

WELDED STAINLESS STEEL PIPE AND TUBE FROM JAPAN

**Determination of No Injury
in Investigation No.AA1921-180
Under the Antidumping Act,
1921, as Amended, Together
With the Information
Obtained in the Investigation**

**USITC PUBLICATION 899
JULY 1978**

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

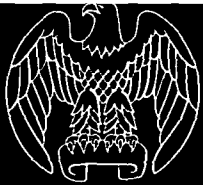
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USITC 78-083

USITC REPORTS ON WELDED STAINLESS STEEL PIPE AND TUBE FROM JAPAN

The United States International Trade Commission today reported to the Secretary of the Treasury its determination, by a 5-to-1 vote, that there is no injury or likelihood of injury as a result of sales of welded stainless steel pipe and tube from Japan at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Since the Commission found no injury or likelihood of injury to the U.S. industry, no dumping duties will be imposed by the Treasury Department.

Concurring in the determination were Chairman Joseph O. Parker, Vice Chairman Bill Alberger, and Commissioners George M. Moore, Catherine Bedell, and Daniel Minchew. Commissioner Italo H. Ablondi, in a dissenting opinion, determined that there is a likelihood that the domestic welded stainless steel pipe and tube industry will be injured.

The Commission investigation was initiated on May 1, 1978, after receipt of a determination of sales at less than fair value by the Department of the Treasury. Treasury's determination followed the reinstitution of a previous dumping investigation.

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USITC REPORTS ON WELDED STAINLESS STEEL PIPE AND TUBE FROM JAPAN

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Six Japanese firms covered in the Treasury Department's investigation accounted for at least 85 percent of all U.S. imports of welded stainless steel pipe and tube from Japan. Such pipe and tube are used in a broad variety of products ranging from hypodermic needles to transport tubing for liquid and gaseous products.

There are at least 30 U.S. firms which produce pipe and tube; they are located nationwide but especially in the Northeast. These firms enjoyed nearly 2 years of booming sales in 1974 and 1975 owing to the overall economic upswing during that period. Their sales have declined since 1975 following a general decline in consumption of the product.

Information received from Treasury indicates that the weighted average margin of dumping was 3.11 percent. The Commission's investigation revealed that Japanese products undersell comparable domestic products by 17 to 25 percent.

The Commission's report, Welded Stainless Steel Pipe and Tube From Japan (USITC Publication 899), contains the views of the Commissioners and information developed in the investigation (No. AA1921-180). Copies may be obtained by calling (202) 523-5178 or from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436.

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-180]

July 20, 1978

WELDED STAINLESS STEEL PIPE AND TUBE FROM JAPAN

Determination of No Injury

On April 20, 1978, the United States International Trade Commission received advice from the Department of the Treasury that welded stainless steel pipe and tube from Japan, with the exception of that merchandise produced by Toa Seiki Co., Ltd., and Yamato Industries Co., Ltd., are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, on May 1, 1978, the Commission instituted investigation No. AA1921-180 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Notice of the institution of the investigation and of the public hearing held in connection therewith was published in the Federal Register on May 5, 1978 (43 F.R. 19469). On June 8, 1978, a hearing was held in Washington, D.C., at which all persons who requested the opportunity were permitted to appear by counsel or in person.

On the basis of its investigation, the Commission determines (Commissioner Ablondi dissenting) that an industry in the United States is not being and is not likely to be injured, and is not prevented from being established, by reason of the importation of welded stainless steel pipe and tube from Japan that are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

In arriving at its determination, the Commission gave due consideration to all written submissions from interested persons and information adduced at the hearing as well as information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

Views of Chairman Joseph O. Parker and
Commissioners George M. Moore and Catherine Bedell

On April 20, 1978, the United States International Trade Commission received advice from the Department of Treasury that welded stainless steel pipe and tubing from Japan, with the exception of that produced by Yamato Industries Co., Ltd., and Toa Seiki Co., Ltd. are being or are likely to be, sold in the United States at less than fair value (LTFV). The Department of Treasury had previously discontinued an investigation in 1972 on the same products based on the finding that the volume of imports from Japan with LTFV margins was minimal, and based on assurances given by Japanese producers that they would not sell at LTFV in the future. 1/ As a result of the Department of Treasury's findings, the Commission instituted investigation No. AA1921-180 on May 1, 1978 under section 201(a) of the Antidumping Act, 1921, as amended, to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of the information developed during the course of this investigation, we determine that an industry in the United States is not being and is not likely to be injured, and is not prevented from being established, by reason of the importation of welded stainless steel pipe and tubing from Japan sold at LTFV in the United States. 2/

1/ 37 F.R. 15742, 24838.

2/ Prevention of establishment is not an issue in this investigation and will not be further discussed.

The U.S. industry

The letter received by the Commission from the Department of Treasury as well as Treasury's Final Determination of Sales at LTFV 1/ both state that welded stainless steel pipe and tubing from Japan is the class or kind of merchandise with respect to which the determination was made. Counsel for the domestic producers contends, however, that for the purposes of this investigation, the relevant industry should be defined as that industry making welded stainless steel pipe and tubing, 3/8 inch to 4-1/2 inches in diameter, or alternatively, the industry producing welded stainless steel pipe, 3/8 4-1/2 inches in diameter. 2/ The economist appearing on behalf of the domestic industry concurred in the position stating that the "impact of LTFV pricing of Japanese manufacturers in the U.S. market has been most keenly concentrated on stainless steel welded pipe within the size range 0.375-4.5 inches" 3/ Whether the domestic industry is defined as that proposed by complainant or as that producing all welded stainless steel pipe and tubing, the information obtained in this investigation does not demonstrate injury or likelihood of injury by reason of LTFV sales.

LTFV sales

Treasury investigated the U.S. sales of six Japanese producers of welded stainless steel pipe and tubing during the period October 1, 1976, through March 31, 1977. Price comparisons were made on 79 percent of these companies' sales during the period, and 29 percent of the sales compared were found to have been at LTFV margins. The weighted average margin of sales compared was 3.1 percent. The weighted average margin on sales of pipe and tubing between 3/8 inch and 4.5 inches was approximately 1 percent.

1/ 43 F.R. 17439.

2/ Brief on Behalf of Allegheny Ludlum Steel Corporation, Armco Steel Corporation, Carpenter Technology Corporation, Colt Industries, Inc., Consolidated Metals Corporation, Republic Steel Corporation and Sharon Steel Corporation, June 29, 1978, p. 13.

3/ Prepared testimony of Stanley Nehmer, Wolf and Company, June 8, 1978, p. 6.

No injury by reason of the LTFV sales

The U.S. industry producing welded stainless steel pipe and tubing reported record highs in production, shipments, and earnings in 1974 and 1975. Imports from Japan were also at a record high level in 1975. In 1976, apparent U.S. consumption of welded stainless steel pipe and tubing declined by approximately 20 percent. In that year, U.S. production and shipments dropped by approximately 25 and 20 percent, respectively, and there was a decline in the aggregate net operating profit in the industry. In 1976, total imports from Japan declined by approximately one-third as did imports from those firms found to be selling at LTFV. In 1977, U.S. production, shipments, and apparent consumption increased somewhat. The net operating profit of the industry continued to decline, however.

Whatever injury the domestic industry may have suffered, it was not by reason of imports sold at LTFV. Pipe and tubing imported from Japan undersold domestically produced pipe and tubing by average weighted margins ranging from 17 to 25 percent from 1974 to the first quarter of 1978, while the dumping margin, i.e., the margin by which Treasury found that the Japanese pipe and tubing was sold below fair value was 3.1 percent on an average weighted basis. Thus, the dumping margin accounted for only a small part of the amount by which the Japanese pipe and tubing undersold the domestic product. Even without the LTFV margins, the Japanese pipe and tubing would have been priced substantially below domestically produced pipe and tubing and at a price differential to attract sales from domestic producers. Under these circumstances, any sales that U.S. producers might have lost to Japanese imports or any price suppression that might have been experienced by U.S. producers cannot be attributed to the LTFV margins applicable to the imports from Japan.

In addition, approximately two-thirds of the net value of sales found by Treasury to have been at LTFV were from Nishimura Kogyo Co. which had the largest LTFV margin. All the welded stainless steel pipe and tubing imported into the United States from that firm were of a size larger than 4.5 inches. As heretofore shown, the domestic industry contended that they are suffering injury from imports in the smaller size categories of pipe and tubing, less than 4.5 inches in diameter.

No likelihood of injury

In the first quarter of 1978, the most recent period for which data are available on the operations of the U.S. industry producing pipe and tubing, U.S. production and shipments and employment increased over the levels reported in the corresponding period of 1977. Imports from Japan, however, declined by 69 percent from the level reported in the same period in 1977. The domestic industry recently expanded its capacity to produce pipe and tubing. In view of the improvement in demand, the improved performance of the domestic industry, reduced imports and the minimal level of LTFV margins on Japanese imports, we have determined that the U.S. industry is not likely to be injured by reason of LTFV imports from Japan.

Reasons for Negative Determination of
Commissioners Bill Alberger and Daniel Minchew

In order for the United States International Trade Commission (Commission) to find in the affirmative in an investigation under the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), it is necessary to find that an industry in the United States is being or is likely to be injured, or is prevented from being established 1/, and the injury or likelihood thereof must be by reason of imports at less than fair value (LTFV).

Determination

On the basis of the information obtained in this investigation, we determine that an industry in the United States is not being and is not likely to be injured by reason of the importation into the United States of welded stainless steel pipe and tube from Japan which is being or is likely to be sold at LTFV as determined by the Secretary of the Treasury (Treasury).

The U.S. Industry

For the purposes of this investigation we define the relevant industry to include all those facilities and operations in the United States producing welded stainless steel pipe or tube, regardless of the size or character of the products. Counsel for the domestic producers urged the Commission to accept a narrower industry definition. In fact, he argued that we should limit our investigation to welded stainless steel pipe and tube 3/8- to 4 1/2-inches in diameter, or alternatively, to pipe only (in the same dimensions). We cannot accept counsel's proposal. Our evidence indicates that domestic facilities

1/ Prevention of establishment of an industry is not an issue in this investigation and will not be further discussed.

are capable of producing all sizes of pipe and tube, and that many domestic producers do in fact compete in all sizes. Moreover, the Treasury investigation included larger and smaller sizes, both of which figured into their LTFV determination. Counsel did not put forth compelling reasons for narrowing the industry, and we can find none.

LTFV Sales

Treasury investigated the U.S. sales of six Japanese producers of welded stainless steel pipe and tube during the period October 1, 1976, through March 31, 1977. Price comparisons were made on 79 percent of these companies sales during the period and 29 percent of the sales compared were found to have been at LTFV margins. The weighted average margin of such sales was 3.1 percent. If U.S. imports of pipe and tube greater than 4.5 inches in diameter were excluded from Treasury's LTFV determination as counsel for petitioners urged us to do, the weighted average margin on the sales compared would be reduced to approximately 1 percent.

