

# **CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM THAILAND AND VENEZUELA**

**Determination of the Commission  
in Investigation No. 701-TA-242  
(Preliminary) Under the Tariff Act of  
1930, Together With the Information  
Obtained in the Investigation**

**USITC PUBLICATION 1680**

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**Determinations of the Commission  
in Investigation Nos. 731-TA-252  
and 253 (Preliminary) Under the Tariff  
Act of 1930, Together With the  
Information Obtained in the Investigations**

# **UNITED STATES INTERNATIONAL TRADE COMMISSION**

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Chand Mehta, Office of Investigations

Robert Carpenter, Supervisory Investigator

**Address all communications to**

**Kenneth R. Mason, Secretary to the Commission  
United States International Trade Commission**

**Washington, DC 20436**

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Note.--Information that would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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



UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC

Investigations Nos. 701-TA-242 (Preliminary) and  
731-TA-252 and 253 (Preliminary)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM  
THAILAND AND VENEZUELA

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that industries in the United States are materially injured by reason of imports of welded carbon steel standard 2/ and line pipes and tubes 3/ which are allegedly subsidized by the Government of Venezuela. The Commission also determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of welded carbon steel standard pipes and tubes from Thailand 4/ and materially injured by welded carbon steel line pipes and tubes from Venezuela, which are allegedly being sold in the United States at less than fair value (LTFV).

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

2/ Chairwoman Stern and Vice Chairman Liebelier dissenting with respect to standard pipes and tubes.

3/ The term "welded carbon steel standard pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, 0.375 inch or more but not over 16 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 of the Tariff Schedules of the United States Annotated (TSUSA). The term "welded carbon steel line 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 16 inches in outside diameter, conforming to API specifications for line pipe, provided for in TSUSA items 610.3208 and 610.3209.

4/ Chairwoman Stern determines on the basis of a cumulative analysis that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of welded carbon steel standard pipes and tubes from Thailand. Vice Chairman Liebelier dissenting with respect to imports from Thailand.

Background

On February 28, 1985, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel for the Committee on Pipe and Tube Imports alleging that an industry in the United States is materially injured and threatened with material injury by reason of imports of certain welded carbon steel pipes and tubes which are being subsidized by the Governments of Thailand and Venezuela, and which are also being sold in the United States at LTFV. On March 12, 1985, counsel amended the petitions to state, among other things, that the petitions were filed by the Standard Pipe Subcommittee and the Line Pipe Subcommittee of the Committee on Pipe and Tube Imports, and by each of the individual manufacturers that are members of those subcommittees. Accordingly, effective February 28, 1985, the Commission instituted investigation No. 701-TA-242 (Preliminary), to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports from Venezuela of certain welded carbon steel pipes and tubes which are allegedly subsidized by the Government of Venezuela. 1/ The Commission also instituted, effective February 28, 1985, investigations Nos. 731-TA-252 and 253 (Preliminary), to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of certain welded

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1/ Thailand is not a "Country under the Agreement" and therefore the Commission is not required to reach a determination with respect to injury from allegedly subsidized imports. Consequently, the Commission did not institute a countervailing duty investigation with respect to the allegedly subsidized imports from Thailand.



carbon steel pipes and tubes from Thailand and Venezuela which are alleged to be sold in the United States at LTFV.

In the process of instituting these investigations, Commerce advised the petitioner that the welded carbon steel pipe and tube products covered by the petitions represented two distinct classes or kinds of products, standard pipe and line pipe. Subsequently, on March 14, 1985, the petitions involving imports from Thailand were withdrawn as they relate to line pipe because there is no known production in Thailand of line pipe to American Petroleum Institute (API) specifications. On the same date, the antidumping petition involving imports from Venezuela was withdrawn as it relates to standard pipe because the Commission, on February 1, 1985, had made an affirmative preliminary determination with respect to imports of that product from Venezuela and Commerce was in the process of conducting its antidumping investigation.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of March 18, 1985 (50 FR 10866). The conference was held in Washington, DC, on March 22, 1985, and all persons who requested the opportunity to appear in person or by counsel were given the opportunity to do so. The Commission's determinations in these investigations were made in an open "Government in the Sunshine" meeting held on April 8, 1985.



### VIEWS OF THE COMMISSION

In these three preliminary investigations, we have determined that:

(1) there is a reasonable indication that industries in the United States are materially injured by reason of allegedly subsidized imports of welded carbon steel standard and line pipes and tubes from Venezuela (Inv. No. 701-TA-242); 1/ 2/ (2) there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of welded carbon steel standard pipes and tubes from Thailand allegedly sold at less than fair value (LTFV) (Inv. No. 731-TA-252); 3/ 4/ and (3) there is a reasonable indication that an industry in the United States is materially

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- 1/ Chairwoman Stern determines that there is no reasonable indication that industries in the United States are materially injured or threatened with material injury by reason of allegedly subsidized imports of welded carbon steel standard pipes and tubes from Venezuela.
  - 2/ Vice Chairman Liebler determines that there is no reasonable indication that industries in the United States are materially injured or threatened with material injury by reason of allegedly subsidized imports of welded carbon steel standard pipes and tubes from Venezuela. See separate views of Vice Chairman Liebler.
  - 3/ Based on a cumulative analysis, Chairwoman Stern determines that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly LTFV imports from Thailand and does not reach the question of threat of material injury.
  - 4/ Vice Chairman Liebler determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of allegedly LTFV imports from Thailand. See separate views of Vice Chairman Liebler.

injured by reason of allegedly LTFV imports of welded carbon steel line pipes and tubes from Venezuela (Inv. No. 731-TA-253). <sup>5/</sup>

Like Products and the Domestic Industries

The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 as being "the domestic producers as a whole of the like product." <sup>6/</sup>

The term "like product" is defined in section 771(10) as being "a product which is like, or in the absence of like, most similar in characteristics and uses with the article subject to an investigation." <sup>7/</sup>

There are two imported products that are the subjects of the three petitions in these investigations: standard and line circular welded carbon steel pipes and tubes, 0.375 inch or more but not over 16.0 inches in outside diameter, as follows:

- (1) No. 701-TA-242, countervailing duty petition regarding Venezuela, both standard and line pipes and tubes;
- (2) No. 731-TA-252, antidumping petition regarding Thailand, standard pipes and tubes only; and
- (3) No. 731-TA-253, antidumping petition regarding Venezuela, line pipes and tubes only.

We have addressed the like product question regarding standard pipes and tubes (standard pipe) and line pipes and tubes (line pipe) in prior

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<sup>5/</sup> Material retardation of the establishment of an industry in the United States was not at issue in any of the three investigations and will not be discussed further.

<sup>6/</sup> 19 U.S.C. § 1677(4)(A).

<sup>7/</sup> 19 U.S.C. § 1677(10).

investigations. <sup>8/</sup> In those investigations, the Commission recognized distinctions between standard pipe and line pipe. <sup>9/</sup> Standard pipe is manufactured to American Society of Testing and Materials (ASTM) specifications and line pipe is manufactured to American Petroleum Institute (API) specifications. <sup>10/</sup> Line pipe is made of higher grade steel and may have a higher carbon and manganese content than is permissible for standard pipe. Line pipe also requires additional testing. Wall thicknesses for standard and line pipes, although similar in the smaller diameters, differ in the larger diameters. <sup>11/</sup> Moreover, standard pipe (whether imported or domestic) is generally used for low-pressure conveyance of water, steam, air, or natural gas in plumbing, air-conditioning, automatic sprinkler and similar systems. Line pipe is generally used for the transportation of gas, oil, or

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<sup>8/</sup> The Commission has conducted a series of investigations regarding imports of welded carbon steel pipes and tubes in the recent past. Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea, Inv. No. 701-TA-168, USITC Pub. 1345 (1983); 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), aff'd, Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131, 132, and 138 (Final), USITC Pub. 1519 (1984); Certain Welded Carbon Steel Pipes and Tubes from Brazil and Spain, Inv. Nos. 701-TA-220 (Preliminary), 731-TA-197 and 198 (Preliminary), USITC Pub 1569 (1984); Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, Inv. Nos. 731-TA-211 and 212 (Preliminary), USITC Pub. 1639 (1985).

<sup>9/</sup> E.g., Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, supra, at 7.

<sup>10/</sup> According to the petitions in these cases, standard pipe is generally produced to ASTM specifications A-120, A-53, or A-135, and line pipe is produced to API specifications API-5L or API-5X. E.g., petition in No. 731-TA-252 at 11.

<sup>11/</sup> Report at A-8.

water in utility pipeline distribution systems. <sup>12/</sup> We conclude that domestic line pipe is like imported line pipe and not like imported standard pipe. We further conclude that domestic standard pipe is like imported standard pipe and is not like imported line pipe.

Turning to the question of pipe diameter, we believe that differentiation of either line or standard pipe by outside diameter is somewhat arbitrary. While it may be true that in some instances a country may export standard or line pipe above or below a certain diameter, this is not sufficient reason to limit the like product to only those sizes in cases such as these. According to American Iron & Steel Institute (AISI) information, there is no domestic production of standard pipe above 16 inches outside diameter. <sup>13/</sup> It appears that line pipe above 16 inches diameter generally has different uses from smaller line pipe and is marketed in a different fashion. Thus, the like products consist of all standard pipe and line pipe up to 16 inches outside diameter.

We conclude, therefore, that there are two like products in this investigation -- welded carbon steel line pipe and welded carbon steel standard pipe of circular cross-section up to 16 inches outside diameter. We further conclude that there are two domestic industries comprised, respectively, of the domestic producers of welded carbon steel line pipe and welded carbon steel standard pipe.

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<sup>12/</sup> Id. at A-6. See also Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea, supra, at A-2-4.

<sup>13/</sup> AISI Form 10-P.

The domestic industries are composed of the producers of the like product. The domestic standard pipe and tube industry consists of 41 firms producing only standard pipe and 7 firms that produce both standard and line pipe. The domestic line pipe and tube industry consists of 4 firms that produce only line pipe and tube and the same 7 firms that produce both the standard pipe. <sup>14/</sup>

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<sup>14/</sup> Petitioners have argued that if those firms that produce both line and standard pipe are unable to provide separate data for standard and line pipes, the Commission must, under 19 U.S.C. § 1677(4)(D), "view the producers of standard and line pipe a single industry." Petitioners' preconference brief at 1. The argument is misplaced.

Even though we usually evaluate the industry consisting only of the production of the like product, the "product line" provision (19 U.S.C. § 1677(4)(D)) permits us to examine a product line that includes the like product when the like product has no separate identification in terms of such criteria as production process or producer's profits. Under product line, we must evaluate the narrowest range of products, including the like product, for which information is available; we may not use data for a product line that does not include the like product. Accordingly, in the case of the line pipe industry and assuming that the statutory criteria for use of "product line" are met, we may consider information from those firms that produce only line pipe and from those firms that produce both line and standard pipe, but not information from those firms that produce only standard pipe.

In these investigations, we have considered each industry separately. However, we also have considered data for the producers of both line and standard pipe who were unable to separate their data when such consideration provides additional insight into the condition of the domestic industry.

Should any of these cases return for a final investigation, we anticipate that the domestic producers who have been unable to allocate their production and financial data between line pipe and standard pipe within the limited time available for these preliminary investigations will be able to do so, explaining the basis for the allocations, or have persuasive reasons why such allocation is not possible.

Condition of the Domestic Standard Pipe Industry <sup>15/</sup>

As noted above, the Commission has investigated the domestic standard pipe and line pipe industries in prior investigations. <sup>16/</sup> From the data gathered in those investigations, the domestic line and standard pipe industries demonstrated reasonable performance through 1981, but suffered serious setbacks in 1982 in terms of almost all significant economic indicators. Production, shipments, capacity utilization, employment, and wages all decreased precipitously, and financial performance deteriorated. <sup>17/</sup> We keep these facts in mind as we consider the data gathered during the course of this investigation. <sup>18/</sup>

Apparent domestic consumption of standard pipe increased 40 percent during the period under investigation. <sup>19/</sup> Nevertheless, AISI data show

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<sup>15/</sup> Much of the information in these investigations regarding the condition of the domestic industries and regarding the imports are confidential and, therefore, can only be discussed in general terms.

<sup>16/</sup> See footnote 8, supra.

<sup>17/</sup> See Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea, supra, at 6-8.

<sup>18/</sup> The period covered by these investigations includes calendar years 1982, 1983, and 1984, and January 1985.

<sup>19/</sup> Report at Table 2.



that U.S. producers' shipments declined from 1982 through 1984. <sup>20/</sup>

Production of standard pipe increased steadily, <sup>21/</sup> but capacity utilization, although it increased from 1982 to 1984, remained at extremely low levels.

Data on employment, wages, and hours show no significant trends in terms of the number of production and related workers and their hours worked. The number of workers declined by more than 6 percent from 1982 to 1983 and then increased by less than 3 percent from 1983 to 1984. <sup>22/</sup>

The financial performance of the domestic standard pipe and tube industry deteriorated from 1982 to 1983 and then improved in 1984, surpassing the 1982 levels for net sales, gross profits, operating income, and cash flow from operations. <sup>23/</sup> However, operating income as a percentage of net sales did not reach a reasonably profitable level in 1984. Domestic prices, moreover, have shown a steady, if irregular, downward trend. <sup>24/</sup>

The end-of-period data show, notwithstanding the improvements experienced, that the industry's performance remains weak. Moreover, it is

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<sup>20/</sup> Id. According to data supplied in response to our questionnaires, domestic producers' shipments increased throughout the period of investigation. Report at Table 4. The questionnaire data are not inconsistent with the AISI data because Table 4 excludes the shipments of several large producers, whose shipments decreased sharply during the the period under investigation.

<sup>21/</sup> Report at Table 3.

<sup>22/</sup> Report at Table 6.

<sup>23/</sup> Report at Tables 7 and 8.

<sup>24/</sup> Report at Table 18.

clear that there has been very significant growth in demand in the United States market. However, the domestic industry has consistently lost market share. Accordingly, we find that there is a reasonable indication that the domestic industry is suffering from material injury.

Impact of the Allegedly Subsidized Standard Pipe Imports from Venezuela <sup>25/</sup>

Imports of standard pipe from Venezuela rose significantly from 1982 to 1984, increasing approximately twelve-fold during the course of those three years. <sup>26/</sup> Venezuelan standard pipe and tube, as a percentage of domestic consumption has likewise increased rapidly during the period of this investigation. <sup>27/</sup>

Pricing information is available for one standard pipe product. <sup>28/</sup> The data show that the prices of the Venezuelan standard pipe imports have been consistently below the prices for the domestic standard pipe. Margins of underselling, evident in every quarter for which comparisons are possible, are significant. <sup>29/</sup> This underselling occurred while prices for the domestic product were generally declining.

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<sup>25/</sup> Petitioners have urged us to cumulate the imports from Venezuela subject to these investigations with imports from Mexico, Spain, and Brazil. However, as the investigations regarding imports from those countries have been terminated by the withdrawal of the petitions, cumulation with these imports is inappropriate.

<sup>26/</sup> Report at Table 14.

<sup>27/</sup> Id.

<sup>28/</sup> Report at Table 18.

<sup>29/</sup> Id.

Accordingly, in investigation Nos. 701-TA-242, we find that there is a reasonable indication that the domestic standard pipe industry is materially injured by reason of the alleged subsidized standard pipe imports from Venezuela. 30/ 31/

Impact of the Allegedly LTFV Imports of Standard Pipe from Thailand

In the consideration of the impact of imports from Thailand, petitioners urge us to evaluate threat of material injury on both national and regional industry bases, with the regional industry consisting of States west of the Rocky Mountains (California, Oregon, Washington, Idaho, Nevada, Utah, and

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30/ Having found that there is a reasonable indication of material injury by reason of the allegedly subsidized imports from Venezuela, we do not need to consider whether there is a threat of material injury.

31/ Chairwoman Stern finds no reasonable indication of material injury or threat of material injury by reason of allegedly subsidized Venezuelan standard pipe. As mandated by the Tariff and Trade Act of 1984 amendments to the Tariff Act of 1930, she has considered the appropriateness of a cumulative analysis of these imports with others under investigation or subject to recent antidumping duty orders. However, the most recent other countervailing duty (CVD) investigation of this product resulted in the placing of a final order against imports from Korea in February 1983. Imports from Korea since that date have not benefitted in the U.S. marketplace from injurious subsidies. Therefore, the requirement that imports be coincident in time if they are to be cumulated has not been met. Cumulation is therefore inappropriate. Chairwoman Stern does not believe that it is appropriate to aggregate subject imports across statutes. The data on standard pipe imports show very low levels of market penetration. There was only one confirmed instance of a sale lost to the imported product and that sale involved a very low quantity. Report at A-42. Moreover, there is no threat of material injury because Venezuelan capacity utilization is at high levels and there is nothing to suggest that production levels will be further elevated to generate exports to the United States.

