UNITED STATES TARIFF COMMISSION

TRANSMISSION TOWERS AND PARTS: CERTAIN WORKERS OF THE PINOLE POINT WORKS, PINOLE POINT, CALIFORNIA, OF THE BETHLEHEM STEEL CORPORATION

Report to the President
on Investigation No. TEA-W-12
Under Section 301(c)(2) of the Trade Expansion Act of 1962

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UNITED STATES TARIFF COMMISSION

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission
March 16, 1970

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of its investigation TEA-W-12 under section 301(c)(2) of the act. On January 14, 1970, a petition for the investigation was filed by the United Steel Workers of America, AFL-CIO, on behalf of the production and maintenance workers of the Bethlehem Steel Corporation, Tower Department, Pinole Point Works, Pinole Point, California. The investigation was instituted on January 22, 1970, for the purpose of determining whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with transmission towers and parts produced by the Pinole Point Works are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such manufacturing plant.

Public notice of the investigation was given in the Federal Register (35 F.R. 1128, January 28, 1970). No public hearing was requested and none was held.

The information in this report was obtained from officials of Local 5004, domestic fabricators of transmission towers and parts,

public and private utilities which have purchased these articles from foreign sources in recent years, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds (Commissioner Leonard dissenting) 1/ that as a result in major part of concessions granted under trade agreements, articles like or directly competitive with transmission towers and parts produced by the Bethlehem Steel Corporation, Tower Department, Pinole Point Works, Pinole Point, California, are being imported into the United States in such increased quantities as to cause unemployment or underemployment of a significant number or proportion of the workers of such plant.

Considerations Supporting the Commission's Finding

We find that the statutory criteria set forth in section 301(c)(2) of the Trade Expansion Act of 1962 have been met in the instant case.

This is the third recent investigation by the Commission under section 302(c)(2) resulting from petitions by groups of workers engaged in fabricating transmission towers and parts. In November 1969 the Commission made affirmative findings respecting the two earlier petitions by workers in plants of the United States Steel Corporation. 2/ Certain general evidence assembled by the Commission in those

1/ The dissenting opinion of Commissioner Leonard is set forth beginning on page 5.

2/ Investigations Nos. TEA-W-9 and TEA-W-10, TC Publication 298.

two investigations applies equally to the case at hand which relates to workers of the Pinole Point Works of the Bethlehem Steel Corporation. Such evidence, herein brought up to date and supplemented with data relating to the Pinole Point Works, shows that (1) imports of transmission towers and parts have increased, and (2) the increase in imports resulted in major part from concessions granted in trade agreements. The separate statements in the earlier investigations subscribed to by Chairman Sutton and Commissioner Newsom, on the one hand, and by Commissioners Thunberg, Clubb, and Moore, on the other, in part also apply here. In order to determine whether the petition under consideration meets the statutory criteria, therefore, it is only necessary to decide whether the workers in the Tower Department of the Pinole Point Works are unemployed or underemployed, and whether the increased imports have been the major factor causing such unemployment or underemployment.

The Bethlehem Steel Corporation has facilities for producing transmission towers and parts at Pinole Point, California, and at Leetsdale, Pennsylvania. Operations at the Pinole Point plant depend almost entirely on the construction of transmission lines in the western part of the United States--the Leetsdale plant serving the eastern part. The Pinole Point Works, a new plant with modern, highly automated production equipment, fabricates tower components fully comparable to those produced abroad. As one of two completely integrated domestic producers of transmission towers and parts, the Bethlehem

Steel Corporation (and the Pinole Point facility) is highly competitive with other domestic fabricators. The annual average unit value of shipments by the Pinole Point plant (as well as the company as a whole) has consistently been below that for the domestic industry.

Despite these conditions, the Bethlehem Steel Corporation has had to curtail production of transmission towers and parts at Pinole Point in recent years. Output in 1969 was at an annual rate that was only two-fifths of Bethlehem's western production in 1966. Production of transmission towers and parts at Pinole Point ceased on September 30, 1969. The recent declining output was reflected in reduced employment at the plant; some 53 remaining employees were laid off in conjunction with the production shutdown. The Bethlehem Steel Corporation plans to reactivate the transmission tower department at the Pinole Point plant for a limited period in the spring of 1970, but expects to operate it on a restricted basis that will not require as many workers as were laid off in September 1969.