One of the Japanese producers, Toa Seiki, was excluded from Treasury's determination because no margins were found on 88 percent of its exports to the United States and because it honored the price assurances it gave in 1972. In the case of a second Japanese producer, Yamato, Treasury discontinued its investigation because the firm's average weighted margins on its U.S. sales were minimal in relation to the total volume of its sales, and because the firm gave formal assurances that it would make no further sales at LTFV. In the case of a third Japanese producer, Brasimet Industries Corp.,

Treasury found no sales at LTFV, but insufficient information had been supplied by the firm with regard to home market sales and sales to the United States to qualify it for an exclusion or a discontinuance.

The Question of Injury by Reason of LTFV Sales

U.S. imports.--U.S. imports of Japanese welded stainless steel pipe and tube increased dramatically in 1975, fell by almost a third in 1976, then rose again in 1977. The 1977 tonnage was, nevertheless, 7 percent lower than the 1975 total. 1975 was the year of the greatest increase in Japanese imports, but it followed closely a period of significant increases in apparent consumption. When consumption began to fall drastically in 1976, imports from Japan also fell. In testimony before the Commission, domestic producers conceded that the year of greatest import penetration, 1975, was also a good year for the domestic industry.

Capacity utilization.--The period 1973-1977 was marked by substantial capacity expansion. U.S. producers' capacity increased from 164.6 million pounds in 1973 to 216.9 million pounds in 1977, an increase of 32 percent. This represents an annual average rate of 7.1 percent expansion. Since consumption dropped by 33 million pounds in 1976, it is not surprising to find such remarkable declines in capacity utilization, which dropped from 79 percent in 1975 to 54 percent in 1976. Yet this was the year that imports from Japan declined by more than 6 million pounds. While capacity utilization increased slightly in 1977, this can largely be attributed to additional expansion of capacity.

Shipments and production.--U.S. producers' shipments increased considerably between 1973 and 1975. In 1976, the year consumption fell by 33 million pounds, shipments declined by almost 30 million pounds. Producers' shipments rebounded slightly in 1977.

Production followed the same trends, with a sharp decline in 1976 that accompanied the downturn in demand. Production increased by about 7 million pounds in 1977.

Inventory.--Pipe inventories were abnormally high in 1975-77, and apparently domestic producers were able to fill additional orders in 1977 from this inventory. The ratio of inventories to domestic shipments has risen steadily since 1975. It is not unusual, however, to have increased inventories of pipe in times of slack demand.

Consumption.--Following a dramatic increase in 1974, domestic consumption dropped slightly in 1975, then plunged by 30 million pounds in 1976. Consumption improved modestly in 1977. The decline in demand is reflected by the figures for both producers' shipments and imports. Thus, when consumption tapered off after the heavy capital investment period ending in 1974, the effects were widespread, and both domestic and foreign suppliers found their sales dropping.

Employment.--Since 1975, there has been an 11 percent decline in the number of employees in the domestic industry. However, over the period 1973-77, the total number of employees has increased slightly.

Profit and loss experience.--Net operating profits for those firms reporting in response to the Commission's questionnaires declined in 1976 and 1977. This was a decline from two years of booming sales in 1974 and 1975. Profits peaked in 1975 at nearly 6.5 times their 1973 level. Several firms reported net operating losses in 1977.

Lost sales.--Several distributors provided the Commission with information on alleged lost sales to Japanese producers. Basically, these allegations were substantiated but only half of the distributors contacted switched to firms found to be selling at LTFV.

Summary

From the evidence above, it is clear that whatever injury the domestic industry suffered is not by reason of LTFV imports from Japan. The domestic industry reported record highs in production, shipments, and earnings in 1974-75 despite the fact that imports were also at a record high level in 1975. Between 1975 and 1977, U.S. producers increased their capacity by 11 percent while U.S. consumption of these products was declining by 18 percent. This combination of an overexpansion of the domestic industry (U.S. production capacity was also increased by 19 percent in 1974-75) and the sharp drop in U.S. consumption was largely responsible for the decline in U.S. producers' operation in 1976-77. While imports did increase during 1977, they, too, were rebounding from the very steep drop of 1976.

When the LTFV margins are compared to the average margins of under-selling, it is apparent that the lost sales cannot be attributed to LTFV sales. Pipe and tube imported from Japan undersold domestically

produced pipe and tube by average weighted margins ranging from 17 to 25 percent during 1974-77 and January-March 1978. However, the dumping margin (3.1 percent on an average weighted basis), accounted for only a small portion of the underselling. Thus, even without the LTFV margins the Japanese pipe and tube would have been priced substantially below the normal differential required to attract sales from domestic producers. Under these circumstances any sales that U.S. producers may have lost to Japanese imports or any price suppression that might have been experienced by U.S. producers cannot be attributed to the LTFV margins applicable to the imports from Japan.

The Question of Likelihood of Injury by Reason of LTFV Sales

In the first quarter of 1978, U.S. production, shipments, and employment all increased over the corresponding period in 1977 while imports from Japan declined by 69 percent. Demand for pipe and tube is likely to continue to increase since capital expenditure for new plant and equipment, a reliable market indicator for demand for these products, has increased in recent months. With its recently expanded capacity the domestic industry is in a favorable position to capitalize on this increased demand. This improvement in demand, coupled with the reduction in U.S. imports and the minimal level of the LTFV margins on Japanese imports, lead us to conclude that the U.S. industry is not likely to be injured by LTFV imports from Japan.

Distinction from Previous Investigations

As a final matter we would like to address the distinction between .

our finding here and our affirmative determination in investigation 337-TA-29. 2/

In February, 1978 we found that various foreign manufacturers and exporters of welded stainless steel pipe and tube were engaging in unfair methods of competition by virtue of their sustained sales below average variable cost without commercial justification. We found further that such sales had a tendency to restrain trade and commerce in the United States. Our opinion in that case dealt with the distinctions which should be drawn between an antidumping investigation and a predatory pricing case under section 337. We stated that:

"...this case demonstrates the difference between the two laws, because the result we reach now is impossible under the Antidumping Act. Our result depends solely on having found a tendency to restrain trade." 3/

In our previous investigation we found that, by engaging in predatory pricing schemes, the respondents had gained a large and increasing share of the import trade. This concerned us because preservation of competition is a key purpose of section 337. We observed that:

"Lawful competition between firms handling imported products is essential to maintain a healthy competitive environment in the U.S. market. Thus, competition between products from Japan and from other countries must exist. When competitors are excluded from the U.S. market, as they are in this case, by a means contrary to law, they are being excluded not by our competitive process but by a means which would not be permitted to any competitor, foreign or domestic." 4/

2/ Certain Welded Stainless Steel Pipe and Tube from Japan, USITC Publication 863, February 1978, (Opinion of Commissioners Minchew, Moore, and Alberger).

3/ Id at pg. 16.

4/ Id at pg. 37.

With respect to the present investigation, however, our sole concern is with United States competitors. The Antidumping Act essentially protects domestic competitors from international price discrimination. It is not designed to ameliorate all the effects of unfair low pricing, therefore it does not require any analysis of restraints of trade or competitive conditions in the United States economy. It is narrower in its scope than section 337. There must be present injury, likelihood thereof to, or prevention of establishment of a domestic industry for an affirmative determination under the Antidumping Act.

As this opinion makes clear, the facts do not support such a finding.

Statement of Reasons of Commissioner Italo H. Ablondi

After receiving notice from the Department of Treasury, on April 20, 1978, that welded stainless steel pipe and tube from Japan, with the exception of stainless steel pipe and tube produced by Toa Seiki Co., Ltd., and Yamato Industries Co., Ltd., 1/ are being or are likely to be, sold in the United States at less than fair value (LTFV), within the meaning of the Antidumping Act, of 1921, as amended (19 U.S.C. 160(a)), the U.S. International Trade Commission instituted investigation No. AA1921-180 to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, 2/ by reason of the importation of such merchandise into the United States. Treasury's investigation was a re-opening of an investigation of alleged LTFV sales that had been discontinued in 1972 after a finding of minimal margins, and assurances by the Japanese producers that there would be no further sales at less than fair value. 3/

After considering the information developed during the Commission's investigation, as well as the information supplied by the Department of the Treasury, I have determined that an industry in the United States is likely to be injured by reason of the importation of stainless steel pipe and tube from Japan, which the Secretary of the Treasury has determined are being or are likely to be sold at less than fair value within the meaning of the Antidumping Act. 4/

1/ Treasury found that no margins existed on 88 percent of the sales of Toa Seiki Co., Ltd.'s, exports to the United States, and that they had honored the price assurances given in 1972. Treasury also found Yamato Industries Co., Ltd.'s, average weighted margins on U.S. sales were minimal in relationship to its total volume of sales.

2/ Prevention of establishment of an industry is not an issue in this investigation and will not be discussed further.

3/ Treasury's investigation of LTFV sales began after the International Trade Commission, pursuant to 19 U.S.C. 1337(b)(3), notified the Secretary of the Treasury that in the course of a 337 investigation of stainless steel pipe and tube (337-TA-29) "the Commission had reason to believe, based on information before it, that the matter may come within the purview of Sec. 1303 of this title or the Antidumping Act, 1921."

4/ I specifically exclude from this finding welded stainless steel pipe and tube produced by Toa Seiki Co., Ltd., and Yamato Industries Co., Ltd.

LTFV sales

Treasury's investigation of imports of stainless steel pipe and tube from Japan covered the period from October 1, 1976, through March 31, 1977. Treasury made fair-value comparisons on imports by six Japanese producers which produce 85 percent of the Japanese imports of welded stainless steel pipe and tube, and found that welded stainless steel pipe and tube from Japan were being or were likely to be sold at LTFV with the exception of merchandise produced by Toa Seiki Co., Ltd., and Yamato Industries Co., Ltd.

Treasury's data indicated that there were \$1.2 million in sales at margin. One company which accounted for a substantial percentage of the net value of sales at margin had weighted average margins of 11.2 percent. This company showed margins ranging from 0.4 to 62 percent on 94 percent of the sales compared by Treasury.

LTFV imports and market penetration

It is well established that a record of LTFV sales can be considered as a factor in determining whether a domestic industry is being injured. 1/

Here LTFV sales have been present at various stages for a period from 1972 to the present. In this investigation we have a history where several of the firms that gave assurances to Treasury in 1972 not to sell at less than fair value have been found to be selling at LTFV. Sales at less than fair value have risen to 11.2 million pounds in 1977, with consumption of LTFV imports increasing its share of the U.S. market from about 3 percent in 1974 to about 8 percent in 1977.

1/ Imbert Importers, Inc. v. the United States, 475 F. 2d. 1189 (CCPA 1973).

At the same time, capacity utilization in the U.S. industry is at a low of 52 percent. In 1977, four domestic firms suffered net operating losses and five showed net losses before taxes.

Despite an expanding U.S. market, net operating profits of U.S. producers in 1977 were 78 percent below the 1975 level. Japanese stainless steel pipe and tube has consistently undersold the domestically produced product. For all representative sizes of pipe and tube analyzed by the ITC, Japanese imports undersold the domestic equivalent by as much as 25 percent at different periods. The greatest margins of underselling were found to be by firms selling at less than fair value.

The Commission's investigation indicated that U.S. producers lost substantial revenues as the result of lowering prices to meet LTFV prices of Japanese merchandise, and that such losses contributed materially to the reduction of the net operating profits of the U.S. producers.

