projects. ^{2/}

A secondary use of line pipes is as pilings. However, this application is economically feasible only when the pipes do not meet specifications and otherwise would be used as scrap.

Apparent U.S. consumption of line pipes declined sharply, from 1.7 million tons in 1981 to 329,796 tons in 1983, or by 81 percent (table 1). This decline is attributable to the sharp drop in the construction of new oil and gas pipelines and to reduced activity in oil and gas exploration.

Table 1.--Large diameter carbon steel welded pipes: Domestic shipments, exports, imports, and apparent consumption, 1981-83

(In tons)					
Year	Domestic shipments	Exports	Imports	Apparent consumption	
					1/
1981-----	1,012,092	3,173	717,310	1,729,402	
1982-----	586,946	25,064	798,666	1,385,612	
1983-----	154,818	283	174,978	329,796	

^{1/} Slightly overstated, as these data include imports of pipes other than line pipes under TSUSA item 620.3251. However, such imports are believed to be small.

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

^{1/} Transcript of the conference, p. 42.

^{2/} In 1983, shipments of line pipes were only slightly higher to end users than to distributors (about 60 percent to 40 percent).

U.S. producers

Seven U.S. firms had the capacity to produce large-diameter carbon steel welded pipes in 1983. These firms, their locations, and their shares of total industry shipments in 1983, are presented in the following tabulation:

<u>Firm</u>	<u>Plant location</u>	<u>Percentage distribution of shipments</u>
American Cast Iron Pipe Co-----	Birmingham, Ala.	***
Armco, Inc. 1/-----	Houston, Tex.	***
Berg Steel Pipe Corp-----	Panama City, Fla.	***
Bethlehem Steel Corp-----	Steelton, Pa.	***
Kaiser Steel Corp-----	Napa, Calif.	***
Stupp Corp-----	Baton Rouge, La.	***
U.S. Steel Corp-----	Duquesne, Pa., and Baytown, Tex.	***
Total-----		100

1/ Armco * * * and closed its plant on Jan. 21, 1984.

U.S. producers may be divided into two types--large, integrated producers (Armco, Bethlehem, U.S. Steel) and non-integrated producers (American, Berg, Stupp). 1/ The integrated producers make their own steel and generally roll their own plate into large diameter pipes. Conversely, the nonintegrated producers buy plate or coils for fabrication into pipe.

As shown in the following tabulation compiled from interviews by the staff of the U.S. International Trade Commission with personnel from American, Berg, Bethlehem, Kaiser, Stupp, and U.S. Steel, the sizes of pipes produced by each firm, as well as the raw material and production process they use, vary considerably:

<u>Firm</u>	<u>O.D. sizes (inches)</u>	<u>Raw material</u>	<u>Production process/welding</u>
American-----	16 to 20	* * *	Continuous-line ERW.
Berg-----	24 to 64	* * *	Pyramid rolling SAW.
Bethlehem-----	16 to 42	* * *	U.O.E. ERW.
Kaiser-----	16 to 42	* * *	U.O.E. SAW.
Stupp-----	18 to 24	* * *	Continuous-line ERW.
U.S. Steel-----	16 to 20	* * *	Continuous-line ERW.
	24 to 48	* * *	U.O.E. SAW.

1/ Kaiser closed its steelmaking operations in 1983 and now purchases plate from other firms.

Producers using U.O.E. forming are able to produce pipe at a more rapid rate than those which do not. However, this process locks the mill into standard sizes and requires a 3- to 5-day changeover time. 1/ By comparison, the pyramid-rolling process can be changed to a different size in 1 hour. 2/ This enables such producers to produce shorter runs of pipes for sale to distributors as well as long runs for sale in the project market.

One U.S. producer, Berg, is located in a foreign-trade zone in Panama City, Fla. 3/ Berg's application for operations in the zone was granted on January 16, 1981 (46 F.R. 8072, Jan. 26, 1981). The operation was approved for a 5-year period and will be reviewed after 4 years.

