

HEAVY-WALLED RECTANGULAR WELDED CARBON STEEL PIPES AND TUBES FROM CANADA

**Determination of the Commission
in Investigation No. 731-TA-254
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained
in the Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-254 (Preliminary)

HEAVY-WALLED RECTANGULAR WELDED CARBON STEEL PIPES AND TUBES FROM CANADA

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Canada of heavy-walled rectangular welded carbon steel pipes and tubes, provided for in item 610.39 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On March 25, 1985, a petition alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of heavy-walled rectangular welded carbon steel pipes and tubes from Canada was filed with the Commission and the Department of Commerce by:

Bull Moose Tube Co., St. Louis, MO;
Copperweld Tubing Group, Pittsburgh, PA;
Kaiser Steel Corp., Los Angeles, CA;
Maruichi American Corp., Santa Fe Springs, CA;
UNR-Leavitt, Chicago, IL; and
Welded Tube Co. of America, Chicago, IL.

Accordingly, effective March 25, 1985, the Commission instituted preliminary antidumping investigation No. 731-TA-254 (Preliminary).

Notice of the institution of the Commission's investigation 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

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

2/ Commissioner Lodwick not participating.

Commission, Washington, DC, and by publishing the notice in the Federal Register of April 2, 1985 (50 FR 13089). The conference was held in Washington, DC, on April 16, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine there is a reasonable indication that an industry in the United States is materially injured by reason of imports of heavy-walled rectangular welded carbon steel pipes and tubes from Canada which allegedly are being sold at less than fair value (LTFV). 1/

This affirmative determination is based upon data showing poor financial performance by the domestic industry throughout the period of investigation despite increased domestic consumption of the product. The volume of imports from Canada and the degree of market penetration were substantial during the period. 2/ There was some evidence of underselling by the imports from Canada and confirmations of lost sales to these imports on the basis of price. These findings provide a reasonable indication that the presence in the market of the allegedly LTFV imports from Canada may have acted to depress prices for the product and thereby materially injure the domestic industry.

Like product and domestic industry

As a threshold inquiry in an antidumping investigation, the Commission must identify the domestic industry to be examined for the purpose of making an assessment of material injury and causation. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as:

[T]he domestic producers as a whole of a like product, or those producers whose collective output of the like product

1/ Commissioner Lodwick did not participate in this investigation.

2/ One foreign producer, Interprovincial Steel and Pipe Co., Ltd. (IPSCO), has requested exclusion from this investigation claiming that its activity is in a geographically distinct sector of the domestic market, its sales are chiefly to a single customer, and its imports were of a relatively small magnitude. On the basis of the information available at this time, we decline to disaggregate any one producer from the investigation, or to analyze the market on a firm-by-firm basis.

constitutes a major proportion of the total domestic production of that product. 3/

The term "like product" is defined as:

[A] product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation 4/

In this preliminary investigation, we adopt the like product analysis and definition of heavy-walled rectangular welded carbon steel pipes and tubes made in prior investigations. 5/ None of the parties has come forward with an argument to change the definition of like product, nor has any other evidence been developed to change the definition of the instant like product from that of earlier investigations. Accordingly, we conclude that the like product is heavy-walled rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of 0.156 inch or greater. 6/ The domestic industry consists of the domestic producers of this product.

Condition of the domestic industry 7/

In making a material injury determination, the Commission considers, among other factors, the trends in production, capacity utilization, sales, market share, employment, wages, and profitability of the domestic industry. 8/ In this investigation, the Commission considered such information for the period covering January 1982-March 1985.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

5/ 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).

6/ This product is commonly referred to as structural tubing.

7/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causality. She joins her colleagues by concluding that the domestic industry is experiencing economic problems.

8/ 19 U.S.C. § 1677(7)(C)(iii).

