CERTAIN RECTANGULAR WELDED CARBON STEEL PIPES AND TUBES FROM THE REPUBLIC OF KOREA

Determinations of the Commission in Investigation No. 731-TA-138 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

USITC PUBLICATION 1418

AUGUST 1983

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. These deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-138 (Preliminary)

CERTAIN RECTANGULAR WELDED CARBON STEEL PIPES AND TUBES
FROM THE REPUBLIC OF KOREA

Determinations

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from the Republic of Korea (Korea) of welded carbon steel pipes and tubes, of rectangular (including square) cross section, having a wall thickness not less than 0.156 inch, provided for in item 610.3955 of the Tariff Schedules of the United States Annotated (1983) (TSUSA), which are alleged to be sold in the United States at less than fair value (LTFV).

The Commission further determines that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, 3/ 4/ by reason of imports from Korea of welded carbon steel pipes and tubes, of rectangular (including square) cross section, having a wall thickness less than 0.156 inch, provided for in item 610.4975 of the TSUSA, which are alleged to be sold at LTFV.

Background

On July 14, 1983, counsel for the Committee on Pipe and Tube Imports (CPTI) filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is

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

2/ Chairman Eckes and Commissioner Stern dissenting.

3/ Commissioners Haggart and Lodwick determine only that there is a reasonable indication of material injury, and therefore do not reach the issue of reasonable indication of threat of material injury.

4/ Chairman Eckes determines that there is a reasonable indication of threat of material injury.

materially injured or is threatened with material injury, by reason of imports from Korea of certain rectangular welded carbon steel pipes and tubes which are allegedly being sold at LTFV. Accordingly, effective July 14, 1983, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Act (19 U.S.C. § 1673b(a)).

Notice of the institution of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 20, 1983 (48 F.R. 33063). The conference was held in Washington, D.C. on August 4, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of imports of light-walled rectangular pipes and tubes 1/ from the Republic of Korea (Korea) allegedly sold at less than fair value (LTFV). 2/ 3/ We also determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of heavy-walled rectangular pipes and tubes 4/ from the Republic of Korea (Korea) allegedly sold at LTFV. 5/ 6/

BACKGROUND

In June of this year, the Commission determined that there was no reasonable indication that the domestic industries producing light-walled rectangular pipes and tubes and heavy-walled rectangular pipes and tubes were materially injured or threatened with material injury by reason of imports of those two products from Korea. 7/ Shortly thereafter, the domestic producers,

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1/ The term "light-walled rectangular pipes and tubes" refers to welded light-walled rectangular (including square) pipes and tubes.

2/ Commissioners Haggart and Lodwick determine that there is a reasonable indication of material injury and do not reach the issue of threat of material injury.

3/ Chairman Eckes determines that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Korea allegedly sold at less than fair value.

4/ The term "heavy-walled rectangular pipes and tubes" refers to welded heavy-walled rectangular (including square) pipes and tubes.

5/ Chairman Eckes and Commissioner Stern determine that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of heavy-walled rectangular pipes and tubes from Korea allegedly sold at less than fair value.

6/ Retardation of establishment of an industry in the United States is not an issue in this investigation and will not be discussed further.

7/ Certain Welded Carbon Steel Pipes and Tubes From the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131 and 132 (Preliminary), USITC Pub. 1389 (June 1983), Commissioner Haggart dissenting. Commissioner Lodwick was not a member of the Commission at that time.

citing recent increases in imports, filed a second petition again alleging that the subject imports sold at LTFV are materially injuring or threatening to materially injure the domestic industries. 8/

DOMESTIC INDUSTRY

In this preliminary investigation, we adopt the like-product analysis and the definitions of the two domestic industries made in the prior investigation. 9/ Accordingly, we conclude that there are two domestic industries in this investigation: the domestic producers of light-walled rectangular pipes and tubes 10/ and the domestic producers of heavy-walled rectangular pipes and tubes.

8/ The petition was filed on July 14, 1983, by the Committee on Pipe and Tube Imports.

9/ Certain Welded Carbon Steel Pipes and Tubes From the Republic of Korea and Taiwan, supra, at 4-6, 8-9. Commissioner Lodwick was not a member of the Commission in June 1983 when the earlier determination was made. However, after reviewing the records of the present and earlier investigations, he adopts the analysis and definitions concerning like product and industry set forth in the earlier report.

10/ We note that producers accounting for an estimated 25 percent of domestic production of light-walled rectangular pipes and tubes in 1982 have provided data on production and shipments. In addition, producers representing an estimated 5 percent of the domestic production of light-walled rectangular pipes and tubes provided data on their income-and-loss experience for their light-walled rectangular pipe and tube operations.

We further note that the lack of data on production, shipments, and profits for the domestic producers of light-walled rectangular pipes and tubes raises the issue of whether sufficient data are available to assess separately the impact of the subject light-walled rectangular pipe and tube imports on domestic producers of the "like product," i.e., U.S. producers of light-walled rectangular pipes and tubes. If sufficient data are not available, the Commission in making its determination may follow a product line analysis pursuant to section 771(4)(D)(19 U.S.C. § 1677(4)(D)). For purposes of this preliminary investigation, we believe the available data are sufficient to assess separately the impact of the two types of imported products on the two domestic industries we have found to exist. In any final investigation, the Commission will endeavor to obtain more comprehensive data from domestic producers representing a larger share of domestic production of light-walled rectangular pipes and tubes.

Commissioner Haggart also notes that her determination with respect to imports of light-walled rectangular pipes and tubes in this preliminary investigation would not have been different if she had employed a product-line analysis.

CONDITION OF THE INDUSTRIES

Light-walled Rectangular Pipe and Tube Industry

Domestic production of light-walled rectangular pipes and tubes increased from 59,886 short tons in 1980 to 68,411 short tons in 1981, and then fell to 60,768 short tons in 1982. In January-June 1983, production increased to 39,274 short tons, compared with 32,086 short tons during the corresponding six month period of 1982. 11/ Capacity utilization increased slightly from 45.6 percent in 1980 to 49.7 percent in 1981, and then declined slightly to 44.8 percent in 1982. In January-June 1983, capacity utilization increased to 54.2 percent, compared with 48 percent for the corresponding period of 1982. 12/ Domestic shipments followed the same trend as production, increasing from 56,367 short tons in 1980 to 65,734 short tons in 1981, and then declining to 59,061 short tons in 1982. Shipments for the first half of 1983 increased to 35,940 short tons, compared with 30,349 short tons for the corresponding period of 1982. 13/ Employment of workers producing light-walled rectangular pipes and tubes remained relatively unchanged from 1980 to 1982, and then increased 36 percent to 352 workers in January-June 1983, compared with 258 workers for the same period in 1982. 14/

Net sales increased from 1980 to 1981, but then fell in 1982 to the lowest point in three years. Net sales were slightly higher in January-June 1983, compared with those in January-June 1982. Operating profit rose from

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11/ See note 10, supra. Report at A-9.
12/ Report at A-9.
13/ See note 10, supra. Report at A-10.
14/ Report at A-12.

1980 to 1981, but then dropped significantly in 1982. Operating profit also fell in January-June 1983, compared with that in January-June 1982. 15/

On the basis of this information, we conclude that there is a reasonable indication of material injury to the domestic producers of light-walled rectangular pipes and tubes. 16/

Heavy-walled Rectangular Pipe and Tube Industry

Domestic production of heavy-walled rectangular pipes and tubes increased slightly from 330,083 short tons in 1980 to 356,885 short tons in 1981, but then fell substantially to 198,909 short tons in 1982. In January-June 1983, production increased slightly to 117,487 short tons, compared with 107,299 short tons in January-June 1982. 17/ Capacity utilization steadily declined from 55.7 percent in 1980 to 28.9 percent in 1982, and then increased slightly to 33.9 percent in January-June 1983, compared with 30.5 percent in January-June 1982.

Domestic shipments increased from 333,870 short tons in 1980 to 351,730 short tons in 1981, and then dropped to 202,837 short tons in 1982. Shipments then increased slightly to 113,798 short tons in January-June 1983, compared with 104,332 short tons in the corresponding period of 1982. 18/ Employment decreased steadily during the period of investigation from 412 in 1980 to 405

15/ See note 10, supra.

16/ Chairman Eckes determines that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Korea allegedly sold at less than fair value.

17/ Report at A-9.

18/ Id. at A-10.

in 1981, and then fell sharply to 298 in 1982. In January-June 1983, employment fell further to 278, compared with 319 in January-June 1982. 19/ Net sales increased slightly from 1980 to 1981, but fell substantially in 1982. Net sales also declined in January-June 1983, compared with those in January-June 1982. Operating profit declined from 1980 to 1981, and there was a loss in 1982. In January-June 1983, small profits were reported, compared with losses in January-June 1982. The ratio of profit to net sales decreased between 1980 and 1981, and became a loss in 1982. In January-June 1983, this ratio improved as domestic producers reported a profit, compared with a loss in January-June 1982. However, a number of firms suffered losses in January-June 1983 as well as in 1982. 20/

On the basis of this information, we conclude that there is a reasonable indication of material injury to the domestic producers of heavy-walled rectangular pipes and tubes. 21/

CAUSATION

Material Injury By Reason of Imports of Light-Walled Rectangular Pipes and Tubes 22/

Imports of light-walled rectangular pipes and tubes from Korea declined from 6,261 short tons in 1980 to 953 short tons in 1981, and then increased to

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19/ Report at A-12.

20/ Id. at A-15.

21/ Chairman Eckes and Commissioner Stern determine that there is no reasonable indication that an industry is materially injured or threatened with material injury by reason of imports of heavy-walled rectangular pipes and tubes from Korea allegedly sold at less than fair value. See Additional Views of Chairman Eckes and Commissioner Stern, infra, at 13.

22/ Chairman Eckes determines that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Korea allegedly sold at less than fair value.

1,782 short tons in 1982. 23/ In January-June 1983, imports increased more than 8 times to 5,852 short tons, compared with 693 short tons for the corresponding period of 1982. As a share of consumption, imports from Korea decreased from 8.8 percent in 1980 to 1.2 percent in 1981, and then increased to 2.4 percent in 1982. Imports accounted for 11.9 percent of U.S. consumption in January-June 1983, compared with 2 percent for the corresponding period of 1982.