Arizona). <sup>32/</sup> <sup>33/</sup> The information regarding the ports of entry for the pending Thai shipments does not show the requisite concentration of imports into the proposed region, thus failing to satisfy one of the three statutory criteria for a regional industry. <sup>34/</sup> Therefore, we decline to conduct a regional industry analysis in this case.

Imports of standard pipe and tube from Thailand first entered the United States in 1984 with a total of 50 tons, constituting less than 0.05 percent of the United States' market. <sup>35/</sup> Data obtained by the Commission on future shipments indicate that it is highly likely that the quantity of imports from Thailand for 1985 will increase significantly. <sup>36/</sup> Pricing data obtained from the importer of Thai standard pipe show that prices of the presold product that will enter in the next several months are below the current

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<sup>32/</sup> Amended petition at 34-38.

<sup>33/</sup> In this investigation, we have considered both material injury and threat of material injury even though the petition does not claim that material injury is currently present.

<sup>34/</sup> In appropriate circumstances, the United States may be divided into two or more markets and the producers within each such market may be treated as if they were a separate industry. 19 U.S.C. § 1677(4)(C). The statute establishes three criteria for a regional industry: (1) whether the producers within the regional market sell all or almost all of their production of the like product in that market; (2) whether the demand in that market is not supplied, to any substantial degree, by producers of the product located elsewhere in the United States; and (3) whether there is a concentration of the allegedly dumped or subsidized imports into the regional market. *Id.*; Rock Salt from Canada, Inv. No. 731-TA-239 (Preliminary), USITC Pub. No. 1658 at 5 (1985).

<sup>35/</sup> Report at Table 14.

<sup>36/</sup> Report at A-26.

weighted average price charged by U.S. producers. <sup>37/</sup> Therefore, we find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of allegedly LTFV standard pipe from Thailand. <sup>38/ 39/</sup>

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<sup>37/</sup> Memorandum to the Commission from Acting Director, Office of Investigations, No. Inv-I-071 (April 5, 1985).

<sup>38/</sup> Chairwoman Stern finds that there is a reasonable indication of material injury and does not reach the question of threat of material injury. In reaching this determination, she has cumulated the imports from Thailand with the recently investigated allegedly LTFV imports of standard pipe from Venezuela. See Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, supra. While the imports from Thailand are miniscule, the 1984 act is clear that they must be considered for cumulation. They are reasonably coincident with and present in the same markets as the Venezuelan standard pipe on which she joined the Commission in a preliminary affirmative determination in February 1985. Thus, when the subject Thai imports -- however tiny their individual significance -- are cumulated with those Venezuelan imports, an affirmative preliminary determination is appropriate.

<sup>39/</sup> Commissioner Rohr notes that during the period of investigation there were two shipments of Thai steel into the United States, of 11 and 39 tons, respectively, into two East Coast ports. The information which the Commission has gathered suggests that it is unlikely that these two shipments "competed" with other domestic or imported steel. In this investigation, he has concluded that the information gathered establishes a reasonable indication that imports of allegedly LTFV Thai steel are a threat to a domestic industry, and he has decided to reserve the issue of cumulation.

Commissioner Rohr also notes that this investigation poses several issues of first impression for the Commission relating to imports to the United States from non-traditional suppliers of particular articles. He expects this aspect of the investigation to be fully considered by the Commission if this investigation continues.

Condition of the Domestic Line Pipe Industry <sup>40/</sup>

Apparent consumption of line pipe decreased from 1982 to 1983, rebounding in 1984 to a level more than 22 percent above the 1982 level. <sup>41/</sup> U.S. producers' shipments, however, according to AISI data, declined in 1983 and exceeded 1982 levels only slightly in 1984. <sup>42/</sup> Domestic production, for firms that produced only line pipe, increased from 1982 to 1984. <sup>43/</sup> Capacity utilization levels likewise increased but remained unacceptably low even at the close of this period. <sup>44/</sup>

The number of production and related workers, hours worked, wages paid, and total compensation decreased sharply from 1982 to 1983 and then increased in 1984 to levels surpassing those of 1982. <sup>45/</sup>

The financial performance of firms producing line pipe only is quite similar to the performance of the standard pipe industry, with some

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<sup>40/</sup> As in the case of standard pipe, we conduct our analysis of the condition of the domestic line pipe industry keeping in mind the serious economic downturn suffered by this industry in 1982.

<sup>41/</sup> Report at Table 2.

<sup>42/</sup> Id. Shipment data from our questionnaires show significant increases from 1982 to 1984. These data, however, overstate the trends in domestic shipments as Table 4 excludes the shipments of several large producers, whose shipments decreased very sharply during the period covered by the investigation, and also excludes data for U.S. firms that may have ceased production in 1982 or 1983.

<sup>43/</sup> Report at Table 3.

<sup>44/</sup> Id. This is also true when the producers of both standard and line pipe are considered along with the producers of line pipe only.

<sup>45/</sup> Report at Table 6.

improvement in 1984 when compared to prior years. <sup>46/</sup> Gross profit and operating income as a percentage of net sales remain at depressed levels. <sup>47/</sup> Moreover, the prices received by domestic producers for line pipe decreased irregularly from 1982 to 1984. <sup>48/</sup>

As in the case of standard pipe, there has been improvement in some key indicators from 1982 through 1984. However, those indicators still demonstrate a reasonable indication of material injury. Moreover, when the increase in apparent consumption is considered, it is clear that the domestic industry has not enjoyed much of that growth and has steadily lost market

Impact of Allegedly Subsidized and LTFV Line Pipe Imports from Venezuela <sup>49/</sup> <sup>50/</sup>

The volume of imports of line pipe from Venezuela has increased substantially throughout the period of this investigation, in both absolute

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<sup>46/</sup> Report at Tables 7 and 9. Data for line pipe in these preliminary investigations represent less than 40 percent of domestic shipments.

<sup>47/</sup> Report at Table 9.

<sup>48/</sup> Report at Table 19.

<sup>49/</sup> Allegedly LTFV imports from Venezuela are at issue in Inv. No. 731-TA-253 and allegedly subsidized imports are at issue in Inv. No. 701-TA-242. The same imports are at issue in both cases.

<sup>50/</sup> In the case of line pipe imports from Venezuela, petitioners have urged the Commission to cumulate the line pipe imports from Venezuela with imports from Brazil, Mexico, and Spain. E.g., countervailing duty petition on Venezuela at 30. As noted above, investigations regarding imports from these countries were terminated when the petitions were withdrawn and, thus, cumulation is not appropriate.

share. Accordingly, we find that there is a reasonable indication that the domestic industry is materially injured and relative terms. The volume has increased from 2,599 tons in 1982 to 79,451 tons in 1984. <sup>51/</sup> As a percentage of the domestic market, Venezuelan line pipe imports constituted 0.3 percent in 1982 and 7.5 percent in 1984. <sup>52/</sup>

The Commission obtained usable net selling price data for one of the two line pipe products specified in the questionnaires. In each of the periods for which comparisons are available, the Venezuelan line pipe product undersold domestic line pipe in each quarter for which data are available. The margins of underselling are significant. <sup>53/</sup> Moreover, the U.S. producers' weighted average prices show their lowest levels during those quarters in which the Venezuela product is first significantly present in the market, showing evidence of price depression. <sup>54/</sup>

Accordingly, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of the allegedly LTFV and subsidized imports from Venezuela. <sup>55/</sup>

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<sup>51/</sup> Report at Table 15.

<sup>52/</sup> Report at Table 16.

<sup>53/</sup> Report at Table 19.

<sup>54/</sup> Report at Tables 16 and 19.

<sup>55/</sup> Chairwoman Stern notes that her analysis of the effects of the allegedly LTFV imports is made separately from that of the allegedly subsidized imports. While the imports are one and the same, the alleged unfair acts are not. In any final analysis, when final LTFV and subsidy margins are available, a more detailed individual examination will be made.



Separate Views  
of Vice Chairman Liebler

Both with regard to the countervailing duty petition concerning standard pipe from Venezuela and the antidumping duty petition concerning standard pipe from Thailand, I find no reasonable indication that material injury to a domestic industry is caused or threatened by the imports in question.<sup>1</sup>

The majority notes that there has been a sharp increase in imported standard pipe from Venezuela over the last three years. However, by 1984 imports reached a level of only 2.2% of domestic consumption. The record does not reveal any characteristic of the domestic market for standard pipe, such as highly inelastic supply and demand curves, that suggest that a relatively small level of imports could result in any material injury or threat of material injury. In the absence of such factors, I presume that an import penetration ratio of less than 2.5% is too small to support a finding of a reasonable indication of material injury or threat thereof by reason of imports.<sup>2</sup>

There are two reasons for choosing a 2.5% de minimus threshold: first, because it is small and, therefore, highly unlikely to have more

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<sup>1</sup>As there is an established domestic industry, "material retardation" was not raised as an issue in these investigations and will not be discussed further.

<sup>2</sup>See Certain Carbon Steel Products From Czechoslovakia, East Germany, Finland, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, Invs. Nos. 701-TA-225-234, 731-TA-213-217, 219, 21-26, and 228-235 (P), Views of Vice Chairman Liebler at 50-52 for a discussion of this presumption.

than an inconsequential or insubstantial adverse impact on the domestic industry; and second, because such market share is very likely to signify a competitive process and to reflect only dumping or subsidization in a "technical" sense. Each of these justifications will be discussed in turn.

Any time a foreign producer exports products to the United States, it harms the domestic industry that competes in that market. An increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise prevail. If a downward effect on price, accompanied by a finding by the Department of Commerce of dumping or subsidy, and a finding on the part of the Commission of material injury were all that were required for an affirmative determination, there would be no need to inquire further into the question of causation.

Congress has recognized that the mere presence of less than fair value imports is not sufficient to establish causation.<sup>3</sup> Thus, the inquiry into causation must proceed. The Senate Finance Committee instructed the Commission to search for a causal link:

While injury caused by unfair competition, such as less-than-fair-value imports, does not require as strong a causation link to imports as would be required in determining the existence of injury under fair trade import relief laws, the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury. The determination of the ITC with respect to causation is, under

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<sup>3</sup>"[T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports." Report on the Trade Agreements Act of 1979, Senate Finance Committee, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

current law, and will be, under section 735, complex and difficult, and is a matter for the judgment of the ITC. <sup>4</sup>

This "complex and difficult" judgment begins with an examination of the import penetration ratio. There must be some import penetration level which is so insubstantial that it cannot result in material injury.

When the industry demand and supply curves have low elasticities, a given import penetration will have a large impact on the domestic industry. The more inelastic the demand and supply curves, the greater will be the effect on price of a given change in imports. Two examples are provided as illustration.

If the domestic market for standard pipe were like that depicted in Figure I (below) there might be a material effect on the domestic industry. A relatively small increase in supply from  $S$  to  $S^1$  may result in a precipitous fall in price.

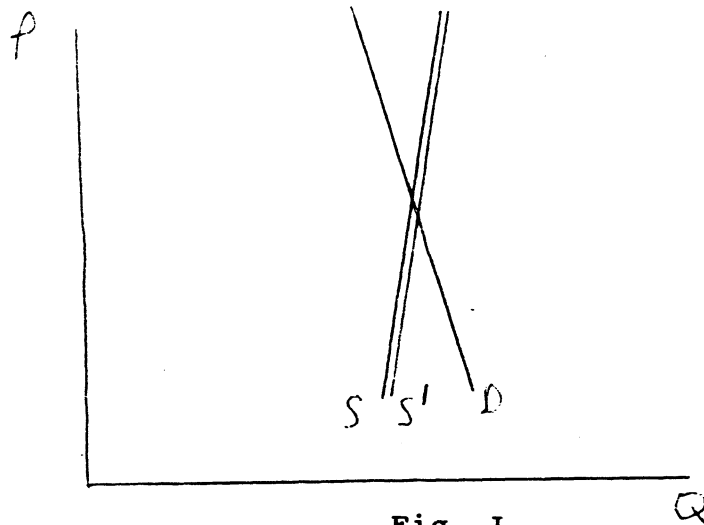


Fig. I

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<sup>4</sup>Id.

On the other hand, in the more general case, where supply and demand are somewhat more elastic, as in Figure II, a 2.5% import penetration ratio even if all of it were a consequence of unfair trade, cannot have a significant enough effect on price to result in material injury or threat thereof. The shift in the curve from  $S$  to  $S^1$  results in an inconsequential drop in price.

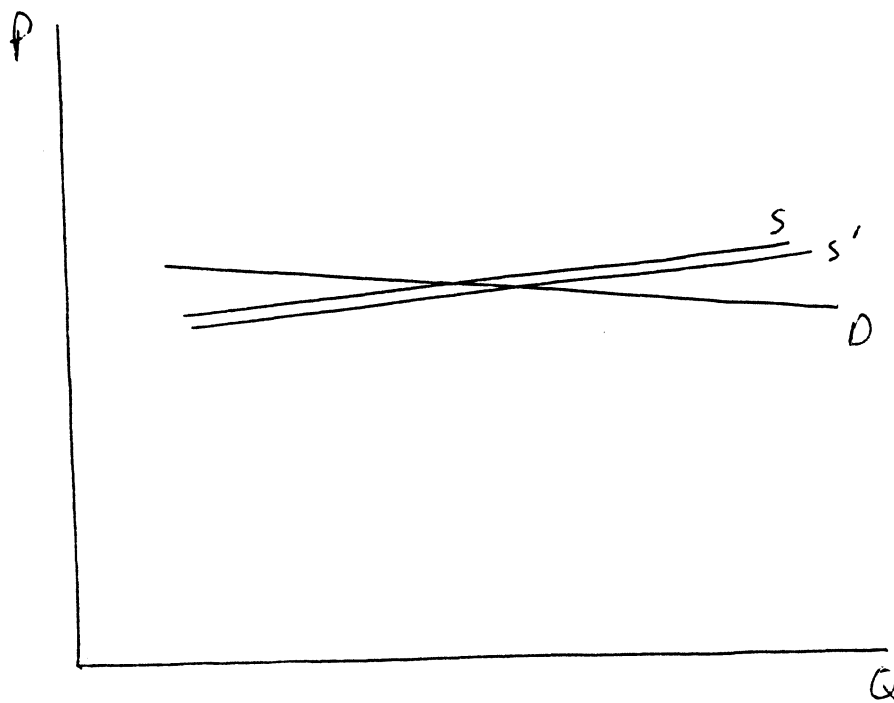


Fig. II .

Therefore, in the absence of a showing that the supply and demand curves in the domestic market are sufficiently inelastic, I presume that a 2.5% import penetration ratio cannot result in material injury.

A second reason for using this de minimus threshold rests on the legislative history on "technical dumping". Import penetration ratios of

2.5% or less are more likely to represent technical dumping. In enacting the unfair trade laws, Congress was not concerned with imports that were simply priced at the level necessary to enable the producer to sell his product.

(1) Technical dumping. The concept, underlying a number of International Trade (Tariff) Commission determinations, is wholly consistent with the basic philosophy and purpose of the Antidumping Act. This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. As is explained below, this distinction is of importance in the context of recent suggestions that the Antidumping Act should not be applied to imports of articles in short supply.

Conceptually, the Antidumping Act is not directed toward forcing foreign suppliers to sell in the U.S. market at the same prices that they sell at in their home markets. Rather, the Act is primarily concerned with the situation in which the margin of dumping contributes to underselling the U.S. product in the domestic market, resulting in injury or likelihood of injury to a domestic industry. Such injury may be manifested by such indicators as suppression or depression of prices, loss of customers, and penetration of the U.S. market. When clear indication of injury, or likelihood of injury, exists there would be reason for making an affirmative determination. The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry.

On the other hand, the Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S., market, even though the price of the imported product is lower than its home market price. Such so-called 'technical dumping' is not anti-competitive, hence, not unfair; it is procompetitive in effect. The Commission has recognized the concept of technical dumping and in a number of cases has made a negative determination in the circumstances of such dumping. It is to be noted that in the usual short supply situation or inflationary period, imports--regardless of home market price--would normally be sold to the domestic market at a price no lower than the prevailing U.S. market price, thus indicating that when dumping exists in such situations, it is likely to be a case of technical dumping in which there is not likely to be injury to a domestic industry. In other words,<sup>23</sup>

importers as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the U.S. market would bear. But if there is a margin of dumping in a tight supply situation, it may be due to technical reasons, which would not be injurious to domestic industries.<sup>5</sup>

Congress was not concerned with dumping per se. Rather, Congress focused on plans by "foreign suppliers [to use] unfair price discriminative practices to the detriment of a United States industry".<sup>6</sup>

The pricing policy of an importer may be either pro-competitive or anti-competitive. A rational and profit maximizing importer/competitor will price its product as high as the market will bear, unless there is some possibility of gain to be derived by predatory behavior. Two possibilities exist: first, the importer is pricing his product and seeking sales as part of an effort to meet competition, in the sense that he is seeking to sell at the highest price possible in the expectation that if ever he sells at too high a price, there will be a plethora of other suppliers available to take his place. Second, the importer could attempt to price his product below the market price, and thereby drive his competitors out of the market and gain some measure of monopoly power.

