Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain

Investigations Nos. 701-TA-363 and 364 (Preliminary)
and
Investigations Nos. 731-TA-711-717 (Preliminary)

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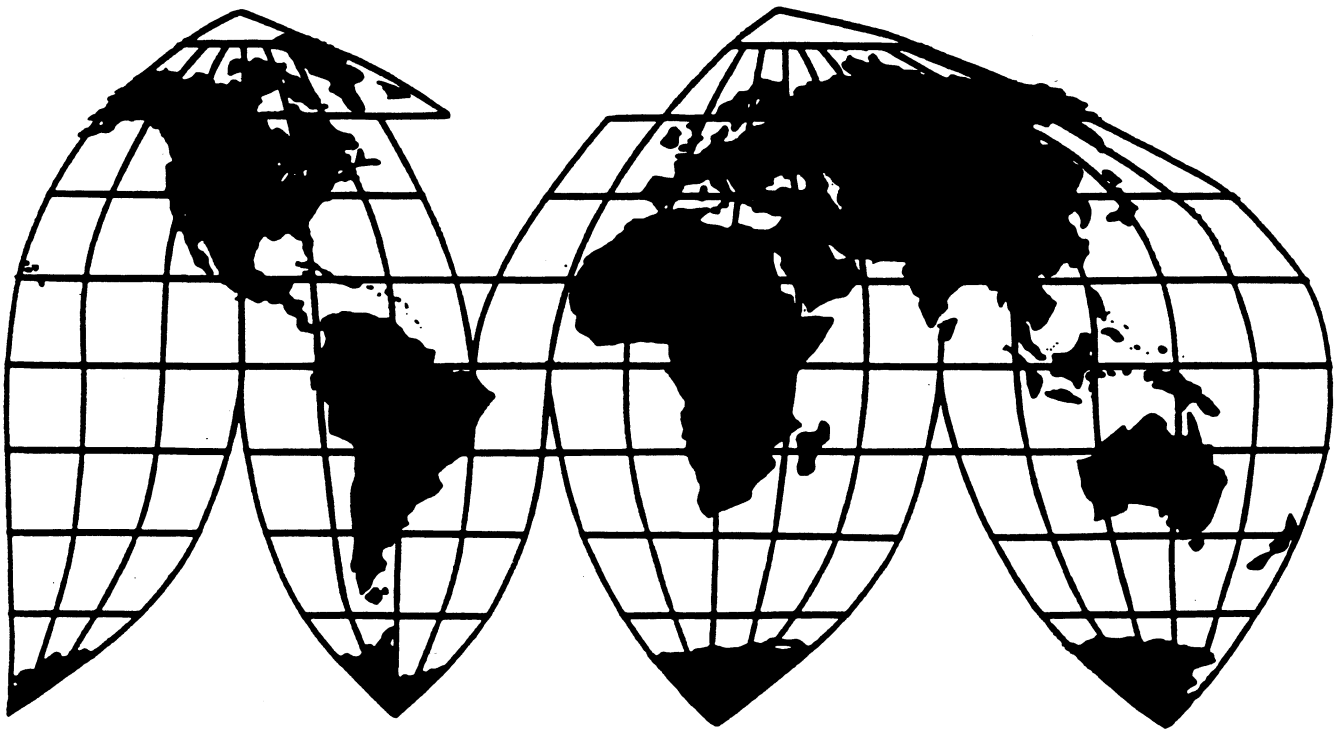
U.S. International Trade Commission



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GLOSSARY OF ABBREVIATIONS

Act	Tariff Act of 1930
Allied	Allied Tube & Conduit Corp.
API	American Petroleum Institute
Armco	Armco, Inc.
Arvedi	Acciaierie Tubificio Arvedi S.p.A.
Bellville	Bellville Tube Corp.
Cargill	Cargill, Inc.
CF&I	CF&I Steel, L.P.
Commission	U.S. International Trade Commission
Commerce	U.S. Department of Commerce
COP	Cost of production
Customs	U.S. Customs Service
CV	Constructed value
Dalmine	Dalmine S.p.A.
Dalmine USA	Dalmine USA, Inc.
Dongbu	Dongbu Steel Co., Ltd.
Dongkuk	Dongkuk International, Inc.
FMV	Foreign market value
GATT	General Agreement on Tariffs and Trade
Grinnell	Grinnell Corp.
HTS	Harmonized Tariff Schedule of the United States
Hylsa	Hylsa S.A. de C.V.
Hyundai	Hyundai Pipe of America, Inc.
Hyundai Pipe	Hyundai Pipe Co., Ltd.
IMF	International Monetary Fund
IPSCO	IPSCO Steel, Inc.
Joy Pipe	Joy Pipe, Inc.
Kawasaki	Kawasaki Steel Corp.
Kawasho	Kawasho International U.S.A., Inc.
Kobe	Kobe Steel, Ltd.
Koppel	Koppel Steel Corp.
Korea Steel	Korea Steel Pipe Co., Ltd.
Lone Star	Lone Star Steel Co.
LTFV	less than fair value
LTV	LTV Steel Tubular Products Co.
Maverick	Maverick Tube Corp.
MC Tubular	MC Tubular Products, Inc.
NAFTA	North American Free Trade Agreement
Newport	Newport Steel Corp.
Nippon	Nippon Steel Corp.
N-I Tubulars	N-I Tubulars, Inc.
NKK	NKK Corp.
North Star	North Star Steel Ohio
NS Group	NS Group Inc.
OCTG	Oil country tubular goods
O.D.	Outer diameter
Oregon Steel	Oregon Steel Mills
Paragon	Paragon Pipe
Psi	Pounds per square inch
Pusan	Pusan Pipe America, Inc.

GLOSSARY OF ABBREVIATIONS

Pusan Steel	Pusan Steel Pipe Corp.
Quanex	Quanex Corp.
Samsung	Samsung America, Inc.
Sawhill	Sawhill Tubular Division
Siderca	Siderca Corp.
Sumitomo	Sumitomo Corp. of America
Sumitomo Metal	Sumitomo Metal Industries, Ltd.
TAD	TAD USA, Inc.
Tamsa	Tamsa, Inc.
Timken	The Timken Co.
Trident	Trident Steel Corp.
Tubos de Acero	Tubos de Acero de Mexico S.A.
Tubos Reunidos	Tubos Reunidos America, Inc.
Union Steel	Union Steel Mfg. Co., Ltd.
USP	U.S. price
U.S. Steel	U.S. Steel Group
USS/KOBE	USS/KOBE Steel Co.
USX	USX Corp.
Voest-Alpine	Voest-Alpine Tubular Corp.
Voest-Alpine Kindberg	Voest-Alpine Stahlrohr Kindberg GmbH
Voest-Alpine Donawitz	Voest-Alpine Stahl Donawitz GmbH

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.

PART I

DETERMINATIONS AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 701-TA-363 and 364 (Preliminary) and Investigations Nos. 731-TA-711-717 (Preliminary)

OIL COUNTRY TUBULAR GOODS FROM ARGENTINA, AUSTRIA, ITALY, JAPAN, KOREA, MEXICO, AND SPAIN

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a) and 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of oil country tubular goods (OCTG)[2] from Austria and Italy that are alleged to be subsidized, and from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain that are alleged to be sold in the United States at less than fair value (LTFV). The subject merchandise is provided for in subheadings 7304.20, 7305.20, and 7306.20 of the Harmonized Tariff Schedule of the United States.

Background

On June 30, 1994, petitions were filed with the Commission and the Department of Commerce by Bellville, Bellville, TX; IPSCO, Camanche, IA; Koppel, Beaver Falls, PA; Maverick, Chesterfield, MO; North Star, Youngstown, OH; U.S. Steel, Pittsburgh, PA; and USS/KOBE, Lorain, OH,[3] alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of OCTG from Austria and Italy and by reason of LTFV imports of OCTG from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain. Accordingly, effective June 30, 1994, the Commission instituted countervailing duty investigations Nos. 701-TA-363 and 364 (Preliminary) and antidumping investigations Nos. 731-TA-711-717 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of July 7, 1994 (59 F.R. 34864). The conference was held in Washington, DC, on July 22, 1994, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] The imported merchandise covered by Commerce's antidumping investigations is hollow steel products of circular cross-section, including oil well casing, tubing, and drill pipe of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to API or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). These petitions do not cover casing, tubing, or drill pipe containing 10.5 percent or more by weight of chromium.

[3] Lone Star, Dallas, TX, and Newport, Newport, KY, joined as petitioners in these investigations subsequent to the filing of the petitions.

VIEWS OF THE COMMISSION

Based on the record in these preliminary investigations, we unanimously determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of oil country tubular goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain that are allegedly sold in the United States at less than fair value (LTFV), and by reason of imports of oil country tubular goods from Austria and Italy that are allegedly subsidized.[1]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard in preliminary antidumping and countervailing duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly subsidized and LTFV imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation."[3]

II. LIKE PRODUCT

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured 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 industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[4] In turn, the Act 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."[5]

The Commission's decision regarding the appropriate like product(s) in an investigation is essentially a factual determination, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[6] No

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[1] Whether there is a reasonable indication that the establishment of an industry in the United States is materially retarded is not an issue in these investigations.

[2] 19 U.S.C. §§ 1671b(a), 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. United States Int'l Trade Comm'n, 794 F. Supp. 377, 381 (Ct. Int'l Trade 1992).

[3] American Lamb Co. v. United States, 785 F.2d at 1001; see also Torrington Co. v. United States, 790 F. Supp. 1161, 1165 (Ct. Int'l Trade 1992), aff'd without opinion, 794 F. Supp. 377, 381 (Ct. Int'l Trade 1992).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

[6] See Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("[E]very like product determination 'must be made on the particular record at issue' and the 'unique facts of each case.'"). In analyzing like product issues, the

(continued...)

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 requires "clear dividing lines among possible like products" and disregards minor variations.[7]

B. The Like Product

The Department of Commerce ("Commerce") defines the imported products subject to these investigations in the following manner:

> [oil country tubular goods] are hollow steel products of circular cross-section, including oil well casing, tubing, and drill pipe, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute ("API") or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). These petitions do not cover casing, tubing, or drill pipe containing 10.5 percent or more of chromium.[8]

Oil country tubular goods (OCTG) are used in drilling oil and gas wells and for transporting oil and gas to the surface.[9] OCTG are generally produced to the American Petroleum Institute's (API) standards and specifications.[10] There are some instances in which OCTG do not carry an API rating and/or in which OCTG are produced to proprietary or other non-API specifications.[11] The different specifications establish the strength of the products and testing conditions.[12]

Petitioners argue that there should be one like product consisting of all OCTG. Respondents raise several like product arguments. The Japanese respondents and the Mexican respondent (Tubos de Acero de Mexico, S.A. "TAMSA") argue that casing, tubing and drill pipe should be three separate like products.[13] TAMSA argues that casing should be

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[6] (...continued)
Commission generally considers six factors, including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and (6) where appropriate, price. Calabrian Corp. v. United States Int'l Trade Comm'n, 794 F. Supp. at 382 n.4. Alternatively, when appropriate, the Commission may engage in a finished/semi-finished product analysis to determine whether products at different stages of production are like products, as discussed further below.

[7] Torrington Co. v. United States, 747 F. Supp. at 748-49.

[8] Initiation of Antidumping Duty Investigations: Oil Country Tubular Goods From Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, 59 Fed. Reg. 37962 (July 26, 1994). There was no U.S. production of OCTG containing 10.5 percent or more by weight of chromium during the period of investigation. Public Report ("PR") at II-5; Confidential Report ("CR") at I-6 n.5.

[9] PR at II-5; CR at I-6.

[10] PR at II-7; CR at I-9.

[11] PR at II-7; CR at I-10.

[12] PR at II-7-8; CR at I-10-11.

[13] Postconference Brief on Behalf of Japanese Respondents: Sumitomo Metals Industries, Ltd.; Kawasaki Steel Corporation; NKK Corporation; and Nippon Steel Corporation (hereinafter "Japanese Respondents' Postconference Brief) at 15-27; Postconference Brief on Behalf of Tubos de Acero de Mexico, S.A. (hereinafter "Postconference Brief of TAMSA") at 12-19.

broken out further into large diameter (greater than 10¾ inches) and smaller diameter (10¾ inches or less) casing products.[14] The Japanese respondents argue that unfinished ("green") drill pipe should not be included in the drill pipe category,[15] however, TAMSA and the Argentine respondents argue that unfinished and finished OCTG are one like product.[16] One party, the Mexican respondent Hylsa, S.A. de C.V. ("Hylsa"), argues in favor of separate like products for seamless and welded OCTG.[17] Finally, the Austrian respondents argue that the like product should include all OCTG plus line pipe which is threaded for use as OCTG.[18]

In the previous investigations involving OCTG, the Commission found that the like product consisted of two like products: (1) all OCTG, whether finished or unfinished, welded or seamless, carbon or alloy; and (2) drill pipe.[19] The Argentine respondents were the only parties to argue that the Commission should stand by its previous finding that there are two like products consisting of all OCTG and drill pipe.[20] For purposes of these preliminary investigations, we find that there is one like product consisting of casing, tubing and drill pipe, whether welded or seamless, and whether finished or unfinished.

1. Whether casing, tubing and drill pipe should constitute separate like products

Despite differences among casing, tubing, and drill pipe, it is difficult to conclude that the dividing lines between these products are clear. The record in these investigations indicates that casing, tubing and drill pipe have overlapping physical characteristics, are at least somewhat interchangeable, are sold in the same channels of distribution, and are

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[14] Postconference Brief of TAMSA at 12, 15-17.

[15] Japanese Respondents' Postconference Brief at 17.

[16] Postconference Brief of TAMSA at 17; Postconference Brief on Behalf of Siderca, S.A.I.C. and Siderca Corporation (hereinafter "Argentine Respondents' Postconference Brief") at 4.

[17] Postconference Brief of Hylsa, S.A. de C.V. (hereinafter "Postconference Brief of Hylsa") at 2-11.

[18] Postconference Brief of Voest-Alpine Stahlrohr Kindberg GmbH and Voest-Alpine Tubular Corp. (hereinafter "Austrian Respondents' Postconference Brief") at 5-8.

[19] See Oil Country Tubular Goods from Brazil, Korea, and Spain, Invs. Nos. 701-TA-215-217 (Final), USITC Pub. 1633 (Jan. 1985); Oil Country Tubular Goods from Austria, Romania, and Venezuela, Invs. Nos. 701-TA-240-241 and 731-TA-249-251 (Preliminary), USITC Pub. 1985 (Apr. 1985); Oil Country Tubular Goods from Argentina and Spain, Invs. Nos. 731-TA-191 and 195 (Final), USITC Pub. 1985 (May 1985); Oil Country Tubular Goods from Argentina, Canada, and Taiwan, Invs. Nos. 701-TA-255-256 and 731-TA-275-277 (Preliminary), USITC Pub. 1746 (Sept. 1985); Oil Country Tubular Goods from Israel, Invs. Nos. 701-TA-271 and 731-TA-318 (Preliminary), USITC Pub. 1840 (Apr. 1986); Oil Country Tubular Goods from Canada and Taiwan, Invs. Nos. 701-TA-255 and 731-TA-276-277 (Final), USITC Pub. 1865 (June 1986); Oil Country Tubular Goods from Israel, Invs. Nos. 701-TA-271 and 731-TA-318 (Final), USITC Pub. 1952 (Feb. 1987).

[20] The Commission's reasoning for this distinction was that drill pipe was found to be thicker than casing and tubing, to be made only from seamless pipe, and that the record showed that casing and tubing could be substituted for each other but not for drill pipe. See, e.g., Oil Country Tubular Goods from Brazil, Korea, and Spain, Invs. Nos. 701-TA-215-217 (Final), USITC Pub. 1633 (Jan. 1985) at 5-6. In contrast, the record in these investigations reveals evidence that casing and tubing can be substituted for drill pipe in certain circumstances. Furthermore, the physical distinctions relied upon in previous OCTG investigations, that drill pipe is thicker than casing and tubing, have also been disputed in these investigations. PR at II-5; CR at I-8 n.10.

produced by many producers using the same manufacturing facilities and production employees.

While there are certain notable differences between drill pipe on the one hand, and casing and tubing on the other, there are also overlapping characteristics. First, there are a number of API wall and diameter specifications that are similar for casing, tubing and drill pipe. It also appears that the pipe bodies of all three types of OCTG are very similar, with the main distinction being the end finishes; drill pipe is unique in that it is fitted with a tool joint.[21] Although drill pipe is always seamless, we note that there is evidence that there are API specifications which require certain casing products to be seamless as well.[22] Also, as noted above, there is evidence that in certain instances, casing and tubing can be substituted for drill pipe, although once a drill pipe is fitted with a tool joint, it cannot be substituted for casing and tubing.[23] In addition, the record indicates that all types of OCTG are sold through the same channels of distribution,[24] and approximately one-third of domestic producers manufacture casing, tubing, and drill pipe using common production facilities and employees.[25]

For the foregoing reasons we find that the record in these preliminary investigations does not establish clear dividing lines between casing, tubing and drill pipe.[26] We intend to explore more fully in any final investigations whether drill pipe should be a separate like product.[27]

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[21] PR at II-5 and II-10; CR at I-8 nn. 9 and 10 and I-16.

[22] PR at II-8-9; CR at I-13-14; Petitioners' Postconference Brief at A-4 n.6 and A-7 n.18.

[23] PR at II-5 and II-7; CR at I-8-9 and n.10. Indeed, petitioners argue that the interchangeability of casing and tubing for drill pipe is substantial. Petitioners' Postconference Brief at A-4 and n.7. This is an issue that we intend to explore fully in any final investigations. Specifically, we will seek information as to which casing, tubing and drill pipe products are used interchangeably and the percentage of instances in which such interchangeability actually occurs.

[24] PR at II-19; CR at I-30. We also will explore further respondents' claims that most distributors of drill pipe deal exclusively in drill pipe or only handle minor quantities of casing and tubing. See Postconference Brief of TAMSA at 18; Argentine Respondents' Postconference Brief at 3.

[25] PR at II-7, II-11, and II-16; CR at I-9 n.12, I-17 n.34, and I-27.

[26] As noted, supra, TAMSA argued that the Commission should find that casing be further subdivided into larger diameter and smaller diameter casing products. Postconference Brief of TAMSA at 12, 15-17. Because we find that casing is not a separate like product, we also do not find that casing of differing diameters are separate like products. The record indicates that there is a continuum of casing sizes with no clear dividing lines between them. In each well, a string of concentric layers of casing are used with the largest sizes at the top of the well and the smaller sizes at the bottom. PR at II-5; CR at I-6.

[27] In addition to seeking more information regarding the interchangeability and channels of distribution of drill pipe as compared with casing and tubing, we also intend to request specific information regarding the range of sizes, specifications and testing procedures of drill pipe as compared with casing and tubing, the differences in end finishing operations of casing, tubing and drill pipe, customers' perceptions of the products, and price differentials between drill pipe and the other OCTG products.

2. Whether welded OCTG and seamless OCTG should constitute separate like products

We find that the evidence in these investigations reveals that the dividing lines are not clear between welded and seamless OCTG. We therefore find that welded and seamless OCTG constitute a single like product.[28]

The API specifications for most grades of OCTG provide that either welded or seamless products are acceptable (exceptions are for drill pipe and extremely thick casing), which indicates that they are interchangeable.[29] Because of technological developments in the production of welded OCTG, it is now possible for welded OCTG to be made as a higher strength corrosion resistant product and it therefore can be used in many of the same applications as seamless OCTG.[30] In addition, both welded and seamless types of OCTG are sold through the same channels of distribution.[31] Although welded and seamless OCTG undergo different production processes in different production facilities, the finishing processes of both welded and seamless OCTG appear to be the same and can be performed in the same facilities using the same employees.[32] Finally, there is evidence that the prices of welded and seamless OCTG are comparable.[33] Therefore, we find that welded and seamless OCTG are one like product.[34]

3. Whether the definition of the like product should also include unfinished OCTG

In these investigations, the Japanese respondents have argued that unfinished OCTG should not be included in the same like product as finished OCTG. Their analysis is specifically limited to an argument that unfinished drill pipe should constitute a separate like

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[28] In past OCTG investigations, the Commission consistently found seamless and welded OCTG to be one like product. See, e.g., Oil Country Tubular Goods from Brazil, Korea, and Spain, Invs. Nos. 701-TA-215-217 (Final), USITC Pub. 1633 (Jan. 1985); Oil Country Tubular Goods from Austria, Romania, and Venezuela, Invs. Nos. 701-TA-240-241 and 731-TA-249-251 (Preliminary), USITC Pub. 1985 (April 1985); Oil Country Tubular Goods from Israel, Invs. Nos. 701-TA-271 and 731-TA-318 (Final), USITC Pub. 1952 (Feb. 1987).

[29] PR at II-9; CR at I-13-14.

[30] PR at II-10; CR at I-16.

[31] PR at II-19; CR at I-30.

[32] PR at II-9-11; CR at I-13-16 and I-17 n.35.

[33] See Austrian Respondents' Postconference Brief at 18-19 (producers of electric resistance welded OCTG are now substantial price competitors in the markets for seamless casing and seamless tubing).

[34] We note that in other pipe investigations involving non-OCTG products, we have found seamless and welded pipes to be separate like products. See, e.g., Certain Seamless Carbon and Alloy Standard, Line and Pressure Steel Pipes from Argentina, Brazil, Germany, and Italy, Invs. Nos. 731-TA-707-710 and 701-TA-362 (Preliminary), USITC Pub. 2801 (Aug. 1994); Welded Stainless Steel Pipe from Malaysia, Inv. No. 731-TA-644 (Preliminary), USITC Pub. 2744 (Mar. 1994) at I-6 n.7; Stainless Steel Pipes and Tubes from Sweden, Inv. No. 701-TA-281 (Final), USITC Pub. 1966 (Apr. 1987) at 6; Stainless Steel Pipes and Tubes from Sweden, Inv. No. 731-TA-354 (Preliminary), USITC Pub. 1919 (Dec. 1986) at 7; Certain Seamless Steel Pipes and Tubes from Japan, Inv. No. 731-TA-87 (Final), USITC Pub. 1347 (Feb. 1983) at 4. However, the record in these investigations indicates less clear dividing lines between seamless and welded OCTG as compared to other seamless and welded pipe products. Most notably, here there are completely overlapping API specifications and a greater degree of interchangeability between seamless and welded OCTG.

product from finished drill pipe. Based on the evidence of record, we conclude that unfinished and finished OCTG are one like product.[35]

In determining whether unfinished OCTG should be included within the definition of the like product, we have determined to use our five-factor finished/semifinished product analysis.[36] [37] No single factor is determinative. There is a continuum in the production process of OCTG, beginning with the production of unfinished OCTG which is then further processed into the final OCTG product by performing a variety of finishing operations (which may include such processes as straightening, threading, coupling, upsetting the ends, quenching and tempering, heat treating, inspecting, testing, cold drawing, and coating).[38]

The evidence indicates that the vast majority of unfinished OCTG products is dedicated for use as OCTG, which would also lead us to conclude that there are not perceived to be separate markets for unfinished and finished OCTG.[39] The physical characteristics of unfinished OCTG are the same as those for finished, with the exception that the ends are finished differently.[40] Finally, we note that there is a significant range in the value added by the finishing process, and in the types of further processing performed on the unfinished OCTG, depending upon the desired specifications of the end product.[41]

Accordingly, there is not a consistent difference in the costs or value of the two types of OCTG, and there also is a wide range in the significance and extent of the processes used to transform the upstream article. On balance, we find no clear case for finding unfinished OCTG to be a separate like product from finished OCTG, particularly in light of the fact that the essential physical characteristics and functions of the unfinished and finished product are

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[35] Because we found drill pipe to be within the same like product category as casing and tubing, we limit our analysis to whether all unfinished OCTG should be considered the same like product as all finished OCTG, and we do not undertake a separate analysis of whether unfinished drill pipe is like finished drill pipe. We note that in past OCTG investigations, the Commission considered both unfinished OCTG ("green tubes") and finished OCTG to be one like product. See, e.g., Oil Country Tubular Goods from Brazil, Korea, and Spain, Invs. Nos. 701-TA-215-217 (Final), USITC Pub. 1633 (Jan. 1985); Oil Country Tubular Goods from Austria, Romania, and Venezuela, Invs. Nos. 701-TA-240-241 and 731-TA-249-251 (Preliminary), USITC Pub. 1985 (April 1985); Oil Country Tubular Goods from Israel, Invs. Nos. 701-TA-271 and 731-TA-318 (Final), USITC Pub. 1952 (Feb. 1987).

[36] Under the semifinished product analysis, we examine five factors to determine whether semifinished products should be included in the same like product definition as a finished product: (1) whether the upstream article is dedicated to the production of the downstream article or whether it has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) significance and extent of the processes used to transform the upstream into the downstream articles. See, e.g., Certain Seamless Carbon and Alloy Standard, Line and Pressure Steel Pipes from Argentina, Brazil, Germany, and Italy, Invs. Nos. 731-TA-707-710 and 701-TA-362 (Preliminary), USITC Pub. 2801 (Aug. 1994); Stainless Steel Bar from Brazil, India, Italy, Japan, and Spain, Invs. Nos. 731-TA-678-682 (Preliminary), USITC Pub. 2734 (Feb. 1994) at I-12.

[37] In any final investigations, we invite the parties to address the appropriateness of the finished/semifinished analysis in examining the finished versus unfinished OCTG like product issue.

[38] PR at II-10; CR at I-15.

[39] PR at II-18; CR at I-27-28 and n.44; Conference Transcript (hereinafter "Tr.") at 35 and 54; Petitioners' Postconference Brief at A-12-13; Postconference Brief of TAMSA at 17-18; Argentine Respondents' Postconference Brief at 3.

[40] PR at II-18; CR at I-27 n.43.

[41] PR at II-18; CR at I-28.

similar and the overwhelming majority of unfinished OCTG has no independent use and is dedicated to the manufacture of the finished product.

In conclusion, for the purpose of these preliminary investigations we determine that there is a single like product consisting of casing, tubing, and drill pipe, regardless of size, whether welded or seamless, or finished or unfinished.[42]

III. DOMESTIC INDUSTRY

A. In General

Section 771(4)(A) of 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 major proportion of the total domestic production of that product."[43]

B. Production-Related Activities in the United States

Although no party raised the issue, the Commission requested the parties to address the argument of whether finishers or processors of unfinished OCTG should be included within the definition of the domestic industry. Petitioners responded that finishers should not be included, but none of the respondents expressed an opinion. For purposes of these preliminary investigations, and based on the very limited data on the record with respect to this issue, we find that finishers of OCTG should not be included within the domestic industry. However, we intend to explore this issue more fully in any final investigations, especially in light of the fact that in determining which firms should be included in the domestic industry, the Commission's general practice has been to include all domestic production, whether toll-produced, captively consumed or sold in the open market.[44]

In deciding whether a firm qualifies as a domestic producer, the Commission generally considers six factors relating to the overall nature of a firm's production-related

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[42] We also considered the arguments of the Austrian respondents to include line pipe threaded for use as OCTG in the like product, but we do not find the facts warrant its inclusion. While produced on some of the same production equipment, the mechanical properties of line pipe and OCTG differ due to the lower yield strength of line pipe, and line pipe is designed for horizontal rather than vertical use. Therefore, its use as OCTG is very rare (limited to shallow wells) and is not an accepted practice. Line pipe is also less expensive than OCTG. PR at II-8-9; CR at I-13; telephone notes, Aug. 5, 1994. Thus, based on the differences in physical characteristics and uses, at best limited interchangeability, producer perceptions and price differences, we decline to add line pipes to the like product in these investigations.

In addition, we do not find a basis to find separate like products for carbon and alloy OCTG. The record indicates that they have overlapping API specifications, are interchangeable, are manufactured in the same facilities using the same production employees, and their channels of distribution are the same. PR at II-7-8, II-11, and II-19; CR at I-11-12, I-17 and I-30. Therefore, we also find carbon and alloy OCTG to be one like product.

[43] 19 U.S.C. § 1677(4)(A).

[44] See 19 U.S.C. § 1677(4)(A); Fresh Garlic from China, Invs. No. 731-TA-683 (Preliminary), USITC Pub. 2755 (Mar. 1994) at I-10; 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, and the United Kingdom, Invs. Nos 701-TA-319-332, 334, 336-342, 344, 347-353 and 731-TA-573-579, 581-592, 594-597, 599-609, 612-619 (Final), USITC Pub. 2664 (Aug. 1993) (hereinafter "Certain Flat-Rolled Carbon Steel Products"), Vol. I, at 17.

activities in the United States.[45] With respect to the first factor, i.e. the extent and source of a firm's capital investment, limited available data indicate that the capital investment of finishers is relatively small compared to that involved in overall OCTG production.[46] Very little data were obtained regarding the other factors except that with respect to the third factor, as noted above, the available data indicate that the extent of finishing operations can vary widely depending upon the end product specification. For example, one or more of the following operations could be performed on an unfinished OCTG product: heat treatment, quenching and tempering, upsetting, threading, coupling, and testing.[47] Correspondingly, there is a wide range of reported value added by finishing operations depending on the degree of finishing required by the desired specifications and the types of finishing operations performed.[48] Based on the information provided in these preliminary investigations, the value added by finishing operations may range from three to 53 percent.[49]

For purposes of these preliminary investigations, we do not include finishers in the domestic industry based on the limited evidence of record that the capital investment of the finishers and their employment levels do not appear to be substantial. However, we note that this issue should be explored in detail in any final investigations, particularly in light of the mixed information of record concerning the degree of value added in finishing operations.

IV. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of allegedly subsidized and LTFV imports, the Commission considers all relevant economic factors that bear on the state of the industry in the United States.[50] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the business cycle and conditions of competition distinctive to the industry."[51]

A significant condition of competition in the OCTG industry is that the demand for oil country tubular goods depends on the level of oil and gas drilling.[52] The amount of

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[45] The six factors the Commission examines are: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. See, e.g., Silicon Carbide from the People's Republic of China, Inv. No. 731-TA-651 (Final), USITC Pub. 2779 (June 1994) at I-11 n.49; see also Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Invs. Nos. 731-TA-520-521 (Final), USITC Pub. 2528 (June 1992) at 6-7 and n.16. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. Silicon Carbide from The People's Republic of China, USITC Pub. 2779 at I-11 n.49.

[46] Petitioners' Postconference Brief at A-14 and Exhibit 25. One finishing firm reported that its current equipment and machinery is valued at ***, and another stated that it had a capital investment of ***. Telephone notes, Aug. 8, 1994.

[47] PR at II-18; CR at I-28.

[48] Id.

[49] Id.

[50] 19 U.S.C. § 1677(7)(C)(iii).

[51] 19 U.S.C. § 1677(7)(C)(iii).

[52] PR at II-15; CR at I-23.

drilling is determined by such factors as prices of oil and natural gas, environmental regulations, and government energy policy.[53] Oil drilling activity in the United States declined from 1991 to 1992, but then increased in 1993 and early 1994.[54] Apparent U.S. consumption of OCTG mirrored the trends in oil drilling activity between 1991 and 1993, decreasing from 1991 to 1992, and then increasing significantly in 1993.[55] Almost all other industry performance indicators followed a similar pattern from 1991 to 1993. We also note that most of the domestic industry's performance indicators were lower in the period of January through March 1994 (interim 1994) as compared with January through March 1993 (interim 1993).

In terms of volume, U.S. consumption of oil country tubular goods decreased from 1.3 million short tons in 1991 to 1.1 million short tons in 1992, then increased to 1.7 million short tons in 1993. U.S. consumption, however, was lower in interim 1994 (362,778 short tons) as compared with interim 1993 (393,330 short tons). Similarly, the value of U.S. consumption decreased from $991.2 million in 1991 to $701.3 million in 1992, but increased to $1.1 billion in 1993. The value of domestic consumption was lower in interim 1994 ($229.7 million) compared to interim 1993 ($247.2 million).[56]

U.S. production increased from 1.3 million short tons in 1991 to 1.5 million short tons in 1993. Production, however, was lower in interim 1994 (324,173 short tons) as compared with interim 1993 (386,631 short tons).[57] Average capacity increased from 3.0 million short tons in 1991 to 3.1 million short tons in 1993. Average capacity was also higher in interim 1994 (795,911 short tons) compared to interim 1993 (746,830 short tons).[58] Capacity utilization of 42.3 percent in 1991 decreased to 37.5 percent in 1992, but increased to 48.4 percent in 1993. It was lower in interim 1994 (40.7 percent) than in interim 1993 (51.8 percent).[59]

The volume of U.S. shipments of domestic OCTG decreased from 1991 to 1992, and then increased in 1993 to above 1991 levels; in interim 1994, however, the volume of shipments was lower than interim 1993 levels. In 1991, U.S. shipments were 994,143 short tons, decreasing to 1992 levels of 963,900 short tons, before rising in 1993 to 1.4 million short tons. U.S. shipments in interim 1993 (335,969 short tons) were higher than in interim 1994 (279,861 short tons).[60] The value of these shipments followed that same trend, decreasing from $692.0 million in 1991 to $558.3 million in 1992, and then increasing to $817.5 million in 1993. The value of shipments was $197.8 million in interim 1993 as compared with $168.3 million in interim 1994.[61]

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[53] PR at II-47; CR at I-80.

[54] PR at II-15; CR at I-24. Respondents report that between the last peak demand year of 1984 and 1992, drilling activity fell 72 percent and demand for OCTG fell 70 percent. They further state that in no year from 1991 to 1993 did drilling activity rise above 36 percent of the prior peak in 1984. Respondents' Postconference Economic Report at 1. Commissioner Crawford notes that the overall low demand for OCTG may explain in part the low capacity utilization during the period of investigation.

[55] PR at II-19; CR at I-31.

[56] PR at II-20; CR at I-32, Table 3.

[57] PR at II-23; CR at I-34, Table 4.

[58] Id.

[59] Id.

[60] PR at II-20; CR at I-32, Table 3.

[61] Id.

