

**CERTAIN CIRCULAR, WELDED,  
NON-ALLOY STEEL PIPES AND  
TUBES FROM BRAZIL, THE  
REPUBLIC OF KOREA,  
MEXICO, ROMANIA, TAIWAN,  
AND VENEZUELA**

Determinations of the Commission  
in Investigations Nos. 731-TA-532  
through 537 (Final) Under the  
Tariff Act of 1930, Together  
With the Information Obtained  
in the Investigations

**USITC PUBLICATION 2564**

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United States International Trade Commission  
Washington, DC 20436

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---

**Robert Rogowsky**  
**Director of Operations**

---

*Staff assigned:*

**Douglas Corkran, Investigator**  
**Peg MacKnight, Commodity-Industry Analyst**  
**Cindy Cohen, Economist**  
**Jerald Tepper, Accountant/Auditor**  
**Katherine Jones, Attorney**  
**George Deyman, Supervisory Investigator**

**Address all communications to**  
**Secretary to the Commission**  
**United States International Trade Commission**  
**Washington, DC 20436**

## Table of Contents

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CONTENTS

Page

|  |      |
|--|------|
| Determinations and views of the Commission-----  | 1    |
| Determinations-----  | 3    |
| Views of the Commission-----   | 5    |
| Information obtained in the investigations-----  | I-1  |
| Introduction-----  | I-3  |
| Institution-----   | I-3  |
| Background-----  | I-4  |
| Previous Commission investigations concerning circular, welded,<br>non-alloy steel pipes and tubes-----                        | I-5  |
| The products-----  | I-6  |
| Description and uses-----  | I-6  |
| Types of pipes and tubes-----  | I-6  |
| Subject products-----  | I-7  |
| Manufacturing processes-----   | I-9  |
| Substitute products-----   | I-12 |
| Other pipe and tube products-----  | I-12 |
| U.S. tariff treatment-----   | I-16 |
| The nature and extent of subsidies and sales at LTFV-----  | I-16 |
| Subsidies-----   | I-16 |
| Brazil-----  | I-16 |
| Venezuela-----   | I-17 |
| Sales at LTFV-----   | I-17 |
| Brazil-----  | I-17 |
| Korea-----   | I-17 |
| Mexico-----  | I-18 |
| Romania-----   | I-18 |
| Taiwan-----  | I-18 |
| Venezuela-----   | I-18 |
| The domestic market-----   | I-19 |
| Apparent U.S. consumption-----   | I-19 |
| U.S. producers-----  | I-20 |
| U.S. importers-----  | I-23 |
| Channels of distribution-----  | I-23 |
| Consideration of alleged material injury to an industry in the   |      |
| United States-----   | I-23 |
| U.S. capacity, production, and capacity utilization-----   | I-24 |
| U.S. producers' shipments-----   | I-25 |
| U.S. producers' inventories-----   | I-26 |
| U.S. employment, wages, compensation, and productivity-----  | I-27 |
| Financial experience of U.S. producers-----  | I-30 |
| Operations on the subject pipes and tubes-----   | I-31 |
| Per-unit analysis-----   | I-31 |
| Integrated and non-integrated companies-----   | I-32 |
| Verification of data-----  | I-34 |
| Effect of raw material prices on profitability-----  | I-35 |
| Investment in productive facilities-----   | I-35 |
| Capital expenditures-----  | I-36 |
| Research and development expenses-----   | I-37 |
| Capital and investment-----  | I-37 |
| Consideration of the question of threat of material injury to an   |      |
| industry in the United States-----   | I-37 |
| Inventories of U.S. importers-----   | I-39 |
| Ability of foreign producers to generate exports and the avail-<br>ability of export markets other than the United States----- | I-39 |

## CONTENTS--Continued

Page

## Information obtained in the investigations--Continued

## Consideration of the question of threat of material injury to an industry in the United States--Continued

## Ability of foreign producers to generate exports and the availability of export markets other than the United States--Continued

The industry in Brazil----- I-41

The industry in Korea----- I-41

The industry in Mexico----- I-42

The industry in Romania----- I-43

The industry in Taiwan----- I-44

The industry in Venezuela----- I-44

Aggregate data----- I-45

Dumping in third countries----- I-46

Voluntary restraint agreements----- I-47

## Consideration of the causal relationship between imports of the subject merchandise and the alleged material injury-----

I-49

U.S. imports----- I-49

Brazil----- I-50

Korea----- I-51

Mexico----- I-51

Romania----- I-51

Taiwan----- I-52

Venezuela----- I-52

Total subject imports----- I-52

Imports by U.S. producers----- I-54

Market penetration of LTFV imports----- I-54

Prices----- I-56

Market characteristics----- I-56

Questionnaire price data----- I-58

Price trends for U.S.-produced subject products----- I-59

Price trends for imported subject products----- I-59

Brazil----- I-59

Korea----- I-59

Mexico----- I-59

Romania----- I-59

Taiwan----- I-59

Venezuela----- I-59

Price comparisons for sales to distributors----- I-64

Brazil----- I-64

Korea----- I-64

Mexico----- I-64

Romania----- I-64

Taiwan----- I-65

Venezuela----- I-65

Purchaser responses----- I-65

Exchange rates----- I-67

Lost sales and lost revenues----- I-73

## CONTENTS--Continued

Page**Appendixes**

|  |     |
|--|-----|
| A. The Commission's <u>Federal Register</u> notices and list of witnesses appearing at the hearing-----  | A-1 |
| B. Commerce's <u>Federal Register</u> notices-----   | B-1 |
| C. Summary of data collected by the Commission-----  | C-1 |
| D. U.S. producers' shares of production and plant locations-----   | D-1 |
| E. Comments received from U.S. producers on the impact of imports of certain circular, welded, non-alloy steel pipes and tubes from Brazil, Korea, Mexico, Romania, Taiwan, and/or Venezuela on their growth, investment, ability to raise capital, and/or existing development and production efforts ----- | E-1 |
| F. Production and shipments of subject mechanical tubing in *** and ***-----   | F-1 |
| G. Quarterly import data-----  | G-1 |

**Figures**

|   |      |
|---|------|
| 1. Steel pipes and tubes: Continuous welding (furnace welding)----- | I-10 |
| 2. Steel pipes and tubes: Electric resistance welding (ERW)-----    | I-11 |

**Tables**

|   |      |
|---|------|
| 1. Circular, welded, non-alloy steel pipes and tubes: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992-----   | I-19 |
| 2. Circular, welded, non-alloy steel pipes and tubes: U.S. producers, their shares of production, and plant locations, by firms, 1991---  | I-22 |
| 3. Circular, welded, non-alloy steel pipes and tubes: U.S. capacity, production, and capacity utilization, 1989-91, January-March 1991, and January-March 1992-----   | I-24 |
| 4. Circular, welded, non-alloy steel pipes and tubes: Shipments by U.S. producers, by types, 1989-91, January-March 1991, and January-March 1992-----   | I-25 |
| 5. Circular, welded, non-alloy steel pipes and tubes: U.S. producers' U.S. shipments, by products and by firms, 1989-91, January-March 1991, and January-March 1992-----  | I-26 |
| 6. Circular, welded, non-alloy steel pipes and tubes: End-of-period inventories of U.S. producers, 1989-91, January-March 1991, and January-March 1992-----   | I-26 |
| 7. Average number of production and related workers producing circular, welded, non-alloy steel pipes and tubes, hours worked, wages and total compensation paid to such employees, and hourly wages, hourly total compensation, productivity, and unit labor costs, 1989-91, January-March 1991, and January-March 1992----- | I-28 |
| 8. Circular, welded, non-alloy steel pipes and tubes: Reductions in the number of production and related workers, by dates, January 1, 1989, through March 31, 1992-----  | I-29 |

## CONTENTS--Continued

|   | <u>Page</u> |
|---|-------------|
| <b>Tables--Continued</b>  |             |
| 9. Income-and-loss experience of U.S. producers on their operations producing circular, welded, non-alloy steel pipes and tubes, fiscal years 1989-91, January-March 1991, and January-March 1992--   | I-32        |
| 10. Income-and-loss experience of U.S. producers on their operations producing circular, welded, non-alloy steel pipes and tubes, by firms, integrated and non-integrated, fiscal years 1989-91, January-March 1991, and January-March 1992-----        | I-34        |
| 11. Value of assets of U.S. producers' establishments wherein circular, welded, non-alloy steel pipes and tubes are produced, fiscal years 1989-91, January-March 1991, and January-March 1992-----   | I-36        |
| 12. Capital expenditures by U.S. producers of circular, welded, non-alloy steel pipes and tubes, fiscal years 1989-91, January-March 1991, and January-March 1992-----  | I-36        |
| 13. Circular, welded, non-alloy steel pipes and tubes: End-of-period inventories of U.S. importers, by sources, 1989-91, January-March 1991, and January-March 1992-----  | I-40        |
| 14. Circular, welded, non-alloy steel pipes and tubes: Brazil's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----   | I-41        |
| 15. Circular, welded, non-alloy steel pipes and tubes: Korea's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----  | I-42        |
| 16. Circular, welded, non-alloy steel pipes and tubes: Mexico's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----   | I-43        |
| 17. Circular, welded, non-alloy steel pipes and tubes: Romania's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----  | I-43        |
| 18. Circular, welded, non-alloy steel pipes and tubes: Taiwan's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----   | I-44        |
| 19. Circular, welded, non-alloy steel pipes and tubes: Venezuela's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----  | I-45        |
| 20. Circular, welded, non-alloy steel pipes and tubes: Aggregate capacity, production, inventories, and shipments of Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela, 1989-91, January-March 1991, January-March 1992, and projected 1992-93----- | I-46        |
| 21. Standard pipes and tubes: VRA adjusted ceilings and fill rates, by country and by specified period, 1989-92-----  | I-48        |
| 22. Circular, welded, non-alloy steel pipes and tubes: U.S. imports, by sources, 1989-91, January-March 1991, and January-March 1992---   | I-49        |
| 23. Circular, welded, non-alloy steel pipes and tubes: U.S. shipments of domestic product and U.S. imports as shares of apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992-----   | I-55        |
| 24. Weighted-average net f.o.b. prices for sales to distributors of product 1 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992--   | I-60        |



## CONTENTS--Continued

| Tables--Continued  | <u>Page</u> |
|--|-------------|
| 25. Weighted-average net f.o.b. prices for sales to distributors of product 2 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992----- | I-61        |
| 26. Weighted-average net f.o.b. prices for sales to distributors of product 3 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992----- | I-62        |
| 27. Weighted-average net f.o.b. prices for sales to distributors of product 4 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992----- | I-63        |
| 28. Weighted-average net f.o.b. prices for sales to distributors of product 5 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992----- | I-64        |
| 29. Weighted-average net f.o.b. purchase prices of product 1 reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992-----                                    | I-68        |
| 30. Weighted-average net f.o.b. purchase prices of product 2 reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992-----                                    | I-69        |
| 31. Weighted-average net f.o.b. purchase prices of product 3 reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992-----                                    | I-70        |
| 32. Weighted-average net f.o.b. purchase prices of product 4 reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992-----                                    | I-71        |
| 33. Weighted-average net f.o.b. purchase prices of product 5 reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992-----                                    | I-72        |
| 34. Exchange rates: Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in those countries, by quarters, January 1989-March 1992-----                          | I-72        |

## CONTENTS--Continued

|  | <u>Page</u> |
|--|-------------|
| Tables--Continued  |             |
| <i>Tables Appearing in Appendixes</i>  |             |
| C-1. Subject pipes and tubes: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992-----  | C-3         |
| C-2. Standard/structural pipes and tubes: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992--   | C-5         |
| C-3. Subject mechanical tubes: Summary data concerning the U.S. industry, 1989-91, January-March 1991, and January-March 1992-----   | C-7         |
| C-4. Certain subject pipes and tubes (excluding thin-walled fence tubing for residential use): Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992-----                   | C-7         |
| C-5. Thin-walled fence tubing for residential use: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992-----   | C-8         |
| C-6. Subject pipes and tubes plus conduit pipe: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992-----  | C-9         |
| C-7. Conduit pipe: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992-----   | C-11        |
| C-8. Certain subject pipes and tubes (excluding thin-walled fence tubing for residential use) plus conduit pipe: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992----- | C-12        |
| D-1. Subject standard and structural pipes and tubes: U.S. producers, their shares of production, and plant locations, by firms, 1991---   | D-3         |
| D-2. Subject mechanical tubes: U.S. producers, their shares of production, and plant locations, by firms, 1991-----  | D-4         |
| F-1. Subject mechanical tubing: *** capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----  | F-3         |
| F-2. Subject mechanical tubing: *** capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----  | F-3         |
| F-3. Subject mechanical tubing: Aggregate capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93-----  | F-3         |
| G-1. Circular, welded, non-alloy steel pipes and tubes: Value of U.S. imports, by sources and by quarters, 1989-92-----  | G-3         |

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

## Determinations and Views of the Commission

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## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-532-537 (Final)

CERTAIN CIRCULAR, WELDED, NON-ALLOY STEEL PIPES AND TUBES FROM BRAZIL,  
THE REPUBLIC OF KOREA, MEXICO, ROMANIA, TAIWAN, AND VENEZUELADeterminations

On the basis of the record<sup>1</sup> developed in the subject investigations, the Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from Brazil, the Republic of Korea, Mexico, Taiwan,<sup>2</sup> and Venezuela<sup>3</sup> of the pipes and tubes subject to investigation (except finished conduit and mechanical tubing), generally known as standard and structural pipes and tubes, provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

The Commission also determines, pursuant to section 735(b) of the Act, that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Romania of the pipes and tubes subject to investigation (including finished conduit and mechanical tubing), provided for in subheadings 7306.30.10 and 7306.30.50 of

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

<sup>2</sup> Commissioner Crawford did not participate in the investigation involving Taiwan.

<sup>3</sup> Commissioners Brunsdale and Crawford dissented with regard to the determination involving Venezuela.

the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at LTFV.<sup>4</sup>

Finally, the Commission determines, pursuant to section 735(b) of the Act, that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Brazil, the Republic of Korea, Mexico, Taiwan, and Venezuela of finished conduit or of mechanical tubing, provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at LTFV.

#### Background

The Commission instituted these investigations effective April 24, 1992, following preliminary determinations by the Department of Commerce that imports of certain circular, welded, non-alloy steel pipes and tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigations and of a public hearing 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 May 20, 1992 (57 F.R. 21428). The hearing was held in Washington, DC, on September 15, 1992, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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<sup>4</sup> Chairman Newquist dissented, except with regard to finished conduit and mechanical tubing.

## VIEWS OF THE COMMISSION<sup>1</sup>

Based on the information obtained in these final investigations, we determine that an industry in the United States is materially injured<sup>2</sup> by reason of less than fair value (LTFV) imports of standard and structural pipes and tubes from Brazil, the Republic of Korea, Mexico, Taiwan, and Venezuela.<sup>3</sup> We also determine that an industry in the United States is not materially injured or threatened with material injury by reason of LTFV imports of standard and structural pipes and tubes from Romania.<sup>4</sup> We further determine that an industry in the United States is not materially injured or threatened with material injury by reason of LTFV imports of finished conduit other than finished rigid conduit, nor by reason of imports of mechanical tubing that is not cold-drawn or cold-rolled, from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela.

### I. Like Product and the Domestic Industry

#### A. Background

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant domestic industry as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a

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<sup>1</sup> Commissioner Crawford did not participate in Inv. No. 731-TA-536 (Taiwan).

<sup>2</sup> Material retardation of a domestic industry by reason of the subject imports is not an issue in any of these investigations, and therefore the issue will not be discussed further.

<sup>3</sup> Commissioner Brunsdale and Commissioner Crawford dissent with respect to the determination involving Venezuela.

<sup>4</sup> Chairman Newquist dissents with respect to the determination involving Romania.

major proportion of the total domestic production of that product . . . ." <sup>5</sup>

In turn, the statute defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." <sup>6</sup>

The Commission's determination of what is the appropriate like product or products in an investigation is a factual determination, to which it applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis. <sup>7</sup>

In its notices of initiation, the Department of Commerce (Commerce) defined the class or kind of merchandise subject to these investigations as follows:

circular welded non-alloy steel pipes and tubes, of circular cross-section, not more than 406.4 millimeters (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized or painted), or end finish (plain-end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids

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<sup>5</sup> 19 U.S.C. § 1677(4)(A).

<sup>6</sup> 19 U.S.C. § 1677(10).

<sup>7</sup> See, e.g., Asociacion Colombiana de Exportadores de Flores, et al. v. United States, 693 F. Supp. 1165, 1169 (CIT 1988). In defining the like product, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability of the products; (3) channels of distribution; (4) customer and producer perceptions of the products; and (5) the use of common manufacturing facilities and production employees; and where appropriate, (6) price. See, e.g., Calabrian Corp. v. United States, 794 F. Supp. 377 (CIT 1992); Torrington Co. v. United States, 747 F. Supp. 744 (CIT 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a particular investigation. Generally, the Commission disregards minor variations between the articles subject to an investigation and looks for clear dividing lines between possible like products. S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979). See also Extruded Rubber Thread from Malaysia, Inv. Nos. 303-TA-22 and 731-TA-527 (Preliminary), USITC Pub. 2441 (October 1991).



and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.<sup>8</sup>

In the preliminary investigations, the Commission found a single like product consisting of all circular, welded, non-alloy steel pipes and tubes of not more than 16 inches in outside diameter.<sup>9</sup> The like product determination in the preliminary investigations, however, did not address the appropriate like product treatment of two types of circular welded pipe and tube products included within Commerce's scope, i.e., mechanical tubing that is not cold-drawn or cold-rolled, and finished conduit other than finished rigid conduit.

Petitioners propose that the Commission find either two or three like products: (1) all standard and structural pipes and tubes; (2) mechanical

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<sup>8</sup> See 57 Fed. Reg. 181 (Sept. 17, 1992). Commerce's scope differs somewhat with respect to certain imports from Taiwan. For purposes of imports from Taiwan, "circular, welded, non-alloy steel pipes and tubes" are as defined above but do not include (1) pipes and tubes with wall thicknesses of 1.65 millimeters (0.065 inch) or more that have outside diameters of 114.3 millimeters (4.5 inch) or less -- these products (if from 9.525 millimeters (0.375 inch) through 114.3 millimeters (4.5 inches)), when imported from Taiwan, are currently assessed antidumping duties; and (2) pipes and tubes of circular cross section of 406.4 millimeters (16 inch) with a wall thickness of less than 1.65 millimeters (0.065 inch). Id.

<sup>9</sup> See Certain Circular, Welded, Non-alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Inv. No. 701-TA-311 and Inv. Nos. 731-TA-532 through 537 (Preliminary), USITC Pub. 2454 (November 1991) at 7. Vice-Chairman Watson and Commissioners Crawford and Nuzum did not participate in the preliminary investigations because they were not members of the Commission at that time.

tubing that is not cold-drawn or cold-rolled; and possibly (3) finished conduit other than finished rigid conduit.<sup>10</sup> They allege injury, however, only by reason of LTFV imports of standard and structural pipes and tubes.

Respondents argue that the like product corresponding to the subject standard and structural pipes and tubes should be expanded to include finished conduit,<sup>11</sup> and that the subject mechanical tubing (mechanical tubing that is not cold-drawn or cold-rolled) should be included within the same like product as standard and structural pipes and tubes rather than found to be a separate like product.<sup>12</sup> In addition, Industrias Monterrey, S.A. de C.V. (IMSA), a Mexican pipe producer, argued that thin-walled fence tubing for residential use is a separate like product from standard and structural pipes and tubes.<sup>13</sup> Based on the record in these investigations, we conclude that there are three like products: standard and structural pipes and tubes; mechanical tubing that is not cold-drawn or cold-rolled; and finished conduit.

## B. Analysis

### 1. Thin-walled Fence Tubing for Residential Use

As in the preliminary investigation, IMSA argues that the fence tubing it exports should be considered a separate like product from standard and structural pipes and tubes because it has thinner walls (between 0.035 and 0.065 inch) and is used for residential, rather than industrial, chain link fences.<sup>14</sup> Based on the record in these investigations, we decline to find that thin-walled fence tubing for residential use is a separate like product.

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<sup>10</sup> Petitioners' Posthearing Response to Commission's Questions at 4.

<sup>11</sup> Transcript of the Commission's Hearing (Tr.) at 181-185.

<sup>12</sup> Posthearing Brief on Behalf of the Korea Iron & Steel Association; Hyundai Pipe Co., Ltd.; Pusan Steel Pipe Co., Ltd.; Dongbu Steel Co., Ltd. and Union Steel Manufacturing Co., Ltd. ("Korean Respondents").

<sup>13</sup> Prehearing Brief of IMSA at 8.

<sup>14</sup> Prehearing Brief of IMSA at 8.

With respect to physical characteristics, thin-walled fence tubing for residential use differs from industrial fence tubing only in having thinner walls.<sup>15</sup> On the issue of interchangeability, petitioners argued that because both thin-walled fence tubing for residential use and industrial fence tubing are used as fence tubing, there is a greater degree of interchangeability between these two types of tubing than between a number of other types of standard and structural pipes and tubes.<sup>16</sup> Further, both thin-walled fence tubing and other types of fence tubing are sold through fence tubing distributors.<sup>17</sup>

The record contains limited data regarding differences in customer and producer perceptions of thin versus thicker-walled fence tubing.<sup>18</sup> At the Commission's hearing, one of the petitioning companies that manufactures fence tubing testified that his company does not view the two products as being different and that it does not always know the end use of its fencing

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<sup>15</sup> We note that in no prior investigations has the Commission found any standard pipes and tubes to be separate like products based on differences in wall thickness.

<sup>16</sup> There is conflicting evidence on the record regarding the degree to which thin-walled fence tubing for residential use is interchangeable with thicker-walled fence tubing. The parties agree that heavier gauges of fence tubing can be used in residential construction, although IMSA asserts that heavier fence tubing is so much more expensive than lighter weight tubing as to make this use economically impractical. Tr. at 273. Petitioners argue that industrial chain link fences include thin-walled fence tubing as well as thicker tubing and that often A-53 galvanized and even black pipe are substituted for fence tubing. Petitioners' Prehearing Brief at 19. We note that in the past the Commission has not required complete interchangeability to include products in one like product. See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea, Inv. Nos. 731-TA-458 and 459 (Final), USITC Pub. 2383 (May 1991) at 11-12.

<sup>17</sup> Tr. at 44.

<sup>18</sup> IMSA argues that producers perceive the two products as being different because two different American Society for Testing and Materials (ASTM) standards exist. They also contend that producers advertise and market industrial fence tubing as a separate product from residential fence tubing. Tr. at 270-273. Petitioners assert that there are no differences in customer and producer perceptions. Petitioners' Prehearing Brief at 19.

products.<sup>19</sup> In addition, responses to questions by the Commission's staff indicate that tubing manufacturers that produce and sell thin-walled fence tubing also produce and sell thicker-walled fence tubing.<sup>20</sup>

With respect to production factors, information obtained in these investigations indicates that within certain ranges, thin- and thick-walled fence tubing are produced on the same equipment in common manufacturing facilities by common production employees.<sup>21</sup> Evidence on the record suggests that, in general, thin-walled fence tubing for residential use is more expensive per ton than standard and structural pipes and tubes.<sup>22</sup>

Based on our analysis, we find all fence tubing -- both residential and industrial, thin-walled or thick-walled -- to be included within the like product composed of standard and structural pipes and tubes.

## 2. Conduit

Conduit is a type of pipe used to protect electrical wiring.<sup>23</sup> There are three types of finished conduit, namely rigid conduit, electrical metallic tubing (EMT), and intermediate metallic conduit (IMC). In these investigations, Commerce's scope specifically excludes finished rigid conduit, but includes unfinished conduit shells, EMT, and IMC.

Respondents contend that finished rigid conduit is like conduit shell and therefore should be included in the same like product as standard and structural pipe and tube.<sup>24</sup> Respondents tend to use the terms "finished

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<sup>19</sup> Tr. at 44.

<sup>20</sup> Report at I-15, and I-15, n.37.

<sup>21</sup> Report at I-15.

<sup>22</sup> See Table C-5 and Table C-2.

<sup>23</sup> Report at I-13.

<sup>24</sup> Prehearing Economic Submission of Trade Resources Co. at 5-6; Prehearing Brief on Behalf of Korean Respondents.



conduit" and "finished rigid conduit" interchangeably.<sup>25</sup>

We address first the question of whether unfinished conduit shell and finished rigid conduit should be treated as part of the same like product or as separate like products. Based on the evidence on the record, we conclude that unfinished conduit shell is like standard and structural pipes and tubes, but that finished rigid conduit should not be included in that like product.<sup>26</sup>

Conduit shell production is identical to standard and structural pipe production through the cooling and straightening phases, except that conduit shell undergoes no hydrostatic testing.<sup>27</sup> Conduit shell may be sold at this point to producers of finished conduit or for use in certain light structural applications.<sup>28</sup>

Although conduit shell is used to manufacture finished rigid conduit, transformation of finished rigid conduit from conduit shell requires several substantial additional processing steps.<sup>29</sup> Five production processes distinguish the manufacture of finished conduit from the manufacture of conduit shell: 1) "pickling" or dipping the pipe in sulfuric acid to clean the exterior; 2) exposure to a blast of superheated steam; 3) cutting into 10-foot lengths; 4) "metalizing" the threads; and 5) dipping the pipe in a white rust prevention solution.<sup>30</sup> We determine that these additional processing

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<sup>25</sup> Issues involving EMT and IMC arose after the date for party submissions and were not addressed in any detail by the parties.

<sup>26</sup> We note that the Commission collected no separate data regarding conduit shell.

<sup>27</sup> See Report at I-9 - I-12 and Report at I-14, n.27.

<sup>28</sup> Staff Interviews.

<sup>29</sup> Report at I-14, n.28.

<sup>30</sup> Report at I-14. Three of the processing steps: 1) exposure to a blast of superheated steam; 2) cutting into 10 foot lengths; and 3) "metalizing" the threads, are unique to the production of finished conduit. The remaining processes are variations of processes sometimes used on standard and structural pipe.

steps constitute a sufficiently clear dividing line between unfinished conduit shell and finished rigid conduit to warrant treating them as separate like products. In addition, there is an independent market for conduit shell. Certain domestic producers purchase both domestic and imported conduit shell and convert it into finished conduit.<sup>31</sup>

We next compare finished rigid conduit with standard and structural pipe and tube in general. With respect to its physical characteristics and uses, finished rigid conduit differs significantly from standard and structural pipe. Compared with most galvanized standard pipe, finished rigid conduit has thinner walls, a thinner layer of zinc, is finished to different lengths, is threaded differently, and must be smooth-finished on the inside to eliminate rough surfaces that might damage or impede the pulling of the wires and cables through the pipe.<sup>32</sup> It is galvanized using a different process than that used for standard and structural pipes and tubes, and also may be coated internally or lined with insulating material.<sup>33</sup> Finished rigid conduit also is manufactured in a more limited range of sizes than are standard and structural pipes and tubes.<sup>34</sup>

Finished rigid conduit is manufactured to the specifications of the

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<sup>31</sup> Vice Chairman Watson and Commissioner Nuzum note that the Commission has previously declined to include within the like product downstream products which are excluded from Commerce's scope of investigation, based on the differing economic interests of the respective upstream and downstream industries. See Tungsten Ore Concentrates from the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991); Bulk Ibuprofen from India, Inv. No. 701-TA-308 and 731-TA 526 (Preliminary), USITC Pub. 2428 (September 1991) at 9.

<sup>32</sup> Petitioners' Prehearing Brief at 11.

<sup>33</sup> Report at I-13; Staff Interviews.

<sup>34</sup> These investigations cover circular, welded non-alloy steel pipes and tubes of up to 16 inches in diameter. Rigid conduit is manufactured in size ranging from 0.5 inch to 6 inches, while EMT and IMC are made in sizes ranging from 0.5 inch to 4 inches. Palmquist, Guide To The 1984 National Electrical Code at 259 to 271.

electrical industry and is certified by Underwriters Laboratories (UL); standard and structural pipe is manufactured to ASTM standards. Finished rigid conduit is used to house electrical wiring and cannot be used in accordance with ASTM specifications to transport liquids and gases. Conversely, standard and structural pipes and tubes are not interchangeable with finished conduit for purposes of protecting electrical wiring because standard and structural pipes and tubes do not meet the requisite UL specifications.<sup>35</sup> Further, finished rigid conduit is subject to more rigorous bending specifications than standard and structural pipe. Therefore, where building codes require finished conduit, standard and structural pipes and tubes are not acceptable substitutes.<sup>36</sup>

Finished rigid conduit and standard and structural pipe are sold through different types of distributors. Finished rigid conduit is sold through electrical products distributors who typically do not sell standard and structural pipes and tubes.<sup>37</sup>

Information collected in these investigations indicates that purchasers generally do not view finished rigid conduit and standard and structural pipes and tubes as being interchangeable.<sup>38</sup> With respect to producer perceptions, we note that only five of the twenty-two standard and structural pipe producers currently produce finished rigid conduit. Domestic producers have separate sales forces for electrical products, including finished rigid

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<sup>35</sup> See Report at I-13, n.25. For example, standard and structural pipes and tubes are not smooth-finished inside and therefore might damage electrical wiring if used as conduit.

<sup>36</sup> Petitioners' Prehearing Brief at 13. Forty-six of the 48 purchasers responding to the Commission's questionnaires reported that conduit pipe was not substitutable for other pipes and tubes subject to these investigations in its end use. Report at I-94.

<sup>37</sup> Petitioners Prehearing Brief at 15; staff interviews.

<sup>38</sup> Report at I-67.

conduit.<sup>39</sup>

For the foregoing reasons, therefore, we determine that finished rigid conduit should not be included in the same like product as standard and structural pipe and tube.

We next address whether EMT and IMC should be included with finished rigid conduit in a single like product composed of all finished conduit pipe. We note that all three types of finished conduit have certain similarities in physical characteristics and uses. All finished conduit is circular in shape and must have the ability to bend to a greater degree than standard and structural pipes and tubes. Like finished rigid conduit, EMT and IMC have thin walls, a thin layer of zinc coating,<sup>40</sup> different lengths, different threads, and a smooth-finished inside so as not to interfere with electrical wiring.<sup>41</sup> All three are used to house electrical wiring and, like finished rigid conduit, EMT and IMC also are manufactured to specifications of the electrical industry and certified by Underwriters Laboratories.<sup>42</sup> Finally, all three types of finished conduit come in a narrower range of sizes than do standard pipe.<sup>43</sup>

Differences between the three types of finished conduit appear to be relatively minor. Both EMT and IMC have thinner walls than does rigid

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<sup>39</sup> Petitioners' Prehearing Brief at 15; staff interviews with domestic producers.

<sup>40</sup> "All types of steel conduit must have an inferior coating of a character and appearance so as to readily distinguish it from ordinary pipe commonly used for other than electrical purposes." Palmquist, Guide to the 1984 National Electrical Code at 265.

<sup>41</sup> Palmquist, Guide to the 1984 National Electrical Code at 259 to 270.

<sup>42</sup> EMT must meet the UL 792 standard, IMC must meet UL 1242 and rigid conduit must meet UL 6.

<sup>43</sup> EMT and IMC range in diameter from 0.5 inch to 4 inches and rigid conduit ranges from 0.5 inch to 6 inches.

conduit, with EMT having the thinnest of all.<sup>44</sup> They appear to differ in their suitability for use under particular conditions, but there nonetheless appears to be a significant degree of overlap in the uses of the different types of finished conduit.<sup>45</sup>

All three types of finished conduit can be manufactured on the same equipment in the same production facilities using the same production employees. All are sold through the same channels of distribution, through electrical distributors.<sup>46</sup> Finally, with regard to unit values, information collected in these investigations indicates that finished conduit pipes are all comparably priced, and are approximately 37 percent more expensive than standard and structural pipes and tubes.<sup>47</sup>

Based on our analysis, we conclude that unfinished conduit pipe is part of the same like product as standard and structural pipe and tube and that there is a separate like product for finished conduit pipe consisting of EMT, IMC, and finished rigid conduit.

### 3. Mechanical Tubing that is not Cold-Drawn or Cold-Rolled

Petitioners argue that the subject mechanical tubing should be considered a separate like product from standard and structural pipes and tubes.<sup>48 49</sup> Respondents argue that mechanical tubing is like standard and

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<sup>44</sup> For example, EMT is so flexible that it can be bent by hand.

<sup>45</sup> See Guide to the 1984 National Electrical Code at 259-271.

<sup>46</sup> Nearly all conduit producers produce at least two of the three types of finished conduit. Staff interviews with representatives of domestic producers; Petitioners' Posthearing Response to Commission's Questions at 3.

<sup>47</sup> Report at I-13, n.25.

<sup>48</sup> Petitioners' Posthearing Brief at 14. Petitioners then argue that there has been no injury to domestic producers of the subject mechanical tubing by reason of the subject imports because there have been no imports of such mechanical tubing.

<sup>49</sup> We note that the majority of domestically-produced mechanical tubing is either cold-drawn or cold-rolled. No party has argued that these types of

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structural pipes and tubes.<sup>50</sup>

In general, standard and structural pipes and tubes and mechanical tubing have different end uses. Standard and structural pipes and tubes are designed to convey liquids or gases or for light load-bearing applications, while the subject mechanical tubing is used for automotive applications, exercise equipment, and furniture frames. In addition, whereas a large percentage of standard and structural pipes and tubes is produced to narrowly-drawn ASTM standards, mechanical tubing is produced to customer specifications.<sup>51</sup> Thus, standard and structural pipe and mechanical tubing generally are not interchangeable, except in certain limited structural applications.<sup>52</sup> Most mechanical tubing is sold directly to end users while most standard and structural pipes and tubes are sold through distributors.<sup>53</sup> Both mechanical tubing and standard and structural pipes and tubes can be produced on the same equipment, using the same production processes, employees, and raw material; the majority of mechanical tubing producers,

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<sup>49</sup> (...continued)

mechanical tubing, which are not included in the scope of the investigation, should be included in a like product consisting of mechanical tubing.

<sup>50</sup> Prehearing Brief of Korean respondents at 7.

<sup>51</sup> Petitioners and non-petitioning domestic producers point out that there are some industry guides for mechanical tubing such as ASTM-A-513, but that those guidelines provide a wide degree of options with respect to size and other characteristics. Petitioners' Posthearing Response to Commission's Questions at 15-16.

<sup>52</sup> In two previous pipe and tube investigations, Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea, Inv. Nos. 701-TA-168 (Final), USITC Pub. 1345 (February 1983), and Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Inv. No. 731-TA-131 & 132 (Preliminary), USITC Pub. 1389 (June 1983), the Commission found that mechanical and pressure pipes were not "like" the subject imports, which included standard pipes and tubes, based on mechanical pipe's distinct characteristics and uses.

<sup>53</sup> Report at I-23.

however, do not manufacture standard and structural pipes and tubes.<sup>54</sup> <sup>55</sup> The subject mechanical tubing varies greatly in price because it is produced to end-user specifications. Nevertheless, the average unit value of subject mechanical tubing generally is higher than that of standard and structural pipes and tubes.<sup>56</sup>

Based on the preceding analysis, we find the subject mechanical tubing to be a separate like product from standard and structural pipes and tubes.

## II. Condition of the Domestic Industries

In determining whether there is material injury to a domestic industry by reason of the LTFV imports, the Commission is directed to consider "all relevant economic factors that have a bearing on the state of the industry in the United States . . . ."<sup>57</sup> These include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investments, ability to raise capital, and research and development.<sup>58</sup> No single factor is determinative, and the Commission considers all relevant factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."<sup>59</sup>

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<sup>54</sup> Posthearing Brief of Korean Respondents at 6; Petitioners' Posthearing Response to Commission's Questions at 14. Information collected in these investigations indicates that a slight majority of the domestically-produced standard and structural pipes and tubes is manufactured on continuous welding (CW) mills, while the vast majority of the mechanical tubing subject to these investigations is manufactured on electronic resistance welding (ERW) mills. Report at I-9.

<sup>55</sup> Report at I-14 - I-15. Three of the largest producers of mechanical tubing, however, also produce standard pipe. We note, however, that most of the manufacturers that do make both standard pipe and mechanical tubing make them on different production equipment. Responses to the Commission's questionnaires.

<sup>56</sup> Report at Tables C-2 and C-3.

<sup>57</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>58</sup> Id.

<sup>59</sup> Id.

The markets for standard and structural pipes and tubes, mechanical tubing, and finished conduit all experienced declines in consumption during the period of investigation.<sup>60</sup> We have considered the performance of these industries, including shifts in market share, against the backdrop of declining demand.

Another important condition of competition during the period of investigation was the steady decline in prices of hot-rolled steel sheet, an important component of overall variable cost.<sup>61</sup> Declines in input costs appear to have placed producers sourcing hot-rolled steel at market prices at somewhat of an advantage compared with those producers relying on captive hot-rolled production.<sup>62</sup> In our evaluation of an industry "as a whole,"<sup>63</sup> we note that certain segments of an industry may be affected differently by factors of competition.

A. Condition of the Domestic Industry Producing Standard and Structural Pipe and Tube

Apparent U.S. consumption by quantity of standard and structural pipes and tubes increased from 2.01 million short tons in 1989 to 2.13 million short tons in 1990 but declined to 1.92 million short tons in 1991, resulting in an overall decline between 1989 and 1991.<sup>64</sup> Similarly, domestic production increased from 1.22 million short tons in 1989 to 1.37 million short tons in 1990, then decreased to 1.20 million short tons in 1991.<sup>65</sup> The domestic

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<sup>60</sup> Report at Table C-2 and Table C-7; Table C-3.

<sup>61</sup> Report at I-35.

<sup>62</sup> Report at I-34.

<sup>63</sup> 19 U.S.C. § 1677(4)(A).

<sup>64</sup> Report at Table C-2. Interim consumption was 528,310 short tons in 1991 and 467,886 in 1992. We note that, in general, we did not place great weight on the interim data for 1992 because it represents a period of only three months.

<sup>65</sup> Report at Table C-2. Interim production increased from 323,268 short tons in the first quarter of 1991 to 332,014 in the first quarter of 1992.



industry's U.S. shipments by quantity grew from 1.22 million short tons in 1989 to 1.35 million short tons in 1990, then fell to 1.21 million short tons in 1991, once again showing an overall decline over the period.<sup>66</sup> U.S. producers' market share by quantity was 60.8 percent in 1989, 63.3 percent in 1990, and 63.1 percent in 1991.<sup>67</sup>

Domestic capacity to produce standard and structural pipes and tubes increased 15.5 percent between 1989 and 1990, then decreased by 5.8 percent between 1990 and 1991.<sup>68</sup> Domestic capacity was 1.73 million short tons in 1989, 2.00 million short tons in 1990 and 1.89 million short tons in 1991.<sup>69</sup> <sup>70</sup> Capacity utilization declined from 70.3 percent in 1989 to 68.2 percent in 1990, then declined further to 62.5 percent in 1991.<sup>71</sup>

U.S. producers' inventories of standard and structural pipes and tubes increased 7.1 percent between 1989 and 1990, then decreased 9.6 percent between 1990 and 1991.<sup>72</sup> Inventories as a ratio of total shipments decreased from 12.8 percent in 1989 to 12.4 percent in 1990, then increased to 12.5 percent in 1991.<sup>73</sup>

The number of production and related workers increased by 9.0 percent

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<sup>66</sup> Report at Table C-2. Interim 1992 shipments increased over interim 1991 levels.

<sup>67</sup> Report at Table C-2.

<sup>68</sup> Id. Capacity decreased by 5.2 percent between interim 1991 and interim 1992.

<sup>69</sup> Report at Table C-2.

<sup>70</sup> We note that in March of 1991 one U.S. producer closed two mills producing standard and structural pipes and tubes. Report at I-24, Table 3, n.2.

<sup>71</sup> Report at Table C-2. Capacity utilization then increased from 63.8 percent in the first quarter of 1991 to 69.1 percent in the first quarter of 1991.

<sup>72</sup> Inventories decreased by 11.3 percent between interim 1991 and interim 1992. Report at Table C-2.

<sup>73</sup> Report at Table C-2. Inventories as a ratio of shipments decreased from 15.6 percent in interim 1991 to 13.2 percent in interim 1992.

between 1989 and 1990, then fell by 10.6 percent between 1990 and 1991, yielding an overall decline between 1989 and 1991.<sup>74</sup> Hours worked increased by 10.9 percent in 1990 over those worked in 1989, then decreased 9.9 percent in 1991, resulting in a slight overall decline between 1989 and 1991.<sup>75</sup> Total compensation increased by 12.2 percent between 1989 and 1990, but fell by 6.0 percent in 1991.<sup>76</sup> Productivity (measured in short tons per hours worked) increased by 1.0 percent between 1989 and 1990, then declined by 2.4 percent in 1991.<sup>77</sup>

Net sales increased by 5.1 percent from \$744.58 million in 1989 to \$782.62 million in 1990, then decreased by 14.0 percent to \$673.33 million in 1991, yielding an overall decrease.<sup>78</sup> Operating income decreased by 11.6 percent from \$44.75 million in 1989 to \$39.54 million in 1990. Operating income decreased by 3.1 percent to \$38.32 million in 1991.<sup>79</sup> Operating income as a ratio to net sales was 6.0 percent in 1989, 5.1 percent in 1990, and 5.7 percent in 1991.<sup>80 81 82</sup>

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<sup>74</sup> Report at Table C-2. The number of production and related workers decreased by 16.3 percent between interim 1991 and interim 1992.

<sup>75</sup> Report at Table C-2. Hours worked in the first quarter of 1992 were 4.4 percent less than hours worked in the first quarter of 1991.

<sup>76</sup> Report at Table C-2. Total compensation decreased by 0.9 percent in interim 1992 as compared to interim 1991.

<sup>77</sup> Report at Table C-2. However, productivity increased by 8.1 percent in interim 1992 as compared to interim 1991.

<sup>78</sup> Report at Table C-2. Net sales were 0.4 percent lower in the first quarter of 1992 than in the first quarter of 1991.

<sup>79</sup> Report at Table C-2. Operating income was 212.6 percent higher in the first quarter of 1992 than in the first quarter of 1991.

<sup>80</sup> Report at Table C-2.

<sup>81</sup> Based on their analysis of the information in the record, Chairman Newquist and Commissioner Rohr determine that the domestic standard and structural pipe and tube industry is materially injured.

<sup>82</sup> Vice Chairman Watson and Commissioner Nuzum do not reach a separate conclusion of material injury based solely upon the condition of the industry.

B. Condition of the Domestic Industry Producing Mechanical Tubing

Domestic production of mechanical tubing that is not cold-drawn or cold-rolled decreased by 6.6 percent from 1989 to 1991.<sup>83</sup> The domestic industry's U.S. shipments by quantity fell by 6.1 percent between 1989 and 1991.<sup>84</sup> Domestic capacity to produce mechanical tubing increased by 5.7 percent between 1989 and 1991.<sup>85</sup> Capacity utilization decreased from 63.2 percent in 1989 to 55.9 percent in 1991.<sup>86</sup>

U.S. producers' inventories of mechanical tubing decreased between 1989 and 1991.<sup>87</sup> Inventories as a ratio of total shipments decreased from 7.5 in 1989 to 6.9 in 1991.<sup>88</sup>

The number of production and related workers decreased by 2.7 percent between 1989 and 1991.<sup>89</sup> Hourly wages and total compensation decreased by 0.3 percent between 1989 and 1991. Productivity (short tons per hours worked) decreased between 1989 and 1991, but increased in interim 1992 as compared to interim 1991.<sup>90</sup>

Net sales declined between 1989 and 1991.<sup>91</sup> Operating income decreased

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<sup>83</sup> Report at Table C-3. Domestic production of subject mechanical tubing totalled 207,107 short tons in 1989 and 193,469 short tons in 1991. It then increased by 4.6 percent in interim 1992 as compared to the same period in 1992.

<sup>84</sup> Report at Table C-3. Interim 1992 shipments increased over interim 1991 levels by 6.5 percent.

<sup>85</sup> Report at Table C-3. Capacity increased an additional 6.1 percent in interim 1992 as compared to interim 1991.

<sup>86</sup> Report at Table C-3. Capacity utilization was 57.0 percent in interim 1992 as compared to 57.8 percent in interim 1991.

<sup>87</sup> Report at Table C-3. Inventories increased in interim 1992 as compared to interim 1991.

<sup>88</sup> Report at Table C-3. The inventories-to-shipments ratio increased from 8.1 in interim 1991 to 8.5 in interim 1992.

<sup>89</sup> Report at Table C-3. Interim 1992 showed no change over interim 1991.

<sup>90</sup> Report at Table C-3.

<sup>91</sup> Net sales increased by 8.0 percent from \$116.41 million in 1989 to \$125.69 million in 1990, then decreased to \$106.31 million in 1991. Net sales  
(continued...)

by 25.7 percent between 1989 and 1991.<sup>92</sup> Operating income as a ratio to sales decreased by 1.5 percent between 1989 and 1991.<sup>93 94 95</sup>

C. Condition of the Domestic Industry Producing Finished Conduit

Domestic production of finished conduit decreased by 6.3 percent between 1989 and 1991.<sup>96</sup> The domestic industry's U.S. shipments of finished conduit by quantity decreased from 376,601 short tons in 1989 to 340,927 short tons in 1991.<sup>97</sup> Domestic capacity to produce finished conduit decreased by 4.7 percent between 1989 and 1991.<sup>98</sup> Capacity utilization decreased from 34.6 percent in 1989 to 34.3 percent in 1991.<sup>99</sup> Apparent domestic consumption by quantity of finished conduit decreased over the entire period of investigation.<sup>100</sup>

U.S. producers' inventories of finished conduit decreased overall. Inventories as a ratio of total shipments increased from 11.7 percent in 1989 to 12.0 percent in 1991.<sup>101</sup>

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<sup>91</sup> (...continued)

were 3.0 percent greater in the first quarter of 1992 than in the first quarter of 1991.

<sup>92</sup> Operating income also increased by 108.7 percent in interim 1992 as compared to interim 1991.

<sup>93</sup> Report at Table C-3. Operating income as a ratio to sales increased by 4.9 percent in interim 1992 as compared to interim 1991.

<sup>94</sup> Based on their analysis of the information in the record, Chairman Newquist and Commissioner Rohr determine that the domestic industry producing mechanical tubing that is not cold-drawn or cold-rolled is materially injured.

<sup>95</sup> Vice Chairman Watson and Commissioner Nuzum do not reach a separate conclusion of material injury based solely upon the condition of the industry.

<sup>96</sup> Report at Table C-7. Domestic production increased by 2.8 percent in interim 1992 as compared to interim 1991.

<sup>97</sup> Report at Table C-7. Interim 1992 shipments increased by 2.2 percent in interim 1991 as compared to interim 1992.

<sup>98</sup> In interim 1992 capacity decreased by 0.2 percent as compared to interim 1991.

<sup>99</sup> Report at Table C-7. Capacity utilization increased from 32.7 percent in interim 1991 to 34.0 percent in interim 1992.

<sup>100</sup> Report at Table C-7.

<sup>101</sup> Id. Both inventories and inventories as a ratio to total shipments declined in the interim 1992 period compared with interim 1991.

The number of production and related workers and hours worked by such workers decreased between 1990 and 1991 after increasing between 1989 and 1990. Hourly compensation increased by 9.2 percent between 1989 and 1991.<sup>102</sup> Total compensation increased by 4.4 percent between 1989 and 1991.<sup>103</sup> Productivity (measured in short ton per hours worked) decreased by 1.4 percent between 1989 and 1991.<sup>104</sup>

Net sales totaled \$324.81 million in 1989 and decreased to \$277.83 million in 1991.<sup>105</sup> Operating income increased from \$13.54 million in 1989 to \$14.42 million in 1991.<sup>106</sup> Finally, operating income as a percentage of sales increased from 4.2 in 1989 to 5.2 in 1991.<sup>107 108 109</sup>

### III. Cumulation<sup>110</sup>

In determining whether there is material injury by reason of LTFV imports, the Commission is required to assess cumulatively the volume and effect of imports from two or more countries subject to investigation if such imports "compete with each other and with like products of the domestic

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<sup>102</sup> Report at Table C-7. Hourly wages increased by 16.3 percent in interim 1992 as compared with interim 1991.

<sup>103</sup> Report at C-7. Compensation increased by 16.7 percent in interim 1992 as compared with interim 1991.

<sup>104</sup> Report at Table C-7. It further increased by 3.3 percent in interim 1992 as compared with interim 1991.

<sup>105</sup> Net sales also declined in interim 1992, falling from \$66.86 million in interim 1991 to \$65.98 million in interim 1992. Report at C-7.

<sup>106</sup> Report at Table C-7. Operating income decreased from \$1.98 million in interim 1991 to \$1.73 million in interim 1992.

<sup>107</sup> Report at Table C-7. Operating income as a percentage of sales decreased from 3.0 in interim 1991 to 2.6 in interim 1992.

<sup>108</sup> Based on their analysis of the information in the record, Chairman Newquist and Commissioner Rohr determine that the domestic finished conduit industry is materially injured.

<sup>109</sup> Vice Chairman Watson and Commissioner Nuzum do not reach a separate conclusion of material injury based solely upon the condition of the industry.

<sup>110</sup> We have addressed the issue of cumulation only with respect to imports of standard and structural pipes and tubes. Because there were imports of subject mechanical tubing from only a single country and no imports of subject finished conduit, there is no cumulation issue with respect to those products.

industry in the United States market."<sup>111</sup> Cumulation is not required, however, when imports from a subject country are negligible and have no discernible adverse impact on the domestic industry.<sup>112</sup>

These final investigations present two basic cumulation issues. First, respondents from Romania and Brazil have argued that imports from those countries do not compete with either U.S.-produced standard and structural pipes and tubes or with standard and structural pipes and tubes from other countries under investigation. Secondly, respondents from Romania, Brazil, Venezuela, and Mexico also contend that cumulation is inappropriate with respect to their respective exports because their volume is negligible in relation to the production of the domestic industry.

#### A. Applicable Legal Standards

##### 1. The Competition Requirement

In evaluating whether imports compete with each other and with the domestic like product, the Commission traditionally has considered four factors.<sup>113</sup> No single factor is determinative, and the list of factors is not

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<sup>111</sup> 19 U.S.C. § 1677(7)(C)(iv)(I); Chaparral Steel Co. v. United States, 901 F.2d 1097, 1105 (Fed. Cir. 1990).

<sup>112</sup> 19 U.S.C. § 1677(7)(C)(v).

<sup>113</sup> These four factors are:

- (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
- (4) whether the imports are simultaneously present in the market.

See Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (CIT), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

exclusive.<sup>114</sup> Only a "reasonable overlap" of competition is required.<sup>115</sup> Thus, the Commission has held that even if there is no identical domestic product that directly competes with a particular type of imported product within the scope of the investigation, imports from a particular country will be cumulated if they "collectively do compete with the domestic like product (and with other imports)."<sup>116</sup>

The Commission traditionally has cumulated imports even where there were alleged differences in quality between imports and domestic products.<sup>117</sup> The Court of International Trade has accepted the Commission's practice of finding a reasonable overlap of competition despite perceived differences in quality of the products that compete and despite one product commanding a premium price in the marketplace.<sup>118</sup> Nevertheless, the Commission has the authority to consider quality differences among products in determining whether or not

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<sup>114</sup> See, e.g., Granges Metallverken AB v. United States, 716 F. Supp. 17 (CIT 1989).

<sup>115</sup> See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (CIT 1989).

<sup>116</sup> See Torrington Co. v. United States, 790 F. Supp. 1161 (CIT 1992).

<sup>117</sup> See, e.g., Silicon Metal from the People's Republic of China, Inv. No. 731-TA-472 (Final), USITC Pub. 2385 at 22-24 (June 1991); Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 303-TA-19 & 20 and 731-TA-391 - 399 (Final), USITC PUB. 2185 at 64 (May 1989).

<sup>118</sup> See Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 740 (CIT 1989) (de-emphasizing arguments that quality differences, and therefore price differences, exist and stating that "'[c]ompetition' consists of rivalry in the marketplace, where goods will be bought from those who, in view of buyers, provide 'the most for the money'"); Wieland Werke, AG v. United States, 718 F. Supp. 50, 54 (CIT 1990) (cumulation proper because there was a reasonable overlap of competition even though West German product is of a higher quality); see also Granges Metallverken AB v. United States, 716 F. Supp. 17, 22 (CIT 1989) ("'[c]ompetition consists of rivalry in the market place").

to cumulate imports.<sup>119</sup>

In these investigations, we find that subject imports from Brazil, Mexico, Korea, Romania, Taiwan, and Venezuela compete with each other and with the domestic like product. The vast majority of purchasers reported that the subject pipes and tubes from each of the six countries were interchangeable in their end uses with each other and with the domestic product.<sup>120</sup> In addition, most purchasers reported that the quality of the imported subject standard and structural pipes and tubes was equal to the quality of the domestic pipes and tubes.<sup>121</sup> The primary consideration in terms of quality is that these imported products, with the exception of some of the Romanian imports, meet the relevant ASTM standards, although there appear to be some differences

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<sup>119</sup> See Torrington Co. v. United States, 790 F. Supp. 1161 (CIT 1992) (supporting Acting Chairman Brunsdale's conclusion not to cumulate Chinese ball bearings due to, inter alia, limits on fungibility caused by differences in quality).

<sup>120</sup> Report at I-65 to I-66. We note, however, that each of these purchasers did not necessarily purchase imports from each of the subject countries. For example, only six purchasers had purchased Romanian pipe. A majority of purchasers also ranked price as the most important factor in their decisions regarding purchases of standard and structural pipes and tubes. Report at I-65. Product quality and availability were rated as the second and third most important factors, respectively. Report at I-65.

<sup>121</sup> In prior standard pipe investigations, the Commission has treated standard pipes and tubes as fungible commodities. See, e.g., Certain Carbon Steel Pipes and Tubes from the People's Republic of China, the Philippines, and Singapore, Inv. Nos. 731-TA-292-296 (Preliminary), USITC Pub. 1796 (December 1985) at 10; Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, Inv. Nos. 701-TA-251-253 and Inv. Nos. 731-TA-271-274 (Preliminary), USITC Pub. 1742 (August 1985); Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Inv. Nos. 701-TA-242 and 731-TA-252-253 (Preliminary), USITC Pub. 1680 at 6-9 (April 1985). With one exception, Certain Welded Carbon Steel Pipe and Tube from the People's Republic of China, Inv. No. 731-TA-292 (Final), USITC Pub. 1885 (August 1986), the Commission has cumulated subject imports in every prior investigation of standard pipes and tubes decided since the cumulation provision was enacted in 1984.



between subject imports in terms of service and lead times.<sup>122</sup>

Subject imports from Brazil, Mexico, Korea, Romania, Taiwan, and Venezuela are simultaneously present in the market, and channels of distribution appear to be the same or similar for the domestic product and for the subject imports, with both the domestic product and the subject imports being sold predominantly through distributors.<sup>123</sup> Finally, we find a sufficient overlap in the geographic market areas in which the subject imports from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela and the domestic like product are sold.

For the foregoing reasons, we have found a reasonable overlap of competition between imports of standard and structural pipes and tubes from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela and the domestically-produced standard and structural pipes and tubes.

## 2. Negligible Imports Exception

Section 771(7)(C)(v) of the Act provides that the Commission is not required to cumulate those imports of the merchandise subject to investigation if they "are negligible and have no discernible adverse impact on the domestic industry."<sup>124</sup> In determining whether imports are negligible, the statute directs the Commission to consider all relevant economic factors including whether:

- (I) the volume and market share of the imports are negligible,
- (II) sales transactions involving the imports are isolated and sporadic, and

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<sup>122</sup> Venezuelan respondents contend that their imports should not be cumulated because the degree of competition between imports from Venezuela and the domestic product is attenuated due to problems with the timeliness of delivery and problems with the imports' quality.

<sup>123</sup> See Report at I-23 and I-56.

<sup>124</sup> 19 U.S.C. § 1677(7)(V)(v).

(III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.<sup>125</sup>

The legislative history indicates that the Commission is only to apply the exception where it determines that the facts "clearly justify" its application, and imports are "truly negligible and have no discernible adverse impact at all on the domestic industry."<sup>126</sup> The legislative history states that whether imports are "negligible" may differ from industry to industry and for that reason the statute does not provide a specific numerical definition of negligibility.<sup>127 128</sup>

In applying the statutory factor of "volume and market share of the imports" the Commission has never established a numerical percentage or value benchmark for application of the exception. In considering whether imports are continuous or sporadic in nature, the Commission generally has found that

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<sup>125</sup> Id.

<sup>126</sup> See H.R. Rep. No. 40, 100th Cong., 1st Sess., pt. 1, at 131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. 621 (1988).

<sup>127</sup> H.R. Rep. No. 40, 100th Cong., 1st Sess., pt. 1, at 130, 131 (1987).

<sup>128</sup> Commissioner Rohr notes that the House Ways and Means Committee Report states that:

For an industry which is already suffering considerable injury and has long been battered by unfair import competition, very small additional quantities of unfair imports may be more than negligible. For another industry, not so deeply injured, small additional quantities of unfair imports may have no discernible effect at all.

H.R. Rep. No. 40, 100th Cong., 1st Sess., pt. 1, at 130 (1987). See also Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden and the United Kingdom, Inv. Nos. 731-TA-486 through 494 (Preliminary), USITC Pub. 2359 (February 1991) at 25; Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom, Inv. Nos. 701-TA-319 through 354 and Inv. Nos. 731-TA-573-620 (Preliminary), USITC Pub. 2549 (August 1992) at 47. The record in these investigations indicates that the industry was relatively profitable in the early part of the period of investigation. Report at Table C-2.

isolated and sporadic spot sales (as opposed to supply contract arrangements), which do not occur in many of the quarters or months of the period of investigation, are evidence supporting application of the exception.<sup>129</sup> Finally, the Commission must evaluate the price sensitivity of the market for the like product in question. The Commission generally has found that the more price sensitive the market, the greater the impact of even relatively small amounts of imports.<sup>130</sup>

We find that imports from Brazil and Mexico are not negligible. The market penetration of imports from Brazil ranged from a low of 1.5 percent in 1989 to a high of 3.0 percent in 1990, while the market penetration of imports from Mexico ranged from 2.5 percent in 1991 to 3.2 percent in 1989 and 1990.<sup>131</sup> Moreover, the evidence on the record indicates that imports from Brazil and Mexico are substitutable for domestically-produced standard and structural pipes and tubes.

We find that imports from Romania are negligible and have no discernible adverse impact on the domestic industry. In examining the volume and market share of imports, we stress that we used no numerical "bright line" cutoff for determining whether imports were negligible. Over the period of investigation, the market share of imports from Romania by quantity as a percentage of U.S. consumption was 0.5 percent in 1989, 0.7 percent in 1990

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<sup>129</sup> Groundwood Paper at 34 (Dutch imports found negligible inter alia, where sales occurred on spot basis to only one customer in a minority of quarters of the investigation period); Torrington, 790 F. Supp. 1161 (CIT 1992) (application of the negligible import exception upheld even though most of the pertinent imports were not "sporadic.").

<sup>130</sup> See, e.g., Silicon Metal from the People's Republic of China, Inv. No. 731-TA-472 (Final), USITC Pub. 2385 (June 1991) at 25-26 (noting evidence that like product was price sensitive in declining to apply the exception).

<sup>131</sup> Report at Table C-2.

and 0.7 in 1991.<sup>132</sup> By value, imports from Romania were a lower share of apparent domestic consumption, 0.4 percent in 1989 and 0.5 percent in 1990 and 1991.<sup>133</sup>

In deciding whether imports from Romania are negligible, we evaluated the extent of competition between imports from Romania and the domestic industry. Five of the six firms that purchased Romanian pipe during the period of investigation indicated that Romanian pipe was of lower quality and specifically mentioned either rusted pipes, problems with the seams, or improper packaging and bundling of the products as problems. They also stated that the Romanian product was not as good as other imports or the domestic product for fabrication, bending, threading, and machining.<sup>134</sup> In addition, 3 of 4 importers and 3 of 6 purchasers reported that they stopped buying the subject imports from Romania due to quality and/or delivery problems.<sup>135 136</sup>

In assessing the statutory element of "isolated and sporadic" sales, we considered whether the imports were sold in all quarters during the investigation. In addition, we examined the geographic scope of sales. We further considered the number of importers through which imports were sold. In these investigations, the Commission compiled import data on a quarterly basis. Those data show that the product was not consistently imported over the period of investigation.<sup>137</sup> Romanian standard pipe was imported by only

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<sup>132</sup> Id.

<sup>133</sup> Id.

<sup>134</sup> Report at I-66.

<sup>135</sup> EC-P-073 at 18.

<sup>136</sup> Vice Chairman Watson and Commissioner Nuzum note that in each instance in which the Commission was able to make price comparisons with the Romanian imports, the Romanian product was priced below the domestic product. We find this evidence of underselling to be insignificant in light of the substantial and documented quality differences between the Romanian imports, the other subject imports, and the domestic product.

<sup>137</sup> Report at Table G-1.

six importers, three of whom, as noted, discontinued their purchases because of the unacceptable quality of Romanian imports.<sup>138</sup> We also note that some of the Romanian imports do not meet ASTM standards.

The domestic market for standard and structural pipe and tube is not so price sensitive that the small volume of subject imports from Romania caused price suppression or price depression. Given the competitive nature of the domestic market and the substantial excess capacity of domestic producers, we find that the small volume of Romanian imports had no discernible effect on U.S. producers' prices. This is particularly true because of the substantial differences between the subject imports from Romania and the domestic like product. We therefore find that, based on the foregoing, Romanian imports are negligible and had no discernible impact on the domestic industry.<sup>139</sup>

We do not find imports of standard and structural pipes and tubes from Venezuela to be negligible because the record does not show the same evidence

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<sup>138</sup> Report at I-66 and I-66, n.106.