Likelihood of injury

Examining the question of whether there is a likelihood of injury to the domestic industry against the background of the present problems of the industry as outlined above, I have determined that the continued importation and sale of stainless steel pipe and tube from Japan at less than fair value is likely to injure the domestic stainless steel pipe and tube industry.

Most purchasers of welded stainless steel pipe and tube reported that price is their primary consideration in placing orders. Current conditions of the Japanese economy and Japanese steel industry would encourage Japanese producers to continue to offer welded stainless steel pipe and tube for sale

in the U.S. at less than fair value. Two of the Japanese producers who gave assurances to Treasury in 1972 were found not to be selling at less than fair value and were excluded from this finding. The remaining two firms, despite assurances, were found to be selling at less than fair value. These facts lead to a strong likelihood of further price depression and harm to the U.S. industry. In the absence of an affirmative finding by this Commission, it is likely that those Japanese companies currently selling at less than fair value will interpret the Commission's decision as a license to increase the margins of LTFV sales, resulting in increased imports. Increases in Japanese exports to the United States at less than fair value would intensify the difficulties that currently exist in the U.S. industry.

Conclusion

On the basis of the information obtained in the Commission investigation, I conclude that an industry in the United States is likely to be injured by reason of the importation of welded stainless steel pipe and tube from Japan sold at less than fair value within the meaning of the Antidumping Act.

INFORMATION OBTAINED IN THE INVESTIGATION

Summary

The United States International Trade Commission received advice from the Department of Treasury on April 20, 1978, that welded stainless steel pipe and tube from Japan, with the exception of that merchandise produced by Yamato Industries Co., Ltd., and Toa Seiki Co., Ltd., are being, or are likely to be, sold in the United States at less than fair value (LTFV), within the meaning of the Antidumping Act of 1921, as amended (19 U.S.C. 160(a)). The Treasury investigation leading to the determination of sales at LTFV was initiated after Treasury was advised by the U.S. International Trade Commission that the Commission had reason to believe, based on information it had received during the course of an investigation on certain welded stainless steel pipe and tube, under section 337 of the Tariff Act of 1930, that the matter before it may come within the purview of the Antidumping Act, 1921.

On May 1, 1978, the U.S. International Trade Commission instituted investigation No. AA1921-180 under the Antidumping Act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of welded stainless steel pipe or tube from Japan sold at LTFV in the United States. A public hearing was held in Washington, D.C., on June 8, 1978, and the Commission must report its determination to the Secretary of Treasury by no later than July 20, 1978.

Welded stainless steel pipe and tube are imported into the United States under the provisions of items 610.35, 610.36, 610.37, 610.40, 610.43, 610.51, and 610.52 of the Tariff Schedules of the United States (TSUS). The bulk of imports of this article is provided for under item 610.37 with significant amounts under item 610.52.

The Treasury Department investigated U.S. imports of welded stainless steel pipe and tube from Japan during the period October 1, 1976, to March 31, 1977. It made fair-value comparisons on imports of six Japanese producers. The weighted average margin on the sales compared was 3.1 percent. Two of the companies for which comparisons were made were excluded from Treasury's determination because of the absence of margins on 88 percent of Toa Seiki, Ltd.'s exports to the United States and their having honored price assurances given in 1972 and because Yamato, Ltd.'s weighted average margin on its U.S. sales was minimal in relation to its total volume of sales.

Approximately 30 firms produce welded stainless steel pipe and/or tube in the United States. Six are integrated firms, producing strip, sheet, or plate from which pipe or tube is produced. Although U.S. producers are located nationwide, they are concentrated in the Northeast. Approximately 90 percent of pipe sales are made through distributors, most of which are industrial supply firms specializing in the distribution of pipes, valves, and fittings. Other distributor sales are through steel service centers, which sell a broad mix of products. About 10 percent of U.S. producers' pipe sales are to end users. Approximately 70 percent of producers' sales of tube are to end users; the remainder is sold through distributors.

Apparent U.S. consumption of welded stainless steel pipe and tube was at its peak in 1974 at 177 million pounds, for a 33 percent increase from 1973. Consumption fell in 1975 and 1976 to 172 million and 139 million pounds, respectively. It rose to 146 million pounds in 1977.

U.S. producers' shipments in 1974 were 163 million pounds, 28 percent higher than in 1973. They too declined the next 2 years to 150 million then to 120 million pounds. Shipments increased to 124 million pounds in 1977. U.S. producers' export shipments during the period 1973-77 ranged from less than 2 percent of total shipments in 1973 to a high of 4 percent in 1975.

Virtually no inventories of tube are maintained by U.S. producers because it is usually custom ordered. Inventories of pipe in 1973 and 1974 remained relatively stable at 5.3 million and 5.4 million pounds respectively. Inventories increased sharply to 11.9 million pounds in 1975 and thereafter remained relatively stable at 11.2 million and 11.9 million pounds, in 1976 and 1977, respectively.

U.S. imports of welded stainless steel pipe and tube from all sources during the period 1973-77 peaked in 1975 at 28.7 million pounds which was 16.6 percent of total consumption. In 1976, imports declined to 21.7 million pounds then rose in 1977 to 25.3 million pounds, accounting for 15.6 and 17.3 percent of total U.S. consumption, respectively. The Japanese share of total U.S. imports during this period ranged from a low of 44 percent in 1974 to its peak of 75 percent in 1977.

U.S. employment of production and related workers engaged in the manufacture of welded stainless steel pipe and tube during the years 1973-77 peaked in 1974 with 2,827 persons, amounting to a 33-percent increase over 1973. From 1974 to 1977, employment steadily declined to 2,765 in 1975, 2,628 in 1976, and in 1977, 2,458 persons, 13 percent fewer than in 1974.

Aggregate profit and loss data for 10 reporting firms during 1973-77 show that net operating profit peaked in 1975 at 38.9 million dollars, an amount 38 percent higher than that of the previous year. The year of lowest profit was 1973, when only \$6.0 million was earned. Since 1975, net operating profit has steadily declined to \$14.7 million and \$8.5 million in 1976 and 1977, respectively. Profit in 1977 was 78 percent lower than in the industry's peak year.

Six purchasers of welded stainless steel pipe or tube indicated that they have switched from U.S.-produced to Japanese-produced pipe or tube in at least some instances during the past 2 years. The principal reason offered for their switch was the price advantage of the Japanese products.

Domestic prices for various types of welded stainless steel pipe and tube increased an average of 10 percent between 1974 and 1975. Subsequently, over the next 2 years, these prices declined an average of 4 percent in 1976 and 10 percent in 1977. The decline in the average net selling price in the domestic industry between 1974 and 1977 was 5 percent. Imports from Japan undersold U.S. producers by 17 to 25 percent during the 1974-77 period.

Introduction

On April 20, 1978, the United States International Trade Commission received advice from the Department of the Treasury that welded stainless steel pipe and tube from Japan, with the exception of that merchandise produced by Toa Seiki Co., Ltd., and Yamato Industries Co., Ltd., are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, on May 1, 1978, the Commission instituted investigation No. AA1921-180 under section 201(a) of the act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith, was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York Office, and by publishing the notice in the Federal Register of May 5, 1978 (43 F.R. 19469). 1/ The public hearing was held in Washington, D.C., on June 8, 1978.

Treasury instituted its investigation by reopening a previously discontinued antidumping investigation after it was advised by the U.S. International Trade Commission that the Commission had reason to believe based on information it had received during the course of an investigation on certain welded stainless steel pipe and tube, under section 337 of the Tariff Act of 1930, 2/3/ that the matter before it may come within the purview of the Antidumping Act, 1921. Treasury had discontinued its earlier investigation in November 1972 on the basis that the volume of imports for which margins were found was minimal and because the Japanese producers gave assurances that they would not sell at LTFV in the future.

Treasury's notice of the reopening of its antidumping proceeding, a copy of which appears in appendix B, was published in the Federal Register of March 30, 1977 (42 F.R. 16883). A Withholding of Appraisement Notice was published

1/ A copy of the Commission's Notice of Investigation and Hearing appears in app. A.

2/ The investigation (No. 337-TA-29) was instituted by the Commission on February 1, 1977, based on a complaint filed on behalf of Acme Tube Inc.; Allegheny Ludlum Steel Corp.; Armco Steel Corp., Advanced Materials Division; Bristol Metals, Inc.; Carpenter Technology Corp., Tube Division; Consolidated Metals Corp.; Colt Industries, Inc., Trent Tube Division; and Sharon Steel Corp., Damascus Tubular Products Division. Notice of Investigation was published in the Federal Register on February 22, 1977 (42 F.R. 10348).

3/ Commissioner Daniel Minchew notes that the Commission investigation of certain welded stainless steel pipe and tube under the provisions of section 337 of the Tariff Act of 1930, as amended (investigation No. 337-TA-29) was instituted in February 1977, upon receipt of a petition from a group of 8 domestic producers of welded stainless steel pipe and tube who maintained there had been a violation of section 337. The Commission found a violation of section 337 and issued a cease and desist order which never became effective because it was disapproved by the President on April 22, 1978 (43 F.R. 17789).

in the Federal Register of January 13, 1978 (43 F.R. 2031), and a Determination of Sales at Less Than Fair Value was published in the Federal Register of April 24, 1978 (43 F.R. 17439). 1/

The Product

Description and uses

Welded stainless steel pipe and tube are distinguished from other types of pipe and tube by their chemical composition (stainless steel is defined in the TSUS as an alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium) and by their method of manufacture (they are welded longitudinally by electric methods as opposed to being seamless or riveted).

Welded stainless steel pipe and tube (hereinafter, pipe and tube) range in size from diameters of slightly more than 1 millimeter (0.0039 inch) to 48 inches or more. Pipe and tube generally have a round cross section, but rectangular, square, and other cross-sectional configurations are also produced in limited quantities. Pipe is a standard tubular article sold to an accepted dimensional standard from a printed price sheet, from stock. Tube includes all welded stainless steel products not qualifying as pipe; it usually is a special mill order item.

Welded stainless steel pipe and tube are used extensively in applications where corrosion and heat resistance and high strength-to-weight ratios are important considerations. Typical applications are in heat exchangers, condensers, boilers, feed water heaters, evaporators, separators, stock lines for the petrochemical industry, digester lines, blow lines, pharmaceutical production lines, food-processing equipment, and sanitary tubing for the dairy industry. Stainless steel tube also is used in ornamental applications such as decorative tubing for automobiles, seating for cars and buses, hand railings, furniture, hospital equipment, and display racks. Small tube, generally less than 3/8 inch in diameter, is used in the manufacture of medical and dental instruments (e.g., needles), specialized machinery parts, and electrical and electronic components.

Pipe and tube are generally manufactured by one of two processes. The first is a continuous milling procedure of rolling and welding, after which lengths are cut from the continuously flowing stock. The second is noncontinuous because preselected lengths of stock are formed in tubular shape then welded on the longitudinal seam. Sizes up to 8 inches in diameter can be milled continuously, whereas the larger diameters must be produced from stock which has been cut to length prior to its being formed and welded. The most advanced mills roll form, weld, and anneal pipe or tube or both on a continuous basis. The manufacturing process begins with stainless steel strip for smaller sizes of pipe or tube, or sheet or plate for the larger sizes. For smaller sizes the mill is fed strip, which travels through a series of rolls which shape the strip into a tubular form. As the tubular shape travels between the rolls of the mill it is continuously welded along the seam. The process to this point causes the metal to lose some of its properties, which

1/ A copy of Treasury's Determination of Sales at Less than Fair Value appears in App. C.

are restored by annealing. The annealing process causes certain oxides to form on the surface of the tubing, however, and these are removed by pickling the pipe or tube in chemicals.

