BUTT-WELD PIPE FITTINGS FROM BRAZIL, JAPAN, AND TAIWAN

Determinations of the Commission in Investigations Nos. 731-TA-308-310 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-308 through 310 (Preliminary)

CERTAIN BUTT-WELD PIPE FITTINGS FROM
BRAZIL, JAPAN, AND TAIWAN

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil, Japan, and Taiwan of carbon steel butt-weld pipe and tube fittings under 14 inches (inside diameter), provided for in item 610.88 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On February 24, 1986, petitions were filed with the Commission and the Department of Commerce by the U.S. Butt-Weld Fittings Committee, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of carbon steel butt-weld pipe fittings under 14 inches (inside diameter) from Brazil, Japan, and Taiwan. Accordingly, effective February 24, 1986, the Commission instituted preliminary antidumping investigations Nos. 731-TA-308 through 310 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade

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

Commission, Washington, DC, and by publishing the notice in the Federal Register of March 12, 1986 (51 F.R. 8568). The conference was held in Washington, DC, on March 20, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

On the basis of the record in these investigations, the Commission unanimously determines that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of carbon steel butt-weld pipe fittings from Brazil, Japan, and Taiwan which are allegedly being sold at less than fair value (LTFV). Our determinations are based primarily on the poor operating performance of the domestic industry and the significant market penetration ratios and apparent adverse impact of imports on price trends for the domestic product during the period of these investigations.

Like product and the domestic industry [1/] [2/]

The statute instructs the Commission to identify the domestic industry to

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1/ Vice Chairman Liebeler and Commissioner Brunsdale reserve judgment on whether the petitioners have standing to bring this petition. Antidumping proceedings are commenced when parties file a petition "on behalf of an industry." In Gilmore Steel Corp. v. United States, 585 F. Supp. 670 (1984), the U.S. Court of International Trade ruled that the International Trade Administration had authority to "reconsider its decision to initiate the investigation," id. at 675, when petitioner did "not have the support of a majority of the . . . industry." Id. at 676. It is not clear that petitioner has the affirmative support of a majority of the industry (in Gilmore, the overwhelming majority of domestic producers opposed the petition when contacted by the ITA).

Several related questions arise that the parties to this proceeding should brief. Assume the petitioners represent less than a majority of the industry. Would such a circumstance require the ITC to dismiss the petition, i.e., does the ITC have the legal authority to continue an investigation or hear argument on a controversy if jurisdiction does not lie? Can the ITC dismiss a petition or must it refer the matter to the ITA? Is it petitioner's obligation to come forward at the time it files the petition with support from a majority of the industry so that jurisdiction is triggered? If a majority of the industry does not oppose the petition, does petitioner nonetheless have standing? Resolution of these issues will enable us to make an informed judgment on the jurisdictional issue.

2/ Chairwoman Stern, Commissioner Eckes, Commissioner Lodwick, and Commissioner Rohr refer to the Commission's position on standing issues as contained in the unanimous views of the Commission in Erasable Programmable Read Only Memories from Japan, Inv. No. 731-TA-288 (Preliminary), USITC Pub. 1778 at 13, n. 33 (1986) citing Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. Nos. 701-TA-258-260 and 731-TA-283-285 (Preliminary), USITC Pub. 1771 at 4, n.5 (1985).

be examined in order to determine whether material injury or the threat of material injury exists. The statute defines the "domestic industry" in terms of producers of the "like product", [3/] which is, in turn, defined in terms of the "article subject to an investigation." [4/]

Butt-weld pipe fittings, the articles subject to these investigations, are forged steel products used to connect pipe sections when conditions require permanent, welded connections. These fittings are available in a variety of forms, [5/] the three most common of which are elbows, tees, and reducers. Elbows are two-outlet fittings with a 45 degree or 90 degree bend in the pipe, tees are T-shaped fittings with three outlets, and reducers are two-outlet fittings that connect pipes of different diameters. [6/]

3/ Section 771(4)(A) defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 19 U.S.C. § 1677(4)(A). In turn, "like product" is defined as a "product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 19 U.S.C. § 1677(10).

4/ The "article subject to an investigation" is defined by the scope of the investigations initiated by the Department of Commerce (Commerce). Commerce defined the scope of these investigations to be: "carbon steel butt-weld type pipe fittings, other than couplings, under 14 inches in inside diameter, whether finished or unfinished, as currently provided for under item 610.88 of the Tariff Schedules of the United States Annotated (TSUSA)."

5/ Report of the Commission (Report) at A-2. The bevelled edges of finished butt-weld pipe fittings distinguish them from other types of fittings, such as threaded, grooved, or bolted fittings, which rely on different fastening methods. The welded connections used in butt-weld pipe fittings provide a better seal than threaded, grooved, or bolted fittings can give under pressure. Butt-weld pipe fittings are used wherever a liquid or gas is used under pressure. The primary industries that use these fittings include the construction, shipbuilding, energy generation, and oil refining industries.

6/ Report at A-2.

The manufacture of butt-weld pipe fittings begins with seamless carbon steel pipe. The pipe is subjected to a variety of forging and machining operations to produce what is sometimes referred to as an "as formed" or "rough" forging. 7/

The "rough" forging frequently must undergo a "reforming" or "sizing" operation to ensure that the fitting will match the pipe to which it is welded. The resulting items are referred to as semifinished fittings. A producer of finished butt-weld pipe fittings may use as its raw material either seamless pipe, rough forgings, or semifinished fittings. 8/

The processes by which rough forgings or semifinished fittings (intermediate products) are made into finished butt-weld fittings include some or all of the following additional steps, depending on the particular producer and the imperfections present in the intermediate product: (1) shot blasting; (2) machine bevelling, boring, and tapering; (3) grinding; (4) die stamping; (5) inspecting; and (6) painting. 9/

Like product

The Commission's decision regarding the appropriate like product in an investigation is based upon our analysis of characteristics and uses. Minor variations in products have been held to be an insufficient basis for finding

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7/ Id. at A-2.

8/ The Customs Service classification of the intermediate products is a matter of some concern and will be examined carefully should this matter return for final investigations. See infra note 43.

9/ Report at A-3; Petition for the Imposition of Antidumping Duties/Brazil (hereinafter Brazilian Petition) at 5-6. Some manufacturers use semiautomated machinery that bevels, bores, tapers, and grinds in one operation. The manufacturing process may be continuous. In other words, a rough forging or semifinished fitting is not produced first, inventoried, and then finished at a later time. Report at A-3.

separate like products. 10/ The carbon steel butt-weld fittings produced in the United States do not appear to differ from the imported product. Domestically finished carbon steel butt-weld pipe fittings are thus "like" the imported fittings.

At the conference, petitioner urged the Commission to determine that semifinished and finished fittings are separate "like" products because the process by which semifinished fittings are made into finished fittings, both of which are imported, constitutes a "substantial transformation." 11/

10/ See, e.g., Oil Country Tubular Goods from Argentina and Spain , Invs. Nos. 731-TA-191 and 731-TA-195 (Final), USITC Pub. 1694 at 4-5 (1985) (Commission reasserted a previous determination that 'green tubes' were like finished OCTG because their characteristics and uses overlapped); Certain Flat-Rolled Carbon Steel Products from Brazil, Inv. No. 731-TA-123 (Final), USITC Pub. 1499 (1984) (Commission found one like product both cut-to-length plate and coiled plate based on characteristics, end uses, and similar prices); Nylon Impression Fabric from Japan, Inv. No. 731-TA-269 (Preliminary), USITC Pub. 1726 at 5 (1985), (Commission found that slitting did not alter the basic characteristics of the fabric); Low-Fuming Brazing Copper Wire and Rod from France, New Zealand, and South Africa, Inv. No. 701-TA-237 (Preliminary) and Invs. Nos. 731-TA-245-247 (Preliminary), USITC Pub. No. 1673 at 8 (1985) (Commission found one like product consisting of bare and flux-coated LFBR partly because they were essentially interchangeable).

11/ Petition at 17. In its post-conference brief, however, petitioner was ambivalent regarding the number of like products and corresponding domestic industries. Post-Conference Statement of U.S. Butt-weld Fittings Committee, Petitioner, at 3-4.

Substantial transformation is a Customs term which is used, inter alia, to determine country of origin marking of an article for the purpose of the marking statute. Substantial transformation has been defined as:

> a fundamental change in the form, appearance, nature, or character of an article which adds to the value of the article an amount or percentage which is significant in comparison with the value which the article had when exported from the country in which it was first manufactured, produced or grown.

United States v. Murray, 621 F.2d 1163, 1168-69 (1st Cir. 1980). See also Erasable Programmable Read Only Memories from Japan, Inv. No. 731-TA-288 (Preliminary), USITC Pub. 1778 at 12, n. 31 (1985).

We note that determinations by the Customs Service with respect to substantial transformation may be relevant to, but are not determinative of, the like product issue. Our preliminary inquiry into this issue leads us to question whether the machining operations performed on a semifinished fitting are sufficiently significant to support a finding of separate like products. 12/ Another relevant factor is that there is no evidence indicating that a semifinished fitting has any independent application other than for use in the manufacture of a finished fitting. 13/ It also appears, however, that there is a growing market for the semifinished product in the United States.

In light of the above factors, the Commission determines, for the purposes of these preliminary investigations, that there is one like product, carbon steel butt-weld pipe fittings, which includes semifinished fittings and

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12/ Petitioner estimates that the finishing steps performed on a semifinished fitting represent between 25 and 30 percent of the total cost of production. It further states that a semifinished fitting may be 10 percent cheaper than a finished fitting. Tr. at 43-44. Petitioner also alleges that there is a "significant transformation" because the bevelling machine costs a half a million dollars. Tr. at 144. But see Low-Fuming Brazing Copper Wire and Rod (Commission found a single like product despite the fact that there was a significant capital investment in flux-coating equipment).

In contrast, respondents estimate that the finishing operations are minor and account for only 5 to 10 percent of the total cost of production. TSI, Silbo, and Conforja Post-Conference Brief at 11-13; Taiwan Post-Conference Brief at 8. It was alleged that petitioners figures were based on the performance of a number of operations on the intermediate products that are not always necessary and which are seldom performed by those producers who use the imported intermediate products.

13/ See Nylon Impression Fabric from Japan, at 5 (Commission concluded that there was "virtually only one end use for both slit and unslit fabric); Choline Chloride from Canada, Inv. No. 731-TA-155 (Final), USITC Pub. 1595 at 4 (1984) (both the liquid and dry products were dedicated to the same end use (animal feed) despite the fact that there were two distribution channels).

finished fittings. Moreover, in the event that these matters return to the Commission for final investigations, we will carefully examine the issue of whether the semifinished product and the finished product constitute a single like product or separate like products.

Domestic industry

Having determined that there is one like product consisting of finished and semifinished fittings, the Commission concludes that there is one domestic industry. The next step in our analysis is to determine who are the members of the domestic industry.

Nonintegrated Producers--Finished butt-weld pipe fittings are produced in the United States either by integrated producers, which begin the manufacturing process with seamless pipe, or by converters, which generally import the intermediate products and perform up to six machining steps to produce finished fittings. There are also combination producers which are integrated, but which also do conversion. 14/ The question has been raised whether those producers, specifically the converters, which produce finished butt-weld pipe fittings from the intermediate products (i.e., roughs or semifinished fittings) perform sufficient operations to be considered members of the industry producing finished butt-weld pipe fittings. 15/

14/ Report at A-4; Petitions at Exhibit A.
15/ Flo-Bend, an integrated producer, contends that the converters are merely importers of unfinished fittings who perform minor finishing operations and then sell the imports in competition with domestic and imported finished fittings. Flo-Bend's Post-Conference Brief at 2, 10.

In the instant investigations, petitioner has noted that the bevelling machines require a substantial capital investment. 16/ We also note that the number of employees engaged in the production of finished fittings from the intermediate products appears to be significant. Thus, for the purpose of these preliminary investigations, the Commission determines that the converters should be included within the definition of the domestic industry. Should this matter return to the Commission for final investigations, further information will be sought concerning this issue. 17/

Related parties--A second issue that has arisen with regard to the definition of the domestic industry is the allegation that the Commission should invoke the related parties provision 18/ to exclude the domestic operations of Tube Turns, Inc. (Tube Turns) from the Commission's analysis of the domestic industry. Tube Turns is a U.S. subsidiary of Sumitomo Metal

16/ Tr. at 144. Mr. John Kramer, President of Tube Turns, stated at the conference that the company recently was quoted a price of one half million dollars for a bevelling machine. See Low-Fuming Brazing Copper Wire (flux-coaters included within the definition of the domestic industry despite the fact the value added by the finishing operations was only 20 percent. The Commission noted that the flux-coated machines were expensive).