<sup>139</sup> Chairman Newquist does not find that LTFV imports from Romania "have no discernable impact at all on the domestic industry." See H.R. Rep. No. 40, 100th Cong., 1st Sess. pt. 1, at 131 (1987). Although imports of standard and structural pipes and tubes from Romania entered at relatively low levels throughout the period of this investigation, as noted above, the volume and value of these imports increased from 1989 to 1991, both absolutely and as a share of domestic consumption. By 1991, the value of these imports totalled \$5.4 million. Further, the record shows steady sales of Romanian imports through a number of different distributors. Report at I-60-63. Chairman Newquist recognizes that the adverse effects of Romanian imports may be somewhat attenuated, since a number of purchasers indicate that Romanian imports tend to be of lower quality than the domestically produced product. Nevertheless, the evidence shows that some Romanian imports do meet ASTM A-53 grade A specifications and that even Romanian pipe of inferior quality is suitable for structural applications which do not require hydrostatic testing. Report at I-66. He is satisfied, therefore, that a significant degree of substitutability exists between Romanian imports and domestically produced standard and structural pipes and tubes. Finally, limited price comparisons show uniform and significant underselling by Romanian imports. Chairman Newquist concludes, therefore, that the evidence does not "clearly justify" the application of the negligible imports exception with respect to LTFV imports from Romania. H.R. Rep. 40, supra.

of pervasive quality differences as it does with respect to Romanian imports.<sup>140</sup> The market share of imports from Venezuela by quantity increased from 0.4 percent in 1989 to 0.9 percent in 1990 and 1991.<sup>141</sup> Imports from Venezuela by value totalled \$3.9 million in 1989, \$8.7 million in 1990, and \$8.1 million in 1991.<sup>142</sup> We also note that there is no evidence on the record indicating that importers of Venezuelan standard and structural pipes and tubes have discontinued their purchases due to quality problems, as have importers of Romanian imports.

With respect to the issue of competition between imports from Venezuela and the domestic product, we note that while three of eighteen purchasers who responded to the Commission's questionnaires stated that Venezuelan imports were of lower quality than the domestic product or other subject imports,<sup>143</sup> Venezuelan pipe was reported by some purchasers as being of higher quality than Romanian pipe, although imports from Venezuela were acknowledged to have long lead times.<sup>144</sup>

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<sup>140</sup> Commissioner Brunsdale and Commissioner Crawford find that subject imports from Venezuela are negligible and have no discernible adverse impact on the domestic industry. At no time did subject imports exceed 0.9 percent of U.S. apparent consumption. Record evidence indicates that a significant portion of subject imports do not meet ASTM standards and are of inferior quality compared to the domestic products. (See Report at I-58). Based on the small market share and inferior quality, Commissioner Brunsdale and Commissioner Crawford find that subject imports from Venezuela are negligible and have no discernible adverse impact on the domestic industry. In addition, the market for pipe and tube is not so price sensitive that imports from Venezuela, accounting for 0.9 percent of U.S. consumption, resulted in price suppression or depression.

<sup>141</sup> Report at Table C-2. In the first quarter of 1992, the import penetration of imports from Venezuela dropped to 0.1 percent from 2.0 percent in the first quarter of 1991.

<sup>142</sup> Report at Table C-2. Subject imports totalled \$0.3 million in the first quarter of 1992 as compared with \$5.3 million in the first quarter of 1991.

<sup>143</sup> Report at I-66.

<sup>144</sup> Report at I-57.

### III. Material Injury by Reason of LTFV Imports

In determining whether the domestic industry is materially injured by reason of the imports under investigation, the statute directs the Commission to consider:

(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, but only in the context of production operations within the United States.<sup>145</sup>

In making this determination, the Commission may consider "such other economic factors as are relevant to the determination . . . ." <sup>146</sup> Although we may consider information that indicates that injury to the industry is caused by factors other than the LTFV imports, we do not weigh causes.<sup>147 148 149</sup>

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<sup>145</sup> 19 U.S.C. § 1677(7)(B)(i).

<sup>146</sup> 19 U.S.C. § 1677(7)(B)(ii).

<sup>147</sup> Chairman Newquist, Commissioner Rohr, and Commissioner Nuzum note that the Commission need not determine that imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249, 96th Cong., 1st Sess. 57 and 74 (1979). Rather, a finding that imports are a cause of material injury is sufficient. See, e.g., Metallverken Nederland, B.V. v. United States, 728 F. Supp. 730, 741 (CIT 1989); Citrosuco Paulista v. United States, 704 F. Supp. 1075, 1101 (CIT 1988).

<sup>148</sup> Vice Chairman Watson notes that the courts have interpreted the statutory requirement that the Commission consider whether there is material injury "by reason of" the subject imports in a number of different ways. Compare, e.g., United Engineering & Forging v. United States, 779 F. Supp. 1375, 1391 (Ct. Int'l Trade 1991) ("rather it must determine whether unfairly-traded imports are contributing to such injury to the domestic industry. Such imports, therefore need not be the only cause of harm to the domestic industry." (citations omitted)); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989) (affirming a determination by two Commissioners that "the imports were a cause of material injury"); USX Corporation v. United States, 682 F. Supp. 60, 67 (Ct. Int'l Trade 1988) ("any causation analysis must have at its core, the issue of whether the imports at issue cause, in a non de minimis manner, the material injury to the industry...").

Accordingly, Vice Chairman Watson has decided to adhere to the standard  
(continued...)

### A. The Standard and Structural Pipe and Tube Industry

The volume of cumulated<sup>150 151 152</sup> imports of standard and structural pipes and tubes increased between 1989 and 1991. Subject imports by quantity totaled 440,171 short tons in 1989, 496,028 short tons in 1990, and 483,319 short tons in 1991.<sup>153</sup>

The overall increase in import volume occurred in spite of a decline in apparent U.S. consumption of standard and structural pipes and tubes between

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<sup>148</sup> (...continued)

articulated by Congress in the legislative history of the pertinent provisions, which states that the Commission must satisfy itself that, in light of all the information presented, there is a "sufficient causal link between the less-than-fair-value imports and the requisite injury." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979).

<sup>149</sup> Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of the LTFV imports." Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently is causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than the LTFV imports." S. Rep. No. 249 at 75. However, the legislative history makes it clear that the Commission is not to determine if the LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249 at 74. Rather, it is to determine whether any injury "by reason of" the LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987)(emphasis added).

<sup>150</sup> Cumulated imports include imports from Brazil, Korea, Mexico, Taiwan, and Venezuela.

<sup>151</sup> Chairman Newquist joins in the following discussion regarding the adverse effects of the subject imports from Brazil, Korea, Mexico, Taiwan, and Venezuela. He also includes imports from Romania in his assessment of the cumulative impact of those imports since (unlike his colleagues) he has found that Romanian imports are not negligible in terms of the statutory requirements.

<sup>152</sup> Commissioner Brunsdale and Commissioner Crawford join the discussion regarding material injury by reason of LTFV imports but exclude imports from Venezuela, which they found to be negligible, from their analysis.

<sup>153</sup> Report at Table C-2. Such imports decreased from 160,416 short tons in interim 1991 to 100,593 short tons in interim 1992.



1990 and 1991. As a result, the cumulated subject imports increased their share of apparent U.S. consumption by quantity from 21.9 percent in 1989 to 23.2 percent in 1990, then to 25.1 percent in 1991.<sup>154 155</sup> At the same time, the market share of non-subject imports decreased from 16.8 percent in 1989 to 11.1 percent in 1991. U.S. producers' share of consumption by quantity increased by a lesser percentage than did the cumulated subject imports, rising from 60.8 percent in 1989 to 63.1 percent in 1991.<sup>156</sup>

A high percentage of the subject imports and the domestically-produced standard and structural pipes and tubes conforms to the relevant ASTM standards and are generally substitutable.<sup>157</sup> There is also evidence on the record that price is the most important factor in making purchasing decisions regarding standard and structural pipes and tubes.<sup>158</sup>

The Commission obtained pricing data on sales of standard and structural pipes and tubes. Both U.S. producers and importers sell the majority of their standard and structural pipes and tubes to distributors.<sup>159</sup> The price information gathered by the Commission is based on the suppliers' largest sale

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<sup>154</sup> Report at Table C-2. Subject imports were a lower percentage of domestic consumption in the first quarter 1992 than in the first quarter of 1991.

<sup>155</sup> Report at Table C-2. The value of the subject imports as a share of apparent domestic consumption also increased from 19.7 percent in 1989 to 22.8 percent in 1991.

<sup>156</sup> Report at Table C-2. U.S. producers' market share increased to 67.5 percent in January-March 1992.

<sup>157</sup> Report at I-65 to I-66. Over 70 percent of standard and structural pipes and tubes are certified as conforming to the relevant ASTM standard. Report at I-8, n. 15.

<sup>158</sup> Report at I-65.

<sup>159</sup> Report at I-56. U.S. producers also sell some standard and structural pipes and tubes to end users such as building contractors and original equipment manufacturers, but total sales volumes to these customers are much smaller than to distributors. Importers sell a higher percentage of their standard and structural pipes and tubes to distributors than do domestic producers. Id.

to an unrelated U.S. distributor for five specific types of standard or structural pipes and tubes in each quarter of the period of investigation.<sup>160</sup>

The record reveals that cumulated imports of standard and structural pipes and tubes undersold the domestic product in 133 of 183 available price comparisons.<sup>161 162</sup> In addition, petitioners cite a number of instances of alleged underselling by the subject imports resulting in lost sales or lost revenues. Purchasers cited the lower price of the imported product as an important reason for their purchases of subject imports.<sup>163</sup>

Unit prices for the U.S. products fell throughout the period of investigation.<sup>164</sup> Virtually all import prices also declined during this period. Falling prices in the U.S. market contributed to the domestic industry's worsening financial performance but did not prevent domestic producers from losing additional market share to LTFV imports.<sup>165</sup> In addition, the domestic industry's capacity utilization decreased from 70.3 percent 1989 to 62.5 percent in 1991.<sup>166</sup>

Chairman Newquist, Commissioner Rohr, and Commissioner Nuzum determine that based on the large and increasing volume and market share of subject imports, a strong pattern of underselling by the subject imports, and the domestic industry's deteriorating performance reflected, inter alia, in its

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<sup>160</sup> Report at I-58 - I-59.

<sup>161</sup> Report at I-64 - I-65.

<sup>162</sup> Commissioners Brunsdale and Crawford do not place much weight on underselling in this case. They note that imports from Korea, which account for the vast majority of subject imports, oversold the domestic like product in about 45 percent of the price comparisons.

<sup>163</sup> Report at I-73 - I-76.

<sup>164</sup> Report at Table C-2.

<sup>165</sup> We also note that a number of U.S. producers indicated that they deferred capital investments due to the market uncertainty brought about by LTFV imports. Report at Appendix E.

<sup>166</sup> Report at Table C-2.

financial and employment data, the domestic industry producing standard and structural pipes and tubes is materially injured by reason of subject cumulated imports from Brazil, Korea, Mexico, Taiwan, and Venezuela.<sup>167 168</sup>

Vice Chairman Watson, Commissioner Brunsdale, and Commissioner Crawford find that, given the relatively close substitutability of the subject imports, and the domestic like product, if imports had been sold at fair value the domestic producers would have increased their market share significantly. It is also likely that while prices would have been slightly higher if imports had been fairly traded, the quantity of standard and structural pipe and tube demanded would not have declined. We believe that the lower level of domestic sales and the lower prices due to the dumped imports demonstrate material injury to the domestic industry.

We determine that the domestic industry is not materially injured by reason of subject standard and structural pipes and tubes from Romania.<sup>169</sup> Imports from Romania were insignificant in absolute volume and as a share of domestic consumption, and in light of the pervasive quality problems of those imports, the record contains no evidence that those imports had a significant adverse effect on prices for the domestic like product. In light of these conclusions and our previous determination that imports from Romania were negligible for purposes of cumulation, we determine that the domestic industry is not materially injured by reason of subject imports from Romania.

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<sup>167</sup> Commissioner Brunsdale and Commissioner Crawford do not join this discussion.

<sup>168</sup> Vice Chairman Watson considers, but does not base his determination of material injury solely on, the large and increasing volume and market share of subject imports and the domestic industry's deteriorating financial performance and the underselling by the subject imports, as indicated by the paragraph immediately following this footnote.

<sup>169</sup> Chairman Newquist does not join in the discussion regarding the effect of imports from Romania.

## B. The Mechanical Tubing Industry

Petitioners and respondents both argue that the Commission should find that there is no material injury to the domestic industry producing the subject mechanical tubing because there have been virtually no subject imports of mechanical tubing.

### 1. Material Injury By Reason of LTFV Imports from Brazil

Because the levels of imports of subject mechanical tubing from Brazil were insignificant, we find no material injury to the domestic industry producing mechanical tubing that is not cold-drawn or cold-rolled by reason of LTFV imports from Brazil.

### 2. Material Injury By Reason of LTFV Imports from Korea, Mexico, Romania, Taiwan and Venezuela

Because there were no significant imports of subject mechanical tubing from Korea, Mexico, Romania, Taiwan, and Venezuela, we find no material injury to the domestic industry producing mechanical tubing that is not cold-drawn or cold-rolled by reason of LTFV imports from these countries.

## C. The Conduit Industry

Because there were no imports of subject finished conduit from Brazil, Korea, Mexico, Taiwan, Romania, or Venezuela, we find no material injury to the domestic industry producing finished conduit by reason of LTFV imports from the subject countries.

## IV. Threat of Material Injury

### A. Legal Standard

Section 771(7)(F) of the Act directs the Commission to consider whether a U.S. industry is threatened with material injury by reason of the subject imports "on the basis of evidence that the threat of material injury is real

and that actual injury is imminent."<sup>170</sup> While an analysis of the statutory threat factors necessarily involves projection of future events, "[s]uch a determination may not be made on the basis of mere conjecture or supposition."<sup>171</sup>

The Commission must consider the following factors in its threat analysis:<sup>172</sup>

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

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

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

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

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671 or 1673 of this title or to final orders under section 1671e

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<sup>170</sup> 19 U.S.C. § 1677(7)(F)(ii).

<sup>171</sup> 19 U.S.C. § 1677(7)(F)(ii). See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 88-89 (1979); see also Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (CIT 1990).

<sup>172</sup> See 19 U.S.C. § 1677(7)(F)(iii).

or 1673e of this title, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both raw agricultural product (within the meaning of paragraph (4)(E)(iv) and any product processed from such raw agricultural product, the likelihood there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.

In addition, the Commission must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class of merchandise suggest a threat of material injury to the domestic industry.<sup>173</sup>

#### A. Mechanical Tubing

We note once again that both petitioners and respondents argued that the Commission should make a negative determination with respect to material injury or threat of material injury by reason of subject imports of mechanical tubing.

##### 1. Imports from Korea

In these investigations there have been no significant imports of subject mechanical tubing from Korea. Because there have been no imports from Korea, there has been no rapid increase in United States market penetration and no substantial increase in U.S. importers' inventories. Because there is no evidence of future imports, we find no likelihood that the market penetration of subject mechanical tubing from Korea will increase to an injurious level; no probability that imports of the Korean merchandise will

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<sup>173</sup> 19 U.S.C. § 1677(7)(F)(iii)(I). Threat factors I, VIII, and IX are not relevant to these investigations.

enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise; and no actual and potential negative effects on the existing development and production efforts to develop a derivative or more advanced version of the like product. Finally, we are aware of no other demonstrable adverse trends that indicate the probability that importation (or sale for importation) of the merchandise (whether or not it is actually being imported at this time) will be the cause of actual injury.<sup>174</sup>

We therefore find no threat of material injury by reason of LTFV imports of subject mechanical tubing from Korea.

## 2. Imports from Brazil

Because there have been no significant imports of subject mechanical tubing from Brazil, there has been no rapid increase in United States market penetration and no substantial increase in U. S. importers' inventories. Because there is no evidence of future imports, we find no likelihood that the market penetration of subject mechanical tubing from Brazil will increase to an injurious level; no probability that imports of the Brazilian merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise; and no actual and potential negative effects on the existing development and production efforts to develop a derivative or more advanced version of the like product.<sup>175</sup> Finally, we are aware of no other demonstrable adverse trends that indicate the probability that importation (or sale for importation) of the merchandise (whether or not it is actually being imported at this time) will be the cause

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<sup>174</sup> Report at Table F-2.

<sup>175</sup> Report at Table F-1.

of actual injury.

We therefore find no threat of material injury by reason of LTFV imports of subject mechanical tubing from Brazil.

### 3. Mexico, Romania, Venezuela, and Taiwan

Because there have been no significant imports of subject mechanical tubing from Mexico, Romania, Taiwan, and Venezuela, there has been no rapid increase in United States market penetration and no substantial increase in U.S. importers' inventories. In addition, Mexico, Romania, Taiwan, and Venezuela have no industries producing the subject mechanical tubing. Therefore, we find there is no likelihood that the market penetration of subject mechanical tubing from Mexico, Romanian, Taiwan, and Venezuela will increase to an injurious level; no probability that imports of the Mexican, Romanian, Taiwan and Venezuelan merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise; and no actual and potential negative effects on the existing development and production efforts to develop a derivative or more advanced version of the like product. Finally, we are aware of no other demonstrable adverse trends that indicate the probability that importation (or sale for importation) of the merchandise (whether or not it is actually being imported at this time) will be the cause of actual injury.

We therefore find no threat of material injury by reason of LTFV imports of subject mechanical tubing from Mexico, Romania, Taiwan, and Venezuela.

### C. Finished Conduit<sup>176</sup>

There were no imports of subject finished conduit from Brazil, Korea,

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<sup>176</sup> The Commission collected no data regarding the industries producing subject finished conduit in Brazil, Mexico, Korea, Romania, Taiwan, and Venezuela.



Mexico, Romania, Taiwan and Venezuela during the period of investigation. Because there is no evidence of future imports, we find no threat of material injury by reason of subject imports of finished conduit from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela.

D. Standard and Structural Pipes and Tubes <sup>177 178</sup>

We find no threat of material injury by reason of LTFV imports of standard and structural pipes and tubes from Romania. The exact figures regarding the Romanian industry are confidential, so our discussion must necessarily be general in nature. Romanian capacity to produce standard and structural pipes and tubes declined sharply over the period.<sup>179</sup> We therefore find no increase in production capacity likely to result in a significant increase in imports of the merchandise to the United States. While the rate of capacity utilization decreased over the period of investigation, there is evidence on the record that the Romanian industry suffers from shortages of electricity and raw materials that make it unlikely that its unused capacity will be used to increase its exports of standard and structural pipes and tubes to the United States.<sup>180</sup>

We find no rapid increase in United States market penetration of

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<sup>177</sup> Commissioner Brunsdale and Commissioner Crawford find that the standard and structural pipe and tube industry in the United States is not threatened with material injury by reason of subject imports from Venezuela. Capacity in Venezuela is projected to decrease, and capacity utilization is projected to increase. At the same time, subject imports are projected to decrease drastically. Prehearing Brief of Conduven at 16-18; Posthearing Brief of Conduven at 7-10. Given the inferior quality and the negligible level of subject imports from Venezuela, there is no positive evidence to support a determination of threat of material injury.

<sup>178</sup> Having found present material injury by reason of cumulated imports of standard and structural pipes and tubes from all subject countries, Chairman Newquist does not reach the issue of threat of material injury by reason such imports from Romania.

<sup>179</sup> Report at Table 17.

<sup>180</sup> Tr. at 140.

Romanian standard and structural pipes and tubes and no likelihood that the penetration will increase to an injurious level. The market share of imports from Romania increased over the period of investigation.<sup>181</sup> We note, however, that 3 of 4 importers and 3 of 6 purchasers reported that they stopped buying the imports from Romania due to problems with quality or timely delivery.<sup>182</sup> In addition, there were no imports from Romania in the first quarter of 1989, the third quarter of 1991, and the second quarter of 1992.<sup>183</sup>

With respect to the probability that imports from Romania will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise, we note that while imports from Romania have consistently undersold domestically produced standard and structural pipes and tubes, competition between imports from Romania and the domestic product is attenuated due to quality problems experienced by Romanian imports and the fact that some of those imports do not meet ASTM standards.<sup>184</sup>

U.S. importers' inventories of Romanian standard and structural pipes and tubes decreased between 1989 and 1991, both absolutely and as a percentage of either imports or U.S. shipments of imports.<sup>185</sup> We therefore find that there has been no substantial increase in inventories of Romanian imports in the United States.

We note that there have been no allegations of lost sales or lost revenues with respect to imports from Romania and no allegations that imports from Romania have impeded or may impede existing development and production efforts of the domestic industry, including efforts to develop a derivative or

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<sup>181</sup> Report at Table C-2.

<sup>182</sup> EC-P-073 at 18.

<sup>183</sup> Report at Table G-1.

<sup>184</sup> Report at I-58.

<sup>185</sup> Report at Table 13.

more advanced version of standard and structural pipes and tubes.<sup>186</sup> Finally, we find no other demonstrable adverse trends that indicate the probability that imports of Romanian merchandise will be the cause of actual injury in the future.

For the foregoing reasons, we find that the domestic industry producing standard and structural pipes and tubes is not threatened with material injury by reason of LTFV imports from Romania.

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<sup>186</sup> Report at I-73, n. 11.



## Information Obtained in the Investigations

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## INTRODUCTION

## Institution

Following preliminary determinations by the U.S. Department of Commerce that imports of certain circular, welded, non-alloy steel pipes and tubes<sup>1</sup> from Brazil, the Republic of Korea ("Korea"), Mexico, Romania, Taiwan, and Venezuela are being, or are likely to be, sold in the United States at less than fair value (LTFV), and that imports of certain circular, welded, non-alloy steel pipes and tubes from Brazil are being subsidized by the Government of Brazil,<sup>2</sup> the U.S. International Trade Commission, effective April 24 and June 8, 1992, instituted investigations Nos. 731-TA-532-537 (Final) and 701-TA-311 (Final) under sections 735(b) and 705(b) of the Tariff Act of 1930 ("the act") (19 U.S.C. § 1673d(b) and 1671d(b)) to determine whether 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. Notices of the

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<sup>1</sup> Certain circular, welded, non-alloy steel pipes and tubes are defined as welded, non-alloy steel pipes and tubes, of circular cross section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled), as provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States (HTS). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope of these investigations is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included in the scope of these investigations except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the United States as line pipe of a kind used for oil or gas pipelines is also not included in the scope of these investigations.

For purposes of imports from Taiwan, "circular, welded, non-alloy steel pipes and tubes" are as defined above but do not include (1) pipes and tubes with wall thicknesses of 1.65 mm (0.065 inch) or more that have outside diameters of 114.3 mm (4.5 inches) or less--these products (if from 9.525 mm (0.375 inch) through 114.3 mm (4.5 inches)), when imported from Taiwan, are currently assessed antidumping duties; and (2) pipes and tubes of circular cross section of 406.4 mm (16 inches) with a wall thickness of less than 1.65 mm (0.065 inch).

<sup>2</sup> 57 F.R. 17883, Apr. 28, 1992, and 57 F.R. 24466, June 9, 1992.

institution of the Commission's investigations and of a public hearing to be held in connection therewith were posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the Federal Register on May 20 and July 22, 1992. The hearing was held in Washington, DC, on September 15, 1992.<sup>3</sup>

Commerce's final subsidy and LTFV determinations were officially received by the Commission on September 16, 1992. Commerce determined that "no benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of circular, welded, non-alloy steel pipe from Brazil," but that such imports from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela are being, or are likely to be, sold in the United States at LTFV.<sup>4</sup> Accordingly, the Commission terminated its countervailing duty investigation concerning certain circular, welded, non-alloy steel pipes and tubes from Brazil (57 F.R. 46194, September 30, 1992). The Commission voted on the remaining investigations on October 20, 1992, and transmitted its final determinations to Commerce on October 26.

### Background

On September 24, 1991, counsel on behalf of 10 U.S. pipe- and tube-producing companies (Allied Tube & Conduit Corp., Harvey, IL; American Tube Co., Phoenix, AZ; Bull Moose Tube Co., Gerald, MO; Century Tube Corp., Pine Bluff, AR; Sawhill Tubular Div., Cyclops Corp., Sharon, PA;<sup>5</sup> Laclede Steel Co., St. Louis, MO; Maruichi American Corp., Santa Fe Springs, CA;<sup>6</sup> Sharon Tube Co., Sharon, PA; Western Tube & Conduit Corp., Long Beach, CA; and Wheatland Tube Co., Collingswood, NJ) filed petitions alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of certain circular, welded, non-alloy steel pipes and tubes from Brazil and Venezuela and of LTFV imports of certain circular, welded, non-alloy steel pipes and tubes from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela. In response to these petitions the Commission instituted investigations Nos. 701-TA-311 (Preliminary)<sup>7</sup> and

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<sup>3</sup> Copies of the Commission's cited Federal Register notices and a witness list are presented in app. A.

<sup>4</sup> Commerce's Federal Register notices (57 F.R. 42940, Sept. 17, 1992), appear in app. B.

<sup>5</sup> On Mar. 31, 1992, (subsequent to the filing of the petitions), Armco, Inc., purchased Sawhill Tubular Div.

<sup>6</sup> On Sept. 30, 1991, counsel for petitioners amended the petitions to remove Maruichi American Corp. as a petitioner.

<sup>7</sup> The Commission did not institute a countervailing duty investigation concerning imports of circular, welded, non-alloy steel pipes and tubes from Venezuela because Venezuela was not a signatory to the General Agreement on Tariffs and Trade (GATT) subsidies code and thus was not "under the Agreement" pursuant to section 701(b) of the act, and because imports of the subject product were subject to an import duty (thus making circular, welded, non-alloy steel pipes and tubes from Venezuela ineligible for an investigation by the Commission under section 303 of the act).



731-TA 532-537 (Preliminary) under sections 703 and 733 of the act (19 U.S.C §§ 1671b(a) and 1673b(a)) and, on November 8, 1991, determined that there was a reasonable indication of such material injury.

**Previous Commission Investigations Concerning  
Circular, Welded, Non-alloy Steel Pipes and Tubes**

The Commission has conducted 13 previous antidumping investigations and 7 countervailing duty investigations concerning or including circular, welded, non-alloy steel pipes and tubes. Many of the investigations were terminated before final antidumping and/or countervailing duty orders were issued, and some orders were revoked after the subject country entered into a voluntary restraint arrangement with the United States. At present, antidumping orders and/or countervailing duty orders on the subject products are in place against Argentina, India, Taiwan,<sup>8</sup> Thailand, and Turkey. The tabulation below presents the investigations conducted by the Commission, the Commission's determinations (or termination of the investigations prior to the Commission's final determinations), and the date of publication in the Federal Register of the Commission's final determinations (if applicable).

| <u>Country</u>               | <u>Antidumping<br/>investigations</u> | <u>Determination</u> | <u>Publication date</u> |
|------------------------------|---------------------------------------|----------------------|-------------------------|
| Korea <sup>1</sup> .....     | 731-TA-131 (F)                        | Affirmative          | 05-09-84                |
| Taiwan.....                  | 731-TA-132 (F)                        | Affirmative          | 05-09-84                |
| Brazil <sup>2</sup> .....    | 731-TA-197 (F)                        | Terminated           | 03-27-85                |
| Spain.....                   | 731-TA-198 (F)                        | Terminated           | 02-13-85                |
| Venezuela <sup>3</sup> ..... | 731-TA-212 (F)                        | Terminated           | 10-28-85                |
| Thailand.....                | 731-TA-252 (F)                        | Affirmative          | 03-03-86                |
| Venezuela <sup>3</sup> ..... | 731-TA-253 (F)                        | Terminated           | 12-12-85                |
| India.....                   | 731-TA-271 (F)                        | Affirmative          | 05-07-86                |
| Turkey.....                  | 731-TA-272 (F)                        | Affirmative          | 05-07-86                |
| Yugoslavia.....              | 731-TA-274 (F)                        | Terminated           | 04-16-86                |
| China.....                   | 731-TA-292 (F)                        | Negative             | 09-04-86                |
| The Philippines.             | 731-TA-293 (F)                        | Negative             | 11-13-86                |
| Singapore.....               | 731-TA-294 (F)                        | Negative             | 11-13-86                |

Continued on the following page.

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<sup>8</sup> Pipes and tubes with outside diameters of 9.525 mm (0.375 inch) through 114.3 mm (4.5 inches) and with wall thicknesses of 1.65 mm (0.065 inch) or more.

| <u>Country</u>           | <u>Countervailing duty investigations</u> | <u>Determination</u> | <u>Publication date</u> |
|--------------------------|---|----------------------|-------------------------|
| Brazil.....              | 701-TA-165 (F)                            | Suspended            | 01-12-83                |
| Italy.....               | 701-TA-167 (P)                            | Negative             | 06-30-82                |
| Korea <sup>4</sup> ..... | 701-TA-168 (F)                            | Affirmative          | 02-15-83                |
| Spain.....               | 701-TA-220 (F)                            | Terminated           | 02-13-85                |
| Venezuela.....           | 701-TA-242 (F)                            | Terminated           | 12-12-85                |
| India.....               | 701-TA-251 (F)                            | Terminated           | 01-15-86                |
| Turkey.....              | 701-TA-253 (F)                            | Affirmative          | 03-03-86                |

<sup>1</sup> The antidumping order was revoked on Oct. 21, 1985.

<sup>2</sup> Withdrawn by petitioners following an affirmative determination by the Commission on small diameter, circular, welded, carbon steel pipes and tubes.

<sup>3</sup> Withdrawn by petitioners following an affirmative determination by the Commission on certain circular, welded, carbon steel tubes (including pipes and tubes), 0.371 inch or more but not over 16 inches in outside diameter.

<sup>4</sup> The countervailing duty order was revoked on Oct. 29, 1985.

## THE PRODUCTS

### Description and Uses

Historically, "pipes" referred to products that were standardized as to size and wall thickness and "tubes" referred to products produced to customer specifications. However, the usage of these terms has evolved with the industry and it is now less easy to distinguish between pipes and tubes in the field.<sup>9</sup> For purposes of this report, the general terms "pipes," "tubes," and "tubular products" are used interchangeably.<sup>10</sup>

### Types of Pipes and Tubes

Steel pipes and tubes are made in circular, square, or rectangular cross sections and can be divided into two general categories according to the method of manufacture--welded or seamless. Each category can be further subdivided by grades of steel; carbon or alloy, including heat-resisting,

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<sup>9</sup> American Iron and Steel Institute, Steel Products Manual: Carbon Steel Pipe, Structural Tubing, Line Pipe, Oil Country Tubular Goods, Washington, DC, April 1982, p. 20.

<sup>10</sup> The Commission's questionnaire requested U.S. producers to indicate if they produced circular, welded, non-alloy steel pipes and circular, welded, non-alloy steel tubes on the same machinery. Sixteen of the 23 U.S. producers of subject pipes and tubes that provided usable responses to this question indicated that they did produce pipes and tubes on the same equipment. The 16 producers represented approximately 90 percent of reported 1991 U.S. production by the 23 companies. Of the remaining seven companies, four indicated that they did not produce circular, welded, non-alloy steel pipes and circular, welded, non-alloy steel tubes on the same machinery and three indicated that they only produced pipes or tubes, but not both.

stainless, and other alloys. In addition, steel pipes and tubes can be categorized by end use. The American Iron and Steel Institute has defined six such end-use categories: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods (OCTG).<sup>11</sup>

## Subject Products

The pipe and tube products from Brazil, Korea, Mexico, Romania, and Venezuela that are the subject of these investigations are circular, welded, non-alloy pipes and tubes not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). Products from Taiwan that are subject to investigation are the same as those defined above but do not include pipes and tubes with outside diameters of 114.3 mm (4.5 inches) or less that have a wall thickness of 1.65 mm (0.065 inch) or more and do not include pipes and tubes of circular cross section of 406.4 mm (16 inches) with a wall thickness of less than 1.65 mm (0.065 inch).

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<sup>11</sup> Standard pipe is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. These steel pipes may carry fluids at elevated temperatures and pressures and may not be subjected to the application of external heat. Standard pipe may also be used for light load-bearing applications, such as for fence tubing.

Line pipe is used for the transportation of gas, oil, or water, generally in pipeline or utility distribution systems. In addition to having different uses, these products are made to different industry specifications and are usually larger than standard pipe (see "Other Pipe and Tube Products" section of this report for further information on line pipe).

Structural pipe and tubing is used for framing and support members for construction or load-bearing purposes in the construction, shipbuilding, trucking, farm equipment, and related industries.

Mechanical tubing is employed in a variety of mechanical applications including bicycle and motorcycle frames and parts, conveyor rolls and links, fishing rods, flagstaffs and masts, furniture tubing, gun barrels, handles, muffler tubes, posts and poles, and vacuum cleaner parts. The products in this category are frequently cold-drawn to improve the smoothness of the material.

Pressure tubes are used to convey fluids and gases at elevated temperatures or pressures, or both, and may be subjected to the application of heat. These tubes include air heater tubes, boiler tubes, heat-exchanger and condenser tubes, and superheater tubes.

Oil country tubular goods are steel pipes and tubes used in the drilling of oil and gas wells and in conveying oil and gas to ground level. Included here are oil well drill pipe, oil well casing, and oil well tubing. These pipes and tubes are frequently further processed by an "upsetting" operation in which the ends are flared. There is no known production of welded oil well drill pipe; oil well casing and tubing may be welded or seamless.

Most products subject to these investigations are included in the category of products known commonly in the industry as "standard" pipes and tubes; they are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. They may carry fluids at elevated temperatures and pressures but must not be subjected to external heat. Subject products may also be used for light load-bearing applications, such as for fence tubing. In addition, the products subject to these investigations include mechanical and structural pipes and tubes that are used in standard pipe applications as well as all carbon pipes and tubes meeting the above physical specifications except line pipe, OCTG, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit.<sup>12</sup>

Several organizations publish standards and specifications for the production of steel pipes and tubes that are commonly used in the industry, including the American Society for Testing and Materials (ASTM), the American Society of Mechanical Engineers, and the American Petroleum Institute (API). Comparable organizations in Japan, Germany, the United Kingdom, and other countries have also developed standard specifications for steel pipes and tubes. Subject pipes and tubes intended for low-pressure service in steam, water, and gas lines are customarily inspected and tested hydrostatically, in accordance with ASTM specification A-53. Subject pipes and tubes intended for coiling, bending, flanging, or other special purposes are subject to tensile, bending, and flattening tests, as well as hydrostatic tests, in accordance with ASTM specification A-53 or related ASTM specifications.<sup>13</sup> Mechanical tubing, other than that which is cold-rolled or cold-drawn, is also included in the subject products.<sup>14</sup> In contrast to most subject products, however, mechanical tubing, although made to exact outside diameters and wall thicknesses, is not normally produced to meet any specification other than that required to meet the end use.<sup>15</sup>

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<sup>12</sup> See the "Other Pipe and Tube Products" section of this report for a description of finished rigid conduit.

<sup>13</sup> American Iron and Steel Institute, op. cit., p. 20.

<sup>14</sup> This includes hot-rolled mechanical tubing that is sold as "redraw stock," i.e., tubing which will be cold-drawn by the purchaser to meet the exact specifications of the end user to which the purchaser is selling.

<sup>15</sup> American Iron and Steel Institute, Instructions for Reporting Steel Shipment Statistics, Vol. 1, issued January 1988, updated August 1992, p. I (III) 5. Staff found that many producers of mechanical tubing that is not cold-drawn or cold-rolled use the standard ASTM A-513 as a baseline, but actually produce tubing to proprietary specifications. Staff telephone conversations with \*\*\*. Only a very small portion, \*\*\* percent, of domestically-produced mechanical tubing that is not cold-drawn or cold-rolled is certified (or "stenciled") to ASTM A-513, according to the data collected by the Commission through its questionnaires. In comparison, 70.2 percent of standard and structural pipes and tubes are single- or multiple-stenciled, most commonly to ASTM A-53 or ASTM A-135.

### Manufacturing Processes

Welded pipes and tubes of the sizes subject to these investigations are manufactured primarily by one of two processes, continuous welding (CW, also known as furnace welding) or electric resistance welding (ERW). In both methods, coils of skelp or flat steel sheet are trimmed lengthwise and then cut to the exact width needed to form the pipe. In the United States, a slight majority of standard and structural pipes and tubes is manufactured on CW mills, while the vast majority of the mechanical tubing subject to these investigations is manufactured on ERW mills. According to responses received by the Commission from domestic producers of the subject pipes and tubes, the share of CW production of standard and structural pipes and tube declined from approximately 55 percent in 1989 and 1990 to approximately 51 percent in 1991 and January-March 1992. Approximately 90 percent of the production of mechanical tubing subject to these investigations took place on ERW mills during the period for which data were collected.

In the CW or furnace method, the slit sheet is heated to welding temperature (approximately 2,600° F) in a gas-fired furnace. While hot, it is shaped through a series of rollers into a tubular form and the edges are butted together under pressure to form the weld without the addition of filler metal (figure 1). This method can be used to form pipes and tubes up to 4.5 inches in diameter. The advantage of the CW process lies in its ability to produce pipe considerably faster than the ERW process, thus lowering the cost per foot for high-volume runs. These economies of scale may be lost, however, if the lines are not run continuously.

In the ERW method, slit steel sheet is formed into tubular shape by passing it through a series of rollers while cold. The edges are then heated by electrical means and welded by heat and pressure without the addition of filler metal (figure 2). The squeezing action causes some of the hot metal to be extruded from the joint to form a bead of welding "flash," which is usually trimmed from both the outside and inside surfaces of the pipes. The ERW method can be used to form pipes up to 24 inches in diameter. The advantages of the ERW method are that mills can produce a wider range of sizes and need not operate lines continuously to achieve economies of scale. Also, for size ranges that can be produced by both processes, energy costs may be lower with the ERW method because only the weld area must be heated rather than the entire tubular product. This energy savings may differ substantially by geographic area because of differences in local prices of relatively low-cost gas (used in the CW method) versus relatively high-cost electricity (used in the ERW method).

After forming by either method, a pipe's dimensions may be adjusted. The diameter of the pipe may be reduced by rollers or increased by a hot stretch-reducing operation (so-called because it reduces the wall width as the product is stretched). The resulting pipe is then cut to length, cooled, straightened, and end- or surface-finished if required. Ends may be left plain, bevelled, threaded, or threaded with a coupling attached. The surface may be left "black," coated with oil or lacquer to inhibit corrosion, painted, or "galvanized" with a zinc coating to prevent corrosion.

Figure 1  
Steel pipes and tubes: Continuous welding (furnace welding)

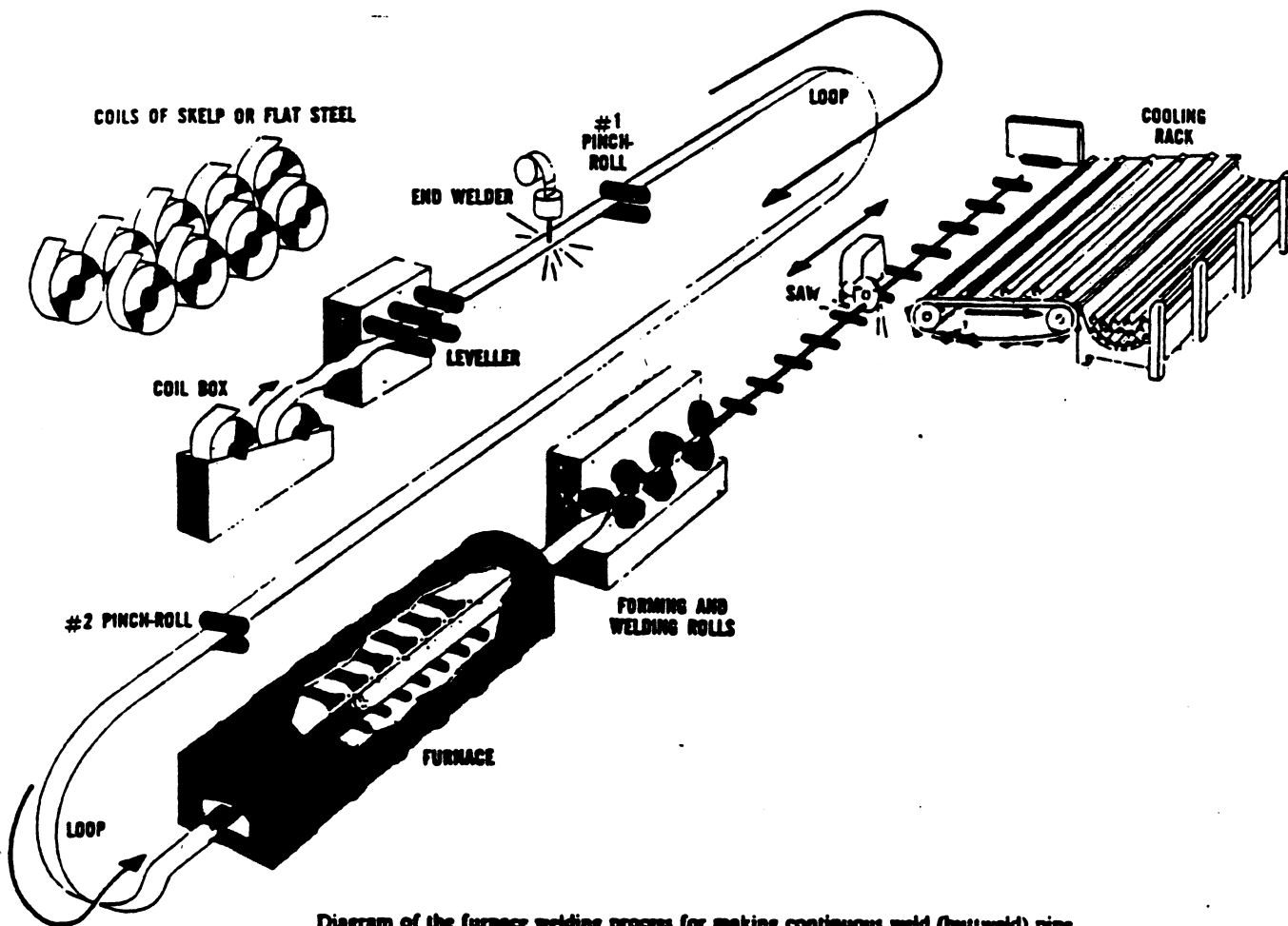
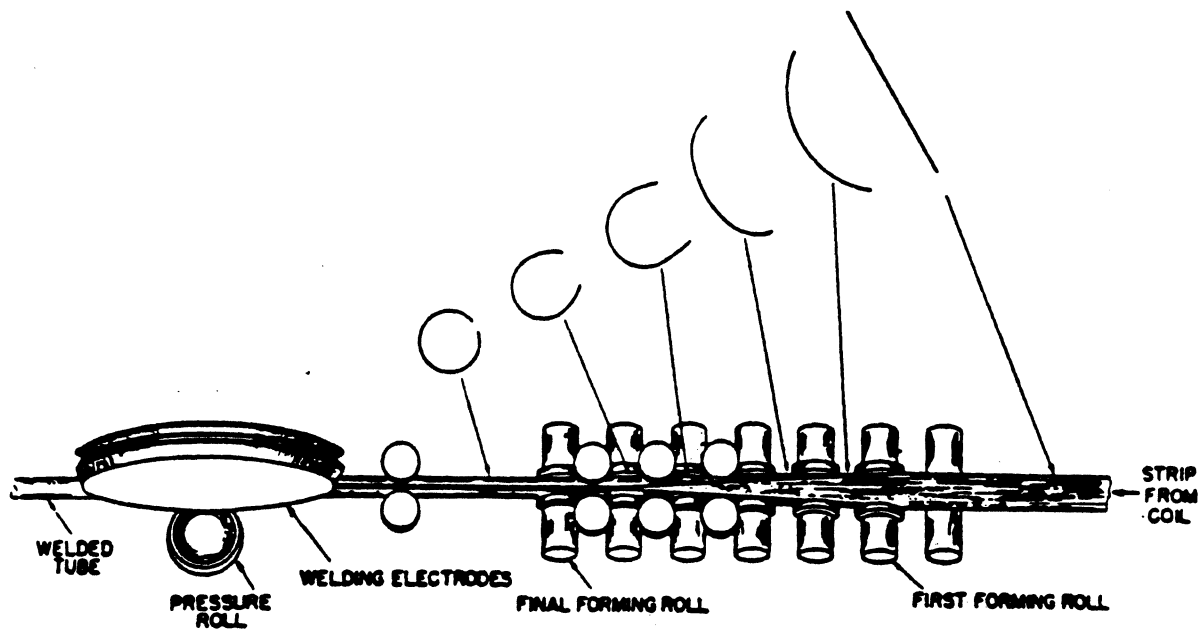


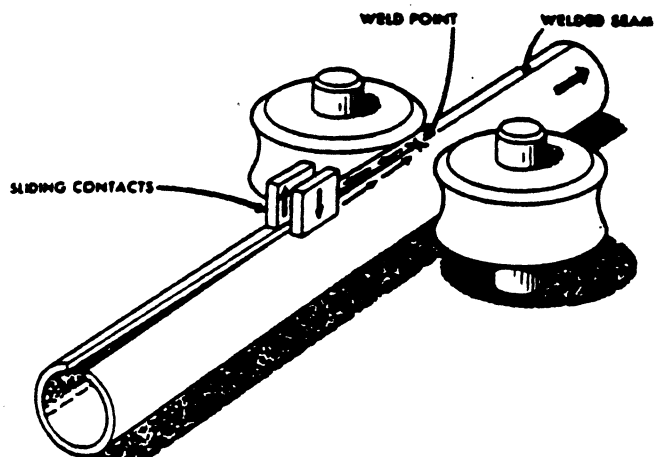
Diagram of the furnace welding process for making continuous weld (butt weld) pipe.

Source: American Iron and Steel Institute, Steel Producers Manual: Carbon Steel Pipe. Structural Tubing. Line Pipe. Oil Country Tubular Goods, April 1982, p. 12.

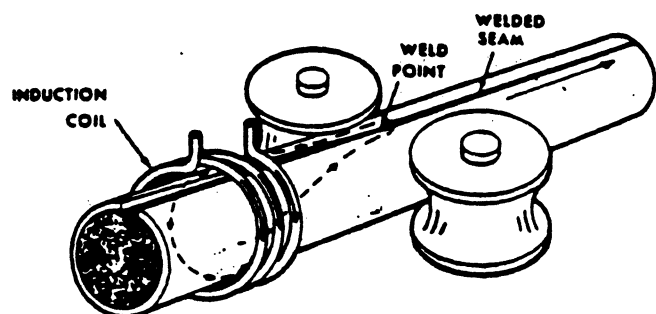
Figure 2  
Steel pipes and tubes: Electric resistance welding (ERW)



Schematic representation of the sequence of operations performed by a typical machine for making electric-resistance-welded tubes from pipe.



Electric Resistance Welding using high frequency welding current. The current enters tube via sliding contacts and flows along Vee edges to and from weld point.



Electric Resistance Welding by Induction using high frequency welding current. Eddy current flows around back of tube and along edges to and from weld point.

Source: American Iron and Steel Institute, Steel Producers Manual: Carbon Steel Pipe, Structural Tubing, Line Pipe, Oil Country Tubular Goods, April 1982, p. 13.

Requirements concerning chemical and mechanical properties for ASTM standard pipes differ for various specifications and grades. The subject pipes are inspected and tested at various stages in the production process to ensure strict conformity to ASTM or proprietary specifications.<sup>16</sup>

### Substitute Products

In addition to the circular, welded, non-alloy steel pipes and tubes subject to these investigations, more expensive products, such as stainless or seamless pipes and tubes, can be used for subject pipe and tube applications. Square or rectangular pipes and tubes can be used in place of subject products for some structural applications.<sup>17</sup> Also, substitute materials such as copper, plastics, and other advanced materials can be used in certain applications where subject products are used.<sup>18</sup>

### Other Pipe and Tube Products

Steel pipe and tube products known as "line" pipe are used for the transportation of gas, oil, and water, generally in pipeline or utility distribution systems. Line pipe is produced to meet different specifications than "standard" pipes (API rather than ASTM), and a large share of line pipe is produced in larger diameters than the pipes and tubes subject to these investigations. Nevertheless, line pipe, OCTG, and conduit can be made on the same equipment.<sup>19</sup> In some cases where the size requirements are the same, pipes are produced to meet both line pipe and standard pipe specifications. Such products may be "dual-stenciled" with both ASTM and API specification numbers.<sup>20</sup> For purposes of import classification and duty assessment, line

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<sup>16</sup> For example, standard pipe at \*\*\* undergoes hydrostatic testing, hot and cold eddy testing, and manual gauge testing. Staff interview with \*\*\*.

<sup>17</sup> Indeed, many producers noted that all or most of their production of structural pipe was square or rectangular shapes.

<sup>18</sup> The Commission requested U.S. producers to report products which could serve as substitutes for circular, welded, non-alloy steel pipes and tubes. Most commonly noted were plastic pipes for limited applications, with the caveat that their lighter weight and lower cost were offset by terrain, temperature, and pressure restrictions. In addition to the stainless, seamless, and copper pipes and tubes noted above, \*\*\* indicated that line pipe could serve as a substitute for the subject pipes and tubes. Also, according to \*\*\*, line pipe and OCTG can be and often are down-graded for use in structural applications. Staff telephone conversation with \*\*\*.

<sup>19</sup> According to questionnaire responses received by the Commission from 23 U.S. producers of the subject pipes and tubes, 4 companies, \*\*\*, produce line pipe on the same equipment used to produce the subject products. Four companies, \*\*\*, produce OCTG on the same equipment used to produce the subject products, and four companies, \*\*\*, produce conduit on the same equipment.

<sup>20</sup> According to 19 usable questionnaire responses received by the Commission from U.S. producers of standard and structural pipes and tubes, 15.5 percent of the producers' 1991 U.S. shipments of such pipes and tubes were multiple-stenciled. This figure excludes shipments made by \*\*\*.



pipe imports, including dual-stenciled products,<sup>21 22</sup> enter the United States under separate and distinct statistical reporting numbers from other kinds of steel pipes and tubes.

Steel pipe known as conduit has electrical wires running inside it upon installation. It may be galvanized to prevent rust, or coated internally or lined with an either electrically-insulating or nonelectrically-insulating material.<sup>23</sup> Conduit may be rigid conduit, electrical metallic tubing (EMT), or intermediate metallic conduit (IMC). All three types must be able to bend considerably and even rigid conduit is subject to a more rigorous bending specification than standard pipe. In comparison to galvanized standard pipe, conduit has thinner walls, a thinner layer of zinc coating, is finished to different lengths, is threaded differently, and is smooth-finished inside so as not to interfere with wiring.<sup>24</sup> Conduit is also made to specifications of the electrical industry rather than the pipe industry.<sup>25</sup> Finally, conduit is generally more expensive than the subject products.<sup>26</sup>

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<sup>21</sup> In response to questions regarding differences between single-stenciled subject pipes and tubes and multiple-stenciled pipes and tubes, a spokesman for one domestic producer noted that "dual-stencil is standard pipe." Staff interview with \*\*\*. In addition, an official of \*\*\*, an importer of the subject pipes and tubes, indicated that there would be no impact on his firm from potential antidumping duties because \*\*\* would simply shift to dual-stencil pipe imported as line pipe. Staff interview with \*\*\*.

<sup>22</sup> Dual- or triple-stenciled pipes which meet the API specifications for line pipe are classified as line pipe and assessed duties accordingly. Staff telephone conversation with Customs Service official, Aug. 24, 1992.

<sup>23</sup> Electrical conduit lined with electrically-insulating material is provided for in HTS subheading 8547.90.00, while conduit pipe which is internally coated or lined with nonelectrically-insulating material is provided for in HTS subheading 7306.30.50.

<sup>24</sup> Field visit to \*\*\*, Aug. 4, 1992, and staff telephone conversation with \*\*\* officials, Aug. 11, 1992.

<sup>25</sup> Roland Palmquist, in his Guide to the 1984 National Electrical Code, notes that steel conduit "shall have an inferior coating of a character and appearance so as to readily distinguish it from ordinary pipe commonly used for other than electrical purposes" (p. 265); that conduit is shipped in standard lengths of 10 feet; that conduit threads are tapered, not "running;" conversely, that "conduit couplings have no taper in the threads inside the coupling, whereas (water-) pipe couplings do have" (p. 263); and the requirement that conduit must be reamed to avoid damaging the material insulating the electrical wires. Roland E. Palmquist, Guide to the 1984 National Electrical Code, New York, The Bobbs Merrill Co., Inc., 1984, pp. 259-271.

<sup>26</sup> Allied Pipe and Conduit's controller, Mr. Richard Filetti, testified that standard pipe cannot be substituted for conduit for reasons of legal liability. He estimated that conduit is 15-20 percent more costly than standard pipe. Transcript of the hearing, pp. 124-125. Data collected by the Commission's staff indicate that the average unit value of conduit pipe was approximately 37 percent higher than that of standard and structural pipes and tubes and 30 percent higher than that of subject mechanical tubing during the period for which data were collected.

Counsel on behalf of the Korean producers argues that conduit and the subject pipe are a single like product, noting that conduit shells (which are subject products) and finished conduit are manufactured to equivalent specifications in the same mills, are intended for the same end use, and have only minor differences in threading and coupling.<sup>27 28</sup> Petitioners note that conduit is produced to electrical specifications of the Underwriters Laboratory rather than to ASTM standards, producers maintain a separate conduit sales force, and sales are to companies that distribute electrical products solely.<sup>29</sup> According to instructions of the American Iron and Steel Institute in its monthly survey of U.S. iron and steel production, conduit should not be considered a steel mill product for purposes of their survey.<sup>30</sup> In light of the differing views of the Parties, the Commission has collected separate data on conduit pipe (appendix C).

As noted above, mechanical tubes which fit the physical description of the subject products and are not either cold-rolled or cold-drawn are subject products. Counsel for the petitioners argues that hot-rolled mechanical tubing is a separate like product,<sup>31</sup> an assertion that counsel for the Korean respondents disputes.<sup>32</sup>

The subject mechanical tubing is generally produced to end-user rather than to industry-wide specifications; therefore the physical properties of the product and the testing required are specified by the customer. Mechanical tubes subject to these investigations are used, among other things, as aircraft and automotive tubing, tubes for bearings, and furniture tubing. In general, subject and non-subject mechanical tubes are produced by different manufacturers than those that make other subject products, including several that produce the tubes on their own mills solely for internal consumption in

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<sup>27</sup> Morrison & Foerster, posthearing brief on behalf of Korean respondents, Sept. 23, 1992, p. 4. The brief also notes (p. 8) an "overwhelming commonality" between finished and unfinished conduit and standard pipe.

<sup>28</sup> The production of conduit shell proceeds as described in the section of this report entitled "Manufacturing Processes" through the cooling and straightening phase. However, conduit shell is not hydrostatically tested. Instead, the 20-foot conduit shells are "pickled" in sulfuric acid to clean the exterior, dipped first in a sodium kettle and then into molten zinc. Next, each conduit pipe is exposed to a blast of superheated steam to clean and smooth the interior, then dipped in a white rust prevention solution. The conduit pipe is cut into two 10-foot lengths, threaded, and "metalized" (the threaded areas are sprayed with molten zinc). Finally, thread protectors and couplings are applied and the Underwriters Laboratory legend is inscripted upon the pipe. Field visit to \*\*\*, Aug. 4, 1992, and manufacturing video produced by Wheatland.

<sup>29</sup> Letter from Schagrin Associates dated May 6, 1992.

<sup>30</sup> American Iron and Steel Institute, Instructions for Reporting Steel Shipment Statistics, Vol. 1, issued January 1988, updated August 1992, p. I (III) 5.

<sup>31</sup> Schagrin Associates, posthearing brief, Sept. 23, 1992, p. 14.

<sup>32</sup> Morrison & Foerster, posthearing brief, Sept. 23, 1992, p. 6.

the manufacture of irrigation and exercise equipment. However, three of the largest producers of subject mechanical tubing also make "standard" pipe.<sup>33</sup>

The Commission also gathered data on fence tubing (appendix C). Counsel representing Industrias Monterrey, S.A. (IMSA) in Mexico argues that the fence tubing exported by IMSA to the United States should be considered as a separate "like" product because it has thinner walls (0.89 mm (0.035 inch) to 16.51 mm (0.065 inch)) and is used for residential, rather than for industrial, chain link fences.<sup>34</sup> Counsel argues further that there are different ASTM standards for the two fence products.<sup>35</sup> Petitioners state that in many cases distributors are not aware if fence tubing will be used for residential or industrial applications and that a variety of subject products can be substituted for fence tubing in either application.<sup>36</sup> Within certain ranges, thin- and thick-walled fence tubing are manufactured on the same equipment.<sup>37</sup> Furthermore, tubing manufacturers usually market a wide range of products; therefore they generally either sell both thin- and thick-walled fence tubing or no fence tubing at all.<sup>38</sup>

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<sup>33</sup> Three of 27 responding producers of subject products make standard and structural pipes and tubes as well as mechanical tubes that are not cold-rolled or cold-drawn. These three producers accounted for a significant share, \*\*\* percent, of reported U.S. production of all subject products and an even larger share, \*\*\* percent, of reported subject mechanical tube production in 1991. According to counsel for the petitioners, "Allied does not produce standard pipe and mechanical tubing on the same product lines. Most of LTV Tubular's production of mechanical tubing is on separate equipment from its standard pipe production. Only one of LTV's plants produces both mechanical tubing and standard pipe using common employees and facilities." Petitioners' posthearing response to Commission's questions (public version), pp. 17-18. A spokesman for \*\*\* noted that the company \*\*\*. Staff telephone conversation with \*\*\* on Oct. 6, 1992.

<sup>34</sup> Porter, Wright, Morris, and Arthur, postconference brief, Oct. 18, 1991, pp. 6-10.

<sup>35</sup> Transcript of the hearing, pp. 270-273.

<sup>36</sup> Staff telephone conversation with Roger Schagrin, Schagrin Associates, Aug. 11, 1992. Several fence tubing distributors noted that they stock and sell both residential and industrial fence tubing. Staff telephone conversations with \*\*\*, \*\*\*, and \*\*\*. \*\*\* indicated that thinner-walled products were usually sold for residential uses and thicker-walled for industrial uses, but there was "no clear delineation" between fence tubing for residential use and that for industrial use. \*\*\* indicated that there was a "distinct" difference.

<sup>37</sup> \*\*\* domestic producers of thin-walled fence tubing for residential use produce fence tubing ranging above and below 0.065 inch in wall thickness, the upper bound for thin-walled fence tubing for residential use, on the same tube mills. Schagrin Associates, posthearing brief, Sept. 23, 1992, p. 20. Staff telephone conversations with \*\*\* and \*\*\*, Sept. 29, 1992.

<sup>38</sup> Staff interview with \*\*\*. \*\*\* sells neither thin-walled nor thick-walled fence tubing for this reason.

### U.S. Tariff Treatment

Imports of the subject pipes and tubes from Brazil, Korea, Mexico, Romania, and Venezuela are classified and reported for tariff and statistical purposes in the Harmonized Tariff Schedule (HTS) statistical reporting numbers 7306.30.10.00,<sup>39</sup> 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90.<sup>40</sup> Imports of the subject products from Taiwan are classified and reported as above but do not include certain pipes and tubes under statistical reporting numbers 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, and 7306.30.50.55,<sup>41</sup> which are currently being assessed antidumping duties.

The column 1-general (most-favored-nation) rate of duty for the subject pipes and tubes, applicable to the imports from Brazil, Korea, Mexico, Taiwan, and Venezuela, is 8 percent ad valorem for products having a wall thickness of less than 1.65 mm and 1.9 percent ad valorem for those having a wall thickness of 1.65 mm or more. The column 2 rate of duty for the subject products, applicable to imports from Romania, is 25 percent ad valorem for pipes and tubes having a wall thickness of less than 1.65 mm and 5.5 percent ad valorem for the remainder.

In addition to the antidumping duties on products from Taiwan mentioned previously, antidumping duties are currently in effect with respect to imports of circular, welded, non-alloy steel pipes and tubes from India, Thailand, and Turkey. Countervailing duties are currently in effect with respect to imports from Argentina, Thailand, and Turkey.

### THE NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

#### Subsidies

##### Brazil

Petitioners alleged that Brazilian producers and exporters of the subject product benefit from a variety of programs that constitute export subsidies within the meaning of the countervailing duty law. However, Commerce found in its final determination that Persico Pizzamiglio, S.A. (Persico), used none of the export subsidy programs (BEFIEX, FINEX, and PROEX)

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<sup>39</sup> According to national import specialists at the Customs Service, some conduit with thin walls, less than 1.65 mm in thickness, could enter the United States under HTS 7306.30.10.00 with other products. However, staff contacted the seven active companies which imported products in this HTS category from subject countries into the United States in 1991 and January-March 1992. All seven indicated that their imports included no conduit pipe.

<sup>40</sup> Due to statistical changes in the tariff schedules, the subject imports were also previously reported under HTS statistical reporting numbers 7306.30.50.30, 7306.30.50.50, 7306.30.50.60, 7306.30.50.65, 7306.30.50.70, 7306.30.50.75, and 7306.30.50.80 in 1989.

<sup>41</sup> These excluded imports from Taiwan were also reported under HTS statistical reporting numbers 7306.30.50.30 and 7306.30.50.50 in 1989.

alleged by petitioners during calendar year 1991, Commerce's period of investigation. Petitioners also listed numerous upstream subsidies allegedly provided to the steel producers in Brazil which supply Brazilian pipe and tube producers with hot-rolled carbon steel in flat-rolled coils. Commerce included Persico's primary steel supplier (Companhia Siderúrgica Paulista, "COSIPA") in its upstream subsidy analysis, and found that the supplier benefitted from government equity infusions, provided on terms which were "inconsistent with commercial considerations," and from a rebate of the industrial products tax (Imposto sobre Produtos Industrializados, "IPI"). Because these subsidies did not have a significant effect on the cost of producing the subject merchandise, Commerce determined that Persico did not receive an upstream subsidy.

#### Venezuela

Commerce determined that the ad valorem bounty or grant received by the Venezuelan producer Conduven from upstream subsidies amounted to 0.78 percent. As noted previously, circular, welded, non-alloy steel pipes and tubes from Venezuela are ineligible for a countervailing duty investigation by the Commission.

#### Sales at LTFV

On September 16, 1992, Commerce notified the Commission of its affirmative final determinations with respect to LTFV imports from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela. In making its determinations, Commerce compared the U.S. price of the subject products to the foreign market value for the period of investigation, April 1, 1991, through September 30, 1991.

#### Brazil

Based on "best information available," Commerce compared the average customs value of imported standard pipe from Brazil during the third quarter of 1991 to price quotations in the home market by Persico, obtained by the petitioner through a consultant. Based on this comparison, Commerce established weighted-average margins of 103.38 percent for Persico and for all other producers, manufacturers, and exporters.

