

Determinations of the Commission in Investigations Nos. 731-TA-131, 132, and 138 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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# UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Data which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report. Deletions are indicated by asterisks.

# UNITED STATES INTERNATIONAL TRADE COMMISSION Washington, D.C.

Investigations Nos. 731-TA-131, 132, and 138 (Final)

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

#### Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. §1673d(b)(1)), that an industry in the United States is materially injured by reason of imports from the Republic of Korea (Korea) 3/ and Taiwan of certain small diameter circular welded carbon steel pipes and tubes, 4/ which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

The Commission further determines 5/ that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry is not materially retarded, by reason of imports from Korea of welded carbon steel pipes and tubes of heavy-walled rectangular (including square) cross section, provided for in TSUSA item 610.3955, which have been found by Commerce to be sold at LTFV.

The Commission further determines 6/ that an industry in the United

States is materially injured by reason of imports from Korea of welded carbon steel pipes and tubes of light-walled rectangular (including square) cross

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

<sup>2/</sup> Commissioners Rohr and Liebeler not participating.

<sup>3/</sup> Commissioner Stern dissenting.

<sup>4/</sup> For purposes of these investigations, the term "certain small diameter circular welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes, of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 4.5 inches in outside diameter, provided for in items 610.3231, 610.3232, 610.3241, and 610.3244 of the Tariff Schedules of the United States Annotated (1984) (TSUSA).

<sup>5/</sup> Commissioners Rohr and Liebeler not participating.

 $<sup>\</sup>frac{6}{}$  Commissioner Stern dissenting and Commissioners Rohr and Liebeler not participating.

section, provided for in TSUSA item 610.4975, which have been found by Commerce to be sold at LTFV.

## Background

The Commission instituted these investigations effective October 28, 1983, following preliminary determinations by Commerce that imports of certain welded carbon steel pipes and tubes from Korea and Taiwan are being, or are likely to be, sold in the United States at LTFV.

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the <u>Federal</u> Register of December 7, 1983 (48 F.R. 54908). The hearing was held in Washington, D.C., on March 27, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

#### VIEWS OF THE COMMISSION

We determine that an industry in the United States is materially injured by reason of imports of small-diameter circular welded pipes and tubes from the Republic of Korea and Taiwan sold at less than fair value (LTFV). 1/We also determine that an industry is materially injured by reason of imports of light-walled rectangular (including square) welded pipes and tubes from the Republic of Korea sold at LTFV. 2/Finally, we determine that an industry is not materially injured or threatened with material injury by reason of imports of heavy-walled rectangular (including square) welded pipes and tubes from the Republic of Korea sold at LTFV. 3/4/

#### Domestic Industry

The domestic industry against which the impact of alleged LTFV imports is to be assessed is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 5/ "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most

<sup>1/</sup> Commissioner Stern determines that an industry is not materially injured or threatened with material injury by reason of imports of small-diameter circular welded pipes and tubes from the Republic of Korea sold at LTFV. See her Additional Views.

 $<sup>\</sup>underline{2}$ / Commissioner Stern determines that an industry is not materially injured or threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from the Republic of Korea sold at LTFV. See her Additional Views.

<sup>3</sup>/ Retardation of establishment of an industry in the United States is not an issue in these investigations and will not be discussed further.

<sup>4/</sup> Commissioners Rohr and Liebeler not participating.

<sup>5/19</sup> U.S.C. § 1677(4)(A).

similar in characteristics and uses with, the article subject to an investigation . . . .  $^{\circ}$  6/

We adopt the definitions of the like product and domestic industries made in our preliminary determinations. 7/ Accordingly, for purposes of these final determinations, we conclude that the three like products are (1) small-diameter circular pipes and tubes, (2) heavy-walled rectangular pipes and tubes, and (3) light-walled rectangular pipes and tubes. We, therefore, determine that there are three domestic industries consisting of: (1) the domestic producers of small-diameter circular pipes and tubes; (2) the domestic producers of light-walled rectangular pipes and tubes; and (3) the domestic producers of heavy-walled rectangular pipes and tubes. Neither the domestic producers nor the Korean or Taiwan producers have objected to these definitions.

The Taiwan respondents argue that schedule A-120 circular pipe should be considered a separate like product because A-120 pipe is subject to hydrostatic testing and is normally used to convey liquids and gases.

Accordingly, they argue that A-120 is not interchangeable with other grades of circular pipe, such as fence tubing. 8/

The domestic producers, however, argue that pipes produced to A-120 specification in fact are used as fence tubing and have a number of different end use applications which correspond to the end-use applications of other small circular pipes. Furthermore, in the light of the fact that A-120 pipes

<sup>6/ 19</sup> U.S.C. § 1677(10).

<sup>7/</sup> See 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 (1983).

<sup>8/</sup> Taiwan respondents' prehearing brief at 8-9.

have a variety of end uses, the domestic producers argue that importers and service centers/distributors prefer to purchase A-120 pipes because it is easier for them to sell this type of pipe. 9/ According to the domestic producers, the fact that A-120 pipes are hydrostatically tested should not be considered a significant factor in the like product analysis because the cost of hydrostatic testing is minimal, only \$3 to \$5 per ton.

We conclude that the absence of an American Society for Testing and Materials (ASTM) specification, such as A-120, does not necessarily mean that the product does not meet an ASTM specification. Many domestic companies have their own proprietary specifications or grades which may not conform entirely to the particular ASTM specification, such as A-120, yet may be fully substitutable in the market place for such products. 10/ Futhermore, the fact that a particular pipe does meet a particular ASTM specification does not mean that the particular pipe is only used for certain applications. Since the imported A-120 pipe in fact is used for numerous applications and other pipes, although not meeting A-120 specification, are substitutable for it, we find that specification A-120 pipe should not be considered a separate like product. 11/

The Korean respondents argue that semifinished rigid conduit tubes and semifinished tube hollows for cold-drawing should be defined as separate like products. They further argue that these pipes and tubes are not and cannot be substituted for standard pipes or for structural pipes and tubes because

<sup>9/</sup> See domestic producers' posthearing brief, n. 1 at 3.

 $<sup>\</sup>underline{10}$ / Apr. 9, 1984, memorandum from the Director of Tariff Affairs to the Commission.

<sup>11/</sup> The legislative history of the Trade Agreements Act of 1979 suggests that minor physical differences should not lead to a conclusion that a product and the imported article are not like each other. S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979). Similarly, we are of the view that minor physical differences among pipes and tubes in these investigations do not mandate a finding of separate like products.

semifinished conduit tubes and semifinished tube hollows do not meet the technical specifications for standard or structural pipes and tubes and because they are semifinished as opposed to finished products.  $\underline{12}$ /

The domestic producers contend that tube hollows and semifinished conduit tubes are not distinguishable from other circular pipe products and that the U.S. Customs Service would be unable to determine which imported products were semifinished. The domestic producers also point out that it is easy to convert a semifinished pipe or tube to a finished product. 13/

We conclude that the characteristics and uses of the semifinished and finished products are substantially the same. The differences between the semifinished and finished products are not significant; semifinished tube hollows and conduit pipe could be easily converted to the finished circular products at very little expense; and semifinished conduit shell in some cases could be substituted for other finished circular products. Therefore, we determine that the semifinished tube hollows and conduit tubes should not be considered separate like products. 14/

Finally, the Taiwan producers argue that the producers on the West Coast should be considered a separate regional industry. The regional industry provision is to be applied only where "the domestic industry as a whole . . . is not injured." 15/ The regional industry provision is intended to apply to the situation where domestic producers in a region argue that even though the entire domestic industry is not being injured, a group of regional producers

<sup>12/</sup> Korean respondents' prehearing brief at 6-7.

<sup>13/</sup> See domestic producers' posthearing brief, response to questions from Commissioners, p. 2. At the hearing a representative of the domestic producers stated that conduit shell could be substituted for galvanized, plain end, schedule 40 pipe. Hearing Transcript at 181.

<sup>14/</sup> See footnote 11, supra.

<sup>15/</sup> Sec. 771(4)(C) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(C).

is being injured to such an extent that an affirmative determination may be made on the basis of a regional industry analysis. 16/ The regional industry provision sets a higher standard for an affirmative determination of injury compared with the applicable standard where the domestic industry as a whole is materially injured. 17/ Under the regional industry analysis, "the producers of all, or almost all, of the production" in the region must be injured. The reason for the higher standard is that the antidumping order is applied nationwide, not to just the region in question. 18/ Respondents cannot increase the standard for an affirmative determination by relying on the regional industry provision. For the above reasons, we find that the circumstances are not appropriate to invoke the regional industry provision under section 771(4)(C). 19/

## CONDITION OF THE DOMESTIC INDUSTRIES

#### Small-Diameter Circular Pipe and Tube Industry

U.S. production of the small-diameter circular pipes and tubes fell from 1.4 million short tons in 1981 to 966,000 short tons in 1982, and then increased to 1.0 million short tons in 1983. 20/ Capacity remained steady at 4.0 million short tons in 1981 and 1982 and then fell to 3.6 million short tons in 1983. 21/ At the same time, capacity utilization fell from 34.4

<sup>16/</sup> See S. Rep. No. 96-249, 96th Cong., 1st Sess. 82.

<sup>17/</sup> Section 771(4)(A), 19 U.S.C. § 1677(4)(A).

<sup>18/</sup> Imbert Imports, Inc. v. United States, 475 F.2d 1189 (C.C.P.A. 1973), aff'g, 331 F. Supp. 1400 (Cust. Ct. 1971).

<sup>19/</sup> The facts raised in support of the regional industry analysis may be relevant to our causation analysis. See discussion, infra, pp. 11 and 12.

<sup>20/</sup> Commission Report (Report) at A-19.

<sup>21/</sup> Report at A-19.

percent in 1981 to 23.7 percent in 1982, and then increased to 28.4 percent in 1983. 22/

U.S. producers' domestic shipments of the small circular pipes and tubes followed the same trends as production, decreasing from 1.4 million short tons in 1981 to 992,000 short tons in 1982, and then increasing to 1 million short tons in 1983. 23/ Employment declined steadily during the years under investigation, from 5,478 workers in 1981 to 4,274 workers in 1982, and then to 4,080 workers in 1983. 24/ Hours worked also declined from 39 hours per worker per week in 1981 to 36.4 hours per week in 1982, and then to 35.8 hours per week in 1983. 25/

Net sales of small circular pipes and tubes fell from \$732.6 million in 1981 to \$542.2 million in 1982, and then to \$514 million in 1983, or by 30 percent overall. 26/ In the aggregate, the domestic industry sustained operating losses of \$33.3 million, or 6.1 percent of net sales, in 1982, compared with an operating income of \$10.8 million, or 1.5 percent of net sales, in 1981. 27/ In 1983, the industry continued to sustain operating losses of \$11.5 million, or 2.2 percent of net sales. 28/ Net income or loss followed the same trend, falling from a profit of \$4.2 million in 1981 to a loss of \$39.8 million in 1982. In 1983, the domestic industry experienced a loss of \$15.7 million in 1983. 29/

<sup>22/</sup> Report at A-19.

<sup>23/</sup> Report at A-21.

<sup>24/</sup> Report at A-24.

<sup>25/</sup> Report at A-24.

<sup>26/</sup> Report at A-27.

<sup>27/</sup> Report at A-27.

<sup>28/</sup> Report at A-27.

<sup>29/</sup> Report at A-27.

Accordingly, we conclude that the domestic small-diameter circular pipe and tube industry is materially injured.

#### Light-Walled Rectangular Pipe and Tube Industry

U.S. production of light-walled rectangular pipes and tubes declined from 119,000 short tons in 1981 to 106,000 short tons in 1982, but then increased to 119,000 short tons in 1983. 30/ At the same time, capacity utilization remained relatively low, ranging from 54.6 percent in 1981 to 48.7 percent in 1982 to 58.6 percent in 1983. 31/

Domestic shipments of light-walled rectangular pipes and tubes declined from 123,000 short tons in 1981 to 111,000 short tons in 1982, and then increased slightly to 113,000 short tons in 1983. 32/ Employment declined during the period from 150 workers in 1981 to 141 workers in 1982, and then to 140 workers in 1983. 33/ Hours worked also declined from 38.5 hours per worker per week in 1981 to 33.2 hours per week in 1982, and then to 33 hours per week in 1983. 34/

Net sales of light-walled rectangular pipes and tubes steadily declined from \$52.2 million in 1981 to \$45.5 million in 1982, and then to \$42.8 million in 1983. 35/ Operating income steadily declined from \$1.7 million in 1981 to \$1.0 million in 1982, and then to \$951,000 in 1983. 36/ Net income declined

<sup>30/</sup> Report at A-19.

<sup>31/</sup> Report at A-19.

<sup>32/</sup> Report at A-21.

<sup>33/</sup> Report at A-24.

<sup>34/</sup> Report at A-24.

<sup>35</sup>/ Report at A-32. One producer discontinued production of this product at the end of its 1981 fiscal year.

<sup>36/</sup> Report at A-32.

substantially, from \$1.0 million in 1981 to \$531,000 in 1982, and then increased slightly to \$587,000 in 1983. 37/

On the basis of the foregoing, we determine that the light-walled rectangular pipe and tube industry is materially injured.

## Heavy-Walled Rectangular Pipe and Tube Industry

U.S. production of heavy-walled rectangular pipes and tubes fell from 358,000 short tons in 1981 to 206,000 short tons in 1982 and then increased to 254,000 short tons in 1983. 38/ Domestic capacity utilization fell from 51.3 percent in 1981 to 30.5 percent in 1982, and then increased slightly to 34.9 percent in 1983. 39/

Domestic shipments of heavy-walled rectangular pipes and tubes fell from 358,000 short tons in 1981 to 208,000 short tons in 1982, and then increased to 250,000 short tons in 1983. 40/ Employment steadily declined during the period under investigation from 380 workers in 1981 to 275 workers in 1982, and then to 261 workers in 1983. 41/ Hours worked also declined from 40.5 hours per worker per week in 1981 to 36.4 hours per week in 1982, and then to 35.5 hours per week in 1983. 42/

Net sales of heavy-walled rectangular pipes and tubes declined from \$162.3 million in 1981 to \$98.4 million in 1982, or by 39 percent, and then further declined to \$97.3 million in 1983. 43/ Operating income fell from \$12.6 million in 1981 to an operating loss of \$1.7 million in 1982, but then

<sup>37</sup>/ Report at A-32.

<sup>38/</sup> Report at A-19.

<sup>39/</sup> Report at A-19.

<sup>40/</sup> Report at A-21.

<sup>41/</sup> Report at A-24.

<sup>42/</sup> Report at A-24.

<sup>43/</sup> Report at A-30.

increased to an operating income of \$3.1 million in 1983. 44/ Net income fell from \$15 million in 1981 to a loss of \$245,000 in 1982, but then increased to a net income of \$3.5 million in 1983. 45/ Therefore, we conclude that the heavy-walled rectangular pipe and tube industry is materially injured.

#### **CAUSATION** 46/ 47/ 48/

Both the Taiwan and Korean producers argue that the West Coast market should be examined separately, because imports from Korea and Taiwan are concentrated on the West Coast; the West Coast producers do not have the

<sup>44/</sup> Report at A-30.

<sup>45/</sup> Report at A-30.

<sup>46/</sup> Chairman Eckes emphasizes that in determining causation the statute specifically indicates that the Commission should examine the imports which the Department of Commerce has determined are sold at less than fair value. Despite an ambiguous reference to margins in a Committee report, the law makes no reference to Commission consideration of LTFV margins, nor does it suggest that the size of such margins is dispositive of the causation issue.

Also, the Department of Commerce has the responsibility for determining whether LTFV margins are <u>de minimis</u>. While one may question the value of an antidumping order based on such low LTFV margins, the Commission's function is not to review or redefine <u>de minimis</u> margins.

<sup>47/</sup> Commissioner Haggart notes that in this investigation, counsel for the Korean respondents have argued that the Commission should focus on the level of the LTFV margin found by the Department of Commerce in assessing the impact of the LTFV imports on the domestic industry. For a discussion of her views on this issue, see her Additional Views in Certain Carbon Steel Products from Spain, Inv. Nos. 701-TA-155, 157-160, 162 (Final), USITC Pub. 1331 (1982). Although those investigations involved the countervailing duty provisions of the statute, the analysis employed in those investigations regarding causation is applicable to the Commission causation analysis in antidumping investigations. The countervailing duty provisions of the statute relating to injury are identical to the corresponding provisions of the antidumping statute. Compare 19 U.S.C. § 1671 with 19 U.S.C. § 1673. In view of the foregoing, the fact that the LTFV margins are more likely to be manifested in low prices in the U.S. market, in comparison to the amount of the subsidy. does not aid in interpreting the causality requirement of the statute. As currently written, there is no suggestion in the statutory definition of material injury, which applies both to countervailing and antidumping duty determinations, that the Commission should base its injury finding on the price effect of the subsidy or the LTFV margins. See 19 U.S.C. § 1677(7).

<sup>48/</sup> Commissioner Stern dissents from the analysis presented herein with respect to Korean imports of small-diameter circular pipes and tubes and light-walled rectangular pipes and tubes. See her Additional Views.

capacity to meet the demand on the West Coast; and the East Coast/Midwestern pipe and tube producers cannot ship to the West Coast because of significant transportation costs. Accordingly, respondents assert that the domestic industry is not materially injured by reason of the LTFV imports. 49/

In this investigation, we have found that imports of small-diameter circular pipes and tubes from Korea and Taiwan and imports of heavy-walled and light-walled rectangular pipes and tubes from Korea are entering ports nationwide, including ports on the Gulf Coast and East Coast. 50/ In 1982 and 1983, approximately 58 to 59 percent of small-diameter circular pipes and tubes from Korea and 38 to 40 percent of the small-diameter circular pipes and tubes from Taiwan entered non-West Coast ports. In 1982 and 1983, 44 to 58 percent of the heavy-walled rectangular pipes and tubes from Korea and from 29 to 34 percent of the light-walled rectangular pipes and tubes from Korea entered the non-West Coast ports. 51/

In addition, purchasers on both the Gulf and East Coasts as well as on the West Coast have indicated that they purchased the imported pipes and tubes from Korea and Taiwan on the basis of price. 52/ For these reasons, the West Coast market will not be analyzed separately.

#### Small-Diameter Circular Pipes and Tubes

## Imports From Korea 53/

During 1981-83 Korea was the largest exporter of small circular pipes and tubes to the United States. LTFV imports from Korea accounted for about

<sup>49/</sup> Taiwan prehearing brief at 26-28. Korean posthearing brief at 4-5, 7.

<sup>50/</sup> Report at A-42.

<sup>51/</sup> Report at A-42.

<sup>52/</sup> Report at A-59-A-65.

<sup>&</sup>lt;u>53</u>/ Commissioner Stern dissents. See her Additional Views.

30 to 40 percent of all imports of small circular pipes and tubes during  $1981-83. \ \underline{54}/$ 

The LTFV imports from Korea also steadily increased from 1981 to 1983. Furthermore, the share of consumption of small circular pipe and tube imports from Korea sold at LTFV steadily increased from 1981 through 1983 to a point at which they held almost one-fifth of the U.S. market. 55/

During 1981-83, prices of imports from Korea decreased by an average of 33.7 percent from October-December 1981 to April-June 1983 for sales to service centers/distributors and decreased by 27.8 percent over the same period to end users. 56/ During 1981-83, the margin of underselling for schedule 40 sprinkler pipe was generally in the 20-percent range to the service center/distributor and end-user markets. 57/ For schedule 40 standard pipe, although the margin of underselling to the service center/distributor market was low in 1981, in 1982 and 1983 the margins of underselling increased to a high 20-to-30 percent range. For Korean schedule 40 standard pipe in the end-user market, there were periods of overselling to a high of 9.8 percent in July-September 1983 and periods of underselling with a low of 20.8 percent in January-March 1983. 58/

For light-wall fence tubing in the service center/distributor market, in 1981, Korean pipe and tube oversold domestic pipe with a margin as high as 10.4 percent, but then in 1982 and 1983, with a few exceptions, Korean light-wall fence tubing undersold domestically produced fence tubing with

<sup>54/</sup> Report at A-15 and A-37.

<sup>55/</sup> Report at A-43.

<sup>56/</sup> Report at A-50.

<sup>57/</sup> Report at A-46.

<sup>58/</sup> Report at A-48.

margins as high as 14.8 percent in July-September 1983. 59/ During 1981-83, Korean schedule 10 sprinkler pipe continually undersold domestically produced sprinkler pipe in the service center/distributor market, with margins as low as 1.8 percent in January-March 1981 and 7.3 percent in October-December 1983 to margins as high as 26.3 percent in April-June 1981 to 20.1 percent in April-June 1983. 60/

Purchasers throughout the United States indicated that they had bought the imported pipes and tubes from Korea. The lower price of the Korean pipe and tube was generally cited as the primary reason for purchasing LTFV imports. 61/

On the basis of these facts, we find that LTFV small-diameter circular pipe and tube imports from Korea are a cause of material injury to the domestic industry.

#### Imports from Taiwan

Taiwan is the second leading exporter of small circular pipes and tubes to the United States. Imports from Taiwan accounted for 14.5 percent of all imports of small circular pipes and tubes in 1981, 15.1 percent in 1982, and 14.4 percent in 1983. 62/ Imports from Taiwan fell by 10 percent, from 96,305 short tons in 1981 to 86,590 short tons in 1982, and then rose 51 percent to 130,635 short tons in 1983. 63/ Taiwan's share of the small circular pipe and tube market also increased from 4.6 percent in 1981 to 6.9 percent in 1983. 64/

<sup>59/</sup> Report at A-47.

<sup>&</sup>lt;u>60</u>/ Report at A-49. These price specifications were chosen after staff consultations with the leading domestic producers and importers to determine which specific domestic and imported products were sold in the greatest quantities.

<sup>61/</sup> Report at A-59-A-64.

<sup>62/</sup> Report at A-37.

 $<sup>\</sup>underline{63}$ / Report at A-37. The Commerce Department determined that all imports of small-diameter circular pipes and tubes from Taiwan were sold at LTFV.

<sup>64/</sup> Report at A-43.

Prices of imports from Taiwan decreased by an average of 27.6 percent over this period for sales to service centers/distributors and by 25 percent for sales to end users. 65/

For schedule 40 sprinkler pipe from 1981 to 1983, Taiwan pipe continually undersold domestic pipe in the service center/distributor market, with margins averaging from 11.8 to 26.8 percent. In the end-user market, Taiwan schedule 40 sprinkler pipe, with a few exceptions, undersold domestic pipe by margins ranging from 6.3 to 19.8 percent. 66/ For schedule 40 standard pipe, Taiwan pipe in the service center/distributor market undersold domestic pipe by small margins in 1981, increasing to large margins of from 18.8 to 31 percent in 1983. In the end-user market, Taiwanese schedule 40 pipe oversold domestic pipe for the most part in 1981, but undersold domestic pipe from July 1982 to June of 1983, with margins ranging from 11.1 to 20.2 percent. 67/

For light-wall fence tubing, Taiwan pipe in the service center/distributor market oversold domestic pipe by margins as high as 16.5 percent in July-September 1982 and undersold domestic pipe by margins as low as 16.8 percent in April-June 1982. In the end-user market prior to April 1982, Taiwan light-wall fence tubing oversold domestic tubing, but after that, Taiwan fence tubing continually undersold domestic tubing by margins ranging from 6.4 percent to a high of 22.5 percent. 68/ For schedule 10 sprinkler pipe, Taiwan pipe in the service center/distributor market continually

<sup>65/</sup> Report at A-50.

<sup>66/</sup> Report at A-46. See n. 60, supra.

<sup>67/</sup> Report at A-48. See n. 60, supra.

<sup>68/</sup> Report at A-47. See n. 60, supra.

undersold domestic pipe with margins ranging from a low of 5.5 percent to a high of 26.6 percent. 69/70/

Purchasers located throughout the United States indicated that they bought the imported pipes and tubes from Taiwan because of their lower price. 71/

On this basis, we determine that the domestic small-diameter circular pipe and tube industry is materially injured by reason of LTFV imports from Taiwan.

#### Imports of Light-Walled Rectangular Pipes and Tubes from Korea 72/

Imports of light-walled rectangular pipes and tubes from Korea increased by 30 percent, from 633 short tons in 1981 to 821 short tons in 1982, and then increased by more than 12 times to 10,373 short tons in 1983. 73/ The market penetration rate for the Korean products increased from 0.5 percent in 1981 and 1982 to 5.3 percent in 1983. 74/ At the same time, the unit value of imports from Korea decreased by 18 percent from 1981 to 1982 and by 25 percent in 1983, and the unit value of Korean imports was lower than the unit value of imports from all other sources during 1981-83. 75/

From October 1982 to December 1983, Korean light-walled rectangular pipes and tubes undersold the domestic products by substantial margins, ranging from 16.8 to 20.4 percent in the service center/distributor market and in

<sup>69/</sup> Report at A-49. See fn 60, supra.

<sup>70/</sup> Commissioner Stern notes that the final weighted-average LTFV margins found by Commerce on imports from Taiwan, which range from 9.7 to 43.7 percent, are more than sufficient to account for the ability of the imports from Taiwan to be priced in the manner discussed here.

<sup>71/</sup> Report at A-59-A-64.

<sup>72/</sup> Commissioner Stern dissents. See her Additional Views.

<sup>73/</sup> Report at A-39.

<sup>74/</sup> Report at A-43.

<sup>75/</sup> Report at A-38.

July 1982 to June of 1983 by margins of 8.6 percent to 29.2 percent in the end-user market. 76/ Purchasers on the Gulf and West Coasts indicated that they had bought the imported light-walled rectangular pipes and tubes from Korea because of their lower price. 77/

We, therefore, determine that the domestic industry is materially injured by reason of light-walled rectangular pipes and tubes from Korea.

#### Imports of Heavy-Walled Rectangular Pipes and Tubes from Korea

Although we have determined that the domestic heavy-walled rectangular pipe and tube industry is materially injured, we have concluded that Korean imports are not the cause of the injury. Imports of Korean heavy-walled rectangular pipes and tubes have remained at relatively low levels, falling from 6,614 short tons in 1981 to 2,825 short tons in 1982, and then increasing slightly to 3,312 short tons in 1983, at the same time that domestic consumption remained at high levels compared to imports. 78/ The import penetration rate fell from 1.4 percent in 1981 to 0.8 percent in 1982, and then increased slightly to 1.0 percent in 1983. 79/

Because of the low import penetration rate, the Commission received only limited pricing data for heavy-walled rectangular pipes and tubes. Although Korean pipes and tubes undersold domestic pipes and tubes in the service center/distributor market, the one price comparison available in the end-user market indicated that Korean heavy-walled rectangular pipes and tubes oversold

<sup>76/</sup> Report at A-53.

<sup>77/</sup> Report at A-64-A-65.

<sup>78/</sup> Report at A-38.

<sup>79/</sup> Report at A-43. We note that at the same time that the penetration rate for imports from Korea remained very low, the import penetration rate for imports from all other sources increased substantially.

domestic pipes and tubes by 14.4 percent. 80/ Only one purchaser indicated that he had purchased heavy-walled rectangular pipes and tubes from Korea on the basis of price. 81/

One Korean company out of the eight Korean pipe and tube producers accounts for virtually all of the exports of heavy-walled rectangular pipes and tubes to the United States. 82/ As previously noted, imports of heavy-walled rectangular pipes and tubes from Korea from 1981 to 1983 remained at very low levels. In 1983, imports of heavy-walled rectangular pipes and tubes were one-half their level in 1981. During 1981-83, when Korean imports accounted for approximatey 1.0 percent of domestic consumption, imports of heavy-walled rectangular pipes and tubes from all sources accounted for 32.6 percent of U.S. consumption in 1981, 40.4 percent in 1982, and 41 percent in 1983. From these figures, it is apparent that the Koreans have not been successful in gaining a share of the U.S. market for this product in recent years. Inventories of imports from Korea have also declined significantly, from 1,091 short tons in 1981 to 1,059 short tons in 1982, and to 169 short tons in 1983. These factors indicate that there is no likelihood that Korean producers will divert substantial exports of heavy-walled rectangular pipes and tubes to the U.S market.

Imports of heavy-walled rectangular pipes and tubes from Korea have been low and stable, both absolutely and relative to domestic consumption, and there is a lack of data demonstrating that imports from Korea have significantly affected prices in the U.S. market. Furthermore, imports of

<sup>80/</sup> Report at A-52.

<sup>81/</sup> Report at A-64.

<sup>82/</sup> Report at A-7 and A-14.

these pipes and tubes from Korea are not likely to increase significantly in the future. We, therefore, determine that imports of heavy-walled rectangular pipes and tubes are not a cause of material injury, nor do they threaten to cause material injury to the domestic industry.

#### ADDITIONAL VIEWS OF COMMISSIONER PAULA STERN

I have determined that the domestic industries which produce the certain welded carbon steel pipes and tubes which are the subjects of these investigations are not materially injured or threatened with injury by reason of less-than-fair-value (LTFV) imports from Korea. I agree with the majority of the Commission that the domestic industry has experienced difficulties over the period of investigation, 1981-83. 1/ However, I do not find the requisite causal relationship between the subject Korean imports and the problems in this industry.

The facts as developed in this investigation, and upon which my determination rests, compel me to reiterate the importance of interpreting the trade statutes in light of the

<sup>1/</sup> I must note, however, the striking difference in certain injury indicia between the integrated producers and non-integrated producers of these products. In particular, operating margins for non-integrated producers appear quite healthy, and the losses incurred by the industry as a whole are principally attributable to the integrated producers. See staff report, p. A-28. Although material injury to the industry as a whole has been demonstrated, the significantly different performances of its two segments suggests that factors other than imports are important to understanding this industry's problems.

purpose for which they were enacted. In particular, the recent practice of the Commission majority in apparently making determinations without regard to the level of LTFV or subsidy margins has the effect of blurring the line of distinction between the fair and unfair trade statutes. Congress has clearly drawn such a line in order that under Title VIIg, we might only provide relief from the effects of unfair practices, not from imports in general.