17/ Although the Commission has included these producers within the domestic industry, it recognizes that imports may impact such producers differently than the integrated producers because they use the product subject to these investigations in their production. The Commission has considered these differences in its analysis.

18/ The "related parties" provision states:

> When some producers are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise, the term "industry" may be applied in appropriate circumstances by excluding such producers from those included in that industry.

19 U.S.C. § 1677(4)(b).

Industries, Ltd., a Japanese exporter of finished and semifinished butt-weld fittings to the U.S. market. 19/ This provision could be applicable to the combination producers and converters as well.

Application of the related parties provision is within the discretion of the Commission after analyzing the facts of each case. 20/ The basis for the related parties provision is the concern that such domestic producers have a position in the market such that inclusion of these producers in the domestic industry may distort the data regarding injury. For the purpose of these preliminary investigations, we find that the injury data are not skewed by the inclusion of Tube Turns or the other domestic producers who may be categorized as combination producers or converters. We expect to receive more detailed data in the event that these matters return for final investigations. At that time, we will reexamine which producers, if any, should be excluded from the definition of the domestic industry under the related parties provision.

We also note that where the subject products are not imported in such a manner as to shield domestic production from competition and the related domestic producer continues to compete with the imports on the same basis as all other domestic producers, exclusion as a related party may not be

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19/ Further, in addition to alleging that Tube Turns should be excluded from the domestic industry analysis with respect to the Japanese investigation, petitioner also alleges that Tube Turns is excludable from the domestic industry analysis with respect to the Brazilian and Taiwan investigations because petitioner has alleged that the cumulation provision should be invoked.
20/ Rock Salt from Canada, Inv. No. 731-TA-239 (Final), USITC Pub. 1798 (1986).

warranted. 21/ There is at least some evidence, which will be examined if this matter returns to the Commission for final investigations, that this may be the situation with regard to importers of the intermediate products. 22/

For the purpose of these preliminary investigations we, therefore, do not invoke the related parties provision.

Condition of the domestic industry

In assessing the condition of the domestic industry, the Commission considers, among other factors, consumption, production, capacity, capacity utilization, inventories, employment, wages, sales, and profitability. 23/

In these preliminary investigations, we note that there are two points which are relevant to our evaluation of these factors. First, some of the intermediate products used by converters and combination producers are subject to investigation. Second, we note that there has been an increasing shift by domestic producers to the converting process. Should these matters return to

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21/ See Rock Salt from Canada, Inv. No. 731-TA-239 (Final), USITC Pub. 1798 at 12-13 (1986) (Vice Chairman Liebeler concurring on the related parties issues); Television Receiving Sets from Japan, Inv. No. 751-TA-2, USITC Pub. 1153 (1981).

22/ Although Tube Turns is a U.S. subsidiary that imports from its Japanese parent, this relationship does not automatically shield them from competition with alleged LTFV imports. Rather, Tube Turns and the combination producers and converters appear to be in the same competitive position with respect to imports as the integrated domestic producers.

23/ 19 U.S.C. § 1677(7)(C)(iii). U.S. producers of butt-weld pipe fittings identified by the Commission manufacture other products that are not subject to these investigations. They, therefore, estimated much of the trade data in response to the Commission's questionnaire. Report at A-9. Should this matter return to the Commission for final investigations, these data will be reexamined.

the Commission for final investigations, we will reexamine these points and reassess their impact on the condition of the domestic industry. 24/

Apparent U.S. consumption of finished butt-weld pipe fittings increased 27 percent in 1984 to 95.2 million pounds, and then fell 5 percent to 90.3 million pounds in 1985. 25/ Total production of finished butt-weld pipe fittings from both intermediate products and carbon steel pipe increased 21 percent from 44.1 million pounds in 1983 to 53.3 million pounds in 1984, and then fell 9 percent to 48.6 million pounds in 1985. 26/ Production from carbon steel pipe alone followed a different trend decreasing in 1984 from 27.6 million pounds to 20.9 million pounds, declining slightly in 1985 to 20.3 million pounds. 27/

Overall capacity to produce butt-weld pipe fittings steadily increased from 1983 to 1985. 28/ The Commission was able to confirm instances of plant closings involving locations where butt-weld pipe fittings subject to these investigations were produced. 29/ Capacity utilization increased from 49.6 percent in 1983 to 56.5 percent in 1984 and then decreased to 49.8 percent in 1985. 30/ Thus, capacity utilization figures appear to be low throughout the period of investigation.

24/ The Commission will seek more information on the condition of the domestic industry during any final investigations. Of particular significance will be information on the relative performance of that segment of domestic production which relies on imported intermediate products subject to these investigations.
25/ Report at A-6.
26/ Id. at A-9.
27/ Id. at A-10, Table 2.
28/ Id. at A-10. However, these capacity figures reflect that part of domestic production which is dependent upon the importation of intermediate products subject to these investigations.
29/ Id. at A-9. One of these closings may, however, be temporary. This issue also will be reexamined in the event that there are final investigations.
30/ Id. at A-10, Table 3. See also supra note 28.

Domestic shipments of finished butt-weld pipe fittings remained relatively stable throughout the period of investigation, rising slightly from 1983 to 1984, and then dropping slightly in 1985. 31/ Inventory figures for finished butt-weld pipe fittings fell consistently; by 20 percent from 1982 to 1983 and then by an additional 16 percent by yearend 1984. Inventories then increased by 14 percent by yearend 1985. 32/

The average number of production and related workers employed in the production of butt-weld pipe fittings increased 1 percent from 1983 to 1984, and then declined by 5 percent in 1985. 33/ Hours worked by production and related workers rose slightly from 1983 to 1984, then declined somewhat in 1985. Wages paid to workers followed a similar pattern.

Aggregate net sales of carbon steel butt-weld pipe fittings increased slightly from 1983 to 1984 but then decreased slightly in 1985. 34/ Aggregate operating losses were incurred throughout the period of investigation. As a result of these losses, the financial condition of the domestic industry remained poor throughout the period of investigation.

Overall, we conclude that there is a reasonable indication that the domestic industry as a whole is experiencing material injury. 35/ 36/

31/ Id. at A-11.
32/ Id. at A-12.
33/ Id. at A-12.
34/ Id. at A-13 and A-15.
35/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causality.
36/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of a reasonable indication of material injury or threat thereof in each investigation. See Cellular Mobile Telephones and Subassemblies Thereof from Japan, Inv. No. 731-TA-207 (Final), USITC Pub. 1786 at 20-21 (1985).

Cumulation [37/]

Under the Trade and Tariff Act of 1984 (the 1984 Act), three requirements must be satisfied to invoke the cumulation provision. The imports must: (1) compete with both other imports and the domestic like product; (2) be marketed within a reasonably coincidental period, and (3) be subject to investigation. [38/]

Most carbon steel butt-weld pipe fittings are standardized products and, for the purposes of these preliminary investigations, appear to be substantially homogenous in quality. [39/] Accordingly, we conclude for purposes of these investigations that imports of carbon steel butt-weld pipe fittings appear to be fungible.

There are common or similar channels of distribution for carbon steel butt-weld pipe fittings. Although producers may sell their product to an end user if a large quantity or particular specifications are required, standardized finished butt-weld fittings generally are sold through independent distributors.

Moreover, there are sales or offers to sell in the same markets. Thus, we find that imports of carbon steel butt-weld pipe fittings from Brazil, Japan, and Taiwan are simultaneously present in the market and that imports

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37/ Chairwoman Stern and Commissioner Eckes do not believe it is necessary to consider cumulation when an affirmative determination may be reached by individually analyzing subject imports. In these preliminary investigations, they have joined their colleagues in cumulation.
38/ 19 U.S.C. § 1677(7)(E); H.R. Rep. No. 725, 98th Cong., 2d Sess. 37 (1984).
39/ Brazilian petition at 21; Report at A-24.

compete with each other and the like product. Finally, all three investigations are proceeding simultaneously. The Commission, therefore, determines that carbon steel butt-weld pipe fittings from Brazil, Japan, and Taiwan are subject to investigation at the same time. Thus, we find that carbon steel butt-weld pipe fittings from Brazil, Japan, and Taiwan all satisfy the criteria for cumulation.

Reasonable indication of material injury by reason of allegedly LTFV imports

In determining whether there is a reasonable indication of material injury by reason of allegedly LTFV imports, the statute directs the Commission to consider, among other factors:

> i) the volume of imports of the merchandise which is the subject of the investigation,
> ii) the effect of imports of that merchandise on prices in the United States for like products, and
> iii) the impact of imports of such merchandise on domestic producers of like products. 40/

In determining whether imports of butt-weld pipe fittings are causing material injury to a domestic industry, we have considered the cumulative volume and effect of imports from Brazil, Japan, and Taiwan. 41/ The volume

40/ 19 U.S.C. § 1677(7)(B).

41/ Vice Chairman Liebeler 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. 1707 at 11-19 (1985). At this preliminary stage, she observes that market penetration is moderately high. Alleged margins of dumping vary widely, from low to very high. Further investigation will clarify the exact margins. Products seem to have similar physical characteristics. Domestic prices are declining, although perhaps in part because costs of production have fallen. Finally, barriers to entry may not be very high; major industrialized nations such as France, the United Kingdom, and West Germany, already participate in this market. Better evidence should be available at the final stage of this proceeding, enabling a more precise causation analysis.

of imports from these three countries is significant throughout the period of investigation, and accounted for the vast majority of imports from 1983 through 1985. Imports of butt-weld pipe fittings from Brazil, Japan, and Taiwan rose from 35.7 million pounds in 1983 to 57.6 million pounds in 1984. Imports declined to 46.1 million pounds in 1985 but remained above 1983 levels. 42/ However, the statute does not require that imports be increasing in order to be a cause of injury to the domestic industry. Thus, we find the volume of imports to be significant particularly in light of the recent pattern in apparent consumption. 43/

Market penetration of butt-weld pipe fittings from these three countries was 48 percent in 1983, 61 percent in 1984, and 51 percent in 1985. 44/ Although market penetration declined from 1984 through 1985, the absolute percentages were significant and remain above 1983 levels. Thus, the imports subject to investigation continue to have a very significant presence in the market.

Producers and importers of carbon steel butt-weld fittings were asked to report their f.o.b. prices for their largest transaction per quarter for three

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42/ Report at A-21, Table 13.

43/ Evidence was introduced at the conference that rough forgings that have already been sized as part of the forging process may be improperly imported under a forgings classification--TSUSA item 606.7120 rather than under TSUS item 610.88, the provision governing semifinished and finished carbon steel butt-weld pipe fittings. Tr. at 37-39. The Customs Service currently is reviewing these classifications. Report at A-3 n.1. Should this matter return to the Commission for final investigations, we will want to thoroughly examine this matter.

44/ Id. at A-22-23, Table 14.

product sizes during the 1983-85 period. 45/ Elbow fittings were selected for the sample because they are the highest volume products of both the domestic industry and importers from the subject countries. 46/

The margins of underselling associated with the products for all three countries reveal that there was consistent underselling throughout the period of investigation. 47/ However, overall, prices for domestically produced butt-weld pipe fittings declined 23 percent to 29 percent over the three-year period of investigation while the prices of imports generally increased or declined slightly. 48/ Thus, the margins of underselling by the imported products narrowed over the period of investigation. This decline in the

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45/ Report at A-24.

46/ Some purchasers stated that they bought domestic fittings because this was necessary in order to assure high-quality fittings which could withstand high pressures. Report at A-30. One of these purchasers reported that in low pressure uses, it used low grade fittings from any source and bought primarily on the basis of price. Another purchaser has suggested that, overall, the market for pipe fittings for all end uses has become more price competitive due to a decline in power plant construction and the consequent decline in the need for high-quality pipe fittings.

47/ Vice Chairman Liebeler and Commissioner Brunsdale note that while two products can be substantially the same in physical quality, they may not be identical (i.e., homogeneous) in the marketplace. Purchasers may also consider a number of other possible factors, in addition to physical quality, that differentiate the product of one supplier from that of another. These factors include: offering guarantees regarding product quality (e.g., durability and pressure tolerances), making timely deliveries, and having adequate stocks of merchandise on hand. These points are directly relevant to the issue of underselling by sellers of foreign-made products. Commissioners Liebeler and Brunsdale feel this is an important matter in these investigations and plan to examine it closely in the final phase. For Vice Chairman Liebeler's views on the subject of underselling see her Additional Views in Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. Nos. 701-TA-258-260 and 731-TA-283-285 (Preliminary), USITC Pub. 1771 (1985). Also see Office of Economics memorandum EC-J-094.