#### Korea

Based on data provided by Hyundai Steel Pipe Co., Ltd.; Korea Steel Pipe Co., Ltd. (KSP); Masan Steel Tube Works Co., Ltd.; and Pusan Steel Pipe Co., Ltd. (PSP), Commerce compared purchase prices and, in some instances, exporter's sales prices to home market value (for Hyundai, KSP, and PSP) or

third country market value (for Masan).<sup>42</sup> Based on these comparisons, Commerce established weighted-average margins of 5.60 percent for Hyundai, 6.21 percent for KSP, 11.63 percent for Masan, 4.91 percent for PSP, and 5.97 percent for all other producers, manufacturers, and exporters.

#### Mexico

Based on data provided by Hylsa, S.A. de C.V., Commerce compared purchase prices of the subject products delivered at border or delivered at border, duty paid, to adjusted ex-works prices to unrelated customers in the home market. Based on these comparisons, Commerce established weighted-average margins of 32.62 percent for Hylsa and for all other producers, manufacturers, and exporters.

#### Romania

Based on data provided by the trading company Metalexportimport, S.A., Commerce compared packed, f.o.b. Romanian port prices to customers in the United States to fair market value based on the factors of production used in producing the subject products, as valued in surrogate countries (Thailand and Argentina).<sup>43</sup> Based on this comparison, Commerce established weighted-average margins of 14.90 percent for Metalexportimport and for all other producers, manufacturers, and exporters.

#### Taiwan

Based on data provided by petitioners as "best information available," Commerce compared resale prices quoted by service centers and importers and the average customs value of the subject products to price quotations for the subject products from one of the Taiwanese producers.<sup>44</sup> Based on these comparisons, Commerce established weighted-average margins of 19.46 percent, the average of margins calculated using the petitioners' data, for KHC; 27.65 percent, the highest of the Taiwanese margins, for Yieh Hsing;<sup>45</sup> and 23.56 percent for all other producers, manufacturers, and exporters.

#### Venezuela

Based on data provided by petitioners as "best information available," Commerce compared the average customs value of the imported subject products during the second quarter of 1991 to price quotations for the subject products

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<sup>42</sup> Commerce based Masan's fair market value sales on sales to its only third-country market, Japan.

<sup>43</sup> Commerce treated Romania as a nonmarket-economy country.

<sup>44</sup> Commerce was unable to use data supplied by Kao Hsing Chang Iron & Steel Corp. (KHC) and Yieh Hsing Enterprise Co., Ltd.

<sup>45</sup> Commerce considered Yieh Hsing an "uncooperative respondent."

from Venezuelan producers and from retail sellers in Venezuela.<sup>46</sup> Based on these comparisons, Commerce established weighted-average margins of 52.51 percent for C.A. Conduven and for all other producers, manufacturers, and exporters.

### THE DOMESTIC MARKET

#### Apparent U.S. Consumption<sup>47</sup>

In terms of quantity, apparent U.S. consumption of all subject pipes and tubes (separate data for standard and structural pipes and tubes and for mechanical tubes that are not cold-drawn or cold-rolled are presented in appendix C) increased by 6.3 percent between 1989 and 1990, then declined by 10.3 percent between 1990 and 1991. During January-March 1992, consumption of the subject pipes and tubes fell by 10.0 percent from the corresponding period of 1991. In terms of value, apparent U.S. consumption of the subject pipes and tubes increased by 1.9 percent between 1989 and 1990, then declined by 10.9 percent between 1990 and 1991 and by 11.3 percent between January-March 1991 and January-March 1992 (table 1).

Table 1

Circular, welded, non-alloy steel pipes and tubes: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

| Item                                    | 1989                  | 1990      | 1991      | Jan. -Mar. - - |         |
|---|-----------------------|-----------|-----------|----------------|---------|
|   |                       |           |           | 1991           | 1992    |
|   | Quantity (short tons) |           |           |                |         |
| Producers' U.S. shipments....           | 1,425,008             | 1,570,343 | 1,402,972 | 347,572        | 364,608 |
| U.S. imports from--                     |                       |           |           |                |         |
| Brazil <sup>1</sup> .....               | 30,748                | 63,855    | 54,488    | 5,465          | 8,550   |
| Korea.....                              | 295,643               | 302,675   | 324,704   | 119,875        | 75,642  |
| Mexico.....                             | 65,294                | 68,828    | 48,240    | 10,910         | 15,622  |
| Romania.....                            | 11,033                | 14,495    | 12,650    | 6,318          | 1,514   |
| Taiwan (subject) <sup>2</sup> .....     | 40,496                | 42,173    | 38,533    | 13,411         | 152     |
| Venezuela.....                          | 7,990                 | 18,497    | 16,353    | 10,755         | 627     |
| Subtotal.....                           | 451,204               | 510,523   | 494,969   | 166,734        | 102,107 |
| Taiwan (non-subject) <sup>3</sup> ..... | 6,510                 | 14,247    | 3,921     | 2,155          | 0       |
| Other sources.....                      | 330,556               | 258,656   | 209,244   | 57,690         | 50,007  |
| Total.....                              | 788,271               | 783,425   | 708,134   | 226,579        | 152,114 |
| Apparent consumption...                 | 2,213,279             | 2,353,768 | 2,111,106 | 574,151        | 516,722 |

Continued on the following page.

<sup>46</sup> Commerce was unable to use data submitted by C.A. Conduven, which declined to participate actively in the investigation and cancelled Commerce's verification.

<sup>47</sup> The Commission received usable questionnaire responses from 27 U.S. producers of circular, welded, non-alloy steel pipes and tubes. Staff estimates that these producers account for 97 percent of U.S. production of standard and structural pipes and tubes, 70 percent of U.S. production of subject mechanical tubing, and 92 percent of U.S. production of all subject pipes and tubes. Official import statistics from the U.S. Department of Commerce have been used in the calculation of apparent consumption.

Table 1--Continued

Circular, welded, non-alloy steel pipes and tubes: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

| Item                                    | 1989      | 1990      | 1991      | Jan.-Mar.-- |         |
|---|-----------|-----------|-----------|-------------|---------|
|   |           |           |           | 1991        | 1992    |
| Value (1,000 dollars)                   |           |           |           |             |         |
| Producers' U.S. shipments....           | 908,715   | 956,442   | 829,874   | 211,575     | 211,585 |
| U.S. imports from--                     |           |           |           |             |         |
| Brazil <sup>1</sup> .....               | 15,866    | 25,665    | 26,715    | 2,831       | 3,764   |
| Korea.....                              | 166,677   | 160,310   | 172,590   | 62,541      | 39,296  |
| Mexico.....                             | 35,346    | 36,716    | 25,268    | 5,889       | 8,248   |
| Romania.....                            | 4,854     | 6,273     | 5,365     | 2,693       | 616     |
| Taiwan (subject) <sup>2</sup> .....     | 17,847    | 19,632    | 18,295    | 6,282       | 71      |
| Venezuela.....                          | 3,890     | 8,675     | 8,102     | 5,309       | 297     |
| Subtotal.....                           | 244,480   | 257,272   | 256,334   | 85,546      | 52,293  |
| Taiwan (non-subject) <sup>3</sup> ..... | 3,472     | 6,356     | 1,823     | 1,007       | 0       |
| Other sources.....                      | 188,147   | 150,791   | 132,777   | 33,890      | 30,632  |
| Total.....                              | 436,099   | 414,419   | 390,933   | 120,443     | 82,925  |
| Apparent consumption...                 | 1,344,814 | 1,370,861 | 1,220,807 | 332,018     | 294,510 |

<sup>1</sup> Data for 1990 and 1991 include 8,148 and 10,292 short tons, respectively, with c.i.f. values of \$3.6 million and \$4.8 million, that the Bureau of the Census has verified to be the subject pipes and tubes but were incorrectly classified in another HTS subheading.

<sup>2</sup> Consists of welded, non-alloy steel pipes and tubes of circular cross section, with a wall thickness of less than 1.65 mm (0.065 inch), of less than 406.4 mm (16 inches) in outside diameter, and welded, non-alloy steel pipes and tubes of circular cross section, with a wall thickness of 1.65 mm (0.065 inch) or more, exceeding 114.3 mm (4.5 inches) but less than 406.4 mm (16 inches) in outside diameter.

<sup>3</sup> Consists of circular, welded, non-alloy steel pipes and tubes with outside diameters of 114.3 mm (4.5 inches) or less that have wall thicknesses of 1.65 mm (0.065 inch) or more, and of circular, welded, non-alloy steel pipes and tubes of circular cross section of 4.6.4 mm (16 inches) with a wall thickness of less than 1.65 mm (0.065 inch).

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

#### U.S. Producers

The Commission sent questionnaires to 89 firms believed to produce steel pipes and tubes. Of these firms, 39 notified the Commission that they do not produce the subject products,<sup>48</sup> 27 responded with usable data on their

<sup>48</sup> One company, \*\*\*, initially indicated that it did not produce the subject pipes and tubes. The company did complete a supplemental questionnaire on its \*\*\*. Also, two companies, \*\*\* and \*\*\*, indicated that they produced dual-stenciled pipes and tubes. However, representatives for  
(continued...)



production of pipes and tubes, 7 responded with data for part of the period for which data were collected or with data that included significant quantities of non-subject products,<sup>49</sup> and 16 did not respond to the Commission's questionnaire.<sup>50</sup>

Of the 27 U.S. producers that provided the Commission with complete questionnaire responses, 21 (representing 96.5 percent of reported 1991 U.S. production of the subject pipes and tubes) support the petitions, 5 (representing \*\*\* percent) take no position,<sup>51</sup> and 1 (representing \*\*\* percent) opposes the petitions.<sup>52</sup> A list of these firms, their shares of production in 1991, and their positions regarding the petitions are presented in table 2.

The 33 production facilities of the 21 companies known to produce standard and structural pipes and tubes are concentrated in the East, where 17 plants are located in 7 States.<sup>53</sup> Of the remaining 16 production facilities, 10 are in 8 States in the Central United States,<sup>54</sup> 2 are in 2 Western States,<sup>55</sup> and 4 are in 2 States in the Far West.<sup>56</sup> A list of these firms, their shares of production in 1991, and plant locations are presented in appendix D.

The 20 production facilities of the 16 companies that reported producing mechanical tubing that is not cold-drawn or cold-rolled are all located in the eastern and central portions of the United States. Eleven plants are in four Eastern States,<sup>57</sup> while nine plants are in six Central States.<sup>58</sup> A list of these firms, their shares of production in 1991, and plant locations are presented in appendix D.

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<sup>48</sup> (...continued)

both companies noted that the products in question were not sold as standard pipe. The 1991 U.S. shipments of dual-stenciled pipe of \*\*\* and \*\*\* combined were equivalent to \*\*\* percent of reported U.S. shipments of standard and structural pipes and tubes and \*\*\* percent of all subject pipes and tubes.

<sup>49</sup> These seven companies were \*\*\*, which produces standard and structural pipes and tubes, and \*\*\*, all of which produce subject mechanical tubing. All seven companies did provide the Commission with estimates of their production of subject pipes and tubes.

<sup>50</sup> Eleven of the companies were able to provide the Commission with estimates of their production of subject products; four were unable to provide estimates limited to the subject products; and one is no longer in operation.

<sup>51</sup> \*\*\*.

<sup>52</sup> \*\*\*.

<sup>53</sup> Those seven States are Pennsylvania (5), Ohio (7), Georgia, West Virginia, New Jersey, Michigan, and Kentucky.

<sup>54</sup> Those eight States are Illinois (3), Texas, Indiana, Missouri, Arkansas, Kansas, Oklahoma, and Tennessee.

<sup>55</sup> Those two States are Arizona and Utah.

<sup>56</sup> Those two States are California (3) and Oregon.

<sup>57</sup> Those four States are Pennsylvania, Ohio (8), Indiana, and Michigan.

<sup>58</sup> Those six States are Illinois (2), Nebraska (3), Minnesota, Wisconsin, Tennessee, and Texas.

Table 2

Circular, welded, non-alloy steel pipes and tubes: U.S. producers, their shares of production, and plant locations, by firms, 1991

| Firm                         | Share of reported<br>1991 subject pipe<br>and tube production<br>Percent | Position<br>regarding petitions |
|------------------------------|--|---------------------------------|
| Petitioning firms:           |  |                                 |
| Allied Tube & Conduit.....   | ***  | Supports                        |
| American Tube.....           | ***  | Supports                        |
| Armco/Sawhill.....           | ***  | Supports                        |
| Bull Moose.....              | ***  | Supports                        |
| Century Tube.....            | ***  | Supports                        |
| Laclede Steel.....           | ***  | Supports                        |
| Sharon Tube.....             | ***  | Supports                        |
| Western Tube & Conduit.....  | ***  | Supports                        |
| Wheatland Tube.....          | ***  | Supports                        |
| Non-petitioning firms:       |  |                                 |
| Alpha Tube.....              | ***  | ***                             |
| Armco Steel Co., L.P.....    | ***  | ***                             |
| Berger Industries.....       | ***  | ***                             |
| CSI Tubular.....             | ***  | ***                             |
| Central Nebraska.....        | ***  | ***                             |
| Geneva Steel.....            | ***  | ***                             |
| Jackson Tube Service.....    | ***  | ***                             |
| Lindsay Manufacturing.....   | ***  | ***                             |
| LTV Tubular Products.....    | ***  | ***                             |
| Maruichi American.....       | ***  | ***                             |
| Newport Steel.....           | ***  | ***                             |
| Northwest Pipe & Casing..... | ***  | ***                             |
| Plymouth Tube.....           | ***  | ***                             |
| Reinke Manufacturing.....    | ***  | ***                             |
| United Tube.....             | ***  | ***                             |
| USS-Kobe.....                | ***  | ***                             |
| USX.....                     | ***  | ***                             |
| Welded Tube Co./Eagle.....   | ***  | ***                             |

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

### U.S. Importers

The Commission sent questionnaires to 170 possible importers<sup>59</sup> of the subject pipes and tubes from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela. Of these, 34 firms notified the Commission that they do not import the products and 64 firms provided usable data on their imports of the subject pipes and tubes. Imports by these 64 firms accounted for virtually all of 1991 imports (based on official statistics) from Brazil; 79.5 percent of 1991 imports from Korea; 79.9 percent of 1991 imports from Mexico; virtually all 1991 imports from Romania; 88.9 percent of 1991 imports from Taiwan; 55.1 percent of 1991 imports from Venezuela; and 82.5 percent of cumulative imports from the countries subject to these investigations.

### Channels of Distribution

The following tabulation presents a summary of the channels of distribution used by U.S. producers and importers of all subject pipes and tubes in 1991 (in percent):

|  | <u>Distributors</u> | <u>End users</u> |
|--|---------------------|------------------|
| Share of U.S. producers' shipments made to.. | 76                  | 24               |
| Importers:                                   |                     |                  |
| Share of Brazilian product shipped to.....   | ***                 | ***              |
| Share of Korean product shipped to.....      | 98                  | 2                |
| Share of Mexican product shipped to.....     | 91                  | 9                |
| Share of Romanian product shipped to.....    | ***                 | ***              |
| Share of Taiwanese product shipped to.....   | ***                 | ***              |
| Share of Venezuelan product shipped to....   | ***                 | ***              |
| Average of imported product.....             | 98                  | 2                |

The subject pipes and tubes in the tabulation above include both standard and structural pipes and tubes and mechanical tubing that is not cold-drawn or cold-rolled. Approximately 86 percent of subject standard and structural pipes and tubes are sold through distributors, while approximately 88 percent of subject mechanical tubing is sold directly to end users.

### CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The data presented in this section of the report are data reported by 27 U.S. producers, accounting for approximately 92 percent of U.S. production of the subject pipes and tubes in 1991. Summary data on all subject pipes and tubes, both including and excluding thin-walled fence tubing for residential

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<sup>59</sup> The possible importers included 58 firms to which the Commission sent producers' questionnaires. Three of those firms indicated that they imported circular, welded, non-alloy steel pipes and tubes during the period for which data were collected. Two firms provided partial data and one provided complete data, all of which appear in the section of this report entitled "Imports by U.S. Producers."

use, as well as separate summary data on standard and structural pipes and tubes, mechanical tubing that is not cold-drawn or cold-rolled, and conduit pipe, are presented in appendix C.

### U.S. Capacity, Production, and Capacity Utilization

U.S. capacity to produce the subject pipes and tubes increased by 13.5 percent from 1989 to 1990 (table 3). However, capacity declined by 4.6 percent from 1990 to 1991, and by 3.6 percent between January-March 1991 and January-March 1992.<sup>60</sup> Likewise, production of the subject pipes and tubes increased by 10.8 percent from 1989 to 1990, before declining by 11.8 percent from 1990 to 1991. U.S. production recovered somewhat in the first quarter of 1992, growing by 3.0 percent compared to the corresponding period in 1991. Capacity utilization decreased from 69.2 percent in 1989 to 67.6 percent in 1990 and 61.4 percent in 1991, but increased from 62.9 percent in January-March 1991 to 67.2 percent in January-March 1992.

Table 3

Circular, welded, non-alloy steel pipes and tubes: U.S. capacity, production, and capacity utilization, 1989-91, January-March 1991, and January-March 1992<sup>1</sup>

| Item                                | 1989      | 1990      | 1991      | Jan.-Mar.-- |         |
|-------------------------------------|-----------|-----------|-----------|-------------|---------|
|                                     |           |           |           | 1991        | 1992    |
| End-of-period capacity <sup>2</sup> |           |           |           |             |         |
| (short tons).....                   | 2,062,477 | 2,340,454 | 2,233,044 | 593,123     | 572,019 |
| Production (short tons).....        | 1,427,243 | 1,581,721 | 1,395,383 | 373,184     | 384,210 |
| Capacity utilization                |           |           |           |             |         |
| (percent).....                      | 69.2      | 67.6      | 61.4      | 62.9        | 67.2    |

<sup>1</sup> All U.S. producers responding to the Commission's questionnaire provided capacity and production data.

<sup>2</sup> A number of U.S. producers reported increases in capacity to produce the subject products, including \*\*\* petitioners \*\*\*. \*\*\* expanded capacity through acquisitions; \*\*\* through expanding existing facilities; \*\*\* through upgrading existing facilities; and \*\*\* through improving efficiency in existing facilities. \*\*\* also reported increases in capacity but did not elaborate. \*\*\* shifted its product mix to include more subject pipe; \*\*\* installed new equipment; and in 1991, \*\*\* began allocating production capacity for the subject pipes and tubes, which \*\*\*. \*\*\* producers reported declining capacity. \*\*\* changed its marketing strategy in mid-1990 and \*\*\*. And in March 1991, USX closed its two CW mills at Fairless Hills.

Note.--Capacity utilization is calculated using data of firms providing both capacity and production information. Because \*\*\*, its data were not used in calculating capacity utilization.

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

<sup>60</sup> In August 1991, Sawhill announced its intention to construct a \$21 million stretch reduction mill, which will increase its capacity, improve quality, and reduce the cost of production. Sawhill expects to begin production in the second quarter of 1993. Transcript of the hearing at p. 31, testimony of Mack Hamblen.

## U.S. Producers' Shipments

The quantity of U.S. producers' U.S. shipments<sup>61</sup> of the subject pipes and tubes increased by 10.2 percent between 1989 and 1990 (table 4). In 1991, U.S. shipments decreased by 10.7 percent, slipping 1.5 percent below their initial level in 1989. During January-March 1992, however, U.S. shipments rose by 17,036 short tons from the corresponding period of 1991, an increase of 4.9 percent. Table 5 provides a company-by-company presentation of U.S. shipments by U.S. producers during the period for which data were collected.

Table 4

Circular, welded, non-alloy steel pipes and tubes: Shipments by U.S. producers,<sup>1</sup> by types, 1989-91, January-March 1991, and January-March 1992

|                            | Jan. - Mar. - - |           |           |         |         |
|----------------------------|-----------------|-----------|-----------|---------|---------|
| Item                       | 1989            | 1990      | 1991      | 1991    | 1992    |
| Quantity (short tons)      |                 |           |           |         |         |
| Company transfers.....     | ***             | ***       | ***       | ***     | ***     |
| Domestic shipments.....    | ***             | ***       | ***       | ***     | ***     |
| Subtotal.....              | 1,425,008       | 1,570,343 | 1,402,972 | 347,572 | 364,608 |
| Exports.....               | ***             | ***       | ***       | ***     | ***     |
| Total.....                 | ***             | ***       | ***       | ***     | ***     |
| Value (1,000 dollars)      |                 |           |           |         |         |
| Company transfers.....     | ***             | ***       | ***       | ***     | ***     |
| Domestic shipments.....    | ***             | ***       | ***       | ***     | ***     |
| Subtotal.....              | 908,715         | 956,442   | 829,874   | 211,575 | 211,585 |
| Exports.....               | ***             | ***       | ***       | ***     | ***     |
| Total.....                 | ***             | ***       | ***       | ***     | ***     |
| Unit value (per short ton) |                 |           |           |         |         |
| Company transfers.....     | \$***           | \$***     | \$***     | \$***   | \$***   |
| Domestic shipments.....    | ***             | ***       | ***       | ***     | ***     |
| Average.....               | 637.69          | 609.07    | 591.51    | 608.72  | 580.31  |
| Exports.....               | ***             | ***       | ***       | ***     | ***     |
| Average.....               | ***             | ***       | ***       | ***     | ***     |

<sup>1</sup> All U.S. producers responding to the Commission's questionnaire provided shipment data.

Note.--Unit values are calculated using data of firms supplying both quantity and value information.

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

<sup>61</sup> U.S. shipments equals company transfers plus domestic shipments.

Table 5

Circular, welded, non-alloy steel pipes and tubes: U.S. producers' U.S. shipments, by products and by firms, 1989-91, January-March 1991, and January-March 1992

| (In short tons)                          |           |           |           |             |         |
|--|-----------|-----------|-----------|-------------|---------|
| Item                                     | 1989      | 1990      | 1991      | Jan.-Mar.-- |         |
|  |           |           |           | 1991        | 1992    |
| Standard/structural pipes and tubes..... | 1,221,696 | 1,351,328 | 1,211,981 | 301,731     | 315,772 |
| Mechanical tubes.....                    | 203,312   | 219,015   | 190,991   | 45,841      | 48,836  |
| Total.....                               | 1,425,008 | 1,570,343 | 1,402,972 | 347,572     | 364,608 |

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

The value of U.S. producers' U.S. shipments increased by 5.3 percent from 1989 to 1990 but decreased by 13.2 percent in 1991. U.S. shipment values increased by \$10,000 between January-March 1991 and January-March 1992. Unit values of U.S. shipments declined throughout the period for which data were collected. Unit values decreased by 7.2 percent between 1989 and 1991 and by 4.7 percent between January-March 1991 and January-March 1992.

Export shipments of domestically-produced pipes and tubes subject to these investigations never comprised more than \*\*\* percent of total shipments during the period for which data were gathered. Nevertheless, U.S. exports of the subject pipes and tubes showed \*\*\* in terms of both quantity and value during this period. However, average unit prices \*\*\* throughout 1989-91, by \*\*\* percent, before \*\*\* between January-March 1991 and January-March 1992.

#### U.S. Producers' Inventories

Data on U.S. producers' inventories of the subject pipes and tubes are presented in table 6.

Table 6

Circular, welded, non-alloy steel pipes and tubes: End-of-period inventories of U.S. producers,<sup>1</sup> 1989-91, January-March 1991, and January-March 1992

| Item                          | 1989    | 1990    | 1991    | Jan.-Mar.-- |         |
|-------------------------------|---------|---------|---------|-------------|---------|
|                               |         |         |         | 1991        | 1992    |
| Inventories (short tons)..... | 171,590 | 178,208 | 164,537 | 202,920     | 183,465 |
| Ratio of inventories to--     |         |         |         |             |         |
| Production (percent).....     | 12.0    | 11.3    | 11.8    | 13.6        | 11.9    |
| U.S. shipments (percent)...   | 12.0    | 11.3    | 11.7    | 14.6        | 12.6    |

<sup>1</sup> U.S. producers accounting for all reported production in 1991 provided inventory data.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information. Partial-year inventory ratios are annualized.

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

### U.S. Employment, Wages, Compensation, and Productivity

The number of production and related workers (PRWs) producing the subject pipes and tubes and hours worked by such workers increased between 1989 and 1990 by 8.5 percent and 10.2 percent, respectively, and decreased between 1990 and 1991 by 10.2 percent and 9.5 percent, respectively (table 7).<sup>62</sup> The number of workers declined by 460 (14.8 percent) between January-March 1991 and January-March 1992,<sup>63</sup> while hours worked declined by 3.8 percent. The absolute value of both wages and total compensation paid to PRWs increased between 1989 and 1990, by 13.5 percent and 12.0 percent, respectively, and decreased between 1990 and 1991, by 8.8 percent and 6.7 percent, respectively. Between January-March 1991 and January-March 1992, wages rose by 1.6 percent while total compensation fell by 1.0 percent.<sup>64</sup>

The productivity of workers producing the subject pipes and tubes increased by 0.8 percent between 1989 and 1990, then declined by 2.4 percent between 1990 and 1991. Between January-March 1991 and January-March 1992, productivity rose by over 22 short tons per worker per hour, an increase of 8.0 percent. Unit labor costs increased by 0.8 percent between 1989 and 1990 and by 5.8 percent between 1990 and 1991, but declined by 4.7 percent between January-March 1991 and January-March 1992.

Of the 20 U.S. producers of standard and structural pipes and tubes that provided complete questionnaires, 11 have workforces represented wholly or partially by the United Steelworkers of America (USWA). Workers at seven companies are wholly or partially non-unionized, while workers at four companies are represented wholly or partially by unions other than the USWA.<sup>65</sup> Of the 10 U.S. producers of subject mechanical tubing, 2 have workforces represented by the USWA, 6 have non-unionized workforces, and 2 have workforces represented by unions other than the USWA.<sup>66</sup>

In its producers' questionnaire, the Commission requested U.S. producers to provide detailed information concerning reductions in the number of PRWs producing subject pipes and tubes between January 1989 and March 1992, if such reductions involved at least 5 percent of the workforce or 50 workers. The reported reductions (in most cases for workers producing both subject and non-subject pipes and tubes) during the period for which data were collected are presented in table 8.<sup>67</sup>

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<sup>62</sup> Overall, the number of production and related workers declined by 77 during 1989-91, while the number of hours worked declined by 16,000 hours.

<sup>63</sup> This decline reflects, in part, the closure of USX's Fairless Hills facility, which employed \*\*\* PRWs in January-March 1991.

<sup>64</sup> Hourly wage rates and total compensation rose throughout the period for which data were collected, from \$13.69 and \$19.50, respectively, in 1989 to \$14.92 and \$21.28 in January-March 1992.

<sup>65</sup> \*\*\*. Two reporting producers have mixed union representation which varies by plant.

<sup>66</sup> \*\*\*.

<sup>67</sup> \*\*\*.

Table 7

Average number of production and related workers producing circular, welded, non-alloy steel pipes and tubes, hours worked,<sup>1</sup> wages and total compensation paid to such employees, and hourly wages, hourly total compensation, productivity, and unit labor costs,<sup>2</sup> 1989-91, January-March 1991, and January-March 1992<sup>3</sup>

| Item   | 1989    | 1990    | 1991    | Jan.-Mar.-- |         |
|--|---------|---------|---------|-------------|---------|
|  |         |         |         | 1991        | 1992    |
| Production and related workers (PRWs).....           | 2,968   | 3,219   | 2,891   | 3,103       | 2,643   |
| Hours worked by PRWs (1,000 hours).....              | 5,231   | 5,765   | 5,215   | 1,302       | 1,253   |
| Wages paid to PRWs (1,000 dollars).....              | 71,636  | 81,317  | 74,193  | 18,399      | 18,700  |
| Total compensation paid to PRWs (1,000 dollars)..... | 102,016 | 114,237 | 106,634 | 26,926      | 26,663  |
| Hourly wages paid to PRWs....                        | \$13.69 | \$14.11 | \$14.23 | \$14.13     | \$14.92 |
| Hourly total compensation paid to PRWs.....          | \$19.50 | \$19.82 | \$20.45 | \$20.68     | \$21.28 |
| Productivity (short tons per 1,000 hours).....       | 271.0   | 273.3   | 266.6   | 274.7       | 296.8   |
| Unit labor costs (per short ton).....                | \$71.96 | \$72.51 | \$76.69 | \$75.27     | \$71.70 |

<sup>1</sup> Includes hours worked plus hours of paid leave time.

<sup>2</sup> On the basis of total compensation paid.

<sup>3</sup> Firms providing employment data accounted for 99.6 percent of reported U.S. shipments (based on quantity) in 1991.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

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



Table 8

Circular, welded, non-alloy steel pipes and tubes: Reductions in the number of production and related workers, by dates, January 1, 1989, through March 31, 1992

| Name of firm            | Date | Number of workers | Duration               | Reason                                  |
|-------------------------|------|-------------------|------------------------|---|
| <b>Petitioners:</b>     |      |                   |                        |   |
| ***                     | ***  | 35 <sup>1</sup>   | Permanent              | "reduced sales volume"                  |
|                         |      | 23 <sup>1</sup>   | Temporary              |   |
|                         | ***  | 72 <sup>1</sup>   | Permanent              | "                                       |
|                         | ***  | 13 <sup>1</sup>   | Permanent              | "                                       |
|                         | ***  | 35 <sup>1</sup>   | Permanent              | "                                       |
| ***                     | ***  | 59                | 6 months               | "low sales volume"                      |
| ***                     | ***  | 3 <sup>1</sup>    | Permanent              | "new equipment"                         |
| <b>Non-petitioners:</b> |      |                   |                        |   |
| ***                     | ***  | 23 <sup>1</sup>   | 18 months              | "reduced pipe orders"                   |
| ***                     | ***  | 27                | Permanent              | "capital project"                       |
|                         | ***  | 132               | Full year <sup>2</sup> | "low volume of business"                |
| ***                     | ***  | 117 <sup>1</sup>  | 1 week                 | "lack of sales"                         |
|                         | ***  | 264 <sup>1</sup>  | 3 weeks                | "                                       |
|                         | ***  | 50 <sup>1</sup>   | 2 weeks                | "                                       |
|                         | ***  | 113 <sup>1</sup>  | 1 week                 | "                                       |
|                         | ***  | 122 <sup>1</sup>  | 1 week                 | "                                       |
|                         | ***  | 216 <sup>1</sup>  | 2 weeks                | "lack of sales/major maintenance"       |
|                         | ***  | 63 <sup>1</sup>   | 2 weeks                | "lack of sales"                         |
| ***                     | ***  | ***               | Permanent              | "shutdown of facility"                  |
| ***                     | ***  | 29                | Indefinite             | "lack of business due to market prices" |

<sup>1</sup> Includes production and related workers producing non-subject products.

<sup>2</sup> \*\*\* noted that its 1991 data included shortened work weeks and 1-week work outages.

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

### Financial Experience of U.S. Producers

Twenty producers, accounting for approximately 85 percent of U.S. production of all subject pipes and tubes in 1991, furnished usable income-and-loss data and other financial data.<sup>68 69</sup>

Several of these U.S. producers are affiliated with foreign companies (and/or their U.S. subsidiaries), all of which are in countries that are not the subject countries involved in these investigations. The U.S. producers and their foreign affiliations are shown in the tabulation below:

| <u>Company</u>          | <u>Country</u> | <u>Affiliation</u> |
|-------------------------|----------------|--------------------|
| ***.....                | Japan          | ***                |
| ***.....                | United Kingdom | ***                |
| ***.....                | Japan          | ***                |
| ***.....                | Japan          | ***                |
| ***.....                | Canada         | ***                |
| ***.....                | Japan          | ***                |
| *** <sup>70</sup> ..... | Japan          | ***                |
| ***.....                | Japan          | ***                |

In addition, in 1992 Cyclops (Sawhill) was acquired by Armco Steel. Armco has a \*\*\* with Kawasaki Steel (Japan) to produce various steel products. Welded Tube Co., whose parent is Palmer Tube Mills, Inc. (Australia), initiated production in 1991. \*\*\*. Also, in 1991 LTV announced that Sumitomo Metals Industries, Ltd. (Japan) was interested in investing \$200 million in LTV that is conditional upon the execution of a new satisfactory collective bargaining agreement.<sup>71</sup>

Most producers' establishments manufacture a variety of steel products. In 1991, sales of the subject products accounted for approximately 30 percent of total establishment sales by the producers that furnished usable data.

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<sup>68</sup> These producers are Allied, Alpha, American, Armco/Middletown, Sawhill Tubular, Bull Moose, CSI, Century, Geneva, Laclede, Lindsay, LTV, Maruichi, Newport, Northwest, Sharon, United, USX, Western, and Wheatland.

<sup>69</sup> Salient income-and-loss data for conduit pipe and thin-walled fence tubing for residential use are presented in app. C. Data on standard and structural pipes and tubes and subject mechanical tubing, both of which are included in this section, are presented separately in app. C.

<sup>70</sup> \*\*\*.

<sup>71</sup> LTV's 1991 10-K statement, p. 4.

## Operations on the Subject Pipes and Tubes

The income-and-loss experience of U.S. producers on their operations producing the subject pipes and tubes is presented in table 9. Net sales increased by 5.5 percent from \$861.0 million in 1989 to \$908.3 million in 1990. In 1991, sales were \$779.6 million, a decrease of 14.2 percent from 1990 sales. Operating income was \$54.2 million in 1989, \$50.9 million in 1990, and \$45.3 million in 1991. Operating income margins, as a ratio to net sales, were 6.3 percent in 1989, 5.6 percent in 1990, and 5.8 percent in 1991. Operating losses were incurred by five companies in 1989, and by six companies in 1990 and 1991.

Net sales were virtually unchanged at about \$186.9 million in interim 1991 and \$187.1 million in interim 1992. Operating income was \$5.4 million in interim 1991 and \$15.7 million in interim 1992. Operating income margins were 2.9 percent in interim 1991 and 8.4 percent in interim 1992. Seven companies incurred operating losses in interim 1991 and four companies in interim 1992.

## Per-unit Analysis

Because of the diverse product mix, the aggregate average per-unit values do not reflect the wide variations among the individual producers. A summary of the income-and-loss data, using average ratios to compute the items comprising the cost of goods sold, is shown in the tabulation below (in dollars per ton, unless otherwise indicated):

| <u>Item</u>                      | <u>1989</u> | <u>1990</u> | <u>1991</u> | <u>January-March--</u> |             |
|----------------------------------|-------------|-------------|-------------|------------------------|-------------|
|                                  |             |             |             | <u>1991</u>            | <u>1992</u> |
| Quantity (1,000 tons).....       | 1,335       | 1,476       | 1,292       | 312                    | 324         |
| Net sales.....                   | 645         | 615         | 603         | 600                    | 577         |
| Cost of goods sold:              |             |             |             |                        |             |
| Raw materials <sup>1</sup> ..... | 440         | 412         | 383         | 380                    | 349         |
| Labor <sup>1</sup> .....         | 43          | 45          | 51          | 48                     | 49          |
| Overhead <sup>1</sup> .....      | 73          | 76          | 84          | 105                    | 85          |
| Total.....                       | <u>556</u>  | <u>533</u>  | <u>518</u>  | <u>533</u>             | <u>483</u>  |
| Gross profit.....                | 89          | 82          | 85          | 67                     | 94          |
| SG&A.....                        | <u>49</u>   | <u>48</u>   | <u>50</u>   | <u>49</u>              | <u>46</u>   |
| Operating income.....            | 40          | 34          | 35          | 18                     | 48          |

<sup>1</sup> The unit components of the cost of goods sold were based on responses of nine producers (accounting for approximately 54 percent of U.S. production in 1991) that supplied details of their production costs. The unit values for the aggregate industry were extrapolated from these data.

Aggregate average unit values for both net sales and cost of goods sold declined sharply. The decline in raw material costs (primarily skelp) was the primary factor in the reduction in the cost of goods sold.

Table 9

Income-and-loss experience of U.S. producers on their operations producing circular, welded, non-alloy steel pipes and tubes, fiscal years 1989-91, January-March 1991, and January-March 1992<sup>1 2</sup>

| Item   | 1989    | 1990    | 1991    | January-March-- |         |
|--|---------|---------|---------|-----------------|---------|
|  |         |         |         | 1991            | 1992    |
| Value (1,000 dollars)                                |         |         |         |                 |         |
| Net sales.....                                       | 860,986 | 908,309 | 779,647 | 186,948         | 187,088 |
| Cost of goods sold.....                              | 741,492 | 786,941 | 669,733 | 166,249         | 156,647 |
| Gross profit.....                                    | 119,494 | 121,368 | 109,914 | 20,699          | 30,441  |
| Selling, general, and<br>administrative expenses.... | 65,323  | 70,487  | 64,593  | 15,268          | 14,771  |
| Operating income.....                                | 54,171  | 50,881  | 45,321  | 5,431           | 15,670  |
| Ratio to net sales (percent)                         |         |         |         |                 |         |
| Cost of goods sold.....                              | 86.1    | 86.6    | 85.9    | 88.9            | 83.7    |
| Gross profit.....                                    | 13.9    | 13.4    | 14.1    | 11.1            | 16.3    |
| Selling, general, and<br>administrative expenses.... | 7.6     | 7.8     | 8.3     | 8.2             | 7.9     |
| Operating income.....                                | 6.3     | 5.6     | 5.8     | 2.9             | 8.4     |
| Number of firms reporting                            |         |         |         |                 |         |
| Operating losses.....                                | 5       | 6       | 6       | 7               | 4       |
| Data.....  | 20      | 20      | 20      | 19              | 18      |

<sup>1</sup> Fiscal years for all producers end on Dec. 31, except Allied, which ends on June 30; Geneva, Newport, and Wheatland, which end on Sept. 30; and American, which ends on Oct. 31. Both Allied and Wheatland provided financial data on a calendar-year basis.

<sup>2</sup> Data below the operating income level are not shown. The Commission's supplemental questionnaires for mechanical tubing producers did not seek these data in order that firms could provide more timely responses. Thus, net income data are not presented in this table.

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

#### Integrated and Non-integrated Companies

Consistent with Commission practice, the financial data requested regarding the profitability of the industry is in accordance with generally accepted accounting principles. The revenue is the actual revenue derived from the sale of pipes and tubes, the cost for each producer is the actual cost incurred for their production of pipes and tubes (including all inputs), and each firm's profit is the realized profit of their operations, regardless of the degree of integration. The costs of the various producers are affected

by their respective degree of integration, which is not uncommon in many industries.

An analysis of hot-rolled skelp costs may be helpful in understanding the change in profitability of the industry -- average unit sales values dropped from year to year, yet profitability did not decline commensurately due to the drop in average per-unit cost of goods sold for the producers. Based on the firms responding with cost data, this is mainly attributable to a decline in unit raw material costs, which for the non-integrated firms are primarily driven by skelp costs.

The petitioners define "integrated producer" as:

The term "integrated producer" has a specific meaning in the steel industry. It refers to vertically integrated companies or to a group of related companies which produce steel from iron ore and use that steel to produce a range of semifinished and finished steel products. The divisions or subsidiaries producing the downstream finished products, such as pipe, are generally captive purchasers or transferees of the related semifinished steel operations.<sup>72</sup>

The respondents define "integrated producer" as follows:

Integrated producers are those firms that transfer hot-rolled skelp, the chief material input in the production of pipe, from affiliated hot-rolling mills to affiliated pipe mills.<sup>73</sup>

For purposes of determining the impact of the cost of skelp on profitability, the firms in the industry in this case are categorized as an "integrated producer" if they transfer any hot-rolled skelp from an affiliated hot-rolling mill.

Selected income-and-loss data for integrated and non-integrated producers, by firms, are presented in table 10. In addition to product mix, differences in profitability among the producers were primarily due to their skelp sources.

\*\*\*. Non-integrated companies generally have lower labor and overhead costs than integrated producers. An added factor enhancing profitability for non-integrated producers in these investigations is the decline in their raw material acquisition costs. This factor will be discussed later.

The integrated companies in this investigation are \*\*\*.<sup>74</sup> These companies, excluding \*\*\*, accounted for approximately \*\*\* percent of industry

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<sup>72</sup> Posthearing brief of Schagrin Associates, p. 24.

<sup>73</sup> Posthearing brief of Trade Resources Co., p. 20.

<sup>74</sup> Usable financial data for \*\*\* are not available. \*\*\*.

sales in 1989, but only \*\*\* percent in interim 1992, primarily because of the withdrawal of USX from the industry. The non-integrated companies dominate the industry. \*\*\* integrated producers, \*\*\*, experienced large losses during the period of investigation. \*\*\*. \*\*\*. \*\*\*. \*\*\*.

Table 10

Income-and-loss experience of U.S. producers on their operations producing circular, welded, non-alloy steel pipes and tubes, by firms, integrated and non-integrated, fiscal years 1989-91, January-March 1991, and January-March 1992

| Item                         | 1989    | 1990    | 1991    | January-March-- |         |
|------------------------------|---------|---------|---------|-----------------|---------|
|                              |         |         |         | 1991            | 1992    |
| Value (1,000 dollars)        |         |         |         |                 |         |
| Net sales:                   |         |         |         |                 |         |
| Integrated.....              | 311,054 | 314,205 | 215,892 | 62,846          | 48,386  |
| Non-integrated.....          | 549,932 | 594,104 | 563,755 | 124,102         | 138,702 |
| Total.....                   | 860,986 | 908,309 | 779,647 | 186,948         | 187,088 |
| Operating income or (loss):  |         |         |         |                 |         |
| Integrated.....              | 13,111  | 1,707   | (7,585) | (5,719)         | 1,208   |
| Non-integrated.....          | 41,060  | 49,174  | 52,906  | 11,150          | 14,462  |
| Total.....                   | 54,171  | 50,881  | 45,321  | 5,431           | 15,670  |
| Ratio to net sales (percent) |         |         |         |                 |         |
| Operating income or (loss):  |         |         |         |                 |         |
| Integrated.....              | 4.2     | 0.5     | (3.5)   | (9.1)           | 2.5     |
| Non-integrated.....          | 7.5     | 8.3     | 9.4     | 9.0             | 10.4    |
| Average.....                 | 6.3     | 5.6     | 5.8     | 2.9             | 8.4     |

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

\*\*\*. \*\*\*. \*\*\*. \*\*\*.<sup>75</sup>

#### Verification of Data

The staff conducted a verification of Laclede Steel Co. Data as submitted were reliable. \*\*\*. \*\*\*. \*\*\*. \*\*\*.

<sup>75</sup> Discussed with \*\*\*.

### Effect of Raw Material Prices on Profitability

The companies that testified at the hearing indicated that raw material prices were the primary cost factor affecting their profitability.<sup>76</sup> Mr. Filetti indicated that Allied's purchased steel prices decreased between \$60 to \$80 per ton during the period of investigation.<sup>77</sup>

During the hearing Mr. Feeney (senior vice president of Wheatland Tube) indicated that the standard pipe industry is facing a profit squeeze because of potential raw material price increases as a result of the impact of the flat-rolled steel dumping and subsidy investigations. He stated that "The Commission recently made affirmative preliminary determinations covering approximately 95 percent of hot-rolled sheet imports in the United States."<sup>78</sup>

"If sheet imports decline as a result of this action, we believe sheet prices will escalate. Several steel mills are attempting to implement price increases effective October 1. If dumped imports of standard pipe increase again, the downward pressure on prices in the market against increased raw material costs will cause profits to evaporate."<sup>79</sup>

### Investment in Productive Facilities

Thirteen (11 in interim 1991 and 10 in interim 1992) U.S. producers, representing approximately 73 percent of U.S. production of subject pipes and tubes and 89 percent of standard and structural pipes and tubes in 1991, reported their investment in property, plant, and equipment. These assets are shown in table 11. These assets exclude assets for mechanical tubing because supplemental questionnaires for mechanical tubing producers did not request asset data in order that firms could provide more timely responses.

The return on book value and total assets for some producers could not be presented since those assets related to upstream operations and other corporate financial assets apparently could not be determined specifically for pipes and tubes.

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<sup>76</sup> Statements by Richard Filetti (controller, Allied), James Haeck (vice president, LTV Tubular), and Mack Hamblen (vice president, Sawhill Tubular). Transcript of the hearing, pp. 106-109. \*\*\*. \*\*\*.

<sup>77</sup> Ibid., p. 108. Allied is \*\*\*.

<sup>78</sup> Investigations Nos. 701-TA-329-332, 334 (Preliminary) and Nos. 731-TA-588-592, 594-596 (Preliminary), USITC Publication 2549, August 1992. The hot-rolled products were included in petitions on various flat-rolled carbon steel products.

<sup>79</sup> Transcript of hearing, pp. 51-52.

Table 11

Value of assets of U.S. producers' establishments wherein circular, welded, non-alloy steel pipes and tubes are produced, fiscal years 1989-91, January-March 1991, and January-March 1992

| (In thousands of dollars)       |                                |         |         |                  |         |
|---------------------------------|--------------------------------|---------|---------|------------------|---------|
| Item                            | As of the end of fiscal year-- |         |         | As of March 31-- |         |
|                                 | 1989                           | 1990    | 1991    | 1991             | 1992    |
| Fixed assets:                   |                                |         |         |                  |         |
| Original cost.....              | 152,541                        | 162,487 | 175,241 | 127,688          | 140,929 |
| Book value.....                 | 77,400                         | 82,118  | 88,872  | 65,389           | 72,880  |
| Total assets <sup>1</sup> ..... | 313,713                        | 334,306 | 327,013 | 385,777          | 335,747 |

<sup>1</sup> Defined as the book value of fixed assets plus current and noncurrent assets.

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

### Capital Expenditures

Capital expenditures reported by 13 (11 in interim 1991 and interim 1992) U.S. producers are shown in table 12. These expenditures may not reflect all of the expenditures of the upstream products used to produce pipes and tubes.

Table 12

Capital expenditures by U.S. producers of circular, welded, non-alloy steel pipes and tubes, fiscal years 1989-91, January-March 1991, and January-March 1992

| (In thousands of dollars)                |        |       |        |                 |       |
|--|--------|-------|--------|-----------------|-------|
| Item                                     | 1989   | 1990  | 1991   | January-March-- |       |
|  |        |       |        | 1991            | 1992  |
| Land and land improvements...            | ***    | ***   | ***    | ***             | ***   |
| Building and leasehold improvements..... | ***    | ***   | ***    | ***             | ***   |
| Machinery, equipment, and fixtures.....  | 14,460 | 7,196 | 13,672 | 2,016           | 4,066 |
| Total.....                               | 14,998 | 8,485 | 14,211 | 2,161           | 4,156 |

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



### Research and Development Expenses

Five producers' (four in interim 1991 and interim 1992) reported research and development expenses (excluding mechanical pipes and tubes) for the subject pipes and tubes are shown in the tabulation below (in thousands of dollars):

| <u>1989</u> | <u>1990</u> | <u>1991</u> | <u>January--March</u> |             |
|-------------|-------------|-------------|-----------------------|-------------|
|             |             |             | <u>1991</u>           | <u>1992</u> |
| 731         | 558         | 728         | 194                   | 178         |

### Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of the subject pipes and tubes from Brazil, Korea, Mexico, Romania, Taiwan, and/or Venezuela on their firms' growth, investment, ability to raise capital, or existing development and production efforts (including efforts to develop derivatives or improved versions of the subject pipes and tubes). The producers' responses are presented in appendix E.

### CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors<sup>80</sup>--

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

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<sup>80</sup> Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

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

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

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

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.<sup>81</sup>

Items (I) and (IX) are not applicable in these investigations. Information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury." Information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of Alleged Material Injury to an Industry in the United States." Available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows.

#### **Inventories of U.S. Importers**

End-of-period inventories of U.S. importers of the subject pipes and tubes are presented in table 13.

#### **Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States**

The Commission requested certain information from counsel for producers and exporters in Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela.<sup>82</sup> The data for all subject products supplied by counsel for the foreign producers and exporters are presented and discussed in the following pages; separate data on subject mechanical tubing is presented in appendix F. Most quantity data were provided on a "theoretical" basis, i.e., tonnage was derived from the total length of pipe produced/shipped/inventoried, based on a standard coefficient. However, as noted below, some producers provided quantity data on an "actual" basis, based upon actual tonnage produced/shipped/inventoried.

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<sup>81</sup> Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, "... the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

<sup>82</sup> The Commission also requested additional information from the U.S. Embassies in Brasilia, Seoul, Mexico City, Bucharest, and Caracas, and from the American Institute in Taiwan (AIT). However, the data supplied by counsel for the foreign producers appear to be more accurate in terms of being limited to strictly subject pipes and tubes. The data supplied by the U.S. Embassies and by the AIT, therefore, are not presented here.

Table 13

Circular, welded, non-alloy steel pipes and tubes: End-of-period inventories of U.S. importers, by sources, 1989-91, January-March 1991, and January-March 1992

| Item   | 1989   | 1990   | 1991   | Jan.-Mar.-- |        |
|--|--------|--------|--------|-------------|--------|
|  |        |        |        | 1991        | 1992   |
| <hr/>  |        |        |        |             |        |
| Quantity (short tons)                        |        |        |        |             |        |
| <hr/>  |        |        |        |             |        |
| * * *  | *      | *      | *      | *           | *      |
| Subject countries.....                       | 39,135 | 33,765 | 36,701 | 31,165      | 33,994 |
| Other sources <sup>1</sup> .....             | 4,703  | 1,953  | 1,359  | 2,144       | 1,096  |
| Total.....                                   | 43,838 | 35,718 | 38,060 | 33,309      | 35,090 |
| <hr/>  |        |        |        |             |        |
| Ratio to imports (percent)                   |        |        |        |             |        |
| <hr/>  |        |        |        |             |        |
| * * *  | *      | *      | *      | *           | *      |
| Subject countries.....                       | 12.5   | 8.6    | 9.0    | 7.1         | 9.8    |
| Other sources <sup>1</sup> .....             | 7.3    | 5.0    | 3.6    | 2.7         | 12.0   |
| Average.....                                 | 11.6   | 8.3    | 8.5    | 6.4         | 9.8    |
| <hr/>  |        |        |        |             |        |
| Ratio to U.S. shipments of imports (percent) |        |        |        |             |        |
| <hr/>  |        |        |        |             |        |
| * * *  | *      | *      | *      | *           | *      |
| Subject countries.....                       | 12.2   | 8.5    | 9.1    | 7.0         | 9.4    |
| Other sources <sup>1</sup> .....             | 6.3    | 4.7    | 3.5    | 2.6         | 1.6    |
| Average.....                                 | 11.0   | 8.1    | 8.6    | 6.3         | 9.2    |

<sup>1</sup> Consists of circular, welded, non-alloy steel pipes and tubes from all countries other than the six subject countries, as well as circular, welded, non-alloy steel pipes and tubes from Taiwan with outside diameters of 114.3 mm (4.5 inches) or less that have wall thicknesses of 1.65 mm (0.065 inch) or more, and of circular, welded, non-alloy steel pipes and tubes from Taiwan of circular cross section of 406.4 mm (16 inches) with a wall thickness of less than 1.65 mm (0.065 inch).

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information. Partial-year inventory ratios are annualized.

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

## The Industry in Brazil

Apolo Produtos de Aço S.A., Confab Industrial S.A., Fornasa S.A., Mannesmann S.A., and Persico Pizzamiglio S.A. were named in the petition as Brazilian producers and exporters of subject pipes and tubes. According to counsel for the Brazilian producers, \*\*\*. Apolo, Fornasa, and Persico account for approximately \*\*\* percent of Brazilian production of subject pipes and tubes and for \*\*\* Brazilian exports of such products to the United States.<sup>83</sup> Data on the industry in Brazil are reported on an actual basis for Apolo and a theoretical basis for Persico and Fornasa (table 14).

Table 14

Circular, welded, non-alloy steel pipes and tubes: Brazil's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93<sup>1</sup>

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\* \* \* \* \*

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<sup>1</sup> The data presented for Brazil were provided by counsel for three companies representing approximately \*\*\* percent of Brazilian production of the subject products, including \*\*\*. See \*\*\*.

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information. Partial-year inventory ratios are annualized.

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

## The Industry in Korea

Counsel for Hyundai Pipe Co., Ltd.; Pusan Steel Pipe Corp.; Union Steel Mfg. Co., Ltd.; Korea Steel Pipe Co., Ltd.; and Dongbu Steel Co., Ltd., provided data \*\*\* in response to the Commission's request for information. According to counsel, these producers account for \*\*\* Korean production of the subject pipes and tubes and for \*\*\* exports of these products to the United States.<sup>84 85</sup> Data for these firms are presented in table 15.

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<sup>83</sup> Letter from counsel for the Brazilian respondents, Aug. 3, 1992. \*\*\*.

<sup>84</sup> Dongbu, Union Steel, Korea Steel Pipe, and Hyundai reported that \*\*\* of their production of subject pipes and tubes is on ERW mills.

<sup>85</sup> Staff notes that Korean data on exports to the United States are consistently lower than U.S. imports from Korea as reported by Commerce.

Table 15

Circular, welded, non-alloy steel pipes and tubes: Korea's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93<sup>1</sup>

| Item                          | 1989      | 1990      | 1991      | Jan.-Mar.-- |         | Projected-- |           |
|-------------------------------|-----------|-----------|-----------|-------------|---------|-------------|-----------|
|                               |           |           |           | 1991        | 1992    | 1992        | 1993      |
| Quantity (short tons)         |           |           |           |             |         |             |           |
| Capacity.....                 | 1,386,300 | 1,425,800 | 1,476,010 | 376,530     | 353,120 | 1,401,500   | 1,401,500 |
| Production.....               | 1,149,547 | 1,216,665 | 1,324,636 | 315,960     | 315,268 | 1,251,200   | 1,236,770 |
| End-of-period inventories.... | 87,686    | 81,600    | 66,984    | 79,869      | 67,795  | 77,784      | 60,654    |
| Shipments:                    |           |           |           |             |         |             |           |
| Home market.....              | 642,205   | 779,045   | 903,167   | 210,731     | 218,103 | 846,400     | 862,400   |
| Exports to--                  |           |           |           |             |         |             |           |
| The United States.....        | 241,492   | 243,611   | 213,367   | 64,765      | 48,013  | 173,900     | 161,900   |
| All other markets.....        | 252,766   | 200,095   | 222,718   | 42,195      | 48,341  | 220,100     | 229,600   |
| Total exports.....            | 494,258   | 443,706   | 436,085   | 106,960     | 96,354  | 394,000     | 391,500   |
| Total shipments.....          | 1,136,463 | 1,222,751 | 1,339,252 | 317,691     | 314,457 | 1,240,400   | 1,253,900 |
| Ratios and shares (percent)   |           |           |           |             |         |             |           |
| Capacity utilization.....     | 82.9      | 85.3      | 89.7      | 83.9        | 89.3    | 89.3        | 88.2      |
| Inventories to production...  | 7.6       | 6.7       | 5.1       | 6.3         | 5.4     | 6.2         | 4.9       |
| Inventories to total ship-    |           |           |           |             |         |             |           |
| ments.....                    | 7.7       | 6.7       | 5.0       | 6.3         | 5.4     | 6.3         | 4.8       |
| Share of total quantity of    |           |           |           |             |         |             |           |
| shipments:                    |           |           |           |             |         |             |           |
| Home market.....              | 56.5      | 63.7      | 67.4      | 66.3        | 69.4    | 68.2        | 68.8      |
| Exports to--                  |           |           |           |             |         |             |           |
| The United States.....        | 21.2      | 19.9      | 15.9      | 20.4        | 15.3    | 14.0        | 12.9      |
| All other markets.....        | 22.2      | 16.4      | 16.6      | 13.3        | 15.4    | 17.7        | 18.3      |

<sup>1</sup> The data presented for Korea were provided by counsel for five companies representing \*\*\* Korean production of the subject products, including \*\*\*. See \*\*\*.

Note.--Partial-year inventory ratios are annualized.

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

## The Industry in Mexico

Counsel for Industrias Monterrey, S.A. de C.V. (IMSA) and for Tuberia Nacional, S.A. de C.V. (TUNA) and Hylsa, S.A. de C.V. (Hylsa) provided data \*\*\* in response to the Commission's request for information (table 16). \*\*\* is, by far, the largest of the three reporting firms, and \*\*\*, by far, the smallest.<sup>86</sup>

<sup>86</sup> According to counsel, Hylsa and TUNA account for an estimated \*\*\* percent of production of the subject pipes and tubes in Mexico, while IMSA accounts for \*\*\* percent. While IMSA and TUNA produce the subject pipes and tubes entirely on \*\*\* mills, \*\*\* percent of Hylsa's production is \*\*\* and \*\*\* percent is produced \*\*\*.

Table 16

Circular, welded, non-alloy steel pipes and tubes: Mexico's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93<sup>1</sup>

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\* \* \* \* \*

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<sup>1</sup> The data presented for Mexico were provided by counsel for three companies representing \*\*\* percent of Mexican production of the subject products.

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information. Partial-year inventory ratios are annualized.

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

#### The Industry in Romania

Counsel for Metalexportimport, the Romanian exporter, provided the Commission with data \*\*\* on the production of subject pipes and tubes by Tepro SA, \*\*\*. Data for Tepro are presented in table 17.<sup>87</sup>

Table 17

Circular, welded, non-alloy steel pipes and tubes: Romania's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93<sup>1</sup>

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\* \* \* \* \*<sup>2</sup>

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<sup>1</sup> The data presented for Romania were provided by counsel for one company representing \*\*\* percent of Romanian production of the subject products.

<sup>2</sup> In 1990, Tepro \*\*\*. Submission by counsel for Metalexportimport, Aug. 19, 1992.

Note.--Partial-year inventory ratios are annualized.

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

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<sup>87</sup> \*\*\* of Tepro's production of the subject pipes and tubes is on \*\*\* mills. Tepro is believed to have accounted for \*\*\* percent of the total production of subject pipes and tubes in Romania, according to counsel.

## The Industry in Taiwan

Kao Hsing Chang Iron & Steel Corp.; Yieh Hsing Enterprise Co., Ltd.; Far East Machinery Co.; and Vulcan Industrial Corp. were named in the petition as producers of subject pipes and tubes in Taiwan. Counsel for Kao Hsing and Yieh Hsing, and for a third company, \*\*\*,<sup>88</sup> \*\*\*. The data are presented in table 18.

Table 18

Circular, welded, non-alloy steel pipes and tubes: Taiwan's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93<sup>1</sup>

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\* \* \* \* \*

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<sup>1</sup> The data presented for Taiwan were provided by counsel for three companies representing approximately \*\*\* percent of Taiwanese production of the subject products.

Note.--Partial-year inventory ratios are annualized.

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

## The Industry in Venezuela

C.A. Conduven, Union Industrial Venezolana S.A. (UNIVENSA), and Grupo Siderpro C.A. were listed in the petition as producers and exporters of the subject pipes and tubes.<sup>89</sup> Data for Conduven, provided by counsel \*\*\*, are presented in table 19.

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<sup>88</sup> According to data provided by counsel, these firms accounted for approximately \*\*\* percent of Taiwanese pipe and tube production in 1991. \*\*\* reported Taiwanese production of the subject products is on \*\*\* mills. Counsel noted that a large portion of \*\*\*'s production for sale in Taiwan and in markets other than the U.S. was sold as line pipe.

<sup>89</sup> In a letter dated Oct. 16, 1991, Grupo Siderpro stated that it had not exported subject pipes or tubes to the United States during the period of investigation. In a submission dated Aug. 3, 1992, counsel for the Venezuelan respondent noted that UNIVENSA would not respond to the Commission's questionnaire. Conduven alone accounts for approximately \*\*\* percent of production of the subject pipes and tubes in Venezuela and for approximately \*\*\* percent of total exports of such pipes and tubes to the United States.



Table 19

Circular, welded, non-alloy steel pipes and tubes: Venezuela's capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93<sup>1</sup>

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\*       \*       \*       \*       \*       \*       \*

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<sup>1</sup> The data presented for Venezuela were provided by counsel for one company representing \*\*\* percent of Venezuelan production of the subject products.

<sup>2</sup> Conduven's shipments do not include \*\*\*.

Note.--Partial-year inventory ratios are annualized.

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

#### Aggregate Data

Aggregate data on the industries in Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela are presented in table 20. Cumulative capacity to produce the subject pipes and tubes in the countries subject to investigation decreased by 3.4 percent between 1989 and 1990, then increased by 2.2 percent between 1990 and 1991. During January-March 1992, capacity to produce the subject products decreased by 4.4 percent when compared with the corresponding period of 1991. Production remained relatively stable, at approximately 2 million short tons annually, during 1989-91, but declined markedly, by 12.8 percent, between January-March 1991 and January-March 1992. Likewise, capacity utilization fluctuated only slightly, between 79.0 percent and 82.6 percent, during 1989-91, but declined from 77.1 percent in January-March 1991 to 70.3 percent in January-March 1992.

Home market shipments for the six subject countries increased by 6.4 percent between 1989 and 1990 and by 4.1 percent between 1990 and 1991, before declining by 1.4 percent between January-March 1991 and January-March 1992. Exports to the United States increased by 13.2 percent between 1989 and 1990, but decreased by 16.9 percent between 1990 and 1991, falling below their 1989 level. Between January-March 1991 and January-March 1992, exports to the United States fell by 44.0 percent. Exports from the six subject countries to all other markets declined throughout the period for which data were collected, decreasing by 20.6 percent between 1989 and 1990, 6.9 percent between 1990 and 1991, and 20.9 percent between January-March 1991 and January-March 1992.

End-of-period inventories in the subject countries decreased by 6.8 percent between 1989 and 1990, then increased by 3.1 percent between 1990 and 1991. Inventories continued to increase between January-March 1991 and January-March 1992, rising by 7.8 percent.