As I have repeatedly emphasized, it is clear from the legislative history that any material injury or threat thereof must be causally linked to the less-than-fair-value sales found by Commerce. 2/ In pointing out that the significance of various factors will differ from industry to industry, the Senate noted:

Similarly, for one type of product, price may be a factor in making a decision as to which product to purchase and a small price differential resulting from the amount of the subsidy or the margin of dumping can be decisive; for others the size of the differential may be of lesser significance. (Emphasis added.) 3/

<sup>2/</sup> For a detailed discussion of the appropriate role LTFV and subsidy margins should play in causality analysis, see my Views in Certain Carbon Steel from Belgium, et al., as incorporated in Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, Invs. Nos. 731-TA-113 and 114 (Preliminary), USITC Pub. No. 1316 (November 1982).

<sup>3</sup>/ S. Rep. 96-249, 96th Cong., 1st Sess. (1979), p. 88. See also pp. 57-58 and H. Rep. 96-317, 96th Cong., 1st Sess. (1979), p. 46.

This citation reflects the legislative intent that the Commission investigate the economic impact of allegedly unfair trade practices as part of its Title VII investigations. the Department of Commerce (Commerce) is responsible for the calculation of a "margin" or percentage (or price) market equivalent of any subsidy or LTFV sales, the bifurcation of responsibilities by Congress clearly assigns to the Commission the responsibility of assessing the economic impact of the potentially unfair activity. LTFV or subsidized sales of imports are only unfair when they cause material injury. the absence of such injury, they are perfectly acceptable practices under Title VII. Thus, there are two places where cases such as the present ones can fail. The first is at Commerce in those situations where Commerce finds the LTFV or subsidy margins to be nil or de minimis. The second is at the Commission where it may be determined that the impact of the LTFV sales (or subsidies) found by Commerce is not material. The focus of Commerce's attention is the activities themselves while the Commission's focus is on their impact on U.S. producers in the domestic market place. Commerce at no point does an injury determination. A de minimis margin cannot have a material impact in the market place; such cases are terminated by Commerce without a Commission injury finding. But imports with margins that Commerce deems greater than de minimis may or may not cause material injury. Simply observing that Commerce has not found the margins to be  $\underline{de}$  minimis does not free the Commission from its responsibility to assess their economic impact.  $\underline{4}/$ 

Small circular pipes and tubes .-- In this investigation, based on the available price data, it is clear that the very small LTFV margins on the Korean imports cannot have had any measureable effect on the performance of those imports in the U.S. market. In the case of the small circular pipes and tubes, the final weighted average LTFV margin was found by Commerce to be 0.9 percent. 5/ Two of five firms were found to have de minimis margins and were excluded entirely from Commerce's affirmative determinations. This compares to margins of underselling during the period of Commerce's investigation which averaged twenty percent for all products on which pricing data were gathered. 6/ For the two major small circular products from Korea, accounting for 75 percent of total import sales from that country, the margin of underselling averaged thirty percent during the investigative period. 7/ In short, for the four specifications of Korean circular pipe on which pricing data were gathered, the margin

 $<sup>\</sup>underline{4}$  In this process, the margins themselves are but one of many factors.

<sup>5/</sup> Report, p. A-7.

 $<sup>\</sup>underline{6}$ / Report, pp. A-46 - A-49. Averages represent sales to service centers/distributors only, the market in which virtually all Korean sales in the United States are made.

<sup>7/</sup> Report, pp. A-46 and A-48.

of underselling exceeded the so-called LTFV margin by 22-fold. It is difficult to imagine any scenario in which, by applying an LTFV duty order, one more pound of domestic steel would be purchased in lieu of imports from Korea.

For the purposes of the above discussion, I have assumed a full pass-through of the LTFV margin to the selling price of the imported good in the United States. The ease with which a less than one-percent margin could be swallowed anywhere in the channel of distribution is further evidence of the impotence of the affirmative determination on this product. The only tangible effect could be the harassment value of a case such as this. The legislative intent of Title VII is to stop unfair practices rather than make harmless importation difficult. LTFV imports are not "illegal." Nor are they necessarily unfair. Only when such imports are tied to material injury to a U.S. industry are they unfair and dutiable. Where no injury due to potentially unfair practice can be demonstrated, no remedy should be imposed.

Light-walled retangular pipes and tubes.--Comparisons of the LTFV to the underselling margins in the case of the light-walled rectangular pipes and tubes from Korea yield much the same result as the margin analysis for the circular products. The overall weighted-average LTFV margin found by Commerce was 1.47 percent. 8/ The average underselling margin

<sup>8/</sup> Report, p. A-8.

on the rectangular pipe specification on which the Commission gathered data was 19 percent during the period of the Commerce investigation. 9/ In the case of the rectangular pipe, the LTFV margin is exceeded by the margin of underselling by 13-fold.

Again, the wide disparity revealed between the small LTFV margin and the large price advantage enjoyed by the imports indicates clearly that elimination of the LTFV margin by application of a dumping duty will do virtually nothing to measureably improve the competitive standing of the U.S. product at the market level. Application of duties equal to the LTFV margin on Korean exports of these products would not affect pricing or market shares in the U.S. market. Thus, the performance of the domestic industry during the period of investigation is unrelated to LTFV sales of certain welded pipes and tubes from Korea.

The commercial irrelevance of collecting antidumping duties on such low LTFV margins when the imports have such a large price advantage is demonstrated by the trend of imports from Korea on some of the very welded circular pipes and tubes which were part of these investigations. The circular product from Korea is the same product upon which countervailing duties were assessed in February 1983, following an affirmative

<sup>9/</sup> Report, p. A-53.

determination by the Commission (from which I dissented). 10/
The CVD assessed was 1.88 percent. In the meantime, from 1982
to 1983, imports from Korea of the subject products, upon which
the CVD has been collected, increased 72 percent. This is
stark testimony to the futility of affirmative determinations
in such cases, and the appropriateness of considering the
magnitude of subsidization or LTFV sales when considering
causation under Title VII. 11/

Furthermore, it should be emphasized that a less than one percent determination from Commerce signifies that the vast majority of Korean sales were at or above fair value, and therefore not traded unfairly; that two of five Korean producers responsible for about thirty percent of Korean exports were excluded because of de minimis margins; and that those sales found to be at less than fair value might have been accidental, given the large margins of underselling in this case.

In conclusion, it is unfortunate that the Commission as a whole has chosen to find injury from "unfair" imports under Title VII when the "unfair" activity has not caused and does

<sup>10/</sup> Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea, Inv. No. 701-TA-168 (Final), USITC Pub. No. 1345 (1983). See my "Additional Views" on p. 11 for my dissent based on the lack of connection between injury and the small subsidies.

<sup>11/</sup> In this situation the industry appears to have obtained an illusory remedy at not insignificant cost to the government and with undue inconvenience to all parties.

not threaten to cause any measureable adverse impact in the market. Affirmative findings of such clear commercial irrelevance can mislead all parties concerning the real origins of an industry's competitive problems. Collection of tiny dumping duties as a result of the majority's two affirmative findings on Korean imports will not materially improve the situation of the U.S. industry. Any faith that such affirmative findings will do so is misplaced.

#### INFORMATION OBTAINED IN THE INVESTIGATIONS

#### Introduction

On April 21, 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 was materially injured, or threatened with material injury, by reason of imports from the Republic of Korea (Korea) and Taiwan of certain welded carbon steel pipes and tubes 2/, which were allegedly being sold at less than fair value (LTFV). Accordingly, the Commission instituted antidumping investigations Nos. 731-TA-131 and 731-TA-132 (Preliminary) under section 731 of the Tariff Act of 1930 to determine whether there was a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports of such merchandise into the United States. On June 6, 1983, the Commission unanimously determined that there was a reasonable indication of material injury with respect to the circular pipes and tubes under investigation. The Commission further determined 3/ that there was no reasonable indication of material injury, threat of material injury, or material retardation with respect to the rectangular pipes and tubes under investigation.

On July 14, 1983, counsel for the CPTI filed another petition with the Commission and Commerce alleging that an industry in the United States was materially injured, or was threatened with material injury, by reason of imports from Korea of rectangular welded carbon steel pipes and tubes, provided for in TSUSA items 610.3955 and 610.4975, which were allegedly being sold at LTFV. Accordingly, the Commission instituted antidumping investigation No. 731-TA-138 (Preliminary), under section 731 of the Tariff Act of 1930, to determine whether there was a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports of such merchandise into the United

<sup>1/</sup> The nine member producers of the 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.

<sup>2/</sup> For purposes of these investigations, the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes, of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 4.5 inches in outside diameter, provided for in items 610.3231, 610.3232, 610.3241, and 610.3244 of the Tariff Schedules of the United States Annotated (1983) (TSUSA) or of rectangular (including square) cross section, provided for in TSUSA items 610.3955 and 610.4975.

<sup>3/</sup> Commissioner Haggart determined that there was a reasonable indication of material injury with respect to the rectangular pipes and tubes under investigation.

States. On August 29, 1983, the Commission determined 1/ that there was a reasonable indication of material injury with respect to rectangular welded carbon steel pipes and tubes, having a wall thickness not less than 0.156 inch, provided for in TSUSA item 610.3955. The Commission further determined that there was a reasonable indication of material injury, or threat of material injury, 2/ with respect to rectangular welded carbon steel pipes and tubes, having a wall thickness less than 0.156 inch, provided for in TSUSA item 610.4975.

On October 24, 1983, Commerce made preliminary determinations that there were reasonable bases to believe or suspect that imports of certain circular welded carbon steel pipes and tubes from Korea and Taiwan, and rectangular welded carbon steel pipes and tubes from Korea, were being, or were likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930. The notices of preliminary determinations were published in the Federal Register on October 28, 1983 (48 F.R. 49900) and October 31, 1983 (48 F.R. 50132).

As a result of Commerce's affirmative preliminary determinations of LTFV sales, the Commission instituted investigations Nos. 731-TA-131, 731-TA-132, and 731-TA-138 (Final) effective October 28, 1983, to determine whether an industry in the United States is materially injured, or threatened with material injury, or the establishment of an industry is materially retarded, by reason of imports of certain circular welded carbon steel pipes and tubes from Korea and Taiwan and rectangular welded carbon steel pipes and tubes from Korea. Notice of the institution of the investigations was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of December 7, 1983 (48 F.R. 54908). 3/

On March 16, 1984, Commerce notified the Commission of its final LTFV determinations which had been postponed in response to requests by counsel for the Korea Iron & Steel Association and the Taiwan Steel & Iron Industries Association. The final determinations were affirmative. 4/

The Commission's hearing on these investigations was held in Washington, D.C., on March 27, 1984. 5/ The Commission voted on these investigations on April 17, 1984, and reported its determinations to Commerce on April 30, 1984.

<sup>1/</sup> Chairman Eckes and Commissioner Stern dissenting.

<sup>2/</sup> Commissioners Haggart and Lodwick determined only that there was a reasonable indication of material injury, and Chairman Eckes determined only that there was a reasonable indication of threat of material injury.

<sup>3/</sup> A copy of the Commission's notice is presented in app. A.

<sup>4/</sup> A copy of Commerce's final determinations is presented in app. A.

 $<sup>\</sup>overline{5}/$  A copy of the Commission's notice of hearing and notice of postponement of the hearing and other events connected with the investigations is presented in app. A, and a copy of the calendar of the public hearing is presented in A-2 app. B.

#### Previous Commission Investigations

Although the Commission has conducted a number of pipe and tube investigations, the only investigation pertaining to any of the welded carbon steel pipe and tube products covered by the current investigations is No. 701-TA-168, Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea. On February 8, 1983, the Commission determined 1/ that an industry in the United States was materially injured by reason of imports of certain welded carbon steel pipes and tubes which were found by the Department of Commerce to be subsidized by the Republic of Korea. That investigation covered certain circular pipes and tubes (including American Petroleum Institute (API) line pipe) up to 16 inches in outside diameter; the current investigations cover both circular pipes and tubes up to 4.5 inches in outside diameter and rectangular (including square) pipes and tubes. 2/ The affirmative determinations by Commerce and the Commission resulted in the imposition of a countervailing duty of 1.88 percent on imports of such products produced by Dongjin Steel Co., Ltd., one of the five Korean producers of small circular pipes and tubes whose sales were examined by Commerce in the course of investigation No. 731-TA-131 (Final).

#### 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 in a few standard sizes, whereas tubes are made to customers' specifications regarding dimension, finish, chemical composition, and mechanical properties. Pipes are normally used as a conduit for liquids or gases, whereas tubes are generally used for load-bearing or mechanical purposes. Nevertheless, 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 according to the method of manufacture—welded or seamless. Each category can be further subdivided by grades of steel: carbon, heat—resisting, stainless, or other alloy. This method of distinguishing between 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. 3/

<sup>1/</sup> Commissioner Stern dissenting.

<sup>2/</sup> Neither the earlier investigation nor the current investigations cover API oil country tubular goods, pressure tubes, or cold-drawn pipes and tubes.

<sup>3/</sup> For a full description of these items, see <u>Certain Welded Carbon Steel</u> Pipes and Tubes from the Republic of Korea: <u>Determination of the Commission in Investigation No. 701-TA-168...</u>, USITC Publication 1345, February 1983.

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 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.

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

- (1) Small-diameter circular welded carbon steel pipes and tubes, 0.375 inch or more but not over 4.5 inches in outside diameter, and with a wall thickness of not less than 0.065 inch, hereinafter referred to as small circular pipes and tubes. This is a general-purpose commodity used in such applications as sprinkler systems and fence posts and is commonly referred to in the industry as a standard pipe. It may be supplied with an oil coating (black pipe) or may be galvanized, and is sold in plain ends, threaded, threaded and coupled, or beveled for welding form. This product is generally produced to ASTM specification A-120, a lenient specification requiring hydrostatic testing but not specifying grade, chemistry, yield, or tensile strength minimums.
- (2) Rectangular (including square) welded carbon steel 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- 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.
- (3) Rectangular (including square) 1/welded carbon steel 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 in 0.375- 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.

<sup>1/</sup> 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).

Counsel for the Korean producers argued that two specific circular pipe and tube products, rigid conduit shell used in the production of electrical conduit tube and tube hollows used for cold-drawing into mechanical tubing, should be excluded from the scope of these investigations. Both imported products are semifinished and are purchased by U.S. producers for further fabrication. Several of the largest U.S. producers of welded pipes and tubes manufacture substantial quantities of these semifinished products. Most of these producers sell primarily to unrelated customers in direct competition with the Korean products. The other producers manufacture the finished products as well and consequently consume most of their own production of the semifinished products.

The imported products in question are produced by Pusan Steel Pipe Industrial Co., Ltd., of Korea, which indicated in its response to the Department of Commerce's questionnaire that the two semifinished products are \* \* \*. The semifinished products, like fence tubing, but unlike A-120 pipe, are not hydrostatically tested. In addition, the semifinished products have the inside bead (created by the electric-resistance weld (ERW) process) removed \* \* \*.

## Manufacturing processes

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 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 small circular pipes and tubes which are the subject of these investigations are produced either by the ERW or CW processes, whereas the rectangular pipes and tubes are produced only by the ERW process. 1/ 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 using forming rolls.

In the ERW process, skelp 2/ 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.

In recent years, the ERW process has gained increased popularity with U.S. producers of small-diameter pipe and tube products. This process requires significantly less energy per pipe produced, as only the joining edges of the product are heated, creating a weld of comparatively high integrity within the product specification; it can be used to produce such products in sizes up to 24 inches in outside diameter, compared with the 4.5-inch maximum outside diameter usually attainable in the CW process.

<sup>1/</sup> Transcript of the public conference on investigations Nos. 731-TA-131 and 132 (Preliminary), pp. 52 and 53.

<sup>2/</sup> Skelp is a flat-rolled, intermediate product used as the raw material in the manufacture of pipe and tube. It is typically an untrimmed band of hotor cold-rolled sheet. A-5

In the CW process, skelp is heated to approximately 2600° F and hot-formed into a cylinder. The heat in combination with the pressure of the rolls forms the weld. Continuous-weld mills generally produce the higher volume, standardized pipe products from 0.375 through 4.5 inches in outside diameter.

The advantage of the CW process lies in its ability to be used to produce pipe at speeds up to 1,200 feet per minute compared with the ERW process maximum of approximately 110 feet per minute. Thus, economies associated with high-volume production may make CW pipe cheaper to produce than ERW pipe of the same grade and specification. The CW process is especially suited for the manufacture of standardized, high-volume, small-diameter pipe products, such as the ASTM A-120 circular pipe included in these investigations.

## U.S. tariff treatment

Imports of the small circular pipes and tubes covered by these investigations are classifiable under TSUSA items 610.3231, 610.3232, 610.3241, and 610.3244, which include welded pipes and tubes (and blanks therefor 1/) of iron (except cast iron) or of nonalloy (carbon) steel, of circular cross section, with walls not thinner than 0.065 inch and having an outside diameter of not less than 0.375 inch or more than 4.5 inches. During the Tokyo round of the Multilateral Trade Negotiations (MTN), the most-favored-nation (MFN) (col. 1) rate of duty 2/ for TSUS item 610.32 was changed from 0.3 cent per pound to 1.9 percent ad valorem, effective January 1, 1982. This MFN rate of duty is the final staged rate negotiated in the Tokyo round.

Imports of the heavy-walled rectangular pipes and tubes which are covered by these investigations 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 MTN, the column 1 rate of duty for TSUS item 610.39 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 rate negotiated in the Tokyo round.

Imports of the light-walled rectangular pipes and tubes which are covered by these investigations 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, 1984, the column 1 rate of duty for TSUS item 610.49 was 9.3 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.

<sup>1/</sup> Blanks are semifinished pipe or tube hollows that are purchased by producers and further processed.

<sup>2</sup>/ 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.

#### Nature and Extent of Sales at LTFV

## Imports from Korea

Small circular welded carbon steel pipes and tubes.—In its final determination, Commerce examined sales by five Korean producers of small circular pipes and tubes. The five producers together accounted for approximately 90 percent of Korean exports of the product to the United States during the period of investigation (Nov. 1, 1982-Apr. 30, 1983). Commerce found that the foreign-market value of the subject merchandise exceeded the U.S. price on sales by each of the Korean producers by the following weighted-average margins (in percent):

Weig	hted-average margin	Share of total sales compared
Korea Steel Pipe Co., Ltd	$1.52 \ 1/$	100.0
Hyundai Pipe Co., Ltd	1.35	100.0
Pusan Steel Pipe Co., Ltd	.76	81.4
Union Steel Manufacturing Co., Ltd	.24	100.0
Dongjin Steel Co., Ltd	.22	100.0

The overall weighted-average margin on all sales compared was 0.90 percent. 2/On the basis of the above findings, Commerce determined that small circular welded pipes and tubes from Korea are being sold in the United States at LTFV. Accordingly, Commerce directed the U.S. Customs Service to continue to suspend liquidation of all entries of the subject merchandise from Korea and to require a cash deposit or the posting of a bond equal to the weighted-average margin amount by which the foreign-market value of the merchandise exceeds the U.S. price. Sales by Union and Dongjin 3/ are excluded from this order because their weighted-average LTFV margins were found to be de minimis.

Rectangular welded carbon steel pipes and tubes.—Commerce found in its final determination that Union Steel Manufacturing Co., Ltd., accounted for 97 percent of Korean exports of rectangular welded pipes and tubes to the United States during the period of its investigation. Commerce made fair-value comparisons on all of Union's exports of the subject merchandise to the United States from Feb. 1, 1983, to July 31, 1983, and found that the foreign-market value of the subject merchandise exceeded the U.S. price on 31.62 percent of sales compared, by margins of 0.05 to 10.43 percent. The overall weighted-

<sup>1</sup>/ Commerce notified the Commission on Apr. 12, 1984, that it had revised the margin for this producer. The margin was originally reported to be 2.13 percent.

<sup>2/</sup> Commerce notified the Commission on Apr. 12, 1984, that it had revised the overall weighted-average margin. The margin was originally reported to be 1.04 percent.

<sup>3/</sup> As a result of affirmative determinations by Commerce and the Commission in investigation No. 701-TA-168, Dongjin's exports of small circular pipes and tubes became subject to a countervailing duty of 1.88 percent effective February 1983.

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average margin on all sales compared was 1.47 percent. In accordance with its affirmative final determination of sales at LTFV, Commerce directed Customs to continue to suspend the liquidation of all entries of the subject merchandise.

## Imports from Taiwan

In its final determination involving small circular welded carbon steel pipes and tubes from Taiwan, Commerce examined sales of three producers in Taiwan, which collectively accounted for 95 percent of exports of the subject merchandise to the United States during the period Nov. 1, 1982-Apr. 30, 1983. The foreign-market value of the subject merchandise was found to exceed the U.S. price on sales by each of the Taiwan producers by the following weighted-average margins:

Weigh	nted-average
	margin (percent)
Kao Hsing Chang Iron & Steel Corp	9.7
Tai Feng Industries, Inc	43.7
Yieh Hsing Enterprise Co., Ltd	38.5
All other	9.7

With respect to Tai Feng and Yieh Hsing, Commerce used the best information available, because verification of those firms' questionnaire responses revealed discrepancies which rendered home-market sales prices unreliable. Commerce directed Customs to continue to suspend liquidation of all entries of the subject merchandise.

#### The Domestic Market

#### U.S. consumption

U.S. consumption of small circular, heavy-walled rectangular, and light-walled rectangular welded carbon steel pipes and tubes followed the same trend during the period covered by the investigations. Consumption of each product line decreased from 1981 to 1982 and then increased from 1982 to 1983. Percentage declines in consumption from 1981 to 1982 were 21 percent for small circular pipes and tubes, 35 percent for heavy-walled rectangular pipes and tubes, and 2 percent for light-walled rectangular pipes and tubes. Percentage increases in consumption from 1982 to 1983 were 23 percent, 22 percent, and 18 percent, respectively. Consumption data, compiled from data submitted by producers and importers in response to the Commission's questionnaires and from official statistics of the U.S. Department of Commerce, are provided in the following tabulation (in short tons):

It em	1981	1982	1983
Small circular: Heavy-walled rectangular: Light-walled rectangular:	2,025,404 542,769 167,996	353,012	

Counsel for the Korean and Taiwan producers have alleged that the western market for small circular pipes and tubes is supplied primarily by imports and that western producers do not have sufficient capacity to supply that market. Discussions with western producers and a few major west coast importers revealed that none of these firms shipped east of the Rocky Mountains. However, questionnaire data show that nonwestern producers ship relatively small quantities west of the Rockies. On the basis of these data and official import statistics by port of entry, western consumption of small circular pipes and tubes in 1982 and 1983, by sources, is derived as shown in the following tabulation:

	198	32	1983		
	Short tons	Percent of total	Short tons	Percent of total	
Western producers	62,316	22.0	75,615	18.2	
Nonwestern producers	•	8.6	31,639	7.6	
Subtotal, U.S. producers	86,774	30.6	107,254	25.8	
Imports from Korea	105,896	37.3	188,904	45.5	
Imports from Taiwan	52,378	18.4	80,693	19.4	
All other	38,772	13.7	38,581	9.3	
Subtotal, all imports	197,046	69.4	308, 178	74.2	
Total Western consumption	283,820	100.0	415,432	100.0	

Western producers' capacity to produce small circular pipes and tubes was 162,946 short tons in 1982 and 1983, which was equivalent to 57 and 39 percent of western consumption in 1982 and 1983, respectively.

Counsel for the Korean producers has also alleged that western producers of the rectangular products do not have sufficient capacity to supply that market. Although data on overland shipments into and out of the western states are not available, such shipments are likely to be relatively small because of transportation costs. Western consumption of the heavy— and light—walled rectangular pipes and tubes in 1982 and 1983, excluding overland shipments into and out of western states, is shown, by sources, in the following tabulation:

1982 1983

	Short tons	Percent of total	Short tons	Percent of total
Heavy-walled rectangular:				
Western producers	- 21,562	31.2	26,433	30.2
Imports from Korea	- 1,572	2.3	1,405	1.6
Other imports	- 45,929	66.5	59,636	68.2
Total, western consumption	- <del>69,063</del>	$1\overline{00.0}$	87,474	100.0
Light-walled rectangular:			,	
Western producers	- 29,264	68.4	29,939	45.8
Imports from Korea	- 544	1.3	7,324	11.2
Other imports	- 12,936	30.3	28, 158	43.0
Total, western consumption	$-\frac{42,744}{}$	100.0	65,421	100.0

Western producers' capacity to produce heavy-walled rectangular pipes and tubes was 62,841 short tons in 1982 and 1983, or 91 and 72 percent of western consumption in 1982 and 1983, respectively. For the light-walled rectangular product, western producers' capacity of 84,611 short tons in 1982 and 1983 was 98 and 29 percent greater than western consumption in those years, respectively.

#### Channels of distribution

In the U.S. market, sales of the pipes and tubes which are the subject of these investigations are made directly to end users or to steel service centers/distributors, which in turn sell to end users. The bulk of shipments are sold to service centers/distributors and are more or less standardized in all product lines. 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 pipe to lengths or to thread and couple it. According to AISI data, service centers/distributors accounted for 69 percent of domestic shipments of standard pipe in 1982, for 51 percent of structural tubing shipments, 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 and electrical equipment industries for standard pipe, the oil and gas industry for structural tubing, and the machinery, industrial equipment, and tools industry for mechanical tubing.

#### U.S. Producers

There are two types of welded carbon steel pipe and tube producers—large, fully integrated producers, which make raw steel and produce a variety of steel products, and smaller, nonintegrated or partially integrated

 $<sup>\</sup>frac{1}{7}$  Transcript of the public conference on investigations Nos. 731-TA-131 and 13 $\frac{1}{2}$  (Preliminary), pp. 79 and 86.

<sup>2/</sup> AISI data are not available on the basis of size or shape.

producers, which concentrate on fewer product lines. The integrated producers, which include Republic Steel Corp., Jones & Laughlin Steel, Inc., United States Steel Corp., Armco, Inc., and Bethlehem Steel Corp., 1/all of which are located in the East, concentrate production in the high-volume standardized pipe products, predominantly A-120 pipe. Armco manufactures small circular and light-walled rectangular pipes and tubes, whereas the other integrated producers manufacture only the circular product. The nonintegrated producers manufacture the low-volume, more specialized tubular products as well as the high-volume products.

CPTI members accounted for 24 percent of reported production of small circular pipes and tubes in 1983 and 26 and 64 percent of reported production of heavy- and light-walled rectangular pipes and tubes, respectively. Integrated producers accounted for 36 and \* \* \* percent of reported production of the small circular and light-walled rectangular products, respectively, in 1983.

Six western producers provided data in response to the Commission's questionnaire. All six manufacture small circular pipes and tubes. Three also produce the heavy-walled rectangular product, and five also manufacture the light-walled rectangular product. \* \* \*.

The largest U.S producers of the welded carbon steel pipes and tubes which are the subject of these investigations, as compiled from questionnaires submitted to the Commission, are shown in table 1.

Questionnaire data show that 52 percent of the reported production of the small circular pipes and tubes subject to these investigations was made by the ERW process in 1983 versus 48 percent by the CW process. All of the rectangular pipes and tubes subject to these investigations are made by the ERW process.

Integrated producers reported using both the ERW and CW processes for production of small circular pipes and tubes. Most of the nonintegrated producers which submitted questionnaire data to the Commission reported production by the ERW process exclusively.

<sup>1/</sup> Bethlehem permanently closed its pipe and tube operations, which were located at Sparrows Point, Md., effective Apr. 30, 1983.

Table 1.—Certain welded carbon steel pipes and tubes: 1/ Selected producers' shares of reported U.S. production, by product lines, 1983

		(In perce	n	t)		f
	:	Small	:	Heavy-walled	: Li	ght-walled
Pro	lucers	circular	:	rectangular	: re	ctangular
1100	incers :	pipes	:	pipes	:	pipes
		and tubes	:	and tubes	:	and tubes
	:		:		:	
* * *		***	:	***	:	***
* * *		***	:	***	:	***
* * *		***	:	***	:	***
* * *		***	:	***	:	***
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* * *		***	:	***	:	***
* * *		***	:	***	:	***
* * *		***	:	***	:	***
* * *		***	:	***	:	***
All other		22.9	:	6.0	:	25.9
		100.0	:	100.0	:	100.0
	:		:		:	

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

#### U.S. Importers

According to the U.S. Customs Service's net import file, approximately 120 firms imported small circular welded pipes and tubes from Korea, and about 80 firms imported the product from Taiwan during 1982 and January-September 1983. In the same period, there were 16 importers of the heavy-walled rectangular product from Korea and 19 importers of the light-walled rectangular product from Korea. The major importers are shown in table 2.

Some of the largest importers of pipes and tubes from Korea are U.S. affiliates of Korean producers. \* \* \*. A few other importers of Korean pipes and tubes are U.S. subsidiaries of Korean firms that are not pipe and tube producers. None of the importers of pipes and tubes from Taiwan are affiliated with the pipe and tube producers in that country.

Table 2.--Certain welded carbon steel pipes and tubes: 1/ Importers' shares of U.S. imports, by product lines and by sources, January 1982-September 1983

(In percent) :Small circular pipes : Heavy-walled Light-walled and tubes from-rectangular rectangular Importers : pipes and tubes: pipes and tubes Korea Taiwan from Korea from Korea \*\*\* : \*\*\* : \*\*\* \*\*\* : \*\*\* : \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* : \*\*\* : \*\*\* \*\*\* \*\*\* \*\*\* • \*\*\* \*\*\* . \*\*\* \* \* \*-----\*\*\* . \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* · \*\*\* : \*\*\* : \*\*\* : \*\*\* \*\*\* \*\*\* \* \*-----\*\*\* \* \* \*----: \*\*\* \*\*\* \*\*\* \*\*\* • \*\*\* • \*\*\* • \*\*\* \* \* \*-----\*\*\* : \*\*\* \*\*\* \* \* \*-----\*\*\* . \*\*\* . \*\*\* \*\*\* • \*\*\* \*\*\* \*\*\* • \*\*\* : All other----: 42.4 : 37.1 : 14.5 : 10.3 100.0: 100.0 : 100.0: 100.0

Source: Compiled from official statistics of the U.S. Customs Service.