U.S. importers

The major importer of large-diameter carbon steel welded pipes from Brazil is Confab Industrial Corp., a wholly owned subsidiary of Confab Industrial S.A. Confab Industrial Corp, which acts as sales agent on non-project sales for its parent, began operations in January 1983. Sales on pipeline projects are handled by L.B. Foster Co., which acts as Confab's sales agent. L.B. Foster Co. is also a large distributor of pipes, and it imports some stock from Confab S.A. for its own inventories. A third importer is Sumitomo Corp. of America, which imports some pipes from Confab S.A., as well as from other countries. 4/

Foreign producer

The only Brazilian exporter of large-diameter carbon steel welded pipes to the United States is Confab Industrial S.A., which exports line pipes manufactured by the U.O.E. SAW process. 5/ According to counsel, Confab's effective annual capacity to produce U.O.E. large-diameter carbon steel welded pipes is * * * tons; while its effective capacity to produce large-diameter carbon steel welded pipes by all production methods (including the U.O.E. method) is * * * tons. Data on Confab's production and sales are presented in table 2. Confab's utilization of total productive capacity for large-diameter carbon steel welded pipes * * * from * * * percent in 1982 to * * * percent in 1983, before * * * to * * * percent in January-March 1984.

1/ Transcript, pp. 11-13.

2/ Ibid, p. 14.

3/ Berg is 99 percent owned by Berg Pipe, Inc., which in turn is 66.7 percent owned by Bergrohr GmbH, Herne, West Germany, and 33.3 percent owned by Daval Investors, Inc., New York.

4/ Sumitomo * * *.

5/ Confab Industrial S.A. also produces pipe by continuous-spiral-forming SAW, bending roll SAW, and continuous-process ERW.

Table 2.--Large-diameter carbon steel welded pipes: Confab Industrial S.A.'s production and exports, 1982-83, and January-March 1984

(In tons)			
Item	1982	1983	January-March 1984
Production designated for--			
Consumption in Brazil---	***	***	***
Export-----	***	***	***
Total-----	***	***	***
Exports:			
United States-----	***	***	***
Latin America-----	***	***	***
Austria-----	***	***	***
Egypt-----	***	***	***
Total-----	***	***	***

Source: Post conference statement on behalf of Confab Industrial S.A., confidential exhibit 4.

Note.--Data may not add to totals shown.

The Question of Alleged Material Injury

U.S. production

U.S. production of large-diameter carbon steel welded pipes declined sharply, from 1 million tons in 1981 to 135,913 tons in 1983, as shown in the following tabulation:

<u>Year</u>	<u>Production</u> (tons)
1981-----	1,009,756
1982-----	622,584
1983-----	135,913

Production by each of the seven responding firms 1/ followed the trend shown above for the aggregate industry. One firm, Armco, * * *, and closed its plant in January 1984.

1/ The Commission sent questionnaires to all seven U.S. producers of the pipes covered by this investigation and received at least partial responses from each.

Capacity and capacity utilization

U.S. capacity to produce large-diameter carbon steel welded pipes remained unchanged during 1981-83 at an estimated 1,986,000 tons per year. As shown in the following tabulation, the utilization of productive capacity declined steadily:

<u>Year</u>	<u>Capacity utilization</u> (percent)
1981-----	50.8
1982-----	31.3
1983-----	6.8

Domestic shipments

Shipments of large-diameter carbon steel welded pipes by U.S. producers generally approximate production, because few inventories are maintained. During 1981-83, domestic shipments fell by 85 percent, as shown in the following tabulation:

<u>Year</u>	<u>Domestic shipments</u> (tons)
1981-----	1,012,092
1982-----	586,946
1983-----	154,818

The decrease in domestic shipments reflects, in part, the corresponding decline in the demand for these pipes during the period.

U.S. exports

Three U.S. producers, * * *, reported exports of large-diameter carbon steel welded pipes during 1981-83. Exports by these firms varied considerably during the period, as shown in the following tabulation:

<u>Year</u>	<u>Exports</u> (tons)
1981-----	***
1982-----	***
1983-----	***

During 1982, the year of the most exports, * * * reported small quantities of exports to * * *, although most U.S. exports were accounted for by * * * shipments to * * *. * * * reported exports in 1981 only.

U.S. inventories

As mentioned, inventories held by producers of large-diameter carbon steel welded pipes are usually relatively small in relation to shipments. Inventories increased during 1980-82 and then declined sharply, as shown in the following tabulation:

<u>As of Dec. 31--</u>	<u>Inventories</u> (tons)
1980-----	22,461
1981-----	32,036
1982-----	34,407
1983-----	3,212

Employment

Three firms, * * *, provided data on employment of workers producing line pipes (table 3). Employment of such workers fell by 76 percent between 1981 and 1983.