Table 20

Circular, welded, non-alloy steel pipes and tubes: Aggregate capacity, production, inventories, and shipments of Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela, 1989-91, January-March 1991, January-March 1992, and projected 1992-93

| Item                          | 1989      | 1990      | 1991      | Jan.-Mar.-- |         | Projected-- |           |
|-------------------------------|-----------|-----------|-----------|-------------|---------|-------------|-----------|
|                               |           |           |           | 1991        | 1992    | 1992        | 1993      |
| Quantity (short tons)         |           |           |           |             |         |             |           |
| Capacity.....                 | 2,542,800 | 2,456,314 | 2,509,387 | 634,873     | 606,984 | 2,416,964   | 2,416,964 |
| Production.....               | 2,009,010 | 2,028,623 | 1,997,504 | 489,719     | 426,900 | 1,892,611   | 2,051,304 |
| End-of-period inventories.... | 141,049   | 131,482   | 135,551   | 126,778     | 136,672 | 143,549     | 123,448   |
| Shipments:                    |           |           |           |             |         |             |           |
| Home market.....              | 1,188,238 | 1,264,050 | 1,316,018 | 310,170     | 305,682 | 1,299,664   | 1,416,903 |
| Exports to--                  |           |           |           |             |         |             |           |
| The United States.....        | 376,013   | 425,510   | 353,709   | 111,278     | 62,356  | 212,787     | 222,246   |
| All other markets.....        | 437,855   | 347,620   | 323,699   | 72,973      | 57,741  | 372,162     | 432,256   |
| Total exports.....            | 813,868   | 773,130   | 677,408   | 184,251     | 120,097 | 584,949     | 654,502   |
| Total shipments.....          | 2,002,106 | 2,037,180 | 1,993,426 | 494,421     | 425,779 | 1,884,613   | 2,071,405 |
| Ratios and shares (percent)   |           |           |           |             |         |             |           |
| Capacity utilization.....     | 79.0      | 82.6      | 79.6      | 77.1        | 70.3    | 78.3        | 84.9      |
| Inventories to production.... | 7.0       | 6.5       | 7.0       | 6.7         | 8.1     | 7.8         | 6.3       |
| Inventories to total ship-    |           |           |           |             |         |             |           |
| ments.....                    | 7.0       | 6.5       | 7.0       | 6.6         | 8.1     | 7.9         | 6.2       |
| Share of total quantity of    |           |           |           |             |         |             |           |
| shipments:                    |           |           |           |             |         |             |           |
| Home market.....              | 59.3      | 62.0      | 66.0      | 62.7        | 71.8    | 69.0        | 68.4      |
| Exports to--                  |           |           |           |             |         |             |           |
| The United States.....        | 18.8      | 20.9      | 17.7      | 22.5        | 14.6    | 11.3        | 10.7      |
| All other markets.....        | 21.9      | 17.1      | 16.2      | 14.8        | 13.6    | 19.7        | 20.9      |

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information. Partial-year inventory ratios are annualized.

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

### Dumping in Third Countries

Canada has had antidumping orders on imports of carbon steel welded pipes from Korea since June 1983 and on imports of carbon steel welded pipes from Romania, Taiwan, and Venezuela since August 1991, as well as on imports from other countries not subject to the Commission's investigations.<sup>90</sup> In addition, on January 23, 1992, the Canadian International Trade Tribunal found that:

- the dumping of (carbon steel welded pipe...produced to ASTM standards A53 or A120 in sizes 0.540 in. (13.7 mm) to 16 in. (406.4 mm) outside diameter...) originating in or exported from Brazil has caused, is causing and is likely to cause material injury to Canadian production of like goods; and
- the dumping of the aforementioned carbon steel welded pipe originating in or exported only from Brazil would have caused material injury, except for the acceptance of the undertakings.<sup>91</sup>

<sup>90</sup> The Canadian International Trade Tribunal reviewed and continued the 1983 finding against Korea in June 1990. The Canadian International Trade Tribunal, Certain Carbon Steel Welded Pipe Originating in or Exported from Brazil, Luxembourg, Poland, Turkey and Yugoslavia, Inquiry No. NQ-91-003, Jan. 23, 1992, p. 8.

<sup>91</sup> Ibid., p. 1.

Effective April 7, 1990, the European Community (EC) imposed provisional duties of 22.0 percent on certain welded steel pipe and tube products, including standard pipes and tubes, from Romania. However, the EC accepted a price undertaking from Metalexportimport designed "to increase the export prices of the products concerned to the Community to an extent sufficient to eliminate the injury caused to the Community industry."<sup>92</sup> The EC also imposed antidumping duties of 22.1 percent on imports of certain welded steel pipe and tube products, including standard pipes and tubes, from Venezuela, effective April 13, 1991. In lieu of antidumping duties, the EC accepted price undertakings from Venezuelan producer C.A. Conduven and New York exporter Connectors.<sup>93</sup>

### Voluntary Restraint Agreements

Between October 1, 1984, and March 31, 1992, imports of non-alloy carbon steel products, including the products subject to these investigations from Brazil, Korea, Mexico, Romania, and Venezuela, were subject to quantitative limitations under the Voluntary Restraint Agreements (VRAs) negotiated with 19 foreign governments and the EC.<sup>94</sup> The VRAs were authorized by the Steel Import Stabilization Act, which also contained requirements that the steel industry invest in modernization, retrain workers, and take actions to improve its international competitiveness. As part of the program to bring the VRAs into effect, U.S. producers withdrew pending unfair trade petitions and the U.S. Government suspended antidumping and countervailing duties on covered products.

On July 25, 1989, the President announced a Steel Trade Liberalization Program, under which the VRAs were extended for 2½ years, until March 31, 1992. The President directed the United States Trade Representative to negotiate VRAs at an overall restraint level of 18.4 percent (the 1988 VRA import penetration level). Also, the President authorized up to an additional one-percent import penetration annually that would be available to countries, including Brazil, Korea, and Mexico, that entered into bilateral consensus agreements (BCAs) on tariffs, subsidies, and other non-tariff measures.<sup>95</sup>

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<sup>92</sup> "Council Regulation (EEC) No. 868/90 of 2 April 1990" in the Official Journal of the European Communities, Apr. 6, 1990, pp. 91/8-91/9.

<sup>93</sup> "Council Regulation (EEC) No. 898/91 of 8 April 1991" in the Official Journal of the European Communities, Apr. 12, 1991, pp. 91/1-91/2.

<sup>94</sup> There was no VRA with Taiwan, although through letters from the Coordination Council for North American Affairs (CCNAA) to the American Institute in Taiwan, the CCNAA established unilateral restraints on steel exports to the United States.

<sup>95</sup> When the VRAs were extended in 1989, the United States sought to address the causes of unfair trade and reduce subsidization and overcapacity in the steel industry. The BCAs were commitments by countries, including Brazil, Korea, and Mexico, to prohibit most subsidies for the steel industry, reduce tariffs and nontariff barriers to steel trade, and incorporate a binding arbitration mechanism. The BCAs were to have been multilateralized within the GATT through the Multilateral Steel Agreement (MSA) that was being negotiated with BCA countries and most other major steel producing countries. However, on Mar. 31, 1992, the MSA negotiations were suspended without agreement.

Under the VRAs, governments agreed to limit steel exports to the U.S. market over specified time periods. Foreign governments issued export certificates to their industries that were to be presented to U.S. Customs officials upon entering the products into the United States. Some VRAs, such as that with Romania, set fixed tonnage limits. Others, such as those with Korea, Mexico, Brazil, and Venezuela, limited exports to a certain share of U.S. domestic consumption, based on consumption forecasts. Since final consumption could only be determined following the completion of a period, adjustments for overshipping or undershipping could be carried forward to a subsequent period. The VRAs also provided for flexibility, wherein a limited amount of tonnage could be shifted between categories or carried forward to a subsequent period, upon consultation with the United States.

It is difficult to state how "binding" the VRAs were on the subject products because the VRA subcategory "standard pipe and tube" includes seamless pipes, pipes and tubes larger than 16 inches in diameter, and other pipe and tube products not subject to these investigations. In only four instances were final ceilings for standard pipe and tube products completely filled. Although not all data for the final VRA period are finalized as yet, adjusted restraint limits and the extent to which countries filled their VRA category limits on subject products for the relevant countries and time periods are shown in table 21, based on export certificate data and consultations conducted by the Office of Agreements Compliance, U.S. Department of Commerce.

Table 21  
Standard pipes and tubes: VRA adjusted ceilings and fill rates, by country and by specified period, 1989-92

| Source                     | Jan. 1989-<br>Sept. 1989<br>(9 months) |                | Oct. 1989-<br>Dec. 1990<br>(15 months) |                | Jan. 1991-<br>Mar. 1992 <sup>1</sup><br>(15 months) |                |
|----------------------------|--|----------------|--|----------------|---|----------------|
|                            | Adjusted                               | Fill           | Adjusted                               | Fill           | Adjusted  | Fill           |
|                            | ceiling                                | rate           | ceiling                                | rate           | ceiling   | rate           |
|                            | <u>Metric</u>                          |                | <u>Metric</u>                          |                | <u>Metric</u>                                       |                |
|                            | <u>tons</u>                            | <u>Percent</u> | <u>tons</u>                            | <u>Percent</u> | <u>tons</u>   | <u>Percent</u> |
| Brazil.....                | 40,268                                 | 82             | 79,688                                 | 100            | ***   | ***            |
| Korea.....                 | 280,842                                | 68             | 426,855                                | 81             | 370,075   | 81             |
| Mexico.....                | 59,549                                 | 70             | 100,493                                | 72             | 107,823   | 52             |
| Romania <sup>2</sup> ..... | 11,997                                 | 100            | 27,500                                 | 48             | 29,000  | 50             |
| Venezuela....              | 2,808                                  | 100            | 13,792                                 | 115            | 9,059   | 83             |

<sup>1</sup> Data for Brazil \*\*\*. Data for Romania represent the combined totals of full year 1991 and January 1992-March 1992 restraint periods in the VRA with Romania.

<sup>2</sup> Includes all pipe and tube products except oil country tubular goods.

Source: U.S. Department of Commerce, Office of Agreements Compliance.

<sup>95</sup> (...continued)

Negotiators have agreed to continue to meet bilaterally and multilaterally, but no specific time schedule has been set.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF  
THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

Data on U.S. imports of circular, welded, non-alloy steel pipes and tubes (as reported by Commerce) are presented in table 22. Quarterly data are presented in appendix G.

Table 22

Circular, welded, non-alloy steel pipes and tubes: U.S. imports, by sources, 1989-91, January-March 1991, and January-March 1992

| Item                                    | 1989    | 1990    | 1991    | Jan.-Mar.-- |         |
|---|---------|---------|---------|-------------|---------|
|   |         |         |         | 1991        | 1992    |
| Quantity (short tons)                   |         |         |         |             |         |
| Brazil <sup>1</sup> .....               | 30,748  | 63,855  | 54,488  | 5,465       | 8,550   |
| Korea.....                              | 295,643 | 302,675 | 324,704 | 119,875     | 75,642  |
| Mexico.....                             | 65,294  | 68,828  | 48,240  | 10,910      | 15,622  |
| Romania.....                            | 11,033  | 14,495  | 12,650  | 6,318       | 1,514   |
| Taiwan (subject) <sup>2</sup> .....     | 40,496  | 42,173  | 38,533  | 13,411      | 152     |
| Venezuela.....                          | 7,990   | 18,497  | 16,353  | 10,755      | 627     |
| Subtotal.....                           | 451,204 | 510,523 | 494,969 | 166,734     | 102,107 |
| Taiwan (non-subject) <sup>3</sup> ..... | 6,510   | 14,247  | 3,921   | 2,155       | 0       |
| Other sources <sup>4</sup> .....        | 330,556 | 258,656 | 209,244 | 57,690      | 50,007  |
| Total.....                              | 788,271 | 783,425 | 708,134 | 226,579     | 152,114 |
| Value (1,000 dollars) <sup>5</sup>      |         |         |         |             |         |
| Brazil <sup>1</sup> .....               | 15,866  | 25,665  | 26,715  | 2,831       | 3,764   |
| Korea.....                              | 166,677 | 160,310 | 172,590 | 62,541      | 39,296  |
| Mexico.....                             | 35,346  | 36,716  | 25,268  | 5,889       | 8,248   |
| Romania.....                            | 4,854   | 6,273   | 5,365   | 2,693       | 616     |
| Taiwan (subject) <sup>2</sup> .....     | 17,847  | 19,632  | 18,295  | 6,282       | 71      |
| Venezuela.....                          | 3,890   | 8,675   | 8,102   | 5,309       | 297     |
| Subtotal.....                           | 244,480 | 257,272 | 256,334 | 85,546      | 52,293  |
| Taiwan (non-subject) <sup>3</sup> ..... | 3,472   | 6,356   | 1,823   | 1,007       | 0       |
| Other sources <sup>4</sup> .....        | 188,147 | 150,791 | 132,777 | 33,890      | 30,632  |
| Total.....                              | 436,099 | 414,419 | 390,933 | 120,443     | 82,925  |

See footnotes at end of table.

Table 22--Continued

Circular, welded, non-alloy steel pipes and tubes: U.S. imports, by sources, 1989-91, January-March 1991, and January-March 1992

|   |                            |          |          | Jan.-Mar.-- |                  |
|---|----------------------------|----------|----------|-------------|------------------|
| Item                                    | 1989                       | 1990     | 1991     | 1991        | 1992             |
|   | Unit value (per short ton) |          |          |             |                  |
| Brazil <sup>1</sup> .....               | \$516.00                   | \$401.93 | \$490.28 | \$518.12    | \$440.24         |
| Korea.....                              | 563.78                     | 529.65   | 531.53   | 521.72      | 519.50           |
| Mexico.....                             | 541.33                     | 533.44   | 523.79   | 539.78      | 527.95           |
| Romania.....                            | 439.92                     | 432.81   | 424.08   | 426.25      | 407.04           |
| Taiwan (subject) <sup>2</sup> .....     | 440.71                     | 465.50   | 474.77   | 468.44      | 467.90           |
| Venezuela.....                          | 486.86                     | 469.02   | 495.44   | 493.62      | 474.04           |
| Average.....                            | 541.84                     | 503.94   | 517.88   | 513.07      | 512.13           |
| Taiwan (non-subject) <sup>3</sup> ..... | 533.26                     | 446.15   | 464.83   | 467.32      | ( <sup>6</sup> ) |
| Other sources <sup>4</sup> .....        | 569.18                     | 582.98   | 634.55   | 587.45      | 612.56           |
| Average.....                            | 553.23                     | 528.98   | 552.06   | 531.57      | 545.15           |

<sup>1</sup> Data for 1990 and 1991 include 8,148 and 10,292 short tons, respectively, with c.i.f. values of \$3.6 million and \$4.8 million that the Bureau of the Census has verified to be the subject pipes and tubes but were incorrectly classified in another HTS subheading.

<sup>2</sup> Consists of welded, non-alloy steel pipes and tubes of circular cross section, with a wall thickness of less than 1.65 mm (0.065 inch), of less than 406.4 mm (16 inches) in outside diameter, and welded, non-alloy steel pipes and tubes of circular cross section, with a wall thickness of 1.65 mm (0.065 inch) or more, exceeding 114.3 mm (4.5 inches) but less than 406.4 mm (16 inches) in outside diameter.

<sup>3</sup> Consists of circular, welded, non-alloy steel pipes and tubes with outside diameters of 114.3 mm (4.5 inches) or less that have wall thicknesses of 1.65 mm (0.065 inch) or more, and of circular, welded, non-alloy steel pipes and tubes of circular cross section of 406.4 mm (16 inches) with a wall thickness of less than 1.65 mm (0.065 inch).

<sup>4</sup> The major "other sources" in 1991 were Canada, Japan, India, and Yugoslavia, which accounted for 24.5 percent of total 1991 imports of circular, welded, non-alloy steel pipes and tubes by volume.

<sup>5</sup> Landed, duty-paid value at U.S. port of entry (except as noted).

<sup>6</sup> Not applicable.

Note.--Because of rounding, figures may not add to the totals shown; unit values are calculated from unrounded figures.

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

## Brazil

The volume of imports of the subject pipes and tubes from Brazil more than doubled between 1989 and 1990, but then declined by 14.7 percent between 1990 and 1991. Imports from Brazil grew by 56.5 percent between January-

March 1991 and January-March 1992. By value, imports of the subject pipes and tubes from Brazil grew throughout the period for which data were collected, increasing by 61.8 percent between 1989 and 1990, by 4.1 percent between 1990 and 1991, and by 33.0 percent between January-March 1991 and January-March 1992. The unit value of such imports declined by 22.1 percent between 1989 and 1990, from \$516.00 per short ton to \$401.93, then rose by 22.0 percent, to \$490.28 per short ton, in 1991. Between January-March 1991 and January-March 1992, the unit value of imports from Brazil declined by 15.0 percent, falling from \$518.12 per short ton to \$440.24.

#### Korea

Korea was by far the largest source of U.S. imports of the subject products. The volume of imports from Korea increased steadily between 1989 and 1991, rising by 2.4 percent between 1989 and 1990 and by 7.3 percent between 1990 and 1991. The value of such imports, however, declined by 3.8 percent between 1989 and 1990, before increasing by 7.7 percent between 1990 and 1991. During January-March 1992, the volume and value of imports from Korea declined by approximately 37 percent from the corresponding period of 1991. The unit value of imports from Korea declined by 6.1 percent between 1989 and 1990, falling from \$563.78 per short ton to \$529.65, then increased by 0.4 percent in 1991. The unit value of such imports decreased by 0.4 percent between January-March 1991 and January-March 1992.

#### Mexico

Imports of the subject pipes and tubes from Mexico fluctuated substantially during the period for which data were collected. By quantity, such imports increased by 5.4 percent between 1989 and 1990, then decreased by 29.9 percent between 1990 and 1991. Between January-March 1991 and January-March 1992, imports from Mexico rose by 43.2 percent. By value, such imports followed a similar trend, increasing by 3.9 percent during 1989-90, decreasing by 31.2 percent during 1990-91, and increasing by 40.1 percent between January-March 1991 and January-March 1992. The unit value of imports from Mexico decreased from \$541.33 in 1989 to \$533.44 in 1990 and \$523.79 in 1991, declining by 1.5 percent between 1989 and 1990 and by 1.8 percent between 1990 and 1991. The unit value of such imports fell by 2.2 percent, from \$539.78 to \$527.95, between January-March 1991 and January-March 1992.

#### Romania

Imports of the subject pipes and tubes from Romania showed strong growth between 1989 and 1990 (increasing by 31.4 percent by volume and 29.2 percent by value), but faltered between 1990 and 1991 (decreasing by 12.7 percent by volume and by 14.5 percent by value). Imports of the subject products from Romania continued to decline between January-March 1991 and January-March 1992, falling 76.0 percent by volume and 77.1 percent by value. The unit value of imports from Romania decreased from \$439.92 per short ton in 1989 to \$432.81 in 1990 and \$424.08 in 1991, falling by 1.6 percent between 1989 and 1990 and by 2.0 percent between 1990 and 1991. The unit value of such imports

continued to decline between January-March 1991 and January-March 1992, falling by 4.5 percent from \$426.25 to \$407.04.

#### Taiwan

Imports of the subject pipes and tubes from Taiwan increased by 4.1 percent by volume and 10.0 percent by value between 1989 and 1990, then decreased by 8.6 percent by volume and 6.8 percent by value between 1990 and 1991. Such imports virtually disappeared from the U.S. market in January-March 1992, as subject imports from Taiwan fell to 152 short tons, valued at \$71,000, a 98.9-percent decline in both volume and quantity from January-March 1991. The unit value of subject imports from Taiwan increased by 7.7 percent during 1989-91, rising from \$440.71 per short ton in 1989 to \$465.50 in 1990 and \$474.77 in 1991, then declined by 0.1 percent between January-March 1991 and January-March 1992, from \$468.44 to \$467.90.

#### Venezuela

Imports of the subject pipes and tube from Venezuela fluctuated greatly over the period for which data were collected, more than doubling in quantity and value between 1989 and 1990, then declining by 11.6 percent by volume and 6.6 percent in value between 1990 and 1991. Such imports fell sharply between January-March 1991 and January-March 1992, declining by approximately 94 percent in quantity and value. The unit value of imports from Venezuela declined by 3.7 percent between 1989 and 1990, from \$486.86 per short ton to \$469.02, then increased by 5.6 percent to \$495.44 in 1991. Between January-March 1991 and January-March 1992, the unit value of such imports declined by 4.0 percent from \$493.62 to \$474.04.

#### Total Subject Imports

Based on official statistics, imports into the United States of subject pipes and tubes from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela increased 13.1 percent by volume and 5.2 percent by value between 1989 and 1990, but fell 3.0 percent by volume and 0.4 percent by value between 1990 and 1991. Between January-March 1991 and January-March 1992, both the quantity and the value of total imports of subject pipes and tubes decreased by nearly 39 percent. The unit value of such imports, \$541.84 per short ton in 1989, decreased by 7.0 percent to \$503.94 in 1990, then increased by 2.8 percent to \$517.88 in 1991. Between January-March 1991 and January-March 1992, the unit value of such imports fell by 0.2 percent from \$513.07 to \$512.13.

In a letter dated July 8, 1992, counsel for petitioners supplied a letter from the Bureau of the Census of the U.S. Department of Commerce verifying that in 1990 and 1991, several import shipments of subject pipes and tubes from Brazil were misclassified. The corrected quantity and c.i.f. values of these imports are included in the import data in table 22. In an earlier letter dated October 9, 1991, petitioners also listed numerous import shipments of subject pipes and tubes from various sources that were allegedly misclassified in other HTS subheadings during late 1990 and early 1991. The



misclassification of these products was not confirmed by Census and the data on the alleged misclassified shipments are not included in the import data in table 22. In a letter dated October 2, 1992, counsel for the Venezuelan respondents indicated that \*\*\* short tons of \*\*\* shipments by Conduven may have been incorrectly recorded in official import statistics as imports for consumption. Staff was not able to confirm this allegation, therefore these shipments are not excluded from the import data.<sup>96</sup> The following tabulation presents data on the misclassified shipments (quantity in short tons and value (c.i.f.) in \$1,000) from Brazil that have been confirmed by Census directly to the Commission's staff:

| <u>Date</u>         | <u>Quantity</u> | <u>Value</u> |
|---------------------|-----------------|--------------|
| October 1990.....   | 3,479           | 1,520        |
| December 1990.....  | <u>4,669</u>    | <u>2,086</u> |
| Subtotal, 1990..... | <u>8,148</u>    | <u>3,606</u> |
| January 1991.....   | 713             | 322          |
| April 1991.....     | 8,734           | 4,109        |
| July 1991.....      | <u>845</u>      | <u>387</u>   |
| Subtotal, 1991..... | <u>10,292</u>   | <u>4,818</u> |
| Total.....          | 18,440          | 8,424        |

Import data collected by the Commission through its questionnaires show that subject imports increased markedly between 1989 and 1990. However, questionnaire data indicate that subject imports continued to increase between 1990 and 1991, although at a much less rapid rate. Staff believes that this increase was due to improved coverage for 1991.<sup>97</sup> Between January-March 1991 and January-March 1992, subject imports as reported in questionnaires declined sharply in terms of both volume and value. Unit values for subject imports declined sharply between 1989 and 1990, partially recovered between 1990 and 1991, then dipped between January-March 1991 and January-March 1992.<sup>98</sup>

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<sup>96</sup> The \*\*\* are dated 1990. Staff notes that exclusion of \*\*\* tons would lower the Venezuelan share of domestic consumption in 1990 from 0.8 percent to \*\*\* and the share of all subject imports from 21.7 percent to \*\*\*.

<sup>97</sup> Several importers reorganized or exited the industry completely during the period for which data were collected. In the former category were \*\*\*, \*\*\*, and \*\*\*. \*\*\* and \*\*\* were only able to provide the Commission with estimated import data; \*\*\* was able to provide no data at all. In the latter category were \*\*\*, \*\*\*, and \*\*\*. Finally, several importers of circular, welded, non-alloy steel pipes and tubes from multiple subject countries indicated that they could only estimate import data, generally because they did not segregate imported pipes and tubes from different countries or, in some cases, from domestically-produced pipes and tubes. Included in this category were \*\*\*.

<sup>98</sup> Unit values reported by importers were slightly higher than those reported by Commerce -- by \$4 per ton in 1989, \$10 in 1990, and \$1 in 1991.

### Imports by U.S. Producers

During the period for which data were collected, three U.S. producers imported the subject pipes and tubes. \*\*\* imported subject pipes and tubes from Brazil, Korea, and Mexico, as well as from the Netherlands. In 1989 and 1991, \*\*\* imported \*\*\* and \*\*\* short tons, respectively, from Brazil. During 1989-91, \*\*\* imported \*\*\* short tons of the subject product from Korea and \*\*\* short tons from Mexico. \*\*\* imported \*\*\* short tons of subject pipes and tubes from Korea in 1989 and \*\*\* short tons in 1990.<sup>99</sup> \*\*\* imported subject pipes and tubes from \*\*\* in Japan and from a company \*\*\* in Korea. \*\*\* imported \*\*\* short tons of subject pipes and tubes from Korea in 1989-91. \*\*\*'s imports from Japan declined from \*\*\* short tons in 1989 to \*\*\* short tons in 1990 and \*\*\* in 1991.

### Market Penetration of LTFV Imports

The shares of apparent U.S. consumption of subject pipes and tubes held by U.S. producers and by importers are presented in table 23. Between 1989 and 1990, U.S. producers and importers of the subject pipes and tubes both increased their share of apparent consumption in terms of quantity and value, while the share held by importers of non-subject pipes and tubes declined. Between 1990 and 1991, importers of the subject pipes and tubes increased their share of apparent consumption in terms of quantity and value, while the share held by U.S. producers declined (but remained above 1989 levels) and that held by importers of non-subject pipes and tubes continued to fall. Between January-March 1991 and January-March 1992, the U.S. producers' share of apparent consumption increased markedly, while that held by importers of the subject pipes and tubes declined markedly in both quantity and value. The share of apparent consumption held by importers of non-subject pipes and tubes declined slightly in terms of both quantity and value.

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<sup>99</sup> Six of the 23 U.S. producers providing usable questionnaire responses reported purchases of certain sizes of the subject pipes and tubes from other U.S. producers to round out their product lines. Also, one domestic producer, \*\*\*, reported purchases of Korean subject product from importers.

Table 23

Circular, welded, non-alloy steel pipes and tubes: U.S. shipments of domestic product and U.S. imports as shares of apparent U.S. consumption, 1989-91, January-March 1991, and January-March 1992

| Item   | 1989 | 1990              | 1991 | Jan.-Mar.-- |                  |
|--|------|-------------------|------|-------------|------------------|
|  |      |                   |      | 1991        | 1992             |
| Share of the quantity of U.S. consumption<br>(percent) |      |                   |      |             |                  |
| Producers' U.S. shipments....                          | 64.4 | 66.7              | 66.5 | 60.5        | 70.6             |
| U.S. imports from--                                    |      |                   |      |             |                  |
| Brazil <sup>1</sup> .....                              | 1.4  | 2.7               | 2.6  | 1.0         | 1.7              |
| Korea.....   | 13.4 | 12.9              | 15.4 | 20.9        | 14.6             |
| Mexico.....  | 3.0  | 2.9               | 2.3  | 1.9         | 3.0              |
| Romania.....   | .5   | .6                | .6   | 1.1         | .3               |
| Taiwan (subject) <sup>2</sup> .....                    | 1.8  | 1.8               | 1.8  | 2.3         | ( <sup>4</sup> ) |
| Venezuela.....   | .4   | .8 <sup>5</sup>   | .8   | 1.9         | .1               |
| Subtotal.....  | 20.4 | 21.7 <sup>5</sup> | 23.4 | 29.0        | 19.8             |
| Taiwan (nonsubject) <sup>3</sup> .....                 | .3   | .6                | .2   | .4          | 0                |
| Other sources.....                                     | 14.9 | 11.0              | 9.9  | 10.0        | 9.7              |
| Total.....   | 35.6 | 33.3              | 33.5 | 39.5        | 29.4             |
| Share of the value of U.S. consumption<br>(percent)    |      |                   |      |             |                  |
| Producers' U.S. shipments....                          | 67.6 | 69.8              | 68.0 | 63.7        | 71.8             |
| U.S. imports from--                                    |      |                   |      |             |                  |
| Brazil <sup>1</sup> .....                              | 1.2  | 1.9               | 2.2  | .9          | 1.3              |
| Korea.....   | 12.4 | 11.7              | 14.1 | 18.8        | 13.3             |
| Mexico.....  | 2.6  | 2.7               | 2.1  | 1.8         | 2.8              |
| Romania.....   | .4   | .5                | .4   | .8          | .2               |
| Taiwan (subject) <sup>2</sup> .....                    | 1.3  | 1.4               | 1.5  | 1.9         | ( <sup>4</sup> ) |
| Venezuela.....   | .3   | .6                | .7   | 1.6         | .1               |
| Subtotal.....  | 18.2 | 18.8              | 21.0 | 25.8        | 17.8             |
| Taiwan (nonsubject) <sup>3</sup> .....                 | .3   | .5                | .1   | .3          | 0                |
| Other sources.....                                     | 14.0 | 11.0              | 10.9 | 10.2        | 10.4             |
| Total.....   | 32.4 | 30.2              | 32.0 | 36.3        | 28.2             |

<sup>1</sup> Data for 1990 and 1991 include 8,148 and 10,292 short tons, respectively, with c.i.f. values of \$3.6 million and \$4.8 million, that the Bureau of the Census has verified to be the subject pipes and tubes but were incorrectly classified in another HTS subheading.

<sup>2</sup> Consists of welded, non-alloy steel pipes and tubes of circular cross section, with a wall thickness of less than 1.65 mm (0.065 inch), of less than 406.4 mm (16 inches) in outside diameter, and welded, non-alloy steel pipes and tubes of circular cross section, with a wall thickness of 1.65 mm (0.065 inch) or more, exceeding 114.3 mm (4.5 inches) but less than 406.4 mm (16 inches) in outside diameter.

<sup>3</sup> Consists of circular, welded, non-alloy steel pipes and tubes with outside diameters of 114.3 mm (4.5 inches) or less that have wall thicknesses of 1.65 mm (0.065 inch) or more, and of circular, welded, non-alloy steel pipes and tubes of circular cross section of 406.4 mm (16 inches) with a wall thickness of less than 1.65 mm (0.065 inch).

<sup>4</sup> Less than 0.05 percent.

<sup>5</sup> Refer to footnote 96 in text.

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

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

## Prices

### Market Characteristics

Approximately half of the 22 responding domestic producers sell the subject pipes and tubes on a delivered basis and half sell on an f.o.b. mill basis. The majority of the domestic producers that sell on an f.o.b. basis practice some form of freight equalization for such sales. Under this policy, producers pay freight charges to a certain location in the United States and purchasers pay the freight from this specified location to their facilities. This point of freight equalization usually approximates the distance from the customer's location to the nearest competing producer's production facility or importer's port of entry.

Importers most often quote prices for the subject pipes and tubes on an f.o.b. port of entry basis, with inland freight paid by the purchaser. However, 14 of 64 responding importers reported that they sell on a delivered basis if requested by a customer or if necessary to meet competitive situations. None of the responding importers reported freight equalization programs for their sales of the subject pipes and tubes to customers in the United States.

Domestic producers sell the majority of the subject pipes and tubes to distributors. Most U.S. producers also sell some subject pipes and tubes to end users such as building contractors and original equipment manufacturers, but total sales volumes to these customers are much smaller than to distributors. The great majority of sales of the imported subject pipes and tubes are also made to distributors.

Price lists are reportedly distributed to customers by about one-half of the responding domestic producers. All except two of these producers discounted from list price in varying degrees during the period for which data were collected in the investigations, depending on the competition at any particular time. Price lists usually serve as a starting point from which to negotiate an actual selling price. One producer, \*\*\*, reported that it can effectively use price lists in the Midwest but that it does not use price lists on the west coast, where there is a great deal of import competition. U.S. producers that do not use price lists for their sales usually negotiate prices for each sale based upon prevailing market prices.

Very few of the responding importers distribute price lists to their customers and instead quote prices based on market conditions. The few importers that do distribute price lists reported that discounts from list are frequently made in order to remain competitive with domestic producers and other importers.

Most domestic producers sell the subject pipes and tubes to a national market. U.S. producers often locate mills and/or warehouses in various geographic regions of the United States to ensure prompt shipment of the product to customers. However, six U.S. producers reported sales of the subject pipes and tubes limited to certain geographic regions of the country such as the west coast, the Midwest, and the Eastern United States. \*\*\* reported that it sells standard pipe larger than 2.5 inches in diameter to a national market but smaller pipe is marketed only in the Midwest.

Far fewer importers reported selling the subject pipes and tubes to a national market. Rather, most importers reported selling to distributors and end users located within certain geographic regions of the country such as the Gulf coast or the east or west coasts.

U.S. producers reported lead times between spot order and delivery to the customer ranging from 1 to 5 days when the subject pipes and tubes are shipped from existing inventories and 1 to 9 weeks when specially produced. In the majority of instances, domestic subject pipes and tubes are shipped to the customer from existing inventories.

The majority of importers reported that they do not maintain inventories of the subject pipes and tubes in the United States and instead order from foreign suppliers on behalf of their customers. Lead times between order and delivery to the U.S. port or the importer's warehouse varied somewhat among the subject countries. Reported average lead times are as follows: 3 to 6 months from Brazil, 3 to 5 months from Korea, 1 to 3 months from Mexico, \*\*\* months from Romania, 3 to 5 months from Taiwan, and \*\*\* months from Venezuela. According to \*\*\*, an importer located in \*\*\*, distributors usually estimate inventory needs, and place orders several months in advance of when the product is expected to be delivered. \*\*\* also stated that a number of distributors that regularly purchase a majority of their standard pipe from foreign suppliers, do order a small percentage of their total needs from domestic mills when prompt delivery is necessary. David Shotts of Allied stated that on occasion customers that usually purchase the imported subject pipes and tubes approach Allied with orders for certain products when they are needed quickly and cannot be filled by importers.<sup>100</sup>

All but three of the responding U.S. producers reported that quality differences between domestic and imported subject pipes and tubes do not significantly affect sales of the domestic product. A few producers indicated that the domestic product is superior to the imported product in terms of sales service, as well as quality factors such as malleability, ease in threading, and consistency of welds. However, these producers did not consider these to be major factors in their sales of the domestic product.

Forty-eight of 58 responding importers reported that quality differences between domestic and imported subject pipes and tubes are not a significant factor affecting sales of the imported product. Ten importers indicated that quality differences do exist between domestic and imported subject pipes and tubes and have an effect on sales of the product. Responses regarding quality differences were varied for the subject pipes and tubes from the different subject countries. \*\*\* and \*\*\*, both of which import from Korea and Taiwan and are \*\*\*, responded that galvanized subject pipes and tubes from these countries are available on the west coast with a varnish coating that prevents rust during shipping and storage. Three other importers, \*\*\*, indicated that hot-dipped galvanized subject pipes and tubes from Korea are better in quality and more readily available than the domestic product. In addition, \*\*\* reported that Mexican standard pipe produced by Hylsa using the stretch-reducing process is preferred for its ease of threading, better tolerances, smoother surface, and more exact roundness.

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<sup>100</sup> Transcript of the conference, p. 64.

Other importers stated that some imports were of lower quality than U.S.-produced standard pipes and tubes. \*\*\* reported that residential fence tubing produced by IMSA in Mexico does not have adequate protective coating and that these imports often show signs of corrosion.

In addition, four importers reported information regarding their imports of the Romanian subject pipes and tubes.<sup>101</sup> Each of these importers reported that Romanian pipes and tubes were of lower quality than domestic pipes and tubes and that many of the sizes are not hydrostatically tested to meet U.S. standards.<sup>102</sup> \*\*\* stopped importing Romanian pipes and tubes in 1990 due to problems with late deliveries. \*\*\* also stopped importing the subject pipes and tubes from Romania prior to this investigation due to the deteriorating quality of the Romanian products and increasing commercial risk.<sup>103</sup>

Six responding companies reported importing the subject pipes and tubes from Venezuela during the period for which data were requested. \*\*\*, which accounted for a large part of reported Venezuelan imports, pointed out several quality disadvantages with \*\*\*'s subject pipes and tubes. According to \*\*\*'s questionnaire response, a large portion of its imports were mill seconds that do not meet ASTM standards. Specific quality disadvantages cited by \*\*\* include inferior lacquer, galvanization build-up on the ends of the pipes and tubes, late shipments, failure to supply a complete range of sizes, and damaged threads during shipping. The other importers of the Venezuelan products did not report that quality differences were a major factor in their sales of the subject pipes and tubes.

#### Questionnaire Price Data

The Commission requested U.S. producers and importers to provide quarterly pricing data for sales to distributors of the following five types of subject pipe and tube during the period January 1989-March 1992:

- Product 1: circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, black, plain-end, 1 inch in nominal inside diameter.
- Product 2: circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, galvanized, plain-end, 2 inches in nominal inside diameter.
- Product 3: circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, black, plain-end, 4 inches in nominal inside diameter.
- Product 4: circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, grade B, black, plain-end, 6 inches in nominal inside diameter.
- Product 5: circular, welded, non-alloy steel fence tubing meeting ASTM F-761-82 or equivalent, galvanized, plain-end, 1.315 inches

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<sup>101</sup> \*\*\*.

<sup>102</sup> Affidavits \*\*\*, contained in exhibits 1-3 of Metalexportimport's prehearing brief.

<sup>103</sup> Staff telephone conversation with \*\*\*.

in outside diameter and with a wall thickness of 0.047 inches.

Specific pricing data requested for each product include the quantity and net f.o.b. price per hundred feet for each firm's largest single sale to an unrelated distributor of each product in each quarter, as well as the total quantity shipped and the total net f.o.b. value shipped for each product in each quarter. Importers were also requested to report separately for each product imported from each of the six subject countries. Seventeen U.S. producers and 53 importers provided pricing data for sales of the subject pipes and tubes in the U.S. market, although not necessarily for all products, countries, or quarters over the period for which data were collected (tables 24-28).

#### *Price Trends for U.S.-Produced Subject Products*

Weighted-average net f.o.b. prices for U.S.-produced products 1 and 3 consistently declined over the period for which data were collected. Product 4 prices fluctuated more but also generally fell over the period. Prices of products 2 and 5 varied, showing no clear trend.

#### *Price Trends for Imported Subject Products*

Import prices were generally down over the period. Price trends for each product from each country are discussed only in cases where four or more quarterly observations exist.

**Brazil.**--Prices of products 1-4 imported from Brazil were somewhat variable but all product prices showed a downward trend. No pricing was reported for product 5.

**Korea.**--Products 1 and 3 imported from Korea showed minor price variations between January 1989 and March 1992 but declined overall. Prices for product 2 varied more widely but also generally declined while product 4 prices generally decreased with a slight increase toward the end of the period.

**Mexico.**--Prices of products 1 and 3 imported from Mexico generally decreased over the period for which data were collected while prices of product 2 were variable. Product 5 prices increased over the five quarters in 1990 and 1991 in which data were reported.

**Romania.**--Importers of the Romanian product reported pricing in four or more quarters only for products 1 and 3. The prices of these products declined over the period.

**Taiwan.**--Products 4 and 5 are the only products for which pricing was requested for imports from Taiwan; products 1-3 from Taiwan are currently assessed antidumping duties. However, pricing was reported only for product 4, showing falling prices over the period.

**Venezuela.**--Prices of products 1-4 imported from Venezuela fluctuated irregularly over the period for which data were collected. No sales prices were reported for product 5.

Table 24: Weighted-average net f.o.b. prices for sales to distributors of product 1<sup>1</sup> reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992

| Period         | United States          |                 | Brazil                 |                        |                 | Korea                  |                        |                 |         |
|----------------|------------------------|-----------------|------------------------|------------------------|-----------------|------------------------|------------------------|-----------------|---------|
|                | Price                  | Quantity        | Price                  | Quantity               | Margin          | Price                  | Quantity               | Margin          |         |
|                | Per<br>hundred<br>feet | Hundred<br>feet | Per<br>hundred<br>feet | Hundred<br>feet        | Percent         | Per<br>hundred<br>feet | Hundred<br>feet        | Percent         |         |
|                |                        |                 |                        |                        |                 |                        |                        |                 |         |
| 1989:          |                        |                 |                        |                        |                 |                        |                        |                 |         |
| Jan.-Mar.....  | \$48.28                | 71,834          | \$***                  | ***                    | ***             | \$44.62                | 13,481                 | 7.6             |         |
| Apr.-June..... | 46.33                  | 68,847          | ***                    | ***                    | ***             | 45.31                  | 11,659                 | 2.2             |         |
| July-Sept..... | 46.13                  | 70,587          | ***                    | ***                    | ***             | 45.14                  | 10,840                 | 2.1             |         |
| Oct.-Dec.....  | 45.21                  | 57,498          | ***                    | ***                    | ***             | 45.10                  | 15,450                 | 0.2             |         |
| 1990:          |                        |                 |                        |                        |                 |                        |                        |                 |         |
| Jan.-Mar.....  | 44.87                  | 74,727          | ***                    | ***                    | ***             | 42.09                  | 12,557                 | 6.2             |         |
| Apr.-June..... | 44.49                  | 64,853          | ***                    | ***                    | ***             | 40.93                  | 15,200                 | 8.0             |         |
| July-Sept..... | 42.98                  | 68,684          | ***                    | ***                    | ***             | 39.58                  | 17,360                 | 7.9             |         |
| Oct.-Dec.....  | 43.51                  | 70,458          | ***                    | ***                    | ***             | 40.32                  | 29,939                 | 7.3             |         |
| 1991:          |                        |                 |                        |                        |                 |                        |                        |                 |         |
| Jan.-Mar.....  | 41.87                  | 63,244          | ***                    | ***                    | ***             | 41.15                  | 26,228                 | 1.7             |         |
| Apr.-June..... | 41.40                  | 59,792          | ***                    | ***                    | ***             | 41.84                  | 11,266                 | (1.1)           |         |
| July-Sept..... | 40.48                  | 64,124          | ***                    | ***                    | ***             | 42.16                  | 4,246                  | (4.2)           |         |
| Oct.-Dec.....  | 40.46                  | 68,691          | ***                    | ***                    | ***             | 41.95                  | 6,368                  | (3.7)           |         |
| 1992:          |                        |                 |                        |                        |                 |                        |                        |                 |         |
| Jan.-Mar.....  | 40.97                  | 71,897          | ***                    | ***                    | ***             | 40.15                  | 5,047                  | 2.0             |         |
|                | Mexico                 |                 | Romania                |                        |                 | Venezuela              |                        |                 |         |
|                | Price                  | Quantity        | Margin                 | Price                  | Quantity        | Margin                 | Price                  | Quantity        | Margin  |
|                | Per<br>hundred<br>feet | Hundred<br>feet | Percent                | Per<br>hundred<br>feet | Hundred<br>feet | Percent                | Per<br>hundred<br>feet | Hundred<br>feet | Percent |
|                |                        |                 |                        |                        |                 |                        |                        |                 |         |

<sup>1</sup> Circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, black, plain-end, 1 inch in nominal inside diameter.

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



I-61

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

Table 26: Weighted-average net f.o.b. prices for sales to distributors of product 3<sup>1</sup> reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992

| Period         | United States          |                 | Brazil                 |                 |         | Korea                  |                 |         |
|----------------|------------------------|-----------------|------------------------|-----------------|---------|------------------------|-----------------|---------|
|                | Price                  | Quantity        | Price                  | Quantity        | Margin  | Price                  | Quantity        | Margin  |
|                | Per<br>hundred<br>feet | Hundred<br>feet | Per<br>hundred<br>feet | Hundred<br>feet | Percent | Per<br>hundred<br>feet | Hundred<br>feet | Percent |
| 1989:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | \$308.92               | 15,529          | \$***                  | ***             | ***     | \$287.95               | 2,777           | 6.8     |
| Apr.-June..... | 294.37                 | 15,347          | ***                    | ***             | ***     | 291.98                 | 4,011           | 0.8     |
| July-Sept..... | 289.09                 | 16,543          | ***                    | ***             | ***     | 290.00                 | 2,079           | (0.3)   |
| Oct.-Dec.....  | 283.95                 | 15,095          | ***                    | ***             | ***     | 288.59                 | 2,736           | (1.6)   |
| 1990:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 282.80                 | 15,582          | ***                    | ***             | ***     | 274.91                 | 1,926           | 2.8     |
| Apr.-June..... | 277.90                 | 17,589          | ***                    | ***             | ***     | 268.31                 | 3,615           | 3.4     |
| July-Sept..... | 275.16                 | 18,885          | ***                    | ***             | ***     | 260.23                 | 2,759           | 5.4     |
| Oct.-Dec.....  | 279.87                 | 19,204          | ***                    | ***             | ***     | 258.26                 | 3,643           | 7.7     |
| 1991:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 277.79                 | 14,269          | ***                    | ***             | ***     | 266.52                 | 4,894           | 4.1     |
| Apr.-June..... | 271.99                 | 16,255          | ***                    | ***             | ***     | 269.94                 | 3,690           | 0.8     |
| July-Sept..... | 267.13                 | 12,290          | ***                    | ***             | ***     | 269.04                 | 2,589           | (0.7)   |
| Oct.-Dec.....  | 261.36                 | 15,775          | ***                    | ***             | ***     | 258.94                 | 2,002           | 0.9     |
| 1992:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 266.06                 | 12,840          | ***                    | ***             | ***     | 261.20                 | 2,476           | 1.8     |
|                | Mexico                 |                 | Romania                |                 |         | Venezuela              |                 |         |
|                | Price                  | Quantity        | Price                  | Quantity        | Margin  | Price                  | Quantity        | Margin  |
|                | Per                    |                 | Per                    |                 |         | Per                    |                 |         |
|                | hundred                | Hundred         | hundred                | Hundred         |         | hundred                | Hundred         |         |
|                | feet                   | feet            | feet                   | feet            | Percent | feet                   | feet            | Percent |
|                |                        |                 |                        |                 |         |                        |                 |         |
|                |                        |                 | *                      | *               | *       | *                      | *               | *       |

<sup>1</sup> Circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, black, plain-end, 4 inches in nominal inside diameter.

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

I-63

<sup>1</sup> Circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, grade B, black, plain-end, 6 inches in nominal inside diameter.

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

Table 28: Weighted-average net f.o.b. prices for sales to distributors of product 5<sup>1</sup> reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-March 1992

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\*       \*       \*       \*       \*       \*       \*

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<sup>1</sup> Circular, welded, non-alloy steel fence tubing meeting ASTM F-761-82 or equivalent, galvanized, plain-end, 1.315 inches in outside diameter and with a wall thickness of 0.047 inches.

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

### *Price Comparisons for Sales to Distributors*

The reported sales information for U.S. producers' and importers' largest quarterly sales during January 1989-March 1992 resulted in a total of 209 direct price comparisons for the 5 products from the 6 countries subject to these investigations. The imported products were priced below the domestic product in 159 of 209 price comparisons. A discussion of each subject country follows.

**Brazil.**--A total of 50 quarterly price comparisons between U.S.-produced and Brazilian products 1-4 sold to distributors were possible. In 45 of these 50 comparisons, the Brazilian products were priced below the domestic products, with margins of underselling ranging from 1.1 to 18.3 percent. In the remaining 5 quarters, prices for the subject pipes and tubes from Brazil were higher than prices for the comparable domestic products. Overselling ranged from 0.6 to 6.4 percent.

**Korea.**--Korean subject pipes and tubes sold to U.S. distributors were priced below the domestic product in 30 of a possible 52 quarterly price comparisons. Margins by which the Korean subject pipes and tubes were priced below the domestic products ranged from 0.2 to 15.8 percent. In 22 quarterly comparisons, Korean subject pipes and tubes were higher in price than domestic subject pipes and tubes by margins that ranged from 0.3 to 11.5 percent.

**Mexico.**--Mexican subject pipes and tubes sold to distributors were priced below the domestic product in 33 of 43 quarterly price comparisons, with margins of underselling ranging from 2.1 to 22.7 percent. In the remaining 10 quarters, the subject pipes and tubes from Mexico were priced higher than the domestic subject pipe and tube by margins ranging from 1.7 percent to 24.7 percent.

**Romania.**--Price comparisons between U.S.-produced and Romanian subject pipes and tubes were possible in a total of 26 quarters. In \*\*\* of the 26 quarters, the Romanian product was priced below the domestic product. Margins of \*\*\* ranged from \*\*\* to \*\*\* percent.

*Taiwan.*--The subject pipes and tubes from Taiwan were priced below the domestic product with margins ranging from 2.6 to 14.5 percent in 5 of 13 possible quarterly price comparisons for sales of product 4. In 8 quarters, product 4 from Taiwan was priced higher than the domestic subject pipes and tubes with margins ranging from 0.6 to 6.6 percent.

*Venezuela.*--In \*\*\* of the 25 possible price comparisons of domestic and Venezuelan subject pipes and tubes, the product from Venezuela was priced below the domestic product. Margins of underselling ranged from \*\*\* to \*\*\* percent. In the 5 remaining quarters, the subject pipes and tubes imported from Venezuela were priced higher than the domestic pipes and tubes, with margins ranging from \*\*\* to \*\*\* percent.

### Purchaser Responses

Forty-eight purchasers responded to the Commission's purchaser questionnaire. All but one of the responding purchasers were distributors that sold the subject pipes and tubes to other distributors and/or end users. Thirty-one of the 48 purchasers bought both subject imports and U.S.-produced pipes and tubes during the period for which information was requested, while 8 purchased only the domestic subject pipes and tubes and 9 purchased only imports.<sup>104</sup>

Purchasers were asked to rank the importance of the following factors in their firm's purchases of the subject pipes and tubes: availability, credit terms, pre-arranged contracts, price, product quality, range of supplier's product line, and traditional supplier. Price was rated as the most important factor by 25 of 43 responding firms. Overall, product quality and availability were rated as the second and third most important factors. Other factors were rated as much less important by most firms.

In the questionnaire, purchasers were asked what if anything differentiated the marketing efforts of suppliers of domestic subject pipes and tubes from suppliers of the subject pipes and tubes from the six subject countries. Many of the purchasers stated that there were no differences. Of those who stated any differences, longer lead times and lower prices for the imports were mentioned most often. Several purchasers reported that domestic mills offered a 2-percent discount for payment within 10 days whereas importers did not offer these discounts. Two stated that not all sizes of the subject pipes and tubes were available from U.S. producers. Other differences reported include larger minimum order quantities for imported pipe, superior service by U.S. producers, superior service by importers of the Korean product, and unreliable service from suppliers of the Brazilian product.

The vast majority of purchasers reported that the subject pipes and tubes from each of the six countries were interchangeable in their end uses with each other and that they are employed in the same range of end uses as

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<sup>104</sup> Two purchasers that bought only small amounts of the subject products and \*\*\*, reported that they purchased only the subject imports from Korea during the period for which data were requested.

domestically-produced subject pipes and tubes. Only six purchasers disagreed with either of these statements. Reasons cited included the inferior quality of Romanian pipe, the superior quality of the Korean products, and the inconsistent quality of Brazilian, Mexican, Romanian, and Venezuelan subject pipes and tubes as compared to the product from Korea and Taiwan. One purchaser reported that many of its major customers have not approved subject pipes and tubes from Korea and Taiwan while another purchaser reported that domestic product is lightweight and that it only sells Korean subject pipes and tubes for applications where schedule 40 weights are specified.

Most purchasers rated the quality of the subject pipes and tubes from each of the six subject countries as the same as the domestically produced subject pipes and tubes. However, 3 of 18; 2 of 41; 3 of 20; 3 of 14; 2 of 24; and 3 of 18 purchasers rated imports from Brazil, Korea, Mexico, Romania, Taiwan, and Venezuela,<sup>105</sup> respectively, as inferior. Eight purchasers reported that the Korean product was of higher quality than the domestic product.

Six companies indicated in the purchasers questionnaire that they purchased the Romanian subject pipes and tubes during the period for which data were collected. Staff contacted each of these firms. Five of these companies reported that the Romanian subject pipes and tubes were of lower quality than domestic pipes and tubes. Specific quality differences mentioned include rusted pipes and tubes, problems with the seams, improper packaging and bundling of the products, and that Romanian product was not as good as other imports or the domestic product for fabrication, bending, threading, and machining.<sup>106</sup> A sixth purchaser, \*\*\*, reported that it had received two orders of the Romanian products meeting ASTM A-53 grade A specifications and had not experienced any quality problems.<sup>107</sup>

Purchasers of the imported subject pipes and tubes were asked how much higher the price of the imports would have had to have been in order for them to have purchased the domestic product. Most of the responding purchasers reported that prices of imports from each of the subject countries would have to have been 5 to 15 percent higher. Two purchasers added that they prefer to buy domestic if the price is up to 5 percent higher than the import price, one said the price must be within 3 percent of the import price, and a fourth

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<sup>105</sup> One purchaser, \*\*\*, reported that the Venezuelan subject products were superior in quality to domestic products. \*\*\* said that in 1991 his company received one shipment of pipes and tubes manufactured by Conduven and that his customers preferred Conduven's products to the domestic products because the steel was stronger. \*\*\* said that even though the order arrived four months late, \*\*\* would have ordered more of the Venezuelan products if they had been available in the market. Staff conversation with \*\*\* on Oct. 1, 1992.

<sup>106</sup> One of the purchasers said that the Romanian pipe was of lower quality but that it used the pipe for structural purposes where hydrostatic testing is not required and lower quality pipe can be used. However, three other purchasers said they stopped buying the Romanian product due to problems with quality and shipping.

<sup>107</sup> Staff conversations with \*\*\*, all on Oct. 1, 1992; and with \*\*\* on July 8, 1992.

purchaser stated that it only buys imports if the price is 8 to 10 percent lower than the domestic price.

Forty-four of the 48 purchasers of the subject pipes and tubes reported that they did not purchase conduit pipe. None of these 44 purchasers reported that conduit pipe was substitutable for other pipes and tubes subject to these investigations in its end uses. Of the four purchasers that do buy conduit pipe, two reported that it is not substitutable for other subject pipes and tubes.<sup>108</sup> One purchaser, a manufacturer of pipe nipples and couplings, reported that some manufacturers do use conduit to manufacture standard pipe nipples, although the reporting company did not use it for this purpose. A third purchaser said that conduit is substitutable for the other subject pipes and tubes if the wall thickness is the same.

Purchasers were requested to provide purchase price data for the five products for which data were requested from producers and importers. Purchasers were asked to provide f.o.b. price and quantity data for their largest purchases of the five products in each quarter from U.S. producers and from importers from the six subject countries. Forty-three of the 48 purchasers supplied usable price data, which are presented in tables 29-33. Data provided by purchasers show that imports were priced below the domestic products in 127 of 139 possible price comparisons.

#### Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of five of the six countries subject to these investigations fluctuated in relation to the U.S. dollar over the period from January-March 1989 through January-March 1992 (table 34).<sup>109 110</sup> The nominal value of the Taiwanese currency appreciated by 10.1 percent while the respective values of the Brazilian, Korean, Mexican, and Venezuelan currencies depreciated by 99.94 percent, 11.6 percent, 24.2 percent, and 66.2 percent. When adjusted for movements in producer price indexes in the United States and the specified countries, the real value of the Mexican currency appreciated 23.6 percent. During the periods for which data were collected, the real value of the Brazilian, Korean, Taiwanese, and Venezuelan currencies showed depreciations of 4.3 percent, 4.9 percent, 0.4 percent, and 20.3 percent, respectively.

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<sup>108</sup> \*\*\* stated in its questionnaire that conduit pipe is too light to substitute for the subject pipes and tubes.

<sup>109</sup> International Financial Statistics, July 1992.

<sup>110</sup> Data for Romania do not reflect the market value of the lei. Therefore, an accurate summary of quarterly movements in the Romanian exchange rate cannot be presented.

Table 29: Weighted-average net f.o.b. purchase prices of product 1<sup>1</sup> reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992

| Period         | United States          |                 | Brazil                 |                 |         | Korea                  |                 |         |
|----------------|------------------------|-----------------|------------------------|-----------------|---------|------------------------|-----------------|---------|
|                | Price                  | Quantity        | Price                  | Quantity        | Margin  | Price                  | Quantity        | Margin  |
|                | Per<br>hundred<br>feet | Hundred<br>feet | Per<br>hundred<br>feet | Hundred<br>feet | Percent | Per<br>hundred<br>feet | Hundred<br>feet | Percent |
| 1989:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | \$47.39                | 2,730           | \$***                  | ***             | ***     | \$43.43                | 4,069           | 8.3     |
| Apr.-June..... | 44.87                  | 7,899           | ***                    | ***             | ***     | 45.38                  | 2,730           | (1.1)   |
| July-Sept..... | 45.95                  | 3,272           | ***                    | ***             | ***     | 43.70                  | 2,049           | 4.9     |
| Oct.-Dec.....  | 46.59                  | 2,074           | ***                    | ***             | ***     | 43.55                  | 1,226           | 6.5     |
| 1990:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 45.30                  | 2,996           | ***                    | ***             | ***     | 40.55                  | 7,735           | 10.5    |
| Apr.-June..... | 43.53                  | 2,677           | ***                    | ***             | ***     | 41.27                  | 2,355           | 5.2     |
| July-Sept..... | 44.46                  | 2,919           | ***                    | ***             | ***     | 41.19                  | 1,660           | 7.4     |
| Oct.-Dec.....  | 44.21                  | 5,157           | ***                    | ***             | ***     | 41.87                  | 2,435           | 5.3     |
| 1991:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 43.88                  | 2,948           | ***                    | ***             | ***     | 41.60                  | 6,369           | 5.2     |
| Apr.-June..... | 43.77                  | 4,264           | ***                    | ***             | ***     | 42.07                  | 2,662           | 3.9     |
| July-Sept..... | 43.19                  | 5,072           | ***                    | ***             | ***     | 42.54                  | 1,492           | 1.5     |
| Oct.-Dec.....  | 42.02                  | 4,463           | ***                    | ***             | ***     | 41.34                  | 1,711           | 1.6     |
| 1992:          |                        |                 |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 42.29                  | 5,752           | ***                    | ***             | ***     | 40.15                  | 2,263           | 5.1     |
|                | Mexico                 |                 | Romania                |                 |         | Venezuela              |                 |         |
|                | Price                  | Quantity        | Price                  | Quantity        | Margin  | Price                  | Quantity        | Margin  |
|                | Per<br>hundred<br>feet | Hundred<br>feet | Per<br>hundred<br>feet | Hundred<br>feet | Percent | Per<br>hundred<br>feet | Hundred<br>feet | Percent |
|                |                        |                 |                        |                 |         |                        |                 |         |
|                |                        |                 | *                      | *               | *       | *                      | *               | *       |

<sup>1</sup> Circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, black, plain-end, 1 inch in nominal inside diameter.

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



Table 30: Weighted-average net f.o.b. purchase prices of product 2<sup>1</sup> reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992

| Period         | United States |             | Brazil         |             |             | Korea            |             |                |
|----------------|---------------|-------------|----------------|-------------|-------------|------------------|-------------|----------------|
|                | Price         | Quantity    | Price          | Quantity    | Margin      | Price            | Quantity    | Margin         |
|                | Per           |             | Per            |             |             | Per              |             |                |
|                | hundred       | Hundred     | hundred        | Hundred     | Percent     | hundred          | Hundred     | Percent        |
|                | <u>feet</u>   | <u>feet</u> | <u>feet</u>    | <u>feet</u> |             | <u>feet</u>      | <u>feet</u> |                |
| 1989:          |               |             |                |             |             |                  |             |                |
| Jan.-Mar.....  | \$114.77      | 2,305       | \$***          | ***         | ***         | \$121.18         | 3,674       | (5.6)          |
| Apr.-June..... | 110.48        | 1,506       | ***            | ***         | ***         | 108.53           | 2,169       | 1.8            |
| July-Sept..... | 109.77        | 1,585       | ***            | ***         | ***         | 109.28           | 2,975       | 0.4            |
| Oct.-Dec.....  | 114.26        | 1,619       | ***            | ***         | ***         | 111.25           | 2,330       | 2.6            |
| 1990:          |               |             |                |             |             |                  |             |                |
| Jan.-Mar.....  | 112.93        | 1,862       | ***            | ***         | ***         | 111.97           | 3,478       | 0.9            |
| Apr.-June..... | 109.42        | 1,316       | ***            | ***         | ***         | 104.61           | 5,835       | 4.4            |
| July-Sept..... | 106.53        | 2,700       | ***            | ***         | ***         | 103.68           | 5,832       | 2.7            |
| Oct.-Dec.....  | 114.83        | 2,347       | ***            | ***         | ***         | 105.79           | 2,706       | 7.9            |
| 1991:          |               |             |                |             |             |                  |             |                |
| Jan.-Mar.....  | 110.07        | 2,570       | ***            | ***         | ***         | 107.01           | 6,107       | 2.8            |
| Apr.-June..... | 107.39        | 2,373       | ***            | ***         | ***         | 107.16           | 6,010       | 0.2            |
| July-Sept..... | 112.36        | 2,392       | ***            | ***         | ***         | 109.21           | 4,004       | 2.8            |
| Oct.-Dec.....  | 111.40        | 3,895       | ***            | ***         | ***         | 101.04           | 4,407       | 9.3            |
| 1992:          |               |             |                |             |             |                  |             |                |
| Jan.-Mar.....  | 111.76        | 4,101       | ***            | ***         | ***         | 103.22           | 7,252       | 7.6            |
|                | <u>Mexico</u> |             | <u>Romania</u> |             |             | <u>Venezuela</u> |             |                |
|                | Price         | Quantity    | Margin         | Price       | Quantity    | Margin           | Price       | Quantity       |
|                | Per           |             |                | Per         |             |                  | Per         |                |
|                | hundred       | Hundred     |                | hundred     | Hundred     |                  | hundred     | Hundred        |
|                | <u>feet</u>   | <u>feet</u> | <u>Percent</u> | <u>feet</u> | <u>feet</u> | <u>Percent</u>   | <u>feet</u> | <u>feet</u>    |
|                |               |             |                |             |             |                  |             | <u>Percent</u> |
|                |               |             | *              | *           | *           | *                | *           | *              |

<sup>1</sup> Circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, galvanized, plain-end, 2 inches in nominal inside diameter.