Other major importers of pipes and tubes from Korea and Taiwan, such as \* \* \*, are steel service centers/distributors, which warehouse the product and fill orders from inventory. Still others, such as \* \* \*, are independent trading companies, whereas others, such as \* \* \*, are U.S. affiliates of Japanese firms. The trading companies and U.S. affiliates of foreign firms (Korean or Japanese) may or may not maintain inventories themselves and nearly always sell to service centers/distributors, which, in turn, supply end-user markets. Finally, importers of pipes and tubes from the countries subject to the investigations include end users, such as \* \* \*, and U.S. producers, such as \* \* \*.

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

#### The Korean Industry

According to the Korea Iron & Steel Association, there are currently eight manufacturers of welded carbon steel pipes and tubes in Korea. These firms are Pusan Steel Pipe Industrial Co., Ltd., Hyundai Pipe Co., Ltd., Korea Steel Pipe Co., Ltd. (K.S.P.), Dongjin Industrial Co., Ltd., Union Steel Manufacturing Co., Ltd., Dongkuk Heavy Industries, Ltd., Fuji Works-Korea, Ltd., and Masan Steel Tube Co., Ltd. Pusan, Hyundai, K.S.P., Dongjin, and Union are the largest Korean producers and exporters of small circular pipes and tubes, and Union accounts for virtually all Korean production and exports of rectangular pipes and tubes.

*	*	*	*	*		*.
*	*		*		*	
*	*	*	*	*	*	*.
*	*	*	*	*	*	*.
*	*	*	*	*	*	*.

Data on Korean production, home-market sales, and exports of small circular welded carbon steel pipes and tubes covered by the investigations are presented in table 3. Total Korean production and home-market sales of the circular product increased by 29 and 71 percent, respectively, during 1981-83. Data on Korean capacity to produce the pipes and tubes subject to these investigations are not available; however, Korean capacity for all types and sizes of pipes and tubes was 2,661 thousand tons in 1983, production was 1,681 thousand tons, and capacity utilization was 63 percent. Korean exports to the United States decreased by 7 percent from 1981 to 1982 and then increased by 44 percent from 1982 to 1983. Exports to countries other than the United States increased by 38 percent from 1981 to 1982 and then declined by 39 percent from 1982 to 1983. Major export markets, in addition to the United States, are \* \* \*. Exports to the United States, as a share of total shipments, fell from 52 percent in 1981 to 42 percent in 1982 and then rose to 52 percent in 1983.

The following tabulation shows home-market, U.S., and third-country sales for the five Korean producers of small circular pipes and tubes that were examined by Commerce during the period of its investigation, November 1982-April 1983. Shown also are subtotals for the three producers found to have overall sales at LTFV and for the two with de minimis margins (in short tons):

	Home-market	U.S.	Third country
LTFV producers:			
Pu san	- ***	***	***
Hyunda i	. ***	***	***
Korea Steel Pipe	- ***	***	***
Subtotal, LTFV producers	***	***	***
Non-LTFV producers:			
Dongjin	. ***	***	***
Union	***	***	***
Subtotal, non-LTFV producers-	***	***	***
Tota 1	83,113	205,110	36,977

Table 3.--Small circular welded carbon steel pipes and tubes: Korean production, home-market sales, and exports, 1981-83

(In thousands of short tons) 1981 1982 1983 Item Production: \*\*\* : \*\*\* LTFV producers---: \*\*\* : \*\*\* : \*\*\* Non-LTFV producers----: Other producers----: \*\*\* : \*\*\* : \*\*\* 742: 662: 856 \*\*\* : \*\*\* : Total excluding non-LTFV producers-----: \*\*\* Home-market sales: \*\*\* : \*\*\* : \*\*\* LTFV producers----: \*\*\* : \*\*\* \*\*\* : Non-LTFV producers----: Other producers----: \*\*\* : \*\*\* : \*\*\* 160: 274 218 : \*\*\* : \*\*\* : \*\*\* Total excluding non-LTFV producers----: Exports to the United States: \*\*\* : \*\*\* LTFV producers 1/----: \*\*\* : \*\*\* : \*\*\* : \*\*\* Non-LTFV producer s----: Other producers----: \*\*\* \*\*\* . \*\*\* Total 1/----: 287: 413 310: Total excluding non-LTFV producers 1/----: Exports to other countries: \*\*\* LTFV producers----Non-LTFV producers----: \*\*\* \*\*\* • \*\*\* Other producers----: \*\*\* \*\*\* \*\*\* 127: 175: 106 \*\*\* : Total excluding non-LTFV producers----: \*\*\* : \*\*\*

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

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

<sup>1/</sup> Includes Pusan's exports of semifinished conduit shell and tube hollows, which amounted to \* \* \* short tons in 1981, \* \* \* short tons in 1982, and \* \* \* short tons in 1983.

Korean production, home-market sales, and exports to the United States and other countries, of heavy- and light-walled rectangular pipes and tubes in 1982 and 1983, 1/ are shown in the following tabulation (in short tons):

	1982	<u>1983</u>
Production	** *	** *
Home-market sales	***	***
Exports to the United States	***	***
Exports to other countries	***	***

### The Taiwan Industry

According to counsel for the Taiwan Steel & Iron Industries Association, there are currently 13 manufacturers of small circular welded carbon steel pipes and tubes in Taiwan. Three firms, Kao Hsing Chang Iron & Steel Corp., Yieh Hsing Enterprise Co., Ltd., and Tai Feng Industries, Inc., together accounted for \* \* \* percent of Taiwan's capacity in 1983. Tai Feng, \* \* \*, ceased production in November 1983, allegedly as a result of the preliminary LTFV margin of 60.8 percent determined by Commerce on October 28, 1983. Tai Feng accounted for \* \* \* percent of Taiwan's small circular pipe and tube capacity in 1982.

Taiwan's capacity to produce small circular welded carbon steel pipes and tubes increased by 11 percent from 1981 to 1983 (table 4). Production, excluding that of Tai Feng, rose by 29 percent during the same period, as capacity utilization increased from 62 percent in 1981 and 1982 to 72 percent in 1983. Total sales rose by 15 percent from 1981 to 1983, whereas home-market sales declined by 11 percent from 1981 to 1982 and then rose marginally from 1982 to 1983. Home-market sales accounted for 64 percent of total sales in 1981, 54 percent in 1982, and 50 percent in 1983. Export sales to the United States increased by 8 percent from 1981 to 1982 and then decreased by 2 percent from 1982 to 1983. As a share of total sales, export sales to the United States were 25 percent in 1981, 26 percent in 1982, and 23 percent in 1983. Total export sales increased by 58 percent from 1981 to 1983, and export sales to countries other than the United States nearly tripled during the same period. Export markets, in addition to the United States, include \* \* \*. Employment of production workers rose by 13 percent from 1981 to 1982 and then fell slightly in 1983. Projections for 1984 show anticipated increases in capacity, production, and home-market sales and decreases in exports (to the United States and third countries), total sales, and employment, compared with 1983 levels.

<sup>1/</sup> Data for 1981 are not available.

Table 4.--Small circular welded carbon steel pipes and tubes: Taiwan's capacity, export sales, and home-market sales, 1981-84 1/

Item :	1981	:	1982	:	1983	:	1984
•		:		:		:	
Capacity1,000 short tons:	467	:	506	:	518	:	547
Production 2/do:	290	:	315	:	373	:	391
Capacity utilization 3/percent:	62.1	:	62.3	:	72.0	:	71.5
Sales:		:		:		:	
Exported to :		:		:		:	
The United States :		:		:		:	
1,000 short tons:	88	:	95	:	93	:	65
All other countriesdo:	40	:	73	:	108	:	97
Subtotaldo:	127	:	168	:	201	:	163
Home-marketdo:	224	:	200	:	201	:	223
Totaldo:	3 51	:	3 68	:	402	:	386
Number of production workers:	2,000	:	2,258	:	2,240	:	1,840
:		:_		:		:	

<sup>1/</sup> Data for 1984 are projected.

Source: Compiled from data submitted by counsel for the Taiwan Steel & Iron Industries Association.

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

## The Question of Material Injury

The Commission sent questionnaires to the 9 CPTI member producers as well as to 60 other producers identified by the petitioners as manufacturers of the products subject to the investigations. Thirty-one producers provided usable information. Thirteen manufactured only small circular pipes and tubes, and 10 produced a combination of small circular and light-walled rectangular pipes and tubes. Only four producers manufactured all three product lines. In all, 28 of the 31 firms produced small circular pipes and tubes, 8 produced heavy-walled rectangular pipes and tubes, and 15 produced the light-walled rectangular product. These firms are believed to collectively account for approximately 80 to 85 percent of U.S. production of the small circular and heavy-walled rectangular pipes and tubes subject to the investigations and 70 to 75 percent of the light-walled rectangular pipes and tubes. Several respondents were unable to provide usable employment data and income-and-loss data, for the most part because of an inability to provide data by product lines. As a result, the data in those sections of the report are understated relative to data contained in other sections.

<sup>2/</sup> Excludes Tai Feng's production for all years.

<sup>3/</sup> Understated as a result of the exclusion of Tai Feng's production.

## U.S. production, capacity, and capacity utilization

As shown in table 5, U.S. production of small circular welded carbon steel pipes and tubes decreased by 31 percent from 1981 to 1982 and then increased by 7 percent from 1982 to 1983. Production of heavy- and light-walled rectangular pipes and tubes also declined from 1981 to 1982, by 43 and 11 percent, respectively, and then rose from 1982 to 1983 by 24 and 12 percent, respectively. Capacity utilization for all three product lines followed the same trend, falling from 1981 to 1982 and then rising from 1982 to 1983. Integrated producers of small circular pipes and tubes had significantly lower capacity utilization than nonintegrated producers and experienced an overall 4-percent decline in production of this product from 1982 to 1983 compared with an overall 14-percent increase in production by the nonintegrated producers. Armco, the only integrated producer of the light-walled rectangular product, \* \* \*. Capacity for manufacturing the circular and light-walled rectangular products increased marginally from 1981 to 1982 and then fell from 1982 to 1983. Heavy-walled rectangular capacity was constant from 1981 to 1982 and then increased from 1982 to 1983.

Counsel for the Taiwan Steel & Iron Industries Association and the Korea Iron & Steel Association have alleged that production of pipes and tubes covered by the investigations have been concentrated in states east of the Rocky Mountains, and that imports of the product enter predominantly through west coast ports. Questionnaire data show that six producers in states west of the Rocky Mountains (five in California and one in Arizona) together accounted for 4 percent of total reported capacity and 8 percent of total reported production of small circular pipes and tubes in 1983. Three western producers together accounted for 9 percent of reported capacity and production of heavy-walled rectangular pipes and tubes, whereas five western producers accounted for 43 and 28 percent of reported capacity and production, respectively, of the light-walled rectangular product in 1983. Geographical concentrations of imports are discussed in the section of this report dealing with U.S. imports.

Table 5.--Certain welded carbon steel pipes and tubes: 1/ U.S. production, capacity, and capacity utilization, by product lines, 1981-83

Item	1981	1982	1983
Capacity: :	•		
Small circular: :	:	:	
Integrated producers :	:	: :	
short tons:	2,966,700 :	2,966,700 :	2,474,300
Nonintegrated producers 2/ :	:		
short tons:	1,082,096:	1,085,687 :	1,131,577
Total 2/	4,048,796 :	4,052,387 :	3,605,877
Heavy-walled rectangular 2/ :	:	:	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
short tons:	662,841 :	662,841 :	711,841
Light-walled rectangular 2/ :	:	:	•
short tons:	207,672 :	208,618 :	195,088
Production: :	:	:	·
Small circular: :	:	: .	
Integrated producers :	:	:	
short tons:	687,154:	385,299:	371,649
Nonintegrated producers :	:	:	
short tons:	712,813 :	580,720 :	660,631
To taldo	1,399,967:	966,019:	1,032,280
Heavy-walled rectangular :		:	•
short tons:	357,656:	205,575 :	254,370
Light-walled rectangular :	:	,	***
short tons:	118,838 :	106,202 :	119,274
Capacity utilization: :	:	:	•
Small circular: :	:	:	
Integrated producers :	:	:	
short tons:	23.2 :	13.0:	15.0
Nonintegrated producers 3/ :	:	:	
short tons:	65.3 :	53.0 :	57.6
Total 3/do:	34.4 :	23.7 :	28.4
Heavy-walled rectangular 3/ :	:	•	
percent:	51.3:	30.5 :	34.9
Light-walled rectangular 3/ :	•	<b>.</b>	
percent:	54.6 :	48.7 :	58.6
:	:	:	

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

<sup>2/</sup> Excludes capacity of firms which accounted for 0.9, 2.4, and 4.2 percent of reported production of the small circular, heavy-walled rectangular, and light-walled rectangular products, respectively, in 1983.

<sup>3</sup>/ Production by firms which could not provide data on capacity are excluded from the calculations.

Western producers' capacity for all three products remained constant during 1981-83 (table 6). Western production and capacity utilization followed the same trend as that for the industry as a whole, decreasing from 1981 to 1982 and increasing from 1982 to 1983. Capacity utilization rates in the West were higher than the overall industry average for the circular product but lower than the industry average for nonintegrated producers of that product. Western producers' capacity utilization was lower than the industry average for the light-walled rectangular product during 1981-83. For the heavy-walled rectangular product, western capacity utilization was lower than the industry average in 1981 but higher in 1982 and 1983.

Table 6.--Certain welded carbon steel pipes and tubes: 1/ Western U.S. production, capacity, and capacity utilization, by product lines, 1981-83

Item	1981	1982	1983
:		•	:
Capacity: :		:	:
Small circularshort tons:	162,946	: 162,946	: 162,946
Heavy-walled rectangular :	•	:	:
short tons:	62,841	: 62,841	: 62,841
Light-walled rectangular :	- '	:	:
short tons:	84,611	: 84,611	: 84,611
Production: :		:	:
Small circular short tons:	87,026	: 62,018	: 78,469
Heavy-walled rectangular :		:	:
short tons:	26,409	: 20,230	: 23,921
Light-walled rectangular :	-	:	•
short tons:	29,212	: 28,719	: 33,826
Capacity utilization: :	·	•	•
Small circularpercent-:	53.4	: 38.1	: 48.2
Heavy-walled rectangular :	3000	:	:
percent:	42.0	32.2	: 38.1
Light-walled rectangular :		•	•
percent:	34.5	33.9	: 40.0
percent,	J-4.J	. 55.7	

<sup>1/</sup> 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 data submitted in response to questionnaires of the U.S. International Trade Commission.

# U.S. producers' shipments and inventories

As shown in table 7, U.S. producers' domestic shipments of all three product lines followed the same trend as production, decreasing from 1981 to 1982 and then increasing from 1982 to 1983. Percentage declines from 1981 to 1982 were 27 percent for small circular pipes and tubes, 42 percent for heavy-walled rectangular pipes and tubes, and 9 percent for light-walled rectangular pipes and tubes. Percentage increases from 1982 to 1983 were 4, 20, and 2 percent for the small circular, heavy-walled rectangular, and light-walled rectangular products, respectively. In contrast with the overable improvement in domestic shipments in 1983, integrated producers of the

Table 7.--Certain welded carbon steel pipes and tubes: 1/ U.S. producers' domestic shipments and inventories, by product lines, 1981-83

Item	1981	1982	1983
:	:	:	
Domestic shipments: :	:	:	
Small circular: :	:	:	
Integrated producers :	:	:	
short tons:	671,106:	421,021 :	389,477
Nonintegrated producers :	:	:	
short tons:	696,382 :	570,577 :	642,911
To taldo:	1,367,488 :	991,598 :	1,032,388
Heavy-walled rectangular :	:	:	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
short tons:	358,430 :	207,698 :	249,982
Light-walled rectangular :	:		
short tons:	122,568:	111,168:	113,299
Inventories: :			113,277
Small circular:	•	•	
Integrated producers :	•	•	
short tons:	113,541:	71,492 :	49,203
Nonintegrated producers 2/ :			13,203
short tons:	85,491 :	79,285 :	86,378
Total 2/do:	199,032 :	150,777:	135,581
——————————————————————————————————————	177,032 .	150,777 .	133,301
Heavy-walled rectangular : short tons:	39,237 :	37,050:	45,997
	39,237 .	37,030 .	43,337
Light-walled rectangular 2/ : short tons:	10,077:	0 220 .	0 100
	10,077:	8,328:	8,108
Ratio of inventories to domestic :	:	:	
shipments: :	:	:	
Small circular: :	;	:	
Integrated producerspercent:	16.9:	17.0:	12.6
Nonintegrated producers 3/-do:	12.4:	14.1 :	13.6
Total 3/:	14.6 :	15.3:	13.3
Heavy-walled rectangulardo:	10.9:	17.8:	18.4
Light-walled rectangular 3/do:	8.6 :	7.8:	7.6
<u> </u>	:	<b>:</b> ,	

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

circular product experienced a 7-percent drop in shipments from 1982 to 1983 (compared with a 13-percent increase for the nonintegrated producers).

<sup>2/</sup> Excludes inventories held by firms which accounted for 0.9 percent and  $5.\overline{4}$  percent of reported shipments of the small circular and light-walled rectangular products, respectively, in 1983.

<sup>3/</sup> Shipments by firms which could not provide data on inventories are excluded from the calculations.

Most producers reported selling small circular pipes and tubes to customers located within a radius of 300 to 1,000 miles, although some shipped greater distances. Producers located east of the Rocky Mountains reported that between 2.5 and 3.3 percent of their aggregate U.S. shipments of small circular pipes and tubes during 1981-83 were to customers west of the Rocky Mountains. None of the producers located in the West shipped east of the Rockies.

Yearend inventories of the small circular and light-walled rectangular products fell steadily during 1981-83, whereas inventories of the heavy-walled rectangular product declined from 1981 to 1982 and then rose from 1982 to 1983. At yearend 1983, inventories of small circular and light-walled rectangular pipes and tubes were 32 and 20 percent lower, respectively, than at yearend 1981, whereas yearend 1983 inventories of heavy-walled rectangular pipes and tubes were 17 percent higher than the 1981 level and 24 percent higher than the 1982 level. Inventories of small circular pipes and tubes as a percentage of domestic shipments increased from 1981 to 1982 and then decreased from 1982 to 1983, whereas the ratios of inventories to domestic shipments of the heavy-walled and light-walled rectangular pipes and tubes rose steadily and fell steadily, respectively, during 1981-83.

U.S. producers' export shipments during 1981-83 never exceeded 1 percent of U.S. production or shipments of any of the three product lines. Export markets include Canada, Central America, South America, Europe, Asia, the Middle East, and the Far East.

U.S. producers' imports, or purchases of imports, of pipes and tubes covered by these investigations, excluding imports of pipes and tubes not manufactured by the firms doing the importing, are shown, by sources, in the following tabulation (in short tons):

<u>Item</u>	1981		1982	1983
Small circular from				
Korea	***		***	***
Taiwan	** *		** *	***
All other countries	***		***	***
Tota 1	** *		***	***
Heavy-walled rectangular 1/ 2/	***		***	***
Light-walled rectangular 1/	***		***	***
		,		
* * *	*	*	*	*.
* * *	*	*	*	*.

<sup>1/</sup> All from sources other than Korea.

 $<sup>\</sup>overline{2}$ / Excludes \* \* \* purchased in 1981, 1982, and 1983, respectively, by \* \* \*, which does not produce this product.

## U.S. employment and productivity

As shown in table 8, employment of workers producing small circular, heavy-walled rectangular, and light-walled rectangular pipes and tubes 1/declined by 22, 28, and 6 percent, respectively, from 1981 to 1982, and by 5, 5, and 1 percent, respectively, from 1982 to 1983. Average weekly hours worked by workers producing each of the three products also fell from 1981 to 1982 and from 1982 to 1983.

Workers employed in the production of all three product lines received increases in wages and total compensation from 1981 to 1982, but some decreases were experienced from 1982 to 1983, particularly for the workers producing the circular product. Large, integrated producers of the circular product paid workers substantially higher wages and fringe benefits than did nonintegrated producers. Armco, the only integrated producer of the light-walled rectangular product, \* \* \*. Workers at four of the five integrated steel-producing firms that submitted questionnaire responses are represented by the United Steelworkers of America, and workers at the fifth integrated firm, \* \* \*. Of the 26 nonintegrated firms that responded to the questionnaire, 11 are nonunion; 7 have workers represented by the United Steelworkers; 4, by the Teamsters union; 2, by the United Auto Workers union; 1, by the Metal Processors, Fabricators, and Finishers union; and 1, by the Sheet Metal Workers union.

Productivity of workers producing small circular and heavy-walled rectangular pipes and tubes declined 8 percent and 9 percent, respectively, from 1981 to 1982 and then rose 14 percent and 34 percent, respectively, from 1982 to 1983. Nonintegrated producers had consistently higher rates of productivity in the production of small circular pipes and tubes than did integrated producers. Output of workers producing light-walled rectangular pipes and tubes improved steadily during 1981-83, rising 32 percent. \* \* \*.

<sup>1/</sup> A number of firms that produced more than one of the products covered by these investigations could not provide separate employment data by product line. These include six producers accounting for 10 percent of production of the circular product in 1983, three producers accounting for 4 percent of production of the heavy-walled rectangular product, and six producers accounting for 58 percent of production of the light-walled rectangular product. \* \* \*.

Table 8.--Average number of production and related workers engaged in the manufacture of certain welded carbon steel pipes and tubes, 1/ hours worked by such workers, wages paid, total compensation, and output per hour, by product lines, 1981-83

Item	1981 :	198 2	1983
:	:	:	
Number of workers: 2/ Small circular:	:	•	
Integrated producers:	3,215:	· 2 172 •	2 018
	•	2,172:	2,018
Nonintegrated producers	2,263:	2,102 : 4,274 :	2,062 4,080
	5,478:	· · · · · · · · · · · · · · · · · · ·	
He avy-walled rectangular:	380:	275:	261 140
Light-walled rectangular:	150:	141 :	140
Hours worked: 2/	;	:	
Small circular:	•	•	
Integrated producers :		:	22.1
per worker, per week:	37.9:	36.0:	33.1
Nonintegrated producersdo:	40.5 :	36.8 :	38.5
Totaldo:	39.0:	36.4:	35.8
He avy-walled rectangulardo:	40.5 :	36.4:	35.5
Light-walled rectangulardo:	38.5:	33.2:	33.0
Wages paid: 2/	:	:	
Small circular: :	•	:	
Integrated producers :	414.00	415.75	41/00
per worker, per week:	\$14.20:	\$15.75 :	\$14.08
Nonintegrated producersdo:	10.51 :	11.21 :	10.72
Totaldo:	12.62:	13.49 :	12.26
Heavy-walled rectangulardo:	10.70:	11.43:	11.72
Light-walled rectangulardo:	9.30:	10.74 :	10.72
Total compensation: 2/ : Small circular: ::	•	•	
*	•	•	
Integrated producers :	#10 00 ·	ho o o o o .	kaa 52
per worker, per hour:	\$19.92:	\$22.87:	\$22.52
Nonintegrated producersdo:	14.65 :	16.28 :	15.02
Tota1do:	17.66:	19.60 :	18.45
He avy-walled rectangulardo:	13.72:	15.17:	14.87
Light-walled rectangulardo:	11.11:	13.44 :	13.82
Output per hour: 3/	•	:	
Small circular: :	:		
Integrated producers :	,	•	
pounds per worker, per hour:	226 :	197:	222
Nonintegrated producersdo:	262 :	248:	279
Totaldo:	241 :	222:	253
He avy-walled rectangulardo:	865 :	786:	1,052
Light-walled rectangulardo:	331:	355 :	436
:			

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

<sup>2/</sup> Excludes data for firms which accounted for 10.5 percent, 4.2 percent, and 57.8 percent of reported production of the small circular, heavy-walled rectangular, and light-walled rectangular products, respectively, in 1983.

<sup>3</sup>/ Excludes output of firms which could not provide data on hours worked A-24

## Financial experience of U.S. producers

Income-and-loss data, by establishments and for specific welded carbon steel pipes and tubes subject to these investigations, were received from 22 U.S. producers. These 22 firms together accounted for 87 percent of reported combined production of small circular and rectangular welded carbon steel pipes and tubes in 1983.

Overall establishment operations.—Total establishment net sales dropped by 39 percent, from \$10.1 billion in 1981 to \$6.1 billion in 1983 (table 9). 1/ The 22 firms reported operating losses of \$618 million (9.8 percent of net sales) in 1982, and \$501 million (8.2 percent of net sales) in 1983 compared with an operating income of \$565 million (5.6 percent of net sales) in 1981. Combined net sales of the small circular and rectangular welded carbon steel pipes and tubes as a share of establishment sales ranged from 9.4 percent in 1981 to nearly 11 percent in 1982 and 1983.

Small circular pipes and tubes. -- Nineteen of the 22 reporting firms manufacture small circular pipes and tubes. The 19 firms together accounted for 88 percent of reported production of this product in 1983. As shown in table 10, net sales of small circular pipes and tubes fell from \$732.6 million in 1981 to \$542.2 million in 1982 and \$514.0 million in 1983, or by 30 percent overall. In the aggregate, the 19 firms sustained combined operating losses of \$33.3 million, or 6.1 percent of net sales in 1982, compared with an operating income of \$10.8 million, or 1.5 percent of net sales, in 1981. 1983, the industry continued to sustain operating losses of \$11.5 million, or 2.2 percent of net sales. However, the operating losses declined by 66 percent from the level of 1982, despite declining sales. Net income-or-loss margins followed a trend similar to that of operating income-or-loss margins. U.S. producers reported negative cash flows of \$29.2 million in 1982 and \$6.9 million in 1983 compared with a positive cash flow of \$17.4 million in 1981. Seven firms sustained operating losses in 1982 compared with five firms in 1981 and 1983.

<sup>1/</sup> The overall establishment income-and-loss data are dominated by two firms, \* \* \*, which together accounted for over 70 percent of total establishment sales and operating income or loss during 1981-83.

Table 9.--Income-and-loss experience of 22 U.S. producers on the overall operations of their establishments within which welded carbon steel pipes and tubes 1/ are produced, accounting years 1981-83

It em :	1981	1982	<u>2</u> / 1983
:	:	:	
Net salesmillion dollars:	10,062:	6,293 :	6,112
Cost of goods solddo:	9,040 :	6,463 :	6,232 <sup>.</sup>
Gross profit or (loss)do:	1,022:	(170):	(120)
General, selling, and administra- :	:	:	
tive expensesmillion dollars:	457 :	448 :	381
Operating income or (loss)do:	565:	(618):	(501)
Interest expensedo:	18:	16:	11
Other expensedo:	4:	12 :	21
Net income or (loss) before income:	:	•	
taxesmillion dollars:	543:	(646):	(533)
Depreciation and amortization :	•	:	
included abovemillion dollars:	166:	133:	1 14
Cash flow from operationsdo:	709:	(513):	(419)
Ratio to net sales of :		•	• • • • • • • • • • • • • • • • • • • •
Gross profit or (loss)percent:	10.2 :	(2.7):	(2.0)
Operating income or (loss) :	:	•	
percent:	5.6:	(9.8):	(8.2)
Net income or (loss) before :	:	:	
income taxespercent:	5.4:	(10.3):	(8.7)
Cost of goods solddo:	89.8 :	102.7:	102.0
General, selling, and administra-:		:	
tive expensespercent:	4.5 :	7.1 :	6.2
Number of firms reporting :	:	:	
operating losses:	4 :	9:	4
Number of firms reporting net :	•	:	
losses:	5:	11:	6
Ratio of small circular and rec- :	:	:	
tangular welded carbon steel :	:	:	
pipe and tube sales to total :	:	:	
establishment salespercent:	9.4:	10.9:	10.7
:	:	:	

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

<sup>2/</sup> Data for 1 firm are for a 10-month period.

Table 10.--Income-and-loss experience of 19 U.S. producers on their operations producing small circular welded carbon steel pipes and tubes, 1/2 accounting years 1981-83

Item	1981	198 2	1983 <u>2</u> /
*	:	;	ومناه وما والمنافق ومنافق والمنافق
Net sales1,000 dollars:	732,608:	542,188 :	514,014
Cost of goods solddo:	677,502:	530,633:	484,553
Gross profitdo:	55,106:	11,555:	29,461
General, selling, and adminis- :	:	:	•
trative expenses1,000 dollars:	44,325 :	44,894 :	40,919
Operating income or (loss)do:	10,781 :	(33,339):	(11,458)
Interest expensedo:	6,858 :	6,131 :	4, 153
Other income or (expense)do:	267 :	(367):	(83)
Net income or (loss) before income:	:	:	
taxes1,000 dollars:	4,190 :	(39,837):	(15,694)
Depreciation and amortization :	:	:	
included above1,000 dollars:	13,249 :	10,620 :	8,810
Cash flow from operationsdo:	17,439 :	(29,217):	(6,884)
Ratio to net sales of :	:	:	
Gross profit or (loss)percent:	7.5 :	2.1:	5.7
Operating income or (loss)-do:	1.5 :	(6.1):	(2.2)
Net income or (loss) before :	:	:	
income taxespercent:	.6 :	(7.3):	(3.1)
Cost of goods solddo:	92.5 :	97.9 :	94.3
General, selling, and administra-:	:	:	
tive expensespercent:	6.0 :	8.3 :	8.0
Number of firms reporting :	:	:	
operating losses:	<b>5</b> :	7:	5
Number of firms reporting net :	•	:	
losses:	7 :	10 :	7
:	:	:	

<sup>1/</sup> The small circular pipes and tubes for which data are presented are defined in the description and uses section of this report.

Three of the 19 reporting firms are located in western states. The financial experience of these 3 firms concerning their small circular pipe and tube operations compared with that of the remaining 16 firms which operate in nonwestern states is presented in the following tabulation:

<sup>2/</sup> Data for 1 firm are for a 10-month period.