Table 3.--Large-diameter carbon steel welded pipes: Employment, hours worked, wages paid, and total compensation, 1981-83 1/

Item	:	1981	:	1982	:	1983
Employees producing large-	:		:		:	
diameter carbon steel welded	:		:		:	
pipes-----number--	:	1,575	:	1,284	:	378
Hours worked-----1,000 hours--	:	3,200	:	2,551	:	723
Wages paid-----1,000 dollars--	:	40,481	:	31,382	:	9,617
Total compensation paid---do----	:	55,668	:	47,929	:	14,845

1/ Includes data for * * *, * * *, and * * *.

Source: Compiled from responses to questionnaires of the U.S. International Trade Commission.

Employees at three firms, U.S. Steel, Bethlehem, and Stupp, are represented by the United Steel Workers Union; Kaiser's employees are represented by the Boilermakers Union. Employees at Berg and American Cast Iron Pipe are not represented by unions.

Financial experience of U.S. producers

Income-and-loss data on both an establishment basis and for large-diameter carbon steel welded pipes were received from three firms which together accounted for an estimated 76 percent of U.S. production of such pipes in 1983.

Large-diameter carbon steel welded pipe operations.--Data for large-diameter carbon steel welded pipes, by firms, are presented in table 4. Total net sales of such pipes dropped drastically, from \$450.5 million in 1981 to \$62.4 million in 1983, or by 86 percent. U.S. producers attribute the decline in net sales mainly to the lack of demand for such pipes in 1983.

U.S. producers reported aggregate operating losses of \$16.7 million (6.2 percent of net sales) in 1982 and \$17.7 million (28.4 percent of net sales) in 1983, compared with an operating income of \$55.7 million (12.4 percent of net sales) in 1981.

The major reason for the losses in 1982 and 1983 was the severe decline in net sales. All three firms reported gross losses in 1983 compared with one firm in 1982 and none in 1981.

Table 4.--Income-and-loss experience of three U.S. producers on their operations producing large-diameter carbon steel welded pipes, by firms, 1981-83

Item	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating income or (loss)
1,000 dollars					
1981:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total or average--	450,499	388,402	62,097	6,411	55,686
1982:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total or average--	271,750	278,362	(6,612)	10,108	(16,720)
1983:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total or average--	62,362	74,038	(11,676)	6,065	(17,741)
Ratio to net sales of--					
	Gross profit or (loss)	Operating income or (loss)	Cost of goods sold	General, selling, and administrative expenses	
Percent					
1981:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total or average--	13.8	12.4	86.2	1.4	
1982:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total or average--	(2.4)	(6.2)	102.4	3.7	
1983:					
* * *	***	***	***	***	***
* * *	***	***	***	***	***
* * *	***	***	***	***	***
Total or average--	(18.7)	(28.4)	118.7	9.7	

1/ Less than 0.05 percent.

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

Overall establishment operations.--Income-and-loss data for the establishments within which large-diameter carbon steel welded pipes are produced are presented in table 5. One firm, * * *, produced only large-diameter carbon steel welded pipes in its establishment. The trends for combined overall establishment net sales and operating income or loss ratios are similar to those for pipe operations alone during 1981 and 1983. However, U.S. producers reported operating income on overall establishment operations in 1982 but reported operating losses on large-diameter carbon steel welded pipes during the same period.

Table 5.--Income-and-loss experience of three U.S. producers on the overall operations of establishments within which large diameter carbon steel welded pipes are produced, by firms, 1981-83

Item	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating income or (loss)	Ratio to net sales of--	Gross profit or (loss)	Operating income or (loss)
	Million dollars					Percent		
1981:								
* * *	***	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***	***
Total or average--	1,871	1,599	272	35	237	14.5		12.7
1982:								
* * *	***	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***	***
Total or average--	1,001	895	106	34	72	10.6		7.2
1983:								
* * *	***	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***	***
* * *	***	***	***	***	***	***	***	***
Total or average--	363	445	(82)	23	(105)	(22.6)		(28.9)

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

Capital expenditures.--Two firms, * * * and * * *, provided usable data relative to their capital expenditures for building or leasehold improvements and machinery and equipment used in the manufacture of all products of the reporting establishments. They also reported such expenses used in the production of large diameter welded pipes (table 6).

