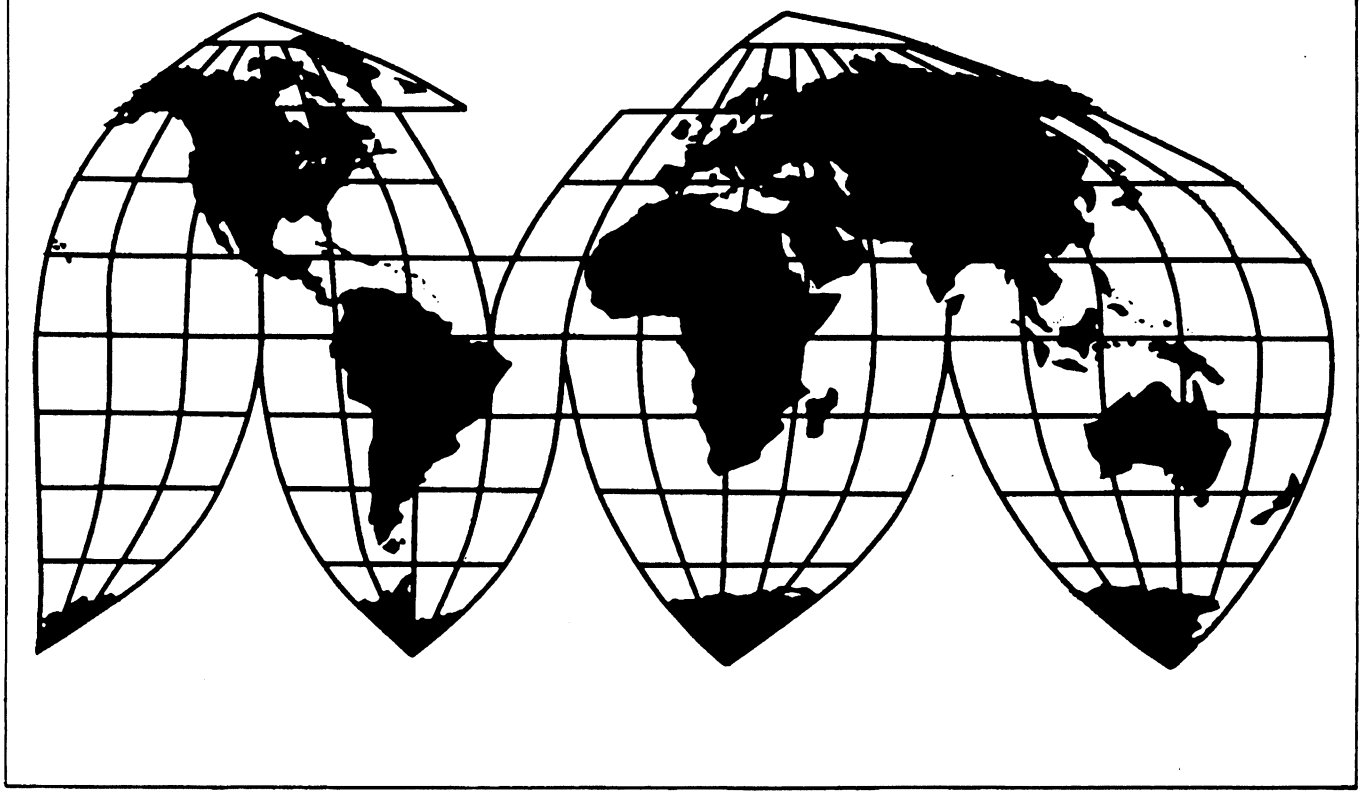
Certain Welded Large Diameter Line Pipe From Japan

Investigation No. 731-TA-919 (Final)

Publication 3464 **November 2001**

U.S. International Trade Commission



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U.S. International Trade Commission

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CONTENTS

CONTENTS--*Continued*

APPENDIXES

FIGURES

ii

Page

FIGURES–*Continued*

TABLES

Page

TABLES–*Continued*

iv

CONTENTS--Continued

Page

TABLES–Continued

CONTENTS--Continued

Page

TABLES–*Continued*

Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-919 (Final)

CERTAIN WELDED LARGE DIAMETER LINE PIPE FROM JAPAN

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from Japan of certain welded large diameter line pipe, provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective January 10, 2001, following receipt of a petition filed with the Commission and Commerce by Berg Steel Pipe Corp. (Panama City, FL); American Steel Pipe Division of American Cast Iron Pipe Co. (Birmingham, AL); and Stupp Corp. (Baton Rouge, LA). The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of certain welded large diameter line pipe from Japan were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of July 9, 2001 (66 FR 35811). The hearing was held in Washington, DC, on October 9, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in these final investigations, we determine that an industry in the United States is materially injured by reason of imports of certain welded large diameter line pipe ("CWLDLP") from Japan that the U.S. Department of Commerce ("Commerce") has determined to be sold in the United States at less than fair value ("LTFV").[1] [2] [3]

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[4] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a {w}hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[5] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[6]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission

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[1] The petition underlying these investigations was filed with respect to imports of CWLDLP from Mexico and Japan. On September 4, 2001, Commerce made its final determination with respect to imports from Japan. 66 Fed. Reg. 47172 (Sept. 11, 2001). Commerce postponed its final determination with respect to imports from Mexico until December 28, 2001. 66 Fed. Reg. 49634 (Sept. 28, 2001). At this point in the proceedings, we reach a final material injury determination only with respect to subject imports from Japan.

[2] Commissioner Bragg notes that she did not support the Commission majority's decision to transmit these views to Commerce subsequent to the statutory deadline for transmittal of views. See Commissioner Bragg's Memorandum to the Commission (September 17, 2001, C071-Y-004). Despite the impact of the tragic events of September 11, 2001 on the schedule in these investigations, Commissioner Bragg believes the Commission had ample opportunity and resources to complete its work in these investigations as required by law.

[3] Chairman Koplan, Vice Chairman Okun, Commissioner Miller, and Commissioner Hillman note that the schedule in these investigations was amended due to the tragic events of September 11, 2001, which compelled the Commission to adjourn its September 11th hearing prior to completion. The parties consented to the amended schedule, which called for the Commission to transmit its determination by the statutory deadline, and its views to Commerce within a reasonable time thereafter. Consequently, these views are transmitted according to the amended schedule. We note this extension beyond the statutory deadline is unprecedented and should not be interpreted as a change of Commission practice.

[4] 19 U.S.C. § 1677(4)(A).

[5] Id.

[6] 19 U.S.C. § 1677(10).

[7] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of

(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[9] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise that has been found to be subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[10]

B. Product Description

In its final determination, Commerce defined the imported merchandise within the scope of this investigation as:

> certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute ("API") specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The product currently is classified under U.S. Harmonized Tariff Schedule (HTSUS) item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30, 7305.19.10.60, and 7305.19.50.00. . . . Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe and the following size/grade combinations; of line pipe:
>
> - Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.
> - Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X-42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.

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[7] (...continued)
factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 & n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct Int'l Trade 1996).

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

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

[10] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

4

- Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness greater than 0.875 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness greater than 1.125 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness greater than 1.250 inches in grades X60 or greater.
- Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X-80 or greater.[11]

This merchandise, CWLDLP, is intended for the conveyance of oil and natural gas or other fluids in pipe lines, but also has other uses, such as piling and structural applications.[12] Line pipes, both welded and seamless, are produced to the American Petroleum Institute ("API") 5L specification, which addresses a variety of acceptable welding methods.[13] Welded, large diameter pipes are formed into cylinders by the application of pressure to flat-rolled steel, which is then welded, tested, and finished.[14] In the United States, the predominant form of welded line pipe in sizes greater than 16 inches in outside diameter is produced using the submerged arc welding ("SAW") method; such pipe accounted for 53 to 71 percent of reported U.S. mill shipments of the domestic like product during the period examined.[15] The remainder of reported U.S. shipments of the domestic like product consisted of line pipe produced through the electric resistance welding ("ERW") method.[16]

C. Domestic Like Product

General. In its preliminary determination in these investigations, the Commission found a single domestic like product coextensive with the scope of the investigations. The Commission indicated, however, that it would examine more closely the question of whether CWLDLP made by the ERW

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[11] Notice of Final Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe from Japan, 66 Fed. Reg. 47172, 47173 (Sep. 11, 2001). After initiating its investigations, Commerce amended the scope of its investigations (with Petitioners' consent) to exclude the size/grade combinations listed above.

[12] Confidential Report ("CR") at I-7; Public Report ("PR") at I-6.

[13] CR at I-6 and n.14, PR at I-5 and n.14 (citing *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, at 1). Acceptable welding methods include electric resistance welding, laser welding, and submerged arc welding. The submerged arc welding method includes a single longitudinal seam process, a double longitudinal seam process, and a helical or spiral seam process. CR at I-8-12, PR at I-7-11.

[14] CR at I-8-14, PR at I-7-11.

[15] CR/PR at Table I-2, Table D-1.

[16] CR at I-8-9, PR at I-7-8.

process and by the SAW process should be treated as separate domestic like products.[17] After careful consideration of this question, we have again determined that there is a single domestic like product coextensive with the scope of the investigations.

Physical Characteristics and Uses. There is information in the record concerning five defining physical characteristics of ERW and SAW line pipe: outside diameter, wall thickness, weld, joint size, and the physical and metallurgical properties.

ERW and SAW line pipe are produced in an overlapping range of outside diameters. ERW line pipe within the scope of these investigations is produced domestically in outside diameter sizes between 16 and 24 inches, and SAW line pipe within the scope of these investigations is produced domestically in outside diameter sizes from 18 to 64 inches.[18] Thus, there is an overlap between the ERW and SAW outside diameter ranges between 18 and 24 inches. During the period examined, nearly 40 percent of U.S. producers' U.S. CWLDLP shipments were in sizes in this overlapping outside diameter range.[19]

ERW and SAW line pipe are also produced in an overlapping range of wall thicknesses. ERW line pipe is produced in the United States in wall thicknesses between 0.188 and 0.625 inch, while SAW line pipe is produced in the United States in wall thicknesses between 0.250 and 1.375 inches.[20] Thus, there also is an overlap between the ERW and SAW line pipe wall thickness ranges between 0.250 and 0.625 inch.

Both ERW and SAW line pipe are, by definition, welded pipe. ERW pipe is welded without the use of filler metal in the weld, whereas SAW pipe is produced using a filler metal in the weld. The SAW pipe weld is generally considered to be stronger and more reliable, and thus SAW pipe is preferred for low-temperature or deep water environments in oil and gas transmission.[21] For structural applications, ERW pipe is sometimes preferred for cosmetic reasons, because it has a less prominent weld seam.[22]

The Japanese Respondents claim that ERW pipe can be produced in longer joint sizes (lengths) than SAW pipe, thus making it less costly to install.[23] Although one purchaser also identified this distinction,[24] it is not otherwise borne out by the record. SAW pipe made by one producer, Berg, by the

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[17] Certain Welded Large Diameter Line Pipe From Japan and Mexico, Invs. Nos. 731-TA-919-920 (Preliminary), USITC Pub. 3400 at 7 (March 2001) ("Preliminary Determination").

[18] The low end of the outside diameter size range is 24 inches for two of the four domestic SAW producers, and 20 inches and 18 inches for the other two companies. CR/PR at Table I-1.

[19] U.S. producers shipped 2.1 million tons of CWLDLP between 1998 and 2000; shipments of line pipe greater than 16 inches in outside diameter and up to 24 inches in outside diameter accounted for *** tons. CR/PR at Table D-1.

[20] CR/PR at Table I-1. As noted above, however, the product at issue does not include thick-walled pipe. In particular, in the size ranges in which ERW pipe and SAW pipe overlap, line pipe having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade, is excluded. Also excluded are line pipe having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X-42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.

[21] E.g., CR/PR at E-3-4 (*** description of the superiority of the weld of SAW pipe to that of ERW pipe).

[22] CR/PR at E-20 (comments of ***).

[23] Japanese Respondents' Prehearing Brief at 18-19.

[24] CR/PR at E-20 (comments of ***).

pyramid-rolling process is limited to shorter 40 foot lengths, but otherwise the maximum length of ERW and SAW pipe is similar (approximately 80-85 feet).[25]

The evidence as to the physical and metallurgical properties of ERW and SAW pipe is mixed. Some importers and purchasers reported that the physical and metallurgical characteristics of ERW and SAW pipe are virtually identical,[26] although others identified differences.[27] ERW line pipe is made from coiled plate, and SAW line pipe is usually made from cut-to-length plate.[28] There is apparently no difference in the chemistry of the steel used to produce ERW and SAW line pipe. The API specifications for line pipe permit both ERW and SAW processes in all grades and classes of CWLDLP.[29]

Both ERW and SAW pipe are used for the same general purpose, namely the transmission of oil and natural gas;[30] however, SAW pipe may be used for more demanding conditions (e.g., high pressure or extreme temperatures).[31] Both ERW and SAW pipe are also used in structural applications. Depending upon the nature of the application, end-users may prefer ERW pipe (e.g., for ornamental poles because it has no visible seam)[32] or SAW pipe (e.g., for offshore platform construction).[33]

In sum, ERW and SAW pipe have both common and divergent physical characteristics. The common characteristics include steel chemistry, API specifications, similar joint size, and dimensional overlap in outside diameter and wall thickness. The differences are in the ranges of outside diameter and wall thickness, and in the nature of the pipe's weld. The record also indicates that ERW and SAW pipe have the same general uses (i.e., the transmission of oil and gas and structural applications), although in certain circumstances, SAW line pipe may be preferable to ERW line pipe.[34]

Interchangeability. There is conflicting evidence on the record as to the extent of the interchangeability between ERW and SAW line pipe. On the one hand, Petitioners assert that ERW and SAW line pipe are fully interchangeable when produced to the same specifications and dimensions, and have provided requests for quotations ("RFQs") and other documentation suggesting that purchasers consider both ERW and SAW line pipe to be acceptable when produced to the same specifications and

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[25] CR/PR at Table I-1.

[26] E.g., CR/PR at E-9 (comments of ***) and E-18 (comments of ***).

[27] E.g., CR/PR at E-9 (comments of ***).

[28] CR at I-11 and I-13, PR at I-8 and I-11. While accurate for domestically produced CWLDLP, we recognize that this characterization is not universally applicable for SAW pipe. Helical SAW pipe (spiral weld pipe) is produced from hot-rolled coils. CR at I-7 n.17, PR at I-6 n.17; Petitioners' Posthearing Brief at exh. 18.

[29] CR at I-9, PR at I-7.

[30] CR at I-6-7, PR at I-5-6.

[31] CR at I-7-8, PR at I-5-6.

[32] CR/PR at E-20 (comments of ***).

[33] Japanese Respondents' Posthearing Brief at Q-5.

[34] The record clearly demonstrates that, within the size range of ERW line pipe, there are few applications for which ERW line pipe is not acceptable. *See, e.g.*, CR/PR at Tables D-1 and D-2 (indicating that for CWLDLP in diameters greater than 16 inches and less than or equal to 24 inches, ERW constituted *** percent of domestic shipments by volume in 1998, *** percent of domestic shipments by volume in 1999, and *** percent of domestic shipments by volume in 2000). Moreover, this comparison is not meaningfully affected by the exclusion of thick-walled pipe, as the data are similar to those in the preliminary phase of these investigations (i.e., ERW constituted between *** and *** percent of domestic shipments by volume). *See* Preliminary Determination at Tables D-1 and D-2.

7

dimensions.[35] Witnesses for Petitioners testified that their customers frequently do not specify the desired weld type.[36] On the other hand, the Japanese Respondents maintain that ERW and SAW pipe are not commercially interchangeable, and have provided a number of RFQs and other correspondence with examples of customers specifying a particular weld type.[37] Witnesses for respondents testified that their customers always specify the desired weld type.[38] Based on this mixed evidence in the record, it appears that there is a moderate degree of interchangeability between ERW and SAW line pipe in the outside diameter, wall thickness, and grade ranges in which ERW and SAW pipe overlap.[39]

Channels of Distribution. ERW and SAW line pipe share the same channels of distribution. Purchasers of CWLDLP include both end-users who require CWLDLP for new pipeline projects and distributors who purchase CWLDLP and generally resell it to their own customers for the repair and maintenance of existing pipelines and, in some instances, for structural applications.[40] In 2000, domestic producers shipped *** percent of their ERW line pipe to end-users and *** percent to distributors. Similarly, domestic producers shipped *** percent of their SAW line pipe to end-users and *** percent to distributors.[41] Moreover, ERW producers and SAW producers sell to the same specific customers, with varying degrees of frequency. ERW producers Camp Hill, Stupp Corp., and American Steel Pipe sold *** of their 2000 volume to the same customers as at least one of the SAW producers.[42] SAW producers Saw Pipes, Berg Steel, and Napa Pipe sold *** of their 2000 volume to the same customers as at least one of the ERW producers.[43]

Common Manufacturing Facilities, Employees and Methods. Domestic welded pipe manufacturers employ a variety of techniques to produce welded line pipe from flat-rolled steel. Four U.S. producers manufacture CWLDLP utilizing the ERW production method, two U.S. producers manufacture CWLDLP utilizing the U-O-E process of SAW production, and one U.S. producer manufactures CWLDLP utilizing the pyramid rolling process of SAW production.[44] Individual U.S. mills specialize in a single form of production but, unlike Tubacero of Mexico and the Japanese mills, do not maintain both ERW production lines and SAW production lines. Therefore, ERW and SAW pipe are

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[35] Petitioners' Posthearing Brief at Exhibit 3.

[36] E.g., Hearing Tr. at 75 (Williamson, Berg Steel Pipe Corporation).

[37] Japanese Respondents' Posthearing Brief at Exhibit 9. We note that much of this documentation relates to line pipe with an outside diameter substantially greater than 24 inches. Since ERW line pipe is not produced in these sizes, the documentation is not indicative of customers expressing a preference for SAW pipe as opposed to ERW pipe, although it may reflect a preference for longitudinally welded DSAW pipe as opposed to spiral SAW pipe. See also Mexican Respondent *** Posthearing Brief at Exhibit A (purchase orders from *** and from *** specify *** in sizes of *** and ***, respectively).

[38] E.g., Hearing Tr. at 238 (Gutierrez, Tubacero S.A. de C.V.).

[39] We observe, for example, that in at least two instances gleaned from a limited universe of anecdotal evidence, purchasers initially solicited bids for ERW pipe but ultimately purchased SAW pipe. CR at V-23 and V-24, PR at V-13.

[40] CR at II-1, PR at II-1.

[41] CR/PR at Tables I-5 and I-6.

[42] Questionnaire responses of the U.S. producers. This comparison is based on the top 10 customers by volume during the period 1998-2000. Accordingly, Bethlehem's customer lists are included (as they were active in 1998 and into 1999), although their 2000 shipments are not included.

[43] ***, likely explaining its lower overlap. Petition at 1 and Exh. 1 (Jan. 10, 2001).

[44] CR at I-11 to I-16, PR at I-8-14, CR/PR at Table I-1.

8

not made in the United States in the same manufacturing facilities, using the same employees, or by common manufacturing methods.[45]

Producer and Customer Perceptions. Producers, importers, and purchasers responding to the Commission's questionnaire generally reported that the physical and metallurgical properties of ERW and SAW pipe are similar, that both ERW and SAW line pipe are manufactured according to the same API specification, and that both ERW and SAW pipe are used for oil and gas transmission.[46] Producers and purchasers generally agreed that there was competition between ERW and SAW line pipe within the overlapping dimensions and grades, although many producers and purchasers observed that ERW line pipe typically has a distinct advantage in terms of price.[47]

Price. ERW line pipe was less expensive than SAW pipe during the period examined. The differential, based on average unit values, for domestically produced ERW pipe relative to SAW pipe was 25.9 percent in 1998 and 39.2 percent in 1999, but then decreased to 21.2 percent in 2000.[48] The price differential for ERW pipe relative to SAW pipe continued to narrow in the first half of 2001, declining to 2.7 percent.[49]

Conclusion. We recognize that there are merits to both petitioners' and respondents' arguments concerning the domestic like product. On balance, however, we find that the evidence on the record supports a finding of a single like product.

ERW line pipe and SAW line pipe are sold through similar channels of distribution. The evidence with respect to physical characteristics, uses, interchangeability and producer and customer perceptions is mixed, but, on balance, we find that CWLDLP should be treated as a single domestic like product. ERW line pipe and SAW line pipe share the same general physical characteristics and are used primarily for the same general purpose, namely the transmission of oil and gas. The record reflects at least a moderate degree of interchangeability between ERW and SAW line pipe, and producers and customers typically perceive ERW and SAW line pipe as meeting overlapping needs in the transmission of oil and gas and in structural applications. The evidence, on balance, supports the view that ERW line pipe and SAW line pipe represent a continuum of CWLDLP production.

ERW line pipe and SAW line pipe do not have common manufacturing facilities, employees, or methods. The weight we give this factor is lessened by the fact that, while a distinction may be drawn

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[45] We note that the use of multiple methods of manufacturing and/or finishing tubular products, sometimes as a reflection of dimensional requirements, is not unique to the line pipe industry in question. See, e.g., Certain Welded Stainless Steel Pipe from Korea and Taiwan, Invs. Nos. 731-TA-540 and 541 (Review), USITC Pub. 3351 at I-12 (Sept. 2000); Circular Seamless Stainless Steel Hollow Products from Japan, Inv. No. 731-TA-859 (Final), USITC Pub. 3344 at I-6 (Aug. 2000); Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final), USITC Pub. 3311 at I-13 (June 2000); Circular Welded Carbon Quality Line Pipe, Inv. No. TA-201-70, USITC Pub. 3261 at II-7 (Dec. 1999); Circular Welded Nonalloy Steel Pipe from Romania and South Africa, Invs Nos. 731-TA-732 and 733 (Final), USITC Pub. 2973 at I-5 (July 1996); and Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, Invs. Nos. 701-TA-363 and 364 & 731-TA-711-717 (Final), USITC Pub. 2911 at II-7 and II-14 (Aug. 1995).

[46] CR/PR at E-3-5 (producers), E-9-12 (importers), and E-18-19 (purchasers). Some of the questionnaire respondents noted caveats with respect to wall thickness and outside diameter. In addition, most responding purchasers characterized ERW and SAW pipe as broadly interchangeable, although this view was not universally held, particularly among purchasers concerned with the use of welded line pipe under extreme conditions. *Compare* the responses of ***, ***, ***, ***, ***, ***, and *** *with those of* ***, ***, and ***.

[47] CR/PR at E-7-8 (producers) and E-21-23 (purchasers). Importers generally described less competition between ERW and SAW pipe. CR/PR at E-15-17.

[48] CR at I-23, PR at I-15.

[49] Id.

between SAW and ERW manufacturing methods, similar distinctions also exist among various SAW manufacturing methods, thus blurring the significance of dividing lines with respect to this factor.[50] Also, while there was a price differential between ERW and SAW line pipe during the period examined, this differential declined sharply at the end of the period examined.

D. Domestic Industry

Section 771(4) of the Act defines the relevant industry as "the producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes the major proportion of that product."[51] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[52] Based on our definition of the like product, we find that the domestic industry consists of all domestic producers of CWLDLP.[53]

II. CUMULATION[54]

A. In General

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like product in the U.S. market.[55] In assessing whether

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[50] CR at I-9-13, PR at I-7-11.

[51] 19 U.S.C. § 1677(4)(A).

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

[53] We note that one of the firms identified as a producer of CWLDLP (U.S. Steel) has its product produced by another firm (Camp Hill Corp.) under a toll processing arrangement. The Commission generally does not include tollees (such as U.S. Steel in this case) that merely supply raw materials and pay a fabrication fee in the domestic industry. It does include tollers (such as Camp Hill Corp. in this case) that engage in significant production activity. Ferrovanadium and Nitrided Vanadium From Russia ("Ferrovanadium"), Inv. No. 731-TA-702 (Review), USITC Pub. 3420 at 6, n. 34 (May 2001); but see, Ferrovanadium at 21-22 ("Separate Views of Commissioner Marcia E. Miller on the Definition of the Domestic Industry"); Furfuryl Alcohol from China and Thailand, Invs. Nos. 731-TA-703 and 705 (Review), USITC Pub. 3412 at 6, n. 23 (April 2001). No party raised the issue of toll production in these investigations. The record shows that the inclusion of financial data for Camp Hill Corp. in the data of the domestic industry, and the exclusion of the financial data for U.S. Steel, would not have any material effect on our consideration of the industry's overall performance. CR at VI-7-8, PR at VI-4-5, CR/PR at Table VI-2. We further note that there are no related party issues in these investigations.

[54] Commissioner Bragg notes that negligibility is not an issue in these investigations.

[55] 19 U.S.C. § 1677(7)(G)(i).

10

subject imports compete with each other and with the domestic like product,[56] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[57]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[58] Only a "reasonable overlap" of competition is required.[59]

B. Analysis

We find it appropriate to cumulate the volume and price effects of the subject imports from Japan and Mexico. The petitions in this investigation and the investigation concerning imports from Mexico were filed on the same day. Based on the record in these final investigations, we find that there is a reasonable overlap of competition between imports from the subject countries and between subject imports and the domestic like product.

First, as we did in the preliminary phase of these investigations, we find there is a moderate to high degree of fungibility between the subject imports and domestically produced CWLDLP, and between the subject imports.[60] The record indicates that CWLDLP is imported from Japan and Mexico within the same ranges of weld types, sizes, and grades of line pipe that are produced by the domestic industry.[61] Specifically, the record shows that there is considerable overlap between subject imports of

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[56] The Uruguay Round Agreements Act (URAA) Statement of Administrative Action ("SAA") expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." SAA, H.R. Rep. 316, 103d Cong., 2d Sess. at 848 (1994), citing, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

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

[58] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[59] See Goss Graphic System, Inc. v. United States, 33 F. Supp.2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[60] Preliminary Determination at 10.

[61] CR at I-14; PR at I-11-13; CR/PR at Table I-2 and Appendix D, Table D-1. U.S importers report that certain line pipe manufactured in Japan is not manufactured by any domestic producers. The Petitioners, however, have excluded some of these products from these investigations. CR at I-17-18, PR at I-13, CR/PR at Table I-3; Hearing

(continued...)

SAW pipe and domestically produced SAW pipe, and between subject imports of SAW pipe from Japan and Mexico. SAW line pipe comprised more than half of U.S. shipments of domestically produced CWLDLP, almost half of U.S. shipments of subject imports from Japan, and nearly all of U.S. shipments of subject imports from Mexico from 1998 to 2000. There also was considerable overlap between subject imports of ERW pipe from Japan and domestically produced ERW pipe throughout the period examined, although virtually no overlap between Japanese or U.S. product and subject imports of ERW pipe from Mexico after 1998.[62] The record also shows that more than half of all U.S. shipments of domestically produced CWLDLP and subject imports from Japan during 1998-2000 consisted of CWLDLP with outside diameters of 16 to 24 inches and 30 to 42 inches, as did 23 to 53 percent of all U.S. shipments of subject imports from Mexico during the same period.

When analyzed by grade, grades X-40-59 and grades X-60-69 together comprised 20 to 54 percent of all U.S. shipments of domestically produced CWLDLP, more than 81 percent of U.S. shipments of subject imports from Japan, and more than half of U.S. shipments of subject imports from Mexico during 1998-2000. On the whole, despite the more limited product mix available from Mexico, there is sufficient overlap between product from Mexico and, for the same grades and sizes, both U.S. and Japanese product. We therefore find that, on the balance, the record demonstrates a reasonable degree of overlap between and among the domestic like product and imports of the subject merchandise from Japan and Mexico.[63]

Moreover, subject imports from both countries and domestically produced CWLDLP made to the same specifications can be used interchangeably.[64] Both U.S. producers and importers found domestically produced CWLDLP and subject imports to be always or sometimes interchangeable in most cases and reported using CWLDLP from all sources in the same applications.[65] Specifically, the majority of U.S. producers found domestically produced CWLDLP, Japanese CWLDLP, and Mexican CWLDLP to be always interchangeable with each other. The majority of U.S. importers generally agreed with the U.S. producers that CWLDLP from the United States, Japan, and Mexico is interchangeable, but not to the same degree. They found subject imports from Japan and domestically produced CWLDLP to be always or sometimes interchangeable, and their interchangeability to be limited by the narrower range of line pipe products manufactured by the domestic industry.[66] Imports from Japan of products allegedly not produced in the United States accounted for only *** percent of total imports of CWLDLP from Japan in 1998, *** percent in 1999, and *** percent in 2000.[67] The majority of U.S. importers also found that subject imports from Mexico were always or frequently interchangeable with domestically produced CWLDLP and always or sometimes interchangeable with subject imports from Japan, and that the interchangeability of subject imports from Mexico with both is limited only by certain buyers' perceptions that Mexican line pipe is of a lesser quality than domestically produced or Japanese line

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[61] (...continued)
Tr. at 16, 87-89.

[62] CR/PR at Table I-2; Appendix D, Table D-1. ERW line pipe comprised more than 29 percent of U.S. shipments of domestically produced CWLDLP and 50 to 55 percent of U.S. shipments of subject imports from Japan during 1998-2000, but it comprised only 15 percent of U.S. shipments of subject imports from Mexico in 1998 and *de minimis* levels of subject imports from Mexico during 1999 and 2000. Id.

[63] CR/PR at Appendix D, Table D-1.

[64] CR at I-14, PR at I-11-13.

[65] CR at II-8, II-10-11; PR at II-5, II-7; CR/PR at Table II-3.

[66] CR at II-10, PR at II-7, CR/PR at Table II-3.

[67] CR/PR at Table I-3, Table IV-1.

pipe.[68] However, record information suggests that subject imports from Mexico successfully competed with Japanese and domestically produced CWLDLP for pipeline project business during the period examined.[69]

Second, we find that there is a geographic overlap in sales both between the subject imports and with the domestic like product. The record indicates that the majority of U.S. imports of CWLDLP from both Japan and Mexico were entered through ports in Texas and Louisiana.[70] All U.S. producers reported having a geographic market encompassing the continental United States. Almost half of all U.S. importers importing the subject product also reported having market areas encompassing the continental United States, with the rest focusing their sales primarily in the southeastern and southwestern states.[71]

Third, we find that the domestic, Japanese, and Mexican CWLDLP were present to varying degrees in both the distributor and end-user/projects channels of distribution during the period examined. U.S. producers reported encountering and competing against subject imports from Japan and Mexico in both the distributor channel and the end-user/projects channel.[72] Specifically, the record shows that the majority of domestically produced CWLDLP was shipped to the end-user/projects channel throughout the period examined, while the majority of subject imports from Japan shifted from the end-user/projects channel in 1998 to the distributor channel by 2000 and interim 2001. The record also shows that all of the subject imports from Mexico were shipped to the distributor channel in 1998, then were nearly evenly split between the distributor channel and the end-user/projects channel in 1999 and 2000 before shifting almost completely to the end-user/projects channel in interim 2001.[73]

Finally, significant volumes of domestically produced CWLDLP and subject imports from Japan and Mexico were present in the United States throughout the period examined.[74]

In sum, we find that there is a reasonable overlap of competition between the subject merchandise from Japan and Mexico, and between subject imports and the domestic like product. Consequently, we cumulate subject imports from Japan and Mexico for purposes of this final determination on Japan.

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[68] CR at II-10-11, PR at II-7, CR/PR at Table II-3. In particular, *** reported that it did not consider any Mexican line pipe suppliers to be qualified to supply its pipeline projects. CR at II-10 n.15; PR at II-7 n.15. Mexican producer *** likewise reported that some U.S. construction companies consider Mexican pipe to be a lower quality product than Japanese line pipe. CR at II-11, PR at II-7.

[69] CR/PR at Table I-6. Petitioners testified at the hearing that they bid against the Mexican Respondents for nineteen projects and lost a Florida project being offered by Enron, a pipeline company, during the period examined. Hearing Tr. at 23, 124-25. They also noted that Mexican Respondent ***. Petitioners' Posthearing Brief at 14. See also Hearing Tr. at 217-18 (testimony of Mr. Camacho regarding projects awarded to PMT).

[70] CR at IV-15; PR at IV-12.

[71] CR at V-2; PR at V-1.

[72] Hearing Tr. at 23-24, 33, 36-37, 40, 93-94, 124-125, 127, 248-49, 255.

[73] CR at I-18, II-1; PR at I-15, II-1; CR/PR at Tables I-4, I-5, I-6. On a country-by-country basis in 2000, 74.5 percent of U.S. shipments of subject imports from Japan were to distributors and 25.5 percent were to end-users, whereas 49.2 percent of U.S. shipments of subject imports from Mexico were to distributors and 50.8 percent were to end-users. CR/PR at Table I-4. U.S. producers reported that 29.9 percent of their domestic CWLDLP shipments were to distributors, while 70.1 percent were to end-users. CR/PR at Table I-4.

[74] CR/PR at Tables IV-1, IV-2, IV-3. See also CR/PR Appendix D, Tables D-1, D-2, D-3.

13

III. MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[75] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[76] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[77] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[78] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[79]

For the reasons discussed below, we determine that the domestic industry is materially injured by reason of subject imports of CWLDLP from Japan that are sold in the United States at less than fair value.

A. Conditions of Competition

We find several conditions of competition relevant to our analysis in these investigations. CWLDLP is used primarily for the transmission of oil and gas in pipelines. As noted above, there are two types of purchasers of CWLDLP in the U.S. market, end-users who require CWLDLP for new pipeline projects and distributors who purchase CWLDLP and generally resell it to their own customers for the repair and maintenance of existing pipelines and, in some instances, for structural applications. There is greater demand volatility in sales to end-users than in sales to distributors.[80]

Questionnaire responses indicate that most sales of CWLDLP in the United States are made on a transaction-by-transaction basis, with project business typically involving a closed bidding process initiated by end-users, and maintenance, repair, and other business typically involving spot sales to distributors. In the former, an oil and gas transmission company formulates a technical plan for a particular project and issues RFQs to approved CWLDLP manufacturers, who in turn make bids for the project based on the project's estimated cost and their available production capacity. Over a period of one to two months, the oil and gas company reviews the initial bids and selects one or more manufacturers who are in compliance with the project's technical specifications and will offer the best value within the project deadlines. The CWLDLP manufacturer produces and delivers the line pipe six to twelve months after being awarded the purchase order.[81]

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[75] 19 U.S.C. § 1673d(b).

[76] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also, Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[77] 19 U.S.C. § 1677(7)(A).

[78] 19 U.S.C. § 1677(7)(C)(iii).

[79] Id.

[80] CR at II-1, PR at II-1.

[81] CR at V-4-5, PR at V-3-4. One large purchaser, ***, reported that it increasingly utilizes an on-line reverse auction to award its project business. As with the closed bidding process, the purchaser formulates a project plan, submits RFQs to qualified CWLDLP manufacturers, collects and reviews the manufacturers' technical proposals,

(continued...)