The end-of-period inventories of the U.S. producers decreased from 1991 to 1992, but increased in 1993 and were higher in interim 1994 as compared with interim 1993.[62] Similarly, the ratio of inventories to total OCTG shipments decreased from 1991 to 1993, from 16.2 percent to 13.1 percent, but was higher in interim 1994 at 18.3 percent than in interim 1993 at 14.2 percent.[63]

The data for the number of production workers, hours worked, wages paid and total compensation paid followed the same pattern as U.S. consumption, U.S. shipments and capacity utilization from 1991 to 1993, i.e., each of these indicators decreased between 1991 and 1992, increased in 1993 to above 1991 levels. However, these indicators were higher in interim 1994 as compared with interim 1993. Productivity also increased steadily from 1991 to 1993, but was lower in interim 1994 as compared with interim 1993.[64]

With respect to the financial performance indicators, the value of net sales declined from $887.6 million in 1991, to $662.8 million in 1992, and then increased to $879.4 million in 1993. Net sales were also lower in interim 1994 ($179.0 million) than in interim 1993 ($211.2 million). Gross profits were positive in 1991 at $19.3 million, but there were gross losses in 1992 and 1993, at $24.1 million and $5.1 million, respectively. There was a gross profit of $1.2 million in interim 1993 compared with a gross loss of $7.7 million in interim 1994. The domestic industry experienced operating losses in all periods. Operating losses increased from $26.2 million in 1991 to $59.4 million in 1992, declined somewhat to $42.0 million in 1993, but were $15.8 million in interim 1994 compared with $8.8 million in interim 1993.[65] The domestic industry experienced an operating loss as a percentage of net sales of 3.0 percent in 1991, 9.0 percent in 1992, and 4.8 percent in 1993. The operating loss was higher in interim 1994 (8.8 percent) than in interim 1993 (4.2 percent).[66]

The value of the cost of goods sold declined from $868.3 million in 1991 to $687.0 million in 1992, before rising to $884.5 million in 1993. It was lower in interim 1994 ($186.7 million) than in interim 1993 ($210.0 million).[67] The cost of goods sold as a ratio to net sales increased from 97.8 percent in 1991 to 103.6 percent in 1992, and subsequently declined to 100.6 percent in 1993. The cost of goods sold as a ratio of net sales was higher in interim 1994 (104.3 percent) than in interim 1993 (99.5 percent).[68] The unit cost of goods sold fell from $686.73 in 1991 to $592.98 in 1993, but was higher in interim 1994 as compared to interim 1993.[69] Selling, general and administrative expenses declined from $45.5 million in 1991 to $35.5 million in 1992, and increased somewhat in 1993 to $36.8 million. These expenses were lower in interim 1994 ($8.1 million) than in interim 1993 ($10.0 million).[70] Capital expenditures declined significantly throughout the period of

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[62] PR at II-24; CR at I-38, Table 6.

[63] Id.

[64] PR at II-25; CR at I-40, Table 7.

[65] PR at II-28; CR at I-44, Table 9.

[66] Id.

[67] Id.

[68] Id.

[69] PR at II-29; CR at I-45, Table 10.

[70] PR at II-28; CR at I-44, Table 9.

investigation.[71] Research and development expenditures also declined from 1991 to 1993, but were higher in interim 1994 as compared with interim 1993.[72] [73]

V. CUMULATION[74]

A. In General

In determining whether there is material injury by reason of allegedly LTFV imports, the Commission is required to assess cumulatively the volume and effects of imports from two or more countries of like products subject to investigation if such imports are reasonably coincident with one another and compete with one another and with the domestic like product in the United States market,[75] unless imports from a subject country are negligible and have no discernible adverse impact on the domestic industry.[76]

Petitioners state that all of the criteria for cumulation are met in these investigations. Respondents raise two cumulation issues: lack of competition and negligibility. First, respondents representing Italy, Japan, Korea, and Spain claim that their imports do not compete with either the U.S. products or with imports from the other countries subject to investigation.[77] Second, respondents representing Austria, Italy, Korea, Hylsa of Mexico,[78] and Spain each claim that cumulation is inappropriate because the imports from those countries are negligible.

B. Reasonable Overlap of Competition

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors:

> (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;

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[71] PR at II-32; CR at I-50, Table 13. We note that the domestic industry reduced its costs of production through restructuring, relocating and modernizing their operations. PR at II-26; CR at I-43.

[72] PR at II-32; CR at I-50, Table 14.

[73] Based on the foregoing, Commissioners Rohr and Newquist find that there is a reasonable indication that the domestic industry is experiencing material injury.

[74] Commissioner Newquist does not join this section of the opinion. See Separate Views of Commissioner Newquist.

[75] 19 U.S.C. § 1677(7)(C)(iv); Chaparral Steel Co. v. United States, 901 F.2d 1097, 1105 (Fed. Cir. 1990).

[76] 19 U.S.C. § 1677(7)(C)(v).

[77] Only the Argentine respondents and the Mexican respondent TAMSA (who represented *** imports of OCTG from Mexico over the period of investigation) did not raise any cumulation arguments. The Argentine respondents did make a very brief reference in a footnote in their postconference brief that "imported seam-anneal welded OCTG products do not compete with Siderca's seamless OCTG imported from other countries." No further elaboration, however, was provided. See Argentine Respondents' Postconference Brief at 4 n.5.

[78] Hylsa began production and U.S. exports of welded OCTG in May 1994. Postconference Brief of Hylsa at 1.

(2) the presence of sales or offers to sell in the same geographical 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.[79]

While no single factor is determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[80] Further, only a "reasonable overlap" of competition is required.[81]

Based on the information available in these preliminary investigations, we determine that there is a reasonable overlap of competition among subject imports from all countries and between the subject imports and the domestic like product. The evidence shows that subject imports are present in the same geographical markets with the primary entry locations of the subject imports in the Gulf ports and the majority of distributors located in the Southern and Southwestern states.[82] In addition, imports and the domestic product have similar channels of distribution,[83] and are simultaneously present in the market.[84]

However, we find that the evidence on the record with respect to the degree of fungibility of the imported and domestic products is mixed and incomplete. Petitioners argue that OCTG is a commodity product, that domestic OCTG producers currently manufacture or could manufacture virtually all of the products used in oil and natural gas wells, and that subject imports and the domestic product are interchangeable and compete for virtually all sales.[85] Respondents argue that imports from Italy, Japan, Korea, and Spain do not compete with other subject imports or with the U.S. products because of quality or market niche differences or because of shortages in U.S. supply.[86]

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[79] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986) at 8 n.29, aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[80] See Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989); Granges Metallverken AB v. United States, 716 F. Supp. 17 (Ct. Int'l Trade 1989); Florex v. United States, 705 F. Supp. 582 (Ct. Int'l Trade 1989).

[81] See Wieland Werke, AG v. United States, 718 F. Supp. at 52 (completely overlapping markets are not required); Granges Metallverken AB v. United States, 716 F. Supp. at 21-22 (Commission need not track each sale of individual sub-products and their counterparts to show that all imports compete with all other imports and their domestic like products, but need only find evidence of reasonable overlap in competition); Florex v. United States, 705 F. Supp. at 592 (completely overlapping markets not required).

[82] PR at II-15 and II-48; CR at I-24 and I-82.

[83] All types of OCTG are sold directly to end users in the oil drilling industry and to distributors, which in turn sell the products to end users. With the exception of the Japanese product, almost all OCTG is sold by U.S. producers and importers to distributors. PR at II-19; CR at I-30.

[84] PR at II-20; CR at I-32.

[85] Petitioners' Postconference Brief at 6-7.

[86] All U.S. producers of OCTG with sufficient information to answer the question stated in Commission questionnaires that they found the subject imports completely interchangeable with the domestic OCTG products. PR at II-48; CR at I-83. Conversely, most importers (16 out of 18) stated (continued...)

For purposes of these preliminary investigations we find a sufficient degree of fungibility to warrant cumulation of all subject imports; we note, however, that this decision is based on what limited data are available on the record and that we intend to collect more detailed information in any final investigations.[87]

The Italian, Japanese, Korean and Spanish respondents have each provided specific OCTG product categories of imports which they claim do not compete with other imports or the domestic product.[88] We note that these product categories are based on narrower product breakouts than the Commission requested the parties to provide. Thus, the record in these investigations does not provide a sufficient basis for confirming whether respondents' specific allegations are accurate.[89]

Available data raise significant issues with respect to fungibility which will need to be explored in any final investigations. For example, importer data indicate that while other subject countries exported seamless casing and tubing to the United States, Korea exported only welded casing and tubing. However, available data suggest that seamless casing and tubing may be interchangeable with the type of welded casing and tubing that is imported from Korea.[90] Further, four subject countries (Argentina, Japan, Mexico and Spain) exported drill pipe to the United States, while the remaining subject countries (Austria, Italy and Korea) did not.[91] There is, however, some evidence that drill pipe can be used interchangeably with casing and tubing, at least in some instances.[92] Although no prices were reported for the products from Spain for the particular products requested for pricing comparison purposes, there is other evidence of the presence of similar types of subject

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[86] (...continued)
that the imported OCTG were not interchangeable either with the domestic product or with other subject imports. Id.

[87] We note that previous Commission determinations in almost all instances found OCTG imports and domestic products to be fungible. See, e.g., Oil Country Tubular Goods from Austria, Romania, and Venezuela, Invs. Nos. 701-TA-240-241 and 731-TA-249-251 (Preliminary), USITC Pub. 1985 (Apr. 1985); Oil Country Tubular Goods from Argentina, Canada, and Taiwan, Invs. Nos. 701-TA-255-256 and 731-TA-275-277 (Preliminary), USITC Pub. 1746 (Sept. 1985); Oil Country Tubular Goods from Israel, Invs. Nos. 701-TA-271 and 731-TA-318 (Preliminary), USITC Pub. 1840 (Apr. 1986); Oil Country Tubular Goods from Brazil, Korea, and Spain, Invs. Nos. 701-TA-215-217 (Final), USITC Pub. 1633 (Jan. 1985).

[88] Specifically, the respondents have argued that the following subject imports do not compete: seamless OCTG (10¾ inches outside diameter and greater) and seam-annealed welded OCTG from Italy; high-quality OCTG for critical use applications, high-quality seamless casing with an outside diameter greater than 10¾ inches, high-quality seamless tubing, and finished drill pipe from Japan; low-end, J-55, carbon grade, seam-annealed, plain-end tubing from Korea; and "chemically specialized" completely unfinished OCTG from Spain.

[89] In this regard, we will request respondents to provide a detailed list of each niche or specialty product imported to the United States. We will also seek information from producers on shipments of such products. In addition, we will seek information regarding the differences of OCTG products used in shallow versus deeper wells. Respondents have argued that the increasing ratio of deep wells to shallow wells has increased demand for subject imports due to the unavailability of such products from U.S. producers. Respondents' Postconference Economic Report at Exhibit 7.

[90] PR at II-53; CR at I-109.

[91] PR at II-44; CR at I-75.

[92] Moreover, limited data obtained from purchasers indicate at least a degree of competition generally between subject imports from five of the seven countries under investigation. PR at II-53; CR at I-109-111.

products from Spain in the U.S. market.[93] Thus, with respect to casing and tubing products from Spain, we believe there is sufficient evidence of a reasonable overlap of competition to warrant cumulation in these preliminary determinations.

The Commission's price comparisons also indicate a certain degree of competition between imports and the domestic product although we note that we will seek additional pricing comparisons in any final investigations. For purposes of these preliminary investigations, the Commission chose seven specific products for price comparisons.[94] A review of the prices reported for these seven product categories shows that certain similar products were offered for sale both by domestic producers and by certain importers in six of the seven product categories.[95] This further confirms some overlap in competition since similar products are available domestically as well as from six of the seven countries subject to investigation.[96]

C. Negligible Imports

Section 771 of the Act, as amended, provides that the Commission is not required to cumulate imports in any case in which it determines that imports of the merchandise subject to investigation from a particular country are negligible and have no discernible adverse impact on the domestic industry.[97] In determining whether imports are negligible, the Commission considers 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
>
> (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.[98]

The legislative history states that the negligible imports exception is to be applied narrowly and that it is not to be used to subvert the purpose and general applicability of the mandatory cumulation provision of the statute.[99] Moreover, the Court of International Trade

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[93] PR at II-53; CR at I-111.

[94] In choosing the specific OCTG products for price comparisons, the Commission consulted with U.S. producers, importers and counsel for the foreign respondents. See PR at II-49-50; CR at I-84-85.

[95] There are only price comparisons between the domestic and imported products in six out of seven product price comparisons requested by the Commission because for one product (Product 3) there were no domestic OCTG prices reported. PR at II-49; CR at I-85.

[96] To sell OCTG, producers and importers are frequently required to meet qualification requirements imposed by oil companies. The record indicates that these requirements vary widely. PR at II-47; CR at I-80. In any final investigations, we intend to explore further the differences in the qualification processes of the end users for the different OCTG products.

[97] 19 U.S.C. § 1677(7)(C)(v).

[98] 19 U.S.C. § 1677(7)(C)(v).

[99] See H.R. Rep. No. 40, Part I, 100th Cong., 1st Sess. 131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. 621 (1988). The Ways and Means Committee Report states that the exception is to be applied:

(continued...)

has directed the Commission "to interpret the negligible import provision in a manner that makes sense in light of the market."[100]

In addition to the three enumerated statutory factors concerning the negligible imports exception, the Commission has considered additional factors, for example: whether imports have been increasing;[101] whether the domestic industry is "already suffering considerable injury and has long been battered by import price competition"; trends in market penetration; the degree of competition between the imported product and the domestic product; and any relationships of foreign producers to one another and to common importers.[102]

As noted above, respondents argue that imports from Austria, Italy, Korea, Mexico, and Spain are negligible. For purposes of these preliminary investigations, we do not find subject imports from any of these countries to be negligible.[103]

1. Imports from Austria

Austrian respondents argue that their imports are negligible and have no discernible impact on the domestic industry.[104] The market share of the Austrian imports in the calendar

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[99] (...continued)
only in circumstances where it is clear that the imports from that source are so small and so isolated that they could not possibly be having any injurious impact on the U.S. industry. The ITC shall apply this exception with particular care in situations involving fungible products, where a small quantity of low-priced imports can have a very real effect on the market.
H.R. Rep. 40, at 130.

[100] Torrington Co. v . United States, 790 F. Supp. at 1161, 1171 (Ct. Int'l Trade 1992).

[101] See Certain Steel Wire Rod from Brazil and Japan, Invs. Nos. 731-TA-646 and 648 (Final), USITC Pub. 2761 (Mar. 1994) at I-17; Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom, Invs. Nos. 731-TA-486-494 (Preliminary), USITC Pub. 2359 (Feb. 1991) at 31; PET Film, Sheet and Strip from Japan, the Republic of Korea and Taiwan, Invs. Nos. 731-TA-458-460 (Preliminary), USITC Pub. 2292 (June 1990) at 20 n.69.

[102] See, e.g., Certain Steel Wire Rod from Brazil and Japan, Invs. Nos. 731-TA-646 and 648 (Final), USITC Pub. 2761 (Mar. 1994) at I-17-8 (considering relationship between a foreign producer and another major exporter); Certain Flat-Rolled Carbon Steel Products, USITC Pub. 2664, Vol. I, at 49 ("the Commission has considered upward trends in imports as a reason not to exercise its discretion to find imports are negligible. The Commission has also examined the degree of competition between the imported product and the domestic product."); Certain Stainless Steel Butt-Weld Pipe Fittings from Korea and Taiwan, Invs. Nos. 731-TA-563-564 (Preliminary), USITC Pub. 2534 (July 1992) at 16 n.61 (listing the factors cited in the text).

[103] Vice Chairman Nuzum and Commissioner Rohr note that there is no numerical standard for negligibility. See, e.g., Certain Carbon Steel Butt-Weld Pipe Fittings from France, India, Israel, Malaysia, the Republic of Korea, Thailand, the United Kingdom, and Venezuela, Invs. Nos. 701-TA-360 and 361 and 731-TA-688-695 (Preliminary), USITC Pub. 2767 (Apr. 1994), at I-17 n.104 (emphasizing "no bright lines" for negligibility determinations). They further note, however, with respect to each of these five countries, that the market shares are higher than that which the Commission has generally considered to be negligible in past determinations. See generally the discussion of cumulation and negligibility in Certain Flat-Rolled Carbon Steel Products, USITC Pub. 2664 (Aug. 1993).

[104] Austrian Respondents' Postconference Brief at 10-14.

years investigated, while declining from 1991 to 1993, has increased between the interim periods.[105]

Based on the information of record, we do not find imports from Austria to be isolated or sporadic. In this regard, we note that the Commission obtained pricing data for Austrian imports in 10 out of the 13 quarters covered by the period of investigation.[106] In addition, there is some anecdotal evidence from at least two purchasers of the Austrian product that imports from Austria are price competitive, and in some instances lower priced than U.S. OCTG.[107]

With respect to the price sensitivity of the market, we note that there is mixed evidence: producers do not consider non-price factors to be very important in purchases of OCTG, however, the majority of importers found non-price factors to be very important.[108] [109]

Thus, for purposes of these preliminary investigations, we determine that the subject Austrian imports are not negligible.

2. Imports from Italy

Italian respondents also argue that imports from Italy are negligible.[110] Italian imports' share of domestic consumption fluctuated from 1991 to 1993, but was higher in interim 1994 than in interim 1993.[111]

With respect to whether imports from Italy were isolated and sporadic, we note that the available pricing data reveals that there were no prices for products from Italy in 1991 or 1992, but beginning in the second quarter of 1993, imports from Italy have been consistently available.[112] There is anecdotal evidence on the record that at least one distributor stated that imports from Italy tend to be lower priced than comparable U.S.-produced products.[113] For

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[105] We note that Austrian imports' share of domestic consumption was *** percent in 1991, *** percent in 1992, and *** percent in 1993. In interim 1993, their market share was *** percent, which is lower than the market share of *** percent in interim 1994, which represented an increase of *** percent. In terms of value, their share of domestic consumption was somewhat higher: *** percent in 1991, *** percent in 1992, *** percent in 1993, *** percent in interim 1993 and *** percent in interim 1994, with an increase of *** percent in interim 1994 as compared with interim 1993. PR at II-46; CR at I-79, Table 24, and C-3, Table C-1.

[106] PR at II-51; CR at I-95, Table 25.

[107] PR at II-53; CR at I-111.

[108] See PR at II-47; CR at I-81. In any final investigations we will seek more information regarding the price sensitivity of the market, and we will consider monthly import statistics of the various OCTG categories to determine whether subject imports are isolated and sporadic.

[109] The mixed evidence regarding the price sensitivity of the market applies to purchases of OCTG from all subject countries.

[110] Postconference Brief on Behalf of Dalmine S.p.A., TAD USA, Inc., Dalmine USA, Inc., and Acciaierie Tubificio Arvedi S.p.A. at 3.

[111] In terms of quantity, the share of domestic consumption of the imports from Italy was *** percent in 1991, *** percent in 1992, and *** percent in 1993. In interim 1993, their market share was *** percent, compared with *** percent in interim 1994. In terms of value, their share of domestic consumption was *** percent in 1991, *** percent in 1992, *** percent in 1993. In interim 1993 the value was *** percent and was marginally higher in interim 1994 at ***. PR at II-46; CR at I-79, Table 24.

[112] PR at II-51-52; CR at I-96-97, Tables 26 and 27.

[113] PR at II-53; CR at I-111.

purposes of these preliminary investigations, we determine that the subject Italian imports are not negligible.

3. Imports from Korea

Korean respondents argue that imports from Korea are negligible and that in 1993, the Korean share of U.S. apparent consumption was only 1.0 percent with an average share of a little over one percent over the period of investigation.[114]

Korean imports' market share increased between 1991 and 1993 and was higher in interim 1994 than in interim 1993.[115] Furthermore, the evidence does not indicate that such imports were isolated and sporadic.[116]

In addition, there is anecdotal evidence that Korean imports are adversely impacting the domestic industry. For instance, some purchasers of OCTG reported that the imports from Korea are priced lower than domestically produced OCTG, and that the Korean presence in the market has exerted downward pressure on prices during 1993 and 1994.[117] For purposes of these preliminary investigations, we do not find imports from Korea to be negligible.

4. Imports from Mexico

As noted above, respondent Hylsa states that the industry should be divided into welded and seamless OCTG. Hylsa states that it only imported welded OCTG in May 1994 after the POI examined by the Commission, the other Mexican respondent TAMSA only imported seamless OCTG, thus, Hylsa reasons that its imports are negligible.

Hylsa's argument is not applicable given that we find welded and seamless OCTG to be one like product. As such, we note that the import penetration rates of the Mexican product have been increasing both in terms of quantity and value.[118] There is also some evidence that imports from Mexico are price competitive with domestic OCTG.[119]

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[114] Postconference Brief of Hyundai Pipe Co., Ltd., Union Steel Manufacturing Co., Ltd., Pusan Steel Pipe Co., Ltd., Dongbu Steel Co., Ltd., and Korea Steel Pipe Co., Ltd. at 13.

[115] PR at II-46; CR at I-79, Table 24. In terms of quantity, Korean imports' share of domestic consumption was 1.0 percent in 1991, 2.3 percent in 1992, and 2.0 percent in 1993. In interim 1993, their market share was 1.7 percent compared to 1.8 percent in interim 1994. In terms of value, their share of domestic consumption was 0.8 percent in 1991, 2.1 percent in 1992, and 1.6 percent in 1993. In both interim 1993 and 1994 the value was 1.4 percent. Id.

[116] The Commission obtained pricing data for imports from Korea in three out of seven product categories (Products 4, 5, and 6). Prices of the Korean imports were reported for each of the 13 quarters for Product 4; in all but three of the 13 quarters for Product 5; and in five of the 13 quarters for Product 6. PR at II-52; CR at I-97-99, Tables 27, 28, and 29. Further, the Korean imports were priced below the U.S. product in 17 out of 27 possible price comparison. PR at II-53; CR at I-101-02.

[117] PR at II-53; CR at I-108-09.

[118] In terms of quantity, Mexican imports' share of domestic consumption was *** percent in 1991, *** percent in 1992, and *** percent in 1993. In interim 1993, the market share was *** percent, increasing to *** percent in interim 1994. In terms of value, the share of domestic consumption was *** percent in 1991, *** percent in 1992, *** percent in 1993, *** percent in interim 1993, and *** percent in interim 1994. PR at II-46; CR at I-79, Table 24.

[119] PR at II-53; CR at I-111.

5. Imports from Spain

The Spanish respondent also argues that imports from Spain are negligible.[120] Although the market shares of subject imports from Spain are within the range that we have considered to be negligible in the past, we note that U.S. shipments of the Spanish imports *** from 1991 to 1993 by *** from 1991 to 1993.[121] The record does not contain any pricing comparisons for the Spanish imports, however, there is some anecdotal evidence in the record, based on information obtained from an OCTG distributor, that casing and tubing products from Spain tend to be lower priced than the comparable U.S. products.[122] Because there are no available pricing data for Spanish imports in the product categories examined by the Commission, we cannot conclude that such imports are not adversely impacting the domestic industry. Thus, under the standard set forth in American Lamb Co. v. United States, we are unable to conclude at this juncture that the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury and there is no likelihood that any contrary evidence will arise in a final investigation.[123]

Because we find that there is a reasonable overlap of competition among the subject imports and between the imports and the domestic like product, and because we find that none of the imports from any of the subject countries is negligible, we assess the cumulative effect of all subject imports in determining whether there is a reasonable indication of material injury by reason of the allegedly subsidized and LTFV imports.

VI. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY SUBSIDIZED AND LTFV IMPORTS

A. Legal Standard

In preliminary antidumping duty and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[124] The Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.[125]

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[120] Postconference Brief on Behalf of Spanish Respondent Tubos Reunidos, S.A. at 6; Tr. at 144.

[121] PR at II-20; CR at I-32. The market shares of the Spanish imports in terms of quantity, were *** percent in 1991, *** percent in 1992, and *** percent in 1993. In both interim 1993 and 1994, their market share was *** percent. In terms of value, their share of domestic consumption was *** percent in 1991, *** percent in 1992, and *** percent in 1993. In both interim 1993 and 1994 the value was *** percent. PR at II-46; CR at I-79, Table 24.

[122] Because the Spanish imports were all unfinished OCTG, they did not fit into any of the product categories requested for pricing comparisons. We will seek pricing data for Spanish imports in any final investigations. PR at II-53; CR at I-111.

[123] See 785 F.2d at 994, 1001 (Fed. Cir. 1986).

[124] 19 U.S.C. §§ 1671b(a), 1673b(a).

[125] 19 U.S.C. § 1677(7)(B)(i).

Although the Commission may consider alternative causes of injury to the industry other than LTFV imports, it is not to weigh causes.[126] [127] [128] [129] For the reasons discussed below, we find that there is a reasonable indication that the domestic industry producing OCTG is materially injured by reason of LTFV imports from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain and by reason of allegedly subsidized imports from Austria and Italy.

B. Volume of Subject Imports

The volume of subject imports on a cumulated basis decreased from 295,262 short tons in 1991 to 85,968 short tons in 1992, but then increased in 1993 to 280,067 short tons. Imports increased from 39,086 short tons in interim 1993 to 58,844 short tons in interim 1994.[130] The import market share followed a similar pattern: by volume, the market share fell from 16.7 percent in 1991 to 12.9 percent in 1992, then increased to 16.0 percent in

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[126] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988). Alternative causes may include the following:

> [T]he volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry. S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[127] For Chairman Watson's interpretation of the statutory requirement regarding causation, see Certain Calcium Aluminate Cement Clinker from France, Inv. No. 731-TA-645 (Final), USITC Pub. 2772, at I-14 n.68 (May 1994).

[128] Vice Chairman Nuzum, Commissioner Rohr and Commissioner Newquist further 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, at 57, 74. 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 (Ct. Int'l Trade 1989); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. at 1101.

[129] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly subsidized and LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of allegedly subsidized and LTFV imports, not by reason of allegedly subsidized and LTFV imports among other things. 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 are 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 less-than-fair-value imports." S. Rep. No. 249, at 75. However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317, at 46-47. The Commission is not to determine if the allegedly subsidized and 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 allegedly subsidized and 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).

[130] PR at II-45; CR at I-76, Table 23. In terms of value, the volume of subject imports fell from $243.6 million in 1991 to $78.0 million in 1992, then rose to $194.1 million in 1993. The value of subject imports was lower in interim 1993 ($30.3 million) than in interim 1994 ($43.1 million). Id.

1993. In interim 1994, the market share of subject imports (19.2 percent) was higher than in interim 1993 (13.4 percent).[131]

U.S. producers' market share in terms of quantity, increased from 74.1 percent in 1991 to 85.9 percent in 1992, but then declined to 80.2 percent in 1993. There was also a decline when comparing interim periods -- 85.4 percent in interim 1993 compared to 77.1 percent in interim 1994.[132]

Based on the above, we find that the cumulated volume and market share of subject imports is significant. U.S. producers lost market share concurrent with the gain in market share of the subject imports both in 1993 and in interim 1994.[133] We also find significant the fact that U.S. shipments of subject imports by quantity increased by a rate of 31.5 percent between interim 1993 and interim 1994, despite declines in overall U.S. consumption from interim 1993 to interim 1994 in the amount of 7.8 percent.[134]

C. Effects of Allegedly Subsidized and LTFV Imports on Domestic Prices

The evidence collected in these preliminary investigations indicates that prices for both subject imports and domestic OCTG have generally declined in the six product categories for which price comparisons were possible.[135] However, we find the evidence regarding any under or overselling by the subject imports to be mixed and inconclusive.[136] While the pricing data we obtained for these preliminary determinations are incomplete, the price declines indicated by questionnaire data are generally confirmed in the unit value data for shipments of both the domestic like product and the subject imports.[137] [138]

The price declines do not appear to be explained by other factors, particularly in view of the increase in demand from 1991 to 1993.[139] The downward trend in import prices

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[131] Subject imports' market shares in terms of value followed the same trend but were higher. Their market share fell from 21.0 percent in 1991 to 18.4 percent in 1992, then rose to 20.4 percent in 1993. The market share in terms of value rose from 19.1 percent in interim 1993 to 23.7 percent in interim 1994. PR at II-46; CR at I-79, Table 24.

[132] PR at II-46; CR at I-79, Table 24. The same trend was evidenced in the value of the domestic producers' market share: increasing from 69.8 percent in 1991 to 79.6 percent in 1992, and decreasing to 75.3 percent in 1993. Their market share was also lower in interim 1994 (73.3 percent) than in interim 1993 (80 percent). Id.

[133] Commissioner Crawford does not find this correlation sufficient to determine causality.

[134] PR at C-3-4; CR at C-3-4, Table C-1. In any final investigations, we will seek information regarding any secondary market for refurbished OCTG and the effect such a secondary market may have on U.S. consumption of OCTG.

[135] PR at II-50; CR at I-86.

[136] Commissioner Crawford rarely gives much weight to evidence of underselling since it usually reflects some combination of differences in quality, other nonprice factors, or fluctuations in the market during the period in which price comparisons were sought.

[137] PR at C-3-4; CR at C-3-4, Table C-1.

[138] Further, Commissioners Rohr and Newquist note that several purchasers contacted by the Commission staff investigating lost sales/lost revenue allegations stated that subject imports have exerted downward pressure on prices or have been priced lower than the domestic product. See PR at II-53; CR at I-108-11.

[139] While respondents have argued that there are many other reasons for the domestic industry's declining prices (e.g., competition between domestic producers and stocking programs), we are not persuaded that subject imports have not depressed prices to a significant degree. In any final investigations, we will consider the effect of stocking programs and fixed price contracts on prices.

and inability of U.S. producers to raise prices to cover increases in raw material costs supports a conclusion of significant price depression by the subject imports. In light of the available pricing information we find a reasonable indication that the cumulated subject imports depressed prices to a significant degree for purposes of these preliminary investigations.[140]

D. Impact on the Domestic Industry

Information in these preliminary investigations indicates that the increasing volumes and declining prices of the cumulated subject imports had an adverse impact on the domestic industry, as reflected most notably in the declining prices for the domestic like product and in the industry's profits and operating income.[141] Despite reducing costs of production through restructuring, relocating and modernizing their operations, the domestic industry has been unprofitable in every period during the period of investigation.[142]

The most recent information also indicates a decline in U.S. shipments and market share by the domestic industry of a greater magnitude than the decline in U.S. consumption, while subject imports' market share increased and their overall unit values decreased.[143] [144]

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[140] To analyze the effect of the allegedly subsidized and LTFV imports on domestic prices, Commissioner Crawford compares domestic prices that existed when the imports were subsidized and dumped with what domestic prices would have been had imports been fairly priced. In making this evaluation she considers a number of factors relating to the industry and the nature of the products. These factors include the degree of substitutability between subject imports and the domestic like product, the presence of non-subject imports, and the capacity utilization in the domestic industry.

If distinct market segments exist, then the degree of substitutability depends on whether domestically produced OCTG and subject imports compete within each market segment. If domestic OCTG and the subject imports do not compete with each other in each market segment then they are not good substitutes and purchasers would not have been likely to buy significantly more domestic OCTG even had the subject imports been fairly priced. If subject imports and like product compete with each other in each market segment, or if there is little distinction between market segments, then they are more likely to be good substitutes and purchasers would likely have purchased more domestic OCTG had the subject imports been fairly priced.

There is conflicting evidence regarding the substitutability between domestically produced OCTG and the subject imports. In these preliminary investigations, Commissioner Crawford has given the benefit of doubt to the Petitioners and assumed that domestically produced products compete in all market segments and are good substitutes for the subject imports. As discussed above, this implies that purchasers likely would have reduced their purchases of the subject imports and bought more domestic OCTG had the subject imports been fairly priced. However, because the domestic industry was characterized by substantial excess capacity, a reasonable degree of competition among the domestic producers, and a significant amount of non-subject imports, it is unlikely that the domestic producers would have been able to sustain significant increases in the price of OCTG even if subject imports had been priced fairly. Accordingly, Commissioner Crawford finds that the subject imports had no significant price effects on the domestic industry.

[141] From 1991 to 1993, the domestic industry experienced a 126.4 percent decline in gross profits (resulting in gross losses in 1992 and 1993), and a decline of 765.6 percent when comparing interim 1993 to interim 1994 (resulting in a gross loss in interim 1994). In addition, from 1991 to 1993, the domestic industry experienced an increase of 60.2 percent in operating losses; operating income was also 79.5 percent lower in interim 1994 than in interim 1993. PR at C-4; CR at C-4, Table C-1.

[142] PR at II-26; CR at I-43.

[143] PR at C-4; CR at C-4, Table C-1.

[144] In her analysis of material injury Commissioner Crawford determines whether the price, sales, and revenue effects of the subsidies and dumping, either separately or together, demonstrate that the

(continued...)

CONCLUSION

In light of the significant volume and market share of the subject imports, the evidence of price depressing effects by the subject imports, and the deteriorating condition of the domestic industry overall, we find that there is a reasonable indication of material injury to the domestic industry producing OCTG by reason of allegedly subsidized and LTFV cumulated imports from Argentina, Austria, Italy, Japan, Korea, Mexico and Spain.

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[144] (...continued)
domestic industry would have been materially better off if the subject imports had been priced fairly. If the subject imports had not been subsidized or dumped, it is likely that at least a substantial portion of the subject imports would have been priced out of the domestic market. To the extent that the market consists of distinct segments, and domestically produced OCTG and subject imports do not compete in these segments, then is it unlikely that there would have been any significant effect on demand for domestic OCTG even if subject imports had been fairly priced. In these preliminary investigations, however, Commissioner Crawford has given the benefit of doubt to the Petitioners and assumed that domestic OCTG and subject imports are generally good substitutes. Therefore, it is likely that demand for domestically produced OCTG would have increased significantly had subject imports been fairly priced. In other words, the domestic industry would have been able to increase significantly the quantity of its production and sales, and thus its revenues, if the allegedly subsidized and LTFV imports had been priced fairly. Therefore, the domestic industry would have been materially better off if the subject imports had been fairly priced. Accordingly, Commissioner Crawford concludes that, in these preliminary investigations, there is a reasonable indication of material injury to the domestic industry by reason of the allegedly subsidized imports and LTFV imports from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain.

SEPARATE VIEWS OF COMMISSIONER NEWQUIST

I concur with my colleagues that there is a reasonable indication that the domestic industry producing oil country tubular goods is materially injured by reason of imports of this product from Austria and Italy which are alleged to be subsidized, and by imports from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain which are alleged to be sold in the United States at less than fair value. However, my approach to cumulation of the subject imports differs significantly from that of my colleagues; therefore, I present separate views on this issue.

I. CUMULATION

In reaching my affirmative determinations, I have cumulated the adverse impact of imports from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain.[1]

The statute requires that I cumulatively assess the subject imports if: (i) there is competition between the subject imports themselves and the domestic like product;[2] and (ii) no one country's imports are negligible and without discernible adverse impact on the domestic industry.[3]

As I explained in the Flat-Rolled Carbon Steel investigations,[4] I view this language to require scrutiny of primarily geographic and temporal competition between the subject imports and the domestic like products; assessing competition on the basis of the substitutability of these products is a lesser consideration.[5] Nowhere does the cumulation

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[1] I note that the allegedly dumped imports from Austria and Italy are precisely those covered by the countervailing duty investigation. Accordingly, cross-cumulation, which our reviewing court has held to be mandated by the statute, is not an issue in these investigations. See Bingham & Taylor v. United States, 673 F. Supp. 793 (Ct. Int'l Trade 1986), aff'd, 815 F.2d 1482 (Fed. Cir. 1987).

[2] 19 U.S.C. § 1677(7)(C)(iv)(I). In addition, I need find only a "reasonable overlap" of competition. Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[3] 19 U.S.C. § 1677(7)(C)(v).

[4] USITC Pub. 2616 (August 1993).

[5] My interpretation of this language also reflects my interpretation of the Commission's traditional four factor "competition for cumulation" test. This four factor test has generally been articulated as follows:

> (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, e.g., Certain Cast Iron Pipe Fittings from Brazil, Korea, and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

provision state that competition is a function of interchangeability based upon the imported and domestic products' characteristics and uses. Such competition is appropriately addressed in the like product analysis.[6] In my view, once a like product determination is made, that determination establishes some inherent level of fungibility within that like product. Only in exceptional circumstances could I anticipate finding products to be "like," and then turn around and find that, for purposes of cumulation, there is no reasonable overlap of competition based upon some roving standard of fungibility.