During 1982 and January-June 1983, the unit value of imports from Korea was below that of imports from other sources. Between July 1982 and June 1983, Korean prices to service centers/distributors for one-inch and one-half-inch square light-walled tubing were lower than the prices of the domestic product in all quarters. 24/ The margins of underselling were as much as 16 percent for the one-inch tubing and 33 percent for the one-half-inch tubing. The margins of underselling were also greater in January-June 1983 than July-December 1982. From October 1982 to June 1983, when the Korean product was underselling the domestic product, U.S. prices for

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23/ The domestic producers argued that Customs officials were misclassifying imports of both light-walled and heavy-walled rectangular pipes and tubes and, therefore, official Commerce statistics were understated. We note that there is a discrepancy between the level of imports of light-walled rectangular pipes and tubes as reported to the Commission in questionnaire responses and the level of imports as reported in the official Commerce statistics. The Commission has relied on the data in questionnaire responses in making its analysis. See Report at A-21.

24/ The Commission received more complete price data from U.S. producers and importers on their sales to service centers/distributors than on their sales to end users. Consequently, price comparisons on sales to service centers/distributors are more meaningful than comparisons on sales to end users.

sales of one-half-inch square pipes and tubes to service centers/distributors declined as the prices of the Korean products declined. The Commission staff also confirmed a number of lost sales to Korean light-walled rectangular tubing because of the low price of the imported products. 25/

Threat of Material Injury By Reason of Imports of Light-walled Rectangular Pipes and Tubes 26/

In January-June 1983, imports of light-walled rectangular pipes and tubes from Korea increased by more than 8 times to 5,852 short tons from 693 short tons for the corresponding period of 1982. Import penetration increased from 2 percent in January-June 1982 to 11.9 percent in January-June 1983. The increase in imports in both absolute terms and as a percentage of domestic consumption occurred when the profitability of the domestic producers decreased in January-June 1983, compared with that in the corresponding period of 1982. This evidences that there is a reasonable indication of a threat to the domestic industry by imports of light-walled rectangular pipes and tubes from Korea which is both real and imminent.

Material Injury By Reason of Imports of Heavy-walled Rectangular Pipes and Tubes 27/

We find that the available data provide a reasonable indication that imports of heavy-walled rectangular pipes and tubes from Korea are a cause of

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25/ See Report at A-31-A-32.

26/ Commissioners Haggart and Lodwick, having determined that there is a reasonable indication of material injury, do not reach the issue of threat of material injury.

27/ Chairman Eckes and Commissioner Stern determine that there is no reasonable indication that an industry is materially injured or threatened with material injury by reason of imports of heavy-walled rectangular pipes and tubes from Korea allegedly sold at LTFV. See Additional Views of Chairman Eckes and Commissioner Stern, infra, at 13.

material injury to the domestic industry. 28/ In 1982, imports from Korea increased both absolutely and as a share of consumption. 29/ During the same period, domestic consumption declined; U.S. producers' share of the market declined; imports from other sources increased their market share; and the domestic industry experienced its most serious difficulties. 30/ Furthermore, imports from Korea in January-June 1983 increased to 1,257 short tons, compared with 77 short tons during the corresponding period of 1982. During the six month period January-June 1983, imports from Korea as a percentage of total imports increased from 0.2 percent in the corresponding period of 1982 to 2.2 percent in January-June 1983. As a percentage of consumption, the penetration rate for Korean imports during January-June 1983 increased from its level in the corresponding period of 1982 and was higher than the percentage held by imports for full years 1981 and 1982. 31/

28/ In assessing the impact of a certain volume of imports or the market penetration of imports on the domestic industry, it is important for the Commission to "evaluate all economic factors which have a bearing on the state of the industry" (19 U.S.C. § 1677(7)(C)). In addition, the Commission should consider the particular "conditions of trade, competition, and development" of the relevant industry. S. Rep. No. 96-249, 96th Cong., 1st Sess. 57, 88 (1979); H. Rep. No. 96-317, 96th Cong., 1st Sess. 46 (1979). In determining whether the absolute or relative volume of imports is significant, the Commission should be cognizant of the fact "that for some industries an apparently small volume of imports may cause harm that is not inconsequential." S. Rep., supra, at 88. In making our determination, we have taken into consideration in this preliminary investigation, among other things, such factors as the fungibility and price sensitivity of the products involved, the time period during which the imports increased their market share and the condition of the domestic industry at that time, and the characteristics of the market in which the imports and domestic products are sold. The data developed in this investigation support the conclusion that the absolute and relative volume of imports from Korea and their impact on the domestic industry have not been inconsequential.

29/ Report at A-18, A-23.

30/ Id. at A-5, A-9-A-10, A-12, A-15, and A-23.

31/ Id. at A-18, A-19, and A-23.

With respect to the impact of imports on domestic producers' prices during 1982 and January-June 1983, the unit value of imports from Korea fell steadily and was below that of imports from other sources during this period. 32/ The Commission was able to obtain pricing data which support the petitioners' allegations that the subject imports have undersold the domestic product and depressed prices of the domestic producers. For example, domestic prices to service centers/distributors for the four-inch tubing fell significantly from October 1981 to June 1983. Korean imports of this product sold in the service center/distributor market have continually undersold the domestic products during each quarter for which prices were reported. The highest margins of underselling were 17.6 percent in October-December 1982, 16.3 percent in January-March 1983, and 14.5 percent in April-June 1983. The Commission also confirmed several lost sales of heavy-walled rectangular pipes and tubes on the basis of price. 33/

It may be argued that the requisite causal nexus between imports and injury is missing, because the domestic producers' profit-and-loss picture improved during January-June 1983 while imports increased. However, the marginal profits for January-June 1983 are still well below the profits reported in 1980 and 1981. During January-June 1983, when an economic recovery was occurring, the domestic producers were able to increase production and shipments; however, they were able to post only a meager profit. This is the result, at least in part, of the domestic producers' inability to make sales at prices high enough to ensure sufficient profits.

32/ Report at A-19.
33/ Id. at A-25, A-31-A-32.

There is a reasonable basis for concluding that lower priced imports from Korea have adversely affected the domestic producers' pricing policies and, consequently, their profits.

Furthermore, undue reliance should not be placed on a comparison of Korean imports in the first half of 1983 to the domestic industry's financial performance during that same period. According to Commerce statistics, imports from Korea fluctuated widely on a quarterly basis. During the first six months of 1983, most of the Korean imports of heavy-walled rectangular pipes and tubes entered the United States in the second quarter. 34/ It is reasonable to assume that there is some lag time between the importation and sale of the Korean products and the impact of these imports on the domestic producers, especially in terms of their profit-and-loss experiences. Thus, the domestic producers' profits during the first six months of 1983 may not reflect the full impact of the April-June 1983 increase in Korean imports on the domestic industry.

Although profits may have increased during the first six months of 1983, the domestic industry has been found by the Commission to be materially injured. The pricing and lost sales data confirm that imports from Korea have had, and continue to have, an adverse effect on the domestic industry. For these reasons, we conclude there is a reasonable indication that a domestic industry is materially injured by reason of imports of heavy-walled rectangular pipes and tubes from Korea, which are allegedly sold at less than fair value.

34/ Report at A-19.

ADDITIONAL VIEWS OF CHAIRMAN ECKES AND COMMISSIONER STERN

Heavy-walled Rectangular Pipes and Tubes

In contrast to the situation for light-walled rectangular pipes and tubes from Korea, there is no reasonable indication that Korean imports of heavy-walled rectangular pipes and tubes have caused or threaten to cause material injury to the domestic industry. In the face of increasing imports, in absolute terms, financial indicators for the domestic producers increased in January-June 1983 from a substantial loss to a small profit. 1/

Imports from Korea of heavy-walled rectangular pipes and tubes fell from 4,285 short tons in 1980 to 500 short tons in 1981, and then increased to 1,893 short tons in 1982. Imports of heavy-walled rectangular pipes and tubes increased in January-June 1983 to 1,257 short tons, compared with 77 short tons during the same period in 1982. 2/ The market penetration of heavy-walled rectangular pipes and tubes from Korea fell from 1.1 percent in 1980 to 0.1 percent in 1981, and then increased slightly to 0.8 percent in 1982. The import penentration rate for January-June 1983 has increased to 0.9 from 0.1 percent for the corresponding period of 1982. 3/ Additionally, 2-inch square heavy-walled rectangular tubing prices for Korean imports to end users were higher than domestic prices in all four comparable quarters. 4/

1/ Report at A-15-A-18.
2/ Id. at A-18.
3/ Id. at A-23.
4/ Id. at A-26.

During the six-month period in 1983 when imports of heavy-walled rectangular pipes and tubes were rising, the domestic industry improved its financial performance. Furthermore, the most recent figures for import penetration indicate that imports of heavy-walled rectangular pipes and tubes account for less than one percent of domestic consumption. Accordingly, for purposes of this preliminary investigation, there is a lack of correlation between rising imports and a negative performance of the domestic industry. We, therefore, conclude that there is no reasonable indication that the alleged LTFV imports of heavy-walled rectangular pipes and tubes from Korea have caused material injury or threaten to cause material injury to the domestic industry.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On July 14, 1983, counsel for the Committee on Pipe and Tube Imports (CPTI) 1/ filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from the Republic of Korea (Korea) of welded carbon steel pipes and tubes of rectangular (including square) cross section, provided for in items 610.3955 and 610.4975 of the Tariff Schedules of the United States Annotated (1983) (TSUSA), which are allegedly being sold at less than fair value (LTFV). Accordingly, the Commission instituted investigation No. 731-TA-138 (Preliminary) under section 731 of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the importation of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after receipt of a petition, or in this case, by August 29, 1983.

Notice of the institution of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 20, 1983 (48 F.R. 33063). 2/ The conference was held in Washington, D.C., on August 4, 1983. 3/ The Commission voted on the investigation on August 22, 1983.

Previous Commission Investigations

Although the Commission has conducted a number of pipe and tube investigations, the only investigations pertaining to the rectangular welded carbon steel pipes and tubes covered by the current investigation were Nos. 731-TA-131 and 132 (Preliminary), Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan. On June 6, 1983, the Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry was materially retarded, by reason of

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1/ The nine member producers of CPTI are Allied Tube & Conduit Corp., American Tube Co., Inc., Bull Moose Tube Co., Copperweld Tubing Group, Kaiser Steel Corp., Merchants Metals, Inc., Pittsburgh-International, Southwestern Pipe, Inc., and Western Tube & Conduit.

2/ A copy of the Commission's notice of institution of a preliminary antidumping investigation is presented in app. A. A copy of the Department of Commerce's notice is presented in app. B.

