

CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM TURKEY AND THAILAND

**Determinations of the Commission in
Investigation No. 701-TA-253 (Final)
Under the Tariff Act of 1930,
Together With the Information
Obtained in the Investigation**

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**Determination of the Commission
In Investigation No. 731-TA-252
(Final) Under the Tariff Act of 1930,
Together With the Information
Obtained in the Investigation**

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.—Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 701-TA-253 (Final) and 731-TA-252 (Final)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM TURKEY AND THAILAND

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is materially injured, or threatened with material injury, by reason of imports from Turkey of welded carbon steel standard pipes and tubes, 3/ which have been found by the Department of Commerce to be subsidized by the Government of Turkey. Chairwoman Paula Stern and Commissioner Alfred E. Eckes determine that an industry in the United States is materially injured by reason of the subject imports. Commissioner Seeley G. Lodwick and Commissioner David B. Rohr determine that a domestic industry is threatened with material injury by reason of the subject imports. Commissioner Lodwick and Commissioner Rohr further determine, pursuant to section 705(b)(4)(B) of the Act (19 U.S.C. § 1671d(b)(4)(B)), that they would not have found material injury but for any suspension of liquidation of entries of the subject merchandise.

The Commission also determines, 4/ pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is threatened with material injury by reason of imports from Turkey of

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/ Vice Chairman Liebeler and Commissioner Brunsdale make negative determinations.

3/ For purposes of this investigation, the term "welded carbon steel 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).

4/ Chairwoman Stern, Vice Chairman Liebeler, and Commissioner Brunsdale make negative determinations.

welded carbon steel line pipes and tubes, 1/ which have been found by the Department of Commerce to be subsidized by the Government of Turkey.

Commissioners Eckes, Lodwick, and Rohr further determine, pursuant to section 705(b)(4)(B) of the Act (19 U.S.C. § 1671d(b)(4)(B)), that they would not have found material injury but for any suspension of liquidation of entries of the subject merchandise.

Finally, the Commission determines, 2/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured, or threatened with material injury, by reason of imports from Thailand of welded carbon steel standard pipes and tubes, 3/ which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV). Chairwoman Paula Stern and Commissioner Alfred E. Eckes determine that an industry in the United States is materially injured by reason of the subject imports. Commissioner Seeley G. Lodwick and Commissioner David B. Rohr determine that a domestic industry is threatened with material injury by reason of the subject imports. Commissioner Lodwick and Commissioner Rohr further determine, pursuant to section 735(b)(4)(B) of the Act (19 U.S.C. § 1673d(b)(4)(B)), that they would not have found material injury but for any suspension of liquidation of entries of the subject merchandise.

1/ For purposes of this investigation, the term "welded carbon steel line pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 16 inches in outside diameter, conforming to American Petroleum Institute (API) specifications for line pipe, provided for in TSUSA items 610.3208 and 610.3209.

2/ Vice Chairman Liebler and Commissioner Brunsdale make negative determinations.

3/ For purposes of this investigation, the term "welded carbon steel 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 Tariff₂ Schedules of the United States Annotated (TSUSA).

Background

The Commission instituted the investigation on Thailand effective October 1, 1985, following a preliminary determination by the Department of Commerce that imports of certain welded carbon steel pipes and tubes from Thailand were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Effective October 25, 1985, the Commission instituted the investigation on Turkey following a preliminary determination by the Department of Commerce that imports of certain welded carbon steel pipes and tubes from Turkey were being subsidized within the meaning of section 701 of the Act (19 U.S.C. § 1671). Notices of the institution of the Commission's investigations and of a public hearing to be held in connection therewith were given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notices in the Federal Register on October 28, 1985 (50 F.R. 43614) and November 14, 1985 (50 F.R. 47125). The hearing was held in Washington, DC, on January 7, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRWOMAN PAULA STERN, COMMISSIONER ALFRED E. ECKES,
COMMISSIONER SEELEY G. LODWICK, AND COMMISSIONER DAVID B. ROHR

Chairwoman Stern and Commissioner Eckes determine that an industry in the United States is materially injured by reason of subsidized imports of welded carbon steel standard pipes and tubes from Turkey. 1/ Chairwoman Stern and Commissioner Eckes also determine that an industry in the United States is materially injured by reason of less than fair value (LTFV) imports of welded carbon steel standard pipes and tubes from Thailand. Commissioner Lodwick and Commissioner Rohr determine that a domestic industry in the United States is threatened with material injury by reason of the subsidized imports of welded carbon steel standard pipes and tubes from Turkey. 2/ Commissioner Lodwick and Commissioner Rohr also determine that a domestic industry in the United States is threatened with material injury by reason of LTFV imports of carbon steel standard pipes and tubes from Thailand. Commissioner Lodwick and Commissioner Rohr would not have found that the domestic industry was materially injured but for the suspension of liquidation of entries of welded carbon steel standard pipes and tubes from Turkey and Thailand.

Finally, we determine that an industry in the United States is threatened with material injury by reason of subsidized imports of welded carbon steel line pipes and tubes from Turkey. 3/ We would not have found that the

1/ See the Views of Chairwoman Stern and the Views of Commissioner Eckes, infra.

2/ See the Views of Commissioner Lodwick and Commissioner Rohr, infra.

3/ Chairwoman Stern dissents from the determination with respect to subsidized line pipes and tubes from Turkey. See her Views which follow.

domestic industry was materially injured but for the suspension of liquidation of entries of welded carbon steel line pipes and tubes. 4/ 5/

Like products and domestic industries 6/

Two imported products are the subjects of these final investigations:

(1) circular welded carbon steel standard pipes and tubes, 0.375 inch or more but not over 16.0 inches in outside diameter (standard pipe), and (2) circular welded carbon steel line pipes and tubes, 0.375 inch or more but not over 16.0 inches in outside diameter (line pipe). 7/

In the preliminary investigations, we determined that domestically produced line pipe is like imported line pipe and that domestically produced standard pipe is like imported standard pipe. 8/ None of the parties to these

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

5/ 19 U.S.C. § 1671d(b)(4)(B).

6/ The term "industry" is defined in § 771(4)(A) of the Tariff Act of 1930 as "[t]he 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," in turn, is defined in § 771(10) as "[a] product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" 19 U.S.C. § 1677(10).

7/ We have considered circular standard pipe and line pipe as separate like products in previous investigations: Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131-132 (Preliminary), USITC Pub. 1389 (1983), aff'd, Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131, 132, and 138 (Final), USITC Pub. 1519 (1984); Certain Welded Carbon Steel Pipes and Tubes from Brazil and Spain, Invs. Nos. 701-TA-220 and 731-TA-197-198 (Preliminary), USITC Pub. 1569 (1984); Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, Invs. Nos. 731-TA-211-212 (Preliminary), USITC Pub. 1639 (1985); and Certain Welded Carbon Steel Pipes and Tubes from Brazil, France, Italy, the Republic of Korea, and West Germany, Invs. Nos. 701-TA-165-169 (Preliminary), USITC Pub. 1262 (1982).

8/ Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 701-TA-242 and 731-TA-252-253 (Preliminary), USITC Pub. 1680 (Apr. 1985); Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, Invs. Nos. 701-TA-251-253 and 731-TA-271-274 (Preliminary), USITC Pub. 1742 (Aug. 1985).

investigations has argued that those determinations should be changed and no facts have been presented that persuade us to change them.

We conclude, therefore, that there are two like products in these investigations--standard pipe up to and including 16 inches outside diameter and line pipe up to and including 16 inches outside diameter. We further conclude that there are two domestic industries comprised, respectively, of the domestic producers of standard pipe and line pipe.

Standard Pipe

Condition of the domestic standard pipe industry

In making a determination as to the condition of the domestic industry, the Commission considers, among other factors, consumption, production, capacity, domestic shipments, inventories, employment, and financial data. 9/

As noted above, we have investigated the domestic standard pipe industry in prior investigations. 10/ Our data in those investigations showed that the domestic standard pipe industry demonstrated reasonable performance through 1981 but suffered serious setbacks in 1982 in terms of almost all significant economic indicators. Production, shipments, capacity utilization, employment, and financial indicators all decreased precipitously. 11/ Therefore, the data for the first year of our current investigation, 1982, reflect very low performance levels. 12/

9/ 19 U.S.C. § 1677(7)(C)(iii).

10/ See footnote 7, supra.

11/ See Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea, supra, at 6-8.

12/ See Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, supra, at 9.

In the current investigations, the data show that, despite modest improvements, the domestic standard pipe industry continued to experience difficulties throughout the period under investigation. 13/

Apparent U.S. consumption of standard pipe increased annually from 1.7 million tons in 1982 to 2.4 million tons in 1984, or by 45.2 percent. Apparent consumption of standard pipe decreased by 2.0 percent during January-September 1985 compared with consumption in January-September 1984. 14/

Domestic production and shipments also increased. However, the rates of increase were substantially below that for consumption. 15/ Standard pipe production increased 12 percent from 1982 to 1984 and 2 percent during January-September 1985 as compared with interim 1984. Capacity remained constant during the period of investigation. Capacity utilization, although increasing throughout the period, remained below 55 percent. 16/

Domestic shipments of standard pipe have generally followed the same pattern as production. Shipments increased by 7 percent from 1982 to 1984. 17/ During January-September 1985, shipments were 3 percent higher than during the corresponding period of 1984. The ratio of inventories to domestic shipments improved slightly throughout the period of investigation. 18/

Despite these improvements in shipments, domestic producers' share of the U.S. market declined from 49 percent in 1982 to 36 percent in 1984. The share

13/ We note that during the period of investigation several firms, for example, Bethlehem Steel Corp., LTV Steel Corp., and Merchants Metal, Inc., have closed standard pipe mills.

14/ See Report of the Commission (Report) at I-7, Table I-3.

15/ Id. at I-7.

16/ Id. at I-8, Table I-4.

17/ Id. at I-7, Table I-3.

18/ Id. at I-8-I-9.

of the U.S. market during January-September 1985 increased to 38 percent but remained below the levels of 1982 and 1983. 19/

Both the number of production and related workers employed and hours worked declined throughout the period of investigation. At the same time, hourly compensation remained relatively stable and unit labor costs generally decreased. 20/

The financial experience of the U.S. producers substantiates the view that the domestic industry remains in poor condition. Although net sales increased by 12 percent from 1982 to 1984 and were 4 percent higher in the interim period ending September 1985 than in the corresponding period of 1984, the domestic industry reported operating losses during the entire period under investigation. 21/ We note that there is a substantial difference in the financial performance of the various domestic producers, and in general the nonintegrated producers outperformed the integrated firms. We have taken this into account but note that we are required by statute to assess the condition of the industry as a whole.

Accordingly, we find that the domestic standard pipe industry is still experiencing difficulties. 22/ 23/

19/ Id. at I-7, Table I-3.

20/ Id. at I-10, Table I-6.

21/ Id. at I-11.

22/ Commissioner Eckes finds that the domestic standard pipe industry is experiencing material injury.

23/ Commissioners Lodwick and Rohr conclude that this industry is vulnerable to a threat of material injury.

VIEWS OF CHAIRWOMAN PAULA STERN ON CAUSATION

Cumulation of standard pipe imports

Petitioners urged the Commission to examine the cumulative impact of imports of standard pipe from Turkey and Thailand with each other and with imports of standard pipe from the People's Republic of China (China), India, the Philippines, Singapore, Venezuela, and Yugoslavia.

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

(iv) CUMULATION.--For the 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. 1/

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

1/ 19 U.S.C. § 1677(7)(C)(iv).

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

In these standard pipe investigations, I have found that all standard pipes and tubes are fungible, that the imports enter the same geographic areas, and that they have the same marketing patterns and distribution. 4/

Petitioners have urged the Commission to cumulate the impact of imports subject to countervailing duty investigations or orders with imports subject to antidumping investigations or orders. As I have previously stated, I do not believe that it is appropriate to cumulate imports across countervailing duty and antidumping investigations, and have declined to do so. 5/ Consequently, I have only considered as eligible for cumulative analysis

2/ Id. See Certain Steel Wire Nails from the People's Republic of China, Poland, and Yugoslavia, Invs. Nos. 731-TA-266-268 (Preliminary), USITC Pub. 1730 at 8 (July 1985).

3/ In determining whether the imported products compete with each other and with the like product in the U.S. market and whether the marketing of imports is reasonably coincident, I 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; and,
4. Whether the imports are simultaneously present in the market.

E.g., Certain Steel Wire Nails, supra, at 8; Oil Country Tubular Goods from Australia, Romania, and Venezuela, Invs. Nos. 701-TA-240-241 and 731-TA-249-251 (Preliminary), USITC Pub. 1679 at 8 (1985). This list is not exclusive and no single factor is determinative.

4/ Report at I-18.

5/ See Certain Carbon Steel Products from Austria and Sweden, Invs. Nos. 701-TA-225, 227-228, 230-231 and 731-TA-219 (Final), USITC Pub. 1759 at 11 (1985).

imports subject to the same type of investigation or final order as those at issue in each investigation. 6/ 7/

I have cumulated the impact of imports from countries that are not entitled to an injury test under section 303 of the Tariff Act of 1930 (Thailand and Yugoslavia) with the impact of imports of countries (Turkey) that have signed the Subsidies Code. I believe that there are several reasons that provide strong support for my position: (1) all of the imports at issue are allegedly subsidized; (2) inconsistent injury findings can result if the Commission does not cumulate; (3) exempting imports subject to investigation under section 303(a)(1) from the cumulation provision of section 771(7) would require the Commission to interpret "subject to investigation" as subject to investigation before the Commission. 8/

Petitioners urged the Commission to cumulate the impact of imports of standard pipe from Turkey with outstanding countervailing duty orders for Thailand and Yugoslavia. 9/ It is my view, based on the plain wording of the statute, that imports subject to recently issued final orders satisfy all the

6/ The impact of imports from India, Turkey, Yugoslavia, China, the Philippines, and Singapore (all current antidumping cases) were cumulated with the impact of imports from Thailand in the instant antidumping case; the impact of imports from Thailand and Yugoslavia (both subject to recent countervailing duty orders) were cumulated with the impact of imports from Turkey in the instant countervailing duty case.

7/ I take administrative note of the Court of International Trade's ruling in Bingham and Taylor v. United States, Slip Op. 86-14 (Feb. 14, 1986). Because that ruling was issued subsequent to the Commission's vote in the instant case, it has no bearing on the reasoning underlying my determination in this investigation.

8/ That interpretation would be inconsistent with the usage of the term "investigation" throughout title VII. Investigation refers to both the investigation before the Department of Commerce (Commerce) and before the Commission--it is a single bifurcated investigation.

9/ There are outstanding countervailing duty orders against Thailand (Aug. 14, 1985) and Yugoslavia (Oct. 16, 1985).

statutory requirements for cumulation, provided that one does not cumulate the impact of imports on which duties have been collected. (Those imports are, of course, fairly traded once the appropriate duty has been paid.) Therefore, I have cumulated the impact of subsidized imports from Turkey, Thailand, and Yugoslavia.

Petitioners have also urged the Commission to cumulate the impact of imports of standard pipe from Turkey with Venezuela and again with Yugoslavia, for additional reasons. Venezuela and Yugoslavia have entered voluntary restraint agreements (VRAs) with the United States. However, only the investigation regarding imports from Venezuela has been terminated as a result of a withdrawal of the petition. 10/ The termination of an antidumping investigation on Venezuelan standard pipe occurred subsequent to the preliminary affirmative determinations by the Commission and Commerce but prior to any final determination as to whether the imports were unfairly traded. The termination of the countervailing duty investigation occurred subsequent to a preliminary affirmative determination by the Commission but prior to a preliminary subsidy determination by Commerce. The statute does not allow cumulation in such circumstances. Because these imports have not been determined to be unfairly traded and because there is no pending investigation involving them, it is not appropriate to include them in any cumulative analysis. 11/

The petition against imports from Yugoslavia subject to the VRA has not been withdrawn. Since these imports remain subject to investigation, I have

10/ Certain Welded Carbon Steel Line Pipes and Tubes from Venezuela, 50 F.R. 43,615 (Oct. 28, 1985); Id., 50 F.R. 46,801 (Nov. 13, 1985).

11/ See Certain Carbon Steel Products from Austria and Sweden, supra, at 5.

included them in my cumulative analysis. 12/ Thus, I have cumulated the impact of subsidized imports from Turkey with that of subsidized imports from Thailand and Yugoslavia recently subject to outstanding countervailing duty orders.

Finally, I have cumulated the impact of LTFV imports of standard pipe from Thailand with the impact of LTFV imports from China, the Philippines, India, Turkey, Yugoslavia, and Singapore. 13/ As explained above, it is my view that recently issued final orders satisfy all the statutory requirements for cumulation. This view is also applicable to imports subject to Commission and/or Commerce preliminary determinations.

Material injury by reason of LTFV standard pipe imports from Thailand

In making a determination of material injury by reason of unfair imports, section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors, the volume of imports of the merchandise under investigation, the effect of such imports on domestic prices, and the impact of such imports on the relevant domestic industry. 14/

The total ratio of LTFV imports of standard pipe from Thailand, Turkey, India, Yugoslavia, China, the Philippines, and Singapore to apparent U.S. consumption was 0.8 percent in 1984 and 3.8 percent in January-September 1985 as compared with 0.6 percent in the corresponding period of 1984. 15/

12/ I note that I would have found material injury if the imports from Yugoslavia were not included in my cumulative analysis.

13/ The outstanding antidumping order for Taiwan was issued on May 7, 1984, and is thus, too remote in time to be cumulated.

14/ 19 U.S.C. § 1677(7)(B).

15/ Report at I-4, Table I-1.

The pricing data collected in these investigations reveal that the prices from Thailand were lower than those of domestic products. 16/ The margins of underselling of Thai standard pipe ranged from 11 percent to 34 percent. Prices of domestic products increased in 1984 over the 1983 levels, but subsequently fell in 1985, ending the period of investigation about 5 percent below prices in January-March 1983. 17/

An important factor was the size of the average weighted margin. The weighted average dumping margin for Thai standard pipe was 15.67 percent ad valorem. Thus, the dumping constitutes a major reason why Thai imports have been able to penetrate the U.S. market.

In light of all the above factors, I determine that the domestic industry has been materially injured by LTFV imports of standard pipe from Thailand. 18/

Material injury by reason of subsidized standard pipe imports from Turkey

I have also cumulated the impact of imports under countervailing duty investigations or orders from Turkey, Thailand, and Yugoslavia. These imports were 0.7 percent in 1984 and 2.6 percent in January-September 1985 as compared with 0.5 percent in the corresponding period of 1984. 19/

The pricing data collected in these investigations reveal that the prices of imports from Turkey were lower than those of domestic products. 20/ The margins of underselling for Turkish standard pipe ranged from 10 percent to 36 percent. As noted above, prices for domestic products fell in 1985.

16/ Id. at I-21-I-22.

17/ Id. at I-19-I-21.

18/ The Commission received very few allegations of lost sales and none of lost revenues. The purchasers who were contacted stated, in general, that although price was a factor when they purchased imported products, non-price factors also played a significant role.

19/ Report at I-4, Table I-1.

20/ Id. at I-22-I-23.

An important factor in my affirmative material injury determination on standard pipe from Turkey was the size of the average weighted margin and net subsidy. The bond margin for Turkish standard pipe was 17.80 percent ad valorem and accounts in large part for the ability of the Turkish standard product to enter the U.S. market.

In light of the import penetration levels, apparent underselling of Turkish standard pipe, and other factors, I determine that the domestic industry has been injured by subsidized imports of standard pipe from Turkey. 21/

No material injury or threat by reason of subsidized line pipe imports from Turkey

I determine that an industry in the United States is not being materially injured, or threatened with material injury, or materially retarded, by reason of imports of line pipes and tubes from Turkey that are being subsidized.

I join with the Commission majority in the discussion of the condition of the line pipe domestic industry and conclude that it continues to experience difficulties. However, the extremely tiny presence of the Turkish product in this market (0.7 percent during January–September 1985), taken with other factors, precludes any possibility that these imports are causing or threaten to cause material injury.

The record has established that Turkish producers have the capability to some extent to switch production from standard to line pipe. I find that this factor is insufficient to justify a finding of threat where there is certainly no present injury by reason of the subject imports. The record establishes that, in the past few years, the Turkish producers have not switched their

21/ The Commission received no allegations of lost sales and revenues.

production from standard to line pipes. Also, despite the already sizeable unused line capacity that could have been used in the past to produce line pipe, the Turkish producers have chosen not to do so. Because of this unused capacity, the Turkish producers have no need to switch production from standard to line pipes and tubes in response to the Commission's affirmative determination on standard pipes and tubes. Thus, I do not regard product-shifting as an important factor in this investigation.

The information in the record of this investigation is too weak and speculative with regard to the additional threat factors to justify a finding that there is a real and imminent threat of material injury.

VIEWS OF COMMISSIONER ECKES ON CAUSATION IN THE INVESTIGATIONS
OF STANDARD PIPES AND TUBES

Cumulation

In determining whether there is a causal link between material injury to the domestic standard pipe and tube industry and unfairly traded imports from Thailand and Turkey, the Commission must follow the statutory directive on cumulation. The Trade and Tariff Act of 1984 states that "...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."

In these investigations, there is no question that imported standard pipes from various sources compete with each other and with the domestic like product in the U.S. market. Standard pipes are fungible. Imported and domestic pipes are marketed nationwide and have similar channels of distribution.

Determining the appropriate imports to cumulate in the current investigations, however, does pose several questions. The petitioners maintained that the Commission should cumulate imports of standard pipe from Thailand and Turkey with each other and with imports from the Peoples' Republic of China (China), India, the Philippines, Singapore, Venezuela, and Yugoslavia. To follow this course entails: (1) cumulating imports from countries entitled to an injury test with those not entitled to a test (Thailand and Yugoslavia); (2) cumulating

imports from countries subject to recent final orders (Thailand and Yugoslavia--countervailing duty orders) which were marketed within a reasonably coincident time period with the subject imports; (3) cumulating imports from countries that have entered into voluntary restraint agreements with the United States (Venezuela and Yugoslavia); and (4) cumulating imports subject to countervailing duty investigations or orders with those subject to antidumping investigations.

For my determinations in both standard pipe investigations, I cumulated standard pipe imports from all of the countries urged by the petitioners with the exception of Venezuela.^{1/} In my view, cumulation in this way satisfies the congressional mandate to include all imports "subject to investigation." This approach also complies with the directive of Judge Carman of the Court of International Trade in Bingham & Taylor v. United States, Slip Op. 86-14 (Feb. 14, 1986) to cumulate imports subject to antidumping investigations with those subject to countervailing duty investigations. Since this directive was issued prior to the statutory deadline for delivering the Commission determinations in the current cases to the Department of Commerce, I do not believe it should be ignored. In these particular countervailing duty (Turkey) and antidumping (Thailand) investigations, cumulating across

^{1/} After Venezuela entered into a VRA, investigations of Venezuelan imports were terminated following withdrawal of the petition. The petition was not withdrawn for Yugoslavia. Therefore imports from Yugoslavia are still subject to investigation.

statutes is not determinative. I would have found material injury in both investigations without cross cumulation.

Material injury by reason of unfair imports from Turkey and Thailand

The cumulated volume of standard pipe imports from Turkey, Thailand, India, China, the Philippines, Singapore, and Yugoslavia increased sharply from 18,217 tons in 1984 to 115,490 tons in 1985. Prior to 1984, most of these countries did not participate in the U.S. market at all (Turkey and India exported around 500 tons each in 1983).

These new entrants captured a rapidly increasing share of the U.S. market. The cumulated ratio of imports to apparent U.S. consumption was only 0.8 percent in 1984, but it increased to 3.8 percent in January-September 1985 as compared to 0.6 percent in the comparable 1984 period.

The increases in import volume were particularly large for Turkey and Thailand. The volume of standard pipe from Turkey increased from 2,578 tons in 1984 to 36,277 tons in 1985. Thailand import volume jumped from 50 tons in 1984 to 33,678 tons in 1985. The combined Turkey-Thailand market share rose from 0.1 percent in interim 1984 to 2 percent in interim 1985.

Prices for domestic standard pipe generally rose in 1984 as compared to 1983. However, prices fell in 1985 to levels in the third quarter of the year (for most of the product types sampled) which were even lower than for the comparable quarter of 1983.

The President's program of voluntary restraints acted to limit imports of standard pipe from many traditional foreign suppliers in 1985. Thus, conditions for the recovery of the domestic industry were more favorable in 1985, and yet the industry lowered its prices and continued to operate at a loss.

Pressure in the marketplace from the unfairly traded imports of new entrants undoubtedly acted to depress domestic prices during 1985. In light of the underselling of Turkish and Thai imports and the rapid increase in market share claimed by those imports, I determine that the domestic standard pipe industry is materially injured by reason of subsidized imports from Turkey and less than fair value imports from Thailand.

VIEWS OF
 COMMISSIONERS SEELEY G. LODWICK AND DAVID B ROHR
 CONCERNING
 THREAT OF MATERIAL INJURY BY REASON OF IMPORTS OF STANDARD
 WELDED CARBON STEEL PIPES AND TUBES FROM TURKEY AND THAILAND

We have determined that the domestic industry producing standard welded carbon steel pipe and tube (standard pipe and tube) is threatened with material injury by reason of subsidized imports of standard pipe and tube from Turkey and dumped imports of standard pipe and tube from Thailand. In making these determinations, we have considered the current condition of the domestic industry, as characterized in the views of the majority, which is very vulnerable to injury, and the factors listed in Section 771(7)(F) of the Tariff Act of 1930, which Congress has directed the Commission to consider in assessing threats of material injury. 1/

1/ As added to the Tariff Act of 1930 by Section 612(a)(2)(B) of the Trade and Tariff Act of 1984, this provision states, in relevant part:

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant economic factors --

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(Con't on next page)

Our investigation of standard pipe and tube from Turkey involves imports which have benefitted from subsidies provided by the Turkish government. The information provided to the Commission by the Department of Commerce indicates that all of these subsidies are export subsidies. The information presented to the Commission by Commerce, however, does not indicate whether the export subsidies in question are "inconsistent with the Agreement."^{2/} In any event, such subsidies do provide an incentive for Turkish producers to export the subject merchandise to the United States. The Thai investigation involves sales at LTFV rather than subsidized imports.

(Con't from previous page)

(V) any substantial increase in inventories of the merchandise in the United States,
 (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
 (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and
 (VIII) the potential for product shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to find orders under section 706 or 736, are also used to produce the merchandise under investigation.

^{2/} This phrase is used in Section 771(7)(F)(i)(I) to refer to those export subsidies which are inconsistent with the provisions of the Agreement on the Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (the "Subsidies Code"). This Agreement contains numerous provisions and illustrations of export subsidies and the conditions under which they may be legal or illegal. Under the statute, the Commission must rely on the Department of Commerce to determine that a particular subsidy fits in this category. Commissioner Rohr adds that it would be useful to the Commission for Commerce to present such information to it in the future.

Turkish capacity increased significantly in 1985, and substantially all of this increase was immediately put into production. Possible effects on capacity from a recently purchased pipe and tube mill are too speculative and are not imminent. With respect to Thailand there was a slight increase in capacity in 1984. In neither case was there an increase in existing unused capacity.

Market penetration of Turkish imports of the product under investigation increased from one tenth of one percent in 1984 to 1.3 percent during the first nine months of 1985. In actual volume terms, imports increased from 500 tons in 1983 to 2,600 tons in 1984. During January-September 1985, imports totalled 24,800 tons. An additional 11,500 tons were imported in the fourth quarter, bringing total 1985 import volumes to 36,300 tons. This rate of increase is very significant, even though the absolute volume of imports is still small. Imports from Thailand grew from virtually nothing to 13,500 tons, a 0.7 percent market share in the first nine months of 1985. An additional 20,200 tons were imported in the fourth quarter, bringing the full year figure for 1985 to 33,700 tons. There seems a substantial likelihood that these penetrations will increase to an injurious level.

While the pricing data in these two investigations is very limited due to the short time period and limited numbers of individual transactions, it appears likely that imports from both Turkey and Thailand will enter the United States at prices that will have a depressing or suppressing effect on domestic prices. In both investigations, the data reflect consistent

underselling of the domestic prices. This is supported by information received from purchasers during lost sales confirmation calls. It is also supported by official import data that indicates that the unit value of imports from Turkey and Thailand is both substantially below the unit value of most other imports and, as calculated by the Commission, the unit value of domestic production. Further, imports from Turkey and Thailand undersold the domestic product at a time when domestic prices were declining.

Information regarding importers inventories was too limited to permit a firm basis for any conclusions in either investigation.

Both Turkish and Thai capacity utilization increased over the period of investigation. Turkish producers have significant amounts of underutilized capacity available for increasing production. Thai producers appear to be operating at close to capacity, based on the limited information received.

We have also examined several other factors relevant to these investigations, which are appropriately considered as "other demonstrable adverse trends." First, the market share of the domestic producers slipped steadily over the period of investigation from 49 to 36 percent, with a slight increase in interim 1985 to 38 percent. This erosion of the market share of domestic producers to importers is significant. It is particularly relevant to these investigations because the importers who are responsible for this erosion frequently import their products from a variety of sources, including, as

this investigation reveals, lately, from Thailand and Turkey. 3/

It is particularly important in light of the "drying up" of many sources of supply due to voluntary restraint agreements. Importers (including those entities who sell imports, whether or not "importers of record") have a considerable incentive to seek unrestrained sources of supply who are willing to undercut domestic prices, such as Turkey and Thailand. Indeed, information received during this investigation substantiates that both Turkey and Thailand are in the U.S. market largely due to the activities of U.S. importers. Under the statute, the threat of such imports is the same whether they are "pushed" into the U.S. market by foreign producers or "pulled" into the market by U.S. sellers of imports.