Rather, in my analytical framework, fungibility is more relevant to the assessment of whether imports are negligible. In that analysis, the fungibility within any like product can be pertinent in determining what level of imports may or may not have a discernible adverse effect on the industry producing the like product.[7] In this regard, I note that there is no magical bellwether to determine negligibility. What may be negligible and without discernible adverse impact will vary from industry to industry -- a function of both the characteristics and condition of the industry.

At the outset, I note that no respondent in these preliminary investigations argues that cumulation is not appropriate because subject imports are not simultaneously present in the same geographic markets. Moreover, although OCTG is sold throughout the United States, sales tend to be concentrated in areas where drilling is the most common, i.e., the Gulf area, Southwestern and Western states, the West Coast, and Alaska.[8]

In addition, for purposes of these preliminary investigations, I conclude that there is a reasonable indication that no country's imports are negligible and without discernible adverse impact on the domestic OCTG industry.

A. Argentina

1. Reasonable overlap of competition

I find that there is a reasonable overlap of competition between imports from Argentina, the other subject imports, and the domestic like product. OCTG was imported from Argentina throughout the period of investigation, and Argentine producers reported pricing data for each of the 13 quarters of the period of investigation.[9]

2. Negligibility

I find that imports from Argentina are not negligible. I note that Argentine respondents did not make any assertions to the contrary. Imports from Argentina increased irregularly during the period and were greater in interim 1994 than in interim 1993.[10] The value of imports from Argentina followed a similar trend.[11] Although confidential, the share of domestic consumption accounted for by imports from Argentina throughout the period of investigation is, in my view, significant.[12]

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[6] See 19 U.S.C. § 1677(10).

[7] 19 U.S.C. §§ 1677(7)(C)(v), 1677(7)(F)(iv). Accordingly, I address the parties' "lack of competition" arguments in my assessment of whether each country's imports are negligible.

[8] Confidential Report ("CR") at I-82; Public Report ("PR") at II-48.

[9] Report at Tables 3, 25, and 26.

[10] Report at Table 3.

[11] Id.

[12] Report at Table 24.

Based on the foregoing, I determine that it is appropriate to cumulate imports from Argentina.

B. Austria

1. Reasonable overlap of competition

I find that there is a reasonable overlap of competition between imports from Austria, the other subject imports, and the domestic like product. OCTG was imported from Austria throughout the period of investigation, and Austrian producers reported pricing data for 10 of the 13 quarters of the period of investigation.[13]

2. Negligibility

Contrary to the arguments of Austrian respondents,[14] I find that imports from Austria are not negligible. Imports from Austria declined between 1991-92, then returned in 1993 to roughly the 1991 level.[15] Interim 1994 imports from Austria were significantly greater than in interim 1993.[16] The value of imports from Austria followed a similar trend.[17] Although confidential, the share of domestic consumption accounted for by imports from Austria throughout most of the period of investigation is, in my view, not without discernible adverse impact on the domestic industry.[18]

Based on the foregoing, I determine that it is appropriate to cumulate imports from Austria.

C. Italy

1. Reasonable overlap of competition

I find that there is a reasonable overlap of competition between imports from Italy, the other subject imports, and the domestic like product. OCTG from Italy was imported throughout the period of investigation, and Italian producers reported pricing data for 4 of the most recent quarters of the period of investigation.[19]

2. Negligibility

Contrary to the arguments of Italian respondents,[20] I find that imports from Italy are sufficiently fungible and are not negligible. The Italian respondents argue primarily that much of their imports compete with only a small segment of domestic product or that there is

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[13] Report at Tables 3 and 25.

[14] Austrian Respondents' Postconference Brief at 10-12.

[15] Report at Table 3.

[16] Id.

[17] Id.

[18] Report at Table 24.

[19] Report at Tables 3 and 26.

[20] Italian Respondents' Postconference Brief at 3-4, 7-10.

insufficient domestic supply.[21] Imports from Italy declined significantly between 1991-92, then increased in 1993 to above the 1991 level.[22] Imports in interim 1994 were marginally greater than for the same period 1993.[23] The value of imports followed a similar trend, though the 1993 level was slightly less than that in 1991.[24] Although confidential, the share of domestic consumption accounted for by imports from Italy throughout most of the period of investigation is, in my view, not without discernible adverse impact on the domestic industry.[25]

Based on the foregoing, I determine that it is appropriate to cumulate imports from Italy.

D. Japan

1. Reasonable overlap of competition

I find that there is a reasonable overlap of competition between imports from Japan, the other subject imports, and the domestic like product. OCTG was imported from Japan throughout the period of investigation, and Japanese producers reported pricing data for all 13 quarters of the period of investigation.[26]

2. Negligibility

Contrary to the arguments of the Japanese respondents,[27] for the reasons explained above, I find that imports from Japan are sufficiently fungible. The Japanese respondents assert that much of their imports do not compete with either other subject imports or the domestic like product.[28] The Japanese respondents do not assert, however, that their imports are negligible. Imports from Japan declined significantly between 1991-92, then increased in 1993 to above the 1991 level.[29] Imports in interim 1994 were greater than for the same period 1993.[30] The value of imports followed a similar trend, though the 1993 level was slightly less than that in 1991.[31] The share of domestic consumption accounted for by imports from Japan decreased from 8.8% in 1991 to 5.5% in 1992, then rebounded to 7.1% in 1993.[32] Interim 1994 consumption was 10.1% compared with 7.0% in interim 1993.[33] The share of domestic consumption accounted for by imports from Japan throughout the period of investigation is, in my view, significant.

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21 Id. at 7-10.

22 Report at Table 3.

23 Id.

24 Id.

25 Report at Table 24.

26 Report at Tables 3, 25 and 26.

27 Japanese Respondents' Postconference Brief at 13, 29-34.

28 Id.

29 Report at Table 3.

30 Id.

31 Id.

32 Report at Table 24.

33 Id.

Based on the foregoing, I determine that it is appropriate to cumulate imports from Japan.

E. Korea

1. Reasonable overlap of competition

I find that there is a reasonable overlap of competition between imports from Korea, the other subject imports, and the domestic like product. OCTG was imported from Korea throughout the period of investigation, and Korean producers reported pricing data for all 13 quarters of the period of investigation.[34]

2. Negligibility

Contrary to the arguments of Korean respondents,[35] for the reasons explained above, I find that imports from Korea are sufficiently fungible and are not negligible. The Korean respondents assert that their imports do not compete with other subject imports, and compete to only a limited degree with the domestic like product.[36] The Korean respondents further assert that their imports are negligible.[37] Imports from Korea increased by more than 150% between 1991-93, and were only marginally lower in interim 1994 compared with interim 1993.[38] The value of imports from Korea followed a similar trend.[39] The share of domestic consumption accounted for by imports from Korea increased from 1.0% in 1991 to 2.3% in 1992, then declined slightly to 2.0% in 1993.[40] Interim 1994 consumption was 1.8% compared with 1.7% in interim 1993.[41] The share of domestic consumption accounted for by imports from Korea throughout the period of investigation is, in my view, significant.

Based on the foregoing, I determine that it is appropriate to cumulate imports from Korea.

F. Mexico

1. Reasonable overlap of competition

I find that there is a reasonable overlap of competition between imports from Mexico, the other subject imports, and the domestic like product. OCTG was imported from Mexico throughout the period of investigation, and Mexican producers reported pricing data for 8 of the 13 quarters of the period of investigation.[42]

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[34] Report at Tables 3, 27, 28 and 29.

[35] Korean Respondents' Postconference Brief at 3-11, 13.

[36] Id. at 4-11.

[37] Id. at 13.

[38] Report at Table 3.

[39] Id.

[40] Report at Table 24.

[41] Id.

[42] Report at Tables 3, 26 and 30.

2. Negligibility

Contrary to the arguments of one of the Mexican respondents,[43] I find that imports from Mexico are not negligible. Imports from Mexico declined between 1991-92, then increased in 1993 to well-above the 1991 level.[44] Imports in interim 1994 were also substantially greater than in interim 1993.[45] The value of imports from Mexico followed a similar trend.[46] Although confidential, the share of domestic consumption accounted for by imports from Mexico throughout the period of investigation is, in my view, significant.[47]

Based on the foregoing, I determine that it is appropriate to cumulate imports from Mexico.

G. Spain

1. Reasonable overlap of competition

I find that there is a reasonable overlap of competition between imports from Spain, the other subject imports, and the domestic like product. OCTG from Spain was imported throughout the period of investigation.[48]

2. Negligibility

Contrary to the arguments of the Spanish respondents,[49] for the reasons explained above, I find that imports from Spain are sufficiently fungible and are not negligible. Spanish respondents assert that their imports are only of unfinished OCTG, and that such imports do not compete with the other imports and the domestic like product.[50] Spanish respondents further assert that their imports are negligible.[51] Imports from Spain declined significantly between 1991-92, then increased in 1993 to above the 1991 level.[52] Imports in interim 1994 were marginally less than for the same period 1993.[53] The value of imports followed a similar trend.[54] Although confidential, the share of domestic consumption accounted for by imports from Spain throughout most of the period of investigation is, in my view, not without discernible adverse impact on the domestic industry.[55]

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[43] Hylsa's Postconference Brief at 12. See discussion of "like product" in the Commission's views.

[44] Report at Table 3.

[45] Id.

[46] Id.

[47] Report at Table 24.

[48] Report at Table 3. Spanish respondents' quarterly pricing data were incomplete.

[49] Spanish Respondents' Postconference Brief at 6, 9-10.

[50] Id. at 9-10. For purposes of these preliminary investigations, however, the Commission has determined that finished and unfinished OCTG constitute one like product. See discussion of "like product" in the Commission's views.

[51] Id. at 6.

[52] Report at Table 3.

[53] Id.

[54] Id.

[55] Report at Table 24.

Based on the foregoing, I determine that it is appropriate to cumulate imports from Spain.

In summary, I have determined to cumulate imports from all subject countries. In my view and consistent with my analytical framework discussed in detail above, there is a reasonable overlap of geographic and temporal competition among all subject imports and with the domestic like product. Further, for purposes of these preliminary investigations, there is a reasonable indication that imports from each of the subject countries have had a discernible adverse impact on the domestic industry and, therefore, no country's imports are negligible.

PART II

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

On June 30, 1994, petitions were filed with the Commission and Commerce by Bellville, Bellville, TX; IPSCO, Camanche, IA; Koppel, Beaver Falls, PA; Maverick, Chesterfield, MO; North Star, Youngstown, OH; U.S. Steel, Pittsburgh, PA; and USS/KOBE, Lorain, OH.[1] The petitions allege that an industry in the United States is being materially injured and is threatened with further material injury by reason of allegedly subsidized imports from Austria and Italy and allegedly LTFV imports from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain[2] of OCTG.[3] Accordingly, effective June 30, 1994, the Commission instituted countervailing duty investigations Nos. 701-TA-363 and 364 (Preliminary) under section 703(a) of the Act and antidumping investigations Nos. 731-TA-711 through 717 (Preliminary) under section 733(a) of the Act to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry is materially retarded, by reason of imports of such merchandise into the United States.

Notice of the institution of these investigations was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the *Federal Register* of July 7, 1994 (59 F.R. 34864). Commerce published its notice of initiation in the *Federal Register* of July 26, 1994 (59 F.R. 37962). Copies of the Commission's and Commerce's *Federal Register* notices are presented in appendix A.

The Commission held a public conference in Washington, DC, on July 22, 1994, at which time all interested parties were allowed to present information and data for consideration by the Commission. A list of the participants in the conference is presented in appendix B. The Commission voted on these investigations on August 10, 1994. The statute directs the Commission to make its preliminary determination within 45 days after receipt of the petition, or in these investigations by August 15, 1994.

PREVIOUS AND RELATED COMMISSION INVESTIGATIONS

OCTG has been the subject of several Commission investigations from 1984 to 1987. Information concerning these Commission investigations is presented in table 1.[4]

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[1] Lone Star, Dallas, TX, and Newport, Newport, KY, joined as petitioners in these investigations subsequent to the filing of the petitions.

[2] Bellville joins only in the antidumping petitions against Korea and Italy, USS/KOBE and North Star do not join in the antidumping petition against Japan, and Lone Star joins only in the countervailing duty petition concerning Italy and antidumping petitions concerning Argentina, Italy, Korea, and Spain.

[3] The imported merchandise covered by Commerce's antidumping investigations is hollow steel products of circular cross-section, including oil well casing, tubing, and drill pipe of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to API or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). These petitions do not cover casing, tubing, or drill pipe containing 10.5 percent or more by weight of chromium. The subject products are provided for in subheadings 7304.20, 7305.20, and 7306.20 of the HTS. Commerce's scope language for the initiation of the countervailing duty investigations is essentially the same except that it omits the language "whether seamless or welded" and "limited service OCTG products."

[4] In addition, on June 13, 1984, countervailing duty petitions were filed with Commerce on OCTG from Argentina and Mexico. Because these countries were not signatories to the GATT, the Commission was not required to make injury determinations concerning imports from these countries.

Table 1
OCTG: Previous and related investigations

Item/source	Investigation No.	Date	Report No.	Result
Carbon and certain alloy steel products[1]	TA-201-51	1984	USITC 1553	Negative
OCTG:				
Argentina	731-TA-191 (P)	1984	USITC 1555	Affirmative
	731-TA-191 (F)	1985	USITC 1694	Negative
	731-TA-275 (P)	1985	USITC 1747	Affirmative
	731-TA-275 (F)	1986	(2)	Terminated
Austria	701-TA-240 (P)	1985	USITC 1679	Affirmative
	701-TA-240 (F)	1985	(2)	Petition withdrawn
	731-TA-249 (P)	1985	USITC 1679	Affirmative
	731-TA-249 (F)	1985	(2)	Petition withdrawn
Brazil	701-TA-215 (P)	1984	USITC 1555	Affirmative
	701-TA-215 (F)	1985	USITC 1633	Affirmative
	731-TA-192 (P)	1984	USITC 1555	Affirmative
	731-TA-192 (F)	1985	(2)	Petition withdrawn
Canada	701-TA-255 (P)	1985	USITC 1747	Affirmative
	701-TA-255 (F)	1986	USITC 1865	Affirmative
	731-TA-276 (P)	1985	USITC 1747	Affirmative
	731-TA-276 (F)	1986	USITC 1865	Affirmative
Israel	701-TA-271 (P)	1986	USITC 1840	Affirmative
	701-TA-271 (F)	1987	USITC 1952	Affirmative
	731-TA-318 (P)	1986	USITC 1840	Affirmative
	731-TA-318 (F)	1987	USITC 1952	Affirmative
Korea	701-TA-216 (P)	1984	USITC 1555	Affirmative
	701-TA-216 (F)	1985	USITC 1633	Negative
	731-TA-193 (P)	1984	USITC 1555	Affirmative
	731-TA-193 (F)	1984	(2)	Petition withdrawn
Mexico	731-TA-194 (P)	1984	USITC 1555	Affirmative
	731-TA-194 (F)	1984	(2)	Petition withdrawn
Romania	731-TA-250 (P)	1985	USITC 1679	Affirmative
	731-TA-250 (F)	1985	(2)	Petition withdrawn
Spain	701-TA-217 (P)	1984	USITC 1555	Affirmative
	701-TA-217 (F)	1985	USITC 1633	Affirmative
	731-TA-195 (P)	1984	USITC 1555	Affirmative
	731-TA-195 (F)	1985	USITC 1694	Affirmative
Taiwan	701-TA-256 (P)	1985	USITC 1747	Affirmative
	701-TA-256 (F)	1985	(2)	Terminated
	731-TA-277 (P)	1985	USITC 1747	Affirmative
	731-TA-277 (F)	1986	USITC 1865	Affirmative
Venezuela	701-TA-241 (P)	1985	USITC 1679	Affirmative
	701-TA-241 (F)	1985	(2)	Petition withdrawn
	731-TA-251 (P)	1985	USITC 1679	Affirmative
	731-TA-251 (F)	1985	(2)	Petition withdrawn

[1] The subject products included OCTG, as well as other pipes and tubes that are not the subject of the present investigations.
[2] No report was issued.

Source: USITC publications.

THE PRODUCT

Description and Uses

The product subject to these investigations is OCTG, which is casing, tubing, and drill pipe used in drilling oil and gas wells and in transporting oil and gas to the surface.[5]

Casing is used in the drill hole to provide a firm foundation for the drill string[6] by supporting the walls of the hole to prevent caving in both during drilling and after the well is completed. After the casing is set, concrete is pumped between the outside of the casing and the wall of the hole to provide a secure anchor.[7] Casing also serves as a surface pipe designed to prevent contamination of the recoverable oil and gas by surface water, gas, sand, or limestone. The casing must be sufficiently strong to carry its own weight and to resist both external and internal pressure. Because the amount of open hole that can be drilled at any one time is limited, a string of concentric layers of casing rather than a single casing is used for larger wells. Several sizes of casing are set inside the well after it has been drilled, with the larger sizes set at the top of the well and the smaller sizes set toward the bottom (figure 1). In general, the deeper the well, the larger the casing must be.[8] In certain instances, tubing can be substituted for casing.[9]

Tubing is used within the casing to conduct the oil or gas from the subsurface strata to the surface either through natural flow or through pumping. Casing is often substituted for tubing in high-volume wells. Tubing must be strong enough to support its own weight, that of the oil or gas, and that of any pumping equipment suspended on the string.

Drill pipe is used to transmit power from ground level to below the surface in order to rotate the drill bit and to conduct drilling fluid (mud) down to the drill bit in order to flush drill cuttings to the surface for removal. Drill pipe must have sufficient tensile strength to support its own weight, the weight of the contained drilling fluids, and that of drill collars and the drill bit. In certain instances, casing and tubing can be substituted for drill pipe.[10]

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[5] OCTG containing 10.5 percent or more by weight of chromium (stainless steel) is not included in the scope of these investigations. There was no U.S. production of this product during the period of investigation. However, iron (other than cast iron) is included in the scope of the investigations. All U.S. producers and importers reported that they did not produce nor import this product during the period of investigation. In fact, one producer indicated that he did not even know what iron OCTG was, and two importers indicated that iron is "not applicable" to OCTG.

[6] A "string" is a series of individual pipes that are attached at the ends by couplings or, in limited instances, by welds.

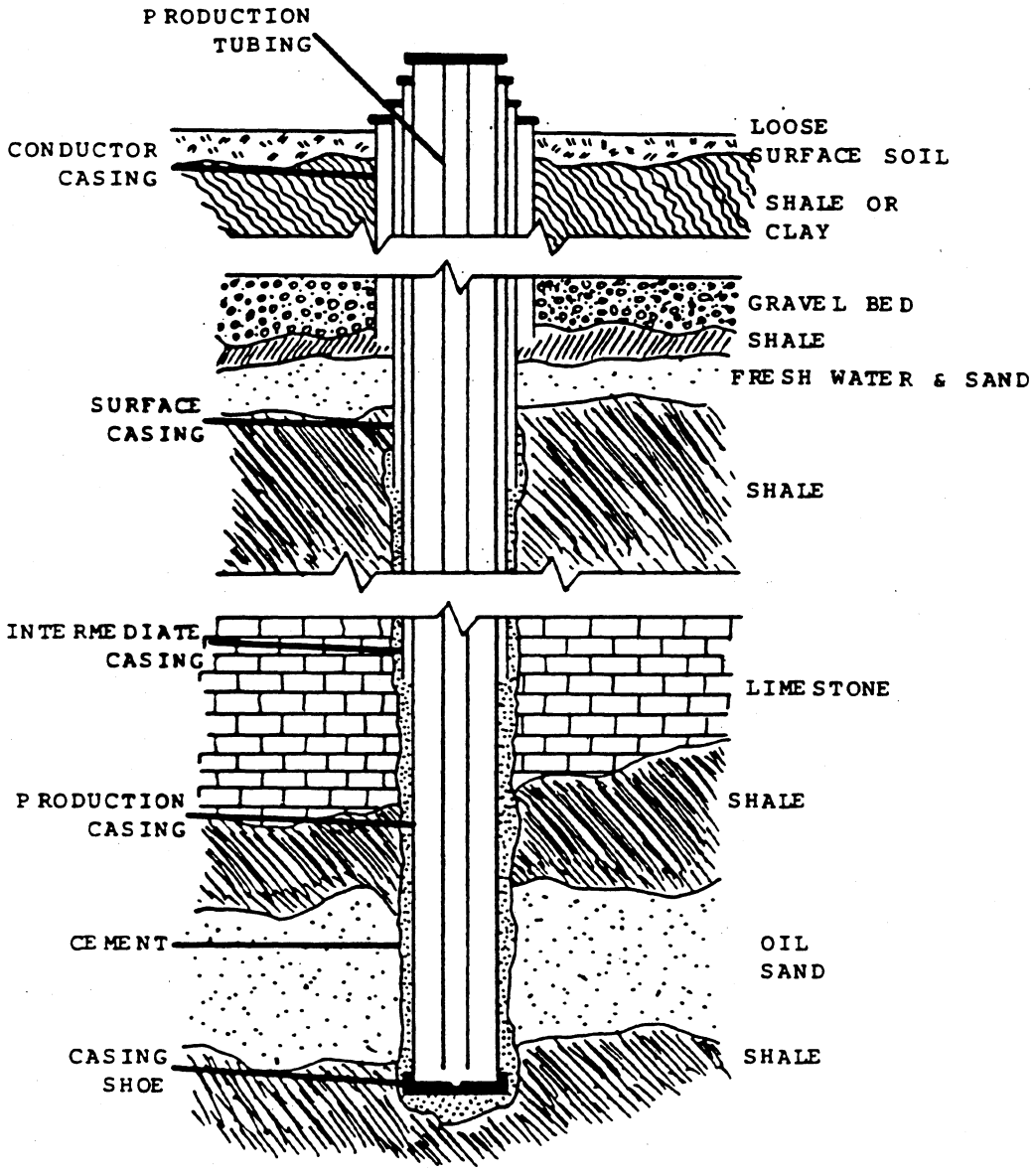
[7] Concrete may or may not be pumped the full length of the well. ***, telephone conversation, ***.

[8] ***, telephone conversation, ***. Several U.S. producers stated that there is a continuum of different sizes of casing with no clear dividing line between the large and small sizes and that different sizes of casing are used in the same well. Because of this, they view all different sizes of casing as interchangeable. The U.S. producers produce a wide range of casing sizes, from 4.5 inches to 20 inches in diameter. *** produce the larger, as well as the smaller sizes of OCTG. ***, telephone conversations, ***.

[9] There are a number of API wall and diameter specifications that are the same for casing and tubing. In these instances, casing is the same as tubing. ***, telephone conversations, ***.

[10] Mr. Donald Dabkowski, U.S. Steel, indicated that within the API specifications there are a significant number of drill pipe wall and diameter specifications that are the same as those for casing and tubing. He added that U.S. Steel has a customer to whom they sell a product that can be turned into either casing or drill pipe. Conference transcript, p. 18. *** added that drill pipe is interchangeable in certain instances with casing and tubing. ***, telephone conversation, ***. However, Argentine respondents argue that drill pipe is not interchangeable with casing and tubing because of wall thickness, length, torque, and compression requirements. Post-conference brief on behalf of Argentine respondents, pp. 2-3. Finally, *** stated that drill pipe can be used only as drill pipe because the wall thickness relative to the diameter of the pipe is too large for it to be used practically for casing or tubing. He added, however, that in shallow wells tubing can be substituted for drill pipe. ***, telephone conversation, ***.

Figure 1
OCTG: Arrangement of casing and tubing in the completed well



Source: Adapted from American Iron & Steel Institute, *Steel Products Manual*, Apr. 1982.

In 1993, casing accounted for *** percent of U.S. consumption (on a tonnage basis) of all OCTG, tubing accounted for *** percent, and drill pipe accounted for ***.[11] During the same period, U.S. shipments of the U.S. product consisted of *** percent casing, *** percent tubing, and *** percent drill pipe;[12] whereas U.S. shipments of the imported product subject to these investigations consisted of *** percent casing, *** percent tubing, and *** percent drill pipe.[13]

OCTG is generally produced according to standards and specifications established by the API. The API is a trade organization that develops basic minimum design standards for materials used in the oil and gas industries to ensure interchangeability and reliability of parts. This organization has worked to standardize dimensions and properties in OCTG for casing and tubing (API 5CT) and for drill pipe (API 5D). These standards, which are sometimes used by the U.S. Government as Federal standards, were adopted by API after extensive research and industry consensus. They offer OCTG purchasers a guide for selecting products with proper outside diameters, wall thicknesses, and steel grades necessary to perform under every combination of stresses. The majority of OCTG in use today meets API specifications for such articles.[14]

There are, however, certain applications in which OCTG is used where it need not carry an API rating. These non-API products may be either products that did not pass the API standards quality testing or products that have not been sufficiently used or tested for API to write standards for them. Seconds, rejects, and other low-quality non-certified material (sometimes referred to as "limited service" material) may be used in shallow wells and in drilling conditions where high-strength and high-quality pipes are not required. In addition, some OCTG is produced to proprietary or other non-API specifications. These products may or may not meet the API specifications.[15] Other products may be produced to specifications that are extended beyond those published by the API. These products are sometimes referred to as "critical service products" and are typically used in very deep wells or wells that may be affected by harsh or sensitive environments, such as those operating in Alaska.[16] Some OCTG products are otherwise produced to API specifications, but have certain proprietary finishing operations (for instance, threading) performed on them. OCTG is inspected and tested at various stages during production to ensure strict conformity to API or other proprietary specifications.

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[11] The data for the U.S. producers and importers were received in response to Commission questionnaires; however, not all U.S. producers were capable of providing separate data for casing, tubing, and drill pipe. The U.S. producers providing these data accounted for *** percent of 1993 OCTG production. In addition, some of the data provided by U.S. producers and importers were used in this presentation but contain inconsistencies and are not fully reliable, while other data provided were submitted too late to be corrected or were so badly flawed that they were unusable.

[12] The three U.S. producers that reported production of all three types accounted for *** percent of 1993 OCTG production.

[13] U.S. shipments of the Argentine product were comprised of ***; U.S. shipments of the Austrian product were comprised of ***; U.S. shipments of the Italian product were comprised of ***; U.S. shipments of the Japanese product were comprised of ***; U.S. shipments of the Korean product were comprised of ***; U.S. shipments of the Mexican product were comprised of ***; and U.S. shipments of the Spanish product were comprised of ***.

[14] Conference transcript, pp. 21, 48, and 68.

[15] The proprietary products which meet API specifications may compete with products carrying an API rating. It is estimated that the shipment volumes of U.S.-produced sub-API material can be as high as 10 percent. Conference transcript, p. 135.

[16] Mr. Erich Klementich, the Consulting Engineer for Oil Technology Services, estimates that critical service products account for about 20 percent of the market. He also intimated that this segment of the market is not served well by the U.S. producers. The petitioners, however, argue that the U.S. producers can, and do, provide critical service products to the market. Conference transcript, pp. 113, 121, 128, and 157. Questionnaire responses indicate that several U.S. producers shipped OCTG to Alaska during the period of investigation, although it is not entirely clear whether all of these products were critical service products.

OCTG exists in a wide range of API and proprietary grades reflecting the strength of the product and the conditions under which it has been tested for use. The most common API grades for OCTG generally range from the low-grades J-55 and K-55 (minimum yield strength of 55,000 psi) to the high-grades N-80 (minimum yield strength of 80,000 psi) and P-110 (minimum yield strength of 110,000 psi), although lower and higher grades OCTG are also used. Lower strength grades are used where less pressure and less hostile conditions are encountered in drilling and production. These lower strength grades are typically carbon steel products and are used primarily in relatively shallow wells.[17] Conversely, higher grades of OCTG are used when more strength is required, such as in deeper wells, with high bottom hole pressures and more hostile exposures. A higher strength product can be obtained by heating a carbon steel tubular product, rapidly cooling it with water, and then slightly reheating and slowly recooling it. This "quench and temper" process raises the minimum yield strength and increases the hardness of the tubular product.[18] A similarly strong tubular product meeting the same requirements of the particular specification can also be produced by using more expensive metal alloys. In these instances, alloy and carbon OCTG can be used interchangeably.[19]

Information was requested in these investigations concerning carbon and alloy OCTG.[20] For information collected, U.S. producers reported that in 1993, 78 percent of their OCTG shipments were of carbon and 22 percent were of alloy.[21] U.S. importers reported that 44 percent of their U.S. OCTG shipments were of carbon and 56 percent were of alloy. However, the participants in the U.S. market define alloy and carbon differently. Some define alloy OCTG as any higher grade OCTG, regardless of whether it is "quench and tempered" carbon or metal alloy, whereas others define alloy OCTG according to its chemical makeup. Data on carbon and alloy collected in these investigations have been provided according to these separate definitions.[22]

Both the U.S.-produced and imported OCTG are inspected, tested, and certified to the same API and proprietary specifications. Therefore, for its general end-use application in drilling oil and gas wells and for transporting oil and gas to the surface, there is little difference between the domestic and imported OCTG.[23] In fact, the majority of U.S. producers of OCTG consider the subject imports and the U.S.-produced OCTG to be completely interchangeable; however, for many of the U.S. importers, the domestic and imported OCTG are not considered interchangeable in use (see the "Prices" section).

Substitute Products

The majority of the U.S. OCTG producers and importers reported that no other products exist that can be substituted for OCTG in its end-use applications. However, two U.S. producers and the Austrian importer indicated that, in general, this is true but that on rare occasions, and only in shallow oil wells where low-grade J-55 OCTG is used, a high-grade X-42 line pipe that is finished

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[17] *** indicated that the majority of the wells in the United States are shallow.

[18] Through this process, a low-grade J-55 tubular product can be upgraded to a high-strength N-80 product. Conference transcript, p. 36.

[19] Conference transcript, pp. 38-39 and 54.

[20] Several U.S. importers and most of the U.S. producers were unable to accurately provide separate data on carbon and alloy.

[21] U.S. producers that produce both carbon and alloy OCTG accounted for about 90 percent of 1993 U.S. production.

[22] U.S. producers tend to define alloy OCTG according to grade, whereas the U.S. importers (as well as Customs) define alloy OCTG according to its chemical makeup. ***, telephone conversation, ***; conference transcript, p. 112; and questionnaire responses.

[23] Conference transcript, pp. 49, 55, and 61.

with OCTG threads and couplings can be substituted for casing.[24] The importer adds that the mechanical properties are not the same for grade X-42 (minimum yield strength 42,000 psi and tensile strength 60,000 psi) and grade J-55 (minimum yield strength 55,000 psi and tensile strength 75,000 psi) and that the X-42 line pipe is priced $20-50 per ton below the J-55 casing.

Manufacturing Process

All OCTG is either of welded or seamless construction.[25] API specifications for most grades of casing and tubing specify that either welded or seamless is acceptable for its end-use application.[26] Exceptions include drill pipe and extremely thick casings, which the API specifies must be seamless.

Welded OCTG is formed by passing flat-rolled products through a series of rollers that shape the products into cylinders to be seam-welded. The most commonly used process for welding OCTG is electric resistance welding, in which the cylinder's lengthwise edges are heated to a very high temperature with an electric resistance welder and are forced together under pressure exerted by rolls. Some large-diameter material (over 24 inches), which is used in offshore drilling, is submerged arc welded. Under this process, the cylinder's lengthwise edges are connected using molten metal from a welding rod. After welding, the tube is heat-treated either by "full-body normalizing" or by "seam annealing." In the full-body normalizing process, the entire tube is heated to a very high temperature to make the molecular structure of the weld identical to that of the rest of the tube, whereas in the seam annealing process, several inches of the pipe along each side of the weld are heated to a high temperature. Regardless of the welding process, the wall thicknesses of all welded OCTG are uniform, whereas the wall thicknesses of seamless OCTG are less uniform.

Seamless OCTG is produced by forming a central cavity in a solid steel round. The central cavity may be formed by either the rotary piercing or the hot extrusion process. Most seamless pipes and tubes are produced through the rotary piercing method, the more traditional method for producing such material. The rotary piercing and hot extrusion methods are described below.

> In the rotary piercing and rolling method, a conditioned steel round of proper grade, diameter and weight is heated to a suitable forging temperature and rotary pierced in one of several available types of mills which work the steel and cause it to flow helically over and around a so-called piercer-point, yielding a seamless hollow billet. This billet is then roller elongated either in a succession of plug mills or in one of several mandrel mills. Finally the elongated tubular product is sized by further rolling without internal support in one or more of the sizing mills. The tension mill stretches the material between stands and makes wall reduction possible; the rotary sizing mill frequently is used in conjunction with one of the other mills to make final precision sizing of the outside diameter.

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[24] *** estimated that the X-42 line pipe sold for use as J-55 casing accounts for less than one percent of the market and is typically used at a depth of 200 to 500 feet. ***, telephone conversation, ***. *** indicated that because of its low strength it is priced 12 percent below J-55 OCTG and can only be used as surface casing. ***, telephone conversation, ***.

[25] *** reported the production of both seamless and welded OCTG during the period of investigation ***.

[26] One U.S. producer asserted that, for its customers, there is little distinction between welded and seamless OCTG. Conference transcript, p. 73. In addition, several importers indicated in their questionnaire responses that seamless and welded OCTG are substitutes for each other. *** added that not only are seamless and welded OCTG interchangeable, but that both processes may be used for the production of all sizes of OCTG, including larger diameter casing. ***, telephone conversation, ***.

> The extrusion process also starts with a conditioned steel round of desired grade, diameter and weight. This billet may be cold drilled or hot punched-pierced either separate from or as part of the extrusion process. The drilled or punched billets are hot extruded by axially forcing the material through a die and over a mandrel.[27]

Because of its lower costs, the rotary piercing method is the preferred method of producing seamless pipes and tubes of all grades of steel. However, the more expensive extrusion method is preferred when pipes and tubes of steels having poorer hot-working properties are produced. The higher the chromium content and the smaller the diameter of the tubular product, the poorer the hot-working properties of the steel will be.

After the welded or seamless tubular product is formed, it is subjected to certain finishing operations that may include straightening, inspection, and testing. The product then may either be sold as is or it may undergo additional operations before being sold. These additional operations include heat treating, cold drawing, testing, and coating.[28]

After finishing operations on the tube are complete, the ends are finished. Two general end finishes for casing are "threaded and coupled" and "plain end." End finishes for tubing include threaded and coupled, non-upset or upset,[29] or plain end. These end finishes for tubing and casing are provided both by the U.S. producers and by separate U.S. finishers. For drill pipe, the tubular product is typically finished to customer specifications and the ends are upset by the U.S. producer; however, the couplings and tool joints are applied to the ends by drill pipe finishers. These drill pipe finishers are either contracted by the U.S. producers to perform these processes, or they provide these services for the end users.[30] The drill bits are then attached to the tool joint by the end user at the well site.[31]

Welded products are more commonly used when high strength is not required, whereas seamless products are more typically used where greater pressures or hostile environments are encountered in drilling and production. Full-body normalized welded OCTG is considered to be stronger than other welded products. However, technological developments have made these distinctions less relevant because of improvements in the production processes for the welded OCTG products. These developments have made it possible for the welded OCTG to be a higher strength product.