3/ A copy of the list of witnesses appearing at the conference is presented in app. C.

imports from Korea 1/ and Taiwan of welded carbon steel pipes and tubes, of heavy- and light-walled rectangular (including square) cross section, provided for in items 610.3955 and 610.4975, respectively, of the TSUSA, which were alleged to be sold at LTFV. The Commission further determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports from Korea and Taiwan of certain small diameter circular welded carbon steel pipes and tubes, provided for in items 610.3231, 610.3232, 610.3241, and 610.3244 of the TSUSA, which were alleged to be sold at LTFV.

The Product

Description and uses

For the most part, the terms "pipes," "tubes," and "tubular products" can be used interchangeably. In some industry publications, however, a distinction is made between pipes and tubes. According to these publications, pipes are produced in large quantities to a few standard sizes, whereas tubes are made to customers' specifications for dimensions, finish, chemical composition, and mechanical properties. Pipes are normally used as a conduit for liquids or gases, whereas tubes are generally used for other purposes. There is apparently no clear line of demarcation in many cases between pipes and tubes.

Steel pipes and tubes can be divided into two general categories on the basis of method of manufacture--welded or seamless. Each category can be further subdivided by grade of steel: carbon, heat-resisting, stainless, or other alloy. This method of distinguishing among steel pipe and tube product lines is one of several such methods used by the industry. Pipes and tubes typically come in circular, square, or rectangular cross section.

The American Iron & Steel Institute (AISI) distinguishes among the various types of pipes and tubes according to six end uses: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods. 2/

Steel pipes and tubes are generally produced according to standards and specifications published by a number of organizations, including the American Society for Testing & Materials (ASTM); the American Society of Mechanical Engineers; and the American Petroleum Institute (API). Comparable organizations in Japan, West Germany, the United Kingdom, the U.S.S.R., and other countries have also developed standard specifications for steel pipes and tubes.

1/ Commissioner Haggart determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports from Korea of welded carbon steel pipes and tubes, of heavy- and light-walled rectangular (including square) cross section, which were alleged to be sold at LTFV.

2/ For a full description of these items, see Certain Welded Carbon Steel Pipes and Tubes From the Republic of Korea, Inv. No. 701-TA-168 (Final), USITC Publication 1345, February 1983.

The imported pipe and tube products which are the subject of this investigation are the following welded carbon steel products:

(1) Rectangular (including square) pipes and tubes having a wall thickness of 0.156 inch or greater, hereinafter referred to as heavy-walled rectangular pipes and tubes. This product is supplied in rectangles ranging from 3 x 2 inches to 20 x 12 inches and in 2-inch to 16-inch squares. It is used for forming and support members for construction or load-bearing purposes in construction, transportation, farm, and material-handling equipment. The product is generally produced to ASTM specification A-500, Grade B, and is commonly referred to in the industry as structural tubing.

(2) Rectangular (including square) 1/ pipes and tubes having a wall thickness of less than 0.156 inch, hereinafter referred to as light-walled rectangular pipes and tubes. This product is supplied in rectangles ranging from 0.375 x 0.625 inch to 4 x 8 inches and 0.375 inch to 6-inch squares. It is employed in a variety of end uses not involving the conveyance of liquid or gas, such as agricultural equipment frames and parts and furniture parts. The product is generally produced to ASTM specification A-513 or specification A-500, Grade A, and is commonly referred to in the industry as mechanical or ornamental tubing.

Manufacturing process

Welded steel pipes and tubes are made by forming flat-rolled steel into a tubular configuration and welding along the joint axis. There are various ways to weld pipes and tubes; the most popular are the electric-resistance weld (ERW), the continuous weld (butt weld) (CW), the submerged-arc weld, and the spiral weld. Submerged-arc weld and spiral weld are normally used to produce pipes and tubes of relatively large diameter. The continuous weld process is used in the manufacture of smaller diameter (under 4.5 inches) circular pipe. The rectangular pipes and tubes which are the subject of this investigation are produced only by the ERW process. 2/ In this process, skelp 3/ is cold-formed by tapered rolls into a cylinder. The weld is formed when the joining edges are heated to approximately 2,600° F. Pressure exerted by rolls squeezes the heated edges together to form the weld. ERW mills produce both pipe in standard sizes and tubular products between 0.375 and 24 inches in outside diameter.

1/ Although the applicable TSUSA item, 610.4975, includes products of "shaped" cross section (other than circular or rectangular), there are few or no such imports from Korea, according to counsel for the Korean producers (telephone conversation on May 23, 1983).

2/ Transcript of the public conference on Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131 and 132 (Preliminary), USITC Publication 1389, June 1983, pp. 52-53.

3/ A flat-rolled, intermediate product used as the raw material in the manufacture of pipe and tube. It is typically an untrimmed band of hot- or cold-rolled sheet.

All pipes and tubes are formed and welded in a cylindrical configuration; immediately after welding, the product may be reduced by rolling or stretch reducing, or may be further formed into squares, rectangles, or other shapes by forming rolls, which are added to or subtracted from the end of the production line depending on the desired shape of the final product. The conversion of an ERW mill producing circular tubing to one producing rectangular tubing typically requires the addition of only 2 or 3 additional forming rolls, an operation which can be accomplished in about 4 worker-hours. Hence, the ability to expand or contract productive capacity of rectangular tubing is easily accomplished for most domestic and foreign mills.

U.S. Tariff Treatment

Imports of the heavy-walled rectangular pipes and tubes which are the subject of this investigation are classifiable under TSUSA item 610.3955, which includes welded nonalloy steel pipes and tubes of rectangular cross section, having a wall thickness not less than 0.156 inch. During the Tokyo round of the Multilateral Trade Negotiations (MTN), the most-favored-nation (MFN) (col. 1) rate of duty 1/ for this item was changed from 0.1 cent per pound to 0.5 percent ad valorem effective January 1, 1982. This MFN rate of duty is the final staged reduction in duty rates negotiated in the Tokyo round. The column 2 rate of duty 2/ is 1 percent ad valorem.

Imports of the light-walled rectangular pipes and tubes which are the subject of this investigation are classifiable under TSUSA item 610.4975, which includes welded nonalloy steel pipes and tubes of cross sections other than circular, having a wall thickness less than 0.156 inch. As of January 1, 1983, the column 1 rate of duty for this item is 9.7 percent ad valorem. As a result of tariff concessions granted in the Tokyo round, the column 1 rate of duty is to be reduced in stages until January 1, 1987, when it will reach its final negotiated rate of 8 percent ad valorem. The current column 2 rate of duty for this item is 25 percent ad valorem.

The pipes and tubes classifiable under TSUSA item 610.3955 are not articles eligible for duty-free treatment under the Generalized System of Preferences (GSP), 3/ and imports from least developed developing countries (LDDC's) are not granted preferential rates. 4/ Pipes and tubes classifiable

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1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

2/ Col. 2 rates of duty apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

3/ The GSP, enacted as title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented in Executive Order No. 11888, of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

4/ The preferential rates of duty in the "LDDC" column reflect the full U.S. MTN concession rates implemented without staging for particular items which are the products of LDDC's enumerated in general headnote 3(d) of the TSUSA. If no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty in col. 1 applies.

under item 610.4975, however, although not eligible articles under the GSP, are dutiable at the LDDC rate of 8 percent ad valorem.

Nature and Extent of Alleged Sales at LTFV

The petitioner has alleged that rectangular welded carbon steel pipes and tubes are being imported from Korea at prices that are substantially less than fair value. The petitioner used a constructed-value approach to determine the foreign-market values of the Korean pipe and tube products. The values were based on cost-of-production data for two Korean producers, Korean Steel Pipe Co., Ltd., and Pusan Steel Pipe Industrial Co., Ltd., as reported in their financial statements for 1981. These data were adjusted for the devaluation of the Korean won vis-a-vis the U.S. dollar in 1982 and for the 1982 Korean inflation rate. The resulting constructed foreign-market values were compared with U.S. prices quoted by importers of Korean pipe and tube products during January-March 1983, adjusted to ex-factory prices. Dumping margins for the four specific products for which comparisons were made were calculated to be in the range of 66 to 78 percent.

The Domestic Market

U.S. consumption

U.S. consumption of heavy- and light-walled rectangular welded carbon steel pipes and tubes followed similar trends during the period covered by the investigation. Consumption of each product line increased from 1980 to 1981, decreased from 1981 to 1982, and once again increased in January-June 1983 compared with consumption in January-June 1982. Percentage declines in consumption from 1981 to 1982 were 41 percent for heavy-walled rectangular pipes and tubes and 1 percent for light-walled rectangular pipes and tubes. Percentage increases in January-June 1983 compared with January-June 1982 were 22 percent and 42 percent, respectively. Consumption data, compiled from data submitted by producers and importers in response to the Commission's questionnaires, 1/ are provided in the following tabulation:

Item	1980	1981	1982	January-June	
				1982	1983
	Short tons				
Heavy-walled rectangular	374,179	402,159	237,677	116,595	141,830
Light-walled rectangular	70,996	76,565	75,693	34,753	49,359

1/ Because the Commission did not receive questionnaires from all U.S. producers and importers of these products, consumption data are understated.

Channels of distribution

In the U.S. market, sales of the rectangular pipes and tubes which are the subject of this investigation are made directly to end users or to steel service centers/distributors, which in turn sell to end users. Testimony at a Commission conference revealed that the bulk of shipments in both product lines are more or less standardized, and are sold to service centers/distributors. 1/ Service centers/distributors are middlemen which buy large quantities of pipes and tubes, usually from both domestic producers and importers, warehouse the product, and sell smaller quantities to end users. The service centers/distributors may also have some simple finishing equipment, such as equipment to cut tubing to lengths. According to AISI data, service centers/distributors accounted for 51 percent of domestic shipments of structural tubing in 1982, and for 17 percent of mechanical tubing shipments. 2/ Major markets in which shipments were made directly to end users in 1982 were the oil and gas industry for structural tubing, and the machinery, industrial equipment, and tools industry for mechanical tubing.

U.S. Producers

According to the petitioners, there are 54 firms in the United States producing the rectangular welded carbon steel pipes and tubes which are the subject of this investigation. Data were provided by 12 of these firms, which account for an estimated 80 percent of U.S. production of heavy-walled rectangular pipes and tubes, and for an estimated 25 percent of production of light-walled rectangular pipes and tubes. 3/

The largest U.S producers of the rectangular welded carbon steel pipes and tubes which are the subject of this investigation, as compiled from questionnaires submitted to the Commission, are shown in the following tabulation:

* * * * * * *

1/ Transcript of the public conference on Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131 and 132 (Preliminary), pp. 79 and 86.

2/ AISI data are not available on a rectangular-product basis.