Because most CWLDLP is used in the transmission of oil and gas, demand for CWLDLP depends to a large degree on oil and gas prices and the level of activity in that sector. Following the completion of the Alliance Pipeline project in early 1999, project demand declined sharply as no other large-scale pipeline projects were initiated until the Gulfstream project was awarded in late 2000.[82] End users of CWLDLP products also began to consolidate rapidly during the remainder of the period examined.[83] Consequently, overall demand for CWLDLP in the United States declined between 1998 and 2000, and apparent U.S. consumption of CWLDLP decreased from *** short tons in 1998, to *** short tons in 1999, and *** short tons in 2000.[84] The decline in demand for CWLDLP in the latter part of the period examined appears to reflect a global phenomenon. Specifically, the domestic industry's export shipments of CWLDLP also fell, from 315,797 short tons in 1998, to 51,905 short tons in 1999, and to 10,085 short tons in 2000.[85] Similarly, Japanese exports of CWLDLP to non-U.S. markets declined by 482,108 short tons, from 775,443 short tons in 1998 to 293,335 short tons in 2000, while Mexican exports of CWLDLP to non-U.S. markets declined from *** short tons in 1998 to *** short tons in 2000.[86]

The largest supplier of CWLDLP to the U.S. market during the period examined was the domestic industry, which held as much as *** percent of the market in 1999.[87] However, the domestic industry's share of the U.S. market fell to *** percent in 2000.[88] The domestic industry's production capacity declined 2.3 percent from 1998 to 2000, but total production declined 73.5 percent in the same period.[89]

Nonsubject imports were an important source of CWLDLP during the period examined, falling from *** percent of apparent U.S. consumption in 1998, to *** percent in 1999, but then rising to *** percent in 2000.[90]

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[81] (...continued)
and selects qualified manufacturers to participate in an on-line bidding process. The purchaser then informs selected manufacturers of a ceiling price for each bid and then allows them to bid on specific portions of the project, called "lots," for 15 minutes. During this time, the manufacturers may view their competitors' bids on-line but not their identities, and they may bid more than once, though each of their successive bids must be lower than their previous one. However, no manufacturer is required to submit a market-leading bid. If a market leading bid is submitted near the end of the bidding period, the purchaser may extend the bidding period by another 10 to 15 minutes to allow the manufacturers to rebid, if they choose. Once the bidding period closes, the purchaser reviews the final bids and chooses the bid or bids of the manufacturer who it believes will provide the best combination of cost and quality. The lowest bid frequently wins the project, though not always. This entire process can take 4 to 5 months. CR at V-5-6, PR at V-4-5.

[82] CR at II-4, V-17; PR at II-3, V-12.

[83] CR at II-4, PR at II-3.

[84] CR at II-4, PR at II-3, CR/PR at Table IV-4. Apparent U.S. consumption was substantially higher in the first half of 2001 (***) than in the first half of 2000 (***). Id.

[85] CR/PR at Table III-4.

[86] CR/PR at Tables VII-4 and VII-7. Importantly, Japanese and Mexican exports of CWLDLP to the United States experienced only modest declines during 1998-2000. Subsequent to the filing of the petition, exports from Japan declined. Id.

[87] CR/PR at Table IV-7.

[88] Id.

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

[90] CR/PR at Table IV-7.

15

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[91]

The absolute volume of subject imports declined from 241,691 short tons in 1998 to 173,525 short tons in 1999, but then increased to 200,689 short tons in 2000.[92] The subject imports' share of apparent U.S. consumption similarly declined from *** percent in 1998 to *** percent in 1999, but then rose to *** percent in 2000.[93] These trends, and in particular the rise in subject import market share, occurred as apparent U.S. consumption declined by *** percent, from *** short tons in 1998 to *** short tons in 2000, and as the domestic industry's share of apparent U.S. consumption sharply declined from *** percent in 1999 to *** percent in 2000.[94]

Over the interim periods, subject imports declined from 126,655 short tons with a market share of *** percent in interim 2000, to 50,588 short tons with a market share of *** percent in interim 2001.[95] Apparent U.S. consumption rose from *** short tons in interim 2000, to *** short tons in interim 2001, and the domestic industry's market share rose from *** percent in interim 2000 to *** percent in interim 2001.[96]

Producers of the subject imports responded to the decline in U.S. and global demand for CWLDLP by increasingly concentrating sales of their product to distributors during the period examined. The record shows that U.S. shipments of cumulated subject imports to distributors increased steadily throughout the period examined. U.S. shipments of cumulated subject imports to end users declined overall during the same period, despite increasing relative to domestic sales to end users. In 1998, 45.0 percent of cumulated subject imports were directed to distributor sales and 55.0 percent were directed to end-user sales. As previously noted, project demand deteriorated in the U.S. market and globally after early 1999, after which the foreign producers shifted the composition of their subject imports in the U.S. market. During 2000, 72.2 percent of subject import sales were being directed to distributors and 27.8 percent were being directed to end-users.[97] The cumulated subject imports thus took distributor business away from the domestic industry, which had become increasingly reliant upon sales to distributors following the steep decline in project demand. The quantity of domestic producers' sales to distributors declined noticeably in 1999 and remained essentially flat in 2000, while their sales to end-users dropped off dramatically in 2000.[98]

Finally, we find it likely that the filing of the petition underlying these investigations contributed to the declining volumes of cumulated subject imports that were being shipped to both U.S. distributors and U.S. end-users when the interim periods are compared. In interim 2000, 81,506 short tons of cumulated subject imports were being directed to U.S. distributors, while 33,406 short tons were being directed to U.S. end-users. Following the filing of these petitions in January 2001, U.S. shipments of

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[91] 19 U.S.C. § 1677(7)(C)(i).

[92] CR/PR at Table IV-1.

[93] CR/PR at Table IV-7. Relative to production in the United States, the volume of subject imports was 20.0 percent in 1998 and 19.2 percent in 1999, but then soared to 62.6 percent in 2000. CR/PR at Table C-1.

[94] Id.

[95] CR/PR at Tables IV-1 and IV-7.

[96] CR/PR at Table IV-7.

[97] CR/PR at Table I-4.

[98] CR/PR at Table I-4.

cumulated subject imports to distributors fell 65.5 percent to 28,129 short tons and U.S. shipments of cumulated subject imports to end-users fell 26.9 percent to 24,413 short tons in interim 2001.[99] These declines occurred even though U.S. demand for CWLDLP recovered somewhat during interim 2001, as evidenced by the increased volumes of domestically produced CWLDLP being shipped to distributors and end-users over interim 2000 levels.[100] [101]

For all the reasons discussed above, in light of the increase in the volume of subject imports between 1999 and 2000, and the sharp increase in their market share in the same period, we find the volume of subject imports of CWLDLP to be significant.

C. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[102]

Subject imports and the domestic like product are generally substitutable, since API specifications establish a baseline, if not a standard, for sales in the United States. This substitutability, however, may be somewhat moderated by the fact that the domestic industry does not make some line pipe products and by the fact that the subject imports from Mexico are sometimes viewed as being less substitutable for the domestic like product than the subject imports from Japan.[103]

Prices for CWLDLP typically are established on a spot basis for sales to distributors, and through a standard closed bidding process for sales for use in the project portion of the market.

The Commission collected pricing data for a range of CWLDLP products. For each of the four products on which data was collected, domestic prices fluctuated but declined sharply through early 2001. The subject imports undersold the domestic product in 30 out of 46 calendar quarters in which

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[99] CR/PR at Table I-4.

[100] U.S. shipments of domestically produced CWLDLP to distributors increased from 44,195 short tons in interim 2000 to 89,078 short tons in interim 2001, or by 102 percent. Shipments of domestically produced CWLDLP to end-users displayed an even more dramatic increase, rising from 84,722 short tons in interim 2000 to 269,585 short tons in interim 2001, or by 218 percent. CR/PR at Table I-4.

[101] Concerning the events in 2000 in particular, we have considered the Respondents' arguments regarding market and customer segmentation, domestic producers' ability to supply distributors, and the duration of "peak" import levels. Respondents' Prehearing Brief at 58-79.

In light of the domestic industry's demonstrated ability to sell CWLDLP in virtually every grade and size range (CR/PR at Table D-1); the domestic industry's substantial available capacity in 1999 and 2000 relative to proven production levels (CR/PR at Table III-2) and evident ability to sell substantial volumes to distributors (CR/PR at Table I-4, comparing 1998 and 2001 to 1999 and 2000); and the sustained high market share held by subject imports in the first and second half of 2000 (CR/PR at Table IV-4), we do not share Respondents' view that there was no significant increase in the subject imports' volume and market share.

[102] 19 U.S.C. § 1677(7)(C)(ii).

[103] CR/PR at Tables I-3 and II-3. As discussed in part II-B of these Views, the volume of product not manufactured by U.S. producers and not excluded from the scope of these investigations is quite limited.

17

pricing comparisons were possible, generally by significant margins.[104] We also find it significant that the highest quarterly incidence of underselling occurred for those products (Products 1 and 3) in which import volumes were the highest.[105]

While we are mindful of the limited utility of data based on average unit values when assessing a product such as CWLDLP (where such average values can be influenced by changes in product mix and variations in grade), we note that such data at least generally confirm price trends. In these investigations, the average unit values of sales of both the domestic product and subject imports from Japan declined in each full year of the period examined.[106] The average unit values of subject imports from Mexico declined from 1998 to 1999, and then rose slightly in 2000, although remaining at relatively low levels.[107]

The record in these investigations contains evidence of sales lost by domestic producers. The confirmed instances of lost sales/revenues provide further support for the evidence of underselling arising from the pricing comparisons discussed above, particularly insofar as most of the instances of lost sales coincided with the decline in the domestic industry's performance in late 1999 and early 2000.[108]

In sum, we find that subject imports significantly undersold the domestic product during the period examined. In light of the general decline in price levels during most of the period examined, and the widespread underselling by subject imports, we find that imports of the subject merchandise depressed domestic prices to a significant degree.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[109] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor

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[104] The margins of underselling for imports from Japan averaged 13.4 percent for Product 1 and 8.4 percent for Product 3. The margins were *** percent in one quarter for Product 2 and *** percent and *** percent in two quarters for Product 4. The margins of underselling for imports from Mexico were *** percent and *** percent in two quarters for Product 1, *** percent in one quarter for Product 3, and *** percent for one quarter for Product 4. CR at V-8 and V-15, PR at V-6.

[105] Although prices for Products 1 and 3 recovered in interim 2001, that price recovery coincided with a sharp drop in subject import volumes. Furthermore, as noted above, we have discounted somewhat developments in interim 2001, which occurred after the filing of the petition leading to these investigations.

[106] The average unit values of U.S. shipments of the domestic product were $659.19 in 1998, $641.02 in 1999, and $565.88 in 2000. The average unit values of U.S. shipments of subject imports from Japan were $703.49 in 1998, $473.45 in 1999, and $451.08 in 2000. CR/PR at Table C-1.

[107] The average unit values of U.S. shipments of subject imports from Mexico were $532.03 in 1998, $449.57 in 1999, and $456.62 in 2000. Id.

[108] CR at V-22-24, PR at V-13, CR/PR at Table V-5 and Table V-6. In addition, petitioners' posthearing brief (at 13-14) describes one project that was awarded to a Mexican producer in 2000 on the basis of that producer's low bid, and notes that the award may be reversed as a result of any duties imposed pursuant to these investigations.

[109] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

18

is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[110] [111] [112]

Virtually all of the indicators of the domestic industry's condition deteriorated from 1999 to 2000, many of them very sharply. Modest improvements occurred in January-June 2001 (the period after the petition was filed and the volume of subject imports decreased) relative to January-June 2000. The domestic industry's operating income rose slightly between 1998 and 1999, as declining unit cost of goods sold ("COGS") more than offset a decline in unit sales values. In 2000, however, unit net sales decreased dramatically, while unit COGS and SG&A increased substantially, resulting in a significant operating loss. In the first half of 2001, decreasing unit COGS and SG&A contributed to a modest rebound in operating income levels.[113] The domestic industry's gross profitability increased somewhat from 1998 to 1999, became a loss in 2000 and interim 2000, and then showed signs of a moderate recovery in interim 2001.[114]

Domestic production capacity remained relatively stable throughout the period examined, yet capacity utilization declined sharply during the period examined before showing signs of recovery between the interim periods.[115] Domestic production of CWLDLP fell sharply, declining 25.5 percent from 1998 to 1999 and 64.5 percent from 1999 to 2000. Domestic production more than doubled

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[110] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[111] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its final antidumping determination for imports from Japan, Commerce assigned a margin of 30.80 percent to all respondents. This margin was based on the application of facts available and an adverse inference, and was the highest margin alleged in the petition. Notice of Final Determinations of Sales at Less Than Fair Value: Welded large Diameter Line Pipe From Japan, 66 Fed. Reg. 47172, 47173 (Sept. 11, 2001). In its preliminary antidumping determination for imports from Mexico, Commerce assigned a margin of 49.86 percent to all respondents. This margin was based on the application of facts available, and was based in part on information contained in the petition. Notice of Preliminary Determinations of Sales at Less Than Fair Value: Welded large Diameter Line Pipe From Mexico, 66 Fed. Reg. 42841, 42843 (Aug. 15, 2001).

[112] Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on the domestic producers. See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996); Anhydrous Sodium Sulfate from Canada, Inv. No. 731-TA-884 (Preliminary), USITC Pub. 3345 (Sept. 2000) at 11, n.63.

[113] The domestic industry's operating income rose from $56.8 million in 1998, to $62.2 million in 1999, before becoming an operating loss of $22.2 million in 2000. The domestic industry shifted from an operating loss of $12.8 million in interim 2000, to an operating income of $7.3 million in interim 2001. CR at VI-1, PR at VI-1, CR/PR at Table VI-1. Decreasing unit raw material costs between 1998 and 2000 were more than offset by increases in direct labor, factory overhead, and SG&A. CR/PR at Table VI-3.

[114] The domestic industry's gross profits rose from $82.4 million in 1998, to $98.0 million in 1999, before becoming a gross loss of $2.5 million in 2000. In interim 2001, the domestic industry returned to overall profitability, turning a gross profit of $22.7 million, as compared with a gross loss of $2.5 million in interim 2000. CR/PR at Table VI-1.

[115] Domestic production capacity hovered at about 2.3 million short tons from 1999 to 2000 and 1.2 million short tons between interim 2000 and interim 2001. However, capacity utilization declined from 51.0 percent in 1998, to 38.6 percent in 1999, 13.8 percent in 2000, and 13.5 percent in interim 2000 before recovering to 36.9 percent in interim 2001. CR/PR at Table III-2.

between the interim periods.[116] The domestic industry's end-of-period inventories declined in absolute terms between 1998 and 2000, but increased sharply relative to total shipments, rising from 8.3 percent to 16.8 percent.[117] The domestic industry's market share, as measured on the basis of apparent consumption quantity, rose from *** percent in 1998 to *** percent in 1999 before declining to *** percent in 2000. Market share rose between the interim periods, from *** percent in interim 2000 to *** percent in interim 2001.[118]

Other indicators of the performance of the domestic CWLDLP industry also declined as U.S. producers curtailed or suspended their CWLDLP production during the period examined. In particular, the employment of production-and-related-workers (PRWs), the number of hours worked by PRWs, and the total wages paid to PRWs all declined significantly from 1998 to 2000. However, each of these indicators showed some recovery when the interim periods are compared.[119] The productivity of U.S. producers' PRWs manufacturing CWLDLP followed an irregular pattern during the period examined, dropping by 20.0 percent from 1998 to 2000, but increasing by 57.9 percent between the interim periods.[120]

Only *** U.S. producers of CWLDLP reported having any research and development expenses during the period examined, but these expenses were ***.[121] Capital expenditures decreased slightly from 1998 to 1999, then declined significantly from 1999 to 2000 before recovering marginally between the interim periods.[122] Finally, several domestic producers reported that they experienced problems raising capital, making capital investments, and getting a return on their investments during the period examined. These problems included denial or rejection of investment proposals, lower credit ratings, cancelled or rejected expansion projects, rejected bank loans, and reduced capital investments.[123]

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[116] Domestic production of CWLDLP declined from 1.2 million short tons in 1998, to 902 thousand short tons in 1999, and 320 thousand short tons in 2000 before more than doubling from 156 thousand short tons in interim 2000 to 433 thousand short tons in interim 2001. CR/PR at Table III-2.

[117] The domestic industry's end-of-period inventory volumes were 97.8 thousand short tons in 1998, 53.7 thousand short tons in 1999, 54.3 thousand short tons in 2000, 60.9 thousand short tons in interim 2000, and 104.5 thousand short tons in interim 2001. CR/PR at Table III-5.

[118] CR at IV-11, PR at IV-11, CR/PR at Table IV-7.

[119] The average number of PRWs employed by the domestic industry declined from 1,318 in 1998, to 979 in 1999, and 520 in 2000, but rose from 518 in interim 2000, to 789 in interim 2001. The aggregate number of hours these PRWs worked declined from 2.7 million in 1998, to 1.9 million in 1999, and 899 thousand in 2000, but rose from 366 thousand in interim 2000, to 642 thousand in interim 2001. The aggregate wages paid to these PRWs likewise declined from $50.5 million in 1998, to $37.7 million in 1999, and $17.0 million in 2000, but rose from $8.8 million in interim 2000, to $15.9 million in interim 2001. CR/PR at Table III-6.

[120] Average worker productivity rose from 445.7 tons per 1,000 hours in 1998 to 482.4 tons per 1,000 hours during 1999 but declined to 356.5 tons per 1,000 hours in 2000. Average productivity increased significantly between the interim periods, rising from 427.1 tons per 1,000 hours in interim 2000 to 674.5 tons per 1,000 hours in interim 2001. CR/PR at Table III-6.

[121] Research and development expenses increased slightly from *** in 1998 to *** in 1999, then declined to *** in 2000. They increased from *** in interim 2000 to *** in interim 2001. CR/PR at Table VI-6.

[122] Capital expenditures declined from $13.7 million in 1998, to $12.6 million in 1999, then plummeted to $4.1 million in 2000. They increased from $1.76 million in interim 2000, to $1.84 million in interim 2001. CR/PR at Table VI-6.

[123] CR/PR at Appendix F; Hearing Tr. at 22, 27, 32.

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We recognize that the domestic industry's export sales declined during the period examined. Nonetheless, the most significant drop in export sales occurred between 1998 and 1999,[124] and thus did not coincide with the period in which the domestic industry's condition deteriorated the most, which occurred between 1999 and 2000, the time of the greatest increase in subject import penetration of the market.[125] In fact, the domestic industry's performance actually improved slightly from 1998 to 1999. The domestic industry also experienced a sharp drop in CWLDLP demand for project uses beginning in early 1999. As noted earlier, this drop in project-related demand made sales to distributors all the more important for the domestic industry. At the same time as project sales were declining, the low-priced subject imports were increasing and captured a greater share of sales to distributors.

We also recognize that there were large volumes of non-subject imports present in the U.S. market during the period examined, especially in 2000.[126] However, based on the limited data available for non-subject imports, there are some indications in the record that these non-subject imports were sold primarily for project uses,[127] and not to distributors, where the domestic industry suffered its most significant loss of sales.[128] We note also that the average unit value of non-subject imports in 2000 (the year in which the domestic industry's condition deteriorated) was considerably higher than that of subject imports, and in interim 2001, the average unit value of non-subject imports was considerably higher than that of the domestic like product.[129] Moreover, the trends in the average unit values of subject and non-subject imports between 1999 and 2000 were quite different.[130] Thus, the presence of nonsubject imports does not detract from our finding of both a significant volume of subject imports and significant underselling and price depressing effects caused by the subject imports, particularly in sales to distributors.[131]

In sum, the record indicates there have been significant increases in the volume and market share of the subject imports, and that the subject imports undersold the domestic merchandise and have had a significant depressing effect on domestic prices. Declining market share and lower prices led to

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[124] The domestic industry's export sales declined from 316 thousand short tons in 1998, to 52 thousand short tons in 1999 (the most profitable year of the period examined for the domestic industry), and to 10 thousand short tons in 2000. CR/PR at Table C-1.

[125] See *infra pp. 21-22,* the discussion of declining of global demand.

[126] Non-subject imports accounted for *** percent of apparent U.S. consumption in 1998, *** percent in 1999, and *** percent in 2000. CR/PR at Table C-1.

[127] Hearing Tr. at 122-23 (Schagrin and O'Leary); Petitioners' Posthearing Brief at Exhibits 17 and 18; Respondent *** Importers' Questionnaire Response at 7-8.

[128] CR/PR at Table I-4. See also, *infra p. 24*, the discussion of the impact that cumulated subject imports had on the domestic industry's distributor sales during the period examined.

[129] The average unit values of non-subject imports and subject imports in 2000 were *** and $451.84, respectively. CR/PR at Table C-1. Although we recognize the limited utility of average unit values, as stated earlier, we find such data are helpful in the evaluation of relative price levels.

[130] The average unit value of subject imports declined by 3.7 percent between 1999 and 2000, while the average unit value of non-subject imports increased by *** percent. CR/PR at Table C-1.

[131] The Petitioners noted that a large portion of the non-subject imports from Canada over the period resulted from a "successful" and "fair" bid by a Canadian producer to supply various segments of a "very complicated project". Petitioners' Posthearing Brief at A-28-29; Hearing Tr. at 120-23.

The Japanese Respondents pointed to data provided by one importer of CWLDLP from Canada, and to bid data from several purchaser questionnaire responses, for the proposition that non-subject imports from Canada were priced lower than subject imports. Japanese Respondents' Posthearing Brief at 11-13. These data are limited and do not provide a sufficient basis for us to form a general impression of the pricing of all non-subject imports. 21

financial losses and a decline in the overall condition of the domestic industry during the period. Accordingly, we find that the subject imports are having a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is materially injured by reason of imports of CWLDLP from Japan that are being sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on January 10, 2001, by Berg Steel Pipe Corp., Panama City, FL; American Steel Pipe Division of American Cast Iron Pipe Co., Birmingham, AL; and Stupp Corp., Baton Rouge, LA (collectively, "petitioners"). The petition alleges that an industry in the United States is materially injured or threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain welded large diameter line pipe (CWLDLP)[1] from Japan and Mexico. Information relating to the background of the investigations is provided below.[2]

Effective date	Action	*Federal Register* citation
January 10, 2001	Petitions filed with Commerce and the Commission; institution of Commission investigations	66 FR 4860, January 18, 2001
February 23, 2001	Commerce's notice of initiation of investigations	66 FR 11266, February 23, 2001
February 26, 2001	Commission's affirmative preliminary determinations	66 FR 13568, March 6, 2001
June 27, 2001	Commerce's affirmative preliminary determination with respect to Japan; scheduling of final phase of Commission investigations	66 FR 34151, June 27, 2001; 66 FR 35811, July 9, 2001
August 15, 2001	Commerce's affirmative preliminary determination with respect to Mexico	66 FR 42841, August 15, 2001
September 11, 2001	Commerce's affirmative final determination with respect to Japan	66 FR 47172, September 11, 2001
September 28, 2001	Commerce's notice of postponement of final determination with respect to Mexico	66FR 49634, September 28, 2001
October 9, 2001	Commission's hearing[3]	Not applicable
October 25, 2001	Commission's vote with respect to Japan	Not applicable
October 25, 2001	Commission's final determination on Japan sent to Commerce	Not applicable
December 28, 2001	Scheduled date for Commerce's final determination with respect to Mexico	Not applicable

[1] The product covered by these investigations is certain welded carbon and alloy steel line pipe, of circular cross section and with an outside diameter (OD) greater than 16 inches (406.4 mm), but less than 64 inches (1,625.6 mm), whether or not stenciled. The product is provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the Harmonized Tariff Schedule of the United States (HTS). A complete description of the imported product subject to investigation is presented in the section of this report entitled *The Product.*

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

[3] A list of witnesses appearing at the hearing appears in appendix B.

ORGANIZATION OF THIS REPORT

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.*
> . . .
> *In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*
> . . .
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to . . . (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

Information on the subject merchandise, margins of dumping, and domestic like product is presented in Part I. Information on conditions of competition and other relevant economic factors is presented in Part II. Part III presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. The volume and pricing of imports of the subject merchandise are presented in Parts IV and V, respectively. Part VI presents information on the financial experience of U.S. producers. The statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury are presented in Part VII.

SUMMARY DATA

A summary of data collected in these investigations is presented in appendix C.[4] Except as noted, U.S. industry data are based on questionnaire responses of seven firms accounting for all known domestic production of CWLDLP for the period January 1998-June 2001, the period for which data were gathered in these investigations. U.S. imports of CWLDLP are based on official Commerce statistics, adjusted by questionnaire data to eliminate products that Commerce excluded from the scope of the investigations.

PREVIOUS INVESTIGATIONS

The Commission has conducted two other investigations concerning welded large diameter line pipe. In 1984 the Commission conducted an antidumping duty investigation of *Large Diameter Carbon Steel Welded Pipes from Brazil*, investigation No. 731-TA-183 (Preliminary), USITC Publication 1524, May 1984. The Commission terminated the final investigation in that case after petitioner (Berg Steel Pipe) withdrew its petition.[5]

Also in 1984, the Commission completed a safeguard investigation of *Carbon and Certain Alloy Steel Products*, investigation No. TA-201-51, USITC Publication 1553, July 1984. The Commission determined that an industry producing pipes and tubes (including CWLDLP) was not seriously injured by reason of increased imports of the subject product.

THE PRODUCT

Commerce has defined the imported product subject to the scope of its investigations as--[6]

. . . certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute (API) specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications.

Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe and the following size/grade combinations of line pipe:

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[4] Includes data for the U.S. markets for potential alternative domestic like products.

[5] 50 FR 10118, March 13, 1985.

[6] The full statement of the scope and, thus, of the product subject to investigation is contained in Commerce's notices (*see* appendix A).

I-3

- *Having an OD greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.*
- *Having an OD greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.*
- *Having an OD greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater.*
- *Having an OD greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater.*
- *Having an OD greater than or equal to 42 inches and less than 64 inches, with wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater.*
- *Having an OD equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X-80 or greater.*[7]

DOMESTIC LIKE PRODUCT

In making its injury determinations the Commission first determines the domestic like product. The Act defines "domestic like product" as "a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" (19 U.S.C. § 1677(10)). In these investigations, petitioners have argued, on the basis of the factors the Commission considers in analyzing like product issues, that there should be a single like product: large diameter line pipe greater than 16 inches in OD.[8] Respondents have argued that the Commission should find that electric resistance welded (ERW) line pipe and submerged arc welded (SAW) line pipe are separate like products.[9] In its 1984 preliminary investigation of large diameter carbon pipe from Brazil, the Commission found one like

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[7] The subject product is provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the HTS. Although the HTS subheadings are provided for convenience and Customs purposes, the written description of the scope is dispositive. The 2001 column 1 duty rates on goods entering under those subheadings are 0.6 percent *ad valorem* for carbon steel and 1.5 percent *ad valorem* for alloy steel for Japanese products, and 0.3 percent *ad valorem* for carbon steel and 0.9 percent *ad valorem* for alloy steel for eligible goods of Mexico under the North American Free Trade Agreement.

[8] February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, p. 4.

[9] February 5, 2001, postconference brief of Arent Fox on behalf of Kawasaki Steel Corporation (Kawaski), Nippon Steel Corporation (Nippon), NKK Corporation (NKK), and Sumitomo Metal Industries, Ltd. (Sumitomo) (collectively "Japanese Respondents"), p. 30; and postconference brief of White & Case on behalf of Procarsa SA de CV (Procarsa), Productora Mexicana de Tuberia SA de CV (PMT), Tubacero SA (Tubacero), Tuberia Laguna SA de CV (Tuberia Laguna), and Tubesa SA de CV (Tubesa) (collectively "Mexican Respondents"), p. 3.

I-4

product consisting of "large-diameter carbon steel welded pipes which exceed 16 inches in outside diameter."[10]

Regarding its like product determinations, the Commission considers whether there should be separate domestic like products based on a number of factors including (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and where appropriate, (6) price. Information gathered during these investigations on the like product factors is presented below.

Physical Characteristics and Uses

Steel pipes and tubes are made in circular, rectangular, or other cross sections and can be divided into two general categories according to the method of manufacture--welded or seamless.[11] AISI has defined six end-use categories: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil-country tubular goods (OCTG).[12] AISI further defines line pipe as follows:

> *Line pipe.*–Used for transportation of gas, oil or water generally in a pipeline or utility distribution system. It is produced to American Petroleum Institute (API) and American Water Works Association (AWWA) specifications.[13]

The API designates standards for different classes and grades of line pipe according to types, sizes, and strengths. API specification 5L provides standards for "pipe suitable for use in conveying gas, water, and oil in both the oil and natural gas industries."[14] CWLDLP is line pipe with an OD greater than 16 inches but less than 64 inches (excluding water pipe as specified by the AWWA and certain size/grade combinations of line pipe).

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[10] *Large Diameter Carbon Steel Welded Pipes from Brazil*, Inv. No. 731-TA-183 (Preliminary), USITC Publication 1524, May 1984, p. 4. The Commission also found that the subject products "are produced to American Iron and Steel Institute (AISI) specifications and are used primarily as line pipes," and that "(l)ine pipes are used for the transportation of gas, oil, or water generally in a pipeline or utility distribution system." Id.

[11] Welded pipe more commonly is used to transport liquids at or near atmospheric pressure. Seamless pipe is more commonly used in demanding applications that require exceptional strength, high pressure containment, and a great degree of reliability. U.S. Steel is the only known U.S. producer capable of manufacturing seamless large diameter line pipe. It can make pipe up to 24 inches OD at its Lorain, OH, facilities (January 24, 2001, amendment to the petition, p. 2).

[12] Standard, line, and pressure pipe are generally intended to convey substances and are typically tested and rated for their ability to withstand internal hydrostatic pressure. Structural pipe and tubing is used for construction and load-bearing purposes. OCTG are steel pipes and tubes used in the drilling of oil and gas wells and in conveying oil and gas to ground level.

[13] *Instructions For Reporting Steel Shipment Statistics*, AISI, January 1988.

[14] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, p. 1. The specification covers seamless and welded steel line pipe.

Carbon and alloy steels[15] are the most common materials for line pipe because of their high strength and moderate costs. Oil and natural gas are usually transported from wells to treating or storage facilities through short pipelines, commonly known as transfer lines or flow lines. In contrast, transmission lines are primarily used for long distance transportation of oil, natural gas, and petroleum products. The most serious pipeline-related problems associated with oil and natural gas transportation stem from the impurities produced with the hydrocarbons. Water, hydrogen sulfide, carbon dioxide, and oxygen can corrode the metal and weaken pipes and equipment.

According to the National Association of Steel Pipe Distributors (NASPD), ERW pipe is:

- normally produced in sizes from 2-3/8 inches through 24 inches OD;
- primarily used as API line pipe for the transmission of gas and oil, and is also used for the transmission of water, under AWWA specifications, as piling and slurry pipe and in mechanical applications; and
- purchased by oil companies, steel fabricators, piling contractors, dredging contractors, pipe distributors, and pipe line companies.[16]

NASPD reports that SAW pipe is:

- produced in sizes from 18 inches through 72 inches OD and from 0.250 inch through 1.5 inches in wall thickness;
- used in high pressure gas and oil transmission lines (both onshore and offshore), structural members, and pipe piles;[17] and
- purchased by liquid and gas transmission companies, hammer companies, construction contractors, platform fabricators, and pipe distributors.

Petitioners argue that the uses of ERW and SAW pipe, i.e., the transmission of oil and natural gas, are exactly the same regardless of the production process.[18] Respondents allege that the more expensive SAW pipe is designed for more demanding operating conditions including high pressure, extreme temperatures, and chemically corrosive environments. Examples include deepwater and arctic transportation projects. The lighter wall, cheaper ERW pipe is suitable for less demanding applications,

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[15] The AISI defines *carbon steels* as all ferrous materials other than alloy and stainless steel which are usefully malleable and which contain by weight 2 percent or less of carbon. Small quantities of certain residual elements, such as copper and nickel, are considered as incidental. It defines *alloy steels* as steels which do not comply with the definition of stainless steel and contain specific shares, by weight, of a variety of elements including aluminum, boron, chromium, cobalt, copper, lead, manganese, molybdenum, nickel, niobium, and silicon. These elements serve to improve the hardenability and toughness of the steel. It further defines *stainless steels* as alloy steels containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium with a minimum of 50 percent of iron. (*Instructions For Reporting Steel Shipment Statistics*, AISI, January 1988.)

[16] *Tubular Products Manual*, NASPD, 1996, pp. 5-6.

[17] Id., p. 6. NASPD also reports that "(w)ith the development of the SAW process, the production of large hot rolled coils of sufficient width and the development of dependable non-destructive testing methods, it is now possible to produce spiral weld pipe for high pressure service." Id., p. 7.

[18] February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, p. 5.

including projects in shallow water and low-pressure operating conditions. ERW pipe is available in longer lengths, which may reduce field welding costs and lower long-term maintenance expenses.[19]

Manufacturing Processes, Facilities, and Production Employees

The API 5L specification provides for a number of line pipe manufacturing processes as follows:[20]

Without filler metal–

- *Electric welding.*–Process of forming a seam by electric-resistance or electric-induction welding wherein the edges to be welded are mechanically pressed together, and heat for welding is generated by the resistance to flow of the electric current.
- *Laser welding.*–Process that uses a laser beam and a keyholing technique to produce melting and coalesence of the edges to be welded. The edges may be preheated. Shielding is obtained entirely from an externally supplied gas or gas mixture.[21]

With filler metal–[22]

- *Submerged-arc welding.*–Process that produces coalescence of metals by heating them with an arc or arcs between a bare metal consumable electrode or electrodes and the work. The arc and molten metal are shielded by a blanket of granular, fusible material on the work. Pressure is not used, and part or all of the filler metal is obtained from the electrodes.

The API specifications permit both ERW and SAW processes in all grades and classes of large diameter line pipe.[23] The ERW process is suitable for thinner-walled and smaller diameter pipes[24] and the SAW process is mainly used for larger diameter pipes.[25] Because of different equipment and procedures, domestic producers manufacture CWLDLP using either the ERW or the SAW process. Four of five producers/exporters in Mexico likewise produce the subject products using either process, while

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[19] February 5, 2001, postconference brief of Arent Fox on behalf of Japanese respondents, p. 35.

[20] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, pp. 5-6.

[21] Laser welding was recently included in the API 5L standard, effective July 1, 2000 (February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, exhibit 13).

[22] The API specification also allows the gas metal-arc welding (GMAW) process, which is similar to the SAW process except that the weld is shielded by an external flow of inert gas mixture. This process is used principally in pipe less than or equal to 16 inches OD.

[23] *Specification for Line Pipe*, API Specification 5L, 42 edition January 2000, table 1, p. 36.

[24] United States Steel, *The Making, Shaping and Treating of Steel*, 10th Edition, p. 1029.