The curtailment, and eventual shutdown, of operations at Pinole Point resulted primarily from the loss to foreign suppliers of contracts with Federal agencies and others. 1/ Federal agencies play a significant part in the overall development of facilities for electrical transmission in the western part of the country. The bulk of tower requirements of these agencies in recent years have been sup-

1/ The Bethlehem Steel Corporation stated to the Commission--"The primary factor causing such reduced operations and eventual shutdown was lack of orders attributable in major part to the inroad of imports of galvanized steel transmission towers."

plied from foreign sources. While Bethlehem has bid on a large part of the requirements of the principal Federal agency responsible for building transmission lines in the West, the company has not been successful in obtaining any of that agency's contracts since 1966.

In view of the foregoing, we conclude that the criteria provided for in section 301(c)(2) of the Trade Expansion Act of 1962 have been met.

Dissenting Opinion of Commissioner Leonard

The facts obtained in this investigation do not support an affirmative determination under section 301(c)(2) of the Trade Expansion Act. My reasoning is the same as that for my determination in the earlier investigations under this section with respect to transmission towers and parts (Investigations Nos. TEA-W-9 and TEA-W-10 (November 1969), TC Publication 298). In summary, my view is that the requirement of the statute that the increased imports must be a result "in major part" of trade-agreement concessions has not been satisfied, and that, therefore, an affirmative determination is not justified.

Information Obtained in the Investigation

Description and uses

Transmission towers are designed to support wire and cables for transmitting high voltage electric power, ranging from 66 kilovolts (KV) to as much as 765 KV, between generating stations and substations. In the high voltage power transmission lines, towers are generally fabricated from steel; some towers are fabricated from wood, prestressed concrete, and aluminum. Transmission towers are used throughout this country's vast power distribution system. Most transmission towers are specially designed to withstand forces such as the stresses imposed by wind and ice and the pulls of the attached wires and cables. Towers may support single, double, or multiple circuits. Lines of 66 KV, 138 KV, and 230 KV are normally double-circuit lines. The in-line towers for such lines average about 5, 7, and 10 tons each, respectively. 1/ A 345 KV line can be either single or double circuited. The double-circuit in-line towers weigh about 12 tons each while the single-circuit in-line towers weigh approximately 6 tons each. The 500 KV and 765 KV lines are single-circuit lines, with towers of about 14 tons and 23 tons each, respectively. When the direction of a line

1/ All quantities in this report are expressed in short tons (2,000 pounds).

turns at an angle, a heavier tower (10 to 30 percent heavier, depending upon the angle) and a supporting bevel are required. Dead-end, river-crossing, and long-span towers normally are considerably heavier than in-line towers.

The number, size, and maximum assumed working tensions in the conductors, ground-wire cables, and wires, the assumed wind and ice loading conditions on the cables, and the angle turns, among other factors, affect not only the design but also the amount of material (as indicated above) necessary to put into the towers to withstand the specified loads. Generally, towers are spaced about five per mile, but the number may vary because of the topography.

The tower components (virtually all of carbon steel) are made from angles, plates, channels, and beams, which are covered by ASTM (American Society for Testing Materials) specifications A-7, A-36, A-440, A-441, and A-572. Bolts and accessories are covered by ASTM specifications A-394 and A-325.

The steel-mill products are fabricated into tower components from detailed drawings. Fabrication of some of the tower components is governed either by numerical tapes or by templets prepared by the tower fabricator. The fabricating process consists of cutting the steel materials to length and design, (i.e., square cuts, bevel cuts, etc.) by means of shearing, flamecutting, or sawing; layout of holes in plates or angles; punching or drilling holes for bolts; milling heels of angles where lap splices are necessary; bending and welding

as required. The operations also include assembly for "proof of fit" as deemed necessary, shop inspection, and pickling and galvanizing.