48/ Id. at A-25.

margins of underselling may well be indicative of price suppression and will be reexamined in the event that these cases return for final investigations. 49/

We conclude that the rising volume of carbon steel butt-weld pipe fittings from Brazil, Japan, and Taiwan and the consistently high import penetration during most of the period of investigation, together with underselling and generally declining prices, establishes a reasonable indication of a causal connection between the material injury to the domestic industry and the alleged LTFV imports from Brazil, Japan, and Taiwan.

49/ Information was presented at the conference that Buy American provisions apply to this industry at least with respect to Department of Defense and Department of Energy purchases. Tr. at 32. It was also argued that local restrictions effectively limited the participation of imports in large segments of the market. This matter also will be reexamined in the event that these cases return for final investigations.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On February 24, 1986, the U.S. Butt-Weld Fittings Committee, 1/ an ad hoc organization consisting of three domestic producers of butt-weld pipe fittings, filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce. The petitions allege that an industry in the United States is materially injured or is threatened with material injury by reason of imports from Brazil, Japan, and Taiwan of semifinished and finished carbon steel butt-weld pipe and tube fittings under 14 inches inside diameter, provided for in item 610.88 of the Tariff Schedules of the United States (TSUS), which are being sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary antidumping investigations under the provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of such merchandise into the United States. As provided in section 733(a), the Commission must make its determinations within 45 days after the receipt of the petitions, or in these cases, by April 10, 1986.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of March 12, 1986 (51 F.R. 8568). 2/ The conference was held in Washington, DC, on March 20, 1986. 3/ The briefing and vote was held on April 3, 1986.

Other Investigations Concerning Butt-Weld Pipe Fittings

On June 28, 1985, the Commission instituted investigation No. 332-216, Competitive Assessment of the U.S. Forging Industry. The investigation is being conducted in response to a request from the United States Trade Representative (USTR) at the direction of the President, that the Commission conduct an investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), concerning the competitive position of the U.S. forging industry in domestic and world markets. Part of the investigation deals with pipe fittings and flanges.

On January 13, 1986, the Commission instituted investigations Nos. 731-TA-301 through 303 (Preliminary), entitled "Certain Butt-Weld Pipe Fittings from Brazil, Japan, and Taiwan." The petitions were limited to finished carbon steel butt-weld pipe and tube fittings under 14 inches inside diameter. On February 25, 1986, the Commission received notice from the U.S. Department of Commerce indicating that they were terminating the subject investigations at the request of the petitioner.

1/ The member companies are Ladish Co., Inc., Mills Iron Works, Inc., and Steel Forgings, Inc.

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

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

The Product

Description and uses

Butt-weld pipe and tube fittings (hereafter butt-weld pipe fittings) are forged steel products used to connect pipe sections where conditions require permanent, welded connections. The bevelled edges of butt-weld pipe fittings distinguish them from other types of pipe fittings, such as threaded, grooved, or bolted fittings, which rely on different types of fastening methods. When placed against the end of a bevelled pipe or another butt-weld fitting, butt-weld pipe fittings form a shallow channel that accommodates the "bead" of the weld that fastens the two adjoining pieces. Butt-weld fittings come in a variety of forms; however, the three most common forms include elbows, tees, and reducers. Elbows are two-outlet fittings having either a 45 degree or a 90 degree bend in the pipe, tees are T-shaped fittings having three outlets, and reducers are two-outlet fittings that connect pipes of two different diameters.

Butt-weld pipe fittings are used wherever a liquid or gas is used under pressure. The primary industries that use the fittings include construction, shipbuilding, energy generation, and oil refining.

The welded connections used in butt-weld pipe fittings provide a better seal than threaded, grooved, 1/ or bolted fittings that can give under pressure. In addition, installation and maintenance is easier and more cost effective than with other types of fittings.

Butt-weld pipe fittings are produced from various materials: carbon steel, alloy steel, and stainless steel. Only those butt-weld pipe fittings produced from carbon steel and under 14 inches inside diameter are covered by these investigations. Approximately 90 percent of shipments of all butt-weld pipe fittings under 14 inches inside diameter are of carbon steel.

Manufacturing process

The manufacture of butt-weld pipe fittings typically begins with seamless carbon steel pipe. 2/ When manufacturing an elbow, the pipe is first cut to length. The pipe is then lubricated internally and fastened onto a draw bench, where it is heated until soft and then pushed over a mandrel. A mandrel is a metal rod whose diameter equals that of the desired interior diameter of the fitting. As the hot pipe is pushed over the mandrel, it stretches so that its outer diameter increases and its walls become thinner. The desired degree of bend in the fitting is achieved at this stage as well. The manufacture of tees and reducers also starts with cut-to-length pipe; however, instead of being formed over a mandrel, they are pressed or hammered into a die to achieve the desired shape. The pipe may or may not be heated prior to forming.

At this stage of production the fitting is considered an "as formed" or rough forging. These forgings are provided for in TSUSA item 606.7120, and are not included in the scope of these investigations.

1/ Respondents allege that grooved fittings are replacing butt-weld fittings; see transcript of Conference held in connection with Invs. Nos. 731-TA-301 through 303 on Feb. 6, 1986, at p. 98.

2/ Some types of fittings, such as caps, begin with carbon steel plate.

After forging, the pipe often must undergo a "reforming" or "sizing" operation in which it is placed in a vertical press and subjected to great pressure, bending the pipe slightly to achieve "true" circularity of its cross section and precise outside diameter. 1/ This operation is necessary to ensure that the fitting will match the pipe to which it is to be welded.

The finishing steps involved in the production of butt-weld pipe fittings are shot blasting, machine bevelling, boring and tapering, grinding, die stamping, inspecting, and painting. Petitioners estimated in Invs. Nos. 731-TA-308 through 310 that these finishing steps add between 25 and 30 percent to the value of a semifinished fitting, whereas, the respondents estimate that 5 to 10 percent of the total value of the finished fitting is accounted for by the finishing steps. 2/

Shot blasting removes oxidation and mill scale from the rough forgings. Ends are bevelled to the specifications of the American National Standards Institute (ANSI) 3/, and inside diameters are bored and tapered to ANSI tolerances. The fittings are then ground to remove surface imperfections and stamped with an identification of each heat lot number, parent material, and size and wall thickness. Next, the fittings are inspected for flaws and defects, in addition to checking thickness, length dimensions, and inside and outside diameter tolerances per the specifications of the American Society of Testing Materials (ASTM) and ANSI. Finally, the fittings are painted with a protective coating. All butt-weld pipe fittings, whether imported or domestically produced, must meet ASTM and ANSI specifications.

Heat treatment, a manufacturing step not mentioned in the petition, is required for all fittings formed at temperatures under 1200 degrees fahrenheit or over 1800 degrees fahrenheit. This process relieves stress built up within the fitting during forming. 4/

Some manufacturers use semiautomated machinery that bevels, bores, tapers, and grinds in one operation. The manufacturing process may be continuous. That is, carbon steel pipe, a rough forging and/or a semifinished fitting may be converted into a finished fitting in one continuous operation rather than converting pipe into a rough forging and/or semifinished fitting, inventorying them, and subsequently finishing them in another operation.

Respondents maintain that some of the finishing steps listed in the petition are not performed on all butt-weld pipe fittings. 5/ For example, shot blasting need not be performed on fittings unless they have been exposed to the elements and have oxidized. In addition, respondents allege inspection is performed on rough forgings and semifinished fittings before they are

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1/ The U.S. Customs Service is currently reviewing whether rough forgings that have already been sized as part of the forging process are properly classified under TSUSA item 606.7120 or TSUS item 610.88.

2/ Flo-Bend, a domestic producer in support of the petition, agrees with the respondents' estimates (transcript at p. 57).

3/ The edges of rough forgings must first be squared before being used in some bevelling machines.

4/ For Customs purposes heat treatment constitutes further advancement and would result in the classification of an otherwise rough forging entering under TSUSA item 606.7120, as a fitting under TSUS item 610.88. Heat treatment does not change the physical appearance of a fitting.

5/ Transcript at pp 85-87.

shipped by the foreign producer and need not be repeated by a domestic manufacturer. Also, boring and tapering are allegedly only done on special, nonstock items accounting for less than 5 percent of all butt-weld pipe fittings.

* * * "integrated" U.S. producers start the manufacture of butt-weld fittings from pipe using the steps described above. * * * "converters" manufacture finished butt-weld pipe fittings strictly from purchases of rough forgings, and/or semifinished fittings after the rough forging has been advanced, but whose edges have not been bevelled. Also, * * * U.S. "combination" producers manufacture finished butt-weld pipe fittings from carbon steel pipe and from a rough forging and/or semifinished fitting.

U.S. tariff treatment

Prior to April 1984, semifinished and finished butt-weld pipe fittings entered under TSUS item 610.80 (TSUSA 610.8046); after that date such fittings entered under TSUS item 610.88.

As a result of the agreements reached during the Tokyo Round of the Multilateral Trade Negotiations (MTN), the current (effective Jan. 1, 1986) most-favored-nation (MFN) (col. 1) 1/ rate of duty for TSUS item 610.88 is 7 percent ad valorem. It will be further reduced to a rate 2/ of 6.2 percent ad valorem effective January 1, 1987. The column 2 rate of duty is 45 percent ad valorem. 3/ Imports under this tariff item have been designated as articles eligible for duty-free entry under the Generalized System of Preferences (GSP). 4/ Imports from Brazil are entitled to GSP treatment; those from Japan and Taiwan are not.

Rough forgings used in the manufacture of finished butt-weld pipe fittings enter under TSUSA item 606.7120. The following tabulation shows the tariff treatment for TSUS item 610.88 and TSUSA item 606.7120:

1/ The col. 1 rate is applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. However, these rates would not apply if preferential treatment is sought and granted to products of developing countries under the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the special rates of duty column.

2/ Final concession rate granted under the Tokyo Round of the MTN are a result of staged duty reductions of col. 1 rates that began Jan. 1, 1980.

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

4/ The GSP, enacted as title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. The GSP, implemented in Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until July 4, 1993.

TSUS or TSUSA item No.	Description (abridged)	Rate of duty			
		Col. 1		LDDC's	Col. 2
		Jan. 1, 1986	Jan. 1, 1987		
610.88	Butt-weld pipe fittings under 14 inches inside diameter.	7 % ad val.	6.2% ad val.	6.2% ad val.	45% ad val.
607.7120	Forgings other than alloy iron or steel, not machined, not tooled, and not otherwise processed after forging.	4.5% ad val.	4.2% ad val.	4.2% ad val.	25% ad val.

Nature and Extent of Alleged Sales at LTFV

Brazil—The petitioners were unable to obtain information regarding home-market prices in Brazil for finished butt-weld pipe fittings or prices at which finished butt-weld pipe fittings are sold in third countries. They, therefore, provided information regarding constructed value of the merchandise. In their analysis, the petitioners chose three common, high-volume, finished butt-weld pipe fittings believed to be representative of the market. These products are a 6-inch standard long radius 90 degree elbow, an 8-inch standard long radius 90 degree elbow, and a 10-inch standard long radius 45 degree elbow. Petitioners advised that they believe virtually all imports from Brazil are finished butt-weld pipe fittings. 1/ Using a comparison of constructed value and the unit value of imports under TSUS item 610.88, the petitioners allege dumping margins ranging from 50.0 percent to 54.5 percent for all finished butt-weld pipe fittings from Brazil.

Japan—The petitioners obtained information regarding Japanese market prices for all three known Japanese producers for three standard size elbows; a 6-inch standard long radius 90 degree elbow, an 8-inch standard long radius 90 degree elbow, and a 10-inch standard long radius 45 degree elbow. Petitioners submit that the average discount multiplier on sales to major distributors is 40 percent, and that the standard quantity discounts for "normal" sales quantities range from 42 to 50 percent. Depending on the level of discount used, petitioners allege that dumping margins for finished butt-weld pipe fittings from Japan, using foreign-market value, range from 18.2 to 40.6 percent for 6-inch standard 90 degree elbows, from 29.7 to 54.2 percent for 8-inch standard 90 degree elbows, and from 123.0 to 165.3 percent for 10-inch standard 45 degree elbows.

1/ Petition at 17.