: Item	Western producers			Nonwestern producers		
	1981	1982	1983	1981	198 2	1983
Net sales1,000 dollars: Operating income or (loss):		18,595	20,412	: :712,859 :	523,593 :	493,602
1,000 dollars: Operating income or (loss):	1,322	453	1,311	. 9,459	(33,792):	(12,769)
marginpercent:		2.4	6.4	1.3	(6.5):	(2.6)

In the aggregate, western producers were relatively more profitable than nonwestern producers on their small circular pipe and tube operations during 1981-83.

Of the 19 reporting firms, 5 are integrated producers of small circular pipes and tubes. The following tabulation shows income-and-loss data for the 5 integrated producers and the 14 nonintegrated producers.

, T+	Integrated producers		Nonintegrated producers			
Item	1981	1982	1983	1981	198 2	198 3
Net sales1,000 dollars Operating income or (loss)		: 225,925	: :189,771 :	: :373,517 :	316,263 :	324,243
1,000 dollars	:(18,301)	(44,941)	:(29,727)	29,082 :	11,602 :	18,269
Operating income or (loss) marginpercent		(19.9)	(15.7):	7.8:	3.7	5.6

The above data show that the integrated producers sustained operating losses in each year during 1981-83, and the nonintegrated producers earned operating income in every period. Three of the five integrated firms reported gross losses in 1981 and in 1983, and four such firms sustained gross losses in 1982. In contrast, none of the nonintegrated producers reported gross losses during 1981-83.

Two of the 5 integrated firms and 11 of the 14 nonintegrated firms supplied data for their raw-material costs, direct labor costs, and other factory costs. Such data are estimated by some of the firms. The percentage distribution for each of these costs in relation to their total cost of goods sold is presented in the following tabulation:

	Integrated producers			Nonintegrated producers		
Item :	1981	1982	1983	1981	198 2	1983
		:	:	: :	:	
Raw materialpercent:	50.7 :	45.6 :	52.4	: 72.5:	72.7:	72.3
Direct labordo:	31.8	: 34.7 :	: 30.0	: 11.9 :	11.7:	11.3
Other factory costs :			:	: :	:	ļ
do:	17.5	: 19.7 :	: 17.6	: 15.6 :	15.6:	16.4
Total cost of goods :	,	:		: :	:	
soldpercent:	100.0:	100.0:	: 100.0	: 100.0:	100.0:	100.0
:		<u> </u>	:	<u>::</u>	<u> </u>	

Raw-material costs accounted for a much higher percentage of total costs of goods sold for nonintegrated producers than for integrated producers, whereas direct labor costs were relatively much more significant for integrated producers than for nonintegrated producers.

Steel coil accounts for virtually 100 percent of the cost of raw materials used in the production of nongalvanized pipes and tubes covered by these investigations. Zinc accounts for approximately 15 to 20 percent of the cost of raw materials used in the production of galvanized pipes and tubes. In general, reporting producers purchased coil from a variety of sources, selecting the lowest cost source at the time, whether domestic or foreign. Prices varied from about \$300 per ton to \$500 per ton, depending upon the grade of steel (carbon content, tensile strength, and so forth), whether hot-rolled or cold-rolled (the latter costs about \$50 per ton more), the finish (galvanized or black), the thickness, and whether preslit or in standard widths. Most producers indicated that coil prices were stable or declined slightly during 1982 and most of 1983 and then began to increase in the latter part of 1983.

Heavy-walled rectangular pipes and tubes. -- Four of the 22 reporting tirms manufacture heavy-walled rectangular pipes and tubes (table 11). The four firms together accounted for 90 percent of reported production of this product in 1983. Net sales of heavy-walled rectangular pipes and tubes declined from \$162.3 million in 1981 to \$98.4 million in 1982, or by 39 percent, and then further declined to \$97.3 million in 1983.

The four responding firms reported an aggregate operating loss of \$1.7 million, equivalent to 1.7 percent of net sales in 1982, compared with an operating income of \$12.6 million, or 7.8 percent of net sales, in 1981. In the same period, the ratio of gross profit to net sales dropped to 12.5 percent from 17.2 percent as a result of increasing costs of goods sold in relation to the lower level of sales. In 1983, the industry earned an operating income of \$3.1 million, or 3.1 percent of net sales, in spite of declining sales and a declining average selling price, primarily because of reductions in costs and operating expenses relative to net sales. Pretax net

Table 11.--Income-and-loss experience of 4 U.S. producers on their operations producing heavy-walled rectangular welded carbon steel pipes and tubes, 1/accounting years 1981-83

Item :	1981	198 2	1983
	•	:	
Net sales:	162,335:	98,426 :	97,338
Cost of goods solddo:	134,393 :	86,164:	83,410
Gross profitdo:	27,942 :	12,262:	13,928
General, selling, and admini- :	:	•	
strative expenses-1,000 dollars:	15,336 :	13,952 :	10,864
Operating income or (loss)do:	12,606:	(1,690):	3,064
Interest expense1,000 dollars:	1,733 :	1,271 :	1,239
Other incomedo:	4,152:	2,716:	1,709
Net income or (loss) before income:	:	:	
taxes1,000 dollars:	15,025 :	(245):	3,534
Depreciation and amortization :	:	:	
included above1,000 dollars:	3,037:	3,051:	3,079
Cash flow from operationsdo:	18,062 :	2,806:	6,613
Ratio to net sales of :	•	:	·
Gross profitpercent:	17.2:	12.5:	14.3
Operating income or (loss) :	•	:	
percent:	7.8 :	(1.7):	3.1
Net income or (loss) before :	<b>:</b>	:	
income taxespercent:	9.3:	(0.2):	3.6
Cost of goods solddo:	82.8:	87.5:	85.7
General, selling, and administra-:	•	:	
tive expensespercent-:	9.4 :	14.2:	11.2
Number of firms reporting :	•	•	
operating losses:	1 :	3 :	2
Number of firms reporting net:		:	_
losses:	1 :	3 :	2
•	• •	•	-
•	•	•	

<sup>1/</sup> The heavy-walled rectangular pipes and tubes for which data are presented are defined in the description and uses section of this report.

income margins followed a trend similar to operating income margins. Cash flow from operations declined from \$18.1 million in 1981 to \$2.8 million in 1982 and then rose to \$6.6 million in 1983. Three firms sustained losses in 1982 compared with two firms in 1983 and one firm in 1981.

Of the four reporting firms, one firm, \* \* \*, operates in a western state. The financial experience of \* \* \* on its heavy-walled rectangular welded carbon steel pipe and tube operations compared with those of the other three firms which operate in nonwestern states is shown in the following tabulation:

Tt om	***			Nonwestern producers		
It em :	1981	1982	1983	1981	198 2	1983
Net sales1,000 dollars: Operating income or :	***	***	***	***	***	***
(loss)l,000 dollars: Operating income or	***	***	***:	***	***	***
(loss) margins-percent:	***	***	***	***	***:	***

\* \* \*. None of the reporting firms are integrated producers.

Light-walled rectangular pipes and tubes.—Seven of the 22 reporting firms manufacture light-walled rectangular pipes and tubes (table 12). One producer, \* \* \*, discontinued production of this product at the end of its 1981 fiscal year. The remaining six firms together accounted for 72 percent of reported production of this product in 1983. Net sales of light-walled rectangular pipes and tubes dropped from \$52.2 million in 1981 to \$42.8 million in 1983, or by 18 percent. Operating income declined more precipitously, from \$1.7 million in 1981 to \$951,000 in 1983, or by 46 percent. During the same period, the average operating income margin dropped from 3.4 to 2.2 percent. Most of the decline in operating income occurred from 1981 to 1982. In 1983, the ratio of net income or loss before income taxes to sales showed slight improvement because of declining interest expense. Cash flow from operations declined from \$1.3 million in 1981 to \$807,000 in 1982 and then rose slightly to \$823,000 in 1983. Two firms reported an operating loss in 1983 compared with four firms in 1981 and 1982.

Two of the seven reporting firms, \* \* \* and \* \* \*, operate in western states. Income-and-loss data for these two firms on their light-walled rectangular pipe and tube operations, compared with those data for the other five firms which operate in nonwestern states, are presented in the following tabulation:

<u>.</u> .	Western producers			Nonwestern producers		
Item	1981	1982	1983	1981	1982	198 3
: Net sales1,000 dollars:	***	***	***	***	***:	***
Operating income or : (loss)1,000 dollars:	***	***	***	***	***:	***
Operating income or : (loss) margins-percent: :	***	***	***	***	***	***

Table 12.--Income-and-loss experience of 7 U.S. producers on their operations producing light-walled rectangular welded carbon steel pipes and tubes, 1/ accounting years 1981-83

Item :	1981	1982 2/	1983 <u>2</u> /
:	:	:	
Net sales1,000 dollars:	52,156:	45,491 :	42,752
Cost of goods solddo:	47,125:	41,176:	38,556
Gross profitdo:	5,031 :	4,315 :	4,196
General, selling, and adminis- :	:	:	
trative expenses1,000 dollars:	3,283:	3,281 :	3,245
Operating incomedo:	1,748:	1,034 :	951
Interest expense1,000 dollars:	789 :	506:	373
Other incomedo:	63 :	3:	9
Net income before income taxes :	•	:	
1,000 dollars:	1,022:	531 :	587
Depreciation and amortization :	:	:	
included above 3/-1,000 dollars:	291 :	276 :	236
Cash flow from operations 3/-do:	1,313 :	807 :	823
Ratio to net sales of-	:	:	
Gross profitpercent:	9.6:	9.5 :	9.8
Operating income or (loss)	•		,,,,
percent:	3.4 :	2.3	2.2
Net income or (loss) before :		•	
income taxespercent-:	2.0:	1.2:	1.4
Cost of goods solddo:	90.4:	90.5:	90.2
——————————————————————————————————————	JU.4 .	, , ,	70.2
General, selling, and administra-: tive expensespercent:	6.3:	7.2:	7.6
Number of firms reporting :	0.3	7.2:	: 7.0
- · · · · · · · · · · · · · · · · · · ·	,	,	•
operating losses:	4:	4:	2
Number of firms reporting net :			2
losses:	4:	4:	3
<u> </u>	<u> </u>	<u> </u>	

<sup>1/</sup> The light-walled rectangular pipes and tubes for which data are presented are defined in the description and uses section of this report.

<sup>2</sup>/ Data are for 6 firms as 1 producer, \* \* \*, discontinued production at the end of its 1981 fiscal year.

<sup>3/1</sup> firm did not provide depreciation data. Hence, cash flow from operations is somewhat understated.

The western producers' aggregate financial experience was worse than that of the nonwestern producers during 1981-83.

One firm, \* \* \*, is an integrated producer of light-walled rectangular pipes and tubes. It reported \* \* \*.

Capital expenditures and research and development expenses.—Twenty firms furnished data relative to their capital expenditures for land and land improvements, buildings, and machinery and equipment used in the manufacture of all products of the reporting establishments and such expenditures related to the manufacture of specific welded carbon steel pipes and tubes subject to these investigations. Seven of the 20 firms incurred research and development expenses. U.S. producers' capital expenditures and research and development expenses are presented in table 13.

Table 13.--Certain welded carbon steel pipes and tubes: Capital expenditures and research and development expenses, 1981-83

(In thousands of dollars) Small : Heavy-walled : Light-walled : All products Item : circular : rectangular : rectangular :of establishments Capital expenditures: 1981-----6,340: 3,014: 473: 28,255 1982----: 5,015: 5,407 : 103: 29,578 4.528 : 4,998: 125 : 26,819 Research and development : expenses: 22: 1981-----525: 1982----: 543: 994 24: 423: 31:

1/ Not available.

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

Impact of imports on U.S. producers' growth, investment, and ability to raise capital.—The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of certain welded carbon steel pipe and tube imports from Korea and Taiwan on their firms' growth, investment, and ability to raise capital. The responding U.S. producers

generally asserted that imports of such items from Korea and Taiwan have depressed the market selling price and have absorbed an additional market share. The decline in their market share and the volume of their sales resulted in lower profit margins or significant losses, which caused reductions in cash flow and increases in debts. The poor return on investment allows for no growth and downgrades their debt rating, thus restricting their ability to raise capital. A few of the responses by U.S. producers are highlighted below.

*	*	*	*	*	*	*.
*	*	*	*	*	*	*.
*	*	*	*	*	*	*.
*	* .	*	*	*	*	*.
*	*	*	*	*	*	*.
*	*	*	*	*	*	*.
*	*	*	*	*	*	*.
*	*	*	*	*	*	*.
*	*	*	*	*	*	*.

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 and Taiwan 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 LTFV imports. Information regarding the capacity of the Korean and Taiwan producers to generate exports is discussed in the sections of this report that cover the Korean and Taiwan industries.

Yearend inventories of imports of small circular pipes and tubes from Korea and Taiwan and heavy— and light-walled rectangular pipes and tubes from Korea declined steadily during 1981-83. Such inventories, as reported by importers that submitted data in response to the Commission's questionnaires, are shown in absolute terms and as a percentage of reported imports in the following tabulation:

Item :	1981	1982	1983
Cmall airmalar mines and tubes.			•
Small circular pipes and tubes: :			•
Inventories of imports from Koreashort tons:	44,137	: 18,958	: 15,084
Inventories as a share of reported imports :	;	:	:
from Koreapercent-:	24.2	10.8	5.3
Inventories of imports from Taiwanshort tons:	12,335	7,594	4,969
Inventories as a share of reported imports :	:		:
from Taiwanpercen t:	24.9:	13.2	6.7
He avy-walled rectangular pipes and tubes: :	:	:	:
Inventories of imports from Koreashort tons:	1,091:	1,059	: 164
Inventories as a share of reported imports :	:	;	1
from Koreapercent:	88.4:	54.7	6.4
Light-walled rectangular pipes and tubes: :	:	:	
Inventories of imports from Koreashort tons:	470 :	298	288
Inventories as a share of reported imports :	:	:	
from Kore a	41.3:	20.2	3.1
	:	:	

# Consideration of the Causal Relationship Between LTFV Imports 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 investigations, as well as from official statistics of the U.S. Department of Questionnaires were sent to 45 firms, which according to the U.S. Customs Service's net import file, accounted for more than two-thirds of all imports of small circular welded pipes and tubes from both Korea and Taiwan and for more than 90 percent of all imports of both heavy- and light-walled rectangular welded pipes and tubes from Korea during January 1982-September 1983. During this period, there were a total of approximately 120 importers of the small circular pipes and tubes from Korea, approximately 80 importers of the circular product from Taiwan, and 16 and 19 importers of the heavy- and light-walled rectangular pipes and tubes, respectively, from Korea. The Commission received questionnaires from 34 importers which accounted for 64 and 59 percent of imports of the circular product from Korea and Taiwan, respectively, and for 77 and 90 percent of imports of the heavy- and light-walled rectangular products, respectively, from Korea, in 1983.

Data on imports of the small circular and light-walled rectangular pipes and tubes during 1982 and 1983 and imports of the heavy-walled rectangular pipes and tubes during 1981-83 were based on official statistics of the U.S. Department of Commerce. However, such data are not available for the small circular and light-walled rectangular pipes and tubes for 1981, because the current TSUSA items in which these products are imported became effective on January 1, 1982, and the prior TSUSA items included other products in addition to those covered by these investigations. Consequently, import data for these

products for 1981 were derived by multiplying the official import statistics for 1982 by the ratio of imports reported by questionnaire respondents in 1981 to imports reported by respondents in 1982.

Small circular pipes and tubes.—Imports of small circular pipes and tubes from Korea, the leading exporter of this product to the United States, decreased by 4 percent from 1981 to 1982 and then increased by 72 percent from 1982 to 1983 (table 14). The unit value of imports from Korea, which declined by 23 percent from 1981 to 1982 and by 23 percent from 1982 to 1983, was higher than the unit value of imports from Taiwan during 1982 and 1983 but lower than the unit value of imports from all other sources combined during the same period. Imports from Korea accounted for 40.7 percent of all imports of small circular pipes and tubes in 1981, 45.3 percent in 1982, and 49.0 percent in 1983.

Taiwan is the second leading exporter of small circular pipes and tubes to the United States. Imports from Taiwan fell by 10 percent from 1981 to 1982 and then rose by 51 percent from 1982 to 1983. The unit value of imports from Taiwan, which was lower than that of imports from Korea and from all other sources combined during 1982 and 1983, decreased by 29 percent from 1981 to 1982 and by 28 percent from 1982 to 1983. Imports from Taiwan accounted for 14.5 percent of all imports of small circular pipes and tubes in 1981, 15.1 percent in 1982, and 14.4 percent in 1983.

Total U.S. imports of small circular pipes and tubes declined by 14 percent from 1981 to 1982 and then increased by 59 percent from 1982 to 1983. Imports from sources other than Korea and Taiwan followed the same pattern, falling by 24 percent from 1981 to 1982 and then rising by 47 percent from 1982 to 1983. The unit value of imports from these sources declined by 12 percent from 1981 to 1982 and by 27 percent from 1982 to 1983. Other important sources of imports of this product during 1982 and 1983 were Japan and Mexico. Japan's share of imports fell from 11.3 percent in 1982 to 5.4 percent in 1983, whereas Mexico's share rose from 3.7 to 10.1 percent during the same period. Twenty-five other countries also exported this product to the United States during 1982 and 1983.

Heavy-walled rectangular pipes and tubes—Imports of heavy-walled rectangular pipes and tubes from Korea decreased by 57 percent from 1981 to 1982 and then increased by 17 percent from 1982 to 1983 (table 15). The unit value of imports from Korea, which declined by 20 percent from 1981 to 1982 and by 22 percent from 1982 to 1983, was higher than the unit value of imports from all other sources combined in 1981 but was lower than that in 1982 and 1983. Imports from Korea, as a share of total imports of this product, fell from 3.5 percent in 1981 to 1.9 percent in 1982 and to 1.8 percent in 1983.

Total U.S. imports of heavy-walled rectangular pipes and tubes decreased by 23 percent from 1981 to 1982 and then rose by 27 percent from 1982 to 1983. Imports from sources other than Korea followed the same pattern, falling by 22 percent from 1981 to 1982 and then rising by 27 percent from 1982 to 1983. The unit value of imports from these sources declined by 4 percent from 1981 to 1982 and by 14 percent from 1982 to 1983. The principal sources of imports of this product during 1982 and 1983 were Japan and Canada.

Table 14.--Small circular welded carbon steel pipes and tubes: 1/ U.S. imports for consumption, by selected sources, 1981-83 2/

Source	1981	1982	1983	
	Qu an t	ity (short tons	)	
· ·	:	:		
Korea:	269,660:	258,837:	445,486	
Taiwa n:	96,305:	86,590 :	130,635	
All other:	296,367:	226,707:	332,498	
Total:	662,332:	572,134:	908,619	
. :	Valu	s)		
;	•	•		
Korea:	151,347 :	111,232 :	146,555	
Taiwa n:	56,517:	35,916:	38,760	
All other:	172,003 :	115,926:	124,010	
Total:	379,867:	263,073 :	309,325	
:	Unit value (per short ton)			
:	**************************************	•		
Korea:	<b>\$561.25</b> :	\$429.74 :	\$328.98	
Taiwan:	586.85:	414.78 :	296.71	
All other:	580.37:	511.35 :	372.96	
Total:	573.53:	459.81 :	340.43	
: :	Percent of total quantity			
•	:	:		
Korea:	40.7 :	45.3 :	49.0	
Taiwa n:	14.5 :	15.1:	14.4	
All other:	44.8 :	39.6:	36.6	
Total:	100.0 :	100.0 :	100.0	

<sup>1/</sup> The small circular 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 and from data submitted in response to questionnaires of the U.S. International Trade Commission.

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

Japan's share of imports rose from 47.1 percent in 1982 to 55.7 percent in 1983, whereas Canada's share fell from 44.2 to 38.3 percent during the same period. Sixteen other countries also exported this product to the United States during 1982 and 1983.

<sup>2/</sup> Import data for 1981 were derived by multiplying the official import statistics for 1982 by the ratio of imports reported by questionnaire respondents in 1981 to imports reported by respondents in 1982.

Table 15.--Heavy-walled rectangular welded carbon steel pipes and tubes: 1/U.S. imports for consumption, by selected sources, 1981-83

Source	1981	1982	:	1983
:	Quantity (short tons)			
•	:		:	
Korea:	6,614 :	2,8	25 :	3,312
All other:	181,873 :	142,56	7:	181,189
Total:	188,487 :			184,501
: :	Value (1,000 dollars)			
ξ., · · · · · · · · · · · · · · · · · · ·	:		:	
Korea:	3,149:	1,0	74 :	985
All other:	83,315:	62,83		68,307
Total:	86,463 :	63,91		69,293
: :	Unit value (per short ton)			
:	:		:	
Korea:	\$476.07:	\$379.9	99:	\$297.54
All other:	458.09:	440.7	<b>'5:</b>	376.99
Total:	458.72 :	439•	57:	375.57
:	Percent of total quantity			ty
•	:	<del></del>	:	······································
Korea:	3.5:	1.	.9 :	1.8
All other:	96.5:	98	.1:	98.2
Total:	100.0 :	100	0:	100.0
:	:		:	

<sup>1/</sup> The heavy-walled rectangular 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.

Light-walled rectangular pipes and tubes.—Imports of light-walled rectangular pipes and tubes from Korea increased 30 percent from 1981 to 1982 and then rose to a level in 1983 that was more than 12 times as great as the level in 1982 (table 16). The unit value of imports from Korea, which decreased 18 percent from 1981 to 1982 and 25 percent from 1982 to 1983, was lower than the unit value of imports from all other sources combined during 1981-83. Imports from Korea accounted for 1.4 percent of all imports of this

Table 16.--Light-walled rectangular welded carbon steel pipes and tubes: 1/U.S. imports for consumption, by selected sources, 1981-83 2/

Source	1981	:	198 2	:	1983		
	:	uanti)	ty (short t	ons)	·		
,	•	:		:			
Korea	·: 63:	3:	821	:	10,373		
All other			53,243		70,009		
Total			54,064		80,382		
	:	Va lue	(1,000 dol	lars)	)		
	•	:	and the second	:			
Korea	315	:	336	:	3,172		
All other	23,844	:	25,461	:	25,629		
Total	24, 159	) :	25,798	:	28,800		
	Unit value (per short ton)						
	•	:		:			
Korea	<b>\$497.6</b> 3	3 :	\$409.89	:	\$305.76		
All other	: 54 5. 14	· :	478.21	:	366.08		
Total	544.4	:	477.17	:	358.29		
	Pe	cent	of total qu	antit	у		
	:	:		:			
Korea	: 1.4	:	1.5	:	12.9		
All other	98.6	• :	98.5	:	87.1		
Tota1	: 100.0	:	100.0	:	100.0		
	:	:		:			

<sup>1/</sup> The light-walled rectangular 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 and from data submitted in response to questionnaires of the U.S. International Trade Commission.

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

product in 1981, 1.5 percent in 1982, and 12.9 percent in 1983. Korea was the eighth largest source of imports of this product in 1982 and the third largest source in 1983 (behind Japan and Canada).

Total U.S. imports of light-walled rectangular pipes and tubes increased by 22 percent from 1981 to 1982 and by 49 percent from 1982 to 1983. Imports from sources other than Korea followed the same pattern, rising by 22 percent from 1981 to 1982 and by 31 percent from 1982 to 1983. The unit value of imports from these sources fell by 12 percent from 1981 to 1982 and by 23

<sup>2/</sup> Import data for 1981 were derived by multiplying the official import statistics for 1982 by the ratio of imports reported by questionnaire respondents in 1981 to imports reported by respondents in 1982.

percent from 1982 to 1983. The principal sources of imports of this product during 1982 and 1983 were Japan and Canada. Japan's share of imports rose from 29.6 percent in 1982 to 46.8 percent in 1983, whereas Canada's share fell from 34.0 to 17.7 percent during the same period. Nineteen other countries also exported this product to the United States during 1982 and 1983.

Quarterly data. -- Quarterly levels of imports of small circular pipes and tubes from Korea were markedly higher during April-December 1983 than during January 1982-March 1983 (table 17). Similarly, quarterly imports of the circular product from Taiwan were higher in every quarter of 1983 than in the corresponding quarters of 1982. Imports of the two rectangular products from Korea fluctuated widely on a quarterly basis. Although imports of the heavy-walled rectangular product followed no clear quarterly trend during 1981-83, imports of the light-walled rectangular product were substantially higher during April-December 1983 than during January 1982-March 1983.

Table 17.--Certain welded carbon steel pipes and tubes: 1/ U.S. imports for consumption, by product lines, selected sources, and quarters, 1981-83

			(In short	t	tons)		
	Small cir	cu	lar pipes	:	Heavy-walled	: Lig	ht-walled
Period	and tube	es	from	_:	rectangular		ctangular
101100	Korea	:	Taiwan	:	pipes and tubes	: pipe	es and tubes
***************************************	Roreu	:		<u>:</u>	from Korea	<u>: f1</u>	om Korea
1001		:		:		:	
1981:		:		:		:	
January-March	: 2/	:	2/	:	961	:	2/
April-June:	$\overline{2}$ /	:	$\overline{2}$ /	:	3,020	:	<u>2</u> /
July-September	$\frac{2}{2}$ $\frac{2}{2}$ $\frac{2}{2}$	:	$\frac{\frac{2}{2}}{\frac{2}{2}}$	:	348	:	2/ 2/ 2/ 2/
October-December	$\overline{2}/$	:	$\overline{2}/$	:	2,285	:	$\overline{2}$ /
1982:	<del>-</del>	:		:	•	:	. —
January-March	42,883	:	17,367	:	51	:	15 2
April-June	67,478	:	24,089	:	· 89	:	180
July-September:	80,324	:	19,081	:	1,738	:	459
October-December:	68, 152	:	26,052	:	948	:	30
1983:	:	:		:		:	
January-March	66,645	:	27,340	:	98	:	114
April-June	124,119	:	39,477	:	1,713	:	6,099
July-September:	128,946	:	35,168	:	1,114	:	2,360
October-December			28,650		388		1,799
:		:		:		:	

<sup>1/</sup> 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.

<sup>2/</sup> Not available.

Customs district data.—Los Angeles, Calif., was the major U.S. customs district through which imports of small circular pipes and tubes from Korea and Taiwan entered the United States in 1982 and 1983 (table 18). West coast districts accounted for 40.9 and 42.4 percent of imports of this product from Korea in 1982 and 1983, respectively, and for 60.5 and 61.8 percent of the imports from Taiwan during the same years.

Imports of light-walled rectangular pipes and tubes from Korea were more heavily concentrated on the west coast than imports of the circular product from either Korea or Taiwan. West coast districts accounted for 66.3 percent of all imports of the product from Korea in 1982 and for 70.6 percent in 1983. The same districts' share of imports of heavy-walled rectangular pipes and tubes from Korea was lower and declined from 55.6 percent in 1982 to 42.4 percent in 1983. The Los Angeles district accounted for nearly one-third of imports of the heavy-walled rectangular product from Korea in 1982 and 1983. The same district accounted for nearly two-thirds of imports of the light-walled rectangular product from Korea in 1983 compared with a little more than one-fourth of such imports in 1982.

# Market penetration of imports

As shown in table 19, according to data submitted by producers and importers in response to the Commission's questionnaires and from official statistics of the U.S. Department of Commerce, the U.S. producers' share of U.S. consumption of small circular pipes and tubes fell from 67.5 percent in 1981 to 52.5 percent in 1983. Conversely, total imports from Korea as a share of U.S. consumption of small circular pipes and tubes rose from 13.4 percent in 1981 to 22.9 percent in 1983. The share of consumption accounted for by imports of Korean pipes and tubes produced by firms covered by Commerce's affirmative determination of sales at LTFV increased from \* \* \* percent in 1981 to \* \* \* percent in 1982 and to \* \* \* percent in 1983. The Taiwan product's share of the market also increased, from 4.6 percent in 1981 to 6.9 percent in 1981 to 1982 and then increased from 1982 to 1983.

The U.S. producers' share of U.S. consumption of heavy-walled rectangular pipes and tubes fell from 66 percent in 1981 to 58 percent in 1983. The Korean product's share of the market fell from 1.4 percent in 1981 to 0.8 percent in 1982 and then rose to 1.0 percent in 1983. Imports from other sources increased their share of the domestic market from 32.6 percent in 1981 to 41.0 percent in 1983.

The U.S. producers' share of U.S. consumption of light-walled rectangular pipes and tubes decreased from 73.0 percent in 1981 to 58.4 percent in 1983, whereas the Korean product's share increased from 0.5 to 5.3 percent during the same period. The market share held by imports from other sources increased from 26.5 percent in 1981 to 36.3 percent in 1983.

Table 18.--Certain welded carbon steel pipes and tubes: 1/ Shares of U.S. imports, by U.S. customs districts, product lines, and selected sources, 1982-83

	(In per		-611 -: 1	- i-					
	: Share		of small circul ubes from	ar					
Customs district	Kor		Taiwan						
	1982	1983	198 2	1983					
	:		:						
West Coast districts:	:	00.0							
Los Angeles, Calif				43.0					
San Francisco, Calif				11.6					
Portland, Oreg				3.5					
Seattle, Wash	: <u>1.8 :</u>			3.					
Subtotal, West Coast	: 40.9 :	42.4	: 60.5 :	61.8					
Other districts:	:		:	•					
Houston, Tex				5.3					
New Orleans, La	: 13.0 :	15.4	: 5.7:	2.1					
Philadelphia, Pa	: 10.3 :	12.5	: 10.0:	5.6					
All other		15.8	: 15.7 :	25.2					
Subtotal, other	: 59.1 :	57.6	: 39.5 :	38.2					
Total	: <u>100.0</u> :	100.0	: 100.0 :	100.0					
	:	Share of imports of							
	: He avy-walled r	ectangular :	Light-walled re	ectangular					
	:pipes and tubes	-	-	_					
	1982	198 3	1982	1983					
The book Historians	183.5		:						
West Coast districts:	: : 31.9:	33.2	: 25.6 :	65.0					
Los Angeles, Calif									
San Francisco, Calif				4.6					
Portland, Oreg		3.1		0.8					
Seattle, Wash		0.3							
Subtotal, West Coast	: 55.6 :	42.4	: 66.3 :	70.6					
Other districts:	:	17 /	:						
Houston, Tex		17.4		7.3					
New Orleans, La	: 12.0 :	•		3.8					
Philadelphia, Pa		10.5		4.(					
Savannah, Ga	: -:	, 9.6		1.0					
Tampa, Fla		10.2		7.2					
All other		2.5		6.					
Subtotal, other		57.6		29.4					
To ta1	: 100.0 :	100.0	: 100.0 :	100.0					
	: :		: :						

<sup>1</sup>/ 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.

