Circular Welded Non-Alloy Steel Pipe From China

Investigation No. 731-TA-943 (Final)

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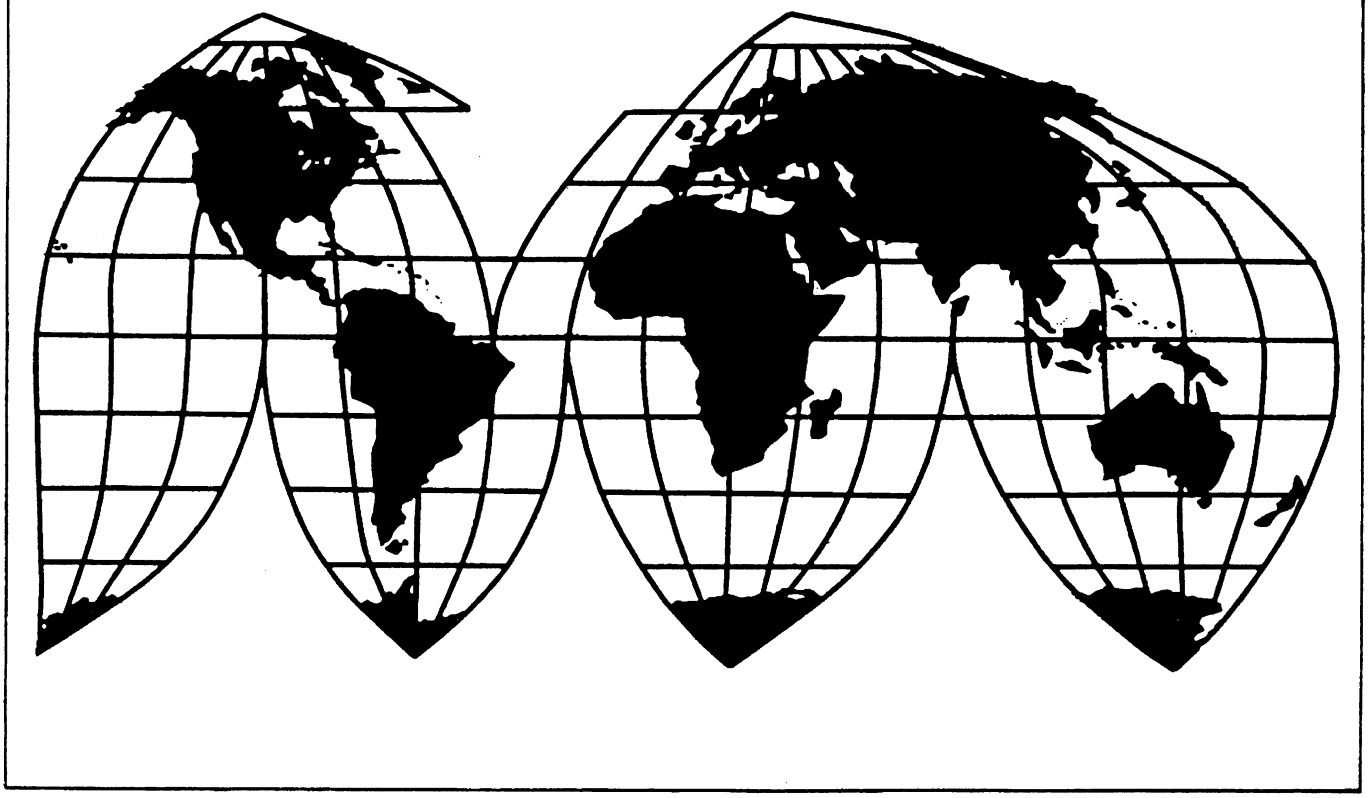
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-943 (Final)

CIRCULAR WELDED NON-ALLOY STEEL PIPE FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from China of circular welded non-alloy steel pipe, provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective May 24, 2001, following receipt of a petition filed with the Commission and Commerce on behalf of Allied Tube & Conduit Corp., Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; LTV Copperweld, Youngstown, OH; Northwest Pipe Co., Portland, OR; Western Tube & Conduit Corp., Long Beach, CA; Century Tube Corp., Pine Bluff, AR; Laclede Steel Co., St. Louis, MO; Maverick Tube Corp., Chesterfield, MO; Sharon Tube Co., Sharon, PA; Wheatland Tube Co., Wheatland, PA; and the United Steelworkers of America, AFL-CIO. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of circular welded non-alloy steel pipe from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 29, 2002 (67 FR 4283). The hearing was held in Washington, DC, on May 17, 2002, 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)).

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of circular welded non-alloy steel pipe ("standard pipe") from China that are sold in the United States at less than fair value ("LTFV").

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[1] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[2] In turn, the Act defines "domestic 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 . . . ."[3]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[4] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[5] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[6] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise that has been found to be subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[7]

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[1] 19 U.S.C. §1677(4)(A).

[2] 19 U.S.C. § 1677(4)(A).

[3] 19 U.S.C. § 1677(10).

[4] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); 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) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[5] See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

[6] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[7] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at

(continued...)

B. Product Description

Commerce's final determination defined the imported merchandise within the scope of this investigation as follows:

> The products covered by this investigation are certain welded carbon-quality steel pipes and tubes, of circular cross-section, with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), generally known as standard pipe and structural pipe.[8]

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[7] (...continued)
748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[8] Notice of Final Determination of Sales at Less Than Fair Value: Certain Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China, 67 Fed. Reg. 36570 (May 24, 2002). Commerce provided this further description of the subject merchandise:

> Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells, and for structural applications in general construction. It primarily is made to American Society for Testing and Materials (ASTM) A-53, A-135, and A-795 specifications, but can also be made to the British Standard (BS)-1387 specification.
>
> Structural pipe is intended for use in the construction of bridges and buildings, and general structural applications. It also can be used for making steel scaffolding and for piling applications. It primarily is made to ASTM A-500 and A-252 specifications.
>
> Hence, specifically included within the scope of this investigation are products stenciled to the ASTM standards A-53, A-135, A-795, A-120, A-500, A-252, or their equivalents. Standard and structural pipe products may also be produced to proprietary specifications rather than to industry standard. This is often the case with fence tubing, for example.
>
> The scope does not include boiler tubes, pressure tubing, mechanical tubing, finished conduit, oil country tubular goods (OCTG), and line pipe. However, with regard to these excluded products, if petitioners or other interested parties provide to the Department reasonable grounds to believe or suspect that the products are being used in a standard or structural application, the Department may instruct the U.S. Customs Service to require end-use certifications. In addition, line pipe meeting the American Petroleum Institute (API) line pipe is excluded from the scope of this investigation, and any resultant antidumping duty order, if covered by the scope of another antidumping duty order from the same country.
>
> The standard pipe products that are the subject of this investigation are currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7306.30.10 and 7306.30.50. This investigation also covers dual-certified A-53/API or single certified pipe that enters the United States if its is used in, or intended for use in, standard pipe or structural pipe applications. Such certified pipe may include API-5L or API-5L X-42 pipe. Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.

Commerce defines the imported merchandise within the scope of its investigation generally to be welded, carbon-quality, steel pipes and tubes, of circular cross-section, not more than 16 inches in diameter, used in standard and structural pipe applications.

Standard pipe applications include: (1) the low-pressure conveyance of liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and related uses that are not subject to application of external heat; (2) load-bearing applications in construction and residential and industrial fence systems; and (3) shells for the protection of wiring (conduit tubes).[9] Structural pipe is employed in the construction of bridges and buildings, and general structural applications. It also can be used for making steel scaffolding and for piling applications.[10]

C. Domestic Like Product

In its preliminary determination the Commission defined the domestic like product as domestically produced articles coextensive with the scope of the investigations.[11] Petitioners[12] argued that the domestic like product should be so defined and respondents did not dispute the definition.

In this final phase, no party argued that the Commission should define the domestic like product more broadly than Commerce's scope of investigation, nor did any party submit evidence for the record supporting an alternative like product definition. Absent argument and information to the contrary, we again define the domestic like product coextensively with Commerce's scope of investigation.[13]

D. Domestic Industry

In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[14] Based on our definition of the domestic like product, we define the domestic industry as all domestic producers of standard pipe.[15]

II. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

In the final phase of antidumping duty and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under

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[9] Confidential Staff Report ("CR"), INV-Z-083, June 6, 2002, at I-5; Public Staff Report ("PR") at I-4.

[10] CR at I-6; PR at I-4.

[11] See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary) USITC Pub. 3439 (July 2001) at 5.

[12] The petitioners are Allied Tube & Conduit Corp., IPSCO Tubulars, Inc., LTV Copperweld, Northwest Pipe Co., Western Tube & Conduit Corp., Century Tube Corp., Laclede Steel Co., Maverick Tube Corp., Sharon Tube Co., Wheatland Tube Co., and the United Steelworkers of America, AFL-CIO.

[13] Commissioner Bragg notes that she would have reached the same conclusion in this investigation had she defined the domestic like product to include multiple-stenciled pipe, as the Commission did in the 1996 investigations of standard pipe from Romania and South Africa. See Circular Welded Nonalloy Steel Pipe from Romania and South Africa, Inv. Nos. 731-TA-732 and 733 (Final), USITC Pub. 2973 (July 1996) at 4-5.

[14] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir.1996).

[15] There are no related parties in this investigation.

investigation.[16] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[17] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[18] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[19] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[20]

For the reasons discussed below, we determine that the domestic industry is not materially injured by reason of subject imports of standard pipe from China found to be sold in the United States at LTFV.

A. Conditions of Competition

The following conditions of competition are relevant to our analysis in this final phase investigation.

The level of U.S. construction activity strongly influences demand for standard pipe in its various applications.[21] Construction activity fluctuated between 1999 and 2001, rising sharply in 1999, dipping but then recovering in 2000 and into 2001, then softening in the second half of 2001.[22] Standard pipe demand, as approximated by apparent U.S. consumption, increased by 15.4 percent in 2000 but then decreased by 9.2 percent in 2001.[23]

Most domestic producers of standard pipe are non-integrated producers; they buy, rather than produce, the primary input for standard pipe, *i.e.* hot-rolled steel, on the spot market.[24] Raw materials, of which hot-rolled steel is the primary component, constitute more than two-thirds of the cost of production.[25] Galvanizing, (*i.e.* the coating of pipes with rust-resistant zinc), represents almost one-quarter of the cost of galvanized standard pipe (and zinc accounts for one-third or more of the cost of galvanizing).[26]

The domestic industry is undergoing significant consolidation. In addition to the merger that formed LTV Copperweld and, later, the effective closure of Laclede Steel in late 2001,[27] Allied (the *** U.S. producer) acquired Century Tube in December 2001 and the parent company of Wheatland (the ***

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[16] 19 U.S.C. §§ 1671d(b) and 1673d(b).

[17] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also, Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[18] 19 U.S.C. § 1677(7)(A).

[19] 19 U.S.C. § 1677(7)(C)(iii).

[20] Id.

[21] CR at II-1, II-4; PR at II-1, II-3

[22] CR/PR at Fig. II-1; CR at II-5; PR at II-4.

[23] CR/PR at Table C-1.

[24] CR at V-4; PR at V-3.

[25] CR at II-2; PR at II-1.

[26] CR at II-2; PR at II-1; Petitioners' Posthearing Brief at A-22.

[27] CR at III-1 to III-3; PR at III-1.

U.S. producer) acquired Sawhill Tubular (the *** U.S. producer) from AK Steel in April 2002.[28] The *** domestic producers accounted for *** percent of reported production in 2001.[29]

Domestic production capacity for standard pipe[30] increased slightly from 1999 to 2000 and then decreased from 2000 to 2001.[31] Domestic production and capacity utilization followed similar trends. Although the U.S. industry has the production capacity to supply the entire U.S. market,[32] nonsubject imports supply more than one-quarter of the market.[33] [34] [35] As of March 2002, however, imports of standard pipe, except those from Canada, Jordan, Israel, Mexico and certain developing countries, are subject to an additional 15 percent tariff as a result of the recent investigation under section 201 of the Trade Act of 1974. Imports of hot-rolled steel, a major input in producing standard pipe, are now also subject to an additional 30 percent tariff pursuant to the President's action following the section 201 investigation.[36]

Standard pipe products, whether domestically produced or subject imports, generally are sold to distributors rather than end users.[37] Standard pipe is produced to several common standards regarding materials, dimensions, and testing,[38] and is considered a commodity product.[39] The subject imports and domestic standard pipe are interchangeable in most applications.[40] Standard pipe from China, however, is largely viewed as inferior to U.S. standard pipe in terms of availability, delivery time, and technical support/service.[41] Moreover, "Buy American" policies reportedly account for 10-15 percent of sales in the U.S. market.[42]

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[28] CR at III-1 to III-4; PR at III-1 to III-4.

[29] See CR/PR at Table III-1.

[30] Standard pipe producers in the United States, as well as in China, use the same facilities and equipment to produce other types of pipe, including OCTG, line pipe, and mechanical pipe.

[31] See CR/PR at Table III-2.

[32] See CR/PR at Table IV-2 & Table III-2.

[33] In volume terms, nonsubject imports, including those from China, accounted for *** percent of apparent U.S. consumption in 1999, *** percent in 2000, and *** percent in 2001. See CR/PR at Table IV-2.

[34] Nonsubject imports, other than those from China, originated in 40 different countries or customs areas in 2001. The two largest sources of nonsubject import supply were Canada and Korea. See Staff worksheet dated May 16, 2002.

[35] Commissioner Bragg notes that, taken together, the volumes of nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, were equivalent to 2.7 percent of apparent U.S. consumption in 1999; 3.8 percent of apparent U.S. consumption in 2000; and 3.1 percent of apparent U.S. consumption in 2001. See CR/PR at Table IV-2 and official Commerce statistics. In addition, the volume of subject imports from China was equivalent to *** percent of apparent U.S. consumption in 1999; *** percent of apparent U.S. consumption in 2000; and *** percent of apparent U.S. consumption in 2001. See CR/PR at Table IV.

[36] See Presidential Proclamation 7529 and accompanying Annex, March 5, 2002. There are existing antidumping duty orders on imports of standard pipe from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, as well as a countervailing duty order on standard pipe imports from Turkey. CR at I-3; PR at I-2.

[37] CR at I-8, II-1; PR at I-6.

[38] CR at I-8; PR at I-6.

[39] CR at I-8; PR at I-6.

[40] CR at I-8; PR at I-6.

[41] CR/PR at Table II-2.

[42] CR at II-6; PR at II-3.

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[43]

The volume of subject imports from China increased from *** short tons in 1999 to *** short tons in 2000, but then decreased to *** short tons in 2001.[44] The market share of the subject imports in volume terms increased from *** percent in 1999 to *** percent in 2000, and then declined to *** percent in 2001.[45] Subject import volume relative to domestic production followed a similar trend.[46] This pattern mirrors the changes in apparent U.S. consumption, which increased from 2.4 million short tons in 1999 to 2.8 million short tons in 2000, then declined to 2.5 million short tons in 2001.[47]

U.S. producers' shipments were 1.7 million short tons in 1999 and 2000, and then declined to 1.5 million short tons in 2001.[48] While the U.S. producers lost 9.2 percentage points of market share between 1999 and 2001, nonsubject imports accounted for *** percentage points of this loss whereas subject imports' market share increased by only *** percentage points during the same period.[49]

In 2000, when apparent U.S. consumption of standard pipe peaked, subject imports increased by *** short tons while nonsubject imports increased by *** short tons.[50] Although subject imports gained *** percentage points of market share in 2000 versus 1999, nonsubject imports gained *** percentage points of market share.[51] Therefore, it is clear that any significant increase in imports' market share in 2000, when U.S. producers' market share declined by 9.6 percentage points, was due to nonsubject imports rather than subject imports.

In 2001, domestic producers' shipments declined by 144,281 short tons relative to 2000.[52] However, the volume of subject imports fell by *** short tons in 2001 versus 2000 and nonsubject imports fell by *** short tons.[53] Between 2000 and 2001, the U.S. industry gained 0.4 percentage points of market share while subject imports lost *** percentage points of market share and nonsubject imports gained *** percentage points of market share.[54]

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[43] 19 U.S.C. § 1677(7)(C)(i).

[44] CR/PR at Table IV-2. The volume of subject imports is likely overstated. Volumes were derived by subtracting nonsubject imports from China as reported in importers' questionnaire responses from total imports from China as reported in Commerce's official import statistics. CR at IV-1; PR at IV-1; CR/PR at Table IV-1. ***. See ***'s Preliminary Foreign Producer Questionnaire Response at 5.

[45] CR/PR at Table IV-2. In terms of value, the trend was similar. Subject imports increased from *** percent in 1999 to *** percent in 2000, and then declined to *** percent in 2001. Id.

[46] Subject imports were equivalent to only *** percent of domestic production in 1999, *** percent in 2000, and *** percent in 2001. See CR/PR at Tables IV-1 and III-2.

[47] See CR/PR at Table IV-2.

[48] CR/PR at Table IV-2.

[49] See CR/PR at Table IV-2.

[50] CR/PR at Table IV-2.

[51] See CR/PR at Table IV-2.

[52] CR/PR at Table IV-2.

[53] CR/PR at Table IV-2.

[54] See CR/PR at Table IV-2. Petitioners argue that demand trends did not drive imports from China, which they contend increased massively in 2000 and through the first half of 2001. Petitioners argue that imports of standard

(continued...)

Based on the foregoing we find that the volume of subject imports and the increase in volume is neither significant in absolute terms nor relative to U.S. production or consumption of standard pipe.[55]

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[56]

As noted above, standard pipe generally is a commodity product produced in accordance with several common standards and is used in a variety of applications. Purchasers listed price as one of the most important factors they consider when choosing a supplier of standard pipe.[57]

The Commission gathered pricing data for three products in this investigation based on the categories proposed by the domestic industry. Reported prices for the three standard pipe products generally fluctuated narrowly during the period examined. The three products for which the Commission gathered pricing data are: a small diameter BPE (black plain end) pipe (product 1) and two galvanized pipes (products 2 and 3). The pricing data's coverage of U.S. producers' shipments and importers' shipments is limited,[58] likely reflecting the vast array of dimensions, finishes and other specifications available in the market. Despite relatively limited coverage, however, no party argued that the pricing products were unrepresentative. The Commission's pricing data show underselling in all 18 price comparisons with margins ranging from 17.1 to 32.6 percent.[59]

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[54] (...continued)
pipe from China were checked only by Commerce's preliminary margins and the section 201 investigation. See Petitioners' Prehearing Brief at 5-6. While it is possible that subject imports from China would have been higher in 2001 if the petition in this investigation had not been filed in May 2001, imports from countries other than China fell by a much greater percentage than those from China, suggesting that other factors, such as demand conditions, contributed to the decline in subject imports during 2001. See CR/PR at Table IV-2.

[55] Commissioner Bragg notes that in the preliminary phase of this investigation, she rendered an affirmative determination finding a reasonable indication of present material injury by reason of cumulated subject imports from China, Indonesia, Malaysia, Romania, and South Africa. See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001) at 21-32. Imports from Indonesia, Malaysia, Romania, and South Africa, are now treated as nonsubject imports by virtue of the negative preliminary determination rendered by the Commission majority for these four countries. See USITC Pub. 3439 at 20. Having preliminarily attributed present material injury in part to what are now nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg determines that the volume of subject imports from China, standing alone, is not significant.

[56] 19 U.S.C. § 1677(7)(C)(ii).

[57] CR/PR at Table II-1. Price was listed most often as the first or second most important factor in purchasing decisions. Id.

[58] See CR at V-5; PR at V-4 (1.6 percent of U.S. producers' U.S. shipments and *** percent of U.S. shipments of imports from China). While the sample size is small, petitioners have not suggested that it is not representative of pricing behavior in the U.S. market. See Petitioners' Posthearing Brief at 5-8; CR at V-11; PR at V-4.

[59] CR at V-11; PR at V-4. Petitioners urge the Commission to look at the average unit values (AUVs) of the (continued...)

U.S. prices for the small diameter BPE pipe peaked in 2000 and remained generally strong into the first half of 2001, but then declined markedly in the second half of 2001, when domestic prices dropped to their lowest levels of the period examined.[60] Subject import prices for product 1 likewise peaked in mid-2000, and declined unevenly thereafter. Subject imports from China, however, were concentrated in galvanized pipe according to the petitioners.[61] Domestic prices for the two galvanized products (products 2 and 3), remained steady, and high, in 2000 and 2001 despite Chinese underselling. Indeed, U.S. prices for these galvanized products were at higher levels at the end of the period examined than at the beginning.[62] Prices for Chinese galvanized pipe fluctuated, but firmed at the end of the period examined.

The domestic price trends broadly reflect trends in raw material costs for standard pipe, which initially increased but subsequently declined, over the period examined. The price of hot-rolled steel sheet increased markedly between the first quarter of 1999 and the second quarter of 2000, but then decreased even more substantially through the fourth quarter of 2001. Zinc prices (for galvanized pipe) rose from $0.50 per pound in the first quarter of 1999 to $0.58 per pound in the third quarter of 2000, but then fell steadily to $0.38 per pound in the fourth quarter of 2001.[63]

We do not find a significant correlation between subject import prices and U.S. prices over the period examined. While Chinese prices for product 3 were lower at the end of 2001 than at the beginning of 1999, U.S. prices in the same product category rose in the last quarter of 2001, as compared to the first quarter of 1999. U.S. prices for product 2 were also higher at the end of 2001 than at the beginning of 1999, and show little correlation with subject import prices. U.S. prices for product 1 were lower at the end of 2001 than at the beginning of 1999, but did not fall consistently over the period and peaked in 2000. Subject import prices for product 1 followed somewhat different trends.[64]

The record does not indicate price suppression or depression due to any significant degree to subject imports despite the consistent underselling throughout the period examined. As noted above, prices were generally stable between 1999 and 2001.[65] Cost of goods sold relative to net sales rose from 83.9 percent in 1999 to 86.6 percent in 2001,[66] yet the unit value of net sales of the domestic industry increased in 2000 relative to 1999, the period for which the petitioners assert the effects of subject imports are most discernible.[67] Hearing testimony also indicated that domestic producers successfully increased at least

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[59] (...continued)
subject imports as evidence of underselling and price effects from the subject imports. Petitioners' Posthearing Brief at 5, 6. They note that subject imports' AUVs were below those for domestic producers' shipments. Id. However, subject imports' AUVs rose by *** percent between 1999 and 2001, while the AUVs of domestic producers' U.S. shipments fell by 4.0 percent and the AUVs of nonsubject imports, excluding China, fell by 8.9 percent. CR/PR at Table C-1. Given the acknowledged differences in product mix, we do not base our finding on price effects on AUV data, but note that the data petitioners urge us to consider do not support a finding of significant price effects by the subject imports.

[60] CR/PR at Table V-2, CR at V-6.

[61] Petitioners' Posthearing Brief at 5, 6, 8, A-22 & Exhibit 3.

[62] CR/PR at Tables V-2 and V-3.

[63] CR/PR at Table V-1; CR at V-2; PR at V-1; Staff Worksheet of May 17, 2002.

[64] See CR/PR at Tables V-2, V-3, V-4; CR/PR at Figs V-1, V-2, V-3.

[65] CR/PR at Figs. V-1, V-2, V-3; CR at V-10; PR at V-4.

[66] CR/PR at Table VI-1.

[67] See CR/PR at Table VI-1; Petitioners' Posthearing Brief at 6 (arguing 2001 data affected by petition).

some prices.[68] The modest increase in cost of goods sold relative to net sales cannot be attributed to subject imports. Accordingly, we do not find that subject imports suppressed or depressed U.S. standard pipe prices to a significant degree.[69]

We also have examined U.S. producers' lost sales and lost revenue allegations. Petitioners allege eight instances of lost sales valued at ***.[70] Although some allegations were confirmed, one large lost sale, equivalent to more than half the value of alleged lost sales, ***.[71] Given the small and limited volume of the confirmed allegations concerning subject imports, we do not find that they indicate significant negative price effects by reason of the subject imports.[72]

Accordingly, we conclude that the subject imports did not have significant negative effects on domestic prices during the period examined.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[73] 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

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[68] Transcript of Commission's Public Hearing, May 17, 2002, ("Tr.") at 98-99 (Mr. Bussiere).

[69] Commissioner Bragg notes that in the preliminary phase of this investigation, she rendered an affirmative determination finding a reasonable indication of present material injury by reason of cumulated subject imports from China, Indonesia, Malaysia, Romania, and South Africa. See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001) at 21-32. Imports from Indonesia, Malaysia, Romania, and South Africa, are now treated as nonsubject imports by virtue of the negative preliminary determination rendered by the Commission majority for these four countries. See USITC Pub. 3439 at 20. Having preliminarily attributed present material injury in part to what are now nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg determines that any negative price effects are not attributable to subject imports from China standing alone.