It was stipulated in investigation No. 337-TA-29 that raw materials, principally stainless steel strip, account for 60 to 70 percent of the total cost of producing welded stainless steel pipe and tube. Labor costs generally account for another 6 to 15 percent of the total.

U.S. tariff treatment

Welded stainless steel pipe and tube are provided for under items 610.35, 610.36, 610.37, 610.40, 610.43, 610.46, 610.51, and 610.52 of the TSUS. Approximately 80 percent of the welded stainless steel pipe and tube imports which are the subject of this investigation are entered under TSUS item 610.37. This item covers welded stainless steel pipe and tube with walls not thinner than 0.065 inch and with circular cross section. It covers sizes ranging in outside diameter from 0.375 inch to over 16 inches. It also covers some pipe and tube that are not stainless steel. The column 1 (most-favored-nation) rate of duty for item 610.37 is 0.3 cents per pound plus 4 percent ad valorem plus additional duties (depending on the amount of certain elements contained in the article). This rate has been in effect since 1972.

The column 1 rate of duty applicable to the other TSUS items under which stainless steel pipe and tube might be entered are as follows:

<u>TSUS item No.</u>	<u>Col. 1 rate of duty 1/</u>
610.35-----	0.875¢ per lb plus 4¢ ad valorem plus additional duties
610.36-----	0.635¢ per lb plus 4% ad valorem., plus additional duties
610.40-----	0.1¢ per lb plus 4% ad valorem plus additional duties
610.43-----	11% ad valorem plus additional duties
610.46-----	13% ad valorem plus additional duties
610.51-----	13% ad valorem plus additional duties
610.52-----	13% ad valorem plus additional duties

1/ Additional duties are applicable to iron or steel products which contain by weight 1 or more of the following elements in the quantity, by weight, respectively indicated: over 0.2 percent of chromium; or over 0.1 percent molybdenum; or over 0.3 percent tungsten; or over 0.1 percent vanadium.

Nature and Extent of Sales at Less Than Fair Value

The Department of the Treasury investigated U.S. imports of welded stainless steel pipe and tube from Japan during the period October 1, 1976, to March 31, 1977. Fair-value comparisons were made on 79 percent of the total Japanese sales of these articles to the United States during the period of Treasury's investigation. A summary of the data on fair-value comparisons developed by Treasury is shown in the table below.

Table 1.--Welded stainless steel pipe and tube from Japan: U.S. sales, sales compared, value of sales at margin, percent of sales compared, percent of comparisons at margin, margin range, and weighted average margin, by companies, Oct. 1, 1976-Mar. 31, 1977

Japanese producer	Net value of U.S. sales	Net value of sales compared	Net value of sales at margin	Percent of sales compared	Percent of comparisons at margin	Margin range	Weighted average margin
						Percent	Percent
Brasimet Industries---	***	***	***	***	***	0	0
Nisshin Steel--	***	***	***	***	***	0.37-16.5	1.27
Nishimura Kogyo Co-----	***	***	***	***	***	.36-62	11.21
Stainless Pipe-----	***	***	***	***	***	.42-12	1.22
Yamato, Ltd----	***	***	***	***	***	.74-54	.91
Toa Seiki, Ltd-----	***	***	***	***	***	0	0
Total or average--	5,343,019	4,397,704	1,222,564	.79	.29	0.-62	3.11

Source: U.S. Department of Treasury file.

Toa Seiki was excluded from Treasury's determination because no margins were found on 88 percent of its exports to the United States and for honoring the price assurances it gave in 1972. In the case of Yamato, Treasury discontinued its investigation because the firm's weighted average margins on its U.S. sales were minimal in relation to the total volume of its sales and because the firm gave formal assurances that it would make no future sales at LTFV. Although Treasury found no sales at LTFV by Brasimet Industries Corp., insufficient information had been supplied by that firm with regard to home-market sales and sales to the United States to qualify it for an exclusion or a discontinuance.

In arriving at its determination of sales at LTFV, Treasury used as the basis of its comparison the purchase price and the home-market price on sales by all of the Japanese producers other than Yamato. In the case of Yamato, comparisons were made on the basis of purchase price and the home-market price on its sales to nonrelated customers; however, exporters' sales price and the constructed value were used as the basis of comparison on those sales in which a related importer acted as the seller of the merchandise.

Data from the Treasury file indicate that there were 1.2 million dollars worth of sales at margin and that the overall weighted average margin on the sales compared was 3.11 percent. For all of the Japanese firms covered by Treasury's investigation, except for Nishimura Kogyo Co., weighted average margins were found to be 1.27 percent or less. Nishimura Kogyo's margins were significantly higher, at 11.21 percent; this firm accounted for about * * * percent of the net value of sales compared and for * * * of the net value of sales found to be at margin. During the hearing in this case, a statement was made that Nishimura Kogyo Co. had no U.S. sales of welded stainless steel pipe and tube in the smaller sizes--i.e., under 4 1/2 inches in diameter. ^{1/} Counsel for the firm advised the Commission in its post-hearing brief that Nishimura does not manufacture welded stainless steel pipe or tube of less than 4-1/2 inches in diameter.

The Domestic Industry

U.S. producers

Approximately 30 companies produce welded stainless steel pipe and tube in the United States. The producers are located from coast to coast and from the Northern States to Florida and Texas, but are concentrated in the Northeast.

Twenty-six companies submitted data to the Commission on their pipe and tube operations. In 1977, all of these firms produced pipe or tube in the size range of 4.5 inches in diameter and under. Only 11 companies produced pipe or tube larger than 4.5 inches in diameter. Twenty-three firms produced tube, and 15 produced pipe.

^{1/} See the transcript of the hearing, p. 168.

In 1977 the two largest producers accounted for about * * * of total domestic production of all welded stainless steel pipe and tube. U.S. producers include firms that make tube as small as that used in the manufacture of hypodermic needles as well as those which produce very large pipe, 48 inches or more in diameter. Six firms are integrated producers, which make at least part of the stainless steel strip or sheet they use in the production of pipe and tube. These integrated producers accounted for about two-thirds of total U.S. production in 1977.

Channels of distribution

Distributors purchase approximately 90 percent of U.S. producers' sales of welded stainless steel pipe. The bulk of such sales go to industrial supply firms which specialize in the distribution of pipes, valves, and fittings. The remainder of the distributor sales are handled by steel service centers which sell a general line of metal products and may perform some fabricating work. About 10 percent of producers' sales of pipe are made directly to end users.

End users, primarily fabricators of petrochemical and power plant apparatus, take about 70 percent of producers' sales of tube. Distributors account for the rest.

Capacity and output

Data on U.S. producers' capacity to produce welded stainless steel pipe and tube, and the levels at which they operated their production facilities during the 1973-77 period, are presented in the table below.

Table 2.--Welded stainless steel pipe and tube: U.S. producers' capacity and production, 1973-77

Item	: 1973	: 1974	: 1975	: 1976	: 1977
Capacity (1,000 pounds)-----	164,586	180,864	195,691	208,173	216,884
Production (1,000 pounds)----	122,033	164,717	154,217	112,632	120,189
Ratio of production to capacity-----	74	91	79	54	55
----- (percent)----					

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

U.S. producers' capacity increased from 164.6 million pounds in 1973 to 216.9 million pounds in 1977, or by 32 percent. The annual average rate of capacity expansion over the period was 7.1 percent, but individual annual rates have softened considerably, from 9.6 percent in 1974 to 4.2 percent in 1977. The increase in 1976 would have been greater had it not been for a

decrease in * * * capacity of some * * * million pounds, which was due to * * *.

The ratio of production to capacity peaked during 1974 at 91 percent. It then dropped off steadily to 54 percent in 1976, owing to (1) the above-mentioned coming on line of new capacity and (2) a weakening in demand for welded stainless steel pipe and tube beginning in the latter part of 1975.

Domestic production statistics, which were derived from responses to questionnaires in the instant case, are presented in the table below.

Table 3.--Welded stainless steel pipe and tube: U.S. production, by type and diameter, 1973-77

(In thousands of pounds)					
Type and diameter	1973	1974	1975	1976	1977
Pipe:					
With an outside diameter of:					
4-1/2 inches and under---	32,404	41,021	39,080	21,500	26,724
Over 4-1/2 inches-----	22,756	32,476	32,993	24,238	29,091
Total pipe-----	55,160	73,497	72,073	45,738	55,815
Tube:					
With an outside diameter of:					
4-1/2 inches and under---	61,318	84,377	74,404	62,059	59,683
Over 4-1/2 inches-----	5,555	6,843	7,740	4,835	4,691
Total tube-----	66,873	91,220	82,144	66,894	64,374
Pipe and tube 4-1/2 inches and under-----	93,722	125,398	113,484	83,559	86,407
Pipe and tube over 4-1/2 inches-----	28,311	39,319	40,733	29,073	33,782
Total, all sizes, pipe and tube-----	122,033	164,717	154,217	112,632	120,189

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

Production of welded stainless steel pipe and tube of all sizes increased by 35 percent from 1973 to 1974, declined slightly in 1975, but then dropped off 27 percent in 1976. The largest decline in production was that reported for pipe of 4-1/2 inches and under outside diameter. This category accounted for about 25 percent of total production of all sizes of pipe and tube in 1973-75, but for only 19 percent in 1976. Production of all pipe and tube peaked at 165 million pounds in 1974, but by 1976 had fallen off to 113 million pounds, for a 31-percent decline. In 1977, production increased 6.7 percent.

U.S. Producers' Shipments, ^{1/} U.S. Exports, and Apparent Consumption

Data on U.S. producers' shipments of welded stainless steel pipe and tube show fluctuations during the period 1973-76 roughly paralleling those in production. Data on U.S. producers' shipments, exports of domestic merchandise, imports for consumption and apparent U.S. consumption are presented in table 1A appendix D.

Producers' shipments rose dramatically from 1973 to 1974, declined gradually in 1975 and fell off sharply in 1976. Shipments in 1976 of 120 million pounds represented a decline of 26 percent from shipments in 1974. There was a 3-percent increase in shipments in 1977. Apparent consumption increased from 133 million pounds in 1973 to 177 million pounds in 1974, before dropping to 139 million pounds in 1976. Consumption rose to 146 million pounds in 1977. The market share of imports grew rapidly from 5.2 percent of apparent consumption in 1973, to a high of 17.3 percent in 1977. Imports' share of consumption was 16.6 percent and 15.6 percent in 1975 and 1976, respectively.