U.S. consumption of the product increased 61 percent from 1982-84, and then decreased 5 percent in the first quarter of 1985. 9/ Similarly, several domestic industry performance indicators—production, capacity utilization, shipments, sales, and employment—increased between 1982 and 1984; all but sales declined in January-March 1985. 10/ It should be noted that the data showing improved performance through 1982-84 represent a relative gain for an industry which was in a depressed condition in 1982. 11/ Significantly, the domestic industry's market share decreased throughout this period.

In addition, the rise in sales during the period of the investigation did not have a substantial impact on the profitability of the industry. While net sales increased by 34 percent, the unit value of producers' domestic shipments declined by 8 percent. The profitability of the industry as measured by the ratio of operating income to net sales increased only from a 10 percent loss to a 0.8 percent loss. It appears that the low ratio is attributable to depression in domestic prices of the product because the data indicate that

9/ Production increased from 268,160 tons in 1982 to 425,914 tons in 1984. In contrast, production during January-March 1985, at 99,474 tons, was 15 percent less than the level of production in January-March 1984. Whereas productive capacity for heavy-walled rectangular pipes and tubes increased at an average annual rate of 4 percent during 1982-84, productive capacity for the first three months of 1985 was lower than January-March 1984. Capacity utilization, too, increased from 25 percent in 1982 to 37 percent in 1984, but decreased to 35 percent during January-March 1985 contrasted to 41 percent capacity utilization for January-March 1984. Report of the Commission (Report) at a-6-a-7.

10/ Shipments of the product increased steadily during 1982-84, but a comparison of the January-March figures for 1984 and 1985 shows a significant falling off of shipments in 1985. Id. Employment in the domestic industry also has decreased in the early months of 1985 by 5 percent compared to the same period in 1984. Id. at a-9-a-10.

11/ The Commission usually examines data for three years in title VII investigations. Concerning this product, however, the Commission has information from prior investigations to lend perspective to the industry's performance. We are aware that 1982 was marked by dramatic decreases in all performance indicators compared to earlier levels.

neither the cost of goods sold nor general, selling, and administrative expenses have been increasing as a percentage of net sales. 12/

Although there has been some improvement in certain performance indicators since 1982, the industry is clearly operating at distressed levels, and there is a reasonable indication that it is suffering material injury.

Reasonable indication of material injury by reason of the alleged LTFV imports

In making its determination whether there is a reasonable indication that material injury to the domestic industry is "by reason of" allegedly LTFV imports, 13/ the Commission must consider, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. 14/

The absolute volume of Canadian imports of the product increased by 57 percent since 1982. The subject imports maintained a significant share of the U.S. market, accounting for 13 to 15 percent of the U.S. market during the period of investigation. 15/ It is clear that Canadian imports are a substantial presence in the market.

This preliminary investigation provided mixed information on pricing. Both overselling and underselling by the Canadian products were documented. 16/ Underselling was reported in slightly more than half of the transactions examined. 17/ Price trends show a very similar pattern for the

12/ Report at a-12-a-13.

13/ 19 U.S.C. § 1673(b).

14/ 19 U.S.C. § 1677(7).

15/ Report at a-19.

16/ Price information is exchanged informally through negotiations between purchasers and suppliers. Any particular supplier (foreign or domestic) may at one time be a high bidder, another time the low bidder. Petitioners have argued that the Canadian producers are price leaders, although such information has not been fully developed.

17/ Report at a-21-a-26.

Canadian and domestic product. Moreover, we have confirmed numerous lost sales to Canadian imports, many of which were lost on the basis of price. Thus, there is sufficient information for us to conclude that the price of the Canadian product may be affecting the price of the domestic product. 18/ 19/

It is clear that the low profitability of the industry is related to an inability to obtain sufficient prices for the domestic product. Information on underselling and lost sales indicate that Canadian imports, entering in substantial volume, may be acting to suppress or depress U.S. prices.

18/ It is difficult at this stage of the investigation to reach definite conclusions regarding pricing behavior. We expect more information on this matter to be developed in any further investigation.