For both Thailand and Turkey, exports to the United States have rapidly become a substantial portion of their total exports. Such exports are, in turn, a substantial portion

3/ Commissioner Rohr notes that it has been argued that we should assess threat of material injury on a cumulative basis as we do in assessing the effect of cumulative imports on a presently injured industry. As discussed herein, the presence in the market of other imports is a factor relevant to the "vulnerability" of the domestic industry to the threat posed by imports. It is appropriate to consider the presence of other unfairly traded imports in assessing the level at which increases in imports from a particular country might begin to be injurious. This is not, however, cumulation in its statutory form. The actual threat, that is the capability of foreign producers to supply the U.S. market at injurious levels and their intention to do so, cannot properly be analyzed on a cumulative basis. For example, the incentive to supply product sold at LTFV is different than the incentive to supply subsidized goods, and the incentive to supply goods benefitting from an export subsidy is different from that to supply goods benefitting from domestic subsidies. He has therefore analyzed the question of threat of material injury without resort to the cumulation provisions of the statute.

of their total production. In interim 1985, the U.S. accounted for over 39 percent of each of these countries exports. In addition, imports from Turkey steadily increased throughout 1985, and significant quantities of import orders were cancelled during the pendency of the investigation. For Thailand, the majority of its exports entered the United States in the fourth quarter of 1985, and the Commission received information of substantial outstanding orders for additional significant tonnages of Thai product. Continued and expanding presence in the U.S. market is therefore important to both countries.

The final factor which the statute requires us to consider is the potential for product shifting. Several different pipe and tube products can be produced in a single pipe and tube mill. Changes between standard, line, light-walled rectangular, and other types and sizes of pipe and tube can be accomplished relatively economically. There is, therefore, potential for significant product shifting.

Producers in Turkey and Thailand clearly have a strong incentive to direct additional product at the U.S. market. Similarly, U.S. importers have an incentive to import as much of this unfairly traded product as possible. While the capability of Turkey and Thailand to produce such additional tonnages is not unlimited, the domestic industry is vulnerable to a level of imports which would be within each of their capabilities. Based upon our evaluation of all of these factors, we conclude that there is a real and immanent threat of material injury by reason of imports of standard pipe and

tube from Thailand and Turkey.

Commissioner Rohr also states that under sections 705(b)(4)(B) and 735(b)(4)(B) of the Tariff Act of 1930, he has also determined that he would not have found material injury but for the suspension of liquidation of entries of the merchandise that went into effect as a result of the Department of Commerce preliminary affirmative findings in these two investigations. ^{4/} This provision requires the Commission to look at the condition of the industry and the effect of imports during the period between the date of the Department of Commerce preliminaries and the date of this decision to determine if the suspension of liquidation had the effect of preventing the threat of injury which now exists from maturing into actual injury.

He notes that the Department of Commerce made its affirmative preliminary determinations in the Turkish investigation in October 1985 and in the Thai investigation in September 1985. He also notes that the domestic industry supplied the Commission with information of the condition of the domestic industry only up to September 1985. Most of the Commission information on the effect of imports is similarly limited.

Very limited information is thus available to the Commission covering the period relevant to the "but for"

^{4/} Under section 706(b)(2) and 736(b)(2), this finding, if it is the determination of the Commission, has the effect of subjecting only those imports entered after the date of this determination to the appropriate countervailing duty or antidumping order.

determination. We do possess certain monthly import figures for the fourth quarter of 1985 and anecdotal information about recent shipments of the product under investigation from both countries. This information does not persuade him that the threat which he has determined to exist would have become actual injury in the period since the suspension of liquidation but for that suspension.

VIEWS OF CHAIRWOMAN STERN, COMMISSIONER ECKES, COMMISSIONER LODWICK,
AND COMMISSIONER ROHR CONCERNING LINE PIPES AND TUBES FROM TURKEY

Line Pipe

Condition of the domestic line pipe industry

In assessing the condition of the domestic industry in this investigation, the Commission considered, among other factors, line pipe consumption and the production, shipments, capacity utilization, employment, and financial data of the line pipe producers. 1/

Apparent U.S. consumption of line pipe decreased from 863,000 tons in 1982 to 772,000 tons in 1983, or by 11 percent, and then rose by 36 percent to 1.1 million tons in 1984. U.S. consumption in January-September 1985, at 694,000 tons, was 18 percent below the level of consumption in January-September 1984. 2/

Total production of line pipe increased irregularly from 316,000 tons in 1982 to 418,000 tons in 1984. During January-September 1985, production was 9 percent less than for the corresponding period of 1984. 3/

While capacity of the domestic industry remained stable, capacity utilization increased from 26 percent in 1982 to 37 percent in 1984, and fell to 34 percent in January-September 1985 as compared with 38 percent during the corresponding period of 1984. 4/ In terms of both value and quantity, domestic shipments of line pipe increased irregularly from 1982 to 1984 and then decreased in January-September 1985 as compared with the corresponding

1/ See 19 U.S.C. § 1677(7)(C)(iii).

2/ Report at II-5.

3/ Id. at II-6.

4/ Id.

period in 1984. 5/ Inventories of U.S. producers increased from 47,000 tons in 1982 to 54,000 tons in 1984 and have remained at that level. 6/

The domestic producers' share of the U.S. market declined from 61 percent in 1982 to 51 percent in 1984. The share of the U.S. market during January-September 1985 increased to 55 percent but remained below the levels of 1982 and 1983. 7/

The number of employees involved in production and related work decreased in 1983, increased in 1984, and decreased in January-September 1985. 8/ The total number of hours worked by production and related workers producing line pipe followed the same trend. 9/

In general, the financial data from the domestic producers indicate that the industry is experiencing difficulties. Net sales of line pipe declined from 1982 to 1983, then increased in 1984 and then decreased in the interim period of 1985 as compared with the interim period of 1984. Producers experienced operating losses throughout the period which, although decreasing, remain significant. As with standard pipe producers, there is a substantial difference in the financial performance of the various domestic producers, and in general the nonintegrated producers outperformed the integrated firms. As we stated above, we have taken this into account but note that we are required by statute to assess the condition of the industry as a whole. The ratios of operating loss to net sales ranged from a low of 29 percent in 1983 to 10.5 percent in 1985. 10/ Thus, even though performance has shown some improvement, the industry has remained very unprofitable.

5/ Id. at II-7, Table II-5.

6/ Id. at II-7.

7/ Id. at II-5, Table II-3.

8/ Id. at II-9, Table II-6.

9/ Id.

10/ Id. at II-10, Table II-7.

VIEWS OF COMMISSIONER ECKES, COMMISSIONER LODWICK,
AND COMMISSIONER ROHR

Threat of material injury by reason of imports of line pipes from Turkey

Section 771(7)(F) of the Tariff Act of 1930 directs the Commission to consider a number of factors in assessing the threat of material injury. 11/ 12/ 13/

Although there were essentially no imports of line pipe from Turkey until mid-1985, 14/ such imports in January-September 1985 amounted to 4,987 tons

11/ "Material injury" is defined as "[h]arm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7)(A).

12/ These factors include:

- (1) If a subsidy is involved, such information as may be presented to it by the administering authority (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
- (2) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
- (3) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
- (4) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
- (5) any substantial increase in inventories of the merchandise in the United States,
- (6) the presence of underutilized capacity for producing the merchandise in the exporting country,
- (7) any other demonstrable adverse trends that indicate the probability that the importation . . . of the merchandise . . . will be the cause of actual injury,
- (8) the potential for product-shifting.

19 U.S.C. § 1677(7)(F)(i)(I)-(VIII). We note at the outset that in concluding that imports of line pipe constitute a threat of material injury, we find that the threat is real and actual injury is imminent. Our finding is not based upon mere conjecture or supposition that material injury might occur at some remote future date. See 19 U.S.C. § 1677(7)(F)(ii).

13/ Commissioners Lodwick and Rohr note that their comments with regard to the effect of Turkish subsidies and "other demonstrable adverse trends" in their Additional Views concerning Turkish standard pipe are equally applicable to Turkish line pipe.

14/ Report at II-13, Table II-10.

and they captured 0.7 percent of the U.S. market. Through November, imports increased to 7,111 tons, and much of this is still in inventories in the United States.

Turkey's capacity to produce line pipe is substantial and could expand to meet changes in demand. From past performance we know that to a considerable extent Turkish producers have the capability to switch production between standard and line pipe. 15/ 16/

Because most of the imports from Turkey entered after the first half of 1985, very little pricing data are available. However, there is evidence of underselling in July-September 1985. 17/ It is probable that imports of line pipe from Turkey will have a depressing or suppressing effect on domestic prices of the merchandise. The unit import value reported for line pipe from Turkey is lower than the average import value of imports from all sources and lower than any other major sources, except Brazil. 18/

Investigation data indicate that the line pipe industry is experiencing difficulties. Although the volume of imports from Turkey is not high, Turkey's substantial unused capacity, the capability of Turkish producers to switch from standard to line pipe, and the considerable inventories held by importers indicate that the domestic industry producing line pipe is threatened with material injury by reason of subsidized imports of line pipe from Turkey. 19/

15/ Id. at a-5-a-7.

16/ Turkish producers have demonstrated the capability to produce significant quantities of line pipe in 1984 after producing minimal amounts in 1982-83. With the duty on standard pipe, there is a real threat of product-shifting.

17/ Report at II-16.

18/ Id. at II-12, Table II-9.

19/ Commissioner Rohr notes that his Additional Views with respect to his finding that the domestic standard pipe industry would not have been materially injured but for the suspension of liquidation of entries of that merchandise are also applicable to the line pipe industry and suspension of liquidation of entries of imported line pipe from Turkey.

VIEWS OF VICE CHAIRMAN LIEBELER
AND COMMISSIONER BRUNSDALE

Based on the record in these investigations, we determine that an industry in the United States is not materially injured, or threatened with material injury, or materially retarded, by reason of (1) subsidized imports of welded carbon and steel standard and line pipes and tubes from Turkey, and (2) less than fair value (dumped) imports of welded carbon steel standard pipes and tubes from Thailand. 1/

In order for a domestic industry to prevail in a final investigation the Commission must determine that the dumped or subsidized imports cause or threaten to cause material injury to the domestic industry producing the like product. This analysis is usually recognized to be a two-step procedure. First, the Commission must

1/ Material retardation of the establishment of an industry in the United States is not an issue in these investigations and will not be discussed.

determine whether the domestic industry producing the like product is injured or is threatened with material injury. Second, the Commission must determine whether any injury or threat thereof is by reason of the dumped or subsidized imports. Only if the Commission answers both questions in the affirmative will it make an affirmative determination in the investigation.

I. The Like Product and the Domestic Industry

For purposes of determining whether dumped or subsidized imports are a cause of material injury to a U.S. industry we follow the approach of the majority and find two like products and two domestic industries. 2/

II. Condition of the Industries

The Commission has investigated these products on several occasions since 1982. Despite this experience

2/ Commissioner Brunsdale nevertheless has serious reservations about this finding. See her Additional Views, infra. Vice Chairman Liebeler believes these Additional Views raise serious questions that deserve careful consideration.

we find that the overall performance of the domestic producers of standard and line pipes in recent years is difficult to assess. 3/

One might get the impression that we are dealing with a chronically depressed industry. In an economic sense, this is a contradiction in terms. Industries that are depressed normally experience a period of decline and eventual adjustment. However, the experience of the domestic steel industry is hardly normal, for it has been the beneficiary of a variety of U.S. actions to restrict imports, 4/ most recently the voluntary restraint agreements (VRAs) with all major foreign suppliers. 5/ Thus it is likely that contractions that would have otherwise occurred were curbed or postponed. As a consequence important facets

3/ Staff Report, Appendix F.

4/ See, for example, Gary N. Horlich and Christopher W. Savage, "Steel Trade Wars, 1968-84," WorldLaw July/August 1984, at 5-11.

5/ Staff Report at pp. A-8 and A-9.

of the industries' recent record are distorted. 6/

An important indicator of the state of an industry's health is aggregate profits for all firms. However, there appear to be significant deficiencies with the reported data. For both standard and line pipes there is an important difference between the results reported by the smaller nonintegrated firms and those reported by the larger integrated firms -- the former report positive incomes, the latter are apparently doing poorly. Overall, for both groups combined, the nonconfidential information presented in the Staff Report (on pp. I-12 and II-10) paints a picture of an industry suffering losses. However, these data have a flaw so serious that if properly corrected it could mean that producers of standard and line pipes were actually earning positive profits.

6/ From the viewpoint of domestic firms, the recently negotiated VRAs should be expected to postpone decisions to scale back domestic pipe and tube operations since the VRAs offer the promise of greater demand for domestic steel in the near future. Under these conditions domestic firms may very naturally hold on to an unusually large quantity of existing machinery and equipment and plan to reactivate such assets when demand increases. Thus the low capacity utilization figures reported are not useful in assessing whether the industry is suffering material injury.

Our concern with the profit data involves certain producers reporting negative gross profits for both products for each year from 1982 to 1984 and also for the first nine months of 1985.

Generally speaking, sustained negative gross profits are not rational for a firm. Continued production is not rational when revenues are less than variable costs. Sustained negative gross profits on a product line should not occur if a firm is properly allocating costs.

* * * * *

We conclude that the aggregate reported profit data for domestic producers of standard and line pipe is subject to a potentially serious bias. The industries' reported profits do not appear to be a reliable and accurate measure of the returns earned on the companies' standard and line pipe operations. We strongly suspect that the profit situation for domestic producers as a whole is severely understated.

Cumulation

Petitioners urge that imports of standard pipes and tubes from Thailand and Turkey should be cumulated with each other and with imports of standard pipes and tubes from India, Yugoslavia, Singapore, the Philippines, China and Venezuela. They also argue that imports of line pipes and tubes from Turkey should be cumulated with imports of line pipes and tubes from Taiwan and Venezuela.

We do not agree that all these possible combinations should be cumulated. The subject imports must satisfy three requirements before cumulation is warranted. They must compete with other imports and with the domestic like product and be subject to investigation. 7/ The plain meaning of the statute is one of several reasons why one should not cumulate imports from countries subject to a section 701 countervailing duty investigation with imports from countries subject to a section 731 antidumping investigation. 8/

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

8/ Certain Carbon Steel Products from Austria, Czechoslovakia, East Germany, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, Nos. 701-TA-225-234 (Preliminary), 731-TA-213-217, 219, 221-226, and 228-235 (Preliminary), USITC Pub. No. 1642 (February 1985) (Views of Vice Chairman Liebelser) at 48. [Certain Carbon Steel Products]

The recent decision on cross-cumulation in Bingham and Taylor v. United States, CIT No. 85-07-00909 (decided February 14, 1986) is not binding on us here inasmuch as that decision is still subject to appeal.

Nor should one cumulate imports subject to final orders, even if recently issued. Certain Carbon Steel Products, supra at 50. Among other reasons, the plain meaning of the statute requires that the imports be "under investigation." In addition, cumulation with imports subject to a final negative determination by Commerce is inappropriate because such imports are fairly traded. Moreover, cumulation with imports from a country that has signed a voluntary restraint agreement (VRA) is inappropriate. Our best information is that in the future that country's subject imports will be fairly traded. 9/

Consequently, as regards respondent Thailand, we would cumulate imports of standard pipes and tubes from

9/ Yugoslavia's situation deserves further comment. The U.S. has negotiated a VRA with Yugoslavia. However, petitioners have not withdrawn their petition and in a technical sense the investigation involving Yugoslavia continues. Counsel for petitioners has admitted that it has not withdrawn the petition in order to require cumulation. We should not cumulate in this situation when the processes of government are being misused. To countenance such conduct now could set a bad precedent for the future. In any event, the USTR has informed us that the Yugoslavian VRA is in force and that it is not contingent on the withdrawal of the petition. We note that it would not alter our decision even if we had cumulated.

Thailand with those from Turkey, China, India, Philippines, and Singapore. This results in an import penetration ratio of 3.25 percent. As to respondent Turkey, because there are no relevant subsidy investigations pending against other countries, it is not appropriate to cumulate any of the imports suggested by Petitioner. Therefore, the import penetration ratio of Turkish standard pipes and tubes is 1.3 percent and Turkish line pipes and tubes is 0.7 percent. 10/

III. Material Injury by Reason of Imports or Threat Thereof

A. Lost Sales and Underselling

Frequently in Title VII proceedings the Commission examines allegations of lost sales and underselling. In this case staff examined four allegations of standard

10/ We note that here too even if we were to accept petitioners' cumulation arguments in their entirety the total import penetration would still be in a very low range and our decision would not change.

pipe sales lost to Thailand by domestic producers. Two of the allegations were denied and one purchaser refused to talk specifically about the other two allegations except to indicate that domestic sources do not offer the specific product the purchaser wants. The Commission received no allegation of lost sales involving standard pipe from Turkey. A single allegation concerning Turkish line pipe could not be corroborated directly, since the facts concerning the lost-sales allegation were in dispute.

In addition, the staff report indicates that prices of standard pipe and tube from Thailand and Turkey typically "undersold" U.S. products. Evidence of Turkish line pipe "underselling" was de minimis.

1. Lost sales

We note first that lost sales are not mentioned in Title VII. Moreover, the presence or absence of specific lost sales is rarely determinative or persuasive on the question of a causal link between dumped or subsidized imports and material injury to the domestic industry. Confirmed lost sales account for only a small portion of total imports or excess domestic

capacity. Aggregate trade, production, and capacity data are far more probative. 11/

2. Underselling

We believe that evidence of underselling is ordinarily not probative on the issue of causation. And we do not find the data on underselling gathered by the Commission in this case to be useful. In brief, when there are price differences we expect that they are usually explained by differences in the items compared. Rarely will the characteristics of the imported product exactly match those of the domestic product. Even when products appear to be identical (e.g., a bushel of wheat) a correct price comparison would have to take into account factors other than the exchange of ownership of the product. Inventory costs, reliability of the producing firm, timely delivery, transportation costs, and other service elements all go into the buyer's decision on what price it will pay. Merely

11/ See Memorandum from Director, Office of Economics, EC-J-010 (January 7, 1986), at 1-5. In addition, the Commission's sampling method is biased, e.g., we do not ask how many foreign sales are lost to domestic producers' sales.

comparing transaction prices and making a seat-of-the-pants judgment that the products are "homogeneous" is not a useful exercise. 12/

In this investigation, for example, there is some evidence that while the physical characteristics of the products are very similar, they are not identical (i.e., homogeneous). Moreover, delivery or other service related factors may not be the same. For example, one U.S. purchaser noted that * * *. Another stated that domestic producers * * *. One purchaser tended to buy * * *. Hence, prices received by different suppliers are expected to vary and, moreover, price differences among firms are expected to persist over time. Thus, the observed price differences among firms are not helpful in analyzing causation in this investigation. 13/

12/ Vice Chairman Liebler notes that predatory behavior is an alternative explanation for price differences. See footnote 15.

13/ See Memorandum from Director, Office of Economics, EC-J-010 (January 7, 1986), at 8-22.

Vice Chairman Liebler's views are more fully set forth in Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. No. 701-TA-258-60 and 731-TA-283-85 (Preliminary), USITC Pub. 1771 at 34-36 (1985) (Additional Views of Vice Chairman Liebler).*

3. Causation Analysis

Our negative determinations in these investigations are based on the following factors. As to material injury, the data in this proceeding with regard to the condition of the domestic industries are strongly suspect. The great majority of firms in the industry are healthy. Moreover, the market share of respondents and the cumulated countries is very low. 14/ Even in the case of standard pipes and tubes, which had the largest cumulative import penetration (3.25 percent for the first nine months of 1985), the performance of domestic producers during this period is not consistent with a finding of material injury. Virtually all the indicators for domestic firms show improvement. Shipments, production, net sales, wage rates, capital expenditures, and R & D spending were all up. In particular, note that comparing interim 1984 and

14/ Vice Chairman Liebelier notes that it is highly unlikely that even a single firm possessing a market share in this range could exert any significant effect on price or sales in the U.S. market in the absence of evidence that both the demand and the supply of the product are highly inelastic.

interim 1985 capital expenditures rose sharply from \$2.4 million to \$*** million; firms would not embark on substantial capital investment programs if the subject imports caused material injury. Also note that total compensation to production and related workers rose from \$18.92 per hour to \$19.83 per hour.

4. Threat Analysis

As to threat of material injury, we considered whether capacity utilization in the cumulated countries is such that the domestic industry might eventually be harmed by large increases in import volume. The low base of penetration achieved by those countries makes it improbable that there could be any real threat of material injury or imminent actual injury. Moreover, since decisions to invest necessarily are based on estimates of future demand and supply conditions we find no support for the argument that there is a threat of

material injury that clouds future prospects. 15/

15/ Vice Chairman Liebler finds five factors to be particularly helpful on the issue of causation. An affirmative vote is more likely when the following conditions are present: (1) a large and increasing market share; (2) a high margin of dumping or subsidization; (3) homogeneous products; (4) declining domestic prices; and (5) barriers to entry. See Certain Red Raspberries from Canada, Inv. No. 731-TA-196 (Final), USITC Pub. 1680 at 11-19 (1985). In this case, she finds that the low market share of respondents and the cumulated countries is such that material injury or the threat of material injury cannot occur in light of the evidence regarding the other factors. This other evidence includes a moderate level of dumping and subsidization; relatively high homogeneity for most products' uses; mixed pricing patterns; and relatively high barriers to entry in the form of voluntary restraint agreements (although the diversity of countries producing the relevant products suggests that, absent VRAs, entry is easy).

ADDITIONAL VIEWS OF COMMISSIONER BRUNSDALE

These investigations cover two products like or most similar to the imported products involved, standard pipes and tubes and line pipes and tubes made of carbon steel. There is some evidence which suggests to me, however, that there is only one domestic industry that produces both like products. I base these concerns on the fact that there are significant links between the two products in terms of production characteristics. These supply-side links are so strong that I seriously question the utility of constructing separate industries for each product line.

The term "like product" is defined in section 771(10) of the Tariff Act of 1930 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. [emphases added] 1/ The term "industry," in turn, is defined in section 771(4)(A) as "the domestic producers as a whole of the like product." 2/ In other words, domestic products that are close substitutes in demand with the imported product are the "like product."

Having established the "like product," the domestic producers of that product are the focus of my inquiry into

1/ 19 U.S.C. sec. 1677(10).

2/ 19 U.S.C. sec. 1677(4)(A).

the scope of the relevant domestic industry. "Domestic industry" is not defined solely in terms of demand-side substitutes, because the statute directs us to focus on producers of the like product. In my view, this includes consideration of the interrelationship among different domestic products in production or supply. Domestic facilities utilized to produce the like product often, as they do here, possess the capacity to produce a number of products including the "like product" subject to investigation.

In particular, when there is a high degree of commonality of inputs in the production of several goods (one of which is the "like product") proper allocation of the costs to separate goods may be impossible. This occurs, for example, when two goods are (or can be) produced using the same equipment so that useful information for such important variables as production capacity and profits cannot be obtained for each good. In such cases the two goods are very close substitutes in supply and the appropriate definition of the domestic industry should properly encompass facilities producing goods in addition to the "like product."

More generally, it would seem that when the domestic supply-side substitutability 3/ between two products is

3/ For example, when there are common production facilities, machines, workers, etc., and no meaningful cost allocations can be made among different goods.

very strong -- when the domestic industry as a matter of ordinary business practice can easily switch from producing one product to a second -- then the appropriate definition of the domestic industry should include both products. 4/ To do otherwise, i.e., to define the domestic industry in terms of each like product separately (finding two industries), can lead to incorrect conclusions about material injury and causation.

To illustrate how one can reach erroneous conclusions when these production interrelationships (or supply-side substitutions) are ignored, consider the following hypothetical. Suppose initially that there are no imports and that domestic firms produce 95 Gadgets and 5 Widgets using the same equipment and labor in the same facilities. Some firms may specialize in Gadgets, some in Widgets, while others make both products. But given high supply-side substitution, firms can easily switch between the two products. 5/

4/ Compare with the statement by Professor F. M. Scherer: "Substitution on the production side must also be considered [in the ideal definition of a market or an industry]. Groups of firms producing completely noncompeting products may nevertheless be potential competitors if they employ essentially similar skills and machinery, and if there are no barriers preventing each group from entering the other's product lines should the profit lure beckon." Industrial Market Structure and Economic Performance, 1970, at 53.

5/ Widgets and Gadgets could also be close substitutes on the demand side but this is not necessary for the present analysis and in the following discussion it is assumed that Widgets and Gadgets are not substitutes in demand.

Now let dumped imports enter the U.S. and capture half of the domestic Widget market. Suppose foreign and domestic firms each sell 3 units for a total of 6 units (consumption is higher because the market price of Widgets declines). The domestic industry responds by shifting resources from Widgets to Gadgets, which increases sales of Gadgets to 97 units (because the price of Gadgets has also declined), and by filing an antidumping petition alleging unfair competition by certain foreign producers of Widgets. This raises the issue of how the Commission should proceed to determine whether there has been material injury by reason of the dumped imports of Widgets.

Note that if this production interrelationship (supply-side substitution) is ignored, the domestic industry is defined in terms of Widgets. Then, import penetration of Widgets has increased from zero to 50 percent; profits of domestic firms that specialize in Widgets could plummet; capacity utilization of these same firms could also fall off sharply. But, if production/supply-side flexibility is considered, the domestic industry is defined properly, i.e. the combination of Widgets and Gadgets. Then, import

penetration has increased slightly from zero to about 3 percent (i.e., 3/103); profit results over all firms would probably be little affected; and capacity utilization for the industry as a whole would change very modestly.

The probability that the Commission would reach different decisions in this hypothetical under these two differing approaches to industry definition suggests that one should consider supply-side flexibility in Title VII cases. Finally, note that this observation is not affected by evidence which indicates that any individual firm may have suffered injury as a result of the dumped imports, i.e., a firm specializing in Widgets. For the statute plainly states that the relevant concern of the Commission is injury to the domestic industry, not merely injury to particular firms. 6/

These points are directly relevant to the two cases under consideration here. For example, as indicated in the Staff Report (p. II-1), standard and line pipes and tubes can be produced on the same equipment and using nearly identical manufacturing processes. Moreover, the Staff Report (p. a-12) also indicates that * * * domestic firms specialize in standard pipes and tubes, * * * firms specialize in line pipes and tubes, and * * * firms produce both types of products. The report also notes,

6/ 19 U.S.C. sec. 1671(2)(A) and 19 U.S.C. sec. 1673(2)(A).

however, (p. II-1) that line pipes require additional testing. Unfortunately, we do not possess sufficient information to assess how severe a barrier this poses to the standard pipe producer that contemplates switching to line pipe production. It is not likely, however, that this barrier would be high. After all, some major producers, which account for over half of the reported production capacity of both standard and line pipes, already produce both types of pipes. Thus the supply-side flexibility between standard and line pipes appears to be very strong.

Evidence of strong supply-side flexibility between the two products is also bolstered by Petitioners' arguments in a previous antidumping case involving these same products. The arguments call into question the reported data in the present investigations that purport to distinguish information for the two products. In Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezeula, Petitioners maintained that firms that produce both line and standard pipe could not provide separate data for the two products and "view[ed] the producers of standard and line pipe as a single industry." ^{7/} Since that time these firms have apparently devised a procedure to allocate such variables as capacity and profits to the two products. However, it is worth

^{7/} Inv. Nos. 701-TA-242 (Preliminary) and 731-TA-252 (Preliminary), USITC Pub. 1680 (April 1985) at 9 note 14.

inquiring what meaning the Commission can give to these new data. Since, as has been discussed above, the same machinery can be used to make both standard and line pipes, the new data are suspect. In particular, they are of questionable value in assessing the performance of the firms that produce both products.

Having discussed certain deficiencies of a two-product, two-industry analysis, I nevertheless concur with my colleagues in this case--and note that my determination would have been the same either way. I am persuaded, however, that the issues discussed here merit further consideration and study in the context of future cases coming before the Commission.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

As a result of preliminary determinations by the U.S. Department of Commerce that producers or exporters of certain welded carbon steel pipes and tubes in Turkey are receiving subsidies from their Government and that imports of certain welded carbon steel pipes and tubes from Thailand are being sold in the United States at less than fair value (LTFV), 1/ the U.S. International Trade Commission instituted investigations under sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and § 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of the following subsidized and/or LTFV imports:

Standard 2/ and line 3/ pipes and tubes from Turkey (countervailing duty investigation No. 701-TA-253 (Final)) and
Standard pipes and tubes from Thailand (antidumping investigation No. 731-TA-252 (Final)).

Notice of the institution of the Commission's final antidumping investigation concerning subject imports from Thailand 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 on October 28, 1985. 4/ Notice of the institution of the Commission's final countervailing duty investigation concerning subject imports from Turkey and of a public hearing to be held in connection with both the countervailing duty investigation and the antidumping investigation was

1/ On Oct. 3, 1985, Commerce published notice in the Federal Register of its preliminary determination of sales in the United States at LTFV for imports of subject products from Thailand (50 F.R. 40427); on Oct. 28, 1985, Commerce published notice of its preliminary affirmative determination of subsidies for subject imports from Turkey (50 F.R. 43597). Commerce subsequently made affirmative final determinations in the investigations, publishing notice in the Federal Register on Jan. 10, 1986 (Turkey) and Jan. 27, 1986 (Thailand). Copies of those final determinations are presented in app. A.

2/ For purposes of subject investigations, the term "standard pipes and tubes" refers to welded carbon steel pipes and tubes of circular cross section, over 0.375 inch 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) (items 610.3231, 610.3232, 610.3241, 610.3244, and 610.3247 prior to Apr. 1, 1984).

3/ For purposes of subject investigations, the term "line pipes and tubes" refers to welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 16 inches in outside diameter, conforming to American Petroleum Institute (API) specifications for line pipe, provided for in TSUSA items 610.3208 and 610.3209.

4/ A copy of the Commission's notice of investigation, as published in the Federal Register on Oct. 28, 1985, is presented in app. B.

given in the same manner. 1/ The hearing was held in the Commission's hearing room on January 7, 1986. 2/

Background

These investigations result from petitions filed with the Commission and the Department of Commerce by counsel for the Committee on Pipe and Tube Imports (CPTI) 3/ on February 28, 1985, and by counsel for the individual members of the subcommittees on standard and line pipe 4/ on July 16, 1985. The February 28, 1985, petition 5/ alleges that an industry in the United States is materially injured and threatened with material injury by reason of standard pipes and tubes from Thailand which are sold in the United States at LTFV. 6/ Accordingly, the Commission instituted investigation No. 731-TA-252

1/ The Commission published notice of its countervailing duty investigation in the Federal Register on Nov. 14, 1985. The Commission also published a notice in the Federal Register on Nov. 14, 1985, revising the scheduling of the hearing for the antidumping investigation to be held concurrent with the subject countervailing duty investigation. Copies of the Commission's notices, as published in the Federal Register, are presented in app. B.