Table 19.-- Certain welded carbon steel pipes and tubes: 1/2 Ratios of U.S. producers' domestic shipments and of import shipments 2/2 to U.S. consumption, by product lines and selected sources, 1981-83

	(In percent)				
Item	1981	:	198 2	:	1983
	•	:		:	,
Small circular:	•	:		:	•
U.Sproduced	67.5	:	62.0	:	52.5
Imported from Korea:	•	:		:	
LTFV producers 3/	***	:	***	:	***
Non-LTFV producers 4/		:	***	:	***
Subtotal, Korea		:	18.5	:	22.9
Imported from Taiwan	4.6	:	5.9	:	6.9
Imported from other countries	14.5	:	13.6	:	17.7
To ta1	100.0	:	100.0	:	100.0
Heavy-walled rectangular:	}	:		:	
U.Sproduced	66.0	:	58.8	:	58.0
Imported from Korea	1.4	:	.8	:	1.0
Imported from other countries:	32.6	:	40.4	:	41.0
To ta 1	100.0	:	100.0	:	100.0
Light-walled rectangular:	}	:		:	
U.Sproduced:	73.0	:	67.4	:	58.4
Imported from Korea	•5	:	• •5	:	5.3
Imported from other countries:	26.5	:	32.1	:	36.3
To tal:	100.0	:	100.0	:	100.0
· ·		:		:	

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

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

# Prices

The Commission requested U.S. producers, importers, and purchasers to provide price data on sales or purchases of eight product specifications. The eight products are as follows:

Product 1--ASTM-A120, schedule 40, sprinkler pipe, carbon welded, black, 2.375-inch outside diameter, 0.154-inch wall thickness.

<sup>2/</sup> Import shipments were derived by adjusting import data reported in tables 14 through 16 for net changes in inventories reported by importers in their questionnaire responses.

<sup>3/</sup> These import shares represent production by Korean producers which were not excluded by Commerce's affirmative determination of sales at LTFV.

<sup>4/</sup> These import shares represent production by Dongjin and Union, which were excluded from Commerce's affirmative determination of sales at LTFV.

- Product 2--Light-wall fence tubing, standard carbon welded pipe, galvanized, 1.315-inch outside diameter, 0.069-inch wall thickness.
- Product 3--ASTM-Al20, schedule 40, standard carbon welded pipe, galvanized, 1.660-inch outside diameter, 0.140-inch wall thickness.
- Product 4--ASTM-Al20, schedule 10, sprinkler pipe, carbon welded, black, 2.375-inch outside diameter, 0.109-inch wall thickness.
- Product 5--ASTM-A500, Grade B structural tubing, carbon welded, black, 4-inch square, 0.250-inch wall thickness, 24- to 40-foot mill lengths.
- Product 6--ASTM-A500, Grade B structural tubing, carbon welded, black, 4 inch by 6 inch, 0.250-inch wall thickness, 24- to 40-foot mill lengths. 1/
- Product 7--ASTM-A513 (mechanical) or A500 grade A (ornamental) tubing, carbon welded, black, 1 inch square, 16-gage (0.058 inch to 0.065 inch) wall thickness, 20- to 24-foot mill lengths.
- Product 8--ASTM-A513 (mechanical) or A500 grade A (ornamental) tubing, carbon welded, black, 2 inch square, 11-gage (0.120 inch) wall thickness, 20- to 24-foot mill lengths. 2/

Producers' and importers' sales prices.--U.S. producers generally compete directly with importers for sales to service centers/distributors and to larger end users. Smaller end users generally purchase through distributors and many times do not know the origin of the steel. However, in a depressed market such as existed in 1982 and 1983, U.S. producers and importers may endeavor to make some sales to smaller end users, creating some competition at this level. Some purchasers that were contacted regarding lost sales allegations also reported competition between large distributors of imported steel (\* \* \*) and U.S. producers, rather than between direct importers and producers.

<sup>1/</sup> Responses for specification 6 are not as complete as for the other heavy-wall specification (specification 5), and price trends and margins of underselling for product 6 are essentially the same as those for product 5. Therefore, price data for specification 6 are not presented.

<sup>2/</sup> Responses for specification 8 are not as complete as for the other light-wall specification (specification 7), and price trends and margins of underselling for product 8 are essentially the same as those for product 7. Therefore, price data for specification 8 are not presented.

Generally, a complete price series was obtained from f.o.b. sales prices reported by producers and importers. Margins of underselling on an f.o.b. basis are consistent with margins of underselling from a less complete series of regional delivered price comparisons discussed later and with margins of underselling reported by individual purchasers (see section on lost sales). Price comparisons between U.S. producers' and importers' f o.b. sales prices, therefore, reflect the competitive situation in the market between U.S.-produced and Korean and Taiwan pipe and tube.

Prices for all specifications generally showed the same trend, increasing during 1981, decreasing from January-March or April-June 1982 through January-March or April-June 1983, and then increasing somewhat in late 1983 (tables 20 to 25). Prices of circular pipe from Korea and Taiwan decreased at a faster rate during 1982 and 1983 than did U.S. producers' prices, but also increased at a faster rate during late 1983. Prices for imports of light-walled and heavy-walled rectangular tubing from Korea were generally available only for 1982 and 1983.

For sales to service centers/distributors, imports of both circular pipe and rectangular tubing were generally lower-priced than U.S.-produced pipe in 1982-83. In the end-user market, both underselling and overselling existed, although underselling was more frequent. The volume of sales to the end-user market was smaller than to the service center/distributor market, especially for sales from importers. Following are more detailed descriptions of prices by product grouping.

Small circular pipes and tubes.--U.S. producers' prices generally increased through 1981, increasing an average of 4.3 percent from January-March 1981 to October-December 1981 for sales to service centers/distributors, and by 8.4 percent over the same period for sales to end users (tables 20 to 23). U.S. producers' prices generally decreased in 1982 and through January-March or April-September 1983, and then increased during the remainder of 1983. On average, U.S. producers' prices decreased by 12.6 percent from October-December 1981 to April-June 1983 for sales to service centers/distributors, and decreased by 17.9 percent over the same period for sales to end users. U.S. producers' prices increased an average of 0.5 percent from April-June 1983 to October-December 1983 for sales to service centers/distributors and by 2.0 percent for sales to end users.

Table 20.--Small circular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors and to end users for schedule 40 sprinkler pipe, 1/ by quarters, 1981-83 2/

		Korean product			: Taiwan product			
Period	U.S. product	: Price	Margin of	underselling	Price		underselling rselling)	
:	<b>:</b>	: ''''	Amount	Percent	FILCE	Amount	Percent	
	Pe	r 100 fe	et:		Per l	00 feet :		
Service center/		:	: :	:		: :		
distributor market:		:	: :	•		: :		
1981:		:	: :	:		: :		
January-March:	•	:\$87.81		11.5 :			11.8	
April-June:		: 89.26		9.8:			12.6	
July-September:	105.87	: 90.53	: 15.35:	14.5 :	87.32	: 18.56 :	17.5	
October-December:	106.55	: 88.90	: 17.65 :	16.6 :	89.02	: 17.53 :	16.5	
1982:		:	: :	:		: :		
January-March:	105.09	: 85.74	: 19.35 :	18.4 :	86.48		17.7	
April-June:	100.17	: 75.09	: 25.09:	25.0:	81.20	: 18.98:	18.9	
July-September:	96.48	: 72.23	: 24.25 :	25.1 :	78.44	: 18.04 :	18.7	
October-December:	90.44	: 69.10	: 21.34:	23.6 :	71.70	: 18.74 :	20.7	
1983:		:	: :	:		: :		
January-March:	88.55	: 62.59	: 25.96:	29.3 :			16.7	
April-Jun e:		: 62.25	: 27 <b>.</b> 67 :	30.8:	65.81	: 24.11 :	26.8	
July-September:	86.71	: 64.29	: 22.42 :	25.9 :	66.03	: 20.68:	23.9	
October-December:	90.25	: 66.86	: 23.40 :	25.9:	69.77	20.48:	22.7	
:		:	: :	:		: :		
End-user market :		:	: :	•		<b>:</b> ,		
1981:		:	: :	:		:	,	
January-March:		:\$87.03	<b>:</b> \$6.36 :	6.8 :	\$102.57	: (\$9.18):	(9.8)	
April-June:	100.67	: 87.00	: 13.67:	13.6 :	115.12	: (14.45) :	(14.4)	
July-September:		: 85.90		17.3 :			10.1	
October-December:	101.69	: 92.12	: 9.57:	9.4 :	87.83	: 13.86 :	13.6	
1982:		:	: :	: :		: :		
January-March:		: 88.83		11.3 :			6.3	
April-Jun e:		: 78 <b>.</b> 55		20.1:			11.4	
July-September:		: 77.36		24.7 :			19.5	
October-December:	95.47	: 69.11	: 26.37 :	27.6:	77.89	: 17.59 :	18.4	
1983:		:	: :	:		:		
January-March:		: 67.83		24.7:			15.2	
April-June:		: 75.17		10.5 :			19.8	
July-September:		: 67.63		29.1:			17.4	
October-December:	86.94	: 72.53	: 14.41 :	16.6 :	90.55	: (3.61) :	(4.1)	
1 / ACMW A100 - ab adv		<u>:                                    </u>	<u>:                                      </u>	:		<u> </u>	<del>, ,</del>	

<sup>1/</sup> ASTM-A120, schedule 40, sprinkler pipe, carbon welded, black, 2.375-inch outside diameter, 0.154-inch wall thickness.

<sup>2/</sup> As measured by the quantity of sales reported with each sales price, for this specification the service center/distributor market accounted for 75 percent of U.S. producers' sales, 85 percent of the Korean pipe sales, and 76 percent of the Taiwan pipe sales. The end-user market accounted for the remainder. Of the 4 circular pipe and tube specifications from which prices were collected, this specification accounted for 39 percent of U.S. producers' sales, 33 percent of sales of the Korean pipe and 52 percent of sales of the Taiwanese pipe.

Table 21.--Small circular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors and to end users for light-wall fence tubing, 1/ by quarters, 1981-83 2/

July-September       30.85 : 32.85 : (2.00): (6.5): 3/ : -:         October-December:       30.77 : 33.96 : (3.19): (10.4): 3/ : -:         1982: : : : : : : : : : : : : : :       : : : : : : : : : : :         January-March: 30.99 : 31.24 : (.25): (.8): 3/ : -:       -: : .         April-June: 30.05 : 27.94 : 2.11 : 7.0 : 25.00 : 5.05 : 16.8       July-September: 28.24 : 24.63 : 3.61 : 12.8 : 32.89 : (4.65): (16.00ctober-December: 25.67 : 24.21 : 1.46 : 5.7 : 24.02 : 1.65 : 6.4         1983: : : : : : : : : : : : : : : : : : :			:	Korean pr	oduc t	Taiwan product			
Amount   Percent   Amount   Percent	Period		Price						
Service center/	: :		:	Amount	Percent	TITCE	Amount	Percent	
	:	Pe	r 100 fe	<u>et:</u>	•	Perl	00 feet :	. '	
1981:			•	: :	, :		:		
January-March: \$29.83 :\$30.83 : (\$1.00): (3.3): 3/			:	: :	:		: :		
April-June	1981:		:	: :	:		: :		
July-September       30.85 : 32.85 : (2.00): (6.5): 3/ : -:         October-December       30.77 : 33.96 : (3.19): (10.4): 3/ : -:         1982: : : : : : : : : : : : : :       : : : : : : : : : :         January-March: 30.99 : 31.24 : (.25): (.8): 3/ : - :						<u>3</u> /	: -:	***	
October-December:       30.77 : 33.96 : (3.19):       (10.4):       3/       -:       1982:       :						•	: (\$3.94):	(13.1)	
1982:	July-September:	30.85	: 32.85	: (2.00):	(6.5):	<u>3</u> /	: -:	-	
January-March: 30.99 : 31.24 : (.25): (.8): 3/ -: April-June: 30.05 : 27.94 : 2.11 : 7.0 : 25.00 : 5.05 : 16.8 July-September: 28.24 : 24.63 : 3.61 : 12.8 : 32.89 : (4.65): (16.0ctober-December: 25.67 : 24.21 : 1.46 : 5.7 : 24.02 : 1.65 : 6.4	October-December:	30.77	: 33.96	: (3.19):	(10.4):	3/	: -:	-	
April-June: 30.05 : 27.94 : 2.11 : 7.0 : 25.00 : 5.05 : 16.6   July-September	1982:		:	: :	:	_	: :		
July-September:       28.24: 24.63: 3.61: 12.8: 32.89: (4.65): (16.60)         October-December:       25.67: 24.21: 1.46: 5.7: 24.02: 1.65: 6.4         1983:       : : : : : : : : : : : : : : : : : : :	January-March:	30.99	: 31.24	(.25):	(.8):	3/	: -:	_	
October-December: 25.67 : 24.21 : 1.46 : 5.7 : 24.02 : 1.65 : 6.4  1983:	April-June:	30.05	: 27.94	: 2.11 :	7.0:	25.00	: 5.05 :	16.8	
1983:       : <td>July-September:</td> <td>28.24</td> <td>: 24.63</td> <td>3.61:</td> <td>12.8:</td> <td>32.89</td> <td>: (4.65):</td> <td>(16.5)</td>	July-September:	28.24	: 24.63	3.61:	12.8:	32.89	: (4.65):	(16.5)	
January-March       25.10 : 25.22 : (.12): (.5): 28.65 : (3.54): (14.2)         April-June: 25.07 : 22.28 : 2.80 : 11.2 : 21.98 : 3.09 : 12.5         July-September: 25.32 : 21.58 : 3.74 : 14.8 : 22.04 : 3.28 : 12.5         October-December: 26.28 : 24.90 : 1.38 : 5.3 : 21.97 : 4.31 : 16.4         End-user market : : : : : : : : : : : : : : : : : : :	October-December:	25.67	: 24.21	1.46:	5.7:	24.02	: 1.65:	6.4	
April-June       25.07 : 22.28 : 2.80 : 11.2 : 21.98 : 3.09 : 12.5         July-September:       25.32 : 21.58 : 3.74 : 14.8 : 22.04 : 3.28 : 12.5         October-December:       26.28 : 24.90 : 1.38 : 5.3 : 21.97 : 4.31 : 16.4         End-user market : : : : : : : : : : : : : : : : : : :	1983: :		:	:	:		: :		
April-June       25.07 : 22.28 : 2.80 : 11.2 : 21.98 : 3.09 : 12.5         July-September:       25.32 : 21.58 : 3.74 : 14.8 : 22.04 : 3.28 : 12.5         October-December:       26.28 : 24.90 : 1.38 : 5.3 : 21.97 : 4.31 : 16.4         End-user market : : : : : : : : : : : : : : : : : : :	January-March:	25.10	: 25.22	: (.12):	(.5):	28.65	: (3.54):	(14.1)	
July-September:       25.32: 21.58: 3.74: 14.8: 22.04: 3.28: 12.59         October-December:       26.28: 24.90: 1.38: 5.3: 21.97: 4.31: 16.4         End-user market:       : : : : : : : : : : : : : : : : : : :		25.07	: 22.28	2.80:		21.98	3.09:	12.3	
October-December: 26.28: 24.90: 1.38: 5.3: 21.97: 4.31: 16.4  End-user market: : : : : : : : : : : : : : : : : : :		25.32	: 21.58	: 3.74:	14.8 :	22.04	: 3.28 :	12.9	
1981:       : <td></td> <td>26.28</td> <td>: 24.90</td> <td>1.38:</td> <td>5.3:</td> <td>21.97</td> <td>: 4.31 :</td> <td>16.4</td>		26.28	: 24.90	1.38:	5.3:	21.97	: 4.31 :	16.4	
1981:       : <td>:</td> <td></td> <td>:</td> <td>:</td> <td>:</td> <td></td> <td>: :</td> <td></td>	:		:	:	:		: :		
January-March:       ***:       3/:       -:       -:       ***:       ***:       (9.0         April-June:       ***:       3/:       -:       -:       ***:       ***:       (7.5         July-September:       ***:       3/:       -:       -:       ***:       ***:       (8.6         1982:       :<	End-user market :		:	:	:	•	: :		
April-June       *** : 3/       - : - : *** : *** : (7.5)         July-September:       *** : 3/       - : - : *** : *** : (8.5)         October-December:       *** : 3/       - : - : *** : *** : (8.5)         1982:       : : : : : : : : : : : : : : : : : : :	1981: :		:	:	:		: :	,	
April-June       *** : 3/       - : - : *** : *** : (7.5)         July-September:       *** : 3/       - : - : *** : *** : (8.5)         October-December:       *** : 3/       - : - : *** : *** : (8.5)         1982:       : : : : : : : : : : : : : : : : : : :	January-March:	***	: 3/	: -:	-:	***	***:	(9.0)	
1982: : : : : : : : : : : : : : : : : : :		***	: 3/	: -:	-:	***	: *** :	(7.5)	
1982: : : : : : : : : : : : : : : : : : :	July-September:	***	$= \overline{3}/$	: - :	-:	***	***:	(8.1)	
1982: : : : : : : : : : : : : : : : : : :	• •	***	: 3/	-:	- :	***	***:	(8.8)	
July-September:       ***: $\frac{3}{2}$ -: -: ***: ***: 6.4         October-December:       ***: $\frac{3}{2}$ -: -: ***: ***: 9.4         1983:       : : : : : : : : : : : : : : : : : : :	1982:	:		:	:		: :		
July-September:       ***: $\frac{3}{2}$ -: -: ***: ***: 6.4         October-December:       ***: $\frac{3}{2}$ -: -: ***: ***: 9.4         1983:       : : : : : : : : : : : : : : : : : : :	January-March:	***	: 3/	- :	- :	***	***:	(3.8)	
July-September:       ***: $\frac{3}{2}$ -: -: ***: ***: 6.4         October-December:       ***: $\frac{3}{2}$ -: -: ***: ***: 9.4         1983:       : : : : : : : : : : : : : : : : : : :		***	$\frac{3}{3}$	-	- :	***	***	22.5	
1983: : : : : : : :		***	$\frac{3}{3}$	- :	<u>- :</u>	***	***	6.4	
1983: : : : : : : :	•	***	$\frac{3}{3}$	- :	- :	***	***:	9.4	
January-March: ***: 3/: -: -: ***: ***: 17.6 April-June: ***: 3/: -: -: ***: 15.3	1983:		=_'	:	:		:		
April-June: ***: 3/: -: -: ***: 15.3		***	3/	- :	- :	***	***	17.6	
	•	***	$=\frac{3}{3}$	- :	-:	***	***	15.3	
July-September: ***: 3/: -: -: ***: ***: 11.5	July-September:	***	$\frac{1}{3}$	:	<b>-</b> :	***	***	11.5	
October-December: ***: 3/: -: -: 3/: -:	-	***	$: \frac{3}{3}$	-:	-:	3/	- :		
	:			: :			:		

<sup>1/</sup> Light-wall fence tubing, standard carbon welded pipe, galvanized, 1.315-inch outside diameter, 0.069-inch wall thickness.

<sup>2/</sup> As measured by the quantity of sales reported with each sales price, for this specification, the service center/distributor market accounted for 91 percent of U.S. producers' sales, 100 percent of the Korean pipe sales, and 69 percent of the Taiwan pipe sales. The end-user market accounted for the remainder. Of the 4 circular pipe and tube specifications for which prices were collected, this specification accounted for 25 percent of U.S. producers' sales, 6 percent of sales of the Korean pipe, and 12 percent of the sales of Taiwan pipe.

<sup>3/</sup> Not available.

Table 22.--Small circular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors and to end users for schedule 40 standard pipe, 1/ by quarters, 1981-83 2/

	:	: :	Korean pro	oduct :	Taiwan product			
Period	U.S. product	Price		inderselling: rselling) :	Price	:Margin of underselling : or (overselling)		
			:	Amount	Percent	11100	Amount	Percent
•		Pe	r 100 feet-	:		:Per	100 feet	
Service center/	1	:	:	:		:	:	
distributor market:		:	:	:		:	•	
1981:		:	:	:		:	•	
January-March:	<b>\$</b> 70 <b>.</b> 75	:\$69.27	\$1.49:	2.1:	\$69.09	<b>:</b> \$1.66 :	2.3	
Apri 1-Jun e:		: 70.04 :	1.38:	1.9:	71.34	.08	.1	
July-September:		: 68.64		4.7 :			. 9	
October-December:	75.14	: 72.68 :	2.46:	3.3:	71.93	3.21	4.3	
1982:	*	:	:	:		:	}	
January-March:		: 64.52 :		13.3 :				
April-June:	76.78	: 59.95	16.83:	21.9 :	62.63	: 14.15 :	18.4	
July-September:		: 51.68 :		23.4:	61.12	6.35	9.4	
October-December:	69.74	: 51.26	18.48:	26.5 :	61.00	: 8.73	12.5	
1983:		:	:			:		
January-March:	69.57	: 48.00	21.57:	31.0 :	50.78	: 18.79 :	27.0	
Apri l-Jun e:	73.21	: 45.90 :	27.30:	37.3:		22.67	31.0	
July-September:	67.38	: 46.30	21.08:	31.3 :	51.70	: 15.67	23.3	
October-December:	71.66	: 50.60 :	21.06:	29.4 :	58.15	13.50	18.8	
:	1	:	:	:		:	:	
End-user market :		:	:	:		:	:	
1981:		:	:	:		:		
January-March:	***	: *** :	***:	(.1):	***	***	(8.5)	
April-June:	***	: ***	***	(.9):	***	***	(1.6)	
July-September:	***	: *** :	*** :	(4.6):	***	***	(3.9)	
October-December:	***	***	***	3.3 :	***	***	1.1	
1982:		:	:	:		:		
January-March:	***	· ***	*** :	8.0 :	***	***	(10.2)	
April-June:	***	***	***	3.5 :	***	***		
July-September:	***	***	*** :	16.4 :	***	***	20.2	
October-December:	***	***	*** :	15.7 :	***	***	12.5	
1983:		:	:	1	·	•		
January-March:	***	***	***	20.8:	***	***	11.6	
April-June:	***	: ***	***	8.2 :	***	***		
July-September:	***	***	***	(9.8):	***	***	(1.4)	
October-December:	***	: 3/ :	<b>-</b> :	-:	3/	- :	-	
:		:	:	:				

<sup>1/</sup> ASTM-Al20, schedule 40, standard carbon welded pipe, galvanized, 1.660-inch outside diameter, 0.140-inch wall thickness.

<sup>2/</sup> As measured by the quantity of sales reported with each sales price, for this specification the service center/distributor market accounted for 89 percent of U.S. producers' sales, 99 percent of the Korean pipe sales, and 92 percent of the Taiwan pipe sales. The end-user market accounted for the remainder. Of the 4 circular pipe and tube specifications for which prices were collected, this specification accounted for 33 percent of U.S. producers' sales, 42 percent of sales of the Korean pipe, and 36 percent of the sales of Taiwanese pipe.

<sup>3/</sup> Not available.

Table 23.--Small circular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors for schedule 10 sprinkler pipe, 1/ by quarters, 1981-83 2/

; ;	:	: :	Korean	pro	duc t	: :	Taiwan product			
Period : : : : : : : : : : : : : : : : : : :	U.S. product	: Price	Margin o	f u	nderselling	: Price	Margin o	f underselling		
	-	: Price	Amount	:	Percent	: :	Amount	Percent		
:		Pe	r 100 fee	t		•	:Per	100 feet		
Service center/ :	:	:	:	_:		:	:	•		
distributor market: 1981: :	:	<b>:</b>	:	:		<b>:</b>	:	:		
January-March:	***	***	; ***	:	1.8	***	: ***	: 6.1		
April-June:	***	***	: ***	:	26.3	***	: ***	: 17.5		
July-September:	***	***	: ***	:	8.9	***	: ***	: 13.9		
October-December:	* ***	***	: ***	:	15.5	***	: ***	: 14.4		
1982:	:	;	:	:		:	:	:		
January-March:	***	***	: ***	:	4.8 :	***	: ***	: 12.8		
April-June:	***	***	: ***	:	22.7	***	: ***	: 26.6		
July-September:	*** :	***	: ***	:	20.5 :	***	: ***	: 25.1		
October-December:	***	***	: ***	:	12.6	***	: ***	: 13.7		
1983: :	:		:	:	;	;	:	:		
January-March:	*** :	***	: ***	:	15.3	***	: ***	: 20.3		
April-Jun e:	*** :	***	: ***	:	20.1 :	***	: ***	: 18.2		
July-September:	***	***	: ***	:	16.3	***	: ***	: 7.8		
October-December:	*** :	***	: ***	:	7.3:	***	: ***	: 5.5		
:	:		:	:	:	:	:	:		

<sup>1/</sup> ASTM-Al20, schedule 10, sprinkler pipe, carbon welded, black, 2.375-inch outside diameter, 0.109-inch wall thickness.

<sup>2/</sup> As measured by the quantity of sales reported with each sales price, for this specification the service center/distributor market accounted for 70 percent of U.S. producers' sales, 65 percent of the Korean pipe sales, and 67 percent of the Taiwan pipe sales. The end-user market accounted for the remainder. Because response rates were generally poor for sales of this specification to the end-user market, prices for sales to end users are not reported here. Of the 4 circular pipe and tube specifications for which prices were collected, this specification accounted for 4 percent of U.S. producers' sales, 19 percent of sales of the Korean pipe, and 1 percent of the sales of Taiwan pipe.

Prices of imports from Korea and Taiwan showed similar trends as prices of U.S.-produced circular pipe, although price declines during 1982 and the first half of 1983 were greater for imports from Korea and Taiwan. Prices of imports from Korea decreased an average of 33.7 percent from October-December 1981 to April-June 1983 for sales to service centers/distributors, and decreased by 27.8 percent over the same period for sales to end users. Prices of imports from Taiwan decreased an average of 27.6 percent over this period for sales to service centers/distributors and by 25.0 percent fo sales to end users.

Both Korean and Taiwan pipe prices generally increased in July-December 1983. Prices of imports from Korea increased by an average of 9.3 percent from April-June 1983 to October-December 1983 for sales to service centers/distributors. Prices of imports from Taiwan increased by 10.8 percent over the same period for sales to service centers/distributors. 1/

Prices of imports of pipe from Korea and Taiwan were generally lower than those of U.S.-produced pipe for the heavier gage specifications (specifications 1 and 3) (tables 20 and 22). 2/ Margins of underselling for specification 1 increased each year from 1981 to 1983 for imports from both Korea and Taiwan, ranging from 10 to 18 percent in 1981, from 18 to 25 percent in 1982, and from 17 to 31 percent in 1983 for sales in the service center/distributor market (table 20). However, margins of underselling decreased in July-December 1983, as import prices increased at a faster rate than did U.S. producers' prices during this period. Margins of underselling for specification 3 (table 22) generally showed the same trends but were of smaller magnitudes in 1981 than for specification 1.

For the lighter gage specifications (2 and 4), prices of imports from Korea and Taiwan were sometimes higher than those for U.S.-produced pipe in 1981 but generally undersold U.S.-produced pipe in 1982 and 1983 (tables 21 and 23). However, the margins of underselling were not as large as for the heavier gage pipe specifications, ranging from about 5 to 25 percent.

<sup>1/</sup> Over this period there were very low quantities of sales of imports to end users, and price observations for October-December 1983 were not available for most specifications.

<sup>2/</sup> These two specifications are the higher volume specifications for both U.S. producers and importers reporting prices.

Heavy-walled rectangular pipes and tubes.--Prices of U.S.-produced heavy-walled rectangular tubes increased in 1981 and decreased in 1982 and 1983 (table 24). 1/

Prices of imports from Korea were generally available only for 1983, so there exist little data for an analysis of price trends. For the one specification and market where some longer term data are available (specification 5 for sales to service centers/distributors), Korean prices decreased by 25.8 percent from October-December 1981 to April-June 1983 (table 24). This price decrease is of the same magnitude as price decreases for sales of Korean circular pipe. Prices of Korean heavy-walled tubes increased by 11.8 percent from April-June 1983 to October-December 1983.

Imports of heavy-walled tubes from Korea generally undersold U.S.-produced heavy-walled tubes in the service center/distributor market but were higher priced in the end-user market (table 24). In 1983, margins of underselling in the service center/distributor market ranged from \$5.07 to \$42.54 per hundred feet, or from 2.0 to 15.8 percent.

In the end-user market, imports from Korea were higher priced in the one quarter in which a price comparison was available. Overselling in this market was the result of importers selling for a higher price in this market relative to the service center/distributor market, whereas U.S. producers tended to charge the same price in both markets.

Light-walled rectangular pipes and tubes.--U.S. producers' prices for specification 7 increased slightly in 1981. For sales to the service center/distributor market, U.S. producers' prices decreased by 15.5 percent from October-December 1981 to April-June 1983. Prices then increased by 6.8 percent from April-June 1983 to October-December 1983. For sales to the end-user market, prices increased marginally in 1981 and 1982 and decreased in 1983 (table 25).

Prices for imports from Korea were generally available only for late 1982 and 1983. The Korean product was consistently priced lower for all quarters where price comparisons could be made. Margins of underselling ranged from \$3.47 to \$4.46 per hundred feet (16.8 to 20.4 percent) in the service center/distributor market (table 25). In the end-user market, margins of underselling decreased from about 26 percent in 1982 to 9 percent in 1983 as U.S. producers' prices decreased.

<sup>1/</sup> For both U.S. producers and importers of Korean tube, the larger volume sales were for specification 5.