Although the probative value of average unit value ("AUV") data is limited by differences in product mix and changes in product mix over time, Commissioner Bragg notes that between 1999 and 2001, the AUVs of U.S. shipments by the domestic industry declined by 4 percent; in comparison, the AUVs of subject imports from China increased by *** percent and the AUVs of nonsubject imports (excluding China) declined by 8.9 percent during this period. CR/PR at Table C-1. Taken together, the AUVs of imports from Indonesia, Malaysia, Romania, and South Africa, declined by 1.3 percent between 1999 and 2001. Compiled from official Commerce statistics.

In addition, the record in the preliminary phase of the investigation indicated that imports from Indonesia, Malaysia, Romania, and South Africa, undersold the domestic like product in 43 out of 48 quarterly pricing comparisons, for a 90 percent incidence of underselling. See USITC Pub. 3439 at V-15. The record in this final phase investigation indicates that subject imports from China undersold the domestic like product in 18 out of 18 quarterly pricing comparisons. See CR/PR at Tables V-2, V-3, and V-4.

[70] CR/PR at Table V-5.

[71] See CR/PR at Table V-5, V-13; INV-Z-087, June 12, 2002, at V-13.

[72] See CR/PR at Tables V-5 & IV-2. Lost sales allegations were equivalent to only *** percent of U.S. producers' shipments in 2001. Id.

[73] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[74] [75] [76]

A number of the domestic industry's indicators softened somewhat over the period, particularly in 2001 relative to 2000.[77] However, the trends in the U.S. industry's indicators generally tracked changes in apparent U.S. consumption, which increased in 2000, and then fell in 2001.[78] The domestic industry increased its capacity from 2.86 million short tons in 1999 to 2.89 million short tons in 2000, before reducing its capacity to 2.66 million short tons in 2001.[79] The industry also increased production from 1.72 million short tons in 1999 to 1.77 million short tons in 2000 before reducing production to 1.54 million short tons in 2001.[80] The industry's total net sales followed a similar pattern.[81] Capacity utilization moved in a narrow range over the period.[82]

Moreover, the domestic standard pipe industry was profitable throughout the period 1999-2001, although profits declined somewhat. The industry's ratio of operating income to net sales was 8.5 percent in 1999, 7.3 percent in 2000, and 5.0 percent in 2001.[83] The number of producers reporting operating losses declined from nine in 1999 to five in 2001.[84] Capital expenditures fell over the period but exceeded depreciation in each year between 1999 and 2001, indicating that the industry was adding to its capital stock.[85] The number of workers and wages paid to workers also increased over the period.[86]

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[74] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885; Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[75] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its final antidumping duty determination, Commerce calculated an antidumping duty margin of 3.87 percent to the following to producers in China: Shuang Jie, Tai Feng Qiao, ZhuHai, Pangang International, Jinzhou, and Walsall. Commerce calculated the all others rate to be 36.42 percent. Chinese producers Baosteel and Weifang had zero margins and thus their exports are considered nonsubject imports. 67 Fed. Reg. 36570, 36572 (May 24, 2002).

[76] Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[77] Total operating income fell from $81.8 million in 1999 to $72.9 million in 2000 and then to $41.8 million in 2001. CR/PR at Table VI-1. The industry's cash flow likewise fell from $88.5 million in 1999 to $76.7 million in 2000 to $48.3 million in 2001. CR/PR at Table VI-1.

[78] CR/PR at Table IV-2.

[79] CR/PR at Table III-2.

[80] CR/PR at Table III-2. The domestic industry's inventories increased from 239,275 short tons in 1999 to 266,615 short tons in 2000 and then declined to 223,525 short tons in 2001. CR/PR at Table III-4.

[81] The industry's total net sales in dollar terms were $960 million in 1999, $994 million in 2000, and $843 million in 2001. CR/PR at Table VI-1. In terms of volume, the industry's total net sales were 1.74 million short tons in 1999 and 2000 and 1.58 million short tons in 2001. Id.

[82] The industry's utilization rate was 59.0 percent in 1999, 59.4 percent in 2000, and 56.5 percent in 2001. CR/PR at Table III-2.

[83] CR/PR at Table VI-1.

[84] CR/PR at Table VI-1. As noted earlier, the industry has consolidated through mergers and may also be healthier as a result of greater efficiencies in production.

[85] See CR/PR at Tables VI-5 and VI-1. The industry's capital expenditures declined from $26.4 million in 1999

(continued...)

As discussed earlier, the industry's market share fell between 1999 and 2000, and then stabilized in 2001.[87] The market share decline is primarily attributable to nonsubject imports, which gained *** percentage points of market share while subject imports' U.S. market share increased by only *** percentage points.[88] In addition, although subject imports undersold domestic standard pipe during the period, the subject imports have not depressed or suppressed domestic prices to any significant degree and are not materially responsible for any declines in revenue or operating income experienced by the domestic industry.[89]

Based on the above, we find that subject imports from China have not had a significant adverse impact on the domestic industry producing standard pipe.[90]

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[85] (...continued)
to $19.2 million in 2001. CR/PR at Table VI-5.

[86] CR/PR at Table III-5. The domestic industry's wages paid increased from $99.1 million in 1999 to $110.1 million in 2000 and then fell to $102.7 million in 2001. Id. The industry's employment increased from 2,947 workers in 1999 to 3,172 workers in 2000, and then fell to 2,954 workers in 2001. Id. However, productivity fell from 264.8 tons per 1,000 hours in 1999 to 234.4 tons per 1,000 hours in 2001. Id.

[87] The industry's market share in terms of volume was 70.4 percent in 1999, 60.8 percent in 2000, and 61.2 percent in 2001. CR/PR at Table IV-2.

[88] See CR/PR at Table IV-2. The U.S. industry lost 9.2 percentage points of market share.

[89] Petitioners argue that the growth of subject imports is "especially significant" because they are concentrated in high-valued galvanized product. They point to the official import statistics (57 percent of imports from China are galvanized) and hearing testimony (50 percent or more of imports from China are for the fence market). They contend that the impact is concentrated on the important fence segment of the U.S. industry (20 percent of sales volume, 26 percent by value). They contend that, discounting American Pipe and Laclede, the greatest declines in operating income were experienced by domestic fence tubing producers: Allied, Wheatland, Century, Western, and Northwest. Petitioners' Posthearing Brief at 9 and exhibit 5.

We are unpersuaded by this company- and product-specific argumentation on several grounds. First, we assess the impact of the subject imports against the domestic industry as a whole, not individual producers or product lines. Second, ***. Petitioners' Posthearing Brief at exhibit 4. Third, ***; there is no indication that subject imports from China are a significant factor in the sprinkler market. Fourth, ***. Compare Petitioners' Posthearing Brief at exhibit 4 with CR/PR at Table VI-3 and CR/PR at VI-8.

[90] Commissioner Bragg notes that in the preliminary phase of this investigation, she rendered an affirmative determination finding a reasonable indication of present material injury by reason of cumulated subject imports from China, Indonesia, Malaysia, Romania, and South Africa. See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001) at 21-32. Imports from Indonesia, Malaysia, Romania, and South Africa, are now treated as nonsubject imports by virtue of the negative preliminary determination rendered by the Commission majority for these four countries. See USITC Pub. 3439 at 20. Having preliminarily attributed present material injury in part to what are now nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg determines that any adverse impact is not attributable to subject imports from China standing alone.

Commissioner Bragg notes that although operating margins, capacity, and capacity utilization for the domestic industry each declined over the POI, while the ratio of COGS to sales increased somewhat during this period, the number of U.S. producers reporting operating losses declined from 9 out of 20 in 1999 to 7 out of 21 in 2000, and to 5 out of 21 in 2001. See CR/PR at Table VI-1 and Table C-1. In addition, inventory levels declined by 6.6 percent during the POI, while employment increased slightly. See CR/PR at Table C-1. Finally, although capital expenditures decreased steadily over the POI, in each year they remained greater than depreciation/amortization charges, thus indicating a net addition to the capital stock of the domestic industry throughout the POI. See CR/PR at Table VI-1 and VI-5. On balance, Commissioner Bragg does not find the domestic industry to be in a vulnerable condition.

III. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

Section 771(7)(F) of the Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[91] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole."[92] In making our determination, we have considered all factors that are relevant to this investigation.[93]

Based on an evaluation of the relevant statutory factors, we find that an industry in the United States is not threatened with material injury by reason of imports of standard pipe from China that Commerce found to be sold in the U.S. market at less than fair value.

As described above, the U.S. industry is currently profitable, generating an operating margin of 5.0 percent in 2001. The number of profitable firms and the industry's employment of production workers increased over the period examined.[94] Though the domestic industry's profitability declined somewhat between 1999 and 2001, there is no evidence that subject imports were responsible to any material extent for the decline in profitability, which the record indicates reflects weakening demand and competition from nonsubject imports.

The Commission collected data from Chinese producers that represented over *** of subject imports in 2001.[95] The United States accounted for considerably less than half of shipments by the subject Chinese producers during the period examined. The share of the foreign producers' shipments that was exported to the United States was 35.1 percent in 1999, 39.6 percent in 2000, and 30.6 percent in 2001, yet the share of apparent U.S. consumption held by subject imports remained *** percent or less.[96] The Chinese home market accounted for half of the subject Chinese producers' shipments in two of the three years between 1999 and 2001.[97]

The record does not indicate that substantially increased imports in the imminent future are likely. The evidence indicates that unused production capacity is not significant relative to apparent U.S.

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[91] 19 U.S.C. §§ 1673d(b)(1), 1677(7)(F)(ii).

[92] 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int'l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int'l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

[93] 19 U.S.C. § 1677(7)(F)(i). Factor VII regarding raw and processed agriculture products is inapplicable in this investigation as is Factor I concerning countervailable subsidies. See 19 U.S.C. § 1677(7)(F)(i).

[94] CR/PR at Tables III-5 and VI-1.

[95] CR at VII-1; PR at VII-1. We base our determination on data from those Chinese producers currently shipping to the United States. While Chinese producers not currently exporting to the United States could begin doing so, there is nothing on the record indicating that this is likely or imminent. It would also be inappropriate to take adverse inferences against the Chinese industry as a whole, as suggested by petitioners, given the response from the Chinese producers that are currently exporting to the United States. See Petitioners' Final Comments at 3-4.

[96] CR/PR at Table VII-1.

[97] CR/PR at Table VII-1.

consumption.[98] The capacity utilization of the Chinese producers exceeded 80 percent in every year of the period examined.[99] Nor is there evidence of an imminent, substantial increase in production capacity among the foreign producers. The capacity of the foreign producers increased by less than 3 percent between 1999 and 2001,[100] and is projected to remain flat in 2002.[101]

There was not a significant rate of increase in the volume or market penetration of subject imports during the period 1999-2001 that would indicate the likelihood of substantially increased imports in the imminent future. As discussed above, the quantity of subject imports increased in absolute terms from 1999 to 2000 by *** short tons, a volume equivalent to less than *** percent of apparent U.S. consumption in 2001.[102] Moreover, while subject imports increased by *** percent in 2000 as compared to 1999, subject imports declined by *** percent in 2001 versus 2000.[103] Throughout the period 1999-2001, market penetration of the subject imports remained low, and thus the absolute increase was not significant.

Most of the reporting Chinese producers produce other products on the same equipment used to produce standard pipe.[104] Petitioners allege that subject producers can switch from production of hot-rolled steel, which is covered by antidumping duties in excess of 64 percent,[105] to standard pipe.[106] These facts and allegations, however, do not lead us to conclude that further dumped imports are imminent because of product-shifting by the subject producers of standard pipe in China. To the contrary, the recent imposition of 15 percent duties on welded pipe other than OCTG (and smaller diameter line pipe) suggests that alternative markets and products are now relatively more accessible to Chinese producers than the U.S. market for standard pipe.

Inventories held by the foreign producers declined over the period and were equivalent to less than one percent of apparent U.S. consumption in 2001.[107] Importers' inventories were even smaller relative to the U.S. market.[108] Taking these factors into account, we conclude that the record does not indicate that a likelihood of substantially increased imports is imminent.

We also find no evidence in the record that the subject imports are likely to enter the United States at prices likely to have a significant depressing or suppressing effect on domestic prices. The subject

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[98] Reported excess capacity was *** short tons in 2001. See CR/PR at Table VII-1. However, the largest reporting subject Chinese producer did not report its capacity. See CR/PR at Table VII-1 n.1. That producer reported *** short tons of production in 2001. See *** Foreign Producer Questionnaire at 5. Assuming that producer was operating at the same rate of capacity utilization, 81.4 percent, as the subject producers who reported capacity and production, we can estimate total excess capacity of the reporting subject producers at *** short tons. This amount is equivalent to less than *** percent of U.S. apparent consumption for 2001. See CR/PR at Table IV-2.

[99] CR/PR at Table VII-1.

[100] CR/PR at Table VII-1.

[101] CR/PR at Table VII-1.

[102] See CR/PR at Table IV-2.

[103] See CR at Table IV-2.

[104] CR at VII-1 to VII-3; PR at VII-1.

[105] See Hot-Rolled Steel Products from China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-404-408 (Final) and 731-TA-899-904 and 906-908 (Final) USITC Pub. 3468 (November 2001).

[106] See Petitioners' Postconference Brief at A-12, A-19.

[107] See CR/PR at Tables VII-1 and IV-2.

[108] See CR/PR at Tables VII-2 and IV-2. Inventories of subject merchandise held by importers were only equivalent to *** percent of apparent U.S. consumption in 2001.

imports were priced lower than domestic standard pipe, yet there was no evidence that subject imports were depressing or suppressing U.S. prices to any significant degree. Further, despite reported underselling, the prices of the subject imports have not significantly increased demand for the subject product over the period, and we see no likelihood that they would do so in the imminent future. Indeed, U.S. prices rose for the two galvanized products that the petitioners argue comprise the largest share of subject imports.[109] Nor does the record indicate a likely and imminent decline in the price of the subject imports.[110] To the contrary, the recent imposition of 15 percent duties on standard pipe and other welded pipe is likely to put upward pressure on the prices of subject imports, as well as those of other covered imports. Given that the subject import volumes are not likely to increase substantially in the imminent future and the lack of price effects during the period examined, we do not find that the subject imports are likely to have significant depressing or suppressing price effects in the U.S. market.

The record does not indicate actual or potential negative effects from the subject imports on the existing development and production efforts of the domestic industry. Though some producers reported negative effects from the subject imports, a substantial number reported that no ill effects could be traced to the subject imports.[111]

We have considered whether there are any other demonstrable adverse trends that indicate the probability of likely material injury by reason of imports of the subject merchandise. In this regard, petitioners argue that the industry faces a cost/price squeeze due to the increases in the prices of hot-rolled steel.[112] Despite possible increases in raw material costs, the evidence does not indicate that the domestic industry will be rendered vulnerable in the imminent future.[113] There also are no known dumping findings or antidumping remedies in third-country markets against the subject imports. [114]

Given the lack of likely volume and price effects of subject imports and the present condition of the domestic industry, we find that material injury by reason of subject imports of standard pipe from China is not imminent.

Based on an evaluation of all the relevant statutory factors, we do not find that further dumped subject imports from China are imminent or that material injury by reason of such imports would occur absent an antidumping duty order. Accordingly, we do not find that an industry in the United States is threatened with material injury by reason of subject imports from China that Commerce found to be sold in the United States at less than fair value.[115]

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[109] CR/PR at Figs. V-2, and V-3; Petitioners' Posthearing Brief at 5, 6, 8, A-22 & Exhibit 3.

[110] See CR at Figs. V-1, V-2, and V-3 (prices for subject imports moving in a narrow range and rising at end of period for all three products).

[111] CR/PR at App. D; Tr. at 105.

[112] Petitioners' Postconference Brief at 14.

[113] We note in this regard that industry consolidation increases the ability of large producers to bargain for raw material inputs. Such bargaining power has contributed to the consistent *** operating margin reported by Allied. Petitioners' Posthearing Brief at A21-A22.

[114] CR at VII-3; PR at VII-3.

[115] Having preliminarily attributed present material injury in part to imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg did not reach the question of threat of material injury in the preliminary phase of the investigations. See USITC Pub. 3439 at 21-32.

Based upon the increase in the ratio of COGS to sales evidenced over the POI, coupled with recent increases in the price for hot-rolled steel (which accounts for over two-thirds of the cost of goods sold for U.S. standard pipe), Commissioner Bragg gives credence to the petitioners' claim that the domestic industry confronts an imminent cost/price squeeze. See CR/PR at V-1 to V-2 and Table C-1. Commissioner Bragg further finds that

(continued...)

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of standard pipe from China that Commerce found to be sold in the United States at less than fair value.

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[115] (...continued)
imports of standard pipe threaten to exacerbate this cost/price squeeze in the imminent future; however, Commissioner Bragg attributes this threat primarily to nonsubject imports (including imports from Indonesia, Malaysia, Romania, and South Africa), and not to subject imports from China standing alone.

Specifically, Commissioner Bragg notes that the record in the preliminary phase of the investigations indicated that imports of standard pipe from Indonesia, Malaysia, Romania, and South Africa, predominantly undersold the domestic like product by substantial margins. See USITC Pub. 3439 at V-15. Moreover, Commissioner Bragg notes that a comparison of semiannual data for the first six months versus the latter six months of 2001 indicates that the volume of imports of standard pipe from Indonesia, Malaysia, Romania, and South Africa, increased by over six percent. See official Commerce statistics. In particular, the volume of imports from Indonesia increased by over 28 percent and the volume of imports from Romania increased by over 60 percent. See id. Commissioner Bragg further notes that the average unit value of subject imports from Indonesia, Malaysia, Romania, and South Africa, declined by over five percent from 2000 to 2001, to a level lower than the AUV evidenced for 1999. See id.

The recent surge in low-priced import volumes from these two countries, as well as the overall increase in import volumes for these four countries taken together, coincides with the Commission majority's negative preliminary determination rendered in July 2001. USITC Pub. 3439 at 3. Based upon all the foregoing, Commissioner Bragg finds that subject imports from China alone do not pose an imminent threat of material injury to the domestic industry.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on behalf of Allied Tube & Conduit Corp., Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; LTV Copperweld, Youngstown, OH; Northwest Pipe Co., Portland, OR; Western Tube & Conduit Corp., Long Beach, CA; Century Tube Corp., Pine Bluff, AR; Laclede Steel Co., St. Louis, MO; Maverick Tube Corp., Chesterfield, MO; Sharon Tube Co., Sharon, PA; Wheatland Tube Co., Wheatland, PA; and the United Steelworkers of America, AFL-CIO, on May 24, 2001, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of circular welded non-alloy steel pipe[1] from China.[2] Information relating to the background of the investigation is provided below.[3]

Date	*Action*
May 24, 2001	Petition filed with Commerce and the Commission; institution of Commission investigation
June 21, 2001	Commerce's notice of initiation
July 9, 2001	Commission's preliminary determination
December 31, 2001 .	Commerce's preliminary determination (66 FR 67500); scheduling of final phase of Commission investigation (67 FR 4283, January 29, 2002)
May 17, 2002	Commission's hearing[4]
May 24, 2002	Commerce's final determination (67 FR 36570)[5]
June 20, 2002	Commission's vote
July 2, 2002	Commission determination transmitted to Commerce

[1] The circular welded non-alloy steel pipe subject to this investigation is provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States (HTS). The 2002 normal trade relations tariff rates, applicable to China, are 1.6 percent *ad valorem* for subheading 7306.30.10 and 0.4 percent *ad valorem* for subheading 7306.30.50. The statistical reporting numbers applicable to the subject product are 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090, and also include mechanical pipe; however, the only known source of large quantities of mechanical pipe imports is Canada. For a more detailed description of the merchandise subject to this investigation, see Commerce's definition in the section entitled "The Subject Product."

[2] The petition also alleged that a domestic industry was materially injured and threatened with material injury by reason of LTFV imports of the same product from Indonesia, Malaysia, Romania, and South Africa. The Commission determined in the preliminary phase of the investigations that there was no reasonable indication that an industry was materially injured or threatened with material injury by reason of such imports.

[3] *Federal Register* notices cited in the tabulation are presented in appendix A.

[4] Appendix B contains a list of witnesses appearing at the hearing.

[5] Commerce calculated final LTFV margins to be as follows: Baosteel International, 0.0 percent; Tianjin Shuang Jie, 3.87 percent; WeiFang, 0.0 percent; Tai Feng Qiao, 3.87 percent; ZhuHai, 3.87 percent; Pangang International, 3.87 percent; Jinzhou, 3.87 percent; Walsall, 3.87 percent; and all other Chinese exporters/manufacturers, 36.42 percent.

Several previous petitions for import relief on circular welded non-alloy steel pipe have been filed with the Commission. Most recently, the Commission conducted a number of five-year reviews of outstanding orders on substantially similar merchandise. The following tabulation details the results those reviews. Prior to the reviews, in 1995, the Commission issued negative determinations in investigations involving standard pipe from Romania and South Africa (invs. Nos. 731-TA-732 and 733 (Final)).[6]

Investigation[1]	Date of petition	Country	Determination
No. 701-TA-253	July 16, 1985	Turkey	Order continued
No. 731-TA-532	September 24, 1991	Brazil	Order continued
No. 731-TA-533	September 24, 1991	Korea	Order continued
No. 731-TA-534	September 24, 1991	Mexico	Order continued
No. 731-TA-536	September 24, 1991	Taiwan	Order continued
No. 731-TA-537	September 24, 1991	Venezuela	Order revoked
No. 731-TA-252	February 28, 1985	Thailand	Order continued
No. 731-TA-271	July 16, 1985	India	Order continued
No. 731-TA-273	July 16, 1985	Turkey	Order continued
No. 731-TA-132	April 21, 1983	Taiwan	Order continued

[1] All petitions except those for invs. Nos. 731-TA-532-534, 536, and 537 were filed by counsel on behalf of the Subcommittees on Standard and Line Pipe of the Committee on Pipe and Tube Imports (CPTI). Invs. Nos. 731-TA-532-534, 536, and 537 were filed by Allied Tube & Conduit Corp., American Tube Co., Bull Moose Tube Co., Century Tube Corp., Laclede Steel Co., Sawhill Tubular Division (Cyclops Corp.), Sharon Tube Co., Western Tube & Conduit Corp., and Wheatland Tube Co.

SUMMARY DATA

A summary of data collected in the investigation that pertain to the subject merchandise is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 21 firms that accounted for almost all U.S. production of circular welded non-alloy steel pipe during 2001. Table C-2 presents combined data collected on the subject merchandise and multiple-stenciled API line pipe that is used in, or intended for use in, line pipe applications. Table C-3 presents combined data on the subject merchandise and both multiple-stenciled and single-stenciled API line pipe that are used in, or intended for use in, line pipe applications. U.S. imports are based on official Commerce statistics and data provided in questionnaire responses. The term "standard pipe" is used throughout this report to refer to the subject merchandise, which includes standard pipe as well as structural pipe and piling pipe.

[6] There were a number of earlier countervailing duty and antidumping investigations on standard pipe that were either terminated or resulted in negative determinations by the Commission.

THE SUBJECT PRODUCT

Commerce has defined the imported products subject to this investigation as follows:

The products covered by this investigation are certain welded carbon-quality steel pipes and tubes, of circular cross-section, with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), generally known as standard pipe and structural pipe.

Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells, and for structural applications in general construction. It primarily is made to American Society for Testing and Materials (ASTM) A-53, A-135, and A-795 specifications, but can also be made to the British Standard (BS)-1387 specification.

Structural pipe is intended for use in the construction of bridges and buildings, and general structural applications. It also can be used for making steel scaffolding and for piling applications. It primarily is made to ASTM A-500 and A-252 specifications.

Hence, specifically included within the scope of these petitions are products stenciled to the ASTM standards A-53, A-135, A-795, A-120, A-500, A-252,[7] or their equivalents. Standard and structural pipe products may also be produced to proprietary specifications rather than to industry standard. This is often the case with fence tubing, for example.

The scope does not include boiler tubes, pressure tubing, mechanical tubing, finished conduit, oil country tubular goods (OCTG), and line pipe. However, with regard to these excluded products, if petitioners or other interested parties provide to the Department reasonable grounds to believe or suspect that the products are being used in a standard or structural application, the Department may instruct the U.S. Customs Service to require end-use certifications. In addition, line pipe meeting the American Petroleum Institute (API) line pipe is excluded from the scope of this investigation, and any resultant antidumping duty order, if covered by the scope of another antidumping duty order from the same country.

The standard pipe products that are the subject of this investigation are currently classifiable in the Harmonized Tariff Schedule of the United States (HTS) subheadings 7306.30.10 and 7306.30.50. This investigation also covers dual-certified A-53/API or single certified pipe that enters the United States if {it} is used in, or intended for use in, standard pipe or structural pipe applications. Such certified pipe may include API-5L or API-5L X-42 pipe. Although the HTS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.[8]

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[7] Pipe produced to the ASTM A-252 specification is defined by both the ASTM and the AISI as *piling pipe*, as distinct from *structural pipe* (ASTM A-500).

[8] *See* Commerce's final LTFV determination (67 FR 36570, May 24, 2002).