Apparent U.S. consumption of welded stainless steel pipe and tube did not closely track the overall performance of the U.S. economy in recent years because demand for these products is primarily determined by expenditures for plant and equipment. Demand for stainless steel pipe and tube persisted at a high level through 1975 when the U.S. economy was in a deep recession; in this period, capital projects begun in the preceeding boom were still moving towards completion. Demand weakened materially in 1976, however, when the overall economy was emerging from the recession while plant and equipment investments were falling to cyclically low levels. Demand improved only modestly in 1977--again reflecting sluggish investment which did not begin to pick up until the final months of the year.

U.S. Producers' Inventories

Virtually no inventories of tube are maintained by U.S. producers because it is usually custom ordered. Inventories of pipe in 1973 and 1974 remained at 5.3 million and 5.4 million pounds, respectively, then jumped to a new plateau of 11.9 million, 11.2 million, and 11.9 million pounds, respectively, in 1975, 1976, and 1977. The ratio of pipe inventories to total domestic pipe and tube shipments dropped from 4.1 percent in 1973 to 3.3 percent in 1974, jumped to 7.9 percent in 1975, and rose steadily to 9.6 percent in 1977.

^{1/} U.S. Department of Commerce data show the following levels of shipments based on its annual survey (in thousands of pounds): (a) 1973--138,002; (b) 1974--188,712; (c) 1975--202,960; (d) 1976--171,120. Data reported in this section, based on the Commission's more up-to-date and detailed survey, account for an average of about 81 percent of the shipments reported by Commerce for the 4-year period. The correspondence between the two series was greatest for 1973 (92.5 percent) and least for 1976 (70.3 percent). Because of their greater comprehensiveness and detail, data gathered by the Commission are used here for analysis, although they may systematically understate domestic shipments and overstate the import-penetration ratio. See table 1A, app. D.

U.S. Imports

Total imports

Total U.S. imports of welded stainless steel pipe and tube, as estimated by the Commission, showed marked increases of 155 percent in 1974 and 63 percent in 1975. Total imports then fell by 24 percent in 1976, only to rebound by 17 percent in 1977. U.S. imports from Japan have dominated total imports as shown in the table below. Imports from Japan peaked in 1975, a year later than the peak in imports from other sources.

Table 4.--Welded stainless steel pipe and tube: Estimated U.S. imports, total and from Japan, 1973-77, January-March 1977, and January-March 1978 ^{1/}

(In thousands of pounds)						
Period	:	Japan	:	All other countries	:	Total
	:		:		:	
1973-----	:	4,800	:	2,100	:	6,900
1974-----	:	7,800	:	9,800	:	17,600
1975-----	:	20,800	:	7,900	:	28,700
1976-----	:	14,400	:	7,300	:	21,700
1977-----	:	18,900	:	6,400	:	25,300
January-March--	:		:		:	
1977-----	:	6,500	:	1,450	:	7,950
1978-----	:	2,050	:	1,900	:	3,950
	:		:		:	

^{1/} Data for 1973, 1974, 1975, and 1976 represent 95 percent of the imports entered under TSUSA items 610.3720 and 610.3740 and 10 percent of the imports entered under item 610.5230. Data for 1977, January-March 1977 and January-March 1978 represent 100 percent of the imports entered under TSUSA items 610.3705, 610.3715, 610.3745, 610.3765, and 610.5235.

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

As the dominant supplier of U.S. imports of pipe and tube during 1973-77 (except for 1974), Japan accounted for about two-thirds of total U.S. imports during this period. Imports of pipe and tube from Japan consist largely of products having an outside diameter of 4-1/2 inches or less. ^{1/} The cost of shipping larger sizes with the attendant requirement of a large volume of shipping space per pound of cargo makes it more profitable to concentrate export shipments in the smaller diameter products.

^{1/} In 1977, imports from Japan of pipe and tube in this smaller size range accounted for four-fifths of total inbound shipments of welded stainless steel pipe and tube from that source. Note, however, that the U.S. business of Nishimura Kogyo. Co., the Japanese producer found to have the largest weighted average margin on LTFV sales to the United States, is in pipe and tube of greater than 4 1/2 inch diameter (see p. A-7 above).

Market penetration of LTFV imports from Japan

The Department of the Treasury excluded Toa Seiki Co., Ltd., from its investigation because no margins were found on 88 percent of its exports to the United States and because it has honored price assurances it gave in 1972. In the case of Yamato Industries Co., Ltd., Treasury discontinued its investigation because the firm's weighted average margins on its U.S. sales were minimal in relation to the total volume of its sales, and because the firm gave formal assurances that it would make no future sales at LTFV. Therefore, only imports from Japan produced by firms other than Toa Seiki Co., Ltd., and Yamato Industries Co., Ltd., are discussed in relation to market penetration of LTFV imports. The following table presents data on U.S. imports of welded stainless steel pipe and tube from Japan at LTFV.

Table 5.--Welded stainless steel pipe and tube: U.S. imports from firms excluded or discontinued from the investigation, imports from firms found to be selling at LTFV, and apparent consumption, 1974-77, January-March 1977, and January-March 1978

Period	Total imports from Japan	Imports from: Yamato Indus- tries Co., Ltd., and Toa Seiki Co., Ltd. 1/	Imports from: firms sell- ing at LTFV 1/	Apparent consumption	Ratio of imports from firms sell- ing at LTFV to apparent U.S. consumption
	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>pounds</u>	<u>Percent</u>
1974-----	7,800	***	***	177,027	***
1975-----	20,800	***	***	172,124	***
1976-----	14,400	***	***	138,849	***
1977-----	18,900	***	***	146,017	***
Jan.-					
Mar.:					
1977---	6,500	***	***	34,331	***
1978---	2,050	***	***	33,443	***

1/ * * *.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data in the Treasury file as noted above.

Imports from Japan, other than those produced by Toa Seiki Co., Ltd., and Yamato Industries Co., Ltd., increased from * * * million pounds in 1974 to * * * million pounds in 1975. This increase raised the share of firms selling at LTFV as a percentage of apparent U.S. consumption from * * * percent in 1974 to * * * percent in 1975. Imports from firms selling at LTFV then decreased sharply in 1976, along with apparent U.S. consumption; however, the ratio for firms selling at LTFV to consumption declined only slightly, to * * * percent in 1976. Firms selling at LTFV enjoyed their greatest market

penetration in 1977, when they increased imports to the United States by * * * million pounds--to * * * million pounds--and their share of apparent U.S. consumption, to * * * percent. January-March 1978, however, saw both imports from firms selling at LTFV and market penetration decreasing. The ratio of imports from firms selling at LTFV dropped from * * * percent in January-March 1977 to less than a third of that percentage, * * * percent, in January-March 1978.

Employment and Hours Worked

During the period 1973-77 employment of production and related workers by those firms responding to questionnaires in this case reached a high of 2,827 persons in 1974, 33 percent higher than in 1973. There was a 2-percent decline in employment in 1975 and a steady decline thereafter through 1977. Employment in 1977 was 11 percent lower than in 1975 and 6 percent lower than in 1976. January-March 1978 employment showed only a 1 percent increase over that reported in the corresponding period of 1977.

The following tabulation shows employment and total hours worked by production and related workers engaged in the manufacture of welded stainless steel pipe and tube:

Item	:	:	:	:	:	:	January-	
	:	:	:	:	:	:	March--	:
	:	:	:	:	:	:	1977	1978
	:	:	:	:	:	:	:	:
Employees-----	:	:	:	:	:	:	:	:
	2,128	2,827	2,765	2,628	2,458	2,298	2,320	
Hours worked (1,000)----	:	:	:	:	:	:	:	:
	4,534	5,754	5,378	5,087	4,865	1,123	1,159	
	:	:	:	:	:	:	:	:

Profit-and-Loss Experience of U.S. Producers

Ten firms, which accounted for 68 percent of total U.S. producers' shipments of welded stainless steel pipe and tube in 1977, provided the Commission with usable profit-and-loss data on their operations. The data, covering 1973-77 as well as January-March of 1978, are aggregated for analysis in table 2A, appendix D. Net operating profit of these firms peaked in 1975 at \$38.9 million, nearly 6.5 times the profit in 1973 and 38 percent above that recorded for 1974. Net operating profit then declined to \$14.7 million in 1976 and \$8.5 million in 1977, the latter figure being nearly 42 percent above the low for the 5-year period of \$6.0 million recorded in 1973. In January-March 1978, net operating profit was \$2.6 million, 31 percent as large as that reported for all of 1977.

In 1977, four of the reporting firms suffered net operating losses and five showed net losses before taxes. One firm showed losses in 1974 and 1975 as well as in 1976. In each of the six accounting periods covered by the available data, at least one firm recorded an operating loss.

For the 10 firms for which data are available, the ratio of net operating profit to net sales began the period at 6.3 percent in 1973, rose very rapidly to a peak of 20.1 percent in 1975, dropped by about one-half to 10 percent in 1976, then slid further to 5.5 percent in 1977. The ratio for January-March 1978 eased to 4.6 percent. The ratio of net profit before taxes to sales showed a similar trend over the period, except that there was a slight increase--from 5.1 percent to 5.2 percent--between the full year 1977 and the first quarter of 1978.

The welded stainless steel pipe and tube industry is highly capital intensive, with relatively high investment rates even in periods of poor financial performance. For the 10 reporting producers, the ratio of machinery and equipment expenditures to net sales reached 4.5 percent in 1975, one of the industry's best years. It declined to 3.5 percent in 1977. Between 1975 and 1977, the two industry leaders invested about * * * million and * * * million, respectively, in new machinery and equipment; the number three producer invested * * * million. As a proportion of net sales, the two leaders invested * * * percent and * * * percent, respectively, in 1975, while the third-ranking firm spent * * * percent of its net sales on capital projects. * * *.

Prices of Welded Stainless Steel Pipe and Tube

Pricing data on six representative sizes of welded stainless steel pipe and tube were analyzed by the Commission. Fluctuations in the average net selling prices for both domestic producers and importers of pipe and tube from Japan are presented in table 3A, appendix D. See also tables 4A through 10A.

Average price changes for domestically produced welded stainless steel pipe and tube from 1974 through January-March 1978 generally reflect the fluctuation of the U.S. demand for the product. Domestic prices for the various types of pipe and tube analyzed increased an average of 10 percent between 1974 and 1975, which reflected the upward trend of consumption. Then prices fell off substantially over the next 2 years, decreasing an average of 4 percent in 1976 and an additional 10 percent in 1977. The domestic price changes between 1977 and January-March 1978 were minimal. Thus, there was an erosion of the average net selling price in the domestic industry of about 5 percent between 1974 and the end of January-March 1978.

Prices of welded stainless steel pipe and tube from Japan also experienced a general decline over the period 1974 to January-March 1978, although prices rose from 1977 to 1978. Welded stainless steel pipe and tube from Japan consistently undersold domestically produced pipe and tube in the U.S. market throughout the period. For all representative sizes of pipe and tube analyzed by the Commission, imports from Japan undersold their U.S.-produced equivalent by an average of 17 percent in 1974. The margin of underselling

increased to an average of 25 percent in both 1975 and 1976, and then dropped to 21 percent in 1977. By the end of January-March 1978 the underselling margin of welded stainless steel pipe and tube from Japan had shrunk further, returning to the 17-percent average which it had maintained in 1974.