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

3/ The 25 member producers of the Committee on Pipe and Tube Imports as of Feb. 28, 1985, were Allied Tube and Conduit Corp.; American Tube Co., Inc.; Bernard Epps & Co.; Bock Industries of Elkhart, Indiana; Bull Moose Tube Co.; Central Steel Tube Co.; Century Tube Corp.; Copperweld Tubing Group; Hughes Steel and Tube; Kaiser Steel Corp.; LaClede Steel Co.; Maruichi American Corp.; Maverick Tube Corp.; Merchant Metals, Inc.; Phoenix Steel Corp.; Pittsburgh Tube Co.; Quanex Corp.; Sawhill Division of Cyclops Corp.; Sharon Tube Co.; Southwestern Pipe, Inc.; Tex-Tube Division of Cyclops Corp.; UNR-Leavitt; Welded Tube Co. of America; Western Tube and Conduit; and Wheatland Tube Corp.

4/ The Committee on Pipe and Tube Imports is divided into subcommittees, including one for standard pipes and tubes and one for line pipes and tubes. The 12 members of the standard pipe subcommittee as of Feb. 28, 1985, were Allied Tube & Conduit Corp.; American Tube Co.; Bull Moose Tube Co.; Century Tube Corp.; LaClede Steel Co.; Maruichi American Corp.; Pittsburgh International Division of Pittsburgh Tube Co.; Sawhill Division of Cyclops Corp.; Sharon Tube Co.; Southwestern Pipe, Inc.; Western Tube & Conduit; and Wheatland Tube Corp. The four members of the line pipe subcommittee as of Feb. 28, 1985, were LaClede Steel Co., Sawhill Division of Cyclops Corp., Tex-Tube Division of Cyclops Corp., and Wheatland Tube Corp.

5/ On Mar. 12, 1985, counsel for the Committee on Pipe and Tube Imports amended the petition to state, among other things, that the petition was filed by the standard pipe subcommittee of the Committee on Pipe and Tube Imports, and by each of the individual manufacturers that are members of that subcommittee.

6/ Line pipes and tubes were included within the scope of the original petition. In the process of instituting its investigation, Commerce advised the petitioner that the welded carbon steel pipes and tubes covered by the petition represented two distinct classes or kinds of products—standard pipe and line pipe. Subsequently, on Mar. 14, 1985, the petition involving imports from Thailand was withdrawn as it relates to line pipe, because there is no known production in Thailand of line pipe to API specifications. a-2

(Preliminary). 1/ On the basis of information developed during the course of that investigation, the Commission determined that there was a reasonable indication that an industry in the United States was threatened with material injury 2/ by reason of imports of the subject merchandise from Thailand (50 F.R. 16167, Apr. 24, 1985).

The July 16, 1985, petitions allege that industries in the United States are materially injured and/or threatened with material injury by reason of imports of standard and line pipes and tubes from Turkey that are being subsidized by their respective Governments. Accordingly, the Commission instituted investigation No. 701-TA-253 (Final). 3/ On the basis of information developed during the course of those investigations, the Commission determined that there was a reasonable indication that industries in the United States were materially injured 4/ by reason of imports of the subject merchandise (50 F.R. 37068, Sept. 11, 1985).

1/ In addition, petitioners filed a countervailing duty petition on subject imports from Thailand, a countervailing duty petition on standard and line pipes from Venezuela, and an antidumping petition (as modified) on standard pipes and tubes from Venezuela. Thailand is not a "Country under the Agreement," and therefore the Commission is not required to reach a determination with respect to injury from allegedly subsidized imports. Consequently, the Commission did not institute a countervailing duty investigation with respect to the allegedly subsidized imports from Thailand. The Commission instituted countervailing duty investigation No. 701-TA-242 (Preliminary) and antidumping investigation No. 731-TA-253 (Preliminary) concerning standard and/or line pipes and tubes from Venezuela and made affirmative preliminary determinations (50 F.R. 16167, Apr. 24, 1985). The petitions concerning imports of these products from Venezuela were subsequently withdrawn. Copies of the Commission's notices of termination, as published in the Federal Register on Oct. 28, 1985, and Dec. 12, 1985, are presented in app. D.

2/ Chairwoman Stern determined on the basis of a cumulative analysis that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of standard pipes and tubes from Thailand. Vice Chairman Liebelier dissented.

3/ In addition, petitioners also filed countervailing duty petitions on imports of standard pipes and tubes from India and Yugoslavia and line pipes and tubes from Taiwan and Yugoslavia, and antidumping petitions on imports of standard pipes and tubes from India and Yugoslavia, line pipes and tubes from Taiwan, and standard and line pipes and tubes from Turkey. Inasmuch as Yugoslavia is not a "Country under the Agreement," no countervailing duty investigation with respect to imports from Yugoslavia was instituted. Countervailing duty investigations Nos. 701-TA-251 and 252 (Preliminary) were instituted concerning subject imports from India and Taiwan, respectively; antidumping investigations Nos. 731-TA-271, 272, 273, and 274 (Preliminary) were instituted concerning subject imports from India, Taiwan, Turkey, and Yugoslavia, respectively. The Commission made a negative preliminary determination with respect to imports of line pipes from Yugoslavia and affirmative preliminary determinations with respect to all other cases (50 F.R. 37068, Sept. 11, 1985). Commerce made affirmative preliminary determinations in each of these cases, but made final negative determinations with respect to the countervailing duty investigations concerning subject products from India (50 F.R. 53367, Dec. 31, 1985) and Taiwan (50 F.R. 53363, Dec. 31, 1985).

4/ Chairwoman Stern determined that the domestic industries were materially injured or threatened with material injury. ^{a-3}

Discussion of Report Format

This report is organized in two major parts on the basis of product groups. Part I deals with standard pipes and tubes and part II deals with line pipes and tubes. Discussions of Commerce's final subsidy and LTFV determinations, the foreign producers of these products in Turkey and Thailand, the President's program for voluntary reductions of steel exports to the United States, financial information of the overall establishments within which subject products are produced, and exchange rates of the Turkish and Thai currencies, are presented in this introductory portion of the report.

Nature and Extent of Subsidies and Sales at LTFV

Commerce made final determinations that standard pipes and tubes from Thailand are being sold in the United States at LTFV and that certain benefits which constitute subsidies are being provided to Turkish manufacturers, producers, or exporters of standard and line pipes and tubes by the Government of Turkey. In addition, Commerce made negative final determinations of critical circumstances with respect to imports of subject pipes and tubes from Turkey and Thailand. Details of Commerce's final subsidy and LTFV determinations are contained in the Federal Register notices presented in appendix A.

Commerce determined that, during the period September 1984–February 1985, the LTFV margins were 15.69 percent for Saha Thai Steel Pipe Co., Ltd.; 15.60 percent for Thai Steel Pipe Industry Co., Ltd.; and 15.67 percent for all other companies.

Although Commerce estimated the net subsidy on subject Turkish exports to be 18.81 percent ad valorem, it set the bond or cash deposit rate at 17.80 percent after taking into account several programwide changes that occurred after its review period (calendar year 1984). The programs found to confer subsidies, and the amount of each, are presented in the following tabulation:

<u>Program</u>	<u>Subsidy</u> <u>(percent ad valorem)</u>
Export tax rebate and supplemental	
tax rebate	14.68 <u>1/</u>
Preferential export financing	3.74 <u>2/</u>
Deduction from taxable income for	
export revenues	.39
Resource Utilization Support Fund	— <u>3/</u>
All programs	18.81 <u>4/</u>

1/ 14.01 percent for bonding purposes.

2/ Excluded from the bonding rate since all loans were repaid prior to Commerce's preliminary determination and the preferential export financing program was abolished, effective Jan. 1, 1985.

3/ Payments to exporters from the Resource Utilization Support Fund were nonexistent during the review period since the fund was not effectively established until Jan. 1, 1985. However, Commerce included an estimated subsidy of 3.40 percent for bonding purposes. a-4

4/ 17.80 percent for bonding purposes.

Export tax rebates were the single largest subsidy found to exist in this investigation. Commerce reported that the rates of export tax rebates were reduced during the review period from 20 percent of the f.o.b. value of the exported goods to 16 percent and again to 11 percent. Counsel for the Government of Turkey report that the export tax rebate rate will be further reduced, to 8 percent, by November 1, 1986. 1/

Foreign Producers

Turkey

There are four principal producers of standard and line pipes and tubes in Turkey. Borusan Holding AS, * * *, is strongly export oriented, selling predominantly to the Middle East. Mannesmann-Sumerbank Boru Endustrisi 2/ * * *, * * * Erkboru Profil Sanayi ve Ticaret AS, and Umran Spiral Welded Pipe, Inc. 3/ Umran is not known to have exported the subject products to the United States and is believed to produce primarily large diameter pipes; however, the purchase of a pipemill from Bethlehem Steel Corp. will give the firm a sizeable capacity to produce subject products. 4/ Erkboru began to produce ASTM-grade pipes when it opened a new mill in January 1985. A fifth Turkish producer, Yucel Boru ve Profil Endustrisi, exported about * * * tons 5/ of standard pipes and tubes to the United States in 1984 and none in 1985.

Counsel for Borusan, Mannesmann, and Erkboru provided the Commission with the firms' capacity, production, and exports of the subject products during January 1982-September 1985 (table 1). The combined annual capacity of Borusan and Mannesmann for both standard and line pipes and tubes is * * * tons. The capacity of Erkboru to produce standard pipes and tubes was * * * tons in 1985 and is projected to be * * * tons in 1986; however, * * *.

The producers in Turkey are able to shift between the production of standard pipes and tubes and line pipes and tubes. Borusan reported capacity to produce standard and line pipes and tubes to be * * * tons—of which * * *

1/ Submission by respondent dated Jan. 22, 1986.

2/ This company is 57.14 percent owned by the Mannesmann Group of West Germany and 42.86 percent owned by interests in Turkey. The Mannesmann Group produces steel, through joint ventures or subsidiaries, in West Germany, Turkey, Brazil, and the Netherlands (Coudert Brothers' submission of Jan. 16, 1986, pp. 2 and 3).

3/ Metal Bulletin Monthly, July 1983, p. 99.

4/ This plant, previously operating at Sparrows Point, MD, allegedly had the capacity to produce 200,000 tons of pipes and tubes annually. In an affidavit submitted with the postconference statement of counsel on behalf of the Government of Turkey, the marketing manager of Umran provided information on that acquisition. The pipe and tube facility at Sparrows Point was purchased near the end of 1983 and is currently being dismantled and in the process of being shipped to Turkey. Approximately one-half of the plant has been shipped to Turkey. All parts are expected to be on their way to Turkey by early 1986, but the earliest the plant in Turkey is expected to be even partly operational is early in 1988. The targeted export market for the pipes that will eventually be produced by this mill is the Soviet Union.

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

Table 1.--Standard and line pipes and tubes: Turkey's capacity, production, and export sales, by firms, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	January-September--	
				1984	1985 <u>1/</u>
Capacity: <u>2/</u>					
Borusan-----short tons--:	***	***	***	***	***
Erkboru-----do-----:	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Production:					
Standard pipes and tubes:					
Borusan-----do-----:	***	***	***	***	***
Erkboru-----do-----:	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Line pipes and tubes:					
Borusan-----do-----:	***	***	***	***	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Capacity utilization: <u>2/</u>					
Borusan-----percent--:	***	***	***	***	***
Erkboru-----do-----:	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Average-----do-----:	***	***	***	***	***
Exports of standard pipes to--					
The United States by:					
Borusan-----short tons--:	***	***	***	***	***
Erkboru-----do-----:	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
All other countries by:					
Borusan-----do-----:	***	***	***	***	***
Erkboru-----do-----:	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Total by:					
Borusan-----do-----:	***	***	***	***	***
Erkboru-----do-----:	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Exports of line pipes to--					
The United States by:					
Borusan-----short tons--:	***	***	***	***	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
All other countries by:					
Borusan-----do-----:	***	***	***	***	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Total by:					
Borusan-----do-----:	***	***	***	***	***
Mannesmann-Sumerbank----do-----:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***

1/ January-December 1985 for Erkboru.2/ Both standard and line pipes and tubes.3/ Not applicable; Erkboru did not begin production of ASTM-grade pipes until 1985.

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Source: Compiled from data provided by counsel for subject firms and the U.S. Embassy in Turkey.

to * * * tons could be used to produce either standard or line pipes and tubes and the remaining * * * tons can be used only to produce standard pipes and tubes. Mannesmann reported that, although its entire capacity of * * * tons could be used to produce either standard or line pipes and tubes and any unused capacity could be considered available to produce either standard or line pipes and tubes, its ability to shift from production of standard pipes and tubes to production of line pipes and tubes (or vice versa) is only * * * tons per month.

Production of standard pipes and tubes by Borusan, Mannesmann, and Erkinboru * * * from * * * tons in 1982 to * * * tons in 1983, * * * to * * * tons in 1984, and then * * * to * * * tons during January-September 1985, compared with * * * tons during January-September 1984. Reported production of line pipes and tubes * * * from * * * tons in 1982 to * * * tons in 1984, and then * * * to * * * tons during January-September 1985, compared with * * * tons during January-September 1984. The capacity utilization rate * * * from * * * percent in 1982 to * * * percent in 1984 and * * * percent during January-September 1985. At the January-September 1985 rate of utilization, * * *, these three Turkish producers would have approximately * * * tons of unutilized capacity.

The firms reported exporting * * * tons of standard pipes and tubes to the United States in 1982. These exports * * * in 1983 to * * * tons, then * * * to * * * tons in 1984. During January-September 1985, exports to the United States from these firms rose to * * * tons.

These firms reported no exports of line pipes and tubes to the United States in 1982 and 1983. Exports of line pipe to the United States in 1984 were by * * *, which reported shipping * * * tons. * * * reported shipping * * * tons of line pipe to the United States during January-September 1985.

Thailand

Petitioners alleged threat of material injury with respect to imports of standard pipes and tubes from Thailand, stating that producers in Thailand began offering large quantities of pipe and tube for delivery to the U.S. market during January-March 1985. ^{1/} Petitioners further alleged that the capacity of producers in Thailand has been increased significantly in the last few years for the purpose of increasing exports. ^{2/}

Thailand's ^{3/} production of standard pipe and tube increased annually from 272,196 tons in 1982 to 322,994 tons in 1984, or by 18.7 percent (table 2). Production during January-September 1985 totaled 194,254 tons,

^{1/} Antidumping petition in the matter of certain welded carbon steel pipe and tube products from Thailand, p. 24.

^{2/} Ibid., p. 26.

^{3/} The data in this section are for 5 producers, which according to the postconference brief on behalf of First Steel Industry Co., Saha Thai Steel Pipe Co., Siam Steel Pipe Co., Thai Steel Pipe Industry Co., and Thai Union Steel Co., are the only manufacturers in Thailand with sufficient capacity and adaptability to manufacture products to U.S. specifications in sufficient quantities to make export profitable, pp. 11 and 12.

Table 2.—Standard pipes and tubes: Thai ^{1/} production, capacity, capacity utilization, domestic shipments, and exports, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	Jan.-Sept.—	
				1984	1985
Production ^{2/} —tons—	272,196	308,291	322,994	173,203	194,254
Capacity—do—	331,131	331,131	343,918	244,845	244,845
Capacity utilization—percent—	82.2	93.1	93.9	70.7	79.3
Domestic shipments—tons—	148,216	162,952	167,692	110,329	96,381
Exports to—					
United States—do—	0	0	1,023	***	38,339
All other markets—do—	123,980	145,339	155,302	***	59,534
Subtotal—do—	123,980	145,339	156,325	62,874	97,873
Total shipments—do—	272,196	308,291	324,017	173,203	194,254
Ratio to total shipments of—					
Domestic shipments—percent—	54.5	52.9	51.8	63.7	49.6
Total exports—do—	45.5	47.1	48.2	36.3	50.4
Ratio of exports to the United States to total exports					
percent—	0	0	0.7	***	39.2

^{1/} Data are for the following 5 producers: First Steel Industry Co., Saha Thai Steel Pipe Co., Siam Steel Pipe Co., Thai Steel Pipe Industry Co., and Thai Union Steel Co.

^{2/} Manufacturers report that they produce to meet orders and do not maintain inventories excepts to accumulate quantities for bulk shipment.

Source: Submissions by counsel on behalf of the 5 Thai producers.

compared with 173,203 during January-September 1984. Reported capacity in Thailand increased by 3.9 percent during 1982-84. Producers in Thailand increased their capacity utilization annually from 82.2 percent in 1982 to 93.9 percent in 1984. Capacity utilization was 79.3 percent during January-September 1985 compared with 70.7 percent during January-September 1984. Shipments to the domestic market accounted for about one-half of Thailand's output during the January 1982-September 1985 period. Total exports as a share of total shipments increased only slightly—from 45.5 percent in 1982 to 48.2 percent in 1984 and to 50.4 percent during January-September 1985. Exports to the United States, which were zero in 1982 and 1983, accounted for 0.7 percent of the total exports from Thailand in 1984 and 39.2 percent of total exports from Thailand during January-September 1985.

The President's Program on Voluntary Restraints of Exports to the United States

In September 1984, the President outlined a nine-point program designed to assist the U.S. 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. Subsequent to arrangements being negotiated with Brazil, Mexico, Spain, and Venezuela, unfair trade petitions concerning standard and line pipes and tubes from these countries were withdrawn by the petitioners prior to the completion of the investigations. In addition, the antidumping and/or countervailing duty orders concerning imports of subject products from Korea were revoked after the Korean Government signed an arrangement. Recently, an agreement was negotiated with the Government of Yugoslavia. Petitioners in the instant cases have decided not to withdraw their petition in the antidumping investigation involving Yugoslavia (investigation No. 731-TA-274 (Final)). Counsel for the petitioners stated in a telephone conversation with the staff that inasmuch as the Commission must consider cumulation of imports from subject countries with imports subject to other ongoing investigations in making its injury determinations, it would not be in the best interests of his clients to withdraw the petition against Yugoslavia.

Petitioners and respondents contend that one reason countries that did not export to the United States previously, e.g., Turkey, are able to do so now is because of a void in the marketplace previously filled by imports from countries that have signed voluntary restraint agreements (VRA's) with the United States to limit their exports to the United States. 1/ Petitioners also point out that the impetus for increased imports from new entrants such as Turkey comes from U.S. importers which are turning to these suppliers in an attempt to retain their share of the market. 2/ Information on the export levels allowable under the VRA's and imports from the subject countries is presented in appendix E.

The European Community Pipe and Tube Agreement

On January 11, 1985, the Office of the United States Trade Representative announced an agreement with the European Community (EC) on imports of steel pipes and tubes. The agreement, effective from January 1, 1985, through December 31, 1986, will reduce the EC share of the U.S. pipe and tube market from the 14.6 percent share held during January-October 1984 to 7.6 percent in 1985 and 1986. This agreement followed an embargo on pipe and tube imports from the EC from November 29, 1984, through December 31, 1984.

Financial Experience of U.S. Producers of the Subject Products

Overall operations of establishments within which the subject products are produced

* * * U.S. producers supplied usable income-and-loss data on overall operations for those establishments within which standard and/or line pipes and tubes are produced. * * * of these firms produce standard pipes and tubes and * * * produce line pipes and tubes; * * * firms produce both standard and line pipes and tubes.

1/ See petitioners' prehearing brief, pp. 2-6, and transcript of public hearing, pp. 64 and 70.

2/ Transcript, pp. 167 and 168. See also transcript pp. 143 and 158-160.
* * *

Aggregate net sales of the * * * reporting firms declined 30.2 percent from \$1.7 billion in 1982 to \$1.2 billion in 1983, then rose by 28.9 percent to \$1.5 billion in 1984 (table 3). Net sales were \$1.2 billion and \$1.1 billion in the interim periods of 1984 and 1985, respectively. An operating income of \$196.1 million in 1982, or 11.6 percent of sales, was followed by operating losses of \$150.8 million, or 12.8 percent of sales, in 1983 and \$30.5 million, or 2.0 percent of sales, in 1984. Operating losses of \$26.1 million, or 2.2 percent of sales, and \$48.3 million, or 4.2 percent of sales, were sustained in the interim periods of 1984 and 1985, respectively.

The integrated firms, i.e., those firms producing raw steel in the blast furnace and then producing the intermediate skelp and sheets from which the pipes and tubes are produced, generally experienced operating losses during the periods covered by this report, as shown in table 4. The nonintegrated firms reported aggregate operating incomes of \$*** in 1982, \$*** in 1983, \$*** in 1984, \$*** in the interim period of 1984, and \$*** in the interim period of 1985. The operating income margins for the nonintegrated establishments increased from * * * percent in 1982 to * * * percent in 1983 and * * * percent in 1984; the margin was * * * percent in interim 1984, compared with * * * percent in interim 1985.

* * * reported financial information on establishments within which the firm produced standard pipes and tubes * * *. As shown in the following tabulation, * * *:

* * * * *

Investment in productive facilities and capital expenditures

The aggregate investment by * * * U.S. producers of standard and/or line pipes and tubes in productive facilities for all products of their establishments, valued at cost, increased from \$120.3 million at yearend 1982 to \$136.4 million at yearend 1984 and rose further to \$159.8 million as of September 30, 1985. The book value of such assets followed a similar trend from yearend 1982 to September 30, 1985. Capital expenditures for * * * U.S. producers increased from \$6.5 million in 1982 to \$8.3 million in 1983, then fell to \$7.9 million in 1984. Capital expenditures increased sharply from \$6.7 million during the interim period in 1984 to \$22.2 million in the corresponding period of 1985. Reported investment in productive facilities and capital expenditures are shown in the following tabulation (in thousands of dollars):

<u>Period</u>	<u>Investment in productive facilities 1/</u>		<u>Capital expenditures</u>
	<u>Original cost</u>	<u>Book value</u>	
1982-----	120,288	52,814	6,466
1983-----	128,703	53,971	8,263
1984-----	136,395	53,830	7,909
Jan.-Sept--			
1984-----	136,257	54,872	6,697
1985-----	159,823	70,319	22,216

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1/ As of yearend 1982, 1983, and 1984; Sept. 30, 1984; and Sept. 30, 1985.

Table 3.--Income-and-loss experience of * * * U.S. producers 1/ on the overall operations 2/ of their establishments within which standard and line pipes and tubes are produced, accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30--	
				1984	1985
Net sales-----1,000 dollars--:	1,684,443	1,174,501	1,515,134	1,167,655	1,137,845
Cost of goods sold-----do-----:	1,391,192	1,223,488	1,439,147	1,102,598	1,085,529
Gross profit or (loss)---do-----:	293,251	(48,987)	75,987	65,057	52,316
General, selling, and administrative expenses-----do-----:	97,181	101,812	106,492	91,188	100,612
Operating income or (loss)-----do-----:	196,070	(150,799)	(30,505)	(26,131)	(48,296)
Depreciation and amorti- zation expense-----do-----:	41,973	42,664	48,685	36,840	37,536
As a share of net sales:					
Cost of goods sold percent--:	82.6	104.2	95.0	94.4	95.4
Gross profit or (loss)-----do-----:	17.4	(4.2)	5.0	5.6	4.6
General, selling, and administrative expenses-----do-----:	5.8	8.7	7.0	7.8	8.8
Operating income or (loss)-----do-----:	11.6	(12.8)	(2.0)	(2.2)	(4.2)
Number of firms reporting operating losses-----:	3	4	3	3	4

1/ These firms are * * *.

2/ * * *.

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

Table 4.—Income and loss experience of U.S. producers on the overall operations of their establishments within which standard and line pipes and tubes are produced, by nonintegrated producers and specified integrated producers, accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985

* * * * *

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

Capital and investment

Pursuant to section 771(7)(c)(iii)(III) of the act, U.S. producers were asked to describe any actual or potential negative effects of imports of the subject products from Turkey and Thailand on their firms' growth, investment, and ability to raise capital. Four firms issued statements: * * * commented on the effect of imports of standard pipes and tubes from Thailand on selling prices in the west (statement included in section on prices in part I); * * * and * * * addressed the effect of imports of pipes and tubes in general, from all sources; and * * * (statement not included) described the effect of imports of a product not subject to these investigations. Below are the replies of * * *:

* * * * *

Exchange Rates

Indexes of the nominal and real exchange rates of the Turkish lira and Thai baht relative to the U.S. dollar are shown in table 5. The exchange rate indexes are based on rates expressed in U.S. dollars per foreign currency unit. The real exchange rate is determined by adjusting the nominal exchange rate for differences in the rates of inflation in Turkey and Thailand relative to the inflation rate in the United States. 1/

1/ The percentage change in the international purchasing power of each currency from the reference period January-March 1983 provides an indication of the maximum amount that a foreign producer or its agent can reduce its dollar prices of foreign products in the U.S. market without reducing its profits, assuming it has no dollar-denominated costs or contracts. A foreign producer, however, may choose to increase its profits by not reducing its dollar prices or by reducing its dollar prices by less than the depreciation would allow. Within specific industries, such as the carbon steel pipe and tube industry, the proportion of foreign producers' costs attributable to imports of raw materials and energy from the United States or from countries whose currencies are linked to the dollar would vary by specific product and producer.

Table 5.—Nominal-exchange-rate equivalents 1/ of the Turkish lira and the Thai baht in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States, Turkey, and Thailand, 2/ indexed by quarters, January 1983–September 1985

(January–March 1983=100)							
Period	U.S. Pro- ducer Price Index	Turkey			Thailand		
		Pro- ducer Price Index	Exchange rate indexes 3/		Pro- ducer Price Index	Exchange rate indexes 4/	
			Nominal	Real 5/		Nominal	Real 5/
1983:							
Jan.–Mar—	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.–June—	100.3	107.0	91.5	97.7	100.7	100.0	100.5
July–Sept—	101.3	114.7	82.6	93.6	102.6	100.0	101.3
Oct.–Dec—	101.8	126.1	74.5	92.3	102.7	100.0	100.9
1984:							
Jan.–Mar—	102.9	144.1	62.6	87.8	99.5	100.0	96.7
Apr.–June—	103.6	165.6	55.8	89.2	98.5	100.0	95.1
July–Sept—	103.3	177.2	50.1	86.0	98.1	100.0	95.0
Oct.–Dec—	103.0	191.9	46.1	85.8	97.5	90.0	85.1
1985:							
Jan.–Mar—	102.9	215.0	41.3	86.2	97.2	82.8	78.2
Apr.–June—	103.0	232.5	37.4	84.5	98.1	83.8	79.9
July–Sept—	102.2	6/	36.0	6/	6/	85.4	6/

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 International Financial Statistics.

3/ U.S. dollars per lira.

4/ U.S. dollars per baht.

5/ 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.

6/ Not available.

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

In nominal terms, the value of the Turkish lira depreciated steadily relative to the U.S. dollar, falling by 64 percentage points from January–March 1983 to July–September 1985. In real terms, the value of the lira vis-a-vis that of the U.S. dollar also declined steadily, but only by some 16 percentage points between January–March 1983 and April–June 1985.

The Thai baht maintained a constant nominal exchange rate vis-a-vis the U.S. dollar from January–March 1983 to July–September 1984. Between July–September 1984 and July–September 1985, however, the baht depreciated by about 15 percentage points in nominal terms relative to the dollar. Between January–March 1983 and April–June 1985, the real value of the baht depreciated by 20 percentage points relative to the dollar.

STANDARD PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to countervailing duty investigation No. 701-TA-253 (Final) concerning imports of standard pipes and tubes from Turkey and antidumping investigation No. 731-TA-252 (Final) regarding such imports from Thailand.

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 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.

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,

^{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.

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.

Manufacturing processes

Standard 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. 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 ^{1/} 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.

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. ^{2/} The CW process is especially suited for the manufacture of standardized, high-volume, small-diameter pipe products, such as ASTM A-120.

Requirements concerning chemical and mechanical properties for ASTM standard pipes differ for various specifications and grades. There are two grades of ASTM A-53 and A-135 standard pipes and one grade of ASTM A-120 standard pipe. Standard pipes are inspected and tested at various stages in the production process to ensure strict conformity to ASTM specifications.

^{1/} 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.

^{2/} 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 within the product specification. 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.

U.S. tariff treatment

Imports of the circular pipes and tubes covered by these investigations are classified and reported for tariff and statistical purposes under TSUSA items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925, 1/ which cover welded pipes and tubes (and blanks therefor 2/) 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 3/ for standard pipes and tubes classified under Tariff Schedules of the United States (TSUS) item 610.32 is 1.9 percent ad valorem. This rate of duty was modified as a result of the Tokyo Round of 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 8.4 percent ad valorem and is scheduled to be reduced to 8.0 percent in 1987 as a result of the Tokyo Round of the MTN. Imports from Turkey and Thailand are dutiable under the column 1 rates.

In addition to these import duties, final determinations of subsidies and dumping have been made with respect to imports from Turkey and Thailand, respectively, and preliminary determinations of dumping have been made with respect to imports from India, Turkey, and Yugoslavia. Antidumping duties are currently in effect with respect to imports of standard pipes and tubes from Taiwan. Countervailing duties are currently in effect with respect to imports from Thailand and Yugoslavia. Until recently, countervailing duty and dumping orders were in effect with respect to imports from the Republic of Korea (Korea). 4/

1/ Prior to Apr. 1, 1984, subject products were classified under TSUSA items 610.3231, 610.3232, 610.3241, 610.3244, and 610.3247.

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

3/ The rates of duty in column 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. However, imports of standard pipes and tubes are eligible for duty-free entry, if the products of designated beneficiary countries under the Caribbean Basin Economic Recovery Act or the United States-Israel Free Trade Agreement. The current column 2 rates of duty, applicable to imports from the Communist countries enumerated in general headnote 3(d), are 5.5 percent ad valorem for imports under TSUS item 610.32 and 25 percent ad valorem for imports under TSUS item 610.49.