3/ There are no published data on U.S. production or shipments of these products. These estimates are derived from the petitioners' estimates of U.S. production.

Five of the reporting producers have their manufacturing facilities in Illinois, including * * *. Another five producers, including * * *, have their manufacturing facilities in California. The other two reporting producers are located in Texas.

U.S. Importers

There are dozens of firms which import rectangular welded carbon steel pipes and tubes into the United States. These firms are generally independent trading companies, U.S. subsidiaries of foreign producers, or steel service centers/distributors. Trading companies and U.S. subsidiaries of foreign producers account for the preponderance of imports of rectangular tubing. They normally sell to service centers/distributors, holding little or no inventory. Service centers/distributors usually stock a full line of tubular products and frequently shear, saw, or burn tubing to lengths specified by their customers.

Nine importers accounted for all reported imports from Korea of heavy- and light-walled rectangular tubing for the period January 1982 through June 1983. These firms, and the share of reported imports of each product that they account for, are shown in the following tabulation:

* * * * * * *

The Korean Industry

According to the Korea Iron and Steel Association, there are currently five manufacturers in Korea with capacity to produce rectangular welded carbon steel pipes and tubes. These firms are Dong Jin Steel Co., Ltd., Pusan Steel Pipe Industrial Co., Ltd., Union Steel Manufacturing Co., Ltd., Hyundai Pipe Co., Ltd., and Korean Steel Pipe Co., Ltd. Dong Jin recently absorbed Ilssin Steel Co., Ltd., and Dong Sue Steel Pipe Industry, Ltd. Through a limited inspection of invoices at the Commerce Department, the Commission staff learned that at least * * * have produced these products for export to the United States.

Data on Korean production and exports of rectangular welded carbon steel pipes and tubes are presented in table 1. Production of these products in Korea fell 79 percent from 1980 to 1981, and then increased 81 percent from 1981 to 1982. Exports to the United States followed a similar pattern, declining 96 percent from 1980 to 1981 and increasing nearly sixfold from 1981 to 1982. In January-June 1983, exports to the United States equaled the level for the full year 1982. The United States was Korea's principal export market for these products in 1980, 1982, and January-June 1983, accounting for 84 percent, 71 percent, and 98 percent, respectively, of total exports during those periods. Data on the Korean industry's capacity to produce these products are not available; however, counsel for the Korea Iron and Steel Association indicated that there are no planned increases in capacity. 1/

Table 1.--Rectangular welded carbon steel pipes and tubes: Korean production, domestic shipments, and exports, 1980-82, and January-June 1983

(In thousands of short tons)

Item	1980	1981	1982	January-June 1983
Production	42.5	8.9	16.1	N.A.
Exports:				
To the United States	17.6	0.7	4.0	4.0
To other countries	3.3	2.5	1.6	0.1
Total	20.9	3.2	5.6	4.1

Source: Compiled from data submitted by counsel for the Korea Iron and Steel Association.

The Question of Material Injury

The Commission sent questionnaires to the 7 CPTI member producers of rectangular welded carbon steel pipes and tubes as well as to 12 other producers identified by the petitioners as major manufacturers of the products. Twelve producers were able to provide usable information. Of these producers, three produced only heavy-walled rectangular pipes and tubes, four produced only light-walled rectangular pipes and tubes, and five manufactured both product lines. Two respondents were unable to provide usable employment data and six were unable to provide usable income-and-loss data, for the most part because of an inability to provide data by product line. As a result, the data in those sections of the report are understated relative to data contained in other sections.

U.S production, capacity, and capacity utilization

As shown in table 2, U.S. production of both heavy-walled and light-walled rectangular pipes and tubes increased from 1980 to 1981 and then fell from 1981 to 1982. The percentage increases for the two types were 8

1/ Aug. 9, 1983, telephone conversation between the Commission staff and counsel for the Korean producers.

Table 2.--Rectangular welded carbon steel pipes and tubes: 1/ U.S. production, capacity, and capacity utilization, by product lines, 1980-82, January-June 1982, and January-June 1983

Item	1980	1981	1982	January-June-	
				1982	1983
Production:					
Heavy-walled rectangular--short tons--	330,083	356,885	198,909	107,299	117,487
Light-walled rectangular--short tons--	59,886	68,411	60,768	32,086	39,274
Capacity: 2/					
Heavy-walled rectangular--short tons--	563,500	691,000	674,300	339,920	339,450
Light-walled rectangular--short tons--	129,157	135,757	134,757	66,369	71,869
Capacity utilization: 3/					
Heavy-walled rectangular--percent--	55.7	48.9	28.9	30.5	33.9
Light-walled rectangular--percent--	45.6	49.7	44.8	48.0	54.2

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.
2/ Excludes capacity of * * *.
3/ Excludes production by * * *.

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

percent and 14 percent, respectively, from 1980 to 1981, and the percentage decreases were 44 percent and 11 percent, respectively, from 1981 to 1982. Production of heavy-walled rectangular pipes and tubes increased 9 percent in January-June 1983 compared with that in the corresponding period of 1982, and production of light-walled rectangular pipes and tubes increased 22 percent.

Capacity utilized in the production of light-walled rectangular pipes and tubes increased from 1980 to 1981 and then fell from 1981 to 1982. Capacity utilized in the production of heavy-walled rectangular pipes and tubes declined yearly during 1980-82, to the extent that the 1982 level was little more than half the 1980 level. Capacity utilization increased for both heavy-walled and light-walled rectangular pipes and tubes in January-June 1983 compared with that in the corresponding period of 1982.

U.S. producers' shipments and inventories

As shown in table 3, U.S. producers' domestic shipments of both product lines followed the same trend as production, increasing from 1980 to 1981 and then decreasing from 1981 to 1982. Percentage declines from 1981 to 1982 were 42 percent for heavy-walled rectangular pipes and tubes and 10 percent for light-walled rectangular pipes and tubes. During January-June 1983, domestic shipments of the heavy- and light-walled products increased 9 percent and 18 percent, respectively, in comparison with levels in the corresponding period of 1982.

Table 3.--Rectangular welded carbon steel pipes and tubes: 1/ U.S. producers' domestic shipments and inventories, by product lines, 1980-82, January-June 1982, and January-June 1983

Item	1980	1981	1982	January-June	
				1982	1983
Domestic shipments:					
Heavy-walled rectangular-----short tons--	333,870	351,730	202,837	104,332	113,798
Light-walled rectangular-----short tons--	56,367	65,734	59,061	30,349	35,940
Inventories:					
Heavy-walled rectangular 2/--short tons--	42,611	40,733	38,750	41,124	35,379
Light-walled rectangular-----short tons--	8,333	7,024	6,622	6,680	6,172
Ratio of inventories to domestic shipments:					
Heavy-walled rectangular 3/-----percent--	17.7	16.4	27.0	4/ 28.0	4/ 20.9
Light-walled rectangular--------percent--	14.8	10.7	11.2	4/ 11.0	4/ 8.6

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.
2/ Excludes inventories held by * * *.
3/ Excludes shipments by * * *.
4/ Based on annualized shipments data.

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

Yearend inventories of both products declined steadily during the period covered by the investigation. At yearend 1982, inventories of heavy- and light-walled rectangular pipes and tubes were 9 percent and 21 percent lower, respectively, than 1980 levels. Inventories as of June 30, 1983, were 14

percent and 8 percent lower, respectively, than on the corresponding date in 1982. The ratios of inventories to domestic shipments generally increased with respect to heavy-walled rectangular pipes and tubes and decreased with respect to light-walled rectangular pipes and tubes.

U.S. producers' export shipments during 1980-82 and January-June 1983 never exceeded 1 percent of U.S. production or shipments of either product line. Similarly, imports of the two products by U.S. producers of those products did not exceed 2.5 percent of U.S. production or shipments of either product.

U.S. employment

Data in this section were provided by 10 producers, accounting for 98 percent and 91 percent of reported production of the heavy- and light-walled products, respectively, in 1982. As shown in table 4, employment of workers producing heavy-walled rectangular pipes and tubes decreased 28 percent from 1980 to 1982 and 13 percent in January-June 1983 compared with that of January-June 1982. Average weekly hours worked increased from 1980 to 1981 before dropping in subsequent periods. Employment of workers producing light-walled rectangular pipes and tubes was relatively constant from 1980 to 1982 and then increased 36 percent in January-June 1983 compared with the corresponding period of 1982. Average weekly hours worked rose from 1980 to 1981, fell from 1981 to 1982, and increased in January-June 1983 compared with that of January-June 1982.

Workers employed in the production of both product lines received regular increases in wages and total compensation during 1980-82 and in January-June 1983 compared with that of January-June 1982, except for a 2-percent decline in wages paid to workers producing the heavy-walled product in the latter time period. Of the 12 producers that responded to the questionnaire, 7 are nonunion; 2 have workers represented by the Teamsters union; 1, by the United Auto Workers union; 1, by the Sheet Metal Workers union; and 1, by the Metal Processors, Fabricators, and Finishers union.

Financial experience of U.S. producers

Six U.S. producers, accounting for 59 percent of reported production of rectangular welded carbon steel pipes and tubes in 1982, submitted usable income-and-loss data relative to their overall establishment operations and their operations producing rectangular pipes and tubes. In the aggregate, the six producers' overall rectangular welded carbon steel pipe and tube operations were profitable in 1980, 1981, and interim 1983, and unprofitable in 1982. However, the 1983 interim operating income margin was only one-half of 1 percent.

Table 4.--Average number of production and related workers engaged in the manufacture of rectangular welded carbon steel pipes and tubes, 1/ hours worked by such workers, wages paid, and total compensation, by product lines, 1980-82, January-June 1982, and January-June 1983

Item	1980	1981	1982	January-June	
				1982	1983
Number of workers: 2/					
Heavy-walled rectangular	412	405	298	319	278
Light-walled rectangular	253	252	256	258	352
Average weekly hours worked: 2/					
Heavy-walled rectangular	34.6	38.8	34.8	34.8	33.9
Light-walled rectangular	38.2	38.6	33.7	33.1	36.5
Wages paid: 2/					
Heavy-walled rectangular--------per hour	$10.51	$10.56	$11.22	$11.84	$11.65
Light-walled rectangular--------per hour	$9.82	$10.52	$11.18	$10.88	$11.34
Total compensation: 2/					
Heavy-walled rectangular 3/--------per hour	$14.36	$14.82	$16.78	$17.07	$17.32
Light-walled rectangular--------per hour	$13.37	$14.41	$15.26	$14.84	$15.62

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.
2/ Excludes data for * * *.
3/ Excludes data for * * *.