Taiwan—The petitioners were unable to obtain information regarding home-market prices in Taiwan for finished butt-weld pipe fittings or prices at which finished butt-weld pipe fittings are sold in third countries. They, therefore, provided information regarding constructed value of the merchandise. In their analysis, the petitioners chose four common, high-volume, finished butt-weld pipe fittings believed to be representative of the market. These products are a 6-inch standard long radius 90 degree elbow, an 8-inch standard long radius 90 degree elbow, a 10-inch standard long radius 45 degree elbow, and an 8-inch by 4-inch standard concentric reducer. Using a comparison of constructed value the petitioners allege dumping margins of 71.1 percent for 6-inch standard 90 degree elbows, 82.2 percent for 8-inch standard 90 degree elbows, 108.1 percent for 10-inch standard 45 degree elbows, and 87.7 percent for 8-inch by 4-inch standard concentric reducers from Taiwan.

The Domestic Market

Apparent U.S. consumption

The bulk of U.S. consumption of semifinished butt-weld pipe fittings, all of which is used in the production of finished fittings, is accounted for by articles produced for captive consumption and by imports. * * *.

Apparent U.S. consumption of finished butt-weld pipe fittings increased 27 percent in 1984 to 95.2 million pounds, and then fell 5 percent to 90.3 million pounds in 1985.

Table 1.—Finished butt-weld pipe fittings: Apparent U.S. consumption, 1983-85

(In thousands of pounds)

Item	1983	1984	1985
Finished butt-weld pipe fittings:			
Domestic shipments	48,696	51,913	50,798
Imports	26,021	43,300	39,514
Total apparent consumption	74,717	95,213	90,312

Source: Shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, as adjusted in table 13.

Channels of distribution

* * *.

Finished butt-weld pipe fittings are sold almost exclusively to jobbers or distributors for eventual sale to the end user. Some finished fittings are sold to other U.S. producers that desire to complete their product line or to supplement their own production. Occasionally sales are made directly to the end user from the manufacturer. This occurs particularly in the construction of gas transmission lines and power plants.

U.S. Producers

The Commission identified 12 U.S producers of butt-weld pipe fittings. Questionnaire responses were received from 10 of these producers, 1/ as shown in the following tabulation:

Firm	Type of producer	Share of total 1985 production of finished butt-weld pipe fittings	Share of total 1985 production of finished butt-weld pipe fittings from pipe	Share of total 1985 production of finished butt-weld pipe fittings from purchased semifinished fittings
		Percent		
Petitioners:				
Ladish Co., Inc	***	***	***	***
Mills Iron Works, Inc	***	***	***	***
Steel Forgings, Inc	***	***	***	***
Subtotal		***	***	***
All other:				
Flo-Bend Inc	***	***	***	***
Hackney, Inc	***	***	***	***
ITT Grinnell	***	***	***	***
LABW Inc	***	***	***	***
Standard Fittings Co	***	***	***	***
Tube Forgings of America, Inc	***	***	***	***
Tube-Line Comp	***	***	***	***
Tube Turns, Inc	***	***	***	***
Weldbend Corp	***	***	***	***
Subtotal		***	***	***
Grand total		100	100	100

***.
***.
***.

All of these producers manufacture * * *.

Ladish Co.--This company is * * * and currently operates establishments producing butt-weld pipe fittings in Russellville, AK, and Cynthiana, KY. Ladish is * * *.

Mills Iron Works.--The only butt-weld pipe fittings produced in Mills' Gardena, CA, plant are reducers. * * *.

1/ Two of these producers, ITT Grinnell and Tube Forgings of America, ended production of butt-weld pipe fittings during 1985. * * *.

Steel Forgings.—Located in Shreveport, LA, this company produces finished butt-weld pipe fittings * * *. * * *.

Flo-Bend, Inc.—Flo-Bend a small domestic producer of the products subject to the investigations does not oppose the petition but feels it should also include sized rough forgings entering under TSUSA item 606.7120. 1/ * * *.

Hackney, Inc.—This Dallas based company is * * * producer of butt-weld pipe fittings. Hackney * * *. See letter from Hackney, Inc. in Appendix C.

Standard Fittings—This company located in Opelousas, LA, started production of carbon steel butt-weld pipe fittings in 1984. * * *.

Tube Forgings of America.—This producer, which closed its doors in December 1985, was located in Portland, OR. * * *.

Tube-Line Co.—* * *.

Tube Turns, Inc.—On December 15, 1983, this company was purchased by several affiliates of Sumitomo from ALCHEM, Inc. * * *.

Weldbend Corp.—This company located near Chicago, IL, * * *. * * *.

U.S. Importers

The Commission received questionnaire responses from 15 importers accounting for virtually all of the imports of butt-weld pipe fittings from Brazil, Japan, 2/ and Taiwan in 1985. * * *. * * *. Seven firms reported importing semifinished butt-weld pipe fittings. The source of these imports was Brazil, Japan, Taiwan, and other countries. Thirteen firms reported importing finished fittings. The principal sources of these imports were Brazil, Japan, and Taiwan.

1/ See letter to U.S. Department of Commerce dated Mar. 12, 1986, from Counsel for Flo-Bend (Docket No. 1288-1290).

2/ * * *.

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

U.S. production, capacity, and capacity utilization

Because * * * producers responding to questionnaires produce articles other than carbon steel butt-weld pipe fittings under 14 inches inside diameter, they estimated much of the trade data reported. Also, because of the time constraints imposed for responding to the questionnaires, and the difficulty encountered in compiling the data, some companies were unable to reconcile end-of-period inventories, production, and shipments.

Table 2 shows U.S. producers' production of finished butt-weld pipe fittings from 1983 through 1985. Production of finished butt-weld pipe fittings from purchased rough forgings * * *. Such production accounted for * * *. Production of finished butt-weld pipe fittings from semifinished fittings purchased from another producer and/or importer * * *. Such production accounted for * * *. Production of finished butt-weld pipe fittings from carbon steel pipe fell 24 percent from 1983 to 1984, and fell an additional 3 percent in 1985. Ladish and Tube Turns, two U.S producers of butt-weld pipe fittings, allege that they have had difficulties in obtaining seamless pipe used in the production of butt-weld pipe fittings from U.S. producers and foreign sources. 1/ They feel that this problem has been exacerbated by export restraint agreements between the United States and several countries including Japan. Total production of finished butt-weld pipe fittings increased 21 percent from 1983 to 1984, and then fell 9 percent in 1985.

* * *.

The Commission was able to confirm the plant closings or major production line shutdowns since 1982 identified in the petition. The 1982 closing of Taylor Forge * * *. A major production line shutdown identified in the petition at Ladish's Cudahy, WI, plant in 1984 also involved primarily butt-weld pipe fittings over 14 inches inside diameter. 2/ Ladish * * *. The 1985 closing of ITT Grinnell's Princeton, KY, plant and Tube Forgings' Portland, OR, plant were confirmed as being locations where butt-weld pipe fittings subject to these investigations were produced. ITT * * *. * * *. Questionnaire responses indicate that during the last year of its operations, Tube Forgings was * * *. This closing may, however, only be temporary, as it is alleged that Jay Zidell, the son of the former owner of Tube Forgings, has purchased the company's equipment and inventories from the bank and will reopen conversion facilities this spring. 3/

1/ See transcript at pp 67-68.
2/ * * *.
3/ Transcript at pp 112-113.

Table 2.--Butt-weld pipe fittings: U.S. production of finished butt-weld pipe fittings from rough forgings and semifinished fittings purchased from another producer and/or importer, and from carbon steel pipe, 1983-85

(In thousands of pounds)

Item	1983	1984	1985
Production of finished butt-weld pipe fittings from:			
Rough forgings purchased from another producer and/or importer	***	***	***
Semifinished fittings purchased from another producer and/or importer	***	***	***
Carbon steel pipe	27,564	20,895	20,256
Total	44,079	53,301	48,576

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

Table 3 shows U.S. producers' production, capacity, and capacity utilization data for 1983 through 1985. Overall capacity to produce butt-weld pipe fittings steadily increased from 1983 to 1985, increasing 6 percent between 1983 and 1984, and increasing another 3 percent in 1985. * * *.

Table 3.--Butt-weld pipe fittings: U.S. production, capacity, and capacity utilization of finished butt-weld pipe fittings, 1983-85

Item	1983	1984	1985
Production-1,000 pounds	44,079	53,301	48,576
Capacity-----do-----	88,789	94,334	97,553
Capacity utilization -----percent-	49.6	56.5	49.8

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

U.S. producers' shipments

Shipments of semifinished butt-weld pipe fittings, and finished butt-weld pipe fittings are presented in table 4. * * *.

Domestic shipments of finished butt-weld pipe fittings produced in U.S. establishments increased 7 percent from 1983 to 1984, and fell 2 percent in 1985.

Table 4.—Butt-weld pipe fittings: Shipments of U.S.-produced butt-weld pipe fittings, 1983-85

(In thousands of pounds)

Item	1983	1984	1985
Semifinished:			
Intracompany and intercompany transfers	***	***	***
Domestic shipments 1/	***	***	***
Export shipments	***	***	***
Total	***	***	***
Finished:			
Intracompany and intercompany transfers	***	***	***
Domestic shipments	48,696	51,913	50,798
Export shipments	***	***	***
Total	***	***	***

1/ * * *.

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

U.S. producers' inventories

* * *.

End-of-period inventories of finished butt-weld pipe fittings fell 20 percent from 1982 to 1983 and an additional 16 percent by yearend 1984. These inventories then increased 14 percent by yearend 1985, as shown in table 5.

Table 5.—Butt-weld pipe fittings: End-of-period inventories of U.S.-produced butt-weld pipe fittings, 1982-85 1/

(In thousands of pounds)

Item	1982	1983	1984	1985
Rough forgings	***	***	***	***
Semifinished butt-weld pipe fittings 2/	***	***	***	***
Finished butt-weld pipe fittings	35,694	28,588	24,150	27,486
Total	***	***	***	***

1/ * * *.

2/ These data may include work in progress as well as semifinished fittings intended for sale.

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

Employment

The average number of production and related workers employed in the production of butt-weld pipe fittings increased 1 percent from 1983 to 1984, and fell by 5 percent in 1985, as shown in table 6.

Table 6.—Butt-weld pipe fittings: Average number of production and related workers producing finished butt-weld pipe fittings, hours worked, 1/ and wages and total compensation 2/ paid to such employees, 1983-85

Item	1983	1984	1985
Average number of production and related workers	356	360	343
Hours worked by production and related workers—1,000 hours	316	411	381
Wages paid to production and related workers—1,000 dollars	3,179	4,057	3,759
Total compensation paid to production and related workers—1,000 dollars	4,475	5,524	5,082

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

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

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

Financial experience of U.S. producers

Five firms, accounting for 70 percent of 1985 production of finished butt-weld pipe fittings, 1/ furnished income-and-loss data on both their overall establishment operations and on their operations producing finished carbon steel butt-weld pipe fittings under 14 inches inside diameter. Three other producers provided income-and-loss data on their overall establishments, two 2/ of which did not provide product-line data. The third firm, * * *, did supply income-and-loss data on operations producing butt-weld pipe fittings; however, it allocated all manufacturing expenses on the basis of sales. One firm, * * *, furnished income-and-loss data on its operations producing butt-weld pipe fittings but was unable to provide overall establishment data. None of the firms were able to provide financial data on semifinished carbon steel butt-weld pipe fittings.

Overall establishment operations.--Aggregate income-and-loss data on overall establishment operations within which butt-weld pipe fittings are produced are presented in table 7. The aggregate data for the five producers that also furnished product-line data are presented separately from the other three producers' aggregation.

Aggregate net sales of the five producers increased from * * * in 1983 to * * * in 1984, representing a gain of 6 percent, then increased slightly to * * * in 1985. Aggregate sales of all eight producers increased from $106 million in 1983 to $113 million in 1984, or by 7 percent, then grew slightly to $116 million in 1985.

The five producers incurred aggregate operating losses of * * *, * * *, and * * * during 1983-85, respectively; the operating loss margins during the same period were * * *. The eight producers also suffered operating losses in all 3 years; their operating loss margins during 1983-85 were 6.1 percent, 9.5 percent, and 4.7 percent, respectively. Six of the eight firms reported operating losses in 1983, four firms had operating losses in 1984, and five had losses in 1985.

Operations producing finished carbon steel butt-weld pipe fittings under 14 inches inside diameter.--Aggregate income-and-loss data are presented in table 8. The aggregate data for the five producers that also furnished income-and-loss data on their overall establishment operations are presented separately from * * * data, which could not provide overall establishment data. * * * data are not included because all manufacturing expenses were allocated on the basis of sales, which is an unacceptable method of allocation. If * * * had been included, its 1985 sales of * * * would have accounted for only * * * percent of total 1985 sales of * * *.