[25] The SAW process is commonly referred to as double submerged arc welding (DSAW). Both names refer to essentially the same process.

the four known producers/exporters in Japan use both processes.[26] Table I-1 presents available information relating to domestic and foreign producers' production capabilities.

Line pipe of virtually any size is produced from rolled-steel plate of weldable quality. The sequence of operations to produce CWLDLP from steel plates includes forming and welding of the steel pipe, sizing or expanding of the pipe to the designed diameter (for heavy-walled), and finishing operations. The two major processes are described below.

SAW Pipe[27]

The API 5L specification provides for a number of SAW pipes as follows:

(1) Longitudinal SAW pipe.–Pipe that has one longitudinal seam produced by the automatic SAW process. At least one pass shall be on the inside and at least one pass shall be on the outside. (This pipe is also known as SAW pipe).

(2) Double seam SAW pipe ("DSSAW").–Pipe that has two longitudinal seams produced by the automatic SAW process.

(3) Helical SAW pipe.–Pipe that has one helical seam produced by the automatic SAW process. (This type of pipe is also known as spiral weld pipe).[28]

Forming stage

SAW pipe is produced from steel plate which is cut to length and, one length at a time, proceeds through various steps including (a) shearing and edge planing to ensure that the plate is flat and aligned so that the two edges of the steel plate are parallel and square with the ends, (b) crimping or pre-bending of the plate edges in order to avoid a flat surface along the seam of the pipe, and (c) bending the plate to the desired form. The SAW manufacturing process is graphically depicted in figure I-1.

The two primary methods of shaping line pipe in the SAW process are the pyramid rolling and the U-O-E methods. The pyramid rolling machine consists of an elongated three-roll bending apparatus with the two bottom rolls fixed and the top roll movable along a vertical plane. The flat-rolled steel is moved into position beneath the top roll, and through the proper combination of force and counterpressure, the steel is shaped into a cylinder around the top roll. The edges of the pipe are formed

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[26] The Mexican producer Tubacero produces ERW and SAW pipe at the same manufacturing facility, while two of the four producers in Japan, Kawaski and Sumitomo, utilize both the ERW and SAW processes at the same manufacturing facility. *Pipe and Tube Mills of the World*, pp. 252-309 (January 22, 2001, amendment to the petition, attachment 7).

[27] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, p. 5.

[28] The 344-mile Vector gas pipeline (Joliet, IL, to St. Clair River, Ontario) has been supplied principally by two CWLDLP producers in Canada, IPSCO and Welland Pipe, Ltd. The pipeline is being constructed of *** line pipe manufactured by the two Canadian producers using the spiral DSAW process. February 8, 2001, staff interviews with ***. *** also reported that pipeline design engineers for U.S. oil and gas pipeline companies have a preference for longitudinal DSAW pipe. However, he noted that spiral DSAW pipe produced by *** was sold for use in the Gulf of Mexico 20 years ago.

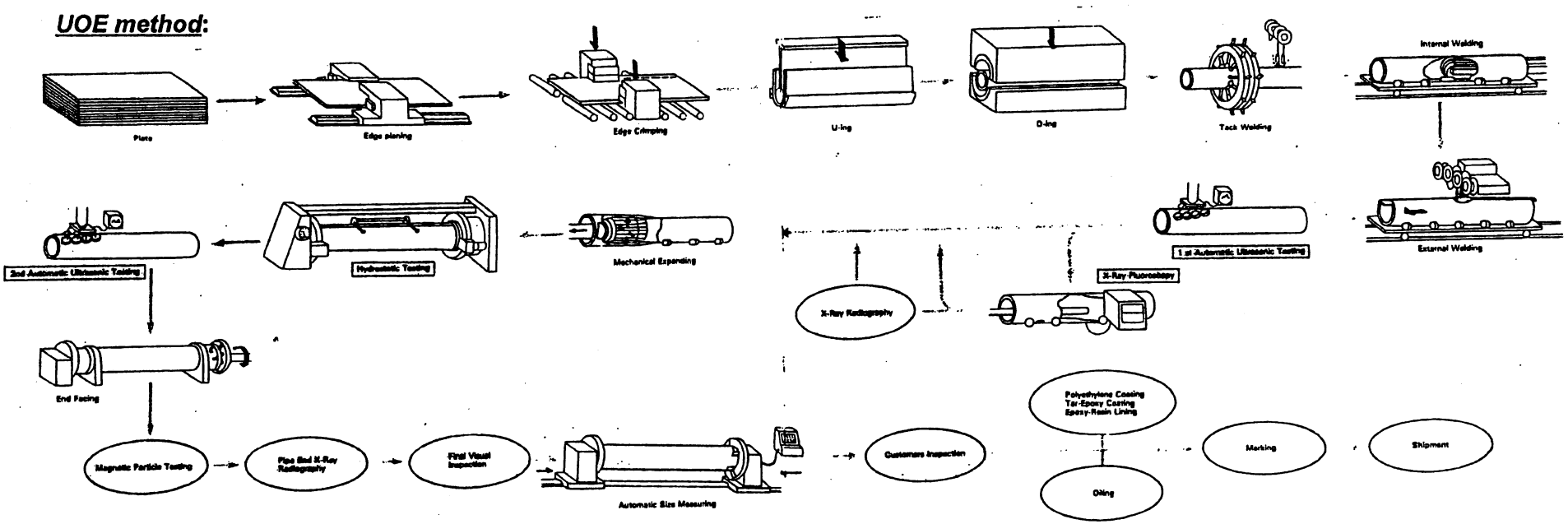
Table I-1
CWLDLP: Producers' production capabilities, by country and specifications

Country/firm	Production process	Size (*inches OD*)	Wall thickness (*inches*)	Length (*feet*)	API specification/grades
UNITED STATES:					
American	Continuous-line (CL) ERW	18 - 24	.219 - .625	25 - 85	API5L B, X42-X80
Berg	Pyramid-rolling SAW	24 - 64	.312 - 1.375	20 - 40	API 5L B, X42-X70, PSL 1 & 2
Bethlehem	U-O-E SAW	20 - 42	.281 - 1.000	25 - 81	API 5L A, B, X42-X70
Napa	U-O-E SAW	18 - 42	.250 - 1.000	40 - 80	API 5L B, X42-X80
SAW Pipes	U-O-E SAW	24 - 48	.250 - 1.000	36 - 80	API 5L A, B, X42-X80
Stupp	CL ERW	18 - 24	.250 - .562	20 - 85	API 5L B, X42-X70
U.S. Steel	CL ERW	18 - 20	.188 - .406	16 - 80	API 5L B, X42-X70
JAPAN:					
Kawasaki	CL ERW	18 - 26	.219 - .688	18 - 66	API 5L B, X42-X70
	U-O-E SAW	20 - 64	.250 - 1.75	40 - 60	API 5L B, X42-X80
Nippon	ERW	18 - 24	.18 - .87	18 - 60.2	API5L B, X42-X80 and above
	U-O-E SAW	18 - 56	.25 - 1.57	29.6 - 60.9	API5L B, X42-X80 and above
Sumitomo	ERW	18 - 24	.20 - .75	40 - 60	API5L B, X42-X80 and above
	U-O-E SAW	18 - 56	.25 - 1.575	40 - 60	API5L B, X42-X80 and above
NKK	ERW	18 - 24	.109 - .752	20 - 60	API5L B, X42-X80
	SAW	18 - 56	.236 - 2.0	20 - 60	API5L B, X42-X80 (X100)
MEXICO:					
PMT	SAW	18 - 48	.25 - 1.125	39 - 41	API5L B, X42-X70, PSL1 & 2
Procarsa	ERW	18 - 20	.25 - .50	20 - 60	API5L B, X42-X65
Tubacero	CL ERW	18 - 42	.219 - 1.125	20 - 50	API5L B, X42-X80
	Pyramid-rolling SAW	20 - 48	.219 - 1.0	20 - 50	API5L B, X42-X80
Tuberia Laguna	CL ERW	18 - 24	.25 - .50	20 - 40	API5L B, X42-X60
Tubesa	Spiral SAW	20 - 80	.312 - 1.0	20 - 50	API5L B, X42-X65

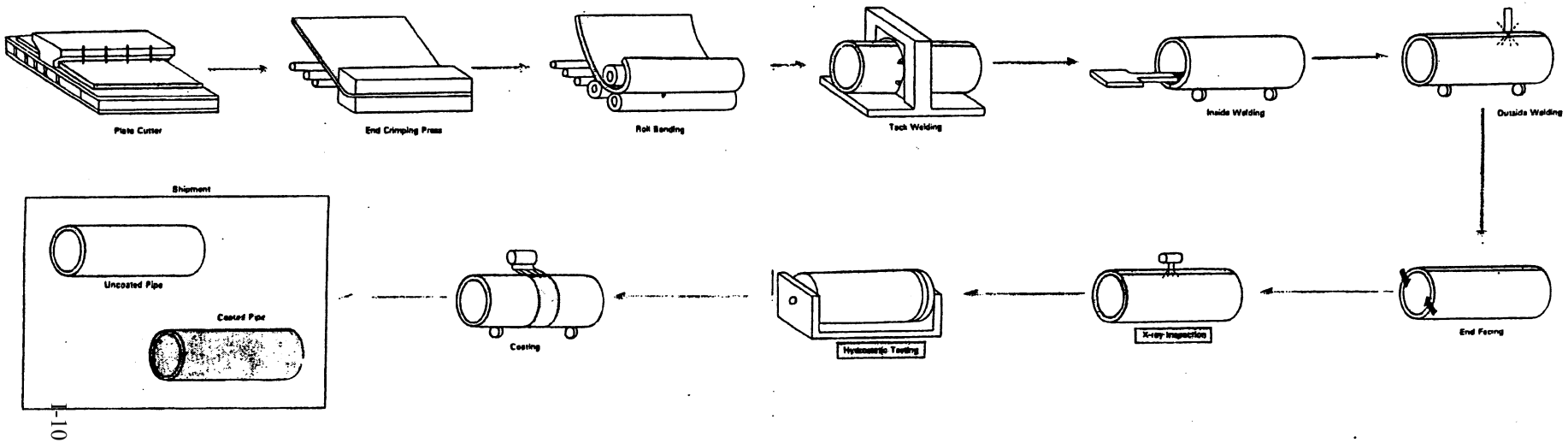
Source: Compiled from data submitted in response to Commission questionnaires and available company websites.

Figure I-1
SAW manufacturing processes

***UOE method*:**



***Bending (pyramid) rolled method*:**



Source: Kawasaki line pipe catalog, pp. 22-25.

I-10

by a continuous crimping machine, which prepares the edges for welding. When this is accomplished, the pipe is welded along the joint axis. Finally, the pipe is sized to ensure that it meets specifications on roundness and diameter at the ends. The sizing machine consists of a top and bottom roll shaped to the desired configuration of the pipe. Pressure is applied on the top roll to exert a force on the pipe as it is passed between the two rolls.

In the U-O-E method, the plate is crimped by bending the edges upward; it then enters the U-press, where a die bends it into a "U" shape. Next, the "U" enters the O-press, where the walls of the "U" are forced downward, resulting in an "O" shaped pipe. The pipe is then welded along the joint axis. In order to round the pipe and to ensure proper yield strength (which may be reduced in the O-press), two methods of expansion are utilized–mechanical and hydraulic. In the mechanical expander, the pipe is moved over a head mechanism with symmetrical segments that can exert force on the inside of the pipe, thereby causing it to expand. In the hydraulic expander, the pipe is closed at both ends, filled with water, and then pressurized. Under high pressure, the pipe expands to fill outside dies of the desired size. The pipe is then tested and inspected.

Welding stage

The metal edges are heated with an electric arc between the edges and a consumable electrode or electrodes. The weld is blanketed by a shield of granular, fusible flux to protect the hot weld from chemically reacting with the surrounding air. Filler metal comes from the electrodes. Pipes are usually welded on both the outside and inside of the same seam.

Following the welding process, the scaly deposit left from the flux must be scraped away and the pipe cleaned. The weld is then inspected to correct any defects. Specific heat treatments can be performed to achieve the desired physical properties for the weld section.

Sizing or expanding, testing, and finishing stage

Subsequent to the welding stage, the final diameter for the pipe is obtained by means of a hydraulic press that forces the pipe shell against an outside retaining jacket. Alternatively, expansion can also be achieved mechanically by inserting a mandrel inside the pipe. Following this stage, the pipe may be subject to various tests including hydrostatic testing and X-ray examination of the weld in order to detect any defects and, if desired, would undergo the finishing of the ends of the pipe.

ERW Pipe

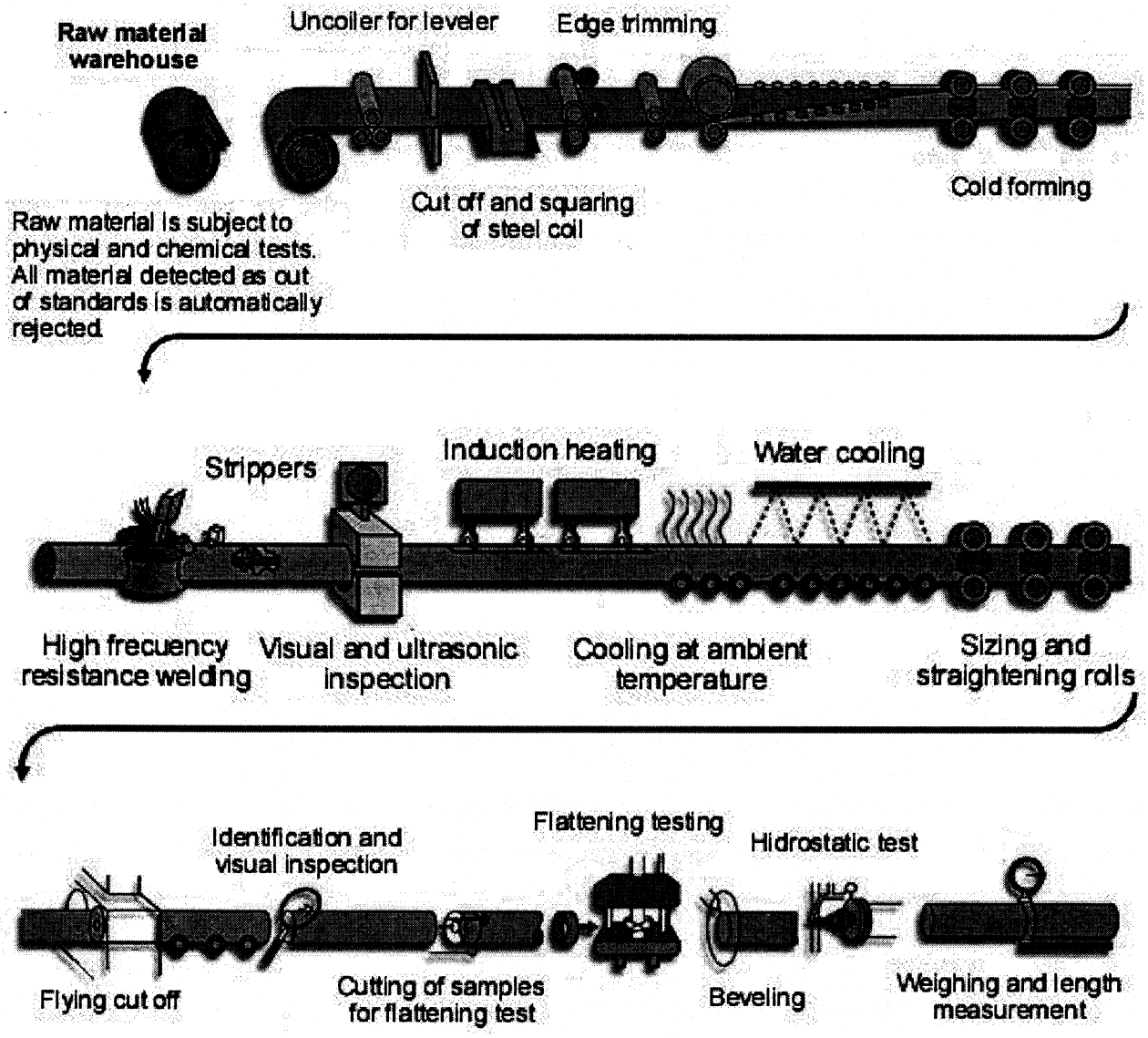
ERW pipe is formed from hot-rolled coil produced on a hot-strip mill. In the forming stage of ERW pipe, a single-width strip is used. The width of the strip is equal to the perimeter of the pipe to be welded. The strip is continuously formed into a circular shape by shaped rolls. In the welding stage, the still-unwelded pipe is heated by electric resistance or electric induction to the desired temperature, and the formed edges are then mechanically pressed together to form a seam. This welding process does not need a filler metal. The last phase, testing and finishing, is essentially similar to that of the SAW production process. The ERW manufacturing process is graphically depicted in figure I-2.

Interchangeability and Customer and Producer Perceptions

Generally, foreign and domestic CWLDLP can largely be used interchangeably, depending on the specifications set out by the customer. Engineering design and specifications limit the

I-11

Figure I-2
ERW manufacturing process



Source: Tuberia Laguna website, *www.tuberialaguna.com*.

I-12

interchangeability between pipe of different sizes and between carbon and alloy steel. Data concerning U.S. shipments of domestically produced and imported CWLDLP, by type of weld, grade, and size, are presented in table I-2. The data indicate that CWLDLP is imported from Japan and Mexico within the same range of types, grades, and sizes. For most subject product, there does not appear to be a high degree of differentiation between foreign and U.S.-produced pipe based on the type of production process or on the basis of quality.[29]

In these investigations, the Japanese and Mexican respondents argue that ERW large diameter line pipe and SAW large diameter line pipe are two different products, each having different physical characteristics and uses, each utilizing different manufacturing methods and facilities, and each utilizing different production related employees. Firms were asked in the Commission's questionnaires to comment on the differences and similarities in terms of characteristics and uses, manufacturing processes, and competition with respect to ERW line pipe versus SAW line pipe. The responses of firms are presented in appendix E and are summarized below.

Both U.S. producers and U.S. importers generally agree that the physical and metalullurgical properties of ERW and SAW line pipe are similar and both are manufactured according to API 5L specifications. The typical response to differences between the two weld types was in terms of the use of different raw material inputs (hot-rolled coil for ERW versus cut-to-length plate for SAW) and pipe size (ERW pipe offered in outside diameters of 26 inches or less with lighter wall thicknesses). Few firms indicated that the two products are interchangeable in terms of uses, and those that did indicated that such interchangeability could only occur within compatible size ranges, grades, and wall thicknesses.[30] Firms generally agree that there is little similarity in the manufacturing process used to produce ERW line pipe and that which is used to produce SAW line pipe. The typical response by most firms was that the two manufacturing processes--ERW and SAW--are completely different and have practically no similarity in terms of production inputs, machinery and equipment used, or skilled labor. In comparing the differences and similarities in competition between ERW and SAW line pipe, firms generally stated that the two products compete in the overlapping outside diameter range of 16 inches to 24 inches that is available from U.S. CWLDLP producers. Several firms noted that because of the price differential, SAW line pipe cannot compete with ERW line pipe economically.[31]

Respondents argue that there are many subject products that are not available from U.S. producers. In the Commission's questionnaire, U.S. importers were asked if there are any types of CWLDLP which they import into the U.S. market that U.S. manufacturers do not currently manufacture. Six U.S. importers responded in the affirmative, citing the products imported, the source of such imports, and the quantity and value of such imports during the periods for which information was requested in the questionnaire.[32] The data reported are shown in table I-3.

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[29] See appendix tables D-1, D-2, and D-3 for detailed data on U.S. shipments of domestic and imported product, by weld types, grades, and sizes, during 1998-2000 and the January-June periods of 2000 and 2001.

[30] Petitioners argue that all large diameter line pipe products have the exact same physical characteristics and are all made to identical API specifications, which do not differentiate based on manufacturing process. Petitioners contend that "given the complete overlap in specification," ERW and SAW line pipe have the same end uses. (See hearing transcript, pp. 16 and 17.)

[31] Petitioners argued that, while there used to be significant price differences between ERW and SAW line pipe, such price differences have narrowed to the point where they are not substantial. (See hearing transcript, p. 20.)

[32] These firms include ***.

Table I-2
CWLDLP: Shares[1] of U.S. shipments of domestically produced and imported products, by weld types, grades, and sizes, 1998-2000 and January-June 2001

Item	Source											
	U.S.-produced				Japan				Mexico			
	1998	1999	2000	2001[2]	1998	1999	2000	2001[2]	1998	1999	2000	2001[2]
Weld type:												
ERW	39.8	29.5	47.0	38.4	54.9	49.6	52.4	76.7	15.0	0.9	0.1	0.0
SAW	60.2	70.5	53.0	61.6	45.1	50.4	47.6	23.3	85.0	99.1	99.9	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grade:												
X40-X59	14.1	10.4	20.5	13.3	53.4	63.0	78.8	78.2	92.3	49.4	44.9	0.3
X60-X69	26.5	10.1	33.6	26.0	31.7	20.5	13.1	5.5	7.7	3.4	5.8	98.2
X70-X79	58.0	78.4	40.7	59.6	8.6	6.8	1.8	13.1	0.0	47.3	49.3	1.5
X80 and above and other	1.4	1.1	5.2	1.1	6.2	9.7	6.4	3.2	0.0	0.0	0.0	0.0
Total	100.0	100.0	96.7	99.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Size:												
>16in. ≤24in. OD	41.2	30.8	58.5	40.7	69.9	37.4	53.8	52.7	38.9	6.2	5.3	98.2
>24in. ≤30in. OD	19.1	4.2	23.3	14.5	18.2	28.8	16.8	35.1	41.9	62.1	62.3	0.0
>30in. ≤42in. OD	36.7	63.8	13.8	42.7	6.8	22.6	23.6	11.3	14.2	16.3	25.6	1.5
>42in. ≤64in. OD	3.0	1.1	4.4	2.0	5.0	11.2	5.8	1.0	5.0	15.3	6.7	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Shares are based on the quantity of U.S. shipments.
[2] Based on January-June data.

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

I-14

Table I-3
CWLDLP: U.S. imports of products reportedly not available from U.S. producers, by sources, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Channels of Distribution

During these investigations, the parties have defined the distributor and end-user channels of distribution as follows: distributors supply pipe for repair and maintenance of existing pipelines, and pipe for non-contract gas transmission companies, contractors, fabricators, and other distributors;[33] and end users such as oil and gas companies purchase pipe for pipeline projects.

Tables I-4 through I-6 present the channels of distribution of CWLDLP by sources and types. As shown in the tables, the subject domestic, Japanese, and Mexican CWLDLP products were present to varying degrees in both the distributor and end-user/project markets during the period examined. The data show the majority of U.S.-produced CWLDLP being shipped to the end-user/project market, and the majority of CWLDLP imported from Japan being shipped to the distributor market. As for the product imported from Mexico, all or nearly all of such product was shipped to the distributor market in 1998 and to the enduser market in the interim 2001 period. However, between these two periods, U.S. shipments of such imported products from Mexico were somewhat evenly split between the distributor and end-user markets.

Price

Prices for CWLDLP vary by weld type, grade, and size. As an example, the percentage premium in unit values for domestically produced SAW vs. ERW large diameter line pipe averaged 25.9 percent in 1998, 39.2 percent in 1999, 21.2 percent in 2000, and 2.7 percent in January-June 2001. For more information concerning price comparisons of products from the United States, Japan, and Mexico, see Part V of this report, entitled *Pricing and Related Information*.

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[33] Conference transcript, p. 35 (LaBarge). The president of a large distributor in Texas testified that a large share of his distributor business goes to the construction market for building off-shore platform structures in the Gulf of Mexico and around the world. These purchasers require the product to be full API to dimensional tolerances (conference transcript, p. 109 (Fields)).

Table I-4
CWLDLP: U.S. shipments to distributors and end users, and shares, 1998-2000, January-June 2000, and January-June 2001

Item	Distributors					End users				
	Calendar year			January-June		Calendar year			January-June	
	1998	1999	2000	2000	2001	1998	1999	2000	2000	2001
	Quantity (*short tons*)									
Domestic product	139,432	84,852	86,332	44,195	89,078	740,247	783,174	202,104	84,722	269,585
Imported product from--										
Japan	62,155	81,489	119,503	75,249	27,924	87,857	60,547	41,005	25,484	13,467
Mexico	9,695	9,160	7,672	6,257	205	0	8,084	7,922	7,922	10,946
Subject countries	71,850	90,649	127,175	81,506	28,129	87,857	68,631	48,927	33,406	24,413
Total	211,282	175,501	213,507	125,701	117,207	828,104	851,805	251,031	118,128	293,998
	Share of total shipments (*percent*)									
Domestic product	15.9	9.8	29.9	34.3	24.8	84.1	90.2	70.1	65.7	75.2
Imported product from--										
Japan	41.4	57.4	74.5	74.7	67.5	58.6	42.6	25.5	25.3	32.5
Mexico	100.0	53.1	49.2	44.1	1.8	0.0	46.9	50.8	55.9	98.2
Subject countries	45.0	56.9	72.2	70.9	53.5	55.0	43.1	27.8	29.1	46.5
Total	20.3	17.1	46.0	51.6	28.5	79.7	82.9	54.0	48.4	71.5
	Share of market segments (*percent*)									
Domestic product	66.0	48.3	40.4	35.2	76.0	89.4	91.9	80.5	71.7	91.7
Imported product from--										
Japan	29.4	46.4	56.0	59.9	23.8	10.6	7.1	16.3	21.6	4.6
Mexico	4.6	5.2	3.6	5.0	0.2	0.0	0.9	3.2	6.7	3.7
Subject countries	34.0	51.7	59.6	64.8	24.0	10.6	8.1	19.5	28.3	8.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note.–Because of rounding, figures may not add to the totals shown.

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

Table I-5
ERW large diameter line pipe: U.S. shipments to distributors and end users, and shares, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Table I-6
SAW large diameter line pipe: U.S. shipments to distributors and end users, and shares, 1998-2000, January-June 2000, and January-June 2001

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I-17

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

CHANNELS OF DISTRIBUTION AND MARKET SEGMENTATION

In the U.S. market, domestic and imported CWLDLP is sold to both distributors and end users. Available data for 2000 indicate that the majority of sales by U.S. producers were made to end users, primarily oil and gas transmission companies, while the majority of sales by importers of subject CWLDLP were made to distributors. During 2000, data reported by U.S. producers indicate that 29.9 percent of their domestic CWLDLP shipments went to distributors, and 70.1 percent went to end users. In contrast, combined data from subject importers indicate that 72.5 percent of their domestic CWLDLP shipments went to distributors, and 27.5 percent went to end users.[1] [2]

Petitioners describe the CWLDLP market in terms of two market segments: a maintenance and repair market, and a project market. The maintenance and repair market is typically serviced through distributors, and experiences relatively stable demand. The project market typically involves sales directly to end users for new pipeline projects, and experiences greater demand volatility as compared with the maintenance and repair market.[3]

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Based on available information, U.S. CWLDLP producers have the ability to respond to changes in demand with moderate to large changes in the quantity of shipments of U.S.-produced CWLDLP to the U.S. market. The main factors contributing to this degree of responsiveness are excess capacity and a general increase in end-of-period inventories. The degree of responsiveness may be moderated by the current lack of extensive alternative markets. These factors are detailed below.

Industry Capacity

Data reported by U.S. producers indicate that there is substantial capacity with which to expand production in the event of price changes. Domestic capacity utilization declined from 51.0 percent in 1998 to 13.8 percent in 2000. Interim data indicate that capacity utilization has somewhat rebounded, at 36.9 percent, for the first six months of 2001. These data indicate that U.S. producers have the ability to use excess capacity as a means of increasing shipments to the U.S. market.

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[1] See table I-4. At the conference, petitioners explained that there is significant year-to-year variation in the percentages of sales going to distributors versus end users due to the irregularity of end-user demand associated with new pipeline projects. Petitioners estimate that over a 5- to 10-year period 60 to 70 percent of their U.S. shipments go to end users, and 30 to 40 percent go to distributors (conference transcript, pp. 69-72).

[2] The statistics on U.S. shipments of subject imports are heavily weighted toward data for shipments of CWLDLP from Japan. On a country-by-country basis in 2000, 74.8 percent of U.S. shipments of imported CWLDLP from Japan went to distributors, and 25.2 percent went to end users. Data on U.S. shipments of imported CWLDLP from Mexico indicate that 49.2 percent went to distributors and 50.8 percent went to end users.

[3] At the conference, respondents representing the CWLDLP industry in Japan segmented the project market into on-shore pipeline projects and off-shore pipeline projects, with off-shore pipeline projects further classified as either shallow water or deepwater projects (conference transcript, pp. 100 and 104). At the hearing, Jerry Fields of J.D. Fields & Co. stated that distributors' CWLDLP is used for many purposes other than pipeline maintenance and repair, such as the construction of off-shore platforms (hearing transcript, pp. 136-137).

II-1

Inventory Levels

U.S. producers' end-of-period inventories of CWLDLP, as a ratio to total shipments, increased from 8.3 percent in 1998 to 16.8 percent in 2000, and then declined to 13.6 percent in the first six months of 2001. These data indicate that U.S. producers have the ability to use inventories as a means of increasing shipments to the U.S. market.

Export Markets

Although exports have accounted for a declining portion of total shipments in 1999 and 2000, there is some potential for increased sales in alternate markets. While exports represented only a small share of total shipments in 2000 and the first six months of 2001, they accounted for 26.8 percent in 1998. The variance of these numbers suggests that U.S. producers may have some ability to divert shipments to or from alternate markets in response to changes in the price of CWLDLP.

Subject Imports

Based on available information, Japanese and Mexican producers are likely to respond to changes in demand with moderate to large changes in the quantity of shipments of CWLDLP to the U.S. market. The main factors contributing to this degree of supply responsiveness are, for Japanese producers, the existence of substantial alternative markets and, for Mexican producers, the existence of ample excess capacity and end-of-period inventories.

Industry Capacity

Based on available information, capacity utilization for Japanese producers was 87.1 percent in 2000 and 85.7 percent in the first six months of 2001, down from 91.2 percent in 1998 and 94.3 percent in 1999. Capacity utilization for Mexican producers was *** percent in 2000 and *** percent in interim 2001, as compared with *** and *** percent in 1998 and 1999, respectively.

Inventory Levels

Available data indicate that inventories for Japanese producers represented *** percent of annual shipments in 2000 and *** percent in interim 2001, up from *** percent in 1998 and *** percent in 1999. In contrast, inventories for Mexican producers represented *** percent of annual shipments in 2000 and *** percent in interim 2001, as compared with *** and *** percent in 1998 and 1999, respectively.

Alternative Markets

Available data indicate that Japanese producers' exports of CWLDLP represented *** to *** percent of total annual shipments during 1998-2000, with *** to *** percent of shipments exported to markets other than the United States. Mexican producers' exports of CWLDLP represented *** to *** percent of total shipments during 1998-2000, with *** to *** percent of shipments exported to markets other than the United States.

U.S. Demand

Based on available information, the overall demand for CWLDLP is unlikely to change significantly in response to changes in price. The main factor contributing to the low degree of price sensitivity is the lack of practical substitute products.

Demand Characteristics

Since CWLDLP is used as a factor of production, demand for it depends on the price and productivity of the end product that it is used to produce. Since most CWLDLP is used in the transmission of oil and gas, demand for CWLDLP is sensitive to changes in oil and gas prices.

Petitioners and respondents agree that overall demand for large diameter line pipe in the United States declined during the majority of the period for which data were collected. Available information indicates that U.S. consumption of CWLDLP fell from approximately *** short tons in 1998 to *** short tons in 2000. The decline in demand was reportedly due to a lack of large-scale pipeline projects since the completion of the Alliance Pipeline project in early 1999. According to both petitioners and respondents, rapid consolidation among end users during the period of investigation resulted in a lack of new pipeline projects, as plans involving large capital expenditures were either abandoned or delayed.

As previously mentioned, the maintenance and repair market experiences very stable demand. According to petitioners, as demand subsided in the project market, competition for sales to distributors serving the maintenance and repair market increased. Petitioners describe distributors as being very price sensitive, thus lower priced subject imports from Japan and Mexico are purported to have forced U.S. producers to substantially reduce prices in order to acquire business.

Despite the grim characterization of demand over the past several years, petitioners and respondents expect a long-term increase in CWLDLP demand. In their prehearing brief, Japanese respondents cite numerous sources which predict that the stronger current demand for CWLDLP will increase to unsurpassed levels by 2002.[4] Apparent consumption did increase during the first six months of 2001, to *** short tons compared with *** short tons in the first six months of 2000. While petitioners agree that demand has improved, they do not believe that CWLDLP demand is poised for unprecedented growth. Petitioners note that the weak U.S. economy may affect the scale and timing, if not the actual viability, of currently planned projects, and that projections for strong demand in 2001 have not proven to be accurate forecasts.[5]

The Commission requested that purchasers provide information on future North American pipeline projects. Three of seven responding end users – *** – provided data on four projects which are anticipated to begin in 2002 and 2003. Together, these projects are estimated to involve *** short tons of CWLDLP. The largest project identified by purchasers is ***.

Information obtained from the U.S. Department of Energy (DOE) indicates that, while domestic crude oil production is expected to decline in the future, natural gas production is expected to increase. The DOE expects natural gas to fuel 57.0 percent of the increase in power generation in the foreseeable future, resulting in an 18.0 to 36.0 percent increase in natural gas demand in 2010 as compared with 1997 levels.[6] In addition, the Oil and Gas Journal reported that Federal Energy Regulatory Commission

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[4] See prehearing brief submitted on behalf of Japanese respondents, pp. 41-48.

[5] Hearing transcript, testimony of David Delie of Berg Steel Pipe and Dan O'Leary of Stupp Corp., pp. 25 and 29.

[6] *Pipeline and Storage Infrastructure Requirements for a 30 Tcf U.S. Gas Market*, Energy and Environmental Analysis, Inc., 1999, p. 3.

(FERC) applications filed in the 12 months ending June 30, 2001 reveal that more than 1,100 miles of pipeline were proposed, all for on-shore construction.[7]

Substitute Products

Questionnaire responses from U.S. producers, importers, and purchasers reveal that the vast majority of responding firms believe there are no practical substitutes for CWLDLP. Although several firms cited seamless pipe as a potential substitute, seamless pipe is not considered a realistic substitute due to its significantly higher costs.

Cost Share

According to the majority of responding U.S. producers and importers, the CWLDLP that they sell in the U.S. market is used in oil and gas transmission lines, with several firms also indicating industrial construction as an end use. Several firms estimated the percentage of total end-use cost accounted for by CWLDLP to be in the range 30 to 50 percent.[8]

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported CWLDLP depends upon such factors as relative prices, quality, and conditions of sale. Based on data provided in questionnaire responses, staff believes that, given identical specifications and weld type, there is a high degree of substitution between domestic CWLDLP and subject imports from Japan and Mexico.[9]

Factors Affecting Sales

Table II-1 summarizes purchasers' responses concerning their top three factors in purchase decisions. As indicated in the table, quality was cited most frequently as purchasers' primary factor in buying decisions, while availability and price were cited most frequently among the top three factors.[10]

[7] Oil and Gas Journal, September 3, 2001, p. 75.