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

Overall establishment operations.--Total establishment net sales rose from $273 million in 1980 to $326 million in 1981, and then fell 43 percent to $186 million in 1982 (table 5). Net sales declined further during interim 1983, to $84 million compared with $106 million for the corresponding period of 1982. The six firms reported operating income margins of 11.1 percent and 11.6 percent, respectively, in 1980 and 1981, and operating loss margins of 1.2 percent and 0.8 percent, respectively, for 1982 and the interim period

Table 5.--Income-and-loss experience of 6 U.S. producers 1/ on the overall operations of their establishments within which rectangular welded carbon steel pipes and tubes are produced, 1980-82, interim 1982, and interim 1983

Item	1980	1981	1982	Interim period to June 30-- 1982	Interim period to June 30-- 1983
Net sales----------1,000 dollars--	272,992	325,769	186,247	105,979	83,801
Cost of goods sold----------do------	214,878	257,001	159,569	90,948	72,495
Gross income----------do------	58,114	68,768	26,678	15,031	11,306
General, selling, and administrative expenses---1,000 dollars--	27,699	31,113	28,866	15,161	11,942
Operating income or (loss)---do----	30,415	37,655	(2,188)	(130)	(636)
Depreciation and amortization expense----------1,000 dollars--	5,605	5,942	6,174	3,068	3,370
Cash flow from operations 1,000 dollars--	36,020	43,597	3,986	2,938	2,734
Ratio to net sales:					
Gross income----------percent--	21.3	21.1	14.3	14.2	13.5
Operating income or (loss)-do----	11.1	11.6	(1.2)	(.1)	(.8)
Cost of goods sold---------do----	78.7	78.9	85.7	85.8	86.5
General, selling, and administrative expenses---------percent--	10.2	9.6	15.5	14.3	14.3
Number of firms reporting operating losses----------	1	-	3	2	3
Ratio of rectangular welded carbon steel pipe and tube sales to total establishment sales percent--	48	44	42	39	49

1/ Accounting for 59 percent of reported production of rectangular welded carbon steel pipes and tubes in 1982.

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

ended June 30, 1983. Rectangular welded carbon steel pipe and tube net sales, as a share of total establishment net sales, declined annually from * * * percent to * * * percent during 1980-82. Such sales rose to 49 percent of total establishment sales during the interim period ended June 30, 1983. One firm reported an operating loss for 1980 and three firms reported such losses in 1982 and interim 1983.

Rectangular welded carbon steel pipes and tubes.--Rectangular welded carbon steel pipe and tube net sales were * * * in 1982, down 45 percent from the * * * in net sales for 1981, and 41 percent less than 1980 net sales of * * *. Net sales were * * * and * * *, respectively, during interim 1982 and interim 1983 (table 6).

Table 6.--Income-and-loss experience of 6 U.S. producers 1/ on their operations producing rectangular welded carbon steel pipes and tubes, 1980-82, interim 1982, and interim 1983

Item	1980	1981	1982	Interim period to June 30--	
				1982	1983
Net sales----------1,000 dollars--	***	***	***	***	***
Cost of goods sold----------do-----	***	***	***	***	***
Gross income----------do-----	***	***	***	***	***
General, selling, and administrative expenses----1,000 dollars--	***	***	***	***	***
Operating income or (loss)---do----	***	***	***	***	***
Depreciation and amortization expense----------1,000 dollars--	***	***	***	***	***
Cash flow from operations 1,000 dollars--	***	***	***	***	***
Ratio to net sales:					
Gross income----------percent--	***	***	***	***	***
Operating income or (loss)-do----	***	***	***	***	***
Cost of goods sold----------do----	***	***	***	***	***
General, selling, and administrative expenses----------percent--	***	***	***	***	***
Number of firms reporting operating losses----------	***	***	***	***	***

1/ Accounting for 59 percent of reported production of rectangular welded carbon steel pipes and tubes in 1982.

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

Operating income fell from * * *, or * * * percent of net sales, in 1980 to * * *, or * * * percent of net sales, in 1981. The six firms sustained an operating loss of * * *, or * * * percent of net sales, in 1982. The six firms posted an operating income of * * *, or * * * percent of net sales, during interim 1983, compared to an operating loss of * * *, or * * * percent of net sales, during the corresponding period of 1982.

* * * sustained an operating loss in 1980 and 1981, * * * sustained such losses in 1982 and interim 1983, and * * * sustained operating losses during interim 1982.

Heavy-walled rectangular pipes and tubes.--Five of the six reporting firms manufacture heavy-walled rectangular pipes and tubes (table 7). The five firms accounted for 69 percent of reported production of this product in 1982. Net sales were * * * in 1982, compared with * * * in 1981 and * * * in 1980. Net sales were * * * during interim 1982 and interim 1983.

Table 7.--Income-and-loss experience of 5 U.S. producers 1/ on their operations producing heavy-walled rectangular welded carbon steel pipes and tubes, 1980-82, interim 1982, and interim 1983

Item	1980	1981	1982	Interim period to June 30--	
				1982	1983
Net sales----------1,000 dollars--	***	***	***	***	***
Cost of goods sold---------do-----	***	***	***	***	***
Gross income----------do-----	***	***	***	***	***
General, selling, and administrative expenses-----1,000 dollars---	***	***	***	***	***
Operating income or (loss)---do----	***	***	***	***	***
Depreciation and amortization expense 2/-------1,000 dollars---	***	***	***	***	***
Cash flow from operations 1,000 dollars---	***	***	***	***	***
Ratio to net sales:					
Gross income----------percent---	***	***	***	***	***
Operating income or (loss)-do----	***	***	***	***	***
Cost of goods sold----------do----	***	***	***	***	***
General, selling, and administrative expenses----------percent---	***	***	***	***	***
Number of firms reporting operating losses----------	***	***	***	***	***

1/ Accounting for 69 percent of reported production of the heavy-walled product in 1982.

2/ Depreciation and amortization data are for 4 firms.

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

The five firms reported operating income equal to * * * percent and * * * percent, respectively, of net sales in 1980 and 1981. In 1982, they sustained a loss equal to * * * percent of net sales, and during interim 1983, they recorded an operating income equal to * * * percent of net sales, compared with an operating loss of * * * percent for the corresponding period of 1982.

* * * reported an operating loss in 1980 and 1981, * * * reported such a loss in 1982 and interim 1983, and * * * sustained such a loss during interim 1982.

Light-walled rectangular pipes and tubes.--Four of the six reporting firms manufacture light-walled rectangular pipes and tubes (table 8). The four firms 1/ accounted for 20 percent of reported production of this product

1/ Domestic shipments by these firms decreased * * * percent from January-June 1982 to January-June 1983, compared with an increase of 18 percent in total reported shipments of this product during the same period.

Table 8.--Income-and-loss experience of 4 U.S. producers 1/ on their operations producing light-walled rectangular welded carbon steel pipes and tubes, 1980-82, interim 1982, and interim 1983

Item	1980	1981	1982	Interim period to June 30--	
				1982	1983
Net sales----------1,000 dollars--	***	***	***	***	***
Cost of goods sold----------do-----	***	***	***	***	***
Gross income----------do-----	***	***	***	***	***
General, selling, and administrative expenses-----1,000 dollars--	***	***	***	***	***
Operating income----------do----	***	***	***	***	***
Depreciation and amortization expense 2/-------1,000 dollars--	***	***	***	***	***
Cash flow from operations 1,000 dollars--	***	***	***	***	***
Ratio to net sales:					
Gross income----------percent--	***	***	***	***	***
Operating income----------do----	***	***	***	***	***
Cost of goods sold---------do----	***	***	***	***	***
General, selling, and administrative expenses----------percent--	***	***	***	***	***
Number of firms reporting operating losses----------	***	***	***	***	***

1/ Accounting for 20 percent of reported production of the light-walled product in 1982.

2/ Depreciation and amortization data are for only 2 firms.

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

in 1982. Net sales were * * * in 1982, compared with * * * in 1981 and * * * in 1980. Net sales were * * * during interim 1983, compared with * * * for the corresponding period of 1982. The four firms earned operating income equal to * * * percent, * * * percent, and * * * percent of net sales in 1980, 1981 and 1982, respectively. Operating income was equal to * * * percent of net sales during interim 1983, compared with * * * percent for the corresponding period of 1982. * * * of the four firms reported an operating loss during interim 1983. * * * reported a loss in each of the other reporting periods.

The Question of the Threat of Material Injury

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the alleged LTFV imports, the rate of increase of U.S. market penetration by such imports,

the quantities of such imports held in inventory in the United States, and the capacity of producers in Korea to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the imports allegedly sold at LTFV. Information regarding the capacity of the Korean producers to generate exports is discussed in the section of this report that covers the Korean industry.

Inventories of heavy- and light-walled rectangular pipes and tubes imported from Korea, held by importers that submitted data in response to the Commission's questionnaires, were less than 1 percent of such imports during the period covered by the investigation.

Consideration of the Causal Relationship Between Imports Allegedly Sold at LTFV and the Alleged Injury

U.S. imports

Data contained in this section of the report were obtained from questionnaire responses submitted by importers of the products subject to the investigation, as well as from official statistics of the U.S. Department of Commerce. Questionnaires were sent to 34 firms believed to be importers of the products. Of these, 23 responded, 16 with usable information. Imports reported by these firms accounted for 24 percent and 31 percent of total U.S. imports of heavy- and light-walled rectangular welded carbon steel pipes and tubes, respectively, and for 67 percent and more than 100 percent of imports of such products from Korea, as reported by Commerce in 1982. Prior to changes in the TSUSA effective January 1, 1982, imports of light-walled rectangular pipes and tubes entered under TSUSA items that included products in addition to those covered by this investigation. Thus, because published import data for periods prior to January 1, 1982, are not comparable with import data for subsequent periods, the earlier data are not shown in this report.

As shown in table 9, U.S. imports of heavy-walled rectangular pipes and tubes from Korea, according to questionnaire responses, decreased 88 percent from 1980 to 1981 and then increased nearly fourfold from 1981 to 1982. During January-June 1983, imports from Korea were more than 16 times greater than imports in the corresponding period of 1982. Imports from other countries rose from 1980 to 1981, fell from 1981 to 1982, and rose again during January-June 1983 compared with imports in January-June 1982.

Imports from Korea of light-walled rectangular pipes and tubes declined 85 percent from 1980 to 1981 and then increased 87 percent from 1981 to 1982. During January-June 1983, imports from Korea were more than 8 times greater than imports in the corresponding period of 1982. Imports from other countries increased each year from 1980 to 1982 and in January-June 1983 compared with imports in January-June 1982.