Aggregate net sales of the five producers declined slightly but steadily during 1983-85, from * * * in 1983 to * * * in 1985, or by * * * percent in 2 years. Including * * *, sales increased slightly from $55.9 million in 1983 to $57.2 million in 1984, then fell to $54.0 million in 1985.

The five producers incurred aggregate operating losses during 1983-85 of * * *, respectively. Operating loss margins were * * * percent during 1983-85,

---

1/ * * *.
2/ * * *.

Table 7.—Income-and-loss experience of U.S. producers 1/ on the overall operations of their establishments within which butt-weld pipe fittings are produced, accounting years 1983-85

Item	1983 2/	1984 2/	1985
Net sales:			
5 producers—1,000 dollars	***	***	***
3 producers—do	***	***	***
Total—do	106,139	113,424	116,247
Cost of goods sold:			
5 producers—do	***	3/ ***	***
3 producers—do	***	***	***
Total—do	91,246	103,011	102,925
Gross profit:			
5 producers—do	***	***	***
3 producers—do	***	***	***
Total—do	14,893	10,413	13,322
General, selling, and administrative expenses:			
5 producers—do	***	***	***
3 producers—do	***	***	***
Total—do	21,322	21,202	18,758
Operating income or (loss):			
5 producers—do	***	***	***
3 producers—do	***	***	***
Total—do	(6,429)	(10,789)	(5,436)
Depreciation and amortization expense included above:			
4 producers 4/—do	***	***	***
3 producers—do	***	***	***
Total—do	5,089	4,705	5,302
Ratio to net sales:			
Cost of goods sold:			
5 producers—percent	***	***	***
3 producers—do	***	***	***
Total—do	86.0	90.8	88.5
Gross profit:			
5 producers—do	***	***	***
3 producers—do	***	***	***
Total—do	14.0	9.2	11.5
General, selling, and administrative expenses:			
5 producers—do	***	***	***
3 producers—do	***	***	***
Total—do	20.1	18.7	16.1
Operating income or (loss):			
5 producers—do	***	***	***
3 producers—do	***	***	5/ ***
Total—do	(6.1)	(9.5)	(4.7)
Number of firms reporting operating losses	6	4	5
Number of firms reporting	8	8	8

1/ The "5 producers" aggregation consists of data provided by the 5 producers that also provided income-and-loss data on their operation producing butt-weld pipe fittings. The aggregate data for the other "3 producers" consist of data from * * *.

2/ Adjusted to exclude data for product lines discontinued by * * *. In 1983, net sales, gross profit, and operating income of the discontinued products were * * *, * * *, and * * *, respectively. Sales, gross profit, and operating income of the discontinued lines in 1984 were * * *, * * *, and * * *, respectively.

3/ * * *.

4/ * * *.

5/ * * *.

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

Table 8.—Income-and-loss experience of U.S. producers 1/ on their operations producing finished carbon steel butt-weld pipe fittings under 14 inches inside diameter, by firm, accounting years 1983-85

Item	1983	1984	1985
Net sales:			
5 producers—1,000 dollars	***	***	***
* * *—do	***	***	***
Total—do	55,922	57,248	54,045
Cost of goods sold:			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	53,871	56,445	51,229
Gross profit or (loss):			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	2,051	803	2,816
General, selling, and administrative expenses:			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	9,428	8,783	7,368
Operating income or (loss):			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	(7,377)	(7,980)	(4,552)
Depreciation and amortization expense included above:			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	2,531	2,197	2,251
Ratio to net sales:			
Cost of goods sold:			
5 producers—percent	***	***	***
* * *—do	***	***	***
Total—do	96.3	98.6	94.8
Gross profit or (loss):			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	3.7	1.4	5.2
General, selling, and administrative expenses:			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	16.9	15.3	13.6
Operating income or (loss):			
5 producers—do	***	***	***
* * *—do	***	***	***
Total—do	(13.2)	(13.9)	(8.4)
Number of firms reporting operating losses	6	4	5
Number of firms reporting	6	6	6

1/ The "5 producers" aggregation consists of data provided by the 5 producers that also provided income-and-loss data on their overall establishment operations. * * *.

2/ * * *.

3/ * * *.

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

respectively. * * *. The aggregate operating loss margins for the six producers including * * * were 13.2 percent, 13.9 percent, and 8.4 percent during 1983-85, respectively. All six producers incurred operating losses in 1983, four of six reported losses in 1984, and five had operating losses in 1985.

Sales and operating income data by producer type (integrated, combination, and converter), and by individual firm are presented in table 9.

Table 9.--Selected financial data of U.S. producers on their operations producing finished carbon steel butt-weld pipe fittings under 14 inches inside diameter, by firm, accounting years 1983-85

Item	1983	1984	1985
Net sales:			
Integrated:			
* * * * *	*	*	
Combination: 1/			
* * * * *	*	*	
Converter:			
* * * * *	*	*	
Grand total	55,922	57,248	54,045
Operating income or (loss):			
Integrated:			
* * * * *	*	*	
Combination: 1/			
* * * * *	*	*	
Converter:			
* * * * *	*	*	
Grand total	(7,377)	(7,980)	(4,552)
Ratio of operating income or (loss) to net sales:			
Integrated:			
* * * * *	*	*	
Combination: 1/			
* * * * *	*	*	
Converter:			
* * * * *	*	*	
Grand total	(13.2)	(13.9)	(8.4)

1/ * * *.

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

The Question of the Threat of Material Injury

Consideration factors

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

The foreign industries

The Commission has requested quantitative data on production, capacity, capacity utilization, home-market shipments, export shipments, and end-of-period inventories of butt-weld pipe fittings from counsel for Brazil, Japan, and Taiwan. To date the Commission has only received partial data from * * *. These responses are presented in table 10.

* * * * * *

Table 10.—Butt-weld pipe fittings: Selected data for producers in Brazil and Taiwan, 1983-85

* * * * * * *

Source: Compiled from confidential information submitted in response to requests from staff of the U.S. International Trade Commission.

U.S. importers' inventories

U.S. importers responding to the Commission's questionnaire handle more than carbon steel butt-weld pipe fittings under 14 inches inside diameter and, therefore, estimated much of the trade data requested. Because of the time involved and difficulty encountered in compiling the data, many of the questionnaires were returned late and some importers were not able to reconcile end-of-period inventories, imports, and shipments.

* * *. As shown in table 11, * * *. Cumulated end-of-period inventories of finished butt-weld pipe fittings fell 53.6 percent from 1982 to 1983. In 1984 such inventories rose 62 percent to * * * pounds. By yearend 1985, cumulated inventories had risen 54 percent compared with those at end-of-period 1984.

End-of-period inventories of finished butt-weld pipe fittings from Brazil, Japan, and Taiwan fell 57.5 percent to 1.2 million pounds from yearend 1982 to yearend 1983. In 1984 such inventories rose 75.1 percent to 2.1 million pounds. By yearend 1985, inventories of finished butt-weld pipe fittings, from the three countries subject to the investigations, were 35.4 percent above the level of inventories at yearend 1984.

Table 11.—Butt-weld pipe fittings: End-of-period inventories of butt-weld pipe fittings imported from selected sources, 1982-85

(In thousands of pounds)

Item	1982	1983	1984	1985
Semifinished (TSUS item 610.88):				
Brazil	***	***	***	***
Japan	***	***	***	***
Taiwan	***	***	***	***
Subtotal	***	***	***	***
All other countries	***	***	***	***
Total	***	***	***	***
Finished (TSUS item 610.88):				
Brazil	***	***	***	***
Japan	***	***	***	***
Taiwan	***	***	***	***
Subtotal	2,864	1,217	2,131	2,885
All other countries	***	***	***	***
Total	***	***	***	***

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

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

U.S. imports

The petitioners note that finished as well as semifinished butt-weld pipe fittings are entering under TSUS item No. 610.88. Table 12 indicates the total quantity and value of merchandise entering under that item from the subject countries during 1983-85. Cumulated imports from the countries subject to these investigations account for 76.6 percent of the total quantity of U.S. imports of butt-weld pipe fittings in 1983, 76.6 percent in 1984, and 82.6 percent in 1985.

Table 13 presents data compiled from importers' responses to questionnaires of the U.S. International Trade Commission. It shows that U.S. importers and U.S. producers reported more imports of butt-weld pipe fittings than indicated in the official statistics of the U.S. Department of Commerce as presented in table 12. Questionnaire responses also show that in 1985 imports from Brazil, Japan, and Taiwan of semifinished butt-weld pipe fittings accounted for 4 percent, 47 percent, and 5 percent, respectively, of the total imports of semifinished and finished butt-weld pipe fittings.

Table 12.—Butt-weld pipe fittings: U.S. imports for consumption, 1/ by principal sources, 1983-85

Source	1983	1984	1985
	Quantity (1,000 pounds)		
Brazil	111	1,631	3,171
Japan	19,498	29,223	22,767
Taiwan	5,952	9,320	14,346
Subtotal	25,561	40,174	40,284
France	4,785	5,398	1,145
United Kingdom	1,175	3,609	1,905
West Germany	471	937	2,910
All other countries	1,371	2,319	2,523
Total	33,362	52,437	48,768
	Value (1,000 dollars)		
Brazil	30	630	1,385
Japan	10,158	14,398	13,822
Taiwan	3,281	4,635	7,442
Subtotal	13,469	19,663	22,649
France	1,691	2,160	544
United Kingdom	490	1,278	1,003
West Germany	311	479	1,356
All other countries	902	1,765	1,947
Total	16,862	25,346	27,498

1/ Imports under TSUSA item 610.8046 prior to April 1984, and TSUS item 610.88 thereafter.

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

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

Table 13.--Butt-weld pipe fittings: U.S. imports from selected sources, by type, 1983-85

(In thousands of pounds)

Item	1983	1984	1985
Rough forgings (TSUSA item 606.7120):			
Brazil	***	***	***
Japan	***	***	***
Taiwan	***	***	***
Subtotal	***	***	***
All other countries	***	***	***
Total	***	***	***
Semifinished (TSUS item 610.88):			
Brazil	***	***	***
Japan	***	***	***
Taiwan	***	***	***
Subtotal	13,730	23,531	14,471
All other countries 1/	3,744	3,065	593
Total	17,474	26,596	15,064
Finished (TSUS item 610.88):			
Brazil	***	***	***
Japan	***	2/ ***	3/ ***
Taiwan	***	***	***
Subtotal	21,964	34,102	31,623
All other countries 1/	4,057	9,198	7,891
Total	26,021	43,300	39,514
Total (Semifinished and finished)			
Brazil	***	***	***
Japan	***	***	***
Taiwan	***	***	***
Subtotal	35,694	57,633	46,094
All other countries 1/	7,801	12,263	8,484
Total	43,495	69,896	54,578

1/ Official import statistics of the U.S. Department of Commerce adjusted according to data submitted in response to questionnaires of the U.S. International Trade Commission.

2/ * * *.

3/ * * *.

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

Market penetration

* * *.

Since semifinished butt-weld pipe fittings account for 85 to 95 percent of the cost of producing finished butt-weld pipe fittings, 1/ table 14 presents import penetration data based on combined imports of finished and semifinished pipe fittings as a share of apparent U.S. consumption of finished butt-weld pipe fittings.

Apparent U.S. consumption of finished butt-weld pipe fittings increased 27 percent in 1984 to 95.2 million pounds, and then fell 5 percent to 90.3 million pounds in 1985. Imports of finished fittings from the three countries subject to the investigations accounted for 29 percent of total apparent U.S. consumption of finished butt-weld pipe fittings in 1983, 36 percent in 1984, and 35 percent in 1985.

Market penetration of butt-weld pipe fittings from Brazil was * * * percent in 1983, * * * percent in 1984, and * * * percent in 1985. Market penetration of butt-weld pipe fittings from Japan was * * * percent in 1983, * * * percent in 1984, and * * * percent in 1985. Market penetration of butt-weld pipe fittings from Taiwan was * * * percent in 1983, * * * percent in 1984, and * * * percent in 1985. Market penetration of butt-weld pipe fittings from these three countries was 48 percent in 1983, 61 percent in 1984, and 51 percent in 1985. Using official statistics of the U.S. Department of Commerce, as presented in table 12, market penetration of butt-weld pipe fittings from these three countries was 34 percent in 1983, 42 percent in 1984, and 45 percent in 1985.

1/ These percentages are based on statements for the record in these investigations. In Invs. Nos. 731-TA-301 through 303 petitioners alleged that this amount was 30 percent; no percentage was mentioned by petitioners in connection with these investigations.