[8] At the conference, Junya Kako of Itochu estimated that CWLDLP would represent 20 to 30 percent of total costs for off-shore pipeline projects, and 50 percent for on-shore pipeline projects (conference transcript, p. 105).

[9] According to some importers, substitutability may be moderated by the impression that subject imports are, in some instances, products of unequal quality as compared with the U.S. products.

[10] Only two firms differentiated between "quality" and "quality in excess of specifications."

Table II-1
CWLDLP: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	3	4	4
Price	3	3	5
Quality	6	4	---
Other[1]	---	1	3

[1] Other factors include payment terms, prearranged contracts, and supplier proximity.

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

When asked how often their firm purchases CWLDLP that is offered at the lowest price, two out of 12 purchasers indicated "always," nine indicated "usually," and one indicated "sometimes." Questions concerning purchasers' awareness of the country of origin (whether U.S.-produced or imported) and the supplier of CWLDLP suggest that both of these factors are also important in purchase decisions, as all 12 purchasers answered both questions with responses of "always."

Questionnaire responses reveal that, in general, U.S. producers believe differences other than price between products from various supplying countries are "sometimes" or "never" significant factors in their sales of CWLDLP in the U.S. market. Importers' responses were more diverse, and reveal that the majority believe that differences other than price are "frequently" or "sometimes" significant factors in their sales of CWLDLP in the U.S. market (table II-2).[11]

Comparison of Domestic and Imported CWLDLP

U.S. producers and importers reported somewhat comparable views regarding the issue of interchangeability of CWLDLP from various sources. In general, U.S. producers were more unified in their responses, answering that in most cases CWLDLP from different countries is "always" or "sometimes" interchangeable. Importers' responses were more diverse, but reveal that for most country combinations, importers believe CWLDLP is "always" or "sometimes" interchangeable (table II-3).[12] Data submitted by purchasers reveal that CWLDLP from all sources is generally used in the same applications.[13]

[11] Four of seven U.S. producers did not differentiate by weld type, one answered this question only with respect to ERW pipe, and two answered this question only with respect to SAW pipe. Among importers, 11 of 18 did not differentiate by weld type, one answered this question only with respect to ERW pipe, and six answered this question separately for both ERW and SAW pipe. In the latter cases, all but one importer answered this question identically regardless of weld type.

[12] Four of seven U.S. producers did not differentiate by weld type, one answered this question only with respect to ERW pipe, and two answered this question only with respect to SAW pipe. Among importers, 10 of 18 did not differentiate by weld type, one answered this question only with respect to ERW pipe, and seven answered this question separately for both ERW and SAW pipe. In the latter cases, all but one importer answered this question identically regardless of weld type.

[13] None of the 10 purchasers who responded to this question differentiated their response by weld type.

II-5

Table II-2
CWLDLP: Perceived importance of differences in factors other than price between CWLDLP produced in the United States and in other countries in sales of CWLDLP in the U.S. market

Country pair	Number of U.S. producers reporting					Number of U.S. importers reporting				
	A	F	S	N	O	A	F	S	N	O
U.S. vs. Japan	---	---	2	5	---	4	6	7	1	---
U.S. vs. Mexico	---	---	2	5	---	2	4	4	1	2
U.S. vs. Other	---	---	4	2	---	1	4	5	---	1
Japan vs. Mexico	---	---	2	5	---	4	2	5	1	3
Japan vs. Other	---	---	2	2	2	1	3	5	---	1
Mexico vs. Other	---	---	2	2	2	1	3	3	---	2

A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity

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

Table II-3
CWLDLP: Perceived degree of interchangeability of CWLDLP produced in the United States and in other countries

Country pair	Number of U.S. producers reporting					Number of U.S. importers reporting				
	A	F	S	N	O	A	F	S	N	O
U.S. vs. Japan	5	1	---	---	1	6	3	8	1	---
U.S. vs. Mexico	5	1	1	---	---	5	3	2	1	2
U.S. vs. Other	2	1	3	---	---	3	1	4	1	0
Japan vs. Mexico	5	1	---	---	1	6	1	4	1	3
Japan vs. Other	2	---	1	---	3	4	---	6	---	---
Mexico vs. Other	2	---	2	---	2	3	1	2	1	1

A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity

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

Purchasers were also asked to rate domestically produced CWLDLP against CWLDLP imported from subject countries using a number of factors, such as availability, delivery time, discounts, price, product consistency, product quality, product range, and reliability of supply. Limited available information reveals that the U.S.-produced product is generally considered comparable or superior to subject imports from Japan in all categories with the exception of product consistency, product quality in excess of specifications, and product range; four of seven responding purchasers rated subject imports from Japan as superior with respect to product consistency, and five of seven rated subject imports from Japan as superior with respect to product quality in excess of specifications and product range. In addition, one purchaser rated domestically produced CWLDLP against subject imports from Mexico. According to this distributor, the U.S.-produced product is considered comparable to subject imports

II-6

from Mexico in all categories with the exception of availability, delivery time, and reliability of supply; the U.S. product is considered superior to subject imports from Mexico in these three categories.[14]

United States versus Japan

The majority of responding U.S. producers believe that CWLDLP from Japan is always interchangeable with domestic CWLDLP. During the preliminary phase of these investigations, U.S. producers described these products, particularly products for the maintenance and repair market, as completely interchangeable commodities produced to meet the same specifications. In contrast, importers of the subject product from Japan believe that CWLDLP from Japan is not always interchangeable with domestic CWLDLP because of the more limited product range available from U.S. producers. Further, some importers stated that Japan's integrated production facilities allow for greater quality consistency and more flexibility with minimum orders as compared with U.S. manufacturers.

United States versus Mexico

As with subject imports from Japan, the majority of U.S. producers believe that CWLDLP from Mexico is always interchangeable with domestic CWLDLP. During the preliminary phase of these investigations, respondents reported that while the quality of Mexican CWLDLP is improving, it is often perceived in the U.S. marketplace as inadequate for many applications. Thus, respondents stated that customers frequently request either domestic or Japanese CWLDLP.[15]

Japan versus Mexico

The majority of responding U.S. producers believe that subject imports from Japan are always interchangeable with subject imports from Mexico. As previously mentioned, some importers reported that subject imports from Mexico are not always as highly regarded as domestic or Japanese CWLDLP. In its questionnaire response, *** reported that, "the Japanese steel and pipe industry is one of the world leaders in research and development and produces pipe...in dimensions, wall thicknesses, and lengths much greater than the Mexican pipe, with more strict requirements and tolerances in chemistry and physical properties...Some U.S. construction companies consider the Mexican pipe a product with a lower quality..."[16]

---

[14] Four of seven purchasers did not differentiate by weld type, and three answered this question separately for both ERW and SAW pipe. In the latter cases, one purchaser answered this question identically regardless of weld type, while the remaining two reported slight differences in comparability based on weld type. According to ***, U.S.-produced ERW pipe is superior to ERW pipe imported from Japan in terms of availability, while the availability of U.S.-produced SAW pipe is comparable to SAW pipe imported from Japan. Further, *** reported that U.S.-produced ERW pipe is comparable to ERW pipe imported from Japan in terms of product quality in excess of specifications and transportation network, while U.S.-produced SAW pipe is inferior in terms of product quality in excess of specifications, and superior in terms of transportation network as compared with SAW pipe imported from Japan. According to ***, U.S.-produced ERW pipe is superior to ERW pipe imported from Japan in terms of availability, lowest price, minimum quantity requirements, and packaging, while U.S.-produced SAW pipe is comparable to SAW pipe imported from Japan with respect to these factors.

[15] *** reported that "no Mexican LDLP suppliers are considered qualified vendors for *** pipeline projects" (***).

[16] Questionnaire response of ***, p. 20.

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for CWLDLP measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for CWLDLP. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced CWLDLP. Previous analysis of these factors indicates that the U.S. industry is likely to be able to significantly increase or decrease shipments to the U.S. market. An estimate in the range of 5.0 to 10.0 is suggested. While the Japanese respondents agreed with this estimate, petitioners stated in their prehearing brief that this estimate is too high. Petitioners state that such a high range suggests that most of the alleged injury is found in quantity effects. According to petitioners, a lower U.S. supply elasticity would allow for a more balanced mix of price and quantity effects and thus a more realistic estimation of the injury caused by alleged unfair imports.[17]

Table VI-4 of the staff report presents the variance analysis of U.S. producers in the production of CWLDLP. As shown in this table, volume variance was the primary factor behind the negative variance in net sales and operating income during 1998-2000. For the period 1998-2000, volume variance reflected 95.6 percent of the negative variance in net sales and 51.5 percent of the negative variance in operating income. This information, in addition to staff's previous analysis of factors relevant to the estimation of U.S. supply elasticity, supports an estimate in the range of 5.0 to 10.0.

U.S. Demand Elasticity

The U.S. demand elasticity for CWLDLP measures the sensitivity of the overall quantity demanded to a change in the U.S. market price for CWLDLP. This estimate depends on the factors discussed earlier, such as the existence, availability, and commercial viability of substitute products, as well as the component cost share of CWLDLP in the production of downstream products. As noted earlier, there are few, if any, substitutes for CWLDLP. In addition, the cost component of CWLDLP in most end uses appears to be significant. Based on available information, the aggregate demand for CWLDLP is likely to be inelastic. An estimate in the range of -0.25 to -0.50 is suggested. Both petitioners and Japanese respondents agreed with this estimate.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced CWLDLP and CWLDLP from all subject countries is likely to be in the range of 3.0 to 5.0. Both petitioners and respondents disagreed with this estimate, as discussed below.

Given the exclusion of products not made by U.S. producers from the scope of these investigations, petitioners believe that staff's estimate is too low.[18] In contrast, Japanese respondents

[17] Petitioners' prehearing brief, exhibit 1, p. 5.

[18] Ibid., pp. 4-5.

believe that differences in product mix between the United States and Japan suggest that this estimate is too high.[19]

A substitution elasticity in the range suggested by staff is considered relatively high. Petitioners' belief that this estimate should be higher due to the exclusion of certain products from the scope of these investigations overemphasizes the impact of a modest percentage of excluded imports.[20] Further, Japanese respondents' belief that this estimate should be lower downplays the fact that, despite differences in product mix, the United States, Japan, and Mexico all compete for customers in both channels of distribution, as well as the vast majority of weld type, grade, and size categories.[21] This information, in addition to staff's previous analysis of factors relevant to the estimation of substitution elasticity, supports an estimate in the range of 3.0 to 5.0.

[19] Japanese respondents' prehearing brief, p. 98.

[20] Petitioners themselves argue that excluded products represent only a small percentage of large diameter line pipe imports from Japan (hearing transcript, testimony of Roger Schagrin, counsel for petitioners, p. 16).

[21] See appendix D. Furthermore, product mix is more a reflection of the results of competition rather than a preplanned export decision of the subject suppliers. For example, both Japanese and Mexican suppliers competed for the Gulfstream Project which required grade X65/X70 large diameter line pipe.

II-9

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

Information on capacity, production, shipments, inventories, and employment is presented in this section of the report, and is based on the questionnaire responses of seven firms that account for all known U.S. production of certain welded large diameter line pipe. Three of these firms produce ERW line pipe and four produce SAW line pipe. None produce both types.

U.S. PRODUCERS

Table III-1 presents a list of U.S. producers, with each company's position on the petition, share of reported 2000 U.S. production of CWLDLP, U.S. production locations, and parent companies. U.S. producers reportedly do not purchase or import the subject products.[1] In addition, no U.S. producer is related to exporters or importers of the subject product. Three U.S. producers are, however, related to firms that also produce CWLDLP. Those firms and their affiliations are identified in the tabulation below.

Firm	Related producer and location	Affiliation
Berg	Europipe GmbH (Germany)	Parent company
Napa	Camrose Pipe Company (Canada)	Sister company (*** percent owned by parent, Oregon Steel Mills)
SAW Pipes	SAW Pipes Limited (India)	Parent company (*** percent owned)

[1] Berg and its parent company, Europipe, joint-bid on the Gulfstream gas pipeline project. Having been awarded the project, Berg has contracted for *** tons and Europipe has contracted for *** tons of CWLDLP between *** (February 5, 2001, postconference brief of Schagrin Associates on behalf of petitioners, p. 33, fn. 15). Imports of the Europipe product from Germany for the project will be entered by *** (February 6, 2001, telephone interview with Roger Schagrin, counsel for petitioners).

Table III-1
CWLDLP: U.S. producers, positions on the petition, shares of 2000 production, U.S. production locations, and parent companies

Firm	Position on petition	Share of 2000 total production (*percent*)	Plant location	Parent company
American	Petitioner	***	Birmingham, AL	Not applicable.
Berg	Petitioner	***	Panama City, FL	Europipe GmbH Germany–100%
Stupp	Petitioner	***	Baton Rouge, LA	Stupp Bros. Inc., MO
Bethlehem[1]	***	***[2]	Steelton, PA	Not applicable
Napa	***	***	Napa, CA	Oregon Steel Mills, OR
SAW Pipes	***	***	Bayton, TX	Saw Pipes, India–***
U.S. Steel	***	***	McKeesport, PA[3]	USX Corp.
Total		100.0		

[1] On October 15, 2001, Bethlehem, the third-largest steel company in the United States, filed for Chapter 11 bankruptcy protection.
[2] Bethlehem's large diameter pipe mill at its Pennsylvania Steel Technologies division ***. Bethlehem accounted for *** percent of U.S. production during 1999 and *** percent during 1998.
[3] During 1998 through ***, the subject products were produced for U.S. Steel under a toll processing arrangement with Camp Hill Corp. in McKeesport. Camp Hill *** the petition. In *** (February 7, 2001, telephone interview with ***, U.S. Steel).

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

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

In the Commission's questionnaire, firms were asked to describe any changes in the character of their operations (e.g., plant openings, relocations, expansions, acquisitions, consolidations, closures, prolonged shutdowns due to strikes or equipment failure, or curtailment of production due to shortages of materials) relating to the production of CWLDLP. The responses of U.S. producing firms were as follows:

* * * * * * *

In reporting production capacity, U.S. producers were instructed to assume normal operating conditions, that is, using equipment and machinery in place and ready to operate, working at normal operating levels while allowing for time for downtime, maintenance, repair, and cleanup, and assuming a typical or representative product mix. Firms were also asked to describe the methodology used to calculate production capacity and to explain any changes in their reported capacity. Five firms (American, Berg, Bethlehem, SAW Pipes, and Stupp) supplied information on the methodology they used in reporting their production capacity. That information is presented in the tabulation below. In addition, these five firms reported that, on average, production capacity was based on operating 112 hours per week, 52.4 weeks per year.

* * * * * * *

Data on U.S. producers' CWLDLP production capacity, production, and capacity utilization are shown in table III-2. U.S. producers' capacity to produce CWLDLP remained relatively unchanged during the period for which the Commission requested information. Such production capacity declined by 2.3 percent from 1998 to 2000 and rose by 1.3 percent between the interim periods. In contrast, the quantity of U.S. producers' production of CWLDLP fell sharply between 1998 and 2000, falling by 25.5 percent from 1998 to 1999 and declining by 64.5 percent from 1999 to 2000. Between the interim periods, U.S. producers' CWLDLP production more than doubled. U.S. producers' capacity utilization was low in all periods. This was due to greatly reduced production volumes, especially between 1998 and 2000. The low production volumes resulted in turn from the decision by a number of firms to suspend or curtail operations due to weakened demand, equipment failure, and, in one instance, facility upgrade.[2]

Table III-2
CWLDLP: U.S. producers' capacity, production, and capacity utilization, by types, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Capacity (*short tons*)				
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	2,371,246	2,333,217	2,317,620	1,157,984	1,173,603
	Production (*short tons*)				
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	1,209,835	901,760	320,425	156,248	433,254
	Capacity utilization (*percent*)				
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	51.0	38.6	13.8	13.5	36.9

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

[2] ***.

III-3

Data on U.S. production of CWLDLP by weld types are also shown in figure III-1. As shown in the figure, over the period for which information was requested, U.S. production of SAW large diameter line pipe greatly exceeded U.S. production of ERW large diameter line pipe in all but one period.

Figure III-1
CWLDLP: U.S. production, by weld types, 1998-2001

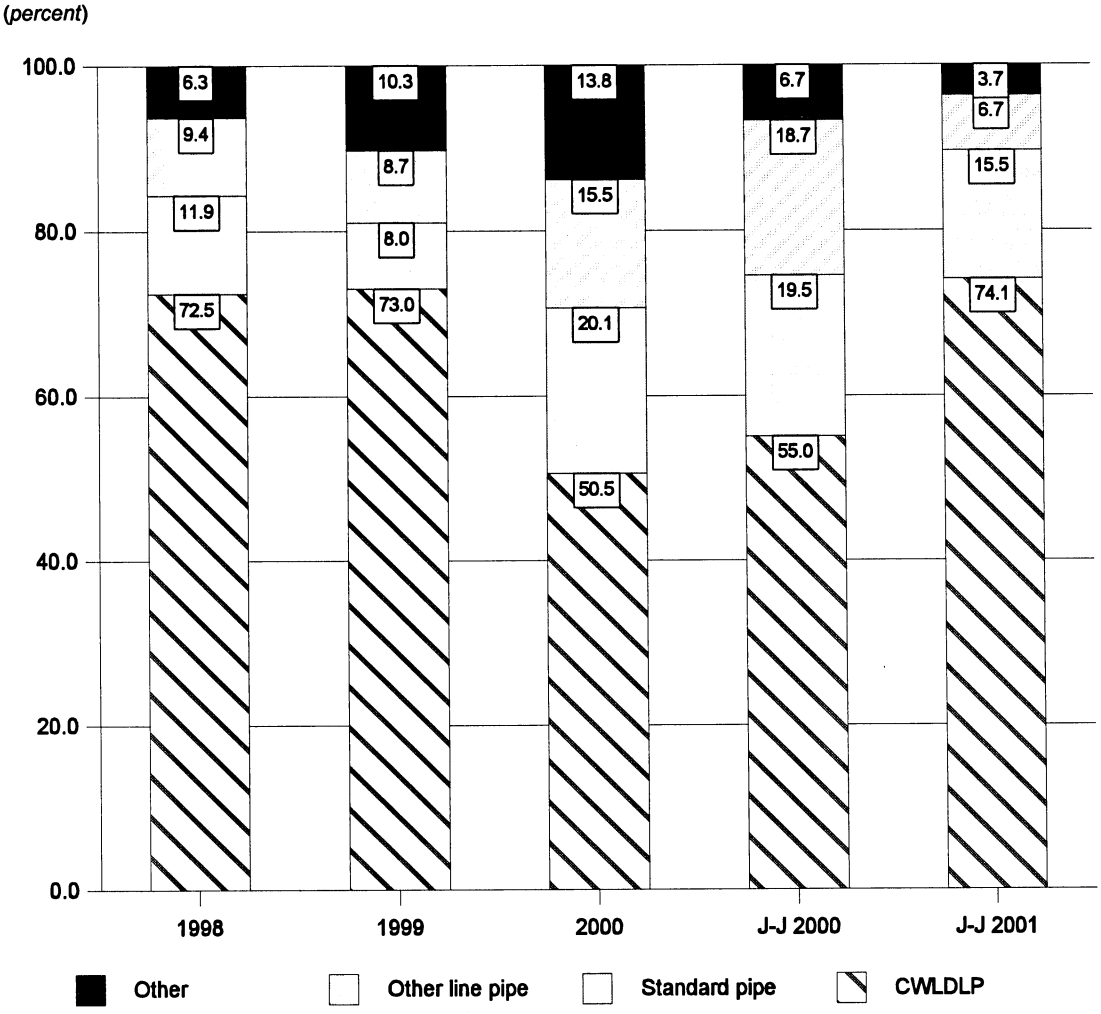
* * * * * * *

Two U.S. producers were involved in tolling operations during the period for which the Commission requested information. Berg produced a small amount (*** short tons) of CWLDLP under a toll agreement for another firm in 1998. Information on U.S. Steel's tolling operations is mentioned earlier in this section of the report. Additional information concerning the tolling operations of these two firms is also presented in Part VI of this report, entitled *Financial Experience of U.S. Producers*.

In addition to the subject large diameter line pipe, U.S. producers reported production of other products using the same machinery and equipment that they use in the production of CWLDLP. These other products include nonsubject line pipe, standard pipe, OCTG, and other types of pipe products. Still, however, CWLDLP accounts for the bulk of U.S. producers' total production (see figure III-2).

III-4

Figure III-2
U.S. producers' production of CWLDLP and other products using the same machinery and equipment used to produce CWLDLP, by shares, 1998-2000, January-June 2000, and January-June 2001



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

III-5

U.S. producers were requested in the Commission's questionnaire to provide their backlog of orders for CWLDLP for which contracts have been received as of the end of each quarter for the period January 1, 1998, through June 30, 2001. Data based on the responses of six of the seven U.S. producers are presented in table III-3.

Table III-3
CWLDLP: U.S. producers' production order backlog, by quarters, January 1, 1998, through June 30, 2001

Quarter	1998	1999	2000	2001
	Quantity (*short tons*)			
January-March	301,348	239,540	35,000	219,885
April-June	291,692	182,122	43,477	177,563
July-September	512,447	76,920	24,890	0
October-December	361,554	47,568	39,950	0
Source: Compiled from data submitted in response to Commission questionnaires.				

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of CWLDLP are presented in table III-4. As shown in the table, the quantity and value of U.S. producers' U.S. shipments of CWLDLP fell precipitously between 1998 and 2000, falling by 63.8 percent on the basis of quantity and by 68.9 percent on the basis of value. Between the interim periods, the quantity and value of such U.S. shipments of CWLDLP rose by 154.5 percent and 134.2 percent, respectively. The quantity and value of U.S. producers' export shipments fell dramatically between 1998 and 2000 and increased between the interim periods. Canada was cited as a principal export market by five of the six firms that identified their principal export markets. Other markets cited were Latin America, South America, Mexico, and the Middle East.

Table III-4
CWLDLP: U.S. producers' shipments, by types, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Commercial shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	***	***	***	***	***
Internal shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	***	***	***	***	***
U.S. shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	862,663	897,870	312,593	148,538	377,964
Export shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	315,797	51,905	10,085	***	5,152
Total shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	1,178,460	949,775	322,678	***	383,116
	Value (*$1,000*)				
Commercial shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	***	***	***	***	***

Table continued on next page.

III-7

Table III-4--*Continued*
CWLDLP: U.S. producers' shipments, by types, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Value (*$1,000*)				
Internal shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	***	***	***	***	***
U.S. shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	568,660	575,557	176,889	85,892	201,182
Export shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	211,720	32,845	6,757	***	3,086
Total shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	780,380	608,402	183,646	***	204,268
	Unit value (*per short ton*)				
Commercial shipments:					
ERW	$570	$502	$509	$543	$524
SAW	721	700	619	614	539
All CWLDLP	661	642	567	579	533

Table continued on next page.

III-8

Table III-4--*Continued*
CWLDLP: U.S. producers' shipments, by types, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Unit value (*per short ton*)				
Internal shipments:					
ERW	***	***	***	***	***
SAW	***	***	***	***	***
All CWLDLP	***	***	***	***	***
U.S. shipments:					
ERW	570	502	509	543	524
SAW	718	699	617	612	538
All CWLDLP	659	641	566	578	532
Export shipments:					
ERW	572	553	762	597	572
SAW	711	658	594	(1)	601
All CWLDLP	670	633	670	597	599
Total shipments:					
ERW	571	505	516	543	524
SAW	716	697	616	612	539
All CWLDLP	662	641	569	578	533

[1] Not applicable.

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

Figure III-3 shows the shares of U.S. producers' U.S. shipments of SAW large diameter line pipe accounted for by the various sizes of this pipe based on outside diameter.

Figure III-3
SAW large diameter line pipe: U.S. shipments of domestic product, by sizes, 1998-2001

* * * * * * *

Based on information supplied in response to the Commission's questionnaire, U.S. producers' U.S. shipments of ERW large diameter line pipe consisted totally of line pipe measuring between 16 inches and 24 inches in OD. On the other hand, as shown in figure III-3, such shipments of domestically produced SAW large diameter line pipe were heavily concentrated in product measuring from more than

24 inches in OD to 42 inches in OD. Indeed, the bulk of such U.S. shipments was comprised of product measuring from more than 30 inches in OD to 42 inches in OD.

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' inventories of CWLDLP are presented in table III-5. Such data show that the volume of U.S. producers' inventories of CWLDLP at yearend 1999 was down by 45.1 percent as compared with the volume of such inventories held at yearend 1998. End-of-period inventories were up slightly (by 1.2 percent) at yearend 2000 as compared with yearend 1999 and increased by 71.5 percent between the interim periods. The ratio of inventories to production and the ratio of inventories to total shipments increased unevenly between 1998 and 2000 and declined between the interim periods. Such ratios increased by 8.9 and 8.5 percentage points, respectively, from 1998 to 2000 and decreased by 7.4 and *** percentage points, respectively, between interim 2000 and interim 2001. With respect to CWLDLP inventory trends by weld type, U.S. producers' inventories of ERW large diameter line pipe fluctuated upward by *** percent between 1998 and 2000 and grew by *** percent between the interim periods. U.S. producers' inventories of SAW large line pipe, on the other hand, fell steadily from yearend 1998 to yearend 2000 and increased by *** percent between the interim periods.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data on U.S. producers' employment with respect to their operations pertaining to CWLDLP are presented in table III-6. The overall data reflect the reduced operations of a number of firms that indicated that, during the period for which the Commission requested information, they either curtailed or suspended operations pertaining to the production of CWLDLP. In part because of these stoppages or interruptions, the number of production-and-related workers (PRWs) employed by U.S. producers of CWLDLP, as well as the number of hours worked by such PRWs and total wages paid to such workers all declined significantly between 1998 and 2000. Such declines were steady and uninterrupted. For example, between 1998 and 1999 the number of PRWs declined by 25.7 percent. Between 1999 and 2000, the number of such workers fell by 46.9 percent. The other two indicators decreased similarly, falling by 31.1 percent and by 25.3 percent, respectively, between 1998 and 1999 and dropping by 51.9 percent and by 54.8 percent, respectively, between 1999 and 2000. Coinciding with a significant rise in CWLDLP production and shipments in interim 2001, U.S. producers experienced a significant increase in employment levels, in terms of the number of PRWs employed, the number of hours worked by such PRWs, and the total wages paid to such workers, between the interim periods. Such employment trends apply equally to U.S. producers of ERW large diameter line pipe as well as to U.S. producers of SAW large diameter line pipe.

Productivity of U.S. producers' PRWs producing CWLDLP declined unevenly by 20.0 percent between 1998 and 2000 and increased by 57.9 percent between the interim periods. In contrast, U.S. producers' unit labor costs rose by 27.5 percent from 1998 to 2000 and then decreased by 35.1 percent between the interim periods.

III-10

Table III-5
CWLDLP: U.S. producers' end-of-period inventories, by types, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
ERW line pipe:					
Inventories (*short tons*)	***	***	***	***	***
Ratio to production (*percent*)	***	***	***	***	***
Ratio to U.S. shipments (*percent*)	***	***	***	***	***
Ratio to total shipments (*percent*)	***	***	***	***	***
SAW line pipe:					
Inventories (*short tons*)	***	***	***	***	***
Ratio to production (*percent*)	***	***	***	***	***
Ratio to U.S. shipments (*percent*)	***	***	***	***	***
Ratio to total shipments (*percent*)	***	***	***	***	***
All CWLDLP:					
Inventories (*short tons*)	97,803	53,662	54,331	60,899	104,469
Ratio to production (*percent*)	8.1	6.0	17.0	19.5	12.1
Ratio to U.S. shipments (*percent*)	11.3	6.0	17.4	20.5	13.8
Ratio to total shipments (*percent*)	8.3	5.6	16.8	***	13.6

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

III-11

Table III-6
CWLDLP: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, by types, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
ERW line pipe:					
PRWs (*number*)	***	***	***	***	***
Hours worked (*1,000*)	***	***	***	***	***
Wages paid (*$1,000*)	***	***	***	***	***
Hourly wages paid	$***	$***	$***	$***	$***
Productivity (*tons per 1,000 hours*)	***	***	***	***	***
Unit labor costs (*per short ton*)	$***	$***	$***	$***	$***
SAW line pipe:					
PRWs (*number*)	***	***	***	***	***
Hours worked (*1,000*)	***	***	***	***	***
Wages paid (*$1,000*)	***	***	***	***	***
Hourly wages paid	$***	$***	$***	$***	$***
Productivity (*tons per 1,000 hours*)	***	***	***	***	***
Unit labor costs (*per short ton*)	$***	$***	$***	$***	$***
All CWLDLP:					
PRWs (*number*)	1,318	979	520	518	789
Hours worked (*1,000*)	2,714	1,869	899	366	642
Wages paid (*$1,000*)	50,495	37,709	17,047	8,813	15,869
Hourly wages paid	$18.60	$20.17	$18.96	$24.09	$24.71
Productivity (*tons per 1,000 hours*)	445.7	482.4	356.5	427.1	674.5
Unit labor costs (*per short ton*)	$41.74	$41.82	$53.20	$56.40	$36.63

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

III-12

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

U.S. IMPORTERS

The Commission sent importer questionnaires to approximately 50 U.S. companies that were believed to import or distribute CWLDLP. Twenty-two firms, accounting for almost all subject imports, provided the Commission with data on their U.S. imports during the period for which information was requested.

U.S. IMPORTS

Table IV-1 presents U.S. imports of CWLDLP. U.S. import data presented were compiled from official Commerce statistics, adjusted by questionnaire data to eliminate products that Commerce excluded from the scope of the investigations. The data were further adjusted for ***. The quantity and value of U.S. imports of CWLDLP from all sources decreased by 1.7 percent and by 27.4 percent, respectively, between 1998 and 2000, and between the interim periods decreased by 7.9 percent on the basis of quantity and increased by 5.6 percent on the basis of value. The average unit value of such U.S. imports fell unevenly between 1998 and 2000, falling by 26.1 percent, and increased by 14.6 percent between the interim periods.

On the basis of quantity, U.S. imports from Japan and Mexico combined accounted for 52.6 percent of total U.S. imports in 1998, 60.6 percent in 1999, 44.5 percent in 2000, and 17.5 percent in interim 2001. The quantity and value of U.S. imports from Japan and Mexico combined fell by 28.2 percent and by 50.9 percent, respectively, between 1998 and 1999, increased between 1999 and 2000 by 15.7 percent and 11.4 percent, respectively, and declined by 60.1 percent and by 55.7 percent, respectively, between the interim periods.

Data on U.S. imports of ERW and SAW large diameter line pipe are presented in tables IV-2 and IV-3.

IV-1

Table IV-1
CWLDLP: U.S. imports, by sources, 1998-2000, January-June 2000, and January-June 2001[1]

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Japan	217,138	141,955	173,062	103,769	37,410
Mexico	24,553	31,570	27,627	22,886	13,178
Subtotal	241,691	173,525	200,689	126,655	50,588
All other sources[2]	***	***	***	***	***
Total	***	***	***	***	***
	Value (*$1,000*)[3]				
Japan	152,754	67,209	78,065	45,214	18,143
Mexico	13,063	14,193	12,615	10,553	6,583
Subtotal	165,817	81,402	90,680	55,767	24,726
All other sources[2]	***	***	***	***	***
Total	***	***	***	***	***
	Unit value (*per short ton*)				
Japan	$703.49	$473.45	$451.08	$435.72	484.98
Mexico	532.03	449.57	456.62	461.11	499.54
Subtotal	686.07	469.11	451.84	440.31	488.77
All other sources	670.05	457.40	541.25	608.62	647.50
Total	678.48	464.49	501.49	540.61	619.68
	Share of quantity (*percent*)				
Japan	***	***	***	***	***
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

IV-2

Table IV-1--*Continued*
CWLDLP: U.S. imports, by sources, 1998-2000, January-June 2000, and January-June 2001[1]

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Share of value (*percent*)				
Japan	***	***	***	***	***
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

[1] U.S. import data are based on official Commerce statistics adjusted for U.S. importers' reported U.S. shipments of excluded welded large diameter line pipe and for U.S. imports of *** that were imported ***.
[2] January-June 2001 data include U.S. imports by Berg from its European parent, Europipe GmbH. Such imports, as reported in the Commission's questionnaire, totaled *** short tons, valued at $***. Such U.S. imports by Berg as noted in petitioners' posthearing brief totaled *** short tons.
[3] Landed, duty-paid.

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

IV-3

Table IV-2
ERW large diameter line pipe: U.S. imports, by sources, 1998-2000, January-June 2000, and January-June 2001[1]

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Japan	138,601	82,860	87,223	42,374	27,277
Mexico	4,891	4,528	4,085	3,403	540
Subtotal	143,492	87,389	91,308	45,777	27,818
All other sources	77,260	96,263	206,349	164,860	61,679
Total	220,752	183,651	297,657	210,637	89,497
	Value (*$1,000*)[2]				
Japan	84,417	38,042	40,845	18,052	12,886
Mexico	2,582	1,846	1,799	1,452	248
Subtotal	86,999	39,888	42,644	19,504	13,134
All other sources	38,446	41,691	112,433	99,951	29,997
Total	125,445	81,579	155,077	119,455	43,131
	Unit value (*per short ton*)				
Japan	$609.06	$459.11	$468.28	$426.02	$472.40
Mexico	527.92	407.66	440.38	426.71	459.15
Subtotal	606.30	456.44	467.04	426.07	472.15
All other sources	497.62	433.10	544.87	606.28	486.34
Total	568.26	444.21	520.99	567.11	481.93
	Share of quantity (*percent*)				
Japan	62.8	45.1	29.3	20.1	30.5
Mexico	2.2	2.5	1.4	1.6	0.6
Subtotal	65.0	47.6	30.7	21.7	31.1
All other sources	35.0	52.4	69.3	78.3	68.9
Total	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

IV-4

Table IV-2--*Continued*
ERW large diameter line pipe: U.S. imports, by sources, 1998-2000, January-June 2000, and January-June 2001[1]

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Share of value (*percent*)				
Japan	67.3	46.6	26.3	15.1	29.9
Mexico	2.1	2.3	1.2	1.2	0.6
Subtotal	69.4	48.9	27.5	16.3	30.5
All other sources	[30.6]	51.1	72.5	83.7	69.5
Total	100.0	100.0	100.0	100.0	100.0

[1] U.S. import data are based on official Commerce statistics adjusted for U.S. importers' reported U.S. shipments of excluded welded large diameter line pipe.
[2] Landed, duty-paid.