19/ Vice Chairman Liebelier notes that although the statute requires the Commission to determine whether there is significant price undercutting, she does not find the particular data on underselling gathered by the Commission in this investigation useful in determining whether the material injury is by reason of allegedly LTFV imports. Firms, whether foreign or domestic, generally charge the most they can for their product. As a result, price differentials are usually accounted for by differences in the product or associated services. Thus, "underselling" based on a comparison of transactions' prices has no relevant economic content. Price undercutting refers to predatory pricing behavior whereby a firm lowers its prices to drive out competitors in order to gain monopoly power. See, e.g., Views of Vice Chairman Liebelier, Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 731-TA-252 and 253, USITC Pub. 1680 (1985). In the instant investigation, one Canadian company argues that it is engaged in overselling because its product is often priced above the level of the U.S. product. As the petitioner points out, however, to the extent that the Canadians are providing costly services for "free," the real price for the subject imports is actually lower than the transaction price. Thus, the presence of overselling or underselling based on transactions' prices is not useful to our causation inquiry in this case.

As for lost sales, the presence or absence of confirmed lost sales is not determinative or persuasive on the question of a causal link between LTFV imports and material injury to the domestic industry. Typically, an import that is sold at less-than-fair-value affects the domestic industry the same way regardless of whether it is a confirmed lost sale. Although it might be appropriate to inquire whether a sale by a respondent has been in lieu of sales by the domestic industry or, alternatively, at the expense of imports from other countries, Commission information on lost sales is not capable of providing an answer to such a question because the data is based on a very small and biased sample.

Therefore we find there is a reasonable indication that the alleged LTFV imports of heavy-walled rectangular welded carbon steel pipes and tubes from Canada are a cause of material injury to the domestic industry.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On March 25, 1985, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by counsel on behalf of the following firms: 1/

Bull Moose Tube Co., St. Louis, MO;
Copperweld Tubing Group, Pittsburgh, PA;
Kaiser Steel Corp., Los Angeles, CA;
Maruichi American Corp., Santa Fe Springs, CA;
UNR-Leavitt, Chicago, IL; and
Welded Tube Co. of America, Chicago, IL.

The petition alleges that heavy-walled rectangular welded carbon steel pipes and tubes 2/ from Canada, provided for in item 610.3955 of the Tariff Schedules of the United States Annotated (TSUSA), are being sold in the United States at less than fair value (LTFV). Accordingly, the Commission instituted antidumping investigation No. 731-TA-254 (Preliminary) under section 731 of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports. The statute directs that the Commission make its determination within 45 days after its receipt of the petition or, in this case, by May 9, 1985.

Notice of the institution of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of April 2, 1985 (50 FR 13089). 3/ The public conference was held in Washington, DC, on April 16, 1985. 4/ The briefing and vote in this investigation was held on May 3, 1985.

Previous Commission Investigations

Although the Commission has conducted a number of pipe and tube investigations, only antidumping investigations Nos. 731-TA-131, involving imports from the Republic of Korea (Korea); 731-TA-132, involving imports from

1/ These firms are members of the subcommittee on structural tubing of The Committee on Pipe and Tube Imports (CPTI), a trade association composed of pipe and tube producers organized into subcommittees according to the product lines which they produce; member firms producing specific products decide whether or not to file unfair trade petitions. Petition, pp. 2 and 3.

2/ Hereinafter in this report, subject products will be referred to as heavy-walled rectangular pipes and tubes.

3/ A copy of the Commission's notice of institution is presented in app. A; Commerce's notice of initiation is presented in app. B.

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

Taiwan; and 731-TA-138, involving imports from Korea, pertained to heavy-walled rectangular pipes and tubes. All three investigations were filed by counsel for the CPTI and resulted in negative determinations by the Commission--investigations Nos. 731-TA-131 and 132 at the preliminary stage 1/ and investigation No. 731-TA-138 in the final investigation. 2/

Nature and Extent of Alleged Sales at LTFV

The petition alleges that heavy-walled rectangular welded carbon steel pipes and tubes from Canada 3/ are being sold in the United States at LTFV. The petitioners calculated LTFV margins by comparing constructed values (as calculated by the petitioners) 4/ for representative products with purchase prices (as calculated by the petitioners). 5/ Alleged LTFV margins for the five representative products range from 3.6 percent to 27.9 percent. 6/

The Product

Description and uses

For the most part, the terms "pipes," "tubes," and "tubular products" can be used interchangeably. In some industry publications, however, a distinction is made between pipes and tubes. According to these publications, pipes are produced in large quantities in a few standard sizes, whereas tubes

1/ Commissioner Haggart dissenting with respect to imports from Korea.