4/ 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. On Oct. 29, 1985, subsequent to Korea agreeing to a voluntary restraint arrangement, Commerce published a notice, effective Oct. 1, 1984, in the Federal Register revoking the countervailing duty order with respect to imports exported from Korea after the effective date.

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

Item	Weighted- average margin	Date of bond or order <u>1/</u>	Ratio of imports to apparent U.S. consumption				
			1982	1983	1984	Jan.-Sept.--	
						1984	1985
Antidumping investigations/orders:							
Pending antidumping investigations:							
Thailand (instant investigation)----	2/ 15.67	Jan. 27, 1986	-	-	3/	-	0.7
India-----	4/ 5/	Dec. 31, 1985	3/	3/	0.1	0.1	.8
Turkey-----	5/ 12.78	Jan. 3, 1986	-	3/	.1	.1	1.3
Yugoslavia-----	5/ 31.24	Dec. 31, 1985	0.2	-	.6	.4	.6
The People's Republic of China-----	6/	6/	-	-	-	-	3/
The Philippines-----	6/	6/	-	-	-	-	.2
Singapore-----	6/	6/	-	-	3/	-	.2
Outstanding antidumping order:							
Taiwan-----	9.7	May 7, 1984	7/ 5.2	7/ 6.3	7/ .2	7/ .2	7/ .5
Recently revoked antidumping order:							
Korea <u>8/</u> -----	0.9	May 7, 1984	9/ 15.5	9/ 21.6	9/ 14.9	9/ 15.4	9/ 19.5
Recently terminated antidumping investigations:							
Brazil <u>10/</u> -----	3.23	Dec. 31, 1984	7/ .7	7/ 1.7	7/ 6.4	7/ 5.9	7/ 1.6
Spain <u>11/</u> -----	40.75	Dec. 31, 1984	7/ .2	7/ .6	7/ 3.0	7/ 3.1	7/ .8
Venezuela <u>12/</u> -----	26.19	June 3, 1985	.2	.6	1.9	1.8	1.2
Countervailing duty investigations/orders:							
Pending countervailing duty investigation:							
Turkey (instant investigation)-----	13/ 17.80	Jan. 10, 1986	-	3/	.1	.1	1.3
Outstanding countervailing duty orders:							
Thailand-----	1.79	Aug. 14, 1985	-	-	3/	-	.7
Yugoslavia-----	74.50	Oct. 16, 1985	.2	-	.6	.4	.6
Recently terminated countervailing duty investigations:							
Mexico <u>14/</u> -----	15/	Jan. 31, 1985	1.3	4.7	4.0	4.4	1.8
Spain <u>11/</u> -----	1.14	Oct. 10, 1984	7/ .2	7/ .6	7/ 3.0	7/ 3.1	7/ .8
Venezuela <u>16/</u> -----			.2	.6	1.9	1.8	1.2

1/ Date posting of bond required or date order issued.

2/ Commerce determined different final margins for dumping for the following companies: Saha Thai (15.69 percent ad valorem), Thai Steel (15.60) percent, and all other companies (15.67 percent).

3/ Less than 0.05 percent.

4/ Commerce determined different preliminary margins of dumping for the following companies: Tisco (50.37 percent ad valorem), Zenith (5.01 percent), Gujarat (0.62 percent), and all other companies (27.29 percent).

5/ This is Commerce's preliminary determination. Commerce's final determination in this case is due by Mar. 10, 1986.

6/ The Commission has issued a preliminary affirmative determination. To date, there is no determination of sales at less than fair value by Commerce nor a requirement for the posting of bond.

7/ Ratios of imports to apparent U.S. consumption are computed using imports of standard pipes and tubes not over 4.5 inches in outside diameter (O.D.) (the product covered in the particular investigation) and consumption of standard pipes and tubes not over 16 inches in O.D. (the product covered in the instant investigations on imports from Turkey and Thailand). Standard pipes and tubes not over 4.5 inches in O.D. is a subset of those not over 16 inches in O.D.

8/ Order revoked effective Oct. 1, 1984, the effective date of the import restraint agreement reached with Korea.

9/ Ratios of imports to apparent U.S. consumption are computed using imports of standard pipes and tubes not over 4.5 inches in outside diameter (O.D.) (the product covered in the particular investigation) and consumption of standard pipes and tubes not over 16 inches in O.D. (the product covered in the instant investigations on imports from Turkey and Thailand). Standard pipes and tubes not over 4.5 inches in O.D. is a subset of those not over 16 inches in O.D. The ratios of imports to apparent consumption are overstated to the extent that import data include exports by Union Steel Manufacturing Co., Ltd., and Dougjin Steel Co., Ltd., which were excluded from Commerce's affirmative determination.

10/ Terminated by the Commission, effective Mar. 20, 1985, following withdrawal of petition, prior to a final determination by Commerce.

11/ Terminated by the Commission, effective Feb. 4, 1985, following withdrawal of petition, prior to a final determination by Commerce.

12/ Terminated by Commerce prior to making its final determination, effective Oct. 23, 1985, following withdrawal of petition.

13/ In its final determination, Commerce found the actual net subsidy to be 18.81 percent but the bonding or cash deposit rate was adjusted to 17.80 percent to take into account several programwide changes occurring after the review period.

14/ Terminated by Commerce, effective Apr. 2, 1985, following withdrawal of petition.

15/ 0.67 to 23.65 percent.

16/ Terminated by Commerce prior to making its preliminary determination, effective Nov. 13, 1985, following withdrawal of petition.

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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 Jan. 27, 1986.

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), 1/ 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.

U.S. Importers

The U.S. Customs Service's net import file listed about nine importers of standard pipes and tubes from Turkey during January 1982–September 1985 and eight importers of the product from Thailand. Questionnaires of the instant final investigations with usable data have been received from * * * importers of standard pipes and tubes—* * * reported imports from Thailand, and * * * reported imports from Turkey. The firms reporting to the Commission accounted for * * * percent of imports of standard pipes and tubes from Thailand during January–September 1985 and * * * percent of imports from Turkey in the same period.

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 during 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.

1/ Another integrated producer, Bethlehem, permanently closed its standard and line 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 setting it up in Turkey. A nonintegrated producer, Merchants Metals, Inc., ceased producing the small standard and light-walled rectangular pipes and tubes during January–March 1984. In December 1984, LTV Steel announced the closing of its two standard and line pipe mills at Aliquippa, PA, and in October 1985, it announced the indefinite closing of its continuous weld standard and line pipe mill at Youngstown, OH, where it still operates an electric-resistance weld mill for producing standard and line pipes and tubes. In early 1985, Central Steel Tube of Iowa filed for bankruptcy.

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

Firm	Share of 1984 domestic shipments 1/	Plant locations
	Percent	
CPTI member firms:		
Allied Tube & Conduit	***	Harvey, IL.
American Tube Co	***	Phoenix, AZ.
Bernard Epps Co	***	Los Angeles, CA.
Bull Moose Tube Corp	***	Gerald, MO.
		Chicago Heights, IL.
		Trenton, GA.
Century Tube Co	***	Pine Bluff, AR.
Cyclops Corp., Sawhill Tubular Division	***	Sharon, PA.
LaCled Steel Co	***	Alton, IL.
Maruichi American Corp	***	Santa Fe Springs, CA.
Pittsburgh Tube Corp	***	Fairbury, IL.
Sharon Tube Co	***	Sharon, PA.
Western Tube & Conduit Corp	***	Long Beach, CA.
Wheatland Tube & Conduit	***	Wheatland, PA.
Non-CPTI firms:		
Harris Tube	***	Los Angeles, CA.
J.M. Tull Industries, Inc	***	Gardena, CA.
		Norcross, GA
Jackson Tube Service, Inc	***	Piqua, OH.
James Steel & Tube Co	***	Madison Heights, MI.
LTV Steel Corp	***	Youngstown, OH.
		Aliquippa, PA. 2/
		Counce, TN.
Lock Joint Tube Co., Inc	***	South Bend, IN.
Mid-States Tube Corp	***	Kenosha, WI.
United States Steel Corp	***	Fairless Hills, PA.
		Lorain, OH.
		Geneva, UT.
		McKeesport, PA.
United Tube Corp	***	Medina, OH.

1/ Total domestic shipments are based on questionnaire responses for which usable data were provided in the instant investigations.

2/ Plant closed in December 1984.

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

Apparent U.S. consumption

Apparent U.S. consumption of standard pipes and tubes increased annually from 1.7 million tons in 1982 to 2.4 million tons in 1984, or by 45.2 percent (table I-3). Consumption of standard pipes decreased by 2.0 percent during January-September 1985 compared with consumption during January-September 1984.

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

Period	U.S.	Imports	Apparent	Ratio to	
	producers'			consumption of—	
	domestic			Producers'	Imports
	shipments			shipments	
	1,000 tons			Percent	
1982	824	844	1,668	49.4	50.6
1983	882	1,182	2,064	42.7	57.3
1984	878	1,544	2,422	36.3	63.7
January–September—					
1984	685	1,207	1,892	36.2	63.8
1985	708	1,146	1,854	38.2	61.8

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.

Consideration of Alleged Material Injury to an Industry in the United States ^{1/}

U.S. production, capacity, and capacity utilization

U.S. production of standard pipes and tubes increased from 811,000 tons in 1982 to 908,000 tons in 1984, an increase of 12 percent (table I-4). Another increase in production of 2 percent was reported during January-September 1985, compared with that in the corresponding period of 1984.

The capacity of reporting U.S. producers to produce standard pipes and tubes remained essentially constant at about 1.7 million tons per year during 1982-84 although dipping 2 percent in 1983 and rebounding in 1984; capacity during January-September 1985 represented an increase of 2 percent over capacity during January-September 1984. Utilization of capacity by standard pipe and tube producers increased from 44.5 percent in 1982 to 52.9 percent in 1984; capacity utilization during January-September 1985 increased 0.1 percentage point over the level during January-September 1984.

^{1/} Data in this section of the report were compiled from questionnaires of the instant investigations * * *.

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

Item	1982	1983	1984	January-September—	
				1984	1985
Production—1,000 tons—	811	891	908	704	717
Capacity—do—	1,709	1,683	1,718	1,290	1,313
Capacity utilization <u>1/</u> percent—	44.5	51.8	52.9	54.5	54.6

1/ Capacity utilization rates were calculated from unrounded figures using data from firms that provided both usable production and capacity information.

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

U.S. producers' domestic shipments

Domestic shipments of standard pipes and tubes by firms responding to the Commission's questionnaire rose from 824,000 tons in 1982 to 878,000 tons in 1984, or by 6.6 percent (table I-5). During January-September 1985, producers' shipments of standard pipes increased by 3.4 percent from shipments during January-September 1984.

Table I-5.—Standard pipes and tubes: U.S. domestic shipments, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	Jan.-Sept.—	
				1984	1985
Quantity—1,000 tons—	824	882	878	685	708
Value—1,000 dollars—	***	***	532,209	419,978	413,011
Unit value <u>1/</u> —per ton—	\$614	\$566	\$606	\$613	\$583

1/ Unit values were calculated from unrounded figures using data from firms which provided both usable quantity and value of shipments information.

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

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 21.6 percent, then declined by 6.2 percent to * * * tons in 1984. Exports of these pipes and tubes increased by 9.9 percent during January-September 1985

compared with exports in the corresponding period of 1984, as shown in the following tabulation:

<u>Period</u>	<u>Quantity</u> (tons)	<u>Value</u> (1,000 dollars)	<u>Unit value 1/</u> (per ton)
1982-----	***	***	\$***
1983-----	***	***	***
1984-----	***	***	***
Jan.-Sept--			
1984-----	***	***	***
1985-----	***	***	***

1/ Unit values were calculated using data from firms which provided both quantity and value of shipments information.

U.S. producers' inventories

Yearend inventories of standard pipes and tubes, as reported in responses to the Commission's questionnaire, dropped from 152,000 tons in 1982 to 131,000 tons in 1983, or by 14 percent, and then remained essentially constant as of yearend 1984; as of September 30, 1985, reported inventories amounted to 113,000 tons. As a share of producers' annualized shipments, producers' inventories of standard pipes and tubes ranged between 14 and 18 percent during the period under investigation, as shown in the following tabulation:

	<u>Inventories</u> (1,000 tons)	<u>Ratio of inventories</u> <u>to shipments 1/</u> (percent)
As of Dec. 31--		
1982-----	152	17.9
1983-----	131	14.4
1984-----	130	14.3
As of Sept. 30--		
1984-----	124	17.6
1985-----	113	15.4

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 Sept. 30 are computed from annualized shipments.

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 3,097 in 1982 to 2,860 in 1984; there were 2,897 such workers employed during January-September 1985, compared with 2,972 during January-September 1984 (table I-6). Hours worked by production and related workers producing standard pipe decreased from 5.7 million in 1982 to 5.3 million in 1984, or by 6.7 percent, and decreased by 0.8 percent during

Table I-6.—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 production costs 3/ 1982-84, January-September 1984, and January-September 1985.

Item	1982	1983	1984	Jan.—Sept.—	
				1984	1985
Production and related workers:					
Number—	3,097	3,055	2,860	2,972	2,897
Percentage change—	<u>4/</u>	-1.4	-6.4	<u>4/</u>	-2.5
Hours worked by production and related workers:					
Number—1,000 hours—	5,721	5,436	5,339	4,182	4,147
Percentage change—	<u>4/</u>	-5.0	-1.8	<u>4/</u>	-0.8
Wages paid to production and related workers:					
Value—1,000 dollars—	76,010	68,468	71,537	56,822	58,322
Percentage change—	<u>4/</u>	-9.9	+4.5	<u>4/</u>	+2.6
Total compensation paid to production and related workers:					
Value—1,000 dollars—	109,838	101,312	99,325	79,114	82,230
Percentage change—	<u>4/</u>	-7.8	-2.0	<u>4/</u>	+3.9
Labor productivity:					
Quantity—tons per hour—	0.140	0.162	0.168	0.166	0.171
Percentage change—	<u>4/</u>	+15.7	+3.7	<u>4/</u>	+3.0
Hourly compensation: <u>5/</u>					
Value—	\$13.29	\$12.60	\$13.40	\$13.59	\$14.06
Percentage change—	<u>4/</u>	-5.2	+6.3	<u>4/</u>	+3.5
Unit labor costs: <u>6/</u>					
Value—per ton—	\$137	\$115	\$111	\$114	\$116
Percentage change—	<u>4/</u>	-16.1	-3.5	<u>4/</u>	+1.8

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.

January-September 1985 compared with hours worked during January-September 1984. Although wages paid decreased by 9.9 percent in 1983, they increased by 4.5 percent in 1984 and 2.6 percent during January-September 1985, compared to

with wages during January-September 1984. Total compensation decreased in 1983 and 1984 and increased during January-September 1985, compared with January-September 1984. Labor productivity increased by 16 percent in 1983, 4 percent in 1984, and 3 percent during January-June 1985 compared with productivity during January-June 1984. Unit labor costs fell from \$137 per ton in 1982 to \$115 in 1983 and remained in the \$111-to-\$116-per-ton range in 1984 and during January-September 1985. Workers at * * * of the * * * reporting firms, which accounted for 89 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 on operations producing standard pipes and tubes were provided by * * * U.S. firms. During 1982-84, sales of standard pipes and tubes ranged from 26 to 37 percent of overall establishment sales, as reported in the introductory section of this report.

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-7). Net sales rose 12.3 percent from \$431.2 million in 1982 to \$484.2 million in 1984. Net sales in the interim periods ended September 30, 1984, and September 30, 1985, were \$386.9 million and \$402.1 million, respectively, representing an increase of 3.9 percent. Operating losses were reported in all periods; these losses increased slightly from \$19.0 million in 1982 to \$20.3 million in 1983, then dropped to \$3.8 million in 1984. An operating loss of \$5.1 million was reported for the interim period in 1984 compared with an operating loss of \$91,000 in the interim period in 1985. ^{1/} The operating losses, which were 4.4 percent and 4.6 percent of net sales in 1982 and 1983, respectively, declined to 0.8 percent in 1984. The operating loss margins experienced in the interim periods were of 1.3 percent in 1984 compared with 0.02 percent in 1985. Three of the firms reported operating losses for the years 1982 and 1983, one firm sustained an operating loss in 1984, and four firms reported such losses during the interim period of 1985 compared with one firm in the interim period of 1984.

The integrated firms generally experienced operating losses during the periods covered by this report, as shown in table I-8. The nonintegrated firms reported aggregate operating incomes of \$*** in 1982, \$*** in 1983, \$*** in 1984, \$*** in the interim period of 1984, and \$*** in the interim period of 1985. The operating income margins for the nonintegrated standard pipe

^{1/} The financial information presented, as calculated from responses to Commission questionnaires in the final investigations, differs from that presented in the preliminary reports (USITC Publication No. 1742, Certain Welded Carbon Steel Pipes and Tubes From India, Taiwan, Turkey, and Yugoslavia, August 1985; and USITC Publication No. 1680, Certain Welded Carbon Steel Pipes and Tubes From Thailand and Venezuela, April 1985), as pointed out by counsel for Borusan and Thailand at the hearing and in posthearing briefs. The discrepancy is attributable to more complete financial information, on a product line basis, received in the final investigations. In earlier investigations * * *.

Table I-7.—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 Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985
Net sales———1,000 dollars——	431,209	436,243	484,187	386,854	402,077
Cost of goods sold——do——	412,598	414,640	446,312	356,605	364,834
Gross profit——do——	18,611	21,603	37,875	30,249	37,243
General, selling, and administrative expenses——do——	37,656	41,874	41,673	35,341	37,334
Operating income or (loss)——do——	(19,045)	(20,271)	(3,798)	(5,092)	(91)
Depreciation and amortization expense <u>2/</u> ——do——	8,428	8,750	10,345	8,037	8,574
As a share of net sales:					
Cost of goods sold percent——	95.7	95.0	92.2	92.2	90.7
Gross profit——do——	4.3	5.0	7.8	7.8	9.3
General, selling, and administrative expenses——do——	8.7	9.6	8.6	9.1	9.3
Operating income or (loss)——do——	(4.4)	(4.6)	(0.8)	(1.3)	<u>3/</u>
Number of firms reporting operating losses——	3	3	1	1	4

1/ These firms are * * *.

2/ The Commission received no data on depreciation and amortization from 1 firm which accounted for * * * percent of reported 1984 net sales.

3/ An operating loss of 0.02 percent of sales.

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

producers increased from * * * percent in 1982 to * * * percent in 1983 and then declined to * * * percent in 1984 and * * * percent in the interim periods of 1984 and 1985.

* * * 1/ reported financial information on production of standard pipes and tubes * * *. As shown in the following tabulation, * * *:

* * * * *

Table I-8.—Income and loss experience of * * * U.S. producers on their operations producing standard pipes and tubes, by nonintegrated producers and specified integrated producers, accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985

* * * * *

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 two furnished data on their research and development expenses. Capital expenditures for standard pipes and tubes increased from \$3.0 million in 1982 to \$4.3 million in 1983, then fell to \$2.4 million in 1984. Capital expenditures rose * * * percent from \$2.4 million during the interim period in 1984 to \$*** 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):

<u>Period</u>	<u>Capital expenditures</u>	<u>Research and development expenses</u>
1982—	2,959	***
1983—	4,316	***
1984—	2,419	***
Jan.—Sept. —		
1984—	2,373	***
1985—	***	***

Investment in productive facilities.—* * * U.S. producers supplied data for 1982-85 concerning their investment in productive facilities employed in the production of standard pipes and tubes. Their investment in such facilities, valued at cost, rose from \$56.4 million as of the end of 1982 to

\$64.9 million as of the end of 1984 and \$69.8 million as of September 30, 1985, compared with \$65.3 million as of September 30, 1984. The book value of such assets was \$25.1 million as of yearend 1984 and \$25.0 million as of September 30, 1985, as shown in the following tabulation (in thousands of dollars):

<u>Period</u>	<u>Original cost</u>	<u>Book value</u>
1982-----	56,425	18,479
1983-----	61,963	25,831
1984-----	64,931	25,059
Jan.-Sept. —		
1984-----	65,340	25,470
1985-----	69,802	25,005

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, the nature of any subsidies, 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 Subsidized and/or 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 subsidies, foreign producers' capacity, production, and exports, and the potential for product shifting was presented in the introductory part of the report.

U.S. importers' inventories

Questionnaires of the instant final investigations with usable inventory data have been received from * * * importers of standard pipes and tubes. * * * were the only importers able to provide inventory data on imports from Thailand, * * * reported * * * tons of product from Thailand in inventory as of September 30, 1985, and * * * reported * * * tons as of December 31, 1984, and * * * tons as of September 30, 1985. * * *, which reported * * * tons of inventories of product from Turkey as of September 30, 1985, * * *.

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

U.S. imports

Total 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-9). Such imports during January-November 1985, at 1.3 million tons, were 7 percent below the level of imports during January-November 1984. Imports from Turkey and Thailand, together, increased throughout the period covered by this report from none in 1982 to 505 tons in 1983, 2,628 tons in 1984, and 63,811 tons in January-November 1985 (compared with 1,600 tons during January-November 1984). There were no imports from Turkey in 1982; such imports increased from 505 tons in 1983 to 2,578 tons in 1984 and 34,073 tons during January-November 1985. There were no imports from Thailand in 1982 and 1983, 50 tons in 1984, and 29,738 tons during January-November 1985.

As a share of total imports of standard pipes and tubes, those from Turkey and Thailand, together, rose from less than 0.1 percent in 1983 to 0.2 percent in 1984 and to 4.7 percent during January-November 1985. Imports from Turkey increased their share of the import market from 0.2 percent in 1984 to 2.5 percent during January-November 1985 and Thailand's share increased from less than 0.1 percent to 2.2 percent during the same period.

Imports of standard pipes and tubes from all sources were relatively constant from month to month during 1985, whereas imports from Turkey and Thailand varied widely, as shown in table I-10.

Petitioners state that they believe that there are sizeable quantities of Thai pipe due to arrive in the United States in the next few months and that "significant tonnages" of standard pipes are due to arrive in Los Angeles on the ship *Kini* on February 4, 1986. ^{1/} The petitioners did not provide any specific information to the Commission regarding outstanding orders of Turkish product.

The following tabulation shows outstanding purchase orders of Thai standard pipes and tubes provided by importers ^{2/} to the Commission's staff:

<u>Firm</u>	<u>Quantity</u> (tons)	<u>Arrival date</u>
* * *	*	*

Although the staff knows of no outstanding orders of Turkish standard pipes and tubes, * * *.

In addition, * * *.

^{1/} Petitioners' supplemental submission dated Jan. 21, 1986.

^{2/} Counsel for the Thai producers submitted a letter to the Commission on Feb. 4, 1986, which stated that a shipment of * * * tons of standard pipes and tubes left Thailand in December and another shipment of * * * tons "just has left, or will soon leave, Thailand." This * * *.

Table I-9.—Standard pipes and tubes: U.S. imports for consumption, ^{1/} by sources, 1982-84, January-November 1984, and January-November 1985

Source	1982	1983	1984	January–November—	
				1984	1985
Quantity (tons)					
Turkey	0	505	2,578	1,561	34,073
Thailand	0	0	50	39	29,738
Republic of Korea	356,084	575,008	499,036	472,322	527,964
Canada	74,336	88,660	165,057	151,483	129,004
Brazil	20,265	52,174	186,958	177,354	46,806
Japan	135,904	69,212	123,688	113,410	164,897
Mexico	22,180	97,095	96,776	93,988	37,539
Spain	4,039	19,495	82,116	76,211	14,584
South Africa	36,575	27,827	50,726	44,451	36,763
All other	194,537	251,676	337,156	308,077	323,021
Total	843,919	1,181,652	1,544,141	1,438,896	1,344,389
Value (1,000 dollars)					
Turkey	—	200	821	454	11,579
Thailand	—	—	15	11	10,605
Republic of Korea	153,224	185,574	187,839	176,060	199,817
Canada	40,150	43,279	77,125	71,068	57,577
Brazil	9,654	15,291	61,109	57,722	15,783
Japan	74,976	30,407	56,655	51,245	76,131
Mexico	8,895	31,730	34,193	33,180	13,984
Spain	1,401	5,425	25,143	23,256	4,902
South Africa	14,807	8,714	17,299	15,269	11,848
All other	88,828	78,549	114,664	104,385	114,969
Total	391,935	399,169	574,863	532,650	517,195
Unit value					
Turkey	—	\$396	\$318	\$291	\$340
Thailand	—	—	291	280	357
Republic of Korea	\$430	323	376	373	378
Canada	540	488	467	469	446
Brazil	476	293	327	325	337
Japan	552	439	458	452	462
Mexico	401	327	353	353	373
Spain	347	278	306	305	336
South Africa	405	313	341	344	322
All other	457	312	340	339	356
Average	464	338	372	370	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.

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

Table I-10.—Standard pipes and tubes: U.S. imports for consumption, 1/
by sources, January–November 1985

(In tons)			
Period	Turkey	Thailand	All sources
January 1985	3,127	44	130,497
February 1985	718	649	112,231
March 1985	2,700	495	139,007
April 1985	513	43	121,057
May 1985	362	67	109,989
June 1985	2,732	11,091	132,495
July 1985	1,615	52	119,459
August 1985	5,437	392	153,332
September 1985	7,587	642	128,321
October 1985	8,797	11,638	98,439
November 1985	484	4,625	99,561
January–November 1985	34,072	29,738	1,344,388

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 rounding, figures may not add to the totals shown.

Market penetration by the subject imports

Market penetration data are not available for January–November 1985. The share of the U.S. market for standard pipes and tubes supplied by imports from Turkey, Thailand, and all countries is shown in table I-11. 1/

Market penetration by the subsidized imports.—Imports from Turkey had a negligible share of the U.S. market in 1983, a 0.1 percent share in 1984, and a 1.3 percent share during January–September 1985.

Market penetration by the LTFV imports.—Imports from Thailand had a negligible share of the U.S. market in 1984 and a 0.7 percent share during January–September 1985.

The major U.S. customs districts through which imports of standard pipes and tubes from Turkey and Thailand entered the United States in 1984 and

1/ 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. Market penetration by standard pipes and tubes from countries currently or recently (since January 1984) subject to investigation by the Commission or the Department of Commerce is presented in table I-1.

Table I-11.—Standard pipes and tubes: Shares of U.S. consumption supplied by imports from Turkey, Thailand, and all other countries, 1982-84, January-September 1984, and January-September 1985

Source	(In percent)				
	1982	1983	1984	Jan.-Sept— 1/	
				1984	1985
Turkey—	—	2/	0.1	0.1	1.3
Thailand—	—	—	2/	—	.7
All other—	50.6	57.2	63.6	63.7	59.8
Total—	50.6	57.3	63.7	63.8	61.8

1/ Consumption data are not available for January-November periods. Imports of standard pipes and tubes in January-September 1984 totaled 1,435 tons from Turkey and 1,206,515 tons from all countries; such imports in January-September 1985 totaled 24,792 tons from Turkey, 13,474 tons from Thailand, and 1,146,389 tons from all countries.

2/ Less than 0.05 percent.

Source: Based on data in tables I-2 and I-9 of this report, except where noted.

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

January-November 1985, as compiled from official statistics of the U.S. Department of Commerce, are presented in the following tabulation (in tons):

Source and customs district	1984	Jan.-Nov. 1985
Turkey:		
Houston, TX—	775	10,687
New Orleans, LA—	553	8,270
Tampa, FL—	—	7,379
Bridgeport, CT—	1,017	6,102
All other—	234	1,636
Total—	2,578	34,073
Thailand:		
Los Angeles, CA—	—	12,191
Bridgeport, CT—	—	6,152
New Orleans, LA—	—	5,755
Savannah, GA—	—	3,457
All other—	50	2,183
Total—	50	29,738

Prices

The standard pipes and tubes included in these investigations are generally priced on a per-hundred-foot basis. While several U.S. producers¹⁸ publish confidential pricelists, list prices are often discounted to meet

competitive offers. The U.S.-produced pipes and tubes are predominantly sold on an f.o.b. mill basis. The imported products under investigation are normally sold on an ex-dock, duty-paid, or f.o.b. warehouse basis. Formal bidding is not the usual means of price competition for standard pipes and tubes up to 16 inches in diameter.

The Commission requested U.S. producers and importers to provide price data on their largest sale of each of five product specifications to both a service center/distributor and an end-user customer. These products were reported to be specifications currently imported from one or more of the countries subject to these investigations. The five standard pipe product specifications are as follows:

- PRODUCT 1: ASTM A-120 schedule 40 standard pipe, carbon welded, black, plain end, 1.315-inch O.D. (1-inch nominal), 0.133-inch wall thickness.
- PRODUCT 2: 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 3: ASTM A-120 schedule 40 standard pipe, carbon welded, galvanized, plain end, 1.660-inch O.D. (1 1/4-inch nominal), 0.140-inch wall thickness.
- PRODUCT 4: 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 5: Fence tubing, galvanized, plain end, 1 3/8-inch O.D., 0.069-inch wall thickness.

Prices of domestic products.—* * * U.S. producers provided selling price data for sales to service centers/distributors and end users of the five standard pipe and tube specifications (products 1 through 5). These data are presented in table I-12.

In sales to service centers/distributors, all five products showed increased prices in 1984 over the 1983 levels, but prices of products 1, 3, and 4 subsequently slid in 1985, ending the period of investigation about 5 percent below prices during January-March 1983. The reported selling prices for product 1 decreased from the January-March 1983 level of \$*** to \$*** during July-September 1985. Prices for product 3 declined from \$*** to \$*** over the same period. Overall, prices for product 4 also fell off from January-March 1983 to July-September 1985, slipping from \$*** to \$***.

In sales to service centers/distributors, product 2 experienced a slight boost in mid-1984, but ended the period under investigation virtually unchanged from its beginning level of \$***. Product 5 (fence tubing) posted a steady price gain throughout most of the period under investigation, dropping only slightly during July-September 1985. Prices for product 5 rose by 14 percent, from \$*** during January-March 1983 to \$*** in July-September 1985.