Table 6.--Large-diameter carbon steel welded pipes: Capital expenditures, 1981-83

(In thousands of dollars)				
Item and year	Building or leasehold improvements	Machinery and equipment	Total	
All products of establish- ments:				
1981-----	***	***	***	***
1982-----	***	***	***	***
1983-----	***	***	***	***
Large-diameter carbon steel welded pipes:				
1981-----	***	***	***	***
1982-----	***	***	***	***
1983-----	***	***	***	***

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

As shown, capital expenditures relative to line pipes dropped by * * * percent from * * * in 1981 to * * * in 1983.

The Question of a Reasonable Indication of Threat of Material Injury

Data concerning production, capacity, and exports of large-diameter carbon steel welded pipes for Brazil are presented in the "Foreign producers" section of this report. Data regarding imports from Brazil are presented in the "U.S. imports" section, which follows.

The Question of the Causal Relationship Between Alleged Material Injury and Alleged LTFV Imports from Brazil

U.S. imports

Imports of large-diameter carbon steel welded pipes from Brazil increased steadily from 567 tons, valued at \$286,000, in 1981 to 53,149 tons, valued at \$19.8 million, in 1983 (table 7). 1/

1/ These data include both API line pipes (TSUSA item 610.3211) and non-API line pipes (TSUSA item 610.3251). The latter item includes pipes other than line pipes. Although the quantity of such pipes is believed to be small, data as presented are overstated.

Table 7.--Large-diameter carbon steel welded pipes: U.S. imports for consumption, 1/ by sources, 1981-83

Source	1981	1982	1983
Quantity (short tons)			
Brazil-----	567	15,321	53,149
Japan-----	487,489	475,940	47,250
Republic of Korea-----	2,891	5,288	31,672
Mexico-----	0	3,072	12,821
France-----	74,973	103,806	9,571
West Germany-----	16,461	158,799	9,034
All other-----	134,930	36,440	11,481
Total-----	717,310	798,666	174,978
Value (1,000 dollars)			
Brazil-----	286	5,583	19,787
Japan-----	254,556	279,141	18,181
Republic of Korea-----	1,519	2,212	9,557
Mexico-----	-	958	3,743
France-----	45,190	66,651	3,778
West Germany-----	8,944	93,837	2,972
All other-----	72,219	15,778	4,154
Total-----	382,714	464,160	62,172
Unit value (per ton)			
Brazil-----	\$504	\$364	\$372
Japan-----	522	587	385
Republic of Korea-----	525	418	302
Mexico-----	-	312	292
France-----	603	642	395
West Germany-----	543	591	329
All other-----	535	433	362
Average-----	534	581	355

1/ TSUSA items 610.3211, and 610.3251, and 610.3265.

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

As a share of total imports (by quantity), imports from Brazil increased from less than 1 percent in 1981 to 2 percent in 1982 and to 30 percent in 1983, the year in which imports from most sources declined sharply. In 1983, Brazil was the principal source of U.S imports of large-diameter carbon steel welded pipes.

Imports from all sources followed a different trend than that exhibited by imports from Brazil, increasing from 717,310 tons in 1981 to 798,666 tons in 1982 before declining sharply to 174,978 tons in 1983.

Prior to 1983, Japan was the dominant source of U.S. imports of the pipe considered here, supplying 487,000 tons, valued at \$255 million, in 1981 and 476,000 tons, valued at \$279 million, in 1982. Other major suppliers have been France and West Germany.

Imports from Brazil of line pipes meeting API specifications increased between 1982 and 1983, but total imports declined (table 8).

Market penetration

Imports of line pipes from Brazil, as a share of apparent U.S. consumption, increased from less than 1 percent in 1981 to about 16 percent in 1983 (table 9). The increase in 1983 is partially attributable to shipments of pipe for the Faustina Pipeline project. 1/

1/ The Faustina Pipeline project was the largest single purchase of line pipes in 1983; it was awarded to Confab. This project is discussed in detail in the prices section of this report.

