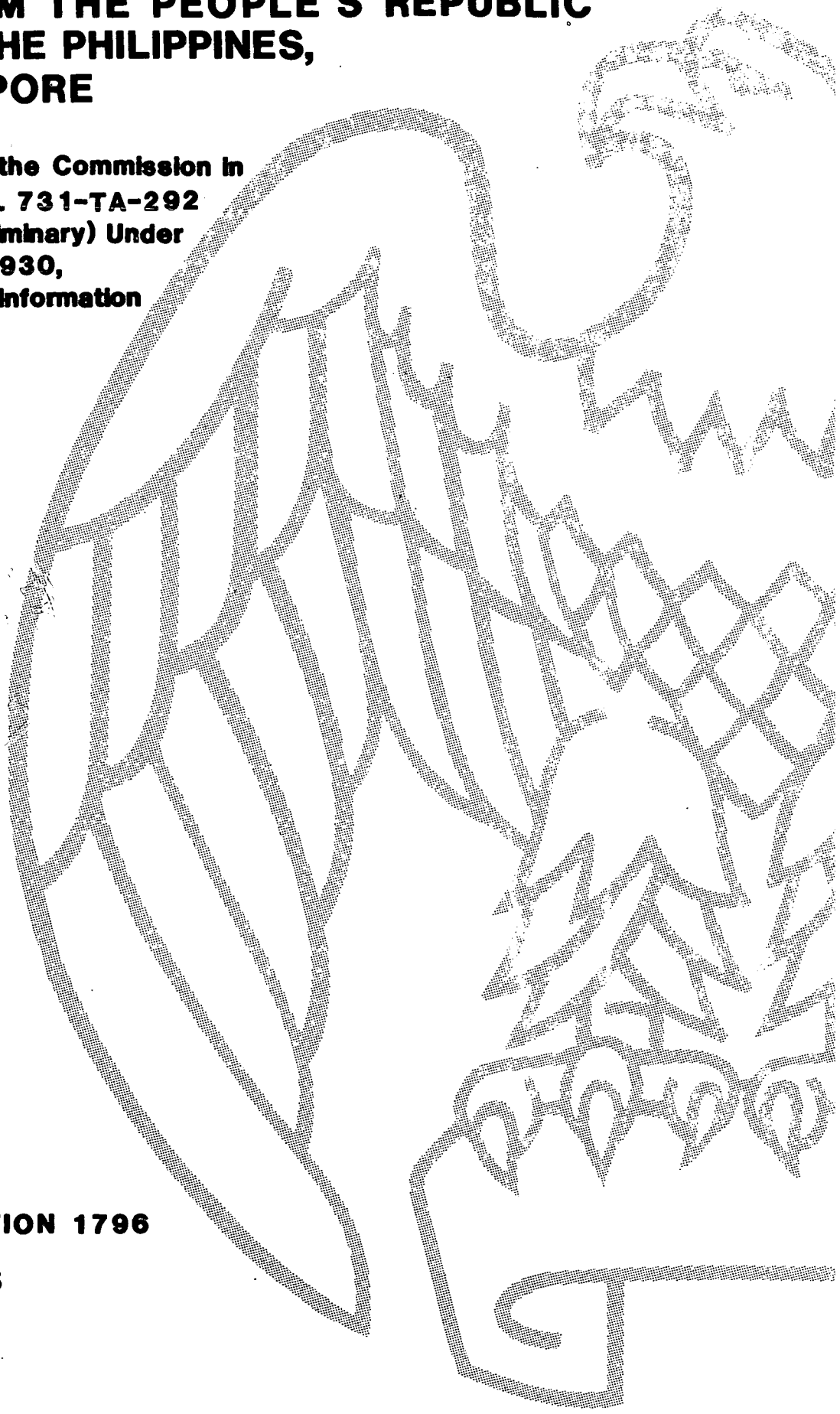
CERTAIN CARBON STEEL PIPES AND TUBES FROM THE PEOPLE'S REPUBLIC OF CHINA, THE PHILIPPINES, AND SINGAPORE

Determinations of the Commission in Investigations Nos. 731-TA-292 through 296 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations



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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-292 through 296 (Preliminary)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES
FROM THE PEOPLE'S REPUBLIC OF CHINA, THE PHILIPPINES, AND SINGAPORE

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the following welded carbon steel pipes and tubes which are alleged to be sold in the United States at less than fair value (LTFV):

> Standard pipes and tubes 2/ from the People's Republic of China (China), the Philippines, and Singapore (investigations Nos. 731-TA-292 through 294 (Preliminary)) 3/
>
> Light-walled rectangular pipes and tubes 4/ from Singapore (investigation No. 731-TA-296 (Preliminary)) 5/

The Commission further determines, on the basis of the record developed in investigation No. 731-TA-295 (Preliminary), pursuant to section 733(a) of

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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/ For purposes of these investigations, the term "standard pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, 0.375 inch or more but not over 16 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 of the Tariff Schedules of the United States (Annotated) (TSUSA).

3/ Chairwoman Stern and Vice Chairman Liebeler find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of standard pipes and tubes from China, the Philippines, and Singapore.

4/ For purposes of this investigation, the term "light-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness less than 0.156 inch, provided for in item 610.4928 of the TSUSA.

5/ Vice Chairman Liebeler dissents.

the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Singapore of heavy-walled rectangular pipes and tubes 1/ which are alleged to be sold in the United States at LTFV. 2/

Background

On November 13, 1985, petitions were filed with the Commission and the Department of Commerce by counsel for the Committee on Pipe & Tube Imports, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of certain welded carbon steel pipes and tubes from China, the Philippines, and Singapore. Accordingly, effective November 13, 1985, the Commission instituted preliminary antidumping investigations Nos. 731-TA-292 through 296 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 20, 1985 (50 F.R. 47851). The conference was held in Washington, DC, on December 6, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ For purposes of this investigation, the term "heavy-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness not less than 0.156 inch, provided for in item 610.3955 of the TSUSA.

2/ Commissioners Eckes and Lodwick dissenting.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of standard pipes and tubes from the People's Republic of China, the Philippines, and Singapore, which are allegedly sold at less than fair value (LTFV). 1/ We further determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of light-walled rectangular pipes and tubes from Singapore which are allegedly sold at LTFV. 2/ We finally determine that there is no reasonable indication that an industry in the United States is materially injured, threatened with material injury, or that the establishment of an industry in the United States is materially retarded by reason of imports of heavy-walled rectangular pipes and tubes from Singapore, which are allegedly sold at LTFV. 3/ 4/

We base each of our determinations regarding standard pipes and tubes (standard pipe) and light-walled rectangular pipes and tubes (L-WR) on the cumulative impact of the allegedly LTFV imports. Although none of these investigations present a strong showing of material injury by reason of the cumulative effect of the imports, we conclude, based on the best information now available, that there is a reasonable indication of material injury.

In the case of standard pipe, the condition of the domestic industry remains depressed and the industry has experienced downturns in several key

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1/ Chairwoman Stern and Vice Chairman Liebeler determine that there is a reasonable indication of threat of material injury by reason of the subject allegedly LTFV imports.

2/ Vice Chairman Liebeler dissents. See her Additional and Dissenting Views, infra.

3/ Commissioners Eckes and Lodwick dissent. See their Dissenting Views, infra.

4/ Material retardation of an industry is not an issue in any of the present investigations and will not be discussed further.

indicators, including shipments, employment, and net sales during 1985. Since the imports appear to be fungible and meet all the criteria for cumulation, we have considered their cumulative impact (with other imports of standard pipe under investigation) on the domestic industry and concluded that their increased market share and evidence of underselling [5/] during a period of declining domestic prices demonstrate a reasonable indication of material injury by reason of the subject imports. [6/]

The domestic L-WR industry, which was experiencing problems in 1984, has declined in 1985 in terms of the principal economic indicators. The imports from Singapore appear to be fungible with and compete with those from Taiwan (also under investigation) and the domestic like product. Domestic producers' prices have declined and the limited data available indicate that the imports undersell the domestic product.

With regard to heavy-walled rectangular pipe and tube (H-WR), we conclude that the domestic industry is suffering some economic difficulty. Because there is no significant competition between H-WR imports from Singapore and H-WR imports from Canada, cumulation is not appropriate and we have considered the impact of the H-WR imports from Singapore alone. Any injury being experienced by the domestic industry is not by reason of the allegedly LTFV imports from Singapore due to their exceedingly small market share and the lack of price suppression, price depression, and lost sales. [7/] Moreover, the record is devoid of any information that suggests the possibility of threat of injury by reason of the Singaporean H-WR imports.

5/ See footnote 47, infra.
6/ See footnote 1, supra.
7/ See footnote 75, infra.

I. THE LIKE PRODUCTS AND THE DOMESTIC INDUSTRIES. [8/]

Three imported products are the subjects of the petitions in these investigations: standard circular welded carbon steel pipes and tubes, 0.375 inch or more but not over 16.0 inches in outside diameter (standard pipe); heavy-walled rectangular welded carbon steel tubing, having a wall thickness of 0.156 inch or greater, in rectangles from 3 x 2 inches to 20 x 12 inches and from 2 to 16 inch squares (H-WR); and light-walled rectangular welded carbon steel tubing, having a wall thickness of less than 0.156 inch, in rectangles ranging from 0.375 x 0.625 inch to 4 x 8 inches and from 0.375 inch to 6 inch squares (L-WR).

We have investigated standard pipe on various prior occasions, [9/] and, in the most recent of those investigations, we determined that the domestic product like imported standard pipe is domestically produced standard pipe up to 16 inches outside diameter, and that the domestic industry comprised the domestic producers of standard pipe. [10/] In the present investigations, no new information has been uncovered, petitioners urge no change in these

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8/ The term "industry" is defined as "the domestic producers as a whole of the like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 19 U.S.C. § 1677(4)(A). The term "like product" is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 19 U.S.C. § 1677(10). The article subject to investigation is defined by the Department of Commerce (Commerce).

9/ Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, Invs. Nos. 701-TA-251-253 (Preliminary) and Invs. Nos. 731-TA-271-274 (Preliminary), USITC Pub. 1742 (Aug. 1985) (hereafter cited "India, Taiwan, Turkey, and Yugoslavia") at 7, note 6, and cases cited therein.

10/ India, Taiwan, Turkey, and Yugoslavia, supra; Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Inv. No. 701-TA-242 (Preliminary) and Invs. Nos. 731-TA-252-253 (Preliminary), USITC Pub. 1680 at 6-9 (April 1985) (hereafter cited "Thailand and Venezuela").

terminations, [11/] and the parties in opposition took no position on these questions. [12/] We, therefore, conclude that the like product is standard pipe up to 16 inches outside diameter and that the industry consists of the domestic producers of the like product.

We have also recently investigated H-WR and concluded that the like product consists of domestically produced H-WR and that the industry consists of the domestic producers of H-WR. [13/] Here again, no new information has been uncovered, petitioners urge adoption of the prior Commission definitions, and the parties in opposition have taken no position. No new information has come to our attention that would suggest that different definitions are appropriate and, therefore, in these investigations we adhere to our prior definitions of the like product and the domestic industry.

The Commission has also investigated L-WR on prior occasions, finding that domestically produced L-WR is like imported L-WR and that the industry consists of the domestic producers of L-WR. [14/] No new information has been uncovered, petitioners urge adoption of the prior Commission definitions, and the parties in opposition have taken no position. Therefore, we again adhere to our prior definitions of the like product and the domestic industry.

11/ Conference transcript (Tr.) at 44.
12/ Id. at 72.
13/ Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Preliminary), USITC Pub. 1691 at 4 (May 1985) (Canada); Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131-132 (Preliminary), USITC Pub. 1389 at 8 (1983) (Korea and Taiwan).
14/ Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, Invs. Nos. 731-TA-211-212 (Preliminary), USITC Pub. 1639 at 7 (Feb. 1985) (Taiwan and Venezuela); Korea and Taiwan, supra, at 8-9.

II. STANDARD PIPE.

A. Condition of the Domestic Standard Pipe Industry. [15/]

In making a determination regarding material injury, the Commission considers, among other factors, the trends in production, capacity utilization, sales, market share, employment, wages, and profitability of the domestic industry. [16/] In these investigations, the Commission considered the information available for the period January 1982-June 1985.

As noted above, the Commission has considered the standard pipe industry in several recent preliminary investigations in which we found that there was a reasonable indication of material injury. [17/] As we noted most recently in investigations involving imports of standard pipe from India, Taiwan, Turkey, and Yugoslavia, the domestic standard pipe industry suffered serious setbacks in 1982 in terms of most significant economic indicators. [18/] In those investigations, we found that while there had been some improvement, the performance of the domestic industry remained weak in 1985.

In the present investigations, the available data reconfirm those findings. Although apparent domestic consumption remained stable when January-June 1984 is compared to the corresponding period in 1985, [19/] the performance of the domestic industry deteriorated. U.S. producers' shipments, capacity utilization, employment, and net sales declined from levels that were already depressed. [20/] Comparing the same two periods, standard pipe

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15/ Much of the information in these investigations regarding the condition of the domestic industry and regarding the imports is confidential and, therefore, can be discussed only in general terms.
16/ 19 U.S.C. § 1677(7)(C)(iii).
17/ See footnote 10, supra.
18/ India, Taiwan, Turkey, and Yugoslavia, supra, at 9.
19/ Report of the Commission (Report) at Table I-3.
20/ Id. at Tables I-3-I-6.

operations continued to generate operating losses, even though the amount of losses decreased. The number of firms reporting operating losses doubled from two to four. 21/

Accordingly, we conclude that there is a reasonable indication that the domestic standard pipe industry is materially injured. 22/ 23/

B. Cumulation of Standard Pipe Imports.

These standard pipe investigations involve allegedly LTFV imports from the People's Republic of China, the Philippines, and Singapore. We recently concluded preliminary investigations regarding allegedly LTFV imports of

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21/ Id. at Table I-6.

22/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causation. She joins her colleagues by concluding that the domestic industry is experiencing economic problems. For a full discussion of this issue, see Photo Albums and Photo Album Filler Pages from Hong Kong and the Republic of Korea, Invs. Nos. 731-TA-240-241, USITC Pub. 1784 at 7, note 19 (Dec. 1985). Chairwoman Stern reads American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1276 (CIT 1984), aff'd sub nom., Armco, Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985), as holding that the approach of the Commission majority is permissible but not required under the statute.

23/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. The U.S. Court of International Trade recently held that:

> The Commission must make an affirmative determination only when it finds both (1) present material injury (or threat to or material retardation of the establishment of an industry) and (2) that the material injury is 'by reason of' the subject imports. Relief may not be granted when the domestic industry is suffering material injury but not by reason of unfairly traded imports. Nor may relief be granted when there is no material injury, regardless of the presence of dumped or subsidized imports of the product under investigation. In the latter circumstance, the presence of dumped or subsidized imports is irrelevant, because only one of the necessary criteria has been met, and any analysis of causation would thus be superfluous.

American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1276 (CIT 1984), aff'd sub nom., Armco, Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985).

standard pipe from India, Turkey, Yugoslavia, [24/] and Thailand. [25/] [26/] Accordingly, we must determine whether it is appropriate to cumulatively assess the impact of these imports on the domestic industry.

Section 612(a)(2)(A) of the Trade and Tariff Act of 1984 amended title VII of the Tariff Act of 1930 by the enactment of a new subsection pertaining to cumulation:

> (iv) CUMULATION.--For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such products compete with each other and with the like products of the domestic industry in the United States market. [27/]

The subject imports must satisfy three criteria before cumulation is warranted. They must (1) compete with other imports and with the domestic

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24/ India, Taiwan, Turkey, and Yugoslavia, supra.

25/ Thailand and Venezuela, supra.

26/ Commissioner Rohr notes that the Commission's affirmative determinations in the India, Turkey, Yugoslavia, and Thailand cases also involved imports from Venezuela which are no longer subject to investigation. The effect of this situation on cumulation and on the analysis of cumulated imports was not discussed by the parties in these preliminary investigations. Commissioner Rohr expects this issue to be fully explored by the parties should this matter return to the Commission for a final investigation.

27/ Pub. L. 98-573, § 612(a)(2)(A), to be codified at 19 U.S.C. § 1677(7)(C)(vi).

like product, (2) be marketed within a reasonably coincident time period, and (3) be subject to investigation. 28/ 29/ 30/

In prior investigations, we treated standard pipe as a fungible commodity. 31/ No party has disputed that here. However, the China National Metals & Minerals Import & Export Corp. (Minmetals) (the sole Chinese exporter of standard pipe) asserts that cumulation of the Chinese exports is not appropriate here, due to alleged quality defects. 32/ Minmetals states

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28/ Id.; H.R. Rep. No. 1156, 98th Cong., 2nd Sess. 173 (1984).

29/ In determining whether the imported products compete with each other and with the domestic like product in the U.S. market and whether the marketing of imports is reasonably coincident, we have considered the following factors:

> 1. The degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions;
> 2. The presence of sales or offers to sell in the same geographic markets of imports from different countries and the domestic like product;
> 3. The existence of common or similar channels of distribution of imports from different countries and the domestic like product;
> 4. Whether the prices of imports and the domestic like product are within a reasonable range; and
> 5. Whether the imports are simultaneously present in the market.

India, Taiwan, Turkey, and Yugoslavia, supra, at 12, note 28, and cases cited therein.

30/ Steel Tubes of Singapore (STS), the Singapore party in opposition to the petition, has argued that the Commission may cumulate only those imports that are subject to preliminary investigation. STS postconference brief at 4-7. We disagree. The statute provides for cumulation of imports "under investigation." Moreover, the argument would have us disregard the impact of imports during the time they are unfairly traded if they are then subject to final investigation. The Commission, of course, does not consider the impact of imports during the time that the imports are fairly traded or the equivalent of fairly traded.

31/ India, Taiwan, Turkey, and Yugoslavia, supra; Thailand and Venezuela, supra.

32/ Minmetals postconference brief at 3.

that its "small shipments to the U.S. market have not been equivalent to U.S. standards and have had to be refinished in order to be resold." 33/ 34/ These statements are borne out by the information gathered during the investigation, to the extent that a large share of Chinese pipe had to be regalvanized after importation or had to be sold as substandard goods. 35/ However, not all Chinese pipe was substandard. Moreover, we received no information about the price differentials between substandard and regular quality pipe and no information regarding the costs of regalvanizing. Accordingly, we believe that we have insufficient information on which to conclude that there is no competition between the Chinese imports and other imports and between the Chinese imports and the domestic like product on the basis of product quality. 36/

In addition, the information of record is that the imports all compete within the same geographic areas. 37/ No party to these investigations has disputed petitioners' assertions 38/ that the imports compete for the same customers and that they utilize the same or similar channels of distribution. We found in prior investigations that some customers who purchase from service centers/distributors are unaware of the origin of the pipe they purchase. 39/

33/ Id.

34/ Representatives of the domestic industry conceded at the conference that poor quality products do not compete with domestic production. Tr. at 52-54.

35/ Report at I-13.

36/ Should there be a final investigation regarding standard pipe from China, we will expect the parties to explore this issue in greater detail.

37/ Report at Table I-15.

38/ See India, Taiwan, Turkey, and Yugoslavia, supra, at 13.

39/ Id. at 12-13.

The imports are simultaneously present in the market [40/] and they appear to sell within a reasonable price range. [41/]

Accordingly, we have cumulated imports from the People's Republic of China, the Philippines, Singapore, India, Turkey, Yugoslavia, and Thailand.

C. Impact of the Allegedly LTFV Standard Pipe Imports.

The total cumulated imports increased from 5,443 tons during January-June 1984 to 34,652 tons in January-June 1985. [42/] As a percentage of apparent domestic consumption, the cumulated imports accounted for less than half of one percent of apparent domestic consumption during January-June 1984 and almost three percent for January-June 1985. [43/] Imports increased sharply during July-October of this year, amounting to 61,632 tons during the four months. [44/] Although we do not have comparative domestic consumption data, there is little doubt that the cumulated imports represent a significantly greater share of consumption during that period when compared to prior periods.

Finally, we have gathered price data for three products. Domestic producers' prices for each of the three products peaked in 1984 and, without exception, prices for all three products have declined in each quarter since the fourth quarter of 1984. [45/] These declining prices appear to result, at least in part, from the standard pipe subject to these three investigations,

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40/ Report at Table I-8.
41/ Id. at Table I-12; India, Taiwan, Turkey, and Yugoslavia, supra; Thailand and Venezuela, supra.
42/ Report at Table I-8; India, Taiwan, Turkey, and Yugoslavia, supra, at Table 15.
43/ Report at Tables I-3 and I-8; India, Taiwan, Turkey, and Yugoslavia, supra.
44/ See Report at Tables I-8 and I-10; India, Taiwan, Turkey, and Yugoslavia, supra.
45/ Report at Table I-11.

which undersold the corresponding domestic standard pipe product in each quarter for which data are available. [46/] The margins of underselling are significant. [47/]

Accordingly, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of the cumulated LTFV imports of standard pipe. [48/]

II. HEAVY-WALLED RECTANGULAR TUBING.

A. Condition of the Domestic H-WR Industry.

We most recently considered the condition of the H-WR industry in May 1985 in an investigation regarding allegedly LTFV imports from Canada. [49/] In that investigation, we observed:

> U.S. consumption of the product increased 61 percent from 1982-84, and then decreased 5 percent in the first quarter of 1985. Similarly, several domestic industry performance indicators--production, capacity utilization, shipments, sales, and employment--increased between 1982 and 1984; all but sales declined in January-March 1985. It should be noted that the data showing improved performance

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46/ Id. at Table I-12.

47/ Vice Chairman Liebeler does not believe evidence of "underselling" is probative on the issue of causation. See Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. Nos. 701-TA-258-260 (Preliminary), USITC Pub. 1771 at 36-38 (Oct. 1985) (Additional Views of Vice Chairman Liebeler).