Lost Sales

The Commission contacted 11 purchasing firms, primarily distributors of welded stainless steel pipe and tube, where U.S. producers reported they had lost sales to imports from Japan. The Commission was advised by six of these firms of instances where they had switched from purchasing domestically produced pipe and tube to the Japanese product which had been produced by firms selling at LTFV. Three other purchasers advised that the lost sales occurred as a result of their purchasing imports from firms selling at fair value (two firms purchased such imports from Japan and one purchased imports from West Germany). Two firms advised that U.S. producers had not lost any sales with their companies.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION NOTICE
OF INVESTIGATION AND HEARING

[7020-02]

**INTERNATIONAL TRADE
COMMISSION**

[AA1921-180]

**WELDED STAINLESS STEEL PIPE AND TUBING
FROM JAPAN**

Notice of Investigation and Hearing

Having received advice from the Department of the Treasury on April 20,

1978, that welded stainless-steel pipe and tubing from Japan, with the exception of that merchandise produced by Tokai-Seiki Co., Ltd., and Yamato Industries Co., Ltd., are being, or likely to be, sold at less than fair value the United States International Trade Commission on May 1, 1978, instituted investigation No. AA1921-199 under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing in connection with the investigation will be held in the Commission's hearing room, United States International Trade Commission, 701 E Street NW., Washington, D.C. 20436, beginning at 9:30 a.m., e.d.t., on June 8, 1978. All persons shall have the right to appear by counsel or in person, to present evidence and be heard. Requests to appear at the public hearing, or to intervene under the provisions of section 201(d) of the Antidumping Act, 1921, shall be filed with the Secretary of the Commission at his office in Washington, D.C., not later than noon, Friday, June 2, 1978.

There will be a prehearing conference in connection with this investigation which will be held in Washington, D.C. at 9:30 a.m., e.d.t., on Friday, June 2, 1978, in room 117, U.S. International Trade Commission Building, 701 E Street NW.

Issued: May 2, 1978.

By order of the Commission.

KENNETH R. MASON,

Secretary.

[FR Doc. 78-12351 Filed 5-4-78; 2:45 am]

APPENDIX B

**DEPARTMENT OF THE TREASURY NOTICE OF REOPENING OF DISCONTINUED
ANTIDUMPING INVESTIGATION FOR WELDED STAINLESS STEEL PIPE
AND TUBE FROM JAPAN**

**WELDED STAINLESS STEEL PIPE AND
TUBING FROM JAPAN**

**Reopening of Discontinued Antidumping
Investigation**

AGENCY: United States Treasury Department.

ACTION: Reopening of Discontinued Antidumping Investigation.

SUMMARY: This notice is to advise the public that a discontinued antidumping investigation is being reopened for the purpose of determining whether there are reasonable grounds to believe or suspect that welded stainless steel pipe and tubing from Japan are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended. Sales at less than fair value generally occur when the prices of the merchandise sold for exportation to the United States are less than the prices in the home market or the constructed value.

EFFECTIVE DATE: This investigation will begin on March 30, 1977.

FOR FURTHER INFORMATION CONTACT:

Linda F. Potts, Office of Tariff Affairs,
U.S. Treasury Department, 1500 Pennsylvania Avenue NW., Washington,
D.C. 20220 (202-566-2951).

SUPPLEMENTARY INFORMATION:

On March 2, 1977, the U.S. International Trade Commission ("Commission") notified the Secretary of the Treasury that "[p]ursuant to sections 334 and 337(b) (3) of the Tariff Act of 1930, as amended (19 U.S.C. 1334 and 1337(b) (3)), this letter is to notify you that the complaint filed on November 15, 1976, may involve matters which, on the basis of information received thus far, the Commission has reason to believe may come within the purview of the Antidumping Act, 1921, as amended (19 U.S.C. 160, et seq.)." The complaint referred to, and in response to which the Commission instituted an investigation under section 357 on February 1, 1977, covered stainless steel pipe and tube. It was filed by counsel acting on behalf of Acme Tube In-

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corporated, Somerset, New Jersey; Allegheny Ludlum Steel Corporation, Pittsburgh, Pennsylvania; Armco Steel Corporation; Advanced Material Division, Baltimore, Maryland; Bristol Metal, Inc., Bristol, Tennessee; Carpenter Technology Corporation, Tube Division, Union, New Jersey; Colt Industries, Inc., Trent Tube Division, East Troy, Wisconsin; Consolidated Metals Corporation, Dover, New Jersey; and Sharon Steel Corporation, Damascus Tubular Products Division, Greenville, Pennsylvania.

A "Notice of Discontinuance of Antidumping Investigation" was published in the FEDERAL REGISTER of November 22, 1972 (37 FR 24638). A "Notice of Intent to Discontinue Antidumping Investigation" was published in the FEDERAL REGISTER of August 4, 1972 (37 FR 15742). The latter notice stated in part:

The comparisons made revealed some instances where purchase price was lower than the adjusted home market price of such or similar merchandise. However, these were determined to be minimal in terms of the volume of export sales involved.

In addition, formal assurances were received from the manufacturers that they would make no future sales at less than fair value within the meaning of the [Antidumping] Act.

The fact recited above constitute evidence warranting the discontinuance of the investigation.

The U.S. Customs Service is renewing its inquiry to obtain the facts necessary to enable the Secretary of the Treasury to determine whether subsequent to the above-noted discontinuance, there are reasonable grounds to believe or suspect that there are, or are likely to be, sales to the United States at less than fair value, as required by § 153.33(p) of the Customs Regulations (19 CFR 153.33 (g)).

The reopened investigation will be concluded as expeditiously as possible, but in no event, will exceed the time limits specified in section 201(b)(1) of the Act.

A summary of current information received from all sources is as follows:

The information received tends to indicate that the prices of the merchandise sold, or offered for sale, for exportation to the United States, are or are likely to be, less than the constructed value of such or similar merchandise.

JOHN H. HARPER,
Acting Assistant Secretary
of the Treasury.

MARCH 24, 1977.

[17 FR Doc. 77-9498 Filed 3-29-77; P. 35 a.m.]

APPENDIX C

**DEPARTMENT OF THE TREASURY NOTICE OF DETERMINATION
OF SALES AT LESS THAN FAIR VALUE**

WELDED STAINLESS STEEL PIPE AND TUBING FROM JAPAN

**Determination of Sales at Less Than Fair Value,
Exclusive From and Final Discontinuance of
Antidumping Investigation**

AGENCY: U.S. Treasury Department.

ACTION: Determination of Sales at Less Than Fair Value, Final Exclusion From and Final Discontinuance of Antidumping Investigation.

SUMMARY: This notice is to advise the public that an antidumping investigation has resulted in a determination that imports of welded stainless steel pipe and tubing from Japan are being sold at less than fair value. It has further been determined that based upon evidence developed during the investigation, the exclusion of one firm from this determination and the discontinuance of the investigation with respect to a second firm is warranted. This case is being referred to the United States International Trade Commission for a determination whether the sales made at less than fair value have caused or are likely to cause injury to an industry in the United States.

EFFECTIVE DATE: April 24, 1978.

**FOR FURTHER INFORMATION
CONTACT:**

Richard Rimlinger, Operations Officer, U.S. Customs Service, Office of Operations, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue NW., Washington, D.C. 20229 telephone 202-566-5492.

SUPPLEMENTARY INFORMATION: On March 2, 1977, the U.S. International Trade Commission ("Commission") notified the Secretary of the Treasury that pursuant to sections 334 and 337(b)(3), of the Tariff Act of 1930, as amended (19 U.S.C. 1334 and 1337(b)(3)), a complaint had been filed with the Commission on November 15, 1976, which might involve matters coming under the purview of the Antidumping Act, 1921, as amended (19 U.S.C. 160, et seq.) (referred to in this notice as "the Act"). This complaint, which formed the basis of an investigation instituted by the Commission under section 337 on February 1, 1977, concerned stainless steel pipe and tubing entering the U.S. under item

810.3720 of the Tariff Schedules of the United States Annotated. It was filed by counsel acting on behalf of Acme Tube Inc., Somerset, N.J.; Allegheny Ludlum Steel Corp., Pittsburgh, Pa.; Armco Steel Corp., Advanced Material Division, Baltimore, Md.; Bristol Metals, Inc., Bristol, Tenn.; Carpenter Technology Corp., Tube Division, Union, N.J.; Colt Industries, Inc., Trent Tube Division, East Troy, Wis.; Consolidated Metals Corp., Dover, N.J.; and Sharon Steel Corp., Damascus Tubular Products Division, Greenville, Pa.

A previous antidumping investigation concerning welded stainless steel pipe and tubing from Japan had resulted in a "Notice of Discontinuance of Antidumping Investigation" which was published in the FEDERAL REGISTER of November 22, 1972 (37 FR 24838). On the basis of the information supplied by the Commission, a "Notice of Reopening of Discontinued Investigation" was published in the FEDERAL REGISTER of March 30, 1977 (42 FR 16883), and an investigation has been conducted to enable the Secretary of the Treasury to determine whether there are reasonable grounds to believe or suspect that there are, or are likely to be, sales to the United States at less than fair value, as required by § 153.33(g) of the Customs Regulations (19 CFR 153.33(g)).

The Secretary concluded that a Tentative Determination could not reasonably be made within the usual 6-month period and the investigatory period in this case was therefore extended to no more than 9 months pursuant to a "Notice of Extension of Investigatory Period" published in the FEDERAL REGISTER on October 6, 1977 (42 FR 54491).

A "Withholding of Appraisement Notice and Exclusion from Antidumping Investigation" was published in the FEDERAL REGISTER of January 13, 1978 (43 FR 2031).

DETERMINATION OF SALES AT LESS THAN FAIR VALUE

On the basis of the information developed in Customs' investigation and for the reasons noted below, pursuant to section 201(b) of the act (19 U.S.C. 160(b)), I hereby determine that the purchase price or the exporter's sales price of welded stainless steel pipe and tubing from Japan, other than that produced by Ton Seiki Co., Ltd., and Yamato Industries Co., Ltd., for export to the United States, is less, or is likely to be less, than the fair value, and thereby the foreign market value, of such or similar merchandise. In the case of welded stainless steel pipe and tubing from Japan produced by Ton, I hereby exclude such merchandise from this determination. In the case of such merchandise produced by Yamato, I hereby discontinue the investigation.

STATEMENT OF REASONS ON WHICH THIS
DETERMINATION IS BASED

a. *Scope of the Investigation.* Over 85 percent of imports of the subject merchandise from Japan were manufactured by: Stainless Pipe Industries, Ltd., Toa Seiki Co., Ltd., Yamato Industries Co., Ltd., Brasimet Industries Corp., Ltd., Tokyo Nishimura Kogyo Co., Ltd., and Nisshin Steel Co., Ltd. Therefore, the investigation was limited to these six manufacturers.

b. *Basis of Comparison.* For the purpose of considering whether the merchandise in question is being, or is likely to be sold at less than fair value within the meaning of the act, the proper basis of comparison is between purchase price and the home market price of such or similar merchandise on sales by Stainless Pipe Industries, Ltd., Toa Seiki Co., Ltd., Brasimet Industries Corp., Ltd., Tokyo Nishimura Kogyo Co., Ltd., and Nisshin Steel Co., Ltd., and between exporter's sales price and the home market price of such or similar merchandise on sales by Yamato Industries Co., Ltd. Purchase price, as defined in section 203 of the act (19 U.S.C. 162), was used for five manufacturers since all export sales by those five companies were made to non-related customers in the United States. Exporter's sales price as defined in section 204 of the act (19 U.S.C. 163), was used for all export sales made by Yamato Industries Co., Ltd., since the importer was related to Yamato.