Physical Characteristics and Uses

Pipes and tubes[9] in general are produced in various grades of carbon steel, alloy steel, and stainless steel and are distinguished by end uses as defined by the American Iron and Steel Institute (AISI), namely, standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and OCTG.[10]

Standard pipe of carbon steel is the primary product within the scope of this investigation. In accordance with AISI specifications, standard pipe is typically used for low-pressure conveyance of air, steam, gas, water, oil, or other fluid applications. It is used primarily in machinery, buildings, sprinkler systems, irrigation systems, and water wells rather than in pipe lines or utility distribution systems. It may carry fluids at elevated temperatures when such fluids are not subject to external heat applications. It is usually produced in standard diameters and wall thicknesses to ASTM specifications.

Standard pipe may also be used for light load-bearing and mechanical applications, such as conduit shells, and for structural applications in general construction. Circular pipe used for above-ground structural purposes, including fence posts, irrigation systems, and sprinkler systems, is also included in this category. These products are manufactured primarily to standard ASTM and American Society of Mechanical Engineers (ASME) specifications. They are available either galvanized (zinc-coated by dipping in molten zinc) or lacquered (black finish) or painted (black) for corrosion protection, which is important for ocean transport or for storage in humid conditions. End finishes include plain end--which may be either square cut, or beveled suitable for welding--or threaded ends, or threaded or coupled, as well as other special end finishes. Pipe with threaded ends is usually provided "threaded or coupled," that is, a coupling is attached to one end of each length of pipe.

Structural pipe and tubing is defined by AISI as welded or seamless pipe and tubing generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications.[11] Structural pipe is intended for use in the construction of bridges, buildings, steel scaffolding, and general structural work.

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[9] Pipe dimensions (e.g., outside diameter (OD) and wall thickness) are standardized while tube dimensions are design-specific. The HTS generally makes no distinction between pipes and tubes.

[10] In addition to the subject products--standard pipe, structural pipe and tubing, and piling pipe--AISI also defines the following pipe and tube groups. *Mechanical tubing* is welded or seamless tubing produced in a large number of shapes of varied chemical composition in sizes 3/16 inch to 10¾ inches OD inclusive from carbon and alloy material. It is not normally produced to meet any specification other than that required to meet the end use. It is produced to meet exact OD and wall thickness. *Pressure tubing* is used to convey fluids at elevated temperatures or pressures, or both, and is suitable to be subjected to heat applications. It is produced to exact OD and wall thickness in sizes ½ inch to 6 inches OD inclusive, usually to specifications such as ASTM. *Line pipe* is used for transportation of gas, oil, or water generally in a pipeline or utility distribution system. It is produced to API and AWWA (American Water Works Association) specifications. *OCTG* are pipe produced to API specifications and used in wells in oil and gas industries consisting of casing, tubing, and drill pipe. OCTG include (1) *casing*, which is the structural retainer for the walls of oil or gas wells and covers sizes 4½ to 20 inches OD inclusive, (2) *tubing*, which is used within oil well casings to convey oil to ground level and ordinarily includes sizes 1.050 to 4.500 inches OD inclusive, and (3) *drill pipe*, which is used to transmit power to a rotary drilling tool below ground level and covers sizes 2⅜ to 6⅝ inches OD inclusive. AISI, *Instructions for Reporting Steel Shipment Statistics*, January 1988, pp. I(III) 4 1-88 to I(III) 7 1-88.

[11] It is produced in round, square, rectangular, or other cross-sectional shapes. The scope of the investigation includes only circular cross-sectional shapes.

Piling pipe is also included within the scope of this investigation. Piling pipe is made to ASTM A-252 specification and consists of round welded or seamless pipe[12] intended for use as foundation piles where the pipe cylinder acts as a permanent load-carrying member, usually filled with concrete to form cast-in-place concrete piles. As stated above, while construction pipe is used above ground, piling pile is used below ground in foundation work for buildings, piers, docks, highways, and bridges.

Counsel for petitioners reported that 50 percent of the circular welded pipe that is the subject of this investigation is used in plumbing applications. Sprinkler pipe and fence tube applications make up about 20 percent each of the subject pipe market. Structural pipe, which is used mostly in construction applications, comprises about 8 percent of the pipe market. Counsel also reported that fence tube applications make up almost 26 percent of the value of the pipe market in the United States.[13]

Manufacturing Process

Circular welded carbon steel pipes and tubes of the sizes subject to this investigation are manufactured by either the continuous-welding (CW) process or the electric resistance-welding (ERW) process.[14] For either process, the starting material is steel sheet in coil form. The steel sheet is slit to the exact width to be formed into tubular form of the desired diameter; no filler metal is used in either process.

In the CW process, the slit steel sheet is heated to approximately 2,450 degrees Fahrenheit in a gas-fired, continuous furnace. As it leaves the furnace, a blast of air is normally provided by a blower to raise the temperature of the edges to approximately 2,600 degrees Fahrenheit for welding. The sheet is formed into tubular shape by a series of rollers, and the edges are butted together under pressure to form the weld. While still hot, the product may be processed through a stretch reduction mill, which simultaneously reduces its diameter and wall thickness. The continuous tube is then cut into predetermined lengths by a flying saw or shear synchronized with the tube's movement so that it is not necessary to stop the process. This method can be used to produce pipes and tubes up to 4.5 inches in OD.

In the ERW process, the slit sheet is formed into a tubular shape by passing it through a series of rollers while cold. The edges are then heated by electrical resistance[15] and welded by heat and pressure.

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[12] Seamless pipe is not within the scope of this investigation.

[13] Petitioners' posthearing brief, exhibit 4.

[14] The petitioner mentioned the *stretch process* as a production method for standard pipe. In this process, a stretch reduction heats and stretches larger "mother" tubes manufactured by a CW process to produce tubes and pipes of smaller OD or thickness. A mother tube can be stretched into many smaller sizes as necessary. This process should be regarded as a part of the CW process rather than as a separate and independent production process from the CW. *See* Schagrin Associates, petition submitted to the Commission on June 4, 2001, p. 7. For more information on the stretch reduction process, *see* United States Steel, *The Making, Shaping, and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbick & Held, 1985), pp. 1028 and 1046. *Piling pipe* made to ASTM A-252 specification can be produced by the flash weld process, in which the edges are beveled and butted to form a "V," into which the electrode is melted. This method is only suitable for large pipe. *See* United States Steel, *The Making Shaping, and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbick & Held, 1985), p. 1018. The welded seam of piling pipe can be longitudinal or helical. ASTM, *Annual Book of ASTM Standards* - 2000, p. 150.

[15] The heat for welding is generated by resistance of the steel to the flow of electric current. In one process, a low frequency (typically 60 to 360 hertz) is conducted to the strip edges by a pair of copper alloy discs which rotate as the pipe is propelled under them. A second variation uses high frequency current (in the range of 400 to 500 kilohertz) which enters the tubing through shoes which act as sliding contacts. An induction coil can also be used with the high frequency current to induce current in the edges of the steel. No direct contact between the induction

(continued...)

The welding pressure causes some of the metal to be squeezed from the joint, forming a bead of metal on the inside and the outside of the tube. This bead, called welding flash, is usually trimmed from both the outside and the inside surfaces. While still in the continuous processing line, the tube is then subjected to post-weld heat treatment, as required. This step may involve heat treatment of the welded seam only or treatment of the entire pipe. After heat treatment, sizing rolls shape the tube to accurate diameter tolerances. The product is cooled and then cut at the end of the tube mill by a flying shear or saw.[16]

Finishing operations on standard pipe and tube may include hydrostatic testing, oiling,[17] and galvanizing. End finishing may include square cutting, beveling, threading, or grooving. Threaded pipe may be furnished "threaded and coupled," in which case both ends of each length of pipe are threaded and a threaded coupling is applied to one end.

Interchangeability

Imported circular welded carbon steel pipes and tubes may be considered to be interchangeable with domestic product for most applications. They are commodity products and must meet common standards regarding materials, dimensions, and testing, established by consensus organizations. Manufacturing processes and technology are similar throughout the world.

Channels of Distribution

Circular welded carbon steel pipes and tubes are primarily sold by the producing manufacturers or importers to warehousing distributors who, in turn, sell to consuming contractors or end users. Almost 88 percent of domestic producers' shipments of standard pipe were directed to distributors in 2001, while virtually all (98 percent) of importers' shipments went to distributors. The percentage of shipments going to distributors for both domestic producers and importers remained relatively constant between 1999 and 2001.

DOMESTIC LIKE PRODUCT ISSUES

In the preliminary dissenting views of Commissioners Bragg and Devaney, it was noted that a like product issue in this investigation is whether the domestic like product should be defined to include multiple-stenciled pipe as the Commission did in the 1996 investigations of standard pipe from Romania and South Africa. Multiple-stenciled pipe is certified to meet both ASTM certification standards for standard pipe applications and API certification standards for line pipe applications. The Commissioners noted that it is not clear whether multiple-stenciled pipe not used in standard pipe applications should be included in the same domestic like product with single-stenciled standard pipe and multiple-stenciled pipe actually used in standard pipe applications.[18] Information collected in this investigation on multiple-

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[15] (...continued)
coil and the tubing is made. AISI, *Steel Products Manual Steel-Specialty Tubular Products*, October 1980, pp. 19-20.

[16] United States Steel, *The Making, Shaping, and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbick & Held, 1985), p. 1029.

[17] The oil is a hardening transparent oil that leaves a lacquer finish. Id., p. 1062.

[18] *See Circular Welded Non-Alloy Steel Pipe From China, Indonesia, Malaysia, Romania, and South Africa,* (continued...)

stenciled line pipe that is used in, or intended for use in, line pipe applications (combined with the subject merchandise) and on both single and multiple-stenciled line pipe that are used in, or intended for use in, line pipe applications (also combined with the subject merchandise) is presented in summary tables C-2 and C-3, respectively.

[18] (...continued)
Invs. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001), pp. 23-24.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

BUSINESS/MARKET CYCLES

Standard pipe is used principally in construction and equipment applications, including low-pressure water, oil, air, and natural gas conveyances, fire sprinkler systems, and fencing. The level of activity in such applications is mainly affected by the overall construction growth in the economy.[1] Strong growth in the U.S. economy and high levels of construction will lead to strong demand for standard pipe.

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

U.S. producers and importers were asked to report their market within the United States. Eight of 21 responding producers reported selling nationwide, 7 reported mainly selling in parts of the country east of the Rockies, 3 reported selling on the West Coast, and 3 could not clearly be allocated.[2] Importers were less likely to sell nationwide, as only 1 of the 6 responding importers reported selling nationwide, 3 reported selling only on the West Coast, and 2 reported selling in the West Coast, Gulf Coast, East Coast, and Midwest.[3]

Twenty-eight purchasers responded to the questionnaire; 16 were distributors, 7 were end users, and 5 were both distributors and end users. Fourteen reported having marketing/pricing knowledge of Chinese product; 9 of these were distributors, 1 was an end user, and 4 were both distributors and end users. Nine of the 24 responding purchasers sold mainly fencing products.

SUPPLY AND DEMAND CONSIDERATIONS

Between 1999 and 2001, raw materials, mainly hot-rolled sheet, averaged 68.7 percent of the cost of goods sold.[4] The petitioners reported that galvanizing accounted for *** percent of the cost of hot-dipped galvanized standard pipe, and *** percent for inline galvanizing, and zinc made up from *** to *** percent of the cost of galvanizing, for the two firms for which data were reported.[5]

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[1] Petitioners report that construction demand is the main determinant for standard pipe demand, while respondents report that overall economic growth is the main determinant for standard pipe demand. Petitioners' prehearing brief, exhibit 7, p. 1; Robert Blecker, economist for petitioners, hearing transcript, p. 31; and John Greenwald, for respondents, hearing transcript, pp. 122 and 123. During the hearing producers reported that demand had begun to slow late 2000 through 2001. Mark Magno, Vice President, Marketing, Wheatland Tube; Bob Bussiere, General Manager, Sprinkler Marketing, Allied Tube; L. Scott Barnes, Vice President, Commercial, Ipsco Tubulars; Don Fin, Vice President, Sales, Western Tube; and Robert French, National Accounts Manager, Fence Products, Allied Tube, hearing transcript, pp. 70-75.

[2] One reported selling in the Southwest, 1 within 500 miles of its plant, and 1 reported that it attempted to cover the United States.

[3] This question was asked only for sales of Chinese product. Importers that did not sell Chinese products did not answer and therefore the number of responding importers is lower than for some other questions.

[4] *See* table VI-2.

[5] Petitioners' posthearing brief, p. A-22.

U.S. Supply

Based on the available information, U.S. producers of standard pipe have substantial ability to change their supply quantities in response to changes in demand for standard pipe. Most U.S. producers reported in their preliminary questionnaire responses a moderate to weak ability to shift standard pipe production among the full range of sizes (diameters and wall thicknesses), end treatments, and finishes of products, but a strong ability to shift production among the products within each firm's product capability.[6] Significant capital expenditures would generally be required for U.S. producers to expand their production capability to the full range of standard pipe products. Some U.S. producers of standard pipe also produce other pipe products on the same equipment and with the same labor as that used to produce standard pipe.[7] Alternative production, which includes API 5L line pipe, OCTG, and mechanical pipe, likely spreads the risk of demand fluctuations in any one product market and may also lead to changes in the available capacity for a particular product from period to period.

Domestic Production

Industry capacity

Annual U.S. production capacity for standard pipe increased slightly from 1999 to 2000, and then fell in 2001 below its 1999 level. Production fluctuated over the period, rising between 1999 and 2000 and then falling in 2001. Capacity utilization fell irregularly from 59.0 percent in 1999 to 56.5 percent in 2001. U.S. standard pipe producers' unused production capacity would have contributed significantly to short-run supply flexibility during 1999-2001.[8] In their preliminary questionnaires, U.S. producers reported that they required minimum capacity utilization levels averaging 57 percent to operate in the short run (within 12 months) and 70 percent in the long run (greater than 12 months). Based on the reported average capacity utilization rates during 2001, U.S. producers have been operating below their average short-run minimum-required capacity utilization rates. Between 1999 and 2001, U.S. producers' capacity utilization rates have been well below their average long-run minimum-required capacity utilization levels.

Inventory levels

U.S. standard pipe producers' reported inventories, relative to production, fluctuated upward during 1999-2001. Accordingly, U.S. producers' inventories of standard pipe contributed to short-run supply flexibility during this period.

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[6] The ability of U.S. producers to shift production among different standard pipe products would enhance their ability to adjust their supply quantities to changes in demand levels that are also accompanied by changes in the composition of products demanded. Any such supply constraints would restrain the ability of U.S. producers to respond to an increase in demand for particular standard pipe products.

[7] The petitioners indicated at the conference that the equipment for threading and coupling and for galvanizing is dedicated to standard pipe and tube and cannot be used in the production of other types of pipe and tube (conference transcript, p. 48).

[8] To the extent that U.S. standard pipe producers do not have excess capacity to produce the specific products demanded, their supply flexibility to changes in demand would be less.

Export markets

U.S. standard pipe producers exported about 3.0 percent by quantity of their total shipments of standard pipe during January 1999-December 2001. Exports by U.S. standard pipe producers would not contribute significantly to U.S. short-run supply flexibility.

Subject Imports

Based on the reported Chinese industry data, annual capacity utilization to produce standard pipe in China fell irregularly from 1999 to 2001, while total annual production capacity for standard pipe in China increased. A falling capacity utilization rate for Chinese standard pipe was accompanied by an overall increase in home market shipments, rising and then falling exports to the United States, and an overall increase in exports to third-country markets during 1999-2001. In addition, end-of-period inventories of standard pipe in China fell irregularly from 1999 to 2001. Chinese standard pipe producers may have been able to shift exports from third-country markets, reduce home market inventories, and increase production to ship additional standard pipe quantities to the United States.

U.S. Demand

U.S. demand for standard pipe, as measured by U.S. apparent consumption, fluctuated but increased from 1999 to 2001. In the United States, standard pipes are used principally in applications such as low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic fire sprinkler systems, and other related uses. Standard pipes are also used for light load-bearing structural applications, such as for fence tubing, for electrical conduit shells, and in sundry general construction uses.[9] U.S. demand for standard pipe depends importantly on U.S. construction activity, which, in turn, depends on the overall health of the economy. Petitioners report that the main determinant of overall demand for standard pipe is the level of construction, while respondents report that the overall growth in the U.S. economy is more closely correlated to demand for standard pipe.[10] Figure II-1 shows quarterly, seasonally adjusted, constant dollar indexes for construction and gross domestic product (GDP) during 1999-2001.

In their preliminary questionnaires, U.S. producers and importers reported only limited substitution among the different standard pipe products. *** reported that in fire sprinkler systems, threadable lightwall pipes substitute for the thicker-walled schedule 40 pipes in sizes 1-1/4 inches through 4 inches in diameter and for schedule 10 pipes; and that in fence tubing, the lighter-walled SS-40 pipe substitutes for schedule 40 fence pipe. *** reported that A-500 B structural tubing substitutes regularly for A-53 pipe for structural applications that use pipe diameters ranging from 1-1/4 inches through 4 inches. Finally, a U.S. importer, ***, reported that 1-1/4 inch diameter schedule 40 A-513 pipe substitutes for 1-1/4 inch diameter schedule 40 A-53 pipe for handrail applications.

Petitioners estimate that "Buy American" practices account for 10 to 15 percent of standard pipe purchases.[11]

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[9] Amendment to the petition, June 6, 2001, p. 23.

[10] Robert Blecker, economist for petitioners, hearing transcript, p. 31; John Greenwald, for respondents, hearing transcript, pp. 122 and 123.

[11] Barry Marrs, Chairman and CEO, Master Halco, hearing transcript, p. 67.

Figure II-1
Index of value of construction put in place, and GDP, by quarters, in constant dollars, seasonally adjusted, January 1999-December 2001

Sources: *Survey of Current Business*, February 2002, Bureau of Economic Analysis, and *http://www.census.gov/pub/const/c30*, various tables.

SUBSTITUTABILITY ISSUES

Sixteen of 20 responding U.S. producers, 5 of 11 responding importers, and 7 of 21 responding purchasers reported substitutes for standard pipe. Plastic, PVC, copper, line, seamless, and aluminum pipes were cited most frequently as substitutes for standard pipe. Wood and square tubing were also mentioned as substitutes for standard pipe in structural applications, such as for handrails. Plastic and wood substitute for chain link fencing.

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase standard pipe (see table II-1). The largest number of purchasers, 14, reported that price was the most important factor; in addition, 10 purchasers reported that quality was the most important factor. There was less agreement on the second and third most important factors. However, availability was listed most frequently as both the second and third most important factor, with 9 firms reporting it as the second and 8 as the third most important factor.

Table II-1
Most important factors in selecting a standard pipe supplier

Factor	First	Second	Third
Price/terms	14	6	6
Quality/appearance	10	7	6
Availability/reliability of shipments/lead time/delivery	3	9	8
Availability of sizes/product line	0	1	2
Service	0	2	0
Other[1]	1	1	4

[1] Other includes acceptability to end users (most important), reliability of supplier (second most important), exclusive distribution, all sizes available from one mill source adds to our buying power, prior experience with vendor, and credit (third most important).

Note.–One firm reported both price and availability as the most important factor. Both are included above. Not all firms reported 3 factors.

Source: Compiled from data submitted in response to Commission questionnaires.

Only 11 of the 28 responding purchasers did not require some form of certification or prequalification.[12] Most purchasers that require prequalification, 12 of the 17, require it of all their purchases. The other 5 require prequalification for 40 to 90 percent of their purchases. Eleven purchasers specifically mentioned ASTM standards or grades as a requirement in qualification. Only 9 firms reported time required to qualify; this ranged from 5 days to 6 months with 5 of these reporting times of from 1 to 6 months. Only 4 of the 27 responding purchasers stated that a domestic or foreign producer had failed to qualify their standard pipe since 1999. Three of these firms reported which producers had failed; one of these reported problems with Chinese product.

Purchasers were asked what factors determined the quality of standard pipe. Many firms reported a number of different factors used to determine quality. The most commonly mentioned factor was that the product meet the specifications, with 20 of the 27 firms reporting this was necessary. Other factors included wall thickness, meeting customer requirements, straightness, uniformity, strength, appearance, service, price, coatings, threading, dimensional tolerances, round, sound, and finish hardness.

Factors Affecting Purchasing Decisions

Purchasers were asked to report if standard pipe from different countries was used in the same applications. Twelve firms compared the applications of Chinese and U.S. standard pipe, with 9 reporting they were used in the same applications and 3 reporting that they were not. Reasons given for why U.S. and Chinese standard pipe were not used in the same applications included U.S. and China used different methods for galvanizing which resulted in a completely different product; Chinese product was not acceptable for some customers; imported pipe may not meet the yield and tensile strength requirements; and

[12] Two of the firms reported that they did not need certification, but that they require ASTM compliance or mill certification for all prime pipe.

the requirement of domestic only product. When asked if certain grades/types/sizes of standard pipe were available only from a single source, 18 purchasers responded in the negative and 8 in the affirmative. Two reported that hot-dipped galvanized pipe was not available from U.S. producers, 1 reported smaller pipe was only available from one producer, 2 reported product that was not available from U.S. producers, 1 each reported product was only available from Japan or Korea, and 1 reported differences between product from China and Korea.

Purchasers that bought from one source when a less expensive product was available from another source were asked to explain why. Two firms reported that they never bought more expensive product, while the remaining 20 responding firms reported factors that might cause them to choose a more expensive product. The most common response, reported by 7 purchasers, was characteristics such as lead time, availability, relationship with seller, terms, reliability of supplier, and order size which lead them to prefer U.S. product even if it was not the lowest price. In addition, 2 reported Buy American requirements sometimes caused them to buy more expensive U.S. product, 3 reported a preference for the U.S. product, 1 reported that Korean imports were more accepted than Chinese, 1 reported it stocked both U.S. and imported product, 1 reported that because of the section 201 investigation it had been unable to bring in the product it wanted, and 6 reported reasons but did not report country of origin of the product preferred.

Purchasers were asked to report the importance of 15 factors in their purchase decision (table II-2). Twenty-three of the 24 responding purchasers considered product quality/meeting specifications to be very important. This was followed by product consistency, reported as very important by 22 purchasers, and reliability of supply, reported as very important by 21 purchasers. Purchasers were asked for country-by-country comparisons on the same 15 purchase factors. A number of firms compared U.S. product with Chinese products according to these factors and Chinese or U.S. product with product from nonsubject countries (table II-3). If purchasers did not give the same answers when they compared product from more than one nonsubject country with U.S. or Chinese product, both answers were recorded. One purchaser reported that U.S. product was superior to imports in all characteristics other than price; however, on the West Coast it reported U.S. product was not an option. In addition, it reported that imports from Japan, Korea, and Taiwan were superior to those from China because the Chinese had problems with consistent quality, delivery, and reliability of supply. As a result it reported Chinese product was not readily accepted by the market.

Comparisons of the U.S.-Produced and Imported Standard Pipe

Several differences were reported between the domestic and Chinese standard pipes and the way they are sold. The Chinese pipes are typically sold close to the U.S. ports of entry, whereas U.S. producers generally ship their pipes longer distances to their U.S. customers. Four producers out of the 21 responding reported time both from inventories and production. Time from inventories ranged from 1 to 10 days, and time from production ranged from 1 to 3 months. Of those not reporting separate times for sales from production and inventories, 9 reported times from 2 to 7 days, 6 reported times from 10 to 60 days, and 1 reported times from 3 to 14 days.[13] Four importers reported times from 1 to 10 days while the remaining 11 responding importers reported times from 2 to 6 months. Five importers of Chinese product reported times to delivery; 1 reported 10 days and the other 4 reported times of from 2 to 6 months.

Importers and U.S. producers were requested to indicate, by country of origin, whether the domestic and subject imported standard pipe products were always, frequently, sometimes, or never used interchangeably. The number of responses for each degree of interchangeability by country of origin

[13] One of the remaining 2 producers shipped in 3 to 14 days and the other shipped in 1 to 30 days.

Table II-2
Standard pipe: Importance of purchase factors as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	19	5	0
Delivery terms	11	11	2
Delivery time	18	6	0
Discounts offered	8	15	1
Lowest price	15	9	0
Minimum quantity requirements	3	11	10
Packaging	9	10	5
Product consistency	22	2	0
Product quality meeting specifications	23	1	0
Product quality in excess of specifications	5	8	11
Product range	9	14	1
Reliability of supply	21	3	0
Technical support/service	6	15	3
Transportation network	6	12	6
U.S. transportation costs	9	9	4

Note.–Some purchasers rated the importance of some but not all the factors listed.

Source: Compiled from data submitted in response to Commission questionnaires.

reported by U.S. producers and by U.S. importers are shown in table II-4. All responding U.S. producers and importers indicated that the domestic and Chinese imported products were interchangeable.

Producers were asked to report differences in sales conditions or product characteristics. Differences included that domestic product had shorter lead times, could mix product in delivery loads, had a 20-ton minimum unit of sales, was easier to thread, and had the advantage of being locally produced. The imports were reported to bypass the standard channels of distribution, offer extended terms, offer lower prices, meet standards at lower price, and enter in huge quantities depressing the U.S. price. Importers reported differences in sales conditions and product characteristics, including Chinese pipe was sold at a lower price and U.S. product had shorter lead times and less chance of damage in transit.