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<sup>5</sup>Report on the Trade Reform Act of 1974, Senate Finance Committee, S. Rep. No. 1298, 93rd Cong. 2d Sess. at 179 (1979) (emphasis added). Because of the virtually identical language and history of Countervailing and Antidumping Duty Provisions of the Tariff Act of 1930, 19 U.S.C. Sections 1671 1673 (1982) respectively, logic compels me to extend the reasoning embodied in this "technical dumping" analysis to subsidy cases.

<sup>6</sup>Id.

Congress recognized that importers are normally interested in maximizing their return. The Commission must use its best judgment to determine whether this profit maximization is part of a pattern of anticompetitive "unfair" price discrimination or subsidization, or alternatively, an imperfect reflection of the normal competitive process. Congress did not intend that the Commission examine the data before it in a spirit of naivete. Rather, the Commission must cull from the mass of data that information necessary to answer the question of whether any dumping or subsidization is merely "technical", or whether it is unfair price discrimination.

In a typical case the Commission is confronted with a factual melange from which it must discern an underlying story that explains the facts. The staff report contains information on: (1) the financial condition of the domestic industry; (2) the prices of the domestic and imported products; and (3) the volume and market share of the imported product.

How much reliability should we attach to the data? Volume and relative market share are the most reliable data. They are generated by third parties and easily verified. Profit data is self-generated by the parties and is frequently provided on a product-specific basis requiring subjective cost allocations. Such data is difficult to verify. Price data is also provided by the parties and is usually not verified beyond telephone confirmations.

Moreover, price data may reflect a variety of phenomena. First, the suppliers may not be selling a homogeneous product. If the products

are not identical, there is no reason to suppose that they should sell at an identical price.<sup>7</sup> Second, because of: (a) a lack of homogeneity of the product; (b) the fact that the contracts for sale are not concluded on a public anonymous market; and (c) possible antitrust concerns, suppliers may be unaware of the exact price at which other suppliers are concluding contracts. Third, there may be inaccuracies in the data that the Commission receives. Finally, there is at least the theoretical possibility that a supplier, although selling a product identical to his competitors, and fully aware of the market price of that product, is attempting to undersell them in order to damage their businesses. Such behavior is something akin to predatory pricing.

Determining the plausibility of each of these explanations is the implicit task of the Commission in deciding the cases before it. At

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<sup>7</sup>Commission opinions have traditionally found technical dumping only when no underselling has been found or, in cases when underselling has been found, when such underselling has been deemed "commercially insignificant". In the situation where the products under investigation are identical in every characteristic, this analysis would be correct. Seldom, if ever, will the Commission be dealing with such a product market. Even when dealing with products such as wheat, a homogeneous product by most standards, one might find that imports were underselling (overselling) the domestic product if certain characteristics of the product not inherent to the product, i.e., certainty of delivery, risk of loss, were worse (better) than those offered by domestic producers. Thus, the price "needed to make the product competitive in the U.S. market" could be lower or higher than the price charged by domestic producers. Commission decisions that have neglected to consider the impact on prices of characteristics which are often the source of intense negotiation and expensive litigation risked under or overstating price differentials.

(Footnote continued to page 27)



first blush it might seem that the question whether the importer is simply trying to meet the competition or, alternatively is seeking to underprice the competition, could best be resolved by examining price data.<sup>8</sup> However, there is no plausible way to separate and distinguish the possible explanations on the basis of the price data we receive. As explained above, it is of necessity unreliable and incomplete. There is fortunately an alternative way of approaching the question.

An assertion of unfair price competition in the form of dumping or subsidization should be accompanied by a factual record which can support such a conclusion. Foreign firms and governments exporting to the United States should be presumed to be rational. Actions which they take should be presumed to be in their self-interest. Therefore, if the factual setting in which the LTFV or subsidized sales take place do not support any rational self-serving goal to be served by predatory pricing, it is reasonable to conclude that such sales must be credited to one of the three benign explanations, and injury to the industry should not be treated as being "by reason of" such imports.

In most cases, predatory pricing by a competitor would be irrational. An examination of the wheat farming industry illustrates

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(Footnote continued from page 26)  
Further, when dealing with heterogenous products, the problems with straightforward price comparisons are compounded inordinately for obvious reasons.

<sup>8</sup>In analyzing predation, price data is primarily relevant because of its relationship to marginal cost. Because of the unavailability of marginal cost data, price data alone is not meaningful.

this point. One of the reasons that it would be irrational for a wheat producer to undersell the market and thereby drive out his competition is that he could never hope to grow large enough to ever raise his price above the market price by dint of his now greater market power. Similarly in the various markets which we examine, it is reasonable to conclude that unless a foreign firm has a fairly large market share, it cannot hope that by charging less than the market price it can drive out competitors and thereby gain the requisite market power to charge more than the competitive equilibrium price. I have chosen a conservative market share of less than 2.5 at a preliminary proceeding as inconsistent with even the most optimistic rational expectation of gaining an advantage by selling at less than the market price.

It has been suggested that the Commission does not have the power to adopt a rebuttable de minimus standard. I believe this to be incorrect. Congress chose not to determine cases itself. Instead, it delegated this power to the Commission. Congress' mandate provides very broad discretion to the Commission. Aside from guidance about weighing causes, technical dumping, and cumulation,<sup>9</sup> Congress has not specifically instructed the Commission on how it is to conduct its

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<sup>9</sup>Congress' attention to the cumulation issue in its recent revision of the statute gives further support to the use of a de minimus standard. Congress' mandating cumulation in certain cases demonstrated a sensitivity to the issue of import penetration. It was precisely because Congress was aware that certain levels of imports were insufficient to satisfy the causation standard that Congress required a summation of imports across nations in certain cases.

investigations and decide the cases before it. The use of a de minimus standard is common in the law, and although it was not specifically mandated by Congress, neither was it precluded by our enabling statute or legislative history. Congress may be presumed to have left the use of such administrative tools to the discretion of the Commission.

In adopting this de minimus threshold, I am aware that Congress indicated that no absolute volume of imports should be considered dispositive of the issue of whether there has been material injury or threat by reason of imports.<sup>10</sup> The 2.5% threshold is not based on the absolute volume of imports, but rather on relative market share.

The import penetration ratio of line pipe from Venezuela was 2.2% in 1984 and, therefore, fails to satisfy the de minimus standard.<sup>11</sup>

The imports from Thailand were less than 0.05% in 1984. I am compelled to cumulate these imports with those from Venezuela, which is concurrently under investigation in an antidumping case.<sup>12</sup> The cumulated import penetration ratio is still less than 2.3% of domestic consumption. For the same reasons discussed above, this level of imports

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<sup>10</sup>It is expected in its investigation that the Commission will continue to focus on the conditions of trade, competition, and development regarding the industry concerned. For one industry, an apparently small volume of imports may have a significant impact on the market; for another, the same import volume might not be significant. S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979).

<sup>11</sup>There is nothing in the record to suggest that the demand and supply for line pipe is highly inelastic. Such factors would rebut the presumption.

<sup>12</sup>See supra note 2.

will not support a finding of a reasonable indication of material injury or threat thereof in the standard pipe antidumping case against Thailand. Had these imports from Thailand and Venezuela not entered the American market at subsidized and less than fair market value prices, the domestic industry would not be materially better off than it is now.

## INFORMATION OBTAINED IN THE INVESTIGATIONS

## Introduction

On February 28, 1985, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel for the Committee on Pipe & Tube Imports 1/ alleging that an industry in the United States is materially injured and threatened with material injury by reason of imports of certain welded carbon steel pipes and tubes 2/ that are being subsidized by the Governments of Thailand and Venezuela and that are also being sold in the United States at less than fair value (LTFV). On March 12, 1985, counsel amended the petitions to state, among other things, that the petitions were filed by the Standard Pipe Subcommittee 3/ and the Line Pipe Subcommittee 4/ of the Committee on Pipe and Tube Imports, and by each of the individual manufacturers that are members of those subcommittees. Accordingly, effective February 28, 1985, the Commission instituted investigation No. 701-TA-242 (Preliminary), under section 703 of the Tariff Act of 1930 (the Act), to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports from Venezuela of certain welded carbon steel pipes and tubes that are allegedly subsidized by the Government of

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1/ The 25 member producers of the CPTI are Allied Tube and Conduit Corp., American Tube Co., Inc., Bernard Epps & Co., Bock Industries of Elkhart, IN, Bull Moose Tube Co., Central Steel Tube Co., Century Tube Corp., Copperweld Tubing Group, Hughes Steel & Tube, Kaiser Steel Corp., LaCledde Steel Co., Maruichi American Corp., Maverick Tube Corp., Merchant Metals, Inc., Phoenix Steel Corp., Pittsburgh Tube Co., Quanex Corp., Sawhill Division of Cyclops Corp., Sharon Tube Co., Southwestern Pipe, Inc., Tex-Tube division of Cyclops Corp., UNR-Leavitt, Welded Tube Co. of America, Western Tube & Conduit, and Wheatland Tube Corp.

2/ For purposes of these investigations the term certain welded carbon steel pipes and tubes refers to welded carbon steel pipes and tubes of circular cross section, over 0.375 inch but not over 16 inches in outside diameter, provided for in Tariff Schedules of the United States Annotated (TSUSA) items 610.3208, 610.3209, 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 (TSUSA items 610.3208, 610.3209, 610.3231, 610.3232, 610.3241, 610.3244, and 610.3247 prior to Apr. 1, 1984).

3/ The 10 members of the Standard Pipe Subcommittee that are in support of these petitions are Allied Tube & Conduit Corp., American Tube Co., Bull Moose Tube Co., LaCledde Steel Co., Merchant Metals, Inc., Pittsburgh Tube Co., Sawhill Division of Cyclops Corp., Sharon Tube Co., Southwestern Pipe, Inc., and Wheatland Tube Corp. The two members of the Standard Pipe Subcommittee that are not in support of these petitions are Maruichi American Corp. and Western Tube & Conduit.

4/ The four members of the Line Pipe Subcommittee that are in support of these petitions are LaCledde Steel Co., Sawhill Division of Cyclops Corp., Tex-Tube Division of Cyclops Corp., and Wheatland Tube Corp.

Venezuela. 1/ The Commission also instituted, effective February 28, 1985, investigations Nos. 731-TA-252 and 253 (Preliminary), under section 733(a) of the act, to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of certain welded carbon steel pipes and tubes from Thailand and Venezuela that are allegedly sold in the United States at LTFV.

In the process of instituting these investigations, Commerce advised the petitioner that the welded carbon steel pipe and tube products covered by the petitions represented two distinct classes or kinds of products, standard pipe and line pipe. Subsequently, on March 14, 1985, the petitions involving imports from Thailand were withdrawn as they relate to line pipe, because there is no known production in Thailand of line pipe to American Petroleum Institute (API) specifications. On the same date, the antidumping petition involving imports from Venezuela was withdrawn as it relates to standard pipe, because the Commission, on February 1, 1985, had made an affirmative preliminary determination with respect to imports of that product from Venezuela, and Commerce was in the process of conducting its antidumping investigation.

The statute directs the Commission to make its determinations within 45 days after receipt of petitions for preliminary countervailing duty and antidumping investigations, or in these cases by April 15, 1985. Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of March 18, 1985 (50 F.R. 10866). 2/ The Commission held a public conference in Washington, DC, on March 22, 1985, at which time all interested parties were allowed to present information and data for consideration by the Commission. 3/ The Commission's determinations in these investigations were made in an open "Government in the Sunshine" meeting held on April 8, 1985.

#### Previous Commission Investigations

Several previous Commission investigations have dealt with some or all of the pipes and tubes currently under investigation. 4/ Most recently, on February 1, 1985, the Commission notified the Department of Commerce of its preliminary determination in investigation No. 731-TA-211 that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Taiwan of light-walled rectangular welded

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1/ Thailand is not a "Country under the Agreement," and therefore, the Commission is not required to reach a determination with respect to injury from allegedly subsidized imports. Consequently, the Commission did not institute a countervailing duty investigation with respect to the allegedly subsidized imports from Thailand.

2/ A copy of the Commission's Federal Register notice is presented in app. A.

3/ A list of witnesses who appeared at the public conference is presented in app. B.

4/ See table, app. C.

carbon steel pipes and tubes which are alleged to be sold in the United States at LTFV. At the same time, the Commission also determined in investigation No. 731-TA 212 that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Venezuela of standard welded carbon steel pipes and tubes 1/ and that there is no reasonable indication that an industry is materially injured or threatened with material injury by reason of imports from Venezuela of welded carbon steel line pipes and tubes that are alleged to be sold in the United States at LTFV. 2/

On August 22, 1984, the Commission made a preliminary determination in investigation No. 701-TA 220 (Preliminary) that there was a reasonable indication that an industry in the United States was materially injured by reason of allegedly subsidized imports of small circular and light-walled rectangular pipes and tubes from Spain. 3/ In addition, in investigations Nos. 731-TA-197 and 198 (Preliminary), the Commission found that there was a reasonable indication that an industry in the United States was materially injured by reason of imports from Spain of small circular and light-walled rectangular pipes and tubes allegedly sold at LTFV, and by reason of imports from Brazil of small circular pipes and tubes allegedly sold at LTFV. 4/ However, the pipes and tubes in the present investigation involving Venezuela cover a wider range of circular pipes and tubes than was included in the investigations involving Spain and Brazil.

On June 12, 1984, the Commission found in investigation No. TA-201-51 on carbon and certain alloy steel products that, under section 201 of the Trade Act of 1974, the domestic steel pipe and tube industry was experiencing serious injury. However, the Commission determined that imports of certain steel pipes and tubes were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. 5/ The steel pipes and tubes that were the subject of the section 201 investigation included the welded carbon steel pipes and tubes that are the subject of the instant investigations, as well as other pipes and tubes that are not the subject of these investigations.

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1/ Chairwoman Stern determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports.

2/ Commissioners Eckes and Lodwick dissented. Certain Welded Carbon Steel Pipes and Tubes From Taiwan and Venezuela: Determination of the Commission in investigations Nos. 731-TA-211 and 212 (Preliminary). . . . , USITC Publication 1639, February 1985.

3/ The final Commission investigation on these products was instituted on October 17, 1984, and terminated on February 4, 1985, subsequent to the withdrawal of the petition.

4/ Certain Welded Carbon Steel Pipes and Tubes from Brazil and Spain: Determinations of the Commission in Investigations Nos. 701-TA-220 and 731-TA-197 and 198 (Preliminary). . . . , USITC Publication 1569, August 1984. The final Commission investigations on these products were instituted on Jan. 29, 1985, and terminated on Feb. 4, 1985 (Spain) and Mar. 20, 1985 (Brazil), subsequent to the withdrawal of the petitions.

5/ Carbon and Certain Alloy Steel Products: Report to the President on Investigation No. TA-201-51. . . . , USITC Publication 1553, July 1984.

On April 17, 1984, the Commission determined in investigations Nos. 731-TA-131 and 132 (Final) that an industry in the United States was materially injured by reason of imports from the Republic of Korea (Korea) and Taiwan of small circular pipes and tubes that had been found by Commerce to be sold in the United States at LTFV. In addition, on the same date, the Commission determined in investigation No. 731-TA-138 (Final) that an industry in the United States was materially injured by reason of LTFV imports of light-walled rectangular pipes and tubes from Korea. 1/ The present investigations cover other circular pipes and tubes, as well as those covered in these previous investigations.

On February 8, 1983, the Commission determined that an industry in the United States was materially injured by reason of imports of certain welded carbon steel pipes and tubes that were found by Commerce to be subsidized by the Government of Korea. That investigation covered certain circular pipes and tubes (including API line pipe) up to 16 inches in outside diameter, which includes most of the circular pipes and tubes in the current investigations. 2/

#### Nature and Extent of the Alleged Subsidies

The petition alleges that CA Conduven (Conduven), the principal producer and exporter in Venezuela of welded carbon steel pipes and tubes, has benefited directly and indirectly from a number of domestic and export subsidies through a program that provides discounts ranging from 15 to 40 percent of the regular domestic price if the steel they purchase from SIDOR, the State owned, allegedly heavily subsidized, integrated producer, is processed into products for export. 3/

The petition further alleges that there are at least three sources of below-market-rate loans available to Conduven and that, by special agreement with the Government, Conduven is allowed to convert its dollar export earnings at a free market exchange rate (currently 14 bolivars per dollar), which provides an incentive to export. 4/ According to the petition, the official exchange rate is 4.3 bolivars per dollar. 5/ Also, according to the petition, preferential export financing is available from the Fondo De Financiamiento de las Exportaciones (Finexpo) to Conduven through the Banco Industrial de Venezuela. The loans are for a period of up to 1 year at the preferential rate

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1/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-131, 132, and 138 (Final). . . . USITC Publication 1519, April 1984.