Table I-12.—Standard pipes and tubes: 1/ U.S. producers' weighted-average net selling prices to service centers/distributors and end users of specified products, January 1983–September 1985

(Per 100 feet)					
Period	Product 1	Product 2	Product 3	Product 4	Product 5
Sold to service centers/distributors					
1983:					
Jan.–Mar	\$***	\$***	\$***	\$***	\$***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Oct.–Dec	***	***	***	***	***
1984:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Oct.–Dec	***	***	***	***	***
1985:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Sold to end users					
1983:					
Jan.–Mar	\$***	\$***	\$***	\$***	\$***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Oct.–Dec	***	***	***	***	***
1984:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Oct.–Dec	***	***	***	***	***
1985:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***

1/ See product list for specifications.

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

Weighted-average prices to end users followed a pattern similar to distributor prices. Selling prices to end users for products 1 through 4 generally rose from January–March 1983 to peak in 1984 at levels that ranged from 12 to 32 percent above the January–March 1983 prices and then experienced declines. July–September 1985 prices for products 1 through 4 were 6 to 7 percent below those of January–March 1983. Unlike other standard pipe products, prices of product 5 underwent a relatively slow but consistent rise in price during the period of investigation. The price of product 5 to end

users rose by some 15 percent, from \$*** during January-March 1983 to \$*** during July-September 1985.

Prices of imports from Thailand and price comparisons.—* * * importers of standard pipe and tube from Thailand provided some price data for the product specifications. * * * indicated that their price quotations are made either on an ex-dock or f.o.b. warehouse basis. Most importers of the Thai product indicated that they do not use pricelists in setting their transaction prices.

The selling prices to service centers/distributors and to end users for standard pipe and tube products 1 through 5 from Thailand and comparisons with respective domestic prices are shown in table I-13. Because these products have been imported from Thailand only since early 1985, data on each product are scant and do not clearly establish trends.

Table I-13.—Standard pipes and tubes: 1/ Weighted-average prices to service centers/distributors and end users of specified products, U.S.-produced and imported products from Thailand, by specified quarters, January-September 1985

Item	U.S. product price	Thai product		
		Price	Margin of underselling	
			Amount	Percent
	Per 100 feet	Per 100 feet	Per 100 feet	
Sales to service centers/ distributors of—				
Product 1:				
April-June 1985—	\$***	\$***	\$***	11.98
July-September 1985—	***	***	(***)	(2.76)
Product 2:				
April-June 1985—	***	***	***	32.49
July-September 1985—	***	***	***	12.73
Product 3:				
January-March 1985—	***	***	***	34.39
April-June 1985—	***	***	***	30.22
July-September 1985—	***	***	***	10.67
Product 4:				
January-March 1985—	***	***	***	33.13
April-June 1985—	***	***	***	14.01
July-September 1985—	***	***	***	25.52
Product 5:				
April-June 1985—	***	***	***	16.92
July-September 1985—	***	***	***	14.01
Sales to end users of—				
Product 1:				
April-June 1985—	***	***	(***)	(1.59)
Product 3:				
April-June 1985—	***	***	***	11.67

1/ See product list for specifications.

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

The price of product 1 from Thailand sold to service centers/distributors was \$*** during April-June 1985 and undersold the domestic product by 12 percent; during July-September 1985, the price of the imported product was \$***, overselling the domestic product by 3 percent. There was a single price comparison available for sales of product 1 to end users; during April-June 1985, the product imported from Thailand sold for \$***, or 2 percent over the price of the domestic product.

Product 2 from Thailand sold to service centers/distributors for \$*** during April-June 1985 and \$*** during July-September 1985, underselling the domestic product by 32 percent and 13 percent, respectively. No sales of product 2 to end users were reported to the Commission.

In 1985, the selling price of Thai product 3 was \$*** during January-March, \$*** during April-June, and \$*** during July-September. At these prices, the margins of underselling were 34 percent, 30 percent, and 11 percent, respectively. There was a single price comparison available for product 3 sold to end users; during April-June 1985, Thai product 3 sold for \$***, 12 percent below the domestic price.

In 1985, Thai-produced product 4 sold to service centers/distributors for \$*** during January-March, \$*** during April-June, and \$*** during July-September and undersold the domestic product by 33 percent, 14 percent, and 26 percent, respectively. There were no prices of product 4 sold to end users submitted to the Commission.

Product 5 from Thailand sold to service centers/distributors for \$*** during April-June 1985 and \$*** during July-September 1985. In these periods, the margins of underselling were 17 percent and 14 percent, respectively. ^{1/}

Prices of imports from Turkey and price comparisons.—* * * importers of standard pipe and tube from Turkey provided price data for the product specifications 1 through 4. * * * typically quote their prices on an ex-dock basis, and do not use pricelists in establishing transaction prices.

Price data for sales of products 1 through 4 to service centers/distributors and end users of both Turkish and domestic origin are compared in table I-14. Sales prices to service centers/distributors of product 1 were \$*** during October-December 1984, \$*** during January-March 1985, \$*** during April-June 1985, and \$*** during July-September 1985. The margins of underselling over this period ranged from a low of 15 percent during January-March 1985 to a high of 32 percent during October-December 1984. Turkish product 1 sold to end users during July-September 1985 for \$***, underselling the U.S. product by 10 percent.

Turkish imports of product 2 sold to service centers/distributors for \$*** during January-March 1985 and \$*** during July-September 1985. The margins of underselling in these sales were 36 and 30 percent, respectively.

In 1985, imports of product 3 from Turkey sold to service centers/distributors for \$*** during January-March, \$*** during April-June, and \$*** during July-September and undersold the domestic product by 18, 23, and 20 percent, respectively.

Table I-14.—Standard pipes and tubes: 1/ Weighted-average prices to service centers/distributors and end users of specified products, U.S.-produced and imported products from Turkey, by specified quarters, October 1984–September 1985

Item	U.S. product price	Turkish product		
		Price	Margin of underselling	
			Amount	Percent
	<u>Per 100 feet</u>	<u>Per 100 feet</u>	<u>Per 100 feet</u>	
Sales to service centers/ distributors of—				
Product 1:				
October–December 1984—	***	***	***	31.89
January–March 1985—	***	***	***	14.83
April–June 1985—	***	***	***	17.27
July–September 1985—	***	***	***	16.73
Product 2:				
January–March 1985—	***	***	***	36.19
July–September 1985—	***	***	***	30.24
Product 3:				
January–March 1985—	***	***	***	17.85
April–June 1985—	***	***	***	22.81
July–September 1985—	***	***	***	20.26
Product 4:				
October–December 1984—	***	***	***	24.65
January–March 1985—	***	***	***	15.48
April–June 1985—	***	***	***	27.08
July–September 1985—	***	***	***	21.52
Sales to end users of—				
Product 1:				
July–September 1985—	***	***	***	9.91
Product 4:				
July–September 1985—	***	***	***	12.48

1/ See product list for specifications.

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

Product 4 from Turkey was sold to service centers/distributors between October–December 1984 and July–September 1985. Product 4 sold for \$*** during October–December 1984, \$*** during January–March 1985, \$*** during April–June, and \$*** during July–September 1985. Margins of underselling ranged from a low of 15 percent during January–March 1985 to a high of 27 percent during April–June 1985. Imports of product 4 from Turkey sold to end users during July–September 1985 for \$***; at this price, the margin of underselling was 12 percent.

Transportation costs

* * * U.S. producers of standard pipe and tube responded with data detailing their firms' transportation costs. Of these producers, * * * listed their market area as nationwide; * * * as Midwestern; * * * as the Western United States; and * * * as the Eastern United States.

The Commission requested U.S. producers to estimate the percentage of shipments in which their firms absorb some transportation costs to effect a sale. * * * producers responded with such data. * * * indicated they absorb some transportation costs in * * * percent of their shipments, * * * in * * * percent, * * * in * * * percent, and * * * in * * * percent or less of their shipments.

Other purchase decision factors

The Commission also asked U.S. producers to state their standard minimum quantity requirements for a sale, as well as the average leadtime between a customer's order and shipment date. * * * producers listed * * * tons as their minimum quantity requirement, * * * listed * * *, and * * * cited * * * feet as its minimum quantity requirement. Referring to leadtime between receipt of a customer's order and shipment date, * * * producers cited their firms' average leadtime as * * * days or less, * * * indicated * * * to * * * days, and * * * said * * * days.

During January–November 1985, the largest single port of entry for standard pipes and tubes from Thailand was the Port of Los Angeles, followed by gulf and east coast ports. Imports of standard pipes from Turkey enter largely through gulf and east coast ports. * * * importers of standard pipe from Thailand, * * *, provided data regarding transportation costs. * * * importers listed their market area as nationwide, * * * cited the Western States, and * * * listed the east coast as its geographic market area. * * * reported a leadtime between receipt of a customer's order and shipment as * * * days ex-warehouse if the product is in inventory. The other * * * indicated leadtimes of between * * * and * * * months for their sales. * * * importers noted that they do not absorb transportation costs in order to effect sales. * * * of standard pipe and tube indicated absorbing shipping costs to effect sales in * * * to * * * percent of shipments.

Lost sales

One producer provided the Commission with four allegations of sales lost to imports from Thailand; these allegations, purported by * * *, consisted of two customers purchasing a reported * * * tons of galvanized plain end ASTM A-120 standard pipe.

No lost sales allegations concerning imports of standard pipe from Turkey were received. Three domestic producers submitted general statements. These producers report that the nature of the marketplace does not permit specific examples of lost sales. * * *.

* * * of the allegations made by * * * totaled * * * tons of Thai pipe¹⁻²⁴ allegedly purchased by * * *. * * *, indicated that his firm buys both domestic and foreign pipe. In addition to price, he cited * * * as "definitely the most important factors" in deciding whether to purchase pipe, be it of domestic or foreign origin. He also pointed out that he purchases foreign pipe because the pipe he wants * * * is available from imports, but

not from domestic sources, without having to pay * * *, something * * * indicated reluctance to do. In reference to the specific allegation, * * * was unwilling to speak about his firm's specific purchases. Earlier in the conversation, however, * * * did note that * * *.

Two of the lost sales allegations made by * * * totaled * * * tons of pipe of Thai origin allegedly purchased by * * *. * * * indicated that his firm * * *.

Purchasers' responses to general allegations of lost sales

One producer submitted a list of six of his customers and indicated that these purchasers buy imported pipe when prices are low. The Commission contacted five of these firms, and the following is a synopsis of their remarks. One purchaser on the list * * * was cited in * * * lost sales allegations and is discussed above.

* * * indicated that his firm * * *. * * * stated that the main two factors * * * in making a decision whether to purchase imported or domestic pipe were price and delivery terms. * * *.

* * * estimated that his firm purchases approximately * * * of its pipe and tube from abroad and * * * from domestic producers. Imports account for * * *. He pointed out that in addition to price, knowledge of importers is an important consideration in his purchasing decisions. He indicated reluctance to buy products from new foreign mills by noting that he recently declined an opportunity to purchase pipe of Thai origin because he could not get it in * * *-foot lengths. * * * noted that during the past year, domestic producers have * * *.

* * * said that his firm generally purchases about * * * to * * * percent of its pipes and tubes from foreign sources. He identified * * * as his firm's major import sources, and pointed out that his firm purchased * * * of about * * * or * * * tons of Thai-produced pipe last year. * * * pointed to "Buy American" stipulations of contractors or end users as being the major factor in deciding whether to purchase foreign or domestic pipes and tubes. In addition, he cited * * * as a product typically purchased from domestic producers due to * * *.

* * * identified quality as the biggest factor in his firm's purchasing decisions. His firm * * *. The foreign tube purchased by his firm is used as * * *. He stated that domestic producers * * *. * * * estimated that between * * * and * * * of the pipe his firm uses comes from * * *.

LINE PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to line pipes and tubes, which is the subject of countervailing duty investigation No. 701-TA-253 (Final) concerning subject imports from Turkey.

The Products

Description and uses

The imported pipe and tube products that are the subject of this investigation 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 line pipes and tubes. Line pipes and tubes are used for the transportation of gas, oil, or water, generally in pipeline or utility distribution systems. They are most commonly produced to API specification 5L.

Part I of this report contains a lengthy general discussion of the description and uses of pipes and tubes and the method of manufacturing standard pipes and tubes. Standard and line pipe can be produced on the same equipment. The manufacturing processes for the two products are nearly identical; the principal differences between the two are that line pipe is made from a higher grade steel and requires additional testing to ensure that it meets API specifications. ^{1/} Line pipe may have a higher content of carbon and manganese than is permissible for standard pipe, whereas standard pipe may have a higher content of phosphorus and sulfur than is permissible for line pipe. Requirements concerning chemical and mechanical properties for API line pipe differ for the various specifications and grades. There are at least 10 grades of API 5L line pipe. API 5L line pipe is inspected and tested at various stages in the production process to ensure strict conformity to API specifications.

U.S. tariff treatment

Imports of the line pipes and tubes covered by this investigation are classified and reported for tariff and statistical purposes under TSUSA items 610.3208 and 610.3209, which cover welded pipes and tubes (and blanks therefor ^{2/}) of iron (except cast iron) or of nonalloy (carbon) steel, of circular cross section, having a wall thickness of not thinner than 0.065 inch and an outside diameter over 0.375 inch but not more than 16 inches.

^{1/} Transcript of the public conference, investigations Nos. 731-TA-211 and 212 (Preliminary), p. 17.

^{2/} Blanks are semifinished pipe or tube hollows that are purchased by II-1 producers and further processed.

The current column 1 rate of duty 1/ for line pipes and tubes, which is 1.9 percent ad valorem, was modified as a result of the Tokyo Round of the 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 2 rate of duty, applicable to imports from the Communist countries enumerated in general headnote 3(d), is 5.5 percent ad valorem.

Imports of line pipes and tubes, if the product of designated beneficiary countries, are eligible for duty-free entry under the Caribbean Basin Economic Recovery Act (CBERA). 2/ Effective September 1, 1985, imports of such articles from Israel are free of duty under the United States-Israel Free Trade Area Agreement.

In addition to these import duties, a final determination of subsidies has been made in the current investigation, countervailing duties are in effect with respect to imports from Yugoslavia and were until recently in effect with respect to imports from Korea. 3/ Subsequent to the U.S. Government reaching VRA's with the Governments of Mexico and Venezuela, investigations on line pipes from those countries were terminated upon withdrawal of the petitions.

U.S. Producers

Line pipe and tube producers may be divided into two types: large, fully integrated producers that make raw steel and produce a variety of steel products, and smaller, nonintegrated or partially integrated producers. The integrated producers include LTV Steel Corp. and United States Steel Corp. 4/

1/ The rates of duty in column 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 People's Republic of 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, or to products of Israel, as provided under the special rates of duty column.

2/ See the U.S. tariff treatment section of part I of this report for an explanation of the CBERA.

3/ Net subsidy and dumping margins from current investigations, outstanding dumping/countervailing duty orders, and recently terminated (other than negative) title VII cases are presented in table II-1. On Oct. 29, 1985, subsequent to Korea agreeing to a voluntary restraint arrangement, Commerce published a notice, effective Oct. 1, 1984, in the Federal Register, revoking the countervailing duty order with respect to imports exported from Korea after the effective date.

4/ Another integrated producer, Bethlehem, permanently closed its standard and line 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 setting it up in Turkey. In December 1984, LTV Steel announced the closing of its two standard and line pipe mills at Aliquippa, PA, and in October 1985, it announced the indefinite closing of its continuous weld standard and line pipe mill at Youngstown, OH, where it still operates an electric-resistance weld mill for producing standard and line pipes and tubes.

Table II-1.—Line pipes and tubes: Pending and recently terminated title VII investigations and outstanding countervailing duty order since 1984, most recent dumping/subsidy margins, and import-to-consumption ratios, by sources, 1982-84, January-September 1984, and January-September 1985

Item	Weighted-average margin	Date of bond or order <u>1/</u>	Ratio of imports to apparent U.S. consumption				
			1982	1983	1984	Jan.-Sept—	
						1984	1985
Countervailing duty investigations/orders:							
Pending countervailing duty investigation:							
Turkey (instant investigation)——	<u>2/</u> 17.80	Jan. 10, 1986	—	—	—	—	.7
Outstanding countervailing duty order:							
Yugoslavia——	74.50	Dec. 31, 1985	.1	—	—	—	—
Recently terminated countervailing duty investigations:							
Mexico <u>3/</u> ——	0.67-23.65	Jan. 31, 1985	1.5	5.6	6.9	7.9	3.3
Venezuela <u>4/</u> ——	76.00	Nov. 13, 1985	.3	1.5	7.5	7.8	6.3
Antidumping investigations/orders: <u>5/</u>							
Pending antidumping investigations:							
Taiwan——	<u>6/</u> 27.98	Dec. 30, 1985	0.6	0.1	0.4	0.3	1.5
Turkey——	<u>6/</u> 32.55	Jan. 3, 1986	—	—	—	—	.7
Recently terminated antidumping investigation:							
Venezuela <u>7/</u> ——	55.7	Aug. 13, 1985	.3	1.5	7.5	7.8	6.3

1/ Date posting of bond required or date order issued.

2/ In its final determination, Commerce found the actual net subsidy to be 18.81 percent, but the bonding or cash deposit rate was adjusted to 17.80 percent to take into account several programwide changes occurring after the review period.

3/ Terminated by Commerce, effective Apr. 2, 1985, following withdrawal of petition.

4/ Terminated by Commerce, effective Nov. 27, 1985, following withdrawal of petition. The Commission did not institute a final investigation.

5/ There are no outstanding or recently revoked antidumping orders.

6/ This is Commerce's preliminary determination. Commerce's final determination in this case is due by Mar. 10, 1986.

7/ Terminated by the Commission, effective Dec. 4, 1985, following withdrawal of petition prior to a final determination by Commerce.

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 published by the American Iron & Steel Institute.

Note.—Data in this table are effective as of Jan. 27, 1986.

In 1984, there were about 10 U.S. producers of line pipes and tubes. Production is concentrated in the Eastern United States and the Great Lakes and Gulf Coast regions. Selected U.S. producers of line pipes and tubes and, for those responding to the Commission's questionnaire, their shares of 1984 domestic shipments are shown in table II-2.

Table II-2.—Line pipes and tubes: Selected U.S. producers' shares of domestic shipments and plant locations, by firms, 1984

Firm	Share of 1984 domestic shipments 1/	Plant location
	Percent	
CPTI member firms:		
Cyclops Corp.:		
Sawhill Tubular Division	***	Sharon, PA.
Tex-Tube Division	***	Houston, TX.
LaClede Steel Co.	***	Alton, IL.
Wheatland Tube & Conduit	***	Wheatland, PA.
Non-CPTI firms:		
LTV Steel Corp.	***	Youngstown, OH.
		Aliquippa, PA. 2/
		Counce, TN.
Lone Star Steel Co., Inc.	***	Lone Star, TX.
Stupp Corp.	***	Baton Rouge, LA.
United States Steel Corp.	***	Fairless, PA.
		Lorain, OH.
		Geneva, UT.
		McKeesport, PA.

1/ Total domestic shipments are based on questionnaire responses for which usable data were provided in the instant investigation.

2/ Plant closed in December 1984.

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

U.S. Importers

The U.S. Customs Service's net import file showed about four importers of line pipes and tubes from Turkey during the period under investigation. Questionnaires with usable data have been received from * * * importers of line pipes and tubes from Turkey—* * *.

The U.S. Market

Channels of distribution

According to AISI data for 1984, 28 percent of all domestic shipments of carbon steel line pipes and tubes of all sizes were sold to service centers/distributors. 1/ Almost 57 percent of domestic shipments were made

II-4

1/ Data include outside diameters of over 16 inches; such AISI data are not available on the basis of size.

directly to the oil and gas industry. During January–September 1985, 36 percent of shipments were made to service centers/distributors and 42 percent were made to the oil and gas industry.

Apparent U.S. consumption

Apparent U.S. consumption ^{1/} of line pipes and tubes decreased from 863,000 tons in 1982 to 772,000 tons in 1983, or by 11 percent, and then rose by 36 percent to 1.1 million tons in 1984 (table II-3). U.S. consumption during January–September 1985, at 694,000 tons, was 18 percent below the level of consumption during January–September 1984.

Table II-3.—Line pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1982–84, January–September 1984, and January–September 1985

Period	U.S.	Imports	Apparent	Ratio to	
	producers'		consump-	consumption of—	
	domestic		tion	Producers'	Imports
	shipments ^{1/}			shipments	
	1,000 tons			Percent	
1982	529	334	863	61.3	38.7
1983	495	277	772	64.1	35.9
1984	534	519	1,053	50.7	49.3
January–September—					
1984	425	418	843	50.4	49.6
1985	381	313	694	54.9	45.1

^{1/} Estimated from AISI statistics on net domestic shipments of carbon and alloy line pipes and tubes of outside diameter (OD) less than 16 inches minus net domestic shipments of seamless carbon and alloy line pipes and tubes of all sizes; although this method of estimation results in overstatement by an amount equal to the net shipments of nonseamless alloy line pipes and tubes of OD less than 16 inches and understatement by an amount equal to the net domestic shipments of seamless pipe over 16 inches, these amounts are believed to be nil or negligible. Data on U.S. producers' shipments may be understated, however, in that some producers may not report to the AISI.

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

^{1/} Apparent U.S. consumption of line pipes and tubes is computed to be U.S. domestic shipments plus imports. The Commission staff estimated U.S. shipments from AISI statistics as noted in table II-3.

Consideration of Alleged Material Injury
to an Industry in the United States 1/

U.S. production, capacity, and capacity utilization

U.S. production of line pipes and tubes decreased from 316,000 tons in 1982 to 271,000 tons in 1983, or by 14 percent, then rose by 54 percent to 418,000 tons in 1984 (table II-4). Production during January-September 1985, however, was 9 percent less than production during January-September 1984.

Table II-4.—Line pipes and tubes: U.S. production, capacity, and capacity utilization, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	January-September—	
				1984	1985
Production—1,000 tons—	316	271	418	318	288
Capacity—do—	1,203	1,119	1,123	843	836
Capacity utilization					
percent—	26.3	24.2	37.2	37.7	34.4

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

The U.S. capacity of reporting firms to produce line pipes and tubes decreased from 1.2 million tons in 1982 to 1.1 million tons in 1983 and then rose slightly in 1984; capacity during January-September 1985 was down 1 percent from the level during January-September 1984. Capacity utilization by reporting firms dropped from 26 percent in 1982 to 24 percent in 1983, then increased to 37 percent in 1984. Capacity utilization for line pipe producers was 34 percent during January-September 1985, compared with 38 percent during January-September 1984.

U.S. producers' domestic shipments

Domestic shipments of line pipes and tubes by responding firms dropped from 344,000 tons in 1982 to 284,000 tons in 1983, or by 17 percent (table II-5). They increased in 1984 to 394,000 tons, 39 percent above the level of shipments in 1983, and 15 percent above the level of shipments in 1982. Shipments during January-September 1985 declined by 6 percent from shipments during January-September 1984.

U.S. exports

Exports of line pipes and tubes, which were all shipped by * * *, declined from * * * tons in 1982 to * * * tons in 1983 and then increased to * * * tons in 1984. Exports represented less than * * * percent of the firm's

1/ Data in this section of the report were compiled from questionnaires of I-6 the instant final investigation.

Table II-5.—Line pipes and tubes: U.S. producers' domestic shipments, 1982-84, January-September 1984, and January-September 1985

Item	1982	1983	1984	January-September	
				1984	1985
Quantity—1,000 tons—	344	284	394	302	285
Value—million dollars—	202	138	212	154	130
Unit value—per ton—	\$587	\$486	\$538	\$510	\$456

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

total shipments during the period. Exports as reported to the Commission are shown in the following tabulation:

Period	Quantity (tons)	Value (1,000 dollars)	Unit value (per ton)
1982—	***	***	\$***
1983—	***	***	***
1984—	***	***	***
Jan.—Sept.—			
1984—	***	***	***
1985—	***	***	***

U.S. producers' inventories

Yearend inventories of line pipes and tubes, as provided by * * * firms, decreased from 47,000 tons in 1982 to 34,000 tons in 1983 and then rose to 54,000 tons in 1984 and remained at that level as of September 30, 1985. As a share of producers' annualized shipments, producers' end-of-period inventories of line pipes and tubes ranged from 11 to 14 percent during the period under investigation, as shown in the following tabulation:

Period	Inventories (1,000 tons)	Ratio of inventories to shipments 1/
		(percent)
As of Dec. 31—		
1982—	47	13.7
1983—	34	12.0
1984—	54	13.6
As of Sept. 30—		
1984—	46	11.3
1985—	54	14.0

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 Sept. 30 are computed from annualized shipments. II-7

Employment and wages

Employment data for line pipes and tubes were provided by all * * * producers reporting production data. The number of production workers employed in the production of line pipes and tubes decreased from 1,888 in 1982 to 1,402 in 1983, increased to 1,904 in 1984, and decreased again, to 1,704, during January–September 1985 (table II-6). Hours worked by production and related workers producing line pipes and tubes decreased from 2.9 million in 1982 to 2.2 million in 1983, increased to 3.2 million in 1984, and then decreased by 13 percent during January–September 1985 compared with January–September 1984.

Wages and total compensation paid by U.S. producers to workers producing line pipes and tubes declined from 1982 to 1983, increased from 1983 to 1984, and then fell during January–September 1985 compared with levels in the corresponding period of 1984. Labor productivity increased by 13 percent in 1983 and 7 percent in 1984, and further increased by 4 percent during January–September 1985 compared with productivity during January–September 1984. Conversely, unit labor costs fell by 12 percent in 1983 and another *** percent in 1984 and then further decreased by 1 percent during January–September 1985 compared with unit labor costs during January–September 1984. Workers at all of the reporting firms are represented by unions.

Financial experience of U.S. producers

Usable income–and–loss data on operations producing line pipes and tubes were provided by * * * U.S. firms. During 1982–84, sales of line pipes and tubes ranged from 11 to 14 percent of overall establishment sales, as reported in the introductory section of this report.

Operations on line pipes and tubes.—* * * producers that accounted for * * * percent of domestic shipments of line pipes and tubes in 1984, as reported in the Commission's questionnaires, furnished usable income–and–loss data (table II-7). ^{1/} Net sales fell 32 percent from \$196.9 million in 1982 to \$133.4 million in 1983 and then rose by 56 percent to \$207.7 million in 1984. Net sales in the interim periods ended September 30, 1984, and September 30, 1985, were \$150.2 million and \$126.9 million, respectively, representing a decline of 16 percent. Operating losses were reported in every period; these losses rose slightly from \$38.0 million in 1982 to \$38.5 million in 1983, then dropped to \$31.0 million in 1984. The operating losses reported for the interim periods dropped from \$27.7 million in 1984 to \$13.4 million in 1985. The operating loss margins, which increased from 19.3 percent in 1982 to 28.9 percent in 1983, declined to 14.9 percent in 1984. Operating loss margins in the interim periods slipped from 18.5 percent in 1984 to 10.5 percent in 1985. Two of the * * * firms reported operating losses for 1982, three firms sustained operating losses in 1983, two firms did so in both periods of 1984, and three firms reported losses during the interim period of 1985.

The integrated firms generally experienced operating losses during the periods covered by this report. The nonintegrated firms reported aggregate

^{1/} See part I of this report for a discussion of why income–and–loss information presented here differs from that presented in other Commission^{II-8} investigations.

Table II-6.—Average number of production and related workers producing line pipes and tubes, hours paid, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor production costs, 3/ 1982-84, January-September 1984, and January-September 1985.

Item	1982	1983	1984	January-September—	
				1984	1985
Production and related workers:					
Number—	1,888	1,402	1,904	2,031	1,704
Percentage change—	<u>4/</u>	-25.7	+35.8	<u>4/</u>	-16.1
Hours worked by production and related workers:					
Number—1,000 hours—	2,931	2,230	3,226	2,602	2,272
Percentage change—	<u>4/</u>	-23.9	+44.7	<u>4/</u>	-12.7
Wages paid to production and related workers:					
Value—1,000 dollars—	***	30,630	47,231	38,184	33,613
Percentage change—	<u>4/</u>	-***	+54.2	<u>4/</u>	-12.0
Total compensation paid to production and related workers:					
Value—1,000 dollars—	***	***	67,452	54,341	48,771
Percentage change—	<u>4/</u>	-24.5	+***	<u>4/</u>	-10.3
Labor productivity:					
Quantity—tons per hour—	0.108	0.122	0.130	0.122	0.127
Percentage change—	<u>4/</u>	+13.0	+6.6	<u>4/</u>	+4.1
Hourly compensation: <u>5/</u>					
Value—	\$***	\$13.74	\$14.64	\$14.67	\$14.79
Percentage change—	<u>4/</u>	-***	+6.6	<u>4/</u>	+0.8
Unit labor costs: <u>6/</u>					
Value—per ton—	\$***	\$***	\$161	\$171	\$169
Percentage change—	<u>4/</u>	-12.1	-***	<u>4/</u>	-1.2

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 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.

operating incomes of \$*** in 1982, \$*** in 1983, \$*** in 1984, \$*** in the interim period of 1984, and \$*** in the interim period of 1985, as shown in table II-8. The operating income margins for the nonintegrated line pipe and tube producers increased from * * * percent in 1982 to * * * percent in 1983 and * * * percent in 1984; the margin was * * * percent in interim 1985, compared with * * * percent in interim 1984.

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

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985
Net sales———1,000 dollars——	196,927	133,427	207,656	150,193	126,888
Cost of goods sold——do——	***	161,386	226,583	165,987	133,505
Gross (loss)——do——	(***)	(27,959)	(18,927)	(15,794)	(6,617)
General, selling, and administrative expenses——do——	***	10,537	12,062	11,955	6,756
Operating (loss)——do——	(38,007)	(38,496)	(30,989)	(27,749)	(13,373)
Depreciation and amortization expense 2/——do——	5,461	4,180	7,618	5,343	3,900
As a share of net sales:					
Cost of goods sold percent——	***	121.0	109.1	110.5	105.2
Gross (loss)——do——	(***)	(21.0)	(9.1)	(10.5)	(5.2)
General, selling, and administrative expenses——do——	***	7.9	5.8	8.0	5.3
Operating (loss)——do——	(19.3)	(28.9)	(14.9)	(18.5)	(10.5)
Number of firms reporting operating losses——	2	3	2	2	3

1/ These firms are * * *.