48/ Chairwoman Stern and Vice Chairman Liebeler find only that there is a reasonable indication of threat of material injury by reason of the cumulative impact of the allegedly LTFV imports. The information in these investigations indicates that the import penetration ratio for the subject imports for the most recent quarter, assuming that domestic consumption has remained stable, may be as high as 8 or 9 percent, up from less than 3 percent for the first two quarters of 1985. There is no evidence before the Commission that this increase is an abnormal, short-term phenomenon. The information of record further indicates that there is unused productive capacity for standard pipe that may be used to generate exports to the United States.

49/ Canada, supra.

> through 1982-84 represent a relative gain for an industry which was in a depressed condition in 1982. Significantly, the domestic industry's market share decreased throughout this period. 50/

For the present investigation, we have obtained data for calendar years 1982-84 and for the periods January-September 1984 and January-September 1985. When we compare the data for interim 1984 and 1985, we note some small improvement in the condition of the domestic industry, but not sufficient improvement to conclude that there is no reasonable indication of material injury.

Shipments, production, and capacity utilization all increased slightly from January-September 1984 to January-September 1985. 51/ Capacity utilization, however, remained at low levels. Employment and hours worked declined from interim 1984 to interim 1985, although hourly wages and total compensation per hour increased slightly. 52/ Net sales decreased during the same period. 53/

The financial data reveal that the profitability of the domestic industry has improved slightly during the first nine months of 1985. 54/ The overall financial picture of the industry, however, remains generally weak and three firms that provided usable financial data reported operating losses for 1985. 55/

Therefore, although there have been improvements in some of the indicia of the condition of the industry since we last examined it, the overall

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50/ Id. at 5, footnotes omitted.
51/ Report at Tables II-2-II-3.
52/ Id. at Tables II-5-II-6 and p. II-9.
53/ Id. at II-10.
54/ Id. at Table II-7.
55/ Id.

picture is of an industry that remains in a depressed condition. We conclude that there is a reasonable indication that the industry is suffering material injury. 56/ 57/

B. Cumulation of Heavy-Walled Rectangular Tubing. 58/

In the present investigation, petitioners urge the Commission to cumulate H-WR imports from Singapore with H-WR imports from Canada, 59/ 60/ and Steel Tubes of Singapore (STS) opposes such cumulation. 61/ There are only two arguments in opposition to cumulation in this investigation, and we deal with them in turn.

First, STS argues that we should not cumulate H-WR from Singapore with H-WR from Canada because imports from a small source (Singapore) should not be cumulated with imports from a large source (Canada). 62/ STS argues, primarily on the basis of the legislative history, 63/ that Congress intended for the Commission to cumulate only small sources. We disagree because the three criteria for cumulation require us to examine the facts and realities regarding the interactions of the products in the market. Nothing in either the statute or the legislative history suggests that Congress did

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56/ See footnote 22, supra.
57/ See footnote 23, supra.
58/ Commissioner Eckes and Commissioner Lodwick do not join in the rest of this opinion on H-WR. See their Dissenting Views, infra.
59/ Petition at 44-46.
60/ Although Commerce issued a preliminary negative determination regarding H-WR from Canada, 50 F.R. 37706 (Sept. 17, 1985), it recently issued an affirmative final determination. 50 F.R. 48238 (Nov. 22, 1985). Therefore, the Commission is currently conducting a final investigation regarding H-WR from Canada, Inv. No. 731-TA-254 (Final) to be concluded by Feb. 4, 1986.
61/ STS postconference brief at 9-12.
62/ Id.
63/ H.R. Rep. No. 1156, 98th Cong., 2nd Sess. 173 (1984).

not intend this type of analysis when one of the importers is much larger than another. 64/ 65/

During the conference, the question of the competition between the Singaporean and the Canadian imports was raised. The available data show that the Singaporean imports are concentrated in the West Coast and Gulf Coast regions, while the Canadian imports are concentrated in the Great Lakes region. 66/ In general, the imports are consumed close to the ports of importation. At the conference, petitioners' witness stated that "[m]ost of what is coming in from Canada through the Great Lakes area is staying in the Midwest." 67/

The concentration of imports near the ports of entry is confirmed by the domestic freight rates that make the transport of these commodities far beyond their port of entry (in the Singaporean case) or their point of manufacture (in the Canadian case) highly unlikely unless there are special factors

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64/ STS premises its argument on the assertion that when there is a large presence (Canada) in the market, the small player does not have the market leverage to cause a "hammering" effect on the industry and any injury will be eradicated if the large source is restrained. STS postconference brief at 10. We find the argument unpersuasive because the premises underlying it are unsound. It is simply not true that a small participant in a market--or even a new entrant in a market--is necessarily a price-taker. Frequently, in fact, the opposite is true. The small producer, or the new entrant, in order to enter into a market or to increase its share of that market, may very well be the price leader.

65/ Vice Chairman Liebeler does not join with her colleagues in rejecting this argument. She notes that there is no reason to consider it because the Commission has decided not to cumulate on other grounds.

66/ Report at II-16. Forty-six percent of the Singaporean product entered through Los Angeles and 43 percent entered through Houston, with minor amounts entering elsewhere. Id. The Canadian imports, however, show no entries at either Los Angeles or Houston. Id.

67/ Tr. at 64.

present. [68/] [69/] While some Canadian H-WR is shipped to the West Coast, the amount is small, and a Canadian importer has stated that it provides a greater range of products than is available from Singapore. [70/] We have no information that any Canadian product reaches the Houston area.

Accordingly, there is only a very small amount of the Canadian product that enters the same U.S. market as the Singaporean product. Moreover, because of the relatively small quantity of the Canadian product in the West Coast markets and because it exceeds the size availabilities of the Singaporean imports, we conclude that Singaporean H-WR does not compete with Canadian H-WR in any meaningful sense. Accordingly, one of the criteria for cumulation is not met and cumulation is inappropriate. We consider only the impact of imports from Singapore.

C. No Material Injury by Reason of the Allegedly LTFV Heavy-Walled Rectangular Imports.

Imports from Singapore first entered the U.S. market during the last quarter of 1984 [71/] and, through the first nine months of 1985, have

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68/ See Report at II-18-II-19, setting forth the Chicago-Los Angeles freight rate per ton. Freight can account for a high percentage of the total price per ton when shipped from Chicago to the West Coast. Id. At the conference, petitioners testified that the most recent Chicago-Los Angeles truck rate is about $3.80 per hundredweight (i.e., $76 per ton) and the most recent Chicago-Los Angeles rail rate is $1.80 per hundredweight (i.e., $36 per ton). Tr. at 65.

69/ Commissioner Rohr also notes that in addition to the small quantities of the Canadian product which appear to be shipped overland from Canada to the West Coast through the Midwest, small amounts of the Singaporean product and the Canadian product have entered the Pacific Northwest, less than 200 tons annually, and some 20 tons of the Singaporean product reportedly entered an East Coast port. Commissioner Rohr concludes that this minimal overlap does not constitute the competition referred to in 19 U.S.C. §1677(7)(C)(vi) and does not justify the cumulation of Singaporean and Canadian product.

70/ Staff notes of Dec. 19, 1985.

71/ Report at Table II-9.

accounted for less than one percent of apparent domestic consumption. [72/] During January-September 1985, imports from Singapore accounted for only 4,158 tons when total domestic consumption totalled 547,618 tons. [73/] The total of Singaporean imports during this period is less than half the increase in domestic consumption during the same period. [74/]

In addition, while there were some margins of underselling, those lower prices have had no discernible impact on domestic producers. [75/] No domestic producer alleged any instances of sales lost to H-WR merchandise from Singapore [76/] and no domestic producer alleged any instance in which it was forced to lower its price in order to obtain a sale in light of competition from Singaporean H-WR. [77/]

We, therefore, conclude that there is no reasonable indication of material injury by reason of the allegedly LTFV imports of standard pipe from Singapore.

D. No Threat of Material Injury by Reason of the Allegedly LTFV Heavy-Walled Rectangular Imports.

The "threat of material injury" standard "[i]s intended to permit import relief under the . . . antidumping laws before actual material injury occurs." [78/] Section 612(a)(2)(b) of the Trade and Tariff Act of 1984 amended title VII of the Tariff Act of 1930 by adding a new subparagraph,

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72/ Id. at Table II-10.
73/ Id. at Tables II-1 and II-9.
74/ Id. at Table II-1.
75/ Although Vice Chairman Liebeler does not regard evidence of underselling to be probative on the issue of causation, she agrees with the conclusion that imports of H-WR have had no discernible impact on domestic producers.
76/ Vice Chairman Liebeler does not consider allegations of lost sales, or even confirmed lost sales, to be probative on the issue of causation.
77/ Report at II-19.
78/ S. Rep. No. 249, 96th Cong., 1st Sess. 89 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

§ 771(7)(F), which lists a series of factors which "[t]he Commission shall consider, among other relevant economic factors" in making a determination of threat of material injury. The factors set forth in the Act are generally those which the Commission has traditionally considered in making determinations regarding threat of material injury. In addition, the Act provides that a determination of material injury--

> [s]hall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or speculation. 79/

In this investigation, our consideration of the statutory factors leads inexorably to the conclusion that the record does not provide us with a reasonable indication that a threat of material injury is real or that actual injury is imminent.

Singapore is a recent entrant in the U.S. H-WR market, and petitioners assert that Singaporean imports will accelerate and will enter the United States at declining prices, thus posing a threat of material injury. They argue that there is currently an economic downturn in Singapore that could cause increased exports to the United States. 80/ We find the argument to be speculative and conjectural, particularly since it was not substantiated by any information regarding Singaporean H-WR productive capacity, capacity utilization, third country markets, or any other factor relating to the future

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79/ Section 612(a)(2)(b)(ii), Pub. L. 98-573 (Oct. 30, 1984), to be codified at 19 U.S.C. § 1677(7)(F).

80/ Petition at 35-38 and exhibits 13 and 16. The exhibits are articles that concern the general condition of the Singaporean economy, one of which includes a reference to construction industry. The articles are inconsistent in their predictions for the Singaporean economy in the foreseeable future. Neither article contains any reference to steel pipes and tubes or to the steel industry in general.

course of the Singaporean industry and its ability and incentives to direct exports of the subject product to the United States. Although, at the conference, Commission staff requested petitioners to provide information regarding this argument, 81/ they did not do so. Neither did they provide the Commission with any explanation why they could not do so. 82/

Not only are petitioners' arguments speculative, but they are also contradicted by the information independently gathered in the investigation. The industry in Singapore is operating at high levels of capacity utilization. 83/ Moreover, STS has long-term contractual requirements to third countries. 84/ 85/

Accordingly, we conclude that there is no reasonable indication of threat of material injury. 86/

81/ Tr. at 44-45.

82/ Petitioners also argue that Singaporean H-WR will be exported to the United States as other Asian countries export "cheap" H-WR to Singapore. Petition at 36. They also argue that Japanese firms, which allegedly hold a financial interest in the Singaporean industry, will attempt to evade the voluntary restraint agreement regarding, inter alia, Japanese tube by shifting their source of exports to Singapore. These arguments--relying as they do on the intentions of third country producers not present in this investigation--are simply far too speculative to support an affirmative finding.

83/ Report at a-8-9; STS postconference brief at app. p. 2.

84/ STS postconference brief at app. pp. 2-3.

85/ Commissioner Rohr concludes that there is no information to support petitioners' allegations and the information which the Commission has gathered indicates the lack of any likelihood that Singaporean imports will significantly increase their presence in the U.S. market.

86/ We note that the situation present here does not resemble the situation in Thailand and Venezuela, supra, in which we found a reasonable indication of threat of material injury from Thailand. In that case, there was specific information provided to the Commission regarding sharply increased future shipments. No similar information has been presented here.

III. LIGHT-WALLED RECTANGULAR TUBING

A. Condition of the Domestic L-WR Industry.

The Commission investigated the domestic L-WR industry earlier this year, and concluded that there was a reasonable indication of material injury based on data through September 1984. 87/ In that investigation, we concluded that, notwithstanding the improvements through September 1984, most of the economic indicators remained at levels substantially below those of 1981. 88/ In the present investigation, which includes data through June 1985, there are downturns in many of the significant economic indicators and the industry is performing less well than when we last examined it.

Domestic production and shipments declined from January-June 1984 to January-June 1985. 89/ Capacity utilization declined sharply during the period. 90/ There were also declines in the number of production and related workers, weekly hours worked, and average hourly wage. 91/ A significant number of workers have been permanently laid off during 1985. 92/

For financial performance of the domestic industry, the best available information covers all welded carbon steel pipes and tubes produced in the establishments within which L-WR is manufactured. 93/ Although the industry operated profitably throughout the period of investigation, the first six months of 1985 brought declines in net sales, gross profit, operating income, and net income before taxes when compared with the same period of 1984. 94/

87/ Taiwan and Venezuela, supra.
88/ Id. at 8.
89/ Report at Tables III-2-III-3.
90/ Id. at Table III-2.
91/ Id. at Table III-4.
92/ Id. at III-8.
93/ Only two of the 14 firms responding to the Commission's questionnaire provided usable data regarding their L-WR operations. Id. at III-9.
94/ Id. at Table III-5.

For the two firms for which we have data on L-WR operations, the financial picture is no better. 95/

Accordingly, we conclude that there is a reasonable indication that the domestic L-WR industry is experiencing material injury. 96/ 97/

B. Cumulation of Light-Walled Rectangular Tubing.

As noted above, we have recently conducted a preliminary investigation regarding L-WR from Taiwan, 98/ and we are now conducting a final investigation on L-WR from Taiwan. In this investigation, petitioners urge us to cumulate L-WR from Singapore with L-WR from Taiwan for our analysis, 99/ and STS opposes such cumulation. 100/

Imports from both Taiwan and Singapore are present simultaneously in the market. 101/ They enter predominantly through the port of Los Angeles. 102/ Petitioners assert, and no one has disputed that the imports from both Taiwan and Singapore are made to the same specifications as the like product and that they are sold through the same distribution system. 103/ Price data from this investigation and from our earlier investigation regarding Taiwan show that prices for these imports are in the same range.

Accordingly, we cumulatively assess the impact of the imports.

95/ Id. at Table C-1.
96/ See footnote 22, supra.
97/ See footnote 23, supra.
98/ Taiwan and Venezuela, supra.
99/ Petition at 42-44.
100/ STS postconference brief at 4-7. The principal STS argument in opposition to cumulation is dealt with in footnote 30, supra.
101/ Report at Table III-6.
102/ Id. at III-14.
103/ Petition at 42-44.

C. Impact of the Allegedly LTFV Light-Walled Rectangular Imports. [104/]

The total cumulated imports reached their peak in 1984 and declined thereafter. Imports from Taiwan decreased in the first half of 1985 as imports from Singapore increased. [105/]

The Commission gathered price data for two representative L-WR products. For both of those products, U.S. producers prices peaked in 1984 and have declined steadily since then. [106/] In our preliminary investigation regarding Taiwan, we noted that there was some evidence of underselling by imports and there were confirmed lost sales. [107/] In this investigation, the limited price data for L-WR from Singapore demonstrate underselling. [108/]

Accordingly, we find that there is a reasonable indication that the domestic L-WR industry is materially injured by reason of the cumulative impact of the imports.

104/ Vice Chairman Liebeler does not join in this section. See her Additional and Dissenting Views, infra.
105/ Report at Table III-6.
106/ Id. at Table III-8.
107/ Taiwan and Venezuela, supra, at 10.
108/ Report at III-15. We do not rely on Exhibit 14, Table 2, of the petition. The table includes weighted average U.S. producers' prices to end users and service centers and the landed value of the Singaporean product. Thus, the data in the table are not comparable.

ADDITIONAL AND DISSENTING VIEWS OF VICE CHAIRMAN LIEBELER

Based on the record in Investigation No. 731-TA-296 (Preliminary), I determine that there is no reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of imports of light-walled rectangular (L-WR) pipes and tubes from Singapore which are allegedly being sold at less than fair value (LTFV).[1]

I join with the Commission majority in their discussions of like product, domestic industry, and cumulation. Because my views on causation differ from those of my colleagues, I offer these additional views.

In order for a domestic industry to prevail in a preliminary antidumping investigation, the U.S. International Trade Commission ("Commission") must determine that there is a reasonable indication that the allegedly dumped imports cause or threaten to cause injury to the domestic industry producing the like product.

In Certain Red Raspberries from Canada, I set forth a framework for examining causation in Title VII

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[1]Material retardation is not an issue in this investigation.

investigations:[2]

> The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).[3]

These factors, when viewed together, serve as proxies for the inquiry that Congress has directed the Commission to undertake: whether foreign firms are engaging in unfair price discrimination practices that cause or threaten to cause material injury to a domestic industry.[4]

The starting point for the five factor approach is import penetration data. This factor is relevant because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. The cumulated import penetration ratio for L-WR pipes and tubes from Singapore and Taiwan[5] reached a high of 3.3 percent in 1984, up from 0.6 percent in 1982 and 1.5 percent in 1983, before falling to 0.9 percent for

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[2]Inv. No. 731-TA-196 (Final), USITC Pub. 1680, (1985) Additional Views of Vice Chairman Liebeler.

[3]Id. at 16.

[4]Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

[5]I have cumulated imports from Taiwan with imports from Singapore because they are both subject to investigation and compete with each other and the like product. See Views of the Commission, supra, at 23-24.

January-June 1985.[6] Thus, the cumulated market share of L-WR pipes and tubes from Singapore and Taiwan is very small.

The second factor is a high margin of dumping. The higher the margin of dumping, ceteris paribus, the more likely it is that the product is being sold below marginal cost, which is a requirement for predatory pricing. The margin of dumping is determined by the Department of Commerce ("Commerce") after the Commission has made an affirmative determination in the preliminary investigation. For Taiwan, Commerce has determined the weighted average margin to be 7.09 percent.[7] With respect to imports from Singapore, petitioners have alleged margins of 7.4 percent.[8] Therefore, even if Commerce were to confirm petitioners' allegations, the overall weighted average LTFV margin for Singapore and Taiwan would still be below 7.5 percent, which would be small.

The third factor is the homogeneity of the products. The more homogeneous are the products, the greater will be the effect of any allegedly unfair practice on domestic producers. Although there are several different sizes of L-WR pipes and

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[6]Report at table III-7,

[7]50 Fed. Reg 50821 (Dec. 12, 1985).

[8]Report at a-5.

tubes and it is employed in a variety of end uses,[9] imports from Singapore and Taiwan and the domestic like product would appear to be made to the same specifications, and no party has suggested otherwise. Thus, I conclude that domestic and imported L-WR are homogeneous.

The fourth factor is declining domestic prices. Evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. United States producers' prices for L-WR have shown no persistent trend either up or down from the first quarter of 1983 through the second quarter of 1985.[10]

The fifth factor is barriers to entry. The presence of barriers to entry makes it more likely that a producer can gain market power. Singapore and Taiwan together accounted for a high of 9.9 percent of U.S. imports of L-WR pipes and tubes by quantity in 1984, and an even smaller share by value.[11] For the first two quarters of 1985, Singapore and Taiwan together accounted for 3 percent of United States imports by

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[9]See discussion in id. at III-2.

[10]The Commission solicited pricing information for two L-WR products. For one of these products, domestic producers' prices were down slightly, and for the other domestic producers' prices were up slightly over the period of investigation Report at Table III-8 (the data are confidential).

[11]Report at table III-6.

quantity.[12] Thus, Singapore and Taiwan face substantial competition from other sources, and there are no barriers to entry.

The determination must be made on a case by case basis. In this cause, four of the factors clearly favor a negative preliminary determination, only the homogeneity of the product is consistent with an alternative determination. This factor cannot by itself justify an affirmative determination. The evidence available at this time indicates that cumulated imports are small, that any margin of dumping is small, that prices are fairly constant, and that there are no barriers to entry. Consequently, I conclude that there is no reasonable indication that imports of L-WR pipes and tubes from Singapore which are allegedly being sold at less than fair value materially injure or threaten to material injure the domestic industry producing the like product.

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[12] Id.

DISSENTING VIEWS OF COMMISSIONER ECKES AND COMMISSIONER LODWICK

Unlike the majority of our colleagues, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly LTFV imports of heavy-walled rectangular tubing (H-WR) from Singapore. We base this determination on an analysis of the cumulative impact on the domestic industry of the imports from Singapore and those from Canada, also subject to investigation.

The majority determined that cumulation in this investigation was inappropriate because most H-WR imports from Singapore enter West Coast and Gulf Coast ports, whereas those from Canada enter in the East or Great Lakes region. Since transportation of H-WR is relatively expensive, it is assumed that marketing is concentrated near the points of entry. Therefore, the majority maintains Canadian H-WR and imports from Singapore are not really competitive.

We reject this analysis for several reasons. First, Department of Commerce data show that a small volume of imports from Singapore entered Philadelphia in 1985 and some Canadian H-WR entered Seattle. (Report at II-16) We have conference testimony that there always has been some Canadian product in the West and Northwest marketplace (Tr. at 63).

Second, marketing may not be limited to the entry region for H-WR imports. Testimony at the conference quoted new, lower rail transport rates that could make it economically feasible to ship well outside the entry region. (Tr. at 65).

The fact that approximately 90 percent of domestic production occurs in the central Great Lakes area, whereas it is unlikely that 90 percent of consumption of domestic H-WR occurs in the same area, indicates that transport to distant markets probably takes place, even though it is expensive.

Congress in stating that cumulated imports should be competitive, did not specify any de minimis level of competition. The Commission should be wary of setting any such lower limit, particularly in a preliminary investigation when there is limited knowledge concerning the pattern of distribution for a product.

When considering the cumulated imports from Singapore and from Canada, we find that: (1) the volume of imports was large in the January - September 1985 period -- in excess of 20 percent of domestic shipments; (2) the volume of imports increased from the comparable prior year period; and (3) the market penetration of the imports also increased from the year earlier period, reaching 14.2 percent.