2/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-168 (Final) . . . . USITC Publication 1345, February 1983.

3/ A number of domestic subsidies are alleged to have been received by SIDOR, including preferential Government credit, Government equity infusions, import duty reductions, tax incentives, input subsidies, and regional incentives.

4/ Petition for countervailing duties in the matter of certain welded carbon steel pipe and tube products from Venezuela, p. 20.

5/ Ibid, p. 21.



of 5 percent plus bank charges, with a commercial bank required to match the Finexpo financing.

#### Nature and Extent of the Alleged Sales at LTFV

For Thailand, petitioners were unable to obtain home-market sales prices for the pipes and tubes covered by the petition. Petitioners believe that the Thai exporters are importing steel sheet and coil from Japan and possibly from Brazil or other countries. Petitioners obtained information on export prices of steel sheet and coil from Japan and, on the basis of U.S. non integrated producers' cost of production adjusted for wage rates in Thailand, estimated the cost of processing raw materials into finished pipe products. Petitioner selected three products as a basis for fair-value comparisons of imports of standard pipes, which, according to the petition, show that the standard pipes from Thailand are offered in the United States at prices 21.1 to 40.7 percent below the cost of production. 1/

In order to determine the U.S. purchase price of the pipe and tube products from Venezuela, petitioners used import statistics as reported by the U.S. Department of Commerce for October 1984. The alleged dumping margins as determined by the petitioners are based on an average home-market price to account for the range of sizes. As a result, the actual home-market prices may vary from product to product. 2/ The petition alleges that comparisons of U.S. prices to Venezuelan home-market prices show dumping margins of 65.5 percent for API line pipe up to 4-1/2 inches in outside diameter and 77.2 percent for line pipe up to 16 inches in diameter. 3/

#### The Products

##### 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 conduits 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

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1/ Antidumping petition in the matter of certain welded carbon steel pipe and tube products from Thailand, p. 19.

2/ Antidumping petition in the matter of certain welded carbon steel pipe and tube products from Venezuela, p. 15.

3/ Ibid, p. 16.

product lines is one of several 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. <sup>1/</sup>

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 that are the subject of these investigations are the following circular welded carbon steel pipes and tubes over 0.375 inch but not over 16 inches in outside diameter, which are known in the industry as standard and line pipes and tubes:

(1) Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. They may also be used for light load-bearing or mechanical applications, such as for fence tubing. These steel pipes and tubes may carry fluids at elevated temperatures and pressures but may not be subjected to the application of external heat. They are most commonly produced to ASTM specifications A-120, A-53, and A-135.

(2) Line pipes and tubes are used for the transportation of gas, oil, or water, generally in pipeline or utility distribution systems. They are most commonly produced to API specification 5L.

#### Manufacturing processes

Welded steel pipes and tubes are made by forming flat-rolled steel into a tubular configuration and welding it along the joint axis. There are various ways to weld pipes and tubes: the most popular are the electric resistance weld (ERW), the continuous weld (butt weld) (CW), the submerged-arc weld, and the spiral weld. Submerged-arc weld and spiral weld are normally used to produce pipes and tubes of relatively large diameter. The circular pipes and tubes now under investigation are generally produced either by the ERW or CW

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<sup>1/</sup> For a full description of these items, see Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-168 (Final) . . . , USITC Publication 1345, February 1983.

processes. 1/ All pipes and tubes are formed and welded in a cylindrical configuration. Immediately after welding, the product may be reduced in diameter 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 the CW process, skelp is heated to approximately 2,600° 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 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. 3/ 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 now under investigation.

Standard and line pipe can be produced on the same equipment. The principal differences between the two are that line pipe is made from a higher grade steel and requires additional testing. 4/ Line pipe may have a higher content of carbon and manganese than is permissible for standard pipe, whereas standard pipe may have a higher content of phosphorus and sulfur than is permissible for line pipe. Requirements concerning chemical and mechanical properties for API line pipe and ASTM standard pipe differ for the various specifications and grades of each. There are at least 10 grades of API 5L line pipe compared with 2 grades of ASTM A-53 and A-135 standard pipe and 1 grade of ASTM A-120 standard pipe. Of the circular pipe and tube products covered by the investigation on Venezuela, API 5L line pipe must undergo the greatest amount of testing, followed by ASTM A-53, A-135, and A-120 standard pipe. With respect to pipe sizes, wall thicknesses for standard and line

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

2/ Skelp is a flat-rolled, intermediate product used as the raw material in the manufacture of pipes and tubes. It is typically an untrimmed band of hot- or cold-rolled sheet.

3/ On the other hand, the ERW process has gained increased popularity with U.S. producers of small-diameter pipe and tube products in recent years because it 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. Also, it can be used to produce pipes in sizes up to 24 inches in outside diameter compared with the 4.5-inch maximum outside diameter usually attainable with the CW process.

4/ Transcript of the public conference, investigations Nos. 731-TA-211 and 212 (Preliminary), p. 17.

pipe are similar in the smaller diameters but are more divergent in the larger diameters. 1/

#### U.S. tariff treatment

Imports of the circular pipes and tubes covered by these investigations are classified under TSUSA items 610.3208, 610.3209, 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925, which cover welded pipes and tubes (and blanks therefor 2/) of iron (except cast iron) or of nonalloy (carbon) steel, of circular cross section, having an outside diameter over 0.375 inch but not more than 16 inches. During the Tokyo round of the Multilateral Trade Negotiations (MTN), the most-favored-nation (MFN) rate of duty for TSUS item 610.32 was changed from 0.3 cent per pound to 1.9 percent ad valorem, effective January 1, 1982. 3/ This MFN rate of duty is the final rate negotiated in the Tokyo round, with no further changes or reductions scheduled.

The duty rates under item 610.49 are currently set at 8.8 percent ad valorem (col. 1), 8 percent ad valorem (least developed developing countries, (LDDC)) and 25 percent ad valorem (col. 2). These articles are eligible for duty-free entry under the Caribbean Basin Initiative (CBI) but not under the Generalized System of Preferences (GSP). The 1986 column 1 duty rate will be 8.4 percent ad valorem.

#### U.S. Producers

Welded carbon steel pipe and tube producers may be divided into two types: large, fully integrated producers, which make raw steel and produce a variety of steel products, and smaller, nonintegrated or partially integrated producers, which concentrate on fewer product lines. The integrated producers, which include LTV Steel Corp., United States Steel Corp., and Armco, Inc., 4/ concentrate production in the high-volume, standardized pipe products. The nonintegrated producers manufacture the low-volume, more specialized tubular products as well as the high-volume products.

In 1984, according to the petitions, there were 53 producers of the products covered by these investigations. Forty-one of the firms produced

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1/ Ibid., p. 31.

2/ Blanks are semifinished pipe or tube hollows that are purchased by producers and further processed.

3/ The col. 2 rate of duty is 5.5 percent ad valorem. There is no LDDC rate or duty-free entry under the GSP. These articles are eligible for duty-free entry under the CBI.

4/ Another integrated producer, Bethlehem, permanently closed its pipe and tube operations, which were located at Sparrows Point, MD, effective Apr. 30, 1983. A nonintegrated producer, Merchants Metals, Inc., ceased producing the small circular, and light-walled rectangular pipes and tubes in January-March 1984. LTV Steel recently announced that it was closing indefinitely two pipe mills at Aliquippa, PA, and in early 1985, Central Steel Tube of Iowa went into bankruptcy.

only standard pipes and tubes, seven firms made both standard and line, and four made only line pipe. <sup>1/</sup> Production is concentrated in the East, where the integrated producers are located. U.S producers of the pipes and tubes that are the subject of these investigations are shown in table 1.

Table 1.--Certain welded carbon steel pipes and tubes: Selected U.S. producers' shares of domestic shipments, by product lines, 1984

(In percent)			
Producers	Standard pipes and tubes	Line pipes and tubes	Standard and line
CPTI member firms:			
Allied Tube and Conduit-----	***	***	***
Wheatland Tube Corp-----	***	***	***
Sawhill Tubular Division-----	***	***	***
Sharon Tube Co-----	***	***	***
Maruichi American Corp <sup>1/</sup> -----	***	***	***
Western Tube-----	***	***	***
Bull Moose Tube Corp-----	***	***	***
Tex-Tube Division-----	***	***	***
LaClede Steel Co-----	***	***	***
Subtotal-----	***	***	***
Non CPTI firms:			
LTV-----	***	***	***
Lone Star-----	***	***	***
U.S. Steel-----	***	***	***
Subtotal-----	***	***	***
Nonrespondents-----	7.6	59.5	2/
Total <sup>3/</sup> -----	100.0	100.0	100.0

<sup>1/</sup> \* \* \*.

<sup>2/</sup> Total shipments reported in questionnaire responses exceed AISI shipments by 6.2 percent.

<sup>3/</sup> Total domestic shipments are based on AISI data which are understated, especially with respect to standard pipes and tubes, because not all producers report to AISI.

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

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

<sup>1/</sup> Transcript of the conference, p. 38. The four firms that produce only line pipes are LaClede, Wheatland, Sawhill, and Tex-Tube; transcript of the conference, p. 44.

## U.S. Importers

The U.S. Customs Service's net import file showed 11 importers of pipes and tubes from Venezuela between October 1982 and September 1984. Connectors, Inc., of Melville, NY, the U.S. importer for the Venezuelan producer Conduven, 1/ was the major importer during 1984, accounting for \* \* \* percent of imports. The only other sizable importer was \* \* \*, which took a \* \* \* percent share of total imports during January-September 1984. No importers of pipe and tubes from Thailand appeared on the net import file; therefore, questionnaires were sent to the three firms listed as importers in the petition. 2/

## The U.S. Market

Channels of distribution

In the U.S. market, sales of the pipes and tubes that 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 typically to service centers/distributors; 3/ however, line pipe over 4 inches in outside diameter is often sold directly to end users. Service centers/distributors are middlemen that 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 for 1984, service centers/distributors accounted for 69 percent of domestic shipments of standard pipe and 28 percent of shipments of line pipe. 4/ Major markets in which shipments were made directly to end users in 1984 were the oil and gas and electrical equipment industries for standard pipe and the oil and gas industry for line pipe.

In the public conference on investigations Nos. 731-TA-211 and 212 (Preliminary), an industry representative testified that during the last 10 years, imported pipe has been sold through a distribution system distinct from that used for the sale of domestic pipe. Foreign pipe is sold by a separate group of distributors that maintain multilocation stocking depots and carry pipe imported from various foreign sources. This imported pipe is then sold to wholesale plumbing and heating jobbers and pipe valves and fittings jobbers, the same customers (end users) to which the domestic product is sold. 5/

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1/ Post conference brief of CA Conduven in investigations Nos. 731-TA-211 and 212 (Preliminary), p. 1.

2/ Antidumping petition in the matter of Certain Welded Carbon Steel Pipes and Tubes from Thailand, pp. 20-21.

3/ Transcript of the public conference in investigations Nos. 731-TA-131 and 132 (Preliminary), pp. 79 and 86.

4/ Such AISI data are not available on the basis of size.

5/ Transcript of the public conference in investigations Nos. 731-TA-211 and 212 (Preliminary), pp. 17-18.

U.S. consumption

In the aggregate, U.S. consumption of standard and line pipes and tubes increased annually, from 2.4 million tons <sup>1/</sup> in 1982 to 3.2 million tons in 1984, or by a total of 33.3 percent. Consumption continued to rise in January 1985, reaching 259,000 tons, representing an increase of 14.6 percent from consumption of 226,000 tons in January 1984.

U.S. consumption of standard pipes and tubes increased annually, from 1.5 million tons in 1982 to 2.1 million tons in 1984, or by a total of 40.0 percent. Consumption at 180,000 tons in January 1985 was up 19.2 percent from that in January 1984. Consumption of line pipes and tubes fluctuated during the period, dropping from 863,000 tons in 1982 to 772,000 tons in 1983, or by 10.5 percent, and then increasing to 1.1 million tons in 1984, or by 36.4 percent from the level of consumption in 1983, and by 22.0 percent above consumption in 1982. In January 1985, consumption of line pipes and tubes amounted to 78,000 tons, representing an increase of 4.0 percent from consumption in January 1984 (table 2).

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<sup>1/</sup> Unless otherwise noted, the term "ton" refers to a short ton (2,000 pounds).

Table 2.--Certain welded carbon steel pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, by types, 1982-84, January 1984, and January 1985

Type and period	U.S. producers' shipments <u>1/</u>	Imports	Apparent consump- tion	Ratio to consumption of--	
				Producers': shipments:	Imports
		<u>Tons</u>		<u>Percent</u>	
Standard:					
1982-----	650,780	843,919	1,494,699	43.5	56.5
1983-----	625,749	1,181,652	1,807,401	34.6	65.4
1984-----	565,132	1,544,141	2,109,273	26.8	73.2
January--					
1984-----	50,226	101,030	151,256	33.5	66.8
1985-----	50,567	130,497	180,064	27.5	72.5
Line:					
1982-----	528,690	334,362	863,052	61.3	38.7
1983-----	494,765	277,077	771,842	64.1	35.9
1984-----	534,177	519,308	1,053,485	50.7	49.3
January--					
1984-----	37,831	36,939	74,770	50.6	49.4
1985-----	33,708	43,845	77,553	43.5	56.5
Total:					
1982-----	1,179,470	1,178,281	2,357,751	50.0	50.0
1983-----	1,120,509	1,458,729	2,579,238	43.4	56.6
1984-----	1,099,309	2,063,449	3,162,758	34.8	65.2
January--					
1984-----	88,057	137,969	226,026	39.0	61.0
1985-----	84,276	174,342	258,618	32.6	67.4

1/ Data on U.S. producers' shipments may be understated, especially with respect to standard pipes and tubes, because not all producers report to AISI.

Source: U.S. producers' shipments, compiled from AISI data; imports, compiled from official statistics of the U.S. Department of Commerce.

#### Consideration of Alleged Material Injury to an Industry in the United States

The petition alleges, with respect to standard pipes and tubes from Thailand, that the domestic industry as a whole is materially injured, or threatened with material injury, and that the western region 1/ of the United States, in particular, is materially injured or threatened with material injury as provided in section 771(4)(C) of the Tariff Act of 1930. To the extent that data are available, separate tabulations concerning producers in the western region are provided throughout this section. Producers in the western region do not manufacture line pipe.

1/ The petitioner defines the western region as consisting of the States of California, Oregon, Washington, Idaho, Nevada, Utah, and Arizona.



U.S. production, capacity, and capacity utilization

U.S. production of standard and line pipes and tubes by responding firms increased overall between 1982 and 1984 and continued to increase in January-February 1985. U.S. production increased from 985,000 tons in 1982 to 1.0 million tons in 1983, or by 4.3 percent. In 1984, production totaled 1.2 million tons, representing an increase of 20.0 percent from production in 1983. Production during January-February 1985, at \* \* \* tons, was up \* \* \* percent from the \* \* \* tons produced in January-February 1984 (table 3).

Firms that produced standard pipes and tubes reported an annual increase in production from 371,000 tons in 1982 to 484,000 tons in 1984, or 30.5 percent. Production of standard pipes and tubes during January-February 1985 also increased, by 3.8 percent from production in the corresponding months of 1984.

Table 3.--Standard and line pipes and tubes: U.S. production, capacity, and capacity utilization, 1982-84, January-February 1984, and January-February 1985

Item	1982	1983	1984	January-February--	
				1984	1985
Standard:					
Production-----tons--	371,138	433,819	483,827	78,631	82,254
Capacity-----do----	1,057,312	1,110,302	1,157,478	173,003	191,204
Capacity utilization					
percent--	35.1	39.1	41.8	45.5	43.0
Line:					
Production-----tons--	92,113	102,701	186,165	28,687	27,833
Capacity-----do----	547,200	601,462	604,974	92,792	90,794
Capacity utilization					
percent--	16.8	17.1	30.8	30.9	30.7
Standard and line: <u>1/</u>					
Production-----tons--	520,782	489,194	506,386	***	***
Capacity-----do----	1,127,200	1,009,200	1,009,200	***	***
Capacity utilization					
percent--	46.2	48.5	50.2	<u>2/</u> 57.8	<u>2/</u> 76.4
Total:					
Production-----tons--	984,033	1,025,714	1,176,378	***	***
Capacity-----do----	2,731,712	2,720,964	2,771,652	***	***
Capacity utilization					
percent--	36.0	37.7	42.4	42.8	<u>2/</u> 44.2

1/ Represents data from 3 firms that could not separate either capacity or production by product.

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

U.S. production of line pipes and tubes increased annually from 92,000 tons in 1982 to 186,000 tons in 1984, more than twice the production in 1982. Production in January-February 1985 was down slightly (3.0 percent) from production in January-February 1984.