In accordance with § 153.31(b), Customs Regulations (19 CFR 153.31(b)), pricing and cost of production information was obtained concerning export and appropriate home market sales of welded stainless steel pipe and tubing from Japan during the period October 1, 1976, through March 31, 1977.

c. *Purchase Price.* For purposes of this determination, purchase price has been calculated on the basis of the f.o.b. port, f.a.s. port, or ex-godown, packed price to the United States, or to the unrelated trading company as appropriate, with deductions for inland freight, insurance, and shipping charges as appropriate.

d. *Exporter's Sales Price.* For purposes of this determination, exporter's sales price has been calculated on the basis of the c.i.f., duty paid, ex-deck, packed price to the unrelated United States customers, with deductions for Japanese shipping charges, ocean freight, insurance, brokerage, warfage, United States import duties and selling expenses.

e. *Home Market Price.* For purposes of this determination, home market price has been calculated on the basis of the weighted-average delivered packed price to unrelated purchasers with deductions for inland freight, differences in payment terms, differences in packing cost, and an offset to U.S. selling expenses deducted from exporter's sales price (for sales made by Yamato Industries Co., Ltd.).

In the case of Nisshin Steel Co., Ltd., claims were made for deductions from home market prices for smaller lot sales, shorter lead times, differences in warranty cost, and differences in merchandise. All claims have been disallowed due to insufficient supporting evidence.

In the case of Tokyo Nishimura Kogyo, Ltd., claims were made for deductions from home market prices for smaller lot sales and

differences in merchandise. All claims have been disallowed due to insufficient supporting evidence.

In the "Withholding of Appraisalment Notice" published in the *FEDERAL REGISTER* On January 13, 1978 (43 FR 2031), it was stated that information available to that point indicated that such a significant number of home market sales by Yamato Industries Co., Ltd., were made at prices below the cost of production that remaining sales made above the cost of production provided an inadequate basis for fair value comparisons. Since there did not appear to be sales to third countries of such or similar merchandise, the fair value for Yamato was based on constructed value as defined in section 208 of the Act (19 U.S.C. 165).

Insofar as the cost of production of welded stainless steel pipe and tubing subject to this investigation is concerned, it has now been determined that the requirement in section 205(b) of the Act, obligating the Secretary to determine whether all costs can be recovered over a reasonable period of time must be interpreted in this case to require a determination of whether all costs can be recovered over a normal business cycle. The business cycle applicable to the Japanese steel industry in this particular case has been determined to include the latest trough-to-trough in utilization from 1973 through 1976, as reported in the October 1977 Report of the Council on Wage and Price Stability. It has been concluded that the average capacity utilization rate* of the Japanese steel industry for the period 1972-1976 must be applied to certain elements of the cost of production of welded stainless steel pipe and tubing, namely labor, depreciation, interest and other fixed expenses.

The cost of production thus established has been compared with the home market prices of each of the companies under investigation. Any sales made at a price less than such cost of production have been disregarded and the remaining sales, made at not less than the cost of production, have been utilized in determining the appropriate home market price for each company. Based on this approach, the remaining, above-cost sales were deemed adequate for the purpose of establishing fair value for Yamato as well as the other respondents.

1. *Result of Fair Value Comparisons.* Using the above criteria, the purchase price and/or exporter's sales price were found to be lower than the home market price of such or similar merchandise. Comparisons were made on approximately 79 percent of the total sales of the subject merchandise to the United States by all manufacturers investigated for the period under consideration. Margins were found ranging from 0.7 to 54 percent for sales made by Yamato Industries Co., Ltd. on 6 percent of the sales

compared; ranging from 0.4 to 17 percent for sales made by Nisshin Steel Co., Ltd. on 22 percent of the sales compared; ranging from 0.4 to 12 percent for sales made by Stainless Pipe Industries, Ltd., on 29 percent of the sales compared; and ranging from 0.4 to 62 percent for sales made by Tokyo Nishimura Kogyo Co., Ltd., on 94 percent of the sales compared. Weighted-average margins for each firm's sales compared were approximately 0.9 percent for Yamato Industries Co., Ltd., 1 percent for Nisshin Steel Co., Ltd., 1 percent for Stainless Pipe Industries, Ltd., and 11 percent for Tokyo Nishimura Kogyo Co., Ltd. No margins were found on sales by Toa Seiki Co., Ltd., and Brasimet Industries Corp. Based upon the absence of margins on over 88 percent of its exports to the U.S. and the fact that Toa Seiki Co., Ltd., appears to be honoring the price assurances it gave in 1972, it has been determined that this firm should be excluded from this determination under § 153.38, Customs Regulations (19 CFR 153.38). Insufficient information has been supplied by Brasimet Industries Corp. with regard to home market sales and sales to the U.S. to qualify for an exclusion or a discontinuance in this proceeding.

In the case of Yamato, the weighted average margin on that firm's sales compared was considered to be minimal in relation to the total volume of sales. In addition, formal assurances have been received from that producer that it would make no future sales at less than fair value within the meaning of the Act. It has therefore been determined to discontinue the antidumping investigation with respect to this firm in accordance with § 153.38, Customs Regulations (19 CFR 153.38).

It is not contemplated at this time that the merchandise subject to this investigation will be covered by the "trigger price mechanism" (TPM) established. The TPM is described in *FEDERAL REGISTER* notices published on December 30, 1977 (42 FR 65214) and January 9, 1978 (43 FR 1464).

The Secretary has provided an opportunity to known interested persons to present written and oral views pursuant to § 153.40, Customs Regulations (19 CFR 153.40).

The U.S. International Trade Commission is being advised of this determination.

This determination is being published pursuant to section 201(d) of the Act (19 U.S.C. 160(d)).

APRIL 18, 1978.

ROBERT H. MUNDHEIM,

General Counsel of the Treasury,

(FR Doc. 78-11001 Filed 4-21-78; 8:45 am)

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*Annual capacity utilization rate is the quotient of raw steel production divided by usable capacity. Usable capacity was calculated by interpolating between peak monthly production points assuming constant compound growth between peaks. The average capacity utilization rate for the period 1972-1976 is a simple average of the rates for each of those annual periods.

APPENDIX D

STATISTICAL TABLES

Table 1A.--Welded stainless steel pipe and tube: U.S. producers' shipments, exports, total imports, imports from Japan, and apparent consumption, 1973-77, January-March 1977, and January-March 1978

Item and period	Producers' shipments <u>1/</u>	Exports	Imports from Japan <u>2/</u>	Imports from Japan <u>2/</u>	Apparent consumption	Ratio of total imports to consumption	Ratio of imports from Japan to consumption
	1,000 pounds					Percent	Percent
Total pipe and tube:							
1973-----	127,775	1,867	6,900	4,800	132,808	5.2	3.6
1974-----	162,932	3,505	17,600	7,800	177,027	9.9	4.4
1975-----	149,738	6,314	28,700	20,800	172,124	16.6	12.1
1976-----	120,393	3,244	21,700	14,400	138,849	15.6	10.4
1977-----	123,713	2,996	25,300	18,900	146,017	17.3	12.9
January-March--							
1977-----	27,121	740	7,950	6,500	34,331	23.2	18.9
1978-----	30,330	837	3,950	2,050	33,443	11.8	6.1
Pipe and tube 4.5 inches and under:							
1973-----	99,282	803	5,700	4,600	104,179	5.5	4.4
1974-----	124,997	1,479	11,200	7,600	134,718	8.3	5.6
1975-----	114,699	1,985	23,100	18,350	135,814	17.0	13.5
1976-----	92,029	707	14,400	11,800	105,722	13.6	11.2
1977-----	93,004	790	19,600	15,200	111,814	17.6	13.6
January-March--							
1977-----	21,833	166	6,500	5,400	28,167	23.1	19.2
1978-----	25,463	69	3,250	1,600	28,644	11.3	5.6
Pipe and tube over 4.5 inches:							
1973-----	28,473	1,098	1,200	200	28,575	4.2	.7
1974-----	37,935	2,026	6,400	200	42,309	15.1	.5
1975-----	35,084	1,118	5,600	2,450	39,566	14.2	6.2
1976-----	28,364	2,376	7,300	2,600	33,288	21.9	7.8
1977-----	30,709	2,206	5,700	3,700	34,203	16.7	10.8
January-March--							
1977-----	5,288	574	1,450	1,100	6,164	23.5	17.8
1978-----	4,907	768	700	450	4,839	14.5	9.3

1/ U.S. producers' shipments are understated; 4 firms which reported aggregate shipments of 9.2 million pounds in 1976 in connection with investigation No. 337-TA-29 did not respond to questionnaires in the instant investigation.

2/ Estimated by the U.S. International Trade Commission staff.

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

Table 2A.--Profit-and-loss experience of 10 U.S. producers on their welded stainless steel pipe and tube operations, accounting years 1973-77 1/, and January-March 1978

(Money figures in thousands of dollars)						
Item	1973	1974	1975	1976	1977	Jan.- Mar. 1978
Net sales-----	95,846	155,235	193,335	145,338	154,623	56,893
Cost of sales-----	82,500	115,875	141,235	120,062	134,791	49,919
Gross profit-----	13,346	39,360	52,100	25,276	19,832	6,974
General, administrative, and selling expenses-----	7,316	11,086	13,189	10,610	11,355	4,331
Net operating profit-----	6,030	28,274	38,911	14,666	8,477	2,643
Net profit (before income taxes)-----	6,112	30,029	34,519	14,377	7,855	2,931
Ratio of net operating profit to net sales-----percent--	6.3	18.2	20.1	10.1	5.5	4.6
Ratio of net profit (before income taxes) to net sales-----percent--	6.4	19.3	17.9	9.9	5.1	5.2
Number of firms reporting losses:						
Operating losses-----	2	1	1	1	4	4
Net losses (before income taxes)-----	2	1	1	1	5	3
Range of individual firm sales:						
Low-----	***	***	***	***	***	***
High-----	***	***	***	***	***	***
Range of individual firm net operating profit or (loss):						
Low-----	***	***	***	***	***	***
High-----	***	***	***	***	***	***
Range of individual firm net profit or (loss) (before income taxes):						
Low-----	***	***	***	***	***	***
High-----	***	***	***	***	***	***

1/ One firm which reported small operations in 1976 reported no operations in the production of welded stainless steel pipe or tube prior to 1976; one firm's accounting year ended on June 30 and nine firms' accounting years ended December 31.

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

Table 3A.--Welded stainless steel pipe and tube: Changes in average net selling prices of domestic producers, imports from Japan, and average margin by which imports from Japan undersold domestic producers 1974-77, and January-March 1978.