Table II-3
Standard pipe: Comparisons of product by country pairs as reported by purchasers

Factor	U.S. vs China			U.S. vs nonsubject[1]			China vs nonsubject[1]		
	S	C	I	S	C	I	S	C	I
	Number of firms responding								
Availability	10	2	2	10	6	2	0	3	3
Delivery terms	6	5	2	6	10	1	0	5	1
Delivery time	9	3	2	12	4	0	0	3	3
Discounts offered	4	8	2	2	14	0	0	4	1
Lowest price	1	3	9	1	7	11	3	2	1
Minimum quantity requirements	4	8	2	4	11	2	0	6	0
Packaging	0	12	2	0	15	1	0	6	0
Product consistency	3	9	2	2	14	1	0	4	2
Product quality meeting specifications	2	10	1	3	13	1	0	6	0
Product quality in excess of specifications	4	5	4	3	13	1	1	4	1
Product range	2	9	2	3	10	4	1	4	1
Reliability of supply	6	6	2	4	12	2	0	4	2
Technical support/service	9	3	2	10	7	2	0	5	1
Transportation network	4	8	2	4	12	1	0	6	0
U.S. transportation costs	3	7	4	4	10	2	0	5	1

[1] Nonsubject includes any answers for any nonsubject country. If firms provided different answers for different nonsubject countries, these are also included. For this reason the number of answers varies between these characteristics.

Note.--S = first listed country's product is superior, C = both countries' products are comparable, I = first listed country's product is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-4
The number of firms reporting interchangeability and differences in product characteristics or sales conditions among U.S.-produced, Chinese, and nonsubject imported standard pipe, by country of origin and type of responding firm

Firm	Interchangeable						Differences in product characteristics or sales conditions					
	U.S. vs China		U.S. vs nonsubject countries		China vs nonsubject countries		U.S. vs China		U.S. vs nonsubject countries		China vs nonsubject countries	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
U.S. producers	17	0	16	0	16	0	9	8	5	12	16	0
U.S. importers	7	0	8	1	7	0	2	4	5	5	2	3

Note.–Y = yes, N = no.

Source: Compiled from data submitted in response to Commission questionnaires.

ELASTICITY ESTIMATES

U.S. Supply Elasticity[14]

The domestic supply elasticity for standard pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of standard pipe. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced standard pipe. Elasticity of supply was initially estimated to be in the range of 5 to 10. Petitioners report that while domestic producers have substantial ability to change their quantities in response to changes in demand, the 5 to 10 estimate for elasticity does not allow price effects from dumping as well as quantity effects. Petitioners believe that dumped imports affect both domestic price and quantity and, as a result, suggest a domestic supply elasticity in the range of 2 to 5. Staff notes that the supply elasticity measures the degree to which U.S. producers increase or decrease supply in response to changes in the price of the product. While dumping may affect the price of the product in the U.S. market and thus cause purchasers to shift from domestic to imported product, the existence of dumping does not necessarily affect the degree to which U.S. producers will respond to price changes (i.e., the supply elasticity). Staff has considered the very large amount of unused capacity of U.S. producers and the existence of inventories in making its estimate of 5 to 10 and believes that range is an appropriate estimate for this industry.

[14] A supply function is not defined in the case of a non-competitive market.

U.S. Demand Elasticity

The U.S. demand elasticity for standard pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of standard pipe. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the standard pipe in the production of any downstream products. The aggregate demand for standard pipe is estimated to be inelastic in a range of -0.5 to -1.0. The petitioners believe that the elasticity of demand would be at the bottom end of this range, close to -0.5.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[15] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). The elasticity of substitution between U.S.-produced standard pipe and imported standard pipe was originally estimated to be in the range of 3 to 5. The petitioners, however, report that this elasticity is too low, that standard pipe from China and the United States are very interchangeable, and that the range of 3 to 5 has been used for products that were less interchangeable. Petitioners estimate that the elasticity is in the range of 6 to 12. Staff notes that while the domestic and Chinese products are viewed as interchangeable, there is evidence on the record that differences in the products do exist. For example, a significant number (i.e., 9 of 17) of U.S. producers reported that differences in sales conditions or product characteristics were a factor in their sales of standard pipe (see table II-4). Moreover, a significant number of responding U.S. purchasers also reported differences in the availability, delivery time, and technical support/service (see table II-3). Therefore, while the products are reportedly used interchangeably, there are differences between the domestic and Chinese products which can lessen the degree of substitution. Because of these differences, staff believes that an estimate in the range of 3 to 5 is reasonable.

[15] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 21 firms[1] that accounted for almost all U.S. production of standard pipe during 2001.[2]

U.S. PRODUCERS

The 10 petitioners and 11 other firms are known to have produced standard pipe during the period examined. The firms range in size from large integrated producers like Allied Tube and Conduit, Wheatland Tube, and AK Steel which together accounted for *** percent of U.S. standard pipe production in 2001, to small non-integrated producers serving more localized markets. Table III-1 presents information on U.S. standard pipe producers and their shares of production. Nearly all produce steel products other than standard pipe and their plant locations are scattered throughout the United States. None imports standard pipe from China.

AK Steel sold its Sawhill Tubular Division to John Maneely Co., the parent of Wheatland Tube, on April 19, 2002. Allied Tube and Conduit, the *** producer of standard pipe in the United States, acquired Century Tube in December 2001. According to Allied Tube and Conduit, a major factor in the acquisition was to ***. Laclede Steel reported that it filed for bankruptcy under chapter 11 on July 27, 2001. Laclede reported no steel production after ***. According to Laclede, ***.[3] Maverick Tube ***. Newport Steel reported ***. It also ***. Newport also reported in its questionnaire response that it was ***. LTV Copperweld indicated that it shut down a pipe and tube facility in June 1999 ***. Allied Tube and Conduit, American Steel Pipe, and California Steel Industries all reported ***.

IPSCO Tubulars reported that in March 1999 it opened a new electric resistance weld pipe facility with a capacity of *** tons per year. It noted, however, ***. Western Tube & Conduit, a *** producer, noted that it is *** as well as circular welded tubing.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data for the petitioners and the other 11 firms responding to the Commission's questionnaire are shown in table III-2. U.S. capacity and production of standard pipe increased slightly between 1999 and 2000 and then decreased by 8.0 percent and 12.9 percent, respectively, from 2000 to 2001. As a result, capacity utilization was also down by 2.5 percentage points between 1999 and 2001. Several company officials noted that 2000 and 2001 were bad years for standard pipe production and some reported that they were now focusing on the OTCG and line pipe markets. Some of the small producers reported very low

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[1] The 10 petitioners plus AK Steel, Middletown, OH; American Steel Pipe, Birmingham, AL; Bull Moose, Chesterfield, MO; California Steel Industries, Fontana, CA; EX-L Tube, N. Kansas City, MO; Leavitt Tube, Chicago, IL; Lone Star Steel, Dallas, TX; Maruichi American, Santa Fe, CA; Newport Steel, Newport, KY; Stupp Corp., Baton Rouge, LA; and U.S. Steel, Pittsburgh, PA.

[2] An additional firm, ***, indicated that it does not produce the subject product and another, ***, did not return a questionnaire response.

[3] Laclede questionnaire response and telephone conversation with ***, Laclede Steel, April 25, 2002.

Table III-1
Standard pipe: U.S. producers and their positions on the petition, plant locations, and shares of U.S. production in 2001

Firm	Position on the petition	Plant location(s)	Share of reported U.S. production (*percent*)
Petitioners:			
Allied Tube and Conduit Corp.[1]	Support	Harvey, IL Philadelphia, PA Phoenix, AZ	***
Century Tube Corp.[2]	Support	Pine Bluff, AR	***
IPSCO Tubulars, Inc.[3]	Support	Camanche, IA Blytheville, AR	***
Laclede Steel Co.[4]	Support	St. Louis, MO	***
LTV Copperweld[5]	Support	Youngstown, OH Counce, TN	***
Maverick Tube Corp.[6]	Support	Chesterfield, MO	***
Northwest Pipe Co.	Support	Portland, OR Atchison, KS Bossier City, LA	***
Sharon Tube Co.	Support	Sharon, PA	***
Western Tube & Conduit Corp.[7]	Support	Long Beach, CA	***
Wheatland Tube Co.[8]	Support	Wheatland, PA Chicago, IL Little Rock, AR	***
Non-petitioners:			
AK Steel Corp.[9]	Support	Warren, OH Sharon, PA	***
American Steel Pipe	***	Birmingham, AL	***
Bull Moose Tube Co.[10]	***	Chesterfield, MO	***
California Steel Industries, Inc.[11]	***	Fontana, CA	***
EX-L Tube, Inc.	Support	North Kansas City, MO	***
Leavitt Tube Co.[12]	Support	Chicago, IL	***
Lone Star Steel Co.[13]	***	Dallas, TX	***

Table continued on next page.

Table III-1--Continued
Standard pipe: U.S. producers and their positions on the petition, plant locations, and shares of U.S. production in 2001

Firm	Position on the petition	Plant location(s)	Share of reported U.S. production (*percent*)
Non-petitioners:			
Maruichi American Corp.[14]	Support	Santa Fe Springs, CA	***
Newport Steel Corp.[15]	***	Newport, KY	***
Stupp Corp.[16]	***	Baton Rouge, LA	***
U.S. Steel[18]	Support	Pittsburgh, PA	***

1 ***.
2 ***.
3 ***.
4 Laclede ceased steel operations in 2001.
5 ***.
6 ***.
7 ***.
8 ***.
9 ***.
10 ***.
11 ***.
12 ***.
13 ***.
14 ***.
15 ***.
16 ***.
17 ***.
18 ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-2
Standard pipe: U.S. producers' capacity, production, and capacity utilization, 1999-2001[1] [2]

Item	Calendar year		
	1999	2000	2001
Capacity (*short tons*)	2,857,713	2,887,549	2,657,884
Production (*short tons*)	1,723,561	1,770,068	1,541,072
Capacity utilization (*percent*)	59.0	59.4	56.5

[1] *** was unable to provide usable capacity data. According to company officials, ***.
[2] *** did not provide trade data for standard pipe. Staff used the quantity of the firm's net sales provided in the financial section of the questionnaire as a proxy for production.

Source: Compiled from data submitted in response to Commission questionnaires.

capacity utilization rates, although these producers represented only a fraction of total standard pipe production in the United States. Overall, 13 of the 19 producers that provided capacity data reported a decrease in capacity between 1999 and 2001.

U.S. PRODUCERS' SHIPMENTS

Following the trend of U.S. production, U.S. shipments were down 8.9 percent by volume and 12.5 percent by value between 1999 and 2001. In addition, the average unit value was off by over $20.00 during the same period. U.S. producers reported some exports over the period, almost all of which were destined for Canada (table III-3).

U.S. PRODUCERS' INVENTORIES

Inventories decreased by 16.2 percent from 2000 to 2001 after increasing by 11.4 percent from 1999 to 2000. The ratio of inventories to total shipments increased by 0.3 percentage point between 1999 and 2001 (table III-4).

U.S. EMPLOYMENT, COMPENSATION, AND PRODUCTIVITY

Table III-5 presents data showing increases in the number of workers and hours worked from 1999 to 2000, followed by decreases in 2001. Meanwhile, productivity decreased steadily by 11.5 percent from 1999 to 2001. Wages paid increased by 11.1 percent from 1999 to 2000 before dropping 6.7 percent from 2000 to 2001.

Table III-3
Standard pipe: U.S. producers' shipments, by types, 1999-2001

Item	Calendar year		
	1999	2000	2001
	Quantity (*short tons*)		
Commercial shipments[1]	1,532,675	1,588,084	1,437,762
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	1,685,528	1,680,454	1,536,173
Export shipments	49,310	59,147	45,487
Total shipments	1,734,838	1,739,601	1,581,660
	Value (*1,000 dollars*)		
Commercial shipments[1]	843,216	910,619	766,488
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	932,311	960,782	815,326
Export shipments	27,652	33,613	26,817
Total shipments	959,963	994,395	842,143
	Unit value (*per short ton*)		
Commercial shipments[1]	$550.16	$573.41	$533.11
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	553.13	571.74	530.75
Export shipments	560.78	568.30	589.55
Average	553.34	571.62	532.44

[1] *** did not provide trade data for standard pipe. Staff used the quantity and value of commercial sales provided in the financial section of the questionnaire as a proxy for the quantity and value of commercial shipments for this table (***).

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-4
Standard pipe: U.S. producers' end-of-period inventories, 1999-2001[1]

Item	Calendar year		
	1999	2000	2001
Inventories (*short tons*)	239,275	266,615	223,525
Ratio to production (*percent*)	13.9	15.1	14.5
Ratio to U.S. shipments (*percent*)	14.2	15.9	14.6
Ratio to total shipments (*percent*)	13.8	15.3	14.1

[1] *** did not provide inventory data.

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-5
Standard pipe: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 1999-2001[1 2]

Item	Calendar year		
	1999	2000	2001
Production and related workers (PRWs)	2,947	3,172	2,954
Hours worked by PRWs (*1,000 hours*)	6,266	7,042	6,242
Wages paid to PRWs (*1,000 dollars*)	99,091	110,075	102,729
Hourly wages	$15.82	$15.63	$16.46
Productivity (*tons per 1,000 hours*)	264.8	235.4	234.4
Unit labor costs (*per short ton*)	$59.73	$66.39	$70.20

[1] *** did not provide employment data.
[2] ***.

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTS

Commission questionnaires were sent to 51 firms believed to import standard pipe; responses were received from 23 importers,[1] 6 of which indicated importing standard pipe from China.[2] Data on imports of standard pipe from China and nonsubject countries are shown in table IV-1. Total imports from China are based on official Commerce statistics. Nonsubject imports from China are those imported from Baosteel and WeiFang, as reported in importer questionnaires. Subject imports from China were derived by subtracting nonsubject Chinese imports from total Chinese imports. Two further adjustments have been made to the official Commerce statistics for nonsubject countries: official imports from Canada have been reduced by 37 percent to reflect the petitioners' estimate of nonsubject product, in this case mechanical tubing, from Canada;[3] and reported imports of mechanical tubing from *** have also been subtracted from the official data.[4]

Imports of the subject product from China increased by *** percent and imports from non-Chinese sources increased by 28.7 percent from 1999 to 2001. Subject imports from China accounted for *** percent of total imports of standard pipe in 2001. There were *** reported imports of nonsubject standard pipe from China in 1999, however, such imports were almost *** the volume of subject imports by 2001. *** made up the bulk of subject imports over the period. *** were the only two importers to report imports from Baosteel and WeiFang.

Petitioners contend that subject imports have grown in all market segments, but are concentrated in high-valued galvanized products. Imports of galvanized pipe from China represented 57 percent of total imports from China in 2001.[5]

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Apparent U.S. consumption, shown in table IV-2, increased by 15.4 percent, by volume, between 1999 and 2000, and then fell by 9.2 percent in 2001. U.S. producers' share of the domestic market fell by 9.2 percentage points between 1999 and 2001. Apparent consumption, by value, followed a similar pattern, increasing by 16.4 percent between 1999 and 2000 and then decreasing by 16.1 percent between 2000 and 2001. Imports from non-Chinese sources and nonsubject imports from China accounted for most of the U.S. producers' loss of market share between 1999 and 2001.

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[1] The importers include: ***.

[2] Importers of standard pipe from China include: ***.

[3] Respondents agreed in the preliminary phase of the investigation that, lacking a better estimate, the adjustment is appropriate.

[4] As noted earlier in Part I, mechanical tubing is excluded from the scope of this investigation. Only three firms, ***, reported imports of mechanical tubing.

[5] Petitioners' posthearing brief, p. 8 and exhibit 3.

Table IV-1
Standard pipe: U.S. imports, by sources, 1999-2001

Source	Calendar year		
	1999	2000	2001
	Quantity (*short tons*)		
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	75,343	163,866	157,035
All other sources	634,288	919,886	816,365
Total	709,632	1,083,752	973,399
	Value (*1,000 dollars*)[1]		
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	30,320	68,179	62,766
All other sources	318,668	462,926	373,793
Total	348,987	531,105	436,559
	Unit value (*per short ton*)[1]		
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	$402.42	$416.06	$399.70
All other sources	502.40	503.24	457.88
Average	491.79	490.06	448.49
	Share of quantity (*percent*)		
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	10.6	15.1	16.1
All other sources	89.4	84.9	83.9
Total	100.0	100.0	100.0

Table continued on next page.

Table IV-1--Continued
Standard pipe: U.S. imports, by sources, 1999-2001

Source	Calendar year		
	1999	2000	2001
	Share of value (*percent*)		
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	8.7	12.8	14.4
All other sources	91.3	87.2	85.6
Total	100.0	100.0	100.0

[1] Landed, duty-paid.
[2] Not applicable.

Note.–Total imports from China are based on official Commerce statistics. Nonsubject imports from China are those imported from Baosteel and WeiFang, as reported in importer questionnaires. Subject imports from China were derived by subtracting nonsubject Chinese imports from total Chinese imports. Only 63 percent of reported imports from Canada (quantity and value) are included in data for all other sources and totals; the remaining 37 percent are believed to be mechanical tubing which is outside the scope of this investigation. Reported imports of mechanical tubing from *** have also been subtracted. No imports of API line pipe for standard or structural pipe applications were reported.

Source: Compiled from official Commerce statistics (as adjusted using Commission questionnaires).

Table IV-2
Standard pipe: U.S. shipments of domestic product, U.S. imports, by sources, apparent U.S. consumption, and market shares, 1999-2001

Item	Calendar year		
	1999	2000	2001
	Quantity (*short tons*)		
U.S. producers' shipments	1,685,528	1,680,454	1,536,173
U.S. imports from--			
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	75,343	163,866	157,035
All other sources	634,288	919,886	816,365
Total U.S. imports	709,632	1,083,752	973,399
Apparent consumption	2,395,160	2,764,206	2,509,572
	Value (*1,000 dollars*)		
U.S. producers' shipments	932,311	960,782	815,326
U.S. imports from--			
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	30,320	68,179	62,766
All other sources	318,668	462,926	373,793
Total U.S. imports	348,987	531,105	436,559
Apparent consumption	1,281,298	1,491,887	1,251,885
	Share of quantity (*percent*)		
U.S. producers' shipments	70.4	60.8	61.2
U.S. imports from--			
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	3.1	5.9	6.3
All other sources	26.5	33.3	32.5
Total U.S. imports	29.6	39.2	38.8

Table continued on next page.

Table IV-2--Continued
Standard pipe: U.S. shipments of domestic product, U.S. imports, by sources, apparent U.S. consumption, and market shares, 1999-2001

Item	Calendar year		
	1999	2000	2001
	Share of value (*percent*)		
U.S. producers' shipments	72.8	64.4	65.1
U.S. imports from--			
China (subject)	***	***	***
China (nonsubject)	***	***	***
China (total)	2.4	4.6	5.0
All other sources	24.9	31.0	29.9
Total U.S. imports	27.2	35.6	34.9

Note.–Total imports from China are based on official Commerce statistics. Nonsubject imports from China are those imported from Baosteel and WeiFang, as reported in importer questionnaires. Subject imports from China were derived by subtracting nonsubject Chinese imports from total Chinese imports. Only 63 percent of reported imports from Canada (quantity and value) are included in data for all other sources and totals; the remaining 37 percent are believed to be mechanical tubing which is outside the scope of this investigation. Reported imports of mechanical tubing from *** have also been subtracted. No imports of API line pipe for standard or structural pipe applications were reported.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

PART V: PRICING AND RELATED DATA

FACTORS AFFECTING PRICING

Standard pipe prices can fluctuate based on the business cycle, seasonal demand patterns in the construction sector, inventory levels, and the size of an order. Standard pipe prices also differ by types of products that include differences such as type of coating or finish,[1] type of end treatment, diameter size, and wall thickness.

Some line pipe, mechanical and structural pipe and tube, and even some pressure tubing may be used in various standard pipe and tube applications. Some of these latter types of pipe and tube may be multiple-stenciled for use in more than one pipe category. As a result, prices of alternative pipes may influence the price of standard pipe.

U.S. standard pipe producers and importers of standard pipe produced in China reported selling primarily to distributors/steel service centers and to a lesser extent to end users. Prices to distributors/steel service centers tend to be lower than prices to end users. Petitioners report that distributors/steel service centers hold excess inventories of standard pipe,[2] which, along with reported reduced demand,[3] may be restraining prices of standard pipe in the U.S. market.

Raw Material Costs

Hot-rolled steel sheet (HRSS) is the predominant input used to produce standard pipe. The cost of all raw material inputs averaged 68.7 percent of the cost of goods sold for U.S. standard pipe during 1999-2001. The cost of HRSS is shown in table V-1. It is likely that several demand and supply factors, including seasonal and cyclical factors, contributed to the price fluctuations of HRSS during January 1999-March 2002. Petitioner asserted that dumped imports of HRSS into the U.S. market led to the HRSS price fluctuations.[4] Petitioners estimate the cost of galvanizing is *** percent of the cost of galvanized standard pipe, including the cost of zinc, energy, pollution control, and other costs.[5]

Tariff Rates

U.S. normal trade relations (NTR) *ad valorem* import duty rates in 2002 are 1.6 percent for imports of standard pipe under HTS subheading 7306.30.10, and 0.4 percent for imports under HTS subheading 7306.30.50. While both provisions cover welded products of circular cross section, the pipes of HTS subheading 7306.30.10 are thin-walled (less than 1.65 mm in thickness), while the pipes of the other HTS subheading are thicker-walled (1.65 mm or greater in thickness). Imports under subheading 7306.30.50 accounted for 99.9 percent, by landed, duty-paid value, of total U.S. imports of pipes from China under these two subheadings in 2001.

---

[1] Coatings include black and galvanized and surface finishes include pickled, pickled and oiled, and caustic-soda-bath treated.

[2] Petition, volume III, p. 7.

[3] U.S. market demand for standard pipe reportedly softened in late 2000 and continued to decline through at least the first half of 2001 (petition, volume III, p. 1).

[4] Petitioners' postconference brief, pp. 17-18.

[5] Petitioners' posthearing brief, p. A-22.

Table V-1
U.S. prices and price indexes of hot-rolled non-alloy steel sheet, by quarters, January 1999-March 2002

Period	*Dollars per short ton*	*Index*
1999:		
January-March	252	100.0
April-June	268	106.3
July-September	283	112.3
October-December	303	120.2
2000:		
January-March	327	129.8
April-June	335	132.9
July-September	287	113.9
October-December	242	96.0
2001:		
January-March	222	88.1
April-June	237	94.0
July-September	237	94.0
October-December	213	84.5
2002:		
January-March	237	94.0

Note.--Price indexes are based on January-March 1999 = 100.

Source: *Purchasing Magazine* 2002, first quarter price report.

Transportation Costs to the U.S. Market

Transportation charges for imports of standard pipe from China to the U.S. ports of entry, based on U.S. official customs values during January 1999-December 2001, averaged 12.9 percent.

U.S. Inland Transportation Costs

Of the 18 responding U.S. producers, 2 reportedly shipped most, 85 percent, of their standard pipe to U.S. customers located within 100 miles of their U.S. mills/warehouses, 16 reported shipping from 50 to 100 percent between 100 and 1,000 miles, and none shipped the majority of their product over 1,000 miles. Fifteen U.S. producers reported freight costs that ranged from 4 to 15 percent of the total cost of standard pipe. Of the 6 responding U.S. importers of standard pipe from China, 4 sold the majority within 100 miles of their U.S. shipping points, 1 sold the majority between 100 and 1,000 miles, and 1 sold half its product between 100 and 1,000 miles and a quarter each in the longer and shorter distance ranges. The 7 responding U.S. importers reported that U.S.-inland freight costs ranged from 2 to 20 percent of the total cost of standard pipe.

Exchange Rates

No graph is presented for the nominal exchange rate data from China because the Chinese yuan has been pegged to the U.S. dollar since January 1, 1994, and thus has remained virtually constant relative to the dollar since that time.[6]

PRICING PRACTICES

Thirteen out of 20 responding U.S. producers sold standard pipe mainly on an f.o.b. mill basis, 6 sold mainly on a delivered basis, and 1 reported selling using both methods. Ten of the 20 responding producers reported they arranged transportation to their customers' locations. U.S. importers of the Chinese standard pipe usually quote prices on a U.S. f.o.b. or ex-dock U.S. port-of-entry basis, with 4 of the 6 responding importers reporting this, 1 reporting selling delivered, and 1 reporting selling cost and freight port of entry. Importers from both China and nonsubject countries reported who arranged transportation, with 4 of the 13 responding firms reporting that they arranged transportation to their customers' locations and the remaining 9 reporting that the customers arranged this transportation.[7]

Ten of the 20 responding U.S. producers sold on a transaction-by-transaction basis, 5 sold based on list prices, 3 based on competition, and 1 reported selling through service centers. None of the importers reported using price lists in selling standard pipe, 9 of the 16 responding importers reported transaction-by-transaction negotiations, 5 reported prices based on the market, 1 priced on fair market value or a cost plus basis, and 1 sold on contract. Most U.S. producers, 17 of the 20 responding, sold all their standard pipe on a spot basis, 2 sold the majority on contract, and 1 sold most but not all on a spot basis. Eight of the 19 responding U.S. producers reported that they have specific volume-discount policies, while none of the 14 responding importers reported specific volume-discount policies.