The overall capacity of the responding firms for the production of standard and line pipes and tubes increased irregularly from 2.7 million tons in 1982 to 2.8 million tons in 1984, or by 3.7 percent. Capacity utilization increased annually from 36.0 percent in 1982 to 42.4 percent in 1984. For standard pipes and tubes, U.S. capacity increased annually from 1.1 million tons in 1982 to 1.2 million tons in 1984, or overall by 9.1 percent. Utilization of capacity by standard pipe and tube producers increased annually from 35.1 percent in 1982 to 41.8 percent in 1984. U.S. capacity as reported by firms that produce line pipes and tubes increased from 547,000 tons in 1982 to 605,000 tons in 1984, or by 10.6 percent. Capacity utilization by those firms increased annually from 16.8 percent in 1982 to 30.8 percent in 1984.

The following tabulation shows production, capacity, and capacity utilization with respect to standard pipes and tubes by producers in the western region that responded to the Commission questionnaire.

Period	Production	Capacity	Capacity utilization
	Tons		Percent
1982-----	***	***	***
1983-----	***	***	***
1984-----	***	***	***
Jan.-Feb.--			
1984-----	***	***	***
1985-----	***	***	***

#### U.S. producers' shipments

Domestic shipments of standard and line pipes and tubes by U.S. producers that provided separate data in their questionnaire responses increased annually between 1982 and 1984, and that trend continued in January-February 1985. Shipments increased from 539,000 tons in 1982 to 588,000 tons in 1983, or by 9.1 percent, and then to 727,000 tons in 1984, or by 23.6 percent from shipments in 1983. In January-February, shipments were up 3.5 percent from shipments in January-February 1984 (table 4).

Domestic shipments of standard pipes and tubes rose annually from 415,000 tons in 1982 to 509,000 tons in 1984, or by 22.7 percent. In January-February 1985, producers' shipments of standard pipes were up slightly from shipments in January-February 1984. Shipments of responding firms of line pipes and tubes dropped from 124,000 tons in 1982 to 114,000 tons in 1983, or by 8.1 percent.

Table 4.--Standard and line pipes and tubes: U.S. producers' domestic shipments, by types, 1/ 1982-84, January-February 1984, and January-February 1985

Item	1982	1983	1984	January-February--	
	1984	1985			
Quantity (tons)					
Standard-----	414,782	474,590	509,176	84,211	87,882
Line-----	123,842	113,684	216,492	26,962	30,316
Total-----	538,624	588,274	725,668	114,173	118,218
Value (1,000 dollars)					
Standard-----	261,626	276,664	311,462	52,598	54,391
Line-----	65,881	54,407	109,503	13,407	14,809
Total-----	327,507	331,071	420,965	66,005	69,200
Unit value					
Standard-----	\$631	\$583	\$612	\$625	\$619
Line-----	532	479	506	497	488
Average-----	608	563	580	594	585

1/ Excludes shipments by \* \* \*, which did not provide the value of shipments, and \* \* \*, which did not provide data by type of product. Shipments by those 2 firms declined annually from \* \* \* tons in 1982 to \* \* \* tons in 1983 and to \* \* \* tons in 1984.

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

They increased in 1984 to 216,000 tons, 89.5 percent above the level of shipments in 1983 and 15.1 percent above the level of shipments in 1982. Shipments in January-February 1985 were up 11.1 percent from shipments in January-February 1984.

Three U.S. producers, \* \* \*, were the only firms that reported shipments both east and west of the Rocky Mountains during 1982-84. \* \* \*. Those shipments, as a share of each firm's total shipments, are shown in the following tabulation:

\* \* \* \* \*

#### U.S. exports

Three firms, \* \* \*, \* \* \*, and \* \* \*, were the only U.S. producers that reported exports during the period covered by the Commission questionnaire.

Exports of standard pipes and tubes by those firms increased annually from \* \* \* tons in 1982 to \* \* \* tons in 1984, or overall by 27.0 percent. Exports of line pipes and tubes, which were all shipped by \* \* \*, declined from \* \* \* tons in 1982 to \* \* \* tons in 1984, or by \* \* \* percent. Exports represented less than 5 percent of the firms' total shipments during the period. Exports as reported to the Commission are shown in the following tabulation:

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

#### U.S. producers' inventories 1/

U.S. producers' yearend inventories of standard and line pipes and tubes declined from 103,000 tons in 1982 to 90,000 tons in 1983, or by 12.6 percent and then increased to 109,000 tons in 1984, or by 21.1 percent from the 1983 inventory level, and by 6.9 percent compared with the level in 1982. As a share of shipments, producers' yearend inventories declined annually from 19.0 percent in 1982 to 15.0 percent in 1984 (table 5).

Yearend inventories of standard pipes and tubes declined irregularly from 82,000 tons in 1982 to 74,000 tons in 1984, or by 10.8 percent. As a share of shipments, producers' inventories of standard pipes and tubes declined annually from 19.7 percent in 1982 to 14.5 percent in 1984. Inventories of line pipes and tubes increased irregularly from 21,000 tons in 1982 to 35,000 tons in 1984, which was 66.7 percent above the inventory level in 1982. As a share of shipments, producers' yearend inventories of line pipes and tubes declined irregularly from 17.0 percent in 1982 to 16.4 percent in 1984.

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1/ Seven producers provided inventory data for standard pipes and tubes, and four producers provided inventory data for line pipes.

Table 5.--Standard and line pipes and tubes: U.S. producers' inventories of domestically produced merchandise, by types, as of Dec. 31 of 1982-84, and Feb. 28 of 1984-85

Type	As of Dec. 31--			As of Feb. 28--	
	1982	1983	1984	1984	1985
Quantity (tons)					
Standard-----	81,539	72,576	73,597	62,977	66,994
Line-----	21,051	17,392	35,403	19,103	27,873
Total-----	102,590	89,968	109,000	82,080	94,867
Ratio of inventories to shipments (percent)					
Standard-----	19.7	15.3	14.5	74.8	76.2
Line-----	17.0	15.3	16.4	80.4	91.9
Average-----	19.0	15.3	15.0	73.8	80.3

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

#### Employment and wages

Data were obtained from six producers that could provide separate employment data for standard and line pipes and tubes. 1/ The number of production workers employed at the reporting establishments declined from 1,946 in 1982 to 1,683 in 1983, or by 13.5 percent and then increased in 1984 to 2,002, up 2.9 percent from employment in 1982. Employment continued to rise in January-February 1985, by 4.4 percent from employment in January-February 1984 (table 6).

1/ One firm, \* \* \*, reports that its employees are used interchangeably in the production of standard and line pipe and separate data are not available. \* \* \* employed \* \* \* production workers in 1982, \* \* \* in 1983, and \* \* \* in 1984.

Table 6.--Average number of production and related workers employed in establishments producing standard and line pipes and tubes and hours worked by and wages and total compensation paid to such employees, 1982-84, January-February 1984, and January-February 1985

Item	1982	1983	1984	January-February--	
				1984	1985
Production and related workers:					
Standard-----	1,377	1,288	1,324	1,380	1,404
Line-----	569	395	678	582	644
Total-----	1,946	1,683	2,002	1,962	2,048
Hours worked:					
Standard-----1,000 hours--	2,630	2,638	2,663	438	478
Line-----do-----	1,157	837	1,466	211	268
Total-----do-----	3,787	3,475	4,129	649	746
Wages paid:					
Standard-----1,000 dollars--	29,606	30,522	35,327	5,757	6,144
Line-----do-----	12,564	9,682	20,358	2,918	3,558
Total-----do-----	42,170	40,204	55,685	8,675	9,699
Total compensation paid:					
Standard-----1,000 dollars--	43,317	45,276	47,025	7,836	8,276
Line-----do-----	20,988	16,518	27,606	4,147	4,969
Total-----do-----	64,305	61,794	74,631	11,983	13,240

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

Total hours worked by production and related workers declined from 3.8 million in 1982 to 3.5 million in 1983 and then increased to 4.1 million in 1984. Annual hours worked by production workers increased from 1,946 in 1982 to 2,065 in 1983 and then declined slightly in 1984 to 2,062 hours.

Total wages paid to production workers declined from \$42.2 million in 1982 to \$40.2 million in 1983 and then increased in 1984 to \$55.7 million. Average hourly wages paid to production workers increased during the period--from \$11.14 per hour in 1982 to \$13.49 per hour in 1984, an increase of 21.1 percent.

Total compensation paid by U.S. producers declined from \$64.3 million in 1982 to \$61.8 million in 1983 and then increased in 1984 to \$74.6 million. Average hourly total compensation paid to production workers increased annually from \$16.98 in 1982 to \$18.07 in 1984, or by 6.4 percent. Workers at all but two of the firms (\* \* \* and \* \* \*) are represented by unions.

The following tabulation shows employment, hours worked, wages paid, and total compensation with respect to firms located in the western region that responded to the Commission questionnaire.

Period	Numbers of workers	Hours worked 1,000 hours	Wages paid 1,000 dollars	Total compensation
1982-----	***	***	***	***
1983-----	***	***	***	***
1984-----	***	***	***	***
Jan.-Feb.--				
1984-----	***	***	***	***
1985-----	***	***	***	***

#### Financial experience of U.S. producers

Usable income-and-loss data on an establishment basis and for standard and/or line welded carbon steel pipes and tubes were received from only 6 of the 35 U.S. firms to which the Commission sent questionnaires.

Standard and line pipes and tubes.---Six producers provided usable income-and-loss data relative to their standard and line welded carbon steel pipes and tube operations. These producers accounted for 55.6 percent of total shipments of these products in 1984, as reported by the AISI. These data are presented in table 7. Net sales declined by 3.8 percent, from \$287.2 million in 1982 to \$276.4 million in 1983, and then increased by 28.2 percent to \$354.3 million in 1984.

Operating income rose to \$18.4 million, or 5.2 percent of net sales, in 1984, compared with an operating loss of \$646,000, or 0.2 percent of net sales, in 1983 and an operating income of \$4.9 million, or 1.7 percent of net sales, in 1982. Only one of the six firms reported operating losses in 1982 and 1984, whereas two sustained such losses in 1983. Cash flow from operations dropped by 72.7 percent, from \$7.2 million in 1982 to \$2.0 million in 1983. In 1984 such cash flow jumped to \$21.3 million.

Standard pipes and tubes.---Two firms, accounting for \* \* \* percent of total shipments of standard welded carbon steel pipes and tubes, as reported by the American Iron & Steel Institute, furnished usable income-and-loss data. These data are presented in table 8. Net sales increased from \* \* \* in 1982 to \* \* \* in 1984, or by \* \* \* percent. However, operating income declined from \* \* \* in 1982 to \* \* \* in 1983, or by \* \* \* percent, and then rose to \* \* \* in 1984. The two firms reported operating income margins of \* \* \*, \* \* \*, and \* \* \* percent, respectively, in 1982, 1983, and 1984. \* \* \*. Cash flow from operations declined from \* \* \* in 1982 to \* \* \* in 1983 and then increased to \* \* \* in 1984. None of the Western region producers were able to provide usable income-and-loss data.

Table 7.--Income and loss experience of 6 U.S. producers 1/ on their operations producing standard and line circular welded carbon steel pipes and tubes, accounting years 1982-84

Item	1982	1983	1984
Net sales-----1,000 dollars---	287,238	276,442	354,295
Cost of goods sold-----do-----	<u>257,453</u>	<u>250,105</u>	<u>305,513</u>
Gross profit-----do-----	29,785	26,337	48,782
General, selling, and administrative expenses-----do-----	<u>24,868</u>	<u>26,983</u>	<u>30,336</u>
Operating income or (loss)-----do-----	4,917	(646)	18,446
Depreciation and amortization <u>2/</u> -----do-----	<u>2,242</u>	<u>2,602</u>	<u>2,899</u>
Cash flow from operations <u>2/</u> -----do-----	7,159	1,956	21,345
Ratio to net sales:			
Gross profit-----percent---	10.4	9.5	13.8
Operating income or (loss)-----do---	1.7	(.2)	5.2
Cost of goods sold-----do---	89.6	90.5	86.2
General, selling, and administrative expenses-----do---	8.7	9.8	8.6
Number of firms reporting operating losses-----	1	2	1

1/ Accounting for 55.6 percent of total shipments of standard and line circular welded carbon steel pipes and tubes in 1984, as reported by the AISI.

2/ 2 firms that accounted for \* \* \* percent of reported 1984 net sales did not provide the Commission with data on depreciation and amortization. Hence, cash flow from operations is understated, and deficit is overstated.

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



Table 8.--Income-and-loss experience of 2 U.S. producers 1/ on their operations producing standard pipes and tubes, accounting years 1982-84

Item	1982	1983	1984
Net sales-----1,000 dollars--	***	***	***
Cost of goods sold-----do-----	***	***	***
Gross profit-----do-----	***	***	***
General, selling, and administrative expenses-----do-----	***	***	***
Operating income-----do-----	***	***	***
Depreciation and amortization <u>2/</u> -----do-----	***	***	***
Cash flow from operations <u>2/</u> -----do-----	***	***	***
Ratio to net sales of--			
Gross profit-----percent--	***	***	***
Operating income-----do-----	***	***	***
Cost of goods sold-----do-----	***	***	***
General, selling, and administrative expenses-----do-----	***	***	***
Number of firms reporting operating losses-----	***	***	***

1/ Accounting for \* \* \* percent of total shipments of standard welded carbon steel pipes and tubes in 1984, as reported by the AISI.

2/ 1 firm, \* \* \*, which accounted for \* \* \* percent of reported 1984 net sales, did not provide the Commission with data on depreciation and amortization. Hence, cash flow from operations is understated, and deficit is overstated.

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

Line pipes and tubes.--Three producers, which furnished income-and-loss data, accounted for \* \* \* percent of the total shipments of welded carbon steel line pipes and tubes in 1984, as reported by the American Iron & Steel Institute. These data are presented in table 9. Net sales increased by \* \* \* percent, from \* \* \* in 1982 to \* \* \* in 1984, after declining to \* \* \* in 1983. In the aggregate, three firms reported operating losses of \* \* \*, or \* \* \* percent of net sales, in 1982 and \* \* \*, or \* \* \* percent of net sales, in 1983. In 1984, three firms earned an aggregate operating income of \* \* \*, equivalent to \* \* \* percent of net sales. One firm reported operating losses in 1982 and 1984, whereas two firms sustained such losses in 1983. The responding firms reported a positive cash flow of \* \* \* in 1984 compared with a negative cash flow of \* \* \* in 1983 and \* \* \* in 1982.

Overall establishment operations.--Six producers furnished usable income-and-loss data on their overall establishment operations within which welded carbon steel pipes and tubes are produced. Net sales of standard and line pipes and tubes accounted for 8.8 to 11.5 percent of total establishment

Table 9.--Income-and-loss experience of 3 U.S. producers 1/ on their operations producing line pipes and tubes, accounting years 1982-84

Item	1982	1983	1984
Net sales-----1,000 dollars--	***	***	***
Cost of goods sold-----do-----	***	***	***
Gross profit or (loss)-----do-----	***	***	***
General, selling, and administrative expenses-----do-----	***	***	***
Operating income or (loss)-----do-----	***	***	***
Depreciation and amortization <u>2/</u> -----do-----	***	***	***
Cash flow or (deficit) from operations <u>2/</u> -----do-----	***	***	***
Ratio to net sales of--			
Gross profit or (loss)-----percent--	***	***	***
Operating income or (loss)-----do-----	***	***	***
Cost of goods sold-----do-----	***	***	***
General, selling, and administrative expenses-----do-----	***	***	***
Number of firms reporting operating losses-----	***	***	***

1/ Accounting for \* \* \* percent of total shipments of line circular welded carbon steel line pipes and tubes in 1984, as reported by the AISI.

2/ 2 firms that accounted for \* \* \* percent of reported 1984 net sales, did not provide the Commission with data on depreciation and amortization. Hence, cash flow from operations is understated, and deficit is overstated.

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

sales during 1982-84. Net sales of total establishment operations declined from \$3.3 billion in 1982 to \$2.7 billion in 1983, or by of 18.4 percent (table 10). Such sales increased to \$3.1 billion in 1984. Six firms reported an aggregate operating loss of \$345.2 million, or 13.0 percent of net sales, in 1983 compared with an operating income of \$188.0 million, or 5.8 percent of net sales, in 1982 and \$88.7 million, or 2.9 percent of net sales, in 1984.