(In percent)														
Item	Domestic producers' average net selling price changes				Importers' average net selling price changes				Average margin by which imports from Japan undersold domestic producers					
	1974-1975	1975-1976	1976-1977	1977-Jan.-Mar. 1978	1974-1975	1975-1976	1976-1977	1977-Jan.-Mar. 1978	1974	1975	1976	1977	Jan.-Mar. 1978	
Pipe:														
Type 304, 1" O.D., Schedule 10-----	+10	-5	-9	<u>1/</u>	+4	+5	-4	<u>1/</u>	27	32	24	20	<u>1/</u>	
Type 316, 1" O.D., Schedule 40-----	+8	-5	-9	<u>1/</u>	+7	-12	-3	+2	14	15	20	16		13
Type 304, 2" O.D., Schedule 10-----	+8	-4	-8	<u>1/</u>	-6	<u>1/</u>	-6	+5	15	26	21	20		14
Type 304, 3" O.D., Schedule 40-----	+7	-6	-8	<u>1/</u>	-8	<u>1/</u>	-5	<u>1/</u>	12	24	20	17	<u>1/</u>	
Tube:														
Type 304, .75" O.D., .065" wall thickness-----	+20	-7	-14	-4	<u>1/</u>	-9	-7	<u>1/</u>	<u>1/</u>	29	31	25	<u>1/</u>	
Type 304, 1" O.D., .065" wall thickness-----	+10	+2	-13	+5	<u>1/</u>	<u>1/</u>	-3	+9	<u>1/</u>	<u>1/</u>	35	27		25
Average:														
All representative sizes of pipe and tube-----	+10	-4	-10	0	-1	-5	-5	+5	17	25	25	21		17

1/ Insufficient price data reported to allow calculation.

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

Table 4A.--Welded stainless steel pipe (1" outside diameter, Type 304 Schedule 10): Ranges and averages of lowest net selling prices of U.S. producers and of importers of pipe from Japan to distributors in the United States, 1974, 1975, and, by quarters, January 1976-March 1978

Period	Lowest net selling price of U.S. producers		Lowest net selling price of importers of pipe from Japan		Ratio of average importers' price to average producers' price	
	Range	Average	Range	Average	Percent	
	Per pound	Per pound	Per pound	Per pound		
1974-----	\$1.21-\$1.60	\$ 1.38	\$1.00	\$1.00	72	
1975-----	1.45- 1.55	1.52	\$0.92- 1.15	1.04	68	
1976:						
January-March-----	1.37- 1.54	1.48	1.12- 1.16	1.13	76	
April-June-----	1.31- 1.54	1.44	.89- 1.21	1.00	69	
July-September-----	1.31- 1.54	1.43	1.19- 1.21	1.20	84	
October-December-----	1.29- 1.46	1.39	.86- 1.27	1.04	75	
1977:						
January-March-----	1.29- 1.38	1.32	.85- 1.09	.97	73	
April-June-----	1.29- 1.34	1.32	.90- 1.10	1.00	76	
July-September-----	1.24- 1.32	1.30	<u>1/</u> 1.03	1.08	82	
October-December-----	1.29- 1.33	1.31	<u>1/</u> 1.16	1.16	89	
1978:						
January-March-----	1.29- 1.36	1.32	<u>2/</u>	<u>2/</u>	<u>2/</u>	

1/ Only 1 importer quoted a price for this specification pipe for this time period.

2/ No importers quoted prices for this specification pipe for this time period.

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

Table 5A.--Welded stainless steel pipe (1" outside diameter, Type 316, Schedule 40): Ranges and averages of lowest net selling prices of U.S. producers of pipe from Japan to distributors in the United States, 1974, 1975, and, by quarters, January 1976-March 1978

Period	Lowest net selling price of U.S. producers		Lowest net selling price of importers of pipe from Japan		Ratio of average importers' price to average producers' price
	Range	Average	Range	Average	
	Per pound	Per pound	Per pound	Per pound	Percent
	:	:	:	:	:
1974-----	\$1.68-\$1.82	\$ 1.77	\$1.43-\$1.65	\$1.53	86
1975-----	1.83- 1.95	1.92	1.44- 1.84	1.64	85
1976:	:	:	:	:	:
January-March-----	1.83- 1.94	1.90	1.18- 1.73	1.42	75
April-June-----	1.66- 1.94	1.83	1.11- 1.73	1.44	79
July-September-----	1.66- 1.94	1.83	1.22- 1.73	1.42	78
October-December-----	1.39- 1.94	1.74	1.12- 1.81	1.50	86
1977:	:	:	:	:	:
January-March-----	1.59- 1.75	1.66	1.13- 1.42	1.29	78
April-June-----	1.63- 1.75	1.67	1.25- 1.41	1.34	80
July-September-----	1.57- 1.75	1.66	<u>1/</u> 1.55	1.55	93
October-December-----	1.63- 1.73	1.67	1.46	1.46	87
1978:	:	:	:	:	:
January-March-----	1.63- 1.70	1.66	1.35- 1.47	1.44	87
	:	:	:	:	:

1/ Only 1 importer quoted a price for this specification pipe for this time period.

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

Table 6A.--Welded stainless steel pipe (2" outside diameter, Type 304, Schedule 10): Ranges and averages of lowest net selling prices of U.S. producers and of importers of pipe from Japan to distributors in the United States, 1974, 1975, and, by quarters, January 1976-March 1978

Period	Lowest net selling price of U.S. producers		Lowest net selling price of importers of pipe from Japan		Ratio of average importers' price to average producers' price Percent
	Range	Average	Range	Average	
	Per pound	Per pound	Per pound	Per pound	
1974-----	\$1.17-\$1.39	\$1.26	\$0.89-\$1.25	1.07	85
1975-----	1.30- 1.39	1.36	.87- 1.15	1.01	74
1976:					
January-March-----	1.30- 1.48	1.37	.89- 1.16	1.03	75
April-June-----	1.21- 1.37	1.30	.88- 1.21	1.02	78
July-September-----	1.18- 1.39	1.29	.88- 1.21	1.01	78
October-December-----	1.02- 1.32	1.22	.88- 1.27	1.00	92
1977:					
January-March-----	1.16- 1.25	1.20	.76- 1.04	.90	75
April-June-----	1.16- 1.43	1.22	.93- 1.05	.97	80
July-September-----	.92- 1.43	1.18	1/ .96	.96	81
October-December-----	1.16- 1.31	1.20	.97- 1.05	1.00	83
1978:					
January-March-----	1.16- 1.23	1.18	.99- 1.03	1.01	86

1/ No importers quoted prices for this specification pipe for this period.

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

Table 7A.--Welded stainless steel pipe (3 " outside diameter, Type 304, Schedule 40): Ranges and averages of lowest net selling prices of U.S. producers and of importers of pipe from Japan to distributors in the United States, 1974, 1975, and, by quarters, January 1976-March 1976

Period	: Lowest net selling price : : of U.S. producers :		: Lowest net selling price : : of importers of pipe : : from Japan :		: Ratio of average : : importers' price : : to average : : producers' price :	
	Range	Average	Range	Average		
	Per pound	Per pound	Per pound	Per pound		Percent
1974-----	\$1.24-\$1.42	\$1.31	\$1.12-\$1.17	\$1.15		88
1975-----	1.34- 1.42	1.40	.98- 1.13	1.06		76
1976:						
January-March-----	1.34- 1.41	1.38	.88- 1.18	1.03		75
April-June-----	1.21- 1.41	1.34	.88- 1.25	1.04		78
July-September-----	1.21- 1.35	1.30	.86- 1.25	1.06		82
October-December-----	1.19- 1.35	1.27	.98- 1.32	1.10		87
1977:						
January-March-----	1.19- 1.33	1.23	.87- 1.01	.94		76
April-June-----	1.19- 1.28	1.22	.77- 1.08	.93		76
July-September-----	1.17- 1.31	1.22	<u>1/</u> 1.09	1.09		89
October-December-----	1.09- 1.30	1.20	1.01- 1.11	1.06		88
1978:						
January-March-----	1.19- 1.28	1.22	<u>2/</u>	<u>2/</u>		<u>2/</u>

1/ Only 1 importer quoted a price for this specification pipe for this time period.

2/ No importers quoted prices for this specification pipe for this period.

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

Table 8A.--Welded stainless steel tube (.75" outside diameter, Type 304, .065" wall thickness): Ranges and averages of lowest net selling prices of U.S. producers and of importers of tube from Japan to distributors in the United States, 1974, 1975, and, by quarters, January 1976-March 1978

Period	Lowest net selling price of U.S. producers		Lowest net selling price of importers of tube from Japan		Ratio of average importers' price to average producers' price	
	Range	Average	Range	Average	producers' price	
	Per pound	Per pound	Per pound	Per pound	Percent	
1974-----	\$1.20-\$1.92	\$1.63	1/	1/	1/	
1975-----	1.90- 2.01	1.95	\$1.28-\$1.50	\$1.39	71	
1976:						
January-March-----	1.71- 2.58	2.05	1.33	1.33	65	
April-June-----	1.71- 2.10	1.84	1.14- 1.34	1.24	67	
July-September-----	1.71- 1.79	1.71	1.26- 1.43	1.35	79	
October-December-----	1.64- 1.72	1.68	.89- 1.26	1.12	67	
1977:						
January-March-----	1.43- 1.80	1.60	2/ 1.17	1.17	73	
April-June-----	1.47- 1.82	1.60	1/	1/ -	1/	
July-September-----	1.46- 1.83	1.60	1/	1/ -	1/	
October-December-----	1.33- 1.71	1.49	1/	1/ -	1/	
1978:						
January-March-----	1.39- 1.71	1.50	1/	1/ -	1/	

1/ No importers quoted prices for this specification tube for this time period.

2/ Only 1 importer quoted a price for this specification tube for this time period.

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

Table 9A.--Welded stainless steel tube (1" outside diameter , Type 304, .065" wall thickness): Ranges and averages of lowest net selling prices of U.S. producers and of importers of tube from Japan to distributors in the United States, 1974, 1975, and, by quarters, January 1976-March 1978

Period	Lowest net selling price of U.S. producers		Lowest net selling price of importers of tube from Japan		Ratio of average importers' price to average producers' price	
	Range	Average	Range	Average	producers' price	
	Per pound	Per pound	Per pound	Per pound	Percent	
1974-----	\$1.30-\$1.73	1.55	1/	1/	1/	
1975-----	1.64- 1.74	1.71	1/	1/	1/	
1976:						
January-March-----	1.48- 2.55	1.82	1/	1/	1/	
April-June-----	1.48- 2.50	1.83	\$1.20-\$1.26	1.23	65	
July-September-----	1.48- 2.04	1.67	.91- 1.26	1.12	67	
October-December-----	1.41- 1.99	1.60	.88- 1.18	1.03	64	
1977:						
January-March-----	1.40- 1.75	1.54	1.05	1.05	68	
April-June-----	1.26- 1.85	1.49	1/ 1.10	1.10	74	
July-September-----	1.28- 1.85	1.47	2/ 1.15	1.15	78	
October-December-----	1.37- 1.73	1.52	.98- 1.18	1.03	71	
1978:						
January-March-----	1.46- 1.79	1.59	2/ 1.20	1.20	75	

1/ No importers quoted prices for this specification tube for this time period.

2/ Only 1 importer quoted a price for this specification tube for this time period.

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

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