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

IV-5

Table IV-3
SAW large diameter line pipe: U.S. imports, by sources, 1998-2000, January-June 2000, and January-June 2001[1]

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Japan	78,538	59,096	85,840	61,395	10,132
Mexico	19,663	27,042	23,542	19,483	12,638
Subtotal	98,201	86,138	109,381	80,878	22,770
All other sources[2]	***	***	***	***	***
Total	***	***	***	***	***
	Value (*$1,000*)[3]				
Japan	68,337	29,167	37,220	27,162	5,257
Mexico	10,481	12,347	10,816	9,101	6,335
Subtotal	78,818	41,514	48,036	36,263	11,592
All other sources[2]	***	***	***	***	***
Total	***	***	***	***	***
	Unit value (*per short ton*)				
Japan	$870.11	$493.55	$433.60	$442.42	$518.83
Mexico	533.04	456.59	459.44	467.12	501.27
Subtotal	802.62	481.95	439.16	448.37	509.08
All other sources	765.01	598.26	524.37	626.24	703.86
Total	780.50	500.75	463.71	486.31	681.59
	Share of quantity (*percent*)				
Japan	***	***	***	***	***
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

IV-6

Table IV-3--*Continued*
SAW large diameter line pipe: U.S. imports, by sources, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Share of value (*percent*)				
Japan	***	***	***	***	***
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

[1] U.S. import data are based on official Commerce statistics adjusted for U.S. importers' reported U.S. shipments of excluded welded large diameter line pipe and for U.S. imports of *** that were imported ***.
[2] January-June 2001 data include U.S. imports by Berg from its European parent, Europipe GmbH. Such imports, as reported in the Commission's questionnaire, totaled *** short tons, valued at $***. Such U.S. imports by Berg as noted in petitioners' posthearing brief totaled *** short tons.
[3] Landed, duty-paid.

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

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of CWLDLP are shown in tables IV-4-IV-6. The quantity and value of apparent U.S. consumption of all CWLDLP decreased by *** percent and by *** percent, respectively, between 1998 and 2000, and increased by *** percent and by *** percent, respectively, between the interim periods (table IV-4). The quantity and value of apparent U.S. consumption of SAW large diameter line pipe decreased and increased similarly, falling by *** percent and by *** percent, respectively, from 1998 to 2000 and increasing by *** percent and by *** percent, respectively, from interim 2000 to interim 2001 (table IV-6). The quantity and value of apparent U.S. consumption of ERW large diameter line pipe, on the other hand, declined in all periods, falling by *** percent and by *** percent, respectively, between 1998 and 2000 and decreasing by *** percent and by *** percent, respectively, between the interim periods (table IV-5).

IV-7

Table IV-4
CWLDLP: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
U.S. producers' shipments	862,663	897,870	312,593	148,538	377,964
U.S. imports from--					
Japan	217,139	141,956	173,062	103,769	37,410
Mexico	24,554	31,570	27,627	22,886	13,178
Subtotal, subject imports	241,693	173,526	200,689	126,655	50,588
All other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (*$1,000*)				
U.S. producers' shipments	568,660	575,557	176,889	85,892	201,182
U.S. imports from--					
Japan	152,754	67,209	78,065	45,214	18,143
Mexico	13,063	14,193	12,615	10,553	6,583
Subtotal, subject imports	165,817	81,402	90,680	55,767	24,726
All other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

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

IV-8

Table IV-5
ERW large diameter line pipe: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
U.S. producers' shipments	***	***	***	***	***
U.S. imports from--					
Japan	138,601	82,860	87,223	42,374	27,277
Mexico	4,891	4,528	4,085	3,403	540
Subtotal, subject imports	143,492	87,389	91,308	45,777	27,818
All other sources	77,260	96,263	206,349	164,860	61,679
Total	220,752	183,651	297,657	210,637	89,497
Apparent consumption	***	***	***	***	***
	Value (*$1,000*)				
U.S. producers' shipments	***	***	***	***	***
U.S. imports from--					
Japan	84,417	38,042	40,845	18,052	12,886
Mexico	2,582	1,846	1,799	1,452	248
Subtotal, subject imports	86,999	39,888	42,644	19,504	13,134
All other sources	38,446	41,691	112,433	99,951	29,997
Total	125,445	81,579	155,077	119,455	43,131
Apparent consumption	***	***	***	***	***

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

IV-9

Table IV-6
SAW large diameter line pipe: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-June 2000, and January-June 2001

Item	Calendar year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
U.S. producers' shipments	***	***	***	***	***
U.S. imports from--					
Japan	78,538	59,096	85,840	61,395	10,132
Mexico	19,663	27,042	23,542	19,483	12,638
Subtotal, subject imports	98,201	86,138	109,381	80,878	22,770
All other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (*$1,000*)				
U.S. producers' shipments	***	***	***	***	***
U.S. imports from--					
Japan	68,337	29,167	37,220	27,162	5,257
Mexico	10,481	12,347	10,816	9,101	6,335
Subtotal, subject imports	78,818	41,514	48,036	36,263	11,592
All other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

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

IV-10

U.S. MARKET SHARES

U.S. market share data for CWLDLP are presented in tables IV-7-IV-9. With respect to all CWLDLP, U.S. producers' market share, on the basis of apparent consumption quantity, fluctuated from *** percent in 1998 to *** percent in 2000, and rose to *** percent in interim 2001 as compared with *** percent in interim 2000. On the basis of apparent consumption value, such market share decreased and increased similarly, falling unevenly from *** percent in 1998 to *** percent in 2000 and rising from *** percent in interim 2000 to *** percent in interim 2001 (table IV-7). Together, Japan and Mexico's share of apparent U.S. consumption quantity increased unevenly from *** percent in 1998 to *** percent in 2000 and declined from *** percent in interim 2000 to *** percent in interim 2001. Alone, Mexico's share of apparent consumption quantity fluctuated between *** percent and *** percent over the period for which data are shown. Likewise, Japan's share fluctuated from a low of *** percent in interim 2001 to a high of *** percent in calendar year 2000. Aggregate U.S. imports from all sources other than Japan and Mexico rose from *** percent of apparent U.S. consumption quantity in 1998 to *** percent in 2000 and declined somewhat from *** percent in interim 2000 to *** percent in interim 2001.

Table IV-7
CWLDLP: Apparent U.S. consumption and market shares, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Table IV-8
ERW large diameter line pipe: Apparent U.S. consumption and market shares, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Table IV-9
SAW large diameter line pipe: Apparent U.S. consumption and market shares, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Similar trends in market shares were evident for both ERW and SAW large diameter line pipe (tables IV-8-IV-9). On the basis of ERW apparent U.S. consumption quantity, U.S. producers' market shares fell by *** percentage points between 1998 and 2000, decreasing from *** percent to *** percent, and rose by *** percentage points between the interim periods, increasing from *** percent to *** percent. Japan and Mexico's combined market share decreased unevenly from *** percent in 1998 to *** percent in 2000, and declined from *** percent in interim 2000 to *** percent in interim 2001. With respect to SAW large diameter line pipe, U.S. producers' market share, on the basis of apparent U.S. consumption quantity, rose from *** percent in 1998 to *** percent in 1999 before falling to *** percent in 2000. Between the interim periods, U.S. producers' share of the market increased from *** percent in interim 2000 to *** percent in interim 2001. Japan and Mexico's combined share of apparent U.S. consumption quantity increased from *** percent in 1998 to *** percent in 2000 and then declined from *** percent in interim 2000 to *** percent in interim 2001. The interim period decrease appears to have

IV-11

been offset by nonsubject U.S. imports, which increased in market share from *** percent in interim 2000 to *** percent in interim 2001.

CUMULATION ISSUES

With respect to cumulation, in assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographical markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Fungibility (interchangeability) and channels of distribution are discussed in Parts I and II of this report, and information relating to simultaneous presence in the market is presented in Part V. With respect to presence in geographical markets, the majority of U.S. imports of CWLDLP from both Japan and Mexico were entered through ports in Texas and Louisiana.

THE QUESTION OF NEGLIGIBLE IMPORTS

The statute (section 771(24)(A)(i) of the Act) provides that imports from a subject country corresponding to the domestic like product are negligible if such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition. During the 12-month period preceding the filing of the petition (January-December 2000), imports of CWLDLP from Japan accounted for *** percent of total imports and subject imports from Mexico accounted for *** percent of total imports. For ERW large diameter line pipe, Japan accounted for 29.3 percent of total ERW imports and Mexico accounted for 1.4 percent. Regarding SAW large diameter line pipe, Japan accounted for *** percent of total SAW imports and Mexico accounted for *** percent.

IV-12

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The main raw material used in the production of CWLDLP varies with the method of production. For ERW pipe, hot-rolled steel coil is the primary raw material. For SAW pipe, the primary raw material is cut-to-length plate. The significance of raw material costs in the overall cost structure varies among U.S. producers, but such costs accounted for an average of 68.5 percent of the total 2000 cost of goods sold for CWLDLP production. At the hearing, petitioners stated that competitive pressure made it impossible to pass through raw material cost increases incurred during the first half of 2000. In 2001, however, overall costs fell due to reduced costs for steel inputs.[1]

Transportation Costs to the U.S. Market

Transportation costs for CWLDLP from Japan and Mexico to the United States (excluding U.S. inland costs) are estimated to be 18.7 and 5.4 percent, respectively, of the total cost of the CWLDLP. These estimates are derived from official import data for HTS subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

Transportation costs of CWLDLP for delivery within the United States vary from firm to firm but tend to account for a moderate percentage of the total cost of the product. For the six U.S. producers that responded to this question, these costs accounted for between 7.5 and 10.0 percent of the total cost of CWLDLP, with an average of 9.1 percent. For the 17 importers that provided usable responses to this question, these costs accounted for between 3.0 and 20.0 percent of the total cost of the product, with an average of 10.7 percent.

All U.S. producers reported a geographic market area encompassing the continental United States, with four of the seven responding firms reporting that their market area extends to cover Alaska and/or Hawaii. For the 19 importers that provided usable responses to this question, seven reported a market area encompassing the entire continental United States, with two of these firms reporting that their market area extends to cover Alaska and Hawaii. The remaining importers reported market areas primarily in the southeastern and southwestern states.

Producers and importers were also requested to provide estimates of the percentages of their shipments that were made within specified distance ranges. Among the six U.S. producers that provided usable responses to this question, an average of 23.3 percent of shipments occurred within 100 miles, 52.2 percent occurred within 101 to 1,000 miles, and 24.5 percent occurred at distances over 1,000 miles. Among the 18 importers that provided usable responses to this question, an average of 64.4 percent of shipments occurred within 100 miles, 26.1 percent occurred within 101 to 1,000 miles, and 9.5 percent occurred at distances over 1,000 miles.

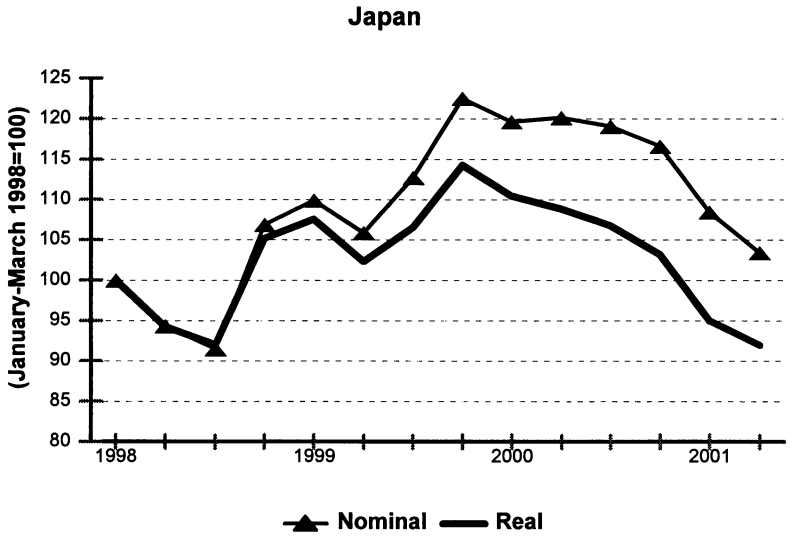
[1] Hearing transcript, testimony of Dan O'Leary of Stupp Corp., pp. 28 and 66.

V-1

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the real values of the Japanese yen and Mexican peso depreciated by approximately 8.0 and 5.0 percentage points, respectively, relative to the U.S. dollar through the first three quarters of 1998 before experiencing volatile overall increases through 1999 of 22.0 and 13.0 percentage points, respectively. During 2000 and the first six months of 2001, the real value of the Japanese yen again depreciated by nearly 22.0 percentage points. Real values for the Mexican peso cannot be calculated for 2000 and the first six months of 2001 due to the unavailability of Mexican producer price information; however, nominal values were relative stable during this time frame (figures V-1 and V-2).

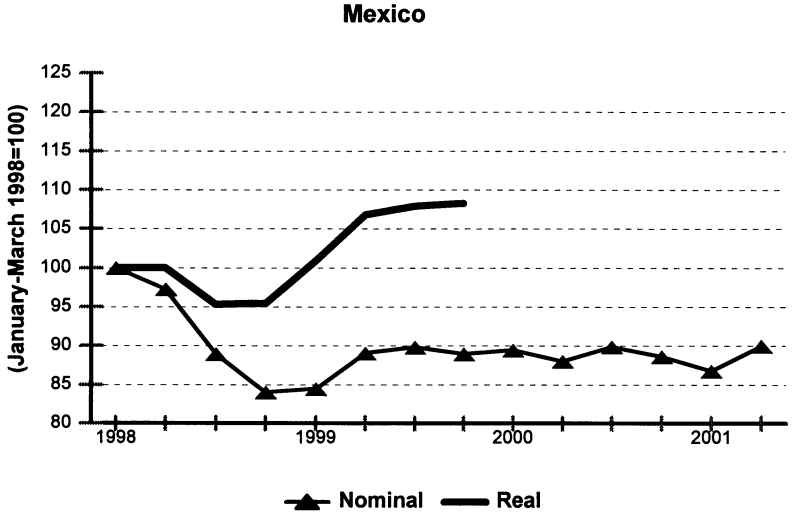
Figure V-1
Exchange rates: Indices of the nominal and real values of the Japanese yen relative to the U.S. dollar, by quarters, January 1998-June 2001



Source: International Monetary Fund, *International Financial Statistics*, August 2001.

V-2

Figure V-2
Exchange rates: Indices of the nominal and real values of the Mexican peso relative to the U.S. dollar, by quarters, January 1998-June 2001



Source: International Monetary Fund, *International Financial Statistics*, August 2001.

PRICING PRACTICES

Pricing Methods

Questionnaire responses reveal that most sales of CWLDLP in the United States are made on a transaction-by-transaction basis, with project business typically involving a standard bidding process initiated by end users, and maintenance, repair, and other business typically involving spot sales to distributors. Several firms reported that they have recently participated in on-line reverse auctions. According to *** of ***, on-line reverse auctions are becoming increasingly common in the CWLDLP market.

Standard Bidding Process

Based on questionnaire responses from U.S. producers, importers, and purchasers, CWLDLP sales generally involve a closed bidding process. Purchasers, typically oil and gas transmission companies, initiate the process by formulating a plan covering technical specifications, terms, and timing requirements associated with the welded large diameter line pipe necessary for a particular project.[2] This plan then serves as the basis for the Request for Quotation (RFQ) issued by purchasers to approved CWLDLP manufacturers, who in turn determine their bids on the basis of estimated costs, available

[2] According to some purchasers, RFQs always request a specific weld type (staff interviews with *** of *** and *** of ***, September 10, 2001). At the hearing, petitioners stated that this is not always the case, particularly in instances where RFQs request bids on line pipe with outer diameters and wall thicknesses available from both ERW and SAW manufacturers. In contrast, respondents stated that RFQs requesting line pipe in this overlapping size range frequently request a specific weld type.

capacity, and, in the case of some foreign bids, projected changes in exchange rates.[3] [4] CWLDLP manufacturers are given approximately 2 to 3 weeks to submit their bids.

In a typical bidding process, the purchaser reviews the initial bids of participating manufacturers to ensure compliance with the technical specifications, as well as compare competing firms' prices and ability to meet delivery schedules. After a comparison of the competing bids is completed, the purchaser frequently selects a supplier or a "short list" of suppliers, depending on the size of the project.[5] The selection process generally takes several weeks as the purchaser tries to decide which supplier offers the best value on the basis of ability to meet technical specifications and project deadlines, as well as price. Information supplied by purchasers indicates that the primary factors considered in the bidding process are quality and availability, with price considered a comparatively less important factor. However, given similarities among suppliers regarding the aforementioned primary factors, the final price to the customer is often a significant consideration.

The entire process, from mailing the RFQ to selecting a supplier, generally takes 1 to 2 months. Negotiations conclude with the award of a purchase order,[6] but manufacturing and delivery generally take an additional 6 to 12 months. Payment is typically due 30 days after delivery.

On-Line Reverse Auctions

The initial stages of an on-line reverse auction are similar to a standard bidding process. Purchasers formulate a plan covering the technical specifications and timing requirements associated with the welded large diameter line pipe necessary for a particular project. This plan serves as the basis for the RFQ issued by purchasers to select manufacturers.

Manufacturers are given a specified time period, typically 4 to 5 weeks, in which to submit a technical proposal. The purchaser then engages in a review of these proposals, and selects qualified manufacturers based on their compliance with the technical and timing aspects stated in the RFQ. Only these qualified mills are allowed to participate in the on-line bidding process.

The purchaser informs the competing firms of a ceiling price for each bid approximately 1 to 2 weeks prior to the actual bidding process. The ceiling price is typically derived from a reference price from a past project, plus a mark-up. Firms bid on specific "lot listings" for a given project, in which a "lot" typically represents a certain portion of the project.[7] The reverse auction begins at a pre-specified time, and each "lot" is open for bid submissions for 15 minutes. During this time, participating firms can view their competitors' quotes on line, but are not provided information on the identities of the other

[3] Questionnaire responses indicate that purchasers typically issue RFQs to two to five approved manufacturers. In order to qualify, manufacturers must successfully pass a mill audit, which is performed by the purchaser to ensure that a particular manufacturer has the ability and capacity to meet the purchaser's CWLDLP requirements.

[4] Three of 5 U.S. producers and 4 of 12 importers reported that there were instances since January 1998 in which their firm did not bid on certain projects for which they were identified as approved manufacturers. None of the 7 responding purchasers reported that they specifically excluded certain manufacturers from the group of bidders selected for projects occurring during the period examined. In general, purchasers preselect bidders from an approved manufacturers list (see footnote 3 above).

[5] Questionnaire responses indicate that second bids are uncommon, and occur only if there are changes to technical or timing aspects of the project.

[6] At the hearing, David Delie of Berg Steel Pipe explained that end users issue a letter of intent prior to the purchase order in order to reserve mill space with a selected supplier. Letters of intent are not payment commitments by the purchaser, thus mills will not begin pipe production until a letter of intent is converted to a purchase order (hearing transcript, p. 129).

[7] Lot listings are also part of the RFQ in the standard bidding process. Thus, manufacturers submit bids on specific portions of an overall project.

firms. Firms can bid repeatedly, but each successive bid must be lower than the firm's previous bid. However, a firm is not required to submit a market-leading bid. If a market-leading bid is submitted near the end of the 15-minute window, the purchaser may extend the bidding time by 10 to 15 minutes to allow competing firms to rebid if so desired. After the bidding closes, there is a "tending period" of 10 minutes to allow for any technical problems that may have delayed a participating firm's bid submission.

Purchasers review the final bids from participating firms and select the manufacturer that they believe provides the best combination of cost and quality. *** of *** (a CWLDLP purchaser) stated that quite frequently the lowest bid does win the "lot," but this is not always the case. Purchasers factor in exceptions to technical terms, lead times, etc., when making their final decisions. The entire process, from mailing the RFQ to selecting a supplier, generally takes 4 to 5 months.[8]

Sales Terms and Discounts

The vast majority of CWLDLP producers and importers did not report having fixed discount policies. However, some firms reported that price discounting based on quantity may occur during negotiations with individual customers. U.S. producers and importers showed near unanimity on the issue of payment terms, with most firms reporting that payment is required within 30 days. U.S. producers and importers were somewhat mixed with regard to how prices are quoted in the CWLDLP market. Among U.S. producers, the majority reported that price quotes occur on an f.o.b. basis, with some firms stating that price quotes occur on both an f.o.b. and delivered basis. Among importers, the majority reported that port-of-entry is the usual basis on which prices are quoted.

PRICE DATA

The Commission requested U.S. producers, importers, and purchasers to provide quarterly data for the total quantity and value of shipments of four CWLDLP products. These data were used to determine the weighted-average price in each quarter. Data were requested for the period January 1998 through June 2001. The products for which pricing data were requested are as follows:

Product 1. **– ERW line pipe, 18-24 in. OD, 0.375-0.500 in. wall, API 5 LB X42 - X56, regardless of length.**

Product 2. **– ERW line pipe, 18-24 in. OD, greater than 0.375-0.625 in. wall, API 5 LB X70 - X79, regardless of length.**

Product 3. **– DSAW line pipe, 26-36 in. OD, 0.625-1.000 in. wall, API 5 LB X42 - X52, regardless of length.**

Product 4. **– DSAW line pipe, 30-42 in. OD, greater than 0.625-1.000 in. wall, API 5 LB X60 - X70, regardless of length.**

Seven U.S. producers, 11 importers, and 9 purchasers provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters. Pricing data reported by U.S. producers and importers accounted for 13.5 percent of the

[8] The discussions on both the standard bidding process and on-line reverse auctions are based on questionnaire responses, as well as staff interviews with *** of ***, February 8 and 9, and August 27, 2001.

2000 value of U.S. producers' commercial shipments of CWLDLP, as well as 37.3 and 4.2 percent of the 2000 landed, duty-paid value of imports of CWLDLP from Japan and Mexico, respectively.[9]

Price Comparisons

Data on f.o.b. selling prices and quantities of products 1 through 4 sold by U.S. producers and importers of Japanese and Mexican CWLDLP are shown in tables V-1 through V-4, and figures V-3 through V-6, respectively.

Product 1

As shown in table V-1 and figure V-3, price comparisons for product 1 between the United States and Japan were possible in a total of 14 quarters. In all quarters, the Japanese product was priced below the U.S. product, with margins ranging from *** to *** percent and averaging 13.4 percent.

Price comparisons for product 1 between the United States and Mexico were possible in a total of three quarters. In one quarter, the Mexican product was priced above the U.S. product, with a margin of *** percent. In the other two quarters, the Mexican product was priced below the U.S. product, with margins of *** and *** percent.

Product 2

As shown in table V-2 and figure V-4, price comparisons for product 2 between the United States and Japan were possible in a total of three quarters. In two quarters, the Japanese product was priced above the U.S. product, with margins of *** and *** percent. In the other quarter, the Japanese product was priced below the U.S. product, with a margin of *** percent.

Price comparisons for product 2 between the United States and Mexico were possible in one quarter. In this one quarter, the Mexican product was priced above the U.S. product, with a margin of *** percent.

Product 3

As shown in table V-3 and figure V-5, price comparisons for product 3 between the United States and Japan were possible in a total of 13 quarters. In four quarters, the Japanese product was priced above the U.S. product, with margins ranging from *** to *** percent and averaging 15.9 percent. In the other nine quarters, the Japanese product was priced below the U.S. product, with margins ranging from *** to *** percent and averaging 8.4 percent.

Price comparisons for product 3 between the United States and Mexico were possible in a total of three quarters. In two quarters, the Mexican product was priced above the U.S. product, with margins of *** and *** percent. In the remaining quarter, the Mexican product was priced below the U.S. product, with a margin of *** percent.

[9] Price data reported by purchasers accounted for 8.5 percent of the 2000 value of U.S. producers' commercial shipments of CWLDLP, as well as 7.1 and 0.0 percent of the 2000 landed, duty-paid value of imports of CWLDLP from Japan and Mexico, respectively. Due to a generally similar trend incorporating a mix of underselling and overselling with respect to purchases of CWLDLP from Japan, as compared with the price data reported by U.S. producers and importers, purchaser price data are not shown in this report.

Table V-1
Product 1: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-June 2001

Period	United States		Japan			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per ton	*Tons*	*Per ton*	*Tons*	*Percent*	*Per ton*	*Tons*	*Percent*
1998:								
January-March	$***	***	$***	***	***	---	---	---
April-June	***	***	547.38	7,197	***	---	---	---
July-September	***	***	***	***	***	$***	***	***
October-December	***	***	499.60	2,534	***	---	---	---
1999:								
January-March	***	***	***	***	***	---	---	---
April-June	***	***	403.31	1,986	***	---	---	---
July-September	***	***	382.97	5,090	***	---	---	---
October-December	***	***	385.52	3,772	***	***	***	***
2000:								
January-March	***	***	435.77	9,358	***	***	***	***
April-June	***	***	456.04	20,738	***	---	---	---
July-September	***	***	461.35	18,057	***	---	---	---
October-December	***	***	497.12	3,479	***	---	---	---
2001:								
January-March	***	***	483.83	3,626	***	---	---	---
April-June	***	***	427.59	1,372	***	---	---	---

Product 1 – ERW line pipe, 18-24 in. OD, 0.375-0.500 in. wall, API 5 LB X42 - X56, regardless of length.

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

Table V-2
Product 2: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-June 2001

Period	United States		Japan			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per ton	*Tons*	*Per ton*	*Tons*	*Percent*	*Per ton*	*Tons*	*Percent*
1998:								
January-March	$***	***	---	---	---	---	---	---
April-June	***	***	---	---	---	---	---	---
July-September	***	***	$***	***	***	---	---	---
October-December	***	***	---	---	---	---	---	---
1999:								
January-March	***	***	---	---	---	---	---	---
April-June	***	***	---	---	---	---	---	---
July-September	***	***	---	---	---	---	---	---
October-December	***	***	***	***	***	$***	***	***
2000:								
January-March	***	***	---	---	---	---	---	---
April-June	***	***	---	---	---	---	---	---
July-September	***	***	---	---	---	---	---	---
October-December	***	***	---	---	---	---	---	---
2001:								
January-March	***	***	---	---	---	---	---	---
April-June	***	***	***	***	***	---	---	---

Product 2 – ERW line pipe, 18-24 in. OD, greater than 0.375-0.625 in. wall, API 5 LB X70 - X79, regardless of length.

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

Table V-3
Product 3: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-June 2001

Period	United States		Japan			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per ton	*Tons*	*Per ton*	*Tons*	*Percent*	*Per ton*	*Tons*	*Percent*
1998:								
January-March	$***	***	$***	***	***	---	---	---
April-June	***	***	***	***	***	---	---	---
July-September	***	***	***	***	***	---	---	---
October-December	***	***	605.53	5,541	***	---	---	---
1999:								
January-March	***	***	568.66	5,723	***	---	---	---
April-June	***	***	543.44	2,990	***	$***	***	***
July-September	***	***	534.25	2,922	***	***	***	***
October-December	---	---	543.32	1,409	---	***	***	---
2000:								
January-March	***	***	502.84	4,756	***	***	***	***
April-June	***	***	527.07	6,665	***	---	---	---
July-September	***	***	484.05	5,994	***	---	---	---
October-December	***	***	***	***	***	---	---	---
2001:								
January-March	***	***	***	***	***	---	---	---
April-June	666.66	906	***	***	***	---	---	---

Product 3 – DSAW line pipe, 26-36 in. OD, 0.625-1.000 in. wall, API 5 LB X42 - X52, regardless of length.

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

Table V-4
Product 4: Weighted-average f.o.b. prices and quantities as reported by U.S. producers and importers, and margins of underselling/(overselling), by quarters, January 1998-June 2001

Period	United States		Japan			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per ton	*Tons*	*Per ton*	*Tons*	*Percent*	*Per ton*	*Tons*	*Percent*
1998:								
January-March	$***	***	$***	***	***	---	---	---
April-June	***	***	---	---	---	---	---	---
July-September	***	***	***	***	***	---	---	---
October-December	***	***	***	***	***	---	---	---
1999:								
January-March	***	***	---	---	---	---	---	---
April-June	***	***	***	***	***	---	---	---
July-September	***	***	563.75	775	***	$***	***	***
October-December	***	***	---	---	---	---	---	---
2000:								
January-March	***	***	---	---	---	---	---	---
April-June	***	***	***	***	***	---	---	---
July-September	***	***	---	---	---	---	---	---
October-December	***	***	---	---	---	---	---	---
2001:								
January-March	***	***	---	---	---	---	---	---
April-June	***	***	***	***	***	***	***	***

Product 4 – DSAW line pipe, 30-42 in. OD, greater than 0.625-1.000 in. wall, API 5 LB X60 - X70, regardless of length.

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

V-10

Figure V-3
Weighted-average f.o.b. prices for product 1, as reported by U.S. producers and importers, by quarters, January 1998-June 2001

* * * * * * *

Figure V-4
Weighted-average f.o.b. prices for product 2, as reported by U.S. producers and importers, by quarters, January 1998-June 2001

* * * * * * *

Figure V-5
Weighted-average f.o.b. prices for product 3, as reported by U.S. producers and importers, by quarters, January 1998-June 2001

* * * * * * *

Figure V-6
Weighted-average f.o.b. prices for product 4, as reported by U.S. producers and importers, by quarters, January 1998-June 2001

* * * * * * *

Product 4

As shown in table V-4 and figure V-6, price comparisons for product 4 between the United States and Japan were possible in a total of seven quarters. In five quarters, the Japanese product was priced above the U.S. product, with margins ranging from *** to *** percent and averaging 9.5 percent. In the other two quarters, the Japanese product was priced below the U.S. product, with margins of *** and *** percent.

Price comparisons for product 4 between the United States and Mexico were possible in a total of two quarters. In one quarter, the Mexican product was priced above the U.S. product, with a margin of *** percent. In the other quarter, the Mexican product was priced below the U.S. product, with a margin of *** percent.

BID DATA

U.S. producers, importers, and purchasers were requested to report details of their top three (based on value) annual bid transactions for CWLDLP contracted and/or delivered to U.S. purchasers during the period January 1998 to June 2001. Responses from U.S. purchasers are provided in table V-5.[10] Reported contracts are presented in chronological order by date of final bid, and competing bids for each contract are shown in order from lowest to highest value bid. Since firms typically bid once on CWLDLP projects, only one set of bid values is shown per contract (i.e., there are no initial and final bids). For each reported contract in table V-5, data related to the winning bid are presented in boxes with bold outlines. A total of eight contracts for CWLDLP were reported by purchasers for the period

[10] Data supplied by purchasers provide the most consistent comparison of bids for specific contracts. Bid data provided by purchasers and suppliers are often difficult to reconcile due to differences in bid or shipment dates, and different ways of reporting quantities and values.

examined, involving 231,611 short tons valued at $203.4 million (in winning bid values). Of these contracts, *** percent (*** short tons valued at $***) of the value of the contracts were awarded to U.S. suppliers, *** percent (*** short tons valued at $***) were awarded to Japanese suppliers, no contracts were awarded to Mexican suppliers, and *** percent (*** short tons valued at $***) were awarded to suppliers of nonsubject imports.[11]

Table V-5
CWLDLP: Bid information on contracts awarded by purchasers for shipment during 1998 or later

* * * * * * *

Questionnaire responses reveal that CWLDLP suppliers typically are not aware of all competitors and/or all competitors' bids for a given contract, thus making it difficult, if not impossible, to create a table similar to table V-5 using bid data supplied by U.S. producers and importers. However, these data are summarized next.

Approximately 50 contracts for CWLDLP (not including contracts reported by purchasers in table V-5) were reported by U.S. producers and importers for the period examined, primarily for projects involving on-shore gas transmission.[12] In total, these contracts involved approximately 1.8 million short tons valued at $1.5 billion (in final bid values). Of these contracts, *** percent (*** short tons valued at $***) of the value of the contracts were awarded or partially awarded to U.S. suppliers, *** percent (*** short tons valued at $***) were awarded or partially awarded to Japanese suppliers, *** percent (*** short tons valued at $***) were awarded or partially awarded to Mexican suppliers, and *** percent (*** short tons valued at $***) were awarded or partially awarded to suppliers of nonsubject imports.[13]

Purchaser bid data on the Gulfstream Pipeline project are not available due to data retrieval difficulties associated with the February 2001 acquisition of this project by Williams and Duke Energy from the Coastal Corporation. However, bid data reported by U.S. producers and importers reveal the following information.[14]

* * * * * * *[15] [16]

---

[11] ***.

[12] Overall, more than 50 contracts were reported by U.S. producers and importers, as the same contract was in some cases reported by more than one supplier. Staff has identified the majority, if not all, of these instances. In some cases, contracts were reportedly awarded to both a U.S. producer and a nonsubject country supplier, or a subject country supplier and a nonsubject country supplier.

[13] In their prehearing brief, the Japanese respondents state that none of the contracts reported by U.S. producers involve competition between U.S. producers of ERW pipe and U.S. producers of SAW pipe (Japanese respondents' prehearing brief, p. 26). Bid data provided in U.S. producers' questionnaire responses appear to support this allegation. However, there are contracts for which U.S. producers stated they do not know all of their competitors, and in some of these cases the required pipe outer diameters fall within the range supported by both ERW and SAW pipe. Therefore, based on these bid data, a lack of competition between U.S. producers of ERW pipe and U.S. producers of SAW pipe is uncertain.

[14] In addition to the quantity and value information provided by certain U.S. producers and importers, ***.

[15] This project was initially bid in ***. Questionnaire responses indicate that after the initial round, some firms were short-listed and asked to re-bid on the project.

[16] It is difficult to compare bid data among suppliers due to potential differences in the reporting of quantities and values. As previously mentioned, data supplied by purchasers provide the most consistent comparison of bids for specific contracts (see footnote 10 on p. V-11).

LOST SALES AND LOST REVENUES

Five U.S. producers provided information on alleged lost sales and/or lost revenues due to imports of CWLDLP from Japan and/or Mexico.[17] U.S. producers reported eight firms to which they allegedly lost sales and/or revenues. Of the 14 specific lost sales/lost revenue allegations, five were confirmed or partially confirmed by purchasers, eight were denied by purchasers, and in one instance it was impossible to obtain adequate information.[18] The reported allegations of lost sales and lost revenue total $152.5 million and involve just over 238,000 tons of CWLDLP,[19] of which $15.5 million and just under 26,000 tons were confirmed by purchasers.[20] The lost sales and lost revenue allegations are reported in tables V-6 and V-7, respectively. Additional information provided by purchasers follows.

Table V-6
CWLDLP: Lost sales allegations

* * * * * * *

Table V-7
CWLDLP: Lost revenue allegations

* * * * * * *

* * * * * * * [21] [22]

[17] There are no additional allegations since the preliminary phase of these investigations. *** provided information regarding lost sales to subject imports of *** tons during the period of investigation, but did not provide additional requested information, such as the value of the alleged lost sales or purchaser contact information.