Table 10.--Income-and-loss experience of 6 U.S. producers on the overall operations of their establishments within which welded carbon steel pipes and tubes are produced, accounting years 1982-84

Item	1982	1983	1984
Net sales-----1,000 dollars--	3,265,323	2,663,414	3,080,414
Cost of goods sold-----do-----	2,944,166	2,857,671	2,871,687
Gross profit or (loss)-----do-----	321,157	(194,257)	208,727
General, selling, and administrative expenses-----do-----	133,190	150,929	120,031
Operating income or (loss)-----do-----	187,967	(345,186)	88,696
Depreciation and amortization <u>1/</u> -----do-----	29,441	31,425	32,707
Cash flow from operations <u>1/</u> -----do-----	217,408	313,761	121,403
Ratio to net sales of--			
Gross profit or (loss)-----percent-----	9.8	(7.3)	6.8
Operating income or (loss)-----do-----	5.8	(13.0)	2.9
Cost of goods sold-----do-----	90.2	107.3	93.2
General, selling, and administrative expenses-----do-----	4.1	5.7	3.9
Standard and line pipes and tubes' net sales-----do-----	8.8	10.4	11.5
Number of firms reporting operating losses--	2	3	1

1/ 1 firm, \* \* \*, which accounted for \* \* \* percent of reported 1984 net sales, did not provide the Commission with data on depreciation and amortization. Hence, cash flow from operations is understated, and deficit is overstated.

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

Two producers, \* \* \* and \* \* \*, which accounted for \* \* \* percent of domestic shipments of standard and line pipes and tubes in 1984, provided financial data on their total pipe and tube operations. Hence, their data were not included in any of the income-and-loss data in tables 7 through 10. Their data are presented in the following tabulation:

\* \* \* \* \*

\* \* \* \* \*

U.S. producers' statements on the impact of imports from Thailand and Venezuela on their 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 imports from Brazil, Thailand, and Venezuela of the subject welded carbon steel pipes and tubes on their firms' growth, investment, and ability to raise capital. Excerpts and/or summaries of the responses from U.S. producers are presented 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 allegedly subsidized and 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 Thailand and Venezuela to generate exports (including the availability of export markets other than the United States).

### U.S. importers' inventories

Questionnaires were received from two importers, Connectors, Inc., which accounted for virtually all of the standard and line pipes and tubes imported from Venezuela in 1984, and \* \* \*, which accounted for all of the imports of standard pipes and tubes from Thailand in 1984. Both importers had no inventories during 1982-84.

### Capacity of foreign producers to generate exports

Thailand.--Petitioners allege threat of material injury with respect to imports of standard pipes and tubes from Thailand, stating that producers in Thailand have recently begun offering large quantities of pipe and tube for delivery to the U.S. market beginning in January-March 1985. 1/ Petitioners further allege that the capacity of producers in Thailand has increased significantly in the last few years, stating that, in 1982, the capacity of the entire industry was 234,000 tons, but now two companies alone have the capacity to produce 300,000 tons per year. Petitioners also allege that this increased capacity is to allow producers in Thailand to increase exports. 2/

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1/ Antidumping petition in the matter of certain welded carbon steel pipe and tube products from Thailand, p. 24.

2/ Ibid, p. 26.

Thailand's 1/ production of standard pipe and tube increased annually from 272,000 tons in 1982 to 323,000 tons in 1984, or by a total of 18.8 percent. Production in 1985 is projected at 20 tons less than production in 1984. Capacity in Thailand increased by 3.9 percent during 1982-84, with no increase in capacity projected for 1985. Producers in Thailand increased their capacity utilization annually from 82.2 percent in 1982 to 93.9 percent in 1984. Capacity utilization is projected to remain at 93.9 percent in 1985. Shipments to the domestic market accounted for more than one-half of Thailand's output during 1982-84, during which exports increased annually from 45.5 percent of production (1982) to 48.4 percent (1984). Exports to the United States accounted for 0.7 percent of the total exports from Thailand in 1984 (table 11).

Table 11.--Standard pipes and tubes: Thailand's 1/ production, capacity, capacity utilization, domestic shipments, and exports, 1982-85

Item	1982	1983	1984	1985 <u>2/</u>
Production <u>3/</u> -----tons--:	272,196	308,291	322,994	322,974
Capacity-----do-----:	331,131	331,131	343,918	343,918
Capacity utilization--percent--:	82.2	93.1	93.9	93.9
Domestic shipments-----tons--:	148,216	162,952	167,692	<u>4/</u>
Exports to--				
United States-----do-----:	0	0	1,023	<u>5/</u> 31,378
All other markets-----do-----:	123,980	145,339	155,302	<u>4/</u>
Subtotal-----do-----:	123,980	145,339	156,325	<u>4/</u>
Total shipments-----do-----:	272,196	308,291	324,017	<u>4/</u>
Ratio to total shipments:				
Domestic shipments--percent--:	54.5	52.9	51.8	<u>4/</u>
Total exports-----do-----:	45.5	47.1	48.4	<u>4/</u>
Ratio of exports to the United States to total exports				
percent--:	0	0	0.7	<u>4/</u>

1/ Data are for the following 5 producers: First Steel Industry Co., Saha Thai Steel Pipe Co., Siam Steel Co., Thai Steel Pipe Industry Co., and Thai Union Steel Co.

2/ Projected except as noted.

3/ Manufacturers report that they produce to meet orders and do not maintain inventories excepts to accumulate quantities for bulk shipment.

4/ Not available.

5/ Data are for current orders where payment has been arranged. No allowances were made for cancellations.

Source: Post-conference brief on behalf of the 5 Thailand producers.

1/ The data in this section are for five producers that according to the post conference brief on behalf of First Steel Industry Co., Saha Thai Steel Pipe Co., Siam Steel Pipe Co., Thai Steel Pipe Industry Co., and Thai Union Steel Co. are the only manufacturers in Thailand with sufficient capacity and adaptability to manufacture products to U.S. specifications in sufficient quantities to make export profitable, pp. 11-12.

According to the petitioners, producers in the west coast region of the United States are threatened with material injury from imports of the standard pipes and tubes from Thailand. 1/ According to the petitioners, because of the high dumping margins issued against imports from Taiwan and the imminent voluntary restraint agreements with Japan and the Republic of Korea (Korea), purchasers on the west coast will be looking for other foreign sources to supply their requirements and Thailand is an obvious source. Producers' shipments, imports, and apparent consumption of standard pipes and tubes in the west coast region are shown in the follow tabulation:

\* \* \* \* \*

Petitioners further allege that a 10,000-ton shipment is due in Los Angeles in March, and petitioners expect that a majority of the pipe and tube imports from Thailand will enter the United States through west coast ports. 2/ The Commission's staff has verified that \* \* \*, an importer on the west coast, placed an order on \* \* \*, with a producer in Thailand for \* \* \* metric tons (\* \* \* short tons) of standard pipe. \* \* \* expects the shipment, which left Thailand on \* \* \*, and is all destined for customers on the west coast, to arrive in \* \* \*. Counsel for the five Thailand producers provided in the post conference brief 3/ commitments for future shipments where payment has been arranged for each of the five firms. The shipments may be overstated, as no allowance was made for cancellations. These exports from Thailand are reportedly all destined for east coast ports, as shown in the following tabulation:

<u>Firm</u>	<u>Quantity (Tons)</u>	<u>Expected arrival date</u>	<u>Port</u>
Thai Union-----	***	* * *	* * *
Thai Steel-----	***	* * *	* * *
			* * *
Saha-----	***	* * *	* * *
First-----	***	* * *	* * *
			* * *
Siam-----	***	* * *	* * *
Total-----	31,378		

Venezuela.--Counsel for Venezuelan producers was requested to provide updated information on that country's industry, but the data have not yet been received. The data presented below are the same as reported to the Commission in investigations Nos. 731-TA-211 and 212 (Preliminary).

According to counsel for the Venezuelan producer CA Conduven, this company was the sole exporter of the standard and line pipes and tubes under

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1/ Petition, p. 29. According to counsel for the petitioners, the firms threatened with material injury are those producers that are located in California, Oregon, Washington, Idaho, Nevada, Utah, and Arizona.

2/ Ibid, p. 31.

3/ Post conference brief on behalf of 5 Thai producers, exhibit G.

investigation. 1/ Conduven's capacity for producing these products rose by \* \* \* percent, from \* \* \* tons in 1981 to \* \* \* tons in 1983, but production declined by \* \* \* percent, from \* \* \* tons in 1982 to \* \* \* tons in 1983, before increasing to \* \* \* tons during January-September 1984 (table 12).

Table 12.--Standard and line pipes and tubes: Conduven's capacity, production, export sales, and home-market sales, 1981-83, January-September 1983, and January-September 1984

Item	:	1981	:	1982	:	1983	:	January-September	
								1983	1984
Capacity-----short tons--	:	***	:	***	:	***	:	***	***
Production-----do-----	:	***	:	***	:	***	:	***	***
Capacity utilization----percent--	:	***	:	***	:	***	:	***	***
Domestic shipments---short tons--	:	***	:	***	:	***	:	***	***
Exports to--	:		:		:		:		
United States-----do-----	:	***	:	***	:	***	:	***	***
South America-----do-----	:	***	:	***	:	***	:	***	***
Total-----	:	***	:	***	:	***	:	***	***
	:		:		:		:		

Source: Compiled from data provided by counsel for CA Conduven.

Conduven's capacity utilization rate declined from \* \* \* percent in 1982 to \* \* \* percent in 1983 before rising to \* \* \* percent during January-September 1984. Domestic shipments rose from \* \* \* tons in 1981 to \* \* \* tons in 1982 before dropping to \* \* \* tons in 1983 and \* \* \* tons during January-September 1984. Exports to the United States declined by \* \* \* percent, from \* \* \* tons in 1981 to \* \* \* tons in 1983, and then reached \* \* \* tons during January-September 1984. Exports to South America decreased after 1982 from \* \* \* tons to \* \* \* tons in January-September 1984.

#### Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and the Allegedly Subsidized and LTFV Imports

##### U.S. imports

Aggregate U.S. imports of standard and line pipes and tubes increased annually from 1982 to 1984 and continued upward in January 1985. U.S. imports increased from 1.2 million tons in 1982 to 2.1 million tons in 1984, or by 75.0 percent. In January 1985, imports, at 174,000 tons, were up 26.1 percent from imports in January 1984. U.S. imports of the allegedly subsidized and

1/ Counsel for Conduven reports that Union Industrial Venezolana SA, named by the petitioners as a Venezuelan producer and exporter of the products under investigation, does not export pipes and tubes to the United States (transcript of conference on investigations Nos. 731-TA-211 and 212 (Preliminary), p. 41).

LTFV imports from Venezuela more than tripled between 1982 and 1983, from 6,389 tons in 1982 to 24,435 tons in 1983. Imports from Venezuela reached 124,821 tons in 1984, more than five times the level of imports from that source in 1983. As a share of total imports, those from Venezuela increased annually from 0.5 percent in 1982 to 5.3 percent in 1983, 6.0 percent in 1984, and 9.1 percent in January 1985. Shipments of the allegedly subsidized and LTFV imports from Thailand, which entered the United States only in 1984 and January 1985, accounted for less than 0.05 percent of total imports in both those periods (table 13).

Standard pipes and tubes.--U.S. imports of standard pipes and tubes increased annually from 844,000 tons in 1982 to 1.5 million tons in 1984, or by 82.9 percent. They continued to increase in January 1985, reaching 130,000 tons, representing an increase of 28.7 percent from imports in January 1984. Imports from Venezuela increased substantially during 1982-84 and continued to surge in January 1985. Imports from that source more than tripled, from 3,790 tons in 1982 to 12,911 tons in 1983, and then more than tripled again, reaching 45,370 tons in 1984. As a share of total imports of standard pipes and tubes, those from Venezuela rose annually from 0.4 percent in 1982 to 1.1 percent in 1983, 2.9 percent in 1984, and to 3.6 percent in January 1985. Imports of standard pipes and tubes from Thailand amounted to 50 tons in 1984 and to 44 tons in January 1985. Imports from that source accounted for less than 0.05 percent of total imports in 1984 and January 1985 (table 14).

Line pipes and tubes.--U.S. imports of line pipes and tubes increased irregularly from 334,000 tons in 1982 to 519,000 tons in 1984, or by 55.4 percent. Imports totaled 44,000 tons in January 1985, up 18.5 percent from imports of 37,000 tons in January 1984. Imports from Venezuela increased substantially from 1982 to 1984 and continued to rise in January 1985. Such imports increased from 2,599 tons in 1982 to 11,524 tons in 1983 and to 79,451 tons in 1984. Imports from Venezuela in January 1985 amounted to 11,134 tons compared with imports of 1,531 tons in January 1984. As a share of total imports, those from Venezuela amounted to 0.8 percent in 1982, 4.2 percent in 1983, 15.3 percent in 1984, and 25.4 percent in January 1985. There were no imports of line pipes and tubes from Thailand during the period (table 15).

Petitioners request that the Commission cumulate the subject imports from Venezuela with imports of those products from Brazil, Mexico, and Spain that have recently been the subject of investigations. <sup>1/</sup> Imports of standard and line pipes and tubes from those sources, and from Korea and Taiwan whose exports of standard pipes and tubes not over 4.5 inches in outside diameter are currently subject to antidumping duties, are shown in tables 13, 14, and 15.

#### Market penetration by the allegedly subsidized and LTFV imports

The share of the U.S. market for standard and line pipes and tubes supplied by imports from Venezuela increased annually from 0.3 percent in 1982 to 3.9 percent in 1984 and to 6.1 percent in January 1985. Imports from

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<sup>1/</sup> Antidumping petition in the matter of Certain Welded Carbon Steel Pipes and Tubes from Venezuela, p. 24; transcript of conference, p. 36. These investigations were terminated effective Mar. 30, 1985, Apr. 2, 1985, and Feb. 4, 1985, respectively, following withdrawal of the petitions.



Table 13.--Standard and line pipes and tubes: U.S. imports for consumption, by principal sources, 1982-84, January 1984, and January 1985

Source	1982	1983	1984	January	
				1984	1985
Quantity (tons)					
Venezuela-----	6,389	24,435	124,821	1,889	15,814
Thailand-----	0	0	50	0	44
Brazil-----	37,757	79,180	212,603	14,903	21,817
Mexico-----	35,371	140,598	169,773	18,415	7,807
Spain-----	6,819	20,405	83,712	6,283	7,293
Republic of Korea-----	441,713	673,512	636,728	46,845	42,574
Japan-----	293,125	142,803	252,763	18,088	28,645
All other-----	357,107	377,796	582,999	31,546	50,348
Total-----	1,178,281	1,458,729	2,063,449	137,969	174,342
Value (1,000 dollars)					
Venezuela-----	2,876	6,873	34,808	489	5,398
Thailand-----	-	-	15	-	14
Brazil-----	17,551	23,765	69,775	4,289	7,573
Mexico-----	14,582	45,838	58,508	6,044	2,869
Spain-----	2,505	5,599	25,591	1,813	2,495
Republic of Korea-----	192,450	216,067	232,758	15,877	17,202
Japan-----	152,595	56,577	103,841	6,625	12,326
All other-----	168,591	135,145	223,173	12,496	19,138
Total-----	551,150	489,864	748,469	47,633	66,936
Unit value					
Venezuela-----	\$450	\$281	\$279	\$259	\$341
Thailand-----	-	-	300	-	318
Brazil-----	465	300	328	288	347
Mexico-----	412	326	345	328	367
Spain-----	367	274	306	289	342
Republic of Korea-----	436	321	366	339	404
Japan-----	521	396	411	366	430
All other-----	472	358	383	396	380
Average-----	468	336	363	345	384

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

Table 14.--Standard pipes and tubes: U.S. imports for consumption, by principal sources, 1982-84, January 1984, and January 1985

Source	1982	1983	1984	January	
				1984	1985
Quantity (tons)					
Venezuela-----	3,790	12,911	45,370	358	4,680
Thailand-----	0	0	1/ 50	0	2/ 44
Brazil-----	20,265	52,174	186,958	13,690	12,390
Mexico-----	22,180	97,095	96,776	8,843	5,276
Spain-----	4,039	19,495	82,116	6,283	7,293
Republic of Korea-----	356,084	575,008	499,036	34,933	34,136
Japan-----	135,904	69,212	123,688	8,186	20,786
All other-----	301,657	355,757	510,147	28,737	45,892
Total-----	843,919	1,181,652	1,544,141	101,030	130,497
Value (1,000 dollars)					
Venezuela-----	1,862	3,390	12,579	90	1,469
Thailand-----	-	-	1/ 15	-	2/ 14
Brazil-----	9,654	15,291	61,109	3,884	4,392
Mexico-----	8,895	31,730	34,193	2,908	2,038
Spain-----	1,401	5,425	25,143	1,813	2,498
Republic of Korea-----	153,224	185,574	187,839	12,041	13,914
Japan-----	74,976	30,407	56,655	3,375	9,357
All other-----	141,923	127,352	197,330	11,453	17,169
Total-----	391,935	399,169	574,863	35,564	50,851
Unit value					
Venezuela-----	\$491	\$263	\$277	\$253	\$314
Thailand-----	-	-	1/ 291	-	2/ 317
Brazil-----	476	293	327	284	354
Mexico-----	401	327	353	329	386
Spain-----	347	278	306	289	343
Republic of Korea-----	430	323	376	345	408
Japan-----	552	439	458	412	450
All other-----	470	358	387	399	374
Average-----	464	338	372	352	390

1/ Includes 39 tons, valued at \$11,000, with an average unit value of \$280 per ton, which entered the United States through the port of Wilmington, NC, and 11 tons, valued at \$4,000, with an average unit value of \$328 per ton which entered through the port of Philadelphia, PA.