In 1993, according to information received in response to Commission questionnaires, welded and seamless OCTG accounted for 42 percent and 58 percent of U.S. OCTG consumption (on a tonnage basis), respectively.[32] During the same period, U.S. shipments of the U.S. product were comprised of 52 percent seamless and 48 percent welded, whereas U.S. shipments of the imported product subject to these investigations consisted of 80 percent seamless and 20 percent welded.[33]

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[27] American Iron & Steel Institute, *Steel Products Manual: Steel Specialty Tubular Products*, Oct. 1980, p. 16.

[28] In general, the higher the alloy content and the more specialized or proprietary the product, the greater the number of additional processes that will be required.

[29] Upset ending is a forging process under which the end of the tubing is flared and thickened, and thereby strengthened, to compensate for the tensile strength that is lost during threading.

[30] Several U.S. producers indicated that there are no U.S. producers of drill pipe that apply couplings or tool joints to drill pipe in-house. Conference transcript, pp. 34-35; and ***, telephone conversations, ***.

[31] Post-conference brief on behalf of the Argentine respondents, p. 2; and ***, telephone conversation, ***.

[32] Not all questionnaire respondents provided accurate data on seamless and welded OCTG. Therefore, these shares were calculated based on less than complete data.

[33] U.S. shipments of OCTG imported from Argentina, Austria, Mexico, and Spain were seamless OCTG; U.S. shipments of the Korean product were welded OCTG; U.S. shipments of the Italian product were comprised of *** percent seamless and *** percent welded; and U.S. shipments of the Japanese product were comprised of *** percent seamless and *** percent welded.

Carbon and alloy OCTG are produced in the United States, for the most part, using the same production facilities and employees, while at least some of the U.S. OCTG producers manufacture casing, tubing, and drill pipe using the same production facilities and employees.[34] However, it appears that there are no common production facilities for the manufacture of seamless and welded OCTG.[35]

U.S. Tariff Treatment

The imported OCTG that is subject to these investigations is classified under several HTS subheadings covering "casing, tubing and drill pipe, of a kind used in drilling for oil or gas." According to the HTS, of the subject countries, only goods of Mexico, under NAFTA, are eligible for special tariff treatment; non-originating Mexican goods are dutiable at the general rates. Imports of OCTG enter the United States under the HTS subheadings and at the column 1-general and special rates of duty shown in the following tabulation:

	HTS subheading	Column 1-rates of duty	
		General	Special
		(percent ad valorem)	
Seamless casing, of iron or nonalloy steel, threaded or coupled	7304.20.10	6.0	5.4
Welded casing, of iron or nonalloy steel, threaded or coupled	7305.20.20	6.0	5.4
	7306.20.10	6.0	5.4
Seamless casing, of iron or nonalloy steel, other	7304.20.20	0.5	0.4
Welded casing, of iron or nonalloy steel, other	7305.20.40	0.5	0.4
	7306.20.20	0.5	0.4
Seamless casing, of alloy steel, threaded or coupled	7304.20.30	6.2	5.5
Welded casing, of alloy steel, threaded or coupled	7305.20.60	6.2	5.5
	7306.20.30	6.2	5.5
Seamless casing, of alloy steel, other	7304.20.40	3.3	2.9
Welded casing, of alloy steel, other	7305.20.80	3.3	2.9
	7306.20.40	3.3	2.9
Seamless tubing, of iron or nonalloy steel	7304.20.50	8.0	7.2
Welded tubing, of iron or nonalloy steel	7306.20.60	1.9	1.7

[34] Six out of 13 U.S. producers of OCTG indicated that common production facilities and workers were employed in the production of casing and tubing. These producers accounted for *** percent of 1993 OCTG production. Three firms reported common facilities and employees for casing, tubing, and drill pipe. These three firms accounted for *** percent of 1993 OCTG production. Also see Conference transcript, pp. 18-19.

[35] Certain finishing operations (e.g., heat treatment, testing, end-finishing, threading, and coupling) are performed using common facilities and employees for both welded and seamless OCTG.

Seamless tubing, of alloy steel	7304.20.60	7.5	6.7
Welded tubing, of alloy steel	7306.20.80	4.9	4.4
Seamless drill pipe, of iron or nonalloy steel	7304.20.70	8.0	7.2
Seamless drill pipe, of alloy steel	7304.20.80	7.5	6.7

THE NATURE AND EXTENT OF ALLEGED SUBSIDIES

The petitioners allege that manufacturers, producers, or exporters of OCTG in Austria and Italy receive countervailable subsidies. These allegations are discussed below.

Austria

Commerce has reviewed the petitioners' allegations of subsidies provided to producers of OCTG in Austria and has initiated an investigation based on the following programs:

1. Equity (Capital) Infusions to Voest-Alpine AG: 1983, 1984, and 1986
2. Pre-Restructuring Grants to Voest-Alpine AG
3. Assumption of Losses at Restructuring by Voest-Alpine AG
4. Equity Infusions to certain Voest-Alpine AG subsidiaries under Law 298/1987
5. Post-Restructuring Equity Infusions to Voest-Alpine AG
6. Post-Restructuring Grants to Voest-Alpine AG
7. Post-Restructuring Grants to Voest-Alpine Stahl AG

The petitioners have also alleged that Voest-Alpine Kindberg, the Austrian producer of OCTG, receives upstream subsidies through its purchase of steel blooms from a related company, Voest-Alpine Donawitz. Commerce has reviewed the petitioners' upstream subsidy allegation and has found that the criteria have been met to initiate an investigation.

Italy

Commerce has initiated an investigation based on the following programs alleged by petitioners to have provided subsidies to producers of OCTG in Italy:

1. 1988/89 Equity Infusion
2. Subsidized Loans under Law 675/77
3. Grants under Law 193/84
4. Retraining Grants
5. Preferential Export Financing under Law 227/77
6. Exchange Rate Guarantee Program under Law 796/76
7. European Coal and Steel Community Loans and Interest Rebates

The following programs alleged by the petitioners to be benefitting the Italian producers of OCTG were not included by Commerce in the initiation of the investigation based on petitioners' lack of evidence or information:

1. "Indirect" Equity Infusion into Dalmine
2. Secured and Unsecured Loans from Italian Banks to Dalmine
3. Debt Forgiveness to Dalmine in Connection with the 1981 and 1988 Restructuring Plans
4. European Investment Bank Loans to Dalmine

5. European Regional Development Fund Subsidies
6. Early Retirement Benefits for Dalmine under Law 193/84
7. Grants to Dalmine from the Cassa per il Mezzogiorno

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

The petitioners allege that imports of OCTG from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain are being, or are likely to be, sold in the United States at LTFV. These allegations are discussed below.

Argentina

The USP of the subject imports from Argentina, as calculated by the petitioners, is based on a quoted transaction price offered to a U.S. distributor by Siderca S.A.I.C., an OCTG producer in Argentina. The petitioners made two comparisons of USP with FMV. In the petitioners' first comparison, FMV was based on home market sales. This comparison resulted in a negative dumping margin. In the second comparison, FMV was based on CV. The petitioners calculated CV as the basis for FMV because Siderca S.A.I.C. allegedly sold the subject merchandise at a price substantially below its COP. The petitioners' comparison of USP with FMV based on CV resulted in a 41.6 percent margin. Based on the COP allegation, Commerce initiated a COP investigation of Siderca S.A.I.C.'s home market sales.

Austria

The petitioners based the USP of the subject imports from Austria on a sale made by a U.S. trading company related to Voest-Alpine Kindberg, an Austrian producer of the subject merchandise, to an unrelated U.S. customer. The petitioners made two comparisons of USP with FMV. In the petitioners' first comparison, FMV was based on a bid given to a Russian oil production association by Voest-Alpine Kindberg.[36] This comparison resulted in a 16.5-percent margin. In the second comparison, FMV was based on CV. The petitioners calculated CV as the basis for FMV because Voest-Alpine Kindberg allegedly sold the subject merchandise to Russia at prices below its COP. The petitioners' comparison of USP with FMV based on CV resulted in a 41.7-percent margin. Based on the COP allegation, Commerce initiated a COP investigation of Voest-Alpine Kindberg's sales to Russia.

Italy

The petitioners based the USP of the subject imports from Italy on quoted transaction prices to U.S. distributors by the Italian producer, Dalmine. The petitioners calculated FMV based on CV because home market and third country sales were unavailable. The range of margins alleged by the petitioners based on a comparison of USP with CV is 41.60 percent to 49.78 percent.

Japan

The USP of the subject imports from Japan was based on two price offers for seamless OCTG tubing manufactured by two Japanese producers, Sumitomo Metal and Nippon, to unrelated

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[36] Petitioners demonstrated that for the calculation of FMV the home market was not viable and a third country was selected based on certain similarities. In this case, Russia was chosen as the appropriate third country market on which to calculate FMV.

parties for purchase prior to importation into the United States. The petitioners made two comparisons of USP with FMV. In the petitioners' first comparison, FMV was based on Japanese sales contract prices for OCTG exported to China obtained from a Chinese trading company.[37] The range of margins alleged by the petitioners, based on third country sales, is 10.4 percent to 24.8 percent. In the second comparison, FMV was based on CV because the petitioners claim that Sumitomo Metal's and Nippon's sales to China are being made at prices below COP. The petitioners' comparison of USP with FMV based on CV resulted in a range of margins from 36.5 percent to 44.2 percent. Based on the COP allegation, Commerce initiated a COP investigation of Sumitomo Metal's and Nippon's sales to China.

Korea

The USP of the subject imports was calculated by the petitioners on the basis of the sales price of two Korean-produced OCTG tubing products made to a U.S. distributor for sale to end users. For the calculation of FMV, a third country market was selected by the petitioners because of the absence of a market for OCTG in Korea. In this case, the petitioners selected Canada based on certain similarities and calculated FMV on the basis of Canadian distributor prices to end users. In their comparison of USP with FMV, the petitioners allege a range of margins from 2.68 percent to 12.23 percent.

Mexico

The petitioners based the USP of the subject imports from Mexico on two price quotes to parties in the United States for OCTG manufactured by Tubos de Acero, a Mexican producer of OCTG. Although the petitioners assumed the Mexican market for OCTG to be viable, they were unable to obtain any home market prices for the calculation of FMV. Because home market prices were unavailable, the petitioners based FMV on CV. As alleged by the petitioners, the range of dumping margins of OCTG from Mexico based on a comparison of USP with CV is 40.44 percent to 45.22 percent.

Spain

Since actual U.S. sales price information was unavailable to the petitioners, the USP of the subject imports from Spain was calculated using the average Customs values for seamless carbon steel OCTG tubing derived from statistics published by the U.S. Census Bureau. Seamless carbon steel OCTG tubing products were chosen because the petitioners claim these items to be representative of U.S. imports of OCTG produced by Tubos Reunidos S.A. in Spain. After demonstrating that the home market for Spanish OCTG was not viable and that sales to third country markets were not reasonably available, the petitioners calculated FMV based on CV. The alleged dumping margins as calculated by petitioners based on a comparison of FMV with CV ranged from 5.3 percent to 18.6 percent.

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[37] Petitioners demonstrated that the home market was not viable for a FMV calculation, and a third country was selected based on certain similarities. In this case, China was chosen as the appropriate third country market.

THE MARKET

Worldwide

In general, the demand for OCTG is dependent on the level of drilling activity, which is determined by a number of factors, including the price of oil and gas.[38] From 1991 to 1992, international oil rig activity declined substantially; however, it increased from February 1993 to February 1994. The number of oil rigs in operation in selected countries (as provided by the *Oil & Gas Journal*) is presented in the following tabulation:

Region/Country	1991	1992	As of February-- 1993	1994
Western Hemisphere:				
Argentina	60	49	24	63
Mexico	109	80	44	29
United States	860	721	684	755
All other	228	217	363	444[1]
Asia-Pacific:				
Japan	6	7	10	10
Korea	0	0	0	0
All other	242	223	222	213
Europe:				
Austria	2	2	1	0
Italy	25	23	16	10
Spain	1	0	0	0
All other	140	108	93	98
All other regions	223	246	229	205
World total	1,896	1,676	1,686	1,827

[1] The increase from Feb. 1993 to Feb. 1994 for "all other" countries in the Western Hemisphere was attributable primarily to an increase in Canada.

United States

Oil drilling activity in the United States declined from 1991 to 1992, but increased in 1993 and early 1994. An increase in 1993 for natural gas prices in response to two extremely cold winters on the East Coast encouraged this increase in drilling activity.[39] The majority of U.S. drilling for oil and natural gas occurs in the Southern and Southwestern States, and it is in these areas that the majority of U.S. OCTG distributors are located. The entry locations of subject imports into the United States are primarily Gulf ports.[40]

The presentation of data in the body of this report is for all OCTG, except where noted. Presented as appendixes to this report are summary data on all OCTG presented in the body of this

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[38] Other factors that may affect demand for OCTG in the United States are the depth and drilling conditions of the wells and level of inventories maintained by producers, importers, distributors, and end users. Conference transcript, p. 91, and the 1993 10K Report of the NS Group.

[39] The increase was also stimulated, in part, by the elimination of the Federal alternative minimum tax of independent oil companies. Conference transcript, pp. 102-104.

[40] Conference transcript, p. 61, and petition, vol. II, p. 3.

report (appendix C) and separate data concerning casing, tubing, drill pipe, seamless, and welded OCTG (appendix D).[41] The period for which information was requested in these investigations is from January 1991 to March 1994.

U.S. Producers

The Commission sent producers' questionnaires to 15 firms identified in the petition and by industry directories as U.S. producers of OCTG. These firms are believed to account for virtually all OCTG production in the United States for the period 1991 to the present. *** firms provided some type of response to the Commission's request for information, although not all of the questionnaire responses were fully complete or totally usable.[42] Presented in table 2 are the firms that provided information in these investigations, each firm's position on the petitions, share of reported U.S. production in 1993, location of U.S. production facilities, and parent company. The types of OCTG produced by each company are presented in the following tabulation:

Firm	Types of OCTG
Allied	Welded casing & tubing
Bellville	Welded casing & tubing
CF&I	Seamless casing
IPSCO	Welded casing & tubing
Koppel	Seamless casing,[1] tubing, & drill pipe
Lone Star	Welded casing & tubing
LTV	Welded casing
Maverick	Welded casing & tubing
Newport	Welded casing
North Star	Seamless casing[2]
Sawhill	[3]
Timken	Seamless drill pipe
U.S. Steel	Seamless casing, tubing, & drill pipe
USS/KOBE	Seamless & welded[4] casing, tubing, & drill pipe

[1] Koppel reported ***.
[2] North Star indicated ***. In addition, the firm reported ***. The firm expected ***.
[3] ***.
[4] ***.

[41] Full information on carbon, alloy, finished, and unfinished OCTG was also requested by the Commission in its questionnaires; however, the data received in response to this request were far from complete and, for the most part, flawed and therefore unusable. Reasons for the poor response for these items include difficulty in defining, identifying, and tracking the items requested in the limited amount of time given to accomplish the task. In fact, several firms indicated that it was not possible at all, given any amount of time, to provide meaningful and accurate breakouts based on these items.
[42] ***. ***, telephone conversation, ***. ***.

Table 2
OCTG: U.S. producers, positions on the petitions, shares of reported 1993 U.S. production, U.S. production locations, and parent companies

Firm	Position	Share of production	Production location	Parent company and country
		Percent		
Allied	***	***[1]	Liberty, TX	Grinnell (US)
Bellville[2]	Petitioner	***	Bellville, TX	Bellville (US)
CF&I	***[3]	***	Pueblo, CO	Oregon Steel (US)
IPSCO	Petitioner	***	Camanche, IA	IPSCO (Canada)
Koppel	Petitioner	***	Ambridge, PA[4]	NS Group (US)
Lone Star	Petitioner	***	Lone Star, TX	Lone Star (US)
LTV	***	***	Counce, TN	LTV (US)
Maverick	Petitioner	***	Conroe, TX Blytheville, AR[5] Chesterfield, MO	Maverick (US)
Newport	Petitioner	***	Wilder, KY	NS Group (US)
North Star	Petitioner	***	Youngstown, OH Houston, TX	Cargill (US)
Sawhill	***[6]	***	Sharon, PA	Armco (US)
Timken	***	***	Canton, OH	Timken (US)
U.S. Steel	Petitioner	***	Fairfield, AL	USX (US)
USS/KOBE[7]	Petitioner	***	Lorain, OH	USX (US (***)) Kobe (Japan (***))
Total		100.0		

[1] Allied ***.
[2] These facilities were sold by Quanex to Bellville in Apr. 1993. ***.
[3] CF&I ***. Concerning the firm's position on the petition, CF&I indicated ***.
[4] NS Group, parent corporation of Koppel, acquired the former Babcock and Wilcox facilities in Oct. 1990 and these facilities became operational in Feb. 1991. ***.
[5] Maverick's facility in Union, MO, was closed and relocated to Blytheville, AR, in 1993.
[6] ***.
[7] The joint venture between USX and Kobe was formed on July 1, 1989.

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

The U.S. producers identified in table 2 produce both finished and unfinished OCTG for sale to distributors and end users. The unfinished material produced by the U.S. producers may lack certain finishing treatments, such as threading and coupling.[43] Since almost all OCTG must be completely finished in order to be usable for its end-use application,[44] this material must be further processed.

Certain firms in the United States perform only finishing operations on unfinished OCTG. These firms may operate as subcontractors, simply finishing material owned by U.S. producers, importers, or end users, or they may purchase the unfinished material, perform the finishing operations, and sell the finished material directly to the end user or distributor. Operations performed by these finishers include heat treatment, quenching and tempering, upsetting, threading, coupling, and testing.

The amount of value added by the finishing operations depends on the type and specification of OCTG being processed and the operations performed. Certain proprietary products may require a greater number of premium finishing processes that may result in a much higher amount of value added. The U.S. producers reported that the finishing operations can add as little as 3 percent for threading and coupling and as much as 53 percent for upsetting, threading, coupling, testing, heat treating, inspecting, and applying the thread protector. The importers reported that the finishing operations can add as little as 12 percent for threading and as much as 60 percent for upsetting, threading, coupling, testing, heat treating, inspecting, and applying the thread protector.[45]

U.S. Importers

The Commission sent questionnaires to 31 firms requesting information concerning U.S. imports of OCTG.[46] These firms were identified in the petition as importers of the subject product[47] and by Customs as importers of products falling within the same HTS numbers provided in the petition. Of the questionnaire recipients, 20 firms responded to the Commission's request, although not all of the responses were fully usable. Ten firms indicated that they did not import OCTG, and one firm did not respond to the Commission's request.[48] In these investigations, the import data collected through questionnaire responses represent virtually all of the subject imports and are more

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[43] The definitions of unfinished and finished OCTG among market participants are ambiguous. Some consider finished OCTG to be the product that is ready to be "run down hole," while others consider it to be finished at the point the product meets all the requirements of the particular specifications. In addition, a lower grade product could be considered finished or unfinished depending on whether or not it is upgraded through heat treatment. In general, however, the physical characteristics of unfinished OCTG are the same as those for finished, with the exception that the ends are finished differently. Conference transcript, pp. 32-37, 63, 78-79.

[44] Some plain end OCTG (i.e., material that has not been threaded and coupled) may be used in limited applications, such as in shallow oil wells. In these applications, the plain end OCTG is welded together to form the drill string. Conference transcript, pp. 54 and 63.

[45] Value-added information was calculated from questionnaire responses.

[46] The Commission also sent importers' questionnaires to the 15 firms to whom it sent producers' questionnaires. ***. Seven U.S. producers indicated they did not import OCTG; the rest did not respond to the Commission's request.

[47] Several firms identified in the petition as importers of the subject merchandise were not sent a questionnaire because they could not be located.

[48] *** was identified by the petitioners as an importer of the Korean product but did not respond to the Commission's inquiry. According to information provided by the foreign producers, ***.

reliable than the official import statistics.[49] In addition, very little information was received concerning U.S. imports of non-subject merchandise. Therefore, this report presents questionnaire data for U.S. imports of the subject merchandise and official import statistics for U.S. imports of non-subject merchandise.

Channels of Distribution

In the United States, all types of OCTG are sold directly to end users in the oil drilling industry and to distributors, which in turn sell the product to end users. In addition, certain authorized distributors of the U.S. producers and importers maintain "stocking programs," in which they seek open-ended supply commitments at favorable fixed prices.[50] These distributors then make a commitment to supply their customers' requirements. For sales of domestic and imported unfinished OCTG, the distributor or end user may arrange for the product to undergo certain finishing operations, such as threading and coupling, before it is sold or used in its final application.

With the exception of the Japanese product, almost all OCTG is sold by both domestic mills and importers of the subject product to distributors. The following tabulation provides information concerning the channels of distribution for the U.S. product and the imported product subject to these investigations in calendar year 1993 *(in percent)*.

	U.S. sales to--	
Country	Distributors	End users
United States	98.9	1.1
Argentina	***	***
Austria	***	***
Italy	***	***
Japan	55.9	44.1
Korea	98.9	1.1
Mexico	***	***
Spain	***	***

Apparent U.S. Consumption

Data on apparent U.S. consumption of OCTG are presented in table 3 and figure 2. These data were calculated based on data received from U.S. producers and importers of the subject merchandise and from official import statistics from Commerce.

Apparent U.S. consumption of OCTG fell markedly from 1991 to 1992, but increased in 1993 to a level above that reported in 1991. Further, a relatively small decline in consumption was reported from the first quarter of 1993 to the comparable period in 1994. The decline in apparent U.S. consumption of OCTG in 1992 occurred at a time when oil drilling activity and oil prices in the United States were falling. As these determining factors rebounded in 1993, so did the demand for OCTG.

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[49] For OCTG imported from Korea, incomplete import data were received. *** was named by *** as the main U.S. importer of their OCTG. Because *** was not identified as an importer of the subject product prior to receipt of the completed foreign producers' questionnaires, importers' questionnaire data were not collected from this firm. ***.

[50] The birth of distributor stocking programs in the United States, which coincided approximately with the beginning of these investigations, was initiated by the major oil companies' restructuring and transferring of inventory management to distributors. Respondents argue that the emergence of distributor stocking programs was a cause of depressed prices of OCTG in the United States. Conference transcript, pp. 100-101 and 163.

Table 3
OCTG: U.S. shipments of domestic product, U.S. shipments of imports,[1] by sources, and apparent U.S. consumption, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

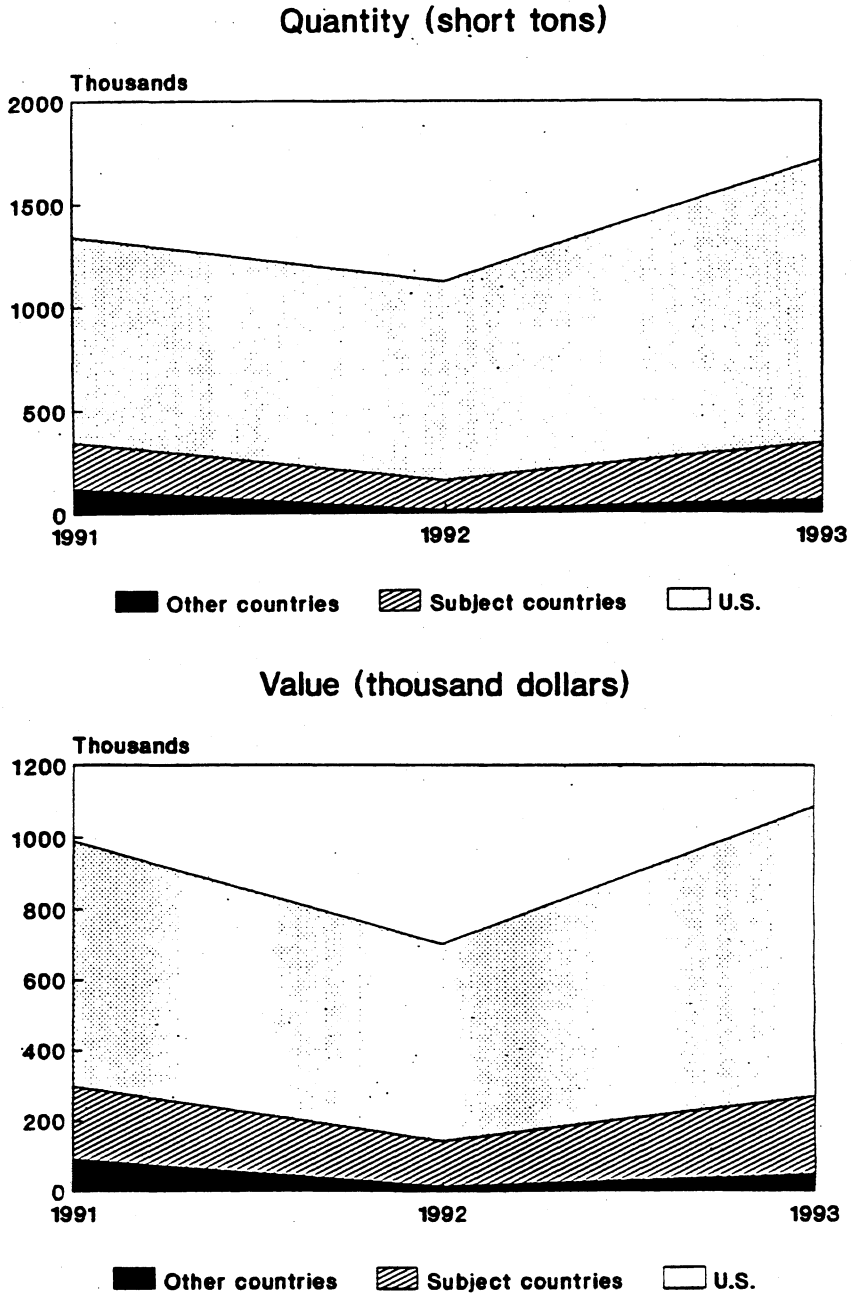
Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Quantity *(short tons)*				
Producers' U.S. shipments	994,143	963,900	1,378,160	335,969	279,861
U.S. shipments of imports from--					
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	118,524	61,815	121,514	27,417	36,680
Korea	14,012	25,894	34,082	6,606	6,416
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	224,423	144,505	274,755	52,839	69,494
All other sources	122,669	13,281	65,394	4,522	13,423
Total	347,092	157,786	340,149	57,361	82,917
Apparent consumption	1,341,235	1,121,686	1,718,309	393,330	362,778
	Value *(1,000 dollars)*				
Producers' U.S. shipments	692,046	558,342	817,462	197,800	168,343
U.S. shipments of imports from--					
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	124,664	70,750	120,057	30,530	33,144
Korea	8,071	14,569	17,378	3,482	3,200
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	207,939	128,727	221,204	47,252	54,540
All other sources	91,184	14,267	47,250	2,110	6,806
Total	299,123	142,994	268,454	49,362	61,346
Apparent consumption	991,169	701,336	1,085,916	247,162	229,689

[1] Official import statistics for U.S. imports have been presented for "all other sources" in the absence of questionnaire data.

Note.--Because of rounding, figures 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.

Figure 2
OCTG: U.S. shipments of domestic product, U.S. shipments of imports,[1] by sources, and apparent U.S. consumption, 1991-93



[1] Official import statistics for U.S. imports have been presented for "all other sources" in the absence of questionnaire data.

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.

CONSIDERATION OF ALLEGED MATERIAL INJURY

Data presented in this section of the report consist of data provided by *** U.S. producers of OCTG. These producers are believed to account for *** percent of the U.S. production of OCTG during the period of investigation.

U.S. Capacity and Production

Data concerning U.S. capacity, production, and capacity utilization of OCTG are presented in table 4. Capacity data reported were calculated based on firms operating from 20 to 168 hours per week, 50 to 52 weeks per year. Virtually all of the U.S. producers of OCTG have the capability to produce other products on the same equipment and machinery that is used to produce OCTG. These other products include line pipe, standard pipe, specialty tubing, structural tubing, mechanical tubing, piling pipe, conduit hollows, and redraw hollows.

The U.S. producers' capacity to produce OCTG increased throughout the period of investigation. Changes in manufacturing capacities were reported by ***. These changes are detailed below.

* * * * * * *

The U.S. producers' capacity to produce OCTG may actually be less than the levels reported. This is partially due to ***.

* * * * * * *[51]

Regardless, even if ***, the aggregate U.S. capacity to produce OCTG would be much larger than the level of OCTG consumption in the United States.

Production of OCTG in the United States and the utilization of U.S. capacity to produce OCTG fell from 1991 to 1992, but increased in 1993 to a level above that reported for 1991. A decline in production and capacity utilization was reported for the partial-year periods. The aggregate capacity utilization for the period of investigation ranged from a low of 38 percent in 1992 to a high of 52 percent in the first quarter of 1993.

U.S. Producers' Shipments

Shipments of U.S.-produced OCTG are presented in table 5. The U.S. producers' U.S. shipments, which consisted solely of market shipments, fell from 1991 to 1992, but increased in 1993 to a level above that reported in 1991. These shipments fell from the first quarter of 1993 to the first quarter of 1994. The U.S. producers' shipments of OCTG to countries outside the United States, which include a wide variety of countries across the globe, declined continually throughout the period of investigation. Unit values for domestic and export shipments fell irregularly from 1991 to 1993, but increased during the first quarters of 1993 and 1994.

U.S. Producers' Inventories

End-of-period inventories of OCTG held by U.S. producers are presented in table 6. These inventories fell irregularly from 1991 to 1993, but rose in the first-quarter periods. The ratios of

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[51] ***, telephone conversation, ***.

Table 4
OCTG: U.S. capacity, production, and capacity utilization, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
Average-of-period capacity *(short tons)*	2,964,003	3,041,750	3,085,291	746,830	795,911
Production *(short tons)*	1,254,970	1,139,896	1,493,846	386,631	324,173
Capacity utilization *(percent)*	42.3	37.5	48.4	51.8	40.7

Note.--Capacity utilization is calculated using data of firms providing both capacity and production information.

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

Table 5
OCTG: Shipments by U.S. producers, by types, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Quantity *(short tons)*				
U.S. shipments	994,143	963,900	1,378,160	335,969	279,861
Exports	292,213	206,842	100,550	24,430	18,761
Total	1,286,356	1,170,742	1,478,710	360,399	298,622
	Value *(1,000 dollars)*				
U.S. shipments	692,046	558,342	817,462	197,800	168,343
Exports	212,047	130,422	62,243	15,293	11,886
Total	904,093	688,764	879,705	213,093	180,229
	Unit value *(per short ton)*				
U.S. shipments	$696	$579	$593	$589	$602
Exports	726	631	619	626	634
Average	703	588	595	591	604

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.

Table 6
OCTG: End-of-period inventories of U.S. producers, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
Inventories *(short tons)*	208,919	178,074	193,151	204,196	219,066
Ratio of inventories to total shipments *(percent)*	16.2	15.2	13.1	14.2	18.3

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.

inventories to total shipments, which ranged from 13 to 18 percent throughout the period of investigation, fell continuously from 1991 to 1993, but increased during January-March 1994.

U.S. Employment, Wages, and Productivity

Five U.S. OCTG producers (***) indicated that their production and related workers do not currently have union representation. The remaining U.S. producers' employees are currently represented by the United Steelworkers of America. The production and related workers that produce OCTG in the United States also produce other products at the OCTG manufacturing facilities.

In the U.S. producers' questionnaire, the Commission asked, "Did you reduce the number of production and related workers producing OCTG by at least 5 percent or 50 workers, during any of the period January 1991-March 1994?" Seven firms answered "yes" to this question. During the period of investigation, these U.S. producers reported temporary layoffs ranging from 7 days to 20 months involving 381 employees, indefinite layoffs involving 259 employees, and permanent layoffs involving 120 employees.[52] The reasons cited for these reductions are "order level fluctuations," "increased efficiency/reduced sales," "soft market," "non-competitive product line (***), increased imports, increased domestic competition, and decreased domestic markets," "plant relocation," "lack of work," and "reductions in orders." The remaining U.S. producers indicated that no such reduction of employment took place during the period of investigation. Several of these firms, however, remarked that they have the capability to alter the product mix in their facilities when OCTG orders are low to utilize the workforce and thereby avoid layoffs.

Data concerning employment and productivity are presented in table 7. The data presented indicate that the number of OCTG production workers, as well as the hours worked, wages paid, and total compensation paid to the OCTG production workers fell from 1991 to 1992, but increased in 1993 to a level above that reported in 1991. The trend for the first quarters of 1993 and 1994 indicates a decline in these employment indicators. The OCTG workers' hourly wages and total compensation, as well as productivity, increased from 1991 to 1993, but fell during the partial-year periods. Unit labor costs fell irregularly from 1991 to 1993, but increased from the first quarter of 1993 to the comparable period in 1994.

[52] ***.

Table 7
Average number of production and related workers in U.S. establishments wherein OCTG is produced, hours worked,[1] wages and total compensation paid to such employees, hourly wages, hourly total compensation, productivity, and unit labor costs,[2] by products, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994[3]

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Number of production and related workers (PRWs)				
All products	10,463	9,848	10,564	10,397	10,491
OCTG	2,918	2,187	2,935	2,785	2,523
	Hours worked by PRWs *(1,000 hours)*				
All products	21,572	21,185	23,157	5,824	5,933
OCTG	6,358	4,968	6,455	1,532	1,335
	Wages paid to PRWs *(1,000 dollars)*				
All products	359,607	370,064	424,280	104,306	108,244
OCTG	98,518	77,285	106,275	24,944	21,327
	Total compensation paid to PRWs *(1,000 dollars)*				
All products	475,046	490,832	556,503	139,929	152,459
OCTG	130,478	102,253	138,057	32,955	28,447
	Hourly wages paid to PRWs				
All products	$16.67	$17.47	$18.32	$17.91	$18.24
OCTG	15.50	15.56	16.46	16.28	15.98
	Hourly total compensation paid to PRWs				
All products	$22.02	$23.17	$24.03	$24.03	$25.70
OCTG	20.52	20.58	21.39	21.51	21.31
	Productivity *(short tons per 1,000 hours)*				
OCTG	197.4	229.4	231.4	252.4	242.8
	Unit labor costs *(per short ton)*				
OCTG	$103.97	$89.70	$92.42	$85.24	$87.75

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.
[3] Firms providing employment data accounted for *** percent of reported total U.S. production in 1993.

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.

Financial Experience of U.S. Producers

Financial information was provided for operations on OCTG, in addition to overall establishment operations, by *** producers.[53] ***. The data of the other producers, representing *** percent of 1993 U.S. production of OCTG, are presented in this section.

Overall Establishment Operations

Income-and-loss data on the U.S. producers' overall establishment operations are presented in table 8. In addition to OCTG, the U.S. producers indicated in their questionnaire responses that they produce line pipe, standard pipe, specialty tubing, structural tubing, mechanical tubing, piling pipe, conduit hollows, and redraw hollows. There is crossover capability for much of the machinery and equipment used for these products and the products under investigation. OCTG net sales were 34 percent of overall establishment net sales in 1991, 26 percent in 1992, and 29 percent in 1993.