The angles used in transmission towers vary in size from those with legs measuring 1-1/2 inches and a thickness of 1/8 inch to others with legs measuring 8 inches and a thickness of 1-1/8 inches; the length of the angles ranges from 6 inches to 35 feet. Plates vary from 3/16 inch to 3 inches in thickness and from 4 inches by 4 inches to 6 inches by 6 inches in surface dimensions. Beams and channels range from 6 to 15 inches in depth and usually from 6 inches to 10 inches in length. Bolts usually range from 5/8 inch in diameter by 1-1/4 to 3 inches in length to 3/4 inch in diameter by 1-1/2 to 4 inches in length; however, on large towers the bolts may be 7/8 inch in diameter by 2 to 4 inches in length. Bolts used for steps (in place of steel rungs) may be 8 inches or longer.

Generally, all of the steel pieces (including the bolts and nuts) used on transmission towers are galvanized. The pieces are galvanized in compliance with ASTM specification A-123, which requires a coating of not less than 2 ounces of zinc per square foot of product. The galvanized coating amounts to 70 to 100 pounds of zinc per ton of finished product. (A few domestic consumers have purchased transmission towers with specifications calling for the use of "COR-TEN" or similar steel, that is, an all-weather, high-strength, low-alloy steel which requires no galvanizing. Also, a few stainless-steel towers, all believed to be of domestic origin, are in use in this country.)

After galvanizing, the tower components are sorted, bundled, and shipped according to customer instructions. Both domestic and foreign fabricators ship disassembled tower components in either piece lots or "tower lots" to the job site.

The imported tower articles are comparable to the domestically fabricated articles; both the foreign and domestic fabricators bid on the basis of the same structural requirements even though some elements of design may differ.

The tower base or foundation, if required, is supplied by the erecting contractor. The foundation prevents tower uplift due to wind conditions and bears the load of the tower and its attendant wires. A tower is affixed to the ground by one of three methods; the most prevalent method is to dig a large hole in the ground with the tower subsequently connected to a large steel base plate or earth grillage situated in the bottom of the hole. It is also secured to the ground by steel stubs connected to a reinforced concrete base with the concrete poured by the on-site tower erector, or by steel anchor bolts fastened to the tower where it rests upon a solid rock base. Both domestic and foreign tower fabricators supply steel stubs, anchor bolts, base plates, and earth grillage as needed. Concrete footings are not normally required.

U.S. tariff treatment

Transmission towers and parts are classifiable under several TSUS item numbers. Complete towers, or complete towers less their bases, are classifiable under the provisions of item 652.98; structural units (or subassemblies) are entered under 652.94. Separate tower components, not assembled, are classifiable under the following TSUS item numbers:

Article	TSUS Item Number
Angles, beams, and channels	609.84
Bolts and nuts	646.54
Spiral and other lock washers	646.65
Other washers	646.70
Assembled bolts and washers	646.72
Gusset plates, base plates, steel rungs, and ladders	657.20

Most transmission towers imported by the United States, including virtually all towers imported from Italy, have been classified under the individual items listed above. Only a few have been imported as complete towers (item 652.98) or as structural units (652.94).

The 1930 rates of duty for the TSUS items providing for transmission towers and parts, along with subsequent rate changes and rate changes scheduled for 1971 and 1972, are summarized below (in percent ad valorem or cents per pound): 1/

1/ Since May 22, 1967, imports of transmission towers and parts from Italy have been subject to an additional countervailing duty of $20 per ton.

Date	TSUS item							
	609.84	646.54	646.65	646.70	646.72	652.94	652.98	657.20
June 16, 1930 (Tariff Act of 1930)	20%	1¢	35%	0.6¢	45%	20%	45%	45%
Effective date of change in rate: 1/								
May 1, 1935 2/	15%	-	-	-	-	15%	-	-
Jan. 1, 1948	10%	0.5¢	20%	0.3¢	22.5%	10%	22.5%	22.5%
June 6, 1951	7.5%	-	-	-	-	7.5%	-	-
June 30, 1956	-	-	-	-	21%	-	21%	21%
June 30, 1957	-	-	-	-	20%	-	20%	20%
June 30, 1958	-	-	-	-	19%	-	19%	19%
Jan. 1, 1966	-	-	-	-	-	-	17%	-
Jan. 1, 1967	-	-	-	-	-	-	15%	-
Jan. 1, 1968	7%	0.4¢	18%	0.2¢	17%	6.5%	13%	17%
Jan. 1, 1969	-	-	16%	0.1¢	15%	6%	11%	15%
Jan. 1, 1970	6.5%	0.3¢	14%	-	13%	5%	9.5%	13%
Jan. 1, 1971	-	-	12%	Free	11%	4%	-	11%
Jan. 1, 1972	-	0.2¢	10%	-	9.5%	3.5%	-	9.5%

1/ Pursuant to concessions under the GATT, unless otherwise noted.
2/ Bilateral trade agreement with Belgium.