2/ All imports from Thailand in January 1985 entered the United States through the port of Bridgeport, CT.

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

Table 15.--Line pipes and tubes: U.S. imports for consumption,  
by principal sources, 1982-84, January 1984, and January 1985

Source	1982	1983	1984	January	
				1984	1985
Quantity (tons)					
Venezuela	2,599	11,524	79,451	1,531	11,134
Brazil	17,492	27,006	25,645	1,213	9,427
Mexico	13,191	43,503	72,997	9,572	2,531
Spain	2,780	910	1,596	0	0
Republic of Korea	85,629	98,504	137,692	11,912	8,438
Japan	157,221	73,591	129,075	9,902	7,859
All other	55,450	22,039	72,852	2,809	4,456
Total	334,362	277,077	519,308	36,939	43,845
Value (1,000 dollars)					
Venezuela	1,014	3,483	22,229	399	3,929
Brazil	7,897	8,474	8,666	405	3,181
Mexico	5,687	14,108	24,315	3,136	831
Spain	1,104	174	448	-	-
Republic of Korea	39,226	30,493	44,919	3,836	3,106
Japan	77,619	26,170	47,186	3,250	2,969
All other	26,668	7,793	25,843	1,043	2,069
Total	159,215	90,695	173,606	12,069	16,085
Unit value					
Venezuela	\$390	\$302	\$280	\$261	\$353
Brazil	451	314	338	334	337
Mexico	431	324	333	328	328
Spain	397	191	281	-	-
Republic of Korea	458	310	326	322	368
Japan	494	356	366	328	378
All other	481	354	355	371	464
Average	476	327	334	327	367

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

Thailand, which entered the United States only in 1984 and January 1985, accounted for less than 0.05 percent of U.S. consumption in those period (table 16).

Standard pipes and tubes.--Market penetration by standard pipes and tubes imported from Venezuela increased without interruption during the period covered by these investigations. The share of the market supplied by Venezuela increased from 0.3 percent in 1982 to 2.2 percent in 1984. In January 1985, market penetration by Venezuela reached 2.6 percent compared with an 0.2 percent penetration in January 1984. Penetration by imports from Thailand, which consisted entirely of standard pipes and tubes, was less than 0.05 percent in 1984 and in January 1985.

Lines pipes and tubes.--Line pipes and tubes imported from Venezuela increased their share of the U.S. market much more rapidly than did the imports of standard pipes and tubes. Imported line pipes and tubes from Venezuela increased their U.S. market share from 0.3 percent in 1982 to 1.5 percent in 1983 and to 7.5 percent in 1984. In January 1985, market penetration by the imports from Venezuela amounted to 14.4 percent compared with market penetration of 2.2 percent in January 1984. There were no imports of line pipes or tubes from Thailand during the period covered by these investigations.

Petitioners request that the Commission cumulate the subject imports from Venezuela with imports of those products from Brazil, Mexico, and Spain that have recently been the subject of investigations. Import penetration of standard and line pipes and tubes from those sources, and from Korea and Taiwan, whose exports of standard pipes and tubes not over 4.5 inches are currently subject to antidumping duties, is shown in table 17.

### Prices

The pipes and tubes included in these investigations are generally priced on the basis of per 100 feet. Several U.S. producers publish confidential price lists. List prices are often discounted to meet competitive offers. The U.S.-produced pipes and tubes are predominantly sold on an f.o.b. mill or warehouse basis. The imported product under investigation is normally sold on an ex-dock, duty-paid, or f.o.b. warehouse basis. Formal bidding is not the usual means of price competition for pipes and tubes up to 16 inches in diameter, unlike the market for pipes and tubes with diameter over 16 inches.

The Commission requested U.S. producers and importers to provide price data on their largest sale of each of four product specifications to both a service center/distributor and end-user customer. The four product specifications are as follows:

Product 1.--ASTM A-120 schedule 40 standard pipe, carbon welded,  
black, plain end, 1.315-inch outside diameter  
(1-inch nominal), 0.133-inch wall thickness.

Table 16.--Standard and line pipes and tubes: Shares of U.S. consumption supplied by Venezuela, Thailand, all other countries, and U.S. producers, 1/ 1982-84, January 1984, and January 1985

Item	1982	1983	1984	January	
				1984	1985
Standard pipes and tubes:					
U.S. consumption---tons---	1,494,699	1,807,401	2,109,273	151,256	180,064
Share of U.S. consumption:					
supplied by--					
Venezuela-----percent---	0.3	0.7	2.2	0.2	2.6
Thailand-----do-----	-	-	<u>2/</u>	-	<u>2/</u>
All other-----do-----	56.2	64.7	71.0	66.6	69.9
Subtotal-----do-----	56.5	65.4	73.2	66.8	72.5
U.S. producers-----do-----	43.5	34.6	26.8	33.5	27.5
Total-----do-----	100.0	100.0	100.0	100.0	100.0
Line pipes and tubes:					
U.S. consumption---tons---	863,052	771,842	1,053,485	70,770	77,553
Share of U.S. consumption:					
supplied by--					
Venezuela-----percent---	0.3	1.5	7.5	2.2	14.4
Thailand-----do-----	-	-	-	-	-
All other-----do-----	38.4	34.4	41.8	47.2	42.1
Subtotal-----do-----	38.7	35.9	49.3	49.4	56.5
U.S. producers-----do-----	61.3	64.1	50.7	50.6	43.5
Total-----do-----	100.0	100.0	100.0	100.0	100.0
Total, standard and line					
pipes and tubes:					
U.S. consumption---tons---	2,357,751	2,579,238	3,162,758	226,026	258,618
Share of U.S. consumption:					
supplied by--					
Venezuela-----percent---	0.3	0.9	3.9	0.8	6.1
Thailand-----do-----	-	-	<u>2/</u>	-	<u>2/</u>
All other-----do-----	49.7	55.7	61.3	60.2	61.3
Subtotal-----do-----	50.0	56.6	65.2	61.0	67.4
U.S. producers-----do-----	50.0	43.4	34.8	39.0	32.6
Total-----do-----	100.0	100.0	100.0	100.0	100.0

1/ Shares supplied by imports may be overstated, and shares supplied by U.S. producers may be understated, especially with respect to standard and tubes, because U.S. producers' shares are based on the AISI's shipments data, and not all producers report to the AISI.

2/ Less than 0.05 percent.

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

Table 17.--Standard and line pipes and tubes: Shares of U.S. consumption, by specified sources, 1982-84, January 1984, and January 1985

(In percent)						
Item and source	1982	1983	1984	January		
				1984	1985	
Standard pipes and tubes:						
Venezuela-----	0.3	0.7	2.2	0.2	2.6	
Thailand-----	-	-	<u>1/</u>	-	<u>1/</u>	
Brazil-----	1.4	2.9	8.9	9.1	6.9	
Mexico-----	1.5	5.4	4.6	5.8	2.9	
Spain-----	.3	1.1	3.9	4.2	4.1	
Republic of Korea-----	23.8	31.8	23.7	23.1	19.0	
Taiwan-----	6.4	7.8	1.5	0	2.0	
All other-----	22.8	15.7	28.4	23.7	35.0	
Total imports-----	56.5	65.4	73.2	66.8	72.5	
Line pipes and tubes:						
Venezuela-----	.3	1.5	7.5	2.2	14.4	
Thailand-----	-	-	-	-	-	
Brazil-----	2.0	3.5	2.4	1.7	12.2	
Mexico-----	1.5	5.6	6.9	13.5	3.3	
Spain-----	.3	.1	.2	-	-	
Republic of Korea-----	9.9	12.7	13.1	14.0	10.1	
Taiwan-----	.6	.1	.4	-	1.0	
All other-----	25.3	12.4	18.8	18.0	10.0	
Total-----	38.7	35.9	49.3	49.4	56.5	
Total, standard and line pipes and tubes:						
Venezuela-----	.3	.9	3.9	.8	6.0	
Thailand-----	-	-	<u>1/</u>	-	<u>1/</u>	
Brazil-----	1.6	3.1	6.7	6.7	8.3	
Mexico-----	1.5	5.5	5.4	8.3	3.0	
Spain-----	.3	.8	2.6	2.8	2.8	
Republic of Korea-----	18.7	26.2	20.1	20.7	16.5	
Taiwan-----	4.3	5.5	.7	.5	1.7	
All other-----	23.3	14.6	25.8	21.5	28.9	
Total-----	50.0	56.6	65.2	61.0	67.4	

1/ Less than 0.05 percent.

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

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

Product 2.--ASTM A-53 standard pipe, carbon welded, black, plain end, 6-5/8-inch outside diameter (6-inch nominal), 0.280-inch wall thickness.

Product 3.--API 5L line pipe, carbon welded, black, plain end, 4-1/2-inch diameter, 0.188-inch wall thickness.

Product 4.--API 5L line pipe, carbon welded, black, plain end, 8-5/8-inch diameter, 0.188-inch wall thickness.

Standard pipes and tubes.--Seven U.S. producers reported some selling price data on product 1, one of the two standard pipe products for which information was requested. 1/ In 1984, the seven U.S. producers accounted for approximately 95 percent of total U.S. shipments of standard pipes and tubes, as reported by the AISI. The major importer of this product from Venezuela provided price data. This importer accounted for approximately \* \* \* percent of the tonnage of imports under investigation from Venezuela in 1984, according to the U.S. Customs Service's net import file. 2/ One major importer of Thai-produced pipe and tube reported requested price data. 3/

The weighted-average net selling prices reported by U.S. producers and the converted Venezuelan import prices for 1-inch nominal diameter standard pipe are shown in table 18. U.S. producers' quarterly selling prices per 100 hundred feet of domestically produced, 1-inch nominal diameter, schedule 40 standard pipe (product 1) decreased irregularly from \$44.24 in January-March 1982 to \$32.92 in July-September 1983, or by 26 percent. The price then fluctuated from October-December 1983 to January-February 1985, yielding a 19-percent overall decrease from January-March 1982 to January-February 1985.

The selling price of Venezuelan-produced product 1 increased from \* \* \* in July-September 1983 (the first period for which imported prices were reported) to \* \* \* in October-December 1984, or by \* \* \* percent, but then decreased to \* \* \* in January-February 1985, yielding an overall increase of \* \* \* percent over the period July-September 1983 to January-February 1985. The imported standard pipe undersold the competing domestically produced pipe in each quarter in which prices could be compared. Margins of underselling ranged from \* \* \* percent (\* \* \*) in October-December 1984 to \* \* \* percent (\* \* \*) in January-March 1984 and averaged \* \* \* percent.

\* \* \*, the importer contracting for the all of the scheduled shipment of 11,023 tons of Thai-produced standard pipe, reported ex-dock, duty-paid prices for the estimated \* \* \* percent of the imported product it has presold. The reported price per hundred feet of product 1 scheduled for delivery in

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1/ Only one U.S. producer reported price data for product 2.

2/ No other importers of pipe and tube from Venezuela responded to the questionnaire. The responding importer provided price data on the basis of metric tons in lieu of the requested prices per 100 feet. The Commission's staff converted the metric ton prices to a per-hundred-feet basis using conversion factors reported by U.S. producers (the importer did not report the requested conversion factor).

3/ A second importer of Thai-produced pipe and tube submitted some aggregate average price data which were not comparable to U.S. producers' prices.

late-April 1985 was \* \* \*. Although no U.S. producers' price data are available for April 1985, \* \* \* price is \* \* \* percent (\* \* \*) below the U.S. weighted-average price in January-February 1985. 1/

Line pipe.---Three U.S. producers and the responding importer of Venezuelan-produced pipe reported usable net selling price data for one of the two line pipe product specifications. 2/ The three producers accounted for 33 percent of total U.S. shipments of line pipe in 1984. The metric ton prices provided by the major importer of this product from Venezuela were converted to a per-hundred-feet basis. The average net selling prices reported by the U.S. producer and the converted Venezuelan import prices for 4.5-inch diameter, API 5L line pipe are shown in table 19.

U.S. producers' quarterly selling price per hundred feet of domestically produced, 4.5-inch diameter, API 5L line pipe (product 3) fluctuated in a downward trend from \$272.75 in January-March 1982 to \$198.83 in October-December 1983, or by 27 percent. Reversing this trend, the price then increased to \$219.59 in July-September 1984, or by 10 percent over that in October-December 1983 to July-September 1984. The price then decreased by 4 percent, to \$211.08, in January-February 1985, yielding a 23-percent overall decline from January-March 1982 to January-February 1985.

The quarterly selling price per 100 hundred feet of imported Venezuelan-produced line pipe increased irregularly from \* \* \* in April-June 1983 (the first period for which imported prices were reported) to \* \* \* in July-September 1984, or by \* \* \* percent. In comparison, the reported price of domestically produced product 3 increased by approximately \* \* \* percent over that in the same period. The imported line pipe undersold the competing U.S. product in each quarter for which comparable prices were available. Margins of underselling ranged from \* \* \* percent (\* \* \*) in October-December 1983 to approximately \* \* \* percent (\* \* \*) in January-March 1984 and averaged \* \* \* percent.

#### Transportation costs

Domestic producers of welded carbon steel pipes and tubes are concentrated along the eastern seaboard, the west coast, and in the Midwest. The pipes and tubes under investigation from Venezuela enter the United States mainly through the Ports of Houston, TX, and New Orleans, LA. However, many other major U.S. ports are also utilized to a lesser extent for this purpose. A shipment of \* \* \* tons of ASTM A-120 standard pipe produced in Thailand is scheduled to be delivered to the Port of Los Angeles, CA, in \* \* \*.

The paucity of response from U.S. producers and importers to a section of the questionnaire concerning inland transportation costs precludes drawing any conclusions from information received during the current investigation.

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1/ Weighted-average f.o.b. prices were from U.S. producers located east of the Rocky Mountains, whereas \* \* \*'s price is ex-dock, duty paid, port of Los Angeles, CA.

2/ No line pipe is imported from Thailand.



Table 18.--Standard circular pipes and tubes: U.S. producers' and importer's weighted-average prices to service centers/distributors for schedule 40 standard pipe, 1/ by quarters, January 1982-February 1985

Period	(Per 100 feet)				
	U.S. product price	Venezuelan product			
		Price	Margin of underselling		
			Amount	Percent	
				Amount	Percent
			Per 100 feet		
1982:					
January-March-----	\$44.24	***	***	***	***
April-June-----	45.46	***	***	***	***
July-September-----	44.68	***	***	***	***
October-December-----	38.09	***	***	***	***
1983:					
January-March-----	37.76	***	***	***	***
April-June-----	35.88	***	***	***	***
July-September-----	32.92	***	***	***	***
October-December-----	34.33	***	***	***	***
1984:					
January-March-----	36.33	***	***	***	***
April-June-----	35.34	***	***	***	***
July-September-----	36.41	***	***	***	***
October-December-----	36.72	***	***	***	***
1985 (January-February)-----	35.80	***	***	***	***

1/ ASTM-A120, schedule 40 standard pipe, carbon welded, black, plain end, 1.315-inch outside diameter, 0.133-inch wall thickness.

2/ Not available.

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

Table 19.--Line pipe: U.S. producers' and importer's weighted-average prices to service centers/distributors, 1/ by quarters, January 1982-February 1985

(Per 100 feet)

Period	U.S. product price	Venezuelan product			
		Price	Margin of underselling		
			Amount	Percent	
1982:					
January-March-----	\$272.75	***	***		***
April-June-----	231.23	***	***		***
July-September-----	211.04	***	***		***
October-December-----	229.84	***	***		***
1983:					
January-March-----	222.86	***	***		***
April-June-----	202.26	***	***		***
July-September-----	206.67	***	***		***
October-December-----	198.83	***	***		***
1984:					
January-March-----	216.97	***	***		***
April-June-----	215.74	***	***		***
July-September-----	219.59	***	***		***
October-December-----	215.84	***	***		***
1985: (January-February)-----	211.08	***	***		***

1/ API 5L line pipe, carbon welded, black, plain end, 4.5-inch diameter, 0.188-inch wall thickness.

2/ Not available.

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

However, some information can be assembled from recent investigations concerning welded carbon steel pipes and tubes. 1/

The Venezuelan imports enjoy a distinct advantage in the Houston/New Orleans market owing to the substantial inland transportation costs required to deliver the competing U.S.-produced pipe and tube from most U.S. mills. \* \* \*, one of the largest U.S. producers of pipe and tube, \* \* \* estimated transportation costs to be 13 percent of the delivered price of its pipe and tube to the Houston/New Orleans market. 2/ \* \* \*, a major producer of the line and standard pipe and tube covered by this investigation, estimated transportation costs to the Houston/New Orleans market area to be 10 percent of the delivered price of pipe and tube produced at its \* \* \*, (13 percent from \* \* \*). On the other hand, \* \* \* stated that the Chicago area (\* \* \*) was significantly insulated from import competition owing to prohibitive inland transportation costs confronting importers.