Table 9.--Rectangular welded carbon steel pipes and tubes: 1/ U.S. imports for consumption, 2/ by product lines and by specified sources, 1980-82, January-June 1982, and January-June 1983

(In short tons)

Item	1980	1981	1982	January-June--	
				1982	1983
Heavy-walled rectangular:					
Korea	4,285	500	1,893	77	1,257
All other	36,024	49,929	32,947	12,186	26,775
Total	40,309	50,429	34,840	12,263	28,032
Light-walled rectangular:					
Korea	6,261	953	1,782	693	5,852
All other	8,368	9,878	14,850	3,711	7,567
Total	14,629	10,831	16,632	4,404	13,419

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ As reported by importers that accounted for 24 percent and 31 percent of total U.S. imports of the heavy- and light-walled products, respectively, and for 67 percent and more than 100 percent of imports of such products from Korea, as reported by Commerce in 1982.

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

As shown in table 10, according to Commerce statistics, imports of heavy-walled rectangular pipes and tubes from Korea decreased 82 percent, in terms of quantity, from 1980 to 1982 as Korea's share of imports of this product fell from 8 percent to 2 percent. The trend reversed itself during January-June 1983 as imports from Korea were 13 times the level recorded in the corresponding period of 1982, increasing as a share of total imports from 0.2 percent to 2.2 percent. The unit value of imports from Korea fell steadily after 1981 and was below that of imports from other sources in 1982 and January-June 1983. Canada and Japan together accounted for approximately 90 percent of imports of this product during 1980-82.

Table 10.--Welded carbon steel pipes and tubes of heavy-walled rectangular cross section: 1/ U.S. imports for consumption, by specified sources, 1980-82, January-June 1982, and January-June 1983

Source	1980	1981	1982	January-June	
				1982	1983
	Quantity (short tons)				
Korea	15,600	6,614	2,825	140	1,811
All other	192,571	181,873	142,567	77,988	79,487
Total	208,171	188,487	145,392	78,128	81,298
	Value (1,000 dollars)				
Korea	5,709	3,149	1,074	59	532
All other	81,701	83,315	62,837	35,815	29,993
Total	87,410	86,463	63,910	35,874	30,525
	Unit value (per short ton)				
Korea	$366	$476	$380	$424	$294
All other	424	458	441	459	377
Total	420	459	440	459	375
	Percent of total quantity				
Korea	7.5	3.5	1.9	0.2	2.2
All other	92.5	96.5	98.1	99.8	97.8
Total	100.0	100.0	100.0	100.0	100.0

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

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

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

Imports of heavy-walled rectangular pipes and tubes from Korea fluctuated widely on a quarterly basis, according to Commerce statistics. In July-September 1982 and April-June 1983, imports were more than 17 times greater than in January-March and April-June 1982 and January-March 1983, as shown in the following tabulation (in short tons):

	1982	1983
January-March	51	98
April-June	89	1,713
July-September	1,738	-
October-December	948	-

As shown in table 11, according to Commerce statistics, imports of light-walled rectangular pipes and tubes from Korea during January-June 1983 were nearly 19 times greater in quantity than imports in the corresponding period of 1982 and were nearly 8 times greater than the level for all of 1982. Imports from Korea accounted for 18 percent of all imports of light-walled rectangular pipes and tubes in January-June 1983 compared with 1.2 percent in January-June 1982 and 1.5 percent for all of 1982. The unit value of imports from Korea was below that of imports from other sources in 1982 and January-June 1983. Japan, Canada, and South Africa were the major exporters of this product to the United States in 1982.

Table 11.--Welded carbon steel pipes and tubes of light-walled rectangular cross section: 1/ U.S. imports for consumption, by specified sources, 1982, January-June 1982, and January-June 1983 2/

Source	1982	January-June--	
		1982	1983
	Quantity (short tons)		
Korea	821	332	6,214
All other	53,244	27,231	28,370
Total	54,064	27,563	34,583
	Value (1,000 dollars)		
Korea	336	146	1,873
All other	25,461	13,038	10,102
Total	25,798	13,185	11,975
	Unit value (per short ton)		
Korea	$410	$441	$301
All other	478	479	356
Total	477	478	346
	Percent of total quantity		
Korea	1.5	1.2	18.0
All other	98.5	98.8	82.0
Total	100.0	100.0	100.0

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ Import data for these products were not reported separately in 1980 or 1981.

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

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

Imports of light-walled rectangular pipes and tubes from Korea fluctuated widely on a quarterly basis, according to Commerce statistics. Imports during April-June 1983 were from 13 to more than 200 times greater than in the 5 preceding quarters, as shown in the following tabulation (in short tons):

	1982	1983
January-March	152	114
April-June	180	6,099
July-September	459	-
October-December	30	-

The increase in imports from Korea of heavy- and light-walled rectangular tubing during April-June 1983 compared with levels in the corresponding period of the previous year is in part related to a hiatus in imports of such tubing from South Africa during February-April 1983, according to an official 1/ of * * *. * * *.

Counsel for the Korean producers stated on p. 2 of his post-conference brief that the surge in imports of rectangular tubing from Korea during April-June 1983 resulted from orders placed at the end of 1982 and early 1983, and that little, if any, of such tubing has been ordered subsequent to that period. An official of * * * told the Commission staff in a telephone conversation on August 15, 1983, that * * *. * * *.

In Confidential Exhibit 1 to its post-conference brief, counsel for the petitioners alleged that * * * will be receiving a shipment of Korean rectangular tubing from * * *. * * *.

The petitioners alleged on pp. 20-21 of the petition that imports of heavy- and light-walled rectangular (including square) tubing from Korea have been understated in the official Commerce statistics as a result of classification errors by customs officials. The Commission staff visited customs officials in Los Angeles, Calif., the principal port of entry for Korean rectangular tubing, to discuss this issue. Customs is currently investigating the allegations at the request of counsel for the petitioners. As of the writing of this report, no evidence of misclassification has been discovered. The import specialist responsible for these products indicated that rectangular tubing is among the least likely of pipe and tube products to be misclassified because it can only be classified under one of two TSUS items. By contrast, pipes and tubes of circular cross section enter under numerous TSUS items. At the public conference, the staff further questioned counsel for the petitioners concerning this issue. Counsel reiterated its belief that misclassification had occurred but could offer no evidence or theories concerning the TSUS item(s) under which the Korean rectangular tubing may have entered. 2/

1/ Staff interview on July 27, 1983.
2/ Transcript of the public conference, p. 21.

Market penetration of imports

As shown in table 12, based on data submitted by producers and importers 1/ in response to the Commission's questionnaires, the U.S. producers' share of U.S. consumption of heavy-walled rectangular pipes and tubes fell from 89 percent in 1980 to 85 percent in 1982, and further declined to 80 percent in January-June 1983 compared with 90 percent in the corresponding period of 1982. The Korean share of the market fell from 1.1 percent in 1980 to 0.1 percent in 1981, rose to 0.8 percent in 1982, and further increased to 0.9 percent in January-June 1983 compared with 0.1 percent in January-June 1982. Imports from countries other than Korea increased their share of the domestic market from 10 percent in 1980 to 14 percent in 1982, and to 19 percent in January-June 1983 compared with 10 percent in January-June 1982.

The U.S. producers' share of U.S. consumption of light-walled rectangular pipes and tubes rose from 79 percent in 1980 to 86 percent in 1981, fell to 78 percent in 1982, and further dropped to 73 percent in January-June 1983 compared with 87 percent in the corresponding period of 1982. The Korean share of the market fell from 9 percent in 1980 to 1 percent in 1981, rose to 2 percent in 1982, and further increased to 12 percent in January-June 1983 compared with 2 percent in the corresponding period of 1982. Imports from countries other than Korea increased their share of domestic consumption from 12 percent in 1980 to 20 percent in 1982, and to 15 percent in January-June 1983 compared with 11 percent in January-June 1982.

1/ These data generally understate actual domestic shipments, imports from Korea, and imports from other countries. See footnote 2 to table 12 for a further explanation.

Table 12.--Rectangular welded carbon steel pipes and tubes: 1/ Ratios of U.S. producers' domestic shipments and of imports 2/ to U.S. consumption, by product lines and by specified sources, 1980-82, January-June 1982, and January-June 1983

(In percent)

Item	1980	1981	1982	January-June--	
				1982	1983
Heavy-walled rectangular:					
U.S.-produced	89.2	87.5	85.3	89.5	80.2
Imported from Korea	1.1	0.1	0.8	0.1	0.9
Imported from other countries	9.6	12.4	13.9	10.5	18.9
Total	100.0	100.0	100.0	100.0	100.0
Light-walled rectangular:					
U.S.-produced	79.4	85.9	78.0	87.3	72.8
Imported from Korea	8.8	1.2	2.4	2.0	11.9
Imported from other countries	11.8	12.9	19.6	10.7	15.3
Total	100.0	100.0	100.0	100.0	100.0

1/ The welded carbon steel pipes and tubes for which data are presented are defined in the description and uses section of this report.

2/ These ratios are based on data supplied by producers and importers in response to the Commission's questionnaires. Estimated percentages of actual domestic shipments, imports from Korea, and imports from other countries reported in this table are 80 percent, 67 percent, and 23 percent, respectively, for the heavy-walled products, and 25 percent, 100 percent, and 28 percent, respectively, for the light-walled products in 1982. Estimates of domestic shipments are derived from petitioners' estimates in the absence of published data. Coverage estimates for imports of light-walled tubing and domestic shipments of both products for periods other than 1982 are unavailable.

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

Prices

Prices reported by producers and importers.--The Commission requested U.S. producers and importers to provide price data on an f.o.b. basis on sales of four products to service centers/distributors and to end users of rectangular welded carbon steel tubing. The four products are--

1. Heavy-walled structural tubing meeting ASTM specification A500, Grade B, carbon welded, black, 4" square, .25" wall thickness, 24'-40' mill lengths.

2. Heavy-walled structural tubing meeting ASTM specification A500, Grade B, carbon welded, black, 2" square, .25" wall thickness, 24'-40' mill lengths.

3. Light-walled mechanical or ornamental tubing meeting ASTM specification A513 or A500, Grade A, carbon welded, black, 1" square, 16 gauge, 20'-24' mill lengths.

4. Light-walled mechanical or ornamental tubing meeting ASTM specification A513 or A500, Grade A, carbon welded, black, 1/2" square, 16 gauge, 20'-24' mill lengths.