Table 24.--Heavy-walled rectangular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors and to end users for 4-inch square structural tubing, 1/by quarters, 1981-83 2/

:	Korean product									
Period	U.S. :	: Price :-	Margin of underselling or (overselling)							
:	<pre>product : :</pre>	:	Amount	Percent						
:		Per 100 feet	:							
Service center/ :	:	:	:							
distributor market:	:	:	:							
1981:	:	:	:							
January-March:	\$306.44:	3/ :	- ;	-						
April-June:	301.41 :	$\overline{3}/$ :	-:	-						
July-September:	338.06:	\$299.30:	\$38.76:	11.5						
October-December:	323.01 :	306.24 :	16.77:	5.2						
1982:	:	:	•	2						
January-March:	293.07 :	<u>3</u> / :	-:	_						
April-June:	279.97 :	$\frac{\overline{3}}{3}$ :	<u> </u>							
July-September:	275.62:	$\frac{57}{274.50}$ :	1.12:	0.4						
October-December:	270.85 :	3/ :	- :	-						
1983:	2,000	=/	•							
January-March:	266.71 :	3/ :	<b>-</b> :	-						
April-June:	269.80 :	$\frac{57}{2}$ 27.26:	42.54 :	15.8						
July-September:	269.03:	234.03 :	35.00:	13.0						
October-December:	259.15 :	254.08:	5.07:	2.0						
:	:	:	•							
End-user market :	:	:	:							
1981:	:		:							
January-March:	*** :	3/ :	- :	_						
April-Jun e:	***	$\frac{3}{3}$ / :	- :	_						
July-September:	***	$\frac{3}{3}$ /:	<b>-</b> :	_						
October-December:	***	$\frac{3}{3}$ / : $\frac{3}{3}$ / : $\frac{3}{3}$ / :	<u>- :</u>	-						
1982:	•	=-	•							
January-March:	***	3/ :	- :	_						
April-June:	***	$\frac{37}{3}$ /:	<b>-</b> :	-						
July-September:	***	$\frac{\overline{3}}{3}$	- :	<b>≐</b>						
October-December:	***:	$\frac{3}{3}$ : $\frac{3}{3}$ : $\frac{3}{3}$ : $\frac{3}{3}$ :	- :	-						
1983:	•	<i>=</i> /	•							
January-March:	*** :	3/ .	_ •	_						
April-June:	***	$\frac{3}{3}$ / :		_						
July-September:	*** :	***	*** ·	(14.4)						
October-December:	***	3/:	•	(2-4-47)						
· ·	•	⇒ :	•							

 $<sup>\</sup>frac{1}{4}$  ASTM-A500, Grade B structural tubing, carbon welded, black, 4-inch square, 0.250-inch wall thickness, 24- to 40-foot mill lengths.

<sup>2/</sup> As measured by the quantity of sales reported with each sales price, for this specification the service center/distributor market accounted for 74 percent of U.S. producers' sales and 94 percent of the Korean pipe sales. The end-user market accounted for the remainder. Of the 2 heavy-walled specifications for which prices were collected, this specification accounted for 73 percent of U.S. producers' sales and 66 percent of sales of the Korean product.

<sup>3/</sup> Not available.

Table 25.--Light-walled rectangular welded carbon steel pipes and tubes: U.S. producers' and importers' weighted-average prices to service centers/distributors and to end users for 1-inch square mechanical tubing, 1/by quarters, 1981-83 2/

, ;	Korean product								
Period	U.S. :	: Price :_	Margin of u	Margin of underselling					
:	product :	:	Amount	Percent					
:		-Per 100 feet	:						
Service center/ :	<b>'</b> :	:	:						
distributor market:	:	:	:						
1981:	:	:	:						
January-March:	\$24.02:	<u>3</u> / :	-:	-					
April-June:	23.66:	<u>3</u> / :	-:	-					
July-September:	24.67 :	$\frac{3}{3}$ / : $\frac{3}{3}$ / : $\frac{3}{3}$ / :	-:						
October-December:	24.68:	$\overline{\underline{3}}/$ :	-:	-					
1982: :	:	:	:						
January-March:	23.55:	$\frac{3}{3}$ / :	- :	-					
April-Jun e:	22.57 :	$\overline{3}/$ :	-:	-					
July-September:	22.19 :	$\overline{3}/$ :	- :						
October-December:	23.44 :	\$18.99 :	<b>\$4.45</b> :	19.0					
1983:	:	:	:						
January-March:	20.68:	17.21 :	3.47 :	16.8					
April-June:	20.85:	16.95:	3.89:	18.7					
July-September:	21.84 :	17.38 :	4.46 :	20.4					
October-December:	22.27:	17.95:	4.32 :	19.4					
:	:	:	:	17.4					
End-user market :	•	•	•						
1981:	•	•	:						
January-March:	<b>\$</b> 28 <b>.</b> 26 :	3/ :	<u>.</u>	_					
April-June:	28.46 :	$\frac{37}{3}$ / :	- :						
July-September:	24.79 :	$\frac{3}{3}$ /	_ ;	_					
October-December:	29.33 :	$\frac{3}{3}$ / : $\frac{3}{3}$ / : $\frac{3}{3}$ / :	- :	-					
1982:		= :	•						
January-March:	30.32 :	3/ :	_ :						
April-June:	29.89 :	$\frac{37}{37}$ :	_ :						
July-September:	28.39 :	\$21.36 :	\$7 <b>.</b> 03:	24.8					
October-December:	30.15 :	21.36:	8.79:	29.2					
1983: :	30.13 :	21.50:	0./9:	29.2					
	24.63:	22.60.	2 15 .	0 7					
January-March:	24.63 : 24.58 :	22.48 : 22.48 :	2.15 : 2.10 :	8.7 8.6					
April-June: July-September:	24.58 :		2.10	8.0					
· ·		$\frac{3}{3}$ :	- ·	-					
October-December:	24.94 :	<u>3</u> / :	- :						

<sup>1/</sup> ASTM-A513 (mechanical) or A500 (ornamental) tubing, carbon welded, black, 1-inch square, 16 gage (0.058 inch to 0.065 inch) wall thickness, 20- to 24-foot mill lengths.

<sup>2/</sup> As measured by the quantity of sales reported with each sales price, for this specification the service center/distributor market accounted for 52 percent of U.S. producers' sales, and 99 percent of the Korean pipe sales. The end-user market accounted for the remainder. Of the 2 light-walled specifications for which prices were collected, this specification accounted for 66 percent of U.S. producers' sales and 92 percent of sales of the Korean product.

<sup>3/</sup> Prices not available.

Purchaser price information.--Purchase prices on a delivered and regional basis were requested from purchasers for the same eight product specifications as requested from producers and importers. However, responses were such that price comparisons are available only for the two products with schedule 40 sprinkler pipe specifications (products 1 and 3), and generally only between U.S.-produced and Korean pipe. The regional delivered-price comparisons resulted in margins of underselling for these two specifications generally in the same range as margins of underselling computed from f.o.b. price comparisons.

Price comparisons for schedule 40 black sprinkler pipe are available for seven market areas for imports from Korea and for two market areas for imports from Taiwan. In six of the seven market areas, imports from Korea undersold the U.S.-produced pipe by 21 to 39 percent in 1982 and 1983 (table 26). In one market area (Seattle), imports from Korea were priced about 4 percent lower. In the two market areas where import prices for Taiwan pipe were available (Los Angeles and Seattle), the Taiwan product was priced 22 to 25 percent lower than U.S.-produced pipe.

Price comparisons for schedule 40 galvanized sprinkler pipe are available for five market areas for imports from Korea and for one market area for imports from Taiwan. The margin of underselling for imports from Korea ranged from 6 to 39 percent (table 27). The margin of underselling for the one market area where price comparisons were available for imports from Taiwan (Seattle) was 30 percent in 1983.

Price comparisons from purchasers' questionnaires were not available for the other specifications.

Table 26.--Small circular welded carbon steel pipes and tubes: Average annual margins of underselling reported by purchasers of black schedule 40 sprinkler pipe, 1/ by metropolitan areas, by years, 1982-83

Metropolitan area	:	Korean	produc	Korean product				<b>Taiwa</b> n product		
and year	: A	Amount Percent		Amoun t		Perce	n t			
		Per	•		. <u>P</u>	er :				
	: 100	feet	:	;	: 100	feet :				
Los Angeles:	:	·	:	:	}	:				
1982	•:	***	: 2	26.2	: 2/	*** :	2/2	5.1		
1983	•:	***		25.2		/ :	*****	_		
Atlanta:	:		:		:	:				
1982	: 4/	***	: 4/ 2	21.4:	3.	<i>'</i> :		_		
1983		***		8.3:				_		
Chicago:	:				- <del>- '</del>	:				
1982	: 2/	***	2/2	3.1 :	3/	,		_		
1983		***	-	9.1:		, .		_		
Houston:	·/					:	*			
1982	: 4/	***	4/ 2	1.2:	3,	, <u> </u>		_		
1983		3/		- :	3/ 3/	,		_		
Phoenix:	:	='	•	•	2/	•				
1982	•	***	, ,	2.7 :	3 /	, :		_		
1983	•	***		5.0:		, .		-		
Salt Lake City:	•				2/	•				
1982	•	***	, 1	1.3:	3.	, :		_		
1983		***	-	2.1:						
Seattle:	•		,		2/	•				
1982	· : 4/	***		4.5:	4/	*** •	4/2	2 6		
1983	• = -	***		5.4:		***				
1703	• 4/		4/	J.4 :	4/		4/ 2	1.8		

<sup>1/</sup> ASTM-A120, schedule 40, standard carbon welded pipe, black, 2.375-inch outside diameter, 0.154-inch wall thickness.

 $<sup>\</sup>frac{2}{3}$ / Represents price comparisons in 2 quarters.  $\frac{3}{3}$ / Not available.

<sup>4/</sup> Represents price comparisons in 1 quarter.

Table 27.--Small circular welded carbon steel pipes and tubes: Average annual margins of underselling reported by purchasers of galvanized schedule 40 sprinkler pipe, 1/ by metropolitan areas, by years, 1982-83

(+ b	Korean	produc t	Taiwan product		
Area and year	Amount	Percent	Amoun t	Percent	
	Per 100 feet		<u>Per</u> : 100 feet :		
Atlanta: 1982 1983	***			-	
Chicago: 1982	: <u>2/</u> : 3/ *** :	: - : : - : : 3/ 12.2 :	$\frac{2}{2}$ :	-	
Houston: 1982	:	-	: - ;	- -	
Florida: 1982	***	38.8	: <sup>-</sup> :	-	
Seattle: 1982	: : <u>2/</u>	-	<u>2/</u> :	_	
1983	***	: 13.8	***:	29.9	

<sup>1/</sup> ASTM-Al20, schedule 40, standard carbon welded pipe, galvanized,

<sup>1.660-</sup>inch outside diameter, 0.140-inch wall thickness.

<sup>2/</sup> Not available.

 $<sup>\</sup>overline{3}$ / Represents price comparisons in 1 quarter.

<sup>4/</sup> Represents price comparisons in 2 quarters.

Transportation costs. -- Producers of both circular and rectangular pipes and tubes were requested to report transportation costs from their mill to the Los Angeles market. 1/ Six producers located in different parts of the United States reported freight costs for rail transport and/or truck transport. Freight rates for shipments to Los Angeles are shown in the following tabulation (in dollars per ton):

			Truck	Rail
*	*	*	***	***
*	*	*	***	***
*	*	*	***	***
*	*	*	***	***
*	*	*	***	***
*	*	*	***	***

In terms of the effect of transport costs on prices to the west coast, the above costs per ton must be converted to a cost per hundred feet for each of the specifications for which prices were collected. 2/ The relevant conversion factor multiplied by the above transport cost per ton will give the transport cost per hundred feet for the specification. 3/

For all the specifications for which prices were collected, transport charges to the west coast are a substantial portion of the delivered price for shipments from central or eastern mills. Purchasers of circular sprinkler pipe located on the west coast reported that inland transport costs from U.S. mills such as \* \* \* made delivered prices from those producers prohibitive.

 $<sup>\</sup>underline{1}$ / Los Angeles was chosen because Counsel for Taiwan and Korea have argued that the western U.S. market should be analyzed individually from the rest of the U.S. market.

<sup>2/</sup> One hundred feet equals 0.184 ton for product 1, 0.046 ton for product 2, 0.114 ton for product 3, 0.132 ton for product 4, 0.629 ton for product 5, 0.844 ton for product 6, 0.041 ton for product 7, and 0.153 ton for product 8. 3/\*\*\*

Exchange rates.--U.S. dollar/Korean won and U.S. dollar/New Taiwan dollar exchange rates are shown in table 28 for 1981-83 for Korea and for 1982 and 1983 for Taiwan. 1/

In nominal terms the Korean won and the New Taiwan dollar depreciated against the U.S. dollar from January-March 1981 to October-December 1983. The nominal value of the Korean won depreciated by 16.0 percent and the nominal value of the New Taiwan dollar depreciated by 11.7 percent over this period. The real value of the Korean won decreased by 13.2 percent from January-March 1981 to October-December 1983. The real value of the New Taiwan dollar decreased by 12.2 percent from January-March 1982 to January-March 1983.

Table 28.--Nominal and real exchange rates between the U.S. dollar and the South Korean won, and between the U.S. dollar and the New Taiwan dollar, by quarters, 1981-83.

(January-March 1982=100.0)

: Taiwan		
Nominal Real		
:		
103: 1/		
$\frac{103}{100}$ : $\frac{1}{100}$		
103 : $1/$		
$104 : \frac{1}{}$		
<b>:</b>		
100:	100.0	
97 :	97.2	
95:	94.3	
95:	94.0	
•		
95:	93.0	
	92.6	
	89.1	
	87.8	
91 ·	5 / .0	
	93 : 93 : 91 :	

<sup>1/</sup> Real exchange rates could not be computed because the Producer Price Index for Taiwan was unavailable.

Source: Republic of China Directorate-General of Budget, Accounting, and Statistics, Commodity-Price Statistics Monthly, Taiwan Area, July 1983; Republic of China Coordinating Council for North American Affairs, Far Eastern Economic Review, Oct. 20, 1983, Oct. 27, 1983, Nov. 17, 1983, Nov. 24, 1983, Dec. 8, 1983, and Dec. 22, 1983; and International Monetary Fund, International Financial Statistics, January 1984.

<sup>1</sup>/ January-March 1982 is used as the base quarter, because it is the first quarter where a common base existed for all series.

# Lost sales

To obtain information for this section of the report, the Commission sent questionnaires to about 75 purchasers. According to the petition and lost sales allegations from the preliminary investigations, these firms had rejected domestically produced pipes and tubes in favor of pipes and tubes produced in Korea or Taiwan. Additional lost sales allegations were made in producer questionnaires returned for these final investigations. Information obtained from purchaser questionnaires and from telephone conversations is provided below.

The majority of the lost sales allegations concerned small circular pipes and tubes from Korea. Relatively few allegations of lost sales were made with respect to small circular pipes and tubes from Taiwan or heavy- or light-walled rectangular tubing from Korea.

Allegations concerning imports of small circular pipes and tubes.—Eight U.S. producers provided lost sales and/or lost revenue allegations involving a total of 91 individual pipe and tube purchasers. The total volume involved in these allegations was 92,227 tons, valued at \$70 million, and related to sales from 1981 to 1983. The majority of these allegations related to imports from Korea. Only about 5,000 tons of the total involved allegations related directly to imports from Taiwan. Commission staff contacted 32 of these firms that together accounted for 49,795 tons of the total lost sales allegations. However, many of the firms contacted were those where no actual quantity or value was provided with the lost sale allegation.

Only three of the 32 firms reported that they had never purchased Korean or Taiwan circular pipe or tube. Of the remaining 29 firms, most reported that they had purchased Korean pipe at some time, and three reported that they had purchased Taiwan pipe. The lower price of the Korean and Taiwan pipe and tube was generally cited as the primary reason for purchasing, with margins of underselling ranging from 15 to 30 percent for sprinkler pipe and from 9 to 14 percent for fence tubing. Purchasers reported that Korean and Taiwan prices were generally comparable.

Two nonprice factors, however, appeared to have affected some purchases. The first relates to the availability of heavier gage (schedule 40) sprinkler pipe on the west coast. Some western purchasers reported that this product was generally not readily available from western producers and that freight charges from southern or eastern producers made prices from these producers prohibitively high. In fact, only one western producer, Maruichi, reported prices for schedule 40 pipe. Foreign producers testified that although there may be production of schedule 40 sprinkler pipe in the west, U.S. capacity is limited and purchasing offshore is necessary. 1/

The second qualitative factor relates to fence tubing. U.S. purchasers of this product reported that hot-dipped, inside- and outside-galvanized fence tubing was available only from foreign sources. U.S. producers have apparently switched to a new galvanization process which produces fence tubing

<sup>1/</sup> Transcript of the hearing, Mar. 27, 1984, pp. 132-134.

which is not exactly the same as the imported product. Purchasers reported that fence tubing produced by either process are substitutable, but that some customers desire hot-dipped galvanization. One purchaser reported that the segment of its customers desiring hot-dipped galvanization is very small. Following are details for the purchasers contacted.

\* \* \* \* \* \* \*

\* \* \* stated that it purchases Korean and Taiwan sprinkler pipe, as well as pipe from \* \* \*. \* \* \* estimated its total annual purchases total \* \* \* tons and that 80 percent of these were from foreign sources, primarily Korea and Taiwan. \* \* \*.

\* \* \* \* \* \* \* \*

\* \* \* . \* \* \* s purchases of circular pipe and tube are shown in the following tabulation (in tons):

Source	1	981	1982		198	3
United States-		***	***		**	*
Kore a	;	***	***		***	k
Ta iw an		***	***		**	*
Other foreign-	1	***	***		**	k
_						
*	*	*	*	*	*	*

\* \* \* reported that it purchases fence tubing from \* \* \*, as well as from foreign countries. However, it reported no purchases of Korean or Taiwan fence tubing, \* \* \*.

\* \* \* \* \* \* \*

\* \* \* reported that it purchased approximately \* \* \* tons of Korean circular pipe and tube in 1983, \* \* \*. \* \* \*.

\* \* \* \* \* \* \*

\* \* \* reported that it purchased about \* \* \* tons of Korean \* \* \* fence tubing in 1983. \* \* \*.

\* \* \* \* \* \* \* \*

\* \* \* reported that it purchased both Korean and Taiwan sprinkler pipe in 1983, \* \* \*. \* \* \*.

\* \* \* \* \* \* \* \*.

\* . \* \* \* reported that it purchases from \* \* \*, which was discussed earlier. \* \* \* reported that \* \* \*. \* \* \* does not buy Korean pipe \* \* \*. \* \* \*'s purchases from 1981 to 1983 are reported in the following tabulation (in tons): Source 1981 1982 1983 \*\*\* \*\*\* \*\*\* United States---Korea-----\*\*\* \*\*\* \*\*\* Taiwan-----\*\*\* \*\*\* \*\*\* \*\*\* \*\*\* Other foreign---\* \* \* reported that all of its purchases are of U.S.-produced pipe. \* \* \* reported that it purchased \* \* \* tons of Korean pipe in 1982, \* \* \*. \* \* \*. \*. \* \* \* reported that it purchases from \* \* \*, and it does not know the origin of this pipe. \* \* \* 's purchases were described earlier. \*. \* \* \* reported that it purchases about \* \* \* percent of its annual requirement (\* \* \* tons) from an importer of Korean pipe. \* \* \*. \* \* \* reported that it purchased \* \* \* tons of Korean \* \* \* in 1983. \* \* \* reported that it purchases from a number of different foreign countries, including Korea, \* \* \*. \* \* \*. \*.

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* * * r	eported t	hat it p	urchases	Korean	sprinkle	r pipe *	· * * •
purchases of	been and	oipe from alyzed, c	* * *. onsidera	Because tion of	* * * * 's this los	purchas	involved es of Korean pipe llegation would
	*	*	*	*	*	*	*.
* * * ro							* * * tons and rom * * *. * * *
	*	*	*	*	*	*	*.
purchases of	Korean p	ipe were purchase	discuss	ed earli	er.		* * *'s
tabulation (	in thousa	nds of d	ollars):				
Sour	ce	1981		1982		1983	
United : Korea	State s	*** - ***		***		** * ***	
	*	*	*	*	* .	*	*.
	*	*	*	*	*	*	*.
* * * r	eported t	hat it p	urchased	about *	* * ton	s of Kor	ean pipe * * *.
	*	*	*	*	*	*	*.
* * * re			*. Info	rmation	provided	by * *	* is reported
	*	*	*	*	*	*	*.
* * * re	-	hat it p	urchased	Korean	pipe in :	1982 and	in January-June
	*	*	*	*	, *	*	*.
* * * re	-				-		pipe about 2
	*	*	*	*	*	*	*.
	ears, * *	*. **	* estima	ated tha	-		oduced pipe in ut * * * tons of