In the Los Angeles/San Francisco market area, Thai-produced standard pipes and tubes enjoy a certain inland freight advantage over most U.S. mills. \* \* \*, the importer contracting for the scheduled shipment of \* \* \* tons of standard pipe, reported that the Thai product will be sold primarily in southern California. The importer stated that transport costs preclude sales of the Thai product east of the Rocky Mountains. 3/

Purchasers of standard pipe located on the west coast reported that inland transport costs from mills such as \* \* \* or \* \* \* made delivered prices from those producers prohibitive. \* \* \* estimated transportation costs to the Los Angeles/San Francisco market area to be 15 percent of the delivered price of pipes and tubes produced at its mill in \* \* \* (20 percent from its mill in \* \* \*). \* \* \* estimated transportation costs to the Los Angeles/San Francisco market area to be 19 percent of the delivered price of pipes and tubes produced at its mills in \* \* \* and \* \* \*. However, several U.S. producers of standard pipes and tubes are located on the west coast. \* \* \* estimated transportation costs to be 2 percent of the delivered price of their pipe sold in the Los Angeles/San Francisco area.

#### Exchange rates

Indexes of the nominal and real exchange rates of the Venezuelan bolivar and the Thai baht relative to the U.S. dollar are shown in table 20. Exchange rate indexes in table 20 are based on rates expressed in U.S. dollars per foreign currency unit. The real exchange rate is determined by adjusting the nominal exchange rate for differences in the rate of inflation in Venezuela and Thailand relative to the inflation rate in the United States.

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1/ Investigations Nos. 731-TA-131, 132, and 138 and 701-TA-220.

2/ Examining the Houston/New Orleans market in 1983, \* \* \* shipped \* \* \* tons by truck, with freight charges estimated to be 14 percent (\* \* \* per ton) of the delivered price, and \* \* \* tons by rail, with freight charges estimated to be 10 percent (\* \* \* per ton) of the delivered price.

3/ Telephone inquiry on Mar. 26, 1985, \* \* \*.

Table 20.--Nominal and real exchange rate indexes between the U.S. dollar and the Venezuelan bolivar and the Thai baht, by quarters, January 1982-December 1984

(January-March 1982=100.0)					
Period	Venezuelan Bolivar		Thai Baht		
	Nominal	Real	Nominal	Real	
1982:					
January-March-----	100.0	100.0	100.0	100.0	
April-June-----	100.0	101.6	100.0	100.2	
July-September-----	100.0	102.3	100.0	98.7	
October-December----	100.0	101.7	100.0	99.1	
1983:					
January-March-----	100.0	108.3	100.0	99.6	
April-June-----	99.9	106.8	100.0	100.3	
July-September-----	99.8	109.0	100.0	101.1	
October-December----	99.8	110.4	100.0	100.8	
1984:					
January-March-----	77.1	87.8	100.0	96.9	
April-June-----	57.2	68.1	100.0	95.2	
July-September-----	57.2	<u>1/</u>	100.0	94.9	
October-December----	57.2	<u>1/</u>	90.0	<u>1/</u>	

1/ Not available.

Source: International Monetary Fund, International Financial Statistics.

In nominal terms, the Venezuelan bolivar held essentially constant from January-March 1982 to October-December 1983. The nominal value of the bolivar vis-a-vis that of the U.S. dollar then depreciated by 43 percent from October-December 1983 to October-December 1984. In real terms the bolivar appreciated by 10 percent from January-March 1982 to October-December 1983. The real U.S. dollar/bolivar exchange rate then depreciated by 38 percent from October-December 1983 to April-June 1984.

The Thai baht maintained a constant nominal exchange rate vis-a-vis that of the U.S. dollar from January-March 1982 to July-September 1984. The baht then depreciated by 10 percent in nominal terms from July-September 1984 to October-December 1984. After adjusting for inflation, the baht depreciated by 5 percent from January-March 1982 to July-September 1984.

#### Lost sales

The Commission received lost sales allegations from only one domestic producer. Petitioner indicated at the public conference that lost sales information is very difficult to obtain, because their customers do not inform them when they buy pipe from foreign producers, and, in fact, often do not know the origin of the pipe, except that it may be imported.

One U.S. pipe and tube producer reported seven specific instances, involving two firms, in which it had allegedly lost sales to imports from Venezuela. The allegations amounted to \* \* \* short tons of fence tube during June-September 1984. The same producer reported four specific instances in which it had allegedly lost sales to imports from Thailand to be delivered in January-March 1985. The allegations concerning Thailand amounted to \* \* \* short tons. The Commission investigated all 11 allegations.

In the seven allegations concerning imports from Venezuela, the purchasers stated they have never purchased pipe or tube produced in Venezuela. Of the four firms to which sales were allegedly lost to competition from Thailand, one reported it had purchased approximately \* \* \* tons of Thai-produced pipe to be delivered in April 1985. This buyer cited the Thai pipe's lower price as his primary reason for purchasing the imported product. The remaining three firms reported they had not purchased pipe imported from Thailand. Details of the allegations are discussed below.

\* \* \* was cited in four allegations totaling \* \* \* tons of Venezuelan fence tube during June-September 1984. \* \* \*, purchasing manager for the firm, denied the allegations, stating that his firm has never purchased Venezuelan pipe or tube.

\* \* \* was cited in three allegations totaling \* \* \* tons of Venezuelan fence tube during June-September 1984. \* \* \* denied the allegations, stating that his firm has never purchased Venezuelan pipe or tube.

\* \* \* was cited in an allegation involving \* \* \* tons of Thai standard pipe for January-March 1985 arrival. \* \* \* purchasing agent for the firm, confirmed having purchased approximately \* \* \* tons of Thai standard pipe at the alleged price of \* \* \* per ton, \* \* \* percent below the delivered price offered by the U.S. producer. \* \* \* indicated that the product he requires, \* \* \*. He noted that the U.S.-produced product is not price competitive because of prohibitively high transportation costs.

\* \* \* was cited in an allegation involving \* \* \* tons of Thai standard pipe for arrival in January-March 1985. \* \* \*, denied the allegation, stating that his firm has never purchased or ordered pipe or tube produced in Thailand.

\* \* \* was cited in an allegation involving \* \* \* tons of Thai standard pipe for arrival in January-March 1985. \* \* \*, purchaser for the firm, denied the allegation, stating that her firm has never purchased or ordered pipe or tube produced in Thailand.

\* \* \* was cited in an allegation involving \* \* \* tons of Thai standard pipe for arrival in January-March 1985. \* \* \*, purchaser for the firm, denied the allegation, stating that her firm has never purchased or ordered pipe or tube produced in Thailand.

The following lost sales information concerning the pipes and tubes currently under investigation was collected in a recent investigation 1/ involving Venezuela:

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1/ Investigation No. 731-TA-212 (Preliminary), Certain Welded Carbon Steel Pipes and Tubes from Venezuela.

One U.S. pipe and tube producer reported 15 specific instances in which it had allegedly lost sales to imports from Venezuela. The allegations amounted to \* \* \* short tons of fence tube and covered the period June-September 1984. In 14 of the 15 allegations concerning imports from Venezuela, which amounted to \* \* \* short tons, the purchasers stated that they had not purchased the Venezuelan product. In one allegation involving \* \* \* short tons of Venezuelan fence tube, the buyer stated that he had purchased approximately \* \* \* tons of the Venezuelan product. This buyer cited the Venezuelan tube's lower price as his primary reason for purchasing the imported product. Details of the allegations are discussed below.

\* \* \* was cited in four allegations totaling \* \* \* tons of Venezuelan fence tube during June-September 1984. \* \* \*, a purchaser for the firm, reported having purchased approximately \* \* \* tons of Venezuelan fence tube during September 1984. He cited the Venezuelan product's lower price as his principal reason for buying the imported product. \* \* \* denied the remaining allegations, stating that the above referenced purchase was "a one-shot deal."

\* \* \* was cited in three allegations totaling \* \* \* short tons of Venezuelan fence tube during July-September 1984. \* \* \*, a purchaser for the firm, denied the allegation. \* \* \* stated that his firm had purchased approximately \* \* \* tons of Venezuelan pipe about 1 year ago, reporting availability as his primary reason for purchasing the imported product.

\* \* \* was cited in three allegations totaling \* \* \* short tons of Venezuelan fence tube during July-September 1984. \* \* \*, purchaser for the firm, denied the allegation. \* \* \* stated that his firm had purchased Venezuelan pipe approximately 5 years ago but has purchased none since then.

\* \* \* was cited in three allegations totaling \* \* \* tons of Venezuelan fence tube during June-September 1984. \* \* \*, a purchaser for the firm, denied the allegation, stating that his firm has never purchased Venezuelan pipe or tube.

\* \* \* was cited in two allegations totaling \* \* \* tons of Venezuelan fence tube during August and September 1984. \* \* \*, a purchaser for the firm, denied the allegation, stating that his firm has never purchased Venezuelan pipe or tube.

APPENDIX A

COMMISSION'S FEDERAL REGISTER  
NOTICE OF INVESTIGATION

**ACTION:** Institution of preliminary countervailing duty and antidumping investigations and scheduling of a conference to be held in connection with the investigations.

**SUMMARY:** The Commission hereby gives notice of the institution of preliminary countervailing duty investigation No. 701-TA-242 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Venezuela of certain welded carbon steel pipes and tubes<sup>1</sup> which are alleged to be subsidized by the Government of Venezuela. As provided in section 703(a), the Commission must complete preliminary countervailing duty investigations in 45 days, or in this case by April 15, 1985.

The Commission also gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-252 and 253 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Thailand and Venezuela of certain welded carbon steel pipes and tubes,<sup>1</sup> which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in these cases by April 15, 1985.

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

**EFFECTIVE DATE:** February 28, 1985.

**FOR FURTHER INFORMATION CONTACT:** Bruce Cates (202-523-0369), Office of Investigations, U.S. International

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#### INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-242 (Preliminary); 731-TA-252 and 253 (Preliminary)]

**Certain Welded Carbon Steel Pipes and Tubes From Thailand and Venezuela**

**AGENCY:** United States International Trade Commission.

<sup>1</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 0.375 inch or more but not over 16 inches in outside diameter, provided for in items 610.3208, 610.3209, 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 of the Tariff Schedules of the United States Annotated (TSUSA). Prior to Apr. 1, 1984, these pipes and tubes were provided for in TSUSA items 610.3208, 610.3209, 610.3231, 610.3232, 610.3241, 610.3244, and 610.3247.



Trade Commission, 701 E Street NW.,  
Washington, DC 20438.

**SUPPLEMENTARY INFORMATION:**

**Background**

These investigations are being instituted in response to petitions filed on February 28, 1985, and amended on March 12, 1985, by counsel for the standard pipe subcommittee and the line pipe subcommittee of the Committee on Pipe and Tube Imports, and for each of the individual manufacturers of standard pipe and line pipe that are members of those subcommittees.

**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 (19 CFR 201.11), not later than seven (7) days after publication of this notice in the *Federal Register*. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

**Service List**

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c)), each document filed by a party to the 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.

**Conference**

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on March 22, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Bruce Cates (202-523-0369) not later than March 21, 1985, to arrange for their appearance. Parties in support of the imposition of antidumping and/or countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

**Written Submissions**

Any person may submit to the Commission on or before March 26, 1985, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the 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 must 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, as amended by 49 FR 32569, Aug. 15, 1984).

**Authority:** These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: March 13, 1985

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-6314 Filed 3-15-85; 8:45 am]

BILLING CODE 7020-02-M



**APPENDIX B**

**CALENDAR OF WITNESSES WHO APPEARED AT THE  
COMMISSION'S CONFERENCE**

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-242 (Preliminary)  
and 731-TA-252 and 253 (Preliminary)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES  
FROM THAILAND AND VENEZUELA

Those listed below appeared as witnesses at the United States International Trade Commission conference in connection with the subject investigations which began at 9:30 a.m., March 22, 1985, in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, DC.

In support of the imposition of countervailing duties and antidumping duties

Roger B. Schagrin, P.C.—Counsel  
Washington, DC  
on behalf of

The Committee on Pipe and  
Tube Imports and Individual  
Members of the Standard  
and Line Pipe Subcommittees

Roger B. Schagrin) —of Counsel  
Paul W. Jameson )

In opposition to the imposition of countervailing duties and antidumping duties

Barnett & Alagia—Counsel  
Washington, DC

on behalf of

Thai Steel Pipe Industry Co., Ltd.  
Thai Union Steel Co. Ltd.  
Saha Thai Steel Pipe Co., Ltd.  
Siam Steel Pipe Import Export Co., Ltd.  
First Steel Industry Co.

P. Lance Graef—ICF Inc.

Keith L. Baker ) —of Counsel  
Richard A. Gladstone )

Mudge, Rose, Guthrie, Alexander and Ferdon—Counsel  
Washington, DC

on behalf of

Venezuelan Steel Producers  
and Exporters

David Palmeter—of Counsel

**APPENDIX C**  
**PREVIOUS COMMISSION INVESTIGATIONS**

Certain welded carbon steel pipes and tubes: Pending and recently terminated title VII investigations and outstanding dumping/countervailing orders, most recent dumping/subsidy margins, and import/consumption ratios, by countries, 1982-84

Item	Weighted-average margin	Date of bond or order <u>1/</u>	Ratio of imports to apparent consumption		
			1982	1983	1984
Standard pipes and tubes not over 16 inches in outside diameter:					
Pending anti-dumping investigations:					
Thailand-----	<u>2/</u>	<u>2/</u>	-	-	<u>3/</u>
Venezuela-----	<u>2/</u>	<u>2/</u>	0.3	.7	2.2
Pending counter-vailing duty investigation:					
Venezuela-----	<u>2/</u>	<u>2/</u>	.3	.7	2.2
Outstanding countervailing order:					
Korea-----	1.88	Feb. 15, 1983	23.8	31.8	23.7
Recently terminated counter-vailing duty investigation:					
Mexico <u>4/</u> -----	.67-23.65	Jan. 31, 1985	1.5	5.4	4.6
Line pipes and tubes not over 16 inches in outside diameter:					
Pending anti-dumping investigation:					
Venezuela-----	<u>2/</u>	<u>2/</u>	.3	1.5	7.5
Pending counter-vailing duty investigation:					
Venezuela-----	<u>2/</u>	<u>2/</u>	.3	1.5	7.5
Outstanding countervailing order:					
Korea-----	1.88	Feb. 15, 1983	9.9	12.8	13.1

Continued. See footnotes at end of table.

Certain welded carbon steel pipes and tubes: Pending and recently terminated title VII investigations and outstanding dumping/countervailing orders, most recent dumping/subsidy margins, and import/consumption ratios, by countries, 1982-84--Continued

Item	Weighted-average margin	Date of bond or order <u>1/</u>	Ratio of imports to apparent consumption		
			1982	1983	1984
Line pipes...cont.:					
Recently terminated:					
counter-					
vailing duty					
investigation:					
Mexico <u>4/</u> -----	0.67-23.65	Jan. 31, 1985	1.5	5.6	6.9
Standard pipes and					
tubes not over					
4.5 inches in					
outside diameter:					
Recently terminated:					
antidumping					
investigations:					
Brazil <u>5/</u> -----	3.23	Dec. 31, 1984	1.0	2.5	9.0
Spain <u>6/</u> -----	40.75	Dec. 31, 1984	.3	.9	5.1
Recently terminated:					
counter-					
vailing duty					
investigation:					
Spain <u>6/</u> -----	1.14	Oct. 10, 1984	.3	.9	5.1
Outstanding					
antidumping					
orders:					
Korea-----	.9	May 7, 1984	<u>7/</u> 18.5	<u>7/</u> 22.9	<u>7/</u> 24.8
Taiwan-----	9.7	May 7, 1984	5.9	6.9	<u>8/</u> .3

1/ Date posting of bond required or date order issued.

2/ This is one of the instant investigations. To date, there is no determination of sales at less than fair value by Commerce nor requirement for the posting of bond.

3/ Less than 0.05 percent.

4/ Terminated effective Apr. 2, 1985, following withdrawal of petition.

5/ Terminated effective Mar. 20, 1985, following withdrawal of petition.

6/ Terminated effective Feb. 4, 1985, following withdrawal of petition.

7/ Imports at less than fair value from this source constituted approximately \* \* \*, \* \* \*, and \* \* \* percent of consumption of all standard pipes and tubes in 1982, 1983, and 1984, respectively.

8/ Imports at less than fair value from this source constituted approximately 0.1 percent of consumption of all standard pipes and tubes in 1984.

Source: Compiled from data contained in various reports of the U.S. International Trade Commission and from the U.S. Department of Commerce.