[18] *** refused to participate in the lost sales/lost revenues verification process (staff interview with *** of ***, January 30, 2001).

[19] In some cases, *** disagreed with the quantities stated by U.S. producers. ***'s adjustments lower the total quantity involved in lost sales allegations to approximately 184,500 tons. These discrepancies may be due to the narrowing of project scope from the time of U.S. producers' bids to the actual awarding of contracts (staff interview with *** of ***, February 13, 2001).

[20] *** confirmed *** tons of ***'s lost sale allegation of *** tons. Staff has estimated the corresponding confirmed value of this lost sale based on the average unit value of ***'s allegation, and adjusted confirmed lost sales volume and value accordingly from the levels shown in the prehearing report.

[21] Some information in this section of the report is based on a staff interview with *** of ***, February 13, 2001.

[22] Some information in this section is based on a staff interview with *** of ***, February 12, 2001.

V-13

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Seven firms that produced CWLDLP during the period examined supplied financial data on their line pipe operations.[1] No producers reported transfers to related firms. Only one producer, ***, reported internal consumption in 2000, which was insignificant. Exports were material. Two producers reported tolling operations.[2]

OPERATIONS ON CERTAIN WELDED LARGE DIAMETER LINE PIPE

The aggregate results of operations of CWLDLP producers are presented in table VI-1. Total net sales volume and value decreased significantly and continuously from 1998 through 2000. However, operating income increased somewhat from 1998 to 1999, due mainly to a decrease in cost of goods sold (COGS). Per-ton net sales values decreased considerably from 1999 to 2000, by $75, while total unit cost (COGS and selling, general, and administrative (SG&A) expenses) increased by $58, resulting in an operating loss of $69 per ton, a $133 per-ton lower unit operating income in 2000 compared to 1999. In interim 2001, both total net sales volume and value increased significantly from interim 2000. Operating income in interim 2001 improved from an operating loss in interim 2000 due to decreased unit costs. Per-ton net sales value continued to decrease in interim 2001, by $17 from interim 2000, while total unit cost decreased by $121, resulting in operating income of $19 per ton, a $105 per-ton higher unit operating income in interim 2001 compared to interim 2000.

The results of operations by production process and by individual firms are presented in table VI-2. Operating margins for ERW producers tended to be less volatile than for SAW producers throughout the period. However, both types of producers experienced deteriorating operating margins during 1998-2000 and improved operating margins for interim 2001 compared to interim 2000. ***. The aggregate operating loss margin in 2000 without *** would be *** percent and the SAW producers' operating loss margin in 2000 without *** would be *** percent.

---

[1] The only producer whose fiscal year ends other than on December 31 is ***.

[2] *** reported toll producing CWLDLP for *** in 1998 and *** reported toll producing CWLDLP for *** in all periods.

Table VI-1
Results of operations of U.S. producers in the production of CWLDLP, fiscal years 1998-2000, January-June 2000, and January-June 2001

Item	Fiscal year			January-June	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Net sales	1,143,435	967,880	323,850	148,582	386,516
	Value (*$1,000*)				
Net sales	758,831	638,986	189,647	84,757	213,831
COGS	676,419	540,980	192,182	87,267	191,141
Gross profit or (loss)	82,412	98,006	(2,535)	(2,510)	22,690
SG&A expenses	25,662	35,852	19,663	10,309	15,381
Operating income or (loss)	56,750	62,154	(22,198)	(12,819)	7,309
Interest expense	3,959	3,885	3,642	2,174	1,598
Other expense	1,645	4,258	313	22	33
Other income	1,754	1,490	193	562	959
Net income or (loss)	52,900	55,501	(25,960)	(14,453)	6,637
Depreciation/amortization	9,410	9,164	7,593	3,684	4,686
Cash flow	62,310	64,665	(18,367)	(10,769)	11,323
	Unit value (*per short ton*)				
Net sales	$664	$660	$586	$570	$553
COGS	592	559	593	587	495
Gross profit or (loss)	72	101	(8)	(17)	59
SG&A expenses	22	37	61	69	40
Operating income or (loss)	50	64	(69)	(86)	19
	Ratio to net sales (*percent*)				
COGS	89.1	84.7	101.3	103.0	89.4
Gross profit or (loss)	10.9	15.3	(1.3)	(3.0)	10.6
SG&A expenses	3.4	5.6	10.4	12.2	7.2
Operating income or (loss)	7.5	9.7	(11.7)	(15.1)	3.4
	Number of firms reporting				
Operating losses	0	3	6	6	3
Data	7	7	7	7	7

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

Table VI-2
Results of operations of U.S. producers, by firms, in the production of CWLDLP, fiscal years 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Selected aggregate per-unit cost data of the producers on their operations, on a dollars-per-short ton basis, are presented in table VI-3. While per-unit COGS increased slightly from 1998 to 2000, per-unit SG&A expenses increased to a greater degree over the same period. Although unit raw material costs decreased during this period, unit fabrication costs (direct labor and factory overhead combined) increased irregularly. Total unit COGS decreased significantly from interim 2000 to interim 2001, along with total unit SG&A expenses.

Table VI-3
Results (*per short ton*) of operations of U.S. producers in the production of CWLDLP, fiscal years 1998-2000, January-June 2000, and January-June 2001

Item	Fiscal year			January-June	
	1998	1999	2000	2000	2001
COGS:	Unit value (*per short ton*)				
Raw materials	$445	$422	$406	$401	$382
Direct labor	53	49	71	70	41
Factory overhead	93	88	117	116	71
Total COGS	592	559	593	587	495
SG&A expenses:					
Selling expenses	4	6	13	15	7
G&A expenses	18	31	48	55	33
Total SG&A expenses	22	37	61	69	40
Total cost	614	596	654	657	534

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

A variance analysis showing the effects of prices and volume on the producers' sales of CWLDLP, and costs and volume on their total cost, is shown in table VI-4. Internal consumption was immaterial but exports were material. The analysis is summarized at the bottom of the table. The substantial decrease in operating income ($79 million) between 1998 and 2000 was attributable to all three unfavorable factors: the negative effect of falling sales prices (negative $25 million), climbing costs and expenses (negative $13 million), and decreasing sales volumes (negative $41 million). During January-June 2000-2001 increased operating income was attributed to decreased costs.

VI-3

Table VI-4
Variance analysis of operations of U.S. producers in the production of CWLDLP, fiscal years 1998-2000, 1998-99, 1999-2000, and January-June 2000-2001

Item	Between fiscal years			January-June
	1998-2000	1998-99	1999-2000	2000-2001
	Value (*$1,000*)			
Net sales:				
Price variance	(25,273)	(3,339)	(24,156)	(6,653)
Volume variance	(543,911)	(116,506)	(425,183)	135,727
Total net sales variance	(569,184)	(119,845)	(449,339)	129,074
Cost of sales:				
Cost variance	(603)	31,586	(11,172)	35,872
Volume variance	484,840	103,853	359,970	(139,746)
Total cost variance	484,237	135,439	348,798	(103,874)
Gross profit variance	(84,947)	15,594	(100,541)	25,200
SG&A expenses:				
Expense variance	(12,395)	(14,130)	(7,667)	11,436
Volume variance	18,394	3,940	23,856	(16,508)
Total SG&A variance	5,999	(10,190)	16,189	(5,072)
Operating income variance	(78,948)	5,404	(84,352)	20,128
Summarized as:				
Price variance	(25,273)	(3,339)	(24,156)	(6,653)
Net cost/expense variance	(12,998)	17,456	(18,839)	47,309
Net volume variance	(40,677)	(8,713)	(41,357)	(20,528)

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

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

TOLLING OPERATIONS

The aggregate results of tolling operations of CWLDLP are presented in table VI-5.

VI-4

Table VI-5
Results of tolling operations in the production of CWLDLP, fiscal years 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

If the tollers are consolidated with the U.S. producers in the production of CWLDLP, the financial adjustment would be a reduction in COGS by the amount of the tollers' operating income. This would result in an increase in the producers' operating income and margins to the following:

* * * * * * *

The tolling cost is less than *** percent of the total cost of the U.S. producers in 2000; however, the tollers' value added (***) is approximately *** percent in 2000 and ranges from *** percent to *** percent during the period.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The U.S. producers' capital expenditures and research and development (R&D) expenses, together with the value of their fixed assets, are presented in table VI-6. Capital expenditures decreased slightly from 1998 to 1999, and significantly from 1999 to 2000. Capital expenditures increased slightly from interim 2000 to interim 2001.[3]

Table VI-6
Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of CWLDLP, fiscal years 1998-2000, January-June 2000, and January-June 2001

Item	Fiscal year			January-June	
	1998	1999	2000	2000	2001
	Value (*$1,000*)				
Capital expenditures	13,685	12,614	4,073	1,758	1,840
R&D expenses	*	*	*	*	*	*	*
Productive facilities:					
Original cost	209,787	221,691	227,075	209,556	214,047
Book value	120,913	123,050	118,635	108,779	100,821

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

Only two producers reported R&D expenses; such expenses were ***. Aggregated R&D expenses increased somewhat in 1999 from 1998 and fell in 2000. The original cost of fixed assets

[3] Despite repeated requests from Commission staff, *** did not report capital expenditures or productive facilities' original cost and book value for interim 2000 or interim 2001.

increased steadily over the period while net book value fluctuated downward. Depreciation exceeded capital expenditures in 2000.

CAPITAL AND INVESTMENT

The Commission requested the producers to describe any actual or potential negative effects of imports of CWLDLP from Japan and/or Mexico on their growth, investment, ability to raise capital, and/or their development efforts (including efforts to develop a derivative or more advanced version of the product). The producers' comments are presented in appendix F.

PART VII: THREAT CONSIDERATIONS

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

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*
>
> *(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,*
>
> *(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there*

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[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V, respectively, and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in appendix F. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" and any other threat indicators, if applicable, follows.

The Commission sent foreign producers' questionnaires to all known producers of CWLDLP in Japan and Mexico that were identified in the petition. Responses were received from the majority of producers/exporters of CWLDLP in the subject countries.

THE INDUSTRY IN JAPAN

The petition, as amended, cited nine producers/exporters of CWLDLP in Japan. Four firms provided the Commission with information relating to their CWLDLP operations. These were Kawasaki Steel Corp. ("Kawasaki"), Nippon Steel Corp. ("Nippon"), NKK Corp. ("NKK"), and Sumitomo Metal Industries ("Sumitomo"). Two firms indicated in the Commission's preliminary phase investigations that they do not produce the subject products,[3] and three firms did not respond to the Commission's request for information on their CWLDLP operations.[4]

Kawasaki, Nippon, NKK, and Sumitomo each produce both ERW and SAW large diameter line pipe. However, as shown in table VII-1, SAW line pipe accounted for the majority of Japanese producers' total CWLDLP operations during the period for which the Commission requested information.

---

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

[3] The two firms are ***.

[4] The firms include ***. The firms are not known to have exported CWLDLP to the United States.

Table VII-1
ERW and SAW large diameter line pipe: Shares of production, exports, and total shipments of Japanese-produced products, 1998-2000, January-June 2000, and January-June 2001

(In *percent*)

Period	Share of production		Share of exports to the United States		Share of exports to all other export markets		Share of total shipments	
	ERW	SAW	ERW	SAW	ERW	SAW	ERW	SAW
1998	24.8	75.2	54.9	45.1	19.4	80.6	25.8	74.2
1999	17.8	82.2	45.6	54.4	14.5	85.5	17.8	82.2
2000	26.6	73.4	59.6	40.4	15.5	84.5	30.1	69.9
January-June 2000	25.3	74.7	55.3	44.7	12.3	87.7	30.2	69.8
January-June 2001	29.0	71.0	71.5	28.5	24.6	75.4	27.7	72.3

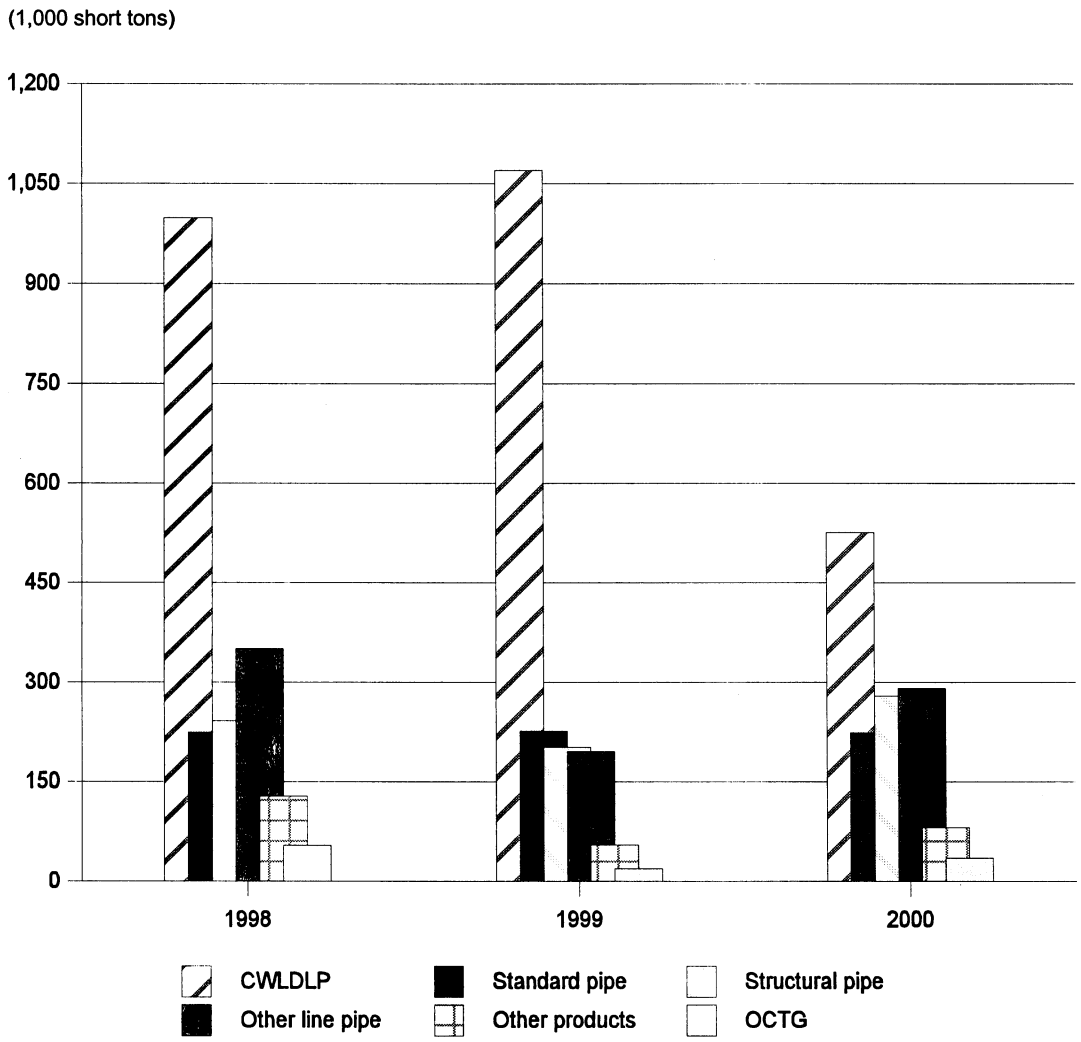
In addition to the production of CWLDLP, Kawasaki, Nippon, NKK, and Sumitomo also produce a number of other products on the same machinery and equipment that they use to produce CWLDLP. These other products and their production volumes relative to CWLDLP production are shown in figure VII-1. In the Commission's foreign producers' questionnaire, firms were asked whether they had any plans to add, expand, curtail, or shut down production capacity and/or production of CWLDLP in Japan. All four firms indicated that they had no such plans.[5]

Aggregate data for Kawasaki, Nippon, NKK, and Sumitomo on their operations involving ERW and SAW large diameter line pipe are shown in tables VII-2 and VII-3, respectively. Data on the firms' combined ERW and SAW large diameter line pipe operations are presented in table VII-4. The data generally show that these firms experienced a significant decline in both their ERW and SAW operations between 1998 and 2000 and experienced somewhat of an improvement in their operations between the interim periods. Production of ERW and SAW line pipe, for example, declined by 43.0 percent and 48.0 percent, respectively, between 1998 and 2000 and increased by 38.0 percent and by 14.5 percent, respectively, between interim 2000 and interim 2001. Similarly, total exports of ERW and SAW line pipe fell by 45.1 percent and by 56.1 percent between 1998 and 2000, and increased by 39.1 percent and by 61.7 percent between the interim periods. Besides the United States, such other countries as Australia, Azerbaijan, Canada, China, Norway, Thailand, and the United Kingdom are also principal destinations of CWLDLP products produced in Japan. Other than a projected 122.4 percent increase in production of ERW line pipe, Japanese producers project minor decreases in their ERW and SAW operations in 2002 as compared with projected full-year 2001.

[5] In response to this question in the preliminary phase questionnaire, Kawasaki reported that it ***.

VII-3

Figure VII-1
Japanese producers' production of products on the same machinery and equipment that is used to produce CWLDLP, by types, 1998-2000



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

VII-4

Table VII-2
ERW large diameter line pipe: Combined capacity, production, inventories, and shipments of Japanese producers Kawasaki, Nippon, NKK, and Sumitomo, 1998-2000, January-June 2000, January-June 2001, projected 2001, and projected 2002

Item	Actual experience					Projections	
	Calendar year			January-June			
	1998	1999	2000	2000	2001	2001	2002
	Quantity (*short tons*)						
Capacity[1]	283,987	219,601	160,941	81,963	108,626	277,271	268,110
Production	250,446	192,025	142,808	73,249	101,108	115,266	256,354
End-of-period inventories	16,493	10,444	15,973	10,128	14,752	8,187	6,851
Shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
United States	97,226	57,573	90,495	56,986	17,895	47,733	47,513
All other markets	150,411	140,286	45,456	16,579	84,434	218,375	207,981
Total exports	247,637	197,859	135,951	73,565	102,329	266,108	255,494
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (*percent*)						
Capacity utilization	88.2	87.4	88.7	89.4	93.1	41.6	95.6
Inventories/production	6.6	5.4	11.2	6.9	7.3	7.1	2.7
Inventories/shipments	***	***	***	***	***	***	***
Share of total shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***

[1] ***.

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

VII-5

Table VII-3
SAW large diameter line pipe: Combined capacity, production, inventories, and shipments of Japanese producers Kawasaki, Nippon, NKK, and Sumitomo, 1998-2000, January-June 2000, January-June 2001, projected 2001, and projected 2002

Item	Actual experience					Projections	
	Calendar year			January-June			
	1998	1999	2000	2000	2001	2001	2002
	Quantity (*short tons*)						
Capacity[1]	820,740	924,923	455,307	253,931	297,538	888,298	735,047
Production	757,558	887,242	393,869	215,883	247,120	837,865	700,028
End-of-period inventories	53,103	21,683	51,455	53,108	43,612	44,811	44,811
Shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
United States	79,812	68,773	61,391	46,092	7,150	17,777	17,777
All other markets	625,032	826,270	247,879	118,696	259,308	833,725	678,153
Total exports	704,844	895,043	309,270	164,788	266,458	851,502	695,930
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (*percent*)						
Capacity utilization	92.3	95.9	86.5	85.0	83.1	94.3	95.2
Inventories/production	7.0	2.4	13.1	12.3	8.8	5.3	6.4
Inventories/shipments	***	***	***	***	***	***	***
Share of total shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***

[1] ***.

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

VII-6

Table VII-4
CWLDLP: Combined capacity, production, inventories, and shipments of Japanese producers Kawasaki, Nippon , NKK, and Sumitomo, 1998-2000, January-June 2000, January-June 2001, projected 2001, and projected 2002

Item	Actual experience					Projections	
	Calendar year			January-June			
	1998	1999	2000	2000	2001	2001	2002
	Quantity (*short tons*)						
Capacity[1]	1,104,727	1,144,524	616,248	335,894	406,164	1,165,569	1,003,157
Production	1,008,004	1,079,267	536,677	289,132	348,228	953,131	956,382
End-of-period inventories	69,596	32,127	67,428	63,236	58,364	52,998	51,662
Shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
United States	177,038	126,346	151,886	103,078	25,045	65,510	65,290
All other markets	775,443	966,556	293,335	135,275	343,742	1,052,100	886,134
Total exports	952,481	1,092,902	445,221	238,353	368,787	1,117,610	951,424
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (*percent*)						
Capacity utilization	91.2	94.3	87.1	86.1	85.7	81.8	95.3
Inventories/production	6.9	3.0	12.6	10.9	8.4	5.6	5.4
Inventories/shipments	***	***	***	***	***	***	***
Share of total shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***

[1] ***.

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

VII-7

THE INDUSTRY IN MEXICO

According to the petition, the five producers/exporters of CWLDLP in Mexico are: Procarsa SA de CV ("Procarsa"), Productora Mexicana de Tuberia SA de SV ("PMT"), Tubacero SA ("Tubacero"), Tuberia Laguna SA de CV ("Tuberia Laguna"), and Tubesa SA de CV ("Tubesa").[6] Only PMT, Tubacero, and Tubesa provided the Commission with information regarding their CWLDLP operations in these final phase investigations.[7]

Data on the combined CWLDLP operations of PMT, Tubacero, and Tubesa are presented in tables VII-5-VII-7. All three firms indicated in the Commission's questionnaire that they had no plans to add, expand, curtail, or shut down production capacity and/or production of CWLDLP in Mexico. Only two of the three firms, Tubacero and Tubesa, produce other products using the same machinery and equipment that is used to produce CWLDLP. However, as shown in figure VII-2, the volume of production of these other products was well below CWLDLP production in the periods shown.

PMT and Tubesa produce only SAW large diameter line pipe, whereas Tubacero produces both ERW and SAW line pipe. Aggregate CWLDLP production by all three producers fell by *** percent between 1998 and 2000 and increased by *** percent between the interim periods. Based on the data supplied, Mexican producers have two markets for their CWLDLP products: their home market and the United States. Between 1998 and 2000, producers' shipments into the home market accounted for between *** percent and *** percent of total CWLDLP shipments, while exports to the United States accounted for between *** percent and *** percent of such shipments over the same period. Producers' exports to markets other than the United States were virtually nonexistent after 1998.

Table VII-5
ERW large diameter line pipe: Capacity, production, inventories, and shipments concerning Tubacero's operations in Mexico, 1998-2000, January-June 2000, January-June 2001, projected 2001, and projected 2002

* * * * * * *

Table VII-6
SAW large diameter line pipe: Combined capacity, production, inventories, and shipments of Mexican producers PMT, Tubacero, and Tubesa, 1998-2000, January-June 2000, January-June 2001, projected 2001, and projected 2002

* * * * * * *

Table VII-7
CWLDLP: Combined capacity, production, inventories, and shipments of Mexican producers PMT, Tubacero, and Tubesa, 1998-2000, January-June 2000, January-June 2001, projected 2001, and projected 2002

* * * * * * *

[6] Petition, exhibit 5.

[7] All five firms supplied the Commission with information in the preliminary phase investigations.

VII-8

Figure VII-2
Tubacero's and Tubesa's production of products on the same machinery and equipment that is used to produce CWLDLP, by types, 1998-2000

* * * * * * *

U.S. IMPORTERS' INVENTORIES

End-of-period inventories of CWLDLP as reported by U.S. importers are shown in table VII-8.

Table VII-8
CWLDLP: U.S. importers' end-of-period inventories, 1998-2000, January-June 2000, and January-June 2001

Item	As of December 31			As of June 30	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Japan	14,497	10,139	14,447	10,013	8,610
Mexico	0	0	0	0	0
Total	14,497	10,139	14,447	10,013	8,610
	Ratio to imports (*percent*)				
Japan	9.1	7.1	8.5	4.7	10.7
Mexico	0.0	0.0	0.0	0.0	0.0
Average	8.5	6.3	7.7	4.1	8.4

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

U.S. IMPORTERS' CURRENT ORDERS

Four firms reported in the Commission's questionnaire that they had arranged to take delivery after June 30, 2001, of CWLDLP imported from Japan. The quantity of product involved totaled *** short tons and deliveries are scheduled for between August 2001 and January 2002.

PRODUCT SHIFTING

Petitioners argue that CWLDLP exports to the United States from Japan and Mexico are likely to increase while upstream plate products remain subject to dumping orders.[8] Respondents dispute this. The Mexican respondents maintain that since countervailing and antidumping duty orders on cut-to-length plate were imposed in 1992 and 1993, any product shifting would have occurred already.[9]

[8] Postconference brief of Schagrin Associates, p. 36.

[9] February 5, 2001, postconference brief of White & Case, pp. 48-49.

APPENDIX A

FEDERAL REGISTER NOTICES

A-1

On April 16, 2001, complainant Atmel filed a petition with the Commission to modify the limited exclusion order to cover all semiconductor memory devices manufactured at all other foundries related to or licensed by intervenor SST, i.e., to cover imports from foundries in addition to Sanyo and Winbond. On April 26, 2001, Sanyo, Winbond, and the Commission's Office of Unfair Import Investigations responded to Atmel's petition. On May 7, 2001, Atmel moved for leave to reply to SST's response and attached a reply to SST's response.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and section 210.76 of the Commission's Rules of Practice and Procedure, 19 CFR 210.76.

Copies of the Commission Order and all other nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–2000. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov). General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public.*

By order of the Commission.

Issued: July 2, 2001.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–16992 Filed 7–6–01; 8:45 am]

BILLING CODE 7020–01–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–919–920 (Final)]

Certain Welded Large Diameter Line Pipe from Japan and Mexico

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigations Nos. 731–TA–919–920 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value (LTFV) imports from Japan and alleged LTFV imports from Mexico of certain welded large diameter line pipe.[1,2]

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

EFFECTIVE DATE: June 27, 2001.

FOR FURTHER INFORMATION CONTACT: Diane J. Mazur (202–205–3184), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at http://dockets.usitc.gov/eol/public.

SUPPLEMENTARY INFORMATION:

Background

The final phase of these investigations is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain welded large diameter line pipe from Japan are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations (including the antidumping investigation relating to Mexico) were requested in a petition filed on January 10, 2001, by Berg Steel Pipe Corp., Panama City, FL; American Steel Pipe Division of American Cast Iron Pipe Co., Birmingham, AL; and Stupp Corp., Baton Rouge, LA.

Participation in the Investigations and Public Service List

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

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

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

[1] For purposes of these investigations the Department of Commerce has defined the subject merchandise as certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches (406.4 mm), but less than 64 inches (162.56 cm), whether or not stenciled. This product is normally produced according to American Petroleum Institute (API) specifications, including grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The products are imported under statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, and 7305.19.5000 of the Harmonized Tariff Schedule of the United States. Excluded from the scope of Commerce's investigation are American Water Works Association (AWWA) specification water and sewage pipe and certain other size and grade combinations of line pipe (see Notice of Preliminary Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe from Japan, 66 FR 34151, June 27, 2001).

[2] Commerce has postponed its preliminary determination of sales at LTFV regarding Mexico (66 FR 31211, June 11, 2001). The Commission, for administrative convenience, will apply the current schedule for the final phase of its investigation concerning Mexico. When notified of Commerce's preliminary determination regarding Mexico, if affirmative, the Commission will issue a revised schedule accordingly.

authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on August 28, 2001, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on September 11, 2001, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 4, 2001. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on September 6, 2001, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is September 5, 2001. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is September 18, 2001; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before September 18, 2001. On October 9, 2001, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before October 11, 2001, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

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

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: June 29, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–17022 Filed 7–6–01; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[USITC SE–01–027]

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: United States International Trade Commission.

TIME AND DATE: July 13, 2001 at 11:00 a.m.

PLACE: Room 101, 500 E Street SW., Washington, DC 20436, Telephone: (202) 205–2000.

STATUS: Open to the public.

MATTERS TO BE CONSIDERED:

1. Agenda for future meeting: none.
2. Minutes.
3. Ratification List.
4. Inv. Nos. 731–TA–873–874 and 877–879 (Final) (Certain Steel Concrete Reinforcing Bars from Belarus, China, Korea, Latvia, and Moldova)—briefing and vote. (The Commission is currently scheduled to transmit its determination and Commissioners' opinions to the Secretary of Commerce on July 23, 2001.)
5. Inv. Nos. 701–TA–416 and 731–TA–948 (Preliminary) (Individually Quick-Frozen Red Raspberries from Chile)—briefing and vote. (The Commission is currently scheduled to transmit its determination to the Secretary of Commerce on July 16, 2001; Commissioners' opinions are currently scheduled to be transmitted to the Secretary of Commerce on July 23, 2001.)
6. Outstanding action jackets: none.

In accordance with Commission policy, subject matter listed above, not disposed of at the scheduled meeting, may be carried over to the agenda of the following meeting.

Issued: July 5, 2001.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–17247 Filed 7–5–01; 3:14 pm]

BILLING CODE 7020–02–P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice (01–083)]

NASA Advisory Council (NAC), Task Force on International Space Station Operational Readiness; Meeting

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of Meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, Pub. L. 92–463, as amended, the National Aeronautics and Space Administration announces an open meeting of the NAC Task Force on International Space Station Operational Readiness (IOR).

DATES: Thursday, July 26, 2001, 12 p.m.–1 p.m. Eastern Daylight Time.

ADDRESS: NASA Headquarters, 300 E Street, SW., Room 7W31, Washington, DC 20546.

FOR FURTHER INFORMATION CONTACT: Mr. Philip Cleary, Code IH, National Aeronautics and Space Administration, Washington, DC 20546–0001, 202/358–4461.

SUPPLEMENTARY INFORMATION: This meeting will be open to the public up to the seating capacity of the room. The agenda for the meeting is as follows:

To assess the operational readiness of the International Space Station to support the new crew and the American and Russian flight team's preparedness to accomplish the Expedition Three mission.

It is imperative that the meeting be held on this date to accommodate the scheduling priorities of the key participants. Visitors will be requested to sign a visitors register.

Washington, DC 20230, telephone (202) 482–2243.

APPLICABLE STATUTE AND REGULATIONS: Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2000).

SUPPLEMENTARY INFORMATION:

Background

On March 11, 1986, the Department published, in the **Federal Register**, an antidumping duty order on circular welded carbon steel pipes and tubes from Thailand (51 FR 8341). On March 16, 2000, the Department published a notice of opportunity to request an administrative review of this order covering the period March 1, 1999, through February 29, 2000 (65 FR 14242). Timely requests for an administrative review of the antidumping duty order with respect to sales by Saha Thai Steel Company, Ltd. (Saha Thai) during the POR were filed by Saha Thai; two importers, Ferro Union Inc. and ASOMA Corp.; and three domestic producers, Allied Tube and Conduit Corporation, Sawhill Tubular Division—AK Steel Inc., and Wheatland Tube Company (collectively, the petitioners). The Department published a notice of initiation of this antidumping duty administrative review on May 1, 2000 (65 FR 25303).

Because the Department determined that it was not practicable to complete this review within the statutory time limits, on November 20, 2000, we published, in the **Federal Register**, a notice of extension of the time limit for the preliminary results of this review (65 FR 69734). As a result, we extended the deadline for the preliminary results to March 31, 2001; however, because this date fell on a non-business day, the preliminary results were issued on April 2, 2001. On April 12, 2001, the preliminary results of review were published in the **Federal Register** (66 FR 18901). From June 4 through 13, 2001, the Department verified the sales and cost questionnaire responses of Saha Thai in Thailand.

Extension of Time Limits for Final Results

Under section 751(a)(3)(A) of the Act, the Department may extend the deadline for completion of an administrative review if it determines that it is not practicable to complete the review within the statutory time limit of 365 days. In the instant case, the Department has determined that it is not practicable to complete the review within the statutory time limit due to the need for analysis of certain complex issues, including the date of sale.

Because it is not practicable to complete this review within the time limits mandated by the Act (245 days from the last day of the anniversary month for preliminary results, 120 additional days for final results), in accordance with section 751(a)(3)(A) of the Act, the Department is extending the time limit for the final results an additional 60 days to no later than October 9, 2001.

This notice is issued and published in accordance with section 751(a)(3)(A) of the Act and section 351.213(h)(2) of the Department's regulations.

Dated: August 7, 2001.

Joseph A. Spetrini,

Deputy Assistant Secretary, AD/CVD Enforcement Group III.

[FR Doc. 01–20553 Filed 8–14–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–201–828]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe From Mexico

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

EFFECTIVE DATE: August 15, 2001.

FOR FURTHER INFORMATION CONTACT: Mesbah Motamed or Rick Johnson, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–1382 (Motamed) and (202) 482–3818 (Johnson).

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 ("the Act") by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department of Commerce ("Department") regulations are to the regulations at 19 CFR part 351 (April 2000).

Preliminary Determination

We preliminarily determine that welded large diameter line pipe ("LDLP") from Mexico is being sold, or is likely to be sold, in the United States at less than fair value ("LTFV"), as provided in section 733(b) of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

On January 10, 2001, the Department received a petition on LDLP from Mexico in proper form by American Steel Pipe Division of American Cast Iron Pipe Company, Berg Steel Pipe Corporation, and Stupp Corporation (collectively "petitioners"). The Department received information from the petitioners supplementing the petition on January 22, January 24, January 26, and January 29, 2001.

On January 30, 2001, the Department initiated an antidumping investigation of LDLP from Mexico. *See Notice of Initiation of Antidumping Duty Investigations: Welded Large Diameter Line Pipe from Mexico and Japan,* 66 FR 11266 (February 23, 2001) (*"Notice of Initiation"*). Since the initiation of this investigation the following events have occurred.

The Department set aside a period for all interested parties to raise issues regarding product coverage. *See Notice of Initiation* at 11267. On February 20, 2001 an interested party, Tubesa, S.A. de C.V., submitted comments on product scope. *See Memorandum from John Drury to Joseph Spetrini: Antidumping Duty Investigations on Certain Welded LDLP Japan and Mexico; Scope Issues,* dated June 19, 2001. On July 18, 2001, the Department received comments from petitioners requesting the exclusion of certain products from the scope. *See Memorandum from Mesbah Motamed to Joseph Spetrini: Antidumping Duty Investigations on Certain Welded LDLP Japan and Mexico; Scope Issues,* dated August 8, 2001.

In response to comments by interested parties the Department has determined that certain welded large diameter line pipe products are excluded from the scope of this investigation. These excluded products are described below (*see* "Scope of Investigation"). *See also Memorandum from Richard Weible and Edward Yang to Joseph Spetrini, Scope Issues for Welded Large Diameter Line Pipe,* June 19, 2001.

A-5

On February 26, 2001, the United States International Trade Commission ("ITC") informed the Department of its preliminarily determination that there is

a reasonable indication that imports of the products subject to this investigation are materially injuring an industry in the United States producing the domestic like product. *See Certain Welded Large Diameter Line Pipe from Japan and Mexico,* 66 FR 13568 (March 6, 2001).