2/ Commissioners Rohr and Liebler not participating.

3/ The petition alleges that only Titan Industrial Corp. (Titan), a U.S. corporation with both U.S. and Canadian subsidiaries, is selling subject product in the United States at LTFV. Although Titan does not own any manufacturing facilities in Canada, it buys coils and plates from Canadian producers and then contracts with a Canadian pipe and tube producer, Sonco, to shape and weld the rectangular pipes and tubes. Because Titan retains title to the goods, petitioners claim Titan is the producer. Petitioners allege that part of the conversion contract between Titan and Sonco stipulates that Titan may not sell any subject products in Canada and Sonco may not sell subject products in the United States. Petitioners stated in the petition that they had no evidence of LTFV sales by other Canadian producers and were not petitioning Commerce to initiate an investigation of those companies; however, at the conference, one of the petitioners cited pricing of imports from Welded Tube of Canada as an example of the Canadian product contributing to price instability in the U.S. market. See petition at pp. 11-13 and transcript of conference at p. 28. In its notice of initiation, Commerce did not limit its investigation to Titan and the Commission has done likewise.

4/ Petition confidential exhibit 3 presents details of the constructed values for five specific products included within the scope of this investigation.

5/ In petition confidential exhibit 2, petitioners calculated purchase prices by subtracting freight costs (from Toronto to specific markets) from sales prices (or offers-for-sale prices) in those markets.

6/ Petition confidential exhibit 3.

are made to customers' specifications regarding dimension, finish, chemical composition, and mechanical properties. Pipes are normally used as a conduit for liquids or gases, whereas tubes are generally used for load-bearing or mechanical purposes. Nevertheless, there is apparently no clear line of demarcation in many cases between pipes and tubes.

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

The American Iron & Steel Institute (AISI) distinguishes among the various types of pipes and tubes according to six end uses: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods. 1/

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

The imported products covered by this investigation are rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of 0.156 inch or greater. This product is supplied with cross sections in rectangles ranging from 3 x 2 inches to 20 x 12 inches and in 1-1/2 inch to 16-inch squares. It is used for support members for construction or load-bearing purposes in construction, transportation, farm, and material-handling equipment. The product is generally produced to ASTM specification A-500, Grade B, and is commonly referred to in the industry as structural tubing.

Manufacturing process

Welded steel pipes and tubes are made by forming flat-rolled steel into a tubular configuration and welding along the joint axis. There are various ways to weld pipes and tubes; the most popular are the electric resistance weld (ERW), the continuous weld (butt weld)(CW), the submerged-arc weld, and the spiral weld. However, the rectangular pipes and tubes under investigation are produced only by the ERW process. 2/

1/ 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 . . . , USITC Publication 1345, February 1983.

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

All pipes and tubes are formed and welded in a cylindrical configuration. In the ERW process, the plate, sheet, or skelp ^{1/} raw material is cold-formed by tapered rolls into a cylinder. The weld is formed when the joining edges are heated to approximately 2,600 degrees 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. Immediately after welding, the product may be reduced by rolling or stretch reducing or may be further formed into squares, rectangles, or other shapes by using forming rolls.