Although the available pricing data is limited, there is some evidence of underselling by the imports from Singapore (as there was in the preliminary investigation with respect to imports from Canada). During the period of rising imports, domestic prices declined. Therefore there is a reasonable indication that the allegedly LTFV imports of H-WR from Singapore, added to those from Canada, contributed to this price depression and were a cause of material injury to the domestic industry.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On November 13, 1985, counsel for the Committee on Pipe and Tube Imports (CPTI) filed antidumping petitions with the U.S. International Trade Commission and the U.S. Department of Commerce. The petitions allege that an industry in the United States is materially injured or is threatened with material injury by reason of imports from the People's Republic of China (China), the Philippines, and Singapore of certain welded carbon steel pipes and tubes which are allegedly sold at less than fair value (LTFV). Accordingly, effective November 13, 1985, the Commission instituted the following antidumping investigations under the Tariff Act of 1930 (19 U.S.C. § 1673(a)).

Standard pipes and tubes 1/ from the People's Republic of China, the Philippines, and Singapore (investigations Nos. 731-TA-292 through 294 (Preliminary))

Heavy-walled rectangular pipes and tubes 2/ from Singapore (investigation No. 731-TA-295 (Preliminary))

1/ For purposes of these investigations, the term "standard pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, 0.375 inch or more but not over 16 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 of the Tariff Schedules of the United States (Annotated) (TSUSA). The petition concerning standard pipes and tubes from China and the Philippines was filed on behalf of the standard pipe subcommittee of the Committee on Pipe & Tube Imports (CPTI). The 12 member producers of this subcommittee in support of the petition are: Allied Tube & Conduit Corp.; American Tube Co., Inc.; Bull Moose Tube Co.; Century Tube Corp.; Laclede Steel Co.; Maruichi American Corp.; Pittsburgh-International; Sawhill Tubular Division, Sawhill Corp.; Sharon Tube Co.; Southwestern Pipe, Inc.; Western Tube & Conduit; and Wheatland Tube Corp. The petition concerning standard pipes and tubes from Singapore was filed on behalf of all the firms listed above except Maruichi American Corp.

2/ For purposes of this investigation, the term "heavy-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness not less than 0.156 inch, provided for in item 610.3955 of the TSUSA. The petition concerning heavy-walled rectangular pipes and tubes was filed on behalf of the structural tubing subcommittee of the CPTI. The 5 member producers of this subcommittee in support of the petition are: Bull Moose Tube Co.; Copperweld Tubing Group; Kaiser Steel Corp.; UNR-Leavitt; and Welded Tube Co. of America.

Light-walled rectangular pipes and tubes 1/ from Singapore
(investigation No. 731-TA-296 (Preliminary))

In each of these investigations the Commission must 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 is materially retarded, by reason of imports of the subject merchandise.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 20, 1985 (50 F.R. 47851). 2/ The conference was held on December 6, 1985. 3/ The Commission voted on these investigations on December 20, 1985. The statute directs that the Commission make its determinations within 45 days after receipt of petitions, or in these cases by December 30, 1985.

Discussion of Report Format

This report is organized in three major parts on the basis of product groups. Part I deals with standard pipes and tubes; part II deals with heavy-walled rectangular pipes and tubes; and part III deals with light-walled rectangular pipes and tubes. This introductory portion of the report includes a general description of steel pipes and tubes and their manufacturing processes as well as discussions of the petitioners' allegations concerning LTFV sales, the import restraint program, the foreign producers of these products in the cited countries, and exchange rates.

The Products

Description and uses

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 in a few standard sizes, whereas tubes are made to customers' specifications regarding dimension, finish, chemical composition, and mechanical properties. Pipes are normally used as conduits

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1/ For purposes of this investigation, the term "light-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness less than 0.156 inch, provided for in item 610.4928 of the TSUSA. The petition was filed on behalf of the mechanical tubing subcommittee of the CPTI. The 6 member producers of this subcommittee in support of the petition are: Bernard Epps & Co.; Bull Moose Tube Co.; Hughes Steel & Tube; Kaiser Steel Corp.; Southwestern Pipe, Inc.; and Western Tube & Conduit.

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

3/ A list of witnesses appearing at the Commission's conference is presented in app. B.

for liquids or gases, whereas tubes are generally used for load-bearing or mechanical purposes. Nevertheless, there is apparently no clear line of demarcation in many cases between pipes and tubes.

Steel pipes and tubes can be divided into two general categories according to the method of manufacture--welded or seamless. Each category can be further subdivided by grades of steel: carbon, heat-resisting, stainless, or other alloy. This method of distinguishing between 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 section.

The American Iron & Steel Institute (AISI) distinguishes among the various types of pipes and tubes according to six end uses: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods. 1/

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, the United Kingdom, the U.S.S.R., and other countries have also developed standard specifications for steel pipes and tubes.

Manufacturing processes

Steel pipes and tubes are made by forming flat-rolled steel into a tubular configuration and welding it along the joint axis. There are various ways to weld pipes and tubes; the most popular are the electric resistance weld (ERW), the continuous weld (butt weld) (CW), the submerged-arc weld, and the spiral weld. The submerged-arc weld and spiral weld are normally used to produce pipes and tubes of relatively large diameter. The standard pipes and tubes in these investigations are generally welded by either the ERW or CW process; the heavy- and light-walled rectangular pipes and tubes under investigation are produced only by the ERW process. 2/ Immediately after welding, the product may be reduced in diameter by rolling or stretch reducing or may be further formed into squares, rectangles, or other shapes by using forming rolls.

In the ERW process, skelp 3/ is cold-formed by tapered rolls into a cylinder. 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.

1/ For a full description of these items, see Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-168 (Final) . . ., USITC Publication 1345, February 1983.

2/ Transcript of the public conference in investigations Nos. 731-TA-131 and 132 (Preliminary), pp. 52 and 53.

3/ Skelp is a flat-rolled, intermediate product used as the raw material in the manufacture of pipes and tubes. It is typically an untrimmed band of hot- or cold-rolled sheet.

In the CW process, skelp is heated to approximately 2,600° F and hot-formed into a cylinder. The heat, in combination with the pressure of the rolls, forms the weld. Continuous-weld mills generally produce the higher volume, standardized pipe products from 0.375 through 4.5 inches in outside diameter.

The advantage of the CW process lies in its ability to produce pipe at speeds up to 1,200 feet per minute compared with the ERW process maximum of approximately 110 feet per minute. Thus, economies associated with high-volume production may make CW pipe cheaper to produce than ERW pipe of the same grade and specification. 1/ The CW process is especially suited for the manufacture of standardized, high-volume, small-diameter pipe products, such as ASTM A-120 circular pipe.

Requirements concerning chemical and mechanical properties for ASTM pipes and tubes differ for various specifications and grades. Pipes and tubes are inspected and tested at various stages in the production process to ensure strict conformity to ASTM specifications.

Nature and Extent of Alleged Sales at LTFV

The petitioners allege that imports of certain welded carbon steel pipes and tubes from China, the Philippines, and Singapore are being sold in the United States at LTFV. These alleged LTFV margins are described below.

Standard pipes and tubes from China

China is a nonmarket economy country. Thus, in calculating the foreign market value of standard pipes from China, the petitioners used information concerning the foreign market value of pipes and tubes produced in a surrogate country. The petitioners selected India as the appropriate surrogate country. To calculate the LTFV margins, the petitioners compared the home market prices for pipes and tubes in India with the average value of standard pipes and tubes imported from China into the United States. The margins were 214 percent for black standard pipes and tubes and 236 percent for galvanized standard pipes and tubes.

Standard pipes and tubes from the Philippines

To calculate the LTFV margins for imports of standard pipes and tubes from the Philippines, the petitioners compared the constructed value of producing pipes and tubes in the Philippines with the average value at which such pipes and tubes are sold in the United States. According to the

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1/ On the other hand, the ERW process has gained increased popularity with U.S. producers of small-diameter pipe and tube products in recent years because it requires significantly less energy per pipe produced, since only the joining edges of the product are heated, creating a weld of comparatively high integrity. Also, it can be used to produce pipes in sizes up to 24 inches in outside diameter, compared with the 4.5-inch maximum outside diameter usually attainable in the CW process.

petitioners' calculations, the LTFV margins were 36.0 percent for black standard pipes and tubes and 51.5 percent for galvanized pipes and tubes.

Certain welded carbon steel pipes and tubes from Singapore

According to the petition, the dumping margins for pipes and tubes from Singapore are 5.2 percent for standard pipes and tubes, 7.4 percent for light-walled rectangular pipes and tubes, and 21.2 percent for the heavy-walled rectangular product. These margins were calculated by comparing the home market prices of pipes and tubes in Singapore with the average value at which the products are imported into the United States. The petitioners allege that the Singapore producer is selling pipes and tubes in the home market at prices which are below the cost of production. Accordingly, the petitioners requested that the Department of Commerce use the constructed value of the cost of production in Singapore in making its fair value comparisons.

Import Restraint Program

In September 1984, the President outlined a nine-point program designed to assist the domestic steel industry in a number of areas, including trade. Under this program, the U.S. government would negotiate surge-control arrangements (and self-initiate unfair petitions, if necessary) with understandings, or suspension agreements, with countries "whose exports to the United States have increased significantly in recent years due to an unfair surge in imports." Unfair surges were described in the President's decision as dumping, subsidization, or diversion from other importing countries that have restricted access to their markets. To date, arrangements have been negotiated with 24 countries (including EC countries, whose imports have been restricted since 1982 under an earlier arrangement). An objective of this program is to limit import penetration to about 18.5 percent of the domestic market, compared to 26.6 percent in 1984. This penetration level excludes semifinished steel. The surge control arrangements apply to steel products exported to the United States for a 5-year period beginning October 1, 1984. Under the terms of the arrangements, the Department of Commerce will withdraw antidumping or countervailing duty orders, and petitioners will withdraw existing petitions and agree not to file new unfair trade petitions on finished steel products.

The negotiated arrangement level for import penetration for all pipe and tube products, including those under investigation, is 25.5 percent for the initial period 1/ of the import restraint program. The following tabulation shows the specific shares negotiated (on either a percentage or tonnage basis), by country:

1/ The initial period is from Oct. 1, 1984 to Dec. 31, 1985.

Country	Initial Period Arrangement Levels for Pipes and Tubes 1/
Australia	0.16%
Brazil	1.59%
Finland	.10%
Japan	13.26%
Mexico	1.33%
South Africa	.55%
South Korea	7.67%
Spain	.89%
Romania	26,300 tons 2/
Venezuela	38,000 tons 3/
Czechoslovakia	9,000 tons 4/
East Germany	3,000 tons 4/
Poland	13,000 tons 4/
Hungary	18,750 tons 4/

1/ Data provided by the U.S. Trade Representative.
2/ This amount excludes oil country tubular goods.
3/ This amount is for standard pipe only.
4/ This is a "basket" amount which includes pipes and tubes, as well as other steel products.

As a result of the arrangements with Brazil, Mexico, Spain, and Venezuela, unfair trade petitions concerning standard pipes and tubes from these countries were withdrawn by the petitioners prior to the completion of the investigations. In addition, the antidumping and countervailing duty orders concerning imports of standard pipe from Korea were revoked after the Korean Government signed an arrangement (table I-1).

Although pipes and tubes were not included in the U.S.-EC steel arrangement negotiated in 1982, they were made subject to consultations between the two parties should U.S. imports of pipes and tubes from the EC exceed 5.9 percent of apparent U.S. consumption. Because import penetration reached about 14 percent in 1984 and subsequent U.S.-EC negotiations to limit these imports were unsuccessful, the U.S. Government embargoed all imports of EC pipe and tube products effective November 29, 1984. In January 1985, the United States and the EC agreed on a plan which would limit EC shipments of pipe and tube products to 7.6 percent (an estimated 331,126 tons) of the U.S. market in 1985 and 1986. However, oil country tubular goods, which account for the greatest portion of pipe and tube imports from the EC, will be allowed 10 percent of the U.S. market. This agreement has been replaced by a new, more comprehensive EC Agreement which is to take effect on January 1, 1986. To date, the exact terms of the new agreement have not been released. It is expected that the pipe and tube arrangement will remain separate, but essentially unchanged, and will be extended to end at the same time as the other steel arrangements, on September 30, 1989.

The Foreign Producers

China

Petitioners indicate that there are three companies in China manufacturing welded carbon steel standard pipes and tubes for export—Shanghai Iron & Steel Industry, Shoudu Iron & Steel Co., and Tianjin Iron & Steel Industry. 1/ All pipe and tube products in China are exported by the state owned and controlled agency, the China Metallurgical Import-Export Corp. This subsidiary of the Ministry of Metallurgical Industry took over full responsibility for the sale and purchase of steel in 1983. 2/

China's production of welded steel pipe, which includes but is not limited to the product subject to the investigation, rose steadily by 32 percent from 1.3 million tons in 1980 to 1.8 million tons in 1983, as shown in the following tabulation:

Year	Production 1/ (1,000 short tons)
1980	1,327
1981	1,429
1982	1,651
1983	1,758

1/ Data from the International Iron & Steel Institute.

Total production of steel products in China is also believed to have risen in recent years; however, industry sources have indicated that the increase has not been sufficient either to satisfy demand or to reach China's goal of producing 75 to 80 million metric tons of steel by the year 2000. For many products priority has been given to improving and expanding existing plants. 3/ In the pipes and tubes category, it appears that emphasis will be given to seamless products in order to meet demand resulting from the rapid increase in petroleum drilling. It is expected that new facilities will be constructed to ease the pipe shortage. 4/

The following information is contained in a State Department telegram (limited official use) from the U.S. embassy in Beijing, and * * *.

* * * * * * *

1/ Petition for investigations Nos. 731-TA-292-294 (Preliminary), p. 9.

2/ Ibid.

3/ Iron and Steel Works of the World (8th edition), The China Business Review, May-June 1985, p. 20 (contained in exhibit 6 of petition for investigations Nos. 731-TA-292-294 (Preliminary)).

4/ The China Business Review, May-June 1985, p. 26 (contained in exhibit 6 of petition for investigations Nos. 731-TA-292-294 (Preliminary)).

According to the telegram, * * *.

Philippines

The petitioners indicate that there is one producer of standard pipe in the Philippines that is exporting such pipe to the United States, Goodyear Steel Pipe Corp. 1/ Goodyear's annual capacity to produce finished steel products is 180,000 metric tons. 2/ The only known export from Goodyear to the United States in 1985 consisted of 1,988 metric tons of black carbon steel pipes shipped on April 30, 1985. 3/

The subject pipe and tube products are also produced by Super Industrial Corp. and Mayer Steel Pipe Corp. The total estimated production capacity of the three firms is 300,000 metric tons per year. At the present time, only about 15 percent of their production capacity is being utilized due to the current depressed domestic market in the construction industry. 4/ The firms have indicated that significant changes in their production and capacity utilization could only occur if the local market improves; otherwise, they anticipate the same level of utilization to continue in 1986. 5/

Singapore

Petitioners indicate that there is one producer of standard, heavy-walled rectangular, and light-walled rectangular tubes in Singapore that exports such products to the United States, Steel Tubes of Singapore. 6/ The company began production in late 1982. 7/ Its annual capacity to produce finished steel products is 36,000 metric tons. 8/ Data on Steel Tubes of Singapore's production and exports during January-November 1985 are presented in table a-1.

1/ Petition for investigations Nos. 731-TA-292-294 (Preliminary), p. 9. This information is confirmed by a State Department telegram from the U.S. embassy in Manila.

2/ Op. cit., Iron and Steel Works of the World. Finished steel products include longitudinal-weld pipe and tube, spiral-weld pipe and tube, large-diameter pipe, galvanized pipe and tube, cold roll-formed sections, and pipe piling.

3/ State Department telegram from the U.S. embassy in Manila, and postconference brief filed by counsel for Goodyear Steel Pipe Corp., p. 12.

4/ Ibid., telegram.

5/ Ibid.

6/ Petition for investigations Nos. 731-TA-295-296 (Preliminary), p. 11.

7/ Transcript of the public conference in investigations Nos. 741-TA-294 to 296 (Preliminary), p. 103.

8/ Op. cit., Iron and Steel Works of the World. Finished steel products include longitudinal weld pipe and tube and hollow sections, both square and rectangular.

Table a-1.--Steel Tubes of Singapore's production, domestic shipments, and exports of standard, heavy-walled rectangular, and light-walled rectangular pipes and tubes, January-November 1985

* * * * * * *

As shown in table a-1, * * * Steel Tubes of Singapore's export shipments during January-November 1985 were * * * for the United States. The company began shipping to this country in June 1984. Its exports to the United States from June 1984 to October 1985, by product, as provided by counsel for Steel Tubes of Singapore, are presented in the following tabulation:

* * * * * * *

Other producers in Singapore of pipe and tube products include Malaysia Steel Pipe Mfg. Co., Ltd. (annual capacity 20,000 metric tons), Leong Huat Industries, Ltd., Hwa Yew Iron Works, Ltd., Kwong Lee Engineering, Ltd., and Nam Lee Industries, Ltd. Bee Huat Industries, Ltd. previously produced pipe and tube but is now under receivership. The company's production of steel pipes has stopped, but it still has stocks available for sale. 1/

Exchange Rates

Quarterly data reported by the International Monetary Fund 2/ indicate that during January 1983-September 1985, the nominal value of the Singapore dollar and the Philippine peso depreciated relative to the U.S. dollar by 6.3 percent and 49.2 percent, respectively (table a-2). After adjustment for differences between inflation rates over the 9-quarter period ended June 1985, the real value of the Singapore currency depreciated by 11.0 percent relative to the U.S. dollar. This compares with a nominal depreciation of 6.5 percent through June 1985.

The very high rate of inflation in the Philippines relative to that in the United States offset the impact of a depreciating nominal exchange rate during most of the period. The real value of the Philippine peso relative to the U.S. dollar decreased during 1983 and then increased irregularly from October-December 1983 through April-June 1985.

Because the value of China's currency is determined by the Chinese Government, its exchange rate is not discussed in this section.

1/ Op. cit., Iron and Steel Works of the World, and State Department telegram from the U.S. embassy in Singapore.

2/ International Financial Statistics, November 1985.

Table a-2.—Exchange rates: 1/ Nominal-exchange-rate equivalents of the Philippine peso and the Singapore dollar in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States, the Philippines, and Singapore, 2/ indexed by quarters, January 1983-September 1985

Period	U.S. producer price index	Philippines			Singapore		
		Producer price index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer price index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			US$ per peso			US$ per S$	
1983:							
Jan.-Mar—	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June-	100.3	100.2	93.6	93.6	99.1	98.8	97.6
July-Sept-	101.3	109.3	85.9	92.7	99.8	97.2	95.8
Oct.-Dec—	101.8	132.1	68.0	88.3	99.7	97.4	95.4
1984:							
Jan.-Mar—	102.9	153.7	67.5	100.9	99.6	98.2	95.1
Apr.-June-	103.6	168.1	62.4	101.4	99.5	99.0	95.1
July-Sept-	103.3	198.0	52.5	100.6	99.1	96.6	92.6
Oct.-Dec—	103.0	219.3	48.1	102.3	98.0	96.0	91.3
1985:							
Jan.-Mar—	102.9	220.3	50.9	109.0	98.0	92.8	88.5
Apr.-June-	103.0	218.4	51.2	108.5	98.0	93.5	89.0
July-Sept-	102.2	4/	50.8	4/	4/	93.7	4/

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.

2/ Producer price indicators—intended to measure final product prices—are based on average quarterly indexes presented in line 63 of the International Financial Statistics.

3/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured by the Producer Price Index in the United States and the respective foreign country. Producer prices in the United States increased by 3.0 percent during January 1983 through June 1985 compared with a 118.4-percent increase in the Philippines and a 2.0-percent decrease in Singapore during the same period.

4/ Not available.

Source: International Monetary Fund, International Financial Statistics, November 1985.

Note.—January-March 1983=100.0.

PART I. STANDARD PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to standard pipes and tubes. As indicated previously, the Commission instituted preliminary investigations 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 standard pipes and tubes from China, the Philippines, and Singapore.

The Products

Description and uses

The imported pipe and tube products that are the subject of these investigations are circular welded carbon steel pipes and tubes over 0.375 inch but not over 16 inches in outside diameter, which are known in the industry as standard pipes and tubes. Standard pipes and tubes 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. They may also be used for light load-bearing or mechanical applications, such as for fence tubing. These steel pipes and tubes may carry fluids at elevated temperatures and pressures but may not be subjected to the application of external heat. They are most commonly produced to ASTM specifications A-120, A-53, and A-135. A discussion of manufacturing processes is included in the introductory portion of this report.

U.S. tariff treatment

Imports of the circular pipes and tubes covered by these investigations are classified for tariff purposes under TSUS items 610.32 and 610.49, which cover welded pipes and tubes (and blanks therefor 1/) of iron (except cast iron) or of nonalloy (carbon) steel, of circular cross section, having an outside diameter over 0.375 inch but not more than 16 inches.

The current column 1 rate of duty 2/ for standard pipes and tubes classified in TSUS item 610.32 is 1.9 percent ad valorem. This rate of duty

---

1/ Blanks are semifinished pipe or tube hollows that are purchased by producers and further processed.

2/ The rates of duty in the col. 1 are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. China, Hungary, Romania, and Yugoslavia are the only Communist countries eligible for MFN treatment. However, MFN rates would not apply if preferential treatment is sought and granted to products of developing countries under the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the Special rates of duty column.

was modified as a result of the Tokyo round of the Multilateral Trade Negotiations (MTN) from the 0.3-cent-per-pound rate in effect prior to January 1, 1982; there are no further duty modifications scheduled. The current column 1 rate of duty for standard pipes and tubes classified under TSUS item 610.49 is 8.8 percent ad valorem and is scheduled to be reduced in stages to 8.4 percent in 1986 as a result of the Tokyo round of the MTN. The current column 2 rate of duty, applicable to imports from the Communist countries enumerated in general headnote 3(d), is 5.5 percent ad valorem for imports under TSUS item 610.32 and 25 percent ad valorem for imports under TSUS item 610.49.