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

Table 31: Weighted-average net f.o.b. purchase prices of product 3<sup>1</sup> reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992

| Period         | United States          |                 |         | Brazil                 |                 |         | Korea                  |                 |         |
|----------------|------------------------|-----------------|---------|------------------------|-----------------|---------|------------------------|-----------------|---------|
|                | Price                  | Quantity        |         | Price                  | Quantity        | Margin  | Price                  | Quantity        | Margin  |
|                | Per<br>hundred<br>feet | Hundred<br>feet |         | Per<br>hundred<br>feet | Hundred<br>feet | Percent | Per<br>hundred<br>feet | Hundred<br>feet | Percent |
| 1989:          |                        |                 |         |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | \$302.05               | 932             |         | \$***                  | ***             | ***     | \$275.23               | 1,127           | 8.9     |
| Apr.-June..... | 297.44                 | 1,075           |         | ***                    | ***             | ***     | 283.79                 | 397             | 4.6     |
| July-Sept..... | 289.59                 | 1,182           |         | ***                    | ***             | ***     | 273.43                 | 251             | 5.6     |
| Oct.-Dec.....  | 289.98                 | 1,114           |         | ***                    | ***             | ***     | 283.81                 | 266             | 2.1     |
| 1990:          |                        |                 |         |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 283.67                 | 1,486           |         | ***                    | ***             | ***     | 268.28                 | 1,353           | 5.4     |
| Apr.-June..... | 288.40                 | 1,106           |         | ***                    | ***             | ***     | 267.74                 | 1,036           | 7.2     |
| July-Sept..... | 294.25                 | 1,901           |         | ***                    | ***             | ***     | 258.81                 | 1,117           | 12.0    |
| Oct.-Dec.....  | 300.63                 | 2,178           |         | ***                    | ***             | ***     | 265.99                 | 606             | 11.5    |
| 1991:          |                        |                 |         |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 294.16                 | 1,585           |         | ***                    | ***             | ***     | 262.98                 | 1,431           | 10.6    |
| Apr.-June..... | 281.06                 | 2,932           |         | ***                    | ***             | ***     | 268.79                 | 1,003           | 4.4     |
| July-Sept..... | 277.42                 | 2,270           |         | ***                    | ***             | ***     | 271.84                 | 563             | 2.0     |
| Oct.-Dec.....  | 269.59                 | 3,284           |         | ***                    | ***             | ***     | 265.00                 | 826             | 1.7     |
| 1992:          |                        |                 |         |                        |                 |         |                        |                 |         |
| Jan.-Mar.....  | 274.64                 | 3,125           |         | ***                    | ***             | ***     | 256.22                 | 1,056           | 6.7     |
|                | <u>Mexico</u>          |                 |         | <u>Romania</u>         |                 |         | <u>Venezuela</u>       |                 |         |
|                | Price                  | Quantity        | Margin  | Price                  | Quantity        | Margin  | Price                  | Quantity        | Margin  |
|                | Per<br>hundred<br>feet | Hundred<br>feet | Percent | Per<br>hundred<br>feet | Hundred<br>feet | Percent | Per<br>hundred<br>feet | Hundred<br>feet | Percent |
|                |                        |                 |         | *                      | *               | *       | *                      | *               | *       |

<sup>1</sup> Circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, black, plain-end, 4 inches in nominal inside diameter.

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

Table 32: Weighted-average net f.o.b. purchase prices of product 4<sup>1</sup> reported by purchasers, and margins of underselling (overselling), by quarters, January 1989-March 1992

| Period         | United States                 |                 | Brazil                        |             |                  | Korea                         |                 |                |
|----------------|-------------------------------|-----------------|-------------------------------|-------------|------------------|-------------------------------|-----------------|----------------|
|                | Price                         | Quantity        | Price                         | Quantity    | Margin           | Price                         | Quantity        | Margin         |
|                | Per                           | Hundred         | Per                           | Hundred     |                  | Per                           | Hundred         |                |
|                | <u>hundred</u><br><u>feet</u> | <u>feet</u>     | <u>hundred</u><br><u>feet</u> | <u>feet</u> | <u>Percent</u>   | <u>hundred</u><br><u>feet</u> | <u>feet</u>     | <u>Percent</u> |
| 1989:          |                               |                 |                               |             |                  |                               |                 |                |
| Jan.-Mar.....  | \$520.96                      | 1,621           | \$***                         | ***         | ***              | \$516.29                      | 410             | 0.9            |
| Apr.-June..... | 530.54                        | 1,416           | ***                           | ***         | ***              | 519.60                        | 115             | 2.1            |
| July-Sept..... | 522.38                        | 2,091           | ***                           | ***         | ***              | 518.89                        | 44              | 0.7            |
| Oct.-Dec.....  | 521.74                        | 1,903           | ***                           | ***         | ***              | 509.47                        | 141             | 2.4            |
| 1990:          |                               |                 |                               |             |                  |                               |                 |                |
| Jan.-Mar.....  | 514.74                        | 1,889           | ***                           | ***         | ***              | 505.73                        | 205             | 1.8            |
| Apr.-June..... | 512.42                        | 1,706           | ***                           | ***         | ***              | 483.83                        | 447             | 5.6            |
| July-Sept..... | 510.24                        | 2,873           | ***                           | ***         | ***              | 469.50                        | 841             | 8.0            |
| Oct.-Dec.....  | 513.70                        | 1,780           | ***                           | ***         | ***              | 479.32                        | 357             | 6.7            |
| 1991:          |                               |                 |                               |             |                  |                               |                 |                |
| Jan.-Mar.....  | 512.05                        | 1,798           | ***                           | ***         | ***              | 484.52                        | 409             | 5.4            |
| Apr.-June..... | 503.75                        | 1,720           | ***                           | ***         | ***              | 475.52                        | 385             | 5.6            |
| July-Sept..... | 483.31                        | 1,590           | ***                           | ***         | ***              | 488.53                        | 320             | (1.1)          |
| Oct.-Dec.....  | 465.21                        | 2,690           | ***                           | ***         | ***              | 470.68                        | 168             | (1.2)          |
| 1992:          |                               |                 |                               |             |                  |                               |                 |                |
| Jan.-Mar.....  | 456.73                        | 2,309           | ***                           | ***         | ***              | 460.13                        | 230             | (0.7)          |
| <u>Mexico</u>  |                               |                 |                               |             | <u>Romania</u>   |                               |                 |                |
|                | <u>Price</u>                  | <u>Quantity</u> | <u>Margin</u>                 |             |                  | <u>Price</u>                  | <u>Quantity</u> | <u>Margin</u>  |
|                | Per                           | Hundred         |                               |             |                  | Per                           | Hundred         |                |
|                | <u>hundred</u><br><u>feet</u> | <u>feet</u>     | <u>Percent</u>                |             |                  | <u>hundred</u><br><u>feet</u> | <u>feet</u>     | <u>Percent</u> |
|                |                               |                 | *                             | *           | *                | *                             | *               | *              |
| <u>Taiwan</u>  |                               |                 |                               |             | <u>Venezuela</u> |                               |                 |                |
|                | <u>Price</u>                  | <u>Quantity</u> | <u>Margin</u>                 |             |                  | <u>Price</u>                  | <u>Quantity</u> | <u>Margin</u>  |
|                | Per                           | Hundred         |                               |             |                  | Per                           | Hundred         |                |
|                | <u>hundred</u><br><u>feet</u> | <u>feet</u>     | <u>Percent</u>                |             |                  | <u>hundred</u><br><u>feet</u> | <u>feet</u>     | <u>Percent</u> |
|                |                               |                 | *                             | *           | *                | *                             | *               | *              |

<sup>1</sup> Circular, welded, non-alloy steel pipe, meeting ASTM-A-53 or equivalent, schedule 40, grade B, black, plain-end, 6 inches in nominal inside diameter.

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

Table 33: Weighted-average net f.o.b. purchase prices of product 5<sup>1</sup> reported by purchasers and margins of underselling (overselling), by quarters, January 1989-March 1992

\* \* \* \* \*

<sup>1</sup> Circular, welded, non-alloy steel fence tubing meeting ASTM F 761-82 or equivalent, galvanized, plain-end, 1.315 inches in outside diameter and with a wall thickness of 0.047 inches.

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

Table 34

Exchange rates:<sup>1</sup> Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in those countries,<sup>2</sup> by quarters, January 1989-March 1992

| Period         | U.S.                            | Brazil                          |                                      |  | Korea                           |                                      |  | Mexico                          |                                      |  |
|----------------|---------------------------------|---------------------------------|--------------------------------------|--|---------------------------------|--------------------------------------|--|---------------------------------|--------------------------------------|--|
|                | pro-<br>ducer<br>price<br>index | Pro-<br>ducer<br>price<br>index | Nominal<br>exchange<br>rate<br>index | Real<br>exchange<br>rate<br>index <sup>3</sup> | Pro-<br>ducer<br>price<br>index | Nominal<br>exchange<br>rate<br>index | Real<br>exchange<br>rate<br>index <sup>3</sup> | Pro-<br>ducer<br>price<br>index | Nominal<br>exchange<br>rate<br>index | Real<br>exchange<br>rate<br>index <sup>3</sup> |
| 1989:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 100.0                           | 100.0                           | 100.00                               | 100.0  | 100.0                           | 100.0                                | 100.0  | 100.0                           | 100.0                                | 100.0  |
| Apr.-June..... | 101.8                           | 129.1                           | 84.12                                | 106.7  | 100.8                           | 101.6                                | 100.6  | 103.3                           | 96.2                                 | 97.7   |
| July-Sept..... | 101.4                           | 303.6                           | 37.92                                | 113.5  | 100.7                           | 101.3                                | 100.6  | 105.7                           | 92.7                                 | 96.6   |
| Oct.-Dec.....  | 101.8                           | 878.5                           | 14.52                                | 125.3  | 101.2                           | 100.7                                | 100.1  | 109.7                           | 89.4                                 | 96.4   |
| 1990:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 103.3                           | 4,201.2                         | 3.84                                 | 156.1  | 101.8                           | 98.1                                 | 96.7   | 117.9                           | 86.4                                 | 98.6   |
| Apr.-June..... | 103.1                           | 8,137.9                         | 1.85                                 | 145.8  | 104.0                           | 95.4                                 | 96.3   | 125.7                           | 83.6                                 | 102.0  |
| July-Sept..... | 104.9                           | 10,947.3                        | 1.36                                 | 141.6  | 105.5                           | 94.7                                 | 95.2   | 132.9                           | 81.4                                 | 103.1  |
| Oct.-Dec.....  | 108.1                           | 16,375.5                        | 0.78                                 | 117.9  | 108.2                           | 94.7                                 | 94.8   | 139.9                           | 79.5                                 | 102.9  |
| 1991:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 105.9                           | 26,646.4                        | 0.45                                 | 113.3  | 109.8                           | 93.9                                 | 97.3   | 147.8                           | 78.4                                 | 109.5  |
| Apr.-June..... | 104.8                           | 34,545.8                        | 0.35                                 | 116.2  | 110.0                           | 93.4                                 | 98.0   | 153.5                           | 77.4                                 | 113.4  |
| July-Sept..... | 104.7                           | 48,541.1                        | 0.26                                 | 119.2  | 110.6                           | 92.4                                 | 97.7   | 158.0                           | 76.5                                 | 115.4  |
| Oct.-Dec.....  | 104.8                           | 88,992.0                        | 0.13                                 | 108.0  | 111.5                           | 89.9                                 | 95.7   | 163.2                           | 75.8                                 | 117.9  |
| 1992:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 104.6                           | 154,810.3 <sup>4</sup>          | 0.06                                 | 95.7 <sup>5</sup>                              | 112.5                           | 88.4                                 | 95.1   | 170.4                           | 75.8                                 | 123.6  |
| Period         | U.S.                            | Taiwan                          |                                      |  | Venezuela                       |                                      |  |                                 |                                      |  |
|                | producer<br>price<br>index      | Producer<br>price<br>index      | Nominal<br>exchange<br>rate index    | Real<br>exchange<br>rate index <sup>3</sup>    | Producer<br>price<br>index      | Nominal<br>exchange<br>rate index    | Real<br>exchange<br>rate index <sup>3</sup>    |                                 |                                      |  |
| 1989:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 100.0                           | 100.0                           | 100.0                                | 100.0  | 100.0                           | 100.0                                | 100.0  |                                 |                                      |  |
| Apr.-June..... | 101.8                           | 99.7                            | 105.3                                | 103.1  | 145.4                           | 57.3                                 | 81.9   |                                 |                                      |  |
| July-Sept..... | 101.4                           | 97.9                            | 107.4                                | 103.7  | 158.5                           | 57.3                                 | 89.6   |                                 |                                      |  |
| Oct.-Dec.....  | 101.8                           | 96.6                            | 106.5                                | 101.0  | 160.9                           | 51.4                                 | 81.2   |                                 |                                      |  |
| 1990:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 103.3                           | 96.1                            | 105.6                                | 98.3   | 167.2                           | 50.0                                 | 80.9   |                                 |                                      |  |
| Apr.-June..... | 103.1                           | 96.9                            | 102.8                                | 96.6   | 174.0                           | 47.2                                 | 79.7   |                                 |                                      |  |
| July-Sept..... | 104.9                           | 98.8                            | 101.5                                | 95.6   | 185.6                           | 44.0                                 | 77.9   |                                 |                                      |  |
| Oct.-Dec.....  | 108.1                           | 99.8                            | 101.5                                | 93.7   | 191.8                           | 43.3                                 | 76.8   |                                 |                                      |  |
| 1991:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 105.9                           | 99.2                            | 101.7                                | 95.3   | 202.4                           | 40.7                                 | 77.7   |                                 |                                      |  |
| Apr.-June..... | 104.8                           | 98.7                            | 101.4                                | 95.5   | 212.6                           | 39.2                                 | 79.5   |                                 |                                      |  |
| July-Sept..... | 104.7                           | 98.0                            | 103.3                                | 96.7   | 225.2                           | 36.6                                 | 78.8   |                                 |                                      |  |
| Oct.-Dec.....  | 104.8                           | 96.5                            | 106.2                                | 97.7   | 238.3                           | 35.7                                 | 81.2   |                                 |                                      |  |
| 1992:          |                                 |                                 |                                      |  |                                 |                                      |  |                                 |                                      |  |
| Jan.-Mar.....  | 104.6                           | 94.6 <sup>5</sup>               | 110.1 <sup>5</sup>                   | 99.6 <sup>5</sup>                              | 246.4                           | 33.8                                 | 79.7   |                                 |                                      |  |

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

<sup>2</sup> Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.

<sup>3</sup> The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified countries.

<sup>4</sup> Derived from Brazilian price data reported for January-February only.

<sup>5</sup> Derived from Taiwanese exchange rate and price data reported for January-February only.

Note.--January-March 1989 = 100. The real exchange rates, calculated from precise figures, cannot in all instances be derived accurately from previously rounded nominal exchange rate and price indexes.

Source: International Monetary Fund, International Financial Statistics, July 1992.

### Lost Sales and Lost Revenues

The large majority of U.S. producers indicated that during the period for which data were collected they had lost sales and/or revenues to producers of the subject pipes and tubes from one or more of the countries subject to the current investigations. However, only six producers were able to provide the Commission with complete information concerning specific allegations of lost sales and lost revenues. The 6 producers alleged 32 instances of lost sales totalling more than \$14.8 million, and 2 of the producers alleged 3 instances of lost revenues totalling \$36,074. The value of alleged lost sales and lost revenues and the total number of allegations for each country are shown in the following tabulation:<sup>111</sup>

|                                   | <u>Value</u> | <u>Number of allegations</u> |
|-----------------------------------|--------------|------------------------------|
| <u>Lost revenues:</u>             |              |                              |
| Korea.....                        | \$36,074     | 3                            |
| <u>Lost sales:</u>                |              |                              |
| Brazil.....                       | 214,200      | 1                            |
| Korea.....                        | 13,029,333   | 21                           |
| Mexico.....                       | 269,840      | 6                            |
| Venezuela.....                    | 550,000      | 1                            |
| Korea/Taiwan <sup>112</sup> ..... | 269,840      | 3                            |

Staff was able to contact 11 of the 17 purchasers named in the 32 lost sales allegations, and 1 of the 2 purchasers named in the 3 lost revenues allegations.

\*\*\* alleged \*\*\* instances of lost sales involving \*\*\*. The largest involved \*\*\* tons of \*\*\* totaling \$\*\*\* that was allegedly purchased from importers of the Korean product by \*\*\*. However, according to \*\*\*'s questionnaire response, the company only purchased \*\*\* tons of subject pipe and tube from \*\*\* in \*\*\* and only slightly more than \*\*\* tons of total imports in \*\*\*. In comparison, \*\*\* purchased over \*\*\* tons of domestically-produced subject pipes and tubes in 1991. \*\*\* said that his company had increased its purchases of \*\*\* subject pipes and tubes because it stopped buying \*\*\* pipes and tubes. \*\*\* said that the domestic product purchased by \*\*\* was lighter-walled fence tubing whereas the imported product purchased was heavy-walled pipe. He said that the domestic prices of \*\*\* are much higher than import prices of the same product. However, \*\*\* said that domestically-produced \*\*\* are slightly lower priced than the imported \*\*\*.

\*\*\* also alleged that it lost one sale of \*\*\* feet of \*\*\* valued at \$\*\*\* to \*\*\* due to lower-priced imports from Korea. \*\*\* said that the domestic producers with which he deals do not produce schedule 40 pipe, the product which his firm buys from importers. However, most of his firm's sales are of the lighter-walled tube products which are produced domestically. \*\*\* said

<sup>111</sup> None of the producers alleged lost sales or lost revenues due to Romanian imports.

<sup>112</sup> \*\*\* reported three lost sales due to imports from Korea and/or Taiwan.

the lighter-walled tube products which are produced domestically. \*\*\* said that about \*\*\* percent of \*\*\*'s purchases are U.S.-produced subject pipes and tubes.

\*\*\* was named in another lost sale allegation detailed by \*\*\*. This allegation also involved \*\*\* and totaled \*\*\* feet valued at \$\*\*\*. \*\*\* said that \*\*\* has not purchased \*\*\* for at least five years. He also said that \*\*\* is generally not shipped long distances from foreign sources due to damage incurred in shipping. \*\*\* said that in the past 10 years there has been a shift from imported to domestic on the smaller-sized pipes and tubes due to higher quality on the small sizes by domestic producers. However, he said that the proportion of imported to domestic subject pipe and tube purchased by \*\*\* over the past few years has not changed.

\*\*\* provided documentation for one lost sale due to Korean imports in \*\*\*. The order, valued at \$\*\*\*, was for \*\*\*. \*\*\* stated that it was likely that his firm purchased Korean pipe as was alleged by the U.S. producer. \*\*\* is a \*\*\* and has purchased \*\*\*. However, \*\*\* has not purchased \*\*\* subject pipes and tubes since 1990 and has only purchased a small amount from importers of the \*\*\* product in 1991 and 1992. \*\*\* said that \*\*\* has sold mostly domestically-produced fence tubing recently because his customers are buying less expensive products and want the schedule 40 equivalent, lighter weight, less expensive products that are available domestically rather than the heavier weight schedule 40 imports. He said that recently the prices of the Korean schedule 40 and domestic schedule 40 equivalent products have been very close, so the domestic is usually purchased. \*\*\* said that import prices have decreased slightly over the past 3 years while domestic prices had stayed about the same until \*\*\* raised prices slightly in \*\*\*.

In addition, \*\*\* provided several allegations of lost sales due to imports from \*\*\*. One such lost sale was for \*\*\* tons of \*\*\* valued at \$\*\*\* involving \*\*\*. \*\*\* alleged that \*\*\* purchased the order from suppliers of the \*\*\* product for \$\*\*\*. \*\*\* of \*\*\* said that \*\*\* did receive one shipment of \*\*\* from \*\*\* which was \*\*\* priced at \$\*\*\*. However, \*\*\*. \*\*\* said that the quality of the coating on the \*\*\* pipe was very poor and for this reason, \*\*\* has not since placed any orders for the \*\*\* product. \*\*\* added that \*\*\* purchases \*\*\* percent of its subject pipes and tubes from U.S. producers. \*\*\* purchases \*\*\*. According to \*\*\*, the quality of the domestic product is higher, although the imported product is lower-priced.

\*\*\* reported another lost sale of \*\*\* totaling \$\*\*\* due to lower-priced imports from \*\*\*. Staff spoke with \*\*\*. \*\*\* could not recall the particular transaction but said that \*\*\* would never purchase \*\*\* of pipe at one time. He said that price is the main consideration in \*\*\*'s purchases of \*\*\* products. \*\*\*. According to \*\*\*, only a few U.S. producers manufacture \*\*\*, and the prices of the \*\*\* imports have been 20 to 25 percent lower than the domestic prices for at least the past 3 years. \*\*\* said that \*\*\* does purchase \*\*\* pipes but \*\*\*.

\*\*\* was the reported purchaser in a \*\*\* lost sale due to imports from \*\*\* alleged by \*\*\*. This sale involved \*\*\* tons of \*\*\* totaling \$\*\*\*. \*\*\* of \*\*\* said that \*\*\* company had never purchased pipes or tubes produced in \*\*\*. \*\*\* said that about \*\*\* percent of \*\*\*'s purchases are \*\*\*. \*\*\* said that the

lighter-walled domestic products have been priced lower than imported products for the past five years. However, for projects requiring \*\*\*, the imported products are less expensive than the domestic products. \*\*\*.

\*\*\* alleged losing one sale of \*\*\* feet of \*\*\* totaling \$\*\*\* to lower-priced Korean imports involving \*\*\*. \*\*\* reported that it quoted \$\*\*\* per hundred feet while it believed the quote on the Korean product was \$\*\*\*. \*\*\* said that \*\*\* did not receive any quotes from domestic manufacturers for \*\*\* in 1992. He said that \*\*\* did order \*\*\* feet of Korean-produced pipe in 1992 that was priced \$\*\*\* ex-dock duty paid. \*\*\* said that \*\*\* has historically dealt only with imported subject pipes and tubes, primarily from Korea. However, in the past five years, purchases of domestic subject pipes and tubes have increased to about \*\*\* percent of its total sales. He said that \*\*\* prefers to deal with importers because no single domestic producer manufactures the full range of pipe and tube sizes. He said that \*\*\* has purchased more domestic product in the past few years due to price and lack of availability of imports. \*\*\*.

\*\*\* alleged \*\*\* lost sales totalling \$\*\*\*, and \*\*\*, all involving one customer, \*\*\*. All of the allegations involved \*\*\*. Staff spoke with \*\*\*, who said he knew of the allegations because he provided \*\*\* with specific information on lost sales \*\*\* when it was requested by the company. However, he stated that the cheapest subject pipes and tubes available in the U.S. market for the past 2 years were produced by U.S. mills and that over \*\*\* percent of \*\*\*'s subject pipes and tubes purchases are domestically-produced products. \*\*\*. \*\*\* said that \*\*\* has purchased Brazilian and Venezuelan subject pipes and tubes but that deliveries from these countries are often unreliable. \*\*\* also experienced delivery problems with the pipes and tubes from Mexico and, therefore, the company \*\*\*.

\*\*\* alleged two lost sales to \*\*\*. \*\*\*, \*\*\*, one of the customers to whom a sale was allegedly lost, did not specifically confirm the allegation. However, \*\*\* stated that the relative prices for the two products sounded reasonable. He indicated that Korean standard pipe is usually priced \*\*\* percent below domestic pipe, but this gap had narrowed to \*\*\* percent since the end of 1990 because the domestic prices had fallen and imported prices had increased somewhat (as of late 1991). \*\*\* stated that the primary source of differentiation between domestic and imported standard pipe is price, since all products are subject to ASTM testing requirements which minimize any possibility for quality differences. \*\*\* did note, however, that until very recently, Korean pipe was sold with a lacquer coating that domestic pipe did not have. For this reason Korean pipe did not rust during storage and was preferred by a number of customers. Now, however, most domestic pipe also is sold with a lacquer coating similar to that of the Korean product. In its questionnaire for the final investigations, \*\*\* indicated that since 1992, many of the domestic manufacturers of the subject pipes and tubes have had prices equal to or less than the prices of the imported products and therefore \*\*\* has purchased more of the domestic product.

\*\*\* alleged a similar lost sale to \*\*\*. \*\*\* did not directly confirm any of the alleged information, but stated that his company would never purchase \*\*\*. Rather, these products would more commonly be shipped as part of a larger order. \*\*\* primarily purchases standard pipe from Korea, though

it has purchased Taiwanese pipe as well. \*\*\* said that price was by far the most important factor in \*\*\*'s purchasing decisions. \*\*\* stated that quality and terms of sale are very similar for Korean, Taiwanese, and domestic standard pipe. In the vast majority of cases, customers placing orders with \*\*\* request the least expensive product and do not differentiate between foreign and domestic pipe. Delivery times for standard pipe from Korea and Taiwan are considerably longer than for the domestic product, but \*\*\* stated that he can usually estimate his company's needs well in advance of when delivery is expected, and can purchase imported pipe from another distributor to fill a customer's order if necessary.



## Appendix A

### The Commission's Federal Register Notices and List of Witnesses Appearing at the Hearing

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## INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-532-537 (Final)]

**Certain Circular, Welded, Non-alloy Steel Pipes and Tubes From Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution and scheduling of a final antidumping investigation.

**SUMMARY:** The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-532-537 (Final) under section 735(b) of the Tariff of 1930 (19 U.S.C. 1673d(b)) (the act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela of certain circular, welded, non-alloy steel pipes and tubes.<sup>1</sup>

<sup>1</sup> The products covered in these investigations are welded, non-alloy steel pipes and tubes, of circular cross section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing or mechanical applications, such as for fence tubing, and for the protection of electrical wiring, such as conduit shells.

The scope of these investigations is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes

provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States.

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

**EFFECTIVE DATE:** April 24, 1992.

**FOR FURTHER INFORMATION CONTACT:** Douglas Corkran (202-205-3177), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

### SUPPLEMENTARY INFORMATION:

#### Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of certain circular, welded, non-alloy steel pipes and tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela are being sold in the United States at less than fair value within the meaning of section 733 of the act (19 U.S.C. 1673b). These investigations were requested in a petition filed on September 24, 1991, by Allied Tube and Conduit Corp., Harvey, IL; American Tube Co., Phoenix, AZ; Bull Moose Tube Co., Gerald, MO; Century Tube Corp., Pine Bluff, AR; Sawhill Tubular Division, Cyclops Corp., Sharon, PA; Laclede Steel Co., St. Louis, MO; Sharon Tube Co., Sharon, PA; Western Tube and Conduit Corp., Long Beach, CA; and Wheatland Tube Corp., Collingswood, NJ.

and tubes within the physical description outlined above are included in these investigations, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in these investigations.

For purposes of imports from Taiwan, "circular, welded, non-alloy steel pipes and tubes" are as defined above but do not include pipes and tubes with wall thicknesses of 1.63 mm (0.065 inches) or more that have outside diameters of 114.3 mm (4.5 inches) or less. These products, when imported from Taiwan, are currently assessed antidumping duties.

### Participation in the Investigation and Public Service List

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, not later than twenty-one (21) days after publication of this notice in the Federal Register. The Secretary will prepare a public 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.

### Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this final investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than twenty-one (21) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

### Staff Report

The prehearing staff report in this investigation will be placed in the nonpublic record on June 24, 1992, and a public version will be issued thereafter, pursuant to § 207.21 of the Commission's rules.

### Hearing

The Commission will hold a hearing in connection with this investigation beginning at 9:30 a.m. on July 9, 1992, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before July 2, 1992. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on July 7, 1992, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rule.

**Written Submissions**

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.22 of the Commission's rules; the deadline for filing is July 2, 1992. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.24 of the Commission's rules. The deadline for filing posthearing briefs is July 17, 1992; witness testimony must be filed no later than three (3) days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before July 17, 1992. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of § § 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with § § 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list) and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

**Authority:** This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules.

Issued: May 11, 1992.

By order of the Commission.

**Kenneth R. Mason,**

*Secretary.*

[FR Doc. 92-11808 Filed 5-19-92; 8:45 am]

BILLING CODE 7020-02-M

**EFFECTIVE DATE:** June 4, 1992.

**FOR FURTHER INFORMATION CONTACT:**

Douglas E. Corkran (202-205-3177),  
Office of Investigations, U.S.  
International Trade Commission, 500 E  
Street SW., Washington, DC 20436.  
Hearing-impaired persons can obtain  
information on these matters by  
contacting the Commission's TDD  
terminal on 202-205-1810. Persons with  
mobility impairments who will need  
special assistance in gaining access to  
the Commission should contact the  
Office of the Secretary at 202-205-2000.

**SUPPLEMENTARY INFORMATION:** On  
April 24, 1992, the Commission instituted  
the subject investigations and  
established a schedule for their conduct  
(57 FR 21428, May 20, 1992).  
Subsequently, the Department of  
Commerce extended the date for its  
final determination in these  
investigations from July 6, 1992, to  
September 10, 1992 (57 FR 22208, May  
27, 1992). The Commission, therefore, is  
revising its schedule in these  
investigations to conform with  
Commerce's new schedule.

The Commission's new schedule for  
these investigations is as follows: the  
prehearing staff report will be placed in  
the nonpublic record on August 27, 1992;  
requests to appear at the hearing must  
be filed with the Secretary to the  
Commission not later than September 4;  
the deadline for filing prehearing briefs  
is September 9; the prehearing  
conference will be held at the U.S.  
International Trade Commission  
Building on September 11; the hearing  
will be held at the U.S. International  
Trade Commission Building on  
September 15; and the deadline for filing  
posthearing briefs is September 23.

For further information concerning  
these investigations see the  
Commission's notice of institution cited  
above and the Commission's Rules of  
Practice and Procedure, part 201,  
subparts A through E (19 CFR part 201),  
and part 207, subparts A and C (19 CFR  
part 207).

[Investigations Nos 731-TA-632-637  
(Final)]

**Certain Circular, Welded, Non-Alloy  
Steel Pipes and Tubes From Brazil, the  
Republic of Korea, Mexico, Romania,  
Taiwan, and Venezuela**

**AGENCY:** United States International  
Trade Commission.

**ACTION:** Revised schedule for the  
subject investigations.

**Authority:** These investigations are being  
conducted under authority of the Tariff Act of  
1930, title VII. This notice is published  
pursuant to § 207.20 of the Commission's rules.

**Issued:** June 4, 1992.

**By order of the Commission.**

**Kenneth R. Mason,**

**Secretary.**

[FR Doc. 92-13622 Filed 6-9-92; 8:45 am]

**BILLING CODE 7030-02-M**

7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States.

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

**EFFECTIVE DATE:** June 8, 1992.

**FOR FURTHER INFORMATION CONTACT:**

Douglas E. Corkran (202-205-3177), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20438. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

**SUPPLEMENTARY INFORMATION:**

**Background**

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in Brazil of certain circular, welded, non-alloy steel pipes and tubes. The investigation was required in a petition filed on September 24, 1991, by Allied Tube and Conduit Corp., Harvey, IL; American Tube Co., Phoenix, AZ; Bull Moose Tube Co., Gerald, MO; Century Tube Corp., Pine Bluff, AR; Sawhill Tubular Division, Cyclops Corp., Sharon, PA; Laclede Steel Co., St. Louis, MO; Sharon Tube Co., Sharon, PA; Western Tube and Conduit Corp., Long Beach, CA; and Wheatland Tube Corp., Collingswood, NJ.

**Participation in the Investigation and Public Service List**

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules,

mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included in this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

not later than twenty-one (21) days after publication of this notice in the *Federal Register*. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

**Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List**

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this final investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than twenty-one (21) days after the publication of this notice in the *Federal Register*. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

**Staff Report**

The prehearing staff report in this investigation will be placed in the nonpublic record on August 27, 1992, and a public version will be issued thereafter, pursuant to § 207.21 of the Commission's rules.

**Hearing**

The Commission will hold a hearing in connection with this investigation beginning at 9:30 a.m. on September 15, 1992, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 4, 1992. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on September 11, 1992, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.12(f), and 207.23(b) of the Commission's rules.

**Written Submissions**

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.22 of the commission's rules; the deadline for filing is September 9, 1992. Parties may also file written testimony in connection

**INTERNATIONAL TRADE COMMISSION**

[Investigation No. 701-TA-311 (Final)]

**Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes From Brazil**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution and scheduling of a final countervailing duty investigation.

**SUMMARY:** The Commission hereby gives notice of the institution of final countervailing duty investigation No. 701-TA-311 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) (the Act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil of certain circular, welded, non-alloy steel pipes and tubes,<sup>1</sup> provided for in subheadings

<sup>1</sup> The products covered in this investigation are welded, non-alloy steel pipes and tubes, of circular cross section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing or mechanical applications, such as for fence tubing, and for the protection of electrical wiring, such as conduit sheaths.

The scope of this investigation is not limited to standard pipe and fence tubing, or those types of

with their presentation at the hearing, as provided in § 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.24 of the Commission's rules. The deadline for filing posthearing briefs is September 23, 1992; witness testimony must be filed no later than three (3) days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before September 23, 1992. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of § 201.8, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

**Authority** This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.20 of the Commission's rules.

By order of the Commission.

Issued: July 14, 1992.

Paul R. Bardoe,

Acting Secretary.

[FR Doc. 92-17239 Filed 7-21-92; 8:45 am]

BILLING CODE 7000-02-01

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[Investigation No. 701-TA-311 (Final)]

**Certain Circular, Welded, Non-alloy  
Steel Pipes and Tubes From Brazil**

**AGENCY:** United States International  
Trade Commission.

**ACTION:** Termination of investigation.

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**SUMMARY:** On September 17, 1992, the U.S. Department of Commerce published notice in the Federal Register of a negative final determination of subsidies in connection with the subject investigation. Accordingly, pursuant to § 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)), the countervailing duty investigation concerning certain circular, welded, non-alloy steel pipes and tubes from Brazil (investigation No. 701-TA-311 (Final)) is terminated.

**EFFECTIVE DATE:** September 30, 1992.

**FOR FURTHER INFORMATION CONTACT:** Douglas Corkran (202-205-3177), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments



who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

**Authority:** This investigation is being terminated under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 201.10 of the Commission's rules (19 CFR 201.10).

Issued: September 30, 1992.

By order of the Commission.

Paul R. Berdee,

*Acting Secretary.*

[FR Doc. 92-24341 Filed 10-6-92; 6:45 am]

BILLING CODE 7030-02-M

CALENDAR OF PUBLIC HEARING

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

Subject : CERTAIN CIRCULAR, WELDED, NON-ALLOY STEEL  
PIPES AND TUBES FROM BRAZIL, THE REPUBLIC  
OF KOREA, MEXICO, ROMANIA, TAIWAN, AND  
VENEZUELA

Invs. Nos. : 731-TA-532-537 (Final)

Date and Time : September 15, 1992 - 9:30 a.m.

Sessions were held in connection with the investigations in the Main Hearing Room of the United States International Trade Commission, 500 E St., SW, Washington, DC.

In support of the Imposition of Antidumping Duties:

Schagrin Associates  
Washington, DC  
On behalf of

Allied Tube & Conduit Corp.  
American Tube Co.  
Bull Moose Tube Co.  
Century Tube Corp.  
Sawhill Tubular Div., Armco, Inc.  
Laclede Steel Co.  
Sharon Tube Co.  
Western Tube & Conduit Corp.  
Wheatland Tube Co.  
CSI Tubular Products, Inc.  
LTV Tubular Products Co.

Gary Childs, Sales Manager, CSI Tubular Products, Inc.

James Feeney, Executive Vice President, Operations  
Wheatland Tube Co.

Richard Filetti, Controller, Allied Tube and Conduit Corp.

James Haeck, Vice President and General Manager,  
LTV Tubular Products Co.

C. Mack Hamblen, Senior Vice President of Marketing  
and Sales, Sawhill Tubular Div., Armco, Inc.

John Martin, Vice President, Standard Pipe Div.,  
Allied Tube and Conduit Corp.

In support of the Imposition of Antidumping Duties:--Continued

Arthur McClellan, National Sales Manager, Fence  
Div., Allied Tube and Conduit Corp.

Dr. Robert A. Blecker, Associate Professor, Department  
of Economics, The American University

Dr. Robert Eck Scott, Assistant Professor, College of  
Business and Management, University of Maryland, and  
Director, Center for International Business Education  
and Research

Roger B. Schagrin)  
R. Alan Luberd ) --OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

Romania

Venable, Baetjer, Howard & Civiletti  
Washington, DC  
On behalf of

Metalexportimport

Hermann Buschor, Vice President, Ferrostaal Metals Corp.

John M. Gurley--OF COUNSEL

The Republic of Korea

Morrison & Foerster  
Washington, DC  
On behalf of

Korea Iron and Steel Association (KOSA)  
Hyundai Pipe Co., Ltd.  
Korea Steel Pipe Co., Ltd.  
Pusan Steel Pipe Corp.  
Union Steel Manufacturing Co.  
Dongbu Steel Co.

Dr. Seth Kaplan, Trade Resources Co.

Richard D. Boltuck, Trade Resources Co.

Donald B. Cameron--OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:--Continued

Venezuela

Morrison & Foerster  
Washington, DC  
On behalf of

C. A. Conduven

Julie C. Mendoza--OF COUNSEL

Taiwan

Grunfeld, Desiderio, Lebowitz & Silverman  
Washington, DC  
On behalf of

Kao Hsing Chang Iron & Steel Corp.

Yieh Hsing Enterprises Co., Ltd.

David L. Simon--OF COUNSEL

Mexico

Porter, Wright, Morris & Arthur  
Washington, DC  
On behalf of

Industrias Monterrey, S.A. de C.V.

Leslie Alan Glick--OF COUNSEL

Shearman & Sterling  
Washington, DC  
On behalf of

Hylsa, S.A. de C. V.

Dr. Rafael Rubio, Assistant Vice President  
for Economics

Jaime Trevino, International Sales Manager

Tuberia Nacional, S.A. de C.V.

Joshua A. Newberg )  
Donald L. Cuneo ) --OF COUNSEL

## Appendix B

### Commerce's Federal Register Notices

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[A-351-809]

**Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Brazil**

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

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**EFFECTIVE DATE:** September 17, 1992.

**FOR FURTHER INFORMATION CONTACT:**  
Judith Wey or Edward Easton, Office of  
Antidumping Investigations, Import  
Administration, International Trade  
Administration, U.S. Department of  
Commerce, 14th Street and Constitution  
Avenue, NW., Washington, DC 20230.

telephone: (202) 377-8320 or (202) 377-1777, respectively.

#### Final Determination

We determine that circular welded non-alloy steel pipe (standard pipe) from Brazil is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

#### Case History

Since the issuance of our notice of preliminary determination and postponement of the final determination (57 FR 17883 (April 28, 1992)), the following events have occurred:

We received a request for a public hearing from Persico Pizzamiglio S.A. (Persico) on April 22, 1992, and from the petitioners on May 5, 1992. Persico submitted its response to the Department's Cost of Production and Constructed Value questionnaire (section D) on May 1, 1992. Persico submitted supplemental information for its section D response, revisions and corrections to its other responses, and revised computer tapes in May and June 1992.

We conducted verification of Persico's sales and cost questionnaire responses from June 28 through July 1, 1992, at the company's headquarters in Sao Paulo, Brazil.

Petitioners and Persico filed case briefs on August 3 and rebuttal briefs on August 10, 1992. On August 10 and 11, 1992, Persico and petitioners, respectively, withdrew their requests for a public hearing.

#### Scope of Investigation

The merchandise subject to this investigation is circular welded non-alloy steel pipes and tubes, of circular cross-section, not more than 406.4mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing,

and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redrums, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Period of Investigation

The period of investigation (POI) is April 1, 1991, through September 30, 1991.

#### Such or Similar Comparisons

We have determined that all the products covered by this investigation constitute a single category of such or similar merchandise.

#### Fair Value Comparisons

To determine whether sales of standard pipe from Brazil to the United States were made at less than fair value (LTFV), we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

Although Persico responded to the Department's questionnaires, at verification, we found significant inconsistencies and deficiencies in the information reported by Persico. Most significantly, we were unable to verify the total volume and value of Persico's sales to the United States during the POI. Therefore, in accordance with section 776(c) of the Act, our results are based on best information available (BIA).

#### United States Price

In the petition, petitioners provided U.S. prices based on the average customs value of imported standard pipe during the second quarter of 1991. While

we have accepted the methodology used by petitioners for calculating USP, because of Brazil's hyperinflationary economy, we have based USP on the average customs value of imported standard pipe during the third quarter of 1991, to provide for more contemporaneous price comparisons with FMV contained in the petition.

#### Foreign Market Value

We based FMV on information provided in the petition. Petitioners based FMV on July 1991 actual price quotations from Persico obtained through a consultant. The prices were FOB Persico's mill; therefore, petitioners made no adjustments to these prices.

#### Currency Conversion

No certified rates of exchange, as furnished by the Federal Reserve Bank of New York, were available for the POI. In place of the official certified rates, we used the daily official exchange rates for Brazil published by the Central Bank of Brazil.

#### Verification

As provided in section 776(b) of the Act, we attempted to verify information provided by respondents by using standard verification procedures, including the examination of relevant sales and financial records, and selection of original source documentation containing relevant information.

#### Best Information Available

We have determined that the questionnaire responses of the respondent provide an inadequate basis for estimating dumping margins. The Department determined that, for the information we examined at verification, the omissions from and inaccuracies in the responses were so material as to make the responses inherently unreliable, compelling the Department to use BIA.

At verification, we found that Persico had not provided a complete reporting of its U.S. and home market sales. For example, one verification document indicates that as many as one-third of Persico's U.S. sales may not have been reported. Moreover, we were unable to ascertain the actual quantity sold in either market. Consequently, we cannot conduct an accurate cost of production analysis or a LTFV analysis using either price-to-price comparisons or constructed value. In addition, because we encountered difficulties throughout the verification while trying to verify the completeness of Persico's response, most of the sales-specific information



remains unverified. The numerous inconsistencies found are outlined in detail in the public version of our verification report (dated July 28, 1992) and the public version of our decision memorandum from Richard W. Moreland to Francis J. Sailer (dated September 2, 1992) which are on file in room B-099 of the Main Commerce Building.

In determining what rate to use as BIA, the Department follows a two-tiered methodology, whereby the Department normally assigns lower rates for those respondents who cooperated in an investigation and rates based on more adverse assumptions for those respondents who did not cooperate in an investigation. See, Final Antidumping Duty Determination: Aspheric Ophthalmoscopy Lenses From Japan, 57 FR 6703 (February 27, 1992). In this investigation, Persico attempted to provide the information that the Department requested; however, as noted above, the inaccuracies and discrepancies in Persico's information were so pervasive as to make the responses inherently unreliable. Consistent with Department practice, after adjusting petitioners' information to provide for contemporaneous price comparisons (as discussed in the USP section of this notice), we have assigned Persico a margin based on an average of the margins contained in the petition, as a cooperative respondent.

#### Interested Party Comments

Although numerous comments were submitted by both petitioners and the respondent, they are not being addressed here because of our decision to reject Persico's response and base this determination on BIA. Only the comment concerning the use of total BIA is addressed below.

#### Comment 1

Petitioners assert that the Department should use total BIA because the cumulative effect of the inaccuracies and omissions in the cost of production and price information submitted by Persico renders that information useless for calculating an estimated LTFV margin. In addition, petitioners maintain that the Department should use the highest margin in the petition for its determination of Persico's LTFV margin.

Persico contends that it has never refused to produce information to the Department, nor has it significantly impeded the Department's antidumping investigation. Accordingly, Persico argues that the Department has no basis to use total BIA.

#### DOC Position

We agree with petitioners, in part. As explained in the BIA section of this notice, the incomplete and inaccurate data submitted by Persico deprive the Department of a reasonable basis on which to conduct the cost of production and LTFV price analyses. This lack of complete and reliable information compels the Department to rely totally on BIA to estimate Persico's margin.

On the other hand, Persico has complied with the Department's request for information and clarification. Accordingly, as more fully discussed in the BIA section of this notice, the highest margin in the petition is inappropriate for Persico's estimated margin.

#### Continuation of Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of circular welded non-alloy steel pipe that are entered, or withdrawn from warehouse, for consumption on or after April 28, 1992, the date of publication of our preliminary determination in the Federal Register.

The product under investigation is also subject to a countervailing duty (CVD) investigation. The Department has determined that no benefits which constitute subsidies within the meaning of the CVD law are being provided to manufacturers, producers, or exporters of the subject merchandise in Brazil, and, therefore no adjustment to the estimated dumping margin is required.

The Customs Service shall require a cash deposit or bond equal to the estimated amount by which the FMV of the merchandise subject to this investigation exceeds the U.S. price, as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

| Producer/manufacturer/exporter | Weighted-average margin percentage |
|--------------------------------|------------------------------------|
| Persico Pizzaniglio S.A.       | 103.38                             |
| All others                     | 103.38                             |

#### ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

#### Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.35(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 753(d) of the Act and 19 CFR 353.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.,

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22560 Filed 9-16-92; 8:45 am]

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[A-580-809]

#### Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From the Republic of Korea

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

EFFECTIVE DATE: September 17, 1992.

FOR FURTHER INFORMATION CONTACT: Mark Wells or Andrew McGilvray, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3003 or (202) 377-0106, respectively.

#### Final Determination

We determine that circular welded non-alloy steel pipe (standard pipe) from the Republic of Korea (Korea) is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

#### Case History

Since the issuance of our notice of preliminary determination and postponement of final determination (57 FR 17885 (April 28, 1992)), the following events have occurred:

Verification of respondents' responses to the Department's questionnaires regarding sales information took place in Korea, Japan, and the United States during May and June of 1992. Verification of respondents' responses to the Department's questionnaires regarding cost of production (COP)

information took place in Korea during June and July of 1992.

We received requests for a public hearing from Hyundai Steel Pipe Co., Ltd. (Hyundai), Korea Steel Pipe Co., Ltd. (KSP), and Pusan Steel Pipe Co., Ltd. (Pusan), on May 1, 1992, and from petitioners on May 5, 1992. Masan Steel Tube Works Co., Ltd. (Masan), filed a case brief on July 24, 1992, while Hyundai, KSP, Pusan, and petitioners filed case briefs on August 7, 1992. Hyundai, KSP, Pusan, and petitioners filed rebuttal briefs on August 12, 1992. A public hearing was held on August 14, 1992.

#### Scope of Investigation

The merchandise subject to this investigation is circular welded non-alloy steel pipes and tubes, or circular cross-section, not more than 406.4 millimeters (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified-stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTS subheadings are provided for convenience and customs purposes, our

written description of the scope of this proceeding is dispositive.

#### Period of Investigation

The period of investigation (POI) is April 1, 1991, through September 30, 1991.

#### Such of Similar Comparisons

We have determined that all the products covered by this investigation constitute a single category of such or similar merchandise. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we made comparisons on the basis of: (1) Commercial or industry grade/classification; (2) nominal pipe size; (3) wall thickness; (4) surface finish or coating; and (5) end finish. We made adjustment for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act.

We made sales comparisons on the basis of theoretical weight, the weight basis on which respondents reported that U.S. sales were made.

#### Fair Value Comparisons

To determine whether sales of standard pipe from Korea to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

#### United States Price

We calculated USP using the methodology described in the preliminary determination, with the following exceptions:

##### A. Hyundai

1. We adjusted USP of Hyundai's claimed duty drawback.
2. We excluded Hyundai's U.S. sales of returned goods from our calculations.
3. We recalculated credit on Hyundai's exporter's sales price (ESP) sales to take into account discounts given or certain U.S. sales.
4. We deducted discounts.

##### B. KSP

1. We adjusted USP for KSP's claimed duty drawback on ESP sales.

##### C. Pusan

1. We adjusted USP for Pusan's claimed duty drawback.
2. We recalculated credit expenses on purchase price sales from the date of shipment from Korea to the date of payment by the customer. Where dates of shipment from Korea were not reported, we used as best information

available (BIA) the highest credit period calculated for a sale with its Korean shipment date reported.

3. We recalculated credit expenses on ESP sales where the date of payment was not reported. Where dates of payment were not reported, we calculated credit from the date of shipment to the date of payment, using the date of this determination as BIA for the date of payment.

##### D. Masan

1. We recalculated credit on Masan's U.S. sales to reflect information found at verification regarding Masan's U.S. interest rate.

2. We did not adjust USP for the following charges first reported by Masan after verification:

- a. Foreign brokerage charges.
- b. Bank charges for transactions between related parties.

#### Foreign Market Value

We calculated FMV using the methodology described in the preliminary determination, with the following exceptions:

##### A. Hyundai

1. We disallowed Hyundai's claimed adjustment for inventory carrying costs. See, Comment 7.

##### B. KSP

1. We disallowed KSP's claimed adjustment for inventory carrying costs. See, Comment 7.

##### C. Pusan

1. We disallowed Pusan's claimed adjustment for inventory carrying costs. See, Comment 7.

##### D. Masan

1. We recalculated Masan's third country credit to accurately reflect the period from the date of shipment to an unrelated party to the date of payment, and to take into account information found at verification regarding Masan's third country interest rate.

2. We did not adjust FMV for the following charges first reported by Masan after verification:

- a. Foreign brokerage charges.
- b. Bank charges for transactions between related parties.

#### Cost of Production

Based on petitioners' allegations, and in accordance with section 773(b) of the Act, we investigated whether Hyundai, KSP, and Pusan had home market sales that were made at less than their respective COP.

If over 90 percent of a respondent's sales of a given model were at prices above the COP, we did not disregard any below-cost sales because we determined that the respondent's below-cost sales were not made in substantial quantities over an extended period of time. If between ten and 90 percent of a respondent's sales were at prices above the COP, we disregarded only the below-cost sales. Where we found that more than 90 percent of respondent's sales were at prices below the COP, we disregarded all sales for that model and calculated FMV based on constructed value (CV). In such cases, we determined that the respondent's below-cost sales were made in substantial quantities over an extended period of time. In order to determine whether home market prices were above the COP, we calculated the COP based on the sum of a respondent's cost of materials, fabrication, general expenses, and packing. The submitted COP data was relied upon, except in the following instances where the costs were not appropriately quantified or valued:

#### A. General

We revised G&A expense to exclude income from operations unrelated to the production of the subject merchandise.

#### B. Company Specific

##### 1. Hyundai

a. We adjusted depreciation expense to reflect the amount of depreciation reported on the financial statements.

##### 2. KSP

a. We adjusted labor expense to include year-end adjustments which were not included in the questionnaire response.

b. We revised the reported interest expense to exclude long-term interest income from corporate bonds (*see*, Comment 39). We also added amortization of stock issuance cost and bond issuance cost which were reported in the financial statements but excluded from the questionnaire response.

c. We adjusted the submitted factor for conversion between weight bases to reflect differences noted at verification.

##### 3. Pusan

a. For identical products with reported different costs, we revised the submission to reflect a weighted-average cost.

b. We increased fabrication costs to account for costs reported in the financial statements, but not reflected in the questionnaire response.

c. We adjusted the submitted factor for conversion between weight bases to reflect differences noted at verification.

In accordance with section 773(e)(1)(b)(i) of the Act, we included in CV the greater of a company's reported general expenses, adjusted as detailed above, or the statutory minimum of 10 percent of cost of manufacture (COM). For profit, we used the statutory minimum of eight percent of the total of COM and general expenses because, for each of the respondents, actual profit on home market sales was less than eight percent. See section 773(e)(b)(ii) of the Act.

#### Currency Conversion

We made currency conversions in accordance with 19 CFR 353.60(a) based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

#### Verification

As provided in section 776(b) of the Act, we verified information provided by respondents by using standard verification procedures, including the examination of relevant sales and financial records, and selection of original source documentation containing relevant information.

#### Interested Party Comments

##### Comment 1

Petitioners contend that the Department should state whether the four respondents in this investigation account for 60 percent or more of exports to the United States from Korea, or whether the Department has used a standard other than the 60 percent standard of the regulations.

Hyundai, KSP, and Pusan state that the Department stated in its preliminary determination that the four respondents in this investigation accounted for 60 percent of exports to the United States. These respondents further state that even if the "60 percent rule" had not been met precisely, 19 CFR 353.42(b) gives the Department the discretion to cover less than 60 percent.

##### Department Position

The Department has not applied a different standard from that articulated in 19 CFR 353.42(b)(1). The four respondents in this investigation account for slightly more than 60 percent of exports to the United States.

##### Comment 2

Petitioners state that any lack of time to examine issues at verification was the fault of Hyundai, KSP, and Pusan and should weigh against them, precipitating the use of BIA.

Hyundai, KSP, and Pusan state that any lack of time to examine issues at verification was a result of the

Department's decision to limit verifications to three days because of budgetary constraints. These respondents contend that, in any case, the time allotted was sufficient for the Department to verify the accuracy and veracity of the submitted data. These respondents cite *Boment Industries v. United States*, 733 F. Supp. 1507, 1508 (CIT 1990), where the court stated that "of course, verification is like an audit, the purpose of which is to test information provided by a party for accuracy and completeness. Normally, an audit entails selective examination rather than testing of an entire universe." These respondents conclude that the items examined during the Department's verifications in this case confirmed the accuracy and completeness of their submissions.

#### Department Position

We agree with respondents. Through selective examination and sampling of elements of the respondents' responses at verification, the information used for this determination was successfully verified by the Department. Items that could not be verified have been accounted for in the final margin calculations.

##### Comment 3

Petitioners state that the Department should continue to calculate prices and charges for Hyundai, KSP, and Pusan on a theoretical weight basis. Petitioners contend that the "actual" thickness of steel coils, as recorded in these respondents' records, is simply the nominal thickness on the supplier's invoice, that the resulting inaccuracy in the actual thickness means that these respondents cannot calculate an accurate actual weight of their merchandise, and that use of respondents' "contrived actual weights" results in understatement of costs. Petitioners further contend that gauge build-up occurring in the production process should result in an increase in the unit costs for these respondents. Finally, petitioners state that the statute, regulations, and Department precedent require that an adjustment be made to foreign market value to reflect the different weight bases on which these respondents sell the subject merchandise in the United States and in their home market.

Hyundai, KSP, and Pusan state that the Department's margin analysis will be correct, regardless of the weight basis used, as long as the prices and costs are reported on the same basis in the U.S. and home markets. These respondents further state that their

factors used to convert prices and costs between-weight bases are based on a universal industry formula, that the Department verified that the conversion factors were calculated correctly, and that, for two of the three companies, actual weights are calculated in their books by use of the same formula. These respondents contend that their "contrived" actual weights are the actual weights on the books, with minor differences, generally caused by rounding. Finally, these respondents contend that petitioners' argument that an adjustment to prices must be made to reflect the different weight bases on which these respondents sell the subject merchandise is a moot point, and that home market prices and expenses have already been adjusted to a theoretical weight basis, for comparison to U.S. merchandise sold on that weight basis.

#### *Department Position*

We agree with petitioners that prices and charges should be calculated on the basis of theoretical weight, and with respondents, that the necessary adjustments have been made.

The actual thickness of steel coils may be greater or less than the nominal thickness, within the allowable tolerances. Production processes have an effect on the thickness of the pipe. Thus, we also recognize that the use of the nominal thickness of the coil to calculate the weight of the pipe may under- or over-state the actual weight of the pipe. As such, this calculation may have an effect on cost calculations. Even so, we cannot agree with petitioners that the information on the record supports their contention that these calculations necessarily understate the actual weight of the pipe, and thus the cost. Furthermore, the methods applied by the respondents to calculate the "actual weight" of the pipe are the same methods they apply in their internal bookkeeping systems. Absent convincing evidence that the calculation methodology biases the dumping calculation, we may not disregard the respondents' approach and resort to the best information otherwise available.

#### *Comment 4*

Petitioners state that differences in coating costs between markets for Hyundai, KSP, and Pusan must be accounted for in these respondents' differences in merchandise (difmer) adjustments, and that their packing costs must be recalculated to exclude the cost of coating.

Hyundai, KSP, and Pusan state that while coating is properly classified as a packing expense, the treatment of coating costs as either packing or as

part of the difmer has absolutely no effect on the dumping margin.

#### *Department Position*

We agree with respondents that coating is properly classified as a packing cost. The coating in question is performed by packing departments to protect the pipe during shipment to export markets. Such coating is not performed for domestic shipments. Therefore, coating is properly classified as a packing expense.

#### *Comment 5*

Petitioners state that the Department should not grant duty drawback adjustments to KSP and Pusan on sales for which the "individual application system" was used, and that the Department should not grant duty drawback adjustments for any of Hyundai's sales. They maintain that for these sales, these respondents should have been able to match the exact drawback amount received to each individual sale, since the individual application system requires that individual import and export documents be matched. They further argue that it is unacceptable for the respondents to provide average drawback information where the exact information is available. Moreover, petitioners maintain that these respondents have not proven that they actually received drawback on each of the sales for which they have claimed an adjustment, and claim that the record shows that these respondents used some domestic material in their exports of pipe.

Regarding KSP, petitioners state that it has admitted that while only a portion of some shipments was eligible for drawback, KSP allocated all drawback paid over all tonnage shipped. Regarding Hyundai, petitioners also state that the average drawback figures provided are inaccurate because Hyundai used an inaccurate lag time in its calculations. Petitioners add that on a per ton basis, because the Korean government collects duties on the basis of actual weight and rebates duties on the basis of theoretical weight, Hyundai's drawback is greater than the duty paid. Petitioners conclude that the statute precludes claims for drawback for sales on which no drawback payment was received and that, since these companies have claimed drawback on all sales, regardless of the fact that some sales received no drawback, the Department should deny their entire claimed drawback adjustments.

Hyundai, KSP, and Pusan state that (1) their methodologies for calculating duty drawback are reasonable, (2) the

Department agreed, subject to verification, that the methodologies were reasonable, and (3) their duty drawback claims were successfully verified. These respondents state that while petitioners have not presented any statutory provision, case law, or administrative precedent demonstrating that respondents are required to calculate duty drawback on a sale-by-sale basis, there is precedent specifically permitting the use of averages. They further state that to calculate duty drawback on a sale-by-sale basis would have required extraordinary cost and effort. Hyundai, KSP, and Pusan also claim that the Department verified (1) that they do not maintain records in the ordinary course of business which link export permits to specific customer invoices and (2) that the information on which the Department based its May 1, 1991, assessment that these respondents' methodologies was reasonable and accurate.

Hyundai states that petitioners are in error when claiming that Hyundai used a lag time in its calculations of duty drawback, and that it only used a lag to reflect the period during which the pipe was held in inventory for ESP sales. Finally, Hyundai states that petitioners' claims of excessive drawback are unsupported, that any excessive rebates by the Korean government would have to be addressed in a countervailing duty petition, and that petitioners' claim that the Korean duty drawback system permits the claiming of drawback by matching any type of pipe made with any type of hot-rolled coil to any other type of hot-rolled coil is simply incorrect.

#### *Department Position*

We agree with respondents. Based on information in the responses to the Department's questionnaire and on findings at verification, these respondents' methodologies for calculating duty drawback are reasonable. The Department does prefer for a company to document duty drawback on a sale- or shipment-specific basis. See, e.g., *Certain Circular Welded Carbon Steel Pipes and Tubes from Thailand*, 56 FR 58355 (1991)). We do accept methodologies, however, which employ averages when the calculation of more specific figures is impossible or unduly burdensome to the respondents, and when the methodology proves to be reasonable. See, e.g., *Final Results of Administrative Review: Color Picture Tubes from Korea*, 56 FR 19084 (1991).

At verification, we confirmed that duties were in fact paid and rebated. Accordingly, respondents were able to establish the necessary link between duties imposed and rebated. See *Far East Machinery Co., Ltd. v. United States*, 699 F. Supp. 309 (CIT 1988) (*Far East Machinery*). There is no dispute that the first prong of the Department's two prong test has been met. The second prong of the test requires that respondents "demonstrate that there were sufficient imports of raw materials to account for the duty drawback received on the exports of the manufactured product." *Id.* This second prong encompasses the principle of drawback substitution. The Department, like governments applying duty drawback programs, does not attempt to determine whether raw materials used in producing the exported merchandise actually came from imported sources, but rather assesses whether there were sufficient imports of relevant raw materials to account for the duty drawback received on the exports of the manufactured product. See *Far East Machinery*. The respondents in this investigation have met the requirements of the second prong. Other claims by petitioners do not speak to the test traditionally applied by the Department, but rather seek to hold respondents to additional standards for duty drawback claims. Finally, petitioners have failed to convincingly support their claims that Hyundai received excessive drawback.

#### *Comment 6*

Petitioners claim that Hyundai, KSP, and Pusan should not be granted adjustments for home market credit expenses because they did not furnish the Department with sale-specific or customer-specific credit information, although they were able to do so. Petitioners maintain that for Hyundai, in particular, its methodology was proven inaccurate by certain documents collected at verification.

These respondents state that, as admitted by petitioners, the Department will accept a reasonable equivalent to customer-specific data if the respondent is unable to provide the requested information. They further state that they could not provide customer-specific payment data from their normal accounting records, and that their methodologies, as verified by the Department, were a reasonable equivalent. Hyundai contends that petitioners misrepresent the documents cited as proof of the inaccuracy of Hyundai's methodology. Hyundai states that the documents in question show the date of receipt of promissory notes, not date of receipt of payment, thus further

proving its claim that its records do not track customer-specific or sale-specific dates of payment.

#### *Department Position*

We agree with respondents. The methodologies applied by these respondents are reasonable, given that their accounting records do not track customer-specific or sale-specific dates of payment. Furthermore, Hyundai is correct in stating that its verification documents do not demonstrate an ability to track such payment dates. On those bases, we have granted the adjustments claimed by Hyundai, KSP, and Pusan for home market credit expenses.

#### *Comment 7*

Petitioners state that the Department should exclude Hyundai's, KSP's, and Pusan's claimed home market inventory carrying costs from home market indirect selling expenses used as offsets on ESP sales. Petitioners contend that all of these respondents' inventory carrying costs are based on flawed home market interest rate calculations (see *Comment 8*). Further more, petitioners maintain that these respondents' use of calculations based on sales value, rather than cost of manufacture, overstates the inventory carrying costs. In addition, petitioners further state that Hyundai's and Pusan's calculations also include an incorrectly calculated average inventory period, and were not verified. Finally, with respect to KSP, petitioners contend that, if the Department does grant an offset for inventory carrying costs, no offset should be made on order sales because these sales by definition are not carried in inventory.

These respondents maintain that they correctly calculated their home market inventory carrying costs. They state that their inventory carrying cost calculations do not overstate these costs and that their interest rate calculations are accurate (see *Comment 8*). Hyundai further states that the Department confirmed at verification the overall integrity and completeness of Hyundai's response, although time constraints did not permit examination of every specific element of Hyundai's response. KSP states that its home market inventory carrying expense was developed based on all sales and should be applied to all sales.