Operations on OCTG

Income-and-loss data for the U.S. producers' operations on OCTG are presented in table 9. These data on a per-short-ton basis are presented in table 10. Although net sales, both in terms of quantities sold and revenues earned, increased substantially in 1993 from the low point in 1992 as a result primarily of increased natural gas drilling, the industry still did not achieve positive operating results. Market pricing conditions and limited ability to reduce raw material costs apparently caused the industry to be unprofitable in every period during the period of investigation.

In an effort to become profitable, the U.S. OCTG producers have attempted to reduce costs by restructuring, relocating, and modernizing their operations. Nevertheless, a key cost that the U.S. producers have little control over is the raw material cost, which can be as much as two-thirds of the cost of goods sold for the non-integrated producers; ***. The spread between these costs and net sales must be of sufficient magnitude to cover conversion costs and selling and administration expenses with enough left over for profit. However, in 1992, 1993, and interim 1994, the net sales did not even cover the manufacturing costs (raw materials plus conversion costs).

Most of the OCTG producers buy steel from minimills that use scrap as their basic raw material or produce tubular products themselves from scrap. Scrap, however, had significant increases in costs during 1993-94, and these increased costs affected OCTG products. The OCTG raw material per-unit cost increased substantially from 1992 to 1993 and from interim 1993 to interim 1994 (see tabulation, p. II-29). A representative of the domestic industry stated that his company has been unable to pass on increasing raw material costs in the form of increased prices for their products.[54]

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[53] The producers and their respective fiscal yearends are as follows: ***.
[54] Conference transcript, pp. 74-75.

Table 8
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein OCTG is produced, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994[1]

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Value *(1,000 dollars)*				
Net sales	2,638,637	2,508,282	3,010,148	715,980	736,494
Cost of goods sold	2,576,298	2,446,690	2,870,189	684,895	714,642
Gross profit	62,339	61,592	139,959	31,085	21,852
Selling, general, and administrative expenses	125,979	114,722	120,428	30,830	32,646
Operating income or (loss)	(63,640)	(53,130)	19,531	255	(10,794)
Interest expense	55,932	55,299	50,840	12,144	13,009
Other expense	98,265	22,255	19,614	3,039	3,557
Other income	12,928	7,341	19,339	3,915	1,783
Net (loss) before income taxes	(204,909)	(123,343)	(31,584)	(11,013)	(25,577)
Depreciation and amortization	142,960	155,328	165,613	40,943	41,567
Cash flow[2]	(61,949)	31,985	134,029	29,930	15,990
	Ratio to net sales *(percent)*				
Cost of goods sold	97.6	97.5	95.4	95.7	97.0
Gross profit	2.4	2.5	4.6	4.3	3.0
Selling, general, and administrative expenses	4.8	4.6	4.0	4.3	4.4
Operating income or (loss)	(2.4)	(2.1)	0.6	(3)	(1.5)
Net (loss) before income taxes	(7.8)	(4.9)	(1.0)	(1.5)	(3.5)
	Number of firms reporting				
Operating losses	7	8	5	5	7
Net losses	6	9	8	7	10
Data	11	11	12	11	12[4]

[1] Producers and their respective fiscal yearends are as follows: ***.
[2] Cash flow is defined as net income or loss plus depreciation and amortization.
[3] Operating income of less than 0.05 percent
[4] ***.

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

Table 9
Income-and-loss experience of U.S. producers on their operations producing OCTG, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994[1]

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Quantity *(short tons)*				
Net sales	1,264,410	1,130,937	1,491,631	360,648	299,417
	Value *(1,000 dollars)*				
Net sales	887,593	662,837	879,422	211,185	179,023
Cost of goods sold	868,304	686,980	884,509	210,027	186,731
Gross profit or (loss)	19,289	(24,143)	(5,087)	1,158	(7,708)
Selling, general, and administrative expenses	45,486	35,300	36,884	9,960	8,089
Operating (loss)	(26,197)	(59,443)	(41,971)	(8,802)	(15,797)
Interest expense	16,439	13,671	15,122	3,569	3,731
Other expense	17,312	7,853	4,500	857	511
Other income	5,076	2,347	4,291	643	279
Net (loss) before income taxes	(54,872)	(78,620)	(57,302)	(12,585)	(19,760)
Depreciation and amortization	54,364	54,739	60,319	14,562	13,446
Cash flow[2]	(508)	(23,881)	3,017	1,977	(6,314)
	Ratio to net sales *(percent)*				
Cost of goods sold	97.8	103.6	100.6	99.5	104.3
Gross profit or (loss)	2.2	(3.6)	(0.6)	0.5	(4.3)
Selling, general, and administrative expenses	5.1	5.3	4.2	4.7	4.5
Operating (loss)	(3.0)	(9.0)	(4.8)	(4.2)	(8.8)
Net (loss) before income taxes	(6.2)	(11.9)	(6.5)	(6.0)	(11.0)
	Number of firms reporting				
Operating losses	7	8	7	7	10
Net losses	7	10	7	8	10
Data	11	11	12	11	11

[1] Producers and their respective fiscal yearends are as follows: ***.
[2] Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 10
Income-and-loss experience (on a per-short-ton basis) of U.S. producers on their operations producing OCTG, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994[1]

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Value *(per short ton)*				
Net sales	$701.98	$586.10	$589.57	$585.57	$597.91
Cost of goods sold	686.73	607.44	592.98	582.36	623.65
Gross profit or (loss)	15.26	(21.35)	(3.41)	3.21	(25.74)
Selling, general, and administrative expenses	35.97	31.21	24.73	27.62	27.02
Operating (loss)	(20.72)	(52.56)	(28.14)	(24.41)	(52.76)

[1] Producers and their respective fiscal yearends are: ***.

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

Although some OCTG producers seemingly had difficulty breaking down cost of goods sold into the questionnaire categories of raw materials, direct labor, and factory overhead, these costs are presumed to be reasonably accurate and are assumed to correctly depict trends in costs during 1991-93 and the interim periods. These costs are presented in the following tabulation *(in 1,000 dollars, except where noted)*:

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
Cost of goods sold:					
Raw materials	405,266	317,765	437,247	100,641	90,592
Direct labor	105,714	85,802	100,800	24,378	21,393
Other factory costs	357,324	283,413	346,462	85,008	74,746
Total cost of goods sold	868,304	686,980	884,509	210,027	186,731
Cost of goods sold *(per short ton basis)*:					
Raw materials	$320.52	$280.97	$293.13	$279.06	$302.56
Direct labor	83.61	75.87	67.58	67.59	71.45
Other factory costs	282.60	250.60	232.27	235.71	249.64
Total cost of goods sold	686.73	607.44	592.98	582.36	623.65
Cost of goods sold *(percent)*:					
Raw materials	46.7	46.3	49.4	47.9	48.5
Direct labor	12.2	12.5	11.4	11.6	11.5
Other factory costs	41.2	41.3	39.2	40.5	40.0
Total cost of goods sold	100.0	100.0	100.0	100.0	100.0

Profitability by firm is presented in table 11. ***. Maverick attributes *** in large part to relocating one of its facilities in 1992 from Missouri to a *** location in Blytheville, AR, which is "next door" to its supplier, Nucor. The new location provides ***. ***. Maverick's other facility is located in Conroe, TX.

Table 11
Income-and-loss experience of U.S. producers on their operations producing OCTG, by firms, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Investment in Productive Facilities

The value of property, plant, and equipment and total assets for the U.S. producers are presented in table 12. Because other products are produced on much of the same equipment and because production levels for the various products fluctuate, it is believed that the amounts shown for OCTG may not be entirely representative since allocations were based on production levels for most producers; however, the levels of investment and trends for the overall establishment should be reasonably accurate. Additionally, because the industry has gone through considerable restructuring, the period data may not be comparable.

Capital Expenditures

The capital expenditures reported by the U.S. producers are presented in table 13. Some producers had difficulty allocating capital expenditures to OCTG inasmuch as the expenditures are for the mutual benefit of OCTG and other products, thus allocations based on production levels were used to determine the amounts specific to OCTG for most producers.

Research and Development Expenses

Research and development expenditures are presented in table 14.

Capital and Investment

The Commission requested the U.S. producers to describe any actual or potential negative effects of the subject imports on the firm's growth, investment, ability to raise capital, and existing development and production efforts. Their responses are shown in appendix E.

Table 12
Value of assets and return on assets of U.S. producers' operations producing OCTG, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

Item	As of the end of fiscal year-- 1991	1992	1993	As of Mar. 31-- 1993	1994
	Value *(1,000 dollars)*				
All products:					
Fixed assets:					
Original cost	2,804,155	2,902,857	2,926,262	2,900,387	2,931,594
Book value	1,450,332	1,402,200	1,323,442	1,385,463	1,304,716
Total assets[1]	2,444,824	2,582,406	2,666,659	2,541,001	2,575,860
OCTG:					
Fixed assets:					
Original cost	930,621	883,354	923,290	887,129	861,873
Book value	532,600	483,096	492,510	473,256	453,672
Total assets[2]	963,598	947,668	1,098,748	933,349	987,487
	Return on total assets *(percent)*[3]				
All products:					
Operating return[4]	(2.5)	(1.9)	0.9	0.2	(1.6)
Net return[5]	(7.8)	(4.0)	(0.4)	(1.0)	(3.4)
OCTG:					
Operating return[4]	(2.0)	(6.2)	(4.2)	(4.0)	(5.1)
Net return[5]	(4.4)	(7.6)	(5.0)	(4.9)	(6.1)

[1] Defined as book value of fixed assets plus current and noncurrent assets.
[2] Total establishment assets are apportioned, by firm, to product groups on the basis of the ratio of the respective book values of fixed assets.
[3] Computed using data from only those firms supplying both asset and income-and-loss information, and as such, may not be derivable from data presented. Data for the partial-year periods are calculated using annualized income-and-loss information.
[4] Defined as operating income or loss divided by asset value.
[5] Defined as net income or loss divided by asset value.

Note: Table represents data of 11 firms supplying information for "all products" fixed assets, 8 firms for "all products" total assets, 8 firms for "OCTG" fixed assets, and 8 firms for "OCTG" total assets (see footnote #2).

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

Table 13
Capital expenditures by U.S. producers of OCTG, by products, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(1,000 dollars)

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
All products	128,863	101,119	70,220	13,374	21,060
OCTG	35,005	32,886	19,750	4,962	4,698

Note: Table represents data of 10 firms supplying information for "all products" and 8 firms supplying information for "OCTG."

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

Table 14
Research and development expenses of U.S. producers of OCTG, by products, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(1,000 dollars)

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
All products	4,492	3,815	4,041	982	897
OCTG	1,141	722	618	127	119

Note: Table represents data of 5 firms reporting research and development expenses for "all products" and "OCTG."

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

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY

Section 771(7)(F)(i) of the Act (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[55]--

> (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 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,

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[55] 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."

(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.[56]

The available information on the nature of the alleged subsidies (item (I) above) is presented in the section of this report entitled "The Nature and Extent of Alleged Subsidies;" 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;" and 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." 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)); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows. Other threat indicators have not been alleged or are otherwise not applicable.

U.S. Importers' Inventories

Seventeen of the 20 firms responding to the Commission's importers' questionnaire reported maintaining end-of-period inventories of OCTG imports from countries subject to these investigations.[57] These data are presented in table 15.

From 1991 to 1993, inventories of OCTG imported from the seven subject countries fell overall. From March 31, 1993, to March 31, 1994, inventories of OCTG from *** Japan fell, ***.[58] ***, the ratio of inventories to total shipments for all subject countries fell from 1991 to 1993. U.S. inventories of Japanese OCTG held by far the highest share of total subject inventories during the period of investigation, ***. On December 31, 1993, ***.

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[56] 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."

[57] ***.

[58] ***.

Table 15
OCTG: End-of-period inventories of U.S. importers, by sources, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Quantity *(short tons)*				
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	75,463	58,224	58,707	50,410	48,394
Korea	***	***	***	***	***
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Total	160,724	96,418	98,504	82,413	86,521
	Ratio to total shipments of imports *(percent)*				
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	66.8	92.5	48.2	45.5	33.0
Korea	***	***	***	***	***
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Average	67.6	64.2	35.5	38.5	30.7

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.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other than the United States

The Commission requested information on foreign production, capacity, inventories, and shipments from producers of OCTG in Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain. Information received in response to these requests is presented below.

Argentina

According to Siderca S.A.I.C., its firm is the only OCTG producer in Argentina.[59] It is a producer of seamless OCTG, a product which accounted for *** percent of its total shipments in its most recent fiscal year. ***.[60] *** Siderca S.A.I.C.'s exports to the United States are imported by its U.S. affiliate, Siderca, located in Houston, TX.

Siderca S.A.I.C. supplied data concerning its OCTG capacity, production, inventories, and shipments (table 16). The firm's annual capacity to produce OCTG, which was reported on the basis of operating *** hours per week, *** weeks per year, ***. The firm also indicated ***.[61] Production and capacity utilization in Argentina ***. *** in production and capacity utilization were reported for the first quarters of 1993 and 1994 and projections reveal that *** is also expected from 1993 to 1995. The firm pointed out that the reported capacity was based on an optimal product mix ***.

Table 16
OCTG: Argentina's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Mar. 1993, Jan.-Mar. 1994, and projected 1994-95

* * * * * * *

Inventories held in Argentina, which represented *** percent of total shipments during the period of investigation, *** from 1991 to 1993. *** in inventories was reported during the partial-year periods and Siderca S.A.I.C. indicated that it plans to *** from 1993 to 1995.

Exports of Argentine OCTG to the United States, which represented *** percent of Siderca S.A.I.C.'s total shipments of the product, *** from 1991 to 1992, *** in 1993 to a level *** than that reported in 1991. *** was also reported from the first quarter of 1993 to the comparable period of 1994. The firm's projections indicate that exports to the United States are expected to *** from 1993 to 1995.

Austria

The entire production of OCTG in Austria takes place at two Voest-Alpine facilities. Steel blooms, which are produced by Voest-Alpine Donawitz, are further processed into OCTG by Voest-Alpine Kindberg. OCTG accounted for *** percent of sales by Voest-Alpine Kindberg in its most recent fiscal year. Other products produced by this firm are "quality pipe, hollows, ASTM, second

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[59] However, *** identified three firms, M. Royo, Tubier, and Siat, that produce OCTG in Argentina. Counsel for Siderca S.A.I.C. indicated that M. Royo and Tubier are producers of welded OCTG in Argentina, but do not export any product to the United States. He also confirmed that Siat is a producer of only line and standard pipe. Counsel for Siderca S.A.I.C., telephone conversation, July 26, 1994.

[60] Siderca has also recently bought a controlling interest in Tubos de Acero, the primary OCTG producer in Mexico. Conference transcript, p. 60.

[61] The latest OCTG investment of $600 million in Argentina was in the mid-1980s and reportedly increased annual capacity by ***. Post-conference brief on behalf of Argentine respondents, p. 6.

choice, and overrollings." Data submitted by Voest-Alpine Kindberg on its OCTG operations are presented in table 17.

Table 17
OCTG: Austria's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Mar. 1993, Jan.-Mar. 1994, and projected 1994-95

* * * * * * *

The firm's annual capacity to produce OCTG *** from 1991 to 1992, *** in 1993 to a level *** that reported in 1991. *** was reported from the first quarter of 1993 to the comparable period in 1994. The firm's projections reveal that they expect an annual capacity *** in 1994 and 1995 to levels *** annual capacity reported during these investigations. Production of OCTG in Austria *** from 1991 to 1993, with *** reported from the first quarter of 1993 to that of 1994. Voest-Alpine Kindberg reports that it expects the level of OCTG production to *** during 1994-95. Production *** the reported capacity to produce during the first two years for which data were collected. During 1993, however, OCTG production *** while capacity ***, resulting in *** capacity utilization rate. Capacity utilization rates during the first quarters of 1993 and 1994 also indicate ***, while company projections reveal that the firm plans to run its OCTG facility in Austria *** capacity during 1994 and 1995.

The company explains that the requirement under the Austrian Federal Water Rights Law of 1959, as amended in 1990, assures the maintenance of the Murz River, which is adjacent to Voest-Alpine Kindberg's facilities, at a maximum carbon dioxide level. Therefore, the firm's *** is attributable to this requirement, which effectively limits the facility's current operations to two shifts a day ***. The firm's operations were reduced from four shifts and the workforce was cut back by one-third to conform with the Austrian Environmental Regulations' limitations on emissions. Voest-Alpine Kindberg adds that an investment of *** would be needed to increase production while still operating in compliance with the regulations. Also, the firm indicates that not only has it recently signed a major contract with a customer in the former Soviet Union, but it has also newly concluded an East European contract for the years 1995 to 2004. These two new contracts, which involve only 2 out of over 40 countries that the company currently serves, are expected to strain the firm's existing capacity.[62]

The levels of year-end and first quarter-end inventories held in Austria *** throughout the period of investigation. The ratio of inventories to total shipments *** the trend for inventories, while remaining within a range *** during the period for which data were collected. Voest-Alpine Kindberg indicated that it plans to *** 1994 and 1995 inventories ***.

*** OCTG produced in Austria is imported into the United States by Voest-Alpine, Houston, TX, an affiliate of Voest-Alpine Kindberg. These Austrian exports of OCTG to the United States, which represented *** of the firm's total shipments of the product, *** from 1991 to 1992. During 1993, however, exports to the United States *** to a level *** that reported in 1991. ***. Voest-Alpine Kindberg indicates that it has completed its shipments to the United States for 1994 and that exports to the United States will *** from 1993 to 1995.[63]

[62] Conference transcript, p. 154.
[63] Conference transcript, p. 154.

Italy

The Commission requested information concerning Italian OCTG production from Dalmine and Arvedi, the only Italian producers of OCTG. For Arvedi, OCTG (more specifically, unfinished carbon welded tubing) accounted for *** percent of the company's total sales in its most recent fiscal year. Other products that it produces include "gas and water pipe, coated pipe, mother shells, tubes for general applications." For Dalmine, seamless casing and tubing accounted for *** percent of the firm's total sales in its most recent fiscal year. Other products it produces include line, standard, and pressure pipe.[64] Dalmine is *** of the two Italian OCTG producers. In fact, Arvedi reported OCTG production and shipments ***. During these periods, Arvedi produced OCTG ***.[65] Arvedi adds ***.

Both Dalmine and Arvedi provided the Commission with certain data requested on their OCTG operations (table 18). The capacity to produce Italian OCTG, based on operating *** hours per week, *** weeks per year, *** from 1991 to 1992, *** for the remainder of the periods for which data were collected in these investigations.[66] Dalmine explained that ***. ***. The Italian capacity to produce OCTG is projected to *** for the next two years. Both Dalmine and Arvedi indicated ***.

Table 18
OCTG: Italy's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Mar. 1993, Jan.-Mar. 1994, and projected 1994-95

* * * * * * *

Production of the subject product in Italy *** from 1991 to 1992, *** in 1993 to a level *** that reported in 1991. *** was reported from the first quarter of 1993 to that of 1994. Projections reveal that *** in production *** is expected in 1994 and 1995.

Trends in capacity utilization[67] *** production trends during the period for which data were collected in these investigations. Italian OCTG production *** the reported capacity to produce during the first two years for which data were collected. During 1993, OCTG production *** while capacity ***, resulting in *** capacity utilization rate; however, during the first quarter of 1994, production *** the reported capacity to produce. Projections reveal that the firms plan to run their OCTG facilities in Italy *** during 1994 and 1995, respectively.

Italian end-of-year inventories *** from 1991 to 1992, *** in 1993 to a level *** that reported in 1991. *** was reported from the first quarter of 1993 to the comparable period in 1994. The Italian producers expect *** in year-end inventories from 1993 to 1995. The ratio of inventories to total shipments *** during the period of investigation, but remained between ***.

OCTG produced by Dalmine in Italy is imported into the United States *** by its wholly-owned subsidiaries, Dalmine USA and TAD,[68] and, as explained previously, Arvedi's shipments were to ***. Exports of OCTG to the United States, which represented *** percent of the Italian producers' total shipments of the product, *** from 1991 to 1992, *** in 1993 to a level *** that reported in 1991. *** was also reported during the first three months of 1994. Projections indicate that Italian exports to the United States are expected to *** from 1993 to 1995.

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[64] ***.
[65] ***.
[66] ***.
[67] ***.
[68] ***.

Other significant export markets for Italian OCTG include ***. The share of total shipments held by these other export markets *** from 1991 to 1993, *** in the remaining periods as the share of total shipments held by exports to the United States ***.

Japan

The only Japanese OCTG producers identified in these investigations are Kawasaki, Nippon, NKK, and Sumitomo Metal. For these four firms, OCTG accounted for *** percent of their total sales in the most recent fiscal year. Other products these firms produce include line pipe, specialty and mechanical tubing, and other non-OCTG pipes and tubes. For 1993, the firms' reported shares of OCTG production in Japan are as follows: Kawasaki (*** percent), Nippon (*** percent), NKK (*** percent), and Sumitomo Metal (*** percent). All Japanese producers of OCTG supplied data concerning their production, inventories, and shipments. These data are shown in table 19.

The Japanese producers' capacity to produce OCTG fell from 1991 to 1993, but increased in the first quarter of 1994. Projections indicate that a marginal increase in capacity is expected from 1993 to 1995.[69] ***[70] indicated that ***.

Production of the subject product in Japan fell irregularly from 1991 to 1993, but increased in the first quarter of 1994 over the comparable period of 1993. Capacity utilization, like production, fluctuated throughout the period of investigation, although remaining at relatively high levels. Projections reveal that a relatively small increase in production and capacity utilization is expected from 1993 to 1995. Likewise, year-end inventories held in Japan declined from 1991 to 1993, but rose from March 31, 1993, to March 31, 1994. Projections reveal that the Japanese producers expect a decline in inventory levels from 1993 to 1995.

Exports of Japanese OCTG to the United States are sold primarily to a number of unrelated U.S. importers.[71] These exports to the United States, which represented between 4 and 11 percent of the Japanese producers' total shipments of the product, fell from 1991 to 1992, but increased in 1993 to a level below that reported in 1991. These exports increased from the first three months of 1993 to the comparable period of 1994, and projections indicate that Japanese exports to the United States are expected to increase from 1993 to 1994, but are expected to fall in 1995.

Korea

Dongbu, Hyundai Pipe, Korea Steel, Pusan Steel, and Union Steel were identified in these investigations as the only Korean producers and exporters of OCTG. For these firms, OCTG accounted for *** of their total sales during the most recent fiscal year. Other products produced by these firms include line, standard, pressure, square/rectangular, and other pipe. For 1993, the firms' reported shares of OCTG production in Korea are as follows: Union Steel (*** percent), Pusan Steel (*** percent), Dongbu (*** percent), Korea Steel (*** percent),[72] and Hyundai Pipe (*** percent). All Korean producers of OCTG supplied data concerning their production, inventories, and shipments. These data are shown in table 20.

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[69] Capacity was reported based on the current product mix of the Japanese facilities during the period and fluctuated according to the production level. ***.

[70] Petitioners claim that Sumitomo Metal is investing $800 million to build a new seamless mill with an annual capacity of 500,000 tons. Sumitomo Metal indicated that this new facility is a replacement facility and will not add to its overall capacity. Conference transcript, pp. 61 and 122, and ***.

[71] ***.

[72] Korea Steel reported ***.

Table 19
OCTG: Japan's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Mar. 1993, Jan.-Mar. 1994, and projected 1994-95

Item	1991	1992	1993	Jan.-Mar.-- 1993	Jan.-Mar.-- 1994	Projected-- 1994	Projected-- 1995
	Quantity *(short tons)*						
Capacity	1,714,657	1,279,801	1,255,867	321,554	350,960	1,259,857	1,259,940
Production	1,618,855	1,105,921	1,145,688	310,919	323,470	1,169,803	1,169,851
End-of-period inventories	184,975	173,778	174,602	161,120	181,256	153,262	131,921
Shipments:							
Home market	12,994	12,188	10,203	2,915	1,926	7,005	7,029
Exports to--							
The United States	132,735	49,427	120,610	19,851	27,019	127,287	115,207
All other markets	1,482,212	1,055,502	1,014,050	300,811	287,871	1,056,851	1,068,955
Total exports	1,614,947	1,104,929	1,134,660	320,662	314,890	1,184,138	1,184,162
Total shipments	1,627,941	1,117,117	1,144,863	323,577	316,816	1,191,143	1,191,191
	Ratios and shares *(percent)*						
Capacity utilization	94.4	86.4	91.2	96.7	92.2	92.9	92.8
Inventories to production	11.4	15.7	15.2	13.0	14.0	13.1	11.3
Inventories to total shipments	11.4	15.6	15.3	12.4	14.3	12.9	11.1
Share of total quantity of shipments:							
Home market	.8	1.1	.9	.9	.6	.6	.6
Exports to--							
The United States	8.2	4.4	10.5	6.1	8.5	10.7	9.7
All other markets	91.0	94.5	88.6	93.0	90.9	88.7	89.7

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.

Table 20
OCTG: Korea's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Mar. 1993, Jan.-Mar. 1994, and projected 1994-95

Item	1991	1992	1993	Jan.-Mar.-- 1993	Jan.-Mar.-- 1994	Projected-- 1994	Projected-- 1995
	Quantity *(short tons)*						
Capacity	263,400	287,300	309,950	79,950	90,850	356,750	346,500
Production	30,357	5,291	37,280	8,916	8,987	32,361	19,700
End-of-period inventories	400	1,427	563	3,110	111	15	15
Shipments:							
Home market	164	88	274	88	73	110	110
Exports to--							
The United States	30,393	2,403	32,081	4,962	7,526	24,919	14,400
All other markets	0	1,787	5,789	2,183	1,840	7,880	5,190
Total exports	30,393	4,190	37,870	7,145	9,366	32,799	19,590
Total shipments	30,557	4,278	38,144	7,233	9,439	32,909	19,700
	Ratios and shares *(percent)*						
Capacity utilization	11.5	32.5	12.0	11.2	9.9	9.1	5.7
Inventories to production	3.0	27.0	2.8	8.7	.3	.1	.2
Inventories to total shipments	3.0	33.4	2.7	10.7	.3	.1	.2
Share of total quantity of shipments:							
Home market	.5	2.1	.7	1.2	.8	.3	.6
Exports to--							
The United States	99.5	56.2	84.1	68.6	79.7	75.7	73.1
All other markets	.0	41.8	15.2	30.2	19.5	23.9	26.3

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 Korean producers' capacity to produce OCTG increased during all periods for which data were collected in these investigations. *** of the Korean firms reported fluctuations in capacity levels during the period of investigation; however, none provided reasons behind the changes. *** of the Korean firms indicated that they do not plan to add, expand, curtail, or shut down production capacity or production of OCTG in Korea. ***.

Production of the subject product in Korea fell from 1991 to 1992, but increased in 1993 to a level higher than that reported in 1991. A small increase was reported in the first quarter of 1994 over the comparable period of 1993. Capacity utilization, like production, fluctuated throughout the period of investigation, ranging from 10 to 33 percent.[73] Projections reveal that the capacity utilization rate is expected to remain at a very low level in 1994 and 1995. Likewise, year-end inventories, as well as the ratio of inventories to total shipments, fluctuated during the period of investigation.

*** shipped their Korean-produced OCTG to related importers in the United States, while *** shipped their product to ***, an unrelated U.S. importer. Korean exports to the United States, which include unfinished, carbon, welded casing and tubing, represented between 56 and almost 100 percent of the Korean producers' total shipments of the product during the periods for which data were collected. A decline was reported in exports to the United States from 1991 to 1992, but in 1993, an increase to a level above that reported in 1991 was reported. Exports to the United States increased further from the first three months of 1993 to the comparable period of 1994. Projections indicate that Korean exports to the United States are expected to fall from 1993 to 1995.

Mexico

According to the petition, Tubos de Acero is the only OCTG producer in Mexico that exports the subject merchandise to the United States.[74] This firm is a producer of seamless OCTG, as well as line and standard pipe. OCTG accounted for *** percent of its sales in the most current fiscal year. Tubos de Acero supplied data concerning its OCTG capacity, production, inventories, and shipments. These data are shown in table 21.

Table 21
OCTG: Mexico's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Mar. 1993, Jan.-Mar. 1994, and projected 1994-95

* * * * * * *

Tubos de Acero reported capacity data on the basis of operating *** hours per week, *** weeks per year. The firm's annual capacity to produce OCTG ***.[75] The firm also indicated ***.[76]

Production of OCTG in Mexico ***. The trend in capacity utilization ***. Projections reveal that *** in production and capacity utilization is expected ***.

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[73] This unusually low capacity utilization is partially attributable to ***. ***.

[74] During the course of these investigations, an additional Mexican producer, Hylsa, was identified. Although Hylsa reportedly did not produce or ship OCTG during the period covered by the investigations, the company currently maintains the ability to produce welded OCTG and has reported production and export shipments to the United States of approximately *** tons during May and June 1994. Hylsa also indicated ***. The firm's annual 1993 reported capacity in Mexico for all tubular products (including OCTG, standard pipe, line pipe, and other tubular products) is approximately *** short tons.

[75] Tubos de Acero reported that its 1992 capacity data include ***. The firm also indicates that the capacity data were estimated based on the normal product mix of OCTG and non-OCTG products.

[76] The most recent investment in new production facilities in Mexico by Tubos de Acero was for $800 million and occurred almost a decade ago. Post-conference brief of Mexican respondents, p. 4.

Inventories and the ratio of inventories to total shipments *** throughout the period of investigation; however, Tubos de Acero indicated that it plans to ***.

*** of Tubos de Acero's exports to the United States were made to its wholly-owned subsidiary, Tamsa, Houston, TX. These exports to the United States, which represented *** percent of the foreign producer's total shipments of the product, ***. From the first quarter of 1993 to the comparable period of 1994 these exports ***. However, the firm's projections indicate that its exports to the United States are expected to *** in full-year 1994 and then *** in 1995.

Spain

Only one Spanish OCTG producer, Tubos Reunidos S.A., was identified in these investigations.[77] This firm produces seamless casing and tubing, which accounted for *** percent of its sales in the most recent fiscal year. Other products produced by the Spanish producer include line pipe, hollows, and boiler and furnace tubes. Tubos Reunidos S.A. supplied data concerning its OCTG capacity, production, inventories, and shipments. These data are shown in table 22.

Table 22
OCTG: Spain's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Mar. 1993, Jan.-Mar. 1994, and projected 1994-95

* * * * * * *

Capacity data were reported on the basis of operating *** hours per week, *** weeks per year. The firm's annual capacity to produce OCTG ***. *** in the firm's capacity data are due to *** during the period of investigation. Projections indicate that the company expects the capacity to *** in 1994 and 1995. In addition, Tubos Reunidos S.A. indicated ***.

Production of OCTG in Spain ***. In the first quarter of 1994, production of OCTG in Spain ***. The trend in capacity utilization ***. Projections reveal that, in general, *** in production and capacity utilization is expected from 1993 to 1995.

Inventories held in Spain ***, with projections indicating that 1993 year-end inventories *** in 1994 and 1995. The ratio of inventories to total shipments for actual data generally show ***.

Tubos Reunidos S.A. maintains an affiliate in the United States, Tubos Reunidos, Houston, TX, ***. The Spanish product exported to the United States is unfinished material (for instance, it has not been heat treated, upset, threaded, or coupled) that is subsequently finished by firms contracted by the U.S. distributors. Exports of OCTG to the United States, which represented *** percent of Tubos Reunidos S.A.'s total shipments of the product, ***. The firm projects that 1994 and 1995 exports to the United States will ***.

[77] Counsel to Tubos Reunidos S.A. indicated that an additional Spanish OCTG producer closed in 1992. Conference transcript, p. 143.

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

U.S. Imports

The import data received from the 20 importers of the subject product account for the vast majority of all imports of the subject product from all seven countries named in the petitions.[78] These data received from questionnaire responses, coupled with Commerce's official import statistics for non-subject countries, are believed to account for essentially all of the imports of OCTG during the period of investigation. These data are presented in table 23. The types of OCTG imported from each country subject to these investigations are presented in the following tabulation:

Subject country	Types of OCTG
Argentina	Seamless casing, tubing, & drill pipe
Austria	Seamless casing & tubing
Italy	Seamless & welded casing & tubing
Japan	Seamless & welded casing, tubing, & drill pipe
Korea	Welded casing & tubing
Mexico	Seamless casing, tubing, & drill pipe
Spain	Seamless casing, tubing, & drill pipe

The volume and value of U.S. imports of OCTG from the subject countries declined markedly from 1991 to 1992, but increased in 1993 to a level below that reported in 1991. An increase was also reported during the partial-year periods. Of the seven countries subject to these investigations, all reported similar import trends for 1991 to 1993, although ***. All countries, with the exception of ***, reported increases in imports during the partial-year periods. Unit values fell overall for all of the subject countries from 1991 to 1993. The trends in unit values were mixed for the first quarters of 1993 and 1994, increasing for *** but declining for the other subject countries.

In addition, importers of the subject products reported that they had arranged for the importation of the following amounts of merchandise into the United States during the last three quarters of 1994: Argentina (*** short tons), Austria (*** short tons), Italy (*** short tons), Japan (*** short tons),[79] Korea (*** short tons),[80] Mexico (*** short tons), and Spain (*** short tons).

U.S. Market Penetration by the Subject Imports

Market penetration data are calculated based on questionnaire responses containing data concerning U.S. shipments by U.S. producers and U.S. shipments by U.S. importers from the seven subject countries. Imports as provided by Commerce's official import statistics were used in the absence of importers' questionnaire data concerning imports from non-subject countries. These calculated shares of U.S. consumption are presented in table 24.

The share of apparent U.S. OCTG consumption held by the subject imports, by quantity, fell from 1991 to 1992, but increased in 1993 to a level below that reported in 1991. All of the shares held by the subject countries' products, with the exceptions of the ***, and Korean products, fell in 1992 and increased in 1993. During this same period, the U.S. producers increased their U.S. market share (based on quantity) from 1991 to 1992, but lost a portion of the increase in 1993.

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[78] These data do not include imports by ***. ***. ***, telephone conversations, ***.
[79] A portion of the merchandise ***.
[80] This does not include ***.

Table 23
OCTG: U.S. imports, by sources, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Quantity *(short tons)*				
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	136,441	45,719	122,417	19,760	26,710
Korea	29,666	5,965	36,431	5,658	4,793
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	295,262	85,968	280,067	39,086	58,844
All other sources	122,669	13,281	65,394	4,522	13,423
Total	417,931	99,249	345,461	43,608	72,267
	Value *(1,000 dollars)*				
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	136,788	50,896	98,932	19,270	23,122
Korea	17,159	3,339	17,670	2,702	2,491
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	243,625	78,028	194,121	30,250	43,132
All other sources	91,184	14,267	47,250	2,110	6,806
Total	334,809	92,295	241,371	32,360	49,938
	Unit value *(per short ton)*				
Argentina	$***	$***	$***	$***	$***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	1,003	1,113	808	975	866
Korea	578	560	485	478	520
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Average	825	908	693	774	733
All other sources	743	1,074	723	467	507
Average	801	930	699	742	691

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

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 24
OCTG: U.S. shipments of domestic product, U.S. shipments of imports,[1] by sources, and apparent U.S. consumption, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(In percent)

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Share of the quantity of U.S. consumption				
Producers' U.S. shipments	74.1	85.9	80.2	85.4	77.1
U.S. imports from--					
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	8.8	5.5	7.1	7.0	10.1
Korea	1.0	2.3	2.0	1.7	1.8
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	16.7	12.9	16.0	13.4	19.2
All other sources	9.1	1.2	3.8	1.1	3.7
Total	25.9	14.1	19.8	14.6	22.9
	Share of the value of U.S. consumption				
Producers' U.S. shipments	69.8	79.6	75.3	80.0	73.3
U.S. imports from--					
Argentina	***	***	***	***	***
Austria	***	***	***	***	***
Italy	***	***	***	***	***
Japan	12.6	10.1	11.1	12.4	14.4
Korea	.8	2.1	1.6	1.4	1.4
Mexico	***	***	***	***	***
Spain	***	***	***	***	***
Subtotal	21.0	18.4	20.4	19.1	23.7
All other sources	9.2	2.0	4.4	.9	3.0
Total	30.2	20.4	24.7	20.0	26.7

[1] Official import statistics for U.S. imports have been presented for "all other sources" in the absence of questionnaire data.