In addition to these import duties, preliminary determinations of subsidies have been made concerning imports of standard pipes from India and Turkey, and preliminary determinations of LTFV sales have been made concerning these products from Thailand. Furthermore, findings of dumping have been issued and antidumping duties are currently in effect with respect to imports of standard pipes and tubes from Taiwan. 1/

U.S. Producers

Standard pipe and tube producers may be divided into two types: large, fully integrated producers, which make raw steel and produce a variety of steel products, and smaller, nonintegrated or partially integrated producers, which concentrate on fewer product lines. The integrated producers, which include LTV Steel Corp. (LTV) and United States Steel Corp. (U.S. Steel) 2/ concentrate production in the high-volume standardized pipe products. The nonintegrated producers manufacture the low-volume, more specialized tubular products as well as the high-volume products.

In 1984, there were about 30 U.S. producers of standard pipes and tubes. Production is concentrated in the East, where the integrated producers are located. Selected U.S. producers of standard pipes and tubes and, for those responding to the Commission's questionnaire, their shares of 1984 domestic shipments are shown in table I-2.

1/ Net subsidy and dumping margins from current investigations, outstanding dumping/countervailing duty orders issued since January 1984, and terminated (other than negative) title VII cases since January 1984 are presented in table I-1.

2/ Another integrated producer, Bethlehem, permanently closed its standard pipe and tube operations, which were located at Sparrows Point, MD, effective Apr. 30, 1983. Umran, a Turkish producer, bought Bethlehem's plant and is in the process of moving it and setting it up in Turkey. A nonintegrated producer, Merchants Metals, Inc., ceased producing standard pipes and tubes in January-March 1984. In December 1984, LTV Steel announced the closing of two standard pipe mills at Aliquippa, PA, and in October 1985 it announced the closing of another standard pipe mill at Youngstown, OH. In early 1985, Central Steel Tube of Iowa filed for bankruptcy.

Table I-1.--Standard pipes and tubes: Pending and recently terminated title VII investigations and outstanding dumping/countervailing orders since January 1984, most recent dumping/subsidy margins, and import to consumption ratios, by countries, 1982-84, January-June 1984, and January-June 1985

Item	Weighted-average margin	Date of bond or order 1/	Ratio of imports to apparent U.S. consumption				
			1982	1983	1984	Jan.-June-- 1984	Jan.-June-- 1985
Standard pipes and tubes not over 16 in outside diameter:							
Pending antidumping investigations:							
The People's Republic of China	2/	2/	-	-	-	-	3/
The Philippines	2/	2/	-	-	-	-	3/
Singapore	2/	2/	-	-	3/	-	0.2
Thailand	4/ 7.03	Oct. 3, 1985	-	-	3/	-	1.0
India	5/	5/	3/	3/	0.1	3/	.4
Turkey	5/	5/	-	3/	.1	0.1	.8
Yugoslavia	5/	5/	0.2	-	.6	.4	.4
Pending countervailing duty investigations:							
India	6/ 5.0	Oct. 16, 1985	3/	3/	1	3/	.4
Turkey	7/ 23.64	Oct. 28, 1985	-	3/	.1	.1	.8
Yugoslavia	6/ 74.5	Oct. 16, 1985	.2	-	.6	.4	.4
Recently terminated antidumping investigation:							
Venezuela 8/	26.19	June 3, 1985	.2	.6	1.8	.8	1.4
Recently terminated countervailing duty investigations:							
Mexico 9/	0.67-23.65	Jan. 31, 1985	1.3	4.6	3.9	3.2	2.0
Venezuela 10/			.2	.2	1.8	.8	1.4
Outstanding countervailing order:							
Korea 13/	1.88	Feb. 15, 1983	20.8	27.2	20.3	15.7	23.1
Thailand	1.79	Aug. 14, 1985	-	-	3/	-	.1
Standard pipes and tubes not over 4.5 inches in outside diameter:							
Recently terminated antidumping investigations:							
Brazil 11/	3.23	Dec. 31, 1984	1.2	2.5	7.6	3.6	2.5
Spain 12/	40.75	Dec. 31, 1984	.2	.9	3.3	1.8	1.2
Recently terminated countervailing duty investigation:							
Spain 12/	1.14	Oct. 10, 1984	.2	.9	3.3	1.8	1.2
Outstanding antidumping orders:							
Korea 13/	0.9	May 7, 1984	20.8	27.2	20.3	15.7	23.1
Taiwan	9.7	May 7, 1984	5.6	6.7	1.3	.5	1.6

1/ Date posting of bond required or date order issued.
2/ This is a preliminary investigation. To date, there is no determination of sales at less than fair value by Commerce nor a requirement for the posting of bond.
3/ Less than 0.05 percent.
4/ This is Commerce's preliminary determination. Commerce's final determination in this case is due by Jan. 16, 1986.
5/ To date, there is no determination of sales at less than fair value by Commerce nor a requirement for the posting of a bond. Commerce's preliminary determination is due by Dec. 23, 1985.
6/ This is Commerce's preliminary determination. Commerce's final determination in this case is due by Dec. 23, 1985.
7/ The actual net subsidy was preliminarily determined by Commerce to be 26.18 percent but the bonding or cash deposit rate was adjusted to 23.64 percent to take into account several programwide changes occuring after the review period. Commerce's final determination in this case is due by Jan. 6, 1986.
8/ Terminated by the Commission, effective Oct. 22, 1985, following withdrawal of petition.
9/ Terminated by Commerce, effective Apr. 2, 1985, following withdrawal of petition.
10/ Terminated by Commerce prior to making its preliminary determination, effective Nov. 13, 1985, following withdrawl of petition.
11/ Terminated by the Commission, effective Mar. 20, 1985, following withdrawal of petition.
12/ Terminated by the Commission, effective Feb. 4, 1985, following withdrawal of petition.
13/ Order revoked effective Oct. 1, 1984, the effective date of the import restraint agreement reached with Korea.

Source: Margins and date of bond or order obtained from U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Data in this table are effective as of December 16, 1985, the date of the Commission's vote in the instant cases.

Table I-2.—Standard pipes and tubes: Selected U.S. producers' share of domestic shipments and plant locations, by firms, 1984

Firm	Share of 1984 domestic shipments 1/
	Percent
CPTI petitioner firms:	
Allied Tube & Conduit	***
American Tube Co	***
Bull Moose Tube Corp	***
Century Tube Co	***
Cyclops Corp., Sawhill Tubular Division (Sawhill)	***
LaClede Steel Co	***
Maruichi American Corp 2/	***
Pittsburgh Tube Corp	***
Sharon Tube Co	***
Southwestern Pipe, Inc	***
Western Tube & Conduit Corp	***
Wheatland Tube & Conduit	***
Non-CPTI firms:	
Bernard Epps Co	***
Harris Tube	***
J.M. Tull Industries, Inc	***
Jackson Tube Service, Inc	***
James Steel & Tube Co	***
LTV	***
Lock Joint Tube Co., Inc	***
Mid-States Tube Corp	***
U.S. Steel	***
United Tube Corp	***

1/ Total domestic shipments are based on questionnaire responses for which usable data were provided in investigation No. 731-TA-212 (Final).

2/ This firm is a petitioner in the investigations concerning standard pipes and tubes from China and the Philippines. It is not a petitioner in the Singapore investigation.

Source: Shares of domestic shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. Importers

* * * * * * *

The U.S. Market

Channels of distribution

According to AISI data, 69 percent of standard pipes and tubes shipped by U.S. manufacturers in 1984, and 68 percent in January-June 1985, were sold to service centers/distributors. Service centers/distributors are middlemen that buy large quantities of pipes and tubes, usually from both domestic producers and importers, warehouse the product, and sell smaller quantities to end users. The service centers/distributors may also have some simple finishing equipment to cut pipe to lengths or to thread and couple it. Most direct shipments to end users were made to the oil and gas and electrical equipment industries in 1984.

In the public conference on investigations Nos. 731-TA-211 and 212 (Preliminary), an industry representative testified that during the last 10 years, imported pipe has been sold through a distribution system distinct from that used for the sale of domestic pipe. Foreign pipe is sold by a separate group of distributors that maintain multilocation stocking depots and carry pipe imported from various foreign sources. This imported pipe is then sold to wholesale plumbing and heating jobbers and pipe, valves, and fittings jobbers, the same customers (end users) to which the domestic product is sold. 1/

U.S. consumption

U.S. consumption of standard pipes and tubes increased annually from 1.7 million tons 2/ in 1982 to 2.5 million tons in 1984, or by 43.9 percent (table I-3). Consumption of standard pipes decreased by 1.3 percent during January-June 1985 compared with consumption in the corresponding period of 1984.

Consideration of Alleged Material Injury to an Industry in the United States 3/

U.S. production, capacity, and capacity utilization

Reported U.S. production of standard pipes and tubes increased from 771,000 tons in 1982 to 917,000 tons in 1984, an increase of 19 percent (table I-4). Another small increase in production of less than one-half percent was reported during January-June 1985, compared with production in the corresponding period of 1984.

1/ Transcript of the public conference in investigations Nos. 731-TA-211 and 212 (Preliminary), pp. 17-18.

2/ Unless otherwise noted, the term "ton" refers to a short ton (2,000 pounds).

3/ Data in this section of the report were compiled from questionnaire responses in investigation No. 731-TA-212 (Final).

Table I-3.—Standard pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1982-84, January-June 1984, and January-June 1985

Period	U.S. producers' shipments	Imports	Apparent consumption	Ratio to consumption of—	
				Producers' shipments	Imports
	1,000 tons			Percent	
1982	867	844	1,711	50.7	49.3
1983	933	1,182	2,115	44.1	55.9
1984	918	1,544	2,462	37.3	62.7
January-June—					
1984	514	724	1,238	41.5	58.5
1985	477	745	1,222	39.0	61.0

Source: U.S. producers' shipments compiled from questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Table I-4.—Standard pipes and tubes: U.S. production, capacity, and capacity utilization, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June—	
				1984	1985
Production—1,000 tons	771	889	917	499	501
Capacity—do	1,718	1,690	1,728	866	890
Capacity utilization—percent	44.9	52.6	53.1	57.6	56.3

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

The U.S. capacity of reporting producers to produce standard pipes and tubes remained essentially constant at about 1.7 million tons per year during the period. Utilization of capacity by standard pipe and tube producers increased from 44.9 percent in 1982 to 53.1 percent in 1984; capacity utilization declined slightly to 56.3 percent during January-June 1985 from 57.6 percent during January-June 1984.

U.S. producers' domestic shipments

Domestic shipments of standard pipes and tubes by firms responding to the Commission's questionnaire rose from 867,000 tons in 1982 to 933,000 tons in 1983, or by 7.6 percent, and then decreased by 1.6 percent, to 918,000 tons in 1984. During January-June 1985, U.S. producers' shipments of standard pipes declined by 7.2 percent from shipments during January-June 1984, as shown in the following tabulation (in tons):

Period	Domestic shipments
1982	867
1983	933
1984	918
January–June—	
1984	514
1985	477

U.S. exports

* * * firms, * * *, reported exports during the period covered by the Commission's questionnaire. Exports of standard pipes and tubes by those firms increased from * * * tons in 1982 to * * * tons in 1983, or by 21.7 percent, then declined by 5.1 percent to * * * tons in 1984. Exports of these pipes and tubes increased by 21.0 percent, however, during January–June 1985 compared with exports in the corresponding period of 1984. Exports as reported to the Commission are shown in the following tabulation:

* * * * * * *

U.S. producers' inventories 1/

Yearend inventories of standard pipes and tubes, as provided by * * * firms, dropped from 151,000 tons in 1982 to 135,000 tons in 1983, or by 10.6 percent, and then remained essentially constant. As a share of shipments, producers' inventories of standard pipes and tubes dropped from 18.7 percent in 1982 to 14.9 percent in 1983 and then decreased to 14.5 percent in 1984 and an annualized 13.8 percent in January–June 1985, as shown in the following tabulation:

	Inventories (1,000 tons)	Ratio of inventories to shipments 1/ (percent)
As of December 31—		
1982	151	18.7
1983	135	14.9
1984	134	14.5
As of June 30—		
1984	134	13.4
1985	136	13.8

1/ Includes intracompany and intercompany transfers, domestic shipments, and export shipments of firms responding to the Commission's questionnaire. The ratios of inventories to shipments for the inventories held as of June 30 are computed from annualized shipments.

1/ Production minus shipments in the periods do not reconcile to changes in inventories because * * *.

Employment and wages

Employment data for standard pipes and tubes were provided by * * * producers. The number of production workers employed in the production of standard pipes and tubes decreased from 2,883 in 1982 to 2,833 in 1983, increased to 2,937 in 1984, and decreased again, to 2,574, in January-June 1985 (table I-5). Hours worked by production and related workers producing standard pipe gradually increased from 5.4 million in 1982 to 5.5 million in 1984, or by 2.4 percent, then decreased by 2.5 percent during January-June 1985 compared with hours worked in January-June 1984. Although wages decreased slightly in 1983 before increasing by 8 percent in 1984, total compensation gradually increased during 1982-84; both wages and total compensation increased in January-June 1985 compared with January-June 1984. Labor productivity increased by 14 percent in 1983, 2 percent in 1984, and 3 percent in January-June 1985 compared with productivity in January-June 1984. Unit labor costs fell from $129 per ton in 1982 to $112 in 1983 and remained in the $110-to-$114-per-ton range through January-June 1985. Workers at * * * of the * * * reporting firms, which accounted for over 90 percent of reported 1984 production by firms also providing employment data, are represented by unions.

Financial experience of U.S. producers

Usable income-and-loss data both on operations producing standard pipes and tubes and on overall establishment operations was provided by * * * U.S. firms. Sales of standard pipes and tubes ranged from 46 to 51 percent of these firms' overall establishment sales during 1982-84.

Operations on standard pipes and tubes.--* * * producers, which accounted for * * * percent of domestic shipments of standard pipes and tubes in 1984, as reported in the Commission's questionnaires, furnished usable income-and-loss data (table I-6). Net sales rose 12.7 percent from $431.8 million in 1982 to $486.7 million in 1984. Net sales in the interim periods ended June 30, 1984, and June 30, 1985, were $271.5 million and $257.7 million, respectively, representing a decline of 5.1 percent. Operating losses were reported in every period; these losses increased slightly from $18.3 million in 1982 to $18.9 million in 1983, then dropped to $3.9 million in 1984. The operating losses reported for the interim periods dropped from $7.2 million in 1984 to $2.5 million in 1985. The operating losses, which were 4.2 percent and 4.3 percent of net sales in 1982 and 1983, respectively, declined to 0.8 percent in 1984. Operating loss margins in the interim periods declined from 2.7 percent in 1984 to 1.0 percent in 1985. Three of the * * * firms reported operating losses for the years 1982 and 1983, two firms sustained operating losses in 1984, and four firms reported losses during the interim period of 1985, compared with two firms during the corresponding period of 1984.

* * * * * * *

Table I-5.—Standard pipes and tubes: Average number of production and related workers producing standard pipes and tubes, hours paid, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor costs in the production of standard pipes and tubes, 3/ 1982-84, January-June 1984, and January-June 1985.

Item	1982	1983	1984	January-June—	
				1984	1985
Production and related workers:					
Number	2,883	2,833	2,937	2,816	2,574
Percentage change	4/	-1.7	+3.7	4/	-8.6
Hours worked by production and related workers:					
Number—1,000 hours	5,359	5,424	5,490	2,954	2,881
Percentage change	4/	+1.2	+1.2	4/	-2.5
Wages paid to production and related workers:					
Value—1,000 dollars	68,475	67,674	73,210	39,874	40,284
Percentage change	4/	-1.2	+8.2	4/	+1.0
Total compensation paid to production and related workers:					
Value—1,000 dollars	99,060	99,465	101,125	56,073	56,978
Percentage change	4/	+0.4	+1.7	4/	+1.6
Labor productivity:					
Quantity—tons per hour	0.144	0.164	0.167	0.169	0.174
Percentage change	4/	+13.9	+1.8	4/	+3.0
Hourly compensation: 5/					
Value	$12.78	$12.48	$13.34	$13.50	$13.98
Percentage change	4/	-2.3	+6.9	4/	+3.6
Unit labor costs: 6/					
Value—per ton	$129	$112	$110	$113	$114
Percentage change	4/	-13.2	-1.8	4/	+0.9

1/ Includes hours worked plus hours of paid leave time.

2/ Includes wages and contributions to Social Security and other employee benefits.

3/ Data are understated and percentage changes understated or overstated to the extent that not all producers responded to the Commission's questionnaires.

4/ Data for the previous year or comparable period of the previous year are not available.

5/ Based on wages paid excluding fringe benefits.

6/ Based on total compensation paid.

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

Table I-6.—Income-and-loss experience of * * * U.S. producers 1/ on their operations producing standard pipes and tubes, accounting years 1982-84, and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30—	
				1984	1985
Net sales———1,000 dollars—	431,768	441,179	486,701	271,470	257,719
Cost of goods sold———do———	412,398	417,873	448,879	255,726	236,726
Gross profit———————do———	19,370	23,306	37,822	15,744	20,993
General, selling, and administrative expenses———1,000 dollars—	37,688	42,235	41,703	22,938	23,478
Operating (loss)———————do———	(18,318)	(18,929)	(3,881)	(7,194)	(2,485)
Depreciation and amortization expense 2/———do———	8,415	8,982	10,730	6,059	5,728
As a share of net sales:					
Cost of goods sold percent—	95.5	94.7	92.2	94.2	91.9
Gross profit———————do———	4.5	5.3	7.8	5.8	8.1
General, selling, and administrative expenses———————do———	8.7	9.6	8.6	8.5	9.1
Operating (loss)———————do———	(4.2)	(4.3)	(0.8)	(2.7)	(1.0)
Number of firms reporting operating losses————————	3	3	2	2	4

1/ These firms are * * *.

2/ One firm, which accounted for * * * percent of reported 1984 net sales, did not provide the Commission with data on depreciation and amortization.

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

Overall establishment operations.—Aggregate net sales of the * * * reporting firms declined 6.4 percent from $940 million in 1982 to $880 million in 1983, then rose by 16.0 percent to $1.0 billion in 1984 (table I-7). Net sales were $537 million and $502 million in the interim periods of 1984 and 1985, respectively. Operating losses were reported in all periods; the operating loss increased from $43 million, or 4.6 percent of sales, in 1982 to $46.8 million, or 5.3 percent of sales, in 1983 and then fell precipitously to $24.8 million, or 2.4 percent of sales, in 1984. Operating losses in the interim periods fell from $19.6 million, or 3.6 percent of sales, in 1984 to $8.4 million or 1.7 percent of sales, in 1985. Of the * * * firms, 2 reported operating losses in 1983 and 3 reported such losses in all remaining periods.

* * * * * * *

Table I-7.—Income-and-loss experience of * * * U.S. producers 1/ on the overall operations 2/ of their establishments within which standard pipes and tubes are produced, accounting years 1982-84, and interim periods ended June 30, 1984, and June 30, 1985

Item	1982	1983	1984	Interim period ended June 30—	
				1984	1985
Net sales———1,000 dollars—	940,241	879,882	1,020,362	536,672	502,097
Cost of goods sold———do———	910,015	847,964	964,545	514,365	466,728
Gross profit———————do———	30,226	31,918	55,817	22,307	35,369
General, selling, and administrative expenses———————do———	73,190	78,708	80,612	41,871	43,786
Operating (loss)———————do———	(42,964)	(46,790)	(24,795)	(19,564)	(8,417)
Depreciation and amortization expense———————do———	16,551	16,311	21,664	11,956	9,492
As a share of net sales:					
Cost of goods sold percent—	96.8	96.4	94.5	95.8	93.0
Gross profit ———————do———	3.2	3.6	5.5	4.2	7.0
General, selling, and administrative expenses———————do———	7.8	8.9	7.9	7.8	8.7
Operating (loss)———————do———	(4.6)	(5.3)	(2.4)	(3.6)	(1.7)
Number of firms reporting operating losses————————	3	2	3	3	3

1/ These firms are * * *.
2/ * * *.

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

Capital expenditures and research and development expenses.—* * * U.S. producers supplied information on their capital expenditures for land, buildings, and machinery and equipment used in the production of standard pipes and tubes, and one furnished data on its research and development expenses. Capital expenditures for standard pipes and tubes increased from $2.7 million in 1982 to $3.8 million in 1983, then fell to $2.2 million in 1984. Capital expenditures fell 23.9 percent from $1.7 million during the interim period in 1984 to $1.3 million in the corresponding period of 1985. Research and development expenses for standard pipes and tubes were $* * *, $* * *, and $* * * in 1982, 1983, and 1984, respectively, and $* * * during the interim period of 1984 and $* * * in the corresponding period of 1985.

Capital expenditures and research and development expenses for standard pipes and tubes are shown in the following tabulation (in thousands of dollars):

	Capital expenditures	Research and development expenses
1982	$2,701	$***
1983	3,751	***
1984	2,175	***
January-June—		
1984	1,656	***
1985	1,260	***

The Question of the Threat of Material Injury

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission considers among other relevant factors, any increase in production capacity or existing unused capacity in the exporting country likely to result in an increase in imports of the subject merchandise to the United States, any rapid increase in U.S. market penetration and the likelihood that the penetration will increase to an injurious level, the probability that the price of the subject imported product will have a depressing or suppressing effect on the domestic price of the merchandise, any substantial increase in inventories of the merchandise in the United States, any other demonstrable trends that indicate that the importation (or sale for importation) of the merchandise will be the cause of actual injury, and the potential for product shifting.

Information on the market penetration of the subject products is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and the Alleged LTFV Imports." Available information on the depressing or suppressing effect of the imported product on domestic prices is presented in the pricing section of this report. Available information on foreign producers' capacity, production, and exports were presented in the introductory part of the report.