PRICE DATA

Price and quantity data were requested for sales of the following three standard pipe products produced in the United States and imported from the subject country:

> ***Product 1.*--Circular welded non-alloy steel pipe meeting ASTM A-53 or equivalent, schedule 40, black, plain-end, two inches nominal inside diameter.**
>
> ***Product 2.*--Circular welded non-alloy steel pipe meeting ASTM A-53 or equivalent, schedule 40, galvanized, plain-end, four inches nominal inside diameter.**
>
> ***Product 3.*--Circular welded non-alloy steel fence tubing, galvanized, plain-end, 1.315 inches in outside diameter with a wall thickness of 0.069 inch (+/- 10 percent).**

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[6] Producer price data for China are not available, therefore real exchange rates could not be calculated. International Monetary Fund, *International Financial Statistics*, February 2002.

[7] Five importers of Chinese product reported who arranged transportation to the customers' locations, with 2 reporting that they arranged transportation and 3 reporting that their customers arranged transportation.

Price data were requested from U.S. producers and importers for their sales of the specified standard pipe products to unrelated domestic distributors/steel service centers for quarterly shipments during January 1999-December 2001. Fourteen U.S. producers of standard pipe and 1 U.S. importer of the Chinese standard pipe provided the requested price information, but not necessarily for all products or periods requested.[8] The 14 responding U.S. producers reported sales quantities for pricing purposes that amounted to 74,027 short tons, or about 1.6 percent of total U.S. shipments of U.S.-produced standard pipe during January 1999-December 2001. The responding U.S. importer reported sales quantities for pricing purposes during the same period that amounted to *** tons of imported Chinese standard pipe or about *** percent of Chinese imports.

Price trends and margins of underselling are discussed based on quarterly weighted-average selling prices and quantities for the domestic and subject imported standard pipe products sold to distributors/steel service centers on an f.o.b. price basis during January 1999-December 2001 and are shown in tables V-2 through V-4 and figures V-1 through V-3.

Price Trends

U.S. producers' weighted-average quarterly f.o.b. selling prices of products 1-3 to U.S. distributors/steel service centers fluctuated somewhat. U.S. producers' selling prices of product 1 fell by 5.2 percent between the first quarter of 1999 and the last quarter of 2001. The price of U.S. product 2 rose by 2.0 percent and the price of product 3 rose by 3.0 percent between the first quarter of 1999 and the last quarter of 2001. Prices of the imported Chinese products 1, 2, and 3 fell by *** percent, *** percent, and *** percent, respectively, between the first quarter of 1999 or the first quarter for which data were available, and the last quarter of 2001.

Price Comparisons

A total of 18 quarterly price comparisons were possible between the domestic and Chinese specified standard pipe products sold to U.S. distributors/steel service centers on a U.S. f.o.b. price basis during January 1999-December 2001. In all 18 price comparisons the Chinese products were priced less than the domestic products by margins ranging from 17.1 percent to 32.6 percent.

The quantities of standard pipe involved in the reported price data for the domestic and subject imported specified products were limited and, therefore, price comparisons based on these data may not reflect price behavior for a larger sample involving greater quantities of standard pipe and/or a larger number of products.[9] However, the petitioners report that these products are representative of the products that they sell and that Chinese margins of underselling were in the range of 15 to 40 percent.[10]

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[8] Importers were asked to provide price data for Baosteel, WeiFang, and all other Chinese producers separately. ***. Two other importers gave prices but did not give quantity sold. ***.

[9] U.S. pricing data account for 1.6 percent of U.S. producers' U.S. shipments in 1999 through 2001, and Chinese pricing data account for *** percent of Chinese imports in 1999 through 2001.

[10] Roger Shagrin, counsel for petitioners, hearing transcript, pp. 42-43; and Barry Marrs, Chairman and CEO, Master Halco; Mark Margo, Vice President, Marketing, Wheatland Tube; and L. Scott Barnes, Vice President Commercial, Ipsco Tubulars, hearing transcript, pp. 94-95.

Table V-2
Standard pipe: Weighted-average net f.o.b. selling prices and quantities of domestic and Chinese product 1[1] to distributors, and margins of underselling, by quarters, January 1999-December 2001

Period	United States		China		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
1999:					
Jan.-Mar.	$479.85	4,023	***	***	***
Apr.-June	474.60	4,016	***	***	***
July-Sept.	479.53	3,589	***	***	***
Oct.-Dec.	488.87	3,929	***	***	***
2000:					
Jan.-Mar.	500.18	4,598	***	***	***
Apr.-June	502.44	4,087	***	***	***
July-Sept.	488.62	3,649	***	***	***
Oct.-Dec.	501.42	3,571	***	***	***
2001:					
Jan.-Mar.	491.89	3,141	***	***	***
Apr.-June	483.71	3,301	***	***	***
July-Sept.	468.20	3,464	***	***	***
Oct.-Dec.	454.69	3,986	***	***	***

[1] Product 1 is circular welded non-alloy steel pipe meeting ASTM A-53 or equivalent, schedule 40, black, plain-end, two inches nominal inside diameter.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-3
Standard pipe: Weighted-average net f.o.b. selling prices and quantities of domestic and Chinese product 2[1] to distributors, and margins of underselling, by quarters, January 1999-December 2001

Period	United States		China		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
1999:					
Jan.-Mar.	$632.22	545	***	***	***
Apr.-June	618.69	812	***	***	***
July-Sept.	620.47	705	***	***	***
Oct.-Dec.	634.56	805	***	***	***
2000:					
Jan.-Mar.	609.33	729	***	***	***
Apr.-June	647.27	1,002	***	***	***
July-Sept.	631.79	768	***	***	***
Oct.-Dec.	610.07	829	***	***	***
2001:					
Jan.-Mar.	655.84	683	***	***	***
Apr.-June	640.33	754	***	***	***
July-Sept.	648.31	706	***	***	***
Oct.-Dec.	644.80	891	***	***	***

[1] Product 2 is circular welded non-alloy steel pipe meeting ASTM A-53 or equivalent, schedule 40, galvanized, plain-end, four inches nominal inside diameter.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-4
Standard pipe: Weighted-average net f.o.b. selling prices and quantities of domestic and Chinese product 3[1] to distributors, and margins of underselling, by quarters, January 1999-December 2001

Period	United States		China		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
1999:					
Jan.-Mar.	$772.09	1,894	***	***	***
Apr.-June	769.52	2,192	***	***	***
July-Sept.	773.89	1,939	***	***	***
Oct.-Dec.	761.63	1,513	***	***	***
2000:					
Jan.-Mar.	791.51	1,889	***	***	***
Apr.-June	804.18	1,916	***	***	***
July-Sept.	798.88	1,684	***	***	***
Oct.-Dec.	797.04	979	***	***	***
2001:					
Jan.-Mar.	792.55	1,363	***	***	***
Apr.-June	794.87	1,698	***	***	***
July-Sept.	785.98	1,301	***	***	***
Oct.-Dec.	794.89	1,076	***	***	***

[1] Product 3 is circular welded non-alloy steel fence tubing, galvanized, plain-end, 1.315 inches in outside diameter with a wall thickness of 0.069 inch (+/- 10 percent).

Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-1
Standard pipe: U.S. weighted-average net f.o.b. selling prices of domestic and imported Chinese standard pipe product 1 to distributors, by quarters, January 1999-December 2001

* * * * * * *

Figure V-2
Standard pipe: U.S. weighted-average net f.o.b. selling prices of domestic and imported Chinese standard pipe product 2 to distributors, by quarters, January 1999-December 2001

* * * * * * *

Figure V-3
Standard pipe: U.S. weighted-average net f.o.b. selling prices of domestic and imported Chinese standard pipe product 3 to distributors, by quarters, January 1999-December 2001

* * * * * * *

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of standard pipe to report any instances of lost sales or revenues they experienced due to competition from imports of standard pipe from China since January 1, 1998. Two U.S. producers, ***, reported a total of 8 specific instances of alleged lost sales amounting to *** short tons valued at $*** and involving imports of standard pipe from China (table V-5). Four other U.S. producers, ***, alleged that they lost sales of their domestic standard pipe to the subject imports, but were not able to document specific instances. Four U.S. producers alleged that they reduced prices and/or rolled back announced price increases for their domestic standard pipe due to competition with the subject imported products, but they were not able to document specific instances. In addition, Master Halco reported that Home Depot had shifted its purchases from U.S.-produced product that it purchased from Master Halco to imports purchased from other firms.[11] This would represent a lost sale to the U.S. producers not reflected in lost sales allegations because it was a shift at the purchaser level rather than the distributor level.

Staff received responses from all 10 purchasers cited in the specific lost sales and lost revenue allegations and a summary of the information obtained follows. ***.

* * * * * * * [12] [13]

Table V-5
Standard pipe: U.S. producers' lost sales allegations

* * * * * * *

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[11] Barry Marrs, Chairman and CEO, Master Halco, hearing transcript, p. 28.

[12] Fax from ***, May 21, 2002.

[13] Staff telephone conversation with ***, June 12, 2002.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Twenty-one producers provided usable financial data on their operations producing standard pipe.[1] [2] The majority of companies reported their financial data using a calendar year, and such data represent the entirety of company shipments during 2001 as reported in questionnaire responses.

Firms differ considerably in size in terms of sales volume and product mix. Standard pipe accounts for a part of many of these companies' total production and sales. Electro-mechanical tubing, electrical steel conduit, galvanized round and square tubing, OCTG, and line pipe are other products produced in these mills and account in aggregate for a greater share of their overall production. There have been a number of changes to companies producing standard pipe and these other welded pipe products during the periods examined, including the closing of production lines for making standard pipe.[3]

OPERATIONS ON STANDARD PIPE

The results of operations of the responding firms on their standard pipe operations are presented in table VI-1. The quantity and value of total sales increased slightly from 1999 to 2000 and then decreased substantially from 2000 to 2001. Unit sales values followed a pattern similar to those of sales quantities and values. The cost of goods sold (COGS) increased between 1999 and 2000 and decreased between 2000 and 2001; the unit values of COGS followed a similar pattern. The industry's operating income decreased continuously during the periods examined, falling from $81.8 million to $42.2 million during 1999-2001.[4] The ratio of operating income to net sales decreased by about 1.2 percentage points between 1999 and 2000 and by another 2.3 percentage points between 2000 and 2001.

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[1] The producers with fiscal year ends other than December 31 are ***. ***. Differences between data reported in the trade and financial sections of the Commission's producers' questionnaire mainly are attributable to timing differences. U.S. Steel has a ***. U.S. Steel produces hot-rolled steel in coils which are processed into standard pipe by ***, with U.S. Steel retaining title to the steel and selling the finished product to its customers. The results of operations of U.S. Steel are included with the standard pipe producers in the financial section to achieve a representative presentation of the financial results of the industry producing standard pipe; *** did not provide a response to the Commission's questionnaire.

[2] The questionnaire response of Northwest Pipe Co. was verified and changes have been incorporated into the report. See staff verification report, May 15, 2002.

[3] These changes were described in *Circular Welded Non-Alloy Steel Pipe From China, Indonesia, Malaysia, Romania, and South Africa*, Invs. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001), p. VI-1, note 3. With respect to Laclede, see petitioners' posthearing brief, p. 4, note 4.

[4] Changes in ***. Allied testified at the hearing that it primarily produces pipe for sprinkler systems as well as galvanized pipe for fence post applications, and that, partly because of its capital investments, it is the most efficient producer for the U.S. market. Allied further testified that it "lost significant volume, and experienced price and margin erosion, as extremely low priced imports from China have surged into the United States market." Hearing transcript, pp. 14-15 (Mr. Bussiere) and 22-23 (Mr. French), and petitioners' posthearing brief, p. 9, note 14; pp. A-20 and A-21; and exhibit 4.

Table VI-1
Results of operations of U.S. producers on standard pipe, fiscal years 1999-2001

Item	Fiscal year		
	1999	2000	2001
		Quantity (*short tons*)	
Commercial sales	1,583,946	1,647,845	1,486,050
Internal consumption	***	***	***
Related company transfers	***	***	***
Total net sales	1,736,299	1,740,215	1,584,461
		Value (*$1,000*)	
Commercial sales	871,422	944,311	794,272
Internal consumption	***	***	***
Related company transfers	***	***	***
Total net sales	960,443	994,475	843,110
Cost of goods sold	805,866	851,070	730,140
Gross profit	154,577	143,405	112,970
SG&A expenses	72,737	70,509	70,781
Operating income	81,840	72,896	42,189
Interest expense	12,978	16,618	12,786
Other expense	3,814	4,228	2,541
Other income items	4,004	3,859	3,076
Net income	69,052	55,909	29,938
Depreciation/amortization	19,447	20,754	18,381
Cash flow	88,499	76,663	48,319
		Ratio to net sales (*percent*)	
Cost of goods sold	83.9	85.6	86.6
Gross profit	16.1	14.4	13.4
SG&A expenses	7.6	7.1	8.4
Operating income	8.5	7.3	5.0
Net income	7.2	5.6	3.6

Table continued on following page.

Table VI-1--Continued
Results of operations of U.S. producers on standard pipe, fiscal years 1999-2001

Item	Fiscal year		
	1999	2000	2001
	Unit value (*per short ton*)		
Commercial sales	$550	$573	$534
Internal consumption	***	***	***
Related company transfers	***	***	***
Total net sales	553	571	532
Cost of goods sold	464	489	461
Gross profit	89	82	71
SG&A expenses	42	41	45
Operating income	47	42	27
Net income	40	32	19
	Number of firms reporting		
Operating losses	9	7	5
Data	20	21	21

Source: Compiled from data submitted in response to Commission questionnaires.

*** accounted for the industry's entire reported internal consumption, representing approximately *** percent of the industry's total net sales value in 2001. ***.[5] *** accounted for all the industry's transfer sales.[6] Together, they represented approximately *** percent of the industry's total sales value in 2001.

Most of the producers purchase their primary raw material, hot-rolled carbon steel sheet in coils, from third parties, while California Steel, Laclede, Lonestar, Newport, and U.S. Steel produce or produced coils on-site.[7] Total unit COGS increased between 1999 and 2000 and decreased between 2000 and 2001, driven mainly by changes in raw material costs that primarily reflected changes in the cost of hot-rolled steel in coils. According to witnesses at the Commission's hearing, the cost of purchased steel coil and zinc (the coating for galvanized pipe) increased during the last quarter of 2001 and during 2002,[8] resulting in a

[5] The unit values of ***.

[6] ***. Transfer sales fell *** between 1999 and 2000, primarily due to a reclassification of such sales from transfers to commercial sales, as ***. Telephone conversation with *** accounting staff, May 16, 2002.

[7] The sources of hot-rolled steel in coils of California Steel, Lone Star, IPSCO, and U.S. Steel were described in the preliminary phase report, *Circular Welded Non-Alloy Steel Pipe From China, Indonesia, Malaysia, Romania, and South Africa*, Invs. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001), p. VI-2, note 5.

[8] Hearing transcript, p. 15 (Mr. Bussiere), referring to an increase of $100 per ton for hot-rolled steel coil; p. 21 (Mr. Barnes), referring to steel costs increasing by over $65 per ton during the last six months in 2002, and by another $40 per ton by August 1, 2002; pp. 40, 43, and 99 (Mr. Magno); and p. 45 (Mr. Barnes). Also, see petitioners' posthearing brief, pp. 2 and A-10 through A-12.

cost-price squeeze.[9] The ratio of total COGS to net sales increased slightly over the periods examined. Per-unit values of the components of COGS are presented in table VI-2.[10]

Table VI-2
Per-unit values of cost of goods sold of U.S. producers of standard pipe, fiscal years 1999-2001

Item	Fiscal year		
	1999	2000	2001
	Unit value *(per short ton)*		
Cost of goods sold:			
Raw materials	$318	$342	$310
Direct labor	45	45	45
Other factory costs	101	102	105
Total costs of goods sold	464	489	461

Source: Compiled from data submitted in response to Commission questionnaires.

Total net sales, operating income, and the ratio of operating income (loss) to net sales are presented in table VI-3 on a firm-by-firm basis. The data show that ***. This may be due to a higher average unit sales value for *** compared with *** and with the industry average during each of the periods investigated. ***'s per-unit COGS also was lower than the industry average (discussed earlier). Three companies, ***, had higher per-unit sales values but also had higher per-unit COGS compared with ***. Of the 21 U.S. reporting firms, 10 producers had an operating income and three had an operating loss during each of the periods examined.

Table VI-3
Total net sales, operating income, and operating income margins of U.S. producers of standard pipe, by firms, fiscal years 1999-2001

* * * * * * *

A variance analysis for the 21 U.S. producers is presented in table VI-4. A variance analysis depicts the effects of changes in average prices and volume on the producers' net sales, and of costs/expenses and volume on their total cost. The data presented in table VI-4 are comparable to changes in operating income as presented in table VI-1. However, changes in sales product mix may have led to some of the changes in average sales prices within the periods examined. The analysis is summarized at the bottom of the table. Operating income fell between 1999 and 2001 by $39.7 million, mainly attributable to an unfavorable variance on price.

[9] Hearing transcript, p. 45 (Mr. Barnes). Also, see petitioners' posthearing brief, pp. A-1 and A-2.

[10] All responding firms except *** provided data on raw materials, direct labor, and other factory costs. Therefore ***'s total COGS was allocated to each component of COGS based on the average ratio for all producers.

Table VI-4
Variance analysis for U.S. producers of standard pipe, fiscal years 1999-2001

Item	Fiscal year		
	1999-2001	1999-2000	2000-2001
	Value (*$1,000*)		
Commercial sales:			
Price variance	(23,292)	37,734	(57,321)
Volume variance	(53,858)	35,155	(92,718)
Commercial sales variance	(77,150)	72,889	(150,039)
Internal consumption:			
Price variance	***	***	***
Volume variance	***	***	***
Internal consumption variance	***	***	***
Related company transfers:			
Price variance	***	***	***
Volume variance	***	***	***
Transfers variance	***	***	***
Total net sales:			
Price variance	(33,343)	31,866	(62,357)
Volume variance	(83,990)	2,166	(89,008)
Total net sales variance	(117,333)	34,032	(151,365)
Cost of sales:			
Cost variance	5,254	(43,386)	44,757
Volume variance	70,472	(1,818)	76,173
Total cost variance	75,726	(45,204)	120,930
Gross profit variance	(41,607)	(11,172)	(30,435)
SG&A expenses:			
Expense variance	(4,405)	2,392	(6,583)
Volume variance	6,361	(164)	6,311
Total SG&A variance	1,956	2,228	(272)
Operating income variance	(39,651)	(8,944)	(30,707)
Summarized as:			
Price variance	(33,343)	31,866	(62,357)
Net cost/expense variance	849	(40,994)	38,174
Net volume variance	(7,157)	185	(6,524)

Note.–Unfavorable variances are shown in parentheses; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT (R&D) EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment used in the production of standard pipe are shown in table VI-5. Capital expenditures and R&D expenses decreased continuously from 1999 through 2001. The value of fixed assets and net book value increased from 1999 to 2000 and decreased significantly from 2000 to 2001. The change between 2000 and 2001 was accounted for by ***.[11] Four of the responding firms, ***, reported that they incurred expenses for R&D on standard pipe.

Table VI-5
Value of assets, capital expenditures, and R&D expenses of U.S. producers of standard pipe, fiscal years 1999-2001

Item	Fiscal year		
	1999	2000	2001
	Value (*$1,000*)		
Capital expenditures	26,351	21,620	19,249
R&D expenses[1]	***	***	***
Fixed assets:			
Original cost	575,843	613,082	459,417
Book value	248,721	263,794	183,460

[1] ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Data for capital expenditures on a firm-by-firm basis are shown in table VI-6. Even though the majority of the 21 U.S. producers reported capital expenditures in each of the periods examined, five producers, ***, incurred substantial amounts of capital expenditures during each year of the period examined.

Table VI-6
Capital expenditures by U.S. producers of standard pipe, by firms, fiscal years 1999-2001

* * * * * * *

[11] *** stated in its questionnaire response that it ***. As noted in the preliminary phase of this investigation, the company shut its *** pipe and skelp mills, consolidated pipemaking operations, and wrote-down asset values; *** shut down its steelmaking and hot-strip rolling operations, likewise resulting in lower cost and book value of the remaining assets. *** was sold on March 31, 2001, and the purchase resulted in a reduction of fixed asset values. *** sold equipment in fiscal year 2001 which it ***; ***.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of standard pipe from China on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix D.[12]

[12] Also, see petitioners' posthearing brief, pp. 10-11, with respect to why some domestic producers did not identify negative effects on return on investments.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in appendix D. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

The total number of standard pipe producers in China is unknown; however, five producers that export to the United States submitted responses to the Commission's questionnaire.[1] Data for these producers, whose exports to the United States represented *** percent of subject imports and 51.9 percent of all Chinese standard pipe imports in 2001, are shown in table VII-1.

Capacity and production for these producers increased by 2.7 percent and by 9.4 percent, respectively, between 1999 and 2001. Capacity is projected to remain stable in 2002-03. Capacity utilization decreased irregularly by 3.5 percentage points from 1999 to 2001. With the exception of 2000, the majority of these producers' shipments were and are projected to be to the home market. Chinese exports to the United States decreased by 18.1 percent from 2000 to 2001, after increasing by 21.2 percent from 1999 to 2000. Meanwhile, exports of standard pipe to all other markets increased irregularly by 41.0 percent between 1999 and 2001 and are projected to increase an additional 63.4 percent by 2003. Chinese foreign producers noted that other markets for Chinese standard pipe include Argentina, Australia, Bangladesh, Canada, Hong Kong,[2] Macau, the Netherlands, and Syria. Three of the five responding Chinese producers reported producing products other than standard pipe on the same equipment used in the production of standard pipe.

In the preliminary phase of the investigation, nine foreign producers provided questionnaire responses, including three that provided data in the final phase: Tai Feng Qiao Metal Products Co., Ltd.; Tianjin Shuang Jie Steel Pipe Co., Ltd.; and Zhongshan Walsall Steel Pipe Industrial Co., Ltd.[3] Overall, data reported in this final phase of the investigation are lower in all categories as compared to data reported in the preliminary phase for comparable periods. In this final phase of the investigation, reported capacity and production for 2000 are less than half what was reported by foreign producers in the preliminary phase for the same period. In addition, reported shipments to the home market are less than one-fourth of what was reported for 2000 in the preliminary phase and reported exports to the United States for that year are 21 percent lower than previously reported.

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[1] The producers include Chinese joint venture Tai Feng Qiao Metal Products, Co., Ltd.; Kunshan Hongyuan Machinery Co., Ltd.; Shanghai Alison Steel Pipe Co., Ltd.; Tianjin Shuang Jie Steel Pipe Co., Ltd.; and Zhongshan Walsall Steel Pipe Industrial Co., Ltd.

[2] The producers considered Hong Kong an export market.

[3] Other responding foreign producers in the preliminary phase were Pangang Group Beihai Steel Pipe Corp.; Zhejiang Kingland Group Co., Ltd.; Xuzhou Guanghuan Steel Tube Co., Ltd.; WeiFang East Steel Pipe Co., Ltd.; Guangzhou Haizhu District Pearl River Steel Pipe Works; and Northern Steel Pipe Co., Ltd.

Table VII-1
Standard pipe: Data for producers in China, 1999-2001 and projected 2002-2003

Item	Actual experience			Projections	
	1999	2000	2001	2002	2003
			Quantity (*short tons*)		
Capacity[1]	219,564	221,064	225,564	225,564	225,564
Production[2]	237,386	253,452	259,637	255,657	263,273
End of period inventories	27,327	29,666	22,710	15,108	11,146
Shipments:					
Internal consumption/transfers	113	2,724	2,678	2,600	2,600
Home market	117,114	91,269	133,884	135,936	139,586
Exports to--					
The United States	82,122	99,561	81,575	50,696	45,893
All other markets	34,355	57,559	48,455	74,027	79,157
Total exports	116,478	157,120	130,031	124,723	125,050
Total shipments	233,704	251,113	266,593	263,258	267,236
			Ratios and shares (*percent*)		
Capacity utilization[3]	84.9	90.0	81.4	76.3	79.7
Inventories to production	11.5	11.7	8.7	5.9	4.2
Inventories to total shipments	11.7	11.8	8.5	5.7	4.2
Share of total quantity of shipments:					
Internal consumption/transfers	0.0	1.1	1.0	1.0	1.0
Home market	50.1	36.3	50.2	51.6	52.2
Exports to--					
The United States	35.1	39.6	30.6	19.3	17.2
All other markets	14.7	22.9	18.2	28.1	29.6
All export markets	49.8	62.6	48.8	47.4	46.8

[1] ***, the largest reporting Chinese producer in 2001, did not report capacity for any of the periods.
[2] One producer, ***, did not provide data for 1999. It is unclear whether this firm, which accounted for *** percent of reported Chinese production in 2000, did not produce in 1999 or simply failed to report data for that year.
[3] Capacity utilization is calculated using data for firms that provided both their capacity and production for all periods.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. INVENTORIES OF STANDARD PIPE FROM CHINA

Of the six importers that reported imports of standard pipe from China, only one, ***, reported holding end-of-period inventories during the period examined. The other importers of Chinese standard pipe, ***, held no end-of-period inventories during the period examined. Inventories of imports from China and other sources are presented in table VII-2.