#### *Department Position*

We agree with petitioners that these respondents' reported inventory carrying costs are overstated. Following its standard practice, the Department requested that respondents provide

inventory carrying cost based on the cost of manufacture of the products sold (see *Final Determination of Sales at Less than Fair Value: Certain Internal-Combustion Forklift Trucks from Japan*, 53 FR 12552 (April 15, 1988)). Although all of these respondents have placed cost of manufacture information on the record which could have been used as the basis for their inventory carrying cost calculations, they have failed to apply the appropriate methodology as requested. Therefore, as BIA, we have accepted the reported expenses as a reduction to USP but have disallowed them as offsets to the ESP cap.

#### *Comment 8*

Petitioners state that the Department should reject Hyundai's, KSP's, and Pusan's claimed home market short-term interest rates because these rates were not based on interest rates set forth in loan documents but instead were calculated using accumulated balances and accumulated interest. Petitioners thus maintain that these respondents have not met their burden of demonstrating that their methodology provides an accurate weighted-average interest rate. As such, they contend that adjustments based on these interest rates must be denied. Petitioners further state that if the Department does not deny these adjustments, it must base them on an interest rate determined using BIA. For Hyundai, petitioners state that, at a minimum, the Department must adjust Hyundai's claimed interest rate to exclude Hyundai's notes receivable discount, which does not represent Hyundai's cost of financing.

Respondents contend that they properly calculated their short-term interest rates. They state that (1) administratively, they could not calculate interest loan by loan, (2) their methodologies, in effect, calculate the actual interest rates, and (3) their methodologies, to their knowledge, are the normal approach taken to calculate a company's overall interest rate. KSP states that petitioners do not understand KSP's interest rate methodology which, as verified by the Department, accurately matches an interest amount with the appropriate loan, resulting in an accurate short-term average interest rate for the POI. Hyundai states that in the normal course of business it incurs expenses by discounting to banks notes receivable received from customers, and that given the nature of this discounting expense and the short-term nature of these notes, it was perfectly reasonable for it to include this as part of its overall calculation of its short-term interest expense.

*Department Position*

We agree with respondents that their home market interest rate methodologies are reasonable, because they use data from company records which reflect the relevant costs to these companies of borrowing in the home market. Such documentation reflects the home market interest expenses actually incurred by these companies.

We have also determined that Hyundai should be allowed to include in its cost of borrowing those expenses which Hyundai incurs when discounting to banks the notes receivable received from customers. In this instance, the discounting of notes receivable means that a shorter period enters into Hyundai's calculation of average accounts receivable and, therefore, into Hyundai's calculation of the home market credit period. Any expenses related to discounting of notes receivable are inherently offset by a shorter credit period, thus ensuring that overall expenses are not overstated.

*Comment 9*

Petitioners state that the Department should calculate credit on Hyundai's ex-dock duty paid and net 30-day sales from the date of shipment from Korea, not the date of shipment after landing in the United States. Petitioners maintain that the cost to respondents of financing the merchandise while en route to the United States in purchase price situations is a credit expense, and not an inventory carrying cost.

Respondents maintain that credit on such "back-to-back" purchase price sales should be calculated from the date that the merchandise arrives in the United States. Hyundai states that it is only upon arrival of the goods in the United States that an invoice is issued to the unrelated customer and that the sale is posted to the company's accounts receivable ledger. Hyundai asserts that, under long-standing practice, the Department considers the creation of an accounts receivable to be the unrelated customer to be the triggering event for the calculation of credit, and that no circumstances exist here to warrant a different approach.

*Department Position*

We agree with petitioners. Contrary to respondents' assertions, the Department's long-standing practice is to calculate credit on purchase price sales from the time that the merchandise is shipped from the foreign production site. See, e.g., Final Determination of Sales at Less Than Fair Value: 3.5" Microdisks and Coated Media from Japan, 54 FR 6433 (February 10, 1989).

Because terms of sale are established prior to the shipment of the merchandise from the foreign production sites, respondents incur credit expenses on these sales from that shipment date, regardless of when the final invoices to the customers are issued. We have calculated the credit period on all purchased price sales from the date of shipment from Korea to the date of payment.

*Comment 10*

Petitioners state that for ESP transactions, the Department should not grant Hyundai and KSP offsets for indirect selling expenses on home market sales because these respondents failed to allocate all indirect selling expenses on the basis of sales value, as instructed by the Department. Petitioners also state that Hyundai has incorrectly included certain production overhead expenses and inappropriate general and administrative expenses in its calculation of indirect selling expenses.

These respondents contend that for the limited number of expenses which they allocated on a basis other than sales value, their allocation was more appropriate than one based on sales value. Hyundai adds that all expenses challenged by petitioners are properly categorized as indirect selling expenses, and that petitioners' allegations that Hyundai included certain inappropriate general and administrative expenses in indirect selling expenses can be refuted by examining Hyundai's previous submissions.

*Department Position*

We agree with respondents. In the limited instances where respondents allocated indirect selling expenses on a basis other than sales value, it was reasonable to do so. For example, expenses such as heat and water for a building are reasonably allocated based on the number of personnel in each department contained in the building, rather than on the sales value of each department. In addition, petitioners have not supported their claims that elements of Hyundai's indirect selling expense calculations are inappropriate. Therefore, we have granted offsets for indirect selling expenses on home market sales being compared to ESP sales.

*Comment 11*

Hyundai, KSP, and Pusan state that in matching home market sales to U.S. sales, the Department should exhaust the three alternative matches provided in the companies' concordances for each U.S. product before using constructed

value for FMV. These respondents further state that when the most similar home market product match is found to be below the cost of production, there is nothing in the statute or in the Department's application of the statute that precludes the use of a second (or third) similar model. Indeed, these respondents state it is clear that the statute generally shows a legislative preference for the use of a similar model before resorting to constructed value, and maintain that the Department has expressed intentions to completely exhaust home market sales in its search for model matches, prior to resorting to constructed value.

Petitioners state that respondents' argument for the use of alternative model matches is contrary to statute, Department precedent, and the Department's stated intent in this case. Petitioners cite Final Results of Administrative Review: Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from France, 57 FR 28373 (June 23, 1992), where the Department resorted to constructed value after it found that there were insufficient above-cost sales of a given model match. The Department stated in that case that "[e]ven though section 773(b) expresses a preference for using sales rather than CV as the basis of FMV, it does not instruct the Department to use the next most similar merchandise as the basis for FMV, but rather it requires the use of CV." Finally, petitioners cite the Department's letter of April 8, 1992, to these respondents, which stated that the Department would base FMV on constructed value for any model match where more than 90 percent of its sales were found to be below cost.

*Department Position*

We agree with petitioners. In our April 8, 1992, letter to Hyundai, KSP, and Pusan, we accepted these respondents' proposal to limit the reporting of cost information for home market sales to products within their sales concordances, which included several alternative matches for each product in the United States. Our letter also stated that the Department would base FMV on constructed value for any model match where more than 90 percent of its sales were found to be below cost. This approach is consistent with sections 773(b) and 771(16) of the Act. Furthermore, these respondents have only provided information on a limited number of sales in the such or similar category. Therefore, even assuming, *arguendo*, that the respondents are correct in asserting that the Department



should use similar home market product matches before resorting to CV, the respondents' limited reporting would unacceptably permit them to control which product comparisons the Department could make. Therefore, we based FMV on CV when the most similar home market product match was found to be below COP.

#### *Comment 12*

Hyundai, KSP, and Pusan state that the level of trade (LOT) analysis used by the Department in its preliminary determination was inappropriate. These respondents state that the presumed correlation between specific, named levels of trade and prices, as exists in the U.S. market, does not exist in the Korean home market and that, without such a correlation, sales comparisons should be made without regard to LOT.

Petitioners state that the Department should continue to base its margin analysis on comparisons of sales to distributors in both markets since there is an absence of reliable, verified data indicating that this analysis should be changed. Petitioners maintain that respondents' arguments, as presented in their case brief, are based on pricing analysis which was not verified. Petitioners further contend that respondents' pricing analysis was based on selected sales, and is thus meaningless, while other statements about pricing patterns in the United States are unsupported speculation.

#### *Department Position*

We agree with petitioners. In their case brief, respondents argued for the first time that there is no consistent pattern between LOT and the price at which pipe is sold either in the home market or in the U.S., and that the Department should not make sales matches based on LOT. Citing to Import Administration Policy Bulletin, 92-1 (1992), respondents argue that lack of correlation between price and LOT is sufficient evidence to rebut the presumption that FMV is affected by LOT. However, the Policy Bulletin states, "only if a contesting party has shown that there is not a significant correlation between prices and selling expenses on the one hand, and LOT on the other, will we disregard the LOT when making sales comparisons in cases where different functional levels of trade exist." Respondents have not alleged that the identical levels of trade in the U.S. and in Korea perform different functions and, furthermore, have failed to address the relationship between selling expenses and LOT. Therefore, we have determined that there is insufficient evidence to rebut

the presumption that FMV is affected by LOT and will continue to match sales using LOT.

#### *Comment 13*

Hyundai and Pusan state that certain home market "overrun" sales were sold outside of the ordinary course of trade and should be excluded from the Department's margin calculations. Hyundai states that evidence on the record demonstrates that prices of overrun sales are consistently below average when compared to average prices of commercial sales. Hyundai cites to Final Results of Administrative Review: Certain Welded Carbon Steel Standard Pipes and Tubes from India, 56 FR 64,753 (December 12, 1991) (Pipes and Tubes from India) to maintain that the Department's consistent practice is to exclude overrun sales from its analysis. Pusan states that its overrun sales were of small quantities of foreign-specification pipe for which there is no ready market in Korea. Pusan cites the Department's consistent exclusion of overrun sales, as evidenced by the statement that "to the extent that a company under investigation sells products in the home market manufactured according to foreign engineering specifications and cannot demonstrate that they were made to satisfy a home market customer's order, we consider those products to be production overruns not sold in the ordinary course of trade." Final Determination of Sales at Less than Fair Value: Rectangular Welded Carbon Steel Pipes and Tube from the Republic of Korea, 49 FR 9,936 (March 16, 1984).

Petitioners state that home market overrun sales may only be excluded from the Department's margin calculations after such or similar matches have been made. Petitioners contend that precedents cited by respondents to support exclusion of their overrun sales do not, in fact, support that proposition. Petitioners state that, in this investigation, there is a regular market for merchandise of the same foreign specification as the overrun merchandise, and that average size of sales in the overrun market have not been shown to be significantly different from the regular market in Korea for merchandise of the same technical standard. Petitioners conclude that the Department is required to seek the first identical or similar product match under the criteria in that section, without regard to any other factor, and that only then may the Department determine if that merchandise is not suitable for comparison to the U.S. merchandise for other reasons.

#### *Department Position*

We disagree with respondents. First, the Department's consistent practice is to exclude overrun production from its analysis only if the products are sold outside the ordinary course of trade. Section 773(a)(1)(A) of the Act and 19 CFR 353.46(a) provides that foreign market value shall be based on the price at which such or similar merchandise is sold in the exporting country in the ordinary course of trade for home consumption. Section 771(15) of the Act defines "ordinary course of trade" as "the conditions and practices which, for a reasonable time prior to the exportation of the merchandise which is the subject of an investigation, have been normal in the trade under consideration with respect to merchandise of the same class or kind." See also, 19 CFR 353.46(b).

As we stated in Pipes and Tubes From India, in determining whether home-market sales are within the ordinary course of trade, the Department does not rely on one factor taken in isolation but rather considers all the circumstances particular to the sales in question. Therefore, whether respondents' sales consisted of "overrun" production is not the issue. The issue is whether the sales in question were made within the ordinary course of trade. In Pipes and Tubes from India the question concerned whether there was a ready market in the standard pipe trade for American Society Testing Materials (ASTM) products compared to Indian Standard pipe. The Department concluded there was not. In the present case, we agree with petitioners that there does appear to be a ready market for ASTM pipe in Korea (see the Department's Concurrence Memorandum for this determination, on file in Room B-099 of the main Commerce building). Respondents report many sales of ASTM as being sold in a regular market. The average sales quantity of pipe which respondents call overrun production did not differ significantly from the average sales quantity of other ASTM pipe sold in the home market. Moreover, Hyundai's claims that its ASTM overrun sales were priced consistently below the average price of commercial sales are unsubstantiated. We conclude that sales of ASTM pipe were made in the ordinary course of trade in Korea during the POI; and, based on the similar prices and quantities, respondents' so-called overrun sales were also within the ordinary course of trade. This situation is therefore distinguishable from Pipe and Tubes From India.

**Comment 14**

Pusan states that its sales of returned goods should be excluded from the Department's margin calculations. Hyundai states that the seven sales of returned goods presented at the outset of verification should be excluded from the Department's margin calculations. These respondents maintain that the first sales of these goods to unrelated customers were made outside the POI. Respondents cite Final Determination of Sales at Less than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip from Japan, 56 FR 16,300 (April 22, 1991), stating that the Department concluded that sales of returned goods should be excluded because (1) the goods had originally been purchased prior to the POI and (2) a sale can only be examined once. Respondents maintain that the Department has no statutory authority to consider sales that are not within the scope of the investigation. Respondents further contend that, even if the Department should decide not to exclude these sales because they were originally sold before the POI, these sales should not be included in the Department's margin analysis because they are aberrant sales of damaged or defective merchandise.

Petitioners maintain that the Department cannot exclude Pusan's sales of returned goods from the overall margin calculation. Petitioners state that the Department should either make appropriate adjustments to ESP or use BIA to calculate margins for these sales.

**Department Position**

We agree with these respondents that the small number of sales in question should be excluded from any analysis because of the aberrant nature of these sales or damaged or defective merchandise, as confirmed at verification. Since we have excluded these sales on that basis, we do not need to address respondents' contentions regarding other bases for excluding the sales.

**Comment 15**

Petitioners state that Hyundai has not reported in its U.S. sales listing certain purchase price sales that were confirmed on Hyundai's books during the POI, but were not confirmed on the books of Hyundai's U.S. subsidiary until after the POI. Petitioners further state that since Hyundai deliberately withheld this information from the Department, the Department should use as BIA for these sales either the highest margin calculated for any other reported sale or the highest margin listed in the petition.

Hyundai states that it properly reported all U.S. sales. Hyundai notes that petitioners misstated the implication of figures in verification exhibits, and that to properly assess Hyundai's total sales during the POI, it is necessary to take into account the proper dates of sale.

**Department Position**

We agree with Hyundai that it properly reported its U.S. sales. The Department successfully verified Hyundai's reported sales figures and found no evidence that any sales with dates of sale during the POI had not been reported to the Department.

**Comment 16**

Petitioners state that the Department should deduct from U.S. price previously unreported discounts revealed at Hyundai's verification.

Hyundai states that it has properly reported to the Department all discounts on its U.S. sales.

**Department Position**

We have deducted the discounts in question from U.S. price.

**Comment 17**

Petitioners state that Hyundai failed to include interest expenses for a U.S. subsidiary in its calculation of selling expenses. Petitioners maintain that since there is no detailed information on these expenses, as BIA the Department should allocate all of these expenses to Hyundai's selling expenses. Petitioners also state that Hyundai has failed to include in its selling expenses a portion of the SGA of the corporate headquarters of Hyundai's U.S. subsidiary. Petitioners conclude that, as BIA, all the SGA for that office must be included in Hyundai's selling expenses.

Hyundai states that the Department's verification report contradicts petitioners' assertion that Hyundai failed to include any relevant expenses in its indirect selling expenses.

**Department Position**

We agree with respondent. Our examination of these expenses at verification found no discrepancies. Therefore, we have accepted Hyundai's indirect selling expense calculations as reported.

**Comment 18**

Petitioners state that the Department found at verification extra shipping charges for certain of KSP's U.S. sales. Petitioners maintain that the Department should ensure that those charges have been included in the ocean freight deduction claimed by KSP.

KSP states that the additional charges for ocean freight have been included, as appropriate, in the ocean freight fields in KSP's sales listing.

**Department Position**

We agree with respondent. At verification, we confirmed that extra charges incurred on shipments to certain ports located on the Eastern Coast of the United States were included in the ocean freight charges reported by respondent.

**Comment 19**

Petitioners claim that all of KSP's bank and letter of credit (L/C) charges are direct selling costs associated with the sale, and not indirect selling expenses as claimed by KSP. Petitioners argue that the fact that the charges are incurred by Korea Steel Pipe America (KSPA), a related party to KSP, on ex-dock duty-paid (EDDP) net 30 day sales is irrelevant in determining whether the sales are direct or indirect. Petitioners contend that KSPA is temporarily absorbing the credit costs on behalf of the purchasers and the costs are being passed on to the unrelated purchases in the sales price.

KSP states the charges in question are associated with the transfer of merchandise between related companies, and that consistent Department practice considers any credit-related expenses associated with transfers between related companies as inventory carrying costs.

**Department Position**

We agree with respondent. These expenses result from intra-company transfers which occurred before the sale to the first unrelated party, and are not directly tied to individual sales to unrelated customers. The Department considers such expenses to be indirect selling expenses. See, e.g., Final Results of Antidumping Duty Administrative Review: Color Television Receivers from Korea, 55 FR 28225 (July 27, 1990). Therefore, we have included these expenses in the total U.S. indirect selling expenses for this determination.

**Comment 20**

Petitioners state that the Department should make an adjustment to U.S. price for commissions discovered at verification which KSP paid to an employee for all U.S. sales made through KSPA or Certified Pipe and Tube (CPT). Petitioners further state that by failing to report these commissions until the time for submission of new factual information had passed, KSP waived its



right to challenge this item as an adjustment to U.S. price.

KSP contends that (1) the "commissions" in question were on the record prior to verification, (2) the payments in question are not true commissions, and do not vary directly with the quantity or value of particular sales, (3) these payments are made only to KSPA, not to an employee, and (4) these payments are associated with sales of all of KSP's merchandise, not just subject merchandise. KSP concludes that, given the aforementioned facts, these expenses are properly classified as indirect selling expenses.

#### *Department Position*

We disagree with both parties. The "Commission Receivable" in question is not a real expense to KSP, but simply an intra-company transfer of funds between KSP and KSPA. No actual expense was incurred by either KSP or KSPA. Therefore, we have made no adjustment.

#### *Comment 21*

Petitioners claim that KSP has understated U.S. indirect selling expenses by overstating KSPA's sales during the POI. Petitioners maintain that since KSPA's sales figure is unusable, and since KSP has not placed information on the record permitting the calculation of an accurate figure, the Department should use one half of the KSPA's reported sales for the year 1991 as a BIA figure for sales during the six-month POI.

KSP states that petitioner's claim is disproved by the Department's verification report, the verification exhibits, and KSP previous submissions.

#### *Department Position*

We agree with respondent. In its April 10, 1992, submission, KSP explained the methodology it used to allocate indirect selling expenses. Petitioners have failed to convincingly support their claim that KSP has overstated KSPA's sales. We have therefore used KSP's indirect selling allocation as reported.

#### *Comment 22*

Petitioners state that KSP has understated ESP charges, such as marine insurance. With respect to marine insurance, petitioners claim that by overstating CPT's profit percentage on sales during the POI, KSP has overstated the factor used to calculate the adjustment, and understated the adjustment for ESP sales.

KSP states that the Department's verification report confirms the correctness of the calculations in question, and that its adjustment factors

were based on audited financial statements.

#### *Department Position*

We agree with respondent. The elements in question were successfully verified. Therefore, we are accepting the charges in question as reported by KSP.

#### *Comment 23*

Petitioners state that the Department should correct several data errors in KSP's most recent sales listing. Petitioners further state that the Department should use BIA to determine margins for ESP sales observations which lack control numbers, and thus have no match offered in KSP's concordance. Petitioners state that Pusan's U.S. sales with control numbers which do not appear in Pusan's product concordance are unmatched to home market sales, and the Department must also use BIA to calculate the margins for those sales.

KSP states that the Department has the information necessary to match the four ESP sales observations for which the control number was inadvertently omitted, and requests that the Department insert the control number for these observations. Pusan states that there is information on the record to correctly match the sales in question, and it requests that the Department do so.

#### *Department Position*

Because of the limited nature of the errors, we have corrected the data errors in question, which involve information previously on the record which was inadvertently deleted from these respondents' most recent tape submissions to the Department.

#### *Comment 24*

Petitioners state that Pusan's claimed short-term interest rate should be recalculated to exclude overdraft interest rates on a commercial checking account and interest rates which Pusan charges on promissory notes from customers. Petitioners also maintain that Pusan incorrectly calculated its figure for average accounts and notes receivables.

Pusan contends that its short-term interest rate calculation was acceptable, with each item representing a bona-fide short-term financing expense related to the financing of sales. Pusan concludes that its credit calculation was in line with its records and was verified.

#### *Department Position*

We agree with respondent. These elements of Pusan interest rate calculation are legitimate short-term

financing costs. In particular, petitioners have misstated that Pusan's calculation includes interest rates which Pusan charges on promissory notes from customers. In fact the rates in question are those which Pusan's banks use to discount promissory notes which Pusan receives from its customers, and thus are an accurate reflection of Pusan's short-term financing costs. We have accepted Pusan's short-term interest rate calculation as reported.

#### *Comment 25*

Petitioners state that Pusan has improperly included in its claimed home market indirect selling expenses (1) items that are not indirect selling expenses and (2) expenses incurred in selling non-subject merchandise. Petitioners maintain that, based on this incorrect calculation of indirect selling expenses, the Department should deny Pusan's indirect selling expense offset on ESP sales.

Pusan states that all expenses which it included in indirect selling expenses are indirect selling expenses incurred during the POI. Pusan also states that certain expenses, by nature, cannot be identified with a particular product or products, but that all expenses were properly allocated.

#### *Department Position*

We agree with respondent. We examined Pusan's indirect selling expense methodology at verification and the elements in question were successfully verified.

#### *Comment 26*

Hyundai states that the Department should include its sales to related customers in the calculation of FMV. Hyundai maintains that evidence on the record demonstrates that its sales to related parties were at arm's length, and that any difference in overall pricing to related customers versus pricing to unrelated customers is due to differences in product mix.

#### *Department Position*

We disagree with respondent. The Department will not calculate FMV based on sales to related parties unless it is satisfied that such sales are made at arm's length (i.e., at prices equivalent to or above prices charged to unrelated parties). See 19 CFR 353.45(a). The analysis presented by Hyundai in its case brief shows that Hyundai's sales to related parties are at prices below its prices to unrelated parties. While Hyundai attributes this difference in pricing to differences in product mix, this conclusion is unsupported. Indeed,

differences in product mix, which Hyundai's calculations have failed to take into account, could just as easily be masking larger pricing differentials between sales to related and unrelated customers. Given the unconvincing analysis performed by Hyundai, we find no reason to consider its home market sales to related customers to be at arm's length. We have only compared Hyundai's U.S. sales to sales to unrelated customers in the home market.

#### *Comment 27*

Masan states that the Department must make allowances for differences in the quantities of comparison merchandise sold in individual transactions in the U.S. and third country markets.

#### *Department Position*

We agree with Masan that the Department's regulations require the Department to compare sales of comparable quantities and to make reasonable allowances where price differentials result from differences in quantities. See 19 CFR 353.55. However, Masan presented no information in its questionnaire response, and indeed has presented no detailed information whatsoever, to justify or quantify any adjustments for quantity differences. Furthermore, Masan's arguments in its brief cite quantities of pipe with different surface finishes and/or end finishes sold in the U.S. and in its third country market, but the Department must match merchandise based on similarity in physical characteristics before considering comparability of sales quantities.

#### *Comment 28*

Masan states that the Department should make sales comparisons at comparable levels of trade in the U.S. and third country markets or, where that is not possible, make adjustments for differences in trade levels affecting price comparability.

#### *Department Position*

We agree with Masan that its sales comparisons should be made at comparable levels of trade, and we have done so. However, in those instances where sales comparisons at comparable levels of trade in the U.S. and third country markets were not possible, Masan has presented no detailed information to support its reported adjustment for sales comparisons at different levels of trade. Therefore, we have made no additional adjustments to Masan's prices for claimed differences in levels of trade.

#### *Cost Issues*

##### *Comment 29*

Petitioners contend that the Department should either base costs on those used by the respondents to value inventory or increase the submitted costs by an adjustment factor. They state that methodologies used by the respondents deviated significantly from their normal cost accounting procedures, and contend that the methodology used by respondents shifted costs to products which were not subject to investigation.

Respondents state that any deviations from their normal accounting systems were not significant and were explained. Respondents contend that they proved that total costs were reflected in their questionnaire responses, and state that a comparison of inventory values and submitted costs is not relevant.

#### *Department Position*

We agree with respondents. The submitted cost methodology did not deviate significantly from the systems used in their normal accounting records. The instances where respondents did deviate from their normal accounting systems were appropriate to comply with the reporting requirements. Furthermore, we have no evidence that costs were shifted to products not covered by the investigation.

##### *Comment 30*

Petitioners contend that costs were understated because of the methodology used to account for second-grade pipe. Petitioners state that since the respondents are in business to produce and sell standard grade pipe, all manufacturing cost should be allocated to its production. Petitioners claim that this second-grade pipe is a by-product of prime grade standard pipe, and thus the costs associated with producing the two should be allocated differently. Any revenues earned on the sale of by-products should be treated as an offset to the cost of producing the standard grade product. Petitioners contend that the second-grade pipe is not a co-product because there is no distinct and developed market.

Respondents argue that the statute directs the Department to value prime and second-grade pipe equally. Respondents claim that they expend the same material, capital, labor and overhead for both grades of pipe and therefore costs should be allocated in such a manner. Respondents state that second grade pipe is different from scrap in that scrap is what is left over as waste while second grade pipe is counted as a product. Respondents

argue that existence of separate sub-market is irrelevant.

#### *Department Position*

We agree with respondents. In this case, the so-called second-grade pipe consisted of overruns and pipe not meeting specification. The costs incurred to produce this pipe have been directly identified to this type of pipe. This methodology is consistent with the Department's treatment in other similar cases and has been upheld by the Court of International Trade. See *IPSCO, Inc. v. United States*, Slip Op. 91-1236, -1257 (Fed. Cir. June 6, 1992).

##### *Comment 31*

Petitioners contend that total duties paid should be allocated to home market production costs, since any duty paid on exported products is rebated upon exportation. Petitioners state that total duties paid should be divided only by the cost of materials used in domestically-sold and duty paid exported merchandise, and not by the total cost of materials for all domestically-sold and duty paid exported products. Petitioners state that using total material costs in the denominator understates the per unit duty costs. Petitioners also claim that duty costs and duty drawback amounts should be exactly correlated since Korean law only allows for the rebate of duties up to the amount of duty costs.

Respondents argue that their methodology of allocating total duty costs over total purchases of domestic and import material is appropriate. Respondents state that this methodology supports the Department's practice of calculating identical costs for identical products sold in export and domestic markets. Respondents also argue that the antidumping laws and Department practice do not require that duty costs claimed on raw materials mirror duty drawback claims.

#### *Department's Position*

The Department requested that respondents report CV exclusive of import duties, as any duty paid on materials would have been refunded upon exportation. Rather than comply with the Department's request, respondents submitted CV inclusive of duty. However, respondents did not provide their information to the Department in a manner which identifies the amount of duty reported in the material cost of the specific pipe, thus making it impossible for us to exclude the duty from the reported CV. As BIA, the Department used the costs submitted by the respondents, which

included duty. However, also as BIA, we did not adjust USP for duty drawback when compared to CV.

#### *Comment 32*

Petitioners, asserting that Hyundai's material costs for galvanized pipe are understated, contend that the "ground-up" methodology used by Hyundai was unrealistic in that total zinc physically incorporated plus zinc recovered actually exceeded total zinc consumed.

Hyundai argues that the galvanization costs were based on actual costs from the financial records and allocated to the products on the basis of total standard usage. Hyundai maintains that all costs were absorbed and that the allocation was made on a consistent basis.

#### *Department Position*

We agree with respondent. During verification we reviewed the allocation methodology used by Hyundai and found that it adequately captured costs for the galvanizing process. The zinc costs reported in their financial records were properly allocated to each model.

#### *Comment 33*

Petitioners assert that Hyundai understated its depreciation costs in the submission by not basing them on the revalued balances of its fixed assets as reflected in the financial statements.

Hyundai argues that calculating depreciation costs based on the revalued basis is distortive and contrary to U.S. Generally Accepted Accounting Principles (GAAP). Hyundai contends that the Department's past precedent dictates that depreciation on a revalued basis is warranted only in cases of hyperinflation, and that aside from hyperinflationary economies, historical costs provide the most accurate method of recording true depreciation cost.

#### *Department Position*

We agree with petitioners. In general, the Department adheres to an individual firm's recording of costs in accordance with the GAAP of its home country when the Department is assured that foreign GAAP accurately recognizes the actual costs incurred by that company. See, e.g., Final Determination of Sales at Less Than Fair Value: Small Business Telephone Systems From Korea, 54 FR 53141 (December 27, 1989). We find in this case that Hyundai's financial statements were prepared in accordance with Korean GAAP using a revaluation of its fixed assets. In their submissions, however, Hyundai deviated from its own accounting practice by reporting depreciation on a historical cost basis. Although in the United States assets are

not normally revalued, U.S. GAAP states that when fixed assets are written up to market or appraisal value, the depreciation should be based on the written-up amount (ARB-43). Therefore, we consider revaluation to be an accurate methodology for valuing depreciation, and we have relied on it for purposes of this investigation.

#### *Comment 34*

Petitioners assert that Hyundai and KSP should not have used rental income and proceeds from the sale of scrap to offset G&A expenses.

Hyundai and KSP argue that since the depreciation expense associated with the rental units was included as part of the total G&A expense, the income associated with it should be used as an offset. Hyundai further argues that the sale of scrap was derived from various items used in the factory, and accordingly should be offset against production costs.

#### *Department Position*

We agree with petitioners with respect to rental income. The rental income is derived from activities unrelated to the production of the subject merchandise. Accordingly, we did not reduce G&A by the amount of this income. We also did not include the depreciation costs associated with this activity. With regard to the sale of scrap, however, the Department verified that this income was derived from general operation of the factory. Therefore, we reduced the submitted costs by the amount of scrap income.

#### *Comment 35*

Petitioners assert that KSP overstated the amount of zinc recovered in the production process. Petitioners contend that KSP's methodology ignored the fact that in any galvanization process, a significant quantity of zinc is lost in the pot as zinc dust.

KSP argues that its methodology provided for the total absorption of zinc costs and included both usage and recovery.

#### *Department Position*

We agree with KSP. During verification, the Department examined the zinc costs included in the submission and concluded that zinc costs were fully allocated to COP and CV.

#### *Comment 36*

Petitioners assert that KSP's interest expense should not be offset with interest income from long-term bonds.

KSP argues that the Department should include the interest from

corporate bonds as short-term interest income. KSP contends that income is earned on this investment every three months and, accordingly, is short-term in nature.

#### *Department Position*

We agree with petitioners. The fact that income was received every three months on this investment does not necessarily dictate that this income was derived from a short-term investment. Indeed, during verification, the Department noted that this income was derived from investments that were held longer than one year. In accordance with our well-established practice of not including interest income earned from long-term investments, we did not offset the submitted costs with this interest income. See, e.g., Final Determination of Sales at Less Than Fair Value: Sweaters of Man-Made Fibers From Korea, 55 FR 32659 (August 10, 1990).

#### *Comment 37*

Petitioners contend that the Department should increase Pusan's process costs for costs included in the financial statements but not reflected in the submission. Petitioners state that it is more appropriate to use year-end adjusted costs than the monthly amounts because these costs reflect adjustments which relate to the cost of the subject merchandise.

Pusan contends that the majority of the depreciation costs relate to non-subject merchandise. Pusan also contends that the difference in the year-end amount and the submitted amount does not result from a year-end adjustment, but rather from a change in the monthly cost. Pusan also contends that the Department should adjust insurance and labor entitlement costs as the amount in the submission was estimated as part of the year-end adjustment.

#### *Department Position*

We agree with petitioners. While Pusan recorded year-end adjustments in months outside the POI, these costs relate to all months during the year, including the POI. Accordingly, we recalculated Pusan's data to include these costs. We have no evidence that these costs relate to non-subject merchandise.

#### *Comment 38*

Petitioners argue that the Department should revise Pusan's submitted G&A expense to exclude income from activities unrelated to the subject merchandise. Petitioners state that dividend income from stock investments

should be considered long term in nature. Furthermore, petitioners argue that dividend income is not related to current operations as this activity is entirely unrelated to manufacturing operations.

Pusan argues that the dividend income was derived from short-term investments in stocks. Pusan argues that these investments are similar to short-term certificates of deposit which the Department allows as an offset to interest expense. Pusan also argues that the commission income relates to income items whose costs were included in general expenses and therefore should be allowed as reduction to costs.

#### Department Position

We agree with petitioners. The Department did not reduce costs by including income derived from activities unrelated to the production of the subject merchandise. Dividend income differs from interest income earned from investment of working capital in short-term investments because dividend income represents income from an investment activity unrelated to the production of the subject merchandise. The commission income relates to various activities unrelated to the production of the subject merchandise. Accordingly, we did not reduce the submitted costs by this income. The expenses associated with commission income were not separately identified by Pusan, so the Department had no means to identify and exclude these costs.

#### Continuation of Suspension of Liquidation

We are directing the Customs Service to continue to suspend liquidation of all entries of circular welded non-alloy steel pipe that are entered, or withdrawn from warehouse, for consumption on or after April 28, 1992, the date of publication of our preliminary determination in the Federal Register. The Customs Service shall require a cash deposit or bond equal to the estimated amount by which the FMV of the merchandise subject to this investigation exceeds the U.S. price, as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

| Producer/manufacturer/exporter   | Weighted-average margin percentage |
|----------------------------------|------------------------------------|
| Hyundai Steel Pipe Co., Ltd..... | 5.00                               |
| Korea Steel Pipe Co., Ltd.....   | 8.21                               |
| Masan Steel Tube Co.....         | 11.83                              |

| Producer/manufacturer/exporter | Weighted-average margin percentage |
|--------------------------------|------------------------------------|
| Pusan Steel Pipe Co., Ltd..... | 4.91                               |
| All Others.....                | 5.97                               |

#### ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

#### Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.,

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22561 Filed 9-16-92; 8:45 am]

BILLING CODE 3510-05-01

#### [A-291-806]

#### Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Mexico

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

EFFECTIVE DATE: September 17, 1992.

FOR FURTHER INFORMATION CONTACT: David J. Goldberger or Louis Apple, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-4138, or (202) 377-1769, respectively.

#### Final Determination

We determine that circular welded non-alloy steel pipe (standard pipe) from Mexico is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

#### Case History

Since the issuance of our notice of preliminary determination (57 FR 17888

(April 28, 1992)), the following events have occurred:

Based on the April 28, 1992, request of HYLSA, S.A. de C.V. (Hylsa), a respondent in this investigation which accounts for a significant proportion of exports of the subject merchandise from Mexico, we postponed the final determination until September 10, 1992 (57 FR 22206 (May 27, 1992)).

We received requests for a public hearing from petitioners on May 5, 1992 and from Hylsa and Industrias Monterrey, S.A. (IMSA), another Mexican producer and exporter of the subject merchandise, on May 8, 1992. Sales verification took place on May 18-20, 1992, at Hylsa's Tubular Products division headquarters in Monterrey, N.L., Mexico.

Hylsa submitted revisions and corrections to its antidumping questionnaire responses during May 1992, and submitted revised computer tapes incorporating these changes and verification findings on June 5, 1992.

Petitioners, Hylsa and IMSA filed case briefs on June 17, 1992, and rebuttal briefs on June 24, 1992. A public hearing was held on June 28, 1992.

#### Scope of Investigation

The merchandise subject to this investigation is circular welded non-alloy steel pipes and tubes, of circular cross-section, not more than 406.4 millimeters (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). Those pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for

redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90.

Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Period of Investigation

The period of investigation (POI) is April 1, 1991, through September 30, 1991.

#### Such or Similar Comparisons

We have determined that all the products covered by this investigation constitute a single category of such or similar merchandise. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we made similar comparisons on the basis of: (1) Commercial or industry grade/classification; (2) nominal pipe size; (3) wall thickness; (4) surface finish or coating; and (5) end finish. We made adjustments for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act.

#### Fair Value Comparisons

To determine whether sales of standard pipe from Mexico to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

#### United States Price

We calculated USP using the methodology described in the preliminary determination.

#### Foreign Market Value

In accordance with section 773(a)(1) of the Act, we found that the home market was viable for sales of standard pipe. We calculated FMV using the methodology described in the preliminary determination. Based on Hylsa's questionnaire response revisions and information developed at verification, we made the following changes from the preliminary determination:

We made no deduction for co-export program rebates on those sales where

this rebate was granted since this discount is already reflected in the gross unit price reported to the Department.

We did not recalculate credit expenses in either market because the revised sales listings included reported credit expenses which correctly accounted for all expenses borne by Hylsa prior to customer payment.

We made an additional circumstance of sale adjustment for differences in warranty expenses, which were not reported prior to the preliminary determination.

We compared U.S. sales to home market sales without regard to level of trade, with the exception of home market sales to retailers, which we have excluded from our analysis. See Comment 3.

#### Currency Conversion

No certified rates of exchange, as furnished by the Federal Reserve Bank of New York, were available for the POI. In place of the official certified rates, we used the average monthly or elected not to participate or whose questionnaire response was deemed insufficient, as in, e.g., Final Determination of Sales at Less than Fair Value: Silicon Metal from Brazil, 56 FR 28977 (June 12, 1991). IMSA contends that it should be assigned the "all others" deposit rate.

Petitioners contend that the Department's resort to BIA was justified as IMSA was clearly aware that it had been chosen as a mandatory respondent on the day the questionnaire was presented. Petitioners cite the Department's Memorandum to the File of December 6, 1992, which indicates that IMSA understood its classification as a mandatory respondent at the time it received the questionnaire. Further, petitioners argue that it was within the Department's power and discretion to name IMSA as a mandatory respondent.

#### DOC Position

The Department has reconsidered its earlier classification of IMSA as a mandatory respondent and has assigned it the "All Others" rate. At the time of the preliminary determination, the Department was reassessing its policy regarding the treatment of voluntary respondents. At that time, we stated that once a company notified us of its intention to participate, it would be subject to the potential use of BIA if it failed to cooperate. We have since refined the policy. Accordingly, as previously announced, in all ongoing and future proceedings, once a voluntary respondent is provided an antidumping duty questionnaire by the Department and demonstrates its intent to participate in an antidumping

investigation by submitting a quarterly exchange rates published by the International Monetary Fund.

#### Verification

As provided in section 776(b) of the Act, we verified information provided by respondent by using standard verification procedures, including the examination of relevant sales and financial records, and selection of original source documentation containing relevant information.

#### Interested Party Comments

##### Comment 1

IMSA objects to its classification as a mandatory respondent in this investigation, which resulted in ISMA's preliminary determination margin being based on best information available (BIA) following IMSA's decision not to submit a questionnaire response. IMSA states that there is no reason given in the record of this case why the Department decided to reclassify it from a voluntary to a mandatory respondent in this case. IMSA notes that examination of its exports to the U.S. was not necessary in order for the Department to examine at least 60 percent of POI subject merchandise sales, pursuant to 19 CFR 353.42(b). Without any other grounds in the record for this reclassification, IMSA contends that, under the regulations and consistent agency practice prior to the preliminary determination, IMSA should not be considered a mandatory respondent in this investigation. Consistent with Department treatment of other proceedings where a voluntary respondent has response to the questionnaire, the Department will treat that respondent on the same basis as a mandatory respondent in all respects, including the potential use of adverse BIA. See Addendum to Notice of Initiation: Certain Flat-rolled Steel Products from Various Countries, 57 FR 33487 (July 29, 1992).

##### Comment 2

Hylsa claims that, because it grants quantity discounts to at least 20 percent of its sales to home market customers, which are categorized as "Class 1 customers", all U.S. sales should be compared to home market Class 1 sales as these home market transactions meet the quantity discount criteria of 19 CFR 353.55(b).

Petitioners contend that the Department properly rejected this argument in the preliminary determination. They state that Hylsa has turned the regulation on its head and would have the Department

compare the prices on sales of completely different quantities. Based on its reading of the statute, petitioners state that sales at quantity discounts shall be the sole basis of foreign market value only when all the sales in the U.S. market are made in comparable quantities. In this case, not all U.S. sales are made in those comparable quantities. Petitioners also argue that Hylsa's claimed home market quantity discounts are not quantity discounts within the meaning of 19 CFR 353.55(b), as they are based on purchase volume expectations rather than quantities of specific sales.

#### *DOC Position*

We agree with petitioners. First, Hylsa's claimed home market quantity discounts are not quantity discounts within the meaning of 19 CFR 353.55. Adjustments for quantity discounts under the regulation are based on the premise that higher volume sales lead to cost savings on each individual sale used to establish FMV. See, e.g., Final Results of Antidumping Duty Administrative Review: Color Television Receivers from the Republic of Korea, 55 FR 28225 (June 27, 1990). Hylsa's quantity discounts, in contrast, are based on cumulative sales, without regard to the volume of individual sales. Second, even if Hylsa had established the requisite quantity discounts, we do not interpret 19 CFR 353.55(b), when read in conjunction with 19 CFR 353.55(a), to mean that simply because a respondent may grant quantity discounts on 20 percent or more of its home market sales, only those sales should be the basis of comparison to 100 percent of U.S. sales. Rather, as petitioners note, such a comparison is inappropriate for those U.S. sales made in smaller quantities than the discounted home market sales.

#### *Comment 3*

Hylsa contends that, while it has identified its home market customers as functioning as either industrial end users, distributors, or retailers, the Department should consider industrial end users and distributors as a single level of trade, since these two categories are not generally distinguished and some customers act in both functions. As there are no sales to retailers in the U.S., Hylsa asserts that home market sales to retailers should be excluded from comparison. Hylsa adds that, if industrial end users and distributors are considered to be separate levels of trade, the Department should compare U.S. distributor sales to home market Class 1 distributor sales, and U.S.

industrial end user sales to home market Class 1 industrial end user sales.

Petitioners agree with Hylsa that home market sales to retailers should be excluded from comparison, and that distributors and industrial end users should be considered a single level of trade. Petitioners add that these functional classifications are based only on Hylsa's perceptions of the use which the purchaser makes of the majority of the purchased products. They do not agree with limiting home market comparisons to Class 1 sales for the reasons stated in Comment 2.

#### *DOC Position*

We agree that different levels of trade exist between sales to retailers and sales to industrial end users and distributors. Since no sales were made to retailers in the U.S. market, we have excluded home market retailer sales from comparison. For the final determination, we have treated the remaining functions as a single level of trade in both markets. While Hylsa was able to identify these customers as either distributors or end-users, it has reported from the outset that some of its customers act in both distributor and industrial end user functions, thus blurring the distinction between these categories. The fact that some purchasers are classified based on what is sold to their corporate affiliates, rather than the purchaser itself, further demonstrates that distributors and industrial end users are not sufficiently distinct from each other to be considered as separate levels of trade.

#### *Comment 4*

Hylsa contends that, like a duty drawback, the steel supplier rebate increases Hylsa's revenues on each export sale on a sale-specific basis, in an amount that was predictable at the time Hylsa entered into each export transaction, and thus is directly related to individual export sales. Accordingly, Hylsa asserts that it is entitled to a circumstance of sale adjustment for the rebate amount. Hylsa continues that this adjustment is necessary in order to achieve a fair comparison under the antidumping statute, stating that the steel supplier rebate is economically identical to duty drawback. To deny an adjustment here would make the antidumping margins depend on the accident of where the exporter happened to choose to purchase inputs for the particular export sales. Hylsa also takes issue with the Department's rejection of this type of adjustment in two recent cases, Final Results of Antidumping Administrative Review: Certain Welded Carbon Steel Standard

Pipes and Tubes from India, 56 FR 64753 (December 12, 1991) ("India Pipes"), and Final Results of Antidumping Administrative Review: Light-Walled Rectangular Carbon Steel Tubing from Taiwan, 56 FR 26382 (June 7, 1991) ("Taiwan Tubing"), where the Department distinguished between circumstances related to production and circumstances related to sale. Hylsa argues that both the courts and the Department have recognized that adjustments are appropriate for programs that have nothing to do with marketing practices. In addition, Hylsa asserts that, as the steel supplier rebate is paid as a result of the act of exportation, and not as a result of production, it should be treated as a circumstance of sale much as a royalty is paid for production technology but determined based on sale amounts.

Petitioners cite India Pipes and Taiwan Tubing as the basis for their objection to granting an adjustment for Hylsa's steel supplier rebate. They note that, since the purpose of the rebate program is to minimize the difference between domestic and international steel prices used to produce the subject merchandise, the rebate results in a difference in production costs, not selling costs, and therefore does not qualify as a circumstance of sale under the regulations. Petitioners also assert that the steel supplier rebate and other dual pricing schemes are different from duty drawback programs in purpose, operation, and effect, noting the Department's rejection of this comparison in Taiwan Tubing and, in contrast, that the use of duty drawback programs is specifically recognized in the General Agreement on Tariffs and Trade (GATT).

#### *DOC Position*

The Department's opinion on this issue has been detailed in India Pipes and Taiwan Tubing and Hylsa has not offered a sufficient basis for us to overturn these recent determinations. Hylsa's steel supplier rebate is akin to the IPRS scheme in India Pipes. As such, this rebate program does not qualify for a circumstance of sale adjustment because it reflects a cost adjustment to the price of material inputs used in production, rather than a difference in selling expenses. Adjustments for circumstances of sale are, by definition, limited to consideration of a seller's marketing practices and expenses, and are unaffected by conditions affecting production.



*Comment 5*

Petitioners argue that, consistent with the decision in *LMI-La Metall Industrie, S.p.A. v. United States*, 912 F.2d 455, 460 (Fed. Cir. 1990) (*LMI*), in the absence of actual borrowings in the home market currency, the Department should use the actual borrowings in U.S. currency to calculate home market credit expenses for the final determination in order to reflect commercial reality.

Hylsa states that, although it did not have any peso-denominated borrowings, its corporate parent did. Further, since its home-market customers paid in pesos, its imputed credit expense must also be measured using a Mexican-peso interest rate which will reflect the Mexican peso inflation rate.

*DOC Position*

In order to reflect "usual and reasonable business behavior," as *LMI* requires, we are using the reported Mexican peso interest rate to impute home market credit expenses. While Hylsa did not borrow in Mexico during the POI, it has demonstrated access to Mexican peso financing and reported an interest rate consistent with that situation. Furthermore, because Hylsa's home market sales also were made in pesos, we believe it appropriate here to impute an interest rate based on that currency rather than apply an interest rate tied to the U.S. dollar to sales made in pesos. *LMI* is not to the contrary. It does not direct the Department simply to use the lowest interest rate available to a respondent, regardless of the market. *LMI* also does not suggest that we disregard the currency in which the credit expense is imputed, as petitioners would have us do. Indeed, in *United Engineer & Forging v. United States*, 779 F.Supp. 1375 (CIT 1991), the Court of International Trade (CIT) acknowledged that the Department is not limited to a comparison of the rates of interest in the home market and the U.S. market when deciding how to impute credit expenses, but may consider other factors that likely affect a rational borrower's selection of financing.

*Comment 6*

Petitioners claim that the Department must determine the amount of the Mexican value-added tax (VAT) passed through to Hylsa's home market customers before making an adjustment. Petitioners cite *Zenith Electronics Corp. v. United States*, 633 F.Supp. 1382 (CIT 1986) (*Zenith*), and *Daewoo Electronics Co. v. United States*, 712 F.Supp. 931 (CIT 1989) (*Daewoo*), to support their contention that 19 USC 1677a(d)(1)(C)

requires the Department to analyze the incidence of the VAT to determine the amount that is actually passed through to consumers in the home market.

Hylsa states that this argument has been consistently rejected by the Department. As discussed in such proceedings as Final Results of Administrative Review: Color Television Receivers from Taiwan, 56 FR 65218 (December 16, 1991), the Department has indicated that it does not agree with this interpretation of the statute. For this determination, Hylsa argues that the Department should continue to reject this argument.

*DOC Position*

We do not agree with the CIT's decisions in *Zenith* and *Daewoo*, but have not had an opportunity to appeal this issue. Therefore, consistent with our long-standing practice, we have not attempted to measure the amount of tax incidence in the Mexican home market. We do not agree that the statutory language, limiting the amount of adjustment to the amount of commodity tax "added to or included in the price" of standard pipe sold in the Mexican home market, requires the Department to measure the home market tax incidence. See, e.g., Final Results of Antidumping Administrative Review: Color Television Receivers, Except for Video Monitors, from Taiwan, 57 FR 20241, 20242 (May 12, 1992).

*Comment 7*

Petitioners claim that the Department failed to correctly subtract a portion of freight expenses in both markets for the preliminary determination margin calculations. Petitioners also claim that the Department incorrectly accounted for these expenses in its credit calculations.

Hylsa explains that petitioners apparently misunderstand Hylsa's reporting of freight expenses. The expenses that they discuss were not incurred by Hylsa because they are not included in the gross price. Hylsa bills its customers separately for these expenses. Additional freight expenses which were not covered by the invoiced freight amount were reported separately and correctly accounted for in the preliminary determination. Thus, Hylsa contends that no further adjustments need to be made. Similarly, in the credit calculation, the imputed credit on the additional freight is already included as part of the gross unit price base. Hylsa adds that including the freight charges due from the customer in the credit base is proper because they are part of the total amount due from the customer.

*DOC Position*

We agree with Hylsa. All freight expenses in both markets were correctly accounted for in calculating USP and FMV, and were also properly included in the gross price base for credit calculations.

*Comment 8*

Petitioners claim that the Department failed to add U.S. credit expenses to FMV and must do so for the final determination. They also claim that the Department incorrectly failed to deduct U.S. credit expenses from the U.S. price.

Hylsa asserts that this expense was correctly added to FMV in the Department's preliminary determination computer program. In doing so, Hylsa states that the Department followed standard purchase price methodology, where U.S. credit expenses are not deducted from USP, but are added to FMV, in accordance with the Department's Study of Antidumping Adjustments Methodology and Recommendations for Statutory Change (November 1985). Hylsa further notes that petitioners' allegations in this regard are inconsistent, since to deduct U.S. credit expenses from USP and also to add them to FMV would result in a double-counting of these expenses.

*DOC Position*

We agree with Hylsa. U.S. credit expenses have been properly treated by adding them to FMV.

*Comment 9*

Petitioners contend that the Mexican VAT should not be included in the gross price base used to calculate credit expenses because they claim Hylsa does not incur the credit expense until Hylsa pays the government. They state that, since Hylsa has not demonstrated that it has extended credit to its customers on the VAT amount, the Department should not include VAT in the credit calculation base price.

Hylsa responds that it extends credit on the VAT amount since it is part of the invoice total. Therefore, it is appropriate to include this amount in the credit base since it properly reflects the opportunity cost incurred by Hylsa.

*DOC Position*

We agree with Hylsa. As above with respect to the separately-invoiced freight expenses (Comment 7), while Hylsa's customers pay Hylsa the full amount of the assessed VAT, the customers do not pay it for the imputed opportunity cost Hylsa incurs on that invoiced item from the time of shipment until the time of payment. Therefore,

this amount is properly included in the credit expense calculation base.

#### Continuation of Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of standard pipe that are entered, or withdrawn from warehouse, for consumption on or after April 28, 1992, the date of publication of our preliminary determination in the *Federal Register*. The Customs Service shall require a cash deposit or bond equal to the estimated amount by which the FMV of the merchandise subject to this investigation exceeds the U.S. price, as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

| Producer/manufacture/exporter | Weighted-average margin percentage |
|-------------------------------|------------------------------------|
| HYLSA, S.A. de C.V. ....      | 32.62                              |
| All Others .....              | 32.62                              |

#### ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

#### Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.35(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.,

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22562 Filed 9-16-92; 8:45 am]

BILLING CODE 3510-06-M

[A-485-802]

#### Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Romania

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

EFFECTIVE DATE: September 17, 1992.

#### FOR FURTHER INFORMATION CONTACT:

David J. Goldberger or Louis Apple, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-4136, or (202) 377-1769, respectively.

#### Final Determination

We determine that circular welded non-alloy steel pipe (standard pipe) from Romania is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

#### Case History

Since the issuance of our notice of preliminary determination on (57 FR 17690 (April 29, 1992)), the following events have occurred:

Based on the April 29, 1992, request of Metalexportimport, S.A. (MEI), the respondent in this investigation, we postponed the final determination until September 10, 1992 (57 FR 22206 (May 27, 1992)).

We received requests for a public hearing from MEI on April 23, 1992, and from the petitioners on May 5, 1992.

Petitioners and MEI filed case briefs on July 13, 1992, and rebuttal briefs on July 20, 1992. A public hearing was held on July 22, 1992.

#### Scope of Investigation

The merchandise subject to this investigation is circular welded non-alloy steel pipes and tubes, of circular cross-section, not more than 406.4 millimeters (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structured or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are

used in standard pipe applications. All carbon steel pipes and tubes within the physical description outline above are included within the scope of this investigation, except in line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90.

Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Period of Investigation

The period of investigation (POI) is April 1, 1991, through September 30, 1991.

#### Fair Value Comparisons

To determine whether sales of standard pipe from Romania to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

#### United States Price

We calculated USP using the methodology described in the preliminary determination.

#### Foreign Market Value

As discussed in the preliminary determination, we calculated FMV using a factors of production methodology under Section 773(c)(1) of the Act. Romania is considered a nonmarket economy country (NME).

#### Surrogate Country

Section 773(c) of the Act requires the Department to value the factors of production, to the extent possible, in one or more market economy countries that are at a level of economic development comparable to that of the NME and that are significant producers of comparable merchandise. As discussed in the preliminary determination, the Department determined that Thailand, Turkey, Argentina, Malaysia, and Chile are the most comparable to Romania in terms of overall economic development.



based on per capita gross national product (GNP), the national distribution of labor, and growth rate in per capita GNP. Of the countries that are comparable to Romania and produce comparable merchandise, Thailand is the most comparable and therefore is the preferred surrogate country for purposes of valuing the factors of production used in producing the subject merchandise. See also Comment 1. Where Thai factor values were not available, we used available data from the next most comparable surrogate country.

We calculated FMV in the same manner as in the preliminary determination with the following exceptions:

Hot-rolled steel and scrap steel unit values were updated based on publicly available statistical data for Thailand for the POI, rather than for 1990, as utilized in the preliminary determination. In addition, we excluded statistical data for Japanese and Taiwanese hot-rolled steel imports, as discussed in Comment 4.

We used a methane value based on publicly available data for Argentina, instead of a value obtained from the U.S. Embassy in Turkey, as discussed in Comment 8.

The selling, general and administrative (SG&A) expense ratios derived from Thai experience were recalculated to exclude the Thai domestic business tax included in the amounts used in the original calculation. Because the recalculated SG&A ratio applied to certain products is below the statutory minimum of 10 percent, we are using the statutory minimum for those products. See Comment 9.

#### Currency Conversion

When calculating FMV, we made currency conversions in accordance with 19 CFR 353.60(a). For conversions from Thai currency, we used the official exchange rates as certified by the Federal Reserve Bank.

#### Interested Party Comments

##### Comment 1

MEI argues that Indonesia, rather than Thailand, is the appropriate surrogate country for purposes of calculating FMV. MEI bases its assertion on the comparison of Romania's 1991 per capita GNP estimates to Indonesia's per capita GNP which, it contends, shows that Indonesia is the most comparable country.

Petitioners support the continued use of Thailand as the surrogate country. Petitioners contend that a change to Indonesia at this point is untimely and

inappropriate. Moreover, petitioners note that Indonesia was not among any of the proposed surrogate countries cited in the Department's surrogate country selection memorandum of December 3, 1991, as prepared by the Department's Office of Policy. Citing Final Results of Administrative Review: Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from France et. al.), 57 FR 28422 (June 24, 1992) (AFSs), petitioners maintain that the Department may only select a surrogate country from the list of surrogates provided by the Department's Office of Policy.

#### DOC Position

The Department continues to hold that Thailand is the most appropriate surrogate country for this investigation, based on the reasoning detailed in the surrogate country selection memorandum of December 3, 1991. Our reasons for selecting Thailand were further detailed in a February 10, 1992 memorandum, in which we pointed out that the information now cited by MEI to support its position was inconsistent with other data on the Romanian economy.

As the February 10 memorandum points out, the price inflation in Romania during October 1990-June 1991 far exceeded the decline in Romanian output, making extremely unlikely a decline in Romania's nominal (*i.e.*, as expressed in current Romanian lei) GNP. Given this fact, it is reasonable to reject respondent's claim, which is based on an income estimate that implies an absolute decline in Romania's lei GNP over the 1990-1991 period. The "low", lei-denominated income estimate on which MEI's claim is based is not a nominal income figure; most likely it has been "deflated" (*i.e.*, adjusted downward for inflation). Using a deflated income estimate and a dollar-lei market exchange rate, which itself reflects the inflation in Romania, results in a double discounting of Romanian GNP for inflation. It is this double counting that makes MEI's estimate unacceptable; it is also this double counting that explains why MEI's income estimate is so low relative to the Department's estimate.

##### Comment 2

MEI objects to the use of data from Foreign Trade Statistics of Thailand (FTST) for calculating the Thai surrogate value of hot-rolled steel material inputs. Thailand is not a producer of hot-rolled steel coil and, citing Final Determination of Sales at Less than Fair Value: Urea from Romania, 52 FR 19553 (May 26, 1987) and Final Determination of Sales

at Less than Fair Value: Urea from the German Democratic Republic, 52 FR 19549 (May 26, 1987), MEI contends that the Department must select a surrogate country that is a producer of key inputs. As Thailand is not a producer of hot-rolled steel, MEI holds that the Department has inherently biased the calculation of this key surrogate value by using values derived from import values of merchandise imported from Japan, Korea, and Taiwan. Nevertheless, if Thai prices are to be used as the basis for the surrogate value of hot-rolled steel, MEI objects to the use of FTST data for steel inputs because the unit value is derived from "basket" Thai HTS categories that include higher value pickled or patterned-in-relief steel, in addition to the basic, commodity grade hot-rolled steel used by the Romanian manufacturer, Tepro, S.A. (Tepro). Accordingly, MEI contends that this surrogate value should be calculated based on the specific type of steel used by Tepro, which is not possible with the FTST data. As its preferred alternative, MEI proposes the use of unit values derived from the European Economic Community (EEC) Export Statistics of shipments to Thailand. MEI states that this data is superior to FTST data because the trade statistics are classified in such a way as to allow calculation of a unit value based on the specific type of steel used by Tepro.

Petitioners argue that the Department was correct to use FTST data to value hot-rolled steel since they are public, published data and thus, citing Final Determination of Sales at Less than Fair Value: Butt-Weld Pipe Fittings from the People's Republic of China, 57 FR 21058 (May 18, 1992), (PRC Pipe Fittings), the preferred source for factor valuation purposes. Petitioners also contend, citing the same case, that even if the FTST data were based on basket categories, the Department's continued use of these data would be in keeping with its practice of preferring the use of basket categories from the surrogate country over other sources of data.

#### Doc Position

Section 773(c)(4) of the Act only requires the Department to select a surrogate country that is a significant producer of comparable merchandise, and does not require that the country also produce the inputs for manufacturing that merchandise. Accordingly, we determine that it is proper to value hot-rolled steel based on Thai prices.

As we stated in PRC Pipe Fittings, our preference is to calculate a surrogate value based on published, publicly

available data in the first choice surrogate country. The FTST data are exactly the sort of data that meet this criterion. The import categories used for hot-rolled steel are sufficiently specific to cover the type of steel used by Tepro for its subject merchandise production. Further, unlike the EEC data, FTST data account for all of Thailand's imports during the period of time covered by the data. While also publicly available and perhaps more specific with respect to the type of steel covered, the EEC data are inferior to the FTST data because they only cover a fraction—around five percent—of the steel imported into the Thai market. In contrast, FTST data cover 100 percent of Thai steel imports and, thus, are far more representative of Thai imports.

#### *Comment 3*

MEI proposes that, if the Department rejects the use of EEC statistics for valuing hot-rolled steel inputs, published Metal Bulletin prices should be used. MEI contends that the Metal Bulletin prices reflect general European market prices available to Romanian users and are indicative of actual prices. Should these prices be used, MEI further argues that the price should be adjusted to deduct commissions and discounts, and to reflect the steel quality used by Tepro.

#### *DOC Position*

As discussed above in Comment 2, we hold that FTST data are most appropriate for valuing steel inputs. Moreover, we have no legal basis to consider Metal Bulletin prices as surrogate values. Section 773(c)(4) of the Act requires the Department to value the factors of production in the surrogate country. Metal Bulletin prices are world values, not specific to the surrogate country, and thus cannot be used for surrogate values.

#### *Comment 4*

MEI contends that, if the FTST data are to be used for valuing steel factors, several adjustments should be made. First, the Department should calculate the unit value using FTST data for January through September 1991, rather than the POI (April through September 1991), since the longer period provides the Department with a more representative value based upon a longer period of time rather than the POI "snapshot". Second, MEI contends that the unit value should be adjusted to deduct the costs of ocean freight included in the FTST data. Third, MEI asserts that the values of Thai imports from NME countries should not be excluded from the calculation because the Department has no basis to do so.

Fourth, MEI contends that the unit value should be adjusted downward by 50 dollars per metric ton to account for the inclusion of pickled or patterned steel in the data. Finally, MEI argues that Japanese and Taiwanese data should be excluded in calculating the weighted-average unit value because the higher unit value from these two sources means it is likely that imports from these countries include value-added and/or higher quality merchandise that is not used by Tepro in its production of the subject merchandise.

Petitioners contend that ocean freight costs should not be deducted from the FTST data because the Department should be concerned with what the input costs a producer in the surrogate country. Since all Thai producers must import hot-rolled steel, all will incur ocean freight charges as part of the price of the steel input. Petitioners state that it is proper for the Department to exclude NME imports from its calculation as the Department has excluded such data in other proceedings because the prices charged by state owned producers in NME countries do not necessarily reflect market forces. Petitioners argue that to adjust the unit value for allegedly higher value products is not possible at this point since there is no evidence on record as to the additional costs of these products. Finally, petitioners maintain that the Department should not exclude Japanese or Taiwanese steel imports from the value calculation since the world steel market contains a range of prices and to conclude that these imports are different solely because they are more expensive is pure speculation.