2/ The Commission recieved no data on depreciation and amortization from 1 firm which accounted for * * * percent of reported 1984 net sales.

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 on their operations producing line pipes and tubes, by nonintegrated producers and specified integrated producers, accounting years 1982-84 and interim periods ended Sept. 30, 1984, and Sept. 30, 1985

Item	1982	1983	1984	Interim period ended Sept. 30—	
				1984	1985

* * * * *

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

Capital expenditures and research and development expenses.—No information was furnished regarding capital expenditures or research and development expenses incurred exclusively in the production of line pipes and tubes.

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, the nature of any subsidies, 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 Subsidized 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 subsidies, foreign producers' capacity, production, and exports, and the potential for product shifting was presented in the introductory part of the report.

U.S. importers' inventories

* * * reported * * * tons of inventory held as of September 30, 1985, of Turkish product imported from * * *. * * * does not maintain inventories; the product which * * * reported importing was shipped by the Turkish firm * * *.

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

U.S. imports

U.S. imports of line pipes and tubes decreased from 334,362 tons in 1982 to 277,077 tons in 1983, then increased by 87 percent to 519,308 tons in 1984 (table II-9). Imports of these products decreased from 487,325 tons during January–November 1984, to 345,197 tons during January–November 1985, or by 29 percent. There were no imports of line pipes and tubes from Turkey during 1982–84; such imports during January–November 1985 amounted to 7,111 tons. As a share of total imports, those from Turkey accounted for 2.1 percent of total imports during January–November 1985.

Table II-9.—Line pipes and tubes: U.S. imports for consumption, 1/ by sources, 1982-84, January-November 1984, and January-November 1985

Source	1982	1983	1984	January–November—	
				1984	1985
Quantity (tons)					
Turkey	0	0	0	0	2/ 7,111
Japan	157,221	73,591	129,075	118,039	77,228
Republic of Korea	85,629	98,504	137,692	133,682	92,294
Mexico	13,191	43,503	72,997	72,261	28,456
Venezuela	2,599	11,524	79,451	76,219	43,546
Brazil	17,492	27,006	25,645	18,506	27,125
West Germany	11,010	311	20,704	20,027	6,220
France	745	2,965	8,890	8,864	22,381
All other	46,475	19,673	44,856	39,727	40,836
Total	334,362	277,077	519,308	487,325	2/ 345,197
Value (1,000 dollars)					
Turkey	—	—	—	—	2,297
Japan	77,619	26,170	47,186	43,418	29,844
Republic of Korea	39,226	30,493	44,919	43,418	31,644
Mexico	5,687	14,108	24,315	24,076	10,143
Venezuela	1,014	3,483	22,229	21,141	15,099
Brazil	7,897	8,474	8,666	6,280	8,700
West Germany	6,368	225	7,419	7,147	2,276
France	425	1,127	3,195	3,186	10,184
All other	20,979	6,613	15,676	13,807	16,085
Total	159,215	90,695	173,606	162,473	126,272
Unit value					
Turkey	—	—	—	—	2/ \$323
Japan	\$494	\$356	\$366	\$368	386
Republic of Korea	458	310	326	325	343
Mexico	431	324	333	333	356
Venezuela	390	302	280	277	347
Brazil	451	314	338	339	321
West Germany	578	724	358	357	366
France	571	380	359	359	455
All other	451	336	349	348	394
Average	476	327	334	333	2/ 366

1/ Includes imports under TSUSA items 610.3208 and 610.3209.

2/ Estimated by the staff of the U.S. International Trade Commission. The import quantity is understated by 1,910 tons in the official statistics because of a keypunch error.

Source: Compiled from official statistics of the U.S. Department of Commerce, except where noted.

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

Monthly import data for January–November 1985 on line pipes and tubes both from Turkey and all countries are presented in table II-10. Neither the petitioners nor the respondents have supplied the Commission with any information concerning sales of line pipes and tubes from Turkey destined to arrive in the United States after November 1985.

Table II-10.—Line pipes and tubes: U.S. imports for consumption, 1/ by sources, January–November 1985

(In tons)		
Period	Turkey	All sources
January 1985	109	43,845
February 1985	0	34,559
March 1985	0	41,427
April 1985	0	36,441
May 1985	0	32,845
June 1985	22	34,217
July 1985	2,348	30,837
August 1985	516	17,211
September 1985	1,992	41,715
October 1985	<u>2/</u> 2,124	<u>2/</u> 12,762
November 1985	0	19,338
January–November 1985	<u>2/</u> 7,111	<u>2/</u> 345,197

1/ Includes imports under TSUSA items 610.3208 and 610.3209.

2/ Estimated by the staff of the U.S. International Trade Commission. The import quantity is understated by 1,910 tons in the official statistics because of a keypunch error.

Source: Compiled from official statistics of the U.S. Department of Commerce, except where noted.

Nearly all imports of line pipes and tubes from Turkey during January–November 1985 entered through the Port of Houston, TX; 151 tons, or 2 percent of such imports, entered through New Orleans, LA.

Market penetration by the subsidized imports

Market penetration data are not available for January–November 1985. The share of the U.S. market for line pipes and tubes supplied by the 4,987 tons imported from Turkey during January–September 1985 was 0.7 percent; there were no imports of such products during 1982–84. 1/

1/ 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 II-1.

Prices

The line pipe included in this investigation is generally priced on a per-hundred-foot basis. While several U.S. producers publish confidential pricelists, list prices are often discounted to meet competitive offers. The U.S.-produced pipes and tubes are predominantly sold on an f.o.b. mill basis. The imported products under investigation are normally sold on an ex-dock, duty-paid, or f.o.b. warehouse basis. Formal bidding is not the usual means of price competition for line pipe up to 16 inches in diameter, unlike the market for line pipe with diameter of over 16 inches.

The Commission requested U.S. producers and importers to provide price data on their largest sale of each of five product specifications to both a service center/distributor and an end-user customer. These prices reported by U.S. producers were to be for articles that they had produced and prices reported by importers were to be for products that they had imported from Turkey. The five line pipe product specifications are as follows:

- PRODUCT 1: API 5L line pipe, carbon welded, black, plain end, 4 1/2-inch diameter, 0.188-inch wall thickness.
- PRODUCT 2: API 5L line pipe, carbon welded, black, plain end, 6 5/8-inch diameter, 0.280-inch wall thickness.
- PRODUCT 3: API 5L line pipe, carbon welded, black, plain end, 8 5/8-inch diameter, 0.188-inch wall thickness.
- PRODUCT 4: API 5L line pipe, carbon welded, black, plain end, 8 5/8-inch diameter, 0.250-inch wall thickness.
- PRODUCT 5: API 5L line pipe, carbon welded, black, plain end, 10 3/4-inch diameter, 0.365-inch wall thickness.

Prices of domestic products.—* * * U.S. producers reported some selling price data for line pipe (products 1 through 5). U.S. producers' selling prices to service centers/distributors and end users of line pipe are shown in table II-11.

In sales to service centers/distributors, all five products showed a mix of price trends between January-March 1983 and July-September 1985. All products except product 1 registered increased prices in 1984. Over the entire period of investigation, prices for product 1 fell by 11 percent from \$*** to \$***, and prices for product 3 fell by 24 percent from \$*** to \$***.

Prices for products 2, 4, and 5 to service centers/distributors, however, rose between January-March 1983 and July-September 1985 by 10 to 21 percent. Product 2 experienced a rise of 21 percent from \$*** to \$***. Prices for product 4 fluctuated irregularly from \$*** to \$***, posting a 17-percent gain for the overall period. Product 5 climbed by approximately 10 percent from \$*** to \$***.

As in the case of sales to service centers/distributors, overall price trends for sales to end users between January-March 1983 and July-September 1985 of the five line pipe products were mixed. Products 1, 3, and 4 experienced overall price rises during the period, whereas products 2 and 5 underwent overall price declines. In 1984, products 1 through 3 showed price

Table II-11.—Line pipes and tubes: U.S. producers' weighted-average net selling prices to service centers/distributors and end users of specified products, 1/ January 1983–September 1985

(Per 100 feet)					
Period	Product 1	Product 2	Product 3	Product 4	Product 5
Sold to service centers/distributors					
1983:					
Jan.–Mar	\$***	\$***	\$***	\$***	\$***
Apr.–June	***	***	<u>2/</u>	<u>2/</u>	***
July–Sept	***	***	***	***	***
Oct.–Dec	***	***	***	***	***
1984:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Oct.–Dec	***	***	***	***	***
1985:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Sold to end users					
1983:					
Jan.–Mar	\$***	<u>2/</u>	<u>2/</u>	\$***	<u>2/</u>
Apr.–June	***	\$***	<u>2/</u>	***	\$***
July–Sept	<u>2/</u>	<u>2/</u>	<u>2/</u>	***	<u>2/</u>
Oct.–Dec	***	***	\$***	<u>2/</u>	<u>2/</u>
1984:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	***	***	***	***
July–Sept	***	***	***	***	***
Oct.–Dec	***	***	***	***	<u>2/</u>
1985:					
Jan.–Mar	***	***	***	***	***
Apr.–June	***	<u>2/</u>	***	<u>2/</u>	***
July–Sept	***	***	***	<u>2/</u>	<u>2/</u>

1/ See product list for specifications.

2/ No prices were reported.

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

increases followed by declines, prices for product 4 remained constant, and product 5 experienced a temporary price dip. In 1985, reported prices for products 1 and 5 remained constant while prices for products 2 and 3 fell modestly.

Weighted-average prices for sales of product 1 to end users increased irregularly by 20 percent from \$*** during January-March 1983 to \$*** during July-September 1985. The price of product 3 rose by 3 percent from \$*** during October-December 1983 to \$*** during July-September 1985. The price of product 4 rose by 8 percent from \$*** during January-March 1983 to \$*** during January-March 1985.

Prices for product 2 declined erratically from \$*** during April-June 1983 to \$*** during July-September 1985, or by 14 percent. The price of product 5 slid by 19 percent from a high of \$*** during April-June 1983 to \$*** during April-June 1985.

Prices of imports from Turkey and price comparisons.—

* * * * *

* * *, accounting for * * * percent of imports of line pipe from Turkey during January-September 1985, reported selling price information to the Commission for product 2. ^{1/} Imports of product 2 sold to service centers/distributors for \$*** during July-September 1985, underselling the U.S. producers' price of \$*** by 12 percent.

Transportation costs

* * * U.S. producers of line pipe provided data relating to transportation costs faced by their firms. * * * line pipe producers indicated that they serve a nationwide market, * * * others cited the Southwest as their main market area, and * * * listed the Midwest and Eastern United States as their major market areas.

The Commission also requested domestic producers to estimate the percentage of shipments in which their firms absorb transportation costs to effect a sale. * * * firms indicated they do so in * * * percent of their shipments; * * * in * * * percent; * * *; and * * * did not respond.

Other purchase decision factors

U.S. producers also provided their standard minimum quantity requirements for a sale as well as the average leadtime between a customer's order and shipment date. * * * cited their minimum quantity at * * * tons; * * * at * * * tons; and * * * at * * *. Leadtime between a customer's order and shipment was given as * * * to * * * days by * * * producers; * * * to * * * days by * * * producer; and * * * days by another.

All imports of line pipe from Turkey during January-November 1985 entered through gulf ports. One importer of line pipe from Turkey provided information concerning transportation costs. This importer cited the firm's

^{1/} * * *.

minimum quantity requirement for orders as * * * tons and reported average leadtime for ex-warehouse sales as * * *, and leadtime for future orders as * * *. The firm, with its main market area in the * * *, stated that it absorbs transportation costs in * * * percent of its line pipe shipments to effect a sale.

Lost sales

One U.S. producer * * * provided one allegation of a sale of line pipe lost to imports from Turkey. The allegation, amounting to * * * tons on * * *, was investigated by the Commission. * * *.

* * *, described price as the main purchase consideration of his firm in recent months. He also cited familiarity with distributors, the necessity of mills to have API certification, and for the product to meet certain test specifications as important purchasing concerns of his firm. He noted that * * * of imported products is a minor, but useful, advantage of imported over domestic products, because * * *. * * * noted that his firm typically buys both foreign and domestic pipe, with * * * being its main foreign sources. He indicated that his firm probably purchases * * * of its pipe from domestic producers and * * * from importers. He stated that * * * pipe account for about * * * percent of the firm's purchases of imported product, while * * * pipe accounts for about * * * percent. * * * pointed out that his firm purchased about * * *.

APPENDIX A

COMMERCE'S FINAL SUBSIDY AND LTFV DETERMINATIONS

and we are adjusting the duty deposit rate accordingly. We determine that "critical circumstances" do not exist with regard to the subject merchandise.

We have notified the United States International Trade Commission (ITC) of our determinations. We are directing the U.S. Customs Service to continue to suspend liquidation of all entries of standard pipe and tube and line pipe from Turkey that are entered or withdrawn from warehouse for consumption, on or after October 28, 1985, and to require a cash deposit or bond on entries of these products in an amount equal to 17.80 percent *ad valorem*. Because we have determined that critical circumstances do not exist, we are also directing the U.S. Customs Service to terminate the suspension of liquidation of all entries of standard pipe and tube from Turkey that were entered or withdrawn from warehouse, for consumption, between July 30 and October 28, 1985.

EFFECTIVE DATE: January 10, 1986.

FOR FURTHER INFORMATION CONTACT: Peter Sultan or Mary Martin, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-1439 (Sultan) or 377-2830 (Martin).

SUPPLEMENTARY INFORMATION:

Final Determinations

Based upon our investigations, we determine that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Turkey of certain welded carbon steel pipe and tube products. For purposes of these investigations, the following programs are found to confer subsidies:

- Export Tax Rebate and Supplemental Tax Rebate
- Preferential Export Financing
- Deduction from Taxable Income for Export Revenues
- Resource Utilization Support Fund

We determine the estimated net subsidy to be 18.81 percent *ad valorem* for all manufacturers, producers, or exporters in Turkey of certain welded carbon steel pipe and tube products. However, we are adjusting the duty deposit rate to reflect several program-wide changes that occurred after our review period but prior to our preliminary determinations. Thus, the cash deposit or bond on entries of these products will be 17.80 percent *ad valorem*.

Case History

On July 16, 1985, we received a petition in proper form from the Standard Pipe Subcommittee and Line Pipe Subcommittee of the Committee on Pipe and Tube Imports (CPTI) and by each of their member companies which produce standard pipe and tube and line pipe. In compliance with the filing requirements of § 355.26 of our regulations (19 CFR 355.26), the petition alleged that manufacturers, producers, or exporters in Turkey of certain welded carbon steel pipe and tube products directly or indirectly receive benefits which constitute subsidies within the meaning of section 701 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

We found that the petition contained sufficient grounds upon which to initiate countervailing duty investigations on certain welded carbon steel pipe and tube products, and on August 2, 1985, we initiated such investigations (50 FR 32248, August 9, 1985). We stated that we expected to issue preliminary determinations by October 9, 1985.

On September 5, 1985, we received a request from petitioners that the preliminary determinations be postponed to October 21, 1985, and on September 12, 1985, we postponed these determinations in accordance with section 703(c)(1)(A) of the Act (50 FR 37891, Sept. 18, 1985).

On September 24, 1985, petitioners alleged that critical circumstances exist with respect to certain welded carbon steel pipe and tube products from Turkey.

Since Turkey is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for these investigations. Therefore, we notified the ITC of our initiation. On August 30, 1985, the ITC determined that there is a reasonable indication that industries in the United States are materially injured by reason of imports of certain welded carbon steel pipe and tube products from Turkey (50 FR 37068, Sept. 11, 1985).

We presented a questionnaire concerning the allegations to the government of Turkey in Washington, DC on August 15, 1985. Responses to our questionnaire were received from the government of Turkey and from the following producers in Turkey of certain welded carbon steel pipe and tube products: the Borusan group of companies, Mannesmann-Suenerbank Boru Endustrisi (Mannesmann-Suenerbank), Yucel Boru ve Profil

A-2

(C-489-502)

Final Affirmative Countervailing Duty Determinations; Certain Welded Carbon Steel Pipe and Tube Products From Turkey

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We determine that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Turkey of certain welded carbon steel pipe and tube products (standard pipe and tube and line pipe). The estimated net subsidy is 18.81 percent *ad valorem*. However, we are taking into account several program-wide changes which occurred after our review period, but prior to the preliminary determinations,

Endustrisi (Yucel Boru), Erkboru Profil Sanayi ve Ticaret, and Umran Spiral Welded Pipe Inc. Because the latter two companies did not export to the United States during 1984 and the first six months of 1985, we have not used their responses for our determinations. On the basis of information contained in the other responses, we made preliminary determinations on October 21, 1985 (50 FR 43597, Oct. 28, 1985). We verified the responses of the government of Turkey, the Borusan group, Mannesmann-Suenerbank, and Yucel Boru in Turkey between November 4 and 16, 1985.

We held a hearing on December 2, 1985, at which the parties addressed the issues raised in these investigations. Before and after the hearing, petitioners and respondents filed briefs discussing these issues.

Scope of Investigations

The products covered by these investigations are:

(1) Welded carbon steel pipe and tube, with an outside diameter of .375 inch or more, but not over 16 inches, of any wall thickness, currently classifiable in the *Tariff Schedules of the United States, Annotated* (TSUSA), under items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925. These products, commonly referred to in the industry as standard pipe or tube, are produced to various ASTM specifications, most notably A-120, A-53 or A-135; and

(2) Welded carbon steel line pipe with an outside diameter of .375 inch or more, but not over 16 inches, and with a wall thickness of not less than .065 inch, currently classifiable in the TSUSA, under items 610.3208 and 610.3209. These products are produced to various American Petroleum Institute (API) specifications for line pipe, most notably API-L or API-LX.

Analysis of Programs

Throughout this notice, we refer to certain general principles applied to the facts of the current investigations. These principles are described in the "Subsidies Appendix" attached to the notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina; Final Affirmative Countervailing Duty Determination and Countervailing Duty Order," which was published in the April 26, 1984, issue of the *Federal Register* (49 FR 18006).

For purposes of these final determinations, the period for which we are measuring subsidization ("the review period") is calendar year 1984. The subsidy rates set forth in this notice are country-wide rates.

It is the Department's policy to take into account program-wide changes when these are implemented after the review period, but before a preliminary determination, and when we can verify these changes. Where these conditions are met the rate for cash deposit or bonding purposes is raised or lowered, as appropriate. This policy is desirable because it promotes the expeditious elimination or curtailment of subsidies. The recognition of program-wide changes also permits the Department to adjust the duty deposit rate to correspond as nearly as possible to the eventual duty liability.

In these investigations we discovered that, subsequent to the review period, but prior to the preliminary determinations, a number of programs were either eliminated, newly instituted, or altered in such a way as to result in a fundamental change in the bestowal of benefits. Descriptions of these program-wide changes, and of our treatment of them, follow in the description of the programs.

Although there were no imports of line pipe from Turkey into the United States during the review period, we believe that the circumstances of the production and exportation of standard pipe and tube are so similar to those of line pipe that the incidence of subsidization would be the same for both products. Also, line pipe has begun to be imported into the United States from Turkey since the review period. Therefore, we are attributing the subsidy rates found on the production and exportation of standard pipe and tube to line pipe also.

Based upon our analysis of the petition, the responses to our questionnaire, our verification, and comments filed by petitioners and respondents, we determine the following:

I. Programs Determined to Confer Subsidies

We determine that subsidies are provided to manufacturers, producers, or exporters in Turkey of certain welded carbon steel pipe and tube products under the following programs.

A. Export Tax Rebate and Supplemental Tax Rebate. The government of Turkey provides tax rebates to exporters of certain products, pursuant to Law number 261 of July 1963, and Decree number 7/10624 of September 16, 1975, as amended by Decree numbers 8/2625 (April 23, 1981), 8/4397 (April 22, 1982) and 83/7542 (December 29, 1983).

In its questionnaire response, the government of Turkey states that the objectives of this program are to expand the range of exportable products, to

increase the competitiveness of those products in world markets, and to increase the variety and volume of industrial products among Turkey's exports.

At verification we learned that, before implementing this program in 1975, Turkey's State Planning Organization conducted a study of the tax incidence on exported products. On a product-by-product basis, information on the costs of production and tax incidence was obtained from producers. The competitive position of a product in international markets, and thus its need for a tax rebate, was also taken into account. Rates of rebate were not to exceed the tax incidence on the product and could be lower where the full amount of the rebate was not necessary to make a product internationally competitive. The taxes that were meant to be rebated, which are set out in List A in Decree number 7/10624, are primarily indirect taxes, although several direct taxes are also included.

Eligible products are classified in ten lists, each list having a separate rebate rate. The amount of rebate is calculated by applying the applicable rebate rate to the amount of the FOB value of the exported goods which is repatriated and converted into Turkish lira. (Where exports are transported on Turkish vessels, the CIF value of the exported goods is used.) To be eligible for a rebate on a particular shipment, at least 80 percent of the sales proceeds must be repatriated and converted into Turkish lira. The rates of rebate during 1984 for certain welded carbon steel pipe and tube products were 20 percent from January 1 to April 1, 16 percent from April 1 to September 1, and 11 percent from September 1.

In order to determine whether export payments, purportedly operating as a rebate of indirect taxes, are in fact a *bona fide* rebate of indirect taxes, the Department examines whether: (1) The program operates for the purpose of rebating indirect taxes; (2) there is a clear link between eligibility for export payments and indirect taxes paid; and (3) the government has reasonably calculated and documented the actual indirect tax incidence borne by the product concerned and has demonstrated a clear link between such tax incidence and the rebate amount paid on export.

Where these conditions are met, the Department considers that a rebate system does not confer a subsidy to the extent that it rebates prior stage indirect taxes on inputs that are physically incorporated in the exported products and indirect taxes levied at the final

stage. To the extent that the rebates exceed the payment of such indirect taxes we would find that a countervailable benefit is being provided.

The taxes that were meant to be rebated under this program are primarily indirect taxes, although several direct taxes are included. Thus, we find that this program operated for the purpose of rebating indirect taxes.

Our examination of the process whereby the government studied the tax incidence on each product before adding it to the list of products for which rebates are available leads us to conclude that there is a link between eligibility for the rebates and indirect taxes paid, that the government of Turkey reasonably calculated and documented the actual indirect tax incidence by pipe and tube products, and that it demonstrated a clear link between such tax incidence and the rebate amount paid.

However, we were unable to verify the payment by the companies of indirect taxes on physically incorporated inputs. Consequently, we cannot follow our usual practice of not countervailing that portion of the rebate that represents such indirect taxes. Furthermore, with the introduction in Turkey on January 1, 1985, of a value added tax, all indirect taxes on physically incorporated inputs into pipe and tube (except import duties, from which exporters are largely exempt) and indirect taxes at the final stage have been abolished. Yet the export tax rebates remain. Thus, we determine that the full amount of the rebate is countervailable.

In addition to basic export tax rebates described above, the government of Turkey also provides supplemental tax rebates to exporters that have annual exports of more than \$2 million. The rates of these supplemental rebates were reduced during 1984. Effective September 1, 1984, the rates applicable to exports of certain welded carbon steel pipe and tube products were 3.3 percent for exports of between \$2 million and \$10 million, 6.6 percent for exports of between \$10 million and \$30 million, and 5.5 percent for those above \$30 million. For a company with annual exports of less than \$30 million, these rates are applied on a graduated basis. If annual exports are more than \$30 million, the 5.5 percent rate applies to the entire amount, including the first \$2 million.

To calculate the benefit, we divided the amount of basic and supplemental rebate earned by each company on exports to the United States during the review period by the value of such

exports. We then weight-averaged the resulting *ad valorem* benefit for each company by the company's proportion of the value of Turkish exports of the subject merchandise to the United States. On this basis, we calculated a subsidy of 14.68 percent *ad valorem*. However, we recognize that the substantial reductions in the rates of rebate during 1984 have resulted in a significant change in the benefit levels under this program. Accordingly, we have adjusted the duty deposit rate to reflect the current rebate rates, in effect since September 1, 1984. To calculate a duty deposit rate, we weight-averaged the current nominal rebate rates applicable to each company by the company's proportion of the value of exports of the subject merchandise to the United States. In this weight-average calculation we took into account that companies may not fully utilize this program if they do not repatriate and convert into Turkish lira all of their export proceeds. Thus, we reduced one company's nominal rate to reflect the fact that it did not apply for rebate payments on the full amount of its proceeds from exports to the United States during 1984. On this basis, we calculated a duty deposit rate of 14.01 percent *ad valorem*.

B. Preferential Export Financing. Preferential short-term export financing was available pursuant to Decree number 84/7557 of January 1984. (In our preliminary determinations we stated that medium-term export loans were also available under this program; we learned at verification that they are not.) This preferential export financing is obtained through commercial banks, with the Central Bank of Turkey rediscounting part or all of the loan amount. Such financing was classified as certificated and non-certificated. In the case of certificated credits, the lender could rediscount the entire loan amount with the Central Bank; for uncertificated credits only a part of the loan could be rediscounted. Certificated credits were those for which the exporter needed to have an export incentive certificate from the State Planning Organization. This program is countervailable because it provided financing to exporters, at interest rates below comparable commercial rates.

All three companies had loans with principal outstanding under this program during the review period. To calculate the benefit derived from this program, we compared the cost of the financing to the cost of comparable commercial financing. Because these loans are related to exports, and because the loans reported relate to exports of all products to all markets,

we allocated the benefits over the value of each company's total exports of all products during the review period. We then weight-averaged the resulting *ad valorem* benefit for each company by the company's proportion of the value of Turkish exports of the subject merchandise to the United States. On this basis, we calculated a subsidy of 3.74 percent *ad valorem*.

However, short-term export financing under Decree number 84/7557 was abolished by Decree number 84/8861, which became effective on January 1, 1985. We verified that all such loans were repaid prior to our preliminary determinations. We have taken the elimination of this program into account by excluding it from the duty deposit rate.

C. Deduction from Taxable Income for Export Revenues. Article 8 of the Turkish Corporation Tax Law, as amended by Law No. 2362, permits producers that export industrial products valued in excess of \$250,000 annually to deduct 20 percent of their export revenues from taxable corporate income. A 5 percent deduction is provided to exporters that are not producers.

However, under Article 94 of the Turkish Income Tax Law, as amended by Law No. 2772, these deductions are reduced. If the income from the deduction is distributed to shareholders, the deduction is reduced by 25 percent; if the income is retained, the reduction is 20 percent.

This program is countervailable because it provides a benefit which is contingent upon export performance.

All three companies used these deductions. The benefit is the amount of tax savings realized by using the deduction. Each company's benefits were allocated over the value of its total exports during the review period. By weight-averaging the resulting *ad valorem* benefit for each company by the company's proportion of the value of Turkish exports of the subject merchandise to the United States, we calculated an estimated net subsidy of 0.39 percent *ad valorem*.

D. Payments to Exporters from the Resource Utilization Support Fund (RUSF). The RUSF was created by Decree number 84/8860 which was published in the Official Journal on December 15, 1984, and became effective January 1, 1985. This fund provides payments to exporters and is also the source of funding for payments to investors with investment incentive certificates under the General Incentives Program. Exporters are eligible to receive payments in the amount of 4

percent of the FOB value of the exported goods which is repatriated into Turkish lira. (Where exports are transported on Turkish vessels, the CIF value of the exported goods is used.) Because these payments were not available for those exports which had benefited from Preferential Export Financing loans, exporters with such loans outstanding did not make full use of this program immediately after its inception. Because this element of the program provides for payments on the basis of export performance, we determine that it confers a countervailable benefit on exports.

This program did not exist during our review period and the exporters of the subject merchandise did not receive these payments on exports to the United States during the first six months of 1985. However, it is the Department's policy to adjust the duty deposit rate to correspond as nearly as possible to the eventual duty liability in cases where changes have occurred after the period for which we are measuring subsidization and prior to our preliminary determination. We have taken into account the elimination of the Preferential Export Financing program, which, in the sense that eligibility for benefits was mutually exclusive, preceded this program. Also, it appears that these benefits are granted automatically. Thus, we are adjusting the bonding rate to include benefits under this program.

In calculating the benefit, we took into account that this program operates in the same way as the export tax rebate, insofar as payment is made only on the amount of export proceeds that is repatriated into Turkish lira, and thus the program may not be fully utilized by exporters. We took the 1984 utilization experience of these companies under the export tax rebate program on exports to the United States, as best information to assess utilization under this program. We then weight-averaged the companies' rates. On this basis, we are adjusting the duty deposit rate to include an estimated net subsidy of 3.40 percent *ad valorem*.

II. Programs Determined Not To Confer Subsidies

We determine that subsidies are not being provided to manufacturers, producers, or exporters in Turkey of certain welded carbon steel pipe and tube products under the following program:

A. *General Incentives Program.* The General Incentives Program is designed to implement the targets of Turkey's five-year development plan and annual development programs. The government

of Turkey in its questionnaire response states that the goals of the General Incentives Program are to remove development disparities among different regions, to assure economically efficient investments by region and by sector, and to direct savings to the most economically suitable investment areas.

Three distinct programs are available under the General Incentives Program. These are: (1) Income and corporation tax allowances; (2) exemptions from customs duties and other duties, fees and taxes; and (3) rebates of interest. (The programs providing exemptions from customs duties and other duties, fees and taxes and interest rebates on export credits are discussed in the section of this notice entitled "Programs Determined Not to be Used.") In order to receive benefits under any of the three programs, a company within an eligible sector or industry was required to obtain an investment incentive certificate from Turkey's State Planning Organization.

1. *Interest Rebates.* Pursuant to Decree number 83/7507, eligible companies with investment incentive certificates were able to receive low-interest medium- and long-term investment loans and short-term export loans. These loans were disbursed by commercial banks, which received interest rebates of up to 8 percent. These rebates were passed along in the form of reduced interest to borrowers. The interest rebates were made from an Interest Spread Return Fund administered by the Central Bank of Turkey.