Table VII-2
Standard pipe: U.S. importers' end-of-period inventories of imports, 1999-2001

Item	Calendar year		
	1999	2000	2001
Imports from China (subject): Inventories (*short tons*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from China (nonsubject): Inventories (*short tons*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from China (total): Inventories (*short tons*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from all other sources: Inventories (*short tons*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from all sources: Inventories (*short tons*)	7,678	15,586	15,710
Ratio to imports (*percent*)	4.3	5.7	7.0
Ratio to U.S. shipments of imports (*percent*)	4.4	5.9	7.0

[1] Not applicable.

Note.–Nonsubject inventories from China are those imported from Baosteel and WeiFang. No inventories of API line pipe for standard or structural applications were reported.

Source: Compiled from data submitted in response to Commission questionnaires.

DUMPING IN THIRD-COUNTRY MARKETS

None of the questionnaire respondents reported ongoing or prospective trade restrictions applicable to Chinese-produced standard pipe.

APPENDIX A

FEDERAL REGISTER NOTICES

Notices

Federal Register
Vol. 66, No. 250
Monday, December 31, 2001

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF AGRICULTURE

Forest Service

Deschutes and Ochoco National Forests Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Deschutes and Ochoco National Forests Resource Advisory Committee will meet on Tuesday, January 15, 2002, at the Central Oregon Intergovernmental Council building, main conference room, 2363 SW Glacier Place, Redmond, Oregon. The meeting will begin at 9 a.m. and continue until 3 p.m. Committee members will review projects proposed under Resource Advisory Committee consideration under Title II of the Secure Rural Schools and Community Self-Determination Act of 2000. All Deschutes and Ochoco National Forests Resource Advisory Committee meetings are open to the public. Interested citizens are welcome to attend.

FOR FURTHER INFORMATION CONTACT: Direct questions regarding this meeting to Leslie Weldon, Designated Federal Official, USDA, Deschutes National Forest, 1634 Highway 20 East, Bend, Oregon 97702, 541–383–5512.

Dated: December 21, 2001.

Leslie A.C. Weldon,

Forest Supervisor, Deschutes National Forest.

[FR Doc. 01–32053 Filed 12–28–01; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Forest Service

Notice of Resource Advisory Committee Meeting

AGENCY: Southwest Idaho Resource Advisory Committee, Boise, ID; USDA, Forest Service Agriculture.

ACTION: Notice of meeting.

SUMMARY: Pursuant to the authorities in the Federal Advisory Committee Act (Public Law 92–463) and under the Secure Rural Schools and Community Self-Determination Act of 2000 (Public Law 106–393) the Boise and Payette National Forests' Southwest Idaho Resource Advisory Committee will meet Wednesday, January 16, 2001 in Boise, Idaho for a business meeting. The meeting is open to the public.

SUPPLEMENTARY INFORMATION: The business meeting on January 16, begins at 10:30 AM, at the Bureau of Reclamation Office, 1150 North Curtis Road, Boise, Idaho. Agenda topics will include development of committee operating guidelines, and process for soliciting project proposals, reviewing project proposals and recommending project proposals for approval.

FOR FURTHER INFORMATION CONTACT: Randy Swick, McCall District Ranger and Designated Federal Officer, at (208) 634–0400.

Dated: December 19, 2001.

David F. Alexander,

Forest Supervisor.

[FR Doc. 01–32055 Filed 12–28–01; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–870]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Circular Welded Carbon-Quality Steel Pipe From the People's Republic of China

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

EFFECTIVE DATE: December 31, 2001.

FOR FURTHER INFORMATION CONTACT: Amy Ryan, Alex Villanueva, and Robert Bolling, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0961, (202) 482–6412, and (202) 482–3434, respectively.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act"), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2001).

Preliminary Determination

We preliminarily determine that certain circular welded carbon-quality steel pipe ("pipe") from the People's Republic of China ("PRC") is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

This investigation was initiated on June 13, 2001. *See Notice of Initiation of Antidumping Duty Investigation: Certain Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China,* 66 FR 33227 (June 21, 2001) ("*Notice of Initiation*"). The Department set aside a period for all interested parties to raise issues regarding product coverage. *See Notice of Initiation* at 33228. We did not receive comments regarding product coverage.

On July 13, 2001, the United States International Trade Commission ("ITC") issued its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the subject merchandise from the PRC, which was published in the **Federal Register** on July 13, 2001. *See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa,* 66 FR 36801 (July 13, 2001).

On June 22, 2001, the Department issued a questionnaire to numerous known producers/exporters of the subject merchandise requesting volume and value of U.S. sales information. On July 3, 2001, Tai Feng Qiao Metal Products Co., ("Tai Feng Qiao"); WeiFang East Steel Pipe Co., Ltd. ("WeiFang"); PanGang Group BeiHai Steel Pipe Corp.; Northern Steel Pipe Co., Ltd.,; ZheJiang JingZhou HuaLong Petroleum Corrosion-Resistant Steel Pipe Co., Ltd.; Tianjin Shuang Jie Steel Pipe Co., Ltd. ("Tianjin Shuang Jie"); Walsall Steel Pipe Co., Ltd/China MinMetals ZhuHai Co., Ltd; XuZhou

GuangHuan Steel Tube Co., Ltd.; and Guangzhou Pearl River Steel Pipe Factory submitted responses to the Department's questionnaire seeking volume and value of U.S. sales information. On July 9, 2001, Baosteel Group International Trade Corporation ("Baosteel International") and Tianjin Shuang Jie, submitted responses to the Department's questionnaire seeking volume and value of U.S. sales information.

On July 17, 2001, the Department issued its respondent selection memorandum, selecting Baosteel International, Tianjin Shuang Jie, and WeiFang to be investigated (*see Selection of Respondents* section below). On July 19, 2001, Tai Feng Qiao requested the Department to reconsider its respondent selection and include Tai Feng Qiao as a mandatory respondent. On July 23, 2001, China MinMetals ZhuHai Co. ("ZhuHai") submitted its response to the Department's questionnaire seeking volume and value of U.S. sales information.

On July 25, 2001, the Department issued a letter to interested parties providing an opportunity to comment on the Department's proposed product characteristics criteria. On August 1, 2001, we received comments from Tianjin Shuang Jie on the Department's proposed product characteristics criteria.

On July 18, 2001, the Department issued its Section A antidumping duty questionnaire to Baosteel International, Tianjin Shuang Jie, and WeiFang. On August 7, 2001, the Department received extension requests from parties for responding to the Department's Section A antidumping duty questionnaire. Additionally, on August 7, 2001, the Department issued the remaining portion (i.e., Sections C & D) of its antidumping duty questionnaire to Baosteel International, Tianjin Shuang Jie, and WeiFang. On August 15, 2001, we received Section A responses from Baosteel International, Tianjin Shuang Jie, and WeiFang.

On August 1, 2001, ZhuHai and Walsall Steel Pipe Industrial Co., Ltd ("Walsall") requested the Department to reconsider its respondent selection and include ZhuHai and Walsall as mandatory respondents. On August 6, 2001, Zhejiang Kingland Group, Inc. ("Jinzhou") requested to be included in the investigation as a voluntary respondent. On August 8, 2001, Tai Feng Qiao requested the Department to reconsider its respondent selection and include Tai Feng Qiao as a mandatory respondent. On August 16, 2001, ZhuHai and Walsall requested to be allowed to participate in this investigation as mandatory respondents.

On August 8, 2001, the Department received a Section A response from Walsall. On August 15, 2001, the Department received Section A responses from Baosteel International, Tianjin Shuang Jie, WeiFang, Tai Feng Qiao, and ZhuHai. On August 22, 2001, the Department received Section A response from Pangang Group International Economic and Trade Corporation ("Pangang International"). On August 31, 2001, the Department received a Section A and volume and value response from Jinzhou.

On August 24, 2001, the Department issued its supplemental Section A questionnaire to Baosteel International. On September 5, 2001, the Department received Baosteel International's Section C and D response. On September 7, 2001, the Department received Baosteel International's supplemental Section A response. On September 28, 2001, the Department issued its supplemental Section C and D questionnaire to Baosteel International. On October 12, 2001, the Department received Baosteel International's supplemental Section C and D response. On October 12, 2001, the Department issued its second supplemental Section A questionnaire to Baosteel International. On October 19, 2001, the Department received Baosteel International's second supplemental Section A response. On October 29, 2001, the Department issued its second supplemental Section C and D questionnaire to Baosteel International. On November 5, 2001, the Department received Baosteel International's second supplemental Section C and D response. On November 14, 2001, the Department issued its third supplemental Section C and D questionnaire to Baosteel International. On November 20, 2001, the Department received Baosteel International's third supplemental Section C and D response. On November 28, 2001, the Department requested that Baosteel International provide answers to two additional questions. *See Memorandum to the File from Robert Bolling,* dated November 28, 2001. On November 29, 2001, the Department received Baosteel International's response to the two questions.

On August 21, 2001, the Department issued its supplemental Section A questionnaire to Tianjin Shuang Jie. On September 5, 2001, the Department received Tianjin Shuang Jie's Section C and D questionnaire response and Tianjin Shuang Jie's Section A supplemental questionnaire response. On September 28, 2001, the Department issued its Section A, C and D supplemental questionnaire. On October 12, 2001, the Department received Tianjin Shuang Jie's supplemental Section A, C and D response. On October 29, 2001, the Department issued its second Section C and D supplemental questionnaire. On November 5, 2001, the Department received Tianjin Shuang Jie's second Section C and D supplemental questionnaire response. On November 7, 2001, the Department issued its third Section C and D supplemental questionnaire to Tianjin Shuang Jie. On November 8, 2001, the Department received Tianjin Shuang Jie's third Section C and D supplemental questionnaire response. On November 29, 2001, the Department issued its fourth Section C and D questionnaire to Tianjin Shuang Jie. On December 1, 2001, the Department received Tianjin Shuang Jie's fourth Section C and D supplemental questionnaire response. On December 5, 2001, the Department received a submission from Tianjin Shuang Jie regarding the valuation of hot-rolled coil and others factors that it thought the Department should use in its preliminary determination. On December 17, 2001, Tianjin Shuang Jie, requested an extension of the Department's final determination.

On August 22, 2001, the Department issued its supplemental Section A questionnaire to WeiFang. On September 5, 2001, the Department received WeiFang's supplemental Section A response. On September 17, 2001, the Department issued its supplemental Sections A, C and D questionnaires to WeiFang. On October 12, 2001, the Department received WeiFang's supplemental Sections A, C and D responses. On November 8, 2001, the Department issued its second supplemental Section C and D questionnaires to WeiFang.

On October 26, 2001, the Department published a notice of postponement of its preliminary antidumping duty determination. *See Notice of Postponement of Preliminary Antidumping Duty Investigation of Certain Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China,* 66 FR 54198, October 26, 2001.

On November 7, 2001, the Department issued supplemental Section A questionnaires to Zhuhai, Pangang International, Tai Feng Qiao, Walsall, and Jinzhou, exporters of the subject merchandise requesting a separate rate. On November 13, 2001, Pangang International requested a two-day extension for filing its supplemental Section A response. On November 14, 2001, the Department received supplemental Section A responses from

Zhuhai, Tai Feng Qiao, Walsall, and Jinzhou. Additionally, on November 16, 2001, the Department received a supplemental Section A response from Pangang International.

On December 10, 2001, petitioners submitted preliminary determination comments to the Department regarding the valuation of hot-rolled coil and other factors. On December 13, 2001, Tianjin Shuang Jie responded to petitioners comments, however Baosteel International and WeiFang did not respond.

Period of Investigation

The period of investigation ("POI") is October 1, 2000 through March 31, 2001. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (May 24, 2001). *See* 19 CFR 351.204(b)(1).

Scope of Investigation

The products covered by this investigation are certain welded carbon-quality steel pipes and tubes, of circular cross-section, with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), generally known as standard pipe and structural pipe.

Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells, and for structural applications in general construction. It primarily is made to American Society for Testing and Materials (ASTM) A–53, A–135, and A–795 specifications, but can also be made to the British Standard (BS)–1387 specification.

Structural pipe is intended for use in the construction of bridges and buildings, and general structural applications. It also can be used for making steel scaffolding and for piling applications. It primarily is made to ASTM A–500 and A–252 specifications.

Hence, specifically included within the scope of these petitions are products stenciled to the ASTM standards A–53, A–135, A–795, A–120, A–500, A–252, or their equivalents. Standard and structural pipe products may also be produced to proprietary specifications rather than to industry standard. This is often the case with fence tubing, for example.

The scope does not include boiler tubes, pressure tubing, mechanical tubing, finished conduit, oil country tubular goods (OCTG), and line pipe. However, with regard to these excluded products, if petitioners or other interested parties provide to the Department reasonable grounds to believe or suspect that the products are being used in a standard or structural application, the Department may instruct the U.S. Customs Service to require end-use certifications. In addition, line pipe meeting the American Petroleum Institute (API) line pipe is excluded from the scope of these investigations, and any resultant antidumping duty order, if covered by the scope of another antidumping duty order from the same country.

The standard pipe products that are the subject of these investigations are currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7306.30.10 and 7306.30.50. This petition also covers dual-certified A–53/API or single certified pipe that enters the United States if its is used in, or intended for use in, standard pipe or structural pipe applications. Such certified pipe may include API–5L or API–5L X–42 pipe. Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.

Selection of Respondents

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion, when faced with a large number of exporters/producers, to limit its examination to a reasonable number of such companies if it is not practicable to examine all companies. Where it is not practicable to examine all known producers/exporters of subject merchandise, this provision permits the Department to investigate either: (1) A sample of exporters, producers, or types of products that is statistically valid based on the information available to the Department at the time of selection; or (2) exporters and producers accounting for the largest volume of the subject merchandise that can reasonably be examined. After consideration of the complexities expected to arise in this proceeding and the resources available to the Department, we determined that it was not practicable in this investigation to examine all known producers/exporters of subject merchandise. Instead, we limited our examination to the exporters and producers accounting for the largest volume of the subject merchandise pursuant to section 777A(c)(2)(B) of the Act. The three PRC producers/exporters, Baosteel International, Tianjin Shuang Jie, WeiFang (collectively, "respondents"), accounted for the majority of all exports of the subject merchandise from the PRC during the POI, and were therefore selected as mandatory respondents. *See Memorandum from James Doyle to Edward Yang: Selection of Respondents: Antidumping Duty Investigation of Circular Welded Carbon Quality Steel Pipe from the People's Republic of China,* July 17, 2001. We note that ZhuHai, Walsall, and Tai Feng Qiao requested that the Department consider each as mandatory respondents (see background section above). However, the respondents' submissions provided no new evidence that would convince the Department to reconsider its selection of respondents. Thus, we have continued to determine that due to the complexities of this investigation, the producers/exporters that the Department chose to investigate as mandatory respondents are appropriate.

Nonmarket Economy Country Status

The Department has treated the PRC as a non-market economy ("NME") country in all past antidumping investigations *see, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of China,* 65 FR 33805 (May 25, 2000); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Non-Frozen Apple Juice Concentrate from the People's Republic of China,* 65 FR 19873 (April 13, 2000) ("*Apple Juice*"). A designation as an NME remains in effect until it is revoked by the Department (*see* section 771(18)(C) of the Act). No party to this investigation has requested a revocation of the PRC's NME status. We have, therefore, preliminarily determined to continue to treat the PRC as an NME country. When the Department is investigating imports from an NME, section 773(c)(1) of the Act directs us to base the normal value ("NV") on the NME producer's factors of production, valued in a comparable market economy that is a significant producer of comparable merchandise. The sources

of individual factor prices are discussed under the "Factor Valuations" section, below.

Furthermore, no interested party has requested that the pipe industry in the PRC be treated as a market-oriented industry and no information has been provided that would lead to such a determination. Therefore, we have not treated the pipe industry in the PRC as a market-oriented industry in this investigation.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to investigation in an NME country this single rate, unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. The three companies that the Department selected to investigate (*i.e.*, Baosteel International, Tianjin Shuang Jie, WeiFang), and the PRC companies that were not selected as mandatory respondents by the Department for this investigation, but which have submitted separate rates responses (*i.e.*, Zhuhai, Tai Feng Qiao, Walsall, Pangang International, and Jinzhou) have provided company-specific separate rates information and have each stated that they met the standards for the assignment of separate rates.

We considered whether each PRC company is eligible for a separate rate. The Department's separate rate test to determine whether the exporters are independent from government control does not consider, in general, macroeconomic/border-type controls, e.g., export licenses, quotas, and minimum export prices, particularly if these controls are imposed to prevent dumping. The test focuses, rather, on controls over the investment, pricing, and output decision-making process at the individual firm level. See, *e.g.*, *Certain Cut-to-Length Carbon Steel Plate from Ukraine: Final Determination of Sales at Less than Fair Value,* 62 FR 61754, 61757 (November 19, 1997); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review,* 62 FR 61276, 61279 (November 17, 1997).

To establish whether a firm is sufficiently independent from government control of its export activities to be entitled to a separate rate, the Department analyzes each entity exporting the subject merchandise under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China,* 56 FR 20588 (May 6, 1991) ("*Sparklers*"), as amplified by, *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China,* 59 FR 22585 (May 2,1994) ("*Silicon Carbide*"). In accordance with the separate rates criteria, the Department assigns separate rates in NME cases only if respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

1. Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies. *See* Sparklers.

All eight PRC companies seeking separate rates reported that the subject merchandise was not subject to any government list regarding export provisions or export licensing, and was not subject to export quotas during the POI. Each company also submitted a copy of its Certificate of Approval for the Establishment of Enterprises with Foreign Investment. We found no inconsistencies with the exporters' claims of the absence of restrictive stipulations associated with an individual exporter's business and export licenses. Each exporter also submitted copies of the legislation of the People's Republic of China or documentation demonstrating the statutory authority for establishing the *de jure* absence of government control over the companies. Thus, we believe that the evidence on the record supports a preliminary finding of *de jure* absence of governmental control based on: (1) An absence of restrictive stipulations associated with the individual exporter's business and export licenses; and (2) the applicable legislative enactments decentralizing control of the companies.

1. Absence of De Facto Control

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) whether the export prices are set by or are subject to the approval of a governmental agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. *See, Silicon Carbide,* 59 FR at 22586–87; *see, also Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China,* 60 FR 22544, 22545 (May 8, 1995). As stated in previous cases, there is some evidence that certain enactments of the PRC central government have not been implemented uniformly among different sectors and/or jurisdictions in the PRC. *See, Silicon Carbide,* 56 FR at 22587. Therefore, the Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates.

Regarding whether each exporter sets its own export prices independent of the government and without the approval of a government authority, each exporter reported that it determines its prices for sales of the subject merchandise. *See,* Memorandum from Robert Bolling to Edward Yang, *Separate Rates Analysis for the Preliminary Determination,* dated December 20, 2001 ("*Separate Rates Memo*"). Each exporter stated that it negotiates prices directly with its customers. Also, each exporter claimed that its prices are not subject to review or guidance from any governmental organization. Regarding whether each exporter has authority to negotiate and sign contracts and other agreements, our examination of the record indicates that each exporter reported that it has authority to negotiate and sign contracts and other agreements. Also, each exporter claimed that its negotiations are not subject to review or guidance from any governmental organization. There is no evidence on the record to suggest that there is any governmental involvement in the negotiation of contracts.

Regarding whether each exporter has autonomy in making decisions regarding the selection of management, our examination of the record indicates that each exporter reported that it has autonomy in making decisions regarding the selection of management. Also, each exporter claimed that its selection of management is not subject

to review or guidance from any governmental organization. There is no evidence on the record to suggest that there is any governmental involvement in the selection of management by the exporters.

Regarding whether each exporter retains the proceeds from its sales and makes independent decisions regarding its disposition of profits or financing of losses, our examination of the record indicates that each exporter reported that it retains the proceeds of its export sales, using profits according to its business needs. Also, each exporter reported that the allocation of profits is determined by its top management. There is no evidence on the record to suggest that there is any governmental involvement in the decisions regarding disposition of profits or financing of losses.

Therefore, we determine that the evidence on the record supports a preliminary finding of *de facto* absence of governmental control based on record statements and supporting documentation showing that: (1) Each exporter sets its own export prices independent of the government and without the approval of a government authority; (2) Each exporter retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses; (3) Each exporter has the authority to negotiate and sign contracts and other agreements; and (4) Each exporter has autonomy from the government regarding the selection of management.

The evidence placed on the record of this investigation by Baosteel International, Tianjin Shuang Jie, WeiFang, Zhuhai, Tai Feng Qiao, Walsall, Pangang International, and Jinzhou demonstrates an absence of government control, both in law and in fact, with respect to each of the exporter's exports of the merchandise under investigation, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*. Therefore, for the purposes of this preliminary determination, we are granting separate, company-specific rates to each of the eight responding exporters which shipped pipe to the United States during the POI. For a full discussion of this issue, see the memorandum from Robert Bolling to Edward Yang, *Separate Rates Analysis for the Preliminary Determination*, dated December 20, 2001 (*"Separate Rates Memo"*).

PRC-Wide Rate

As discussed above (*see* "Separate Rates"), all PRC producers/exporters that do not qualify for a separate rate are treated as a single enterprise. As noted above in "Case History," all producers/exporters were given the opportunity to respond to the Department's questionnaire regarding volume and value of U.S. sales. As explained above, we received timely responses from Baosteel International; Tianjin Shuang Jie; WeiFang; Tai Feng Qiao; WeiFang, PanGang Group BeiHai Steel Pipe Corp.; Northern Steel Pipe Co., Ltd.,; ZheJiang JingZhou HuaLong Petroleum Corrosion-Resistant Steel Pipe Co., Ltd.; Walsall; ZhuHai; XuZhou GuangHuan Steel Tube Co., Ltd.; and Guangzhou Pearl River Steel Pipe Factory. The Department did not receive responses from the following companies: Anshan Iron & Steel (Group) Co.; Benxi Iron & Steel Co.; Dalian Steel Mill Pipe Plant; Zhongshan Huari Steel Pipe Co. Ltd./Wah Chit Ent Co. Ltd.; Hengyang Steel Tube Group Co. Ltd.; Hubei Hanchuan County Steel Tube Factory; Hubei Province Xianning District Galvanized Steel Plant; Hunan Province Linli County Steel Pipe Plant; Jilin Tonghua Iron & Steel Group—Jilin Tonghua Xianxin Enterprise Gourp; Jinxi (ASP) Steel Pipe Co.,; Shanghai Just-Huahai Metal Products Co. Ltd.; Shanghai Laodong Steel Pipe Plant; Shoudu Iron & Steel Co.; Sichuan Chuanton Changcheng Special Steel Group; Sichuan Daduhe Iron & Steel Co., Ltd.; Sichuan Province Chongxian Hi-FQ ERW Plant; Sichuan Province Jiangyou City Hi-FQ Welding Pipe Plant; Sichuan Province Shenfang Welding Pipe Plant; Suyang City Iron & Steel Plant; Wuhan Changlong Steel Pipe Plant; and Yangqun Steel Pipe Plant. The Department notes that import data from the United States Customs Service shows that imports of pipe from the PRC during the POI are higher than the volume and value of U.S. sales reported by exporters that responded to our request for this information (*see Respondent Selection Memorandum from James Doyle to Edward Yang*, July 17, 2001). Therefore, the Department preliminarily determines that there were exports of the merchandise under investigation from the single PRC entity, and that the single entity failed to respond to the Department's request for information.

As set forth above, section 776(b) of the Act provides that, in selecting from among the facts available, the Department may employ adverse inferences if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. See also "Statement of Administrative Action" accompanying the URAA, H.R. Rep. No. 103–316, 870 (1994) ("SAA"). The Department finds that exporters (*i.e.*, the single PRC entity) who did not respond to our request for information have failed to cooperate to the best of their ability. Therefore, the Department preliminarily finds that, in selecting from among the facts available, an adverse inference is appropriate. Consistent with Department practice in cases where a respondent is considered uncooperative, as adverse facts available, we have applied 124.50 percent, the highest rate calculated in the initiation stage of the investigation from information provided in the petition (as adjusted by the Department). *See, e.g., Notice of Preliminary Determination of Sales at Less Than Fair Value: Stainless Steel Wire Rod From Germany*, 63 FR 10847 (March 5, 1998).