On February 26, 2001, the Department issued a letter seeking volume and value of sales information to Procarsa S.A. de C.V. ("Procarsa"), Productora Mexicana de Tuberia S.A. de C.V. ("PMT"), Tubacero S.A. de C.V. ("Tubacero"), Tuberia Laguna S.A. de C.V. ("Tuberia"), and Tubesa S.A. de C.V. ("Tubesa"). On March 8, Tubesa submitted its response. On March 9, Tubacero submitted its response. On March 12, 2001, Procarsa and PMT submitted their responses. Tuberia did not respond to the Department's request for information regarding volume and value of sales. On March 20, 2001, the Department limited the respondents in the investigation to Productora Mexicana de Tuberia S.A. de C.V. ("PMT"). *See* "Selection of Respondents" discussion below; *see also Respondent Selection Memorandum from Edward Yang to Joseph A. Spetrini, March 20, 2001.*

PMT filed its complete Section A response on March 29, 2001. PMT filed its Sections B and C responses on May 7, 2001. On May 22, 2001, Tubacero, an affiliated producer of subject merchandise, submitted its Section A response, and PMT submitted its supplemental Section A response. On June 12, 2001 Tubacero submitted a supplemental response to Section A. Additionally on June 12, 2001, PMT filed its supplemental response to Sections B and C. On June 15, 2001, Tubacero submitted its Sections B and C response. On June 15, 2001, a U.S. affiliate submitted a Section A response and, on June 18, 2001, submitted a Section C response. On June 20, 2001, the Department collapsed respondent PMT with its affiliate, Tubacero (hereinafter referred to as "PMT-Tubacero") (*see* "Collapsing PMT and Tubacero" discussion below). PMT-Tubacero submitted additional supplemental Sections A, B, and C responses on July 23, 2001.

On May 22, 2001, petitioners alleged that PMT made home market sales of LDLP at prices below the cost of production ("COP") during the period of investigation and supplemented their allegation on May 25, May 29, and June 19, 2001. On June 22, 2001, the Department found that petitioners' COP allegation was company-specific, made use of respondent's data, employs a reasonable methodology, provides evidence of below-cost sales, and covers merchandise representative of the LDLP sold by PMT-Tubacero in the United States. Therefore, the Department determined that petitioners' COP allegation provided a reasonable basis to initiate a COP investigation. *See Memorandum from Rick Johnson to Edward Yang: Analysis of Petitioners' Allegation of Sales Below the Cost of Production for Productora Mexicana de Tuberia, S.A. de C.V.* PMT-Tubacero submitted a Section D response on July 23, 2001. On July 24, the Department sent a letter to PMT-Tubacero stating that its July 23, 2001 response was grossly deficient and unusable and instructed it to resubmit the response by July 31, 2001.

On June 11, 2001, the Department published in the **Federal Register** a notice postponing the preliminary determination until August 8, 2001. *See Welded Large Diameter Line Pipe From Mexico: Postponement of Preliminary Determination of Antidumping Duty Investigation,* 66 FR 31211 (June 11, 2001).

Period of Investigation

The period of investigation ("POI") is January 1, 2000 through December 31, 2000.

Scope of Investigation

The product covered by this investigation is certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute (API) specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications.

Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe and the following size/grade combinations of line pipe:

- Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.
- Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater.
- Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X–80 or greater.

The product currently is classified under U.S. Harmonized Tariff Schedule ("HTSUS") item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30, 7305.19.10.60, and 7305.19.50.00. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope is dispositive.

Selection of Respondents

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion, when faced with a large number of exporters/producers, to limit its examination to a reasonable number of such companies if it is not practicable to examine all companies. Where it is not practicable to examine all known producers/exporters of subject merchandise, this provision permits the Department to investigate either: (1) A sample of exporters, producers, or types of products that is statistically valid based on the information available at the time of selection, or (2) exporters and producers accounting for the largest volume of the

subject merchandise that can be reasonably examined.

We examined producer-specific data accounting for total POI exports of LDLP from Mexico. We identified five companies which exported LDLP to the United States during the POI. Due to constraints on our time and resources, we found it impracticable to examine all five companies. Therefore, because its export volume accounted for a significant portion of all exports from Mexico, we selected PMT as the mandatory respondent. For a more detailed discussion of respondent selection in this investigation, *see Respondent Selection Memorandum from Edward Yang and Rich Weible to Joseph A. Spetrini,* March 20, 2001.

Collapsing PMT and Tubacero

Through PMT's March 29, 2001 Section A response and its response to subsequent questionnaires, the Department determined that PMT is affiliated with another Mexican producer of subject merchandise, Tubacero, under section 771(33)(E) of the Act. *See, Letter from Rick Johnson to PMT* dated May 18, 2001. Based on the evidence on the record, the Department also found that both producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities. The Department conducted an analysis of the potential for the manipulation of price or production under the criteria set out in section 351.401(f)(2) of the Department's regulations. We concluded that a significant potential for the manipulation of price or production exists. Therefore, the Department has collapsed PMT and Tubacero for the purposes of determining whether dumping has occurred. *See Memorandum from Edward Yang to Joseph A. Spetrini: Whether to Collapse Affiliated Parties Productora Mexicana de Tuberia, S.A. de C.V. and Tubacero, S.A. de C.V. ("Collapsing Memo")* dated June 20, 2001.

Facts Available

Section 776(a)(2)(B) of the Act provides that if necessary information is not available on the record, or an interested party or any other person fails to provide such information by the deadlines for submission of the information or in the form and manner requested, the administering authority shall, subject to section 782(d) of the Act, use the facts otherwise available in reaching the applicable determination.

Under section 782(d) of the Act, if the Department:

> determines that a response to a request for information under this title does not comply with the request, the administering authority * * * shall promptly inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person with an opportunity to remedy or explain the deficiency in light of the time limits established for the completion of investigations or reviews under this title.

On July 23, 2001, the PMT-Tubacero submitted a Section D response which was deficient and unusable. In short, respondents failed to provide complete, combined cost information for both companies, did not supply adequate narrative responses, and provided unreliable cost data. The Department therefore determines that, due to the deficient nature of the July 23, 2001 Section D response, no comparison of cost of production to normal value can be properly made, nor can we rely upon the underlying variable and total cost of manufacturing data reported in the home market and United States sales databases. This consequently prohibits the Department from accurately selecting HM sales to compare to U.S. sales. Therefore, in light of PMT-Tubacero's failure to provide requested information necessary to calculate dumping margins in this case, in accordance with section 776(a) of the Act, we are forced to resort to total facts available for this preliminary determination. *See Total Facts Available and Corroboration Memorandum for PMT-Tubacero.*

On July 24, 2001, the Department afforded PMT-Tubacero another opportunity to remedy its Section D response by July 31, 2001. *See Letter from Edward Yang to PMT-Tubacero,* dated July 24, 2001. However, because the time limit for this preliminary determination makes it impracticable for the Department to analyze and incorporate the data submitted on July 31, and because the information in the July 23 response was not in the form and manner requested by the Department, the Department has applied the facts otherwise available to determine the preliminary dumping margin. As facts available, we used the rate from initiation of 49.86 percent. This rate was based on information provided in the petition to calculate normal value and publicly available U.S. Customs import statistics to calculate export price. *See Notice of Initiation.*

Section 776(c) of the Act provides that, when the Department relies on secondary information in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. The Statement of Administrative Action accompanying the URAA, H.R. Doc. No. 316, 103d Cong., 2d Sess. 870 (1994) ("SAA") clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value (*see SAA* at 870). Secondary information is described in the SAA, as "information derived from the petition that gave rise to the investigation or review, the final determination concerning subject merchandise, or any previous review under section 751 concerning the subject merchandise." *See SAA* at 870.

The Department finds that the estimated margin set forth in the notice of initiation has probative value. In this proceeding, we considered the initiation margin as the most appropriate information on the record upon which to base the dumping calculation. In accordance with section 776(c) of the Act, we sought to corroborate the data contained in the initiation. We reviewed the adequacy and accuracy of the information in the initiation, to the extent appropriate information was available for this purpose. For purposes of the preliminary determination, we attempted to further corroboate the information in the initiation. To the extent practicable, we reexamined the export price and home market price provided in the margin calculations in the initiation in light of information obtained during the investigation and found that it has probative value. *See Preliminary Determination in the Antidumping Investigation of Welded Large Diameter Line Pipe from Mexico: Total Facts Available Corroboration Memorandum for PMT-Tubacero,* dated August 8, 2001.

Verification

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

All-Others Rate

Section 735(c)(5)(B) of the Act provides that, where the estimated weighted-average dumping margins established for all exporters and producers individually investigated are zero or de minimis margins, or are determined entirely under section 776 of the Act, the Department may use any reasonable method to establish the estimated "all-others" rate for exporters and producers not individually investigated. This provision contemplates that we weight-average margins other than facts available margins to establish the "all others" rate. Where the data do not permit

weight-averaging such rates, the SAA, at 873, provides that we may use other reasonable methods. Because the petition contained only an estimated price-to-price dumping margin, which the Department adjusted for purposes of initiation, there are no additional estimated margins available with which to create the "all others" rate. Therefore, we applied the published margin of 49.86 percent as the "all others" rate.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing Customs to suspend liquidation of all entries of welded large diameter line pipe from Mexico that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct Customs to require a cash deposit or the posting of a bond equal to the amount by which the NV exceeds the EP, as indicated below. These suspension-of-liquidation instructions will remain in effect until further notice. The dumping margins are as follows:

Producer/exporter	Margin (percent)
PMT-Tubacero	49.86
All Others	49.86

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination, or 45 days after our final determination, whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs must be submitted no later than 50 days after the publication of this notice in the **Federal Register**. Rebuttal briefs must be filed within five days after the deadline for submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Public versions of all comments and rebuttals should be provided to the Department and made available on diskette. Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in an investigation, the hearing will tentatively be scheduled for two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. In the event that the Department receives requests for hearings from parties to more than one large diameter line pipe case, the Department may schedule a single hearing to encompass all cases. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request within 30 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

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

This determination is published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: August 8, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–20552 Filed 8–14–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

North American Free-Trade Agreement, Article 1904 NAFTA Panel Reviews; Request for Panel Review

AGENCY: NAFTA Secretariat, United States Section, International Trade Administration, Department of Commerce.

ACTION: Notice of first request for panel review.

SUMMARY: On August 9, 2001, Tubos de Acero de Mexico, S.A. ("TAMSA") filed a First Request for Panel Review with the United States Section of the NAFTA Secretariat pursuant to Article 1904 of the North American Free Trade Agreement. Panel review was requested of the full sunset review of the antidumping duty order, respecting Oil Country Tubular Goods from Mexico. This determination was published in the **Federal Register** (66 FR 35997) on July 10, 2001. The NAFTA Secretariat has assigned Case Number USA–MEX–2001–1904–06 to this request.

FOR FURTHER INFORMATION CONTACT: Caratina L. Alston, United States Secretary, NAFTA Secretariat, Suite 2061, 14th and Constitution Avenue, Washington, DC 20230, (202) 482–5438.

SUPPLEMENTARY INFORMATION: Chapter 19 of the North American Free-Trade Agreement ("Agreement") establishes a mechanism to replace domestic judicial review of final determinations in antidumping and countervailing duty cases involving imports from a NAFTA country with review by independent binational panels. When a Request for Panel Review is filed, a panel is established to act in place of national courts to review expeditiously the final determination to determine whether it conforms with the antidumping or countervailing duty law of the country that made the determination.

Under Article 1904 of the Agreement, which came into force on January 1, 1994, the Government of the United States, the Government of Canada and the Government of Mexico established *Rules of Procedure for Article 1904 Binational Panel Reviews* ("Rules"). These Rules were published in the **Federal Register** on February 23, 1994 (59 FR 8686).

A first Request for Panel Review was filed with the United States Section of the NAFTA Secretariat, pursuant to Article 1904 of the Agreement, on August 9, 2001, requesting panel review of the five-year sunset review of the antidumping duty order described above.

The Rules provide that:

(a) A Party or interested person may challenge the final determination in whole or in part by filing a Complaint in accordance with Rule 39 within 30 days after the filing of the first Request for Panel Review (the deadline for filing a Complaint is September 10, 2001);

(b) A Party, investigating authority or interested person that does not file a Complaint but that intends to appear in support of any reviewable portion of the final determination may participate in the panel review by filing a Notice of Appearance in accordance with Rule 40 within 45 days after the filing of the first Request for Panel Review (the deadline for filing a Notice of Appearance is September 24, 2001); and

(c) The panel review shall be limited to the allegations of error of fact or law, including the jurisdiction of the investigating authority, that are set out in the Complaints filed in the panel review and the procedural and substantive defenses raised in the panel review.

Steel Flat Products and Certain Corrosion-Resistant Carbon Steel Flat Products from Korea, 58 FR 44159 (August 19, 1993). These deposit requirements shall remain in effect until publication of the final results of the next administrative review.

As a result of a Sunset Review, the Department has revoked the antidumping duty order for cold-rolled carbon steel products from Korea, effective January 1, 2001. *See* Revocation of Antidumping and Countervailing Duty Orders on Certain Carbon Steel Products From Canada, Germany, Korea, the Netherlands, and Sweden, 65 FR 78467 (Dec. 15, 2000). Therefore, we have instructed the Customs Service to terminate suspension of liquidation for all entries of cold-rolled carbon steel products made on or after January 1, 2000, and antidumping cash deposit requirements for this merchandise are no longer necessary.

Entries of subject merchandise made prior to January 1, 2000, will continue to be subject to suspension of liquidation and antidumping duty deposit requirements. The Department will complete any pending reviews of this order and will conduct administrative reviews of subject merchandise entered prior to the effective date of revocation in response to appropriately filed requests for review.

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

These administrative reviews and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: August 31, 2001.

Bernard T. Carreau,

Acting Assistant Secretary for Import Administration.

[FR Doc. 01–22781 Filed 9–10–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–857]

Notice of Final Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe from Japan

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

EFFECTIVE DATE: September 11, 2001.

FOR FURTHER INFORMATION CONTACT: John Drury or Helen Kramer at (202) 482–0195 and (202) 482–0405, respectively; AD/CVD, Enforcement, Office 8, Group III, Import Administration, Room 7866, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

The Applicable Statute and Regulations

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

Final Determination

We determine that certain welded large diameter line pipe from Japan is being, or is likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Act. The estimated margins of sales at LTFV are shown in the Suspension of Liquidation section of this notice.

Case History

The preliminary determination in this investigation was published on June 27, 2001. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe from Japan,* 66 FR 34151 (June 27, 2001) ("Preliminary Determination"). No case briefs were filed.

Normally, when the Department issues a final determination, the **Federal Register** notice is accompanied by a separate Issues and Decision Memorandum. Since no briefs were filed in this case, a separate memorandum is not required.

Based on a request by petitioners, we have amended the scope of the investigation. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe from Mexico,* 66 FR 42841 (August 15, 2001), where an additional product was excluded at petitioners' request.

Period of Investigation

The POI for this investigation is January 1, 2000 through December 31, 2000. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition (i.e., January 2001).

Scope of the Investigation

The product covered by this investigation is certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stencilled. This product is normally produced according to American Petroleum Institute (API) specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The product currently is classified under U.S. Harmonized Tariff Schedule (HTSUS) item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30, 7305.19.10.60, and 7305.19.50.00. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope is dispositive. Specifically not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe and the following size/grade combinations; of line pipe:

- Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.
- Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater.
- Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness

measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater.

• Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater.

• Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X–80 or greater.

Facts Available

In the preliminary determination, the Department based the dumping margin for both Kawasaki Steel Corporation ("Kawasaki") and Nippon Steel Corporation ("Nippon"), respondents, on facts otherwise available pursuant to section 776(a)(2)(A) of the Act. The use of facts otherwise available was warranted because both Kawasaki and Nippon failed to respond to the Department's questionnaire, and failed to provide any indication that they were unable to respond. Therefore, the Department found that both Kawasaki and Nippon failed to cooperate by not acting to the best of their ability. As a result, pursuant to section 776(b) of the Act, the Department used an adverse inference in selecting from the facts available. Specifically, the Department assigned both respondents the highest margin alleged in the petition. We continue to find this margin corroborated, pursuant to section 776(c) of the Act, for the reasons discussed in the Preliminary Determination. No interested parties have objected to the use of adverse facts available for either respondent in this investigation, nor to the Department's choice of the facts available margin. Accordingly, for the final determination, the Department is continuing to use, for both Kawasaki and Nippon, the highest margin alleged in the petition. *See* Preliminary Determination. In addition, the Department has left unchanged from the preliminary determination the "All Others Rate" in this investigation.

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend all entries of large diameter line pipe from Japan, that are entered, or withdrawn from warehouse, for consumption on or after June 27, 2001, the date of publication of our preliminary determination. The Customs Service shall require a cash deposit or bond equal to the dumping margin, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice. The dumping margins are as follows:

Manufacturer/exporter	Margin (percent)
Nippon Steel Corporation (Nippon)	30.80
Kawasaki Steel Corporation (Kawasaki)	30.80
All Others	30.80

ITC Notification

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

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: September 4, 2001.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 01–22783 Filed 9–10–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–357–815]

Notice of Countervailing Duty Order: Certain Hot-Rolled Carbon Steel Flat Products From Argentina

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

EFFECTIVE DATE: September 11, 2001.

FOR FURTHER INFORMATION CONTACT: Eric B. Greynolds or Darla Brown, Office of AD/CVD Enforcement VI, Import Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–2786.

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce (the Department) regulations refer to the regulations codified at 19 CFR part 351 (2000).

Scope of Order

The merchandise subject to this investigation is certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope of this investigation are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as

specification (sample specifications: ASTM A506, A507).

• Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS.

The merchandise subject to this investigation is classified in the HTSUS at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, and 7211.19.75.90. Certain hot-rolled carbon steel flat products covered by this investigation, including: Vacuum degassed fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Subject merchandise may also enter under 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7212.40.10.00, 7212.40.50.00, and 7212.50.00.00. Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of subject merchandise from the PRC, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of the *Preliminary Determination* in the **Federal Register.** The Customs Service shall continue to require a cash deposit or posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. This suspension of liquidation instructions will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/exporter	Weighted-average margin (percent)
Angang Group International Trade Corporation	69.85
Shanghai Baosteel Group Corporation	64.20
Benxi Iron & Steel Group Co., Ltd.	90.83
Panzhihua Iron & Steel (Group) Company	65.59
Wuhan Iron & Steel Group Corporation	65.59
PRC-Wide	90.83

ITC Notification

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

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

Dated: September 21, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

Appendix I

[FR Doc. 01–24414 Filed 9–27–01; 8:45 am]
BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–201–828]

Welded Large Diameter Line Pipe From Mexico: Postponement of Final Determination of Antidumping Duty Investigation

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

ACTION: Notice of postponement of final determination of antidumping duty investigation.

EFFECTIVE DATE: September 28, 2001.

FOR FURTHER INFORMATION CONTACT: Rick Johnson at (202) 482–3818; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Statutory Time Limits

Section 735(a)(1) of the Tariff Act of 1930, as amended (the Act), requires the Department of Commerce (the Department) to issue the final determination of an antidumping duty investigation within 75 days of the date of the preliminary determination. However, if a request is made in writing by exporters who account for a significant proportion of exports of the merchandise which is the subject of the investigation, in a proceeding in which the preliminary determination by the administering authority under section 733(b) was affirmative, section 735(a)(2) of the Act allows the Department to postpone the final determination until

not later than the 135th day after the date on which it published notice of its preliminary determination.

Background

On January 30, 2001, the Department initiated the above-referenced investigation. *See Notice of Initiation of Antidumping Duty Investigations: Welded Large Diameter Line Pipe from Mexico and Japan,* 66 FR 11266 (February 23, 2001). The preliminary determination was published in the **Federal Register** on August 15, 2001. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe From Mexico ("Preliminary Determination"),* 66 FR 42841 (August 15, 2001).

Extension of Final Determination

The respondent in this investigation has requested that the Department postpone by 60 days the final antidumping determination. Because this request was made consistent with section 735(a)(2)(A) of the Act, the Department is postponing the deadline for issuing this determination until December 28, 2001, which is 135 days after publication of the Preliminary Determination.

Dated: September 20, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–24415 Filed 9–27–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–533–821]

Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From India

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

ACTION: Notice of final affirmative countervailing duty investigation.

SUMMARY: On April 20, 2001, the Department of Commerce (the Department) published in the **Federal Register** its preliminary affirmative determination in the countervailing duty investigation of certain hot-rolled carbon steel flat products from India for the period April 1, 1999 through March 31, 2000.

The net subsidy rates in the *Final Determination* differ from those of the *Preliminary Determination.* The revised final net subsidy rates for the investigated companies are listed below in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: September 28, 2001.

FOR FURTHER INFORMATION CONTACT: Eric B. Greynolds at (202) 482–6071 or Robert Copyak at (202) 482–2209, Office of AD/CVD Enforcement VI, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR part 351 (2000).

Background

On April 20, 2001, the Department published the preliminary results of investigation on certain hot-rolled carbon steel flat products from India. *See Notice of Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Determination with Final Antidumping Duty Determinations: Certain Hot-Rolled Carbon Steel Flat Products from India,* 66 FR 20240 (April 20, 2001) (*Preliminary Results*). This investigation covers the following manufacturer/exporters: Steel Authority of India Limited (SAIL), Essar Steel Limited (Essar), Ispat Industries Limited (Ispat), and the Tata Iron and Steel Company Limited (TISCO). The investigation covers the period April 1, 1999, through March 31, 2000. The investigation covers 10 programs.

We invited interested parties to comment on the *Preliminary Determination.* On August 20, 2001, we received comments from petitioners and respondents. On August 30, 2001, we received rebuttal comments from petitioners and respondents. At the request of the Department, respondents subsequently submitted revised rebuttal comments on September 6, 2001. A public hearing was held at the Department of Commerce on September 5, 2001.

The Government of India (GOI) submitted a proposed suspension agreement on April 20, 2001. The GOI proposed an agreement again on August 6, 2001. The Department did not accept the GOI's proposals.

Although the deadline for this determination was originally September 17, 2001, in light of the events of September 11, 2001, and the subsequent closure of the Federal Government for reasons of security, the timeframe for issuing this determination has been extended by four days.

Scope of the Investigation

The merchandise subject to this investigation is certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers), regardless of thickness, and in straight lengths, of a thickness of less than 4.75 mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.,* flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm, and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this investigation.

Specifically included within the scope of this investigation are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium or niobium (also commonly referred to as columbium), or both, added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this investigation, regardless of definitions in the *Harmonized Tariff Schedule of the United States (HTS),* are products in which: (i) Iron predominates, by weight, over each of the other contained elements; (ii) the carbon content is 2 percent or less, by weight; and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or

each of the feasible alternative means of providing drainage service to lands within the SLU. All reasonable alternatives as required by NEPA and its implementing regulations will be examined. Draft EISs prepared in the early 1980's and in 1991 for drainage solutions to the SLU will provide a useful beginning, thus allowing Reclamation to expedite completion of the analysis. Alternatives, with their related designs and cost estimates identified in these earlier efforts, will be re-evaluated and updated to reflect current conditions. Public input on additional alternatives, or combinations of alternatives, that should be considered will be sought through the initial scoping meetings. In addition, public input will be sought on the criteria that should be used to carry forward alternatives, or combination of alternatives, for further consideration.

Our practice is to make comments, including names and home addresses of respondents, available for public review. Individual respondents may request that we withhold their home address from public disclosure, which we will honor to the extent allowable by law. There also may be circumstances in which we would withhold a respondent's identity from public disclosure, as allowable by law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comment. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public disclosure in their entirety

Dated: September 14, 2001.

Laura Allen,

Deputy Regional Environmental Officer.

[FR Doc. 01–24564 Filed 10–1–01; 8:45 am]

BILLING CODE 4310–MN–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–919–920 (Final)]

Certain Welded Large Diameter Line Pipe from Japan and Mexico

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigations.

SUMMARY: The Commission is revising its schedule for the subject investigations as follows: the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on October 9, 2001; the deadline for filing posthearing briefs is October 15, 2001; the Commission will make its final release of information on October 19, 2001; and final party comments are due on October 23, 2001.

EFFECTIVE DATE: September 26, 2001.

FOR FURTHER INFORMATION CONTACT: Tim Timberlake (202–205–3188), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. Media should contact Peg O'Laughlin (202–205–1819), Office of External Relations. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS-ON-LINE) at *http://dockets.usitc.gov/eol/public.*

For further information concerning these investigations see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

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

Issued: September 26, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–24625 Filed 10–1–01; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF LABOR

Occupational Safety and Health Administration

[Docket No. ICR–1218–0131 (2001)]

Standard Entitled "Occupational Exposure to Hazardous Chemicals in Laboratories"; Extension of the Office of Management and Budget's (OMB) Approval of the Information-Collection (Paperwork) Requirements

AGENCY: Occupational Safety and Health Administration (OSHA), Labor.

ACTION: Request for comments.

SUMMARY: OSHA solicits comments concerning its proposal to increase the total burden-hour estimate for, and to extend OMB approval of, the collection-of-information requirements specified by the standard entitled "Occupational Exposure to Hazardous Chemicals in Laboratories" (29 CFR 1910.1450).[1]

DATES: Submit written comments on or before December 3, 2001.

ADDRESSES: Submit written comments to the Docket Office, Docket No. ICR–1218–0131 (2001), OSHA, U.S. Department of Labor, Room N–2625, 200 Constitution Avenue, NW, Washington DC 20210; telephone (202) 693–2350. Commenters may transmit written comments of 10 pages or less by facsimile to (202) 693–1648.

FOR FURTHER INFORMATION CONTACT: Todd Owen, Directorate of Policy, OSHA, U.S. Department of Labor, Room N–3641, 200 Constitution Avenue, NW., Washington, DC 20210; telephone (202) 693–2444. A copy of the Agency's Information-Collection Request (ICR) supporting the need for the information collections specified by the standard entitled "Occupational Exposure to Hazardous Chemicals in Laboratories" is available for inspection and copying in the Docket Office, or by requesting a copy from Todd Owen at (202) 693–2444. For electronic copies of the ICR contact OSHA on the Internet at *http://www.osha.gov/comp-links.html*, and select "Information Collection Requests."

SUPPLEMENTARY INFORMATION:

I. Background

The Department of Labor, as part of its continuing effort to reduce paperwork and respondent (*i.e.*, employer) burden, conducts a preclearance consultation program to provide the public with an opportunity to comment on proposed and continuing information-collection requirements in accordance with the Paperwork Reduction Act of 1995 (PRA–95) (44 U.S.C. 3506(c)(2)(A)). This program ensures that information is in the desired format, reporting burden (time and cost) is minimal, collection instruments are understandable, and OSHA's estimate of the information-collection burden is correct.

The standard entitled "Occupational Exposure to Hazardous Chemicals in

[1] Based on its assessment of the paperwork requirements contained in this standard, the Agency estimates that the total burden hours increased compared to its previous burden-hour estimate. Under this notice, OSHA is *not* proposing to revise these paperwork requirements in any substantive manner, only to increase the burden hours imposed by the existing paperwork requirements.

APPENDIX B

CALENDAR OF THE PUBLIC HEARING

B-1

CALENDAR OF THE PUBLIC HEARING

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

Subject:	Certain Welded Large Diameter Line Pipe from Japan and Mexico
Invs. Nos.:	731-TA-919-920 (Final)
Date and Time:	October 9, 2001, 9:30 a.m.

Sessions were held in connection with the investigations in the Main Hearing Room, 500 E Street, SW, Washington, DC.

IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING DUTIES

Schagrin Associates
Washington, DC
on behalf of

American Steel Pipe Division - American Cast Iron Pipe Company
Berg Steel Pipe Corp.
Stupp Corp.

David Delie, President and COO, Berg Steel Pipe Corp.
Ron Williamson, Vice president - Distributor Products, Berg Steel Pipe Corp.
Dan O'Leary, President, Stupp Corp.
John Stupp, President, Stupp Brothers
Mark Stavinoha, Vice President and Division Manager, American Steel Pipe Division - American Cast Iron Pipe Company
J. M. O'Brien, Vice President - Marketing, American Steel Pipe Division - American Cast Iron Pipe Company
Pierre L. LaBarge, III, President and CEO, LaBarge Pipe & Steel Company
Robert A. Blecker, Professor, Department of Economics, American University

Roger B. Schagrin
Andrew B. Knapp) -OF COUNSEL

B-3

IN OPPOSITION TO THE IMPOSITION OF ANTIDUMPING DUTIES

Arent Fox Kintner Plotkin & Kahn, PLLC
Washington, DC
on behalf of

Kawasaki Steel Corp.
Nippon Steel Corp.
NKK Corp.
Sumitomo Metal Industries Ltd.

Paul Everett, General Manager, Omega Steel Company
Jerry D. Fields, President and Chairman, J.D. Fields & Company
John Spears, Spears and Associates, Inc.
Jerry Kakou, Manager, Line Pipe Department, Itochu Project Management Corp.
Daniel W. Klett, Economist, Capital Trade Inc.

Robert H. Huey)
Christina C. Benson)
Steven F. Hill) –OF COUNSEL
Timothy D. Osterhaus)

Manatt, Phelps & Phillips, LLP
Washington, DC
on behalf of

Productora Mexicana de Tuberia, S.A. de C.V.
Tubacero, S.A. de C.V.

Virgilio Camacho, Director General, Productora Mexicana de Tuberia, S.A. de C.V.
Leon Gutierrez, President, Tubacero, S.A. de C.V.

Lizbeth R. Levinson–OF COUNSEL

Rodrigo Sanchez, General Manager, Tubesa, S.A. de C.V.

APPENDIX C

SUMMARY TABLES

C-1

Table C-1
CWLDLP: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

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

	Reported data					Period changes			
				January-June					Jan.-June
Item	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Japan	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Japan	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports (adjusted) from:									
Japan:									
Quantity	217,138	141,955	173,062	103,769	37,410	-20.3	-34.6	21.9	-63.9
Value	152,754	67,209	78,065	45,214	18,143	-48.9	-56.0	16.2	-59.9
Unit value	$703.49	$473.45	$451.08	$435.72	$484.98	-35.9	-32.7	-4.7	11.3
Ending inventory quantity	14,497	10,139	14,447	10,013	8,610	-0.3	-30.1	42.5	-14.0
Mexico:									
Quantity	24,553	31,570	27,627	22,886	13,178	12.5	28.6	-12.5	-42.4
Value	13,063	14,193	12,615	10,553	6,583	-3.4	8.7	-11.1	-37.6
Unit value	$532.03	$449.57	$456.62	$461.11	$499.54	-14.2	-15.5	1.6	8.3
Ending inventory quantity	0	0	0	0	0	(2)	(2)	(2)	(2)
Subtotal:									
Quantity	241,691	173,525	200,689	126,655	50,588	-17.0	-28.2	15.7	-60.1
Value	165,817	81,402	90,680	55,767	24,726	-45.3	-50.9	11.4	-55.7
Unit value	$686.07	$469.11	$451.84	$440.31	$488.77	-34.1	-31.6	-3.7	11.0
Ending inventory quantity	14,497	10,139	14,447	10,013	8,610	-0.3	-30.1	42.5	-14.0
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

C-3

Table C-1--Continued
CWLDLP: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

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

	Reported data					Period changes			
				January-June					Jan.-June
Item	1998	1999	2000	2000	2001	1998-2000	1998-1999	1999-2000	2000-2001
U.S. producers':									
Average capacity quantity	2,371,246	2,333,217	2,317,620	1,157,984	1,173,603	-2.3	-1.6	-0.7	1.3
Production quantity	1,209,835	901,760	320,425	156,248	433,254	-73.5	-25.5	-64.5	177.3
Capacity utilization (1)	51.0	38.6	13.8	13.5	36.9	-37.2	-12.4	-24.8	23.4
U.S. shipments:									
Quantity	862,663	897,870	312,593	148,538	377,964	-63.8	4.1	-65.2	154.5
Value	568,660	575,557	176,889	85,892	201,182	-68.9	1.2	-69.3	134.2
Unit value	$659.19	$641.02	$565.88	$578.25	$532.28	-14.2	-2.8	-11.7	-8.0
Export shipments:									
Quantity	315,797	51,905	10,085	* * *	5,152	-96.8	-83.6	-80.6	* * *
Value	211,720	32,845	6,757	* * *	3,086	-96.8	-84.5	-79.4	* * *
Unit value	$670.43	$632.79	$670.00	$597.05	$598.99	-0.1	-5.6	5.9	0.3
Ending inventory quantity	97,803	53,662	54,331	60,899	104,469	-44.4	-45.1	1.2	71.5
Inventories/total shipments (1)	8.3	5.6	16.8	* * *	13.6	8.5	-2.6	11.2	* * *
Production workers	1,318	979	520	518	789	-60.5	-25.7	-46.9	52.3
Hours worked (1,000s)	2,714	1,869	899	366	642	-66.9	-31.1	-51.9	75.6
Wages paid ($1,000s)	50,495	37,709	17,047	8,813	15,869	-66.2	-25.3	-54.8	80.1
Hourly wages	$18.60	$20.17	$18.96	$24.09	$24.71	1.9	8.4	-6.0	2.6
Productivity (tons/1,000 hours)	445.7	482.4	356.5	427.1	674.5	-20.0	8.2	-26.1	57.9
Unit labor costs	$41.74	$41.82	$53.20	$56.40	$36.63	27.5	0.2	27.2	-35.1
Net sales:									
Quantity	1,143,435	967,880	323,850	148,582	386,516	-71.7	-15.4	-66.5	160.1
Value	758,831	638,986	189,647	84,757	213,831	-75.0	-15.8	-70.3	152.3
Unit value	$663.64	$660.19	$585.60	$570.44	$553.23	-11.8	-0.5	-11.3	-3.0
Cost of goods sold (COGS)	676,419	540,980	192,182	87,267	191,141	-71.6	-20.0	-64.5	119.0
Gross profit or (loss)	82,412	98,006	(2,535)	(2,510)	22,690	(3)	18.9	(3)	(3)
SG&A expenses	25,662	35,852	19,663	10,309	15,381	-23.4	39.7	-45.2	49.2
Operating income or (loss)	56,750	62,154	(22,198)	(12,819)	7,309	(3)	9.5	(3)	(3)
Capital expenditures	13,685	12,614	4,073	1,758	1,840	-70.2	-7.8	-67.7	4.7
Unit COGS	$591.57	$558.93	$593.43	$587.33	$494.52	0.3	-5.5	6.2	-15.8
Unit SG&A expenses	$22.44	$37.04	$60.72	$69.38	$39.79	170.5	65.0	63.9	-42.6
Unit operating income or (loss)	$49.63	$64.22	($68.54)	($86.28)	$18.91	(3)	29.4	(3)	(3)
COGS/sales (1)	89.1	84.7	101.3	103.0	89.4	12.2	-4.5	16.7	-13.6
Operating income or (loss)/ sales (1)	7.5	9.7	-11.7	-15.1	3.4	-19.2	2.2	-21.4	18.5

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Undefined.
(3) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. Import figures are official Commerce trade statistics adjusted for U.S. shipments of excluded ERW and SAW. Production and related ratios include toll production.