U.S. producers provided price data for all specifications, although sales were generally concentrated to the service center/distributor market. Importers provided price data exclusively to the service center/distributor market, with the exception of * * *, which also provided price data to the end-user market. Prices provided by the importers were generally concentrated in July-December 1982 and January-June 1983. The discussion which follows will first analyze prices in the heavy-walled rectangular tube market (structural tubing) and then in the light-walled rectangular tube market (mechanical or ornamental tubing).

Heavy-walled rectangular pipes and tubes.--Five U.S. producers reported prices for sales of heavy-walled tubing to service centers/distributors, and two producers reported prices for sales to end users. 1/ Five importers reported prices for sales of Korean four-inch square heavy-walled tubing to service centers/distributors, and one importer reported prices for sales of two-inch square tubing to end users.

U.S. producers' prices for four-inch tubing to service centers/distributors increased from $300.52 per hundred feet in January-March 1981 to * * * in July-September 1981, or by * * * percent (table 13). Prices then decreased to * * * in October-December 1981. Prices for two-inch tubing remained relatively stable for sales to end users in 1981, increasing by only 1.8 percent from January-March 1981 to October-December 1981 (table 14).

U.S. producers' prices to service centers/distributors decreased steadily in 1982 and January-March 1983, falling from * * * per hundred feet in October-December 1981 to * * * in January-March 1983, or by 16 percent. Prices increased to $270.61 in April-June 1983. To end users, U.S. producers' prices for two-inch tubing decreased to $138.24 in April-June 1982, or 9 percent below the October-December 1981 price level. Prices remained at * * * through the remainder of 1982, but declined by an additional 3 percent by April-June 1983.

Prices for sales of Korean four-inch tubing to service centers/distributors increased from * * * per hundred feet in July-September 1981 to * * * in October-December 1981 (table 13). Prices then decreased by 28 percent to * * * in January-March 1983, before increasing to $231.45 in April-June 1983.

1/ The U.S. producers that reported price data accounted for 73 percent of reported production of heavy-walled rectangular pipes and tubes in 1982.

Table 13.--Rectangular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors for 4-inch square heavy-walled (structural) tubing, 1/ by quarters, January 1981-June 1983

Period	Producers	Korean product		
		Price	Margin of underselling	
			Value	Percent
1981:				
January-March	$300.52	2/	-	-
April-June	300.31	2/	-	-
July-September	***	***	***	9.1
October-December	***	***	***	2.3
1982:				
January-March	293.54	2/	-	-
April-June	288.68	2/	-	-
July-September	276.92	$262.79	$14.13	5.1
October-December	268.56	221.40	47.16	17.6
1983:				
January-March	***	***	***	16.3
April-June	270.61	231.45	39.16	14.5

1/ ASTM-A500, structural tubing, carbon welded, black, 4-inch square, 0.250-inch WT., 24-feet to 40-feet lengths. Prices are per hundred feet.
2/ No prices reported.

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

Prices for sales of Korean two-inch tubing to end users were reported only from July-September 1982 to April-June 1983. Prices decreased from * * * per hundred feet in July-December 1982 to * * * in April-June 1983, or by 4 percent (table 14).

Korean four-inch tubing undersold the U.S.-produced tubing in the service center/distributor market during each quarter for which prices were reported. Margins of underselling were 9 percent and 2 percent during July-September and October-December 1981, respectively. Margins were 5 percent and 18 percent during July-September and October-December 1982, and 16 percent and 15 percent during January-March and April-June 1983 (table 13).

Korean two-inch tubing was slightly higher priced than U.S.-produced tubing in the end-user market from July-September 1982 to April-June 1983, by from 1.6 percent to 2.5 percent (table 14). Prices to the end-user market were reported by only one importer.

Table 14.--Rectangular welded carbon steel pipes and tubes: U.S. producers' and importer's 1/ weighted-average prices to end users for 2-inch square heavy-walled (structural) tubing, 2/ by quarters, January 1981-June 1983

Period	Producers	Korean product		
		Price	Margin of overselling	
			Value	Percent
1981:				
January-March	$149.49	3/	-	-
April-June	149.83	3/	-	-
July-September	153.95	3/	-	-
October-December	152.11	3/	-	-
1982:				
January-March	141.40	3/	-	-
April-June	138.24	3/	-	-
July-September	***	***	***	2.5
October-December	***	***	***	2.5
1983:				
January-March	***	***	***	2.4
April-June	***	***	***	1.6

1/ Prices were reported by only 1 importer--* * *.
2/ ASTM-A500, structural tubing, carbon welded, black, 2-inch square, 0.250-inch WT., 24-feet to 40-feet lengths. Prices are per hundred feet.
3/ No prices reported.

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

Light-walled rectangular pipes and tubes.--Six U.S. producers provided price data for the one-inch square specification, and four producers provided price data for the one-half-inch square specification. 1/ Seven importers provided price data for sales of Korean one-inch square tubing, and six provided price data for the one-half-inch square specification.

On sales of the one-inch tubing to service centers/distributors, U.S. producers' prices increased from $22.17 to $22.89 per hundred feet in 1981 (table 15). Prices to end users for this same specification remained relatively steady in 1981, decreasing only slightly from $22.09 to $21.89 per hundred feet (table 16). Prices for sales of one-half-inch tubing to service centers/distributors also remained relatively steady in 1981 (table 17), but prices to end users decreased from $12.34 to $11.93 per hundred feet (table 18).

1/ The six producers that provided price data accounted for 91 percent of reported production of light-walled rectangular pipes and tubes in 1982.

Table 15.--Rectangular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors for 1-inch square light-walled (mechanical or ornamental) tubing, 1/ by quarters, January 1981-June 1983

Period	Producers	Korean product		
		Price	Margin of underselling	
			Value	Percent
1981:				
January-March	$22.17	2/	-	-
April-June	22.48	2/	-	-
July-September	22.92	2/	-	-
October-December	22.89	2/	-	-
1982:				
January-March	22.38	2/	-	-
April-June	22.07	2/	-	-
July-September	***	***	***	7.3
October-December	21.45	$18.97	$2.48	11.6
1983:				
January-March	20.46	17.21	3.25	15.9
April-June	20.40	17.88	2.52	12.4

1/ ASTM-A513 or A500, mechanical or ornamental tubing, carbon welded, black, 1-inch square, 16 gauge, 20-feet to 24-feet mill lengths. Prices are per hundred feet.

2/ No prices reported.

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

Table 16.--Rectangular welded carbon steel pipes and tubes: U.S. producers' and importer's 1/ weighted-average prices to end users for 1-inch square light-walled (mechanical or ornamental) tubing, 2/ by quarters, January 1981-June 1983

Period	Producers	Korean product		
		Price	Margin of overselling	
			Value	Percent
1981:				
January-March	$22.09	3/	-	-
April-June	21.89	3/	-	-
July-September	21.84	3/	-	-
October-December	21.89	3/	-	-
1982:				
January-March	21.22	3/	-	-
April-June	20.68	3/	-	-
July-September	***	***	***	2.1
October-December	***	***	***	4.0
1983:				
January-March	***	***	***	12.3
April-June	***	***	***	12.3

1/ Prices were reported by only 1 importer--* * *.

2/ ASTM-A513 or A500, mechanical or ornamental tubing, carbon welded, black, 1-inch square, 16 gauge, 20-feet to 24-feet mill lengths. Prices are per hundred feet.

3/ No prices reported.

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

Table 17.--Rectangular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors for 1/2-inch square light-walled (mechanical or ornamental) tubing, 1/ by quarters, January 1981-June 1983

Period	Producers	Korean product		
		Price	Margin of underselling	
			Value	Percent
1981:				
January-March	$12.24	2/	-	-
April-June	12.24	2/	-	-
July-September	12.29	2/	-	-
October-December	12.21	2/	-	-
1982:				
January-March	12.50	2/	-	-
April-June	12.10	2/	-	-
July-September	***	***	***	16.8
October-December	***	***	***	28.0
1983:				
January-March	11.81	$7.92	$3.89	32.9
April-June	11.70	7.92	3.78	32.3

1/ ASTM-A513 or A500, mechanical or ornamental tubing, carbon welded, black, 1/2-inch square, 16 gauge, 20-feet to 24-feet mill lengths. Prices are per hundred feet.

2/ No prices reported.

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

Table 18.--Rectangular welded carbon steel pipes and tubes: U.S. producers' and importer's 1/ weighted-average prices to end users for 1/2-inch square light-walled (mechanical or ornamental) tubing, 2/ by quarters, January 1981-June 1983

Period	Producers	Korean product		
		Price	Margin of underselling	
			Value	Percent
1981:				
January-March	$12.34	3/	-	-
April-June	12.27	3/	-	-
July-September	12.47	3/	-	-
October-December	11.93	3/	-	-
1982:				
January-March	12.55	3/	-	-
April-June	12.33	3/	-	-
July-September	***	***	***	15.7
October-December	***	***	***	13.3
1983:				
January-March	***	***	***	11.5
April-June	***	***	***	10.0

1/ Prices were reported by only 1 importer--* * *.

2/ ASTM-A513 or A500, mechanical or ornamental tubing, carbon welded, black, 1/2-inch square, 16 gauge, 20-feet to 24-feet mill lengths. Prices are per hundred feet.

3/ No prices reported.

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

In 1982, prices of light-walled tubing generally declined, the exception being prices for sales of one-half-inch tubing to end users, which remained relatively stable. For sales of the one-inch square specification to * * *, prices decreased by * * * percent from October-December 1981 to October-December 1982. Prices decreased by * * * percent for sales of one-half inch tube to service centers/distributors over the same period.

In 1983, prices for sales of both the one-inch and one-half inch square light-walled tubing decreased for sales to the service center/distributor and end-user markets. Prices declined by from * * * percent to * * * percent from October-December 1982 to April-June 1983 for sales by U.S. producers to these markets.

Prices of light-walled rectangular tubing imported from Korea were reported from July-September 1982 to April-June 1983 only. Over this period, prices of Korean tubing declined to the service center/distributor market, by * * * percent for one-inch square tubing and by * * * percent for the one-half-inch square tubing (tables 15 and 17). Prices to the end-user market, which were reported by only one importer, increased slightly over the same period.

For sales to service centers/distributors, the Korean product undersold U.S.-produced tubing in both the one-inch and one-half-inch square specifications, in all quarters for which price comparisons are available. Margins of underselling increased from July-December 1982 to January-June 1983. For one-inch square tubing, margins of underselling increased from 7 percent and 12 percent in July-September and October-December 1982 to 16 percent and 12 percent in January-March and April-June 1983, respectively (table 15). For one-half-inch tubing, margins of underselling increased from 17 percent and 28 percent to 33 percent and 32 percent over the same time periods (table 17).