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation as facts available, it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. Secondary information is described in the SAA as "information derived from the petition that gave rise to the investigation or review, the final determination concerning subject merchandise, or any previous review under section 751 concerning the subject merchandise." *See SAA* at 870. The SAA provides that to "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has probative value. *See id.* The SAA also states that independent sources used to corroborate may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. *Id.* As noted in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996) ("TRBs"), to corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.

In order to determine the probative value of the initiation margin for use as facts otherwise available for the purposes of this determination, we examined evidence supporting the initiation calculations. We have now

corroborated the information in the petition, with some small changes. *See Memorandum from Edward Yang to Joseph Spetrini: Preliminary Determination in the Antidumping Investigation of Circular Welded Carbon Quality Steel Pipe ("pipe") from the People's Republic of China: Total Facts Available Corroboration Memorandum for All Others Rate,* dated December 20, 2001.

Consequently, we are applying a single antidumping rate—the PRC-wide rate—to all other exporters in the PRC based on our presumption that those respondents who failed to demonstrate entitlement to a separate rate constitute a single enterprise under common control by the Chinese government. *See, e.g., Final Determination of Sales at Less Than Fair Value: Synthetic Indigo from the People's Republic of China,* 65 FR 25706, 25707 (May 3, 2000) ("Synthetic Indigo"). The PRC-wide rate applies to all entries of the merchandise under investigation except for entries from Baosteel International, Tianjin Shuang Jie, WeiFang, Zhuhai, Tai Feng Qiao, Walsall, Pangang International, and Jinzhou.

Because this is a preliminary margin, the Department will consider all margins on the record at the time of the final determination for the purpose of determining the most appropriate final PRC-wide margin. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Solid Fertilizer Grade Ammonium Nitrate From the Russian Federation,* 65 FR 1139(January 7, 2000).

Margins for Cooperative Exporters Not Selected

The exporters who responded to Section A of the Department's antidumping questionnaire but were not selected as respondents in this investigation (Zhuhai, Tai Feng Qiao, Walsall, Pangang International, and Jinzhou) have applied for separate rates, and provided information for the Department to consider for this purpose. Although the Department is unable, due to administrative constraints (see Respondent Selection Memo), to calculate for each of these named parties who are exporters a rate based on their own data, these companies cooperated in providing all the information that the Department requested of them. For Zhuhai, Tai Feng Qiao, Walsall, Pangang International, and Jinzhou, we have calculated a weighted-average margin based on the rates calculated for those exporters that were selected to respond in this investigation, excluding any rates that are zero, *de minimis* or based entirely on adverse facts available. Companies receiving this rate are identified by name in the "Suspension of Liquidation" section of this notice. *See Notice of Preliminary Determination of Sales at Less Than Fair Value; Honey from the People's Republic of China,* 64 FR 24101 (May 11, 2001).

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production, valued in a surrogate market economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, the Department, in valuing the factors of production, shall utilize, to the extent possible, the prices or costs of factors of production in one or more market economy countries that: (1) Are at a level of economic development comparable to that of the NME country; and (2) are significant producers of comparable merchandise. The sources of the surrogate factor values are discussed under the NV section below.

The Department has determined that India, Pakistan, Indonesia, Sri Lanka and the Philippines are countries comparable to the PRC in terms of economic development. *See Memorandum from Jeffrey May to James Doyle: Antidumping Duty Investigation on Antidumping Duty Investigation of Circular Welded Carbon Quality Steel Pipe from the People's Republic of China,* dated September 19, 2001. Customarily, we select an appropriate surrogate country based on the availability and reliability of data from the countries. For PRC cases, the primary surrogate country has often been India if it is a significant producer of comparable merchandise. In this case, we have found that India is a significant producer of comparable merchandise. *See Surrogate Country Selection Memorandum to The File from Robert Bolling,* dated December 20, 2001, ("*Surrogate Country Memorandum*").

We used India as the primary surrogate country and, accordingly, we have calculated NV using Indian prices to value the PRC producers' factors of production, when available and appropriate. *See Surrogate Country Memorandum.* We have obtained and relied upon publicly available information wherever possible. *See Factor Valuation Memorandum to The File from Case Analysts,* dated December 20, 2001 ("*Factor Valuation Memorandum*").

In accordance with section 351.301(c)(3)(i) of the Department's regulations, for the final determination in an antidumping investigation, interested parties may submit publicly available information to value factors of production within 40 days after the date of publication of this preliminary determination.

Fair Value Comparisons

To determine whether sales of pipe to the United States by Baosteel International, Tianjin Shuang Jie, and WeiFang were made at less than fair value, we compared export price ("EP") to normal value ("NV"), as described in the "Export Price and "Normal Value" sections of this notice. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs.

Export Price

In accordance with section 772(a) of the Act, EP is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under subsection (c).

We calculated EP for Baosteel International, Tianjin Shuang Jie, and WeiFang based on delivered prices to unaffiliated purchasers in the United States. We made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Act. These included foreign inland freight from the plant to the port of exportation, and brokerage and handling.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a factors-of-production methodology if: (1) The merchandise is exported from an NME country; and (2) the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act.

Factors of production include: (1) Hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. We calculated NV based on factors of production, reported by each respondent, for materials, energy, labor, by-products, and packing. Where applicable, we deducted from each respondent's normal value the cost of by-products sold during the POI. For a further discussion, see the Analysis Memo for each respondent. We valued the majority of input factors using

publicly available published information as discussed in the "Surrogate Country" and "Factor Valuations" sections of this notice.

Factor Valuations

The Department will normally use publicly available information to value factors of production. However, in accordance with 19 CFR 351.408(c)(1), the Department's regulations also provide that where a producer sources an input from a market economy and pays for it in market economy currency, the Department employs the actual price paid for the input to calculate the factors-based NV. *Id.; see also, Lasko Metal Products* v. *United States, 43 F. 3d 1442, 1445–1446 (Fed. Cir. 1994)* (*"Lasko"*). Respondents Baosteel International and WeiFang reported that some of their inputs were sourced from market economies and paid for in a market economy currency. *See Factor Valuation Memorandum,* dated December 20, 2001 for a listing of these inputs.

In accordance with section 773(c) of the Act, we calculated NV based on factors of production reported by respondents for the POI. To calculate NV, the reported per-unit factor quantities were multiplied by publicly available Indian surrogate values (except as noted below). In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. Specifically, we added surrogate freight costs to Indian import surrogate values using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corp.* v. *United States,* 117 F. 3d 1401 (Fed. Cir. 1997). For a detailed description of all surrogate values used for respondents, see *Factor Valuation Memorandum.*

Except as noted below, we valued raw material inputs using the weighted-average unit import values derived from the *Monthly Trade Statistics of Foreign Trade of India—Volume II—Imports* (*"Indian Import Statistics"*) for the time period April 2000–February 2001. As appropriate, we adjusted rupee-denominated values for inflation using wholesale price indices published in the International Monetary Fund's International Financial Statistics and excluded taxes. We valued Baosteel International's hot-rolled steel sheet and hot-rolled steel strip at market-economy prices, because the PRC producers, Company A and Company B, of the subject merchandise purchased their hot-rolled steel sheet and hot-rolled steel strip from a market-economy country (Country Y). Although one of the producers also purchases certain hot-rolled steel sheet from another market-economy country (*i.e.,* Country X), we have disregarded these prices because that country's hot-rolled steel exporters have benefitted from countervailable subsidies. Thus, for this preliminary determination, we have used the market-economy prices that Company A and Company B paid to suppliers in Country Y only to value the hot-rolled sheet. We recognize that the hot-rolled sheet from Country Y was purchased by Company A outside of the POI. However, these prices are the appropriate market-economy prices to use to value hot-rolled coil in this investigation because evidence on the record indicates that the majority of Company A's pipe production during the POI was based on the hot-rolled sheet obtained from Country Y. For further discussion, please see the *Memorandum from Robert Bolling to the File: Analysis for the Preliminary Determination of Certain Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Baosteel International,* dated December 20, 2001. WeiFang reported that it purchased a significant portion of its major input of hot-rolled steel coil from a market economy, and the remainder from a company within the PRC. In those instances where a significant portion of the factor is purchased from a market economy supplier and the remainder from a non-market economy supplier, the Department normally will value the factor using the price paid to the market economy supplier. Therefore, pursuant to section 351.408(c)(1) of our regulations, we used a simple average of the prices paid by WeiFang for the market-economy purchases of hot-rolled coil. *See Factor Valuation Memorandum* at page 2.

To value electricity, we used data reported as the average Indian domestic prices within the category "Electricity for Industry," published in the International Energy Agency's publication, *Energy Prices and Taxes,* Second Quarter, 2000. Because the data from this source was not contemporaneous with the POI, we adjusted the rate for inflation. *See Factor Valuation Memorandum* at page 5.

To value water, we used data reported as the average water tariff rate as reported in the Asian Development Bank's *Second Water Utilities Data Book: Asian and Pacific Region* published in 1997. Because the data from this source was not contemporaneous with the POI, we adjusted the rate for inflation. *See Factor Valuation Memorandum* at page 5.

We used Indian transport information to value transport for raw materials. For domestic inland freight (truck), we used a price quote from an Indian trucking company (from Financial Express), adjusted for inflation through the POI. For domestic inland freight (rail), we used rail rates as quoted from Indian Railway Conference Association price lists, adjusted for inflation through the POI. *See Factor Valuation Memorandum* at page 3.

To value factory overhead, selling, general and administrative expenses ("SG&A"), and profit, we calculated simple-average rates based on financial information from five Indian pipe producers. *See Factor Valuation Memorandum* at page 6.

For labor, consistent with section 351.408(c)(3) of the Department's regulations, we used the PRC regression-based wage rate at Import Administration's home page, Import Library, Expected Wages of Selected NME Countries, revised in September 2001 (*see http://ia.ita.doc.gov/wages*). The source of the wage rate data on the Import Administration's Web site can be found in the *Yearbook of Labour Statistics 2000,* International Labor Office (Geneva: 2000), Chapter 5B: Wages in Manufacturing.

Verification

As provided in section 782(i)(1) of the Act, we intend to verify all company information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all imports of subject merchandise, except for merchandise produced and exported by Baosteel International or WeiFang, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register.** We will instruct the U.S. Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated below. These suspension-of-liquidation instructions will remain in effect until further notice. The weighted-average dumping margins are as follows:

CERTAIN CIRCULAR WELDED CARBON-QUALITY STEEL PIPE

Producer/manufacturer/exporter	Weighted-average margin (percent)
Baosteel International	0
Tianjin Shuang Jie	16.65
WeiFang	0
Tai Feng Qiao	16.65
ZhuHai	16.65
Pangang International	16.65
Jinzhou	16.65
Walsall	16.65
PRC-Wide	36.42

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation, of the subject merchandise.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than fifty days after the date of publication of this notice, and rebuttal briefs, limited to issues raised in case briefs, no later than fifty-five days after the date of publication of this preliminary determination. *See* 19 CFR 351.309(c)(1)(i); 19 CFR 351.309(d)(1). A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes. In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, any hearing will be held fifty-seven days after publication of this notice at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date. Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. *See* 19 CFR 351.310(c). Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief, and may make rebuttal presentations only on arguments included in that party's rebuttal brief. *See* 19 CFR 351.310(c).

If this investigation proceeds normally, we will make our final determination no later than 75 days after the date of the preliminary determination.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Dated: December 20, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–32114 Filed 12–28–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–824]

Certain Corrosion-Resistant Carbon Steel Flat Products From Japan: Notice of Initiation and Preliminary Results of Changed Circumstances Review of the Antidumping Order, and Intent To Revoke Order in Part

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

ACTION: Notice of initiation and preliminary results of changed circumstances antidumping duty review, and intent to revoke order in part.

SUMMARY: In accordance with 19 CFR 351.216(b), Dana Glacier Daido America, LLC ("Dana") filed a request for a changed circumstances review of the antidumping order on certain corrosion-resistant carbon steel flat products from Japan with respect to the carbon steel flat products described below. Domestic producers of the like product have affirmatively expressed no interest in continuation of the order with respect to these particular carbon steel flat products. In response to Dana's request, the Department of Commerce ("the Department") is initiating a changed circumstances review with respect to this request and issuing a notice of intent to revoke in part the antidumping duty order on certain corrosion-resistant carbon steel flat products from Japan. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: December 31, 2001.

FOR FURTHER INFORMATION CONTACT: Catherine Bertrand, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–3207.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930, as amended ("the Act"), by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations as codified at 19 CFR Part 351 (2001).

SUPPLEMENTARY INFORMATION:

Background

On November 21, 2001, Dana requested that the Department revoke in part the antidumping duty order on certain corrosion-resistant carbon steel flat products from Japan. Specifically, Dana requested that the Department revoke the order with respect to imports meeting the following specifications: carbon steel coil or strip, measuring a minimum of and including 1.10 mm to a maximum of and including 4.90 mm in overall thickness, a minimum of and including 76.00 mm to a maximum of and including 250.00 mm in overall width, with a low carbon steel back comprised of: carbon under 0.10%, manganese under 0.40%, phosphorous under 0.04%, sulfur under 0.05%, and silicon under 0.05%; clad with aluminum alloy comprised of: under 2.51% copper, under 15.10% tin, and remainder aluminum as listed on the mill specification sheet. Dana is an importer of the products in question.

Scope of Review

The products covered by the antidumping duty order include flat-rolled carbon steel products, of rectangular shape, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished or coated with plastics or other nonmetallic substances in addition to the metallic coating, in coils (whether or not in successively superimposed layers) and of a width of 0.5 inch or greater, or in straight lengths

Boulder Lake Site, (Historic Logging Industry in State Region 2 and the Nicolet NF MPS), Address Restricted, Doty, 02000073

In an effort to assist in the preservation of the following resource the comment period has been reduced to three (3) days:

California

Los Angeles County:
Hoover Hotel, 7035 Greenleaf Ave., Whittier, 02000074

A request for REMOVAL has been made for the following resources:

Iowa

Muscatine County:
Bowman Livery Stable, 219 E. Mississippi Dr., Muscatine, 74000799

Tennessee

Montgomery County:
Drane-Foust House, 319 Home Ave., Clarksville, 88001023

Shelby County:
Saunders, Clarence, Estate, 5922 Quince, Memphis, 89001969

[FR Doc. 02–2063 Filed 1–28–02; 8:45 am]
BILLING CODE 4310–70–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–943 (Final)]

Circular Welded Non-Alloy Steel Pipe From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–943 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China of circular welded non-alloy steel pipe, provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States.[1]

[1] For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "certain welded carbon quality steel pipes and tubes, of circular cross section, with an outside diameter of 0.372 inch (9.45 mm) or more, but not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), generally known as standard pipe and structural pipe." The scope also includes dual-certified A–53/API or single certified pipe that enters the United States if it is used in, or intended for use in, standard pipe or structural pipe applications. The scope does not include boiler tubes, pressure tubing, mechanical tubing, finished conduit, oil country tubular goods, and line pipe. The subject product, along with other types of pipe, is provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States. For a more detailed description of the merchandise subject to this investigation, see Commerce's notice of preliminary determination (66 FR 67500, December 31, 2001).

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: December 31, 2001.

FOR FURTHER INFORMATION CONTACT: Sioban Maguire (202–708–4721), 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. General information concerning the Commission may also be obtained by accessing its Internet server *(http://www.usitc.gov)*. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public.*

SUPPLEMENTARY INFORMATION:

Background.—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain circular welded carbon quality steel pipe from China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on May 24, 2001, by Allied Tube & Conduit Corp., Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; LTV Copperweld, Youngstown, OH; Northwest Pipe Co., Portland, OR; Western Tube & Conduit Corp., Long Beach, CA; Century Tube Corp., Pine Bluff, AR; Laclede Steel Co., St. Louis, MO; Maverick Tube Corp., Chesterfield, MO; Sharon Tube Co., Sharon, PA; Wheatland Tube Co., Wheatland, PA; and the United Steelworkers of America, AFL–CIO.

Participation in the investigation and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in §201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to §207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. § 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on May 6, 2002, and a public version will be issued thereafter, pursuant to §207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on May 17, 2002 at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before May 9, 2002. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference

to be held at 9:30 a.m. on May 14, 2002, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of §207.23 of the Commission's rules; the deadline for filing is May 13, 2002. Parties may also file written testimony in connection with their presentation at the hearing, as provided in §207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of §207.25 of the Commission's rules. The deadline for filing posthearing briefs is May 24, 2002; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before May 24, 2002. On June 13, 2002, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before June 17, 2002, but such final comments must not contain new factual information and must otherwise comply with §207.30 of the Commission's rules. All written submissions must conform with the provisions of §201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with §§201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to §207.21 of the Commission's rules.

Issued: January 24, 2002.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 02–2141 Filed 1–28–02; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA–204–8]

Lamb Meat:[1] Evaluation of the Effectiveness of Import Relief

AGENCY: United States International Trade Commission.

ACTION: Institution of an investigation and scheduling of a hearing under section 204(d) of the Trade Act of 1974 (19 U.S.C. 2254(d)) (the Act).

SUMMARY: Pursuant to section 204(d) of the Act, the Commission has instituted investigation No. TA–204–8, Lamb Meat: Evaluation of the Effectiveness of Import Relief, for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of fresh, chilled, and frozen lamb meat under section 203 of the Act, which terminated on November 15, 2001.

The President imposed the relief action on July 7, 1999, in the form of a tariff-rate quota (TRQ) following receipt of an affirmative injury determination and relief recommendation from the Commission on April 5, 1999. See Proclamation 7208 of July 7, 1999 (64 FR 37389, July 9, 1999), as modified by Proclamation 7214 of July 30, 1999 (64 FR 42265, August 4, 1999). The TRQ was imposed for a period of 3 years and 1 day but was terminated on November 15, 2001. In addition to implementing the TRQ, the President directed the Secretary of Agriculture to establish adjustment assistance programs to facilitate efforts of the domestic lamb industry to make a positive adjustment to import competition. On January 13, 2000, the Secretary of Agriculture announced a 3-year $100 million assistance package for sheep and lamb farmers (Lamb Meat Adjustment Assistance Program (LMAAP)) which continues. Further, on August 31, 2001, USTR announced it would provide an additional $42.7 million to assist the domestic lamb industry to continue adjusting to import competition. Section 204(d) of the Act requires the Commission, following termination of a relief action, to evaluate the effectiveness of the action in facilitating positive adjustment by the domestic industry to import competition. The Commission is required to submit a report on the evaluation made to the President and the Congress no later than 180 days after the day on which the relief action taken under section 203(a) of the Act has terminated.

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 206, subparts A and F (19 CFR part 206).

EFFECTIVE DATE: January 22, 2002.

FOR FURTHER INFORMATION CONTACT: Debra Baker (202–205–3180), 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. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public.*

SUPPLEMENTARY INFORMATION:

Participation in the investigation and service list.—Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, not later than 14 days after publication of this notice in the **Federal Register.** The Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Public hearing.—As required by statute, the Commission has scheduled a hearing in connection with this investigation. The hearing will be held beginning at 9:30 a.m. on April 16, 2002, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before April 8, 2002. All persons desiring to appear at the hearing and

[1] Lamb meat is provided for in subheadings 0204.10.00, 0204.22.20, 0204.23.20, 0204.30.00, 0204.42.20, and 0204.43.20 of the Harmonized Tariff Schedule of the United States.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–832]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Carbon and Certain Alloy Steel Wire Rod from Brazil; Correction

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

EFFECTIVE DATE: May 24, 2002.

SUMMARY: The notice appearing in 67 FR 18586, on Tuesday, April 16, 2002, should be disregarded because it duplicates the notice appearing in 67 FR 18165, on Monday, April 15, 2002. Therefore, the effective date of the preliminary determination is April 15, 2002.

FOR FURTHER INFORMATION CONTACT: Vicki Schepker or Christopher Smith, at (202) 482–1756 or (202) 482–1442, respectively; AD/CVD Enforcement Group II Office 5, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Dated: May 20, 2002

Bernard T. Carreau,

Deputy Assistant Secretary for Group II, Import Administration.

[FR Doc. 02–13150 Filed 5–23–02; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–870]

Notice of Final Determination of Sales at Less Than Fair Value: Certain Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China

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

EFFECTIVE DATE: May 24, 2002.

FOR FURTHER INFORMATION CONTACT: Alex Villanueva or Amy Ryan at (202) 482–3208 and (202) 482–0961, respectively, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 ("the Act") by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department of Commerce ("Department") regulations are to the regulations at 19 C.F.R. Part 351 (2001).

Final Determination

We determine that certain circular welded carbon-quality steel pipe ("pipe") from the People's Republic of China ("PRC") is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 735 of the Act. The estimated margins of sales at LTFV are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

The preliminary determination in this investigation was published on December 31, 2001. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Circular Welded Carbon-Quality Steel Pipe From the People's Republic of China*, 66 FR 67500 (*"Preliminary Determination"*). This investigation covers three mandatory respondents, WeiFang East Steel Pipe Co., Ltd. ("WeiFang"); Tianjin Shuang Jie Steel Pipe Co., Ltd. ("Shuang Jie"); and Baosteel Group International Trade Corporation ("Baosteel"). In addition, there are five voluntary respondents, Tai Feng Qiao Metal Products Co. ("Tai Feng Qiao"); Pangang Group International Economic and Trade Corporation ("Pangang International"); ZheJiang JingZhou HuaLong Petroleum Corrosion-Resistant Steel Pipe Co., Ltd. (Jinzhou"); Walsall Steel Pipe Industrial Co., Ltd. ("Walsall"); China MinMetals ZhuHai Co., Ltd. ("ZhuHai"). Petitioners in this investigation are Allied Tube & Conduit Corporation, Century Tube Corporation, IPSCO Tubulars, Inc., Laclede Steel, LTV Copperweld, Maverick Tube Corporation, Northwest Pipe Company, Sharon Tube Company, Western Tube & Conduit Corporation, Wheatland Tube Company and the United Steelworkers of America, AFL-CIO (collectively, "Petitioners").

On January 16, 2002, pursuant to a request from Shuang Jie, the Department postponed the final determination until May 15, 2002. *See Notice of Postponement of Final Determination of Antidumping Duty Investigation: Certain Circular Welded Carbon-Quality Steel Pipe From the People's Republic of China*, 67 FR 2189 (January 16, 2002). The Department verified the responses to the antidumping questionnaire of Baosteel and one of its suppliers from January 16–19, 2002; WeiFang from February 3–5, 2002; and Shuang Jie from February 7–9, 2002. After releasing verification reports, we invited parties to comment on these reports and our *Preliminary Determination*. We received comments from petitioners and all three mandatory respondents on March 20, 2002 and rebuttal briefs from the same parties on March 25, 2002. At the requests of Shuang Jie and petitioners, a hearing was held on April 15, 2002.

Based on our analysis of verification findings and the comments received, we have made changes in the margin calculation. Therefore, the final determination differs from the *Preliminary Determination*.

Period of Investigation

The period of investigation ("POI") is October 1, 2000 through March 31, 2001. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (*i.e.* May 24, 2001). *See* 19 C.F.R. 351.204(b)(1).

Scope of Investigation

The products covered by this investigation are certain welded carbon-quality steel pipes and tubes, of circular cross-section, with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), generally known as standard pipe and structural pipe.

Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells, and for structural applications in general construction. It primarily is made to American Society for Testing and Materials (ASTM) A–53, A–135, and A–795 specifications, but can also be made to the British Standard (BS)-1387 specification.

Structural pipe is intended for use in the construction of bridges and buildings, and general structural applications. It also can be used for making steel scaffolding and for piling applications. It primarily is made to ASTM A–500 and A–252 specifications.

Hence, specifically included within the scope of this investigation are products stenciled to the ASTM standards A–53, A–135, A–795, A–120, A–500, A–252, or their equivalents. Standard and structural pipe products may also be produced to proprietary specifications rather than to industry standard. This is often the case with fence tubing, for example.

The scope does not include boiler tubes, pressure tubing, mechanical tubing, finished conduit, oil country tubular goods (OCTG), and line pipe. However, with regard to these excluded products, if petitioners or other interested parties provide to the Department reasonable grounds to believe or suspect that the products are being used in a standard or structural application, the Department may instruct the U.S. Customs Service to require end-use certifications. In addition, line pipe meeting the American Petroleum Institute (API) line pipe is excluded from the scope of this investigation, and any resultant antidumping duty order, if covered by the scope of another antidumping duty order from the same country.

The standard pipe products that are the subject of this investigation are currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7306.30.10 and 7306.30.50. This investigation also covers dual-certified A–53/API or single certified pipe that enters the United States if its is used in, or intended for use in, standard pipe or structural pipe applications. Such certified pipe may include API–5L or API–5L X–42 pipe. Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.

Non-Market Economy

The Department has treated the PRC as a non-market economy ("NME") country in all its past antidumping investigations. *See Notice of Final Determination of Sales at Less Than Fair Value: Honey from the People's Republic of China*, 66 FR 50608 (October 4, 2001); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Folding Gift Boxes from the People's Republic of China*, 66 FR 58115 (November 20, 2001). A designation as a NME country remains in effect until it is revoked by the Department. *See* section 771(18)(C) of the Act. The respondents in this investigation have not requested a revocation of the PRC's NME status. Therefore, we have continued to treat the PRC as a NME in this investigation. For further details, see the *Preliminary Determination*.