Table 14.—Butt-weld pipe fittings: Apparent U.S. consumption, imports, and market penetration, 1983-85

Source	1983	1984	1985
Finished butt-weld pipe fittings:			
Total apparent consumption			
1,000 pounds	74,717	95,213	90,312
Semifinished and finished imports from:			
Brazil—do	***	***	***
Japan—do	***	***	***
Taiwan—do	***	***	***
Total—do	35,694	57,633	46,094
Market penetration by imports from:			
Brazil—percent	1/ ***	***	***
Japan—do	***	***	***
Taiwan—do	***	***	***
Total—do	48	61	51

1/ * * *.

Source: Compiled from data submitted in response to Questionnaires of the U.S. International Trade Commission as adjusted in table 13.

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

Prices

Prices of carbon steel butt-weld pipe fittings are determined in a market comprising producers, distributors, and end users. Producers typically sell their standardized products to distributors, but may sell directly to the end user if large quantities are required or if special user specifications must be met. Certain uses of pipe fittings, including gas and oil transmission and power plants, require fittings that can withstand great pressures, and hence, require high-quality pipe fittings that carry a premium price. Low-pressure end users of pipe fittings generally do not require pipe fittings of as high quality, and hence, tend to buy lower priced fittings. Thus, the end markets for pipe fittings are somewhat differentiated by the strength of fitting required.

Domestic producers of carbon steel butt-weld pipe fittings may use both U.S.-produced and imported carbon steel pipe in their production processes. * * * estimated that the domestic pipe it uses accounts for approximately 50 percent of the total cost of finished pipe fittings. 1/ Thus, the price of the pipe input will have a significant effect on the final cost of the fitting. Since the price of domestic and imported pipe has fallen notably since 1983, 2/ total cost of production of pipe fittings may have fallen for integrated domestic producers.

Producers and importers of carbon steel butt-weld pipe fittings were asked to report f.o.b. prices for their largest sale per quarter of semifinished and finished fittings for each of the following three sizes for the January 1983-December 1985 period:

Product 1—Carbon steel butt-weld, 4-inch nominal, 90° long radius, standard weight elbow pipe fitting.

Product 2—Carbon steel butt-weld, 6-inch nominal, 90° long radius, standard weight elbow pipe fitting.

Product 3—Carbon steel butt-weld, 8-inch nominal, 90° long radius, standard weight elbow pipe fitting.

Elbow pipe fittings were selected for the sample because they are the highest volume products of both the domestic industry and importers from the subject countries. Of those receiving questionnaires, * * * domestic manufacturers, accounting for 40 percent of 1985 production of finished fittings, responded with price data on finished fittings in a comparable format. 3/ No domestic producers reported prices for semifinished pipe fittings. Only one importer, accounting for * * * percent of 1985 imports of finished fittings from Brazil, provided prices for Brazilian finished fittings, and none for unfinished fittings from Brazil. Six importers of Japanese product, accounting for 59 percent of 1985 imports of finished fittings from that country, reported usable prices for finished fittings, and * * * reported prices for occasional sales of semifinished fittings from Japan. 4/ Five importers, representing 48 percent of 1985 imports of finished

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1/ * * *

2/ See transcript of Conference held in connection with Invs. Nos. 731-TA-301 through 303 on Feb. 6, 1986, at pp. 47 and 64.

3/ * * *.

4/ Since no domestic prices for semifinished fittings were reported, no price comparisons are possible. For this reason, the prices for semifinished fittings from Japan are not presented.

fittings from Taiwan, reported usable prices for finished pipe fittings only. F.o.b. weighted-average prices were calculated from this data.

Trends in prices.--Overall, prices for domestically produced butt-weld pipe fittings declined 23 percent to 29 percent over the 3 year period of investigation. Prices of products 2 and 3 produced in Brazil * * * between January-March 1983 and October-December 1985, and the price of product 1 * * *. As a result, although the Brazilian product * * * the U.S.-produced equivalent in each period, the margins of * * * during the period in question.

Prices of Japanese-produced pipe fittings rose for products 1 and 3, and declined for product 2 during the January-March 1983-October-December 1985 period. This movement, combined with falling U.S. prices, produced margins of underselling that declined markedly, especially during 1985.

Prices for Taiwan-produced pipe fittings changed but little during the 3 year period under consideration. Again, more rapidly falling U.S. prices caused the margin of underselling to decline between January-March 1983 and October-December 1985.

Domestic prices.--After an initial drop of 18.4 percent between January-March and July-September 1983, the price of product 1 increased 14.3 percent to reach $5.90 per piece in July-September 1984. It then declined throughout the remainder of the investigation period, falling 17.4 percent by October-December 1985. Overall, the price showed a net decline of 22.9 percent from January-March 1983 to October-December 1985.

The price of product 2 declined irregularly throughout the 3-year period. It fell rapidly, dropping 23.1 percent between October-December 1984 and October-December 1985, to reach a 3 year low of $13.03 per unit in October-December 1985.

The price of product 3 revealed a similar pattern to that of product 1. After a two-quarter decline from January-March to July-September 1983, the price rose over the next 15 months to reach $31.79 per piece in October-December 1984. It then reversed this trend and fell 24.7 percent during 1985. In net terms, the price of product 3 declined 27.0 percent between January-March 1983 and October-December 1985.

In sum, domestic prices for all finished pipe fittings sampled declined over the investigation period by 23 to 29 percent.

Brazilian prices.--Overall, the price of product 1 from Brazil * * * from January-March 1983 to October-December 1985. * * *.

The price of product 2 showed * * * during the period of investigation. Between January-March 1983 and October-December 1984 it * * *, registering a total * * * of * * * percent. From October-December 1984 through October-December 1985 the price * * *, ending * * * percent * * * in October-December 1985 than it had been 1 year earlier. Overall, the price showed a * * * percent * * * over the 3 year period.

The price of product 3 showed * * * during the investigation period, * * * percent, in net terms, between January-March 1983 and October-December 1985.

The Brazilian pipe fittings * * *.

Table 15.—Finished butt-weld pipe fittings: Weighted-average f.o.b. prices of U.S. producers and importers of products from Brazil and margins of underselling (overselling), by quarters, January 1983-December 1985

Product and period	Domestic price	Brazilian price 1/	Margin of underselling (overselling)
	—Dollars per unit—		—Percent—
Product 1			
1983:			
January-March	$6.32	$***	***
April-June	5.48	***	***
July-September	5.16	***	***
October-December	5.28	***	***
1984:			
January-March	5.36	***	***
April-June	5.83	***	***
July-September	5.90	***	***
October-December	5.89	***	
1985:			
January-March	5.79	***	***
April-June	5.12	***	***
July-September	4.84	***	***
October-December	4.87	***	***
Product 2			
1983:			
January-March	18.24	***	***
April-June	14.69	***	***
July-September	14.01	***	***
October-December	14.47	***	***
1984:			
January-March	17.43	***	***
April-June	16.06	***	***
July-September	15.99	***	***
October-December	16.94	***	***
1985:			
January-March	15.56	***	***
April-June	14.05	***	***
July-September	13.25	***	***
October-December	13.03	***	***
Product 3			
1983:			
January-March	32.82	***	***
April-June	28.40	***	***
July-September	25.75	***	***
October-December	26.86	***	***
1984:			
January-March	28.78	***	***
April-June	30.63	***	***
July-September	29.82	***	***
October-December	31.79	***	***
1985:			
January-March	27.82	***	***
April-June	26.98	***	***
July-September	24.73	***	***
October-December	23.94	***	***

1/ * * *.
2/ Not available.

Source: Compiled from data submitted in response to questionnaires of the

Japanese prices.--Although the price of product 1 increased in net terms 9.0 percent during the investigation period, its interim movements show increases from January-March 1983 through January-March 1985, followed by a slight decline during the remainder of 1985 (table 16).

The price of product 2 moved irregularly during the 3 year period surveyed and registered only a slight 1.9 percent decline from January-March 1983 to October-December 1985.

The price of product fell in net terms 11.1 percent, from $20.24 per unit in January-March 1983 to $18.00 per unit in April-June 1984, and then climbed irregularly during the remainder of the investigation period. Between April-June 1984 and October-December 1985 the price rose 34.2 percent, causing product 3's price to rise during the 3 year period by 19.4 percent.

Overall, prices for products 1 and 3 in finished form from Japan rose and the price of product 2 declined negligibly.

All three Japanese products undersold their domestic counterparts by significant margins during 1983 and 1984. In all cases, however, the margin of underselling declined substantially during 1985, as domestic prices fell faster than Japanese prices. For instance, the domestic price of product 1 fell 17.3 percent between October-December 1984 and October-December 1985, compared with a smaller 4.6 percent decline in the Japanese price during the same period. For product 2, the U.S. price fell 23.1 percent from October-December 1984 to October-December 1985, and the price of the Japanese product actually increased 6.9 percent during the same period. The domestic price of product 3 declined 24.7 percent, compared with a 5.0 percent decline in the Japanese price between October-December 1984 and October-December 1985. In fact, in October-December 1985, product 3 from Japan actually oversold the domestic product slightly.

Taiwan prices.--The prices of products 1 and 3 from Taiwan declined a slight * * * and * * *, respectively, from January-March 1983 to October-December 1985, and the price of product 2 from Taiwan showed a slight net increase of * * * during the same period.

The price of product 1 remained at * * * per unit for the first 9 months of 1983, and then declined to * * * per unit in October-December 1983 (table 17). During the next four quarters, the price rose irregularly to $4.54 per unit in October-December 1984. It then fell consistently throughout 1985, ending in October-December 1985, 8.9 percent below the level established four quarters earlier.

For product 2, the price dropped * * * percent from January-March 1983 to October-December of that year, and then reversed its trend. From October-December 1983 to January-March 1985 it rose 36.4 percent. The price then declined irregularly during the remaining three quarters of 1985.

The price of product 3 showed a similar pattern during the investigation period. From January-March 1983 to January-March 1984 it declined 13.6 percent. It rebounded strongly, however, in the last 9 months of 1984, rising 32 percent during that short period. The trend then reversed itself, and the price of product 3 fell 14.4 percent from October-December 1984 to October-December 1985.

Table 16.—Finished butt-weld pipe fittings: Weighted-average f.o.b. prices of U.S. producers and importers of products from Japan and margins of underselling (overselling), by quarters, January 1983-December 1985

Product and period	Domestic price	Japanese price	Margin of underselling (overselling)
	—Dollars per unit—		—Percent—
Product 1			
1983:			
January-March	$6.32	$4.35	31.2
April-June	5.48	4.38	20.1
July-September	5.16	3.57	30.8
October-December	5.28	4.26	19.3
1984:			
January-March	5.36	4.34	19.0
April-June	5.83	4.30	26.2
July-September	5.90	4.95	16.1
October-December	5.89	4.97	15.6
1985:			
January-March	5.79	5.13	11.4
April-June	5.12	4.95	3.3
July-September	4.84	4.52	6.6
October-December	4.87	4.74	2.7
Product 2			
1983:			
January-March	18.24	12.91	29.2
April-June	14.69	12.82	12.7
July-September	14.01	9.21	34.3
October-December	14.47	11.19	22.7
1984:			
January-March	17.43	12.63	27.5
April-June	16.06	12.48	22.3
July-September	15.99	13.04	18.4
October-December	16.94	11.84	30.1
1985:			
January-March	15.56	12.97	16.6
April-June	14.05	13.45	4.3
July-September	13.25	11.99	9.5
October-December	13.03	12.66	2.8
Product 3			
1983:			
January-March	32.82	20.24	38.3
April-June	28.40	19.48	31.4
July-September	25.75	14.61	43.3
October-December	26.86	16.63	38.1
1984:			
January-March	28.78	18.69	35.0
April-June	30.63	18.00	41.2
July-September	29.82	23.02	22.8
October-December	31.79	25.43	20.0
1985:			
January-March	27.82	23.92	14.0
April-June	26.98	25.16	6.7
July-September	24.73	24.66	0.3
October-December	23.94	24.17	(1.0)

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

Table 17.—Finished butt-weld pipe fittings: Weighted-average f.o.b. prices of U.S. producers and importers of products from Taiwan and margins of underselling (overselling), by quarters, January 1983-December 1985

Product and period	Domestic price	Taiwan price	Margin of underselling (overselling)
	—Dollars per unit—		—Percent—
Product 1			
1983:			
January-March	$6.32	$ *** 1/	***
April-June	5.48	*** 1/	***
July-September	5.16	*** 1/	***
October-December	5.28	*** 1/	***
1984:			
January-March	5.36	4.05	24.4
April-June	5.83	4.54	22.1
July-September	5.90	4.44	24.7
October-December	5.89	4.54	22.9
1985:			
January-March	5.79	4.47	22.8
April-June	5.12	4.39	14.2
July-September	4.84	4.24	12.4
October-December	4.87	4.07	16.4
Product 2			
1983:			
January-March	18.24	*** 1/	***
April-June	14.69	10.03	31.7
July-September	14.01	9.49	32.3
October-December	14.47	9.25	36.1
1984:			
January-March	17.43	10.01	42.6
April-June	16.06	10.63	33.8
July-September	15.99	11.03	31.0
October-December	16.94	10.45	38.3
1985:			
January-March	15.56	12.62	18.9
April-June	14.05	11.87	15.5
July-September	13.25	11.39	14.0
October-December	13.03	11.53	11.5
Product 3			
1983:			
January-March	32.82	*** 1/	***
April-June	28.40	19.24	32.2
July-September	25.75	*** 1/	***
October-December	26.86	*** 1/	***
1984:			
January-March	28.78	18.58	35.4
April-June	30.63	22.22	27.4
July-September	29.82	22.85	23.3
October-December	31.79	24.53	22.8
1985:			
January-March	27.82	22.41	19.4
April-June	26.98	23.20	14.0
July-September	24.73	21.53	12.9
October-December	23.94	20.99	12.3

1/ Only 1 observation reported.