Note.--Trade agreement modifications prior to 1964 relate to the tariff provisions in effect under Title I of the Tariff Act of 1930 from which the present TSUS items were derived.

Countervailing duties

Effective May 22, 1967, the U.S. Treasury Department imposed countervailing duties amounting to about $20 per ton on all transmission towers and parts imported from Italy. The order is still in effect. The countervailing duties were imposed because the Italian government is providing its manufacturers of transmission towers and parts with what the United

States classifies as an illegal bounty or subsidy (sec. 303, Tariff Act of 1930, as amended). The Italian fabricators have challenged the Treasury Department ruling in the courts; the case is pending. The countervailing duty case also involves "turnover taxes" imposed by Italy; the "turnover tax" portion of that case has yet to be decided.

The U.S. Treasury Department has collected the countervailing duty on transmission towers and parts imported from Italy since May 1967; in some cases, however, the added duty has been in effect paid not by the Italian supplier but by the U.S. purchaser. For example, the Bonneville Power Administration (BPA), a U.S. Government agency and the largest domestic user of imported transmission towers, has been required to pay "any additional duties" under its contracts with Italian suppliers. According to Treasury Department officials, Government procurement regulations were recently changed; contracts providing for payment of additional duties by Federal agencies are no longer permitted. Many contracts between private utility companies and the Italian suppliers also contained similar additional duties clauses.

On imports from Italy, the countervailing duty adds the equivalent of about 1 cent per pound to the current specific duties of 0.3 cent per pound on item 646.54 and 0.1 cent per pound on item 646.70; imports of towers and parts under these items, however, have been negligible, as noted below. On item 609.84, under which the great bulk of the towers have been entered, the countervailing duty is estimated to nearly double the current 6.5 percent ad valorem rate of duty; this

estimate is based on the assumption that the average unit value of imports in 1970 would approximate that indicated for contracts signed in the period January-August 1969. For the remaining items, with ad valorem rates ranging from 5 percent (item 652.94) to 14 percent (646.65), it is estimated that the countervailing duty adds an average of about 6 points, based on the aforemade assumption.

U.S. consumption

Annual U.S. consumption of transmission towers and parts (based on U.S. producers' shipments plus imports of fabricated angles, shapes, and sections--TSUS item 609.84) is estimated to have grown from 150,000 tons valued at $40 million in 1963 to 300,000 tons valued at $85 million in 1967, or by 100 percent in quantity and 112 percent in value. In 1969, however, estimated consumption was 270,000 tons valued at $80 million, representing a decline of 10 percent in quantity and 6 percent in value from 1967. The effect of rising prices is reflected in the differences.

Consumers of transmission towers and parts are Federal agencies concerned with the generation and sale of electric energy (e.g., Bonneville Power Administration, Tennessee Valley Authority, and the Bureau of Reclamation) and electric power companies, both publicly and privately owned. Industry sources have estimated that Federal agencies and state- and municipal-owned power companies together accounted for about a fourth of the total U.S. consumption in recent years.

U.S. imports

U.S. imports of transmission towers and parts are not separately reported in official statistics; as indicated earlier, they are imported under various TSUS item numbers, along with other similar articles. About 85 to 90 percent by weight of all the component parts are of a type (principally angles) that enter under item 609.84; about 5 percent of the components enter under item 646.54; about 5 to 8 percent under 657.20 and the remainder (usually less than 1 percent) under items 646.65, 646.70, and 646.72. Only negligible quantities have been entered under 652.94 and 652.98.