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ابيا	a mah -		aha	+h - £-11	~··	a +ab14.	am (im b= :	- ) -
* * * *	s purcna	ses are	snown in	rue toll	owin	g cabulati	on (in tor	18):
	Source	•		1 0 81		1082	1083	
	Dource	<del>-</del>		1981	-	<u>1982</u>	1983	
T h	nited St	- ato c		. **	r	** *	***	,
			~~~~~			***	***	•
						** *	***	
					•	***	***	
	202							
	*	*	*	*	*	*	*.	
* * *.	* * *'	s purcha	ases are s	hown in	the i	following	t abulat ion	(in tons):
	Source	2		<u>1981</u>	•	<u>198 2</u>	1983	
**								
						***	***	
						** *	***	
						***	***	
Ot	ner for	eign				** *	** *	
	*	*	*	*	*	*	*.	
							•	
* * *.	* * * 1	s purcha	ses are s	hown in	the f	ollowing	tabulation	(in tons):
	Source			1981		1982	1983	
		_				***************************************		
						** *	** *	
						***	***	
						** *	***	
OE	her for	eign		***		***	* **	
	*	*	*	*	*	*	*.	
							-	
	*	*	*	*	*	*	*.	
					•		•	
* * * r	eported	that it	purchase	d * * *	tons	of Korean	pipe in 19	982 and
* * * tons i								
	*	*	*	*	*	*	*.	
		that it	purchase	d about	* * *	tons of l	<b>Grean</b> fend	e tubing
n 1983. *	* *.							
	*				al.	.•.	.4.	
	•	*	*	*	*	*	*.	
	*	*	*	*	*	*	*.	
	••	••	••	. <b>"</b>	~	*	^ •	A 62
								A-63

\* \* \* reported that it purchased about \* \* \* tons of Korean circular pipe in 1983. \* \* \*. \* \* \*.

Al legations concerning imports of heavy-walled rectangular pipes and tubes. -- One producer of heavy-walled rectangular tubing provided lost sales allegations relating to four purchasers. No details concerning the quantity or value of these lost sales were provided.

The Commission staff contacted all four purchasers. One reported purchasing Korean heavy-walled tubing. Three reported that they had purchased heavy-walled rectangular tubing from domestic sources and/or from other foreign countries.

\* \* \* \* \* \* \* \*.

\* \* \* reported that it purchased no Korean heavy-walled rectangular tubing from 1981 to 1983. \* \* \*.

\* \* \* \* \* \* \* \* . \*.

\* \* \* reported that it has never purchased Korean heavy-walled rectangular tubing.

\* \* \* \* \* \* \*.

\* \* \* reported that it has never purchased Korean heavy-walled rectangular tubing, \* \* \*.

\* \* \*. \* \* \* 's purchases are shown in the following tabulation (in tons):

Source	1981	1982	1983
United States	***	***	***
Kore a	** *	** *	***
Other foreign	***	***	* **

\* \* \* \* \* \* \*.

Allegations concerning imports of light-walled rectangular pipes and tubes. -- Three producers of light-walled rectangular tubing provided lost sales allegations relating to nine individual firms, involving purchases of 9,130 tons of Korean tubing, valued at \$4 million, in 1982 and 1983.

The Commission staff contacted seven of these purchasers that together accounted for 7,380 tons of the alleged lost sales. Five of the seven firms contacted reported that they had purchased Korean light-walled rectangular tubing in 1982 or 1983. Each of these five reported that lower price was the primary reason for purchasing the Korean product, with the margins of underselling ranging from 15 to 23 percent. Two firms reported they had never purchased Korean rectangular tubing but had purchased some Japanese tubing. Further details concerning information provided by these seven purchasers are provided below.

\* \* \* reported that it purchased \* \* \* tons of Korean light-walled rectangular tubing in \* \* \*. \* \* \*. \* \_ \* \* \* reported that it has never purchased Korean light-walled rectangular tubing. \*. \* \* \* reported that \* \* \* it has purchased no Korean light-walled rectangular tubing. \* \* \*. This firm's purchases of light-walled rectangular tubing are reported in the following tabulation (in tons): Source 1982 1981 1983 United States-----\*\*\* \*\*\* \*\*\* \*\*\* \*\*\* Ko rea-----\*\*\* \*\*\* \*\* \* \*\*\* Other foreign-----\* \* \* reported that it purchased \* \* \* tons of Korean rectangular tubing in \* \* \*. \* \* \*. \*. \* \* \* reported that it purchased \* \* \* tons of Korean rectangular tubing in \* \* \*. \* \* \*. \*. \* \* \* reported that it purchased \* \* \* tons of Korean light-walled mechanical tubing in \* \* \*.

# APPENDIX A FEDERAL REGISTER NOTICES

[Investigations Nos. 731-TA-131, 132, and 138 (Final)]

Certain Welded Carbon Steel Pipes and Tubes From the Republic of Korea and Talwan, Institution of Final Antidumping Investigations

AGENCY: International Trade Commission.

**ACTION:** Institution of final antidumping investigations.

OFFECTIVE DATE: October 28, 1983. **SUMMARY:** As a result of affirmative preliminary determinations by the U.S. Department of Commerce that there is a reasonable basis to believe or suspect that imports of certain welded carbon steel pipes and tubes from the Republic of Korea (Korea) and Taiwan, are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigations Nos. 731-TA-131, 132, and 138 (Final) under section 735(b) of the act (19 U.S.C. 1673(b)) to determine whether an industry in the United States is materially injured, or is threatened with

material injury, or the establishment of an industry is materially retarded, by reason of imports of such merchandise. FOR FURTHER INFORMATION CONTACT: Robert Carpenter (202–523–0399), Office of Investigation, U.S. International Trade Commission, Washington, D.C. 204036.

#### SUPPLEMENTARY INFORMATION:

## Background

On June 6, 1983, the Commission determined, on the basis of the information developed during the course of investigations Nos. 731-TA-131 and 132 (Preliminary), that there was a reasonable indication that an industry in the United States was materially injured by reason of allegedly LTFV imports of certain circular welded carbon steel pipes and tubes from Korea and Taiwan. The preliminary investigations were instituted in response to a petition filed on April 21, 1983, by counsel on behalf of the Committee on Pipe and Tube Imports (CPTI).<sup>2</sup>

On August 29, 1983, the Commission determined, on the basis of the information developed during the course of investigation No. 731-TA-138 (Preliminary), that there was a reasonable indication that an industry in the United States was materially injured by reason of allegedly LTFV imports of certain rectangular welded carbon steel pipes and tubes from Korea. The preliminary investigation was instituted in response to a petition filed on July 14, 1983, by counsel on behalf of the CPTI.

#### Participation in the Investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in 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 entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)).

Each document filed by a party to these investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.6(c), a amended by 47 FR 33682, Aug. 4, 1982).

A signed original and fourteen (14) true copies of each document must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). 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 to the Commission. Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

# Hearing

The date of the Commission's hearing to be held in connection with these investigations will be announced later. Deadlines for filing prehearing and posthearing briefs, and written statements, will also be announced later.

For further information concerning the conduct of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and C (19 CFR part 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 F 33682, Aug. 4, 1982).

This notice is published pursuant to \$ 207.20 of the Commission's rules (19 CFR 207.20)

3 .....

Issued November 30, 1983.
By order of the Commission.
Kenneth R. Mason,
Secretary.

[FR Doc. 83-32612 Filed 12-6-83: 8 45 um] BILLING CODE 7020-02-M

<sup>&</sup>quot;For purposes of investigations Nos. 731-TA-131 and 132 [Final], the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes. of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 4.5 inches in outside dismeter, provided for in items 610.3231, 610.3232, 610.3241, and 610.3244 of the Tariff Schedules of the United States Annotated (1983) [TSUSA]. For purposes of investigation No. 731-TA-138 [Final], the term "certain welded carbon steel pipes and tubes" covers welded carbon steel pipes and tubes. of rectangular (including square) cross section provided for in TSUSA items 610.3955 and 610.4975.

<sup>\*</sup>The nine member producers of the CPTI are Allied Tube & Conduit Corp. American Tube Co., Inc., Bull Moose Tube Co., Copperweld Tubing Group, Kaiser St. el Corp., Men hants Metals, Inc., Pittsburgh-International, Southwestern Pipe, Inc., and Western Tube & Conduit.

[Investigations Nos. 731-TA-131, 132, and 138 (Final)]

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

AGENCY: United States International Trade Commission.

ACTION: Scheduling of a hearing to be held in connection with the subject antidumping investigations.

EFFECTIVE DATES: December 21, 1983.

SUMMARY: The Commission will hold a public hearing in connection with these investigations on March 20, 1984.

FOR FURTHER INFORMATION CONTACT: Robert Carpenter (202-523-0399), Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION:

#### Hearing

The original notice of institution of these investigations stated that the date of the Commission's hearing to be held in connection with the investigations would be announced later. On December 2, 1983, the Department of Commerce (Commerce) postponed the scheduled dates for making its final determinations in its investigations of less-than-fair value (LTFV) sales from Korea from January 9, 1984, to March 12, 1984, for circular welded carbon steel pipes and tubes (48 FR 54388), and to March 14, 1984, for rectangular welded carbon steel pipes and tubes (48 FR 54390). On December 5, 1983. Commerce similarly postponed the scheduled date for making its final determination in its investigation of LTFV sales of circular welded carbon steel pipes and tubes from Taiwan from January 9, 1984. to March 12, 1984 (48 FR 54526). Accordingly, the Commission's public hearing is hereby scheduled to begin at 10 a.m. on March 20, 1984. in the Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on March 15, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10 a.m. on March 7, 1984. in room 117 of the

U.S. International Trade Commission Building. Prehearing briefs must be filed on or before March 13, 1984.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23, as amended by 47 FR 33682, Aug. 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22, as amended by 47 FR 33682, Aug. 4, 1982). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on March 27, 1984.

### Staff Report

A public version of the prehearing staff report containing preliminary findings of fact in these investigations will be placed on the public record on March 2, 1984, pursuant to § 207.21 of the Commission's Rules (19 CFR 207.21).

# Written Submissions

As mentioned, parties to these investigations may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before March 27, 1984. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's Rules (19 CFR 201.8). 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 to the Commission.

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

This notice is published pursuant to \$ 207.20 of the Commission's Rules (19 CFR 207.20).

Issued: December 22, 1983.

By order of the Commission. Kenneth R. Mason, Secretary.

[FR Duc. 80-34516 Filed 12-28-80; 8:45 am] BILLING CODE 7620-02-88

A-70

[Investigations Nos. 731-TA-131, 132, and 138 (Final)]

Certain Welded Carbon Steel Pipes and Tubes From the Rebublic of Korea and Talwan

AGENCY: United States International Trade Commission.

ACTION: The Commission hereby revises the date of its public hearing in connection with the subject antidumping investigations to March 27, 1984.

EFFECTIVE DATE: January 13, 1984.

FOR FURTHER INFORMATION CONTACT: Robert Carpenter (202–523–0399), Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20438

SUPPLEMENTARY INFORMATION: The Commission instituted these final antidumping investigations effective October 28, 1983 (48 FR 54908, Dec. 7, 1983), and scheduled a hearing to be held in connection therewith for March 20, 1984 (48 FR 57385, Dec. 29, 1983). However, in response to a request from counsel for the petitioner in the subject investigations, the Commission is revising its schedule as described below.

The Commission's hearing, which was to have been held on March 20, 1984, has been rescheduled to begin at 10 a.m. on March 27, 1984, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. A public version of the prehearing staff report containing preliminary findings of fact in these investigations will be placed in the public record on March 9, 1984. The deadline for filing prehearing briefs is March 20, 1984, and the deadline for filing posthearing briefs is April 2, 1984.

By order of the Commission. Issued: January 13, 1984.

Kenneth R. Mason,
Secretary.
[FR Doc. 84-1325 Filed 1-17-84, 8 45 em]
BILLING CODE 7020-02-M

# [A-580-007]

Certain Circular Welded Carbon Steel Pipes and Tubes From the Republic of Korea: Final Determination of Sales at Less Than Fair Value

**AGENCY:** International Trade Administration, Commerce. **ACTION:** Notice.

SUMMARY: We have determined that certain circular welded carbon steel pipes and tubes (CWPT) from the Republic of Korea (Korea) are being sold in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether these imports are materially injure, a U.S. industry. We have directed the U.S. Customs Service to continue to suspend the liquidation of entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption on or after October 28, 1983, in accordance with our preliminary determination, and to require a cash deposit or bond for each such entry in an amount equal to the estimated dumping margin as described in the "Suspension of Liquidation" section of this notice. Hyundai Steel Pipe Co., Ltd., preliminarily excluded, is now subject to suspension as of the date of publication of this notice. Union Steel Manufacturing Co., Ltd., previously subject to suspension under the preliminary determination, in now de minimis.

We have determined that two companies should be excluded from this determination. Those firms which are subject to the suspension of liquidation and those firms which are excluded from this action are indicated in the "Suspension of Liquidation" section of this notice.

**EFFECTIVE DATE:** March 16, 1984. **FOR FURTHER INFORMATION CONTACT:** Holly A. Kuga, Agreements Compliance Division, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377–1102.

#### SUPPLEMENTARY INFORMATION:

#### **Final Determination**

We have determined that CWPT from Korea are being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673). The margins for the individual firms investigated are indicated in the "Suspension of Liquidation" section of this notice. The dumping margins ranged from 0.00 percent to 64.95 percent. The overall weighted-average margin on all sales compared is 1.04 percent.

#### **Case History**

On April 21, 1983, we received a petition filed by counsel for the Committee on Pipe and Tube Imports (CPTI). The CPTI represents the following domestic manufacturers of CWPT: 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 accordance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleged that CWPT 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 Act, and that these imports are materially injuring, or are threatening to materially injure, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on May 11, 1983 (48 F. R. 22179). On June 6, 1983, the ITC found that there is a reasonable indication that imports of certain CWPT are materially injuring, or are threatening to materially injure, a United States industry.

Questionnaires were presented in Seoul, Korea to Korean CWPT producers on June 9, 1983. The five Korean producers that responded to our questionnaires account for approximately 90 percent of Korean CWPT exports to the United States during the period of investigation. The are: Union Steel Manufacturing Co., Ltd. (Union); Pusan Steel Pipe Co., Ltd. (Pusan); Hyundai Steel Pipe Co., Ltd. (Hyundai); Korea Steel Pipe Co., Ltd. (KSP) and Dongjin Steel Co., Ltd. (Dongjin).

On July 6, 1983, counsel for the Kore CWPT producers requested additional time to respond to our questionnaires. On July 11, 1983, we granted a two-we extension to July 25, 1983. On July 21, 1983, counsel for the respondents requested an additional two-week extension which we also granted. We received the responses on August 8, 1983.

Pursuant to section 733(c)(1)(A) of the Act, we postponed the preliminary determination, at the request of the petitioner, to no later than October 24, 1983 (48 FR 41055).

We received submissions from counsel for petitioner on September 12 and 29, 1983 and October 5 and 11, 198 alleging that home market sales of CWPT had been made at less than the cost of producing the merchandise in Korea. After reviewing the submission we determined that there were reasonable grounds to believe or suspe that home market sales had been mad at prices which were less than their costs of production pursuant to section 773(b) of the Act. We presented a cost production questionnaire to the Korea CWPT producers on October 14, 1983. Responses were received on November 21 and 30, 1983. Since we did not recei cost of production information in time for the preliminary determination, we have investigated whether home mark sales of CWPT have been made at prices which are less than their costs of production for our final determination.

On October 24, 1983, we made a preliminary determination that CWPT are being, or are likely to be sold in the United States at less than fair value (4 FR 49900). After receiving a request free counsel for the respondents, on November 28, 1983, we postponed the final determination until not later than March 12, 1984 (48 FR 54388), in accordance with section 735(a)(2)(A) of the Act.

From December 5-16, 1983, we verified the responses of the manufacturers in Korea, and from February 8-13, 1984, we verified respondents' data pertaining to sales those Korean manufacturers that maintained sales subsidiaries in the United States.

The hearing which was originally scheduled for December 21, 1983 was held on February 14, 1984 to allow the parties an opportunity to address the issues.

#### Scope of Investigation

The merchandise covered by this investigation is CWPT, which are defined for purposes of this proceeding as: welded carbon steel pipes and tubes, of circular cross section, currently provided for in items 610.3231, 610.3232, 610.3241 and 610.3244 of the Tariff Schedules of the United States Annotated (1983).

We investigated sales of CWPT by Union Pusan, Hyundai, KSP and Dongjin during the period from November 1, 1982, to April 30, 1983.

#### Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less then fair value, we compared the United States price with the foreign market value.

In making our fair value comparisons, we made several changes to the figures provided by respondents because the figures did not represent an amount calculated according to our usual practices or because verification indicated that another amount should be used.

#### **United States Price**

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by the Korean producers, because the merchandise was sold to unrelated purchasers prior to its importation into the United States.

We calculated the purchase price based on the packed f.o.b., c.i.f., c. & f., ex-dock duty paid price or c.i.f. duty paid and delivered price to unrelated distributors. We made deductions, where appropriate, for Korean inland freight, ocean freight, marine insurance, foreign brokerage and handling, U.S. brokerage and handling, U.S. duty, U.S. inland freight, wharfage expenses and government testing and inspection fees. With the exception of Union, we added back to the U.S. price, the amount of import duties and defense taxes rebated upon exportation of the CWPT, which had been assessed upon the importation of materials used to produce the exported CWPT as provided for under sections 772(d)(1)(B) of the Act. In the case of Dongjin, we also added the amount of countervailing duty currently being imposed on this company's CWPT imports into the United States to offset

an export subsidy, pursuant to section 772(d)(1)(D) of the Act.

#### Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market sales.

Petitioners alleged that sales of CWPT in the home market were at prices below the cost of producing CWPT. We examined production costs, which included all appropriate costs for materials, fabrication, and general expenses. Sales below the cost of production were found to be made by Korean CWPT producers. Where sales of the merchandise under investigation were made over an extended period of time and in substantial quantities, and were at prices which did not permit recovery of all costs within a reasonable period of time in the normal course of trade, we disregarded these sales in our analysis, in accordance with section 773(b) of the Act. All five producers had sufficient home market sales of CWPT above cost of production to use there sales in determining foreign market value.

We calculated home market prices based on c. & f., ex-factory, or f.o.b. packed prices of merchandise sold to unrelated distributors in Korea. From these prices we deducted, where appropriate, inland freight and rebates. We made circumstances of sale adjustments for differences between U.S. and home market credit costs and advertising, in accordance with section 353.15(a) of the Commerce Regulations and for indirect selling expenses in the home market used as an offset to U.S. commissions in accordance with section 353.15(c) of the Commerce Regulations. We also made an adjustment, where appropriate, for differences in the physical characteristics of the merchandise, in accordance with section 353.16 of the Commerce Regulations. We deducted home market packing cost and added the cost of U.S. packing, pursuant to 773(a)(1) of the Act.

We disallowed Union's claimed circumstance of sale adjustment for warehousing expenses. Since respondent was not able to demonstrate that the warehousing occurred after the sale of the subject merchandise, we cannot consider such warehousing to be circumstance which bears a direct relationship to the sales under consideration, as required by section 353.15 of the Commerce Regulations.

#### Verification

In accordance with section 776(a) of the Act, we verified the information used in making this determination by using standard verification procedures, including on-site inspection of the manufacturer's operations and examination of accounting records and selected documents containing relevant information.

#### Results of Investigation

	Weighted— sverage margin percentage	Percentage of total sales compared
Union	0.24	100
Pusan	0.78	81.4
Hyundai	1.35	100
KSP	2.13	100 .
Dongjin	0.22	100

#### Petitioner's Comments

#### Comment 1

Posco, the Korean steel producer which supplies the coil used to produce the merchandise under investigation, maintains a two-tiered pricing system. It sells coil for eventual domestic consumption at higher prices than coil which will be processed and exported. This allows it to compete with imported coil which benfits from the receipt of duty drawback. The cost of producting the merchandise under investigation must be calculated only on the basis of the higher coil costs incurred by the rspondent pipe and tube manufacturers in producing for domestic consumption. Since the Department is required by law to exclude from constructed value the amount of any taxes or duties imposed on raw materials which are rebated upon exportation of the merchandise to the U.S., it would, conversely, include any taxes or duties assessed upon imported raw materials used in producing the merchandise sold in the home market in computing the cost of producing that merchandise. It follows, therefore, that the same methodology should apply in the instant case to the different costs of raw materials under the dual pricing system maintained by POSCO.

# DOC Position

Section 773(b) of the Act requires us in appropriate circumstances, to determine whether home market sales have been made at less than the cost of producing the merchandise in question. Section 353.7(b), in interpreting and applying the Act, requires the cost of production be computed on the basis of the "costs of materials, labor, and general expenses, excluding profit incurred in producing such or similar merchandise." (emphasis added)

Similarly, section 733(c)(1) of the Act requires us, in calculating constructed

value, to use "the cost of materials \* \* \* and of fabrication or other processing of any kind employed in producing such or similar merchandise. \* \* \*" (emphasis added). The phrase "such or similar merchandise", in turn, is defined in section 771[16] of Act (in relevant part to this issue) as " \* \* merchandise which is the subject of the investigation and other merchandise which is identical in physical characteristics with, and was produced in the same country by the same person as, that merchandise."

Consequently, where there are different costs associated with producing merchandise produced for export as compared with merchandise produced for domestic sale and the merchandise is physically identical, we have used the average cost of producing that merchandise in calculating cost of production or constructed value.

Finally, we disagree with petitioner that duties are excluded from the cost of materials in a constructed value calculation. Section 773(e)(1) of the Act and section 353.6(a)(1) of the Commerce regulations exclude only certain internal taxes from the cost of materials in a constructed value context. Since the law makes no distinction between the cost of materials with respect to whether those costs include duties, petitioner's argument in this regard is inapposite to the question of whether we should segregate the costs of raw materials in calculating either constructed value or cost of production.

#### Comment 2

The Department should make certain recalculations of conversion costs for those home market products having lighter wall thicknesses which were produced in very small quantities. In order to change production from one diameter to another, a significant amount of down time occurs in the mill. The fact that smaller quantities of home market products were weight-averaged with the larger production of export products distorts the actual cost of production of these home market products.

The Department must calculate cost of production of home market products based on actual costs of producing those products. Weight averaging the costs of production for products which are different and which are also produced in different quantities is not acceptable.

# DOC Position

Where a product sold in the home market is not identical to the product sold to the United States and there are quantifiable production cost differences to which the dissimilarity between products is attributable, we took these cost differences into account in calculating cost of production. The product differences are not attributable to the sizes of production runs. Consequently, we did not take them into account in calculating cost of production. (See also DOC Position to Petitioner's Comment 1.)

#### Comment 3

In the calculation of cost of production for the home market products, labor and overhead costs for home market products should be allocated according to the tons per hour produced of each size of pipe and tube, rather than allocating these costs on a per ton basis.

### **DOC** Position

We agree with petitioner. An allocation method which does not reflect machine productivity by size will tend to understate the cost of small diameter pipes and tubes and overstate the costs of larger diameter pipes and tubes. We asked respondents to reallocate these costs based on standard machine hours, where a method reflecting productivity had not originally been provided. KSP and Union did not have the data available to comply with this request. We reallocated their costs on a size-bysize basis using as the best available information the average experience of those companies where the data had been supplied.

# Comment 4

Respondents sell pipes and tubes in the home market on the basis of standard weight, while cost of production is calculated on an actual weight basis. However, the actual wall thicknesses used by respondents and supplied to the Department in calculating actual weight are inaccurate. Although companies may claim to produce pipes and tubes at the absolute minimum tolerance for the standard, the experience of the U.S. domestic industry is such that consistent production at that minimum is not possible. Any attempt to produce as close to the minimum tolerance as respondents claim they do would result in a significant portion of the Korean pipes and tubes being below the minimum specification and, therefore, being rejected.

# **DOC Position**

Costs of production were provided to the Department on an actual weight basis. Except for Dongjin, the weights in the home market sales responses were based on standard weight conversions. In order to compare cost of production to home market selling prices, the same units should be used to calculate these

figures. The companies supplied us with the actual wall thickness of the pipes and tubes sold in the home market on a size-by-size basis. To compute the actual weight of the pipes and tubes produced, the companies used actual wall thickness in the formula for standard weight conversions. The resulting units of weight are the "actual" units of weight used by each company to allocate production costs. Actual wall thickness reflects the gauge of the coil that had been used in the production of these pipes and tubes. The deviation from the standard guage for pipes and tubes does vary between companies. However, these numbers were examined during verification and were found to reflect each company's actual experience.

#### Comment 5

In determining the cost of production for home market products, the Department should use the time period of last quarter of 1982 and first quarter 1983.

#### DOC Position

We agree with petitioner. During verification we found that domestic pipe and tube sales are made from inventories of finished goods. Production for domestic sales remains in inventory an average of 30 days. Consequently, we consider the appropriate production costs for comparison to home market sales prices to be those incurred in the last quarter of calendar year 1982 and the first quarter of calendar year 1983. We believe, particularly since the cost of a significant raw material input was declining in price throughout the calendar year preceding the period of investigation, that these costs more accurately reflect what it actually costs to produce the pipes and tubes sold in the home market during the period of investigation.

#### Comment 6

The Department was correct in recomputing the cost of the production of Dongjin according to U.S. Generally Accepted Accounting Principles (GAAP) because the method used by Dongjin would not have reflected the variable and fixed costs of producing the merchandise. However, petitioner objects to the low value assigned to raw materials obtained by Dongjin upon takeover of the bankrupt Ilssin company.

#### **DOC** Position

Dongjin was formed to purchase Ilssin Steel, a company in bankruptcy and controlled by its creditors. Included in the business purchase were inventory (raw material and finished goods), plant and equipment. The Department accepted the stated purchase price of the business, including inventory, because it was based on an independent appraisal of replacement cost. In accounting for the purchase, the company has recorded the sum of the cash payments and the nominal value of the notes as the cost or value of the assets; the accounting was in conformity with Korean GAAP. However, the accounting is not consistent with U.S. GAAP in that it does not capture the financial aspects of the purchase. The effect of using U.S. GAAP on the cost of production submitted by the respondention the two markets and the concerned companies own costs. In making would be a decrease in depreciation expense but a reflection of the financial aspects of the transaction. In this case, the method of accounting did not change the basis for our fair value comparisions.

#### Comment 7

The Department must make an adjustment for differences between the Korean galvanizing specifications and galvanizing specifications on export products and for differences in wall thickness for products sold in the two markets, pursuant to section 353.16 of Commerce Regulations.

### **DOC** Position

We determine that an adjustment should be made for differences in the zinc standards. Respondents claim that the amount of zinc used on home market and U.S. products is the same because they perform hot-dipped galvanizing, a process which makes it difficult to control the amount of zinc applied to lighter coated products such as that sold in the home market. Respondent's data were not submitted in a manner to support these claims. Therefore, to adjust for differences in galvanizing, we used, as best information available, the different specifications for zinc application in the two markets and the concerned companies' own costs. In making this adjustment, we took into account differences in surface areas between products.

We also adjusted for certain differences in the wall thicknesses of home market products where they differed from the wall thicknesses of the U.S. products. In Certain Steel Pipes and Tubes from Japan (48 FR 1206), the Department made adjustments for certain differences in the dimensions of the compared products. Pipes and tubes whose size were within a plus or minus

ten percent variation in dimension were compared without adjustment, while adjustments were made where greater dimensional variation occurred. In keeping with the earlier case concerning pipes and tubes from Japan, we made adjustments in those instances.

Petitioner provided us with information to support their claim that production costs varied with differences in wall thicknesses, but these data were not presented in a way that demonstrated what those differences were. Since the data provided by the Korean companies did not break out the costs for such dimensional differences as wall thicknesses, we used as the best information available the relative relationships of the last published trigger prices for pipes and tubes of different wall thickness to adjust home. market prices for wall thickness differences, according to section 776(b) of the Act.

### Comment 8

Respondents' cost of production information contains inconsistencies that cast doubt on its credibility. Other than those discussed elsewhere, these issues include decreasing coil costs, decreasing labor costs, higher profits in the home market, higher general selling and administrative (GSA) expenses for export sales than for home market sales, the weight averaging of costs over two time periods and unexpected cost relationships between some products.

# **DOC** Position

The Department was aware of petitioner's concerns and addressed all these issues during on site verification in Korea. Information supplied by respondents was checked against their internal records; some data were reallocated and resubmitted based on the cost accountants' findings.

### Comment 9

In those cases where no product sold in the home market is identical or similar to a product sold to the United States, the Department should use third country sales, or given no third country sales, constructed value to represent the foreign market value. Likewise, if an insignificant quantity of a product exported to the U.S. is sold in the home market, comparison to that home market product should be avoided and constructed value should be used. The Department also should make comparisons on all products sold to the United States during the period of investigation.

#### **DOC** Position

Similar products are sold in the home market for all U.S. sales covered by this investigation. Adjustments for the any differences between products sold in the two markets were made as described elsewhere in this notice. In those cases where, for certain companies, only small quantities of a given size and type of any product existed in the home market. we examined their prices individually and found them to be representative when they were compared to the prices at which similar products were sold in larger quantities by the concerned company or the prices at which the same product was sold by the other pipe and tube producers. Therefore these products were used for comparison to U.S. sales.

With the exception of the sales of tube hollows, we made comparisons on all pipes and tubes sold to the United States during the period of investigation. While we believe tube hollows to be similar to the products in the home market being used for comparison purposes, we were not able to develop enough specific information to determine what, if any adjustments. should be made before making fair value comparisons. As tube hollows represent only 4.26 percent of the pipe and tube sales made during the investigative period, we decided not to include them in our comparisons for the final determination in this case.

#### Comment 10

The Department must ascertain whether the duty drawback adjustment claimed by the Korean producers was properly computed. Drawback receipts from exports of products outside the investigation should not be allocated to exports of pipe and tube products under investigation. Furthermore, no drawback should be claimed for export sales utilizing domestically produced flat rolled steel.

### **DOC Position**

During on site verification, we ascertained the amount of drawback for which the five Korean companies were in fact eligible. Where the drawback claim was not caculated properly, we made changes in those figures; in all cases the amounts allowed were limited exclusively to exports of products under investigation. We traced both import licenses for coil and export permits for investigated pipe and tube directly to the drawback application. Where there was insufficient imported coil to cover an exported article, we verified that no duty drawback claim was made.

#### Comment 11

If Korean law limits promissory notes to a maximum of 90 days, then any additional time claimed by respondent for home market credit adjustments should be disallowed.

# **DOC** Position

We are unaware of any Korean law limiting promissory notes to 90 days for financing in the home market. In the Final Results of Administrative Review on Bicycle Tires and Tubes from Korea (48 FR 26494 (1983)), we found that respondent companies had, in fact, received promissory notes for no longer than 90 days. We did not, however, find a law limiting promissory notes to 90 days for home market financing.

Respondent claimed credit expenses for home market sales on the basis of the time period between the shipment of the merchandise under investigation and the time the promissory note was paid. We verified that the respondent's information was accurate. We calculated credit expense by applying the appropriate short-term interest rate to the days outstanding between the date of shipment to the first unrelated purchaser and the date of payment by that purchaser. This credit expense is allowable as a circumstance of sale adjustment pursuant to 19 CFR 353.15(a) of our regulations.

#### Comment 12

The additional rebate granted by Pusan after the period of investigation and applied retroactively to the home market sales under investigation is not allowable as either a rebate or as a circumstance of sale adjustment.

#### **DOC** Position

Due to the obvious implications for administration of the antidumping law. in our sales comparisons, we are reluctant to reflect changes that are made subsequent to the initiation of an antidumping investigation, particularly when these changes would retroactively affect the sales prices of merchandise sold during the investigative period. The burden must be placed on respondent to demonstrate clearly that these changes are normal in the trade. While the pipe and tube producers generally offer rebates on home market sales of the investigated products, there is no evidence that retroactive rebates are a normal business practice. Therefore, we did not make the requested adjustment.

#### Comment 13

Due to Union's inability to provide cost of production information on a size-by-size basis, the Department should use constructed value as the foreign

market value for comparison with U.S. purchase price.

#### **DOC Position**

In the investigation of lightweight polyester filament fabrics from Korea (48 FR 49679 (1983)), we requested and the respondent companies provided individual costs of production for each fabric under investigation. At issue in that case was whether respondents' methods for allocating costs were reasonable. Ultimately, the Department accepted respondents' methods as being the most reasonable methods available.

By contrast, in this case, Union did not provide its cost of production on a size-by-size basis as requested by the Department. Therefore, we used as the best available information data provided by three companies being investigated other than Union, to allocate Union's labor and factory overhead costs on a size-by-size basis. We calculated the average relative difference between sizes from information provided by the three other companies. We then allocated Union's costs using the relative cost difference between sizes.

#### Respondent's Comments

### Comment 1

Respondents used weighted-average costs of hot-rolled coil pursuant to the "consistent policy directives" of the Department of Commerce; i.e., that weighted average costs are to be used rather than separate costs of production for domestic and export goods where domestic and export cost differences are not directly attributable to differences in physical characteristics of the merchandise.

In its policy papers, the Department interprets the cost of production and constructed value sections of the law as referring to "generic" merchandise, not specific items in every case, for two reasons: (1) The statute would be distorted if producers could be found to be selling below cost where the average cost of producing goods of the generic type is less than the price of the home market product and (2) the Department's policy paper notes, if the Department utilized separate costs for domestic and export, it would be contrary to the interpretation provided in section 353.16 of Department Regulations concerning differences in physical characteristics of similar merchandise. The petitioner has not offered sufficient legal or policy justifications to overturn the Department's rulings.

#### DOC Position

See DOC Position to Petitioner's Comment 1.

#### Comment 2

Dongjin's treatment of the transaction in its accounting records was in conformity with Generally Accepted Accounting Principles (GAAP) in Korea, and that accounting treatment required by Korean law. The legislative history of the 1973 Trade Reform Act does not deal with the situation where foreign tax law mandates equal accounting treatment throughout all sectors of the economy for a certain occurrence. The Department would be violating "its own fundamental precept" by restructuring Dongjin's costs in accordance with GAAP.

#### Position

See DOC Position to Petitioner's Comment 2.

#### Comment 3

With respect to the transaction described above, the Department should not use the discount rate of 10 percent, but rather should use 5.78 percent, the interest rate POSCO provisionally negotiated with the Bank in an "armslength" transaction. The 10 percent rate governs only short-term commercial loans by banks.

#### **DOC** Position

We did not use the 5.78 percent provisional interest rate because it was never adopted or applied. The bank instead insisted that all payments be considered principle. The rate used by the Department to record the financial aspect of this transaction is one known from a review of the company's books and records to be incurred by Dongjin on other than short-term financing.

#### **Suspension of Liquidation**

In accordance with section 733(d) of the Act, we instructed the U.S. Customs Service to suspend liquidation of all entries of CWPT from Korea, which were entered, or withdrawn from warehouse for consumption on or after October 28, 1983, with the exception of CWPT produced by Dongjin and Hyundai (48 FR 49900 (1983)).

As of the date of publication of this notice in the Federal Register, the liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise will be suspended for Hyundai, and will continue to be suspended for Pusan and KSP. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average margin

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amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The companies excluded from this determination are identified by an asterisk (\*) in the chart below. The weighted-average margins are as follows:

Manufacturers/producers/exporters	Weighted- average margins (percent)	
Union Steel Mfg. Co., Ltd	*0.24	
Pusen Steel Pipe Co., Ltd	0.76	
Hyundai Steel Pipe Co., Ltd	1.35	
Korea Steel Pipe Co., Ltd	2.13	