For sales to end users, the Korean product undersold U.S.-produced tubing in the one-half inch specification, by 16 percent and 13 percent in July-September and October-December 1982, and by 12 percent and 10 percent in January-March and April-June 1983, respectively (table 18). Korean tubing was higher priced to this market for the one-inch square specification, by 2 percent and 4 percent in the second half of 1982, and by 12 percent in the first half of 1983 (table 16).

Lost sales

U.S. producers provided the Commission with lost sales allegations which generally involved alleged purchases of Korean rectangular tubing in late 1982 or early 1983. Total purchases of more than 10,000 tons of Korean rectangular tubing were alleged. Most of the allegations concerned light-walled (mechanical) tubing, generally in the 1/2-inch to 2-inch dimension. To obtain information regarding these allegations, the Commission sent purchaser questionnaires to 16 firms. The staff received information by mail or telephone from 11 of these purchasers.

Of the 11 purchasers, 4 increased purchases of Korean rectangular tubing in 1982 and/or January-June 1983; 5 bought no Korean rectangular tubing from January 1981 through June 1983; and 2 made only small trial purchases of Korean rectangular tubing in 1982 or January-June 1983.

* * * purchased * * * tons of heavy-walled (structural) tubing and * * * tons of light-walled (mechanical) tubing from Korea in January-June 1983. The company bought no Korean rectangular tubing in 1981 or 1982. The January-June 1983 purchase of Korean tubing represented 7 percent of the firm's structural tubing purchases in that period and 20 percent of its mechanical tubing purchases. Domestic tubing accounted for 10 percent, 3 percent, and 19 percent of its structural tubing purchases in 1981, 1982, and January-June 1983, respectively, and accounted for 82 percent, 18 percent, and 11 percent of its mechanical tubing purchases during the same periods. The balance of purchases was accounted for by imports from other countries. * * * found the Korean tubing to be comparable in price with domestic tubing, and superior in quality.

* * * purchased * * * tons of heavy-walled (structural) tubing from Korea in 1982. The company bought no Korean structural tubing in 1981 or January-June 1983, and bought no light-walled (mechanical) tubing from Korea during 1981, 1982, or January-June 1983. The 1982 purchase of Korean struc-

tural tubing represented 9 percent of the firm's structural tubing purchases in that year. Domestic tubing accounted for 58 percent, 53 percent, and 51 percent of its structural tubing purchases in 1981, 1982, and January-June 1983, respectively, and accounted for 99 percent, 95 percent, and 84 percent of its mechanical tubing purchases during the same periods. The balance of purchases was accounted for by imports from other countries. * * * found the Korean tubing to be comparable in quality with domestic tubing, and lower in price. The company indicated that it would not have purchased the Korean product if it had not been lower in price than the domestic product.

* * * purchased * * * tons of heavy-walled tubing and * * * tons of light-walled tubing from Korea in January-June 1983. The firm bought no Korean rectangular tubing in 1981 or 1982. * * * has ordered an additional * * * tons of heavy-walled tubing and * * * tons of light-walled tubing from Korea, which are scheduled for delivery in * * *. Its principal sources of rectangular tubing are the United States and Japan. * * *. * * *.

* * * bought light-walled (mechanical) tubing almost exclusively from domestic sources until mid-1982. (The company does not carry structural tubing.) At that point the firm was pressured into buying imports to remain competitive in price. * * * began to supplement its domestic tubing with Japanese tubing and small quantities of tubing from Korea and other sources. All the tubing it purchased was of good quality with the exception of that from * * *. * * * prefers domestic tubing because immediate deliveries are possible and damage is negligible. In contrast, imports require a 6 month leadtime and typically have a 10 percent damage rate.

* * * purchased * * * tons of heavy-walled (structural) tubing and * * * tons of light-walled (mechanical) tubing from Korea in 1982. The company bought no Korean rectangular tubing in 1981 or January-June 1983. The 1982 purchase of Korean tubing represented 1 percent of the firm's structural tubing purchases in that year and 4 percent of its mechanical tubing purchases. Domestic tubing accounted for 13 percent, 18 percent, and 28 percent of its structural tubing purchases in 1981, 1982, and January-June 1983, respectively, and accounted for 15 percent, 20 percent, and 21 percent of its mechanical tubing purchases during the same periods. The balance of purchases was accounted for by imports from other countries. * * *'s purchase of Korean tubing in 1982 was a trial order and was of poor quality.

Another service center/distributor that made a one-time purchase of Korean rectangular tubing is * * *. * * * purchased * * * tons of heavy-walled tubing and * * * tons of light-walled tubing from Korea during January-June 1983. The firm bought no Korean rectangular tubing in 1981 or 1982. * * * rated the Korean tubing equal in quality to domestic tubing.

Three service centers/distributors that carry both heavy-walled (structural) and light-walled (mechanical) tubing (* * *) and a fourth that carries structural, but no mechanical tubing (* * *), purchased no rectangular tubing from Korea during 1981, 1982, or January-June 1983. Most of their purchases of rectangular tubing during those periods were of domestic or Japanese origin.

A fifth firm that purchased no Korean rectangular tubing during 1981, 1982, or January-June 1983 is * * * that carries heavy-walled, but no light-walled rectangular tubing. * * * has purchased mostly Japanese rectangular tubing, some * * * and a small amount of domestic. The firm rates those three sources first, second, and third, respectively, in terms of both price and quality. * * *.

APPENDIX A

NOTICE OF THE COMMISSION'S INSTITUTION OF A PRELIMINARY ANTIDUMPING INVESTIGATION

[Investigation No. 731-TA-138 (Preliminary)]

Certain Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Korea

AGENCY: International Trade Commission.

ACTION: Institution of a preliminary antidumping investigation and scheduling of a conference to be held in connection with the investigation.

EFFECTIVE DATE: July 14, 1983.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C 1673b(a) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the Republic of Korea of welded carbon steel pipes and tubes of rectangular (including square) cross section, provided for in items 610.3955 and 610.4975 of the Tariff Schedules of the United States Annotated (1983) (TSUSA), which are alleged to be sold in the United States at less then fair value.

FOR FURTHER INFORMATION CONTACT: Mr. Robert Carpenter, Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0399.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on July 14, 1983, on behalf of the Committee on Pipe and Tube Imports, an association of domestic manufacturers of welded carbon steel pipes and tubes. The Commission must make its determination in the investigation within 45 days after the date of the filing of the petition, or by August 29, 1983 (19 CFR 207.17).

Participation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

Service of Documents

The Secretary will compile a service list from the entries of appearance filed in the investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of the nonconfidential version of each such document on all other parties to the investigation. Such shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)), as amended by 47 FR 33682, Aug. 4, 1982).

In addition to the foregoing, each document filed with the Commission in the course of this investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written Submission

Any person may submit to the Commission on or before August 8, 1983, a written statement of information pertinent to the subject matter of this investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m., on August 4, 1983, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the staff investigator, Mr. Robert Carpenter (202-523-0399), not later than August 2, 1983, to arrange for their appearance. Parties in support of the imposition of antidumping duties in the investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public Inspection

A copy of the petition and all written submissions, except for confidential business data, will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR 207, as amended by 47 FR 33682, Aug. 4, 1982), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, Aug. 4, 1982). Further information concerning the conduct of the conference will be provided by Mr. Carpenter.

This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: July 15, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-19034 Filed 7-17-83; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

NOTICE OF THE DEPARTMENT OF COMMERCE'S INSTITUTION OF A PRELIMINARY ANTIDUMPING INVESTIGATION

International Trade Administration

Initiation of Antidumping Investigation; Certain Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Korea

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of Antidumping Investigation.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether certain rectangular welded carbon steel pipes and tubes from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this merchandise are materially injuring, or threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before August 29, 1983 and we will make ours on or before December 21, 1983.

EFFECTIVE DATE: August 11, 1983.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-2438.

SUPPLEMENTARY INFORMATION: On July 14, 1983, we received a petition in proper form from counsel for the Committee on Pipe and Tube Imports (CPTI). The CPTI represents the following domestic manufacturers of rectangular welded carbon steel pipes and tubes: Allied Tube and Conduit Corp.; American Tube Co., Inc.; Bull Moose Tube Co.; Copperweld Tubing Group; Kaiser Steel Corp.; Merchants Metals, Inc.; Pittsburgh-International; Southwestern Pipe, Inc, and Western Tube and Conduit.

In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Korea are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegation of sales at less than fair value of the merchandise under investigation from Korea is supported by comparisons of offered United States prices with the foreign market value based on the constructed value of the merchandise using publicly available financial statements of two Korean producers of certain rectangular welded carbon steel pipes and tubes.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioners supporting the allegations. We have examined the petition filed by the representatives of the domestic manufacturers of certain rectangular welded carbon steel pipes and tubes, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping investigation to determine whether certain rectangular welded carbon steel pipes and tubes from Korea are being, or are likely to be, sold at less than fair value in the United States. If our investigation proceeds normally, we will make our preliminary determination by December 21, 1983.

Scope of Investigation

The merchandise covered by this investigation is certain rectangular welded carbon steel pipes and tubes, which are defined for purposes of this proceeding as: Welded carbon steel pipes and tubes, of rectangular (including square) cross section, provided for in items 610.3955 and 610.4975 of the Tariff Schedules of the United States Annotated (1983).

Notification to the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine within 45 days of the date the petition was received whether there is a reasonable indication that imports of certain rectangular welded carbon steel pipes and tubes from Korea are materially injuring, or are likely to materially injure a United States industry. If its determination is negative, this investigation will terminate; otherwise it will proceed according to the statutory procedures.

Dated: August 3, 1983.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-21873 Filed 8-10-83; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX C

THE COMMISSION'S CALENDAR OF THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-138 (Preliminary)

CERTAIN RECTANGULAR WELDED CARBON STEEL PIPES AND TUBES FROM THE REPUBLIC OF KOREA

Those listed below appeared as witnesses at the United States International Trade Commisson's conference held in connection with the subject investigation on August 4, 1983, in the hearing room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of antidumping duties

Thompson, Hine and Flory--Counsel
Washington, D.C.
on behalf of

Committee on Pipe and Tube Imports

Mark Roy Sandstrom)
Roger Schagrin)--OF COUNSEL

In opposition to the imposition of antidumping duties

Daniels, Houlihan & Palmeter--Counsel
Washington, D.C.
on behalf of

Korea Iron and Steel Association

Donald B. Cameron, Jr.--OF COUNSEL