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

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.

In comparing the first quarters of 1993 and 1994, the subject imports increased their share of U.S. consumption overall, although Korea's share increased only marginally and *** share remained the same. On the other hand, the U.S. producers' share of apparent U.S. consumption fell during the same period.

Imports from Japan held the highest share of the subject imports throughout the period of investigation, while the market shares held by *** (based on quantity) were consistently among the lowest.

Prices

Market Characteristics

The overall demand for OCTG in the United States depends upon the level of drilling activity. The amount of drilling is determined by such factors as the prices of oil and natural gas, environmental regulations, and government energy policy. Because of a sharp decrease in drilling in 1992, consumption of OCTG declined significantly from its 1991 level. However, demand for OCTG improved in 1993, and consumption rose well above its 1991 level.[81]

Although OCTG is commonly sold on either a spot or a contract basis by producers and importers, the majority of sales are on a spot basis.[82] Spot sales make up *** percent of *** total sales. Among other important producers, spot sales as a percentage of the total range from a low of *** percent for *** to a high of *** percent for ***. The terms and conditions of the contract sales vary widely. ***. However, contract durations of a few months to a year are more typical within the industry. In some cases prices are fixed during the contract period.

In order to sell OCTG, producers and importers are frequently required to meet qualification requirements imposed by oil companies. These requirements vary widely. In some cases, certification by the API may be sufficient. In other cases, an oil company may require test samples, a tour of the production facilities, or test usage of the product before purchasing OCTG produced by a domestic or foreign mill. The qualification process may take as little as a few weeks to as much as two years.

Prices of OCTG may be quoted on either an f.o.b. or a delivered basis, but f.o.b. quotations are more common. In the case of domestic producers, prices are frequently quoted on an f.o.b. plant or f.o.b. warehouse basis, while importers commonly quote f.o.b. warehouse or ex-dock, duty paid.

List prices are not generally used as a basis for sales of OCTG. Only two U.S. producers, ***, reported that they publish price lists. ***. None of the importers publish price lists.

Questionnaire responses indicate that producers, rather than importers, consider price to be a more important factor in purchases of OCTG. In the questionnaires, producers and importers were asked whether non-price factors influence purchasing decisions for OCTG "greatly," "somewhat," "a little," or "not at all." Of the 11 producers that responded to this question, 6 answered "a little," and 4 answered "somewhat," but only 1 answered "greatly." In contrast, 16 of the 19 importers that responded to this question answered "greatly," and the other 3 answered "somewhat."

Inland shipments of OCTG are commonly made by either truck or rail. Domestic producers tend to ship the products longer distances than the importers. Domestically produced OCTG is commonly transported distances of over 500 miles, while importers tend to ship distances of 100 miles or less. In fact, 6 of the 17 importers that reported distances shipped stated that all of their shipments were within the 100 mile range, and 5 others reported that 80 to 95 percent of their shipments were under 100 miles.

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[81] Conference transcript, p. 45.
[82] Conference transcript, pp. 81-83.

Inland transportation costs generally account for a relatively small share of the total cost to purchasers of OCTG. Producers and importers were asked to estimate shipping costs as a percentage of the delivered price of OCTG on average. The producers' estimates tended to be higher since they generally ship longer distances than importers. The averages reported by producers ranged from 2 percent to 10 percent of the delivered price, and the averages reported by importers ranged from 1 percent to 4 percent of the delivered price.

Although OCTG is sold throughout the United States, sales tend to be concentrated in areas where drilling is most common, such as the Gulf area, the Southwestern and Western States, the West Coast, and Alaska. Four U.S. producers, ***, and ***, an importer of OCTG from ***, all reported that they sell in all or in most areas of the United States. Questionnaire responses also show that imports from Argentina and Mexico are marketed throughout much of the United States. However, Voest-Alpine, the only importer of OCTG from Austria, ***.

Reported lead times for delivery of OCTG varied widely. For domestic producers, they range from as few as 3 days to as many as 3 months. In the case of importers, the lead time is relatively short if the sale involves OCTG products maintained in the importer's inventory in the United States, but is much longer if ordered from a foreign manufacturer. Reported lead times for products maintained in importers' inventories ranged from 1 day to 1 week. When ordered from foreign manufacturers, the lead time ranged from 3 to 3-1/2 months for Argentina, 3 to 5 months for Austria and Spain, 3 to 6 months for Italy and Korea, and 3 to 8 months for Japan. No estimates for Mexico were available.

Product Comparisons

Producers and importers were asked to discuss differences between domestic and imported OCTG that would help to explain differences in prices and in purchasing patterns. Product characteristics were discussed along with marketing characteristics in the questionnaire responses.

Questionnaire respondents were asked whether domestically produced OCTG products are interchangeable in use with similar imported products from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, and whether quality differences between domestic OCTG and imports have any effect on sales. In all cases, the producers either stated that the domestic and imported OCTG products are interchangeable or said that they lacked the information to answer the question. No producer said that quality differences between their products and imports had any effect on sales.

In contrast to U.S. producers, responses by importers varied widely. In the majority of cases, they said that the OCTG items they import are not interchangeable in use with similar products produced in the United States or with other imports. In fact 16 of 18 importers that responded to the question concerning the interchangeability of imports stated that the OCTG products from Argentina, Austria, Italy, Japan, Korea, Mexico and Spain are not interchangeable. Importers of Japanese-produced OCTG argued that the quality of their products is generally superior to U.S.-produced OCTG or to other imports, and in some cases the Japanese imports consist of specialty items that are not available from domestic producers. *** also argued that they offer superior, highly specialized products that cannot be obtained from other sources. Importers of OCTG from *** consider some of their products to be superior to similar OCTG items produced in the United States. However, *** stated that the OCTG products that it imports from *** are inferior to similar U.S.-produced products.

Questionnaire Price Data

U.S. producers and importers were asked to provide price data on seven categories of commonly marketed OCTG items. For each of the seven products, producers and importers were asked to provide prices on their largest sales in each quarter, total quantities, and total values shipped in all quarters during January 1991-March 1994. The product categories are:[83]

PRODUCT 1: SEAMLESS TUBING, Grade N-80, 2-7/8" O.D., 6.5 lbs./ft., external upset ends, threaded and coupled

PRODUCT 2: SEAMLESS CASING, Grade P-110, 9-5/8" O.D., 53.5 lbs./ft., threaded and coupled

PRODUCT 3: SEAMLESS CASING, Grade K-55, 13-3/8" O.D., 68 lbs./ft., long buttress threaded

PRODUCT 4: WELDED TUBING, Grade J-55, 2-3/8" O.D., 4.7 lbs./ft., external upset ends, threaded and coupled, range 2

PRODUCT 5: WELDED TUBING, Grade J-55, 2-7/8" O.D., 6.5 lbs./ft., API 8 round, threaded and coupled, range 2

PRODUCT 6: WELDED CASING, Grade N-80, 4-1/2" O.D., 11.6 lbs./ft., long threaded and coupled, range 3

PRODUCT 7: SEAMLESS DRILL PIPE, green tubes, 5" O.D., 0.362" wall thickness, 17.93 lbs./ft.

Nine U.S. producers and nine importers provided varying amounts of usable price information. The nine producers accounted for 93 percent of total U.S. production of OCTG in 1993, and the nine importers accounted for 100 percent of all imports from Austria, Argentina, and Mexico, 60 percent of the imports from Italy, 60 percent from Japan, and 21 percent of the imports from Korea. Only one price observation relating to imports from Spain was received.[84] None of the producers or importers were able to provide data for all seven product categories, and in many cases the questionnaires contained data for only one or two product categories. No U.S. producers were able to provide prices for product 3, although Japanese, Italian, and Mexican import prices for this product were received.

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[83] These product categories were selected after consultations with producers, importers, and counsel for the foreign respondents. Counsel for respondents suggested several revisions in the pricing items originally selected by the petitioners; all of the respondents' suggestions were incorporated except for the deletion of product 1, which was the only possible match for the Austrian imports.

At the conference the respondents stated that they did not consider the product categories to be representative of products offered by either the producers or the importers. Conference transcript, p. 109. After the conference they provided a list of four additional products on which they suggested that the Commission collect data. The staff discussed these additional product categories with the petitioners; however, the petitioners argued that these products would not be useful for comparisons. They said that the products mainly contained carbon steel products despite claims by the importers that they often import alloy products. They also felt that some of the product descriptions were too general.

[84] In the questionnaire responses from ***, imports from Spain were classified as unfinished OCTG. Conference transcript, p. 144.

Price trends

Quarterly prices of products 1, 2, 4, 5, 6, and 7 for the period January 1991 through March 1994 are shown in figures 3-8 and tables 25-30. With the exception of U.S. product 1, all data are shown on an f.o.b. basis.[85] U.S. producer price data were available for all six of the categories. In the case of product 1, import price data were available for Argentina, Austria, and Japan, and, for product 2, prices were available for Argentina, Italy, Japan, and Mexico. Products 4 and 5 both included data from Italy and Korea. Product 6 included only import data for Korea, and, in the case of product 7, the import data were limited to Mexico. The data indicate that prices of U.S.-produced OCTG and imported OCTG generally declined in all six of the product categories.[86] U.S. producer prices of product 1, which were available only from the first quarter of 1992 onward, *** during the period where data were available. The U.S. price of this product ranged from a high of *** per short ton in *** to a low of *** in ***. Prices of imports of product 1 from Argentina, Austria, Italy, and Japan ***.

Prices of U.S.-produced product 2 and imports of product 2 from Argentina and Mexico ***, while the limited price data relating to imports from *** and *** did not show clear trends. The U.S. producer price of product 2 *** during January 1991-March 1994. It ranged from a high of *** per short ton in *** to a low of *** per short ton in ***. Prices of imports from Argentina, which were available only in five quarters, were ***. Prices of imports from Italy, which were available only from the ***. The Japanese price of this product ranged from a low of *** per short ton in *** to a high of *** per short ton in ***. The price of imports from Mexico *** during the period where data were available. It declined from a high of *** per short ton in *** to a low of *** per short ton in ***.

The prices of U.S.-produced product 4 and imports of product 4 from Korea *** during January 1991 through March 1994, despite fluctuations, but trends in prices of imports of product 4 from Italy could not be determined from the data received. The U.S. price ranged from a high of *** per short ton in *** to a low of *** in ***. During the four quarters in 1993 and 1994 where data were available, the Italian price ranged from a high of *** to a low of ***. The Korean price *** during the 13 quarters where data were reported. It ranged from a high of *** per short ton in the first quarter of 1991 to a low of *** in the fourth quarter of that year.

The price of U.S.-produced product 5 ***, while trends in prices of imports from Italy and Korea could not be determined. The U.S. price of product 5 ranged from a high of *** per short ton in *** to a low of *** in ***. The price of imports from Italy *** per short ton during the three quarters where data were available. The prices of imports of product 5 from Korea *** during the period where data were available.

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[85] In their post-conference brief, the petitioners asserted that the pricing data submitted by respondents were generally flawed. They said that the importers' price data included products within the categories that contained expensive features, including extended upsets beyond API norm, bullet nose upsets, plastic or other coating, and premium threading. Post-conference brief on behalf of petitioners, p. 23. The staff contacted purchasers to make certain that the prices shown in tables 25-30 are not for products that contain any of these features. The data shown in the tables are largely free of any of these features. The only known exception concerns bullet nose upsets. A small percentage of the price data for Argentina, Korea, and Mexico are for products that contain bullet nose upsets. However, the importers of these products stated that the bullet nose feature does not increase the price of the product.

[86] The price data for products 4, 5, and 6 from Korea reflect sales by a single importer, ***. ***, another importer of OCTG from Korea, and ***, the largest importer of Korean-produced OCTG, do not offer products that meet the product descriptions provided in the questionnaires.

Figure 3
Product 1: Delivered prices reported by U.S. producers and f.o.b. prices reported by importers from Argentina, Austria, and Japan, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 4
Product 2: F.o.b. prices reported by U.S. producers and importers from Argentina, Italy, Japan, and Mexico, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 5
Product 4: F.o.b. prices reported by U.S. producers and importers from Italy and Korea, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 6
Product 5: F.o.b. prices reported by U.S. producers and importers from Italy and Korea, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 7
Product 6: F.o.b. prices reported by U.S. producers and importers from Korea, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 8
Product 7: F.o.b. prices reported by U.S. producers and importers from Mexico, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 25
Product 1: Delivered prices reported by U.S. producers and f.o.b. prices reported by importers from Argentina, Austria, and Japan, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 26
Product 2: F.o.b. prices reported by U.S. producers and importers from Argentina, Italy, Japan, and Mexico, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 27
Product 4: F.o.b. prices reported by U.S. producers and importers from Italy and Korea, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 28
Product 5: F.o.b. prices reported by U.S. producers and importers from Italy and Korea, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 29
Product 6: F.o.b. prices reported by U.S. producers and importers from Korea, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 30
Product 7: F.o.b. prices reported by U.S. producers and importers from Mexico, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Domestic and Korean prices of product 6 both *** during the periods where data were available. The U.S. price ranged from a high of *** per short ton in *** to a low of *** in ***. The price of the Korean product, which was available only in five quarters, ranged from a high of *** per short ton in *** to a low of *** in ***.

Domestic and Mexican prices of product 7 also *** during periods where data were reported. The U.S. price ranged from a high of *** per short ton in *** to a low of *** in ***. The Mexican price, which was available only in four quarters, ranged from a high of *** per short ton in *** to a low of *** in ***.

Price Comparisons

Direct price comparisons between U.S-produced OCTG products and imports were developed for all categories except products 1 and 3.[87] Good comparisons could not be made for product 1 since the U.S. prices for this category were reported on a delivered basis, and imports were reported on an f.o.b. basis.[88] In the case of product 3, no U.S. price data were available.

Percentage margins of underselling and overselling for products 2 and 4 are presented in table 31. Prices of imports of product 2 from Argentina, Italy, and Japan were *** than the domestic prices of product 2 in all quarters where comparisons could be made. Five comparisons are shown for Argentina, and four for Japan and Italy. The Mexican price was *** than the U.S. price in *** out of *** quarters by a margin of *** percent. The prices of imports of product 4

[87] No price comparisons could be made for imports from Spain. ***.

[88] The data in table 25 show that the f.o.b. prices of imports from Argentina were *** than the U.S. delivered price in *** out of *** quarters where U.S. price data were available. The Austrian prices were *** than the U.S. prices in *** out of *** quarters, and the Japanese price was *** than the U.S. price in *** out of *** quarters.

from Italy were *** than the domestic prices in all four quarters where comparisons could be made by margins ranging from *** percent to *** percent. The Korean price of product 4 was *** than the U.S. price in *** out of *** quarters by margins ranging from *** percent to *** percent.

Table 31
Margins of underselling (overselling) for products 2 and 4, by countries and by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Margins of underselling/overselling for products 5, 6, and 7 are presented in table 32. The import price of product 5 from Italy was *** than the domestic price of this product in *** quarters where comparisons could be made by a margin of *** percent in all cases. Margins of *** ranged from *** percent to *** percent. The Korean price of product 5 was *** the U.S. price in *** out of *** by margins ranging from *** percent to *** percent. The import price of product 6 from Korea was *** than the domestic price in *** out of *** quarters by margins ranging from *** percent to *** percent. The import price of product 7 from Mexico was *** than the domestic price in *** out of *** quarters. The margin was *** percent.

Table 32
Margins of underselling (overselling) for products 5, 6, and 7, by countries and by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Exchange Rates

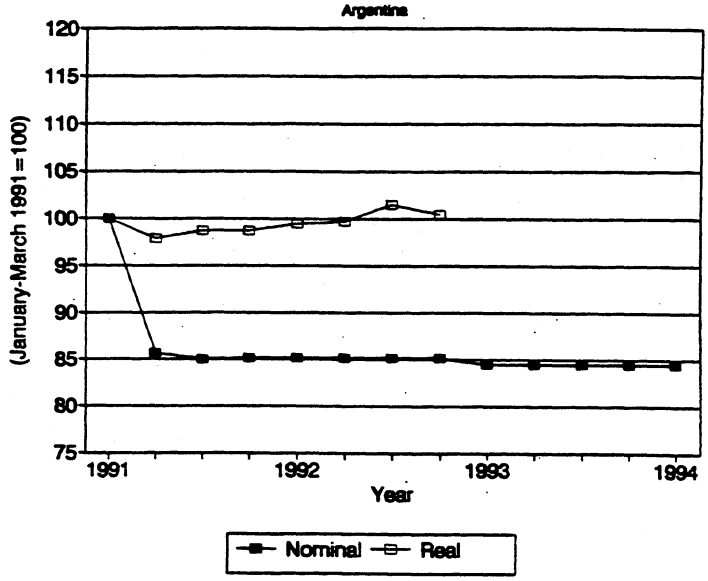
Nominal and real exchange rate data for Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain are presented in figure 9. Quarterly data reported by the IMF indicate that the nominal value of the Japanese currency appreciated by 24.4 percent in relation to the dollar from the first quarter of 1991 to the first quarter of 1994, while the nominal values of the currencies of Argentina, Austria, Italy, Korea, Mexico, and Spain depreciated by 15.5 percent, 11.2 percent, 31.8 percent, 10.7 percent, 6.4 percent, and 32.9 percent, respectively. When adjusted for movements in producer prices in the United States and in the other seven countries, the data show that the currencies of Japan and Mexico appreciated in relation to the dollar, that the currency of Argentina remained relatively stable during the seven quarters where data were available, and that the currencies of the other four countries all depreciated in relation to the dollar.

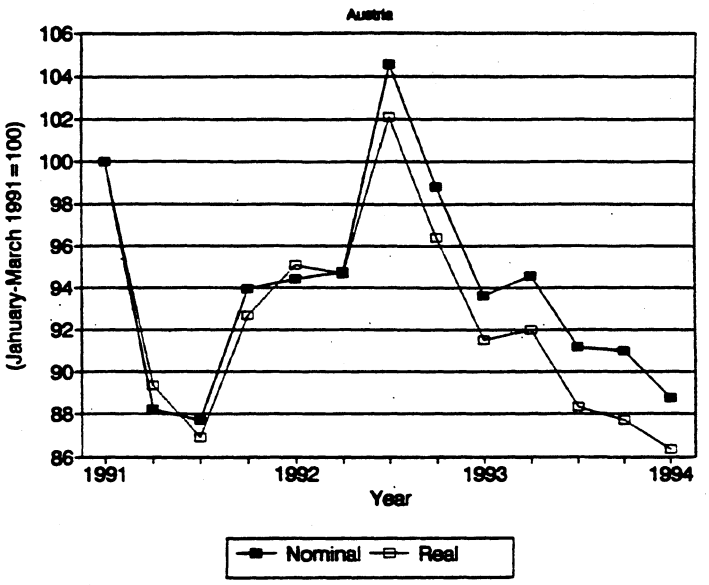
Lost Sales and Lost Revenues

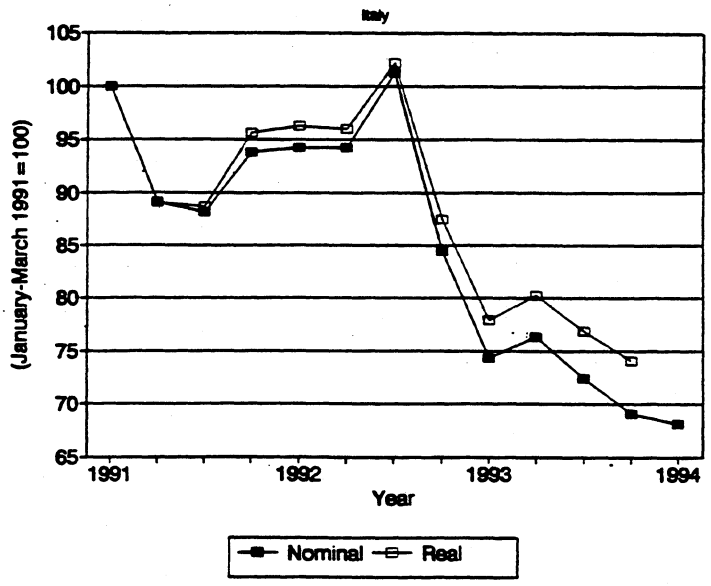
Four U.S. producers, ***, provided a total of 122 lost sales allegations involving over 47,000 tons of OCTG valued at more than $40 million and 72 allegations of lost revenues involving over 70,000 tons of OCTG valued at more than $7 million because of competition from imports. The staff contacted purchasers to investigate the allegations.

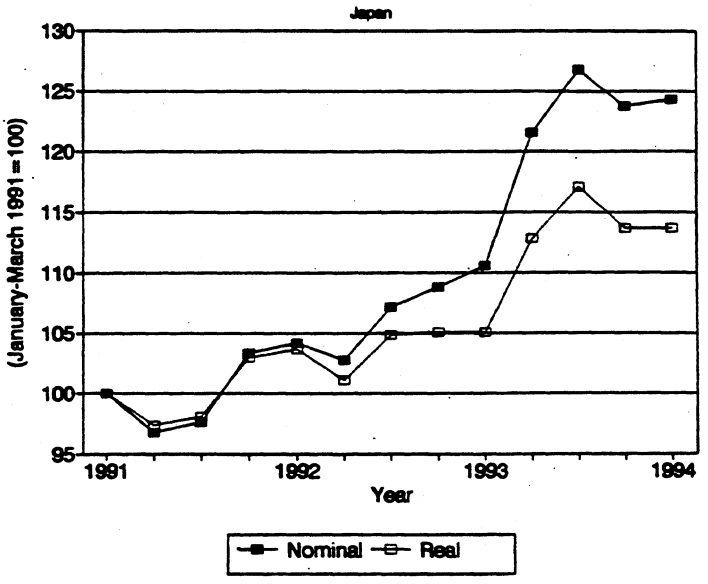
* * * * * * *

Figure 9
Indexes of nominal and real exchange rates of the currencies of Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain in relation to the U.S. dollar, by quarters, Jan. 1991-Mar. 1994



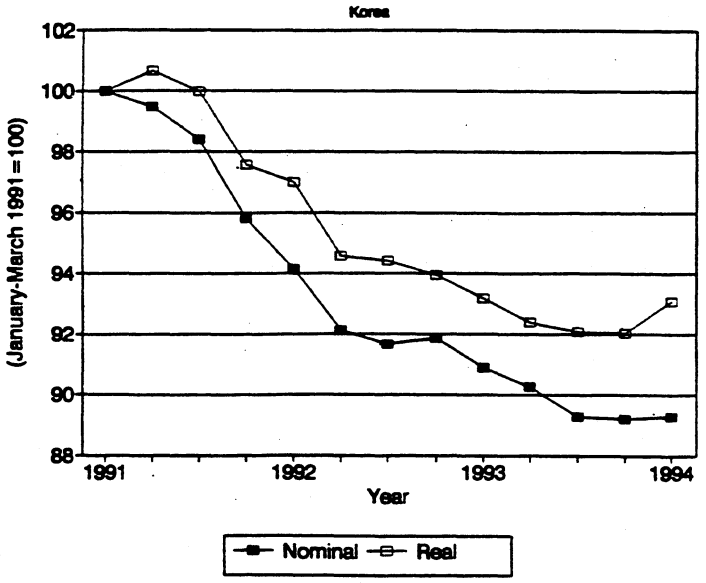


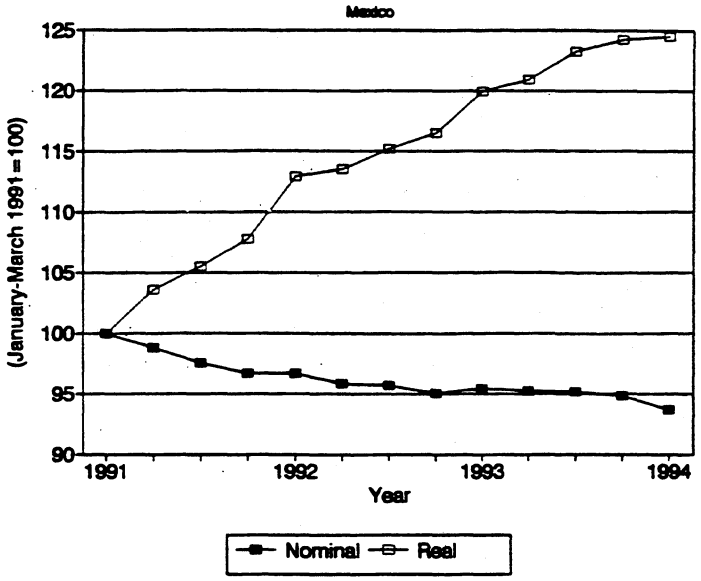


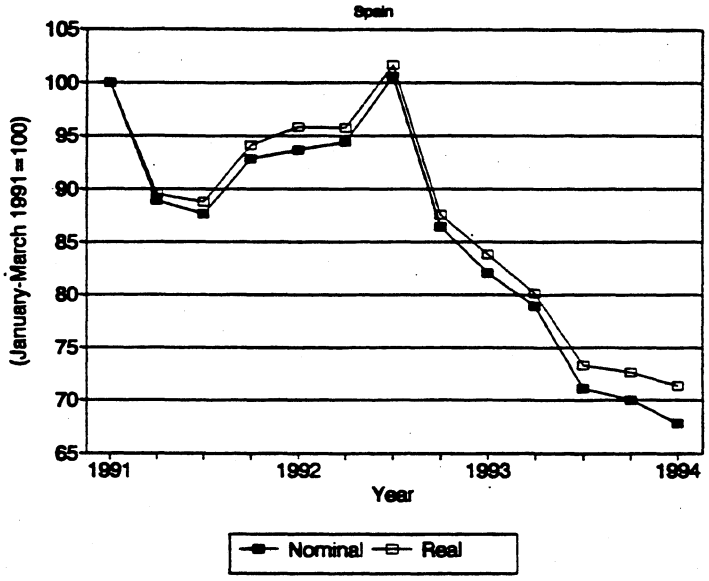


Continued on next page

Figure 9--Continued
Indexes of nominal and real exchange rates of the currencies of Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain in relation to the U.S. dollar, by quarters, Jan. 1991-Mar. 1994







Source: International Monetary Fund, *International Financial Statistics,* July 1994.

APPENDIX A

FEDERAL REGISTER NOTICES

[Investigations Nos. 701–TA–363 and 364 (Preliminary), and Investigations Nos. 731–TA–711 through 717 (Preliminary)]

Oil Country Tubular Goods From Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of preliminary countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary countervailing duty investigations Nos. 701–TA–363 and 364 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) and preliminary antidumping investigations Nos. 731–TA–711 through 717 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Austria and Italy of oil country tubular goods (OCTG),[1] that are alleged to be subsidized by the Governments of Austria and Italy, and by reason of imports from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain of OCTG, that are alleged to be sold in the United States at less than fair value. The product subject to these investigations is provided for in subheadings 7304.20, 7305.20, and 7306.20 of the Harmonized Tariff Schedule of the United States.

The Commission must complete preliminary countervailing duty and antidumping investigations in 45 days, or in these cases by August 15, 1994. For further information concerning the conduct of these investigations 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 B (19 CFR part 207).

EFFECTIVE DATE: June 30, 1994.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), 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. Information can also be obtained by calling the Office of Investigations' remote bulletin board system for personal computers at 202–205–1895 (N,8,1).

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on June 30, 1994, by Bellville Tube Corp., Bellville, TX; IPSCO Steel, Inc., Camanche, IA; Koppel Steel Corp., Beaver Falls, PA; Maverick Tube Corp., Chesterfield, MO; North Star Steel Ohio, Youngstown, OH; USX Corp., Pittsburgh, PA; and USS/Kobe Steel Co., Lorain, OH.[2]

[1] The imported merchandise which is the subject of this petition is casing, tubing, and drill pipe used in drilling for oil or gas, whether seamless or welded, of iron (other than cast iron) or steel (both carbon or alloy), whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes). This petition does not cover casing, tubing, or drill pipe containing 10.5 percent or more by weight of chromium.

[2] Not all firms are petitioners in all investigations.

Participation in the Investigations and Public Service List

Persons (other than petitioners) wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven (7) 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 section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than seven (7) 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.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on July 22, 1994, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Mary Messer (202–205–3193) not later than July 20, 1994, to arrange for their appearance. Parties in support of the imposition of countervailing and antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before July 27, 1994, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (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: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: July 1, 1994.

Donna R. Koehnke,

Secretary.

[FR Doc. 94–16489 Filed 7–6–94; 8:45 am]

BILLING CODE 7020–02–P

[A-357-810, A-433-805, A-475-816, A-588-835, A-580-825, A-201-817, and A-469-806]

Initiation of Antidumping Duty Investigations: Oil Country Tubular Goods From Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain

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

EFFECTIVE DATE: July 26, 1994.

FOR FURTHER INFORMATION CONTACT: Irene Darzenta or Cameron Werker, 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) 482-6320 or 482-3874.

INITIATION OF INVESTIGATIONS:

The Petition

On June 30, 1994, we received seven petitions filed in proper form by: Koppel Steel Corporation, USS/Kobe Steel Company, and U.S. Steel Group (a unit of USX Corporation) with respect to Austria, Argentina, and Spain; Koppel Steel Corporation and U.S. Steel Group with respect to Japan; North Star Steel Ohio (a division of North Star Steel Corporation) with respect to Italy and Mexico; and Bellville Tube Corporation, IPSCO Steel, Inc., and Maverick Tube Corporation with respect to Korea. In accordance with Section 732(b) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 353.12 (1994), the petitioners allege that oil country tubular goods (OCTG) from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

Petitioners have stated that they have standing to file the petitions because they are interested parties, as defined under section 771(9)(C) of the Act, and because the petitions were filed on behalf of the U.S. industry producing the subject merchandise. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, these petitions, it should file a written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements are contained in 19 CFR 353.14.

Scope of Investigations

For purposes of these investigations, OCTG are hollow steel products of circular cross-section, including oil well casing, tubing, and drill pipe, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished or unfinished (including green tubes and limited service OCTG products). These petitions do not cover casing, tubing, or drill pipe containing 10.5 percent or more of chromium. The OCTG subject to these investigations are currently classified in the Harmonized Tariff Schedule of the United States (HTS) under item numbers:

7304.20.10.00, 7304.20.10.10, 7304.20.10.20, 7304.20.10.30, 7304.20.10.40, 7304.20.10.50, 7304.20.10.60, 7304.20.10.80, 7304.20.20.00, 7304.20.20.10, 7304.20.20.20, 7304.20.20.30, 7304.20.20.40, 7304.20.20.50, 7304.20.20.60, 7304.20.20.80, 7304.20.30.00, 7304.20.30.10, 7304.20.30.20, 7304.20.30.30, 7304.20.30.40, 7304.20.30.50, 7304.20.30.60 7304.20.30.80, 7304.20.40.00, 7304.20.40.10, 7304.20.40.20, 7304.20.40.30, 7304.20.40.40, 7304.20.40.50, 7304.20.40.60, 7304.20.40.80, 7304.20.50.10, 7304.20.50.15, 7304.20.50.30, 7304.20.50.45, 7304.20.50.50, 7304.20.50.60, 7304.20.50.75, 7304.20.60.10, 7304.20.60.15, 7304.20.60.30, 7304.20.60.45, 7304.20.60.50, 7304.20.60.60, 7304.20.60.75, 7304.20.70.00, 7304.20.80.00, 7304.20.80.30, 7304.20.80.45, 7304.20.80.60, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.20.10.30, 7306.20.10.90, 7306.20.20.00, 7306.20.30.00, 7306.20.40.00,

7306.20.60.10, 7306.20.60.50, 7306.20.80.10, and 7306.20.80.50.

Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

United States Price and Foreign Market Value

For purposes of these initiations, no adjustments to petitioners' calculations were necessary. If it becomes necessary at a later date to consider these petitions as a source of best information available (BIA), we may review all of the bases for the petitioners' estimated margins in determining BIA.

Argentina

Petitioners based U.S. price (USP) on a quoted transaction price of subject merchandise produced by Siderca, an OCTG producer in Argentina, and offered to a U.S. distributor for sale in the United States. The sales terms of the price quote represent a sale made prior to importation of the subject merchandise to the United States. Petitioners calculated a net USP by subtracting ocean freight and insurance, unloading and wharfage charges at the U.S. port of entry, and the applicable 7.5 percent *ad valorem* U.S. customs duty. Petitioners used U.S. import statistics for the month of offer to estimate the actual average ocean freight and insurance charges for subject merchandise subject to the price quote. Petitioners adjusted the USP by adding an 8.3 percent cascade turnover tax and an 18 percent value-added tax (VAT), both of which were calculated on the invoice price net of discounts.

Petitioners stated that information regarding Siderca's sales to third country markets was not reasonably available and, thus, they were unable to calculate home market viability. However, petitioners assumed the home market to be viable based on a published report estimating the Argentine drilling market to be the seventh most active in the world. Accordingly, petitioners based foreign market value (FMV) on home market sales. Petitioners also based FMV on constructed value (CV).

First, petitioners stated that they used a home market sales price of merchandise identical to that offered for sale in the United States. Petitioners made adjustments for differences in circumstances of sale (*i.e.*, credit) and the home market VAT. The comparison of USP to FMV results in a negative dumping margin.

Second, petitioners calculated a CV as the basis for FMV because Siderca allegedly sold the subject merchandise at a price substantially below its cost of production (COP). COP was based on the production costs of one of the U.S. producers adjusted to reflect Siderca's production costs.

Petitioners calculated COP and CV in accordance with a methodology acceptable to the Department. Because petitioners do not have access to the foreign producer's proprietary data, petitioners utilized their own cost information and adjusted for all known differences between the U.S. and Argentine markets with publicly available information. When practicable, petitioners used public information specific to Siderca. Petitioners added an amount for the statutory minimum eight percent profit and their own packing costs to the estimated COP to derive the CV. The dumping margin of OCTG from Argentina based on a comparison of USP to CV alleged by petitioners is 41.60 percent.

The Department is initiating a COP investigation of Siderca's home market sales. Based on our analysis of petitioners' COP allegation, we find that we have reasonable grounds to believe or suspect that home market sales are being made below the COP. In their allegation, petitioners provided company-specific information, used a reasonable methodology, and demonstrated that the products they used in their calculations were representative of the broader range of OCTG products sold by Siderca in Argentina. If, during the course of the investigation, Siderca does not become a respondent, this COP investigation will be terminated with no further action from the Department.