Table 8.--Line pipes: U.S. imports for consumption 1/, by sources, 1982 and 1983 2/

Source	1982	1983
Quantity (short tons)		
Brazil-----	12,306	52,908
Japan-----	392,826	31,401
Republic of Korea-----	334	15,629
Mexico-----	2,452	9,631
West Germany-----	140,103	3,923
All other-----	121,018	7,558
Total-----	669,039	121,050
Value (1,000 dollars)		
Brazil-----	4,786	19,737
Japan-----	226,976	12,384
Republic of Korea-----	116	4,724
Mexico-----	727	2,881
West Germany-----	84,540	1,419
All other-----	73,841	2,594
Total-----	390,986	43,739
Unit value (per ton)		
Brazil-----	389	373
Japan-----	578	394
Republic of Korea-----	347	302
Mexico-----	296	299
West Germany-----	603	362
All other-----	610	343
Total-----	584	361

1/ TSUSA item 610.3211.

2/ There was no separate statistical break for API line pipes prior to 1982.

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

Table 9.--Imports from Brazil and apparent U.S. consumption of large diameter carbon steel welded pipes, 1/ 1981-83

Year	Imports from Brazil	Apparent consumption <u>2/</u>	Ratio of imports from Brazil to apparent consumption <u>3/</u>
	Tons		Percent
1981-----	567	1,729,402	<u>4/</u>
1982-----	15,321	1,385,612	1.1
1983-----	53,149	329,796	16.1

1/ TSUSA items 610.3211 and 610.3251.

2/ Understated.

3/ Overstated.

4/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce and responses to questionnaires of the U.S. International Trade Commission.

Prices

The market for large-diameter pipe is divided into project and distributor markets. Pipes manufactured for a given project are custom made to conform to certain unique technical requirements and contracts are awarded through a bid process. In a normal year the project market may represent about 75 percent of the total market. Data on prices were obtained only for the project market.

Prices are quoted either f.o.b. producer plant or delivered. Contract terms can be an important factor once conditions of quality and delivery are met. * * *, terms of sale, including financing, were an important factor in Confab's winning of two major bids. Other important considerations were the high quality of Confab pipes and very advantageous terms of delivery.

Bid prices.--Letting contracts for the production and delivery of large-diameter pipes can involve successive rounds of bidding, including additional bids for the same contract, entailing increasingly detailed technical requirements. If a bid is rejected on the basis of price, there is generally not an opportunity to resubmit.

The Commission asked the six major domestic producers, Confab, and its distributor, L.B. Foster Company, to identify the five largest contracts for which they submitted bids beginning in January 1982. In addition to the product specifications and quantity requirements of a given invitation to bid, the questionnaire requested information on the price quoted by a respondent, the terms of sale offered, the name of the winning bidder, and the winning bid. Three of the U.S. producers, Confab, and L.B. Foster responded to the Commission's questionnaire with information on a total of 15 contracts.

The 15 major contracts awarded since January 1982 are summarized in table 10. The combined weight of pipe production specified by these contracts amounted to 180,800 tons. Nine and a half of the 15 contracts, or 76 percent of the total contracted weight, were awarded to foreign producers. West German firms accounted for 85,000 tons. Confab won two contracts totaling 36,000 tons.

In addition, pending projects for which bids have been requested, totaling at least 322,000 tons in weight, are as follows:

December 1983-----	Madison Looping Project	6,000 tons
February 1984-----	Emidio California-	300,000 tons at least
	McCamey Texas Project	
	(All American Pipeline Co.)	
March 1984-----	South Texas/Hidalgo	16,000 tons

* * * * *

The contracts awarded to Confab are discussed first. A pending contract involving Confab is discussed at the end of the section.

Awarded contracts

Faustina Pipeline.--Invitations to submit quotes were announced by Williams Natural Gas Company of Tulsa, Oklahoma, in December 1982. 1/ The announcement called for 29,000 tons of large-diameter pipe of three outside diameters. Of the 13 producers who initially submitted bids, * * * quoted for all 3 diameters, and * * * responded only partially (table 11).