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

Table C-2
ERW large diameter line pipe: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Table C-3
SAW large diameter line pipe: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

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C-4

APPENDIX D

ADDITIONAL DATA ON U.S. SHIPMENTS BY PRODUCT CATEGORY

D-1

Table D-1
CWLDLP: U.S. producers' U.S. shipments and U.S. shipments of imports, by product categories, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Table D-2
ERW large diameter line pipe: U.S. producers' U.S. shipments and U.S. shipments of imports, by product categories, 1998-2000, January-June 2000, and January-June 2001

* * * * * * *

Table D-3
SAW large diameter line pipe: U.S. producers' U.S. shipments and U.S. shipments of imports, by product categories, 1998-2000, January-June 2000, and January-June 2001

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D-3

APPENDIX E

COMPARISONS OF CHARACTERISTICS AND USES, MANUFACTURING PROCESSES, AND COMPETITION BETWEEN ERW AND SAW LARGE DIAMETER LINE PIPE

E-1

In the Commission's questionnaires, firms were asked to describe the differences and similarities between ERW and SAW large diameter line pipe for the following factors: (a) comparison of characteristics and uses, (b) comparison of manufacturing processes, and (c) comparison of competition. The responses supplied by U.S. producers, importers, and purchasers follow.

RESPONSES OF U.S. PRODUCERS

Comparison of Characteristics and Uses

***

"Both ERW & SAW utilize high strength, low alloy steels used in high pressure pipeline applications. ERW originates from hot rolled coils whereas SAW is made from plate steel. Each product can be supplied by similar steel manufacturers as physical/metallurgical properties are very similar. Common items and interchangeability is realized in 16, 18, 20, 22, & 24" diameters."

***

"ERW linepipe and DSAW linepipe are both manufactured to API 5L *Specification for Line Pipe*. Since ERW pipe is manufactured from coils rather than plates, the diameter of ERW pipes is limited by available coil widths. In the United States, the largest diameter API 5L ERW pipe that is manufactured is 24" (610 mm) in diameter and internationally, the largest diameter API 5L ERW that is manufactured is 26" (660 mm) in diameter. DSAW linepipe is manufactured in diameters of 16" (406 mm) and larger. The products only overlap in the diameter range from 16" to 26" inclusive and can be used interchangeably in this range.

DSAW pipe is welded with at least one submerged arc welding pass on the inside of the pipe and at last {sic} one submerged arc welding pass on the outside of the pipe. Filler metal is added and multiple arcs may be used in each welding pass. Due to multiple arcs and multiple passes, the thickness of the pipe is not limited by the welding process. By selection of filler metals and fluxes, welds can be produced with excellent toughness to enhance safety and reliability. The use of multiple weld passes creates redundancy in sealing the weld joint, and this also adds to safety and reliability.

ERW pipe is produced by electric resistance welding or electric induction welding, where the edges to be welded are mechanically pressed together and the heat for welding is generated by the resistance to flow of the electric current. No additional filler metal is added and the weld is completed in a single weld pass. Since the weld seam is composed solely of melted base metal, the toughness of the weld seam cannot be enhanced by alloy additions. The weld seam lacks the redundancy of multiple weld passes. Typically, the ERW welding process is limited to a maximum thickness of 0.625" (15.9 mm) or possibly 0.750" (19.1 mm).

ERW pipe is manufactured from coils while DSAW pipe is generally manufactured from discrete plates. The control rolling process for discrete plates offers opportunities for delays during the rolling process. This allows more potential for metallurgical transformations and precipitation that can enhance fracture toughness.

E-3

In summary, the ERW and DSAW processes only overlap in the diameter range from 16" to 26" inclusive, with ERW pipes available in smaller diameters and DSAW pipes available in larger diameters. Thicker pipes are only available through the DSAW process.

The DSAW process can offer better fracture toughness in both the base metal and the weld metal and is considered to have a more reliable seam due to multiple weld passes. DSAW is generally preferred for low-temperature service because toughness requirements are easier to achieve and for deep offshore requirements, where the reliability of multiple weld passes is typically preferred."

***

"For any given pipeline design for which the diameter, wall thickness and grade allows either SAW or ERW, there is no difference in the pipe characteristics. The only difference is how each product is made. The overlap diameters between ERW and DSAW in the US are 18", 20", 22" & 24". The maximum wall thickness for each diameter differs for each ERW mill and DSAW mill. The maximum wall thickness for each diameter for each mill is also limited by the steel strength."

***

"ERW and SAW pipes may both be produced to API 5L line pipe grades. The metallurgical and physical property characteristics of each production type are dependent upon the ordered grade, customer specification and end use. The metallurgical and physical properties must therefore be quite similar or quite different. For the same specification and pipe size, however, ERW and SAW would tend to be similar. Both would undergo similar NDE examination and physical testing with some minor differences.

The feedstock may be interchangeable, depending upon pipe size and mill configuration. The final properties of the pipe body are almost completely dependent upon the properties of the feedstock. The properties of the feedstock are dependent upon chemistry and processing through the hot rolling process. The properties of the weld area in ERW are dependent upon the properties of the feedstock and also the ERW process, including the seam anneal and sizing. The properties of the weld seam in SAW pipe are dependent upon weld metal consumable selection, welding parameters, wall thickness and also the feedstock chemistry.

The pipe physical and metallurgical characteristics are similar between ERW and SAW. The end uses, within the compatible size ranges covered by both production routes, are relatively interchangeable. This is dependent upon customer requirements and perception. The major physical difference - apart from size - between ERW and SAW is in the area of the weld seam. ERW pipe has no weld metal deposit and there is no major difference in thickness at the weld compared to the pipe body - apart from thickness variation due to upset (the extrusion is normally trimmed off) and sizing. The properties on the very thin weld seam and the heat affected zone (HAZ) can be different from the pipe body, but normally not as great a difference as found in SAW pipe. SAW pipe has a weld metal deposit which results in an area of greater thickness at the weld compared to the pipe body. The properties of the weld bead and heat affected zone can be significantly different then the pipe body."

***

"Differences: The primary difference between ERW and SAW pipes is size. ERW pipe is generally offered in diameters of 26" and less, with lighter wall thicknesses. SAW pipe is generally offered in diameters of 24" and above (some exceptions apply) and in wall thicknesses of .312" and above. Another major difference is the raw materials utilized for the two different processes. Hot rolled strip (or coils) is used for the ERW pipe primarily for gathering and distribution lines while SAW pipe is used primarily for transmission lines. Filler metal is not used for ERW pipe while SAW pipe requires filler metal and flux for its weld.

Similarities: Both ERW pipe and DSAW pipe are equally acceptable under API 5l specifications. In many cases they could be considered as interchangeable in those sizes that overlap."

***

"Characteristics are similar and performance criteria are the same."

***

"*** is not a DSAW producer. To the best of our knowledge both ERW and DSAW can be made to A25, A, B, and X grades ranging from X42-X80. Both products are used in the transmission of gas."

Comparison of Manufacturing Processes

***

"There is little interchangeability in the production equipment utilized for the two products. Processing equipment such as hydrostatic testing, beveling and ultrasonic units are somewhat similar. Both also require skilled labor work forces. Due to manufacturing process, SAW rates are slower and limited due to joint length capabilities."

***

"The production inputs for ERW and DSAW pipes are generally quite different. ERW pipes are manufactured from coils, while DSAW pipes are generally manufactured from discrete plates. DSAW pipes also have welding wires and submerged arc welding fluxes as inputs.

ERW and DSAW pipes have completely different forming and welding methods, however, similar machinery would be used in finishing such as hydrostatic testing units and beveling equipment, which would not have completely interchangeable size ranges, pipe handling equipment and mechanical testing equipment.

The skilled labor required to manufacture DSAW and ERW pipes should be similar."

***

"There is virtually no interchangeability of the equipment and machinery utilized between the two manufacturing processes. ERW pipe is made from hot rolled coils sheared to a width depending on the size of the finished pipe. SAW pipe is produced from discrete sheared plates of a width required for the manufacturing process for the finished diameter of the pipe. Good skilled labor is always interchangeable."

***

"ERW pipe is typically produced on a roll form mill with hot rolled strip (coil) as the feedstock. The coil feedstock is typically unwound into an accumulator where the discrete coils are butt welded together to provide a virtually continuous feed into the mill. Alternatively the discrete coils may be fed into the mill as discrete coils or the coils may be butt welded together to make large coils. The coils are unwound into the mill, roll formed on multi-stands (each roll stand progressively forms the strip into the tubular round shape) and then the two butted longitudinal edges are welded together using a high frequency electric resistance welding process. This welding process does not utilize weld consumables. After welding the pipe weld seam is annealed and then the pipe is sized to ensure proper OD. Currently, the largest outside diameter (OD) API ERW pipe being manufactured in the North America is 24" OD and the largest in the world is 26" OD. There is no company in the world that can produce 30" OD from discrete plate, however this is unique and this company has historically used the ERW operation as a tacking operation for their DSAW mill. The major problem with using large OD ERW mills to produce API pipe is the inability to obtain coil feedstock wide enough to make the outside diameter.

There are at least three production methods to produce SAW pipe.

The most common in North America is the U-O-E, DSAW method. The U-O-E process utilizes discrete flat plate to feed the mill. Depending upon pipe OD and wall thickness, this feedstock may be produced as coil on a hot strip mill or Steckel mill, and then flattened and cut to length into discrete plate, or more typically on a reversing plate mill as discrete flat plate. The plate is fed into the U operation, with the longitudinal axis as the pipe length, where it is pressed into a U shape. This U-shape is then fed into the O-press where it is formed into an O-shape. The O-shape next proceeds to a tacking operation (which may be continuous or intermittent) which welds the longitudinal edges of the pipe together to retain shape. After tack welding, the pipe is welded from the inside diameter (ID) using a submerged arc welding process, utilizing weld consumables - i.e., protective flux and weld wire as the filler metal. The consumables are strictly controlled to ensure specification properties are obtained in the weld bead. The number of weld wires used is dependent upon the operation and pipe size. Submerged arc welding from the outside diameter (similar to the ID) is then performed. With the pipe fully welded, the next operation expands the pipe in either a hydraulic expander or a mechanical expander. The purpose of the expansion is to achieve final pipe size. After expansion, the pipe is hydraulically tested to a pressure dictated by API or the customer.

A second method is to use rolls (e.g., pyramid rolls) to form discrete flat plate into pipe. The pipe then goes through all of the same processes, starting at tack welding, noted above under the U-O-E process. The pipe may or may not be expanded with this process route.

A third method is to produce pipe on a Spiral Mill. In this process, coils (hot strip or Steckel) provide the feedstock. There is no tack welding operation. The coils are unwound into the mill with rolls providing the means to form the strip into a spiral and also to hold the edges together for welding.

The two longitudinal plate edges are SAW welded together in a spiral. The angle of entry of the strip into the mill controls the pipe OD. The pipe may or may not be expanded with this process route.

As described, there is some interchangeability of the feedstock; this is dependent upon pipe size and mill configuration. The two production processes - ERW and SAW - have very little interchangeability of machinery and equipment. Hydrostatic testing equipment and pipe handling equipment are about the only areas that would be compatible - again this is very dependent upon pipe size. Both production routes require skilled labor - skills would be compatible, but interchangeability would require extensive training."

***

"There is practicaly {sic} no interchangeability of production inputs, machinery, equipment, or skilled labor. Raw material for ERW pipe is hot rolled coil. Raw material for pipe is discrete plate. There is a significant difference in price and characteristics between the two."

***

"The welding of plate is done with a double-submerged arc pass. The equipment is different for ERW that is produced from hot-rolled coil. The finishing equipment while similar is larger in size in DSAW."

***

"ERW begins with a hot rolled coil. It is a continuous forming process. The DSAW begins with a cut to length plate and it is formed and welded on a piece by piece (not continuous) basis."

Comparison of Competition

***

"Competition does not exist among the two products for smaller quantities of high strength material in sizes 18" - 24" O.D. and in walls above .375". These products typically are for MRO work channeled through distribution."

***

"API 5L ERW and DSAW pipes would compete in their overlapping diameter range of 16" (406 mm) to 26" (660 mm) in a wall thickness range of approximately 0.312" (7.9 mm) to 0.625" (15.9 mm). The products would generally compete for end use in on-shore pipelines used at moderate temperatures (approximately -20◦ F or above) with moderate toughness requirements."

***

"SAW and ERW compete on all pipe specifications where the diameter, wall thickness and grade overlap the two production processes. ERW has historically been priced lower than SAW for same diameter wall thickness and grade."

***

"*** competes with ERW for projects ranging from 16" through 26" outside diameter. Most ERW producers can make pipe with a maximum wall thickness of .688". If the project is over .688", DSAW pipe would not compete with ERW. These projects would be either a natural gas or oil pipeline, and ERW pricing is typically $80-$100 a ton cheaper than DSAW. Seamless pipe could also compete with ERW and DSAW for projects in the above range."

***

"Typically SAW pipe cannot compete with ERW pipe economically. ERW pipe starts with a cheaper raw material and has much higher production speeds. In more critical uses such as higher pressure pipelines, pipelines in sensitive safety and environmental areas, subsea lines etc., SAW is typically specified where size permits."

***

"ERW pipe produced from hot-rolled coil competes in the lower end of the DSAW range. The DSAW pipe is produced from plate (eg 24" .500" x70) for the same end use application."

***

"*** does not compete with 24" and over DSAW product because our max. o.d. capability is 20"."

E-8

RESPONSES OF U.S. IMPORTERS

Comparison of Characteristics and Uses

***

"They are both used for the conveyance of gas and oil and they are both produced according to API - 5L. ERW line pipe is usually used in sizes 16"-24" OD with walls up to .500". SAW line pipe is usually used in larger ODs and/or heavier walls."

***

* * * * * * *

***

"We do not know it just because we never handled SAW pipe yet."

***

"There are no differences in physical or metallurgical characteristics. Both products are manufactured to meet API or proprietary specifications and are interchangeable."

***

"One of the major differences between ERW and SAW would be its size availablity and reliability. For high pressure and harsh environment pipelines, where large outside diameter and heavy wall thickness is required, end user will specify SAW. Pipe exceeding OD24" (except *** who produces OD26"maximum ERW) shall be purchased as SAW only. ERW pipe is not available for wall thickness heavier than WT0.750" is not available by domestic ERW and therefore be procured as SAW. In such cases, there is no interchangeability. Also most of the offshore pipeline will not allow the use of ERW for its bad reputation in 70's. Physical properties of weld area are also one of the reason for having no interchangeability between ERW and SAW. SAW for its welding process can achieve higher weld area mechanical properties than pipe body. ERW using no filler wire to weld, can not achieve higher but equal or lesser properties."

***

"We understand physical/metallurgical characteristics is different between ERW and SAW line pipe. Main usage for these line pipes are considered for water, oil, gas transmission. However, the strength of SAW makes it usable for high-pressure and stress environs. Moreover, the metallurgical makeup of ERW weld is inferior to SAW."

***

"When size, grade, wall thickness, and chemical/physical properties are the same, ERW and SAW is interchangeable."

***

"Differences: 1. Available sizes are different. SAW can meet larger diameters and heavier wall thicknesses. 2. Steel strucrture {sic} at welded arc is different due to different welding method and SAW has superiority. 3. Due to differences of mother materials and welding method, cost for ERW is cheaper.

"Similarities: Both pipes have welding seam."

***

"ERW pipe is made by hot rolled coil and welded without welding consumable. It is suitable for ordinary piping material or low pressure pipeline. SAW pipe is usually applied to large pipeline projects because of wider size range and also welding method (submerged arc weld). It is suitable for high pressure pipelines."

***

"DSAW line pipe is used in more severe circumstances. Also, DSAW line pipe is larger in outside diameter and heavy wall DSAW can be produced. Basically, ERW and DSAW are not interchangeable."

***

"End usage and physical characteristics of pipe vary depending on grade, size, weld type, and other technical characteristics. The factors listed limit and at times prevent the interchangeability of one line pipe for another. For example, oil and gas transport requires higher grades on line pipe."

***

"DSAW: Mostly used for transportation of oil/gas. ERW: It's used for transportation of oil/gas, water. And also it's used for construction materials."

***

"The process of SAW leads to high strength & heavy wall thickness. The variety of size range is much wider than ERW. Both items are used for line pipe etc. However, SAW is normally used for more sever {sic} circumstance."

***

"Physical characteristics and end uses of pipe products vary significantly depending on grade, size, weld type, and other technical characteristics. These factors often limit or prevent interchangeability of one type of line pipe for another. For example, lower grades of line pipe are not accepted for use in critical oils and gas applications."

***

"In both cases the steel shall be produced by the Electric Furnace or Basic Oxygen Process, fully killed, with grain refined, calcium-silicon treated, for inclusion morphology control and shall have a good homogeneity of the properties. The chemical composition and the mechanical properties refer to ferritic/perlitic steel (other kinds of steel structures are employed but previously discussed between the steel mill and ***). The material shall have cleanliness level according to the requirements of the API 5L specification and shall not present inclusions or other defects that, in ultrasonic test, according to API 5L, produce indications equal or greater than the reference mark. Usually the SAW Longitudinal pipes are more reliable to be free of defects and can have better impact resistance (Charpy test) characteristics. Due to this characteristics most of the major oil company do not accept ERW pipes for off-shore pipelines.

Application:

SAW Longitudinal: oil and gas pipelines - on/offshore mainly in critical applications (high D/t ratio, sour condition, deep water); structural pipes and piles; piping for terminals and refineries; tubular piles; steam and gas lines; industrial components; pipelines for ore slurries, alcohol, oil gas and water.

SAW Spiral: oil and gas pipelines - onshore; structural pipes and piles; piping for terminals and refineries, tubular piles, steam and gas lines; industrial components; pipelines for ore slurries, alcohol, oil gas and water.

ERW: oil and gas pipelines - onshore; casing pipes; structural pipes and piles; piping for terminals and refineries; water systems; sewage systems; water pumping and treatment stations; irrigation and artesian wells, tubular piles; water and sewage installations; steam and gas lines; industrial components; pipelines for ore slurries, alcohol, oil gas and water."

***

"The noteable difference lies in the OD (ERW up to and including 24" and SAW up to and including 60") with wall thickness differences. The difference lies in limited range of wall for ERW which eventually is unable to be used for high pressure circumstances."

***

"The noteable difference lies in the OD (ERW up to and including 24" and SAW up to and including 60") with wall thickness differences. The difference lies in limited range of wall for ERW which eventually is unable to be used for high pressure circumstances."

***

"Similarities in the physical characteristics are because its process of manufacture is the same. Differences in the physical/metallurgical characteristics and uses are due to the specification used to produce certain or other welded large diameter line pipe, i.e., chemistry, mechanical properties, inspection and tests, dimensions and certification of each pipe. Interchangeability in end use of the products can not be done because each product is very well identified and its traceability is maintained thru its certification."

Comparison of Manufacturing Processes

***

"The manufacturing processes are totally different. Production input (raw material), machinery and equipment are not interchangeable. A SAW mill requires a much larger investment than an ERW mill."

***

* * * * * * *

***

"N/A"

***

"The production process varies in terms of the type of weld employed to create the product. For the most part the manufacturing inputs could be considered similar although they may not be interchangeable from one process to the other. For example, the same width of skelp used to produce a pipe 18" in diameter using the ERW process may not be suitable for use in a spiral weld SAW process. The machinery and equipment is different for both processes however there is no difference in the level of skilled labor needed to run it."

***

"ERW pipe is made from Hot Rolled Coil whereas SAW pipe is made from cut-to-length plate. There is no interchangeability between the two. No mill in the world has interchangeable facility as not only the production input, but the difference of welding machine and pipe forming method. We include manufacturing sequence (drawing attached) to explain how the pipe is formed and its uniqueness. Manufacturing plant for each process (ERW and SAW) is therefore interchangeable. As those plants are operating independent even for companies who own both ERW pipe plant and SAW pipe plant, labor at such pipe plant is also interchangeable."

***

"As we explained (a), ERW & SAW pipe is for water, oil & gas transmission. The pipes normally required additional specifications from customer which is included simensional {sic} tolerance, chemical composition. Therefore, manufacturing process is different between them."

***

"We are a distributor and not a manufacturer and do not feel qualified to provide a response."

***

"ERW pipe is welded by electrical resistance welding method; therefore, the weld seam comes to be inferior in quality than pipe body. SAW pipe is welded with weld consumables and its weld seam is to obtain the same quality as pipe body. Facility of ERW pipe mill is more easily set up than the one for DSAW pipe."

***

"ERW: As mother material is Hot Rolled Coil (HRC), wall thickness can not be so thick, approx. 0.812". Welding method is electric heat induction welding without welding rod/flux therefore steel structure at welded part is not so harmonized with body arc.

"SAW: As mother material is Hot Rolled Plate, wall thickness can be so heavy as 1.500" by UOE (Uing, Oing and Expansion) process and 2.000" or more by Bending Roll Process. Welding method is Submerged Arc Welding using welding rod/flux therefore steel structre {sic} at welded part is harmonized with body arc."

***

"Manufacturing process between ERW and DSAW is totally different and it is not interchangeable."

***

"Production processes differ according to weld type, size, grade, etc. For example, some Mexican mills use 'UOE' methods which allow closer dimension tolerances than US mills can."

***

"DSAW: Submerged Arc Welded process, which is made from steel plate. ERW: Electric-Resistance Welded Process, which is made from Hot-Rolled Steel sheet."

***

"I am not familiar with it."

E-13

***

"Production processes can differ significantly depending on weld type, size, grade and other manufacturing method that permits closer dimensional tolerances than can be achieved by U.S. producers, none of which use this method."

***

"SAW Longitudinal: are produced from steel plates that are subsequently U-O formed. Following these operations, the Tack Welding seam is made externally by Gas Metal Arc Welding technique. Then, a sequentially inside and outside Automatic Submerged Arc Welding pass are made using, in both cases, 3 and 4 wires. The weld area is ultrasonic inspected for internal purpose - quality of the weld seam before expansion, and the pipes are mechanically cold expanded. Each pipe is subject to hydrostatic testing and a scanning of full length of the weld seam by ultrasonic inspection. Each end of the longitudinal weld, as well as repair weld and ultrasonic indications are checked by X-Ray.

SAW Spiral: use steel coils that are gradually cold formed by convex and concave in a helical way, after that a sequentially inside and outside Automatic Submerged Arc Welding pass are made. Each pipe is subject to hydrostatic testing and a scanning of full length of the weld seam by ultrasonic inspection. Each end of the longitudinal weld, as well as repair weld and ultrasonic indications are checked by X-Ray.

ERW: the coil edges are guided and electrically insulated by leading rolls until they reach the welding plaque which presses the coil when the weld is done, ensuring that the edges are completely fused. Immediately after the welding, the heat treatment in the weld region is performed. The formed pipes are inspected by automatic ultrasonic and after are cut according to the tolerances specified by the client."

***

"Manufacturing processes are completely different between ERW and SAW and it leaves no interchangeability to production input, machinery and equipment, and skilled labor."

***

"Manufacturing processes are completely different between ERW and SAW and it leaves no interchangeability to production input, machinery and equipment, and skilled labor."

***

"*** keeps into its certified quality system a procedure to identify and set aside production inputs for each pipe production either certain or others in order to avoid interchange one into another. Machinery and equipment is prepared to produce certain and other welded large diameter line pipe and the skilled labor is kept under permanent trainning {sis} programs."

E-14

Comparison of Competition

***

"There is almost no competition between the two products because ERW pipe is usually sold at a lower price than SAW pipe."

***

* * * * * * *

***

"N/A"

***

"Line pipe products produced by either method compete with each other in the market place under all circumstances. The method of manufacture has no bearing on the price or the channels of distribution."

***

"Majority of the pipe mills in the world are producing one type of pipe. It is only minority who owns more than one type of pipe mills (combination of ERW, SAW and/or Seamless). Therefore, the end user will conduct a tender inviting all possible vendors when such pipe mill can produce the required grade and size. In the case of X-52 OD18" x WT0.500", ERW, SAW and Seamless pipe are available. There will be a specification for each process. Due to its manufacturing method, ERW will be the end user's best economical choice (production costs being cheapest). However, their decision will always depend on the site environment, installation method and other technical requirements which all conditions determined, make their final selection."

***

"For above reasons, no competition exist between ERW & SAW."

***

"The products compete for sales in the circumstances described in (a) above; price differences result from this difference in the manufacturing process and freight considerations."

E-15

***

"ERW pipe is made by hot coil and SAW is made by plate, and welding method and manufacturing process is different. Therefore, cost of SAW pipe is higher than ERW pipe. In case user can accept both materials, the customer will definitely choose ERW pipe due to its price."

***

"As long as ERW is acceptable for the usage, ERW is used because price is cheaper. In general, deepwater pipeline is limited to SAW even though ERW is possible for the size because of more stable steel structre {sic} at welded area than ERW."

***

"Generally, ERW is cheaper than DSAW, and they don't compete with each other unless the OD is 20" to 24" where both ERW and DSAW are available."

***

"Application differences account for which grade, size, and weld type is required and these factors as well as price are considered by end users. Most times customers can't substitute lower grades that don't meet specific project requirements. Availability and delivery requirements are also highly considered factors."

***

"In the view of differences of usage and manufacturing process the competition is not much between DSAW and ERW."

***

"As above, the characteristics & uses of those two items are different than each other. So the competition is very few. The alternative of SAW is only SAW."

***

"Due to critical applications in which higher grade SAW line pipe is used, factors other than price are more important to competition. Customers cannot substitute products of lower grade or that do not meet customers rigid technical and quality specifications. Availability and on time delivery are also important factors in competition."

***

"As mentioned above, SAW longitudinal pipes are made from steel plates, which justify higher prices than SAW Spiral and ERW line pipe that are produced from steel coils.

E-16

A few producers of ERW pipes can offer pipes in 24" & 26" Outside Diameter. These products can replace SAW Longitudinal UOE pipes in applications where high levels of technical specifications are required by the client."

***

"None"

***

"None"

***

"None"

E-17

RESPONSES OF U.S. PURCHASERS

Comparison of Characteristics and Uses

***

"The ERW process uses a high frequency electric current to heat and fuse the base metal (pipe coil) edges together. The edges need to be pressed together by mechanical means. Due to the nature of the manufacturing process, ERW pipe has limitations of various O.D., grade and wall thickness combinations which are typically less than that of SAW pipe.

The SAW process is a type of arc welded process requiring the use of a granular flux electrode which is deposited in the weld seam. It can provide deep penetration and is useful for thick plates of which the pipe will be made out of. The welding process is limited to the flat/horizontal position.

In general, although the product capabilities overlap, ERW pipe is of smaller o.d. and thinner wall than that of SAW. Given this and the specific performance characteristics required, *** does not consider ERW and SAW pipe interchangeable, but in general uses ERW for those applications that only require a smaller o.d., thinner wall pipe. SAW is used for those applications that require larger o.d. (larger product flow), thicker wall (high internal pressure or high collapse resistance in the case of deepwater) pipe."

***

"The basic difference is the method of manufacturing. The metallurgical characteristics are virtually the same by specification. Generally the products are interchangeable, but seldom in the same pipeline."

***

"ERW and DSAW pipe may be interchanged under conditions of similar wall & grade. ERW pipe can be rolled to smaller ODs but DSAW pipe may be rolled to larger OD & thicker walls. They are metallurgically similar, just not identical."

***

"ERW and SAW pipe are similar in most physical/metallurgical characteristics. They can be used interchangeably in most end uses. Some feel mechanical expansion is beneficial for the pipe and this is generally only available in SAW pipe."

***

"SAW is a more reliable weld and therefore can be used in more extreme conditions (ie. water depth, temperature variations, pressure, etc.). ERW is only used when conditions are minor (ie. average temperature, low pressure, shallow water, etc.). Also, SAW pipe is produced in much larger diameters, therefore needed size is a major determination of type."

E-18

***

"Certain customers allow both ERW/SAW. It depends on their use of the pipe and the size. Size has more to do with it than ERW vs. DSAW. ERW is cheaper than DSAW products."

***

"Most customers in non line pipe applications prefer ERW. ERW has no weld seam, therefore cosmetic applications such as ornamental poles look better as an ERW product."

***

"When size, grade, wall thickness and chemical/physical properties are the same, ERW and SAW are interchangeable."

***

"We purchased pipe for buried pipeline that has been manufactured to API specification. Both ERW and SAW can be used for this purpose."

***

"N/A. We are not metallurgist or engineers."

***

"SAW pipe is produced using plate formed into a cylinder and joined using submerged arc welding process that includes a filler material. ERW pipe is produced using skelp (coil or strip) that is formed into a cylinder and joined using electric resistance welding process that does not include a filler material. SAW pipe if formed using pyramid rolls or the "U", "O", and "E" (Expansion) shaping processes to turn the individual flat plates into a cylinder. ERW pipe is formed using a series of rolls that gradually form the flat skelp into a cylinder that is cut to the required pipe lengths. Normally, ERW pipe is not made with as great a diameter or wall thickness as SAW pipe can be made. These two characteristics usually dictate ones use rather than the others use."

***

"SAW is typically considered a stronger weld. SAW is substitutable for ERW but not visa versa in most situations. ERW has no ID/OD weld bond, critical for some applications. ERW is less expensive. Mfg process provides more product in less time. Worldwide, there are more producers of ERW than DSAW."

E-19

Comparison of Manufacturing Processes

***

"The manufacturing processes (forming, welding, etc.) are very different in nature given the use of coil for ERW and plate for SAW."

***

"Not known to us."

***

"ERW pipe is made from coil stock while DSAW pipe is made from steel plate. Production inputs, machinery & equipment are different. Labor would be trained differently to run different machines."

***

"ERW pipe is generally not available in sizes over 24-inch OD. ERW pipe is also generally not available in wall thicknesses over .562". These factors limit its use. ERW pipe can be produced in longer joint lengths without mid-joint welds. ERW can be produced in joint lengths up to 100 ft. SAW pipe is limited to 40 ft. joint lengths, which can be mid-welded to produce 80 ft. joints from the manufacturer. However, this mid-weld adds to the cost of the pipe. The advantage of longer joint lengths is it reduces the amount, and therefore cost, of welding on the construction site. However, some locations cannot take advantage of the longer joint lengths because of terrain or local transportation limitations."

***

"The welding process, and weld itself, is much stronger and more reliable in SAW as opposed to ERW. The weld leads are in constant contact with both sides of the weld creating a stronger weld joint. In addition, the UOE bending process of SAW pipe adds greater wall thickness than ERW pipe which is formed through rollers."

***

"Manufacturing ERW pipe is cheaper than DSAW. The problem that we see Domestic vs. Foreign is quality products with stronger pipe available in Japan pipe."

***

"ERW is preferred over DSAW when both can be made for a particular size. ERW has no visible seam. DSAW's only advantage is ability to produce wall thicknesses over .750."

***

"We are a distributor and not a manufacturer and do not feel qualified to provide a response."

***

"The ERW process is a continuous pipe making process made from coils of steel. SAW process is a one-pipe-at-a-time process made from steel plate and formed into a round pipe."

***

"N/A. We are not manufacturers."

***

"As noted above ERW and SAW pipe are not made in the same manner. Therefore, the production inputs (plate vs skelp, filler material for SAW only, forming equipment, welding equipment, inspection equipment) are not the same."

***

"Japan produces uniform lengths of 40'-60'. Lengths in excess of 40' are not available in the USA without circumferential jointer welds - not desired. USA SAW is less straight with inconsistent tolerances in "out of roundness." Straightness is important to offshore applications where long lines of pipe are "strung" together vertically to reach the ocean floor. API tolerance allows too much "bow." A small amount of "bow" can put the string considerably off course. Roundness is important to cutting, allowing for good roundness at up when cut."

Comparison of Competition

***

"Due to their manufacturing processes, generally there is only overlap or competition in the 18 inch to 24 inch diameter ranges of ERW and SAW pipe with wall thicknesses less than .625". Generally ERW pipe is less expensive than SAW. It should be noted that 26 inch ERW is not manufactured domestically but is manufactured in Japan."

***

"Generally there is a size overlap in the 18"-24" size range. In that respect they are interchangeable and compete against each other. Being a "distributor only" we furnish our customers to their specifications."

***

"There would be direct competition where ERW & DSAW pipe were identical in O.D., wall thickness & grade. ERW can be produced cheaper than DSAW. Pipe O.D.'s in 16", 18", 20", 22", 24" are common to both ERW & DSAW. Wall thicknesses are restricted by individual mill capacities. Local pipe distributors will carry both ERW & DSAW OD & wall thicknesses in their stock."

***

"In the size ranges available for ERW pipe it is almost always price advantageous due to the faster production rates and lower cost starting material (coil vs. plate). The longer joint lengths mentioned above add to this price advantage. ERW is generally more advantageous for delivery as well since it has a faster manufacturing process. With compressed time from project approval to in-service date, this is an important factor. ERW is most competitive in the 18 to 24 inch size range in wall thicknesses up to .562"."

***

"ERW is generally lower in price and the two would compete in such situations where size is available in both, the conditions are not too severe for either or both products, the wall thickness can be produced for each process, and the grade of steel is available for both production types."

***

"Competition is good for steel products. Large projects take up rolling time in mills. Distributors like us have to go to different mills in an attempt to be able to get quality products in a timely manner. The time frame we may be talking about could be as long as a 6-9 month time frame."

***

"The number of DSAW mills vs ERW mills is about 1/3, therefore ERW is cheaper & more competitive. Also when energy projects are active, DSAW mills fill their capacity & do not produce tons for distribution."

***

"The products compete for sales in the circumstances described in (a) above; price differences result from the difference in the manufacturing process and freight considerations."

***

"Generally competition between ERW/SAW falls on pipe sizes 20" to 24". Because of limitation to manufacturing process ERW has a distinct cost advantage over DSAW in 20"-24" pipe. We are not aware of other processes that compete with ERW or SAW except for Spiral."

E-22

***

"For sizes where ERW and DSAW can both be produced, ERW is generally less expensive, therefore price competitive. However, this intersection of the two manufacturing processes only encompasses a few sizes."

***

"SAW and ERW pipe compete when they both can be made to the required diameter and wall thickness."

***

"As stated above, ERW is less expensive but not necessarily substitutable for DSAW. Overlap exist in 18"-26"; both products are manufactured. 18" 20" 22" DSAW is not available from the SAW petitioner. 18" 20" 22" 24", with walls over .500, appear to not be available from the petitioners of ERW."

E-23

APPENDIX F

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

F-1

The Commission requested U.S. producers to describe any actual or potential negative effects on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of certain welded large diameter line pipe from Japan and/or Mexico (questions III-9 and III-10). Their responses are as follows:

Actual Negative Effects

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Anticipated Negative Effects

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F-3