#### *DOC Position*

We agree with petitioners on all points except the last. Our analysis of the specific FTST data used shows a substantial difference in price between Thai imports from Japan and Taiwan, and imports from other countries. The weighted-average unit values of Japanese and Taiwanese imports is nearly 60 percent greater than the weighted-average unit values for imports from all other countries. This price difference alone does not demonstrate conclusively that these imports are physically different than the other imports, as suggested by MEI. Nevertheless, given the range of products covered by this HTS category, it is reasonable to assume that such prices probably reflect types of steel that are of a higher quality than the basic low-quality steel used by Tepro. Excluding these imports from our calculations results in a surrogate value that is a more reasonable indication of a market-based price for the type of steel used. We therefore excluded Thai

imports of Japanese and Taiwanese steel in our final calculation.

No further changes to the FTST-based value calculation have been made. Our normal practice is to base all costs and expenses, where practical, on those incurred in the POI, to insure consistency in all calculations. We continue to exclude NME exports to Thailand since the prices charged by state owned producers in NME countries do not necessarily reflect market forces. Since there is no domestic producer of steel, the Thai producer must import the raw materials and will therefore incur ocean freight charges. Thus, ocean freight charges should be included because they are a part of the input costs for a producer in the surrogate country. Finally, we find no objective basis to make further adjustments to the value because of alleged physical differences in the merchandise.

#### *Comment 5:*

MEI contends that, since the FTS value for lacquer is acknowledged to have been derived from a "basket" category which included paints and enamels as well as lacquer, this value should be rejected and the lacquer value submitted by MEI, as obtained by MEI from Thai lacquer price quotes, should be used.

Petitioners maintain that the Department should reject MEI's data since they are derived from an unverified source, whereas the FTST data were obtained from a published, publicly available source.

#### *DOC Position:*

We agree with petitioners. The FTST data are preferred (see PRC Pipe Fittings) since the information is public, published data. MEI's submitted price quotes cannot be accepted because this information, obtained independently from MEI's own sources, may be self-serving and is unverified.

#### *Comment 6:*

MEI argues that the Department should not adjust any pre-POI surrogate values for Thai rates of inflation since these adjustments are applied to import data which reflect price levels in the country of exportation, rather than Thailand.

#### *DOC Position:*

We disagree. The Department has consistently adjusted all noncontemporaneous surrogate values, including import data, for inflation based on the inflation rate in the surrogate country. See, e.g., Final Determination of Sales at Less Than Fair Value: Lug Nuts from the People's Republic of China, 56 FR 46153

(September 10, 1991), and Final Determination of Sales at Less Than Fair Value: Oscillating Fans and Ceiling Fans from the People's Republic of China, 56 FR 55271 (October 25, 1991). This adjustment is appropriate in order to accurately reflect the price levels and general conditions in the surrogate country during the POI. Accordingly, we consider import prices to be a component of price levels in the surrogate country. Therefore, we adjusted the data to reflect the inflation rate in Thailand.

#### *Comment 7*

MEI claims that the Department double-counted energy costs in its FMV calculation for the preliminary determination because the factory overhead data used to calculate the factory overhead percentage already included these energy costs. MEI states that, based on its analysis of the information used to calculate the factory overhead ratio (*i.e.*, the public version of an antidumping duty questionnaire response submitted by a Thai producer of standard pipe in another proceeding), there is no basis to believe that the overhead costs reported by the Thai respondent were exclusive of energy costs.

Petitioners argue that MEI's claim of double-counted overhead is mere speculation since MEI offers no factual basis for its assertion that the Thai respondent's overhead rate already includes these energy costs. Petitioners also maintain that energy costs are not normally an element of overhead.

#### *DOC Position*

In responding to this comment, it must be noted that two types of energy consumption are involved. First, there is the energy consumption that is incurred as part of factory overhead, such as for climate control and lighting. Second, there is the energy consumption that is incurred for production line use. In the questionnaire response, the latter consumption was the type reported for the energy factors of production. Thus, we agree with the petitioner that MEI has no basis for their claim that costs for production line energy consumption were double-counted. In addition, our valuation methodology for this factor is consistent with Tepro's accounting, where overall factory energy consumption (*e.g.*, factory lights, heat, etc.) is included in overhead and thus is part of the factory overhead calculation, while production line energy consumption is measured and valued separately.

#### *Comment 8*

MEI argues that the Turkish methane price obtained from the U.S. Embassy in

Turkey and used in the preliminary determination is unreasonable for valuing this factor because the price used is an annual average, which is inappropriate for a high-inflation economy such as Turkey's where a more specific date for a value must be used. Further, MEI states that the Turkish value reported is inconsistent with world methane prices, based on information MEI submitted for the record. As alternatives, MEI proposes the use of either prices in Argentina or Chile, alternative surrogate countries, obtained from publicly available statistical sources as submitted by MEI, or a 1984 Thai methane price cited in a 1986 Court of International Trade (CIT) proceeding.

Petitioners contend that, since Thai data on methane prices was not available, the Department was correct in choosing a methane price from the second most comparable surrogate country, Turkey. Moreover, petitioners reject the use of the 1984 Thai methane price because it is too untimely.

#### *DOC Position*

We agree that, as the Turkish economy experienced high inflation during 1991, time specificity of data is important. Since the Turkish price reported appears to be an annual average, we cannot accurately account for Turkey's high inflation in using this price. We agree with petitioners that the Thai price suggested by MEI is inappropriate since the quote was obtained at least seven years prior to the POI. Accordingly, we have used a methane value based on the January 1990 Argentine value obtained from publicly available published data, as submitted by MEI prior to the preliminary determination, and adjusted to the POI for Argentine inflation.

#### *Comment 9*

MEI contends that the Thai selling, general, and administrative (SG&A) ratios used in the preliminary determination for calculating FMV should be adjusted to exclude Thai business tax expenses from the data used to calculate the ratios. MEI contends that, according to the source of the SG&A data, the Thai business tax is only charged on domestic sales and thus must be excluded when calculating FMV.

#### *DOC Position*

Our analysis of the information submitted for calculating SG&A shows that the business tax would not be assessed if the merchandise were to be exported. Thus, we agree with MEI that

this expense should be excluded from our SG&A ratio calculations.

Our recalculation of the SG&A ratios for the two types of standard pipe products results in one of these ratios falling below the statutory minimum of 10 percent. For those products, we have therefore applied the statutory minimum in calculating SG&A.

#### *Comment 10*

Petitioners contend that the Department should adjust the Thai ratios for factory overhead and SG&A used in the preliminary determination, as derived from public versions of 1988 antidumping duty questionnaire responses, to account for cost changes between 1988 and the POI. According to petitioners, the price changes for material and labor inputs between 1988 and the POI result in higher factory overhead and SG&A ratios that more accurately estimates surrogate country experience during the POI.

MEI maintains that there is no evidence that the Thai respondents in the 1988 proceeding experienced a decrease in its raw material costs, as suggested by petitioners. MEI counters that raw material prices have actually increased since 1988, which, in turn, would result in a reduction of the overhead and SG&A ratios, rather than an increase.

#### *DOC Position*

Petitioners' assertion rests on speculation regarding the input prices used to calculate these ratios. Rather than revise the valuation of these factors based on such speculation, we continue to calculate these ratios based on the actual data provided.

#### *Continuation of Suspension of Liquidation*

We are directing the U.S. Customs Service to continue suspension of liquidation of all entries of circular welded non-alloy steel pipe from Romania, as defined in the "Scope of Investigation" section of this notice that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. The U.S. Customs Service shall require a cash deposit or bond equal to the estimated weighted-average amount by which the foreign market value of the subject merchandise exceeds the United States price as shown below. The suspension of liquidation will remain in effect until further notice.

The weighted-average dumping margins for Metalexportimport, S.A., and all others is 14.90%.

**ITC Notification**

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

**Notification to Interested Parties**

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.35(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.,  
Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22563 Filed 9-16-92; 9:45 am]  
BILLING CODE 3510-06-M

[A-583-814]

**Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Taiwan**

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

EFFECTIVE DATE: September 17, 1992.

FOR FURTHER INFORMATION CONTACT:  
Erik Warga, Office of Antidumping  
Investigations, Import Administration,  
International Trade Administration, U.S.  
Department of Commerce, 14th Street  
and Constitution Avenue NW.,  
Washington, DC 20230; telephone: (202)  
377-8922.

**Final Determination**

We determine that imports of circular welded non-alloy steel pipe (standard pipe) from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV) as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

**Case History**

Since our preliminary determination (57 FR 17892, April 28, 1992), the following events have occurred:

On May 5, 1992, Yieh Hsing Enterprise Co., Ltd., (Yieh Hsing), an exporter accounting for a significant proportion of exports of standard pipe from Taiwan, requested that we postpone our final determination. We published a notice postponing the final determination until not later than September 10, 1992 (57 FR 22208, May

27, 1992). On May 5, 1992, petitioners requested that a public hearing be held in this proceeding; that request was withdrawn on May 27, 1992.

Verification took place May 18-21, 1992, at the offices of Kao Hsing Chang Iron & Steel Corp. (KHS) in Kaohsiung, Taiwan. Petitioners filed a case brief on June 9, 1992. Neither respondent filed a case brief, and no party filed a rebuttal brief.

**Scope of Investigation**

The merchandise subject to this investigation is (1) circular welded non-alloy steel pipes and tubes, of circular cross-section over 114.3 millimeters (4.5 inches), but not over 406.4 millimeters (16 inches) in outside diameter, with a wall thickness of 1.65 millimeters (0.065 inches) or more, regardless of surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled); and (2) circular welded non-alloy steel pipes and tubes, of circular cross-section less than 406.4 millimeters (16 inches), with a wall thickness of less than 1.65 millimeters (0.065 inches), regardless of surface finish (black, galvanized, or painted) or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes, within the physical description outlined above, are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 7306.30.10.00,

7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

**Period of Investigation**

The period of investigation (POI) is April 1, 1991, through September 30, 1991.

**Such or Similar Comparisons**

We have determined that all the products covered by this investigation constitute a single category of such or similar merchandise.

**Fair Value Comparisons**

To determine whether sales of standard pipe from Taiwan to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice. We used best information available (BIA) as required by section 778(c) of the Act and 19 CFR 353.37 because (1) Yieh Hsing failed to provide requested information in a timely manner and (2) KHC's response could not be verified. See Comments 1 and 2 in the "Interested Party Comments" section of this notice.

Given that KHC responded to all of the Department's requests for information, we are considering it to be a cooperative respondent, even though verification revealed significant inconsistencies in the information reported by KHC. We have, therefore, consistent with our normal practice, determined BIA for KHC to be the average of margins calculated based on information in the petition. See Final Antidumping Duty Determination: Aspheric Ophthalmoscopy Lenses from Japan, 57 FR 6703 (February 27, 1992).

Yieh Hsing, however, failed to respond to the Department's second deficiency letter by the April 14, 1992, deadline. As such, we consider it to be an uncooperative respondent. Accordingly, we have determined BIA to be the highest of the margins calculated based on information in the petition.

**United States Price**

We calculated USP for both KHC and Yieh Hsing using the methodology described in the preliminary determination.

**Foreign Market Value**

We calculated FMV for both KHC and Yieh Hsing using the methodology

described in the preliminary determination.

#### Currency Conversion

We made all currency conversions in accordance with 19 CFR 353.60 (1992) by using the exchange rates certified by the Federal Reserve Bank of New York.

#### Verification

As provided in section 776(b) of the Act, we attempted to verify information provided by KHC by using standard verification procedures, including the examination of relevant sales and financial records, and selection of original source documentation containing relevant information. No verification of Yieh Hsing was conducted because its response was unusable and it failed to respond to our deficiency letter.

#### Interested Party Comments

##### Comment 1

Petitioners contend that still-unremedied deficiencies in the information submitted by KHC warrant the use of BIA for the final determination. Specifically, petitioners contend that KHC improperly calculated its adjustment for differences in merchandise; failed to file a printout of its most recent encoded data submission; and submitted data that were improperly formatted. Thus, petitioners argue, the Department should rely on information in the petition as the basis for its final determination.

##### DOC Position

We agree. Verification revealed that KHC had failed to report numerous home market sales, including all home market sales of galvanized pipe. KHC's failure to report these sales casts doubt upon whether KHC's model matching methodology was in accordance with the Department's hierarchy set forth in the questionnaire that was presented to KHC. We also discovered at verification that KHC had improperly reported packing expenses, credit expenses, rebates, and commissions for home market sales, and packing expenses and credit expenses for U.S. sales. In addition, KHC's encoded data contained numerous typographical and formatting errors. Thus, KHC's responses are replete with deficiencies and cannot be relied upon for purposes of determining whether and to what extent KHC is selling the subject merchandise at less than fair value in the United States.

##### Comment 2

Petitioners contend that Yieh Hsing's failure to respond to the Department's supplemental deficiency letter warrants

the use of BIA for purposes of the Department's final determination. As BIA, petitioners urge the Department to continue to use the highest margin in the petition as was done for the preliminary determination.

##### DOC Position

We agree. As stated in our preliminary determination, Yieh Hsing's failure to respond to our second deficiency letter leaves the Department no choice but to base its determination on BIA. We therefore have based our final determination on information in the petition.

##### Comment 3

Petitioners contend that the Department must, pursuant to section 772(d)(1)(C) of the Act, base its value-added-tax (VAT) adjustment only on the portion of the nominal percentage that is actually passed through to consumers in the home market. Petitioners cite *Zenith Electronics Corp. v. United States*, 633 F. Supp. 1382 (CIT 1986) (Zenith); and *Daewoo Electronics Company, Ltd., v. United States*, 712 F. Supp. 931 (CIT 1989) (Daewoo).

##### DOC Position

Although our fair value comparisons are based on information in the petition, we have nevertheless made the adjustment for VAT as required by section 772(d)(1)(C) of the Act. We do not agree with the U.S. Court of International Trade's decision in *Zenith* and *Daewoo*, but have not had an opportunity to appeal this issue. Consistent with our longstanding practice, we have not attempted to measure the amount of tax incidence in the home market. We do not believe that the statutory language limiting the amount of adjustment to the amount of commodity tax "added to or included in the price" of pipe and tube sold in Taiwan requires us to measure the home market tax incidence.

##### Continuation of Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of standard pipe from Taiwan entered, or withdrawn from warehouse, for consumption on or after April 28, 1992, the date of publication of our preliminary determination in the *Federal Register*. The Customs Service shall require a cash deposit or bond equal to the estimated amount by which the FMV of the merchandise subject to this investigation exceeds the U.S. price, as shown below. This suspension of

liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

| Producer/manufacturer/exporter          | Margin percentage |
|---|-------------------|
| Kao Hsing Chang Iron & Steel Corp. .... | 19.46             |
| Yieh Hsing Enterprise Co., Ltd. ....    | 27.65             |
| All others .....                        | 23.56             |

#### ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

#### Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.35(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.,

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22564 Filed 9-16-92; 8:45 am]

BILLING CODE 3510-06-01

[A-307-905]

#### Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Venezuela

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

EFFECTIVE DATE: September 17, 1992.

FOR FURTHER INFORMATION CONTACT: Judith Wey or Steve Alley, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-8320 or (202) 377-5288, respectively.

#### Final Determination

We determine that circular welded non-alloy steel pipe (standard pipe) from Venezuela is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the

"Suspension of Liquidation" section of this notice.

#### Case History

Since the issuance of our notice of preliminary determination (57 FR 17893 (April 28, 1992)), the following events have occurred:

Based on the April 27, 1992, request of C.A. Conduven (Conduven), the respondent in this investigation, we postponed the final determination until September 10, 1992 (57 FR 22208, May 27, 1992).

We received a request for a public hearing from petitioners on May 5, 1992. On May 28, 1992, Conduven informed the Department that it would no longer actively participate in this investigation and cancelled verification. Petitioners withdrew their request for a public hearing on May 28, 1992. Petitioners submitted a case brief on July 17, 1992.

#### Scope of Investigation

The merchandise subject to this investigation is circular welded non-alloy steel pipes and tubes, of circular cross-section, not more than 406.4mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the

following Harmonized Tariff Schedule (HTS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Period of Investigation

The period of investigation (POI) is April 1, 1991, through September 30, 1991.

#### Such or Similar Comparisons

We have determined that all the products covered by this investigation constitute a single category of such or similar merchandise.

#### Fair Value Comparisons

To determine whether sales of standard pipe from Venezuela to the United States were made at less than fair value (LTFV), we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice. Because the respondent chose not to participate in this investigation and did not allow verification, in accordance with section 776(c) of the Act, we based our results on best information available (BIA). We have determined that the BIA was information contained in the petition. As an uncooperative respondent, we have assigned Conduven the highest of the margins calculated based on the information in the petition.

#### United States Price

We based USP on information provided in the petition. Petitioners provided U.S. prices based on the average customs value of imported standard pipe during the second quarter of 1991.

#### Foreign Market Value

We based FMV on information provided in the petition. Petitioners based FMV on actual home market price quotations from Venezuelan producers of standard pipe and from retail sellers of standard pipe in Venezuela. The petitioners adjusted, where appropriate, for quantity discounts, cash discounts, and distributor and retailer mark-ups.

#### Currency Conversion

No certified rates of exchange, as furnished by the Federal Reserve Bank of New York, were available for Venezuela for the POI. In place of the official certified rates, we used the average quarterly exchange rates

published by the International Monetary Fund.

#### Interested Party Comments

Although numerous comments were submitted by petitioners, they are not being addressed here because of Conduven's decision not to participate in this investigation, compelling us to base this determination on BIA. Only the comment concerning the use of total BIA is addressed below.

#### Comment 1

Petitioners assert that the refusal of Conduven to provide the information requested by the Department and allow verification requires the Department to use BIA. As BIA, petitioners contend that the Department should use the highest margin in the petition, modified by updated exchange rates.

Petitioners argue that the Department should adjust the bolivar-denominated Venezuelan price data in the petition to reflect the average exchange rate for the period of investigation. While the Department used an average exchange rate for the second quarter of 1991 in the preliminary determination, petitioners contend that, since the POI spans the entire second and third quarters of 1991, an average exchange rate for the six-month period is more appropriate.

#### DOC Position

We agree with petitioners, in part. We have based Conduven's final determination margin on BIA and, as an uncooperative respondent, we have assigned Conduven the highest of the margin's calculated based on the information in the petition. We disagree with petitioners concerning the appropriate exchange rate, however. Since USP is based on second quarter 1991 import data, our use of the second quarter 1991 exchange rate is consistent with Department practice of converting FMV on the date of the U.S. sale.

#### Continuation of Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of circular welded non-alloy steel pipe that are entered, or withdrawn from warehouse, for consumption on or after April 28, 1992, the date of publication of our preliminary determination in the *Federal Register*.

The product under investigation is also subject to a countervailing duty investigation. Article VI.5 of the General Agreement of Tariffs and Trade (GATT) provides that "[n]o . . . product shall be



subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act which prohibits assessing dumping duties on the portion of the margin attributable to an export subsidy. In this case, however, because the subsidy has been determined to be a domestic subsidy rather than an export subsidy, no adjustment to the estimated dumping margin is required.

The Customs Service shall require a cash deposit or bond equal to the estimated amount by which the FMV of the merchandise subject to this investigation exceeds the U.S. price, as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

| Producer / manufacturer / exporter | Weighted-average margin percentage |
|------------------------------------|------------------------------------|
| C.A. Conduven.....                 | 52.51                              |
| All others.....                    | 52.51                              |

#### ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

#### Notification to Interested Parties

This notice also serve as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.35(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.,

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22585 Filed 9-16-92; 8:45 am]

BILLING CODE 3510-06-M

[C-307-906]

#### Final Affirmative Countervailing Duty Determination and Countervailing Duty Order: Circular Welded Non-Alloy Steel Pipe From Venezuela

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

EFFECTIVE DATE: September 16, 1992.

FOR FURTHER INFORMATION CONTACT: Elizabeth Graham or Larry Sullivan, Office of Countervailing Investigations, Import Administration, U.S. Department of Commerce, room B099, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-4105 or 377-0114, respectively.

#### Final Determination

The Department determines that benefits which constitute bounties or grants within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Venezuela of circular welded non-alloy steel pipe.

For information on the estimated net bounty or grant, please see the "Suspension of Liquidation" section of this notice.

#### Case History

Since the publication of the preliminary determination (57 FR 24470 (June 9, 1992)), the following events have occurred.

We verified the information used in making our preliminary determination from June 22 through June 28, 1992.

On June 25, 1992, we aligned the final countervailing duty determination with the final antidumping duty determination (57 FR 29290 (July 1, 1992)).

Parties submitted case and rebuttal briefs on August 11 and 18, 1992, respectively.

#### Scope of Investigation

The merchandise subject to this investigation is circular welded non-alloy steel pipes and tubes, of circular cross-section, not more than 406.4mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are

used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redrafs, finished scaffolding, and finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Analysis of Programs

For purposes of this final determination, the period for which we are measuring bounties or grants (the review period) is calendar year 1991, which corresponds to the fiscal year of SIDOR. Based upon our analysis of the petition, responses to our questionnaires, verification and written comments from respondents and petitioners, we determine the following:

#### 1. Program Determined To Confer Bounties Or Grants

We determine that bounties or grants are being provided to manufacturers, producers, or exporters in Venezuela of circular welded non-alloy steel pipe as follows:

#### Export Bond Program

The Export Bond Program was established in 1973. The program was designed to provide partial compensation for the requirement that exporters convert export earnings at an official exchange rate significantly lower than the free market exchange rate. The export bonds can only be used for the payment of taxes; they cannot be redeemed for cash. The value of the export bond is based on a percentage of the f.o.b. value of the product exported. The applicable export bond percentage for a company corresponds to that company's national value-added percentage. To receive an export bond, exporters must submit the following export documents to their commercial bank: (1) Commercial Invoice; (2) Bill of Lading; (3) Certificate of Income on Foreign Currency; (4) Export Manifest;

and (5) Classification de Valor Agregado Nacional (includes national value-added percentage (VAN)). The application documents are reviewed by the commercial bank and forwarded to the Central Bank of Venezuela which issues the export bond.

Because this program is limited to exporters, we determine that this program confers an export bounty or grant on standard pipe. To calculate the benefit for the review period, we divided the bolivar amount of bonds earned on export sales of standard pipe to the United States by the export sales of standard pipe to the United States. On this basis, we calculated a net bounty or grant of 3.61 percent *ad valorem*.

On June 13, 1991, the Ministry of Foreign Relations and the Ministry of Finance excluded all manufactured products, including standard pipe, from eligibility for the Export Bond Program. In Preliminary Affirmative Countervailing Duty Investigation: Gray Portland Cement and Clinker from Venezuela, 56 FR 41522 (August 21, 1991) we verified, prior to the signature of the suspension agreement, that this program was in fact terminated. Consistent with our policy of taking into account any measurable program-wide changes that occur before the preliminary determination, we are taking into account the termination of the export bond program for duty deposit purposes. See, e.g., section 355.50 of the Department's proposed regulations (Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comments, 54 FR 23386 (May 31, 1989) (Proposed Regulations)). Therefore, the duty deposit rate for this program is zero for all manufacturers, producers, and exporters in Venezuela of standard pipe.

## II. Upstream Subsidy Analysis

The petitioners have alleged that manufacturers, producers, and exporters of standard pipe in Venezuela receive benefits in the form of upstream subsidies. Section 771A of the Tariff Act of 1930, as amended ("the Act") defines upstream subsidies as follows: The term "upstream subsidy" means any subsidy by the government of a country that:

(1) Is paid or bestowed by that government with respect to a product (hereinafter referred to as an "input product") that is used in the manufacture or production in that country of merchandise which is the subject of a countervailing duty proceeding;

(2) In the judgment of the administering authority bestows a

competitive benefit on the merchandise; and

(3) Has a significant effect on the cost of manufacturing or producing the merchandise.

Each of the three elements listed above must be satisfied in order for the Department to determine the existence of an upstream subsidy.

a. *Upstream Subsidies Bestowed Upon the Input Product.* SIDOR, the only upstream producer in this investigation, did not respond to the Department's questionnaire. Therefore, we have determined, in accordance with section 776(c) of the Act, that the use of best information available (BIA) is appropriate for SIDOR. Section 776(c) requires the Department to use BIA whenever a party or any other person refuses or is unable to produce information requested in a timely manner and in the form required, or otherwise significantly impedes an investigation.

Where the petition included information which allowed us to value the subsidy under a given program, we used that value. Where petitioners did not supply adequate information to value the alleged subsidy, we looked to prior Venezuelan CVD investigations for that information in accordance with Department practice (see, e.g., *Industrial Belts from Israel*, 54 FR 15509 (April 18, 1989)). Because none of these cases established a rate for the subsidies alleged by petitioners in this investigation, we did not include BIA rates for those programs in our overall BIA determination. Based on the information provided in the petition regarding subsidies allegedly received by SIDOR, we calculated a bounty or grant rate for SIDOR of 31.23 percent *ad valorem*.

b. *Competitive Benefit.* In determining whether subsidies to an upstream supplier confer a competitive benefit within the meaning of section 771A(a)(2) of the Act on the producer of the subject merchandise, section 771A(b) directs that a competitive benefit has been bestowed when the price for the input product is lower than the price that the manufacturer or producer of merchandise which is the subject of a countervailing duty proceeding would otherwise pay for the product in obtaining it from another seller in an arms-length transaction.

Section 355.45(d) of the Proposed Regulations offers the following hierarchy of benchmarks for determining whether a competitive benefit exists:

In evaluating whether a competitive benefit exists . . . the Secretary will determine

whether the price for the input product is lower than:

(1) The price which the producer of the merchandise otherwise would pay for the input product, produced in the same country, in obtaining it from another unsubsidized seller in an arm's-length transaction; or

(2) A world market price for the input product.

Therefore, we first look for the price at which the standard pipe producer, Conduven, could have bought the input from an unsubsidized supplier in Venezuela. SIDOR is the only known Venezuelan producer of flat-rolled steel. As noted above, based on BIA, we have determined that SIDOR, Conduven's supplier, received benefits under certain of the upstream subsidy programs alleged in the petition. Lacking an unsubsidized price in Venezuela, we must look to a world market price as a benchmark. Because a published world market price for flat-rolled steel does not exist, we constructed such a price for calendar year 1991 by averaging the following data:

(a) Prices published in the Metal Bulletin for "hot coil" traded on the steel trading exchange in Brussels;

(b) Prices published by the Metal Bulletin for "hot-rolled coil (dry)" sold by steel companies in Latin America;

(c) Export prices for U.S. flat-rolled steel as provided by the U.S. Census Bureau (these data and the data from the two sources listed below include only the prices for the three HTS categories of hot-rolled steel in flat-rolled coils which, according to Persico, correspond to the steel it uses in its production of standard pipe);

(d) Export prices for Korean hot-rolled steel in flat-rolled coils as provided by official Korean export statistics; and

(e) Export prices for Japanese hot-rolled steel in flat-rolled coils as provided by official Japanese export statistics.

We collected the prices listed under (a) and (b) on a weekly basis and the prices listed under (c) through (e) on a monthly basis. We then calculated a simple average of these prices for each month, expressed in U.S. dollars per metric ton, f.o.b.

In our preliminary determination, we compared the price Conduven paid SIDOR for flat-rolled steel to the "world market price," unadjusted for delivery (i.e., f.o.b.), to determine whether a competitive benefit existed. In this final determination, we compared Conduven's price to the "world market price," as adjusted upward for delivery (i.e., c.i.f.) to determine the existence of a competitive benefit. After considering the extensive comments made by the



petitioners and respondents on this issue (see Comment 1, below), we have determined that the proper statutory focus of any competitive benefit inquiry is the price the producer of the subject merchandise "would otherwise pay" for the subsidized input product. We believe the approach outlined above (i.e., c.i.f. comparison) best measures the competitive benefit bestowed upon the producer of the subject merchandise as it reflects an actual, commercial alternative to purchasing from subsidized domestic suppliers.

Therefore, we made an upward adjustment to the simple average f.o.b. world market price for delivery charges, thereby achieving a c.i.f. price. Because we have constructed a "world market price," i.e., the price Conduven "would otherwise pay" for the input product anywhere on the world market, we assume that Conduven would purchase that input from wherever delivery charges would be the lowest. Thus, we based our upward adjustment on the smallest differential between the f.o.b. and c.i.f. price quotes received by Conduven.

To determine whether a competitive benefit was bestowed on Conduven through its purchases of subsidized flat-rolled steel from SIDOR, we weighted each monthly average world market c.i.f. price by the quantity of flat-rolled steel purchased by Conduven in that month to arrive at a weighted annual benchmark. We then compared this weighted benchmark price to an identically weighted annual price for Conduven and found that Conduven's price was lower. Thus, we found that a competitive benefit was bestowed on Conduven during the POI.

c. *Significant Effect.* In Certain Agricultural Tillage Tools from Brazil: Final Affirmative Countervailing Duty Determination, 50 FR 34525 (August 26, 1985) (Tillage Tools), we established thresholds regarding the existence of a significant effect. We presume no significant effect if the *ad valorem* subsidy rate on the input product multiplied by the proportion of the input product in the cost of producing the merchandise accounts for less than one percent. If the result of the calculation is higher than five percent, we presume that there is a significant effect. If the result is between one and five percent, we examine the effect of the input subsidy on the competitiveness of the merchandise.

In this instance, the product of the total *ad valorem* subsidy rate on the steel input and the proportion of the total production cost of standard pipe accounted for by the steel input exceeds five percent. Therefore, we presume that

the upstream subsidies have a significant effect on the cost of producing the subject merchandise.

d. *Calculation of the Upstream Subsidy to Conduven.* Because the three requirements of section 771A(a) of the Act have been met, we determine that Conduven receives an upstream subsidy through its purchases of flat-rolled steel from SIDOR. As discussed above, the weighted-average world market price for flat-rolled steel during the POI exceeded the weighted-average price Conduven paid SIDOR during the POI for flat-rolled steel. Because the difference between these prices is smaller than the amount of subsidies SIDOR received during the POI, the bounty or grant will be limited, or "capped," by this price differential. See, e.g., Proposed Regulations § 355.45(f).

To calculate the benefit, we divided the price differential between the average world market price and an average of SIDOR's prices to Conduven by the average price Conduven paid for each metric ton of flat-rolled steel. Next, we multiplied the result, by the total value of flat-rolled steel used to produce the standard pipe exported to the United States. This was then divided total sales of standard pipe to the United States. On this basis, we determine that the *ad valorem* bounty or grant received by Conduven from upstream subsidies to be 0.78 percent.

### III. Programs Determined To Be Not Used

- A. Short-Term FINEXPO Financing
- B. Preferential Export Financing
- C. Excessive Tariff Drawbacks
- D. Preferential Financing Company of Venezuela (FTVCA) Financing
- E. VENEXPORT Financing

### IV. Programs Determined Not To Exist

- A. Provision of Preferential Pricing on Raw Materials for Export

### Comments

#### Comment 1

Petitioners assert that the Department erroneously used f.o.b. prices instead of delivered prices to calculate a world benchmark price. According to petitioners, 19 U.S.C. section 1677-1(b)(1) dictates use of a benchmark price that reflects what the manufacturer or producer of the merchandise would otherwise pay for the input product. Petitioners argue that where there are no other domestic producers of an input product, the Department has no discretion but to consider the delivered price that the respondent would otherwise pay for the imported input.

Petitioners further assert that the legislative history demonstrates that Congress intended the Department to use a delivered price as a benchmark price. The legislative history indicates that the provision was intended to codify past Department practice. That practice was reflected in Carbon Steel Wire Rod from Belgium, 47 FR 30541 (July 14, 1982) and Certain Carbon Steel Products from Belgium, 47 FR 26300 (June 17, 1982), where petitioners allege that the Department determined that coal subsidies at most only equalized the prices of domestic and foreign coal, putting them both on the same commercial level. Petitioners assert that by "commercial level," the final cost to the customer must be equivalent. Similarly, in Oil Country Tubular Goods from Korea, 49 FR 46786 (November 28, 1984), the Department found no countervailable upstream subsidy because the price that respondent paid the subsidized domestic supplier was comparable to the price that respondent paid its foreign supplier. Petitioners contend that "price paid" means the delivered price to Korea.

Petitioners also argue that use of a delivered price is consistent with the Department's decisions since the upstream provision was added to the Act. In Certain Circular Welded Carbon Steel Line Pipe from Venezuela, 50 FR 46801, 46804 (November 13, 1985); and Steel Wheels from Brazil, 54 FR 15523, 15527 (April 18, 1989), the benchmark price used in the competitive benefit analysis included freight, insurance and other charges.

Finally, petitioners assert that the premise underlying the Department's preliminary determination is incorrect. That premise is that the benchmark price should be calculated from the point of view of a hypothetical upstream supplier, i.e., it is the price the upstream supplier would charge for the input absent subsidization. Petitioners point out that market forces would cause the unsubsidized domestic price to approximate the delivered world market price.

In response to petitioners' arguments, respondents contend that, prior to its preliminary determination, the Department reviewed the statute, Department regulations, and the legislative history, and concluded that the benchmark should be based on f.o.b. prices. The Department determined that the benchmark should reflect the price the upstream supplier would charge for the import absent the subsidy. Contrary to petitioners' contention, the Department's regulations which list the hierarchy of benchmarks does not

address whether the benchmark should include movement expenses.

Respondents also contest petitioners' argument that Congress intended to codify Department practice in the upstream subsidy legislation. They state that prior to the passage of the upstream provision, there was no consistent Department practice concerning this issue. Additionally, the Belgian cases cited by petitioners did not discuss the use of delivered prices in the calculation of the benchmark. Petitioners have no real basis to conclude that reference in those cases to "comparisons on the same commercial terms" meant that the Department included delivery costs in its calculation of the benchmarks. Additionally, respondents point out that in companion legislation, addressing this same issue, Congress intended benchmark input prices to be exclusive of the same costs petitioners argue should be included in this case.

Respondents further maintain that Department practice in prior upstream cases is irrelevant to this investigation. The Department has the authority to depart from its past practice when the information and record before the Department requires a change. Respondents argue that this is particularly true in this case, since there have been so few previous upstream subsidy cases.

Respondents also address petitioners' argument that the benchmark should be a delivered price because unsubsidized, profit maximizing firms will price their product at a level approximately the only viable alternative price, i.e., the imported delivered price. Respondents emphasize that there is no single world market price with which SIDOR competes. In setting its prices, SIDOR reviews export prices from various sources, which reflect differences in quality, specifications, delivery schedules, credit terms, etc.

When Conduven makes its sourcing decisions it also looks at several factors, including exchange rate risk. As discussed at verification, Conduven did not source abroad during 1991, due to the instability of the Venezuelan economy and unpredictable exchange rates.

#### DOC Position

After careful consideration of the arguments submitted on this issue, the Department has reconsidered its position in the preliminary determination and agrees with petitioners that the Department should use delivered prices to adjust its calculation of a benchmark price for flat-rolled steel. While neither the statute nor the Department's proposed

regulations specify the basis for calculation of a benchmark price, section 771A of the Act does refer to "... the price that the manufacturer or producer of merchandise which is the subject of a countervailing duty proceeding *would otherwise pay* for the product in obtaining it from another seller in an arms-length transaction" (emphasis added). We understand this to mean not the price a hypothetical unsubsidized producer in Venezuela would charge for the input product, but the price which represents a commercial alternative to the producer of the subject merchandise. When the commercial alternative is to import, then the price of the alternative must be adjusted for the cost of delivering the input to the producer of the subject merchandise. F.O.B. prices do not provide a measurement of the commercial alternative costs to the downstream producer. Further, the use of delivered prices is consistent with the precedent established in Steel Wheels and Tillage Tools, and Certain Circular Welded Carbon Steel Line Pipe from Venezuela, 50 FR 46801 (November 13, 1985).

#### Comment 2

Petitioners disagree with the Department's use of Metal Bulletin prices in the benchmark. Three of the six prices used by the Department to determine an average world price were sourced from the industry publication Metal Bulletin. According to petitioner, the Metal Bulletin prices are unreliable and inaccurate for purposes of calculating a benchmark. In particular, the Metal Bulletin price for Latin America is largely based on the heavily subsidized export prices of Brazil.

Similarly, petitioners allege that the European prices reported in Metal Bulletin and used in the Department's benchmark calculations are also heavily subsidized. Petitioners realize that the sale of subsidized steel in the world market affects the prices charged by unsubsidized sellers. While it is impossible to remove the effect completely, it can be minimized by excluding the prices from those countries which are known to subsidize their steel industries.

If the Department determines that it must use a European Metal Bulletin price, then it should use only one of the two used in the preliminary determination to avoid placing undue weight on Europe in calculating the average world market price.

Respondents contend that the Department properly used Metal Bulletin prices in calculating the benchmark. Since there is no one world price for hot-rolled coil, prices for a

wide variety of countries are necessary to construct a world price. Regarding petitioners' assertion that the Metal Bulletin prices are inaccurate all, compilations of price information are subject to errors, misclassifications, typos, etc. However, respondents assert, the Metal Bulletin prices are important references for the steel industry, providing a reliable, transparent, and predictable method for price monitoring by Venezuelan steel producers.

Respondents attempt to rebut petitioners' argument that the Department inappropriately included ECSC and Brussels Metal Bulletin prices in calculating the benchmark. Respondents argue that in actuality, the Department has probably understated the importance of European steel prices, since the European countries account for a greater percent of production than any single country included in the benchmark. Respondents further assert that it is essential to include Latin American prices in the calculation of the benchmark. Latin American prices are important in the sourcing and pricing strategies of SIDOR and Conduven. Moreover, contrary to petitioners' argument, the Metal Bulletin prices are not synonymous with Brazilian prices, because they are based on prices for producers in several Latin American countries, including Argentina, Brazil, Venezuela, Mexico, Chile and Trinidad.

Finally, respondents support the Department's view that "the world market price reflects the combined effects of prices from various countries which include highly efficient producers, as well as high cost producers." By using a range of export prices from numerous geographic regions, the Department is accounting for differences in coil quantities, specifications, sales terms, delivery schedules, etc.

#### DOC Position

In the absence of a clearly defined and generally accepted world market price of flat-rolled steel, we believe that our constructed benchmark price is a reasonable approximation of the "world market price." With respect to petitioners' argument that we should not include prices charged by subsidized suppliers in our benchmark, we disagree. Although we stated in Tillage Tools that we would seek an unsubsidized import price as the benchmark for that investigation, neither the statute nor the proposed regulations limit us to the use of only unsubsidized import prices as benchmarks. Moreover, we believe that inclusion of a variety of prices best reflects what the standard pipe producer

otherwise would pay for the steel input. As discussed above, a competitive benefit arises when the producer of the subject merchandise pays less for the input than the commercially available alternative. This alternative could be provided by a subsidized foreign steel producer. It would, therefore, be inappropriate to exclude all subsidized producers, even assuming that we could identify them.

Regarding the Metal Bulletin, we continue to use the prices listed in this publication in our benchmark calculation. The petitioners have not substantiated their allegation that the information in the Metal Bulletin is "unreliable and inaccurate." However, we agree with the petitioners that by including two sets of European steel prices, we may have given undue weight to European prices for flat-rolled steel in our preliminary determination. Contrary to respondents' assertion that "double counting" of European prices may be appropriate, we are not fine-tuning our benchmark to reflect the frequency with which Conduven might use alternative potential sources of supply. We have, therefore, used the "Brussels prices" which include a wider range of steel producer (*i.e.*, European producers from countries outside the ECSC) and dropped the ECSC prices to eliminate any overlap.

#### Comment 3

Respondents argue that the Department should issue a final negative determination in this investigation. The only countervailable subsidy program, the Export Bond program, was terminated prior to the preliminary determination in this case and there is nothing on the record to indicate that the GOV would reinstate the Export Bond program.

Petitioners contend that the Department's decision to issue an affirmative preliminary determination is consistent with past practice and the Department's proposed regulations. Conduven's assertion that the GOV will not revive this program is pure speculation.

#### DOC Position

This issue is moot as the Department has reached a final determination that Conduven benefits from upstream subsidies.

#### Verification

In accordance with section 776(b) of the Act, we verified the information used in making our final determination. We followed standard verification procedures, including meeting with government and company officials,

examination of relevant accounting records, and examination of original source documents. Our verification results are outlined in detail in the public versions of the verification reports, which are on file in the Central Records Unit (Room B-099) of the Main Commerce Building.

#### Suspension of Liquidation

We are directing the U.S. Customs Service to suspend liquidation of entries of standard pipe from Venezuela and to require the deposit of estimated countervailing duties at the country-wide rate of .78 percent *ad valorem*.

#### Return of Destruction of Proprietary Information

This notice serves as the only reminder to parties subject to APO of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 355.34(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 705(d) of the Act (19 U.S.C. 1671d(d)) and 19 CFR 355.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.,  
Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22589 Filed 9-16-92; 8:45 am]  
BILLING CODE 3010-08-0

[C-351-810]

#### Final Negative Countervailing Duty Determination: Circular Welded Non-Alloy Steel Pipe From Brazil

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

EFFECTIVE DATE: September 17, 1992.

FOR FURTHER INFORMATION CONTACT: Paulo F. Mendes or Annika L. O'Hara, Office of Countervailing Investigations, Import Administration, U.S. Department of Commerce, room B099, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-5050 or 377-0588, respectively.

#### Final Determination

The Department determines that no benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of circular welded non-alloy steel pipe from Brazil.

#### Case History

Since the publication of the preliminary determination (57 FR 24466

(June 9, 1992)), the following events have occurred. On June 11, 1992, the petitioners requested that this final determination be aligned with the final determination in the companion antidumping duty investigation of circular welded non-alloy steel pipe from Brazil ("standard pipe"). We published our decision to align these determinations on July 1, 1992 (57 FR 29290).

On June 25, 1992, the Department determined that it would not include two upstream suppliers, Companhia Siderúrgica Nacional ("CSN") and Usinas Siderúrgicas de Minas Gerais S.A. ("USIMINAS"), in its upstream subsidy analysis since a single company, Companhia Siderúrgica Paulista ("COSIPA"), supplied most of the flat-rolled steel purchased by the respondent, Persico Pizzamiglio S.A. ("Persico"), during the period of investigation.

We verified the questionnaire responses in Brazil between June 22, and July 3, 1992. Case briefs were filed on August 7 and 10, 1992, and rebuttal briefs were filed on August 18, 1992.

#### Scope of Investigation

The merchandise subject to this investigation is circular welded non-alloy steel pipes and tubes, of circular cross-section, not more than 406.4 mm (16 inches) in outside diameter, regardless of wall thickness, surface finish (black, galvanized, or painted), or end finish (plain end, bevelled end, threaded, or threaded and coupled). These pipes and tubes are generally known as standard pipe, though they may also be called structural or mechanical tubing in certain applications. Standard pipes and tubes are intended for the low pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells.

The scope is not limited to standard pipe and fence tubing, or those types of mechanical and structural pipe that are used in standard pipe applications. All carbon steel pipes and tubes within the physical description outlined above are included within the scope of this investigation, except line pipe, oil country tubular goods, boiler tubing, cold-drawn or cold-rolled mechanical tubing, pipe and tube hollows for redraws, finished scaffolding, and

finished rigid conduit. Standard pipe that is dual or triple certified/stenciled that enters the U.S. as line pipe of a kind used for oil or gas pipelines is also not included in this investigation.

Imports of these products are currently classifiable under the following Harmonized Tariff Schedule ("HTS") subheadings: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Analysis of Programs

For purposes of this final determination, the period for which we are measuring subsidies (the period of investigation, "POI") is calendar year 1991, which corresponds to the fiscal years of Persico and COSIPA. Our findings are based upon our analysis of the petition, responses to our questionnaires, verification and written comments from respondents and petitioners.

#### A. Programs Determined Not To Confer Subsidies

We determine that no subsidies are being provided to manufacturers, producers, or exporters in Brazil of standard pipe in the form of upstream subsidies conferred upon the producers of hot-rolled carbon steel in flat-rolled coils ("flat-rolled steel"), the main input product in the production of standard pipe.

#### Upstream Analysis

Section 771A(a) of the Trade Act of 1930, as amended, ("the Act") defines upstream subsidies as follows:

The term "upstream subsidy" means any subsidy . . . by the government of a country that:

- (1) Is paid or bestowed by that government with respect to a product (hereinafter referred to as an "input product") that is used in the manufacture or production in that country of merchandise which is the subject of a countervailing duty proceeding;
- (2) In the judgment of the administering authority bestows a competitive benefit on the merchandise; and
- (3) Has a significant effect on the cost of manufacturing or producing the merchandise.

Each of the three elements listed above must be satisfied in order for the Department to determine the existence of an upstream subsidy.

#### 1. Subsidies Bestowed Upon the Input Product

##### a. Government Equity Infusions.

Historically, the Government of Brazil ("GOB") has been the principal owner of the

Brazilian steel industry, primarily through the state-owned holding company Siderurgia Brasileira S.A. ("SIDERBRAS"). In March 1990, the GOB decided to liquidate SIDERBRAS and privatize its steel mills, including COSIPA. Since the beginning of the privatization process, COSIPA has operated largely as an independent entity. SIDERBRAS ceased operations following the GOB's March 1990 liquidation decision and did not exercise any operational or financial control over COSIPA during the POI.

We verified that COSIPA received government equity infusions during the period 1977-1989 and in 1991 in the form of cash transfers and debt assumptions in return for equity. The equity infusions were made pursuant to the Stage III Expansion Project for the state-owned steel mills and the Financial Restructuring Plan for SIDERBRAS. We looked at the time period since 1977 because, pursuant to section 355.49(b)(3) of our *Proposed Regulations* (see *Countervailing Duties: Notice of Proposed Rulemaking and Request for Public Comments* (54 FR 23366 (May 31, 1989)), "*Proposed Regulations*") the benefits from equity infusions shall be measured over the average useful life of renewable physical assets set forth in the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System (*i.e.*, 15 years for integrated steel mills).

We have consistently held that government provision of equity does not *per se* confer a subsidy (see, e.g., *Steel Wheels from Brazil: Final Affirmative Countervailing Duty Determination*, 54 FR 15523 (April 18, 1989)) ("Steel Wheels"). Government equity infusions bestow a countervailable benefit only when provided on terms inconsistent with commercial considerations. Therefore, we examined whether COSIPA was a reasonable investment (a condition we have termed "equityworthy") in order to determine whether the equity infusions were inconsistent with commercial considerations.

A company is a reasonable investment if it shows the ability to generate a reasonable rate of return within a reasonable period of time. To make this determination, we examine a company's financial ratios, profitability and other factors, such as market demand projections and current operating results, to evaluate its current and future ability to earn a reasonable rate of return on investment. We do not, nor did we in this case, take into account the broader goals of the GOB in making these investments because such goals are not relevant to a private investor. In the Final Affirmative Duty Determination, Certain Carbon Steel Products from Brazil, 49 FR 17988 (April 25, 1984) and subsequent administrative reviews, the Department found COSIPA to be unequityworthy during the period 1977-1984. Nothing on the record of this investigation leads us to reconsider this determination.

Upon reviewing COSIPA's financial statements for the period 1985-1991, we noted that the company exhibited negative returns on equity and investment in every year except 1989. In addition, except for 1988 and 1989, the company's current ratios indicate low levels of liquidity available to pay debts. Furthermore, during the 1985-1991 period there was no meaningful indication of future

profitability that might have justified the equity infusions received by the company. Therefore, we determine that equity investments in COSIPA were on terms inconsistent with commercial considerations during the period 1985 through 1991.

Where we find that the government's investment has been commercially unreasonable, we examine the "rate of return shortfall" for the POI, *i.e.*, the difference between the national average rate of return on equity during the POI and the company's rate of return on equity during the POI. If no shortfall exists for the POI, there is no countervailable subsidy for that year. If a shortfall does exist, we multiply the rate of the shortfall by the amount of the original equity investment to find the benefit bestowed during the POI.

We measured COSIPA's rate of return on equity for the POI by dividing the company's net result achieved in 1991 by its total capital in that year. Using this methodology, we arrived at the negative rate of return on equity of 2.3 percent. We then compared COSIPA's rate to the national average rate of return on equity in Brazil for 1991, which was negative 2.0 percent according to the August 1992 edition of *Exame*, a Brazilian business publication. The difference between the two rates, *i.e.*, 0.3 percent, constitutes the rate of return shortfall.

To calculate the value of the equity investment, we converted the nominal amount of each equity infusion into a BTN (Brazilian Treasury Bill) or FAP (Equity Adjustment Factor) equivalent by dividing the nominal amount received by the value of the BTN or FAP. (The BTN index was used for the years 1977-1989 and the FAP index for 1991; COSIPA did not receive any equity infusions in 1990.) In order to adjust the value of all equity infusions to December 31, 1991, we multiplied the BTN/FAP equivalents by the value of the FAP on December 31, 1991. The use of adjusted as opposed to nominal amounts for equity investments is necessitated by Brazil's hyperinflationary economy.

We multiplied the rate of return shortfall by the December 31, 1991 value of all equity investments made in COSIPA between 1977 and 1989 and in 1991. We then divided this amount by COSIPA's total 1991 sales, valued as of December 31, 1991. On this basis, we determine COSIPA's subsidy under this program to be 0.81 percent *ad valorem*.

b. *IPI Incentives*. Under this program, Brazilian steel producers are eligible to receive a rebate of the IPI tax (Imposto sobre Produtos Industrializados), which is a value-added sales tax paid on domestic sales of industrial products. The steel producers must meet the following conditions in order to receive IPI rebates under this program:

- (a) The company must produce liquid steel;
- (b) The IPI rebate must be used to increase the production of certain steel productions;
- (c) The company must have an ongoing capital investment project, originally approved by the Conselho do Desenvolvimento Industrial ("CDI"; the Industrial Development Council);
- (d) The company must receive quarterly approval from the Department for industry

and Commerce (a division of the Ministry of Economy, Finance and Planning) to ensure that capital investment in the approved project is continuing; and

(e) The company must have a net IPI tax obligation in each quarter.

The IPI rebate program was originally established in 1977 (Decree Law 1547). Although the program was suspended in April 1990 (Law 8034), steel companies with projects approved before April 12, 1990, are eligible to continue to receive IPI rebates until 1996 pursuant to the old legislation (Law 7554).

Because only steel producers are eligible to receive IPI rebates, we determine that this program is limited to a specific enterprise or industry, or group of enterprises or industries. We have found that COSIPA received benefits under this program during the POI. To calculate the benefit, we divided the total amount of the IPI rebates received by COSIPA during the POI by the company's total sales in 1991. On this basis, we determine COSIPA's subsidy under this program to be 0.69 percent *ad valorem*.

## 2. Significant Effect

In Certain Agricultural Tillage Tools from Brazil; Final Affirmative Countervailing Duty Determination, 50 FR 34525 (August 28, 1985) ("Tillage Tools"), we established thresholds regarding the existence of a significant effect. We presume no significant effect if the *ad valorem* subsidy rate on the input product multiplied by the proportion of the input product in the cost of producing the merchandise accounts for less than one percent. If the result of the calculation is higher than five percent, we presume that there is significant effect. If the result is between one and five percent, there is no presumption made either way, and we will examine the effect of the input subsidy on the competitiveness of the merchandise.

For purposes of determining whether the upstream subsidies have a significant effect on the cost of producing standard pipe, we multiplied the total *ad valorem* subsidy rate on the flat-rolled steel input by the proportion of the total production cost of standard pipe accounted for by the input.

In this case, the input subsidy allocated to standard pipe yields a rate lower than one percent. We have, therefore, concluded that the effect of the flat-rolled steel subsidies on the cost of producing standard pipe is not significant.

Because we determined that the subsidies bestowed upon the input product did not have a significant effect upon the cost of producing the subject merchandise, we need not examine whether a competitive benefit existed. Thus, because one of the three requirements of section 771(a) of the Act

has not been met, we determine that Persico did not receive an upstream subsidy.

## B. Programs Determined Not To Be Used

### 1. Direct Subsidy Programs

a. Exemption from the IPI tax and import duties under the BEFTEX program.

b. Preferential export financing under the FINEX program.

c. Preferential export financing under the PROEX program.

### 2. Upstream Subsidy Programs

a. Government privatization assistance.

b. Government provision of operating capital.

c. Fiscal benefits by virtue of a project approved by the CDI.

## Comments

*Comment 1:* Persico alleges that the Department erroneously calculated the significant effect of the upstream subsidies on the cost of manufacturing standard pipe by multiplying COSIPA's subsidy rate by the percentage that flat-rolled steel accounts for in the cost of manufacturing standard pipe. Persico argues that, based on the Proposed Regulations, we should have used instead the percentage that the input accounts for in the total cost of production of standard pipe.

The petitioners believe that the Department should continue to use the cost of manufacturing because to do otherwise would be inconsistent with past practice, and it is in conformity with the statutory purpose. The petitioners argue that the Department's analysis should focus on the competitiveness of the final product. Since a product's competitiveness depends on its cost of manufacture, not on its cost of production, which includes items such as selling, general, and administrative expenses, it would be wrong to use the cost of production as the basis for the significance test.

*DOC Position:* In accordance with § 355.45(e) of our Proposed Regulations, we calculated the significant effect on the basis of the cost of production. We believe that using the cost of production reflects the commercial impact of the subsidized input on the total costs of the producer of the subject merchandise and, therefore, on the eventual price charged for the subject merchandise.

*Comment 2:* COSIPA states that the Department departed from its previous practice when it converted the value of the infusions by using an end-of-POI index value rather than the average

index value during the POI. COSIPA asserts that the purpose of using an average index value is to approximate more closely the benefit to COSIPA throughout the POI. Furthermore, COSIPA believes that the most accurate method to calculate the benefit associated with the equity infusions would be to convert the equity infusions to a beginning-of-POI value.

*DOC Position:* We disagree. By adjusting the amount of the equity received using an end-of-POI index and using a sales amount adjusted to the same point in time, both the amount of the equity and the sales figure are then comparably indexed. Using a beginning of the POI or middle of the POI conversion rate would be appropriate only if the sales value for the year also was expressed in beginning of the POI or middle of the POI terms.

*Comment 3:* COSIPA argues that the Department should exclude COSIPA's end of 1991 equity infusion from its calculation because an end-of-the-year infusion could not have had any impact on the company's sales during the POI. COSIPA believes that the Department can only measure the effect of this infusion against the company's sales in 1992.

Contrary to COSIPA's argument, the petitioners state that the Department, following its past practice, correctly included COSIPA's end of the POI equity infusion in its calculations for 1991.

*DOC Position:* We agree with the petitioners. It is our past practice to include all funds received during the POI and we have, therefore, included the equity infusion received by COSIPA at the end of the POI in our calculations. This reflects the cash-flow methodology which is based upon the premise that a company receives a benefit when its cash flow is affected (see Proposed Regulations, § 355.48(b)(1)); Final Countervailing Duty Determination: Steel Wire Rope from India, 56 FR 46292 (September 11, 1991).

## Verification

In accordance with section 776(b) of the Act, we verified the information used in making our final determination. We followed standard verification procedures, including meeting with government and company officials, inspecting relevant accounting records, and examining original source documents. Our verification results are outlined in detail in the public versions of the verification reports, which are on file in the Central Records Unit (Room B-099) of the Main Commerce Building.

**Termination of Suspension of Liquidation**

In accordance with this final determination, we will instruct the U.S. Customs Service to terminate suspension of liquidation of all entries of standard pipe from Brazil. The U.S. Customs Service shall release any cash deposits or bonds posted on entries of standard pipe made prior to this determination.

**ITC Notification**

In accordance with section 705(d) of the Act we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

**Return or Destruction of Proprietary Information**

This notice serves as the only reminder to parties subject to APO of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 355.34(d). Failure to comply is a violation of the APO. This determination is published pursuant to section 705(d) of the Act (19 U.S.C. 1671(d)) and 19 CFR 355.20(a)(4).

Dated: September 10, 1992.

Rolf Th. Lundberg, Jr.

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-22555 Filed 9-16-92; 8:45 am]

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# Corrections

Federal Register

Vol. 57, No. 194

Tuesday, October 6, 1992

This section of the FEDERAL REGISTER contains editorial corrections of previously published Presidential, Rule, Proposed Rule, and Notice documents. These corrections are prepared by the Office of the Federal Register. Agency prepared corrections are issued as signed documents and appear in the appropriate document categories elsewhere in the issue.

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-201-805]

#### Final Determination of Sales at Less Than Fair Value: Circular Welded Non-Alloy Steel Pipe From Mexico

##### Correction

In notice document 92-22562 beginning on page 42953 in the issue of Thursday, September 17, 1992, make the following correction:

On page 42954, in the second column, beginning with **CURRENCY CONVERSION** and ending on page 42955, in the first column with the text before *DOC Position*, the material should read as follows:

##### Currency Conversion

No certified rates of exchange, as furnished by the Federal Reserve Bank of New York, were available for the POI. In place of the official certified rates, we used the average monthly or quarterly exchange rates published by the International Monetary Fund.

##### Verification

As provided in section 776(b) of the Act, we verified information provided by respondent by using standard verification procedures, including the examination of relevant sales and financial records, and selection of original source documentation containing relevant information.

##### Interested Party Comments

##### Comment 1

IMSA objects to its classification as a mandatory respondent in this investigation, which resulted in IMSA's preliminary determination margin being based on best information available (BIA) following IMSA's decision not to submit a questionnaire response. IMSA states that there is no reason given in the record of this case why the

Department decided to reclassify it from a voluntary to a mandatory respondent in this case. IMSA notes that examination of its exports to the U.S. was not necessary in order for the Department to examine at least 60 percent of POI subject merchandise sales, pursuant to 19 CFR 353.42(b). Without any other grounds in the record for this reclassification, IMSA contends that, under the regulations and consistent agency practice prior to the preliminary determination, IMSA should not be considered a mandatory respondent in this investigation. Consistent with Department treatment of other proceedings where a voluntary respondent has elected not to participate or whose questionnaire response was deemed insufficient, as in, e.g., Final Determination of Sales at Less Than Fair Value: Silicon Metal from Brazil, 56 FR 28977 (June 12, 1991), IMSA contends that it should be assigned the "all others" deposit rate.

Petitioners contend that the Department's resort to BIA was justified as IMSA was clearly aware that it had been chosen as a mandatory respondent on the day the questionnaire was presented. Petitioners cite the Department's Memorandum to the File of December 6, 1992, which indicates that IMSA understood its classification as a mandatory respondent at the time it received the questionnaire. Further, petitioners argue that it was within the Department's power and discretion to name IMSA as a mandatory respondent.

##### DOC Position

The Department has reconsidered its earlier classification of IMSA as a mandatory respondent and has assigned it the "All Others" rate. At the time of the preliminary determination, the Department was reassessing its policy regarding the treatment of voluntary respondents. At that time, we stated that once a company notified us of its intention to participate, it would be subject to the potential use of BIA if it failed to cooperate. We have since refined the policy. Accordingly, as previously announced, in all ongoing and future proceedings, once a voluntary respondent is provided an antidumping duty questionnaire by the Department and demonstrates its intent to participate in an antidumping investigation by submitting a response to the questionnaire, the Department

will treat that respondent on the same basis as a mandatory respondent in all respects, including the potential use of adverse BIA. See Addendum to Notice of Initiation: Certain Flat-rolled Steel Products from Various Countries, 57 FR 33487 (July 29, 1992).

##### Comment 2

Hylsa claims that, because it grants quantity discounts to at least 20 percent of its sales to home market customers, which are categorized as "Class 1 customers", all U.S. sales should be compared to home market Class 1 sales as these home market transactions meet the quantity discount criteria of 19 CFR 353.55(b).

Petitioners contend that the Department properly rejected this argument in the preliminary determination. They state that Hylsa has turned the regulation on its head and would have the Department compare the prices on sales of completely different quantities. Based on its reading of the statute, petitioners state that sales at quantity discounts shall be the sole basis of foreign market value only when all the sales in the U.S. market are made in comparable quantities. In this case, not all U.S. sales are made in those comparable quantities. Petitioners also argue that Hylsa's claimed home market quantity discounts are not quantity discounts within the meaning of 19 CFR 353.55(b), as they are based on purchase volume expectations rather than quantities of specific sales.