* * * * *

* * * * *

* * * * *

1/ Much of the material in this section was obtained directly from the purchaser by phone and in a letter of April 13, 1983. * * *

Table 10.--Contracts awarded for large-diameter carbon steel welded pipes, 1982-84

Date of announcement	Project name	Approximate Weight tons	Winner of contract
December 1982-----	Faustina	29,000	Confab (Brazil)
December 1982-----	Beula N.D.	8,700	Berg Steel Pipe
	Coal Gasifica-		
	tion Pipeline		
January 1983-----	Texas Eastern	9,200	Bethlehem Steel
	various DOT		
	work		
January 1983-----	Seagull Shoreline	12,300	Bethlehem Steel/
	system		Pont-a-Mousson
			(France)
May 1983-----	Bravo Dome	22,000	Mannesmann (West
			Germany)
September 1983-----	Transcontinental	26,000	Mannesmann (West
	Gas Pipeline		Germany)
September 1983-----	United Inter-	2,000	Vallourec (France)
	connect		
November 1983-----	Transcontinental	7,500	Hoesch (West
	Gas Pipeline		Germany)
December 1983-----	Natural Gas	9,000	U.S. Steel
	Pipeline's		
	1984 pipe and		
	casing require-		
	ments		
December 1983-----	Tennessee Gas	2,100	U.S. Steel
	Pipeline's		
	replacement		
	pipe		
December 1983-----	Transcontinental	31,000	Hoesch (West
	Gas Pipeline		Germany)
December 1983-----	South Texas	8,000	Stupp
	project		
February 1984-----	Paradis and LGS	7,000	Confab (Brazil)
February 1984-----	Mark Producing	7,000	Stelco (Canada)

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

Table 11.--Bid prices, initial quotations, Faustina project, March 1983 announcement

* * * * *

Table 12.--Bid prices, final quotations, Faustina project

* * * * * *

Paradis and LGS.--Williams Natural Gas Co. announced an invitation to quote in February 1984. The specifications called for 7,000 tons of large-diameter pipes with 0.265 inch-0.312 inch wall thickness. Confab won the contract with a bid of * * *.

Beulah N.D. Coal Gasification Pipeline.--American Natural Resource Pipeline announced an invitation to submit quotes for the sale of 8,665 tons of large pipe in December 1982. Berg Steel Pipe won the contract with a * * *.

Texas Eastern's various DOT work.--Texas Eastern Transmission Corporation announced an invitation for quotations on 9,173 tons of large pipe in January 1983. Bethlehem Steel won the contract, * * *.

Seagull Shoreline System.--Internorth of Houston, Texas, invited bids for this contract in January 1983. The project specified 12,261 tons of large-diameter pipe. Bethlehem Steel and Pont-à-Mousson won the contract. * * *.

Bravo Dome CO2 Pipeline Projects.--The project was announced by Amoco Pipeline Company in May 1983. It asked for bids on 22,000 tons of large-diameter pipes. The winner of the contract, was Mannesmann (FRG); * * *.

Transcontinental Gas Pipeline.--The project was announced by Transcontinental Gas Pipeline Corporation in September 1983. The announcement called for quotations on 26,000 tons of large-diameter pipes. Mannesmann (FRG) won the contract with a bid of * * * for a contract value of * * * million. * * *.

United Interconnect.--Internorth Corporation announced its invitation to bid for this 2,000 ton project in September 1983. * * *.

Transcontinental Gas Pipeline.--Transcontinental Gas Pipeline Corporation announced the project in November 1983. The announcement called for bids on the sale of 7,500 tons of pipe. * * *.

Natural Gas's 1984 Pipe and casing requirements.--Natural Gas Pipeline Company invited bids for this 9,097 ton project in December 1983. U.S. Steel Corporation reportedly won the contract, but its bid is unknown. * * *.

Tennessee Gas's replacement pipe.--Tennessee Gas Pipeline Company invited bids for 2,112 tons of pipe in December 1983. U.S. Steel Corporation reportedly won the contract. * * *.

Transcontinental Gas Pipeline.--The Transcontinental Gas Pipeline Corporation announced its invitation for quotes on the sale of 31,000 tons of pipe in December 1983. Hoesch (FRG) reportedly won the contract with a bid of * * *.

South Texas Project.--Valero Energy Corporation invited bids on 8,000 tons of pipe in December 1983. Stupp Corporation, Baton Rouge, Louisiana, reportedly won the contract, but the winning bid is not available. * * *.

Mark Producing/Texas Eastern Joint Venture.--Mark Producing Company asked for quotes for 7,000 tons of pipe in February 1984. Stelco (Canada) reportedly won the contract. * * *.