U.S. importers' inventories

* * *, which accounted for about * * * percent of U.S. imports of standard pipes and tubes from China during January-September 1985, reported that * * *.

* * *, which accounted for about * * * percent of the imports of standard pipes from the * * *, reported that * * *.

* * * accounted for about * * * percent of the imports of standard pipe and tube from Singapore, reported that * * *.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and the Alleged LTFV Imports

U.S. imports

U.S. imports of standard pipes and tubes increased at an annual rate of 35 percent from 0.8 million tons in 1982 to 1.5 million tons in 1984 (table I-8). Such imports during January-June 1985, at 745,000 tons, were 3 percent above the level of imports during January-June 1984. There were no imports of standard pipes and tubes from China or the Philippines until January-June 1985, when 350 tons and 48 tons, respectively, were imported. Imports of standard pipes and tubes from Singapore increased from 51 tons in 1984 to 1,804 tons in January-June 1985. During July-October 1985, imports from China, the Philippines, and Singapore totaled 463 tons, 3,155 tons, and 3,151 tons, respectively. Aggregate imports of standard pipes and tubes from the three countries subject to investigation accounted for less then 0.3 percent of all imports of standard pipes during January-June 1985, and for 0.7 percent of imports in January-October 1985.

Petitioners request that the Commission cumulate imports of standard pipes and tubes from subject countries with imports of similar products from other countries subject to investigation. U.S. market shares of standard pipes and tubes from countries currently or recently (since January 1984) subject to investigation by the Commission or the Department of Commerce are presented in table I-1.

According to counsel for the primary importer of standard pipes from China, * * * percent of the product it imported in 1985 was substandard. Specifically, * * *. Counsel for the Chinese exporter argues that because of these quality differences, standard pipes and tubes from China do not compete with standard pipes imported from other countries. Accordingly, counsel argues, the Commission should not cumulate imports from China with imports from other countries when assessing the impact of such imports upon the U.S. industry.

According to information provided by counsel for Goodyear, the only known exporter of pipes and tubes from the Philippines, the firm has made only one shipment of standard pipes and tubes to the United States. This shipment was pursuant to a contract with Mitsubishi International Corp. It specified that Goodyear would process 2,205 tons of hot-rolled coils supplied by Mitsubishi on consignment into standard pipes and tubes for export to Mitsubishi or its U.S. customers. This shipment, comprising 2,192 tons, was made on April 30, 1985. As noted previously, * * *.

Market penetration by the alleged LTFV imports

Imports of standard pipes and tubes from China, the Philippines, and Singapore accounted for 0.03 percent, 0.004 percent, and 0.1 percent, respectively, of the U.S. market during January-June 1985, as shown in table I-9. Market penetration by imports from other countries currently or recently subject to investigation by the Commission or the Department of Commerce is shown in table I-1.

Table I-8.—Standard pipes and tubes: U.S. imports for consumption, 1/ by selected sources, 1982-84, January-June 1984, and January-June 1985

Source	1982	1983	1984	January-June—	
				1984	1985
	Quantity (tons)				
China	0	0	0	0	350
The Philippines	0	0	0	0	48
Singapore	0	0	51	0	1,804
Republic of Korea	356,084	575,008	499,036	258,825	282,259
Canada	74,336	88,660	165,057	74,476	75,144
Brazil	20,265	52,174	186,958	76,662	31,090
Japan	135,904	69,212	123,688	48,965	103,586
Mexico	22,180	97,095	96,776	60,382	24,592
Spain	4,039	19,495	82,116	36,914	14,584
All other	231,112	280,008	390,459	168,225	211,820
Total	843,919	1,181,652	1,544,141	724,449	745,277
	Value (1,000 dollars)				
China	–	–	–	–	96
The Philippines	–	–	–	–	14
Singapore	–	–	16	–	565
Republic of Korea	153,224	185,574	187,839	92,152	106,400
Canada	40,150	43,279	77,125	35,801	33,324
Brazil	9,654	15,291	61,109	23,761	10,568
Japan	74,976	30,407	56,655	21,644	47,325
Mexico	8,895	31,730	34,193	20,330	9,211
Spain	1,401	5,425	25,143	10,879	4,902
All other	103,636	87,463	131,334	57,595	74,749
Total	391,935	399,169	574,863	262,162	287,154
	Unit value				
China	–	–	–	–	$275
The Philippines	–	–	–	–	285
Singapore	–	–	$314	–	313
Republic of Korea	$430	$323	376	$356	377
Canada	540	488	467	481	443
Brazil	476	293	327	310	340
Japan	552	439	458	442	457
Mexico	401	327	353	337	375
Spain	347	278	306	295	336
All other	448	312	340	342	353
Average	464	338	372	362	385

1/ Includes imports under TSUSA items 610.3231, 610.3232, 610.3234, 610.3241, 610.3242, 610.3243, 610.3244, 610.3247, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925.

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

Note: Because of reounding, figures may not add to the totals shown.

Table I-9.—Standard pipes and tubes: Shares of U.S. consumption supplied by China, the Philippines, Singapore, and all other countries, 1982-84, January-June 1984, and January-June 1985

(In percent)

Source	1982	1983	1984	January-June	
				1984	1985
China	-	-	-	-	1/
The Philippines	-	-	-	-	2/
Singapore	-	-	2/	-	0.1
All other countries	49.3	55.9	62.7	58.5	60.8
Total	49.3	55.9	62.7	58.5	61.0

1/ 0.03 percent
2/ Less than 0.005 percent.

Source: Tables I-3 and I-8 of this report.

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

Information concerning the customs districts through which the subject imports from selected sources entered the United States during January-October 1985 is shown in table I-10.

Table I-10.—U.S. imports of standard pipes and tubes, by selected sources and customs districts, January-October 1985

Source and customs district	Quantity	Share of total quantity
	Short tons	Percent
China:		
Houston, TX	463	56.9
Los Angeles, CA	350	43.1
Total	813	100.0
The Philippines:		
Los Angeles, CA	2,082	65.0
Philadelphia, PA	870	27.2
Charleston, SC	165	5.2
San Francisco, CA	48	1.5
Portland, OR	37	1.1
Total	3,203	100.0
Singapore:		
Los Angeles, CA	3,901	78.7
Houston, TX	426	8.6
Philadelphia, PA	216	4.3
Seattle, WA	110	2.2
Mobile, AL	105	2.1
New Orleans, LA	100	2.0

Continued on next page

Table I-10.—U.S. imports of standard pipes and tubes, by selected sources and customs districts, January-October 1985—Continued

Source and customs district	Quantity	Share of total quantity
	Short tons	Percent
San Francisco, CA	56	1.1
Charleston, SC	41	0.8
Total	4,955	100.0
India:		
Philadelphia, PA	3,426	19.6
Savannah, GA	3,328	19.1
Houston, TX	2,810	16.1
Bridgeport, CN	1,704	9.8
New Orleans, LA	1,362	7.8
New York, NY	1,175	6.7
Tampa, FL	1,030	5.9
Baltimore, MD	732	4.2
Seattle, WA	483	2.8
Los Angeles, CA	432	2.5
Boston, MA	409	2.3
Charleston, SC	312	1.8
Norfolk, VA	136	0.8
San Francisco, CA	104	.6
Total	17,445	100.0
Turkey:		
Houston, TX	10,403	31.0
New Orleans, LA	8,270	24.6
Tampa, FL	7,379	22.0
Bridgeport, CN	6,102	18.2
Baltimore, MD	826	2.5
Philadelphia, PA	609	1.8
Total	33,589	100.0
Thailand:		
Los Angeles, CA	11,621	46.3
Bridgeport, CN	6,152	24.5
New Orleans, LA	5,755	22.9
Charleston, SC	719	2.9
Mobile, AL	473	1.9
Philadelphia, PA	198	0.8
Wilmington, NC	97	.4
Savannah, GA	52	.2
Tampa, FL	46	.2
Total	25,113	100.0
Yugoslavia:		
Houston, TX	9,076	81.3
New Orleans, LA	1,313	11.8
Miami, FL	777	7.0
Total	11,166	100.0

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

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

Prices

The Commission requested U.S. producers and importers of standard pipes and tubes to provide information concerning their prices of large representative sales of the following items:

PRODUCT 1: ASTM A-120 schedule 40 standard pipe, carbon welded, black, plain end, 1.050-inch O.D. (3/4-inch nominal), 0.113-inch wall thickness.

PRODUCT 2: ASTM A-120 schedule 40 standard pipe, carbon welded, galvanized, plain end, 2.375-inch O.D. (2-inch nominal), 0.154-inch wall thickness.

PRODUCT 3: ASTM A-120 schedule 40 standard pipe, carbon welded, black, plain end, 1.900-inch O.D. (1 1/2-inch nominal), 0.145-inch wall thickness.

Six domestic producers responded to the questionnaire with usable price data, although not all producers provided prices on all selected products. Five of these producers indicated that they generally quote prices f.o.b. mill. Five domestic producers indicated that they distribute price lists, and that the great majority of sales are discounted from the list price. Weighted-average prices were calculated from the producers' responses.

Importers of standard pipe from the subject countries were able to provide the Commission with information on product originating in all three subject countries. The firm importing product from the Philippines indicated that it brought 2,000 tons of standard pipe into the United States on only one occasion, * * *.

Trends in prices

Product 1.--The U.S. producers' price of product 1 showed rather consistent increases throughout 1983 and 1984, climbing * * * percent from $* * * per hundred feet in January-March 1983 to $* * * per hundred feet in October-December 1984 (table I-11). It then declined somewhat during the first 9 months of 1985. Overall, the price registered a * * * percent increase during the investigation period.

Table I-11.--Standard pipes and tubes: U.S. producers' weighted-average prices to service centers/distributors, by quarters, January 1983-September 1985

*	*	*	*	*	*	*

Product 2.--Although the domestic price of product 2 showed a net decrease of * * * percent over the entire period surveyed, it showed significant variations from period to period. Specifically, the price registered a net decline from $* * * per hundred feet in January-March 1983 to $* * * per hundred feet in January-March 1984, a decline of * * * percent. The price increased rapidly over the following two quarters, April-June and

July-September 1984, and then dropped steadily by * * * percent, to end at $* * * per hundred feet in July-September 1985.

Product 3.--The producers' price reported for product 3 sold to service centers/distributors was quite variable, but showed an overall decline of * * * percent from January-March 1983, when the price was $* * * per hundred feet, to July-September 1985, when the price was $* * * per hundred feet. During the investigation period the price increased irregularly between January-March 1983 and April-June 1984. After that, the price declined consistently through July-September 1985.

Margins of underselling

China.--The importers of standard pipe products from China provided information on sales to * * *. The margins of underselling ranged between * * * percent and * * * percent (table I-12).

Table I-12.--Standard pipes and tubes: U.S. producers' weighted-average prices and weighted-average prices of the product imported from China, the Philippines, and Singapore, 1/ by selected quarters, October 1984-September 1985

* * * * * * *

Singapore.--The price of * * * from Singapore rose * * * from $* * * per hundred feet in * * * to $* * * in * * *, while the U.S. price during the same period * * *. These movements combined to reduce the margin of underselling by imports from Singapore from * * * percent to * * * percent.

Philippines.--The price of * * * from the Philippines sold to service centers/distributors was $* * * in * * *. * * *.

Transportation costs

Of the seven domestic producers that provided transport cost data, four indicated that they absorb all of part of the freight charges on at least 50 percent of their shipments. Transportation costs associated with moving standard pipe varied greatly with distance. Some domestic producers provided the Commission with average transport costs from their point of shipment to selected metropolitan markets throughout the United States, as shown in the following tabulation (per ton):

* * * * * * *

Domestic producers of standard pipe tend to market their product in limited geographical areas, which is in part due to the high transport costs associated with moving pipe. For instance, the producer in * * * reported that it considered its geographical marketing area to consist of the * * * portions of the United States; the producer in * * * indicated that its

marketing area was * * *. * * * producers in * * * indicated that they considered their marketing areas to consist of * * *.

A domestic producer of standard pipes and tubes located in * * * provided the Commission with transport costs as a percentage of the f.o.b. price. 1/ Freight costs ranged from under 3 percent locally to 3 to 3.5 percent on shipments to * * *, and * * * (respectively), to * * * percent on shipments to * * *, and to * * * percent on shipments to * * *.

Lost sales and price suppression/depression

One domestic producer alleged one lost sale of * * * tons of * * *. The producer indicated that it believed the sale had been lost in * * * to imports from China. The purchaser, * * *, denied the allegation. 2/ Specifically, * * * buys * * *. Thus, domestic producers do not compete with importers * * *. In addition, a spokesman for * * *.

None of the U.S. producers reported any instances in which they were forced to reduce their prices in order to avoid losing a sale to imports from any of the subject countries.

1/ Based on a telephone conversation with * * *.
2/ Based on a telephone conversation with * * *.

PART II. HEAVY-WALLED RECTANGULAR PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to heavy-walled rectangular pipes and tubes. As indicated previously, the Commission instituted a preliminary investigation 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 heavy-walled rectangular pipes and tubes from Singapore.

Previous Commission Investigations

The Commission has conducted four investigations concerning heavy-walled rectangular pipes and tubes. The CPTI was the petitioner in each of the previous investigations. Three investigations in 1983 and 1984 resulted in negative determinations by the Commission as follows:

Investigation No.	Country	Date of determination	Determination by the Commission
731-TA-131	Republic of Korea	June 6, 1983	Negative preliminary.
731-TA-132	Taiwan	June 6, 1983	Negative preliminary. 1/
731-TA-138	Republic of Korea	April 30, 1984	Negative final. 2/

1/ Commissioner Haggart dissenting.
2/ Commissioners Rohr and Liebeler not participating.

The fourth investigation concerning imports of the product from Canada, investigation No. 731-TA-254 (Preliminary), resulted in an affirmative decision by the Commission. On November 18, 1985, Commerce issued its final determination in this investigation. It found a weighted average LTFV margin of 0.65 percent. Accordingly, the Commission initiated a final investigation concerning this product from Canada. Information concerning the market share of imports in these outstanding LTFV investigations is presented in the following tabulation:

(In percent)

Source	Ratio of imports to apparent consumption				
	1982	1983	1984	Jan.-Sept.—	
				1984	1985
Singapore 1/	0	0	2/	0	0.8
Canada 3/	15.2	13.4	14.8	14.2	13.4

1/ Investigation No. 731-TA-295 (Preliminary). The instant investigation.

2/ Less than 0.05 percent.

3/ Investigation No. 731-TA-254 (Final). The weighted average LTFV margin was 0.65 percent. The Commission is currently conducting a final investigation concerning such merchandise.

The Product

Description and uses

The imported product covered by this investigation is rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of 0.156 inch or greater. This product is supplied with cross sections in rectangles ranging from 3 x 2 inches to 20 x 12 inches and in 1-1/2 inch to 16-inch squares. It is used for support members for construction or load-bearing purposes in construction, transportation, farm, and material-handling equipment. The product is generally produced to ASTM specification A-500, Grade B, and is commonly referred to in the industry as structural tubing. A discussion of the manufacturing process is included in the introductory portion of this report.

U.S. tariff treatment

Imports of the heavy-walled rectangular pipes and tubes covered by this investigation are classified in TSUS item 610.39 and reported under TSUSA item 610.3955, which includes welded nonalloy steel pipes and tubes of rectangular (including square) cross section, having a wall thickness not less than 0.156 inch, not threaded and not otherwise advanced, other than pipe conforming to API specifications for oil-well casing. During the Tokyo round of the Multilateral Trade Negotiations (MTN), the most-favored-nation (MFN) (col. 1) rate of duty 1/ for TSUS item 610.39 was changed from 0.1 cent per pound to 0.5 percent ad valorem, effective January 1, 1982. This MFN rate of duty is the final staged rate negotiated in the Tokyo round. The column 2 rate of duty 2/ applicable to imports from non-MFN countries is 1 percent ad valorem. No preferential tariff treatment is afforded to products of countries other than Israel (duty-free entry under the U.S.-Israel Free Trade Area Agreement)

1/ The col. 1 rate is applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS.

2/ The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(d) of the TSUS.

and beneficiaries of the Caribbean Basin Economic Recovery Act (see TSUS general headnote 3(e)(vii)), whose products enter free of duty.

U.S. Producers

There were 16 firms in the United States known or believed to be producing heavy-walled rectangular pipes and tubes during the period covered by this investigation. The following tabulation, which was compiled from data obtained in response to the Commission's questionnaires, shows the principal producers of heavy-walled rectangular pipes and tubes and each firm's share of total reported U.S. producers' shipments in 1984:

Firm	Location	Share of shipments (percent)
Acme Roll Forming Co	Sebewaing, MI	***
Bock Industries	Elkhart, IN	***
Bull Moose Tube Co	Chicago Heights, IL Trenton, GA Gerald, MO	***
Copperweld Corp	Chicago, IL	***
Delta Metalforming Co	Dallas, TX	***
Eugene Welding Co	Marysville, MI	***
Ex-L Tube	North Kansas City, MO	***
Hanna Steel	Fairfield, AL	***
Independence Tube Corp	Chicago, IL	***
James Steel & Tube Co	Madison Heights, MI	***
Kaiser Steel Corp	Los Angeles, CA	***
Maruichi American Corp.	Santa Fe Springs, CA	***
Mid States Tube Corp	Kenosha, WI	***
Penn Central Corp., Harris Tube Div	Gardena, CA Los Angeles, CA	***
UNR-Leavitt	Chicago, IL	***
Welded Tube Co. of America	Chicago, IL	***

The production of heavy-walled rectangular pipes and tubes is heavily concentrated in the Great Lakes area of the United States, with the four largest producers, * * *, accounting for about * * * percent of U.S. producers' total reported 1984 shipments.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about 10 firms that imported heavy-walled rectangular pipes and tubes from Singapore during October 1984-July 1985. Most of the larger importers listed are trading companies that deal in a variety of steel products from a number of countries.

Apparent U.S. Consumption

Apparent U.S. consumption of heavy-walled rectangular pipes and tubes increased during 1982-84, from 422,848 tons 1/ in 1982 to 681,537 tons in 1984, or by an annual rate of approximately 27 percent; apparent U.S. consumption during January-September 1985, at 547,618 tons, was 4 percent greater than such consumption during January-September 1984 (table II-1). According to industry sources, the increase in apparent consumption during 1982-84 was due primarily to increases in construction starts, highway and bridge repair work, and industrial equipment demand. 2/ As shown in the table, imports supplied an increasing share of the market, from 34 percent in 1982 to 39 percent in 1984. This share was 38 percent in January-September 1985.

Table II-1.—Heavy-walled rectangular pipes and tubes: U.S. producers' shipments, imports for consumption, exports 1/ of domestically produced merchandise, and apparent U.S. consumption, 1982-84, January-September 1984, and January-September 1985

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to—	
					Shipments	Consumption
	Short tons				Percent	
1982	278,232	145,392	776	422,848	52.3	34.4
1983	342,684	184,501	893	526,292	53.8	35.1
1984	418,133	264,099	695	681,537	63.2	38.8
Jan.-Sept.—						
1984	325,109	200,987	343	525,753	61.8	38.2
1985	340,499	208,399	1,280	547,618	61.2	38.1

1/ Data on U.S. exports, collected under Schedule B item 610.3060 (a "basket" classification for carbon steel structural pipes and tubes), may be overstated and apparent U.S. consumption similarly understated. Exports were reported by only two U.S. producers in the Commission's questionnaires; such exports amounted to * * * tons in 1982, * * * tons in 1983, * * * tons in 1984, * * * tons in January-September 1984, and * * * tons in January-September 1985.

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

1/ Unless otherwise noted, all tons shown in this report are short tons (2,000 pounds).

2/ See notes of Dennis Rapkins of the Commission's staff in investigation No. 731-TA-254 (Preliminary).

Consideration of Material Injury to an Industry in the United States

Information in this section of the report for 1982-84 is based upon information collected by the Commission in connection with investigation No. 731-TA-254 (Preliminary) concerning heavy-walled rectangular pipes and tubes from Canada. During the course of the current investigation, the Commission obtained updated information from * * * firms accounting for virtually all reported U.S. producers' shipments of such merchandise in 1984. Some of these firms were unable to provide updated information concerning their employment and profitability.

U.S. production, capacity, and capacity utilization

U.S. production of heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaire, increased from 268,160 tons in 1982 to 425,914 tons in 1984. During January-September 1985, U.S. production, at * * * tons, was 0.6 percent greater than the level of production in the corresponding period of 1984 (table II-2). Productive capacity for heavy-walled rectangular pipes and tubes, at 1.1 million tons per year, increased at an average annual rate of 4 percent during 1982-84. Capacity utilization increased from 26 percent in 1982 to * * * percent during January-September 1985.

Table II-2.--Heavy-walled rectangular pipes and tubes: U.S. production, capacity, 1/ and capacity utilization, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	Jan.-Sept.--	
				1984	1985
Production--short tons--	268,160	346,672	425,914	***	***
Capacity----------do----	1,051,660	1,110,660	1,144,660	***	***
Capacity utilization percent--	25.5	31.2	37.2	***	***

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

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

U.S. producers' domestic and export shipments

U.S. producers' domestic shipments of heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaire, increased from * * * tons in 1982 to * * * tons in 1983, and * * * tons in 1984; in

January-September 1985 U.S. producers' shipments, at * * * tons, were 5 percent greater than shipments during the corresponding period of 1984 (table II-3). U.S. producers' exports of heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaire, were negligible in each of the periods covered by this investigation (table II-4).

Table II-3.--Heavy-walled rectangular pipes and tubes: U.S. producers' domestic shipments, 1/ 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	Jan.-Sept.--	
				1984	1985
Quantity----------tons--:	***	***	***	***	***
Value--1,000 dollars--:	***	***	***	***	***
Unit value--per ton--:	$494	$449	$453	$***	$***

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires. There were no intercompany and intracompany transfers reported.