Separate Rates

In our *Preliminary Determination*, we found that the mandatory respondents, Baosteel, Shuang Jie and WeiFang, as well as the voluntary respondents, ZhuHai, Tai Feng Qiao, Walsall, Pangang International and Jinzhou met the criteria for the application of separate, company-specific antidumping duty rates. We have not received any other information since the *Preliminary Determination* which would warrant reconsideration of our separates rates determination with respect to these companies. For a complete discussion of the Department's determination that the respondents are entitled to separate rates, see the *Preliminary Determination*.

The PRC-Wide Rate

In the *Preliminary Determination*, we found that the use of adverse facts available for the PRC-wide rate was appropriate for other exporters in the PRC based on our presumption that those respondents who failed to demonstrate entitlement to a separate rate constitute a single enterprise under common control by the Chinese government. The PRC-wide rate applies to all entries of the merchandise under investigation except for entries from Baosteel International, Tianjin Shuang Jie, WeiFang, Zhuhai, Tai Feng Qiao, Walsall, Pangang International, and Jinzhou. We received no comments on this decision and for this final determination, we continue to believe that use of adverse facts available for the PRC-wide rate is appropriate. For further discussion, *see Preliminary Determination*.

Margins for Cooperative Exporters Not Selected

For our final determination, consistent with our *Preliminary Determination*, we have calculated a weight-averaged margin for ZhuHai, Tai Feng Qiao, Walsall, Pangang International, and Jinzhou based on the rates calculated for those exporters that were selected to respond in this investigation, excluding any rates that are zero, *de minimis* or based entirely on adverse facts available. *See Preliminary Determination*. Companies receiving this rate are identified by name in the "Continuation of Suspension of Liquidation" section of this notice.

Surrogate Country

For purposes of the final determination, we continue to find that India remains the appropriate surrogate country for the PRC. We received comments from a respondent in its brief, which are discussed in the accompanying *Issues and Decision Memorandum for the Antidumping Duty Investigation of Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China: 10/1/00–03/31/01* at Comments 1 and 2 (May 15, 2002) ("*Issues and Decision Memorandum*"). For further discussion and analysis regarding the surrogate country selection for the PRC, see the *Preliminary Determination* and the *Memorandum to Edward C. Yang from Robert Bolling on Surrogate Country Selection*, on file in the Department's Central Records Unit, Room B–099 of the Main Department of Commerce Building.

Analysis of Comments Received

All issues raised in the case briefs by parties to this investigation are addressed in the *Issues and Decision Memorandum*, which is adopted by this notice. A list of the issues which parties raised, and to which we have responded, all of which are in the *Issues and Decision Memorandum*, is attached to this notice as an Appendix. A complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, is on file in the Central Records Unit. In addition, a complete version of the *Issues and Decision Memorandum* can be accessed directly on the Internet at http://ia.ita.doc.gov/. The paper copy and electronic version of the *Issues and Decision Memorandum* are identical in content.

Changes Since the Preliminary Determination

Based on our findings at verification, and analysis of comments received, we have made corrections to certain respondents' reported factor usage rates and surrogate values . We have also corrected certain clerical errors in our *Preliminary Determination*. These changes are discussed in the relevant sections of the *Issues and Decision Memorandum*, the *Memorandum to the File: Factors Valuation for Baosteel, Shuang Jie and WeiFang* and the respective Analysis Memoranda for the Final Determination for Shuang Jie, Baosteel and Weifang (May 15, 2002).

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the mandatory respondents for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondents. For changes from the *Preliminary Determination* as a result of verification, see the respective analysis memoranda.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B)(ii) of the Act, we are directing the Customs Service to continue to suspend liquidation of entries of subject merchandise from the PRC (except certain merchandise exported by Baosteel and Weifang) that are entered, or withdrawn from warehouse, for consumption on or after December 31, 2001. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the normal value exceeds the U.S. price, as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice.

Under the Department's NME methodology, the rate for each mandatory exporter is based on a comparison of the exporter's U.S. price and NV based on the factors of production of a specific producer (which may be a different party). Therefore, the exclusion of the above mentioned companies from an antidumping duty order (should one be issued) applies only to subject merchandise exported by Baosteel and produced by its suppliers during the period of investigation and to subject merchandise produced and exported by Weifang. As Baosteel's supplier names are proprietary, they have been identified as Supplier A and Supplier B for this public document. However, the supplier names have been identified in *Analysis Memo for the Preliminary Determination of Certain Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China ("PRC"): Baosteel* (May 15, 2002). Merchandise that is exported by Baosteel or Weifang, but manufactured by producers not noted below for that exporter will be subject to the order, if one is issued. *See Notice of Final Determination of Sales at Less Than Fair Value: Brake Drums and Brake Rotors from the People's Republic of China*, 62 FR 916 (February 28, 1997). Entries of such merchandise will be subject to the "China-wide" rate.

CERTAIN CIRCULAR WELDED CARBON-QUALITY STEEL PIPE

Producer/Manufacturer/Exporter	Weight-Averaged Margin (Percent)
Baosteel/Supplier A or Supplier B	0
Shuang Jie	3.87
WeiFang	0
Tai Feng Qiao	3.87
ZhuHai	3.87
Pangang International	3.87
Jinzhou	3.87
Walsall	3.87
PRC-Wide	36.42

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission ("ITC") of our determination. As our final determination is affirmative, the ITC will, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of subject merchandise entered for consumption on or after the effective date of the suspension of liquidation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: May 15, 2002

Faryar Shirzad,

Assistant Secretary for Import Administration.

Appendix

Comment 1: Market Economy Purchases from Country X and Country Y

Comment 2: Valuing a Respondent's Factors of Production using the other Respondent's Market Economy Purchases

Comment 3: Surrogate Value for Hot-Rolled Coil

Comment 4: Calculation of Zinc Usage Ratio

Comment 5: Surrogate Companies used for the Financial Ratios Calculation

Comment 6: Iran's Market Status in the Surrogate Value Calculation

Comment 7: Treatment of Foreign Inland Freight and Brokerage and Handling in Normal Value Calculation

[FR Doc. 02–13147 Filed 5–23–02; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–836]

Glycine from the People's Republic of China: Initiation of Antidumping New Shipper Review

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

SUMMARY: The Department of Commerce (the Department) has received a timely request from Tianjin Tiancheng Pharmaceutical Co., Ltd. (Tiancheng) to conduct a new shipper review of the antidumping duty order on glycine from the People's Republic of China (PRC). In accordance with section 751(a)(2)(B) of the Tariff Act of 1930, as amended, and 19 CFR 351.214(d) of the Department's regulations, we are initiating this new shipper review.

EFFECTIVE DATE: May 24, 2002.

FOR FURTHER INFORMATION CONTACT: Matthew Renkey, Office of AD/CVD Enforcement VII, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–2312.

SUPPLEMENTARY INFORMATION:

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the Tariff Act of 1930, as amended (the Act). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations, codified at 19 CFR Part 351 (2002).

Background

On March 29, 2002, the Department received a timely request from Tiancheng, in accordance with section 751(a)(2)(B) of the Act and 19 CFR 351.214(c), for a new shipper review of this antidumping duty order on glycine from the People's Republic of China ("PRC"), which has a March anniversary date. On April 29, 2002, the Department returned the submission because it did not meet the filing requirements of section 351.304(c) of the Department's regulations. See the Memorandum to the File entitled "Initiation of New Shipper Review of Glycine from the People's

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Circular Welded Non-Alloy Steel Pipe from China
Inv. No.:	731-TA-943 (Final)
Date and Time:	May 17, 2002 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC

OPENING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**John D. Greenwald**, Wilmer, Cutler & Pickering)

In Support of the Imposition of Antidumping Duties:

Schagrin Associates
Washington, DC
on behalf of

Allied Tube and Conduit Corporation
Century Tube Corporation
IPSCO Tubulars Incorporated
Laclede Steel Company
LTV Cooperweld
Maverick Tube Corporation
Northwest Pipe Company
Sharon Tube Company
Western Tube & Conduit Corporation
Wheatland Tube Company

Bob Bussiere, General Manager, Sprinkler Marketing,
Allied Tube and Conduit Corporation

Robert French, National Accounts Manager, Fence Products,
Allied Tube and Conduit Corporation

L. Scott Barnes, Vice President, Commercial,
IPSCO Tubulars Incorporated

In Support of the Imposition
of Antidumping Duties (continued):

Don Finn, Vice President, Sales, Western Tube & Conduit Corporation

Mark Mango, Vice President, Marketing, Wheatland Tube Company

Steve Francisco, Legislative Representative, United Steelworkers of America, AFL-CIO

Barry Marrs, President and CEO, Master Halco

Robert Blecker, Professor of Economics, American University

Roger B. Schagrin)-- OF COUNSEL

In Opposition to the Imposition
of Antidumping Duties:

Wilmer, Cutler & Pickering
Washington, DC
on behalf of

Tianjin Shuang Jie Steel Pipe Group Company, Limited
Tianjin Shuang Jie Steel Pipe Company, Limited

Deirdre Maloney, Senior Professional, Wilmer, Cutler & Pickering

John D. Greenwald)
Jason E. Kearns)-- OF COUNSEL
Lynn M. Fischer)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**John D. Greenwald**, Wilmer, Cutler & Pickering)

APPENDIX C

SUMMARY DATA

Table C-1
Standard pipe: Summary data concerning the U.S. market, 1999-2001

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

Item	Calendar year			Period changes		
	1999	2000	2001	1999-2001	1999-2000	2000-2001
U.S. consumption quantity:						
Amount	2,395,160	2,764,206	2,509,572	4.8	15.4	-9.2
Producers' share[1]	70.4	60.8	61.2	-9.2	-9.6	0.4
Importers' share:[1]						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China (total)	3.1	5.9	6.3	3.1	2.8	0.3
All other sources	26.5	33.3	32.5	6.0	6.8	-0.7
Total imports	29.6	39.2	38.8	9.2	9.6	-0.4
U.S. consumption value:						
Amount	1,281,298	1,491,887	1,251,885	-2.3	16.4	-16.1
Producers' share[1]	72.8	64.4	65.1	-7.6	-8.4	0.7
Importers' share:[1]						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China (total)	2.4	4.6	5.0	2.6	2.2	0.4
All other sources	24.9	31.0	29.9	5.0	6.2	-1.2
Total imports	27.2	35.6	34.9	7.6	8.4	-0.7
U.S. imports from--						
China (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
China (nonsubject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
China (total):						
Quantity	75,343	163,866	157,035	108.4	117.5	-4.2
Value	30,320	68,179	62,766	107.0	124.9	-7.9
Unit value	$402.42	$416.06	$399.70	-0.7	3.4	-3.9
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	634,288	919,886	816,365	28.7	45.0	-11.3
Value	318,668	462,926	373,793	17.3	45.3	-19.3
Unit value	$502.40	$503.24	$457.88	-8.9	0.2	-9.0
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	709,632	1,083,752	973,399	37.2	52.7	-10.2
Value	348,987	531,105	436,559	25.1	52.2	-17.8
Unit value quantity	$491.79	$490.06	$448.49	-8.8	-0.4	-8.5
Ending inventory	7,678	15,586	15,710	104.6	103.0	0.8

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

Item	Calendar year			Period changes		
	1999	2000	2001	1999-2001	1999-2000	2000-2001
U.S. producers'--						
Average capacity quantity	2,857,713	2,887,549	2,657,884	-7.0	1.0	-8.0
Production quantity	1,723,561	1,770,068	1,541,072	-10.6	2.7	-12.9
Capacity utilization[1]	59.0	59.4	56.5	-2.5	0.4	-2.9
U.S. shipments:						
Quantity	1,685,528	1,680,454	1,536,173	-8.9	-0.3	-8.6
Value	932,311	960,782	815,326	-12.5	3.1	-15.1
Unit value	$553.13	$571.74	$530.75	-4.0	3.4	-7.2
Export shipments:						
Quantity	49,310	59,147	45,487	-7.8	19.9	-23.1
Value	27,652	33,613	26,817	-3.0	21.6	-20.2
Unit value	$560.78	$568.30	$589.55	5.1	1.3	3.7
Ending inventory quantity	239,275	266,615	223,525	-6.6	11.4	-16.2
Inventories/total shipments[1]	13.8	15.3	14.1	0.3	1.5	-1.2
Production workers	2,947	3,172	2,954	0.2	7.6	-6.9
Hours worked (*1,000 hours*)	6,266	7,042	6,242	-0.4	12.4	-11.4
Wages paid (*1,000 dollars*)	99,091	110,075	102,729	3.7	11.1	-6.7
Hourly wages	$15.82	$15.63	$16.46	4.1	-1.2	5.3
Productivity (*pounds per hour*)	264.8	235.4	234.4	-11.5	-11.1	-0.4
Unit labor costs	$59.73	$66.39	$70.20	17.5	11.2	5.7
Net sales:						
Quantity	1,736,299	1,740,215	1,584,461	-8.7	0.2	-9.0
Value	960,443	994,475	843,110	-12.2	3.5	-15.2
Unit value	$553.16	$571.47	$532.11	-3.8	3.3	-6.9
COGS	805,866	851,070	730,140	-9.4	5.6	-14.2
Gross profit or (loss)	154,577	143,405	112,970	-26.9	-7.2	-21.2
SG&A expenses	72,737	70,509	70,781	-2.7	-3.1	0.4
Operating income or (loss)	81,840	72,896	42,189	-48.4	-10.9	-42.1
Capital expenditures	26,351	21,620	19,249	-27.0	-18.0	-11.0
Unit COGS	$464.13	$489.06	$460.81	-0.7	5.4	-5.8
Unit SG&A expenses	$41.89	$40.52	$44.67	6.6	-3.3	10.3
Unit operating income or (loss)	$47.13	$41.89	$26.63	-43.5	-11.1	-36.4
COGS/sales[1]	83.9	85.6	86.6	2.7	1.7	1.0
Operating income or (loss)/sales[1]	8.5	7.3	5.0	-3.5	-1.2	-2.3

[1] "Reported data" are in percent and "period changes" are in percentage points.

Note.–Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2
Standard pipe and dual-certified API line pipe:[1] Summary data concerning the U.S. market, 1999-2001

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

Item	Calendar year			Period changes		
	1999	2000	2001	1999-2001	1999-2000	2000-2001
U.S. consumption quantity:						
Amount	2,570,474	2,984,694	2,742,298	6.7	16.1	-8.1
Producers' share[2]	72.0	63.5	63.9	-8.1	-8.5	0.5
Importers' share:[2]						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China (total)	3.2	5.5	5.8	2.6	2.3	0.3
All other sources	24.8	31.0	30.3	5.5	6.2	-0.7
Total imports	28.0	36.5	36.1	8.1	8.5	-0.5
U.S. consumption value:						
Amount	1,354,253	1,598,721	1,359,317	0.4	18.1	-15.0
Producers' share[2]	74.0	66.6	67.5	-6.5	-7.4	0.8
Importers' share:[2]						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China (total)	2.4	4.3	4.7	2.3	1.9	0.4
All other sources	23.6	29.1	27.9	4.2	5.4	-1.2
Total imports	26.0	33.4	32.5	6.5	7.4	-0.8
U.S. imports from--						
China (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
China (nonsubject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
China (total):						
Quantity	82,387	165,604	159,256	93.3	101.0	-3.8
Value	32,268	68,714	63,370	96.4	112.9	-7.8
Unit value	$391.66	$414.93	$397.91	1.6	5.9	-4.1
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	637,942	925,135	830,494	30.2	45.0	-10.2
Value	320,214	465,029	378,943	18.3	45.2	-18.5
Unit value	$501.95	$502.66	$456.29	-9.1	0.1	-9.2
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	720,330	1,090,739	989,749	37.4	51.4	-9.3
Value	352,482	533,743	442,313	25.5	51.4	-17.1
Unit value quantity	$489.33	$489.34	$446.89	-8.7	0.0	-8.7
Ending inventory	9,913	15,586	17,931	80.9	57.2	15.0

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

Item	Calendar year			Period changes		
	1999	2000	2001	1999-2001	1999-2000	2000-2001
U.S. producers'--						
Average capacity quantity	3,381,596	3,472,642	3,257,599	-3.7	2.7	-6.2
Production quantity	1,890,260	2,016,672	1,766,223	-6.6	6.7	-12.4
Capacity utilization[2]	54.8	56.5	53.0	-1.8	1.7	-3.5
U.S. shipments:						
Quantity	1,850,144	1,893,955	1,752,549	-5.3	2.4	-7.5
Value	1,001,771	1,064,978	917,004	-8.5	6.3	-13.9
Unit value	$541.46	$562.30	$523.24	-3.4	3.9	-6.9
Export shipments:						
Quantity	56,529	76,138	64,901	14.8	34.7	-14.8
Value	30,925	42,008	36,481	18.0	35.8	-13.2
Unit value	$547.06	$551.74	$562.10	2.7	0.9	1.9
Ending inventory quantity	263,677	306,477	253,731	-3.8	16.2	-17.2
Inventories/total shipments[2]	13.8	15.6	14.0	0.1	1.7	-1.6
Production workers	3,607	3,890	3,222	-10.7	7.8	-17.2
Hours worked (*1,000 hours*)	7,940	8,878	6,764	-14.8	11.8	-23.8
Wages paid (*1,000 dollars*)	125,641	140,702	113,787	-9.4	12.0	-19.1
Hourly wages	$15.82	$15.85	$16.82	6.3	0.2	6.2
Productivity (*pounds per hour*)	227.2	208.1	232.8	2.5	-8.4	11.9
Unit labor costs	$69.66	$76.16	$72.28	3.8	9.3	-5.1
Net sales:						
Quantity	1,908,134	1,970,707	1,810,610	-5.1	3.3	-8.1
Value	1,033,176	1,107,066	949,637	-8.1	7.2	-14.2
Unit value	$541.46	$561.76	$524.48	-3.1	3.7	-6.6
COGS	881,883	958,471	831,663	-5.7	8.7	-13.2
Gross profit or (loss)	151,293	148,595	117,974	-22.0	-1.8	-20.6
SG&A expenses	76,527	76,153	75,076	-1.9	-0.5	-1.4
Operating income or (loss)	74,766	72,442	42,898	-42.6	-3.1	-40.8
Capital expenditures	31,006	24,536	39,234	26.5	-20.9	59.9
Unit COGS	$462.17	$486.36	$459.33	-0.6	5.2	-5.6
Unit SG&A expenses	$40.11	$38.64	$41.46	3.4	-3.6	7.3
Unit operating income or (loss)	$39.18	$36.76	$23.69	-39.5	-6.2	-35.5
COGS/sales[2]	85.4	86.6	87.6	2.2	1.2	1.0
Operating income or (loss)/sales[2]	7.2	6.5	4.5	-2.7	-0.7	-2.0

[1] "Dual-certified API line pipe" refers to dual-certified pipe that is used in, or intended for use in, line pipe applications. Dual-certified pipe that is used in, or intended for use in, standard and structural pipe applications is included in the scope and falls under the category of "standard pipe."

[2] "Reported data" are in percent and "period changes" are in percentage points.

Note.–Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-3
Standard pipe, dual-certified API line pipe,[1] and single-certified API line pipe:[2] Summary data concerning the U.S. market, 1999-2001

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

Item	Calendar year			Period changes		
	1999	2000	2001	1999-2001	1999-2000	2000-2001
U.S. consumption quantity:						
Amount	3,058,640	3,396,183	3,096,474	1.2	11.0	-8.8
Producers' share[3]	68.1	62.9	63.5	-4.5	-5.2	0.7
Importers' share:[3]						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China (total)	3.0	5.1	5.2	2.2	2.1	0.0
All other sources	28.9	32.0	31.3	2.4	3.1	-0.7
Total imports	31.9	37.1	36.5	4.5	5.2	-0.7
U.S. consumption value:						
Amount	1,545,902	1,791,586	1,520,383	-1.7	15.9	-15.1
Producers' share[3]	71.2	66.2	66.8	-4.4	-5.1	0.6
Importers' share:[3]						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China (total)	2.3	4.0	4.2	1.9	1.7	0.2
All other sources	26.5	29.9	29.0	2.5	3.4	-0.8
Total imports	28.8	33.8	33.2	4.4	5.1	-0.6
U.S. imports from--						
China (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
China (nonsubject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
China (total):						
Quantity	91,756	173,538	159,571	73.9	89.1	-8.0
Value	35,200	71,245	63,513	80.4	102.4	-10.9
Unit value	$383.63	$410.54	$398.03	3.8	7.0	-3.0
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	885,310	1,087,282	969,708	9.5	22.8	-10.8
Value	409,288	534,849	441,114	7.8	30.7	-17.5
Unit value	$462.31	$491.91	$454.89	-1.6	6.4	-7.5
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	977,066	1,260,820	1,129,279	15.6	29.0	-10.4
Value	444,488	606,093	504,627	13.5	36.4	-16.7
Unit value quantity	$454.92	$480.71	$446.86	-1.8	5.7	-7.0
Ending inventory	9,913	15,586	17,931	80.9	57.2	15.0

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

Item	Calendar year			Period changes		
	1999	2000	2001	1999-2001	1999-2000	2000-2001
U.S. producers'--						
Average capacity quantity	3,969,537	4,016,454	3,770,068	-5.0	1.2	-6.1
Production quantity	2,128,874	2,281,085	1,979,421	-7.0	7.1	-13.2
Capacity utilization[3]	52.5	54.8	51.0	-1.5	2.3	-3.7
U.S. shipments:						
Quantity	2,081,574	2,135,363	1,967,195	-5.5	2.6	-7.9
Value	1,101,414	1,185,493	1,015,756	-7.8	7.6	-14.3
Unit value	$529.13	$555.17	$516.35	-2.4	4.9	-7.0
Export shipments:						
Quantity	68,170	88,876	69,924	2.6	30.4	-21.3
Value	36,302	48,333	38,964	7.3	33.1	-19.4
Unit value	$532.52	$543.83	$557.23	4.6	2.1	2.5
Ending inventory quantity	283,213	336,933	275,734	-2.6	19.0	-18.2
Inventories/total shipments[3]	13.2	15.1	13.5	0.4	2.0	-1.6
Production workers	3,740	4,042	3,356	-10.3	8.1	-17.0
Hours worked (*1,000 hours*)	8,219	9,202	7,064	-14.1	12.0	-23.2
Wages paid (*1,000 dollars*)	131,230	147,190	119,611	-8.9	12.2	-18.7
Hourly wages	$15.97	$16.00	$16.93	6.1	0.2	5.9
Productivity (*pounds per hour*)	235.1	219.8	241.9	2.9	-6.5	10.1
Unit labor costs	$67.90	$72.79	$69.99	3.1	7.2	-3.8
Net sales:						
Quantity	2,151,205	2,224,853	2,030,279	-5.6	3.4	-8.7
Value	1,138,195	1,233,906	1,050,872	-7.7	8.4	-14.8
Unit value	$529.10	$554.60	$517.60	-2.2	4.8	-6.7
COGS	972,417	1,071,303	918,442	-5.6	10.2	-14.3
Gross profit or (loss)	165,778	162,603	132,430	-20.1	-1.9	-18.6
SG&A expenses	81,116	82,328	79,806	-1.6	1.5	-3.1
Operating income or (loss)	84,662	80,275	52,624	-37.8	-5.2	-34.4
Capital expenditures	34,362	25,922	39,981	16.4	-24.6	54.2
Unit COGS	$452.03	$481.52	$452.37	0.1	6.5	-6.1
Unit SG&A expenses	$37.71	$37.00	$39.31	4.2	-1.9	6.2
Unit operating income or (loss)	$39.36	$36.08	$25.92	-34.1	-8.3	-28.2
COGS/sales[3]	85.4	86.8	87.4	2.0	1.4	0.6
Operating income or (loss)/sales[3]	7.4	6.5	5.0	-2.4	-0.9	-1.5

[1] "Dual-certified API line pipe" refers to dual-certified pipe that is used in, or intended for use in, line pipe applications. Dual-certified pipe that is used in, or intended for use in, standard and structural pipe applications is included in the scope and falls under the category of "standard pipe."

[2] "Single-certified API line pipe" refers to such pipe that is used in, or intended for use in, line pipe applications. Single-certified API line pipe that is used in, or intended for use in, standard and structural pipe applications is included in the scope and falls under the category of "standard pipe."

[3] "Reported data" are in percent and "period changes" are in percentage points.

Note.–Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Responses of U.S. producers of circular welded non-alloy steel pipe to the following question: Since January 1, 1999, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of circular welded non-alloy steel pipe from China?[1]

* * * * * * *

Responses of U.S. producers of circular welded non-alloy steel pipe to the following question: Does your firm anticipate any negative impact of imports of circular welded non-alloy steel pipe from China?[2]

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[1] Also, see petitioners' posthearing brief, pp. 10-11, with respect to why some of these firms did not identify negative effects on return on investments.

[2] Also, see petitioners' posthearing brief, pp. 10-11, with respect to why some of these firms did not identify negative effects on return on investments.