Pending contracts.--Information was obtained on bids in contracts that have not yet been awarded. There is no assurance that the lowest bid will win the contract.

Madison Looping Projects.--American Natural Resources announced invitations for bids on 6,000 tons of pipe in December 1983. Known bidders were * * *.

Emidio California-McCamey Texas Project.--The All American Pipeline Company invited bids on this very large project in February 1984. Reports on the quantity range from 300,000-349,000 tons.

Wilbrose Butler Engineering Co. won the bidding for prime contractor of the project. It has invited quotes from all major pipe producers. Among the many firms participating in the bidding process are * * *.

South Texas Project/Hidalgo.--Lone Star Gas Company announced the contract for 16,000 tons of pipe in March 1984. * * *.

Exchange rates.--The nominal exchange rate of the Brazilian cruzeiro declined steadily relative to the U.S. dollar from 1981-83. During that period, the cruzeiro depreciated over 1,100 percent in the exchange markets (table 13). The exchange rates of the cruzeiro in real terms, however, did not depreciate as much because of the higher Brazilian inflation rate relative to that in the United States. The real value of the cruzeiro depreciated by about 28 percent between January-March 1981 and October-December 1983.

Table 13.--Indexes of the nominal and real value rates of the Brazilian cruzeiro relative to the U.S. dollar, by quarters, during 1981-83

Period	Nominal value	Real value ^{1/}
1981:		
January-March-----	100	100
April-June-----	118	101
July-September-----	141	105
October-December-----	167	107
1982:		
January-March-----	198	107
April-June-----	226	104
July-September-----	268	105
October-December-----	326	110
1983:		
January-March-----	461	125
April-June-----	674	137
July-September-----	903	133
October-December-----	1,227	128

^{1/} Real exchange rates reflect nominal market value of the cruzeiro adjusted by relative wholesale price indexes of Brazil and the United States.

Source: Compiled from statistics of the International Monetary Fund.

Lost sales

Three U.S. producers, * * *, * * *, and * * *, provided a total of 10 allegations of sales lost to imports from Brazil in response to the lost sales question in the Commission's questionnaire. The combined amount of these allegations was an estimated 62,309 tons (valued at \$29 million) from August 1982 through March 1984. Details of these allegations, by firm, are discussed below.

*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

* * * * *

* * * * *

* * * * *

* * * also provided 4 allegations of sales lost to * * * pipes.

Two other U.S. producers, * * * and * * *, stated that they had lost no sales to imports from Brazil.

Lost revenues

None of the U.S producers provided specific allegations of lost revenues in response to the lost revenues question in the Commission's questionnaire.

APPENDIX A
FEDERAL REGISTER NOTICES

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

EFFECTIVE DATE: March 21, 1984.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil of carbon steel welded pipes, over 16 inches in outside diameter, provided for in item 810.32 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

FOR FURTHER INFORMATION CONTACT: Mr. David Coombs, Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-1376.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on March 21, 1984, by counsel on behalf of Berg Steel Pipe Corporation, Panama City, Florida. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by May 7, 1984 [19 CFR 207.17].

Participation

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

Service of Documents

The Secretary will compile a service list from 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), serve a copy of each such document on all

other parties to the investigation. Such service shall conform with the requirements set forth in § 201.18(b) of the rules (19 CFR 201.18(b)).

In addition to the foregoing, each document filed with the Commission in the course of this 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.

Written Submissions

Any person may submit to the Commission on or before April 18, 1984, a written statement of information pertinent to the subject matter of this investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

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

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on April 16, 1984, in the Hearing Room of the U.S. International Trade Commission Building, 701 E Street, NW, Washington, D.C. Parties wishing to participate in the conference should contact the staff investigator, Mr. David Coombs (202-523-1376) not later than April 11, 1984, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public Inspection

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

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

[Investigation No. 713-TA-183
(Preliminary)]

**Large Diameter Carbon Steel Welded
Pipes From Brazil**

AGENCY: International Trade
Commission.

11896

Federal Register / Vol. 49, No. 61 / Wednesday, March 28, 1984 / Notices

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

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

Issued: March 22, 1984

Kenneth R. Mason,

Secretary.