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

Table II-4.--Heavy-walled rectangular pipes and tubes: U.S. producers' export shipments, 1982-84, January-September 1984, and January-September 1985

* * * * * * *

U.S. producers' inventories

The level of end-of-period inventories of heavy-walled rectangular pipes and tubes, as reported by U.S. producers in response to the Commission's questionnaire, fell from 80,096 tons in 1981 to 70,024 tons in 1982, and then rose to about 81,793 tons in 1984. Inventories dropped to * * * tons as of September 30, 1985, compared with * * * tons a year earlier. Such inventories decreased from 25 percent of the responding producers' (annualized) shipments as of December 31, 1982, to * * * percent as of September 30, 1985. Reported end-of-period inventories and such inventories as a share of reported shipments are shown in the following tabulation:

	Quantity 1/ (tons)	Share of shipments (percent)
As of Dec. 31—		
1981	80,096	2/
1982	70,024	25
1983	74,012	22
1984	81,793	20
As of Sept. 30—		
1984	***	***
1985	***	***

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.
2/ Not available.

U.S. employment, wages, and productivity

Data on U.S. employment, wages, and productivity in establishments producing heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaires, are provided in table II-5 (number of employees and hours worked by production and related workers) and table II-6 (wages and total compensation 1/ paid to production and related workers, labor productivity, hourly compensation, and unit labor costs). The ratio of total production and related workers to total employees ranged from a low of 75 percent in 1982 and 1983 to a high of 79 percent in 1984. Production and related workers producing heavy-walled rectangular pipes and tubes accounted for 39 percent to 44 percent of total production and related workers during the period covered.

The average number of production and related workers producing heavy-walled rectangular pipes and tubes, fell by 1 percent in 1982, rose by 4 percent in 1984 to 437, and then decreased by 2.3 percent to 416 during January-March 1985. Similarly, hours worked by these workers, decreased by 4 percent in 1983, rose by 21 percent in 1984, and then dropped by 5 percent during January-March 1985 compared with the number of hours worked during the period a year earlier.

The average wage for production and related workers producing heavy-walled rectangular pipes and tubes, which was $10.28 per hour in 1982, increased by 9 percent in 1983, decreased by 1 percent in 1984, and then decreased another 2 percent to $10.87 per hour during January-March 1985. Labor productivity, which was 0.30 ton of heavy-walled rectangular pipes and tubes produced per hour worked during 1982, increased by nearly one-third, to 0.39 ton per hour worked, in 1983, rose another 9 percent in 1984, and then dropped by 13 percent during January-March 1985 compared with productivity in January-March 1984. Unit labor costs decreased by 20 percent in 1983 to $36 per ton and then decreased by another 9 percent in 1984; such costs rose ty 25 percent from January-March 1984 to $37 per ton during January-March 1985.

* * * firms, accounting for * * * percent of U.S. producers' shipments in 1984, provided updated employment information on their operations producing

1/ The difference between total compensation and wages is an estimate of workers' benefits.

Table II-5.—Average number of employees, total and production and related workers, in U.S. establishments producing heavy-walled rectangular pipes and tubes, and hours paid 1/ for production and related workers producing heavy-walled rectangular pipes and tubes, 2/ 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	Jan.-Mar.—	
				1984	1985
Average employment:					
All employees:					
Number	1,382	1,329	1,369	1,394	1,227
Percentage change	3/	-3.8	+3.0	3/	4/ -10.4
Production and related workers producing—					
All products:					
Number	1,035	1,001	1,088	1,093	939
Percentage change	3/	-3.3	+8.7	3/	4/ -13.7
Heavy-walled rectangular pipes and tubes:					
Number	425	422	437	426	416
Percentage change	3/	-0.7	+3.6	3/	4/ -4.8
Hours worked by production and related workers producing heavy-walled rectangular pipes and tubes:					
Number—1,000 hours	735	707	852	215	204
Percentage change	3/	-3.8	+20.5	3/	4/ -5.1

1/ Includes hours worked plus hours of paid leave time.

2/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires; producers providing usable employment data accounted for 79 to 84 percent of reported production in all periods.

3/ Data for the previous year or comparable period of the previous year are not available.

4/ January-March 1985 compared with full year 1984.

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

Table II-6.—Wages and total compensation 1/ paid to production and related workers producing heavy-walled rectangular pipes and tubes and labor productivity, hourly compensation, and unit labor costs in the production of heavy-walled rectangular pipes and tubes, 2/ 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	Jan.-Mar.—	
				1984	1985
Wages paid to production and related workers:					
Value----------1,000 dollars---:	7,554	7,890	9,406	2,297	2,218
Percentage change----------:	3/	+4.4	+19.2	3/	4/ -3.4
Total compensation paid to production and related workers:					
Value----------1,000 dollars---:	9,827	9,971	11,884	2,884	2,967
Percentage change----------:	3/	+1.5	+19.2	3/	4/ +2.9
Labor productivity:					
Quantity-----tons per hour---:	0.2952	0.3885	0.4222	0.4527	0.3929
Percentage change----------:	3/	+31.6	+8.7	3/	4/ -13.2
Hourly compensation: 5/					
Value----------per hour---:	$10.28	$11.16	$11.04	$10.68	$10.87
Percentage change----------:	3/	+8.6	-1.1	3/	4/ +1.8
Unit labor costs: 6/					
Value----------per ton---:	$45.28	$36.30	$33.03	$29.63	$37.02
Percentage change----------:	3/	-19.8	-9.0	3/	4/ +24.9

1/ Includes wages and contributions to Social Security and other employee benefits.

2/ Understated or overstated to the extent that all U.S. producers did not respond to the Commission's questionnaires; producers providing usable employment data accounted for 79 to 84 percent of reported production in all periods.

3/ Data for the previous year or comparable period of the previous year are not available.

4/ January-March 1985 compared with January-March 1984.

5/ Based on wages paid excluding fringe benefits.

6/ Based on total compensation paid.

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

heavy-walled rectangular pipes and tubes. These firms employed * * * workers in January-September 1985 compared with * * * during the comparable period of 1984. The total compensation received by these workers increased by 2.8 percent from $* * * per hour in January-September 1984 to $* * * per hour during the corresponding period of 1985.

* * * * * * *

Financial experience of U.S. producers

* * * firms, 1/ which accounted for * * * percent of U.S. producers' total reported 1984 shipments of heavy-walled rectangular pipes and tubes, furnished usable income-and-loss data concerning their operations producing these pipes and tubes and on their overall establishment operations. * * * of the * * * firms accounted for * * * percent of 1984 shipments. * * * firms, accounting for * * * percent of U.S. producers' shipments during 1984 provided data for the interim periods.

Heavy-walled rectangular pipes and tubes.—Net sales of heavy-walled rectangular pipes and tubes grew from $121.5 million in 1982 to $126.7 million in 1983, representing a 4.2-percent increase, and then jumped 28.5 percent to $162.8 million in 1984 (table II-7). During the interim periods ended September 30, sales decreased from $* * * million in 1984 to $* * * million in 1985, or by 2.2 percent.

The industry sustained aggregate operating losses in 1982 and 1984 and reported nominal operating income in 1983. The operating loss in 1982 was $12.1 million, or 10.0 percent of sales; in 1984, it was $1.2 million, or 0.8 percent of sales. Operating income in 1983 was $110,000, or 0.1 percent of sales. During the interim periods ended September 30, operating income increased from a loss of $* * * in 1984 to a profit of $* * * in 1985. The interim period operating margins in 1984 and 1985 were * * * percent and * * * percent, respectively.

In 1982, * * * of the * * * producers reported operating losses compared with * * * in 1983 and * * * in 1984. In the interim periods, * * * firms reported an operating loss in 1984 and * * * did so in 1985.

Overall establishment operations.—Net sales of all products produced in the establishments within which heavy-walled rectangular pipes and tubes are produced increased from $252.4 million in 1982 to $262.6 million in 1983, or by 4.0 percent, and then increased by 23.4 percent to $324.2 million in 1984 (table II-8). During the interim periods ended September 30, sales fell from $* * * in 1984 to $* * * in 1985, representing a decline of 5.9 percent.

The firms incurred an aggregate operating loss of $16.2 million in 1982, or 6.4 percent of net sales. In 1983 and 1984, the producers reported aggregate operating incomes of $3.4 million and $4.1 million, respectively, representing an increase of 20.8 percent in 1984. During the interim periods ended September 30, operating income plummeted * * * percent from $* * * in 1984 to $* * * in 1985. The interim period operating margins in 1984 and 1985 were * * * percent and * * * percent, respectively.

* * * firms reported operating losses in 1982, * * * in 1983, and * * * in 1984. In the interim periods, * * * of the producers had an operating loss in 1984, whereas * * * reported operating losses in 1985.

1/ * * *.

Table II-7.—Income-and-loss experience of * * * producers on their operations producing heavy-walled rectangular pipes and tubes, 1/ accounting years 1982-84, and interim periods ended September 30, 1984, and September 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30— 1984	1985
Net sales——1,000 dollars—	121,546	126,666	162,813	***	***
Cost of goods sold——do——	116,668	112,079	149,991	***	***
Gross profit ——do——	4,878	14,587	12,822	***	***
General, selling, and administrative expenses 1,000 dollars—	16,979	14,477	14,057	***	***
Operating income or (loss) 2/——do——	(12,101)	110	(1,235)	***	***
Depreciation and amortization expense 1,000 dollars—	4,039	4,142	4,800	***	***
As a share of—					
Cost of goods sold percent—	96.0	88.5	92.1	***	***
Gross profit——do——	4.0	11.5	7.9	***	***
General, selling, and administrative expenses percent—	14.0	11.4	8.6	***	***
Operating income or (loss)——do——	(10.0)	0.1	(0.8)	***	***
Number of firms reporting operating losses——	***	***	***	***	***

1/ U.S. producers submitting usable data for 1982-84 accounted for * * * percent of total shipments of heavy-walled rectangular pipes and tubes in 1984, as reported in responses to the questionnaires of the U.S. International Trade Commission. The respondents reporting data for the interim periods accounted for * * * percent of such shipments.

2/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, * * * producers, which together accounted for * * * percent of reported 1984 net sales, did not report those line items and * * * additional firms, which together accounted for * * * percent of reported 1984 net sales, did not allocate 1 of those items, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

Table II-8.—Income-and-loss experience of * * * U.S. producers 1/ on the overall operations of their establishments within which heavy-walled rectangular pipes and tubes are produced, accounting years 1982-84, and interim periods ended September 30, 1984, and September 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985
Net sales——1,000 dollars—	252,413	262,594	324,168	***	***
Cost of goods sold——do——	239,132	233,482	292,929	***	***
Gross profit——do——	13,281	29,112	31,239	***	***
General, selling, and administrative expenses 1,000 dollars—	29,464	25,711	27,132	***	***
Operating income or (loss) 2/——do——	(16,183)	3,401	4,107	***	***
Depreciation and amortization expense 1,000 dollars—	9,229	9,029	9,790	***	***
As a share of—					
Cost of goods sold percent—	94.7	88.9	90.4	***	***
Gross profit——percent—	5.3	11.1	9.6	***	***
General, selling, and administrative expenses percent—	11.7	9.8	8.4	***	***
Operating income or (loss)——do——	(6.4)	1.3	1.3	***	***
Number of firms reporting operating losses——	***	***	***	***	***

1/ U.S. producers submitting usable data together accounted for * * * percent of total shipments of heavy-walled rectangular pipes and tubes in 1984, as reported in responses to the questionnaires of the U.S. International Trade Commission. The respondents providing data for the interim periods accounted for * * * percent of such shipments.

2/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, * * * producers, which together accounted for * * * percent of reported 1984 net sales, did not report those line items and * * * additional firms, which together accounted for * * * percent of reported 1984 net sales, did not allocate 1 of those items, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

Capital expenditures and research and development expenses.—* * * U.S. producers supplied information on their capital expenditures for buildings, machinery, and equipment used in the production of heavy-walled rectangular pipes and tubes, and four of the * * * furnished data on their research and development expenses. Capital expenditures increased from $* * * in 1982 to $* * * in 1983, and then declined to $* * * in 1984. Capital expenditures declined * * * percent from $* * * in January-March 1984 to $* * * in the corresponding period in 1985. Research and development expenses fell sharply from $* * * in 1982 to $* * * in both 1983 and 1984. Research and development expenses amounted to $* * * in both January-March periods of 1984 and 1985. These capital expenditures and research and development expenses are shown in the following tabulation (in thousands of dollars):

* * * * * * *

Three firms reported capital expenditures related to their production of heavy-walled pipes and tubes during the January-September periods. These expenditures totalled $* * * million in January-September 1984 and $* * * in the corresponding period of 1985.

The Question of the Threat of Material Injury

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in LTFV imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the country subject to the investigation to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of heavy-walled rectangular welded carbon steel pipes and tubes and of their U.S. market penetration is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Alleged LTFV Imports."

U.S. importers' inventories

* * * importers which together accounted for * * * percent of total imports of the heavy-walled product from Singapore reported that they held none of the product in inventory as of September 30, 1985.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Alleged LTFV Imports

U.S. imports of heavy-walled rectangular pipes and tubes

Imports from all sources.—Aggregate U.S. imports of heavy-walled rectangular pipes and tubes increased by an annual average of 35 percent from 145,392 tons in 1982 to 264,099 tons in 1984; such imports during January-September 1985 amounted to 208,399 tons, representing an increase of 4 percent from the level of January-September 1984 (table II-9). Japan and Canada were the first and second largest suppliers, respectively, of imports of heavy-walled rectangular pipes and tubes in each period, together accounting for over 90 percent of such imports.

Imports from Singapore.—U.S. imports of heavy-walled rectangular pipes and tubes increased from none in 1982 and 1983 to 248 tons in 1984 and 4,158 tons in January-September 1985.

Imports from Canada.—Petitioners urged the Commission to cumulate imports from Singapore with those from Canada. U.S. imports of heavy-walled rectangular pipes and tubes from Canada increased from 64,239 tons in 1982 to 70,720 tons in 1983 and 100,858 tons in 1984; however, such imports during January-September 1985, at 73,658 tons, were 2 percent less than the level of imports during January-September 1984. Imports from Canada accounted for declining shares of the total import market for heavy-walled rectangular pipes and tubes during the period, with 44, 38, and 35 percent in 1982, 1984, and January-September 1985, respectively.

U.S. market penetration of imports of heavy-walled rectangular pipes and tubes

Imports from all sources.—Market penetration of imports of heavy-walled rectangular pipes and tubes from all countries increased from 34.4 percent of apparent U.S. consumption in 1982 to 38.8 percent in 1984; the market penetration by imports during January-September 1985 was 38.1 percent, compared with 38.2 percent during the period a year earlier (table II-10).

Imports from Singapore.—U.S. imports of heavy-walled pipes and tubes from Singapore increased from less than 0.05 percent of U.S. consumption in 1984 to 0.8 percent in January-September 1985.

Imports from Canada.—Imports of heavy-walled rectangular pipes and tubes from Canada dropped from 15.2 percent of consumption in 1982 to 13.4 percent in 1983 and then rose to 14.8 percent in 1984; during January-September 1985 such imports from Canada accounted for 13.4 percent of consumption, compared with 14.2 percent in the period a year earlier.

Table II-9.—Heavy-walled rectangular pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	Jan.-Sept.—	
				1984	1985
	Quantity (short tons)				
Singapore	0	0	248	0	4,158
Canada	64,239	70,720	100,858	75,274	73,658
Japan	68,432	102,712	142,002	109,431	117,760
France	134	1,205	5,775	5,010	3,504
Spain	2,738	2,759	4,324	2,997	165
Finland	0	0	1,735	903	1,091
All other	9,849	7,105	9,156	7,372	8,063
Total	145,392	184,501	264,099	200,987	208,399
	Value (1,000 dollars)				
Singapore	—	—	72	—	1,285
Canada	30,770	31,026	45,154	33,400	30,560
Japan	26,912	34,354	49,763	37,924	40,004
France	59	373	1,952	1,684	1,214
Spain	1,130	903	1,479	1,018	53
Finland	—	—	598	318	359
All other	5,039	2,637	3,155	2,497	2,719
Total	63,910	69,293	102,169	76,841	76,194
	Unit value (per ton)				
Singapore	—	—	$292	—	$315
Canada	$479	$439	448	$444	415
Japan	393	334	350	347	339
France	439	309	338	336	346
Spain	413	327	342	340	319
Finland	—	—	345	352	329
All other	512	371	344	339	337
Average	440	376	387	382	366

1/ Includes imports under TSUSA item 610.3955.

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

Note.—Because of rounding, figures may not add to the totals shown; unit values were computed from unrounded data.

Table II-10.—Heavy-walled rectangular pipes and tubes: 1/ Ratios of imports from Singapore, Canada, and all countries to apparent U.S. consumption, 1982-84, January-September 1984, and January-September 1985

(In percent)

Source	Ratio of imports to apparent consumption				
	1982	1983	1984	Jan.-Sept.—	
				1984	1985
Singapore	0	0	2/	0	0.8
Canada	15.2	13.4	14.8	14.2	13.4
All countries	34.4	35.1	38.8	38.2	38.1

1/ Includes imports under TSUSA item 610.3955.
2/ Less than 0.05 percent.

Source: Tables 1 and 9.

Information concerning the customs districts through which the subject imports entered the United States during January-October 1985, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation:

Source and customs district	Quantity	Share of total quantity
	Short tons	Percent
Singapore:		
Los Angeles, CA	2,116	46.0
Houston, TX	1,996	43.4
Portland, OR	198	4.3
New Orleans, LA	162	3.5
Seattle, WA	81	1.7
San Francisco, CA	25	0.5
Philadelphia, PA	20	0.4
Total	4,598	100.0
Canada:		
Detroit, MI	48,410	58.5
Buffalo, NY	24,039	29.1
St. Albans, VT	5,156	6.2
Ogdensburg, NY	3,723	4.5
Great Falls, MT	942	1.1
Pembina, ND	273	0.3
Seattle, WA	153	0.2
Portland, ME	29	1/
Cleveland, OH	21	1/
Total	82,747	100.0

1/ Less than 0.05 percent.

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

Nearly all of the imports from Singapore entered through West Coast and Gulf ports, whereas virtually all of the imports from Canada entered through ports near the U.S.-Canadian border.

Prices

The Commission requested U.S. producers and importers of heavy-walled rectangular pipes and tubes to provide information concerning their prices the following items:

PRODUCT 1: ASTM A-500 Grade B structural tubing, carbon welded, black, 4-inch square, 1/4-inch wall thickness, 24-foot to 40-foot mill lengths.

PRODUCT 2: ASTM A-500 Grade B structural tubing, carbon welded, black, 2-inch x 4-inch, 1/4-inch wall thickness, 24-foot to 40-foot mill lengths.

PRODUCT 3: ASTM A-500 Grade B structural tubing, carbon welded, black, 6-inch square, 1/4-inch wall thickness, 24-foot to 40-foot mill lengths.

Five domestic producers provided price data. Not all of these producers reported prices on all three selected products. Four of the five manufacturers indicated that they quote prices f.o.b. mill. Two of the reporting producers distribute price lists, and none offers discounts. The producers prices are presented in table II-11.

Table II-11.--Heavy-walled rectangular pipes and tubes: U.S. producers' weighted-average prices to service centers/distributors, by quarters, January 1983-September 1985

* * * * * * *

Four importers of heavy-walled tubing form Singapore provided price information to the Commission. These prices are shown in table II-12.

Table II-12.--Heavy-walled rectangular pipes and tubes: U.S. producers' prices and prices of the product imported from Singapore to service centers/ distributors, by quarters, October 1984-September 1985

* * * * * * *

Trends in prices

Product 1.--The domestic price of product 1 to service centers/disbributors showed a net decrease of * * * percent over the investigation period. It showed * * * trend from $* * * in January-March 1983 to October-December 1984 before * * * to $* * * in July-September 1985.

Product 2.--For product 2, the U.S. producers' price moved erratically throughout the investigation period. For instance, the price * * * percent from January-March to April-June 1983, only to * * * initial January-March 1983 level by July-September 1984. It then * * * following three quarters. In July-Spetmeber 1985 it * * * to $* * * per hundred feet. Overall, the price declined * * * percent from its initial level.

Product 3.--Although the price of product 3 showed a net decrease of * * * percent from January-March 1983 to July-September 1985, it * * *. For example the price * * * from $* * * per hundred feet in Januay-March 1983 to $* * * per hundred feet in July-September 1984 * * * percent --- with the exception of * * * in October-December 1983. The price then * * * percent between July-September 1984 and July-September 1985, when the price settled at $* * * per hundred feet.

Margins of underselling

Importers provided data on products 1 and 2 originating in Singapore. For product 1, the import price * * * from $* * * per hundred feet in October-December 1984 to $* * * per hundred feet in January-March 1985. In the following period it * * *, by * * * percent, and then * * * to end at $* * * per hundred feet in July-September 1985. The relative movements between the U.S. and Singapore prices caused the margin * * *. The Singapore product undersold the U.S. product by * * * percent in * * *, and by * * * percent in * * *. It oversold the domestic product * * * in * * * and * * *.

For product 2, the Singapore price, during the first 3 quarters of 1985, fluctuated between about * * * and $* * * per hundred feet. * * * the domestic price over the same period * * * the margin of underselling to vary between * * * percent and * * * percent.

Transportation costs

* * * all or part of the freight charges on approximately 25 percent of * * * shipments. Other domestic producers reported that they sometimes lower their f.o.b. price to equalize the delivered price paid by a purchaser. 1/ The tabulation below reports the transport costs associated with shipping to different locations in the United States (in dollars per ton):

*	*	*	*	*	*	*

Transport costs also vary widely as a share of the total price. For instance, one producer of heavy-walled tube located in Chicago reported that freight could account for * * * percent of the f.o.b. price when being shipped within the Chicago metropolitan area or * * * percent of the f.o.b. price on shipments to the West Coast. 2/ Domestic producers of heavy-walled tube market their product in limited geographical regions. This practice is largely due to the high costs to transport the material within the United

1/ Based on a telephone conversation with * * *.
2/ Based on a telephone conversation with a representative of * * *.