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## Appendix C

### Summary of Data Collected by the Commission

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Table C-1

Subject pipes and tubes: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item                           | Reported data |           |           |                |          | Period changes |         |         |                   |
|--------------------------------|---------------|-----------|-----------|----------------|----------|----------------|---------|---------|-------------------|
|                                | 1989          | 1990      | 1991      | Jan.-Mar. 1991 | 1992     | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar. 1991-92 |
| U.S. consumption quantity:     |               |           |           |                |          |                |         |         |                   |
| Amount.....                    | 2,213,279     | 2,353,768 | 2,111,106 | 574,151        | 516,722  | +6.3           | -10.3   | -4.6    | -10.0             |
| Producers' share 1/.....       | 64.4          | 66.7      | 66.5      | 60.5           | 70.6     | +2.3           | -0.3    | +2.1    | +10.0             |
| Importers' share: 1/           |               |           |           |                |          |                |         |         |                   |
| Brazil.....                    | 1.4           | 2.7       | 2.6       | 1.0            | 1.7      | +1.3           | -0.1    | +1.2    | +0.7              |
| Korea.....                     | 13.4          | 12.9      | 15.4      | 20.9           | 14.6     | -0.5           | +2.5    | +2.0    | -6.2              |
| Mexico.....                    | 3.0           | 2.9       | 2.3       | 1.9            | 3.0      | 2/             | -0.6    | -0.7    | +1.1              |
| Romania.....                   | .5            | .6        | .6        | 1.1            | .3       | +0.1           | 2/      | +0.1    | -0.8              |
| Taiwan.....                    | 1.8           | 1.8       | 1.8       | 2.3            | 3/       | 2/             | 4/      | 2/      | -2.3              |
| Venezuela.....                 | .4            | .8        | .8        | 1.9            | .1       | +0.4           | 2/      | +0.4    | -1.8              |
| Subtotal.....                  | 20.4          | 21.7      | 23.4      | 29.0           | 19.8     | +1.3           | +1.8    | +3.1    | -9.3              |
| Taiwan (nonsubject).....       | .3            | .6        | .2        | .4             | 0        | +0.3           | -0.4    | -0.1    | -0.4              |
| Other sources.....             | 14.9          | 11.0      | 9.9       | 10.0           | 9.7      | -3.9           | -1.1    | -5.0    | -0.4              |
| Total.....                     | 35.6          | 33.3      | 33.5      | 39.5           | 29.4     | -2.3           | +0.3    | -2.1    | -10.0             |
| U.S. consumption value:        |               |           |           |                |          |                |         |         |                   |
| Amount.....                    | 1,344,814     | 1,370,861 | 1,220,807 | 332,018        | 294,510  | +1.9           | -10.9   | -9.2    | -11.3             |
| Producers' share 1/.....       | 67.6          | 69.8      | 68.0      | 63.7           | 71.8     | +2.2           | -1.8    | +0.4    | +8.1              |
| Importers' share: 1/           |               |           |           |                |          |                |         |         |                   |
| Brazil.....                    | 1.2           | 1.9       | 2.2       | 0.9            | 1.3      | +0.7           | +0.3    | +1.0    | +0.4              |
| Korea.....                     | 12.4          | 11.7      | 14.1      | 18.8           | 13.3     | -0.7           | +2.4    | +1.7    | -5.5              |
| Mexico.....                    | 2.6           | 2.7       | 2.1       | 1.8            | 2.8      | 4/             | -0.6    | -0.6    | +1.0              |
| Romania.....                   | .4            | .5        | .4        | .8             | .2       | +0.1           | 2/      | +0.1    | -0.6              |
| Taiwan.....                    | 1.3           | 1.4       | 1.5       | 1.9            | 3/       | +0.1           | +0.1    | +0.2    | -1.9              |
| Venezuela.....                 | .3            | .6        | .7        | 1.6            | .1       | +0.3           | 4/      | +0.4    | -1.5              |
| Subtotal.....                  | 18.2          | 18.8      | 21.0      | 25.8           | 17.8     | +0.6           | +2.2    | +2.8    | -8.0              |
| Taiwan (nonsubject).....       | .3            | .5        | .1        | .3             | 0        | +0.2           | -0.3    | -0.1    | -0.3              |
| Other sources.....             | 14.0          | 11.0      | 10.9      | 10.2           | 10.4     | -3.0           | -0.1    | -3.1    | +0.2              |
| Total.....                     | 32.4          | 30.2      | 32.0      | 36.3           | 28.2     | -2.2           | +1.8    | -0.4    | -8.1              |
| U.S. importers' imports from-- |               |           |           |                |          |                |         |         |                   |
| Brazil:                        |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....          | 30,748        | 63,855    | 54,488    | 5,465          | 8,550    | +107.7         | -14.7   | +77.2   | +56.5             |
| Imports value.....             | 15,866        | 25,665    | 26,715    | 2,831          | 3,764    | +61.8          | +4.1    | +68.4   | +33.0             |
| Unit value.....                | \$516.00      | \$401.93  | \$490.28  | \$518.12       | \$440.24 | -22.1          | +22.0   | -5.0    | -15.0             |
| Ending inventory qty.....      | ***           | ***       | ***       | ***            | ***      | ***            | ***     | ***     | ***               |
| Korea:                         |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....          | 295,643       | 302,675   | 324,704   | 119,875        | 75,642   | +2.4           | +7.3    | +9.8    | -36.9             |
| Imports value.....             | 166,677       | 160,310   | 172,590   | 62,541         | 39,296   | -3.8           | +7.7    | +3.5    | -37.2             |
| Unit value.....                | \$563.78      | \$529.65  | \$531.53  | \$521.72       | \$519.50 | -6.1           | +0.4    | -5.7    | -0.4              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***            | ***      | ***            | ***     | ***     | ***               |
| Mexico:                        |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....          | 65,294        | 68,828    | 48,240    | 10,910         | 15,622   | +5.4           | -29.9   | -26.1   | +43.2             |
| Imports value.....             | 35,346        | 36,716    | 25,268    | 5,889          | 8,248    | +3.9           | -31.2   | -28.5   | +40.1             |
| Unit value.....                | \$541.33      | \$533.44  | \$523.79  | \$539.78       | \$527.95 | -1.5           | -1.8    | -3.2    | -2.2              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***            | ***      | ***            | ***     | ***     | ***               |
| Romania:                       |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....          | 11,033        | 14,495    | 12,650    | 6,318          | 1,514    | +31.4          | -12.7   | +14.7   | -76.0             |
| Imports value.....             | 4,854         | 6,273     | 5,365     | 2,693          | 616      | +29.2          | -14.5   | +10.5   | -77.1             |
| Unit value.....                | \$439.92      | \$432.81  | \$424.08  | \$426.25       | \$407.04 | -1.6           | -2.0    | -3.6    | -4.5              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***            | ***      | ***            | ***     | ***     | ***               |
| Taiwan:                        |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....          | 40,496        | 42,173    | 38,533    | 13,411         | 152      | +4.1           | -8.6    | -4.8    | -98.9             |
| Imports value.....             | 17,847        | 19,632    | 18,295    | 6,282          | 71       | +10.0          | -6.8    | +2.5    | -98.9             |
| Unit value.....                | \$440.71      | \$465.50  | \$474.77  | \$468.44       | \$467.90 | +5.6           | +2.0    | +7.7    | -0.1              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***            | ***      | ***            | ***     | ***     | ***               |
| Venezuela:                     |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....          | 7,990         | 18,497    | 16,353    | 10,755         | 627      | +131.5         | -11.6   | +104.7  | -94.2             |
| Imports value.....             | 3,890         | 8,675     | 8,102     | 5,309          | 297      | +123.0         | -6.6    | +108.3  | -94.4             |
| Unit value.....                | \$486.86      | \$469.02  | \$495.44  | \$493.62       | \$474.04 | -3.7           | +5.6    | +1.8    | -4.0              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***            | ***      | ***            | ***     | ***     | ***               |
| Subject sources:               |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....          | 451,204       | 510,523   | 494,969   | 166,734        | 102,107  | +13.1          | -3.0    | +9.7    | -38.8             |
| Imports value.....             | 244,480       | 257,272   | 256,334   | 85,546         | 52,293   | +5.2           | -0.4    | +4.8    | -38.9             |
| Unit value.....                | \$541.84      | \$503.94  | \$517.88  | \$513.07       | \$512.13 | -7.0           | +2.8    | -4.4    | -0.2              |
| Ending inventory qty.....      | 39,135        | 33,765    | 36,701    | 31,165         | 33,994   | -13.7          | +8.7    | -6.2    | +9.1              |

See footnotes at end of table.

Table C-1--Continued

Subject pipes and tubes: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item   | Reported data |           |           |                |          | Period changes |         |         |                   |
|--|---------------|-----------|-----------|----------------|----------|----------------|---------|---------|-------------------|
|  | 1989          | 1990      | 1991      | Jan.-Mar. 1991 | 1992     | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar. 1991-92 |
| Taiwan (nonsubject):                           |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....                          | 6,510         | 14,247    | 3,921     | 2,155          | 0        | +118.8         | -72.5   | -39.8   | -100.0            |
| Imports value.....                             | 3,472         | 6,356     | 1,823     | 1,007          | 0        | +83.1          | -71.3   | -47.5   | -100.0            |
| Unit value.....                                | \$533.26      | \$446.15  | \$464.83  | \$467.32       | 5/       | -16.3          | +4.2    | -12.8   | 5/                |
| Ending inventory qty.....                      | 6/            | 6/        | 6/        | 6/             | 6/       | 6/             | 6/      | 6/      | 6/                |
| Other sources:                                 |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....                          | 330,556       | 258,656   | 209,244   | 57,690         | 50,007   | -21.8          | -19.1   | -36.7   | -13.3             |
| Imports value.....                             | 188,147       | 150,791   | 132,777   | 33,890         | 30,632   | -19.9          | -11.9   | -29.4   | -9.6              |
| Unit value.....                                | \$569.18      | \$582.98  | \$634.55  | \$587.45       | \$612.56 | +2.4           | +8.8    | +11.5   | +4.3              |
| Ending inventory qty.....                      | 4,703         | 1,953     | 1,359     | 2,144          | 1,096    | -58.5          | -30.4   | -71.1   | -48.9             |
| All sources:                                   |               |           |           |                |          |                |         |         |                   |
| Imports quantity.....                          | 788,271       | 783,425   | 708,134   | 226,579        | 152,114  | -0.6           | -9.6    | -10.2   | -32.9             |
| Imports value.....                             | 436,099       | 414,419   | 390,933   | 120,443        | 82,925   | -5.0           | -5.7    | -10.4   | -31.2             |
| Unit value.....                                | \$553.23      | \$528.98  | \$552.06  | \$531.57       | \$545.15 | -4.4           | +4.4    | -0.2    | +2.6              |
| U.S. producers'--                              |               |           |           |                |          |                |         |         |                   |
| Ending capacity quantity...                    | 2,062,477     | 2,340,454 | 2,233,044 | 593,123        | 572,019  | +13.5          | -4.6    | +8.3    | -3.6              |
| Production quantity.....                       | 1,427,243     | 1,581,721 | 1,395,383 | 373,184        | 384,210  | +10.8          | -11.8   | -2.2    | +3.0              |
| Capacity utilization 1/.....                   | 69.2          | 67.6      | 61.4      | 62.9           | 67.2     | -1.6           | -6.2    | -7.8    | +4.2              |
| U.S. shipments:                                |               |           |           |                |          |                |         |         |                   |
| Quantity.....                                  | 1,425,008     | 1,570,343 | 1,402,972 | 347,572        | 364,608  | +10.2          | -10.7   | -1.5    | +4.9              |
| Value.....                                     | 908,715       | 956,442   | 829,874   | 211,575        | 211,585  | +5.3           | -13.2   | -8.7    | 7/                |
| Unit value.....                                | \$637.69      | \$609.07  | \$591.51  | \$608.72       | \$580.31 | -4.5           | -2.9    | -7.2    | -4.7              |
| Export shipments:                              |               |           |           |                |          |                |         |         |                   |
|  | *             | *         | *         | *              | *        | *              | *       |         |                   |
| Ending inventory quantity..                    | 171,590       | 178,208   | 164,537   | 202,920        | 183,465  | +3.9           | -7.7    | -4.1    | -9.6              |
| Inventory/US shipments 1/...                   | 12.0          | 11.3      | 11.7      | 14.6           | 12.6     | -0.7           | +0.4    | -0.3    | -2.0              |
| Production workers.....                        | 2,968         | 3,219     | 2,891     | 3,103          | 2,643    | +8.5           | -10.2   | -2.6    | -14.8             |
| Hours worked (1,000s).....                     | 5,231         | 5,765     | 5,215     | 1,302          | 1,253    | +10.2          | -9.5    | -0.3    | -3.8              |
| Total comp. (\$1,000).....                     | 102,016       | 114,237   | 106,634   | 26,926         | 26,663   | +12.0          | -6.7    | +4.5    | -1.0              |
| Hourly total compensation..                    | \$19.50       | \$19.82   | \$20.45   | \$20.68        | \$21.28  | +1.6           | +3.2    | +4.8    | +2.9              |
| Productivity (short tons/<br>1,000 hours)..... | 271.0         | 273.3     | 266.6     | 274.7          | 296.8    | +0.8           | -2.4    | -1.6    | +8.0              |
| Unit labor costs.....                          | \$71.96       | \$72.51   | \$76.69   | \$75.27        | \$71.70  | +0.8           | +5.8    | +6.6    | -4.7              |
| Net sales value.....                           | 860,986       | 908,309   | 779,647   | 186,948        | 187,088  | +5.5           | -14.2   | -9.4    | +0.1              |
| COGS/sales 1/.....                             | 86.1          | 86.6      | 85.9      | 88.9           | 83.7     | +0.5           | -0.7    | -0.2    | -5.2              |
| Operating income (loss)....                    | 54,171        | 50,881    | 45,321    | 5,431          | 15,670   | -6.1           | -10.9   | -16.3   | +188.5            |
| Op. income (loss)/sales 1/.                    | 6.3           | 5.6       | 5.8       | 2.9            | 8.4      | -0.7           | +0.2    | -0.5    | +5.5              |

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.

2/ A decrease of less than 0.05 percentage points.

3/ Positive figure, but less than significant digits displayed.

4/ An increase of less than 0.05 percentage points.

5/ Not applicable.

6/ Included in 'Other Sources.'

7/ An increase of less than 0.05 percent.

8/ An increase of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

Table C-2

Standard/structural pipes and tubes: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item                           | Reported data |           |           | Jan.-Mar.-- |          | Period changes |         |         |                   |
|--------------------------------|---------------|-----------|-----------|-------------|----------|----------------|---------|---------|-------------------|
|                                | 1989          | 1990      | 1991      | 1991        | 1992     | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar. 1991-92 |
|                                |               |           |           |             |          |                |         |         |                   |
| U.S. consumption quantity:     |               |           |           |             |          |                |         |         |                   |
| Amount.....                    | 2,009,967     | 2,134,753 | 1,920,115 | 528,310     | 467,886  | +6.2           | -10.1   | -4.5    | -11.4             |
| Producers' share 1/.....       | 60.8          | 63.3      | 63.1      | 57.1        | 67.5     | +2.5           | -0.2    | +2.3    | +10.4             |
| Importers' share: 1/.....      |               |           |           |             |          |                |         |         |                   |
| Brazil.....                    | 1.5           | 3.0       | 2.8       | 1.0         | 1.8      | +1.5           | -0.2    | +1.3    | +0.8              |
| Korea.....                     | 14.7          | 14.2      | 16.9      | 22.7        | 16.2     | -0.5           | +2.7    | +2.2    | -6.5              |
| Mexico.....                    | 3.2           | 3.2       | 2.5       | 2.1         | 3.3      | 2/             | -0.7    | -0.7    | +1.3              |
| Romania.....                   | .5            | .7        | .7        | 1.2         | .3       | +0.1           | 2/      | +0.1    | -0.9              |
| Taiwan (subject).....          | 2.0           | 2.0       | 2.0       | 2.5         | 3/       | 2/             | 4/      | 2/      | -2.5              |
| Venezuela.....                 | .4            | .9        | .9        | 2.0         | .1       | +0.5           | 2/      | +0.5    | -1.9              |
| Subtotal.....                  | 22.4          | 23.9      | 25.8      | 31.6        | 21.8     | +1.5           | +1.9    | +3.3    | -9.7              |
| Taiwan (nonsubject).....       | .3            | .7        | .2        | .4          | 0        | +0.3           | -0.5    | -0.1    | -0.4              |
| Other sources.....             | 16.4          | 12.1      | 10.9      | 10.9        | 10.7     | -4.3           | -1.2    | -5.5    | -0.2              |
| Total.....                     | 39.2          | 36.7      | 36.9      | 42.9        | 32.5     | -2.5           | +0.2    | -2.3    | -10.4             |
| U.S. consumption value:        |               |           |           |             |          |                |         |         |                   |
| Amount.....                    | 1,213,581     | 1,230,550 | 1,100,427 | 302,684     | 264,212  | +1.4           | -10.6   | -9.3    | -12.7             |
| Producers' share 1/.....       | 64.1          | 66.3      | 64.5      | 60.2        | 68.6     | +2.3           | -1.8    | +0.4    | +8.4              |
| Importers' share: 1/.....      |               |           |           |             |          |                |         |         |                   |
| Brazil.....                    | 1.3           | 2.1       | 2.4       | 0.9         | 1.4      | +0.8           | +0.3    | +1.1    | +0.5              |
| Korea.....                     | 13.7          | 13.0      | 15.7      | 20.7        | 14.9     | -0.7           | +2.7    | +1.9    | -5.8              |
| Mexico.....                    | 2.9           | 3.0       | 2.3       | 1.9         | 3.1      | +0.1           | -0.7    | -0.6    | +1.2              |
| Romania.....                   | .4            | .5        | .5        | .9          | .2       | +0.1           | 2/      | +0.1    | -0.7              |
| Taiwan (subject).....          | 1.5           | 1.6       | 1.7       | 2.1         | 3/       | +0.1           | +0.1    | +0.2    | -2.0              |
| Venezuela.....                 | .3            | .7        | .7        | 1.8         | .1       | +0.4           | 4/      | +0.4    | -1.6              |
| Subtotal.....                  | 20.1          | 20.9      | 23.3      | 28.3        | 19.8     | +0.8           | +2.4    | +3.1    | -8.5              |
| Taiwan (nonsubject).....       | .3            | .5        | .2        | .3          | 0        | +0.2           | -0.4    | -0.1    | -0.3              |
| Other sources.....             | 15.5          | 12.3      | 12.1      | 11.2        | 11.6     | -3.2           | -0.2    | -3.4    | +0.4              |
| Total.....                     | 35.9          | 33.7      | 35.5      | 39.8        | 31.4     | -2.3           | +1.8    | -0.4    | -8.4              |
| U.S. importers' imports from-- |               |           |           |             |          |                |         |         |                   |
| Brazil:                        |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 30,748        | 63,855    | 54,488    | 5,465       | 8,550    | +107.7         | -14.7   | +77.2   | +56.5             |
| Imports value.....             | 15,866        | 25,665    | 26,715    | 2,831       | 3,764    | +61.8          | +4.1    | +68.4   | +33.0             |
| Unit value.....                | \$516.00      | \$401.93  | \$490.28  | \$518.12    | \$440.24 | -22.1          | +22.0   | -5.0    | -15.0             |
| Ending inventory qty.....      | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| Korea:                         |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 295,643       | 302,675   | 324,704   | 119,875     | 75,642   | +2.4           | +7.3    | +9.8    | -36.9             |
| Imports value.....             | 166,677       | 160,310   | 172,590   | 62,541      | 39,296   | -3.8           | +7.7    | +3.5    | -37.2             |
| Unit value.....                | \$563.78      | \$529.65  | \$531.53  | \$521.72    | \$519.50 | -6.1           | +0.4    | -5.7    | -0.4              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| Mexico:                        |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 65,294        | 68,828    | 48,240    | 10,910      | 15,622   | +5.4           | -29.9   | -26.1   | +43.2             |
| Imports value.....             | 35,346        | 36,716    | 25,268    | 5,889       | 8,248    | +3.9           | -31.2   | -28.5   | +40.1             |
| Unit value.....                | \$541.33      | \$533.44  | \$523.79  | \$539.78    | \$527.95 | -1.5           | -1.8    | -3.2    | -2.2              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| Romania:                       |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 11,033        | 14,495    | 12,650    | 6,318       | 1,514    | +31.4          | -12.7   | +14.7   | -76.0             |
| Imports value.....             | 4,854         | 6,273     | 5,365     | 2,693       | 616      | +29.2          | -14.5   | +10.5   | -77.1             |
| Unit value.....                | \$439.92      | \$432.81  | \$424.08  | \$426.25    | \$407.04 | -1.6           | -2.0    | -3.6    | -4.5              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| Taiwan (subject):              |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 40,496        | 42,173    | 38,533    | 13,411      | 152      | +4.1           | -8.6    | -4.8    | -98.9             |
| Imports value.....             | 17,847        | 19,632    | 18,295    | 6,282       | 71       | +10.0          | -6.8    | +2.5    | -98.9             |
| Unit value.....                | \$440.71      | \$465.50  | \$474.77  | \$468.44    | \$467.90 | +5.6           | +2.0    | +7.7    | -0.1              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| Venezuela:                     |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 7,990         | 18,497    | 16,353    | 10,755      | 627      | +131.5         | -11.6   | +104.7  | -94.2             |
| Imports value.....             | 3,890         | 8,675     | 8,102     | 5,309       | 297      | +123.0         | -6.6    | +108.3  | -94.4             |
| Unit value.....                | \$486.86      | \$469.02  | \$495.44  | \$493.62    | \$474.04 | -3.7           | +5.6    | +1.8    | -4.0              |
| Ending inventory qty.....      | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| Subject sources:               |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 451,204       | 510,523   | 494,969   | 166,734     | 102,107  | +13.1          | -3.0    | +9.7    | -38.8             |
| Imports value.....             | 244,480       | 257,272   | 256,334   | 85,546      | 52,293   | +5.2           | -0.4    | +4.8    | -38.9             |
| Unit value.....                | \$541.84      | \$503.94  | \$517.88  | \$513.07    | \$512.13 | -7.0           | +2.8    | -4.4    | -0.2              |
| Ending inventory qty.....      | 39,135        | 33,765    | 36,701    | 31,165      | 33,994   | -13.7          | +8.7    | -6.2    | +9.1              |

See footnotes at end of table.

Table C-2--Continued

Standard/structural pipes and tubes: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item   | Reported data |           |           | Jan.-Mar.-- |          | Period changes |         |         |                      |
|--|---------------|-----------|-----------|-------------|----------|----------------|---------|---------|----------------------|
|  | 1989          | 1990      | 1991      | 1991        | 1992     | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar.<br>1991-92 |
| Taiwan (nonsubject):                           |               |           |           |             |          |                |         |         |                      |
| Imports quantity.....                          | 6,510         | 14,247    | 3,921     | 2,155       | 0        | +118.8         | -72.5   | -39.8   | -100.0               |
| Imports value.....                             | 3,472         | 6,356     | 1,823     | 1,007       | 0        | +83.1          | -71.3   | -47.5   | -100.0               |
| Unit value.....                                | \$533.26      | \$446.15  | \$464.83  | \$467.32    | 5/       | -16.3          | +4.2    | -12.8   | 5/                   |
| Ending inventory qty.....                      | 6/            | 6/        | 6/        | 6/          | 6/       | 6/             | 6/      | 6/      | 6/                   |
| Other sources:                                 |               |           |           |             |          |                |         |         |                      |
| Imports quantity.....                          | 330,556       | 258,656   | 209,244   | 57,690      | 50,007   | -21.8          | -19.1   | -36.7   | -13.3                |
| Imports value.....                             | 188,147       | 150,791   | 132,777   | 33,890      | 30,632   | -19.9          | -11.9   | -29.4   | -9.6                 |
| Unit value.....                                | \$569.18      | \$582.98  | \$634.55  | \$587.45    | \$612.56 | +2.4           | +8.8    | +11.5   | +4.3                 |
| Ending inventory qty.....                      | 4,703         | 1,953     | 1,359     | 2,144       | 1,096    | -58.5          | -30.4   | -71.1   | -48.9                |
| All sources:                                   |               |           |           |             |          |                |         |         |                      |
| Imports quantity.....                          | 788,271       | 783,425   | 708,134   | 226,579     | 152,114  | -0.6           | -9.6    | -10.2   | -32.9                |
| Imports value.....                             | 436,099       | 414,419   | 390,933   | 120,443     | 82,925   | -5.0           | -5.7    | -10.4   | -31.2                |
| Unit value.....                                | \$553.23      | \$528.98  | \$552.06  | \$531.57    | \$545.15 | -4.4           | +4.4    | -0.2    | +2.6                 |
| U.S. producers'--                              |               |           |           |             |          |                |         |         |                      |
| Ending capacity quantity...                    | 1,734,843     | 2,003,270 | 1,886,781 | 506,751     | 480,389  | +15.5          | -5.8    | +8.8    | -5.2                 |
| Production quantity.....                       | 1,220,136     | 1,367,206 | 1,201,914 | 323,268     | 332,014  | +12.1          | -12.1   | -1.5    | +2.7                 |
| Capacity utilization 1/....                    | 70.3          | 68.2      | 62.5      | 63.8        | 69.1     | -2.1           | -5.8    | -7.9    | +5.3                 |
| U.S. shipments:                                |               |           |           |             |          |                |         |         |                      |
| Quantity.....                                  | 1,221,696     | 1,351,328 | 1,211,981 | 301,731     | 315,772  | +10.6          | -10.3   | -0.8    | +4.7                 |
| Value.....                                     | 777,482       | 816,131   | 709,494   | 182,241     | 181,287  | +5.0           | -13.1   | -8.7    | -0.5                 |
| Unit value.....                                | \$636.40      | \$603.95  | \$585.40  | \$603.99    | \$574.11 | -5.1           | -3.1    | -8.0    | -4.9                 |
| Export shipments:                              |               |           |           |             |          |                |         |         |                      |
| Ending inventory quantity..                    | 156,335       | 167,453   | 151,304   | 188,090     | 166,872  | +7.1           | -9.6    | -3.2    | -11.3                |
| Inventory/US shipments 1/..                    | 12.8          | 12.4      | 12.5      | 15.6        | 13.2     | -0.4           | +0.1    | -0.3    | -2.4                 |
| Production workers.....                        | 2,674         | 2,915     | 2,605     | 2,825       | 2,365    | +9.0           | -10.6   | -2.6    | -16.3                |
| Hours worked (1,000s).....                     | 4,638         | 5,145     | 4,634     | 1,160       | 1,109    | +10.9          | -9.9    | -0.1    | -4.4                 |
| Total comp. (\$1,000).....                     | 90,429        | 101,428   | 95,320    | 24,164      | 23,954   | +12.2          | -6.0    | +5.4    | -0.9                 |
| Hourly total compensation..                    | \$19.50       | \$19.71   | \$20.57   | \$20.83     | \$21.60  | +1.1           | +4.3    | +5.5    | +3.7                 |
| Productivity (short tons/<br>1,000 hours)..... | 263.1         | 265.7     | 259.4     | 267.2       | 288.9    | +1.0           | -2.4    | -1.4    | +8.1                 |
| Unit labor costs.....                          | \$74.11       | \$74.19   | \$79.31   | \$77.96     | \$74.76  | +0.1           | +6.9    | +7.0    | -4.1                 |
| Net sales value.....                           | 744,580       | 782,618   | 673,332   | 160,472     | 159,822  | +5.1           | -14.0   | -9.6    | -0.4                 |
| COGS/sales 1/.....                             | 86.6          | 87.4      | 86.2      | 89.4        | 84.1     | +0.8           | -1.2    | -0.4    | -5.4                 |
| Operating income (loss)....                    | 44,749        | 39,541    | 38,324    | 4,174       | 13,047   | -11.6          | -3.1    | -14.4   | +212.6               |
| Op. income (loss)/sales 1/.                    | 6.0           | 5.1       | 5.7       | 2.6         | 8.2      | -1.0           | +0.6    | -0.3    | +5.6                 |

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.

2/ A decrease of less than 0.05 percentage points.

3/ Positive figure, but less than significant digits displayed.

4/ An increase of less than 0.05 percentage points.

5/ Not applicable.

6/ Included in 'Other Sources.'

7/ An increase of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

Table C-3

Subject mechanical tubes: Summary data concerning the U.S. industry, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item   | Reported data |          |          | Jan.-Mar.-- |          | Period changes |         |         |         |
|--|---------------|----------|----------|-------------|----------|----------------|---------|---------|---------|
|  | 1989          | 1990     | 1991     | 1991        | 1992     | 1989-90        | 1990-91 | 1989-91 | 1991-92 |
|  |               |          |          |             |          |                |         |         |         |
| U.S. producers'--                              |               |          |          |             |          |                |         |         |         |
| Ending capacity quantity...                    | 327,634       | 337,184  | 346,263  | 86,372      | 91,630   | +2.9           | +2.7    | +5.7    | +6.1    |
| Production quantity.....                       | 207,107       | 214,515  | 193,469  | 49,916      | 52,196   | +3.6           | -9.8    | -6.6    | +4.6    |
| Capacity utilization 1/....                    | 63.2          | 63.6     | 55.9     | 57.8        | 57.0     | +0.4           | -7.7    | -7.3    | -0.8    |
| U.S. shipments:                                |               |          |          |             |          |                |         |         |         |
| Quantity.....                                  | 203,312       | 219,015  | 190,991  | 45,841      | 48,836   | +7.7           | -12.8   | -6.1    | +6.5    |
| Value.....                                     | 131,233       | 140,311  | 120,380  | 29,334      | 30,298   | +6.9           | -14.2   | -8.3    | +3.3    |
| Unit value.....                                | \$645.48      | \$640.65 | \$630.29 | \$639.91    | \$620.40 | -0.7           | -1.6    | -2.4    | -3.0    |
| Export shipments:                              |               |          |          |             |          |                |         |         |         |
| Quantity.....                                  | 0             | 0        | 0        | 0           | 0        | 0              | 0       | 0       | 0       |
| Exports/shipments 1/....                       | 0             | 0        | 0        | 0           | 0        | 0              | 0       | 0       | 0       |
| Value.....                                     | 0             | 0        | 0        | 0           | 0        | 0              | 0       | 0       | 0       |
| Unit value.....                                | 2/            | 2/       | 2/       | 2/          | 2/       | 2/             | 2/      | 2/      | 2/      |
| Ending inventory quantity..                    | 15,255        | 10,755   | 13,233   | 14,830      | 16,593   | -29.5          | +23.0   | -13.3   | +11.9   |
| Inventory/US shipments 1/..                    | 7.5           | 4.9      | 6.9      | 8.1         | 8.5      | -2.6           | +2.0    | -0.6    | +0.4    |
| Production workers.....                        | 294           | 304      | 286      | 278         | 278      | +3.4           | -5.9    | -2.7    | 0       |
| Hours worked (1,000s).....                     | 593           | 620      | 581      | 142         | 144      | +4.6           | -6.3    | -2.0    | +1.4    |
| Total comp. (\$1,000).....                     | 11,587        | 12,809   | 11,314   | 2,762       | 2,709    | +10.5          | -11.7   | -2.4    | -1.9    |
| Hourly total compensation..                    | \$19.54       | \$20.66  | \$19.47  | \$19.45     | \$18.81  | +5.7           | -5.7    | -0.3    | -3.3    |
| Productivity (short tons/<br>1,000 hours)..... | 333.1         | 335.9    | 324.4    | 336.2       | 357.3    | +0.8           | -3.4    | -2.6    | +6.3    |
| Unit labor costs.....                          | \$58.65       | \$61.50  | \$60.03  | \$57.86     | \$52.65  | +4.9           | -2.4    | +2.3    | -9.0    |
| Net sales value.....                           | 116,406       | 125,691  | 106,315  | 26,476      | 27,266   | +8.0           | -15.4   | -8.7    | +3.0    |
| COGS/sales 1/.....                             | 83.3          | 82.2     | 84.3     | 86.0        | 81.8     | -1.2           | +2.1    | +0.9    | -4.2    |
| Operating income (loss)....                    | 9,422         | 11,340   | 6,997    | 1,257       | 2,623    | +20.4          | -38.3   | -25.7   | +108.7  |
| Op. income (loss)/sales 1/.                    | 8.1           | 9.0      | 6.6      | 4.7         | 9.6      | +0.9           | -2.4    | -1.5    | +4.9    |

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.

2/ Not applicable.

Note.--Period changes are derived from the unrounded data. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

Note.--Import data on mechanical tubing that is not cold-drawn or cold-rolled is not available. However, counsels for all the respondents except \*\*\* indicated that their clients did not export the subject mechanical tubing to the United States. \*\*\* exports of the subject mechanical tubing were \*\*\* short tons in 1990. Refer to appendix F.

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

Table C-4

Certain subject pipes and tubes (excluding thin-walled fence tubing for residential use): Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are  
per short ton, period changes=percent, except where noted)

| Item | Reported data |      |      | Jan.-Mar.-- |      | Period changes |         |         |                      |
|------|---------------|------|------|-------------|------|----------------|---------|---------|----------------------|
|      | 1989          | 1990 | 1991 | 1991        | 1992 | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar.<br>1991-92 |
|      | *             | *    | *    | *           | *    | *              | *       | *       | *                    |

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

Table C-5

Thin-walled fence tubing for residential use: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are  
per short ton, period changes=percent, except where noted)

| Item | Reported data |      |      | Jan.-Mar.-- |      | Period changes |         |         |                      |
|------|---------------|------|------|-------------|------|----------------|---------|---------|----------------------|
|      | 1989          | 1990 | 1991 | 1991        | 1992 | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar.<br>1991-92 |
|      | *             | *    | *    | *           | *    | *              | *       | *       | *                    |

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



Table C-6

Subject pipes and tubes plus conduit pipe: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item                                  | Reported data |           |           | Jan.-Mar.-- |          | Period changes |         |         |                   |
|---------------------------------------|---------------|-----------|-----------|-------------|----------|----------------|---------|---------|-------------------|
|                                       | 1989          | 1990      | 1991      | 1991        | 1992     | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar. 1991-92 |
| <b>U.S. consumption quantity:</b>     |               |           |           |             |          |                |         |         |                   |
| Amount.....                           | 2,589,880     | 2,727,053 | 2,452,083 | 654,474     | 598,729  | +5.3           | -10.1   | -5.3    | -8.5              |
| Producers' share 1/.....              | 69.6          | 71.1      | 71.1      | 65.4        | 74.6     | +1.6           | 2/      | +1.6    | +9.2              |
| Importers' share: 1/.....             |               |           |           |             |          |                |         |         |                   |
| Brazil (subject).....                 | 1.2           | 2.3       | 2.2       | 0.8         | 1.4      | +1.2           | -0.1    | +1.0    | +0.6              |
| Korea (subject).....                  | 11.4          | 11.1      | 13.2      | 18.3        | 12.6     | -0.3           | +2.1    | +1.8    | -5.7              |
| Mexico (subject).....                 | 2.5           | 2.5       | 2.0       | 1.7         | 2.6      | 3/             | -0.6    | -0.6    | +0.9              |
| Romania (subject).....                | .4            | .5        | .5        | 1.0         | .3       | +0.1           | 2/      | +0.1    | -0.7              |
| Taiwan (subject).....                 | 1.6           | 1.5       | 1.6       | 2.0         | 4/       | 2/             | 3/      | 3/      | -2.0              |
| Venezuela (subject).....              | .3            | .7        | .7        | 1.6         | .1       | +0.4           | 2/      | +0.4    | -1.5              |
| Subtotal.....                         | 17.4          | 18.7      | 20.2      | 25.5        | 17.1     | +1.3           | +1.5    | +2.8    | -8.4              |
| Other sources.....                    | 13.0          | 10.1      | 8.7       | 9.2         | 8.4      | -2.9           | -1.4    | -4.3    | -0.8              |
| Total.....                            | 30.4          | 28.9      | 28.9      | 34.6        | 25.4     | -1.6           | 3/      | -1.6    | -9.2              |
| <b>U.S. consumption value:</b>        |               |           |           |             |          |                |         |         |                   |
| Amount.....                           | 1,675,862     | 1,673,880 | 1,494,122 | 397,649     | 359,711  | -0.1           | -10.7   | -10.8   | -9.5              |
| Producers' share 1/.....              | 74.0          | 75.1      | 73.8      | 69.7        | 76.9     | +1.1           | -1.3    | -0.1    | +7.2              |
| Importers' share: 1/.....             |               |           |           |             |          |                |         |         |                   |
| Brazil (subject).....                 | 0.9           | 1.5       | 1.8       | 0.7         | 1.0      | +0.6           | +0.3    | +0.8    | +0.3              |
| Korea (subject).....                  | 9.9           | 9.6       | 11.6      | 15.7        | 10.9     | -0.4           | +2.0    | +1.6    | -4.8              |
| Mexico (subject).....                 | 2.1           | 2.2       | 1.7       | 1.5         | 2.3      | +0.1           | -0.5    | -0.4    | +0.8              |
| Romania (subject).....                | .3            | .4        | .4        | .7          | .2       | +0.1           | 2/      | +0.1    | -0.5              |
| Taiwan (subject).....                 | 1.1           | 1.2       | 1.2       | 1.6         | 4/       | +0.1           | +0.1    | +0.2    | -1.6              |
| Venezuela (subject).....              | .2            | .5        | .5        | 1.3         | .1       | +0.3           | 3/      | +0.3    | -1.3              |
| Subtotal.....                         | 14.6          | 15.4      | 17.2      | 21.5        | 14.5     | +0.8           | +1.8    | +2.6    | -7.0              |
| Other sources.....                    | 11.4          | 9.5       | 9.0       | 8.8         | 8.5      | -1.9           | -0.5    | -2.4    | -0.3              |
| Total.....                            | 26.0          | 24.9      | 26.2      | 30.3        | 23.1     | -1.1           | +1.3    | +0.1    | -7.2              |
| <b>U.S. importers' imports from--</b> |               |           |           |             |          |                |         |         |                   |
| <b>Brazil (subject):</b>              |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....                 | 30,748        | 63,855    | 54,488    | 5,465       | 8,550    | +107.7         | -14.7   | +77.2   | +56.5             |
| Imports value.....                    | 15,866        | 25,665    | 26,715    | 2,831       | 3,764    | +61.8          | +4.1    | +68.4   | +33.0             |
| Unit value.....                       | \$516.00      | \$401.93  | \$490.28  | \$518.12    | \$440.24 | -22.1          | +22.0   | -5.0    | -15.0             |
| Ending inventory qty.....             | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| <b>Korea (subject):</b>               |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....                 | 295,643       | 302,675   | 324,704   | 119,875     | 75,642   | +2.4           | +7.3    | +9.8    | -36.9             |
| Imports value.....                    | 166,677       | 160,310   | 172,590   | 62,541      | 39,296   | -3.8           | +7.7    | +3.5    | -37.2             |
| Unit value.....                       | \$563.78      | \$529.65  | \$531.53  | \$521.72    | \$519.50 | -6.1           | +0.4    | -5.7    | -0.4              |
| Ending inventory qty.....             | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| <b>Mexico (subject):</b>              |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....                 | 65,294        | 68,828    | 48,240    | 10,910      | 15,622   | +5.4           | -29.9   | -26.1   | +43.2             |
| Imports value.....                    | 35,346        | 36,716    | 25,268    | 5,887       | 8,248    | +3.9           | -31.2   | -28.5   | +40.1             |
| Unit value.....                       | \$541.33      | \$533.44  | \$523.79  | \$539.78    | \$527.95 | -1.5           | -1.8    | -3.2    | -2.2              |
| Ending inventory qty.....             | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| <b>Romania (subject):</b>             |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....                 | 11,033        | 14,495    | 12,650    | 6,318       | 1,514    | +31.4          | -12.7   | +14.7   | -76.0             |
| Imports value.....                    | 4,854         | 6,273     | 5,365     | 2,693       | 616      | +29.2          | -14.5   | +10.5   | -77.1             |
| Unit value.....                       | \$439.92      | \$432.81  | \$424.08  | \$426.25    | \$407.04 | -1.6           | -2.0    | -3.6    | -4.5              |
| Ending inventory qty.....             | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| <b>Taiwan (subject):</b>              |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....                 | 40,496        | 42,173    | 38,533    | 13,411      | 152      | +4.1           | -8.6    | -4.8    | -98.9             |
| Imports value.....                    | 17,847        | 19,632    | 18,295    | 6,282       | 71       | +10.0          | -6.8    | +2.5    | -98.9             |
| Unit value.....                       | \$440.71      | \$465.50  | \$474.77  | \$468.44    | \$467.90 | +5.6           | +2.0    | +7.7    | -0.1              |
| Ending inventory qty.....             | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| <b>Venezuela (subject):</b>           |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....                 | 7,990         | 18,497    | 16,353    | 10,755      | 627      | +131.5         | -11.6   | +104.7  | -94.2             |
| Imports value.....                    | 3,890         | 8,675     | 8,102     | 5,309       | 297      | +123.0         | -6.6    | +108.3  | -94.4             |
| Unit value.....                       | \$486.86      | \$469.02  | \$495.44  | \$493.62    | \$474.04 | -3.7           | +5.6    | +1.8    | -4.0              |
| Ending inventory qty.....             | ***           | ***       | ***       | ***         | ***      | ***            | ***     | ***     | ***               |
| <b>Subject sources:</b>               |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....                 | 451,204       | 510,523   | 494,969   | 166,734     | 102,107  | +13.1          | -3.0    | +9.7    | -38.8             |
| Imports value.....                    | 244,480       | 257,272   | 256,334   | 85,546      | 52,293   | +5.2           | -0.4    | +4.8    | -38.9             |
| Unit value.....                       | \$541.84      | \$503.94  | \$517.88  | \$513.07    | \$512.13 | -7.0           | +2.8    | -4.4    | -0.2              |
| Ending inventory qty.....             | 39,135        | 33,765    | 36,701    | 31,165      | 33,994   | -13.7          | +8.7    | -6.2    | +9.1              |

See footnotes at end of table.

Table C-6--Continued

Subject pipes and tubes plus conduit pipe: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item   | Reported data |           |           | Jan.-Mar.-- |          | Period changes |         |         |         |
|--|---------------|-----------|-----------|-------------|----------|----------------|---------|---------|---------|
|  | 1989          | 1990      | 1991      | 1991        | 1992     | 1989-90        | 1990-91 | 1989-91 | 1991-92 |
| Other sources:                                 |               |           |           |             |          |                |         |         |         |
| Imports quantity.....                          | 337,066       | 276,509   | 213,215   | 59,894      | 50,007   | -18.0          | -22.9   | -36.7   | -16.5   |
| Imports value.....                             | 191,619       | 159,381   | 134,645   | 34,930      | 30,632   | -16.8          | -15.5   | -29.7   | -12.3   |
| Unit value.....                                | \$568.49      | \$576.40  | \$631.49  | \$583.20    | \$612.56 | +1.4           | +9.6    | +11.1   | +5.0    |
| Ending inventory qty.....                      | 4,703         | 1,953     | 1,359     | 2,144       | 1,096    | -58.5          | -30.4   | -71.1   | -48.9   |
| All sources:                                   |               |           |           |             |          |                |         |         |         |
| Imports quantity.....                          | 788,271       | 787,031   | 708,184   | 226,628     | 152,114  | -0.2           | -10.0   | -10.2   | -32.9   |
| Imports value.....                             | 436,099       | 416,653   | 390,978   | 120,476     | 82,925   | -4.5           | -6.2    | -10.3   | -31.2   |
| Unit value.....                                | \$553.23      | \$529.40  | \$552.08  | \$531.60    | \$545.15 | -4.3           | +4.3    | -0.2    | +2.5    |
| U.S. producers'--                              |               |           |           |             |          |                |         |         |         |
| Ending capacity quantity...                    | 3,124,499     | 3,420,883 | 3,244,779 | 843,189     | 821,481  | +9.5           | -5.1    | +3.8    | -2.6    |
| Production quantity.....                       | 1,804,271     | 1,964,487 | 1,748,690 | 456,935     | 470,283  | +8.9           | -11.0   | -3.1    | +2.9    |
| Capacity utilization 1/....                    | 57.5          | 57.2      | 53.0      | 54.0        | 57.1     | -0.3           | -4.2    | -4.5    | +3.1    |
| U.S. shipments:                                |               |           |           |             |          |                |         |         |         |
| Quantity.....                                  | 1,801,609     | 1,940,022 | 1,743,899 | 427,846     | 446,615  | +7.7           | -10.1   | -3.2    | +4.4    |
| Value.....                                     | 1,239,763     | 1,257,227 | 1,103,144 | 277,173     | 276,786  | +1.4           | -12.3   | -11.0   | -0.1    |
| Unit value.....                                | \$688.14      | \$648.05  | \$632.57  | \$647.83    | \$619.74 | -5.8           | -2.4    | -8.1    | -4.3    |
| Export shipments:                              |               |           |           |             |          |                |         |         |         |
| Ending inventory quantity..                    | 215,394       | 223,208   | 205,539   | 247,924     | 224,079  | +3.6           | -7.9    | -4.6    | -9.6    |
| Inventory/US shipments 1/..                    | 12.0          | 11.6      | 11.8      | 14.5        | 12.5     | -0.4           | +0.2    | -0.2    | -1.9    |
| Production workers.....                        | 3,631         | 3,967     | 3,495     | 3,729       | 3,256    | +9.3           | -11.9   | -3.7    | -12.7   |
| Hours worked (1,000s).....                     | 6,506         | 7,224     | 6,434     | 1,617       | 1,569    | +11.0          | -10.9   | -1.1    | -3.0    |
| Total comp. (\$1,000).....                     | 125,808       | 143,575   | 131,470   | 33,115      | 33,883   | +14.1          | -8.4    | +4.5    | +2.3    |
| Hourly total compensation..                    | \$19.34       | \$19.87   | \$20.43   | \$20.48     | \$21.60  | +2.8           | +2.8    | +5.7    | +5.4    |
| Productivity (short tons/<br>1,000 hours)..... | 274.5         | 269.9     | 270.0     | 271.9       | 291.1    | -1.7           | 5/      | -1.6    | +7.1    |
| Unit labor costs.....                          | \$70.45       | \$73.63   | \$75.68   | \$75.33     | \$74.19  | +4.5           | +2.8    | +7.4    | -1.5    |
| Net sales value.....                           | 1,185,792     | 1,211,891 | 1,057,474 | 253,806     | 253,069  | +2.2           | -12.7   | -10.8   | -0.3    |
| COGS/sales 1/.....                             | 85.0          | 85.5      | 84.5      | 86.7        | 83.4     | +0.5           | -1.0    | -0.5    | -3.3    |
| Operating income (loss)....                    | 67,708        | 59,838    | 59,744    | 7,413       | 17,397   | -11.6          | -0.2    | -11.8   | +134.7  |
| Op. income (loss)/sales 1/.                    | 5.7           | 4.9       | 5.6       | 2.9         | 6.9      | -0.8           | +0.7    | -0.1    | +4.0    |

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.

2/ A decrease of less than 0.05 percentage points.

3/ An increase of less than 0.05 percentage points.

4/ Positive figure, but less than significant digits displayed.

5/ An increase of less than 0.05 percent.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

Note.--Consistent with HTS category 7306.30.50.28, conduit pipe was defined as circular, welded, non-alloy steel pipes and tubes, internally coated or lined with a non-electrically insulating material, suitable for use as electrical conduit.

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

Table C-7

Conduit pipe: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item                           | Reported data |           |           | Jan.-Mar.-- |          | Period changes |         |         |                   |
|--------------------------------|---------------|-----------|-----------|-------------|----------|----------------|---------|---------|-------------------|
|                                | 1989          | 1990      | 1991      | 1991        | 1992     | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar. 1991-92 |
| U.S. consumption quantity:     |               |           |           |             |          |                |         |         |                   |
| Amount.....                    | 376,601       | 373,285   | 340,977   | 80,323      | 82,007   | -0.9           | -8.7    | -9.5    | +2.1              |
| Producers' share 1/.....       | 100.0         | 99.0      | 100.0     | 99.9        | 100.0    | -1.0           | +1.0    | 2/      | +0.1              |
| Importers' share: 1/           |               |           |           |             |          |                |         |         |                   |
| All sources 3/.....            | 0             | 1.0       | 4/        | 0.1         | 0        | +1.0           | -1.0    | 5/      | -0.1              |
| U.S. consumption value:        |               |           |           |             |          |                |         |         |                   |
| Amount.....                    | 331,048       | 303,019   | 273,315   | 65,631      | 65,201   | -8.5           | -9.8    | -17.4   | -0.7              |
| Producers' share 1/.....       | 100.0         | 99.3      | 100.0     | 99.9        | 100.0    | -0.7           | +0.7    | 2/      | +0.1              |
| Importers' share: 1/           |               |           |           |             |          |                |         |         |                   |
| All sources 3/.....            | 0             | 0.7       | 4/        | 0.1         | 0        | +0.7           | -0.7    | 5/      | -0.1              |
| U.S. importers' imports from-- |               |           |           |             |          |                |         |         |                   |
| All sources: 3/                |               |           |           |             |          |                |         |         |                   |
| Imports quantity.....          | 0             | 3,606     | 50        | 49          | 0        | 6/             | -98.6   | 6/      | -100.0            |
| Imports value.....             | 0             | 2,234     | 45        | 33          | 0        | 6/             | -98.0   | 6/      | -100.0            |
| Unit value.....                | 6/            | \$619.38  | \$893.24  | \$674.81    | 6/       | 6/             | +44.2   | 6/      | 6/                |
| U.S. producers'--              |               |           |           |             |          |                |         |         |                   |
| Ending capacity quantity...    | 1,062,022     | 1,080,429 | 1,011,735 | 250,066     | 249,462  | +1.7           | -6.4    | -4.7    | -0.2              |
| Production quantity.....       | 377,028       | 382,766   | 353,307   | 83,751      | 86,073   | +1.5           | -7.7    | -6.3    | +2.8              |
| Capacity utilization 1/....    | 34.6          | 34.7      | 34.3      | 32.7        | 34.0     | 5/             | -0.4    | -0.4    | +1.3              |
| U.S. shipments:                |               |           |           |             |          |                |         |         |                   |
| Quantity.....                  | 376,601       | 369,679   | 340,927   | 80,274      | 82,007   | -1.8           | -7.8    | -9.5    | +2.2              |
| Value.....                     | 331,048       | 300,785   | 273,270   | 65,598      | 65,201   | -9.1           | -9.1    | -17.5   | -0.6              |
| Unit value.....                | \$879.04      | \$813.64  | \$801.55  | \$817.18    | \$795.07 | -7.4           | -1.5    | -8.8    | -2.7              |
| Export shipments:              |               |           |           |             |          |                |         |         |                   |
| *.....                         | *             | *         | *         | *           | *        | *              | *       | *       | *                 |
| Ending inventory quantity..    | 43,804        | 45,000    | 41,002    | 45,004      | 40,614   | +2.7           | -8.9    | -6.4    | -9.8              |
| Inventory/US shipments 1/..    | 11.7          | 12.7      | 12.0      | 14.0        | 12.4     | +1.0           | -0.7    | +0.3    | -1.6              |
| Production workers.....        | 663           | 748       | 604       | 626         | 613      | +12.8          | -19.3   | -8.9    | -2.1              |
| Hours worked (1,000s).....     | 1,275         | 1,459     | 1,219     | 315         | 316      | +14.4          | -16.4   | -4.4    | +0.3              |
| Total comp. (\$1,000).....     | 23,792        | 29,338    | 24,836    | 6,189       | 7,220    | +23.3          | -15.3   | +4.4    | +16.7             |
| Hourly total compensation..    | \$18.66       | \$20.11   | \$20.37   | \$19.65     | \$22.85  | +7.8           | +1.3    | +9.2    | +16.3             |
| Productivity (short tons/      |               |           |           |             |          |                |         |         |                   |
| 1,000 hours).....              | 288.6         | 256.7     | 284.5     | 259.9       | 268.5    | -11.1          | +10.8   | -1.4    | +3.3              |
| Unit labor costs.....          | \$64.66       | \$78.33   | \$71.61   | \$75.59     | \$85.10  | +21.2          | -8.6    | +10.8   | +12.6             |
| Net sales value.....           | 324,806       | 303,582   | 277,827   | 66,858      | 65,981   | -6.5           | -8.5    | -14.5   | -1.3              |
| COGS/sales 1/.....             | 82.1          | 82.3      | 80.7      | 80.5        | 82.6     | +0.2           | -1.5    | -1.3    | +2.1              |
| Operating income (loss)....    | 13,537        | 8,957     | 14,423    | 1,982       | 1,727    | -33.8          | +61.0   | +6.5    | -12.9             |
| Op. income (loss)/sales 1/.    | 4.2           | 3.0       | 5.2       | 3.0         | 2.6      | -1.2           | +2.2    | +1.0    | -0.3              |

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.

2/ A decrease of less than 0.05 percentage points.

3/ Conduit pipe imports include 2,191 short tons, valued at 1,332 thousand dollars, from Korea in 1990 and 49 short tons, valued at 33 thousand dollars, in Jan.-Mar. 1991. However, such imports are not subject to these investigations.

4/ Positive figure, but less than significant digits displayed.

5/ An increase of less than 0.05 percentage points.

6/ Not applicable.

Note.--Period changes are derived from the unrounded data. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

Note.--Consistent with HTS category 7306.30.50.28, conduit pipe was defined as circular, welded, non-alloy steel pipes and tubes, internally coated or lined with a non-electrically insulating material, suitable for use as electrical conduit.

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

Table C-8

Certain subject pipes and tubes (excluding thin-walled fence tubing for residential use) plus conduit pipe: Summary data concerning the U.S. market, 1989-91, January-March 1991, and January-March 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

| Item | Reported data |      |      |             | Period changes |         |         |           |
|------|---------------|------|------|-------------|----------------|---------|---------|-----------|
|      | 1989          | 1990 | 1991 | Jan.-Mar.-- | 1989-90        | 1990-91 | 1989-91 | Jan.-Mar. |
|      |               |      |      | 1991 1992   |                |         |         | 1991-92   |
|      | *             | *    | *    | *           | *              | *       | *       | *         |

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

## Appendix D

### U.S. Producers' Shares of Production and Plant Locations

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Table D-1

Subject standard and structural pipes and tubes: U.S. producers, their shares of production, and plant locations, by firms, 1991

| Firm                                     | Share of reported<br>1991 production<br>Percent | Plant locations   |
|--|---|---|
| Petitioning firms:                       |   |   |
| Allied Tube & Conduit Corp...            | ***   | Harvey, IL<br>Philadelphia, PA<br>Liberty, TX <sup>1</sup>                  |
| American Tube Co.....                    | ***   | Phoenix, AZ<br>Kokomo, IN   |
| Armco, Inc.,<br>Sawhill Tubular Div..... | ***   | Sharon, PA<br>Warren, OH <sup>2</sup>                                       |
| Bull Moose Tube Co.....                  | ***   | Gerald, MO<br>Trenton, GA   |
| Century Tube Corp.....                   | ***   | Pine Bluff, AR  |
| Laclede Steel Co.....                    | ***   | Alton, IL<br>Benwood, WV  |
| Sharon Tube Co.....                      | ***   | Sharon, PA  |
| Western Tube & Conduit Corp..            | ***   | Long Beach, CA  |
| Wheatland Tube Co.....                   | ***   | Wheatland, PA   |
| Non-petitioning firms:                   |   |   |
| Alpha Tube Corp.....                     | ***   | Holland, OH   |
| Berger Industries, Inc.....              | ***   | Cleveland, OH<br>Edison, NJ   |
| CSI Tubular Products.....                | ***   | Fontana, CA   |
| Geneva Steel.....                        | ***   | Vineyard, UT  |
| LTV Tubular Products Co.....             | ***   | Youngstown, OH<br>Counce, TN<br>Cleveland, OH<br>Elyria, OH<br>Ferndale, MI |
| Maruichi American Corp.....              | ***   | Santa Fe Springs, CA  |
| Newport Steel Corp.....                  | ***   | Newport, KY   |
| Northwest Pipe & Casing.....             | ***   | Portland, OR<br>Atchison, KS  |
| Paragon Industries.....                  | ***   | Sapulpa, OK   |
| USX Corp.....                            | ***   | Fairless Hills, PA <sup>4</sup>   |
| USS-Kobe.....                            | ***   | Lorain, OH  |
| Welded Tube Co. of America...            | ***   | Chicago, IL <sup>5</sup>  |

<sup>1</sup> On Jan. 24, 1990, Allied acquired National Pipe & Tube Co., in Liberty, TX. It recently announced the suspension of operations at this plant.

<sup>2</sup> Company opened this mill in 1989.

<sup>3</sup> Company responded to the Commission's producers' questionnaire; however, data provided included significant amounts of non-subject pipes and tubes. The company's data, therefore, were not used.

<sup>4</sup> \*\*\*.

<sup>5</sup> \*\*\*.

Note.--Because of rounding, percentages do not add to 100.

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

Table D-2

Subject mechanical tubes: U.S. producers, their shares of production, and plant locations, by firms, 1991

| <u>Firm</u>                           | <u>Share of reported<br/>1991 subject<br/>mechanical tubing<br/>production<br/>Percent</u> | <u>Plant locations</u>         |
|---------------------------------------|--|--------------------------------|
| Petitioning firm:                     |  |                                |
| Allied Tube & Conduit.....            | ***  | Harvey, IL<br>Philadelphia, PA |
| Nonpetitioning firms:                 |  |                                |
| Alpha Tube.....                       | ***  | Holland, OH <sup>1</sup>       |
| American Roll Formed<br>Products..... | ***  | Painesville, OH                |
| Armco Steel Co., L.P.....             | ***  | Middletown, OH                 |
| Central Nebraska Tubing.....          | ***  | Waverly, NE                    |
| Jackson Tube Service.....             | ***  | Piqua, OH                      |
| Lindsay Manufacturing.....            | ***  | Lindsay, NE                    |
| Lock Joint Tube, Inc.....             | ***  | South Bend, IN                 |
| LTV Tubular Products.....             | ***  | Cleveland, OH<br>Elyria, OH    |
| Metal-Matic, Inc.....                 | ***  | Ferndale, MI                   |
| Mid-States Tube Corp.....             | ***  | Minneapolis, MN                |
| Parthenon Metal Works.....            | ***  | Kenosha, WI                    |
| Plymouth Tube Co.....                 | ***  | Laverne, TN                    |
| Reinke Manufacturing.....             | ***  | Streator, IL                   |
| Southwestern Pipe.....                | ***  | Deshler, NE                    |
| United Tube Corp.....                 | ***  | Houston, TX<br>Medina, OH      |

<sup>1</sup> Company has two production facilities at this location.

<sup>2</sup> Company was unable to provide data limited to the subject mechanical tubing. Estimates of production of subject mechanical tubing are included in staff's consideration of coverage.

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



## Appendix E

**Comments Received from U.S. Producers on the  
Impact of Imports of Certain Circular, Welded,  
Non-alloy Steel Pipes and Tubes from Brazil,  
Korea, Mexico, Romania, Taiwan, and/or  
Venezuela on their Growth, Investment, Ability  
to Raise Capital, and/or Existing Development  
and Production Efforts**

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The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of the subject pipes and tubes from Brazil, Korea, Mexico, Romania, Taiwan, and/or Venezuela on their growth, investment, ability to raise capital, and/or existing development and production efforts (including efforts to develop a derivative or improved version of the subject products). Their responses are shown below:

Actual Negative Effects

\* \* \* \* \*

Anticipated Negative Effects

\* \* \* \* \*

Influence of Imports on Capital Investments

\* \* \* \* \*



## Appendix F

Production and Shipments of  
Subject Mechanical Tubing in  
\* \* \* and \* \* \*

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Table F-1

Subject mechanical tubing: \*\*\* capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93

| Item | 1989 | 1990 | 1991 | <u>Jan.-Mar.--</u> |      | <u>Projected--</u> |      |
|------|------|------|------|--------------------|------|--------------------|------|
|      |      |      |      | 1991               | 1992 | 1992               | 1993 |
|      | *    | *    | *    | *                  | *    | *                  | *    |

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

Table F-2

Subject mechanical tubing: \*\*\* capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93

| Item | 1989 | 1990 | 1991 | <u>Jan.-Mar.--</u> |      | <u>Projected--</u> |      |
|------|------|------|------|--------------------|------|--------------------|------|
|      |      |      |      | 1991               | 1992 | 1992               | 1993 |
|      | *    | *    | *    | *                  | *    | *                  | *    |

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

Table F-3

Subject mechanical tubing: Aggregate capacity, production, inventories, and shipments, 1989-91, January-March 1991, January-March 1992, and projected 1992-93

| Item | 1989 | 1990 | 1991 | <u>Jan.-Mar.--</u> |      | <u>Projected--</u> |      |
|------|------|------|------|--------------------|------|--------------------|------|
|      |      |      |      | 1991               | 1992 | 1992               | 1993 |
|      | *    | *    | *    | *                  | *    | *                  | *    |

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





Appendix G  
Quarterly Import Data

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Table G-1

Circular, welded, non-alloy steel pipes and tubes: Value of U.S. imports, by sources and by quarters, 1989-92

| (In thousands of dollars) |               |               |                  |                  |         |
|---------------------------|---------------|---------------|------------------|------------------|---------|
| Item                      | Jan.-<br>Mar. | Apr.-<br>June | July-<br>Sept.   | Oct.-<br>Dec.    | Total   |
| 1989:                     |               |               |                  |                  |         |
| Brazil.....               | 2,529         | 4,440         | 5,886            | 3,012            | 15,866  |
| Korea.....                | 40,688        | 41,228        | 38,070           | 46,691           | 166,677 |
| Mexico.....               | 7,747         | 7,931         | 11,995           | 7,673            | 35,346  |
| Romania.....              | 0             | 2,472         | 492              | 1,890            | 4,854   |
| Taiwan (subject).....     | 6,453         | 4,644         | 3,717            | 3,033            | 17,847  |
| Venezuela.....            | 523           | 126           | 1,694            | 1,547            | 3,890   |
| All other.....            | 59,115        | 45,988        | 45,518           | 40,998           | 191,619 |
| Total.....                | 117,054       | 106,826       | 107,372          | 104,844          | 436,099 |
| 1990:                     |               |               |                  |                  |         |
| Brazil.....               | 7,795         | 3,512         | 5,972            | 8,387            | 25,665  |
| Korea.....                | 37,870        | 42,095        | 39,802           | 40,544           | 160,310 |
| Mexico.....               | 9,628         | 9,700         | 8,997            | 8,390            | 36,716  |
| Romania.....              | 742           | 2,820         | 2,081            | 631              | 6,273   |
| Taiwan (subject).....     | 3,313         | 4,933         | 4,870            | 6,515            | 19,632  |
| Venezuela.....            | 2,848         | 831           | 1,532            | 3,464            | 8,675   |
| All other.....            | 36,735        | 45,730        | 41,112           | 33,570           | 157,147 |
| Total.....                | 98,931        | 109,622       | 104,365          | 101,501          | 414,419 |
| 1991:                     |               |               |                  |                  |         |
| Brazil.....               | 2,831         | 9,976         | 8,307            | 5,600            | 26,715  |
| Korea.....                | 62,541        | 41,122        | 35,837           | 33,090           | 172,590 |
| Mexico.....               | 5,889         | 5,932         | 5,874            | 7,572            | 25,268  |
| Romania.....              | 2,693         | 1,814         | 0                | 857              | 5,365   |
| Taiwan (subject).....     | 6,282         | 6,249         | 4,596            | 1,167            | 18,295  |
| Venezuela.....            | 5,309         | 1,628         | 516              | 649              | 8,102   |
| All other.....            | 34,897        | 33,264        | 35,221           | 31,217           | 134,599 |
| Total.....                | 120,442       | 99,985        | 90,352           | 80,152           | 390,933 |
| 1992:                     |               |               |                  |                  |         |
| Brazil.....               | 3,764         | 121           | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 5,885   |
| Korea.....                | 39,296        | 32,209        | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 71,505  |
| Mexico.....               | 8,248         | 3,445         | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 11,693  |
| Romania.....              | 616           | 0             | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 616     |
| Taiwan (subject).....     | 71            | 93            | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 164     |
| Venezuela.....            | 297           | 0             | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 297     |
| All other.....            | 30,632        | 35,430        | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 66,062  |
| Total.....                | 82,925        | 71,298        | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 154,222 |

<sup>1</sup> Data are not available.

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

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