The Department will not initiate a COP investigation for those companies/exporters where petitioners do not provide a company-specific allegation.

Austria

Petitioners based USP on a sale made by a U.S. trading company related to Voest-Alpine, an Austrian producer of the subject merchandise, to an unrelated U.S. customer. Petitioners deducted from USP amounts for international shipment charges calculated based on U.S. Customs data for shipments of subject merchandise during the second half of 1993, and the applicable eight percent *ad valorem* U.S. customs duty.

Petitioners demonstrated that the home market is not viable. Specifically, petitioners illustrated that the home market shipments of Voest-Alpine expressed as a percentage of exports to third country markets is substantially less than five percent. Therefore, petitioners first based FMV on third country sales. Petitioners stated that with regards to similarity of merchandise, volume of sales, and similarity of the Russian OCTG market relative to the U.S. OCTG market, Russia is the appropriate third country market on which to calculate FMV.

Petitioners first based FMV on the bid of Voest-Alpine, an Austrian producer of OCTG, to supply subject merchandise to a Russian oil production association. The Austrian producer's offering price was contemporaneous to the U.S. sales price on which petitioners based USP. To calculate an ex-factory price, petitioners deducted inland freight and made a circumstance-of-sale adjustment for the differences in credit expenses. Based on a comparison of USP to FMV, the dumping margin alleged by petitioners is 16.5 percent.

Petitioners also based FMV on CV because Voest-Alpine allegedly sold the subject merchandise to Russia at prices below the COP. COP was based on the production costs of one of the U.S. producers, adjusted to reflect Voest-Alpine's production costs.

Petitioners calculated COP and CV in accordance with a methodology acceptable to the Department. Because petitioners do not have access to the foreign producer's proprietary data, petitioners utilized their own cost information and adjusted for all known differences between the U.S. and Austrian markets with publicly available information. When practicable, petitioners used public information specific to Voest-Alpine. Petitioners added to the estimated manufacturing costs an amount for the statutory minimum ten percent selling, general, and administrative (SG&A) expense. Petitioners then added an amount for the statutory minimum eight percent profit and their own packing costs to the estimated COP to derive the CV. Based on a comparison of USP to CV, the dumping margin alleged by petitioners is 41.7 percent.

The Department is initiating a COP investigation of Voest-Alpine's third country sales to Russia. Based on our analysis of petitioners' COP allegation, we find that we have reasonable grounds to believe or suspect that sales to Russia are being made below the COP. In their allegation, petitioners provided company-specific information, used a reasonable methodology, and demonstrated that the products used in their calculations were representative of the broader range of OCTG products sold by Voest-Alpine to Russia. This COP investigation will be terminated automatically if, during the course of the investigation, any one of the

following conditions is met: Voest-Alpine does not become a respondent; the home market is determined to be viable; or Russia is determined not to be an appropriate third country market on which to base FMV.

The Department will not initiate a COP investigation for those companies/exporters where petitioners do not provide a company-specific allegation.

Italy

Petitioner based USP on quoted transaction prices of subject merchandise produced by the Italian producer, Dalmine, and offered to U.S. distributors for sale in the United States during the first quarter of 1994. These price quotes represent sales made prior to importation of subject merchandise to the United States. Petitioner calculated a net USP by subtracting the foreign inland freight from the mill to the port of export, loading and wharfage charges at the port of export, ocean freight and insurance, U.S. terminal and handling fees, and the applicable 6.2 percent *ad valorem* U.S. customs duty. Petitioner used U.S. import statistics for the first quarter of 1994 to estimate the actual average ocean freight and insurance charges.

Petitioner stated that it based FMV on CV because it was unable to obtain home market or third country prices. Because Dalmine's production costs were unavailable to petitioner, petitioner used the production costs of a U.S. producer, adjusted to reflect Dalmine's production costs.

Petitioner calculated CV in accordance with a methodology acceptable to the Department. Because petitioner did not have access to the foreign producer's proprietary data, petitioner utilized its own cost information and adjusted for all known differences between the U.S. and Italian markets with publicly available information. When practicable, petitioner used public information specific to Dalmine. Petitioners added to the estimated manufacturing costs an amount for the statutory minimum ten percent SG&A expense. Petitioner then added an amount for the statutory minimum eight percent profit and its own packing cost to derive the CV. The range of dumping margins based on a comparison of USP to CV alleged by petitioner is 41.60 percent to 49.78 percent.

Japan

For Japan, petitioners based USP on two price offers for seamless OCTG tubing manufactured by two Japanese producers, Sumitomo and Nippon Steel, to unrelated parties for purchase prior to importation into the United States. Petitioners demonstrated that the products for which these offers were made, are representative of OCTG products imported into the United States from Japan in terms of type and manufacturing method.

Petitioners calculated a net USP by deducting international shipment charges such as ocean freight and marine insurance; U.S. inland freight; U.S. handling charges including loading; U.S. port charges such as unloading and wharfage; and the applicable 7.5 percent *ad valorem* U.S. customs duty. Petitioners used the official U.S. import statistics for the period of time corresponding to the dates of the USP offers to estimate the actual ocean freight and marine insurance charges.

Petitioner calculated two FMVs. First, petitioners used third country sales prices of merchandise allegedly comparable to that offered for sale in the United States. Specifically, petitioners used Japanese sales contract prices for OCTG products exported to the People's Republic of China (PRC) obtained from a Chinese trading company, adjusted to reflect differences in circumstances of sale (*i.e.*, credit) between the PRC and U.S. markets.

Before resorting to third country price data, petitioners demonstrated that the Japanese home market was not viable to serve as the basis of FMV. Specifically, petitioners compared domestic and third country OCTG shipment data for the period January through November 1993, and found that home market shipments expressed as a percentage of third country shipments is substantially less than five percent.

Petitioners claimed that the PRC constituted the appropriate third country market to serve as the basis for FMV for each Japanese producer based on the similarity of the merchandise, the volume of sales and the similarity of the Chinese OCTG market relative to the U.S. OCTG market. The range of dumping margins of OCTG from Japan based on a comparison of USP to FMV alleged by petitioners is 10.4 percent to 24.8 percent.

Second, petitioners calculated a CV as the basis for FMV because they claimed that the Japanese producers' third country sales are being made at prices below the COP. Because petitioners could not obtain actual production costs for Sumitomo and Nippon Steel, they used U.S. production costs, adjusted to reflect production costs in Japan.

Petitioners calculated COP and CV in accordance with a methodology acceptable to the Department. Because petitioners do not have access to the foreign producers' proprietary data, petitioners utilized their own cost information and adjusted for all known differences between the U.S. and Japanese markets with publicly available information. When practicable, petitioners used public information specific to Sumitomo and Nippon Steel. Petitioners added an amount for the statutory minimum eight percent profit and their own packing costs to the estimated COP to derive the CV. The range of dumping margins of OCTG from Japan based on a comparison of USP to CV alleged by petitioners is 36.5 percent to 44.2 percent.

The Department is initiating a COP investigation of Sumitomo's and Nippon Steel's third country sales to the PRC. Based on our analysis of petitioners' COP allegation, we find that we have reasonable grounds to believe or suspect that sales to the PRC are being made below the COP. In their allegation, petitioners provided company-specific information, used a reasonable methodology, and demonstrated that the products used in their calculations were representative of the broader range of OCTG products sold by Sumitomo and Nippon Steel to the PRC. This COP investigation will be terminated automatically if, during the course of the investigation, any one of the following conditions is met: Sumitomo or Nippon Steel do not become respondents; the home market is determined to be viable; and the PRC is determined not to be an appropriate third country market on which to base FMV.

The Department will not initiate a COP investigation for those companies/exporters where petitioners do not provide a company-specific allegation.

Korea

Petitioners based USP on the sales price of two Korean-produced OCTG tubing products to a U.S. distributor for sale to end users. Petitioners made adjustments for ocean freight, port and handling charges, the 1.9 percent *ad valorem* U.S. Customs duty, applicable discounts and distributor mark-up, and end finishing costs.

Petitioners assumed that the Korean home market was not viable as the basis for FMV. Petitioners based this assumption on a report reviewing worldwide drilling activity, which indicated that no rigs are expected to be in operation in Korea during 1994. Thus, petitioners assumed that there is no OCTG market in Korea.

Petitioners selected Canada as the appropriate third country market for calculating FMV based on the volume of

sales and the similarity of the Canadian market relative to the United States. Additionally, Canada was the only third country for which pricing data was available to petitioners. Specifically, petitioners based FMV on Canadian distributor prices to end-users. Petitioners made adjustments for inland freight, port and handling charges, ocean freight, Canadian import duties, distributor mark-up, and end finishing costs.

The range of dumping margins of OCTG from Korea based on a comparison of USP to FMV alleged by petitioners is 2.68 percent to 12.23 percent.

Mexico

Petitioner based USP on two price quotes for sales of OCTG manufactured by TAMSA, a Mexican producer of OCTG, and offered for sale in the United States. Petitioner adjusted the first price quote for foreign port and loading fees, a Mexican Customs clearance fee, ocean freight and insurance, U.S. import duties, U.S. terminal and unloading fees and other movement expenses, distributor mark-up, and sales agent fees. Petitioner made adjustments to the second price quote for foreign inland freight, Mexican Customs processing fees, U.S. customs duties, U.S. terminal and unloading fees and other movement charges, and sales agent fees.

Petitioner was unable to obtain home market sales information and, therefore, was unable to conduct a home market viability test. However, petitioner assumed the home market to be viable based on a published report estimating the Mexican drilling market to be one of the most active in the world given the number of drilling rigs in operation.

Petitioner based FMV on CV because it stated that it was unable to obtain home market prices. Petitioner used a U.S. producer as a surrogate for the Mexican producer, TAMSA, to determine the production costs of the subject merchandise.

Petitioner calculated CV in accordance with a methodology acceptable to the Department. Because petitioner did not have access to the foreign producer's proprietary data, petitioner utilized its own cost information and adjusted for all known differences between the U.S. and Mexican markets with publicly available information. When practicable, petitioner used public information specific to TAMSA. Petitioner added an amount for the statutory minimum eight percent profit and its own packing cost to derive the CV.

The range of dumping margins of OCTG from Mexico based on a comparison of USP to CV alleged by petitioner is 40.44 percent to 45.22 percent.

Spain

Petitioners based USP on average U.S. Customs values for seamless carbon steel OCTG tubing derived from statistics published by the U.S. Census Bureau for the months of August and November 1993, claiming that actual U.S. sales price information was unobtainable. Petitioners also claimed that seamless carbon steel OCTG tubing products are representative of OCTG imports from Spain produced by Tubos Reunidos, a Spanish producer of the subject merchandise which allegedly accounted for all OCTG imports from Spain during the period April 1993 through March 1994, the most recent 12-month period for which data was available to petitioners.

Petitioners calculated FMV based on CV. Prior to resorting to CV, petitioners demonstrated that the home market for Tubos Reunidos was not viable. Specifically, petitioners compared estimated Spanish consumption in 1993 and Spanish export statistics for January through August 1993, and found that home market shipments as a percentage of exports to third country markets was substantially less than five percent. Petitioners also stated that information on Tubos Reunidos' sales of OCTG products to third country markets was not reasonably available despite their efforts to obtain such information.

Therefore, in the absence of a viable home market and comparable third country sales, petitioners based FMV on CV. Because petitioners could not obtain actual production costs for Tubos Reunidos, they used U.S. production costs, adjusted to reflect production costs in Spain.

Petitioners calculated CV in accordance with a methodology acceptable to the Department. Because petitioners do not have access to the foreign producer's proprietary data, petitioners utilized their own cost information and adjusted for all known differences between the U.S. and Spanish markets with publicly available information. When practicable, petitioners used public information specific to Tubos Reunidos. Petitioners added an amount for the statutory minimum eight percent profit and their own packing costs to the estimated COP to derive the CV.

The range of dumping margins for OCTG from Spain based on a comparison of USP to CV alleged by petitioners is 5.3 percent to 18.6 percent.

Initiation of Investigations

We have examined the petitions on OCTG from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain and have found that the petitions meet the requirements of section 732(b) of the Act and 19 CFR 353.12. Therefore, we are initiating antidumping duty investigations to determine whether imports of OCTG from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain are being, or are likely to be, sold in the United States at less than fair value.

Preliminary Determinations by the International Trade Commission

The International Trade Commission (ITC) will determine by August 15, 1994, whether there is a reasonable indication that imports of OCTG from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain are materially injuring, or threaten material injury to, a U.S. industry. Negative ITC determinations will result in the investigations being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: July 20, 1994.

Barbara R. Stafford,

Acting Assistant Secretary for Import Administration.

[FR Doc. 94-18170 Filed 7-25-94; 8:45 am]

BILLING CODE 3510-DS-P

[C-433-806, C-475-817]

Notice of Initiation of Countervailing Duty Investigations: Oil Country Tubular Goods ("OCTG") From Austria and Italy

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

EFFECTIVE DATE: July 26, 1994.

FOR FURTHER INFORMATION CONTACT: Gary Bettger (Austria) and Kristin Heim (Italy), Office of Countervailing Investigations, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, N.W., Washington, DC 20230; telephone (202) 482-2239 and (202) 482-3798, respectively.

INITIATION:

The Austria Petition

On June 30, 1994, Koppel Steel Corporation; U.S. Steel Group, a unit of

USX Corporation; and USS/Kobe Steel (hereinafter, "petitioners") filed with the Department of Commerce ("the Department") a countervailing duty petition on behalf of the United States industry producing OCTG. Co-petitioners in this investigation are North Star Steel Company; IPSCO Steel, Inc.; and Maverick Tube Corporation. In accordance with section 702(b) of the Tariff Act of 1930, as amended ("the Act"), petitioners allege that manufacturers, producers, or exporters of the subject merchandise in Austria receive countervailable subsidies.

The Italy Petition

On June 30, 1994, Ipsco Steel, Inc. and Maverick Tube Corporation (herein after, "petitioners") filed with the Department of Commerce ("the Department") a countervailing duty petition on behalf of the United States industry producing OCTG. Co-petitioners in this investigation are North Star Steel Company; Koppel Steel Corporation; U.S. Steel Group, a unit of USX Corporation; and USS/Kobe Steel Company. In accordance with section 702(b) of the Act, petitioners allege that manufacturers, producers, or exporters of the subject merchandise in Italy receive countervailable subsidies.

Injury Test

Because Austria and Italy are "countries under the Agreement" within the meaning of section 701(b) of the Act, Title VII of the Act applies to these investigations. Accordingly, the U.S. International Trade Commission ("ITC") must determine whether imports of the subject merchandise from Austria and Italy materially injure, or threaten material injury to, a U.S. industry.

Standing

Petitioners have stated that they have standing to file the petition because they are interested parties as defined in sections 771(9) (C) and 771(9)(D) of the Act and that they have filed the petition on behalf of the U.S. industry producing the like product. If any interested party, as described in sections 771(9)(C), (D), (E) or (F), wishes to register support for, or opposition to, this petition, such party should file written notification with the Assistant Secretary for Import Administration, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230.

Scope of the Investigation

The products covered by these investigations are OCTG, which are hollow steel products of circular cross-section. These products include oil well casing, tubing, and drill pipe, of iron (other than cast iron) or steel (both carbon and alloy), whether or not conforming to American Petroleum Institute ("API") or non-API specifications, whether finished or unfinished (including green tubes). These investigations do not cover casing, tubing, or drill pipe containing 10.5 percent or more of chromium. The OCTG subject to these investigations are currently classified in the Harmonized Tariff Schedule ("HTS") under item numbers:

7304.20.10.00, 7304.20.10.10, 7304.20.10.20, 7304.20.30.80, 7304.20.10.30, 7304.20.10.40, 7304.20.10.50, 7304.20.10.60, 7304.20.10.80, 7304.20.20.00, 7304.20.20.10, 7304.20.20.20, 7304.20.20.30, 7304.20.20.40, 7304.20.20.50, 7304.20.20.60, 7304.20.20.80, 7304.20.30.00, 7304.20.30.50, 7304.20.30.60, 7304.20.30.80, 7304.20.40.00, 7304.20.40.10, 7304.20.40.20, 7304.20.40.30, 7304.20.40.40, 7304.20.40.50, 7304.20.40.60, 7304.20.40.80, 7304.20.50.10, 7304.20.50.15, 7304.20.50.30, 7304.20.50.45, 7304.20.50.50, 7304.20.50.60, 7304.20.50.75, 7304.20.60.50, 7304.20.60.60, 7304.20.60.75, 7304.20.70.00, 7304.20.80.00, 7304.20.80.30, 7304.20.80.45, 7304.20.80.60, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.20.10.30, 7306.20.10.90, 7306.20.20.00, 7306.20.30.00, 7306.20.40.00, 7306.20.60.10, 7304.20.30.10, 7304.20.30.20, 7304.20.30.30, 7304.20.30.40, 7304.20.60.10, 7304.20.60.15, 7304.20.60.30, 7304.20.60.45, 7306.20.60.50, 7306.20.80.10, 7306.20.80.50

Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Allegation of Subsidies

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition, on behalf of an industry, that (1) alleges the elements necessary for an imposition of a duty under section 701(a), and (2) is accompanied by information reasonably available to petitioners supporting the allegations.

Initiation of Countervailing Duty Investigations

The Department has examined the petitions on OCTG from Austria and Italy and found that they comply with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702 of the Act, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters of OCTG from Austria and Italy receive subsidies.

A. Austria

We are including in our investigation the following programs which we believe, based on the petition and the record in the *Countervailing Duty Investigation of Certain Steel Products from Austria (Certain Steel)*, to have provided subsidies to producers of the subject merchandise in Austria:

1 *Equity (Capital) Infusions to Voest-Alpine AG (VAAG): 1983, 1984, and 1986*
2 *Pre-Restructuring Grants to VAAG*
3 *Assumption of Losses at Restructuring by VAAG*
4 *Equity Infusions to certain VAAG subsidiaries under Law 298/1987*
5 *Post-Restructuring Equity Infusions to VAAG*
6 *Post-Restructuring Grants to VAAG*
7 *Post-Restructuring Grants to Voest-Alpine Stahl AG (VAS)*

Allegation of Upstream Subsidies

Petitioners have alleged that Kindberg, the producer of OCTG, receives upstream subsidies through its purchase of steel blooms from a related company, Voest-Alpine Donawitz GmbH (Donawitz). In order to initiate on an upstream subsidy allegation, the Department's regulations require that petitioners submit "factual information reasonably available" regarding the following: 1) domestic subsidies that the government provides to the upstream supplier; 2) the competitive benefit the subsidies bestow upon the subject merchandise; and, 3) the significant effect the subsidies have on the cost of producing the subject merchandise (19 CFR 355.12(b)(8)). Petitioners have met the three criteria set forth above as described below.

1. Domestic Subsidies

In order to satisfy the first criterion, petitioners have alleged that Donawitz benefitted from the programs outlined above. We have analyzed these programs in accordance with section 702(b) of the Act and found that all programs meet the requirements stated therein.

2. Competitive Benefit

For the purposes of initiation, in determining whether petitioners have provided sufficient evidence of competitive benefit, the Department will determine whether a petitioner has provided a reasonable basis to believe or suspect that:

"(i) The supplier of the input product controls the producer of the merchandise, the producer controls the supplier, or the supplier and the producer are both controlled by a third person;

(ii) The price for the input product is lower than the price that the producer otherwise would pay for the input product in obtaining it from an unsubsidized seller in an arm's length transaction; or

(iii) The government sets the price of the input product so as to guarantee that the benefit provided with respect to the input product is passed through to producers of the merchandise" (*See*, Section 355.45(b) of the Department's proposed regulations (54 FR 23366, 23383 (May 31, 1989) (*Proposed Regulations*)).

It is clear from the petition and the record in *Certain Steel* that the condition expressed in (i) has been met. Since 1987, Kindberg and Donawitz have been separately incorporated and, during this time, they have been either both controlled by the same third party or Donawitz controlled Kindberg.

3. Significant Effect

The Department considers that subsidies to the upstream supplier may have a significant effect if the *ad valorem* subsidy rate on the input product multiplied by the proportion of the total production costs of the merchandise accounted for by the input product is equal to, or greater than, one percent (see, *Proposed Regulations* Section 355.45(b)).

Petitioners have provided calculations with respect to subsidies received by Donawitz for the programs listed above. The alleged benefits are 10.64 percent. Petitioners additionally provided information regarding the percentage that steel blooms account for in the cost of producing OCTG. The alleged benefit to Donawitz multiplied by the percentage of the cost of production accounted for by the input exceeds one percent. Therefore, petitioners have provided information sufficient to support a claim of significant effect.

Therefore, we are initiating an upstream subsidy investigation with respect to any subsidies received by Donawitz.

We invite interested parties to provide comments with respect to the methodological approach that the Department plans to follow in its investigation of subsidies provided on the production of OCTG in Austria.

B. Italy

We are including in our investigation the following programs alleged in the petition to have provided subsidies to producers of the subject merchandise in Italy:

1. *1988/89 Equity Infusion*
2. *Subsidized Loans under Law 675/77*
3. *Grants under Law 193/84*
4. *Retraining Grants*
5. *Preferential Export Financing under Law 227/77*
6. *Exchange Rate Guarantee Program under Law 796/76*
7. *European Coal and Steel Community ("ECSC") Loans and Interest Rebates*

We are not including the following programs alleged to be benefitting producers of the subject merchandise in Italy:

1. "Indirect" Equity Infusion Into Dalmine

Petitioners have named Dalmine S.p.A. ("Dalmine") and Acciaierie Tubificio Arvedi S.p.A. ("Arvedi") as the producers in Italy of the subject merchandise. The alleged receipt of an "indirect" infusion concerns only Dalmine; petitioners do not allege that Arvedi received any such infusion.

Petitioners claim that Dalmine owned 51 percent of a subsidiary, Tubificio Dalmine Italsider S.p.A. ("Tubificio"), until 1989. The remaining 49 percent was owned by Dalmine's parent company ILVA S.p.A. ("ILVA"), which is a government-owned steel producer. In 1989, Dalmine sold its shares in Tubificio to ILVA. Petitioners allege that in return, Dalmine received a cash payment from ILVA which should be treated as an "indirect" equity infusion. The reasons cited by petitioners are that (1) Tubificio was essentially a worthless company because it made losses in the three years immediately prior to the sale, and (2) the cash paid by ILVA served as an indirect pass-through of illegal subsidies received by ILVA.

In previous cases involving the Italian steel industry, we have treated capital infusions into unequityworthy companies by government-owned holding companies such as Finsider S.p.A. ("Finsider") and the Istituto per la Ricostruzione Industriale ("IRI") as countervailable equity infusions. However, in those cases, the recipient companies were offering their own shares in exchange for cash. (*See, e.g., Final Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel from Italy*, ("*Electrical Steel*"), 59 FR 18357 (April 18, 1994).)

In the instant case, however, Dalmine sold shares in its subsidiary, Tubificio, to ILVA, Dalmine's parent and the other owner of Tubificio. ILVA's holding in Dalmine did not increase (absolutely or relatively) as a result of this transaction. Therefore, we do not view this as a direct or indirect equity infusion into Dalmine. Moreover, ILVA is not a holding company like IRI or Finsider, but an operating company. While the Department found in *Electrical Steel* and *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Italy*, ("*Certain Steel from Italy*"), 58 FR 37327 (July 9, 1993), that ILVA benefitted from subsidies, those subsidies were allocated to ILVA S.p.A.'s operations and not to those of its subsidiaries. Beyond their simple claim that the cash paid by ILVA served as an indirect pass-through of illegal subsidies received by ILVA, petitioners have provided no basis for believing that ILVA was channelling government funds to Dalmine.

On this basis, we are not including the "indirect" equity infusion in the investigation.

2. Secured and Unsecured Loans From Italian Banks to Dalmine

Petitioners maintain that Dalmine was uncreditworthy from 1978 through 1992. According to petitioners, all secured and unsecured loans obtained by Dalmine from Italian banks during these years are, therefore, countervailable. Petitioners state that, while they cannot outline the terms of the financing provided, the loans are countervailable because they were provided at interest rates lower than the rates that should have been charged to an uncreditworthy company.

Petitioners have not specified under which laws or programs the secured and unsecured loans are being provided, nor have petitioners provided information as to how this funding is specific to the steel industry (*see* the petition requirements in section 355.12(b)(7) of the Department's regulations).

Regarding Arvedi, petitioners have not alleged that the company received countervailable benefits from secured and unsecured loans, nor have petitioners alleged that Arvedi was uncreditworthy.

For these reasons, we are not including the secured and unsecured loans in our investigation.

3. Debt Forgiveness to Dalmine in Connection With the 1981 and 1988 Restructuring Plans

Petitioners claim that in *Certain Steel from Italy*, the Department found that Finsider (the government-owned holding company for the steel industry until 1989) benefitted from government assumption of debt in connection with the 1981 and 1988 restructurings of the state-owned steel industry. Because Dalmine was a subsidiary of Finsider in those years, petitioners allege that Dalmine benefitted from the debt forgiveness granted to Finsider in connection with these restructurings. Petitioners have not alleged that Arvedi benefitted from either instance of debt forgiveness provided to Finsider.

Regarding the 1981 debt forgiveness, the Department established in *Certain Steel from Italy* that Finsider assumed the debts of its subsidiary Italsider which we treated as a countervailable subsidy to Italsider. In the present case, however, petitioners have not provided any evidence that Dalmine or Arvedi benefitted from this debt forgiveness, or that Finsider forgave Dalmine's or Arvedi's debts.

With respect to the 1988 debt forgiveness, we found in *Certain Steel from Italy* that a portion of Finsider's liabilities was forgiven in connection with another restructuring of the state-owned steel industry undertaken from 1988–1990. We treated this forgiveness as a countervailable subsidy to ILVA, which was the respondent company in that investigation. However, in *Electrical Steel*, we focused our investigation on subsidies provided directly to the producer of the subject merchandise, rather than subsidies received by its parent company. Therefore, we did not treat the debt forgiveness provided to Finsider as a countervailable benefit in *Electrical Steel*.

In this case, petitioners have not shown that any debt forgiveness was provided directly to Dalmine or Arvedi, or that a portion of the debt forgiven to Finsider in 1988 can be attributed to Dalmine or Arvedi. On this basis, we are not including the 1981 or 1988 instances of debt forgiveness provided to Finsider in our investigation.

4. European Investment Bank ("EIB") Loans to Dalmine

Petitioners maintain that Dalmine received loans from the EIB in the early 1980s. Petitioners do not claim that Arvedi received EIB loans. While petitioners do not allege that the EIB loan program itself represents a countervailable subsidy, they contend that Dalmine received EIB loans at interest rates below the rates that should have been applied to an uncreditworthy company.

The Department has previously found EIB loans to be not countervailable (*see, e.g., Certain Steel Products from Belgium*, 58 FR 37273 at 37285 (July 9, 1993)). Because petitioners have not provided any new information that would cause us to change our earlier determination, we are not including the EIB loans in our investigation.

5. European Regional Development Fund ("ERDF") Subsidies

Petitioners claim that some loans obtained by Dalmine from the EIB and ECSC may have been subsidized by the ERDF, but have not presented any evidence in support of this allegation. Petitioners do not allege that Arvedi received ERDF subsidies.

At verification of the responses submitted by the European Community ("EC") in *Certain Steel from Italy*, we found that ERDF grants are provided to regions whose development is lagging behind and to regions seriously affected by industrial decline. In addition, we found that rural regions with certain development problems are eligible for ERDF aid. In the instant case, however, petitioners have not demonstrated that Dalmine or Arvedi have production facilities in the regions that are eligible for ERDF assistance. Moreover, there is no evidence in the petition or in previous investigations that ERDF grants are used to subsidize ECSC or EIB loans. For these reasons, we are not including the ERDF grants in our investigation.

6. Early Retirement Benefits for Dalmine Under Law 193/84

Petitioners allege that Dalmine has used the early retirement provisions under Law 193/84 and that this program provided a countervailable subsidy to Dalmine. Petitioners request that the Department treat benefits under Law 193/84 as non-recurring grants. Petitioners have not provided any details regarding Arvedi's use of early retirement.

Dalmine's Annual Reports show that the company used early retirement pursuant to Law 193/84 in 1984 through 1987. In *Certain Steel from Italy*, the Department found early retirement, including the program provided under Law 193/84, to be countervailable. Because early retirement is a program we typically consider to be recurring (*see* the *General Issues Appendix to Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria*, 58 FR 37217 at 37226 (July 9, 1993), we countervailed the program as a recurring grant in *Certain Steel from Italy*.

At verification in *Electrical Steel*, Italian government officials explained that there were two laws providing for early retirement in 1992: Law 223/91 and Law 406/92. We found early retirement under Law 223/91 to be not countervailable in our final determination. We did not make a determination with respect to any other early retirement laws, including Law 193/84, because these laws were not used by the *Electrical Steel* respondent in the period of investigation. Petitioners have requested that, because the Department did not make a determination with respect to Law 193/84 in *Electrical Steel*, we should investigate whether Dalmine used early retirement under Law 193/84. However, information collected in *Electrical Steel* suggests that Law 193/84 has been superseded and petitioners have not presented any evidence to the contrary. There is no evidence in the petition that Dalmine used early retirement under Law 193/84 after 1987. Rather, petitioners want us to change our practice and treat early retirement as a non-recurring benefit.

The last year for which we have been able to establish that Dalmine used early retirement is 1991. The Annual Report for that year shows that Dalmine used the early retirement program under Law 223/91, which we found to be not countervailable in *Electrical Steel*. Moreover, petitioners have not presented any information that would cause us to change our earlier determination that early retirement, if found countervailable, should be treated as a recurring grant. For these reasons, we are not including early retirement in our investigation.

7. Grants to Dalmine From the Cassa per il Mezzogiorno

Petitioners allege that Dalmine has received grants from the Cassa per il Mezzogiorno ("Cazmez") which are directed to southern Italy. In *Certain Steel*, we found such grants to be countervailable because they were provided on a regional basis. Petitioners are not aware of any Dalmine plants outside of Bergamo, which is in the North, but point to Dalmine's Annual Reports which show that the company received Cazmez grants in the early and mid-1980s. Based on this finding, petitioners state that Dalmine must have a plant located in the South. Therefore, petitioners request that the Department, in addition to the Cazmez grants, investigate a large number of other subsidy programs directed to the South.

should we find that Dalmine maintains production facilities there.

Regarding Arvedi, petitioners have not alleged that the company received Cazmez grants or that it benefitted from any other subsidy programs directed to the South. On the contrary, petitioners maintain that Arvedi is located in Cremona which is in the north of Italy.

From Dalmine's Annual Reports, we have found that the company formerly had two production facilities in the South, both of which produced welded pipe. Apart from these two plants, which were spun off in 1989, we have not found any other production facilities in the South. Because both the plants in the South produced welded pipe, which is not included in the scope of this investigation, we are not including the Cazmez grants or any other programs directed to the South in our investigation.

ITC Notification

Pursuant to section 702(d) of the Act, we have notified the ITC of these initiations.

Preliminary Determination by the ITC

The ITC will determine by August 15, 1994, whether there is a reasonable indication that an industry in the United States is being materially injured, or is threatened with material injury, by reason of imports from Austria and Italy of OCTG. Any ITC determination which is negative will result in the investigations being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to 702(c)(2) of the Act and 19 CFR 355.13(b).

Dated: July 20, 1994.

Barbara R. Stafford,

Acting Assistant Secretary for Import Administration.

[FR Doc. 94-18171 Filed 7-25-94; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

LIST OF PARTICIPANTS IN THE CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Invs. Nos. 701-TA-363 and 364 (Preliminary)
Invs. Nos. 731-TA-711 through 717 (Preliminary)

OIL COUNTRY TUBULAR GOODS FROM ARGENTINA, AUSTRIA
ITALY, JAPAN, KOREA, MEXICO, AND SPAIN

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on July 22, 1994, in the Main Hearing Room of the USITC Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of
Antidumping and Countervailing Duties:

Schagrin Associates--Counsel
Washington, DC
on behalf of--

Bellville Tube Corp.
Ipsco Steel, Inc.
Maverick Tube Corp.

Robert Pond, President, Bellville Tubular Sales Corp.,
Bellville Tube Corp.

Gregg Eisenberg, President, Maverick Tube Corp.

Roger B. Schagrin)
R. Alan Luberda) -OF COUNSEL

Skadden, Arps, Slate, Meagher & Flom
Washington, DC
on behalf of--

Koppel Steel Corp.
U.S. Steel Group, a unit of USX Corp.
USS/Kobe Steel Co.

Bart Niemeyer, Vice President of Sales and Marketing,
Koppel Steel Corp.

Don Dabkowski, Manager of Metallurgy and Quality Assurance,
Tubular Products Division, U.S. Steel Group, a unit of USX Corp.

Joe Scherrbaum, Product Manager for Oil Country Tubular Goods,
U.S. Steel Group, a unit of USX Corp.

Gary Gajdzik, General Manager of Tubular Operations,
USS/Kobe Steel Co.

John J. Mangan)
Steve Narkin) -OF COUNSEL

In Support of the Imposition of
Antidumping and Countervailing Duties:--Continued

Wiley, Rein & Fielding
Washington, DC
on behalf of--

North Star Steel Ohio, a division of North Star Steel Co.

William Swift, General Sales Manager, North Star Steel Ohio

Michael Ring, International Marketing Manager, North Star Steel Ohio

Charles Owen Verrill, Jr.)
John R. Shane)--OF COUNSEL
John M. Ryan)

In Opposition to the Imposition of
Antidumping and Countervailing Duties:

Joint Presentation
on behalf of all respondents:

John D. Greenwald, Esq., Wilmer, Cutler & Pickering

Bruce Malashevich, President, Economic Consulting Services, Inc.

Erich F. Klementich, P.E., Director of Oil Technology Services, Inc.

Tom Behanick, Vice President for Sales, Siderca Corp.

Separate Presentations:

Akin, Gump, Strauss, Hauer and Feld
Washington, DC
on behalf of--

Hyundai Pipe Co., Ltd.
Pusan Steel Pipe Co., Ltd.
Union Steel Manufacturing Co., Ltd.
Dongbu Steel Co., Ltd.
Korea Steel Pipe Co., Ltd.

Spencer S. Griffith--OF COUNSEL

George V. Egge, Jr. P.C.
Washington, DC
on behalf of--

Tubos Reunidos, S.A.

John Cary, President, Tubos Reunidos America Inc.

George V. Egge--OF COUNSEL

In Opposition to the Imposition of
Antidumping and Countervailing Duties:--Continued

Barnes, Richardson & Colburn
Washington, DC
on behalf of--

Voest-Alpine Stahlrohr Kindberg, GmbH
Voest-Alpine Steel Corp.