States. Some producers, while not providing average transport costs to the selected metropolitan areas, above, reported what they considered to be their marketing areas. * * *. One * * * producer reported serving the * * * market only.

Another heavy-walled tube producer indicated that its * * * plant produces primarily for the * * *. 1/ Within this marketing area, transport costs tend to range between 2 percent and 6 percent of the f.o.b. price. This producer indicated that it is difficult for it to be competitive with other domestic producers and imports when transport costs rise above 6 percent.

Lost sales and price suppression/depression

No domestic producer reported any specific instance in which it lost a sale of heavy-walled rectangular pipes and tubes to imports of lower-priced merchandise from Singapore. In addition, U.S. producers did not report any instances in which they were forced to reduce their prices in order to avoid losing a sale to these imports.

1/ Based on a telephone conversation with * * *.

PART III. LIGHT-WALLED RECTANGULAR PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to light-walled rectangular pipes and tubes. As indicated previously, the Commission instituted a preliminary investigation 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 light-walled rectangular pipes and tubes from Singapore.

Previous Commission Investigations

On August 22, 1984, the Commission made a preliminary determination in investigation No. 701-TA-220 (Preliminary) that there was a reasonable indication that an industry in the United States was materially injured by reason of allegedly subsidized imports of light-walled rectangular pipes and tubes from Spain. 1/ 2/ In addition, in investigation No. 731-TA-198 (Preliminary), 3/ the Commission found that there was a reasonable indication that an industry in the United States was materially injured by reason of imports from Spain of light-walled rectangular pipes and tubes sold at LTFV. 4/ The Commission instituted investigation No. 701-TA-220 (Final) on October 17, 1984, and investigation No. 731-TA-198 (Final) on December 31, 1984. Both of these investigations were terminated on February 4, 1985, following the withdrawal of the petitions.

On June 12, 1984, the Commission found in investigation No. TA-201-51 (Carbon and Certain Alloy Steel Products) that, under section 201 of the Trade Act of 1974, the domestic steel pipe and tube industry was experiencing serious injury. 5/ However, the Commission determined that imports of certain steel pipes and tubes were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. 6/ The steel pipes and tubes that were the subject of the section 201 investigation included the welded carbon

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1/ This case also involved small diameter circular welded carbon steel pipes and tubes, which have been included in several subsequent Commission pipe and tube investigations.

2/ Chairwoman Stern determined that an industry in the United States was materially injured or threatened with material injury by reason of light-walled rectangular pipes and tubes. Vice Chairman Liebeler dissented.

3/ Certain Welded Carbon Steel Pipes and Tubes from Brazil and Spain (Investigations Nos. 701-TA-220 and 731-TA-197 and 198 (Preliminary)), USITC Publication 1569, August 1984.

4/ Chairwoman Stern 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 the subject imports. Vice Chairman Liebeler dissented.

5/ Carbon and Certain Alloy Steel Products: Report to the President on Investigation No. TA-201-51, USITC Publication 1553, July 1984, pp. 65, 68, 117, and 155.

6/ Commissioners Eckes and Rohr dissented.

steel pipes and tubes that are the subject of the instant investigation, as well as other pipes and tubes that are not the subject of this investigation.

On April 17, 1984, the Commission determined in investigation No. 731-TA-138 (Final) 1/ that an industry in the United States was materially injured by reason of LTFV imports of light-walled rectangular pipes and tubes from Korea. 2/

On February 1, 1985, the Commission preliminarily 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 from Taiwan of light-walled rectangular pipes and tubes. Effective July 22, 1985, the Commission instituted investigation No. 731-TA-211 (Final) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry is materially retarded, by reason of imports of such merchandise. The Commission's hearing in this investigation was held on December 17, 1985, and the Commission's final determination in this investigation will be made by January 17, 1986. Information concerning the market share of imports in these outstanding LTFV investigations is presented in the following tabulation:

(In percent)

Item	1982	1983	1984	January-June-	
				1984	1985
Imports from Singapore 1/	-	-	0.2	0.1	0.6
Imports from Taiwan 2/	.6	1.5	3.1	1.9	.3

1/ Investigation No. 731-TA-296 (Preliminary). The instant investigation.
2/ Investigation No. 731-TA-211 (Final). The Commission is currently conducting a final investigation concerning such merchandise.

The Product

Description and uses

The imported pipe and tube product which is the subject of this investigation is rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of less than 0.156 inch, hereinafter referred to as light-walled rectangular pipes and tubes. This product is supplied with cross-sections ranging from 0.375 x 0.625 inch to 4 x 8 inches or with square cross-sections from 0.375 to 6 inches. It is employed in a variety of end uses not involving the conveyance of liquid or gas, such as agricultural equipment frames and parts and furniture parts. The product is generally produced to ASTM specification A-513 or specification A-500, Grade A, and is commonly referred to in the industry as mechanical or ornamental tubing. A

1/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan (Investigations Nos. 731-TA-131, 132, and 138 (Final)), USITC Publication 1519, April 1984.
2/ Chairwoman Stern dissented. Vice Chairman Liebeler and Commissioner Rohr did not participate in this determination.

discussion of the manufacturing process is included in the introductory portion of this report.

U.S. tariff treatment

Imports of light-walled rectangular pipes and tubes are classified in TSUSA item 610.4928, which includes welded nonalloy steel pipes and tubes of cross sections other than circular, having a wall thickness less than 0.156 inch. As of January 1, 1985, the most-favored-nation (MFN) (column 1) rate of duty, applicable to imports from Singapore, was 8.8 percent ad valorem for TSUS item 610.49. 1/ As a result of tariff concessions granted in the Tokyo round, this rate is to be reduced in stages until January 1, 1987, when it will reach its final negotiated rate of 8 percent ad valorem.

The U.S. Market

Apparent consumption

Apparent U.S. consumption of light-walled rectangular pipes and tubes increased by 30 percent from 1982 to 1983, and increased by 22 percent from 1983 to 1984 (table III-1). However, apparent consumption was 11 percent lower in January-June 1985 compared with such consumption in January-June 1984.

Channels of distribution

In the U.S. market, sales of pipes and tubes are made directly to end users or to steel service centers/distributors, which in turn sell to end users. Service centers/distributors are middlemen that buy large quantities of pipes and tubes, typically from both domestic producers and importers, warehouse the product, and sell smaller quantities to end users. According to questionnaire responses, 30 percent of U.S. producers' domestic shipments were made to unrelated distributors in 1984. The remaining 70 percent of U.S. producers' domestic shipments were made to unrelated end users.

U.S. Producers

Light-walled rectangular pipes and tubes are made primarily by small, nonintegrated or partially integrated producers. Armco is the only integrated producer of light-walled rectangular pipes and tubes.

1/ The rates of duty in the col. 1 are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. The col. 2 duty rate is 25 percent ad valorem and the least developed developing countries (LDDC) rate is 8 percent ad valorem. Imports from beneficiary countries are not eligible for duty-free entry under the Generalized System of Preferences (GSP); products of Caribbean Basin Economic Recovery Act (CBERA) countries and of Israel enter free of duty.

Table III-1.—Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

Period	Producers' domestic shipments	Imports	Apparent consumption	Ratio to consumption of—	
				Producers' shipments	Imports
	Tons 1/			Percent	
1982	144,871	54,065	198,935	73	27
1983	177,685	80,382	258,067	69	31
1984	211,367	104,428	315,795	67	33
January-June—					
1984	107,111	56,704	163,815	65	35
1985	100,942	45,214	146,156	69	31

1/ Unless otherwise noted, the term "ton" refers to a short ton (2,000 pounds).

Source: Domestic shipments were compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. Imports were compiled from official statistics of the U.S. Department of Commerce.

There are approximately 20 domestic producers of light-walled rectangular pipes and tubes. The names of the major U.S. producers, the location(s) of their production facilities, and their production and shares of reported production in 1984 are shown in the following tabulation compiled from questionnaire responses (in tons and in percent):

Firm and plant location	Production	Share of total
Armco Inc., Middletown, OH	***	***
Berger Ind., Inc., Maspeth, NY	***	***
Bernard Epps & Co., Los Angeles, CA 1/	***	***
Bull Moose Tube Co., Gerald, MO; Chicago Heights, IL; and Trenton, GA 1/	***	***
Harris Tube, Los Angeles, CA	***	***
Hughes Steel & Tube, City of Commerce, CA 1/	***	***
J. M. Tull Ind., Inc., Norcross, GA	***	***
Kaiser Steel Tubing Inc., Los Angeles, CA 1/	***	***
Lock Joint Tube Co., Inc., South Bend, IN	***	***
Maruichi American Corp., Santa Fe Springs, CA 1/ 2/	***	***
Miami Ind., Piqua, OH	***	***
Parthenon Metal Works, La Vergne, TN	***	***
Pittsburgh International, West Fairbury, IL 3/	***	***
Southwestern Pipe, Inc., Houston, TX 1/	***	***
Western Tube & Conduit, Long Beach, CA 3/	***	***
Total	***	100.0

1/ Member of mechanical tubing subcommittee of CPTI, and in support of the petition.

2/ * * *.

3/ Member of CPTI.

U.S. Importers

The net importer file maintained by the U.S. Customs service identifies about 10 firms that imported light-walled rectangular pipes and tubes from Singapore during October 1984-April 1985. Most of the larger importers listed are trading companies that deal in a variety of steel products from a number of countries.

The Question of Material Injury

U.S. production, capacity, and capacity utilization

As shown in table III-2, U.S. production of light-walled rectangular pipes and tubes increased by 26 percent from 144,964 tons in 1982 to 182,885 tons in 1983, then rose again by 17 percent to 214,509 tons in 1984. U.S. production of the subject merchandise was 8 percent lower in January-June 1985 compared with such production in January-June 1984. U.S. capacity to produce light-walled rectangular pipes and tubes increased steadily during the period covered by the investigation, rising 13 percent from 1982 to 1983 and 7 percent from 1983 to 1984. Such capacity was 2 percent higher in January-June 1985 compared with capacity in the corresponding period of 1984. Capacity utilization increased from 53.2 percent in 1982 to 59.4 percent in 1983, then climbed to 65.0 percent in 1984. Capacity utilization was 62.1 percent in January-June 1985, a decrease from 69.7 percent in the corresponding period of 1984.

Table III-2.--Light-walled rectangular pipes and tubes: U.S. production, capacity, 1/ and capacity utilization, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June	
				1984	1985
Production----------tons----	144,964	182,885	214,509	108,655	100,350
Capacity 2/----------do----	268,871	303,333	324,893	153,484	155,799
Capacity utilization 2/ percent----	53.2	59.4	65.0	69.7	62.1

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

2/ Firms reporting data accounted for * * * percent of reported domestic shipments of U.S.-produced light-walled rectangular pipes and tubes in 1984.

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

U.S. producers' shipments and inventories

U.S.-produced domestic shipments of light-walled rectangular pipes and tubes increased by 23 percent from 1982 to 1983, and increased by 19 percent from 1983 to 1984 (table III-3). Such shipments were 6 percent lower in January-June 1985 compared with shipments in January-June 1984.

Table III-3.--Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments, exports, total shipments, and inventories, 1982-84, January-June 1984, and January-June 1985

Item	1982	1983	1984	January-June	
				1984	1985
Domestic shipments----------tons--	144,871	177,685	211,367	107,111	100,942
Exports----------do----	***	***	***	***	***
Total shipments----------do----	***	***	***	***	***
Inventories 1/----------do----	12,848	15,029	16,067	15,386	15,383
Ratio of inventories to total shipments 1/--percent--	***	***	***	2/ ***	2/ ***

1/ Firms reporting data accounted for * * * percent of reported domestic shipments of U.S.-produced light-walled rectangular pipes and tubes in 1984.
2/ Based on annualized shipments data submitted by questionnaire respondents.

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

* * * was the only domestic producer of light-walled rectangular pipes and tubes that reported exports during the period covered by the investigation. The firm's exports were to * * *, and represented less than * * * percent of U.S. producers' total shipments in each reporting period.

U.S. producers' yearend inventories of light-walled rectangular pipes and tubes increased regularly during 1982-84. At yearend 1984, inventories of the subject merchandise were 25 percent higher than inventories at yearend 1982. Such inventories as of June 30, 1985 were virtually the same as inventories as of June 30, 1984.

Inventories of light-walled rectangular pipes and tubes as a percentage of total U.S.-produced shipments decreased steadily from * * * percent in 1982 to * * * percent in 1984. Such inventories were * * * percent of total shipments as of June 30, 1985, versus * * * percent as of June 30, 1984.

Two U.S. producers of light-walled rectangular pipes and tubes reported purchases of imports of the subject merchandise during the period covered by the investigation. * * * reported purchases of the subject merchandise * * *, during 1983-84 and in January-June 1985. An official of * * * stated that these purchases were of * * *. Such imports amounted to less than * * * percent of * * *'s total shipments during the period covered by the investigation. * * * accounted for * * * percent of U.S. production of the subject merchandise in 1984.

* * * also reported purchases of imports during 1982-84 and in January-June 1985. Such purchases as a percent of the firm's total shipments * * * percent in 1982 to * * * percent in January-June 1985. * * * accounted for * * * percent of U.S. production of the subject merchandise in 1984. Spokesmen for * * * stated that the firm purchased imports primarily from * * * because * * *. In addition, * * *.

U.S. employment

Table III-4 presents employment data for light-walled rectangular pipes and tubes. Employment of production and related workers producing light-walled rectangular pipes and tubes rose 31 percent from 1982 to 1983 and 4 percent from 1983 to 1984; however, employment was 6 percent lower in January-June 1985 compared with employment in the corresponding period of 1984.

Table III-4.--Average number of production and related workers engaged in the manufacture of light-walled rectangular pipes and tubes, hours worked by such workers, wages paid, total compensation, and output per hour, 1982-84, January-June 1984, and January-June 1985 1/

Item	1982	1983	1984	January-June	
				1984	1985
Number of workers	482	630	658	642	605
Hours worked per worker, per week	38.0	33.5	36.2	34.6	32.7
Wages paid per worker, per hour	$10.22	$10.31	$10.76	$10.49	$10.41
Total compensation per worker, per hour	$11.78	$12.05	$12.55	$12.16	$12.45
Output per hour--tons	.158	.174	.180	.195	.203

1/ Data were obtained from 14 producers accounting for * * * percent of reported domestic shipments of U.S.-produced light-walled rectangular pipes and tubes in 1984.

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

Average weekly hours worked by workers producing light-walled rectangular pipes and tubes decreased irregularly during 1982-84, and were lower in January-June 1985 compared with average weekly hours worked in January-June 1984. Average hourly wages paid increased steadily during 1982-84; however, average hourly wages paid were slightly lower in January-June 1985 compared with such wages in the corresponding period of 1984. Total hourly compensation per worker increased steadily from January 1982 to June 1985. The productivity of workers producing the subject merchandise increased steadily during the period covered by the investigation. Of the 15 U.S. producers responding to the questionnaire, 7 are nonunion, and 8 have employees represented by 7 different unions.

Six U.S. producers reported layoffs during the period covered by the investigation. The firms cited declining sales and lack of business as reasons for the layoffs. * * *. The following tabulation contains data obtained from five firms reporting permanent layoffs:

* * * * * * *

* * * reported the following temporary layoffs and recalls of workers involved in the production of light-walled rectangular pipes and tubes:

* * * * * * *

Financial experience of U.S. producers

Fourteen U.S. producers supplied income-and-loss data for all welded carbon steel pipe and tube operations of their establishments within which light-walled rectangular pipes and tubes are produced, while only two firms provided usable data for their operations producing light-walled rectangular pipes and tubes. Most producers manufacture round, square, rectangular, and/or other types of pipes and tubes using the same labor and machinery. The majority of firms do not maintain separate income-and-loss data for each specification of pipe and tube. In responding to the questionnaire, some firms used methods of allocation, such as sales or shipments, which may not accurately reflect the financial experience realized on their operations producing only light-walled rectangular pipes and tubes. Other firms did not provide data on light-walled rectangular pipe and tube operations.

All welded carbon steel pipe and tube operations of producers' establishments within which light-walled rectangular pipes and tubes are produced.—Fourteen firms, accounting for * * * percent of U.S.-produced domestic shipments of the subject merchandise in 1984, supplied the data in table III-5. The value of total shipments of light-walled rectangular pipes and tubes as a share of net sales of all welded carbon steel pipes and tubes was approximately 27 percent during 1982-84. Aggregate net sales increased by 42 percent from $300.6 million in 1982 to $427.1 million in 1984 (table III-5). During the interim period ended June 30, 1985, aggregate net sales fell slightly, by 1.3 percent to $206.0 million, compared with such sales of $208.7 million in the corresponding period of 1984.

The industry operated profitably throughout the period covered by the investigation. The operating income increased from $13.6 million in 1982 to $25.6 million in 1984. However, the ratio of operating income to net sales rose from 4.5 percent in 1982 to 7.0 percent in 1983, and then fell to 6.0 percent in 1984. The operating income dropped to $9.8 million, or 4.8 percent of net sales, during the interim period ended June 30, 1985, compared with such income of $13.5 million, or 6.5 percent of net sales, in the interim period of 1984.

Table III-5.—Income-and-loss experience of 14 U.S. producers 1/ on their operations producing all welded carbon steel pipes and tubes in their establishments within which light-walled rectangular pipes and tubes are produced, accounting years 1982-84, and interim periods ending June 30, 1984 and June 30, 1985

Item	1982	1983	1984	Interim period to June 30—2/	
				1984	1985
Net sales——1,000 dollars—	300,562	350,127	427,107	208,651	205,998
Cost of goods sold——do——	267,432	302,542	374,738	181,462	182,968
Gross profit or (loss)——do——	33,130	47,585	52,369	27,189	23,030
General, selling, and administrative expenses——1,000 dollars—	19,535	23,141	26,819	13,698	13,219
Operating income——do——	13,595	24,444	25,550	13,491	9,811
Depreciation and amortization expense 3/ ——1,000 dollars—	6,042	6,886	6,895	3,131	3,234
As a share of net sales:					
Cost of goods sold——percent—	89.0	86.4	87.7	87.0	88.8
Gross profit——do——	11.0	13.6	12.3	13.0	11.2
General, selling, and administrative expenses——percent—	6.5	6.6	6.3	6.6	6.4
Operating income——do——	4.5	7.0	6.0	6.5	4.8
Number of firms reporting:					
Operating losses	2	2	1	1	2

1/ * * *. Hence, there are 13 producers reporting in 1982.

2/ Interim data are for 13 firms.

3/ Depreciation and amortization data are for 13 firms in 1982-84 and for 12 firms in both interim periods.

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

Light-walled rectangular pipes and tubes.—Only 2 of the 14 responding firms furnished usable income-and-loss data relative to their operations producing light-walled rectangular pipes and tubes. * * *. Because the two firms capable of providing product line data account for such a small percentage of total domestic production of light-walled rectangular pipes and tubes, the financial experience of those firms may not accurately reflect that of the industry as a whole. These data are presented in appendix C.

Investment in productive facilities.—Twelve firms accounting for * * * percent of U.S. producers' 1984 shipments of light-walled rectangular pipes and tubes supplied data concerning their investment in productive facilities employed in the production of all welded pipes and tubes, whereas only four firms accounting for * * * percent of producers' shipments furnished such data relating to the production of light-walled rectangular pipes and tubes. Reported investment in property, plant, and equipment is shown in the following tabulation (in thousands of dollars):

Period	All welded pipes and tubes of the establishment		Light-walled rectangular pipes and tubes	
	Original cost	Book value	Original cost	Book value
1982	90,620	46,713	10,876	4,836
1983	100,525	53,208	12,752	6,136
1984	108,655	57,348	14,084	6,065
As of June 30—				
1984	104,226	52,865	14,182	6,544
1985	114,862	57,659	14,006	5,487

The aggregate investment in productive facilities for all welded pipes and tubes, valued at cost, increased from $90.6 million in 1982 to $108.7 million in 1984 and rose further to $114.9 million as of June 30, 1985. The book value of such assets followed a similar trend from January 1982 to June 1985. Total reported investment in productive facilities for light-walled rectangular pipes and tubes, valued at cost, increased from $10.9 million in 1982 to $14.1 million in 1984 and remained at about $14.0 million as of June 30, 1985.

Capital expenditures and research and development expenses.—Twelve firms accounting for * * * percent of U.S. producers' 1984 shipments of the subject merchandise furnished data relative to their capital expenditures for land, buildings, and machinery and equipment used in the manufacture of all welded carbon steel pipes and tubes of their establishments, and four firms accounting for * * * percent of U.S. producers' 1984 shipments supplied such data for light-walled rectangular pipes and tubes. Only two firms reported research and development expenses relating to the operations of light-walled rectangular pipes and tubes. These reported data are presented in the following tabulation (in thousands of dollars):

Period	Capital expenditures		Research and development expenses related to light-walled rectangular pipes and tubes
	All welded pipes and tubes of the establishments	Light-walled rectangular pipes and tubes	
1982	7,634	***	***
1983	12,602	***	***
1984	6,580	***	***
January-June—			
1984	2,052	***	***
1985	7,342	***	***

Capital expenditures relating to all welded carbon steel pipes and tubes increased from $7.6 million in 1982 to $12.6 million in 1983, and declined to

$6.6 million in 1984. Such expenditures rose to $7.3 million in January-June 1985, compared with $2.1 million in January-June 1984. Capital expenditures for light-walled rectangular pipes and tubes dropped from $* * * in 1982 to $* * * in 1984, and amounted to $* * * in January-June 1985.

Research and development expenses relative to operations on light-walled rectangular pipes and tubes increased from $* * * in 1982 to $* * * in 1984. Such expenses were $* * * in January-June 1985 compared with $* * * in the corresponding period of 1984.

The Question of the Threat of Material Injury

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the LTFV imports, the rate of increase of U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of producers in Singapore to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the LTFV imports. Foreign capacity is discussed in the section of the report on the foreign producers.