IFR Doc. 84-8300 Filed 3-27-84, 8:45 am;

BILLING CODE 7020-02-M

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping investigation to determine whether certain large diameter carbon steel welded pipes from Brazil are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of the merchandise are materially injuring, or threatening to materially injure, a U.S. industry. The allegation of sales at less than fair value includes an allegation that home market sales are being made at less than the cost of production in Brazil. Also, critical circumstances have been alleged under section 773(e) of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act). If our investigation proceeds normally, the ITC will make its preliminary determination on or before May 7, 1984, and we will make ours on or before August 28, 1984.

EFFECTIVE DATE: April 18, 1984.

FOR FURTHER INFORMATION CONTACT: Alain Letort, 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) 377-5050.

SUPPLEMENTARY INFORMATION:

Petition

On March 21, 1984, we received a petition filed in proper form from counsel for Berg Steel Pipe Corporation, on behalf of the U.S. industry producing certain large diameter carbon steel welded pipes. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Brazil are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or threatening to materially injure, a U.S. industry. The allegation of sales at less than fair value is supported by comparisons of the estimated prices at which Brazilian pipe producers purchase the plate used in the manufacture of the subject merchandise (obtained from published price lists of Brazilian plate producers), plus the cost of processing the plate based on petitioner's own and industry experience, with the f.a.s. value of this merchandise imported into the United States (as reported by the U.S. Department of Commerce, Bureau of Census). Using this comparison,

petitioner showed dumping margins of approximately 34.00 to 48.00 percent. The allegation of sales at less than fair value includes an allegation that home market sales are being made at less than the cost of production in Brazil. Also, critical circumstances have been alleged under section 733(e) of the Act.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegation of sales at less than fair value. We have examined the petition on certain large diameter carbon steel welded pipes and we have found that the petition meets those requirements. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether certain large diameter carbon steel welded pipes from Brazil are being, or are likely to be, sold at less than fair value in the United States. We will also determine whether "critical circumstances" exist in this case. Although the petitioner alleged that home market sales of the subject merchandise are being made at less than the cost of production in Brazil, it provided no home market or third country prices on which to base its allegation. Therefore, at this time, we will not undertake to determine whether there are sales at less than the cost of production. If our investigation proceeds normally, the ITC will make its preliminary determination by May 7, 1984, and we will make ours on or before August 28, 1984.

Scope of the Investigation

The merchandise covered by this investigation is "Certain Welded Large Diameter Carbon Steel Pipes" of circular cross section, with an outside diameter greater than 16 inches, not suitable for use in boilers, superheaters, heat exchangers, condensers, and feedwater heaters, and not cold drawn; as currently provided for in items numbers 610.3211 and 610.3251 of the *Tariff Schedules of the United States Annotated* (TSUSA). This merchandise includes American Petroleum Institute (A.P.I.) and non-A.P.I. line pipe, but does not include A.P.I. nor non-A.P.I. welded carbon steel oil well casing.

Notification to ITC

Section 732(d) of the Act requires us to notify the U.S. International Trade

[A-361-601]

Certain Large Diameter Carbon Steel Welded Pipes From Brazil; Initiation of Antidumping Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

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

Preliminary Determination by ITC

The ITC will determine by May 7, 1984, whether there is a reasonable indication that imports of certain large diameter carbon steel welded pipes from Brazil are materially injuring, or threatening to materially injure, a U.S. industry. If that determination is negative, the investigation will terminate; otherwise, the investigation will proceed according to the statutory procedures.

Dated: April 10, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-2887 Filed 4-17-84; 8:45 am.]

SELLING CODE 5010-108-01

APPENDIX B

WITNESSES APPEARING AT THE CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-183 (Preliminary)

LARGE DIAMETER CARBON STEEL WELDED
PIPES FROM BRAZIL

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigation on April 16, 1984, in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the petition

Windels, Marx, Davies & Ives -- Counsel
New York, New York
on behalf of

Berg Steel Pipe Corporation

Hermann Buschor, President, Berg Pipe Sales, Inc.
Robert Wise, Director of Technical Services

Peirre F. de Ravel d'Esclapon)--OF COUNSEL

United States Steel Corporation

Craig D. Mallick)--OF COUNSEL

In opposition to the petition

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

Confab Industrial, S.A.

Celso Botelho d'Moraes, General Counsel
Ismar Wajchenberg, General Manager, Houston Office

Royal Daniel, III)
Pamela S. Krop)--OF COUNSEL