Imports for consumption of fabricated angles, shapes, and sections (item 609.84) were very small until 1954 when, as a result of customs decisions, oil-well casing was included; in that year imports were 59,000 tons valued at $8.5 million. Imports in this modified class reached 90,000 tons valued at $16 million in 1960. In mid-1962 a separate statistical class was established for oil-well casing. In 1963, when the more limited statistical class applied fully, imports of fabricated angles, shapes, and sections amounted to 26,000 tons, valued at $5.4 million. Annual imports increased in five of the last six years and in 1969 amounted to 93,000 tons, valued at $19.7 million. As shown below, the great bulk of the imports reported under item 609.84 in recent years apparently have consisted of transmission tower components, principally angles. Of the imports under the other applicable item numbers, the percentage made up of transmission tower parts cannot be measured with any degree of accuracy.

To obtain some measure of the quantity and value of imports of transmission towers and parts, the Tariff Commission sent questionnaires to almost 50 private and public utility companies which had contracted for the purchase of transmission towers from foreign suppliers beginning January 1, 1965. Data compiled from those questionnaires indicate that contracts by government and private utility companies amounted to at least 453,000 tons valued at $128.7 million during the 4-year 8-month period from January 1, 1965 to August 31, 1969, or at an annual rate of about 97,000 tons (table 2). Contracts by agencies of the U.S. Government totaled 237,000 tons ($63.3 million) or 52 percent of the total tonnage and 49 percent of the total value. The Commission is aware of additional imports during the same period by private companies which did not report their importations, but those imports are believed to have been minor. As of July 1, 1969, about 71 percent or 322,000 tons ($89.5 million) of the 453,000 tons contracted for since January 1, 1965 had been delivered. Final delivery, however, is often made 1 or 2 years and in some instances 3 years after the contract is signed. Deliveries of transmission towers in 1965, 1966, and 1967 based on contracts made before January 1, 1965, are not included in any of the data requested by the Commission. The bulk of the imports entered during 1965 and a substantial part of those entered in 1966 were based on contracts made prior to 1965.

The value of all contracts for transmission towers and parts since January 1, 1965, from foreign suppliers averaged $284 per ton

(the average for domestic producers' shipments was $333 per ton). U.S. Government purchases of imported towers averaged $267 per ton while private utilities purchases from foreign sources averaged $303 per ton. From 1965 to the present, the tonnages of transmission towers and parts contracted for from foreign suppliers fluctuated from 43,200 tons (in 1967) to 130,800 tons (in 1966); however, contracts made during the first 8 months of 1969 totaled 90,400 tons, or the equivalent of 135,600 tons on an annual basis. The total tonnage contracted for within any given year cannot be equated to imports since actual deliveries may occur anytime from 4 months to 3 years after contracts are signed.

Italy, Japan, and the United Kingdom were the principal sources of imports of transmission towers and parts; India and Canada supplied small quantities. * * * Contracts awarded since countervailing duties were imposed on imports from Italy in May 1967 indicate that the share of the total U.S. imports made up of Italian goods has declined while the Japanese share has increased. * * *

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From the available data on domestic producers' shipments and imports, it is estimated that imports of transmission towers and parts were equal to about one-seventh of the quantity and one-eighth of the value of consumption in 1963; by 1969, this proportion had grown to one-third of the quantity and one-fifth of the value of consumption. Imports are likely to increase, because contracts made during January-August 1969 indicated an annual rate larger than in any previous year.

U.S. producers

Transmission towers are fabricated by 10 domestic companies operating 18 plants in 11 States. Three plants each are located in Oklahoma and Pennsylvania; two plants each are situated in California, Alabama, and Texas; and one each in Arkansas, Colorado, Iowa, Minnesota, Ohio, and South Carolina.

United States Steel Corporation and Bethlehem Steel Corporation (each operating plants in Pennsylvania and California) are the only integrated steel producers among the domestic fabricators of transmission towers. The other tower fabricators use purchased steel to

produce towers, bridge components and a variety of similar fabricated products; some plants produce towers almost exclusively.

Universal Pole & Structures Division of the A.B. Chance Company, Houston, Texas, discontinued fabricating transmission towers in March 1966 and the Blaw-Knox Company, Pittsburgh, Pennsylvania, discontinued fabricating transmission towers in 1967.