2. *Income and Corporation Tax Allowances.* This program provides investment deductions to companies with an incentive certificate which are eligible under the General Incentives Program. These are deductions from taxable income based upon investments in new assets. The amount of the deduction varies from 30 percent to 100 percent of the cost of the investment, depending on the region and the economic sector in which the investment is made. A deduction of at least 30 percent is available to all holders of investment incentive certificates.

During our review period, the sectors and industries which are eligible for benefits were listed on a General Incentives Table. Producers of spiral tube were included on the table. Some of the sectors and industries listed on this table qualified for benefits only with respect to export oriented investments; however, for the great majority, including spiral tube producers, there was no export requirement.

Also, under the income and corporation tax allowances program, greater benefits were available to eligible companies which located in priority development regions of Turkey and to certain designated industries. None of the producers of the subject merchandise is located in these priority development regions, and pipe and tube is not among these designated industries.

The list of sectors and industries on the General Incentives Table and those which actually received investment incentive certificates encompass a broad spectrum of the Turkish economy, in agriculture, mining and manufacturing. Thus, since benefits received by producers of the subject merchandise are not contingent on investments being export oriented, we determine that they are not export subsidies. In addition, these benefits are not conditioned on location in a priority development region, and we thus determine that the programs providing income and corporation tax allowances and interest rebates under the General Incentives Program are not domestic subsidies because their benefits are not limited to a specific enterprise or industry, or group of enterprises or industries.

B. *Customs Duty Exemption Under Decree Number 84/8861.* Under Decree number 84/8861, which became effective on January 1, 1985, exporters in Turkey may obtain a customs duty exemption on the importation of raw materials used in the manufacture and packaging of exported goods. To be eligible for this exemption, exporters must obtain an export incentive certificate from Turkey's State Planning Organization.

Because the non-excessive drawback, rebate or remission of customs duties on imported items physically incorporated in the final product is not a subsidy, we determine that this program is not countervailable.

III. Programs Determined Not To Be Used

We determine that manufacturers, producers, or exporters in Turkey of certain welded carbon steel pipe and tube products did not use the following programs:

A. *Exemptions from or Deferrals of Customs Duties and Other Duties, Fees and Taxes.* Under the General Incentives Program, eligible companies with investment incentive certificates are exempt from customs duties and other taxes on imports of capital equipment related to the investment project for which the investment incentive certificate is issued. Deferrals

of duties were discontinued. (In our preliminary determinations, we stated that exemptions under this program were also available for imports of raw materials. At verification we learned that this is not the case; such exemptions are given under Decree Number 84/8861, discussed above.) We verified that this program was not used during the review period.

B. Interest Rebates on Export Financing. Companies with investment incentive certificates under the General Incentives Program are eligible to receive export financing with interest rebates. We verified that this program was not used during the review period.

C. \$25 Per Ton Back-up Fund. Exporters of certain iron and steel products are eligible to receive a \$20 per ton payment from Turkey's Support and Price Stability Fund for each ton of domestically produced iron and steel used in the exported product. (It was once \$25 per ton; hence the name of the program.) Certain welded carbon steel pipe and tube products are not among the products eligible for these payments.

Negative Determinations of Critical Circumstances

Petitioners alleged that "critical circumstances" exist with respect to imports of the subject merchandise. Under section 705(a)(2) of the Act, we must determine whether critical circumstances exist as alleged under section 703(e). Critical circumstances exist when: "(A) the subsidy is inconsistent with the Agreement; and (B) there have been massive imports of the class or kind of merchandise which is the subject of the investigation over a relatively short period."

Because we have determined that there have not been massive imports of standard pipe and tube or line pipe over a relatively short period, we need not address the issue of whether the subsidies in these investigations are inconsistent with the Subsidies Code.

To determine whether there have been massive imports of the products under investigation over a relatively short period of time, we considered: (1) Whether imports have surged recently; (2) whether recent import penetration ratios have increased significantly; and (3) whether recent imports are significantly above the average calculated over the last three years. Based upon our analysis of the information, we determine that imports of standard pipe and tube and imports of line pipe have not been massive over a relatively short period.

Since massive imports of standard pipe and tube and of line pipe do not exist over a relatively short period of

time, we determine that critical circumstances do not exist with respect to standard pipe and tube and line pipe from Turkey.

Petitioners' Comments

Comment 1: Petitioners argue that the Department should find that critical circumstances exist with respect to the subject merchandise.

DOC Position: We disagree with petitioners' contention that imports of these products have been massive over a relatively short period—a prerequisite for a finding of critical circumstances.

Comment 2: Petitioners argue that benefits provided under the General Incentives Program are countervailable subsidies, despite the fact that they are not limited to a specific enterprise or industry, or group of enterprises or industries.

DOC Position: We have verified that the General Incentives Program not only is generally available to Turkish industries, but that the pipe and tube industries receive no benefits providing a *de facto* advantage. The petitioners rely upon the Court of International Trade decision in *Cabot Corp. v. United States*, ___ Cit ___, Slip Op. 85-102 (Oct. 4, 1985) for the proposition that we are to countervail generally available programs. We do not follow that decision.

Comment 3: Petitioners argue that, because of the elimination of indirect taxes on physically incorporated inputs into the subject merchandise, the export tax rebate has become a straight export subsidy. They also argue that where, as here, recurring export payments are tied to particular shipments, the subsidy should be calculated on the amount that will be available to be collected on each shipment.

DOC Position: We agree. See the section of this notice entitled "Programs Determined to Confer Subsidies."

Comment 4: With respect to the Preferential Export Financing program, petitioners argue that the Department should not take its elimination into account by reducing the deposit rate, unless all benefits have ceased before July 30, 1985, the date of suspension of liquidation for standard pipe and tube.

DOC Position: Because we have now determined that critical circumstances do not exist with respect to either product, the date on which suspension begins is October 28, 1985, which is after the last loans were repaid. Thus, the argument raised by petitioners is moot.

Comment 5: Petitioners argue that the deposit rate should include benefits available under the new Resource Utilization Support Fund.

DOC Position: We agree. See the section of this notice entitled "Programs Determined to Confer Subsidies."

Respondents' Comments

Comments were submitted by counsel for the government of Turkey, for the Borusan Group and for Mannesmann-Suenerbank.

Comment 1: The government of Turkey argues that the Export Tax Rebate program operates as a bona fide non-excessive rebate of indirect taxes and thus is not countervailable.

DOC Position: Until 1985 the Export Tax Rebate program did operate primarily to rebate indirect taxes. It would have been countervailable only to the extent that some direct taxes were rebated and hence may have constituted an overrebate. The issue is moot, however, because the government of Turkey instituted a value-added tax in January 1985, replacing most direct and indirect taxes. The incidental indirect taxes remaining, taxes on banking and insurance transactions, are not taxes on physically-incorporated inputs. Therefore, as of 1985 the tax rebate in its entirety is countervailable.

Comment 2: The government of Turkey argues that the Department should take into account the changed status of the Export Tax Rebate program, based upon the significant change in Turkish tax law on January 1, 1985, and calculate a weighted-average rate for 1984 and the first six months of 1985.

DOC Position: We disagree. One of the reasons why the Department recognizes alterations (after its review period) in programs, which result in a fundamental change in the bestowal of benefits, is to adjust the deposit rate to correspond more accurately to eventual duty liability. Because of the elimination in 1985 of prior stage indirect taxes on physically incorporated inputs into certain welded carbon steel pipe and tube products and indirect taxes levied at the final stage, the entire amount of export tax rebates in 1985 is countervailable. We have adjusted our deposit rate to reflect this fact.

Comment 3: All respondents argue that if the Export Tax Rebate program is countervailed, the rate should reflect actual utilization, rather than the levels of rebate nominally available.

The Borusan Group further argues that its rate for this program should reflect the amount of benefit actually received in 1984, not the amount applied for in 1984.

DOC Position: We agree that the rate should be calculated on the basis of actual utilization. We have calculated

the subsidy rate for this program on the basis of rebates earned during the review period. In calculating the duty deposit rate, we took into account the fact that one of the companies persistently did not repatriate and convert into Turkish lira the entire amount of its export earnings on sales to the United States. See section of this notice entitled "Programs Determined to Confer Subsidies."

When a tax program operates to rebate a fixed proportion of the value of each shipment, which is known to the exporter during the review period, we countervail the amount of benefit earned during the period, rather than the amount received "Certain Carbon Steel Products from Brazil: Final Affirmative Countervailing Duty Determinations" (49 F.R. 17988, 17991, April 28, 1984); "Ceramic Tile from Mexico: Final Results of Administrative Review of Countervailing Duty Order" (49 F.R. 9919, March 16, 1984). The rationale for countervailing amounts received applies when the recipient could not anticipate precisely how much would be received and hence could not make business decisions based upon benefits earned.

Comment 4: The government of Turkey and Mannesmann-Suemerbank argue that the rate for the Export Tax Rebate program should be reduced to account for: (i) Government-mandated delays in receiving payment as provided in section 771(6)(B) of the Act, and (ii) the payment of a portion of the rebate with low-interest bonds.

DOC Position: We disagree with both of the proposed reductions.

The delays in receiving payment, described by counsel for Mannesmann-Suemerbank as being due to "Government procedures and bureaucratic delays," are administrative; they are not mandated by government order.

With regard to payment of a portion of the rebate with low-interest bonds, we do not have verified information to support this claim. Although we learned at verification that one company had received low-interest bonds in part-payment of the rebates on two export sales, and were subsequently informed by another company that it had also been paid with such bonds, we do not have verified information to show that it is common practice to make payment in this manner. Also, there is no evidence that the other company subject to these investigations received the rebates in this manner. Further, we cannot speculate that receipt of these bonds warrants any reduction in the net subsidy at all, much less what that amount should be.

Comment 5: All respondents argue that the Department's calculation of the rate for the Export Tax Rebate program was incorrect, in that it was based on an erroneous assumption concerning the operation of the supplemental tax rebate.

DOC Position: We agree. The operation of the supplemental rebate was clarified at verification and we have adjusted our calculation.

Comment 6: Mannesmann-Suemerbank argues that it is entitled to an offset from the rate for the Export Tax Rebate program for indirect taxes paid in 1985 on physically incorporated inputs.

DOC Position: The questionnaire response of the government of Turkey and information obtained at verification show that indirect taxes on physically incorporated inputs were abolished by January 1, 1985. If Mannesmann-Suemerbank continued to pay such taxes during the first six months of 1985, we must regard this as an aberration. Verified information supplied by the government of Turkey is controlling in this situation.

Comment 7: All respondents argue that the Preferential Export Financing program should be excluded from the deposit rate because it has been eliminated.

DOC Position: We agree. See "Programs Determined to Confer Subsidies" section of this notice.

Comment 8: All respondents argue that payments to exporters from the RUSF should not be countervailed, because countervailable benefits should be measured on a receipt basis and none of the companies had received payments on exports to the United States under this program during the period covered by the Department's questionnaire. They also contend that the value of benefits is too speculative and uncertain to measure at this point.

DOC Position: We disagree. In order to apply our program-wide change methodology consistently, we must take into account not only the elimination of benefits (as we have done with regard to the Preferential Export Financing program), but also the introduction of new ones. Although none of the companies had received RUSF payments on exports to the United States as of June 30, 1985, the record shows that the two companies that exported to the United States in 1985 have applied for such payments, and we know of no legal or administrative impediments to receipt. Because benefits are a fixed proportion of export value, their valuation is not speculative or uncertain. We have taken into account that payment is made only on

the amount of export proceeds repatriated and converted into Turkish lira.

Comment 9: The government of Turkey argues that if the Department countervails the RUSF payments to exporters, it should take into account delays in receiving benefits and Turkey's high inflation rate in calculating the benefit. Also, Borusan argues that if the Department countervails this program it should take into account the factors which make utilization lower than the nominal rate of benefit.

DOC Position: Under section 771(6)(B) of the Act, an offset is allowed for "any loss in the value of the subsidy resulting from its deferred receipt, if the deferral is mandated by Government order." The delays in receiving RUSF payments and the effect of inflation are not such allowable offsets.

We have taken into account the fact that, because RUSF payments are made only on the amount of export proceeds repatriated into Turkish lira, utilization of this program may be lower than the normal rate of benefit.

Comment 10: The government of Turkey and Mannesmann-Suemerbank argue that benefits to producers of the subject merchandise under the General Incentives Program are not countervailable because these benefits are not limited to a specific enterprise or industry or group of enterprises or industries. In the alternative, they argue that these benefits should not be countervailable because producers of the subject merchandise have ceased to be eligible under the GIP.

DOC Position: We agree with the first argument. See the section of this notice entitled "Programs Determined Not to Confer Subsidies."

Comment 11: Borusan argues that its subsidy rate is significantly lower than those of the other firms, and that it is entitled to a company specific rate.

DOC Position: The difference in the levels of subsidization between Borusan and the weighted-average rate is not large enough for us to consider it significant.

Comment 12: All respondents argue that the Department has no basis for finding that critical circumstances exist in these investigations, because: (i) Imports have not been massive over a relatively short period, and (ii) the subsidies are not inconsistent with the Subsidies Code.

DOC Position: Because we have determined that critical circumstances are not present, for lack of massive imports over a relatively short period, the issue raised by respondents with

respect to the second prong of the test are moot.

Verification

In accordance with section 776(a) of the Act, we verified all information used in making our final determinations. During verification we followed standard verification procedures, including meeting with government officials, inspection of documents and ledgers, and tracing the information in the responses to source documents, accounting ledgers, and financial statements.

Suspension of Liquidation

In accordance with section 703(d) of the Act, on October 28, 1985, we instructed the U.S. Customs Service to suspend liquidation of all entries of standard pipe and tube from Turkey which were entered, or withdrawn from warehouse, for consumption on or after July 30, 1985, and to suspend liquidation of all unliquidated entries of line pipe from Turkey which were entered, or withdrawn from warehouse, for consumption on or after October 28, 1985.

Because we have now determined that critical circumstances do not exist with respect to either product, we are directing the U.S. Customs Service to terminate suspension of liquidation of all entries of standard pipe and tube from Turkey that were entered or withdrawn from warehouse, for consumption, between July 30 and October 28, 1985, and to release any bond, or other security, and refund any cash deposit on these entries. As of the date of publication of this notice in the *Federal Register*, the liquidation of all entries, or withdrawals from warehouse, for consumption, of these products will continue to be suspended and the Customs Service shall require an *ad valorem* cash deposit or bond for all such entries of these products at 17.80 percent *ad valorem*.

This suspension will remain in effect until further notice.

ITC Notification

In accordance with section 705(f) of the Act, we will notify the ITC of our determinations. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to these investigations. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the

Deputy Assistant Secretary for Import Administration.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury or the threat of material injury does not exist, these proceedings will be terminated and all estimated duties deposited or security posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue a countervailing duty order, directing Customs officers to assess a countervailing duty on certain welded carbon steel pipe and tube products from Turkey entered, or withdrawn from warehouse, for consumption, on or after the date of suspension of liquidation, equal to the net subsidy amount indicated in the "Suspension of Liquidation" section of this notice.

This notice is published pursuant to section 705(d) of the Act (19 U.S.C. 1671d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration,
January 6, 1986.

[FR Doc. 86-594 Filed 1-9-86; 8:45 am]

BILLING CODE 3510-05-M

[A-549-502]**Antidumping: Circular Welded Carbon Steel Pipes and Tubes From Thailand; Final Determination of Sales at Less Than Fair Value**

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain circular welded carbon steel pipes and tubes from Thailand are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend the liquidation of all entries of certain circular welded carbon steel pipes and tubes from Thailand that are entered, or withdrawn from warehouse, for consumption, on or after October 3, 1985, and to require a cash deposit or bond for each entry in an amount equal to 15.69 percent *ad valorem* for Saha Thai Steel Pipe Company and 15.60 percent for Thai Steel Pipe Industry Company.

EFFECTIVE DATE: January 27, 1986.

FOR FURTHER INFORMATION CONTACT: John J. Kenkel or Charles Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 377-5404 or (202) 377-5288.

SUPPLEMENTARY INFORMATION:**Final Determination**

We have determined that certain circular welded carbon steel pipes and tubes from Thailand are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins are listed in the "Suspension of Liquidation" section of this notice.

Case History

On February 28, 1985, we received a petition filed in proper form from the Standard Pipe Subcommittee of the Committee on Pipe and Tube Imports, and its member companies, on behalf of the U.S. industry producing certain circular welded carbon steel 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 the subject merchandise from Thailand are being, or are likely to be, sold in the

United States at less than fair value within the meaning of section 731 of the Act (19 U.S.C. 1673), and that these imports are materially injuring, or threatening material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We initiated the investigation on March 20, 1985 (50 FR 12068), and notified the ITC of our action.

On April 15, 1985, the ITC found that there is a reasonable indication that imports of certain circular welded carbon steel pipes and tubes from Thailand are materially injuring, or threatening material injury to, a U.S. industry (U.S. ITC Pub. No. 1680, April 1985).

On July 11, 1985, the petitioners alleged that the respondents' home market sales prices were below cost of production.

On July 16, 1985, the petitioners requested that we postpone the preliminary determination until September 26, 1985. They also alleged that critical circumstances exist. We postponed the preliminary determination on July 18, 1985 (50 FR 30493).

On July 25, 1985, we initiated a cost of production investigation.

We investigated Saha Thai Steel Pipe Company, Ltd., (Saha Thai) and Thai Steel Pipe Industry Company, Ltd., (Thai Steel) the manufacturers who account for all Thai exports of the merchandise to the United States. We examined 100 percent of the sales made by these companies during the period of investigation.

On September 26, 1985, we made an affirmative preliminary determination (50 FR 40427).

We verified the respondents' questionnaire responses on October 10-24, 1985.

We conducted a public hearing on December 5, 1985.

On December 8, 1985, we postponed our final determination until not later than January 16, 1986.

Scope of Investigation

The products under investigation are: certain circular welded carbon steel pipes and tubes, also known as "standard pipe" or "structural tubing," which includes pipe and tube with an outside diameter of 0.375 inch or more but not over 16 inches, or any wall thickness, as currently provided 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.**Fair Value Comparisons**

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

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold prior to the date of importation to unrelated purchasers in the United States. We calculated the purchase price based on the FOB or C + I packed price. We made deductions, where appropriate, for foreign inland freight, inland and marine insurance, handling and brokerage charges. We increased the United States price by the amount of import duties imposed by Thailand which had been rebated by reason of the exportation of the merchandise pursuant to section 772(d)(1)(B) of the Act (19 U.S.C. 1677a(d)(1)(B)).

Foreign Market Value

The petitioners alleged that sales in the home market were at prices below the cost of producing the merchandise. We attempted to examine production costs including all appropriate costs for materials, fabrication and general expenses. However, as explained in the verification section of this notice, below, we were unable to verify portions of the respondents' cost of production information. Therefore, for those portions which could not be verified, we calculated the cost of production by using the best information available, which was estimates derived from the respondents' and petitioners' information.

In accordance with section 773(a)(1)(A) of the Act, when there were sufficient sales of such or similar merchandise at or above the cost of production for a particular product group, we calculated foreign market value for Thai Steel based on home market sales, packed, to unrelated purchasers. When there were insufficient sales of such or similar merchandise at or above the cost of production for a particular product group, we used constructed value as the basis for comparison.

When foreign market value was based on home market price, we made comparisons of "such or similar" merchandise groups based on grade, dimension, and end finish selected by

Commerce Department industry experts. Where foreign market value was based on constructed value, we used timely information submitted by Thai Steel when we were able to verify it and, otherwise, best information available for materials, fabrication, general expenses, profit, and packing costs. When appropriate for constructed value, adjustments were made under § 353.15 of the Commerce Regulations for differences in circumstances of sale between the two markets. These adjustments were for differences in credit costs. Since the amount for general expenses was greater than 10 percent of the cost of materials and fabrication, we did not need to adjust it to the statutory minimum of 10 percent. Since the amount for profit was less than eight percent of the cost of materials, fabrication and general expenses, in accordance with statutory requirements, we added eight percent of the sum of the cost of materials, fabrication and general expenses for profit.

In the case of Thai Steel, we found sufficient sales in one product group at or above the cost of production to allow us to use its delivered home market prices to determine foreign market value. From these delivered prices we deducted inland freight costs. We made adjustments for differences in credit costs in accordance with § 353.15 of our Regulations (19 CFR 353.15). Since there were no home market packing costs, we added the packing costs incurred on sales to the United States.

In accordance with current Departmental policy, we also deducted from foreign market value for both respondents a business or sales tax which is levied on domestic sales of pipe and tube at a 5.5 percent rate. Although section 772(d)(1)(C) of the Act calls for adding these taxes to the United States price, this would result in distorting the tax absent an *ad valorem* margin. We are unable to establish what the appropriate tax basis would be for the exported merchandise since it is not subject to the tax. In the absence of knowing what the tax addition to U.S. price should be, we cannot calculate the differential. Therefore, as best information, we are making the adjustment by deducting these taxes from the price of the home market merchandise. Deducting from the home market price is the only tax neutral adjustment for both the *ad valorem* and absolute margin.

In the case of Saha Thai, we found sufficient sales at or above the cost of production for some product groupings, but not for others. For those sales at or

above the cost of production, we used delivered home market prices to determine the foreign market value. From these delivered prices we deducted inland freight costs and trade discounts. We made adjustments for differences in credit costs. We also subtracted home market packing costs and added U.S. packing charges.

For product groupings for which there were insufficient sales at or above the cost of production, we calculated the constructed value by using information submitted by Saha Thai when it was timely and we were able to verify it, and, otherwise, best information available for cost of materials, fabrication, general expenses, profit, and packing costs. Since the amount for general expenses was less than ten percent of the cost of materials and fabrication, we adjusted it to the statutory minimum of ten percent. Since the amount for profit was less than eight percent of the cost of materials, fabrication and general expenses, in accordance with statutory requirements, we added eight percent of the sum of the costs of materials, fabrication and general expenses for profit. Where appropriate for constructed value, adjustments were made under § 353.15 of the Commerce Regulations for differences in credit costs in the two markets.

Negative Determination of Critical Circumstances

The petitioners alleged that imports of pipe and tube from Thailand present "critical circumstances." Under section 735(a)(3) of the Act, critical circumstances exist if we determine that: (1) There is a history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of the investigation; or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than its fair value; and (2) there have been massive imports of the class or kind of merchandise that is the subject of the investigation over a relatively short period.

In determining whether there is a history of dumping of the products under investigation, we ascertain whether there have been any prior investigations of these products in any other country. When Australia investigated these products, it made a negative final determination in February 1985. Neither the Department nor Treasury has investigated these products before. Therefore, we find that there is no history of dumping.

The second criterion is whether the importers knew, or should have known, that the exporter was dumping the merchandise. We normally consider margins of 25 percent or more to constitute constructive knowledge of dumping. Since the margins in this case do not meet or exceed this level, we find the knowledge of dumping cannot be imputed to the importers.

Because we do not have either a history of dumping or knowledge on the part of the importers that the merchandise was being dumped, we, therefore, do not have to consider whether there are massive imports over a relatively short period.

Thus, for the reasons described above, we determine that "critical circumstances" do not exist with respect to pipes and tubes from Thailand.

Verification

In accordance with section 776(a) of the Act, the Department attempted to verify the cost-of-production data of Thai Steel and Saha Thai. However, respondents submitted numerous revisions to the cost-of-production data shortly before the start of and during the on-site verification. In addition, there was a lack of sufficient supporting documentation for certain portions of the respondents' cost-of-production information. Therefore, we determined that portions of the cost of production data submitted by the respondents could not be verified.

Petitioners' Comments

Comment 1. The petitioners allege that critical circumstances exist and that the Department should impute knowledge of dumping to the importers based on prices of pipe imports from countries other than Thailand, price of coil imports and margins lower than 25 percent.

DOC Position. We have found that critical circumstances do not exist. Petitioners' position ignores the many financial complexities and adjustments that are essential in calculating whether merchandise is sold at less than fair value. Only after thorough investigation and verification can such a determination be made under section 773 of the Act. Short-hand formulas for imputing knowledge of dumping such as those suggested by petitioners run the risk of arbitrarily penalizing importers who believe in good faith that their imports are not being dumped.

Comment 2. Petitioners state that the Department should use the best information available since the Department could not examine underlying documentation to test the

accuracy of the summary documents at verification for one company, and the information and methodology changes significantly at the other company.

DOC Position. We agree. The Department used the best information available for those costs presented in the respondents' submission which could not be verified.

Comment 3. Petitioners state that the Department should use coil costs of Thai Steel only for the last three quarters of Thai Steel's 1984-1985 fiscal year instead of the full year.

DOC Position. We agree. The Department used best information to adjust the material costs to reflect the costs of the higher priced coils which were used by the company for the nine months ended March 31, 1985.

Comment 4. Petitioners contend that certain costs for Thai Steel are incorrect, specifically, the scrap rate, production rates and zinc yield.

DOC Position. In determining the steel scrap rate, zinc yield loss and transformation costs to be used for calculating the cost of production, the Department analyzed the respondent's data, which was considered by the Department not to be verified, to determine the reasonableness of the data compared to available U.S. industry data. The Department accepted the company's steel scrap rate but we adjusted the transformation costs and zinc yield loss.

Comment 5. Petitioners contend that the Department may not have included in the cost of production and may not have verified certain items, such as flux, acid for pickling and energy costs.

DOC Position. These costs were included as part of the fabrication costs, and adjusted accordingly. See Comment 4.

Comment 6. The Department should consider the business tax as a cost of manufacturing rather than as a general expense.

DOC Position. We disagree. The business tax was considered a part of the general expenses because it is paid on sales.

Comment 7. The amount of the business tax paid should be calculated by applying 5.5 percent to the price of pipe after deducting the amount of the tax.

DOC Position. We disagree. The business tax is already included in the home market price of the pipe. Therefore, we subtracted the verified amount from the home market price.

Comment 8. Since the foreign market value, pursuant to section 773(a)(1), is the price in the home market at the time of sale of the merchandise within the United States, the Department should

consider only the home market price in the same month as sales to the U.S. Since the only sale to the U.S. occurred in February, 1985, then the Department need look at only February, 1985, home market sales.

DOC Position. We disagree. It is our practice to use foreign market value for the entire period of investigation, unless we are investigating imports from a hyper-inflationary economy or rapidly changing prices. Therefore, we have used all home market sales during the period of investigation.

Comment 9. The petitioners contend that the Department should compare U.S. sales of ASTM-120 pipe to both British Standard medium and heavy pipe sold in the home market because the specification of ASTM 1-120, in terms of wall thickness, is between both British specifications for some sizes and is thicker than the heavy specification for other sizes.

DOC Position. Our Departmental steel industry experts agree. When ASTM-120 pipe wall thickness is closer to British Standard medium, we used that for comparison purposes. Likewise, where the ASTM-120 is closer to British Standard heavy, we used it.

Comment 10. Saha Thai's duty drawback claims cannot be correct, particularly in light of what it pays for coil.

DOC Position. We disagree. We verified the amount that Saha Thai collects for duty drawback and have used that amount.

Comment 11. Petitioners contend that certain costs of Saha Thai do not seem plausible, specifically scrap loss, factory overhead and finishing galvanizing costs.

DOC Position. The Department did not consider the cost of manufacturing presented in the response received by the Department prior to its verification to be verified. Therefore, we adjusted such costs.

Comment 12. Petitioners contend that the business tax should not be included in Saha Thai's production costs if it is paid on sales.

DOC Position. In comparing cost of production to home market sales, we included the business tax in each. We did not include the business tax in constructed value or in the home market sales price, nor in the U.S. sales price when making our fair value comparisons.

Comment 13. Petitioners contend that not all interest expense should be allocated to SG&A expenses. Specifically, interest expenses arising from supplier credits should properly be considered a part of raw material costs.

DOC Position. The Department considers the financing expense of assets, long-term or short-term, to be fungible and, therefore, a general expense of operating the company.

Respondents' Comments

Comment 1. Respondents contend that the Department should not use best information available because they gave the verification team revised data at the outset of the verification and the data were fully verified. Any changes made to the data were insignificant.

DOC Position. The purpose of verification is to assess the accuracy of the response to the Department's questionnaire which is required, in most instances, prior to the preliminary determination. When required, respondents have an obligation to provide the Department with an accurate and complete response prior to the preliminary determination so that the Department has accurate and complete information on which to base its preliminary determination. That obligation is not met where a respondent reconstructs its response after the preliminary determination and presents it to our analysts or accountants shortly before the start of the verification or at the verification site. Indeed, this may render meaningless our preliminary determination. In addition, a thorough on-site verification can be conducted only where the Department has the opportunity: (1) To fully analyze information included in the response, (2) to assess comments submitted by other parties to the proceeding, and (3) to develop questions to pursue at the on-site verification. In cases where initial or supplemental responses to questionnaires are due after the preliminary determination date, they must be submitted in a timely manner to allow for analysis, comments and the development of questions prior to arrival at the verification site. Thus, while correction of minor errors is acceptable during verification, as a general matter we will not accept portions of responses (or entire responses) when they are changed in major respects shortly before the start of the verification or at the verification site because there is insufficient time for analysis and verification.

In this case both respondents prior to and in the course of the verification made significant changes in the cost submissions because the respondents were unable to provide support for their responses and because of the discovery of errors and inconsistencies.

Comment 2. Respondents contend that the Department, if it uses constructed value, should adjust for circumstances of sale.

DOC Position. We agree. See our section, *supra*, on "Foreign Market Value."

Comment 3. Respondents contend that with respect to the outstanding countervailing duty order, the Department should adjust the U.S. price to reflect the amount of the countervailing duty attributable to an export subsidy, instead of adjusting the deposit rate.

DOC Position. We disagree. The statutory prohibition of section 772(d)(1)(D) is on double assessment for the same situation of dumping or export subsidization. Nevertheless, the Departmental practice has been to deduct the amount of the export subsidy from the dumping deposit or bonding requirement when there is a final countervailing duty order in effect on the imported merchandise. It is reasonable not to collect a double deposit when there cannot be double assessment. There has not yet been any assessment of countervailing duties on the shipments referred to by respondents. If there is ultimately such an assessment attributable to export subsidies, assessment of dumping duties for that amount will not be made. In the meantime, we will continue to deduct the amount attributable to the export subsidy from the dumping deposit.