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

The margins of underselling associated with products from Taiwan reveal that although the Taiwan product always undersold the U.S. product, the margin of underselling declined during the investigation period. For product 1, the margin fell to less than one-half its January-March 1983 level; for product 2, it fell to less than one-third its initial level; and for product 3, it dropped to nearly a third its January-March 1983 level.

* * *.

* * *.

Purchasers' views

The staff contacted 10 different purchasers of carbon steel butt-weld pipe fittings by telephone in lieu of investigating lost sales and lost revenue allegations. 1/ These purchasers comprised distributors, pipe fabricators, and end users which purchase fittings directly from the manufacturers. 2/ Seven of the ten are distributors, and four of these stock only domestically produced pipe fittings. Three of these four indicated that they would purchase imported fittings only if an end user requested them and that they would not keep any imports in inventory. Only one distributor reported intermingling inventories of all pipe fittings from all sources; the others reported keeping all fittings from different sources separate and distinct in inventory.

At the distributor level, most fittings are sold to end users through the fulfillment of contracts for the material. For instance, a construction project will award a contract for pipe fittings to a distributor. The contract often will specify whether the fittings must be of domestic origin, or may stipulate specific approved sources (domestic and/or foreign producers) for the fittings. Distributors are then bound by the terms of the contract. A few purchasers indicated that recently contractors seem to be placing fewer restrictions on the origin of pipe fittings.

Both * * * contacted, as well as the * * * company, confirmed that they deal primarily or exclusively with domestic fittings. All three indicated that this was necessary for assurance of high-quality fittings that can withstand high pressures. The * * * company reported that in low-pressure uses they seek low-grade fittings from any source, and buy primarily on the basis of price. Both * * * reported that they perceive much more price competition in markets for pipe fittings not destined for the * * * industry. One * * * suggested that, overall, the market for pipe fittings for all end uses had become more price competitive because of the decline in * * * construction, and the consequent decline in the need for high-quality pipe fittings. Another distributor attributed the increased price competitiveness in the marketplace to the strong U.S. dollar.

Most purchasers familiar with imports indicated that the Japanese product was equivalent to domestic product, in terms of quality, and two distributors

---

1/ The domestic producers made no allegations of lost sales or lost revenues due to the fact that distributors do not inform domestic producers that sales have been lost. See transcript of Conference held in connection with Invs. Nos. 731-TA-301 through 303 on Feb. 6, 1986, at p. 35.

2/ * * *.

reported knowing of Japanese producers that had been approved as sources for pipe fittings by one of its customers in the gas transmission industry. * * * of the purchasers contacted reported being familiar with Brazilian products, but that they bought little of it. * * * cited delivery delays as being a particular problem with * * * products. * * * that deals strictly in domestic product commented that it believed U.S. end users would not purchase foreign product if the country of origin (of the rough) were stamped on the fitting.

* * * distributors of domestic and imported pipe fittings filed claims with the Commission that they had not made sales because of lower prices quoted by * * *. The staff contacted a number of the purchasers involved, and * * * purchasers confirmed having bought * * * product. A number of others could not be reached or were unwilling to comment over the telephone. * * * of the firms reached stated that * * * was the lowest price domestic source of pipe fittings, but that imports, if imported directly and purchased in sufficient volumes would still be cheaper than * * * product. * * * indicated that in order to get * * * best price, the purchaser would have to buy no less than $12,000 worth of merchandise. 1/

Transportation costs

All the purchasers contacted reported buying pipe fittings from producers that absorb freight. For this reason, it is difficult for them to estimate the proportion of the price accounted for by transport costs. Two purchasers estimated that freight costs amounted to no more than 5 percent of the price of pipe fittings for typical large purchases.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during the period January 1983 through December 1985 the nominal value of the Brazilian cruzeiro and the New Taiwan dollar depreciated relative to the U.S dollar by 96.3 percent and 0.7 percent, respectively, and the Japanese yen appreciated relative to the U.S. dollar by 13.9 percent. (table 18). 2/ The level of inflation in Japan was slightly lower than in the United States during the 11-quarter period, whereas the inflation level in Taiwan was approximately the same as in the United States. Therefore, changes in the real value of the Japanese yen and New Taiwan dollar were not significantly different from changes in the nominal values. In contrast, the very high levels of inflation in Brazil during the same period resulted in the very slight appreciation of the cruzeiro in real terms by 0.7 percent relative to the U.S. dollar—significantly less than the apparent depreciation of 96.3 percent represented by the nominal devaluation.

1/ * * *.

2/ International Financial Statistics, January 1986, except as stated.

Table 18.--Exchange rates 1/: Nominal-exchange-rate equivalents of selected currencies in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in selected countries, 2/ indexed by quarters, January 1983-September 1985

Period	U.S. Producer Price Index	Brazil			Japan			Taiwan		
		Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			US$ per NCr$			US$ per Y			US$ per NT$	
1983:										
Jan.-Mar--	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June-	100.3	132.2	68.7	90.4	99.0	99.2	98.0	100.7	99.7	100.1
July-Sept-	101.2	189.4	51.2	95.7	99.2	97.1	95.2	101.0	99.4	99.2
Oct.-Dec--	101.8	266.9	37.8	98.8	98.6	100.6	97.4	101.1	99.3	98.6
1984:										
Jan.-Mar--	102.9	351.9	28.6	97.9	98.7	102.1	97.9	101.4	99.4	98.0
Apr.-June-	103.5	467.4	21.7	97.3	98.6	102.6	97.8	102.0	100.4	98.9
July-Sept-	103.3	623.7	16.1	98.4	99.4	96.8	93.2	101.4	101.9	99.9
Oct.-Dec--	103.1	871.6	12.0	101.1	99.1	95.9	92.1	100.8	101.4	99.2
1985:										
Jan.-Mar--	102.9	1201.3	8.8	101.4	99.5	91.5	88.5	99.9	101.6	98.6
Apr.-June-	103.0	1536.3	6.5	93.2	98.8	94.0	90.2	99.1	100.3	96.5
July-Sept-	102.2	2017.8	4.6	94.8	97.7	98.7	94.3	98.2	99.4	95.5
Oct.-Dec.-	102.9	2857.8	3.7	100.7	95.5	113.9	105.6	4/98.1	99.3	4/ 94.7

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/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured here by the Producer Price Index in the United States and the respective foreign country. Producer prices in the United States increased 2.9 percent during the period January 1983 through December 1985, whereas producer prices in Taiwan increased 2.0 percent during January 1983-June 1984 and then fell 3.9 percent during July 1984-September 1985. Producer prices in Brazil increased 2,757.8 percent during January 1983-September 1985 compared with a 4.5-percent decrease in Japanese prices for the same period.

4/ Derived from Taiwan producer price data for October 1985 only.

Source: Central Bank of China, Financial Statistics, October 1985; International Monetary Fund, International Financial Statistics, January 1986.

Note.--January-March 1983=100.0.

APPENDIX A

THE FEDERAL REGISTER NOTICES

[Investigations Nos. 731-TA-308 Through 310 (Preliminary)]

Certain Butt-Weld Pipe Fittings From Brazil, Japan, and Taiwan

AGENCY: International Trade Commission

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations No. 731-TA-308 through 310 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil, Japan, and Taiwan of carbon steel butt-weld pipe and tube fittings, under 14 inches (inside diameter), provided for in item 610.88 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in these cases by April 10, 1986.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: February 24, 1986.

FOR FURTHER INFORMATION CONTACT: Brian Walters (202-523-0104), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to petitions filed on February 24, 1986, by the U.S. Butt-Weld Fittings Committee.

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

Service list. Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to 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.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 10:00 a.m. on March 20, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Brian Walters (202-523-0104) not later than March 17, 1986, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions.—Any person may submit to the Commission on or before March 24, 1986, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary of the Commission in accordance with section 201.8 of the rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 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 § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: March 3, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-5408 Filed 3-11-86; 8:45 am]

BILLING CODE 7020-02-M

[A-351-602]

Certain Carbon Steel Butt-Weld Pipe Fittings From Brazil; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether certain carbon steel butt-weld pipe fittings from Brazil are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before April 10, 1986, and we will make ours on or before August 4, 1986.

EFFECTIVE DATE: March 24, 1986.

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

SUPPLEMENTARY INFORMATION:

The Petition

On February 24, 1986, we received a petition in proper form filed by the U.S. Butt-Weld Fittings Committee, in compliance with filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36). The petition alleged that imports of the subject merchandise from Brazil are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

Initiation of Investigation

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

We examined the petition on certain carbon steel butt-weld pipe fittings from Brazil and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether certain carbon steel butt-weld fittings are being, or are likely to be, sold in the United States at less than fair value.

Scope of Investigation

The products covered by this investigation are carbon steel butt-weld type pipe fittings, other than couplings, under 14 inches in inside diameter, whether finished or unfinished, as currently provided for under item 610.8800 of the *Tariff Schedules of the United States, Annotated, (TSUSA).*

United States Price and Foreign Market Value

Petitioner was unable to obtain price information from price quotes or sale offers. Consequently, petitioner based United States price on the customs value for butt-weld pipe fittings under 14 inches in diameter imported from Brazil during the period January through October 1985. Petitioner made no adjustment for foreign inland freight.

Petitioner was unable to obtain home market or third country data. Consequently, petitioner calculated a constructed foreign market value. As petitioner was unable to obtain Brazilian cost data for the appropriate sizes of seamless pipe, petitioner averaged the unit prices for the average imported Brazilian seamless pipe. Production factors were averaged as well, and were based on three high-volume common finished fittings representative of the market. Two average constructed values were calculated due to the uncertainty of the applicable tariff category.

Petitioner used U.S. production and packing costs for the three representative products.

Adjustments were made for known differences in corresponding Brazilian costs, as well as for the statutory minimums for general expenses and profits.

Based on the comparison of United States price and the constructed foreign market value, petitioner alleges average dumping margins ranging from 50.0 to 54.5 percent.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by April 10, 1986, whether there is a reasonable indication that imports of certain finished carbon steel butt-weld pipe fittings from Brazil are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise,

it will proceed according to the statutory procedures.

March 17, 1986.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 86-6320 Filed 3-21-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-588-602]

Certain Carbon Steel Butt-Weld Pipe Fittings From Japan: Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain carbon steel butt-weld pipe fittings from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before April 10, 1986, and we will make ours on or before August 4, 1986.

EFFECTIVE DATE: March 24, 1986.

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

SUPPLEMENTARY INFORMATION:

The Petition

On February 24, 1986, we received a petition in proper form filed by the U.S. Butt-Weld Fittings Committee. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

Initiation of Investigation

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

We examined the petition on certain carbon steel butt-weld pipe fittings from Japan and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating and antidumping duty investigation to determine whether certain carbon steel butt-weld fittings from Japan are being, or are likley to be, sold in the United States at less than fair value.

Scope of Investigation

The products covered by this investigation are carbon steel butt-weld type pipe fittings, other than couplings under 14 inches in inside diameter, whether finished or unfinished, as currently provided for under item 610.8600 of the *Tariff Schedules of the United States, Annotated, (TSUSA)*.