Sales practices

Orders for transmission towers are placed by private utilities and government agencies, and by engineering companies that represent either private or government clients. The purchaser prepares tower specifications and then solicits bids by one of several methods. The most prevalent method is to request the fabricator for a price on furnishing and delivering the towers (f.o.b. delivered destination). Another common method is to request that proposals be submitted to general contractors who in turn bid on a total project (turn-key) basis. There are no list prices since each tower project has particular requirements. Prices are quoted per pound based on the construction billing formula of the American Institute of Steel (or some other acceptable weight-based formula) or as a lump sum per structure or unit of structure, or a combination of the first two methods. If testing is required, costs for such work are usually quoted separately. Detailed engineering prices may or may not be quoted separately.

On large transmission tower projects existing designs are used only rarely. The bid is based upon furnishing fabricated steel tower

components that are set forth in a specified set of tower drawings that cover tower body, body extensions, leg extensions, grillage, rock anchor, and plate footing. To comply with the requirements of a steel tower bid, a contractor must furnish a master production schedule that includes planning and engineering, detailed drawings, purchase of material, fabricating, testing, assembly, bundling, loading, and shipment. Generally, foreign fabricators comply in the same manner and detail as domestic fabricators.

Domestic fabricators report that in submitting a tower bid large costs are incurred in designing and testing even though foreign fabricators may receive the business. They further state that many of the domestic fabricators do not quote on projects (especially for the U.S. Government) because of the very high bid costs and meager chances of obtaining the contract in competition with imports, which have captured a substantial portion of the domestic market, including almost all of the federal government market.

Two domestic companies reported receiving contracts which they stated were bid at cost in order to keep their workers employed and in the hope that the competitive situation would improve. One domestic company reported that a winning Italian bid was $100 per ton lower than its bid on the same domestic tower project.

Buy American regulations

Federal agencies and public electric power companies customarily purchase transmission towers on the basis of competitive bids. Bids

are invited from various firms, often both domestic and foreign, and a contract is awarded on the basis of the low bid. "Buy American" regulations affect the purchase of foreign goods for public projects; such regulations exist at the Federal, State, and local levels.

Federal.--The procurement by the Federal Government of goods of foreign origin for use within the United States is regulated by the "Buy American" Act (41 U.S.C. 10a-10c) enacted March 3, 1933, and by Executive Order 10582 issued in 1954 and amended in 1962. Under these regulations, Federal agencies are required to procure materials of domestic origin unless the bid or offered price of such materials is more than 6 percent above the bid or offered price (on a delivered basis, including duty) of like materials of foreign origin. 1/ Materials are considered to be of foreign origin if the cost of foreign components constitutes 50 percent or more of the cost of all components.

Under Executive Order 10582, an additional 6 percent price differential is authorized for domestic goods produced by small businesses or by firms located in labor areas classified by the Department of Labor as areas of "substantial or persistent unemployment." 2/ Effective May 1, 1970, employing establishments which have been certified

1/ The Executive Order permits agencies to reject foreign bids for reasons of national interest or if necessary to protect essential national security interests. It also allows greater differentials if an agency head determines that such is not unreasonable.

2/ An area of substantial unemployment is defined as one in which unemployment is equal to 6 percent or more of the work force, discounting seasonal or temporary factors, and in which it is anticipated that the rate of unemployment will remain at 6 percent or more during the next 2 months.

as eligible for preference in the placement of Federal Government contracts or subcontracts under Revised Defense Manpower Policy No. 4, and which are located in or near sections of states or labor areas with concentrated unemployment or underemployment, will be deemed for purposes of Executive Order 10582 to be located in an area of substantial unemployment. 1/ Such certified establishments will therefore also be entitled to an additional 6 percent price differential (12 percent total) when bidding against foreign competitors for Federal procurement contracts. At least three establishments that produce transmission towers, including the Pinole Point fabricating plant of the Bethlehem Steel Corp., have recently been so certified. In addition, a fourth establishment that produces transmission towers is located in an area of "persistent unemployment."