U.S. tariff treatment

Imports of the heavy-walled rectangular pipes and tubes covered by this investigation are classified in TSUS item 610.39 and reported under TSUSA item 610.3955, which includes welded nonalloy steel pipes and tubes of rectangular (including square) cross section, having a wall thickness not less than 0.156 inch, not threaded and not otherwise advanced, other than pipe conforming to API specifications for oil-well casing. During the Tokyo round of the Multilateral Trade Negotiations (MTN), the most-favored-nation (MFN) (col. 1) rate of duty ^{2/} for TSUS item 610.39 was changed from 0.1 cent per pound to 0.5 percent ad valorem, effective January 1, 1982. This MFN rate of duty is the final staged rate negotiated in the Tokyo round. The column 2 rate of duty ^{3/} applicable to imports from non-MFN countries is 1 percent ad valorem. No preferential tariff treatment is afforded to countries other than beneficiaries of the Caribbean Basin Economic Recovery Act (see TSUS general headnote 3(g)), whose products enter free of duty.

U.S. Producers

There were 17 firms in the United States known or believed to be producing heavy-walled rectangular pipes and tubes during the period covered by this investigation. Most of the production facilities for the subject products are located in the Great Lakes region and two States--California and Missouri. The production of heavy-walled rectangular pipes and tubes is heavily concentrated in the United States, with the four largest producers, * * *, accounting for about * * * percent of total reported 1984 U.S. producers' shipments. The following tabulation, which was compiled from data obtained in response to the Commission's questionnaires, shows the principal producers of heavy-walled rectangular pipes and tubes and each firm's share of total reported U.S. producers' shipments in 1984:

^{1/} Skelp is a flat-rolled, intermediate product used as the raw material in the manufacture of pipe and tube. It is typically an untrimmed band of hot- or cold-rolled sheet.

^{2/} The col. 1 rate is applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

^{3/} The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

<u>Firm</u>	<u>Location</u>	<u>Share of shipments (percent)</u>
Acme Roll Forming Co-----	Sebewaing, MI	***
Bock Industries-----	Elkhart, IN	***
Bull Moose Tube Co-----	Chicago Heights, IL Trenton, GA Gerald, MO	***
Copperweld Corp-----	Chicago, IL	***
Delta Metalforming Co-----	Dallas, TX	***
Eugene Welding Co-----	Marysville, MI	***
Ex-L Tube-----	North Kansas City, MO	***
Hanna Steel-----	Fairfield, AL	***
Independence Tube Corp-----	Chicago, IL	***
James Steel & Tube Co-----	Madison Heights, MI	***
Kaiser Steel Corp-----	Los Angeles, CA	***
Maruichi American Corp-----	Santa Fe Springs, CA	***
Mid States Tube Corp-----	Kenosha, WI	***
Penn Central Corp., Harris Tube Div-----	Gardena, CA Los Angeles, CA	***
UNR-Leavitt-----	Chicago, IL	***
Welded Tube Co. of America---	Chicago, IL	***

1/ * * *.
2/ * * *.
3/ * * *.
4/ * * *.
5/ * * *.
6/ * * *.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies more than 50 firms that imported heavy-walled rectangular pipes and tubes from Canada during the period covered by this investigation. Although many U.S. firms import these products for their own consumption and some U.S. steel

service centers import for resale, the bulk of the imports are accounted for by a few Canadian producers which export to, and market in, the United States through U.S.-parent or U.S.-subsidiary companies, or (less frequently) export directly to U.S. customers. The major importers and the share of imports from Canada each accounted for in 1984, as reported in responses to the Commission's questionnaires, are shown in the following tabulation:

<u>Importer 1/</u>	<u>Share of imports 2/</u> (percent)
* * *-----	***
* * *-----	***
* * *-----	***

1/ * * *.

2/ Imports are as reported in official statistics of the U.S. Department of Commerce. Share of imports are as reported in response to the Commission's questionnaires.

3/ * * *.