United States Price and Foreign Market Value

Petitioners based United States price on price quotes stated to be discounts offered off domestic list prices in the United States. Petitioner then made deductions from the net price for U.S inland freight, broker fees, customs duties, ocean freight and insurance. Petitioners based foreign market value on home market price lists for all three known Japanese manufacturers. Based on the comparison of United States price and foreign market value, petitioner alleges average dumping margins ranging from 18.2 to 165.3 percent.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by April 10, 1986, whether there is a reasonable indication that imports of certain finished carbon steel butt-weld pipe fittings from Japan are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration

March 17, 1986.

[FR Doc. 86-6321 Filed 3-21-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-583-602]

Certain Carbon Steel Butt-Weld Pipe Fittings from Taiwan: Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Department of Commerce

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain carbon steel butt-weld pipe fittings from Taiwan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before April 10, 1986, and we will make ours on or before August 4, 1986.

EFFECTIVE DATE: March 24, 1986

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

SUPPLEMENTARY INFORMATION:

The Petition

On February 24, 1986, the U.S. Butt-Weld Fittings Committee filed a petition in compliance with filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36). The petition alleged that imports of the subject merchandise from Taiwan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten

material injury, to a United States industry.

Initiation of Investigation

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

We examined the petition on certain carbon steel butt-weld pipe fittings from Taiwan and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether certain carbon steel butt-weld fittings from Taiwan are being, or are likely to be, sold in the United States at less than fair value.

Scope of Investigation

The products covered by this investigation are carbon steel butt-weld type pipe fittings, other than couplings, under 14 inches in inside diameter, whether finished or unfinished, as currently provided for under item 610.6800 of the *Tariff Schedules of the United States, Annotated, (TSUSA).*

United States Price and Foreign Market Value

Petitioner based United States price on a C.I.F. price list, from a Taiwanese manufacturer. Petitioner assumed that these prices did not include the applicable customs duty on butt-weld pipe fittings from Taiwan. Petitioner estimated Taiwanese inland freight, ocean freight and insurance.

Petitioner was unable to obtain home market or third country data. Consequently, petitioner calculated a constructed foreign market value. Petitioner constructed a value for each of four representative fittings. The cost of materials and fabrication were calculated based on a U.S. producer's cost of production factors with some adjustments to reflect Taiwanese prices for those factors. Such factors included the cost of seamless steel pipe, electricity, direct labor, supervisory labor, fringe benefits, depreciation, storage, repairs and supplies. Petitioner added the statutory minimums of ten percent of the costs for general expenses and eight percent of the costs and general expenses for profit. Packing costs were added and were based on the actual expenses incurred by a U.S. producer. Based on the comparison of United States price and foreign market value, petitioner alleges average dumping margins ranging from 71.1 to 108.1 percent.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by April 10, 1986, whether there is a reasonable indication that imports of certain finished carbon steel butt-weld pipe fittings from Taiwan are causing material injury, or threaten material injury, to a Unitd States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

March 17, 1986.

[FR Doc. 86-6322 Filed 3-21-86; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-308 through 310 (Preliminary)

BUTT-WELD PIPE FITTINGS
FROM BRAZIL, JAPAN, AND TAIWAN

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on March 20, 1986, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the imposition of antidumping duties

Rose, Schmidt, Chapman, Duff, & Hasley--Counsel
Washington, DC
on behalf of--

U.S. Butt-Weld Fittings Committee

Ladish Company, Inc.
Richard B. Steele, Director of Marketing, Industrial Products
Wayne Larsen, Corporate Counsel

Peter Buck Feller)
Lawrence J. Bogard) --OF COUNSEL

Arent, Fox, Kinter, Plotkin & Kahn--Counsel
Washington, DC
on behalf of--

Flo-Bend, Inc.

Joseph E. Sandler)
Margaret Roggensack) --OF COUNSEL

CALENDAR OF PUBLIC CONFERENCE--Continued

In opposition to the imposition of antidumping duties

Butler & Binion--Counsel
Washington, DC
on behalf of--

Tube Turns, Inc.
John M. Kramer, President

Dan Webster --OF COUNSEL

Grunfeld, Desiderio, Lebowitz, & Silverman
Washington, DC
on behalf of--

Conforja S.A. (Conexoes De Aco)

Pro-Fit Piping Components, Inc.
Silbo Steel Corporation
TSI Industries, Inc.
Jeffrey Boyko, President

Bruce M. Mitchell)
Philip S. Gallas) --OF COUNSEL

CCTF, Inc.
Seattle, WA

Mark Beach, Marketing Manager

Bregman, Abell, Kay, & Simon--Counsel
Washington, DC
on behalf of--

Taiwan Butt-Weld Pipefittings Committee

David Simon --OF COUNSEL

APPENDIX C

LETTER FROM HACKNEY, INC.

* * * * * * *

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D C 20436

OFFICIAL BUSINESS

ADDRESS CORRECTION REQUESTED

Postage And Fees Paid
U.S. International Trade Commission

ITC-653

ADDRESS CHANGE
☐ Remove from List
☐ Change as Shown
Please detach address label and mail to address shown above.

BROOM CORN BROOMS: U.S. PRODUCERS' SHIPMENTS, IMPORTS FOR CONSUMPTION, EXPORTS, AND APPARENT CONSUMPTION, CALENDAR YEAR 1985

Report to the President on Investigation No. 332-97 Under Section 332 of the Tariff Act of 1930

USITC PUBLICATION 1835

APRIL 1986

United States International Trade Commission / Washington, DC 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Paula Stern, Chairwoman
Susan W. Liebeler, Vice Chairman
Alfred E. Eckes
Seeley G. Lodwick
David B. Rohr
Anne E. Brunsdale

This report was prepared principally by

Rhett Leverett, International Trade Analyst
Janice Wayne, Statistical Assistant

General Manufactures Division

Office of Industries
Erland Heginbotham, Director

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

REPORT TO THE PRESIDENT

U.S. International Trade Commission
April 16, 1986

To the President:

In accordance with Executive Order No. 11377 of October 23, 1967 (copy attached), to assist the President in the exercise of his authority under headnote 3 to schedule 7, part 8, subpart A, of the Tariff Schedules of the United States (TSUS) (79 Stat. 948; 19 U.S.C. 1202), the U.S. International Trade Commission herein reports its judgment as to the estimated domestic consumption of broom corn brooms for 1985 and the basis for that estimate. For convenience, the Commission also reports corresponding data for 1983 and 1984.

Estimated consumption of broom corn brooms

In the judgment of the Commission, consumption of brooms wholly or in part of broom corn in 1983-85 was as shown in the table below:

Brooms wholly or in part of broom corn: U.S. consumption, 1983-85

(In dozens)

Type of broom	1983 1/	1984 2/	1985
Whiskbrooms of a kind provided for in TSUS items 750.26 to 750.28, inclusive	278,325	217,839	226,263
Other brooms of a kind provided for in TSUS items 750.29 to 750.31, inclusive	1,539,245	1,557,370	1,735,686
Total	1,817,570	1,775,209	1,961,949

1/ As reported to the President on April 16, 1984.
2/ As reported to the President on April 15, 1985.

Source: Compiled from data supplied by U.S. producers and the U.S. Customs Service.

Aggregate apparent consumption of broom corn brooms amounted to 2.0 million dozen in 1985, 11 percent higher than in 1984. Consumption of whiskbrooms of broom corn, which accounted for 12 percent of total consumption in 1985, was up 4 percent from 1984, while consumption of other brooms of broom corn, 88 percent of total consumption in 1985, increased by 11 percent.

Basis for the Commission's judgment with respect to broom corn brooms

The Commission estimated consumption of broom corn brooms in 1985 by the same methods it used to estimate consumption in its previous reports pursuant to Executive Order No. 11377. Apparent annual consumption was determined by adding the quantity of shipments by domestic producers to the quantity of imports and then subtracting the quantity of exports. Data on imports were obtained from the U.S. Customs Service; data on shipments and exports were estimated from responses to questionnaires sent to all known domestic producers of broom corn brooms.

The data for each of the components used in the computation of apparent annual consumption of broom corn brooms were as shown in the following table.

Whiskbrooms provided for in TSUS items 750.26 to 750.28, inclusive, and other brooms provided for in TSUS items 750.29 to 750.31, inclusive: U.S. producers' shipments, imports, exports, and apparent consumption, 1983-85

(In dozens)

Item	1983 1/	1984 2/	1985
	Whiskbrooms provided for in TSUS items 750.26 to 750.28, inclusive		
U.S. producers' shipments	208,458	134,090	146,276
Imports	70,076	83,918	80,669
Exports	209	169	682
Apparent consumption	278,325	217,839	226,263
	Other brooms provided for in TSUS items 750.29 to 750.31, inclusive		
U.S. producers' shipments	1,370,832	1,477,540	1,629,100
Imports	170,092	82,170	111,011
Exports	1,679	2,340	4,425
Apparent consumption	1,539,245	1,557,370	1,735,686
	Total for all brooms provided for in TSUS items 750.26 to 750.31, inclusive		
U.S. producers' shipments	1,579,290	1,611,630	1,775,376
Imports	240,168	166,088	191,680
Exports	1,888	2,509	5,107
Apparent consumption	1,817,570	1,775,209	1,961,949

1/ As reported to the President on April 16, 1984.
2/ As reported to the President on April 15, 1985.

Source: Compiled from data supplied by U.S. producers and the U.S. Customs Service.

U.S. producers' shipments.--Total U.S. producers' shipments of broom corn brooms, including whiskbrooms, amounted to 1.8 million dozen in 1985, 10 percent greater than in 1984. Shipments of whiskbrooms of broom corn, which were 8 percent of total shipments in 1985, increased by 9 percent from the 1984 level, while shipments of other brooms of broom corn, 92 percent of the 1985 total, increased by 10 percent from the previous year.

Imports.--U.S. imports of broom corn brooms totaled 192,000 dozen in 1985, 15 percent higher than in 1984. Imports of whiskbrooms of broom corn in 1985 decreased by 4 percent from the 1984 level to 80,669 dozen, whereas imports of other brooms of broom corn increased to 111,000 dozen in 1985, or by 35 percent. Hungary, which supplied virtually all the imports of whiskbrooms of broom corn, and Mexico, which supplied the bulk of imports of other brooms of broom corn, have traditionally been the most important sources of U.S. imports.

The ratio of imports to consumption for all brooms of broom corn was 10 percent in 1985, up from 9 percent in 1984. The ratio of imports to consumption for whiskbrooms of broom corn in 1985 was 36 percent, down from 39 percent in 1984, while that for other brooms of broom corn in 1985 was 6 percent, up slightly from 5 percent the preceding year.

Exports.--U.S. exports of broom corn brooms totaled 5,107 dozen in 1985, more than double that for the previous year. Exports of whiskbrooms of broom corn increased from 169 dozen to 682 dozen in 1985 and those for other brooms of broom corn increased from 2,340 dozen to 4,425 dozen from 1984-85. Exports for all categories of broom corn brooms represented less than 1 percent of U.S. producers' shipments in 1985.

FOR IMMEDIATE RELEASE OCTOBER 23, 1967

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THE WHITE HOUSE 1967 OCT 24 AM 9 07

EXECUTIVE ORDER 11377

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PROVIDING FOR TARIFF COMMISSION REPORTS REGARDING THE ESTIMATED CONSUMPTION OF CERTAIN BROOMS

By virtue of the authority vested in me by the Constitution and the statutes, including section 332 of the Tariff Act of 1930 (19 U.S.C. 1332), it is hereby ordered as follows:

1. In order to assist the President in the exercise of his authority under headnote 3 to schedule 7, part 8, subpart A, of the Tariff Schedules of the United States (79 Stat. 948; 19 U.S.C. 1202), the United States Tariff Commission shall keep under review developments with regard to whiskbrooms of a kind provided for in items 750.26 to 750.28, inclusive, of the tariff schedules, and other brooms of a kind provided for in items 750.29 to 750.31, inclusive, of such schedules, and shall annually report to the President, as early as practicable in each calendar year, its judgment as to the estimated annual consumption of each such kind of brooms during the immediately preceding calendar year, together with the basis therefor. The first report by the Commission under this paragraph shall contain estimates for the calendar year 1967, and also similar estimates for the calendar year 1965, together with the basis therefor.

2. At the time of its report of the estimates under paragraph 1 of this order for 1968, and biennially thereafter, in addition to the matters described in paragraph 1, the Commission shall report to the President available information as to the production of and trade in other types of brooms which it considers to be competitive with those identified in paragraph 1 and, if practicable, estimates as to the annual consumption of such other brooms.

/s/ Lyndon B. Johnson

THE WHITE HOUSE,
October 23, 1967

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

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