Dongiin Steel Co., Ltd	*0.22	
All Other Manufacturers/Producers/Exporters	1.04	

### **ITC** Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our final determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will make its determination on whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on CWPT from Korea entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Dated: March 12, 1984. William T. Archey,

Acting Assistant Secretary for Trade Administration.

(FR Doc. 84–7143 Filed 3–15–84; 8:45 sm)
BILLING CODE 3610–DS–M

#### [A-583-008]

Certain Welded Carbon Steel Pipes and Tubes From Taiwan; Final Determination of Sales at Less Than Fair Value

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** We have determined that certain welded carbon steel pipes and tubes from Taiwan are being sold in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether these imports are materially injuring, or are threatening to materially injure, a United States industry. We have directed the U.S. Customs Service to continue to suspend the liquidation of all entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption on or after October 28 1983, in accordance with our preliminary determination, and to require a cash deposit or bond for each such entry in an amount equal to the estimated dumping margin, as described in the "Suspension of Liquidation" section of this notice. Those firms which are subject to the suspension of liquidation are indicated in the "Suspension of liquidation" section of this notice. EFFECTIVE DATE: March 16, 1984.

FOR FURTHER INFORMATION CONTACT: Nicholas C. Tolerico, Agreements Compliance Division, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230: Telephone: (202) 377–4036.

### **Final Determination**

SUPPLEMENTARY INFORMATION:

We have determined that certain welded carbon steel pipes and tubes (CWPT) from Taiwan are being sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (the Act ) (19 U.S.C. 1673). The dumping margins for the firms investigated are indicated in the "Suspension of Liquidation" section of this notice.

#### **Case History**

On April 21, 1983, we received a petition filed by counsel for the Committee on Pipe and Tube Imports (CPTI). The CPTI represents the following domestic manufacturers of CWPT: 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 accordance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleged that CWPT from Taiwan are being, of are likely to be sold in the United States at less than fair value within the meaning of section 731 of the Act. and that these imports are materially injuring, or are threatening to materially injure, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on May 11, 1983 (48 FR 22179). On June 6, 1983, the ITC preliminarily determined that there is a reasonable indication that imports of CWPT are materially injuring a United States industry.

The petitioner alleged that at least 16 Taiwanese companies produce CWPT for export to the United States. However, we identified three producers and exporters that account for approximately 95 percnet of the exports to the United States. Questionnaires were presented in Taiwan to these producers and exporters on June 7, 1983. On July 5, 1983, we received a letter from counsel for the Taiwan CWPT producers and exporters requesting additional time in which to respond because of the lack of computer capability and the complexity of the responses. We granted an extension and, on July 13, 1983, we received a response from Kao Hsing Chang Iron & Steel Corporation (KHC). On July 23, 1983, we received responses from Tai Feng Industries, Inc. (TFI) and Yieh Hsing Enterprise Co., Ltd. (YH).

The preliminary determination in this investigation was scheduled for September 28, 1983. Pursuant to section 733(c)(1)(A) of the Act, we subsequently postponed the preliminary determination, at the request of the petitioner, to no later than October 24. 1983 (48 FR 41055).

On October 24, 1983, we made a preliminary determination that CWPT from Taiwan are being, or are likely to be sold in the United States at less than fair value (48 FR 49902). Our preliminary determination was based on the best information available, in accordance with Section 776(b) of the Act. This section of the Act states that whenever a party refuses or is unable to produce information requested in a timely manner and in the form required, the

Commerce Department may use the best information otherwise available for determining if sales have been made at less than fair value. We did so with respect to all respondents, for the following reasons. We presented the questionnaires to respondents on June 7. 1983. The responses were due no later than July 7, 1983. Subsequently, at the request of the respondents, we granted an extension to July 13, 1983. On August 25, 1983, we cautioned counsel for the respondents that we might not be able to use the information contained in the responses for the preliminary determination if they were not amended to include data, by size, of pipes and tubes sold in the home market and in the United States. We considered size data essential because the unit prices of pipes and tubes vary by size. On September 2, 1983, we gave written notices to counsel for the respondents that the data requested on August 25. 1983, would have to be submitted no later than September 9, 1983, in order to be used for the September 28, 1983, preliminary determination. On September 8, 1983, we notified counsel for the respondents that the preliminary determination had been postponed until no later than October 24, 1983, and that the requested information has to be submitted no later than September 26. 1983, in order to be used for the preliminary determination. On September 22 and September 29, 1983, counsel for the respondents submitted responses to the Department's request for information. However, information by size on home market and United States sales of pipes and tubes were not included.

On September 29, 1983, we gave written notice to counsel for the respondents that the information requested would have to be submitted by October 14, 1983, in order to be verified for use in our final determination and that absent a timely and adequate response, we might base our final determination on the best information otherwise available.

Responses in accpetable form were received from TFI and YH on October 12, 1983. On November 8, 1983, KHC requested postponement of our final determination and an extension of time to supply the Department with an acceptable response to our questionnaire. On November 29, 1983, KHC filed an acceptable response to our questionnaire. On November 30, 1983, pursuant to section 735(c)(2)(A) of the Act, we postponed our final determination to no later than March 12, 1984 (48 FR 54526).

We held a hearing on February 14, 1984, to allow the parties an opportunity to address the issues.

#### Scope of Investigation

The merchandise covered by this investigation is certain welded carbon steel pipes and tubes, which are defined for purposes of this proceeding as: welded carbon steel pipes and tubes, of circular cross section, with walls not thinner than 0.065 inches, and 0.375 inches or more but not over 4.5 inches in outside diameter, provided for in items 610.3231, 610.3232, 610.3241 and 610.3244 of the Tariff Schedules of the United States Annotated (TSUSA).

When this investigation was initiated, the scope of the investigation also included welded carbon steel pipes and tubes of rectangular (including square) cross section, provided for in TSUSA items 610.3955 and 610.4975. However, in its preliminary determination, the ITC found that there was no reasonable indication that imports of welded rectangular pipes and tubes were materially injuring, or were threatening to materially injure, a United States industry. Accordingly, we terminated our investigation on these products.

Since the three respondents produced and exported over 95 percent of the CWPT exported to the United States during the period of this investigation, we limited our investigation to them. We investigated sales of CWPT by these respondents during the perid from November 1, 1982, to April 30, 1983.

#### Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair market value.

### **United States Price**

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by KHC, TF, and YH becasue the merchandise was sold to unrelated purchasers prior to its importation into the United States.

We calculated the purchase price based on the packed f.o.b., c.& f., or c.i.f. price to unrelated purchasers in the United States. We made deductions, where appropriate, for foreign inland freight, foreign brokerage and handling charges, bank charges, ocean freight, marine insurance and stamp tax. We added back to the U.S. price the amount of import duties rebated or not collected which had been assessed upon the importation of the raw materials used in the production of CWPT, in accordance with section 772(d)(1)(B) of the Act.

### Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market sales.

For two companies, YH and TF, we used the best information available, in accordance with section 776(b) of the Act, because verification of these companies' responses to our questionnaire revealed discrepancies which rendered the home market sales prices unreliable. The "Supplemental Information" section of this notice contains a full discussion of the reasons for using the best information available. The best information available for purposes of this determination is the information contained in the petition. This information consists of average Taiwanese home market prices for steel pipes and tubes. From these prices we deducted, where appropriate, figures for inland freight and stamp, education and business taxes which we were able to verify for YH. We also made an adjustment for YH's verified indirect selling expenses in the home market used as an offset to U.S. commissions, in accordance with § 353.15(c) of the Commerce Regulations. The average Taiwanese home market prices which we are using as a basis for YH's and TFI's foreign market values do not include packing cost. We added the cost of U.S. packing pursuant to Section 773(a)(1) of the Act.

We used home market prices for KHC as a basis for foreign market value. From those prices we deducted, where appropriate, inland freight and stamp, education and business taxes. We made an adjustment, where appropriate, for commissions directly related to sales to unrelated parties, and for differences between U.S. and home market credit costs, in accordance with § 353.15(a) of the Commerce Regulations. We also deducted home market packing cost and added the cost of U.S. packing, pursuant to 773(a)(1) of the Act.

# **Supplemental Information**

In performing the on-site verification in accordance with section 776(a) of the Act, our investigators found discrepancies in the reports of home market sales in the responses of two firms, YH and TFI. Those discrepancies, in quantity of sales and in product description, were of sufficient magnitude to disqualify the use of the home market data in our calculations of dumping margins. In the case of YH, we found that the quantities reported were incorrect because of off-specification pipe being shown as standard weight in a significant number of cases. We were,

however, able to verify YH's inland freight, and stamp, education and business taxes, and indirect selling expenses because the freight expenses are based on correct quantities and the stamp, education and business taxes and the indirect selling expenses were calculated as percentages of the verified value of the merchandise sold in the home market. In the case of TFI, we were unable to relate the reported sales with the proofs of delivery of the pipe. We were consequently unable to verify the total quantity of sales or any of the claimed adjustments to the home market prices.

#### Verification

In accordance with section 776(a) of the Act, we verified the respondent's data by using standard verification procedures, including on-site inspection of the manufacturers' operations and examination of accounting records and selected documents containing relevant information.

#### **Petitioner's Comments**

### Comment 1

The Department cannot use the home market sales prices submitted in the questionnaire responses by YH and TF because they were unverifiable. The Department should use the information supplied by the American Institute in Taiwan as the best information available. Furthermore, since the Department was unable to verify the quantity of home market sales for either YH or TFI, it must deny all claimed adjustments to home market prices because they are quantity-based, and, therefore, unverified.

#### **DOC** Position

We agree, in part for the reasons set forth in the "Supplemental Information" section of this notice.

#### Comment 2

The Taiwanese manufacturers should not be given adjustments to U.S. sales prices for duty rebates. The Department has not received official documents from the Taiwanese Customs authorities issued to the Taiwanese companies which are verifiable and establish that import duties have either been paid in cash by the importers or debited in an account for the imports. Furthermore, the Department should not grant the claimed rebates since they have not, as yet, been paid.

### DOC Position

We have verified in several previous investigations that the Taiwanese duty rebate system operated in a manner which permitted adjustment of the U.S. prices pursuant to section 772(d)(1)(B) of the Act.. See, e.g., Carbon Steel Plate from Taiwan, Notice of Determination of Sales at LTFV, (44 FR 9639 (1979)); Motorcycle Batteries from Taiwan, Final Determination of Sales at LTFV, (47 FR 9264 (1982)); Bicycle Tires and Tubes from Taiwan, Final Determination of Sales at Not LTFV, (48 FR 19437 (1983)); Bicycles from Taiwan, Final Determination of Sales at LTFV, (48 FR 31688 (1983)); Color televisions from Taiwan, Final Determination of Sales at LTFV, (49 FR 48490 (1984)).

While we did verify that import duties were, in fact, imposed upon imports or debited in an account for the importers, our verification initially raised some questions as to the operation of the Taiwanese duty rebate system with respect to imported steel coil, because the Taiwanese Customs authorities temporarily suspended the granting of duty rebates to all Taiwanese pipe and tube manufacturers. Subsequent to our verification, Taiwanese Customs confirmed in writing that they had established that Taiwanese pipe and tube manufacturers were entitled to duty rebates and would be receiving those rebates or credits in the near future. The documents provided by Taiwanese Customs showing approval of duty rebates correspond to the documents gathered by the Department during its on-site verification of the pipe and tube companies' records.

#### Comment 3

The receipt of checks from operating customer companies which are subsequently dishonored by a bank is not sufficient to write off those accounts receivable as a bad debts. Therefore, the adjustment to home market sales prices claimed by KHC for bad debt expenses must be denied.

#### **DOC** Position

We agree. Without additional information demonstrating that the payments in question will remain uncollected, a circumstance of sale adjustment is not allowable simply because a check is returned for lack of sufficient funds and the company registers such failures to pay in its accounting records.

### Respondents' Comments

#### Comment 1

The claimed duty rebate adjustment is lawful and proper.

#### **DOC Position**

We agree. See the discussion at petitioner's comment 2.

#### Comment 2

The Department is required to use the resubmitted home market sales data of YH that was submitted in corrected form after the verification.

#### DOC Position

We disagree. During the course of our verification, we discovered YH was selling pipe and tube of nonstandard specification. However, in its questionnaire response, YH reported standard weights. Had the Department not uncovered this discrepancy, a serious understatement of the weight of the pipe sold and the resulting overstatement of the sales price and adjustments to sales price in the home market would have occurred. After having been discovered in these incorrect statements, the company submitted amendments to its response to our questionnaire and requested a reverification. The purpose of verification is to confirm the information submitted by a respondent. If, during the course of verification we discover a systematic misstatement of the facts which would materially alter our conclusions, we are fully justified in using petitioner's data in making our determination.

### Comment 3

The bad debt adjustment claimed by respondents is lawful and proper.

#### DOC Position

We disagree. See the discussion at petitioner's comment 3.

#### Comment 4

Home market sales prices should be adjusted regarding the stamp tax, education surtax, and business tax.

#### **DOC Position**

We agree, in part, and have adjusted the home market selling price for YH and KHC, for whom we verified this information.

# Comment 5

The preliminary margin was an unlawful penalty.

#### **DOC** Position

We disagree. As stated in our notice of preliminary determination of sales at less than fair value and the "Case History" section of this notice, respondents were given numerous opportunities over many months to submit acceptable responses. When the information was finally furnished, it was too late to be included in the preliminary determination. This action left us no choice but to use the best information

available, which was the petitioner's data.

#### Comment 6

The present investigation was not lawfully instituted.

#### **DOC** Position

We disagree. As outlined in our initiation memorandum and notice of initiation (48 FR. 22179), the petition and subsequent information filed by the petitioner on May 4, 1983, satisfied our rules and regulations covering initiation of an antidumping investigation.

#### Comment 7

Respondents should have a further opportunity to comment because of the unrealistic preliminary determination and the rescheduling of the verification trip.

#### **DOC Position**

We disagree. Our actions which seem unfair to respondents resulted from the respondents' own conduct. We properly notified respondents of the last day we could take into account information in making our preliminary determination. Further, in most respects this was a simple price to price antidumping investigation with no unusual claims for adjustments. A change in the date of verification should not inconvenience a respondent who submits correct information.

Our discovery of certain gross discrepancies in the responses of YH and TFI a month earlier would not have affected the results of this investigation with respect to those companies. On October 12, 1983, YH and TFI did submit adequate questionnaire responses. However, at issue is not the adequacy of these submissions but rather the extent of their accuracy. YH's and TFI's home market sales information was sufficiently inaccurate to make its use impossible in our final determination.

# Comment 8

Determination of home market prices for TFI sales must be based on information supplied by the respondents.

### DOC Position

We disagree. During the course of the verification, we discovered that TFI had reported incorrect quantities of pipe and tube sold in its home market. After attempting to reconcile the response with company records, we were forced to end our attempt to verify TFI's response. Had we not uncovered this misstatement, serious distortion of home market prices would have occurred.

The purpose of verification is to confirm the information submitted by respondents. If, during the course of verification, we discover a systematic misstatement of the facts which would materially alter our conclusions, we are fully justified in using petitioner's data in making our calculations.

#### Comment 9

Foreign market value should be based on verified price lists and discount worksheets for TFI.

#### DOC Position

We disagree. We have no way to know how much tonnage was sold at the list prices, nor how much discount individual customers received. Petitioner's data with appropriate adjustments is the best information available.

#### Comment 10

The Department should use the weighted average of the other two respondents or treat TFI as "all other manufacturers, producers, exporters."

#### DOC Position

We disagree. We investigated TFI. It alone controlled the timing and quality of information to be submitted for our use in determining whether sales had occurred at less than fair value.

### Comment 11

The Department should adjust TFI's home market sales for inland freight, interest, and entertainment expenses.

### DOC Position

We disagree. The claimed adjustments were allocated according to quantity, which we were unable to verify.

#### Comment 12

The Department should use U.S. sales prices supplied by TFI and should adjust them for rebated duties, stamp and business taxes, ocean freight, export charges, and other charges.

# DOC Positions

We agree. We verified U.S. sales prices and adjustments and have used them in our calculations.

#### Suspension of Liquidation

In accordance with section 733(d) of the Act, at the time of our preliminary determination we directed the United States Customs Service to suspend liquidation of all entries of certain welded carbon steel pipes and tubes from Taiwan. This suspension of liquidation applied to all merchandise entered, or withdrawn from warehouse, for consumption on or after October 31, 1983. As of the publication of this notice, the Customs Service shall require a cash deposit equal to the estimated amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturers/producers/exporters	Weighted- sverage margins (percent)
Kao Hsing Chang	9.7
Tai Feng	43.7
Yieh Heing	38.5
Alt others	9.7

#### **ITC Notification**

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will make its determination whether these imports are materially injuring, or are threatening to materially injure, a United States industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs offices to assess an antidumping duty or CWPT from Taiwan entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Dated: March 12, 1984.

#### William T. Archey,

Acting Assistant Secretary for Trade Administration.

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estimated dumping margin as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: March 16, 1984.

FOR FURTHER INFORMATION CONTACT: Terry Link, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-0189. SUPPLEMENTARY INFORMATION:

# **Final Determination**

We have determined that RWPT from Korea are being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673). The margin for the firm investigated, Union Steel Mfg. Co., Ltd. (Union), is indicated in the "Suspension of Liquidation" section of this notice.

#### Case History

On July 14, 1983, we received a petition filed by counsel for the Committee on Pipe and Tube Imports (CPTI). The CPTI represent the following domestic manufacturers of RWPT: 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 accordance with the filing requirements of § 353.36 of the Commerce Department Regulations (19 CFR 353.36), the petitioner alleged that RWPT 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 Act, and that these imports are materially injuring, or are threatening to materially injure, a United States industry.

A questionnaire was presented to Union on August 4, 1983. Union, a producer of the subject merchandise, accounts for approximately 97 percent of the exports to the United States during the period of investigation. The response was received on September 12, 1983. A supplemental questionnaire was sent to counsel for Union on September 16, 1983, and the response was received on September 28, 1983.

On October 18, 1983, the petitioner alleged that home market sales of RWPT are being made at less than the cost of production in Korea. We presented a cost of production questionnaire to Union on October 21, 1983, and received a response on November 22, 1983.

On October 24, 1983, we made a preliminary determination that RWPT are being, or are likely to be, sold in the United States at less than fair value (48 FR 50132). After receiving a request from Union, who accounts for approximately 97 percent of the exports of RWPT to the United States, on November 28, 1983, we postponed the final determination until not later than March 14, 1984 (48 FR 54390), in accordance with section 735(a)(2)(A) of the Act.

We held a hearing on February 6, 1984, to allow the parties an opportunity to address the issues.

#### 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, currently provided for in items 610.3955 and 610.4975 of the Tariff Schedules of the United States Annotated (1983).

We investigated sales of RWPT by Union during the period from February 1-July 31, 1983.

#### Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than feir value, we compared the United States price with the foreign market value.

#### United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by Union, because the merchandise was sold to unrelated purchasers prior to its importation into the United States.

We calculated the purchase price based on the packed f.o.b., c.i.f., c. & f., or ex-dock duty paid price. We made deductions, where appropriate, for Korean inland freight, ocean freight, marine insurance, foreign brokerage and handling, U.S. brokerage and handling, and U.S. duty.

# Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market sales.

Petitioners alleged that sales of RWPT in the home market were at prices below the cost of producing RWPT. We examined production costs, which included all appropriate costs for materials, fabrication, and general expenses. Sales below the cost of production were found to be made by Union. Where sales of the merchandise under investigation were made over an extended period of time and impossibatantial quantities, and were at

#### [A-580-010]

Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Korea: Final Determination of Sales at Less Than Fair Value

**AGENCY:** Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

**SUMMARY:** We have determined that rectangular welded carbon steel pipes and tubes (RWPT) from the Republic of Korea (Korea) are being sold in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether imports are materially injuring, or are threatening to materially injure, a U.S. industry. We have directed the U.S. Customs Service to continue to suspend the liquidation of entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after October 31, 1983, in accordance with our preliminary determination, and to require a cash deposit or bond for each such entry in an amount equal to the

prices which did not permit recovery of all costs within a reasonable period of time in the normal course of trade, we disregarded these sales in our analysis, in accordance with section 773(b) of the Act. For Union, we found that sufficient sales of RWPT were made at or above the cost of production. Therefore, we used those sales in determining foreign market value.

We calculated home market prices based on c. & f. or ex-factory, packed prices on merchandise to unrelated distributors. From these prices we deducted, where appropriate, inland freight and rebates. We made a circumstances of sale adjustment for differences between U.S. and home market credit costs, in accordance with section 353.15 of the Commerce Regulations. We also deducted home market packing cost and added the cost of U.S. packing, pursuant to 773(a)(1) of the Act.

We disallowed respondent's claim for a circumstances of sale adjustment for after-sale warehousing in calculating foreign market value. Since respondent was not able to demonstrate that the warehousing occurred after the sale of the subject merchandise, we cannot consider such warehousing to be a circumstance which bears a direct relationship to the sales under consideration, as required by § 353.15 of the Commerce regulations.

#### Verification

In accordance with section 776(a) of the Act, we verified the information used in making this determination by using standard verification procedures, including on-site inspection of the manufacturer's operations and examination of accounting records and selected documents containing relevant information.

# Results of Investigation

We made fair value comparisons on 100 percent of U.S. sales reported by Union. We have found that the foreign market value of RWPT exceeded the U.S. price on 31.62 percent of the sales we compared. These margins ranged from 0.05 percent to 10.43 percent. The weighted-average margin on all sales compared is 1.47 percent. The weighted-average margin for Union is presented in the "Suspension of Liquidation" section of this notice.

### **Petitioner's Comments**

Comment 1. Due to respondent's inability to provide cost of production information on a size-by-size basis, the Department should use constructed value as the foreign market value for comparison with U.S. purchase price.

DOC Position. In conjunction with our parallel investigation of circular pipe and tube from Korea, we gathered information from three companies under investigation that allowed us to allocate labor and factory overhead costs on a size-by-size basis for Union. Based on this information, we were able to allocate Union's costs to the different sizes of the product under investigation. Therefore, we used this information as the best available information to determine the method of allocating Union's costs.

Comment 2. Respondent's cost of production information contains inconsistencies that cast doubt on its credibility. These include a decreasing coil cost, higher GSA expenses for export sales than for home market sales, and lower scrap weights than other manufacturers.

DOC Position. We were aware of these issues prior to verification and addressed them as verification. The information supplied by respondent was checked against its internal records: some data were reallocated and resubmitted based on the cost accountant's findings.

In particular, we carefully examined all scrap rates and recoveries during verification. We verified respondent's data on yields, scrap recoveries, and valuation (scrap credits). Moreover, in accordance with our request, Union reallocated its scrap costs at verification to reflect only those incurred on primary production, rather than primary and secondary production.

Comment 3. POSCO, the Korean steel producer which supplies the coil used to produce the merchandise under investigation maintains a two-tiered pricing system. It sells coil for eventual domestic consumption at higher prices than coil which will be processed and exported. This allows it to compete with imported coil which benefits from the receipt of duty drawback. The cost of producing the merchandise under investigation must be calculated only on the basis of the higher coil costs incurred by the respondent pipe and tube manufacturers in producing for domestic consumption. Since the Department is required by law to exclude from constructed value the amount of any taxes or duties imposed on raw materials which are rebated upon exportation of the merchandise to the U.S., it would, conversely, include any taxes or duties assessed upon imported raw materials used in producing the merchandise sold in the home market in computing the cost of producing that merchandise. It follows, therefore, that the same methodology should apply in the instant case to the

different costs of raw materials under the dual pricing system maintained by POSCO.

DOC Position. Section 773(b) of the Act requires us in appropriate circumstances, to determine whether home market sales have been made at less than the cost of producing the merchandise in question. Section 353.7(b) of our regulations (19 CFR 353.7(b)), in interpreting and applying the Act, requires the cost of production be computed on the basis of the "costs of materials, labor, and general expenses, excluding profit incurred in producing such or similar merchandise." (emphasis added)

Similarly, section 773(c)(1) of the Act requires us, in calculating constructed value, to use "the cost of materials \* \* \* and of fabrication or other processing of any kind employed in producing such or similar merchandise \* \* \*." (emphasis added) The phrase "such or similar merchandise", in turn, is defined in section 771(16) of Act (in relevant part to this issue as) "\* \* \* merchandise which is the subject of the investigaton and other merchandise which is identical in physical characteristics with, and was produced in the same country by the same person as, that merchandise."

Consequently, where there are different costs associated with producing merchandise produced for export as compared with merchandise produced for domestic sale and the merchandise is physically identical, we have used the average cost of producing that merchandise in calculating cost of production or constructed value.

Finally, we disagree with petitioner that duties are excluded from the cost of materials in a constructed value calculation. Section 773(e)(1) of the Act and § 353.6(a)(1) of the Commerce regulations exclude only certain internal taxes from the cost of materials in a constructed value context.

Since the law makes no distinction between the cost of materials with respect to whether those costs include duties, petitioner's argument in this regard is inapposite to the question of whether we should segregate the costs of raw materials in calculating either constructed value or cost of production.

Comment 4. The Department was correct when it preliminarily determined that home market sales of A-500 tubing should not be included for the purpose of determining foreign market value. The Department should maintain this position for its final determination.

DOC Position. We agree. See DOC Position to Respondent's Comment 5. Comment 5. If Korean law limits

Comment 5. If Korean law limits promissory notes to appaximum of 90

days, then any additional time claimed by respondent for home market credit adjustments should be disallowed.

DOC Position. We are unaware of any Korean law limiting promissory notes to 90 days for financing in the home market. In the Final Results of Administrative Review on Bicycle Tires and Tubes from Korea (48 FR 26494 (1983)), we found that respondent companies had, in fact, received promissory notes for no longer than 90 days. We did not, however, find a law limiting promissory notes to 90 days for home market financing.

Respondent claimed credit expenses for home market sales on the basis of the time period between the shipment of the merchandise under investigation and the time the promissory note was paid. We verified that respondent's information was accurate. We calculated credit expense by applying the appropriate short-term interest rate to the days outstanding between the date of shipment to the first unrelated purchaser and the date of payment by that purchaser. This credit expense is allowable as a circumstance of sale adjustment pursuant to 19 CFR 353.15(a) of our regulations.

Comment 6. If the Department compares home market sales to an average cost of production and there are not sufficient sales above the cost of production of a particular size, than the foreign market value to be compared with the U.S. price for the same size should be the constructed value.

DOC Position. We did not compare home market sales to an average cost of producing pipes and tubes. We computed the cost of production for each size of pipe and tube under investigation. See our position in response to Petitioner's Comment 1.

Comment 7.\*Respondent has artificially raised the prices of both KSD3568 and A-500 tubing by converting feet prices to ton prices on a supposed actual basis for price comparisons. The Department should only compare prices of those products based on the standards established by Korean and ASTM specifications.

DOC Position. Respondent provided cost of production information and home market sales based on actual weight per meter. It provided U.S. sales on the basis of standard weight per foot and provided information by which we could convert the standard weight to actual weight. We verified that the information provided by respondent, including the conversion factors, was accurate. In determining unit prices, it is essential that we use the same weight bases. Therefore, we converted the weight for

each U.S. sale from standard weigh to actual weight.

Respondent's Comments

Comment 1. Respondent prepared its cost of production data on the basis of weighted-average cost of hot-rolled coil. This is pursuant to the consistent policy directives of the Department that weighted-average costs are to be used. rather than separate costs of production for domestic and export goods, where there are no cost differences attributable to differences in physical characteristics of the merchandise.

DOC Position. See DOC Position to Petitioner's Comment 3.

Comment 2. Respondent does not allocate it costs on a size-by-size basis and it was unable to do so for purposes of this investigation. It is the Department's policy to rely on the verified cost data of the investigated company, even where relatively unsophisticated companies are unable to subdivide costs on a product specific basis. In its recently concluded investigation involving lightweight polyester fabric from Korea, the Department required and verified specific cost allocations where possible. But the Department also noted that, in certian cases, further allocation of costs was not possible based upon the books and records of the companies in question. The Department accepted these companies' methods as being reasonable methods. Similarly, the Department should not reject a company's cost of production information where, as here, it is unable to further refine that information.

DOC Position. In the investigation of lightweight polyester filament fabrics from Korea (48 FR 49679 (1983)), we requested and the respondent companies provided individual costs of production for each fabric under investigation. At issue in that case was whether respondents' methods for allocating costs were reasonable. Ultimately, the Department accepted respondents' methods as being the most reasonable methods available.

By contrast, in this case, respondent did not allocate its cost of production on a size-by-size basis as requested by the Department. The only processing difference between rectangular. including square, and circular pipe and tube is that rectangular products go through one further processing step where they are formed to their final rectangular shape. Due to this similarity in production processes for the two types of products, we used information provided by three companies being investigated, other than Union, in the parallel investigation of circular pipes

and tubes to allocate Union's labor and factory overhead costs on a size-by-size basis. We calculated the average relative difference in cost between different sizes from information provided by the three companies. We then allocated Union's costs using the average relative cost difference between

Comment 3. Respondent is unaware of the Korean law limiting promissory notes to 90 days, but states that the terms extended to customers in Korea were verified precisely. Since there is no information in the record of this investigation which indicates that the credit expenses incurred by Union were anything other than those verified by the Department, the Department must use the actual terms of credit provided and verified in making the appropriate circumstance of sale adjustment.

DOC Position. See DOC Position to Petitioner's Comment 5.

Comment 4. In accordance with the Department's request, Union has reallocated its costs to reflect only those incurred on primary production rather than primary and secondary production. After reallocating its costs, respondent does not believe that its scrap rate was significantly lower than that of any other company.

DOC Position. See DOC Position to Petitioner's Comment 2.

Comment 5. Respondent maintains that home market sales of A-500 tubing are not overrun production. Respondent claims that A-500 is sold to order just as other square and rectangular tubing is sold to order.

DOC Position. Pipe and tube products are produced according to countryspecific engineering specifications, which may differ from country to country. Normally, when pipes and tubes are produced according to the engineering standards of a particular country, those products are all exported to that country to satisfy specific customer orders. It is not customary commercial practice for a pipe and tube producer to manufacture products according to the engineering specifications of another country in excess of the quantities for which that producer had received orders. Therefore, to the extent that a company under investigation sells products in the home market manufactured according to foreign engineering specifications and cannot demonstrate that they were made to satisfy a home market customer's order, we consider these products to be production overruns not sold in the ordinary course of trade.
At verification we asked respondent

for documents and/or information to

show that home market sales of A-500 tubing were made to order and not sold as product overruns. Respondent was not able to provide documents showing that A-500 tubing sold in the home market was made to order. Therefore. we determine that the home market sales of A-500 tubing were not made in the ordinary course of trade, pursuant to section 353.3(a)(2) of the Commerce regulations, and we have not included these sales in our determination of foreign market value.

Comment 6. In order to make appropriate comparisons, the weight for each U.S. sale should be converted to actual weight from the standard weight in which it was reported, since home market sales were reported by actual weight. The purpose for the conversion is quite simply so that comparisons can be made on the basis of "apples to

apples.

DOC Position. See DOC Position to Petitioner's Comment 7.

Suspension of Liquidation

In accordance with section 733 (d) of the Act, on October 31, 1983, we instructed the U.S. Customs Service to suspend liquidation of all entries of RWPT from Korea, which were entered, or withdrawn from warehouse, for consumption.

As of the date of publication of this notice in the Federal Register, the Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average margin amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturers/producers/exporters	Weighted- average margins (percent)	
Union Steel Manufacturing Co., Ltd	1 47	
All other manufacturers/producers/exporters	1.47	

# **ITC Notification**

In accordance with section 735(d) of the Act, we will notify the ITC of our final determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will make its determination on whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist. we will issue an antidumping order, directing Customs officers to assess an antidumping duty on RWPT from Korea entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: March 12, 1984.

William T. Archey.

Acting Assistant Secretary for Trade Administration:

[FR Doc. 84-7120 Filed 3-15-84; 8:45 am] BILLING CODE 3510-DS-M

# APPENDIX B

THE COMMISSION'S CALENDAR OF THE PUBLIC HEARING

A-88

# CALENDAR OF PUBLIC HEARING

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

Subject

: Certain Welded Carbon Steel Pipes

and Tubes from The Republic of

Korea and Taiwan

Inv. Nos.

: 731-TA-131, 132 and 138 (Final)

Date and time: March 27, 1984 - 10:00 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

# In support of the imposition of antidumping duties:

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

The Committee on Pipe and Tube Imports (CPTI)

Gerald Stein, Senior Vice President,
Allied Tube and Conduit Corporation

Chuck Emmenegger, Vice President, Bull Moose Tube Company

Mark Roy Sandstrom) -- OF COUNSEL Roger B. Schagrin )

Jones and Laughlin Steel Corporation, Pittsburgh, Pennsylvania

- J. R. Butler, General Manager of Welded Tube Operations
  - D. R. Minnick, Attorney

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# In opposition to the imposition of antidumping duties:

Bregman, Abell & Kay--Counsel Washington, D.C. on behalf of

The Taiwan Steel and Iron Industries Association (TSIIA)

- C. Y. Yang, Vice-President, Kao Hsing Iron and Steel Corp.
- Y. H. Chen, Manaager, Foreign Department, Kao Hsing Iron and Steel Corp.
- P. H. Lee, Manager, Export-Import Department, Yieh Hsing Enterprise Co., Ltd.
- Y. H. Chu, Manager, Export Section II, Yieh Hsing Enterprise Co., Ltd.
- C. D. Ericson, President, West Coast Metal Importers
  Association
- H. D. Stevens, Vice President, Southern Import Company, Inc.

David Simon--OF COUNSEL

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

Korea Iron and Steel Association, Dong Jin Steel Co., Ltd., Dougkuk Heavy Industries, Ltd., Fuji Works, Korea, Ltd., Hyundai Pipe Co., Ltd., Korea Steel Pipe Co., Ltd., Pusan Steel Pipe Co., Ltd., and Union Steel Mfg. Co., Ltd.

Donald B. Cameron)
Jeffrey S. Neeley) -- OF COUNSEL