State and local.--About a third of the state governments and many local governmental units also restrict the purchase for public projects of goods of foreign origin. The restrictions may be formally embodied in state constitutions, statutes, and city ordinances, or they may result from informal policies of the public agencies involved. Such restrictions range from outright prohibitions on purchases of foreign materials for public projects to a preference for domestic suppliers only when their bids are equal to those of foreign suppliers. The effect of such state and local "Buy American" regulations and practices cannot be assessed because of the lack of relevant data.

1/ Revision by the Secretary of Labor of Title 29 - Labor, "Part 8 - Preference in Federal Procurement under Defense Manpower Policy No. 4 and Executive Order 10582" (35 F.R. 3287-89). Defense Manpower Policy No. 4 provides for a system of preferences in the award of certain Federal procurement contracts, providing that competitive prices and other contract stipulations can be met.

U.S. producers' shipments and prices

Annual U.S. producers' shipments increased from about 126,000 short tons valued at $38 million in 1963 to 226,000 tons valued at $72 million in 1966, for a gain of 79 percent in quantity and 91 percent in value (table 3). During 1967-69, however, they declined generally, with a greater decrease in quantity than in value, reflecting a general rise in the average price per ton; in 1969, shipments amounted to 181,000 tons valued at $63 million, or 20 percent lower in quantity and 12 percent lower in value, compared with 1966 shipments. By 6-months periods during 1968-69, producers' shipments decreased in both quantity and value until the second half of 1969, when they grew 28 percent in quantity and 23 percent in value. The domestic fabricators do not normally maintain an inventory of steel products used in the fabrication of transmission towers; the steel products are not purchased until a contract has been received.

During 1965-69, the average prices on sales by domestic fabricators and foreign suppliers were as follows, in dollars per short ton:

Supplier	1965	1966	1967	1968	1969
All domestic fabricators	$310	$317	$337	$357	$348
* * *					
Foreign suppliers	251	273	313	295	307

As indicated above, from 1965 to 1969 the average price of sales by foreign suppliers grew 22 percent; for all domestic fabricators, the average price rose only 12 percent. * * *

Nevertheless, the domestic fabricators' average price consistently exceeded the foreign suppliers' average price by varying amounts, ranging from $62 a ton (in 1968) to $24 a ton (in 1967), including the amount of $41 a ton in 1969. * * *

U.S. exports

From 1963 to 1969, U.S. exports of transmission towers and parts were negligible, amounting to only 11,801 tons valued at about $4 million. They included 2,821 tons valued at $680,000 exported in 1969. Virtually all exports during 1963-69 were financed through the U.S. Agency for International Development.

Bethlehem Steel Corporation

The Bethlehem Steel Corporation is the second largest steel company in the United States, ranking behind the United States Steel Corporation. In 1969, the company produced 21.8 million tons of raw steel, and its revenues amounted to $3.0 billion. Bethlehem Steel Corporation is a fully integrated steel producer, with products including iron ore and other raw materials, semifinished and finished steel mill products, fabricated steel (such as transmission tower components) and complete structures (buildings, bridges, and ships).

Bethlehem is one of the principal U.S. producers of transmission towers and parts.

* * * * * * *

Currently the company has facilities for fabricating transmission towers and parts at two locations, one at Leetsdale, Pennsylvania, the other at Pinole Point, California.

Pinole Point Works.--The Pinole Point Works is a new plant, built during 1963-66. It consists of a transmission tower fabricating department and a heavy structures fabricating department, each in separate bays of one large building. A coil galvanizing department, in another building, is also at the Pinole Point Works site, but it is managed as a part of the company's South San Francisco plant.

The tower department of the Pinole Point Works was formerly part of the company's South San Francisco plant. This plant is a rolling mill, and is the source of the bulk of the working stock used by the tower department at Pinole Point. Equipment from the tower fabricating department was transferred from South San Francisco to Pinole Point, in stages, during 1965-67. The transmission tower test stand at South San Francisco was not moved to Pinole Point; any testing required is still carried out at South San Francisco. Drafting work on transmission towers and parts is done in a separate area of the main office building of the Pinole Point Works.