* * * importers of light-walled rectangular pipes and tubes from Singapore reported that they held none of the product in inventory as of September 30, 1985. These importers accounted for * * * percent of total imports from Singapore during January-September 1985.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Alleged LTFV Imports

U.S. imports

Total U.S. imports of light-walled rectangular pipes and tubes nearly doubled from 54,064 tons in 1982 to 104,428 tons in 1984; however, total imports for January-June 1985 amounted to 45,214 tons, a 20-percent decrease from 56,704 tons in the corresponding period of 1984 (table III-6). Japan, Spain, Taiwan, and Canada were the largest exporters of these pipes and tubes to the United States in 1984, accounting for 46 percent, 23 percent, 9 percent, and 8 percent of total imports, respectively.

Imports of this product from Singapore totaled 572 tons in 1984 and 946 tons in January-June 1985. Petitioners request that the Commission cumulate imports of light-walled rectangular pipes and tubes from Singapore with imports of similar products from Taiwan.

Imports from Taiwan of light-walled rectangular pipes and tubes more than tripled from 1982 to 1983 and more than doubled from 1983 to 1984; however, such imports were 87 percent lower in January-June 1985 than imports in the corresponding period of 1984. Imports from Taiwan virtually ceased after March 1985, as only 3 tons were imported during April-September 1985.

Table III-6.—Light-walled rectangular pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-June 1984, and January-June 1985

Source	1982	1983	1984	January-June—	
				1984	1985
	Quantity (tons)				
Singapore	0	0	572	133	946
Taiwan	1,115	3,812	9,754	3,177	405
Subtotal 2/	1,115	3,812	10,326	3,310	1,351
Japan	16,001	37,640	47,897	27,310	35,960
Spain	2,549	5,547	23,693	11,351	1,072
Canada	18,359	14,194	8,260	5,825	2,264
Italy	5,027	45	3,077	388	2,042
Mexico	558	1,819	2,825	2,488	0
Korea	821	10,373	2,427	2,394	141
West Germany	2,630	1,102	1,545	756	423
All other	7,004	5,852	4,378	2,881	1,961
Total	54,064	80,382	104,428	56,704	45,214
	Value (1,000 dollars)				
Singapore	–	–	477	332	319
Taiwan	421	1,394	3,211	1,044	178
Subtotal 2/	421	1,394	3,688	1,376	497
Japan	7,524	13,529	17,987	10,142	13,035
Spain	1,140	1,776	8,353	3,337	340
Canada	4,739	3,993	2,783	1,728	1,351
Italy	5,109	22	950	128	760
Mexico	845	1,759	1,935	1,488	–
Korea	336	3,172	838	812	51
West Germany	2,655	951	978	580	307
All other	3,028	2,205	1,857	1,210	738
Total	25,798	28,800	39,370	20,801	17,080
	Unit value (per ton)				
Singapore	–	–	834	2,495	337
Taiwan	377	366	329	329	440
Subtotal 2/	377	366	357	416	368
Japan	470	359	376	371	362
Spain	447	320	353	294	317
Canada	258	281	337	297	597
Italy	1,016	486	309	330	372
Mexico	1,515	967	685	598	–
Korea	410	306	345	339	362
West Germany	1,009	863	633	767	726
All other	432	377	424	420	376
Total	477	358	377	367	378

See footnotes at end of table.

Table III-6.—Light-walled rectangular pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-June 1984, and January-June 1985—Continued

Source	1982	1983	1984	January-June—	
				1984	1985
	Percent of total quantity				
Singapore	—	—	.5	.2	2.1
Taiwan	2.1	4.7	9.3	5.6	0.9
Subtotal 2/	2.1	4.7	9.9	5.8	3.0
Japan	29.6	46.8	45.9	48.2	79.5
Spain	4.7	6.9	22.7	20.0	2.4
Canada	34.0	17.7	7.9	10.3	5.0
Italy	9.3	.1	2.9	.7	4.5
Mexico	1.0	2.3	2.7	4.4	—
Korea	1.5	12.9	2.3	4.2	.3
West Germany	4.9	1.4	1.5	1.3	.9
All other	13.0	7.3	4.1	5.1	4.3
Total	100.0	100.0	100.0	100.0	100.0

1/ Data for January 1982-March 1984 may be slightly overstated to the extent they contain small quantities of pipes and tubes not under investigation.

2/ Represents total imports of light-walled rectangular pipes and tubes from countries for which this product is the subject of a current investigation.

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

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

Taiwan's share of total imports rose from 2 percent in 1982 to 9 percent in 1984, and then declined to nearly 1 percent in January-June 1985.

Market penetration of imports

Imports of light-walled rectangular pipes and tubes from Singapore accounted for 0.2 percent of consumption in 1984 and 0.6 percent in January-June 1985, compared with 0.1 percent in January-June 1984 (table III-7). Market penetration of imports from Taiwan increased from 0.6 percent in 1982 to 1.5 percent in 1983, and increased again to 3.1 percent in 1984; however, such imports dropped to 0.3 percent of apparent U.S. consumption in January-June 1985. Imports from all other countries increased their market share from 26.6 percent in 1982 to 29.8 percent in 1984. The share of consumption held by imports from all other countries was lower in January-June 1985 than in January-June 1984. U.S. producers' domestic shipments as a share of apparent consumption fell steadily from 72.8 percent in 1982 to 66.9 percent in 1984; however, the U.S. producers' share increased in January-June 1985 compared with the share in the corresponding period of 1984.

Table III-7.—Light-walled rectangular pipes and tubes: Ratios of imports and U.S. producers' domestic shipments to apparent U.S. consumption, 1982-84, January-June 1984, and January-June 1985

(In percent)

Item	1982	1983	1984	January-June—	
				1984	1985
Imports from Singapore	-	-	0.2	0.1	0.6
Imports from Taiwan	.6	1.5	3.1	1.9	.3
Subtotal 1/	.6	1.5	3.3	2.0	.9
All other imports	26.6	29.7	29.8	32.6	30.0
U.S. producers' domestic shipments	72.8	68.9	66.9	65.4	69.1
Total	100.0	100.0	100.0	100.0	100.0

1/ Represents total import penetration of light-walled rectangular pipes and tubes from countries for which this product is the subject of a current investigation.

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

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

Information concerning the customs districts through which the subject imports enter the United States during January-October 1985, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation:

Source and customs district	Quantity	Share of total quantity
	Short tons	Percent
Singapore:		
Los Angeles, CA	1,167	66
Seattle, WA	276	16
Houston, TX	165	9
Portland, OR	94	5
San Francisco, CA	42	2
New Orleans, LA	16	1
Total	1,760	100
Taiwan:		
Los Angeles, CA	265	65
Philadelphia, PA	90	22
San Juan, PR	47	12
Seattle, WA	4	1
Total	406	100

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

Prices

The Commission requested domestic producers and importers to provide pricing information on the following selected light-walled rectangular tube products:

PRODUCT 1: ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 1-inch x 1 1/2-inch rectangular, 11-gauge wall thickness, 24-foot to 40-foot mill lengths.
PRODUCT 2: ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 1-inch square, 16-gauge wall thickness, 24-foot to 40-foot mill lengths.

Six domestic producers provided the Commission with price data on the selected products, although, not all producers submitted prices on both products. Four of the producers typically quote f.o.b. mill prices. Most of the responding light-walled tube producers neither circulate price lists nor discount prices. The weighted-average prices calculated from these responses are shown in table III-8. Only one importer of light-walled tubing from Singapore provided price data to the Commission.

Table III-8.--Light-walled rectangular pipes and tubes: U.S. producers' weighted-average prices to service centers/distributors, by quarters, January 1983-September 1985

* * * * * * *

Trends in prices

Product 1. While U.S. producers' prices for product 1 showed an overall increase of * * * percent from $* * * per hundred feet in January-March 1983 to $* * * per hundred feet in July-September 1985, the quarterly movements in price were irregular. For instance, the price increased fairly rapidly during the January 1983-March 1984 period, and then retreated irregularly for the remainder of the investigation period.

Product 2. For product 2, the producer's price to service centers/distributors increased * * * percent from $* * * per hundred feet in January-March 1983 to $* * * per hundred feet in April-June 1984. In the following 5 periods the price declined consistently, dropping a total of * * * percent between April-June 1984 and July-September 1985. Overall, the price showed a net decline of * * * percent between January-March 1983 and July-September 1985.

Margins of underselling

Only one importer provided data * * *. * * * the Singapore product, priced at $* * * per hundred feet, undersold the domestic product by * * * percent.

Transportation costs

Two of the domestic light-walled tube producers reported they absorbed all or part of the freight charges on at least 50 percent of their shipments. These producers reported transport costs which varied greatly with shipping distance. The tabulation below captures some of their responses (in dollars per ton):

* * * * * * *

Most producers report they serve limited markets. For instance, the * * * producer considers its marketing area to be * * *, and the two other California producers report serving * * *.

One domestic producer of light-walled rectangular tube located in * * * reported that transportation costs as a percentage of the f.o.b. price ranged from 2.6 percent on shipments to * * * to * * * percent on shipments to * * *. 1/ This producer had no recent sales to * * * on which to base a transport cost calculation.

Another domestic producer in * * * reported that transport costs as a percentage of the f.o.b. price range from 1.5 percent on local shipments to 5 percent on shipments to neighboring states. This producer indicated that it can only be competitive in areas to which freight is no more than 5 percent of the f.o.b. price, and that it can be most competitive in shipments to areas in which freight is 2-3 percent of the f.o.b. price. 2/

Lost sales and price suppression/depression

No producer reported any specific instance in which it lost a sale of light-walled pipes and tubes to imports of lower-priced merchandise from Singapore. In addition, U.S. producers did not report any instances in which they were forced to reduce their prices in order to avoid losing a sale to these imports.

1/ Based on a telephone conversation with * * *.
2/ Based on a telephone conversation with * * *.

APPENDIX A

THE FEDERAL REGISTER NOTICES

[Investigations Nos. 731-TA-292 through 296 (Preliminary)]

Certain Welded Carbon Steel Pipes and Tubes From the People's Republic of China, the Philippines, and Singapore

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-292 through 296 (Preliminary) 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 of the following welded carbon steel pipes and tubes which are alleged to be sold in the United States at less than fair value:

Standard pipes and tubes [1] from the People's Republic of China, the Philippines, and Singapore (investigations Nos. 731-TA-292 through 294 (Preliminary))

Heavy-walled rectangular pipes and tubes [2] from Singapore (investigation No. 731-TA-295 (Preliminary))

Light-walled rectangular pipes and tubes [3] from Singapore (investigation No. 731-TA-296 (Preliminary))

As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by December 30, 1985. For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR part 207), and part 201, subparts A through E (19 CFR part 201).

EFFECTIVE DATE: November 13, 1985.

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth (202-523-0289), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background. These investigations are being instituted in response to petitions filed on November 13, 1985 by counsel for the Committee on Pipe and Tube Imports.

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

Service list. Pursuant to §201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to an investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference. The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on December 6, 1985 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Abigail Eltzroth (202-523-0289) not later than December 4, 1985 to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions. Any person may submit to the Commission on or before December 10, 1985 a written statement of information pertinent to the subject of the investigations, as provided in §207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the commission in accordance with §201.8 of the rules (19 CFR 201.8). 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) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of §201.6 of the Commission's rules (19 CFR 201.6).

[1] For purposes of these investigations, the term "standard pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, 0.375 inch or more but not over 16 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 of the *Tariff Schedules of the United States (Annotated) (TSUSA)*

[2] For purposes of this investigation, the term "heavy-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness not less than 0.156 inch, provided for in item 610.3955 of the *TSUSA*.

[3] For purposes of this investigation, the term "light-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness less than 0.156 inch, provided for in item 610.4928 of the *TSUSA*.

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: November 15, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-27722 Filed 11-19-85; 8:45 am]

BILLING CODE 7020-02-M

[A-599-502]

Initiation of Antidumping Duty Investigations; Small Diameter Welded Carbon Steel Standard, Light-Walled Rectangular and Heavy-Walled Rectangular Pipe and Tube From Singapore

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating antidumping duty investigations to determine whether imports of small diameter welded carbon steel standard, light-walled rectangular and heavy-walled rectangular pipes and tubes from Singapore 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 these products materially injure, or threaten material injury to, a U.S. industry. The ITC will make its preliminary determinations on or before December 30, 1985. If these investigations proceed normally, we will make our preliminary determinations on or before April 22, 1986.

EFFECTIVE DATE: December 11, 1985.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3464.

SUPPLEMENTARY INFORMATION:

The Petition

On November 13, 1985, we received a petition filed in proper form by the Standard Pipe and Tube Subcommittee, the Structural Tubing Subcommittee and the Mechanical Tubing Subcommittee of the Committee on Pipe and Tube Imports (CPTI) and by each of the individual manufacturers of these products that are members of each respective subcommittee on behalf of the U.S. industry producing small diameter carbon steel standard, light-walled rectangular and heavy walled-rectangular pipes and tubes. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of small diameter welded carbon steel standard, light-walled rectangular and heavy-walled rectangular pipes and tubes from Singapore 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry. The petition also alleges that the subject merchandise is being sold at prices below the cost of production in the home market.

Initiation of Investigations

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We have examined the petition on small diameter welded carbon steel standard, light-walled rectangular heavy-walled rectangular pipes and tubes from Singapore and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating antidumping duty investigations to determine whether small diameter welded carbon steel standard, light-walled rectangular and heavy-walled rectangular pipes and tubes from Singapore are being, or likely to be, sold in the United States at less than fair value. We will also determine whether there are sales in the home market at less than the cost of production. If our investigations proceed normally we will make our preliminary determinations on or before April 22, 1986.

Scope of Investigations

The products covered by these investigations are small diameter welded carbon steel standard pipes and tubes of circular cross-section, 0.375 inch or more but not over 16 inches in outside diameter as provided for in items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258,and 610.4925, of the *Tariff Schedule of the United States, Annotated* (TSUSA).

The light-walled rectangular pipes and tubes are mechanical pipes and tubes or welded carbon steel pipes and tubes of rectangular (including square) cross-section having a wall thickness of less than 0.156 inch as provided for in item 610.4928 of the *Tariff Schedule of the United States, Annotated* (TSUSA).

The heavy-walled rectangular pipes and tubes are structural pipe and tube or welded carbon steel pipes and tubes of rectangular (including square) cross-section having a thickness not less than 0.156 inch as provided for in item 610.3955 of the *Tariff Schedule of the United States, Annotated* (TSUSA).

United States Price and Foreign Market Value

Petitioners based United States price on the average FAS value of imported pipe in each category from Singapore for September 1985.

Petitioners based foreign market value on home market price quotes for October 1985.

Based on the comparison of United States price and foreign market value, petitioners allege dumping margins of 5.2 percent for standard pipe, 21.2 percent for heavy-walled rectangular products, and 7.4 percent for light-walled rectangular products.

Petitioners also allege that sale of the subject merchandise in Singapore are being made at less than the cost of production. This allegation is based on a comparison of information developed regarding the cost of producing the subject merchandise in Singapore to net home market prices.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC 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 nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms in writing 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 Determinations by ITC

The ITC will determine by December 30, 1985 whether there is a reasonable indication that imports of small diameter welded carbon steel standard, light-walled rectangular and heavy-walled rectanglar pipes and tubes from Singapore materially injure, or threatened material injury to, a U.S. industry. If any of its determinations are negative, those investigations will terminate; otherwise, they will proceed according to the statutory and regulatory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-29343 Filed 12-10-85; 8:45 am]

BILLING CODE 3510-DS-M

[A-570-505]

Initiation of an Antidumping Duty Investigation; Small Diameter Welded Carbon Steel Standard Pipe and Tube From the People's Republic of China

AGENCY: Import Administration. International Trade Administration. Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S.

Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of small diameter welded carbon steel standard pipe and tube (standard pipe and tube) from the People's Republic of China (PRC) 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 these products materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before December 30, 1985, and we will make ours on or before April 22, 1986.

EFFECTIVE DATE: December 16, 1985.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3464.

SUPPLEMENTARY INFORMATION:

The Petition

On November 13, 1985, we received a petition filed in proper form by the Standard Pipe Subcommittee of the Committee on Pipe and Tube Imports (CPTI), and by each of the member companies who produce standard pipe and tube. The members of the Subcommittee represent approximately 70 percent of the domestic production of standard pipe and tube. In compliance with the filing requirements of 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of standard pipe and tube from the PRC 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on standard pipe and tube and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether standard pipe and tube from the PRC are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally we will make our preliminary determination on or before April 22, 1986.

Scope of Investigation

The products covered by this investigation are small diameter welded carbon steel pipe and tube of circular cross-section, 0.375 inch or more but not over 16 inches in outside diameter, currently classifiable in the *Tariff Schedules of the United States, Annotated* (TSUSA), under items 610.3231 and 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258 and 610.4925. These products are commonly referred to in the industry as standard pipe or tube produced to various ASTM specifications, most notably A-120, A-53 or A-135.

United States Price and Foreign Market Value

Petitioners based United States price on the average free along side (FAS) value of black and galvanized pipe exported to the United States as reported by the Bureau of Census, U.S. Department of Commerce (1M145X) for September, 1985.

The petitioners alleged that the PRC is a non-market economy and chose India as the appropriate surrogate country of the purpose of determining foreign market value. Foreign market value, thus, was based on home market price quotes for June, 1985 from Zenith Pipe, India for black and galvanized standard pipe.

Based on a comparison of United States prices and foreign market value, petitioners allege dumping margins of 214% for black standard pipe and 236% for galvanized standard pipe.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of these actions 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 nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms in writing 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 December 30, 1985, whether there is a reasonable indication that imports of small diameter welded carbon steel standard pipe and tube from the PRC materially injure, or threaten material injury to, a U.S. industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

December 3, 1985.

[FR Doc. 85-29719 Filed 12-13-85; 8:45 am]

BILLING CODE 3510-DS-M

[A-565-501]

Initiation of an Antidumping Duty Investigation; Small Diameter Welded Carbon Steel Standard Pipe and Tube From the Philippines

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of small diameter welded carbon steel pipe and tube (standard pipe and tube) from the Philippines 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 these products materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before December 30, 1985, and we will make ours on or before April 22, 1986.

EFFECTIVE DATE: December 16, 1985.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3464.

SUPPLEMENTARY INFORMATION:

The Petition

On November 13, 1985, we received a petition filed in proper form by the Standard Pipe Subcommittee of the Committee on Pipe and Tube Imports (CPTI), and by each of the member companies who produce standard pipe and tube. The members of the

Subcommittee represent approximately 70 percent of the domestic production of standard pipe and tube. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of standard pipe and tube from the Philippines 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on standard pipe and tube from the Philippines and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether standard pipe and tube from the Philippines are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by April 22, 1986.

Scope of Investigation

The products covered by this investigation are small diameter welded carbon steel pipe and tube of circular cross-section, 0.375 inch or more but not over 16 inches in outside diameter, currently classifiable in the *Tariff Schedules of the United States, Annotated* (TSUSA), under items 610.3231 and 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258 and 610.4925. These products are commonly referred to in the industry as standard pipe or tube produced to various ASTM specifications, most notably A-120, A-53 or A-135.

United States Price and Foreign Market Value

Petitioners based United States price on the average free along side (FAS) value of black and galvanized pipe exported to the United States as reported by the Bureau of Census, Department of Commerce (1M145X) for September, 1985.

Petitioners based foreign market value on October 1985 home market price quotes for black and galvanized standard pipe. Based on a comparison of United States prices and foreign market value, petitioners alleged dumping margins of 36.0% and 51.5% for black standard pipe and galvanized standard pipe, respectively.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC 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 nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms in writing 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 December 30, 1985, whether there is a reasonable indication that imports of small diameter welded carbon steel standard pipe and tube from the Philippines materially injure, or threaten material injury to, a U.S. industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

December 3, 1985.

[FR Doc. 85-29720 Filed 12-13-85; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

WITNESSES AT THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-292 through 296 (Preliminary)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM
THE PEOPLE'S REPUBLIC OF CHINA, THE PHILIPPINES, AND SINGAPORE

Those listed below appeared as witnesses at the United States International Commission's conference held in connection with the subject investigations on December 6, 1985, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the petitions

Roger B. Schagrin, P.C.--Counsel
Washington, DC
on behalf of

The Committee on Pipe & Tube Imports

David Hench, Vice President and General Manager
Kaiser Steel Tube division of Hannibal Industries

Roger B. Schagrin--OF COUNSEL

In opposition to the petitions

Willkie Farr & Gallagher--Counsel
Washington, DC
on behalf of

Steel Tubes of Singapore (Pte.) Ltd.

Christopher Dunn--OF COUNSEL

APPENDIX C

FINANCIAL EXPERIENCE OF U.S. PRODUCERS ON THEIR LIGHT-WALLED RECTANGULAR PIPE AND TUBE OPERATIONS

Only 2 of the 14 responding firms furnished usable income-and-loss data relative to their operations producing light-walled rectangular pipes and tubes. * * *. Hence, data for 1982-84 are reported for one firm (* * *) accounting for * * * percent of U.S. producers' 1984 domestic shipments, and data for both interim periods are reported for two firms accounting for * * * percent of U.S. producers' 1984 domestic shipments.

The U.S. producers' net sales of light-walled rectangular pipes and tubes declined * * * by * * * percent from $* * * in 1982 to $* * * in 1983, then jumped to $* * * in 1984, representing an increase of * * * percent from net sales in 1982 (table C-1). During the interim period ended June 30, 1985, net sales dropped to $* * *, a * * * percent decrease from net sales of $* * * in the corresponding period of 1984.

* * * * * * *

Table C-1.--Income-and-loss experience of 2 U.S. producers on their operations producing light-walled rectangular pipes and tubes, 1982-84 and interim periods ending June 30, 1984 and June 30, 1985

* * * * * * *

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D C. 20436

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