Fritz Oberreiter, Controller and Financial Director,
Voest-Alpine Stahlrohr Kindberg, GmbH

Gunter von Conrad--OF COUNSEL

APPENDIX C

SUMMARY DATA FOR OCTG

Table C-1
OCTG: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. consumption quantity:									
Amount	1,341,235	1,121,686	1,718,309	393,330	362,778	+28.1	-16.4	+53.2	-7.8
Producers' share[1]	74.1	85.9	80.2	85.4	77.1	+6.1	+11.8	-5.7	-8.3
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	8.8	5.5	7.1	7.0	10.1	-1.8	-3.3	+1.6	+3.1
Korea	1.0	2.3	2.0	1.7	1.8	+0.9	+1.3	-0.3	+0.1
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	16.7	12.9	16.0	13.4	19.2	-0.7	-3.8	+3.1	+5.7
Other sources	9.1	1.2	3.8	1.1	3.7	-5.3	-8.0	+2.6	+2.6
Total	25.9	14.1	19.8	14.6	22.9	-6.1	-11.8	+5.7	+8.3
U.S. consumption value:									
Amount	991,169	701,336	1,085,916	247,162	229,689	+9.6	-29.2	+54.8	-7.1
Producers' share[1]	69.8	79.6	75.3	80.0	73.3	+5.5	+9.8	-4.3	-6.7
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	12.6	10.1	11.1	12.4	14.4	-1.5	-2.5	+1.0	+2.1
Korea	.8	2.1	1.6	1.4	1.4	+0.8	+1.3	-0.5	[2]
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	21.0	18.4	20.4	19.1	23.7	-0.6	-2.6	+2.0	+4.6
Other sources	9.2	2.0	4.4	.9	3.0	-4.8	-7.2	+2.3	+2.1
Total	30.2	20.4	24.7	20.0	26.7	-5.5	-9.8	+4.3	+6.7
U.S. shipments of imports from--									
Argentina:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Austria:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
Quantity	118,524	61,815	121,514	27,417	36,680	+2.5	-47.8	+96.6	+33.8
Value	124,664	70,750	120,057	30,530	33,144	-3.7	-43.2	+69.7	+8.6
Unit value	$1,052	$1,145	$988	$1,114	$904	-6.1	+8.8	-13.7	-18.9
Ending inventory qty	75,463	58,224	58,707	50,410	48,394	-22.2	-22.8	+0.8	-4.0
Korea:									
Quantity	14,012	25,894	34,082	6,606	6,416	+143.2	+84.8	+31.6	-2.9
Value	8,071	14,569	17,378	3,482	3,200	+115.3	+80.5	+19.3	-8.1
Unit value	$576	$563	$510	$527	$499	-11.5	-2.3	-9.4	-5.4
Ending inventory qty	25,777	5,848	8,198	4,900	6,575	-68.2	-77.3	+40.2	+34.2
Mexico:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Spain:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***

See footnotes on following page.

Table C-1–Continued
OCTG: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.–		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. shipments of imports from–									
Subject sources: Quantity	224,423	144,505	274,755	52,839	69,494	+22.4	-35.6	+90.1	+31.5
Value	207,939	128,727	221,204	47,252	54,540	+6.4	-38.1	+71.8	+15.4
Unit value	$927	$891	$805	$894	$785	-13.1	-3.9	-9.6	-12.2
Ending inventory qty	160,724	96,418	98,504	82,413	86,521	-38.7	-40.0	+2.2	+5.0
Other sources:									
Quantity	122,669	13,281	65,394	4,522	13,423	-46.7	-89.2	+392.4	+196.8
Value	91,184	14,267	47,250	2,110	6,806	-48.2	-84.4	+231.2	+222.6
Unit value	$743	$1,074	$723	$467	$507	-2.8	+44.5	-32.7	+8.7
Ending inventory qty	1,354	0	68	0	2,839	-95.0	-100.0	[3]	[3]
All sources:									
Quantity	347,092	157,786	340,149	57,361	82,917	-2.0	-54.5	+115.6	+44.6
Value	299,123	142,994	268,454	49,362	61,346	-10.3	-52.2	+87.7	+24.3
Unit value	$862	$906	$789	$861	$740	-8.4	+5.2	-12.9	-14.0
U.S. producers'–									
Average capacity qty	2,964,003	3,041,750	3,085,291	746,830	795,911	+4.1	+2.6	+1.4	+6.6
Production quantity	1,254,970	1,139,896	1,493,846	386,631	324,173	+19.0	-9.2	+31.1	-16.2
Capacity utilization[1]	42.3	37.5	48.4	51.8	40.7	+6.1	-4.9	+10.9	-11.0
U.S. shipments:									
Quantity	994,143	963,900	1,378,160	335,969	279,861	+38.6	-3.0	+43.0	-16.7
Value	692,046	558,342	817,462	197,800	168,343	+18.1	-19.3	+46.4	-14.9
Unit value	$696	$579	$593	$589	$602	-14.8	-16.8	+2.4	+2.2
Export shipments:									
Quantity	292,213	206,842	100,550	24,430	18,761	-65.6	-29.2	-51.4	-23.2
Exports/shipments[1]	22.7	17.7	6.8	6.8	6.3	-15.9	-5.0	-10.9	-0.5
Value	212,047	130,422	62,243	15,293	11,886	-70.6	-38.5	-52.3	-22.3
Unit value	$726	$631	$619	$626	$634	-14.7	-13.1	-1.8	+1.2
Ending inventory qty	208,919	178,074	193,151	204,196	219,066	-7.5	-14.8	+8.5	+7.3
Inventory/shipments[1]	16.2	15.2	13.1	14.2	18.3	-3.2	-1.0	-2.1	+4.2
Production workers	2,918	2,187	2,935	2,785	2,523	+0.6	-25.1	+34.2	-9.4
Hours worked (1,000s)	6,358	4,968	6,455	1,532	1,335	+1.5	-21.9	+29.9	-12.9
Total comp. ($1,000)	130,478	102,253	138,057	32,955	28,447	+5.8	-21.6	+35.0	-13.7
Hourly total comp.	$20.52	$20.58	$21.39	$21.51	$21.31	+4.2	+0.3	+3.9	-0.9
Productivity (short tons per 1,000 hours)	197.4	229.4	231.4	252.4	242.8	+17.2	+16.2	+0.9	-3.8
Unit labor costs	$103.97	$89.70	$92.42	$85.24	$87.75	-11.1	-13.7	+3.0	+3.0
Net sales–									
Quantity	1,264,410	1,130,937	1,491,631	360,648	299,417	+18.0	-10.6	+31.9	-17.0
Value	887,593	662,837	879,422	211,185	179,023	-0.9	-25.3	+32.7	-15.2
Cost of goods sold (COGS)	868,304	686,980	884,509	210,027	186,731	+1.9	-20.9	+28.8	-11.1
Gross profit (loss)	19,289	(24,143)	(5,087)	1,158	(7,708)	-126.4	-225.2	+78.9	-765.6
SG&A expenses	45,486	35,300	36,884	9,960	8,089	-18.9	-22.4	+4.5	-18.8
Operating income (loss)	(26,197)	(59,443)	(41,971)	(8,802)	(15,797)	-60.2	-126.9	+29.4	-79.5
Capital expenditures	35,005	32,886	19,750	4,962	4,698	-43.6	-6.1	-39.9	-5.3
Unit COGS	$687	$607	$593	$582	$624	-13.7	-11.5	-2.4	+7.1
COGS/sales[1]	97.8	103.6	100.6	99.5	104.3	+2.8	+5.8	-3.1	+4.9
Op.income (loss)/sales[1]	(3.0)	(9.0)	(4.8)	(4.2)	(8.8)	-1.8	-6.0	+4.2	-4.7

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] A decrease of less than 0.05 percentage points.
[3] Not applicable.

Note.–Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, 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 and from official statistics of the U.S. Department of Commerce. Official import statistics for U.S. imports have been presented for other sources in the absence of questionnaire data.

APPENDIX D

SUMMARY DATA FOR CASING, TUBING, DRILL PIPE, SEAMLESS, AND WELDED OCTG

Table D-1
Casing: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.—		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. consumption quantity:									
Amount	862,589	743,697	1,037,603	249,480	221,202	+20.3	-13.8	+39.5	-11.3
Producers' share[1]	73.3	86.6	79.4	84.4	75.5	+6.1	+13.3	-7.1	-8.9
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	17.3	12.3	15.8	14.0	19.7	-1.4	-5.0	+3.5	+5.6
Other sources	9.4	1.1	4.7	1.6	4.8	-4.7	-8.3	+3.6	+3.2
Total	26.7	13.4	20.6	15.6	24.5	-6.1	-13.3	+7.1	+8.9
U.S. consumption value:									
Amount	607,081	445,928	611,937	148,921	130,932	+0.8	-26.5	+37.2	-12.1
Producers' share[1]	69.3	80.1	74.0	77.0	71.8	+4.7	+10.8	-6.1	-5.2
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	21.3	18.4	21.5	22.0	25.2	+0.1	-2.9	+3.1	+3.2
Other sources	9.3	1.5	4.5	1.1	3.0	-4.8	-7.8	+3.0	+2.0
Total	30.7	19.9	26.0	23.0	28.2	-4.7	-10.8	+6.1	+5.2
U.S. shipments of imports from—									
Argentina:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Austria:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Spain:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***

See footnotes on following page.

Table D-1--Continued
Casing: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. shipments of imports from--									
Subject sources:									
Quantity	149,133	91,704	164,455	34,964	43,485	+10.3	-38.5	+79.3	+24.4
Value	129,555	82,088	131,498	32,710	32,989	+1.5	-36.6	+60.2	+0.9
Unit value	$869	$895	$800	$936	$759	-8.0	+3.0	-10.7	-18.9
Ending inventory qty	111,127	73,876	68,502	65,111	55,575	-38.4	-33.5	-7.3	-14.6
Other sources:									
Quantity	80,901	8,019	48,815	3,939	10,628	-39.7	-90.1	+508.7	+169.8
Value	56,576	6,567	27,439	1,607	3,976	-51.5	-88.4	+317.8	+147.4
Unit value	$699	$819	$562	$408	$374	-19.6	+17.1	-31.4	-8.3
Ending inventory qty	1,354	0	68	0	2,839	-95.0	-100.0	[2]	[2]
All sources:									
Quantity	230,034	99,723	213,270	38,903	54,113	-7.3	-56.6	+113.9	+39.1
Value	186,131	88,655	158,937	34,317	36,965	-14.6	-52.4	+79.3	+7.7
Unit value	$809	$889	$745	$882	$683	-7.9	+9.9	-16.2	-22.6
U.S. producers'--									
Average capacity quantity	1,673,060	1,729,395	1,784,715	427,941	457,133	+6.7	+3.4	+3.2	+6.8
Production quantity	725,532	731,710	869,799	236,859	201,630	+19.9	+0.9	+18.9	-14.9
Capacity utilization[1]	36.1	38.7	45.0	50.5	39.1	+8.8	+2.5	+6.3	-11.4
U.S. shipments:									
Quantity	632,555	643,974	824,333	210,577	167,089	+30.3	+1.8	+28.0	-20.7
Value	420,950	357,273	453,000	114,604	93,967	+7.6	-15.1	+26.8	-18.0
Unit value	$665	$555	$550	$544	$562	-17.4	-16.6	-0.9	+3.3
Export shipments:									
Quantity	104,806	112,585	49,918	10,650	9,874	-52.4	+7.4	-55.7	-7.3
Exports/shipments[1]	14.2	14.9	5.7	4.8	5.6	-8.5	+0.7	-9.2	+0.8
Value	72,216	66,557	29,450	6,186	5,752	-59.2	-7.8	-55.8	-7.0
Unit value	$689	$591	$590	$581	$583	-14.4	-14.2	-0.2	+0.3
Ending inventory quantity	166,873	142,024	137,472	157,657	162,139	-17.6	-14.9	-3.2	+2.8
Inventory/shipments[1]	22.6	18.8	15.7	17.8	22.9	-6.9	-3.9	-3.0	+5.1
Production workers	1,640	1,320	1,597	1,558	1,424	-2.6	-19.5	+21.0	-8.6
Hours worked (1,000s)	3,617	3,074	3,595	864	766	-0.6	-15.0	+16.9	-11.3
Total comp. ($1,000)	71,612	61,615	72,916	18,110	15,181	+1.8	-14.0	+18.3	-16.2
Hourly total compensation	$19.80	$20.04	$20.28	$20.96	$19.82	+2.4	+1.2	+1.2	-5.4
Productivity (short tons 1,000 hours)	200.6	238.0	241.9	274.1	263.2	+20.6	+18.7	+1.6	-4.0
Unit labor costs	$98.70	$84.21	$83.83	$76.46	$75.29	-15.1	-14.7	-0.4	-1.5
Net sales--									
Quantity	761,530	737,023	886,098	221,750	177,343	+16.4	-3.2	+20.2	-20.0
Value	508,199	408,608	485,284	120,413	99,106	-4.5	-19.6	+18.8	-17.7
Cost of goods sold (COGS)	483,438	408,917	470,622	114,609	100,384	-2.7	-15.4	+15.1	-12.4
Gross profit (loss)	24,761	(309)	14,662	5,804	(1,278)	-40.8	-101.2	[3]	-122.0
SG&A expenses	31,479	23,767	23,258	6,361	5,174	-26.1	-24.5	-2.1	-18.7
Operating income (loss)	(6,718)	(24,076)	(8,596)	(557)	(6,452)	-28.0	-258.4	+64.3	[4]
Unit COGS	$635	$555	$531	$517	$566	-16.3	-12.6	-4.3	+9.5
COGS/sales[1]	95.1	100.1	97.0	95.2	101.3	+1.9	+4.9	-3.1	+6.1
Op.income (loss)/sales[1]	(1.3)	(5.9)	(1.8)	(0.5)	(6.5)	-0.4	-4.6	+4.1	-6.0

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] Not applicable.
[3] An increase of 1,000 percent or more.
[4] A decrease of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, 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. Official import statistics for U.S. imports have been presented for other sources in the absence of questionnaire data.

Table D-2
Tubing: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
				Jan.-Mar.--					Jan.-Mar.
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	1993-94
U.S. consumption quantity:									
Amount	234,808	152,994	293,135	59,599	64,819	+24.8	-34.8	+91.6	+8.8
Producers' share[1]	53.4	63.4	58.9	70.9	59.2	+5.5	+10.0	-4.5	-11.6
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	29.9	33.3	35.5	28.2	36.5	+5.7	+3.5	+2.2	+8.3
Other sources	16.7	3.3	5.6	1.0	4.3	-11.2	-13.5	+2.3	+3.3
Total	46.6	36.6	41.1	29.1	40.8	-5.5	-10.0	+4.5	+11.6
U.S. consumption value:									
Amount	207,029	120,299	232,463	44,276	51,975	+12.3	-41.9	+93.2	+17.4
Producers' share[1]	50.1	57.3	55.9	68.9	56.9	+5.7	+7.2	-1.5	-12.0
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	34.2	36.6	35.7	30.0	37.7	+1.5	+2.4	-0.9	+7.6
Other sources	15.7	6.1	8.4	1.1	5.4	-7.3	-9.6	+2.3	+4.4
Total	49.9	42.7	44.1	31.1	43.1	-5.7	-7.2	+1.5	+12.0
U.S. importers' imports from--									
Argentina:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Austria:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Spain:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***

See footnotes on following page.

Table D-2--Continued
Tubing: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. shipments of imports from--									
Subject sources:									
Quantity	70,107	50,959	104,187	16,787	23,629	+48.6	-27.3	+104.5	+40.8
Value	70,831	44,042	83,060	13,294	19,581	+17.3	-37.8	+88.6	+47.3
Unit value	$1,010	$864	$797	$792	$829	-21.1	-14.5	-7.8	+4.6
Ending inventory qty	46,778	19,764	28,066	15,759	25,534	-40.0	-57.7	+42.0	+62.0
Other sources:									
Quantity	39,325	5,034	16,288	576	2,794	-58.6	-87.2	+223.6	+385.1
Value	32,460	7,306	19,570	476	2,830	-39.7	-77.5	+167.9	+494.5
Unit value	$825	$1,451	$1,202	$826	$1,013	+45.6	+75.8	-17.2	+22.6
Ending inventory qty	-	-	-	-	-	-	-	-	-
All sources:									
Quantity	109,432	55,993	120,475	17,363	26,423	+10.1	-48.8	+115.2	+52.2
Value	103,291	51,348	102,630	13,770	22,411	-0.6	-50.3	+99.9	+62.8
Unit value	$944	$917	$852	$793	$848	-9.7	-2.8	-7.1	+6.9
U.S. producers'--									
Average capacity quantity	200,340	208,005	243,963	54,609	68,103	+21.8	+3.8	+17.3	+24.7
Production quantity	161,220	128,203	199,970	56,648	39,393	+24.0	-20.5	+56.0	-30.5
Capacity utilization[1]	41.5	44.9	59.1	77.5	46.7	+17.6	+3.3	+14.2	-30.8
U.S. shipments:									
Quantity	125,376	97,001	172,660	42,236	38,396	+37.7	-22.6	+78.0	-9.1
Value	103,738	68,951	129,833	30,506	29,564	+25.2	-33.5	+88.3	-3.1
Unit value	$827	$711	$752	$722	$770	-9.1	-14.1	+5.8	+6.6
Export shipments:									
Quantity	37,489	29,804	23,904	9,533	1,462	-36.2	-20.5	-19.8	-84.7
Exports/shipments[1]	23.0	23.5	12.2	18.4	3.7	-10.9	+0.5	-11.3	-14.7
Value	33,217	21,239	15,851	6,277	1,039	-52.3	-36.1	-25.4	-83.4
Unit value	$886	$713	$663	$658	$711	-25.2	-19.6	-6.9	+7.9
Ending inventory quantity	14,821	14,265	17,735	19,144	17,037	+19.7	-3.8	+24.3	-11.0
Inventory/shipments[1]	9.1	11.2	9.0	9.2	10.7	-0.1	+2.1	-2.2	+1.4
Production workers	599	390	764	709	569	+27.5	-34.9	+95.9	-19.7
Hours worked (1,000s)	1,262	856	1,525	355	273	+20.8	-32.2	+78.2	-23.1
Total comp. ($1,000)	28,710	18,767	36,020	8,002	6,504	+25.5	-34.6	+91.9	-18.7
Hourly total compensation	$22.75	$21.92	$23.62	$22.54	$23.82	+3.8	-3.6	+7.7	+5.7
Productivity (short tons 1,000 hours)	127.7	149.8	131.1	159.6	144.3	+2.6	+17.2	-12.4	-9.6
Unit labor costs	$178.08	$146.39	$180.13	$141.26	$165.11	+1.1	-17.8	+23.1	+16.9
Net sales--									
Quantity	165,433	120,526	204,537	51,905	40,962	+23.6	-27.1	+69.7	-21.1
Value	140,716	86,700	148,926	36,783	30,603	+5.8	-38.4	+71.8	-16.8
Cost of goods sold (COGS)	139,808	92,590	148,631	35,001	30,588	+6.3	-33.8	+60.5	-12.6
Gross profit (loss)	908	(5,890)	295	1,782	15	-67.5	-748.7	+105.0	-99.2
SG&A expenses	5,887	3,935	6,388	1,754	1,114	+8.5	-33.2	+62.3	-36.5
Operating income (loss)	(4,979)	(9,825)	(6,093)	28	(1,099)	-22.4	-97.3	+38.0	[2]
Unit COGS	$845	$768	$727	$674	$747	-14.0	-9.1	-5.4	+10.7
COGS/sales[1]	99.4	106.8	99.8	95.2	100.0	+0.4	+7.4	-7.0	+4.8
Op.income (loss)/sales[1]	(3.5)	(11.3)	(4.1)	0.1	(3.6)	-0.6	-7.8	+7.2	-3.7

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] A decrease of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, 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. Official import statistics for U.S. imports have been presented for other sources in the absence of questionnaire data.

Table D-3
Drill pipe: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
				Jan.-Mar.--					Jan.-Mar.
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	1993-94
U.S. consumption quantity:									
Amount	14,884	3,189	8,202	1,443	3,081	-44.9	-78.6	+157.2	+113.5
Producers' share[1]	***	***	***	***	***	***	***	***	***
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	16.4	7.1	3.5	.5	0	-12.9	-9.3	-3.6	-0.5
Total	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	17,556	3,888	8,980	1,649	2,702	-48.8	-77.9	+131.0	+63.9
Producers' share[1]	***	***	***	***	***	***	***	***	***
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	12.2	10.1	2.7	1.6	0	-9.6	-2.1	-7.5	-1.6
Total	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from--									
Argentina:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Austria:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Spain:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***

See footnotes on following page.

Table D-3--Continued
Drill pipe: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. shipments of imports from--									
Subject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Other sources:									
Quantity	2,443	228	291	7	0	-88.1	-90.7	+27.6	-100.0
Value	2,148	394	241	27	0	-88.8	-81.7	-38.8	-100.0
Unit value	$879	$1,725	$828	$3,660	[2]	-5.9	+96.1	-52.0	[2]
Ending inventory qty	-	-	-	-	-	-	-	-	-
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
U.S. producers'--									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization[1]	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Exports/shipments[1]	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventory/shipments[1]	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Total comp. ($1,000)	***	***	***	***	***	***	***	***	***
Hourly total compensation	***	***	***	***	***	***	***	***	***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales--									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income (loss)	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
COGS/sales[1]	***	***	***	***	***	***	***	***	***
Op.income (loss)/sales[1]	***	***	***	***	***	***	***	***	***

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] Not applicable.

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 from the unrounded figures, 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. Official import statistics for U.S. imports have been presented for other sources in the absence of questionnaire data.

Table D-4
Seamless OCTG: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.–		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. consumption quantity:									
Amount	642,205	510,872	994,939	218,787	223,331	+54.9	-20.5	+94.8	+2.1
Producers' share[1]	60.4	76.2	72.1	80.3	68.6	+11.7	+15.8	-4.1	-11.7
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	17.2	10.9	10.9	10.8	14.4	-6.3	-6.3	(2)	+3.6
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	31.5	22.0	22.2	18.9	25.7	-9.2	-9.5	+0.2	+6.8
Other sources	8.1	1.8	5.7	.7	5.6	-2.5	-6.4	+3.9	+4.9
Total	39.6	23.8	27.9	19.7	31.4	-11.7	-15.8	+4.1	+11.7
U.S. consumption value:									
Amount	546,171	356,173	660,837	145,789	144,638	+21.0	-34.8	+85.5	-0.8
Producers' share[1]	55.4	66.4	65.0	72.0	63.3	+9.7	+11.0	-1.3	-8.7
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	21.5	18.1	16.2	18.3	20.2	-5.4	-3.4	-1.9	+1.9
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	35.2	30.3	28.3	27.0	32.4	-6.9	-4.9	-2.0	+5.3
Other sources	9.5	3.4	6.6	1.0	4.3	-2.8	-6.1	+3.3	+3.4
Total	44.6	33.6	35.0	28.0	36.7	-9.7	-11.0	+1.3	+8.7
U.S. importers' imports from–									
Argentina:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Austria:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
Quantity	110,300	55,578	108,000	23,530	32,103	-2.1	-49.6	+94.3	+36.4
Value	117,597	64,487	106,805	26,616	29,183	-9.2	-45.2	+65.6	+9.6
Unit value	$1,066	$1,160	$989	$1,131	$909	-7.2	+8.8	-14.8	-19.6
Ending inventory qty	71,099	54,143	55,460	45,659	44,444	-22.0	-23.8	+2.4	-2.7
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Spain:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***

See footnotes on following page.

Table D-4--Continued
Seamless OCTG: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. shipments of imports from--									
Subject sources:									
Quantity	202,019	112,316	221,084	41,443	57,459	+9.4	-44.4	+96.8	+38.6
Value	192,156	107,857	187,213	39,417	46,800	-2.6	-43.9	+73.6	+18.7
Unit value	$951	$960	$847	$951	$814	-11.0	+1.0	-11.8	-14.4
Ending inventory qty	130,525	86,489	86,908	73,652	71,636	-33.4	-33.7	+0.5	-2.7
Other sources:									
Quantity	52,227	9,032	56,448	1,638	12,602	+8.1	-82.7	+525.0	+669.4
Value	51,690	11,966	43,775	1,412	6,285	-15.3	-76.9	+265.8	+345.1
Unit value	$990	$1,325	$776	$862	$499	-21.6	+33.9	-41.5	-42.2
Ending inventory qty	-	-	-	-	2,787	-	-	-	-
All sources:									
Quantity	254,246	121,348	277,532	43,081	70,061	+9.2	-52.3	+128.7	+62.6
Value	243,846	119,823	230,988	40,829	53,085	-5.3	-50.9	+92.8	+30.0
Unit value	$959	$987	$832	$948	$758	-13.2	+3.0	-15.7	-20.1
U.S. producers'--									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	607,226	540,231	795,411	196,585	177,271	+31.0	-11.0	+47.2	-9.8
Capacity utilization[1]	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	387,959	389,524	717,407	175,706	153,270	+84.9	+0.4	+84.2	-12.8
Value	302,325	236,350	429,849	104,960	91,553	+42.2	-21.8	+81.9	-12.8
Unit value	$779	$607	$599	$597	$597	-23.1	-22.1	-1.3	[3]
Export shipments:									
Quantity	236,237	147,260	47,949	9,689	10,876	-79.7	-37.7	-67.4	+12.3
Exports/shipments[1]	37.8	27.4	6.3	5.2	6.6	-31.6	-10.4	-21.2	+1.4
Value	174,843	95,148	29,909	6,485	6,749	-82.9	-45.6	-68.6	+4.1
Unit value	$740	$646	$624	$669	$621	-15.7	-12.7	-3.5	-7.3
Ending inventory quantity	68,293	71,741	101,796	82,931	115,285	+49.1	+5.0	+41.9	+39.0
Inventory/shipments[1]	10.9	13.4	13.3	11.2	17.6	+2.4	+2.4	-0.1	+6.4
Production workers	1,439	1,071	1,501	1,294	1,223	+4.3	-25.6	+40.1	-5.5
Hours worked (1,000s)	3,235	2,477	3,490	776	720	+7.9	-23.4	+40.9	-7.2
Total comp. ($1,000)	67,466	51,817	79,761	16,945	16,413	+18.2	-23.2	+53.9	-3.1
Hourly total compensation	$20.86	$20.92	$22.85	$21.84	$22.80	+9.6	+0.3	+9.2	+4.4
Productivity (short tons 1,000 hours)	187.7	218.1	227.9	253.3	246.2	+21.4	+16.2	+4.5	-2.8
Unit labor costs	$111.11	$95.92	$100.28	$86.20	$92.59	-9.7	-13.7	+4.5	+7.4
Net sales--									
Quantity	611,020	532,875	758,456	185,045	163,446	+24.1	-12.8	+42.3	-11.7
Value	464,579	326,549	450,705	110,362	97,048	-3.0	-29.7	+38.0	-12.1
Cost of goods sold (COGS)	466,868	357,431	471,166	115,326	103,644	+0.9	-23.4	+31.8	-10.1
Gross profit (loss)	(2,289)	(30,882)	(20,461)	(4,964)	(6,596)	-793.9	[4]	+33.7	-32.9
SG&A expenses	18,305	15,276	17,102	4,267	3,913	-6.6	-16.5	+12.0	-8.3
Operating income (loss)	(20,594)	(46,158)	(37,563)	(9,231)	(10,509)	-82.4	-124.1	+18.6	-13.8
Unit COGS	$764	$671	$621	$623	$634	-18.7	-12.2	-7.4	+1.7
COGS/sales[1]	100.5	109.5	104.5	104.5	106.8	+4.0	+9.0	-4.9	+2.3
Op.income (loss)/sales[1]	(4.4)	(14.1)	(8.3)	(8.4)	(10.8)	-3.9	-9.7	+5.8	-2.5

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] A decrease of less than 0.05 percentage points.
[3] A decrease of less than 0.05 percent.
[4] A decrease of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, 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. Official import statistics for U.S. imports have been presented for other sources in the absence of questionnaire data.

Table D-5
Welded OCTG: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.–		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. consumption quantity:									
Amount	633,077	584,672	717,205	171,479	138,813	+13.3	-7.6	+22.7	-19.0
Producers' share[1]	85.3	93.8	91.3	91.7	90.7	+5.9	+8.5	-2.5	-0.9
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	1.3	1.1	1.9	2.3	3.3	+0.6	-0.3	+0.8	+1.0
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	3.5	5.5	7.5	6.6	8.7	+3.9	+1.9	+2.0	+2.0
Other sources	11.1	.7	1.2	1.7	.6	-9.9	-10.4	+0.5	-1.1
Total	14.7	6.2	8.7	8.3	9.3	-5.9	-8.5	+2.5	+0.9
U.S. consumption value:									
Amount	409,367	334,761	422,468	99,723	84,957	+3.2	-18.2	+26.2	-14.8
Producers' share[1]	86.6	93.2	91.1	91.5	90.3	+4.5	+6.6	-2.1	-1.2
Importers' share:[1]									
Argentina	***	***	***	***	***	***	***	***	***
Austria	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	1.8	1.8	3.1	3.9	4.7	+1.4	(2)	+1.4	+0.7
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***
Subtotal	3.8	6.1	8.0	7.8	9.1	+4.3	+2.3	+1.9	+1.3
Other sources	9.6	.7	.8	.7	.6	-8.8	-9.0	+0.1	-0.1
Total	13.4	6.8	8.9	8.5	9.7	-4.5	-6.6	+2.1	+1.2
U.S. importers' imports from–									
Argentina:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Austria:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
Quantity	8,442	6,235	13,512	3,886	4,579	+60.1	-26.1	+116.7	+17.8
Value	7,296	5,862	13,255	3,912	3,960	+81.7	-19.7	+126.1	+1.2
Unit value	$864	$940	$981	$1,007	$865	+13.5	+8.8	+4.3	-14.1
Ending inventory qty	4,141	3,858	3,026	4,529	3,728	-26.9	-6.8	-21.6	-17.7
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Spain:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***

See footnotes on following page.

Table D-5--Continued
Welded OCTG: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per short ton; period changes=percent, except where noted)

Item	Reported data			Jan.-Mar.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Mar. 1993-94
U.S. shipments of imports from--									
Subject sources:									
Quantity	22,454	32,129	53,668	11,394	12,036	+139.0	+43.1	+67.0	+5.6
Value	15,367	20,431	33,996	7,803	7,730	+121.2	+33.0	+66.4	-0.9
Unit value	$684	$636	$633	$685	$642	-7.4	-7.1	-0.4	-6.2
Ending inventory qty	29,909	9,706	11,376	9,429	10,682	-62.0	-67.5	+17.2	+13.3
Other sources:									
Quantity	70,442	4,250	8,946	2,885	820	-87.3	-94.0	+110.5	-71.6
Value	39,494	2,301	3,475	698	520	-91.2	-94.2	+51.0	-25.5
Unit value	$561	$541	$388	$242	$634	-30.7	-3.4	-28.3	+162.1
Ending inventory qty	1,354	0	68	0	52	-95.0	-100.0	[3]	[3]
All sources:									
Quantity	92,896	36,379	62,614	14,279	12,856	-32.6	-60.8	+72.1	-10.0
Value	54,861	22,732	37,471	8,501	8,250	-31.7	-58.6	+64.8	-3.0
Unit value	$591	$625	$598	$595	$642	+1.3	+5.8	-4.2	+7.8
U.S. producers'--									
Average capacity quantity	1,748,400	1,792,400	1,853,678	435,050	477,736	+6.0	+2.5	+3.4	+9.8
Production quantity	602,494	582,012	693,793	187,637	145,761	+15.2	-3.4	+19.2	-22.3
Capacity utilization[1]	33.8	32.4	37.4	43.1	30.5	+3.7	-1.3	+5.0	-12.6
U.S. shipments:									
Quantity	540,181	548,293	654,591	157,200	125,957	+21.2	+1.5	+19.4	-19.9
Value	354,506	312,029	384,997	91,222	76,707	+8.6	-12.0	+23.4	-15.9
Unit value	$656	$569	$588	$580	$609	-10.4	-13.3	+3.3	+4.9
Export shipments:									
Quantity	55,843	58,250	52,553	14,767	7,863	-5.9	+4.3	-9.8	-46.8
Exports/shipments[1]	9.4	9.6	7.4	8.6	5.9	-1.9	+0.2	-2.2	-2.7
Value	37,329	34,165	32,340	8,952	5,119	-13.4	-8.5	-5.3	-42.8
Unit value	$668	$587	$615	$606	$651	-7.9	-12.3	+4.9	+7.4
Ending inventory quantity	128,841	104,220	91,010	119,980	102,951	-29.4	-19.1	-12.7	-14.2
Inventory/shipments[1]	21.6	17.2	12.9	17.4	19.2	-8.7	-4.4	-4.3	+1.8
Production workers	1,310	1,058	1,417	1,469	1,291	+8.2	-19.2	+33.9	-12.1
Hours worked (1,000s)	2,785	2,369	2,928	744	611	+5.1	-14.9	+23.6	-17.9
Total comp. ($1,000)	56,639	48,220	57,471	15,740	11,917	+1.5	-14.9	+19.2	-24.3
Hourly total compensation	$20.34	$20.35	$19.63	$21.16	$19.50	-3.5	+0.1	-3.6	-7.8
Productivity (short tons 1,000 hours)	216.3	245.7	237.0	252.2	238.6	+9.5	+13.6	-3.6	-5.4
Unit labor costs	$94.01	$82.85	$82.84	$83.89	$81.76	-11.9	-11.9	[4]	-2.5
Net sales--									
Quantity	624,520	580,739	726,965	172,566	135,305	+16.4	-7.0	+25.2	-21.6
Value	410,582	328,948	425,356	99,286	81,725	+3.6	-19.9	+29.3	-17.7
Cost of goods sold (COGS)	389,553	322,480	410,242	93,220	82,812	+5.3	-17.2	+27.2	-11.2
Gross profit (loss)	21,029	6,468	15,114	6,066	(1,087)	-28.1	-69.2	+133.7	-117.9
SG&A expenses	26,702	19,656	19,848	5,614	4,221	-25.7	-26.4	+1.0	-24.8
Operating income (loss)	(5,673)	(13,188)	(4,734)	452	(5,308)	+16.6	-132.5	+64.1	[5]
Unit COGS	$624	$555	$564	$540	$612	-9.5	-11.0	+1.6	+13.3
COGS/sales[1]	94.9	98.0	96.4	93.9	101.3	+1.6	+3.2	-1.6	+7.4
Op.income (loss)/sales[1]	(1.4)	(4.0)	(1.1)	0.5	(6.5)	+0.3	-2.6	+2.9	-7.0

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] A decrease of less than 0.05 percentage points.
[3] Not applicable.
[4] A decrease of less than 0.05 percent.
[5] A decrease of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, 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. Official import statistics for U.S. imports have been presented for other sources in the absence of questionnaire data.

APPENDIX E

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF OCTG FROM ARGENTINA, AUSTRIA, ITALY, JAPAN, KOREA, MEXICO, AND SPAIN ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND/OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

Responses of U.S. producers to the following questions:

1. Since January 1, 1991, has your firm experienced any actual negative effects on its growth, investment, ability to raise capital, or existing development and production efforts, including efforts to develop a derivative or more advanced version of the product, as a result of imports of OCTG from the subject countries?

* * * * * * *

2. Does your firm anticipate any negative impact of imports of OCTG from the subject countries?

* * * * * * *