The tower department of the Pinole Point Works includes equipment for conveying, shearing, cutting, punching, milling, bending, and threading, and, in the final processing stage, galvanizing. The

equipment in the tower department of the Pinole Point Works is designed to do much more complex and precise work than that done in the adjacent heavy structures fabricating department. Some machines punch or drill holes in identical angles automatically from a hand-made templet; other machines operate from perforated tape. Moreover, the tower department equipment is designed to handle larger volumes of repetitive work. Tower contracts generally call for many towers, the bulk of which are in-line towers virtually identical to each other. Thus, if an in-line tower has 8 identically fabricated angles, the entire contract may require in some instances the fabrication of 800 or more identical pieces. Few, if any, fabricating jobs (other than transmission towers) call for so many identical pieces. The tower fabricating equipment has stood idle when the company has lacked contracts for transmission towers.

From the shipping department of the works, the transmission tower components are sent to the customer's project site, principally by truck (less frequently by rail), in accordance with the instructions of the erecting contractor. For shipments, sometimes all like tower components are banded together, at other times the components are secured together in "tower lots." The "tower lot" method, it was said, has become more prevalent recently, because the job of putting together tower lots can be done more effectively and efficiently at the plant than at the tower project site.

The petition on behalf of the employees of the Pinole Point Works states that work in the tower department was discontinued on

September 30, 1969. On February 4, 1970, the Pinole Point Works was visited by members of the Tariff Commission staff; at that time the tower department was completely idle. The Commission staff members were informed, however, that some material was currently being processed in the rolling department at South San Francisco on contracts recently received for transmission towers; those contracts were said to be sufficient for limited levels of work at Pinole Point during the period of about March through May 1970.

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APPENDICES

Table 1.--Angles, shapes, and sections of carbon steel, drilled, punched or otherwise advanced (TSUS item 609.84): U.S. import duty and imports for consumption, 1934-69

Year	Import duty	Imports		Year	Import duty	Imports	
		Quantity	Value			Quantity	Value
	Percent ad valorem	Short tons	1,000 dollars		Percent ad valorem	Short tons	1,000 dollars
1934	20	326	16	1952	7.5	4,312	641
1935	1/ 15	2,401	45	1953	do	3,848	996
1936	do	380	19	1954	do	5/ 58,988	5/ 8,530
1937	do	251	28	1955	do	56,515	7,910
1938	do	156	15	1956	do	80,057	13,718
1939	do	107	8	1957	do	85,656	16,561
1940	do	58	4	1958	do	53,418	10,058
1941	do	46	9	1959	do	86,873	16,186
1942	do	79	11	1960	do	90,290	16,311
1943	do	165	27	1961	do	48,707	8,731
1944	do	1	2/	1962	do	6/ 51,526	6/ 9,195
1945	do	22	3	1963	do	25,659	5,447
1946	do	5	1	1964	do	34,879	7,123
1947	do	149	19	1965	do	41,389	8,230
1948	3/ 10	206	28	1966	do	59,513	11,610
1949	do	266	53	1967	do	84,977	17,064
1950	do	166	28	1968	7/ 7	78,769	16,898
1951	4/ 7.5	3,642	403	1969	do	92,883	19,665

1/ Effective May 1, 1935.
2/ Less than $500.
3/ Effective January 1, 1948.
4/ Effective June 6, 1951.
5/ Custom classification modified to include oil well casing (see C.D. 540, November 2, 1953, and C.D. 1577, January 14, 1954).
6/ Statistical classification modified on July 1, 1962 to exclude oil well casing.
7/ Effective January 1, 1968.

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

Appendix A

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Table 3.--Steel transmission towers and parts: U.S. producers' shipments, annually 1963-69, and semiannually 1968 and 1969

Year	Quantity	Value
	Short tons	1,000 dollars
1963	126,009	37,563
1964	151,244	46,035
1965	194,826	60,442
1966	225,558	71,598
1967	216,034	72,713
1968, total	192,629	68,806
January-June 1/	111,312	39,530
July-December 1/	81,317	29,276
1969, total	181,439	63,183
January-June 1/	79,417	28,363
July-December 1/	102,022	34,820

1/ Approximations, based on the data submitted.

Source: Compiled from data supplied to the U.S. Tariff Commission by the domestic fabricators of steel transmission towers and parts.

Appendix A

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