Comment 4. Respondents contend that the Department erred in not correcting a clerical error in the preliminary determination concerning the use of British Standard heavy pipe, when only medium pipe should have been used.

DOC Position. We disagree. The Department's steel industry experts have decided that it is proper to include British Standard heavy pipe for certain product groups in making our comparisons.

Comment 5. Respondents contend that the Department should adjust the business tax by adding it to the U.S. purchase price instead of adjusting the foreign market value.

DOC Position. We disagree. See "Foreign Market Value," *supra*.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of certain circular welded carbon steel pipes and tubes from Thailand that are entered, or withdrawn from warehouse, for consumption, on or after October 3, 1985. The United States Customs Service shall require a cash deposit or the

posting of a bond equal to the estimated weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Article VI.5 of the General Agreement on Tariffs and Trade provides that "[n]o product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act, which prohibits assessing dumping duties on the portion of the margin attributable to export subsidies. In the final countervailing duty determination on certain circular welded carbon steel pipes and tubes from Thailand, we found export subsidies (50 FR 32751). Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Thus, the amount of the export subsidies will be subtracted for deposit or bonding purposes from the dumping margins.

Manufacturer/Producer/Exporter	Weighted-average margin percentage
Saha Thai Steel Pipe Co.	15.69
Thai Steel Pipe Industry Co.	15.60
All others	15.97

ITC Notification

In accordance with section 735(c)(1) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days after we make our final affirmative determination.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration,
January 16, 1986.

[FR Doc. 86-1702 Filed 1-24-86; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

NOTICES OF THE INVESTIGATIONS BY THE COMMISSION

[Investigation No. 731-TA-252 (Final)]

Certain Welded Carbon Steel Pipes and Tubes From Thailand

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-252 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Thailand of certain welded carbon steel pipes and tubes¹ which have been found by the Department of Commerce, in a preliminary determination, to be sold in the United States at less than fair value (LTFV). Unless the investigation is extended, Commerce will make its final

¹ For purposes of this investigation, the term "certain welded carbon steel 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, 610.3254, 610.3256, 610.3258, and 610.3259 of the Tariff Schedules of the United States Annotated (1985) (TSUSA).

LTFV determination on or before December 10, 1985, and the Commission will make its final injury determination by January 28, 1986 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

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

EFFECTIVE DATE: October 1, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), 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

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain welded carbon steel pipes and tubes from Thailand are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigation was requested in a petition filed on February 28, 1985, and amended on March 12, 1985, by counsel for the standard pipe subcommittee of the Committee of Pipe and Tube Imports, and for each of the individual manufacturers of standard pipe that are members of the subcommittee. In response to that petition the Commission conducted a preliminary antidumping investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 16167, April 24, 1985).

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rule (19 CFR 201.11), not later than twenty-one (21) days after the 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 this investigation 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 the 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.

Staff Report

A public version of the prehearing staff report in this investigation will be placed in the public record on November 27, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m. on December 12, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on December 2, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:30 a.m. on December 6, 1985, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is December 9, 1985.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on December 19, 1985. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before December 19, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.8 of the Commission's 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 p.m.) 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 section 201.6 of the Commission's rules (19 CFR 201.6).

Authority

This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: October 23, 1985.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 85-25663 Filed 10-25-85; 8:45 am]

BILLING CODE 7020-02-M

SUPPLEMENTARY INFORMATION: Effective October 1, 1985, the Commission instituted the subject investigation and established a schedule for its conduct (50 FR 43614, October 28, 1985). The Commission hereby revises its schedule in the investigation, in order to conduct its hearing and certain other aspects of the investigation concurrent with investigations concerning pipe and tube imports from India, Taiwan, Turkey, (investigations Nos. 701-TA-251, 252, and 253 (Final), respectively), and Venezuela (investigation No. 731-TA-253 (Final)).

The Commission's new schedule for the investigation is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than December 20, 1985; the prehearing conference will be held in room 117 of the U.S. International Trade Commission Building at 9:30 a.m. on December 27, 1985; the public version of the prehearing staff report will be placed on the public record on December 24, 1985; the deadline for filing prehearing briefs is December 31, 1985; the hearing will be held in room 331 of the U.S. International Trade Commission Building at 10:00 a.m. on January 7, 1986; and the deadline for filing all other written submissions, including posthearing briefs, is January 14, 1986.

For further information concerning this investigation see the Commission's notice of investigation cited above and the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: November 1, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-27119 Filed 11-13-85; 8:45 am]

BILLING CODE 7030-02-M

[Investigation No. 731-TA-252 (Final)]

Certain Welded Carbon Steel Pipes and Tubes From Thailand

AGENCY: International Trade Commission.

ACTION: Revised schedule for the subject investigation.

EFFECTIVE DATE: November 1, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202-724-0002.

[Investigations Nos. 701-TA-251-253 (Final)]

Certain Welded Carbon Steel Pipes and Tubes From India, Taiwan, and Turkey

AGENCY: International Trade Commission.

ACTION: Institution of final countervailing duty investigations and scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of final countervailing duty investigations Nos. 701-TA-251 through 253 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) to determine whether industries in the United States are materially injured, or are 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 have been found by the Department of Commerce, in preliminary determinations, to be subsidized by the Governments of the respective countries.

Standard pipes and tubes ¹ from India (investigation No. 701-TA-251 (Final)).

Line pipes and tubes ² from Taiwan (investigation No. 701-TA-252 (Final)), and

Line and standard pipes and tubes from Turkey (investigation No. 701-TA-253 (Final)).

Unless these cases are extended, Commerce will make its final subsidy determinations in these investigations on or before December 23, 1985, for subject imports from India and Taiwan, and January 6, 1986, for subject imports from Turkey. The Commission will make its final injury determinations by January 28, 1986 (see sections 705(a) and 705(b) of the act (19 U.S.C. 1671d(a) and 1671d(b))).

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

EFFECTIVE DATE: October 23, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-

¹ For purposes of these investigations, the term "welded carbon steel standard pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, 0.375 inch or more but not over 18 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 these investigations, the term "welded carbon steel line pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 18 inches in outside diameter, conforming to American Petroleum Institute (API) specifications for line pipe, provided for in TSUSA items 610.3206 and 610.3209.

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 as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 710 of the act (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in India, Taiwan, and Turkey of certain welded carbon steel pipes and tubes. The investigations were requested in petitions filed on July 16, 1985, by counsel for the individual producer members of the subcommittees on standard and line pipe of The Committee on Pipe and Tube Imports. In response to those petitions the Commission conducted preliminary countervailing duty investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that industries in the United States were materially injured by reason of imports of the subject merchandise (50 FR 37068, September 11, 1985).

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 section 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) days after the 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 the investigations must be served on all other parties to the investigations (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.

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on December 24, 1985, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on January 7, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on December 20, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on December 27, 1985, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is December 31, 1985. The Commission will be conducting the hearing in these investigations concurrent with investigations concerning pipe and tube imports from Thailand (investigation No. 731-TA-252 (Final)) and Venezuela (investigation No. 731-TA-253 (Final)).

Testimony at the public hearing is governed by section 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on January 14, 1986. In addition, any person

who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before January 14, 1986.

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 Commission's 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 p.m.) 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).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: November 1, 1985.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 85-27120 Filed 11-13-85; 8:45 am]
BILLING CODE 7020-25-M

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APPENDIX C

LIST OF WITNESSES APPEARING AT THE HEARING

CALENDAR OF PUBLIC HEARING

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

Subjects : Certain Welded Carbon Steel Pipes
and Tubes from Turkey

and

Certain Welded Carbon Steel Pipes
and Tubes from Thailand

Inv. Nos. : 701-TA-253 (Final)

and

731-TA-252 (Final)

Date and time : January 7, 1986 - 10:00 a.m.

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

In support of the imposition and countervailing
and/or antidumping duties:

Schagrin Associates--Counsel
Washington, D.C.
on behalf of

The Standard Pipe Subcommittee and the Line Pipe
Subcommittee of The Committee on Pipes and
Tube Imports and the individual producer
members of these subcommittees

Mack Hambley, Vice President of Marketing
and Sales, Sawhill Division of Cyclops Corporation

James McCammack, General Manager of the Fence
Division, Allied Tube and Conduit

Will Boggs, Sales Manager, American Tube

Roger B. Schagrin)
Paul W. Jameson }--OF COUNSEL

- more -

In opposition to the imposition of countervailing
and/or antidumping duties:

White & Case--Counsel
Washington, D.C.
on behalf of

The Republic of Turkey

Joseph W. McAnney, Economists Incorporated

John J. McAvoy)
Anne D. Smith)--OF COUNSEL
Shawn Fitzpatrick)

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

Mannesmann-Suenerbank Boru Endustrisi T.A.S.

Mark Herlach)
Robert Lipstein)--OF COUNSEL

Willkie, Farr & Gallagher--Counsel
Washington, D.C.
on behalf of

Thai and Turkish Producers of Pipes and Tubes

William H. Barringer)
James P. Durling)--OF COUNSEL

APPENDIX D
NOTICES OF TERMINATION BY THE COMMISSION

[Investigation No. 731-TA-212 (Final)]

**Certain Welded Carbon Steel Pipes
and Tubes From Venezuela**

AGENCY: International Trade
Commission.

ACTION: Termination of investigation.

SUMMARY: On October 17, 1985, the Commission received a letter from counsel for the petitioners in the subject investigation (the standard pipe₂ subcommittee of The Committee on Pipe and Tube Imports and the individual

members of that subcommittee) withdrawing their petition. Accordingly, pursuant to § 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)), the antidumping investigation concerning certain welded carbon steel pipes and tubes from Venezuela (investigation No. 731-TA-212 (Final)) is terminated.

EFFECTIVE DATE: October 22, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), 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.

Authority

This investigation is being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.40 of the Commission's rules (19 CFR 207.40).

Issued: October 23, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-25664 Filed 10-25-85; 8:45 am]

BILLING CODE 7020-02-M

On November 13, 1985, the Department of Commerce published notice in the Federal Register of its affirmative preliminary determination that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930 (19 U.S.C. 1671) are being provided to manufacturers, producers, or exporters in Venezuela of certain circular welded carbon steel line pipes and tubes. Because the countervailing duty petition concerning imports of welded carbon steel line pipes and tubes from Venezuela has been withdrawn, the Commission will not institute a final countervailing duty investigation on this subject.

EFFECTIVE DATE: December 4, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369), 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.

Authority: The subject antidumping investigation is being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.40 of the Commission's rules (19 CFR 207.40).

Issued: December 5, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-29412 Filed 12-11-85; 8:45 am]

BILLING CODE 7030-02-M

[Investigations Nos. 701-TA-242 and 731-TA-253 (Final)]

Certain Welded Carbon Steel Line Pipes and Tubes from Venezuela

AGENCY: International Trade Commission.

ACTION: Termination of final antidumping investigation; withdrawal of countervailing duty petition.

SUMMARY: On November 13, 1985, the Commission received a letter from counsel for the petitioners in the subject investigations withdrawing their countervailing duty and antidumping petitions concerning imports of certain welded carbon steel line pipes and tubes from Venezuela. Accordingly, pursuant to § 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)), the antidumping investigation concerning certain welded carbon steel line pipes and tubes from Venezuela (investigation No. 731-TA-253 (Final)) is terminated.

APPENDIX E
VOLUNTARY RESTRAINT AGREEMENT EXPORT CEILINGS
AND IMPORT DATA

Table E-1.--Steel pipes and tubes: Ceilings negotiated under voluntary restraint agreements for exports shipped to the United States from certain countries, by products and sources, initial period and 1986

Item	Initial period 1/			1986 2/		
	Standard:	Line	Other products	Standard:	Line	Other products
	pipes and tubes:	pipes and tubes:		pipes and tubes:	pipes and tubes:	
Australia:						
Quantity----short tons--:	3/	3/	4/ 17,171	3/	3/	4/ 12,333
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	4/ 0.16	3/	3/	4/ 0.16
Brazil:						
Quantity----short tons--:	60,379	61,979	6/	44,402	50,945	6/
Imports-to-consumption						
ratio 5/-----percent--:	2.52	2.59	6/	2.52	2.59	6/
Czechoslovakia:						
Quantity----short tons--:	3/	3/	7/ 9,000	3/	3/	7/ 6,000
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	3/	3/	3/	3/
East Germany:						
Quantity----short tons--:	3/	3/	7/ 3,000	3/	3/	7/ 13,000
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	3/	3/	3/	3/
Finland:						
Quantity----short tons--:	3/	3/	4/ 10,732	3/	3/	4/ 7,708
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	4/ 0.10	3/	3/	4/ 0.10
Hungary:						
Quantity----short tons--:	3/	3/	7/ 18,750	3/	3/	7/ 15,000
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	3/	3/	3/	3/
Japan:						
Quantity----short tons--:	3/	371,394	8/ 1,423,063	3/	305,278	8/ 1,022,081
Imports-to-consumption						
ratio 5/-----percent--:	3/	15.52	8/ 13.26	3/	15.52	8/ 13.26
Mexico:						
Quantity----short tons--:	57,504	47,860	6/	42,288	39,340	6/
Imports-to-consumption						
ratio 5/-----percent--:	2.40	2.00	6/	2.40	2.00	6/
Poland:						
Quantity----short tons--:	3/	3/	7/ 13,000	3/	3/	7/ 23,400
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	3/	3/	3/	3/
Romania:						
Quantity----short tons--:	3/	3/	9/ 26,000	3/	3/	9/ 13,500
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	3/	3/	3/	3/
South Africa:						
Quantity----short tons--:	3/	3/	4/ 59,026	3/	3/	4/ 42,394
Imports-to-consumption						
ratio 5/-----percent--:	3/	3/	4/ 0.55	3/	3/	4/ 0.55

See footnotes at end of table.

Table E-1.--Steel pipes and tubes: Ceilings negotiated under voluntary restraint agreements for exports shipped to the United States from certain countries, by products and sources, initial period and 1986--Continued

Item	Initial period <u>1/</u>			1986 <u>2/</u>		
	Standard: pipes and tubes	Line pipes and tubes	Other products	Standard: pipes and tubes	Line pipes and tubes	Other products
South Korea:						
Quantity----short tons--	<u>3/</u>	<u>3/</u>	<u>4/</u> 823,144	<u>3/</u>	<u>3/</u>	<u>4/</u> 591,204
Imports-to-consumption						
ratio <u>5/</u> -----percent--	<u>3/</u>	<u>3/</u>	<u>4/</u> 7.67	<u>3/</u>	<u>3/</u>	<u>4/</u> 7.67
Spain:						
Quantity----short tons--	24,200	<u>3/</u>	<u>10/</u> 14,137	17,796	<u>3/</u>	<u>10/</u> 10,811
Imports-to-consumption						
ratio <u>5/</u> -----percent--	1.01	<u>3/</u>	<u>10/</u> 0.36	1.01	<u>3/</u>	<u>10/</u> 0.36
Venezuela:						
Quantity----short tons--	38,000	79,000	<u>6/</u>	7,000	14,000	<u>6/</u>
Imports-to-consumption						
ratio <u>5/</u> -----percent--	<u>3/</u>	<u>3/</u>	<u>6/</u>	<u>3/</u>	<u>3/</u>	<u>6/</u>

1/ The initial period is from Oct. 1, 1984, to Dec. 31, 1985. Forecasts for quantities that are dependent on import-to-consumption ratios are estimated by Commerce as of October 1985.

2/ Forecasts for quantities that are dependent on import-to-consumption ratios are estimated by Commerce as of December 1985 and do not include adjustments for overages shipped in the initial period.

3/ Not specified in VRA.

4/ Includes all pipes and tubes.

5/ Import-to-consumption ratios for exports allowable under VRA arrangements are established by the U.S. Department of Commerce using estimated U.S. consumption for the period.

6/ Not applicable.

7/ This is a "basket" amount that includes pipes and tubes, as well as other steel products.

8/ Includes total pipes and tubes, which may include up to 17.56 percent of oil country tubular goods (OCTG) consumption, up to 15.52 percent of line pipe and tube consumption, and up to 24.18 percent of structural pipe and tube consumption. For the initial period, the estimated ceilings on exports from Japan are 618,639 tons for OCTG; 371,394 tons for line pipes; and 214,235 tons for structural pipes and tubes. For 1986, the estimated export ceilings are 404,758 tons for OCTG; 305,278 tons for line pipes and tubes; and 154,268 tons for structural pipes and tubes.

9/ Includes all pipes and tubes except OCTG.

10/ Includes all pipes and tubes except OCTG, standard, and structural.

Source: U.S. Department of Commerce.

Table E-2.--Steel pipes and tubes: U.S. imports for consumption, by selected sources that have signed voluntary agreements restraining their exports shipped to the United States, January-November 1984, January-November 1985, and October 1984-November 1985

Source	(In tons)											
	Standard pipes and tubes 1/				Line pipes and tubes 2/				All pipes and tubes 3/			
	Jan.- Nov. 1984	Jan.- Nov. 1985	Oct. Nov. 1985	Jan.- Nov. 1984	Jan.- Nov. 1985	Oct. Nov. 1985	Jan.- Nov. 1984	Jan.- Nov. 1985	Jan.- Nov. 1984	Jan.- Nov. 1985	Oct. Nov. 1985	Oct. Nov. 1985
Australia-----	13,877	17,615	20,843	1,147	2,513	3,275	18,013	20,876	18,013	20,876	25,285	25,285
Brazil-----	177,354	46,806	95,056	18,506	27,125	40,361	297,582	197,804	297,582	197,804	283,307	283,307
Czechoslovakia--	2,698	225	1,408	0	103	103	3,943	1,578	3,943	1,578	3,574	3,574
East Germany----	67	0	0	0	0	0	228	0	228	0	0	0
Finland-----	455	886	2,120	7,150	4,454	5,041	10,382	8,468	10,382	8,468	11,122	11,122
Hungary-----	0	0	0	0	0	0	0	0	0	0	0	0
Japan-----	113,410	164,897	196,650	118,039	77,228	114,958	1,259,276	1,287,718	1,259,276	1,287,718	1,594,516	1,594,516
Mexico-----	93,988	37,539	51,875	72,261	28,456	34,969	278,504	94,934	278,504	94,934	134,066	134,066
Poland-----	1,120	1,483	3,365	366	0	142	2,327	1,547	2,327	1,547	3,571	3,571
Romania-----	14,297	21,735	24,241	478	288	524	54,253	32,974	54,253	32,974	47,470	47,470
South Africa----	44,451	36,763	53,438	0	316	316	47,588	39,355	47,588	39,355	56,784	56,784
Republic of Korea-----	472,322	527,964	614,536	133,682	92,294	110,838	859,420	750,400	859,420	750,400	922,893	922,893
Spain-----	76,211	14,584	29,879	1,596	969	969	199,893	60,332	199,893	60,332	107,125	107,125
Venezuela-----	38,406	21,581	33,433	76,219	43,546	56,886	152,842	114,404	152,842	114,404	155,457	155,457
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.												
2/ Includes imports under TSUSA items 610.3208 and 610.3209.												
3/ Includes imports under TSUSA items 610.30 through 610.52. This classification may differ from the pipe and tube imports subject to specific VRA export levels; hollow bars (TSUSA items 610.4800, 610.5130, and 610.5160) are included in the data presented and electrical conduit (TSUSA item 652.3300) is not.												

APPENDIX F
PREVIOUS COMMISSION INVESTIGATIONS

Several other Commission investigations have dealt with some or all of the pipes and tubes currently under investigation. Most recently, in preliminary antidumping investigations (731-TA-292-294 (Preliminary)), the Commission made an affirmative determination on December 30, 1985, with respect to imports of standard pipes and tubes from the People's Republic of China, the Philippines, and Singapore.

The Commission notified the Department of Commerce on August 30, 1985, that there is a reasonable indication that industries in the United States are materially injured 1/ by reason of imports of welded carbon steel pipe and tube products 2/ that are alleged to be subsidized by the Governments of India, Taiwan, and Turkey (investigations Nos. 701-TA-251-253 (Preliminary)). On the same date, the Commission determined that there is a reasonable indication that industries in the United States are materially injured 1/ by reason of imports of welded carbon steel pipe and tube products 3/ that are alleged to be sold in the United States at less than fair value (LTFV) from India, Taiwan, and Yugoslavia. Further, the Commission determined 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 Yugoslavia of welded carbon steel line pipes and tubes that are alleged to be sold in the United States at LTFV. 4/ Commerce made affirmative preliminary determinations of subsidies in each of the cases and the Commission instituted its final investigations. Subsequently, Commerce made negative final determinations with respect to imports from India and Taiwan and an affirmative final determination with respect to imports from Turkey (one of the instant investigations).

On April 15, 1985, the Commission notified Commerce of its preliminary determinations in investigations Nos. 731-TA-252 and 253 (Preliminary), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of welded carbon steel standard pipes and tubes from Thailand and materially injured by reason of welded carbon steel line pipes and tubes from Venezuela, that are allegedly sold in the United States at LTFV. The Commission also determined, on that date, in investigation No. 701-TA-242 (Preliminary), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of standard and line pipes and tubes that are allegedly subsidized by the Government of Venezuela. Commerce made preliminary determinations effective August 13, 1985, and October 3, 1985, that line pipes and tubes from Venezuela and standard pipes and tubes from

1/ Chairwoman Stern determined that the domestic industries are materially injured or threatened with material injury.

2/ These products are standard pipes and tubes from India (investigation No. 701-TA-251 (Preliminary)); line pipes and tubes from Taiwan (investigation No. 701-TA-252 (Preliminary)); and standard and line pipes and tubes from Turkey (investigation No. 701-TA-253 (Preliminary)).

3/ These products are standard pipes and tubes from India (investigation No. 731-TA-271 (Preliminary)); line pipes and tubes from Taiwan (investigation No. 731-TA-272 (Preliminary)); standard pipes and tubes from Turkey (investigation No. 731-TA-273 (Preliminary)); and standard pipes and tubes from Yugoslavia (investigation No. 731-TA-274 (Preliminary)).

4/ Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia: Determinations of the Commission in Investigations Nos. F-2 701-TA-251-253 and 731-TA-271-274 . . . , USITC Publication 1742, August 1985.

Thailand, respectively, are being sold in the United States at LTFV. The Commission subsequently instituted final antidumping investigations in these cases but the Venezuela line pipe case (investigation No. 731-TA-253 (Final)) was terminated, effective December 4, 1985, upon withdrawal of the petition. The case on line pipes and tubes from Thailand (investigation No. 731-TA-252 (Final)) is one of the instant investigations. Although Commerce made an affirmative preliminary subsidy determination, effective November 13, 1985, with respect to line pipes and tubes from Venezuela, the petitioners withdrew their petition on that same date; accordingly, the Commission did not institute investigation No. 701-TA-242 (Final) (50 F.R. 50852) and Commerce terminated its investigation, effective November 27, 1985.

On February 1, 1985, the Commission notified Commerce of its preliminary determination in investigation No. 731-TA-212 (Preliminary) that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Venezuela of standard pipes and tubes 1/ and that there is no reasonable indication that an industry is materially injured or threatened with material injury by reason of imports from Venezuela of line pipes and tubes 2/ that are alleged to be sold in the United States at LTFV. 3/ Commerce made a preliminary determination effective June 3, 1985, that the standard pipes and tubes from Venezuela were being sold in the United States at LTFV. The Commission subsequently instituted final investigation No. 731-TA-212 (Final), but this case was terminated, effective October 22, 1985, upon withdrawal of the petition.

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 small circular and light-walled rectangular pipes and tubes from Spain. 4/ In addition, in investigations Nos. 731-TA-197 and 198 (Preliminary), 5/ 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 small circular and light-walled rectangular pipes and tubes allegedly sold at LTFV and by reason of imports from Brazil of small circular pipes and tubes allegedly sold at LTFV. 6/ However, the pipes and tubes in the present investigations cover a wider range of circular pipe and tube than was included in the investigations involving Spain and Brazil.

1/ Chairwoman Stern determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

2/ Commissioner's Eckes and Lodwick dissented.

3/ Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela: Determinations of the Commission in investigations Nos. 731-TA-211 and 212 (Preliminary). . . . , USITC Publication 1639, February 1985.

4/ The final Commission investigation on these products was instituted on Oct. 17, 1984, and terminated on Feb. 4, 1985, subsequent to the withdrawal of the petition.

5/ Certain Welded Carbon Steel Pipes and Tubes from Brazil and Spain: Determinations of the Commission in Investigations Nos. 701-TA-220 and 731-TA-197 and 198 (Preliminary). . . . , USITC Publication 1569, August 1984.

6/ The final Commission investigations on these products were instituted on Jan. 29, 1985, and terminated on Feb. 4, 1985 (Spain), and Mar. 20, 1985 (Brazil), subsequent to 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. 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. 1/ The steel pipes and tubes that were the subject of the section 201 investigation included the welded carbon steel pipes and tubes that are the subject of the instant investigations, as well as other pipes and tubes that are not the subject of these investigations.

On April 17, 1984, the Commission determined in investigations Nos. 731-TA-131 and 132 (Final) that an industry in the United States was materially injured by reason of imports from Korea and Taiwan of small circular pipes and tubes that had been found by Commerce to be sold in the United States at LTFV. 2/ The present investigations cover other circular pipes and tubes as well as those covered in these previous investigations.

On February 8, 1983, the Commission determined that an industry in the United States was materially injured by reason of imports of certain welded carbon steel pipes and tubes that were found by Commerce to be subsidized by the Government of Korea. That investigation covered certain circular pipes and tubes (including American Petroleum Institute (API) line pipe) up to 16 inches in outside diameter, which includes most of the circular pipes and tubes in the current investigations. 3/

A complete list of standard and line pipe and tube investigations conducted by the Commission since 1982 is shown in table F-1.

1/ Carbon and Certain Alloy Steel Products: Report to the President on Investigation No. TA-201-51. . . ., USITC Publication 1553, July 1984.

2/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-131, 132, and 138 (Final). . . ., USITC Publication 1519, April 1984.

3/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-168 (Final)^{F-4}, USITC Publication 1345, February 1983.

Table F-1.--Standard and line pipes and tubes: Title VII investigations by the
U.S. International Trade Commission, 1982-85

Year and type of investigation	Investigation No.	Country	Type of welded carbon steel pipes and tubes	Dates of--		
				Petition	Commission preliminary determination	Commission final determination
1982:						
Countervailing duty.	701-TA-165	Brazil	Standard and line (to 16" OD).	5-7-82	6-21-82 (aff)	12-27-82. <u>1/</u>
Countervailing duty.	701-TA-167	Italy	Standard and line (all sizes).	5-7-82	6-21-82 (neg)	
Countervailing- duty.	701-TA-168	Korea	Standard and line (to 16" OD).	5-7-82	6-21-82 (aff)	2-8-83 (aff).
1983:						
Antidumping----	<u>2/</u> 731-TA-131	Korea	Standard (to 4.5" OD).	4-21-83	6-6-83 (aff)	4-30-84 (aff).
Antidumping----	<u>2/</u> 731-TA-132	Taiwan	Standard (to 4.5" OD).	4-21-83	6-6-83 (aff)	4-30-84 (aff).
1984:						
Antidumping----	731-TA-197	Brazil	Standard (to 4.5" OD).	7-17-84	8-31-84 (aff)	3-20-85. <u>3/</u>
Antidumping----	<u>2/</u> 731-TA-198	Spain	Standard (to 4.5" OD).	7-17-84	8-31-84 (aff)	2-4-85. <u>3/</u>
Countervailing duty.	<u>2/</u> 701-TA-220	Spain	Standard (to 4.5" OD).	7-17-84	8-31-84 (aff)	2-4-85. <u>3/</u>
Antidumping----	731-TA-212	Venezuela	Standard (to 16" OD).	12-18-84	2-1-85 (aff)	10-22-85 <u>3/</u>
			Line (to 16" OD).		2-1-85 (neg)	
1985:						
Antidumping----	731-TA-252	Thailand	Standard (to 16" OD).	2-28-85	4-15-85 (aff)	Pending.
Antidumping----	731-TA-253	Venezuela	Line (to 16" OD).	2-28-85	4-15-85 (aff)	12-4-85. <u>3/</u>
Countervailing duty.	701-TA-242	Venezuela	Standard and line (to 16" OD).	2-28-85	4-15-85 (aff)	11-27-85. <u>3/</u>
Antidumping----	731-TA-271	India	Standard (to 16" OD).	7-16-85	8-30-85 (aff)	Pending.
Countervailing duty.	701-TA-251	India	Standard (to 16" OD).	7-16-85	8-30-85 (aff)	<u>4/</u>
Antidumping----	731-TA-272	Taiwan	Line (to 16" OD).	7-16-85	8-30-85 (aff)	Pending.
Countervailing duty.	701-TA-252	Taiwan	Line (to 16" OD).	7-16-85	8-30-85 (aff)	<u>4/</u>
Antidumping----	731-TA-273	Turkey	Standard (to 16" OD).	7-16-85	8-30-85 (aff)	Pending.
			Line (to 16" OD).		8-30-85 (aff)	Pending.
Countervailing duty.	701-TA-253	Turkey	Standard (to 16" OD).	7-16-85	8-30-85 (aff)	Pending.
			Line (to 16" OD).		8-30-85 (aff)	Pending.
Antidumping----	731-TA-274	Yugoslavia	Standard (to 16" OD).	7-16-85	8-30-85 (aff)	Pending.
			Line (to 16" OD).		8-30-85 (neg)	
Antidumping----	731-TA-292	China	Standard (to 16" OD).	11-13-85	12-30-85	Pending.
Antidumping----	731-TA-293	Philippines	Standard (to 16" OD).	11-13-85	12-30-85	Pending.
Antidumping----	731-TA-294	Singapore	Standard (to 16" OD).	11-13-85	12-30-85	Pending.

1/ Suspended.

2/ Other products were also included within the scope of this investigation.

3/ Terminated.

4/ Negative determination by Commerce.

Source: U.S. International Trade Commission.