Apparent U.S. Consumption

Apparent U.S. consumption of heavy-walled rectangular pipes and tubes increased during 1982-84, from 422,848 tons 1/ in 1982 to 681,537 tons in 1984, or by an annual rate of 27 percent; however, apparent U.S. consumption during January-March 1985, at 175,829 tons, was 5 percent less than such consumption during January-March 1984 (table 1). According to industry sources, the increase in apparent consumption during 1982-84 was due primarily to increases in construction starts, highway and bridge repair work, and industrial equipment demand. 2/ As shown in the table, imports supplied an increasing share of the market, from 34 percent in 1982 to 39 percent in 1984--and 37 percent in January-March 1985 compared with 36 percent in January-March 1984.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaires, increased from 268,160 tons in 1982 to 425,914 tons in 1984, but production during January-March 1985, at 99,474 tons, was 15 percent less than the level of production in January-March 1984 (table 2). Productive capacity for heavy-walled rectangular pipes and tubes, at 1.1 million tons per year, increased at an average annual rate of 4 percent during 1982-84. Capacity utilization, which increased from 25 percent in 1982 to 31 percent in 1983 and 37 percent in 1984, decreased to 35 percent during January-March 1985.

1/ Unless otherwise noted, all tons shown in this report are short tons (2,000 pounds).

2/ See notes of Dennis Rapkins of the Commission's staff.

Table 1.--Heavy-walled rectangular pipes and tubes: U.S. producers' shipments, imports for consumption, exports 1/ of domestically produced merchandise, and apparent U.S. consumption, 1982-84, January-March 1984, and January-March 1985

Period	Shipments	Imports	Exports	Apparent consump- tion	Ratio of imports to--	
					Shipments	Con- sumption
	Short tons				Percent	
1982-----	278,232	145,392	776	422,848	52.3	34.4
1983-----	342,684	184,501	893	526,292	53.8	35.1
1984-----	418,133	264,099	695	681,537	63.2	38.8
Jan.-Mar.--						
1984-----	118,830	66,524	52	185,302	56.0	35.9
1985-----	110,569	65,371	111	175,829	59.1	37.2

1/ Data on U.S. exports, collected under Schedule B item 610.3060 (a "basket" classification for carbon steel structural pipes and tubes), may be overstated and apparent U.S. consumption similarly understated. Exports were reported by only two U.S. producers in the Commission's questionnaires; such exports amounted to * * * in 1982, * * * in 1983, * * * in 1984, * * * in January-March 1984, and * * * in January-March 1985.

Source: Shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Heavy-walled rectangular pipes and tubes: U.S. production, capacity, 1/ and capacity utilization, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	Jan.-Mar.--	
				1984	1985
Production--short tons--	268,160	346,672	425,914	117,482	99,474
Capacity-----do-----	1,051,660	1,110,660	1,144,660	286,414	282,414
Capacity utilization					
percent--	25.5	31.2	37.2	41.0	35.2

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

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

U.S. producers' domestic and export shipments

U.S. producers' domestic shipments of heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaires, increased from * * * in 1982 to * * * in 1983, and * * * in 1984; however, January-March 1985 producers' shipments, at * * *, were 7 percent less than the January-March 1984 shipments (table 3). U.S. producers' exports of heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaires, were negligible in each of the periods covered by this investigation (table 4).

U.S. producers' inventories

The level of end-of-period inventories of heavy-walled rectangular pipes and tubes, as reported by U.S. producers in response to the Commission's questionnaires, fell from 80,096 tons in 1981 to 70,024 tons in 1982, and then rose to about 81,793 tons in 1984. Inventories dropped to 70,698 tons at the end of the first quarter of 1985, compared with 72,664 tons a year earlier (which was only slightly below the level at yearend 1983). Such inventories ranged from 15 to 25 percent of the responding producers' (annualized) shipments in each of the periods covered by this report. Reported end-of-period inventories and inventories as a share of reported shipments are shown in the following tabulation:

	<u>Quantity 1/</u> (tons)	<u>Share of</u> <u>shipments</u> (percent)
As of Dec. 31--		
1981-----	80,096	2/
1982-----	70,024	25
1983-----	74,012	22
1984-----	81,793	20
As of Mar. 31--		
1984-----	72,664	15
1985-----	70,698	16

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

2/ Not available.

U.S. employment, wages, and productivity

Data on U.S. employment, wages, and productivity in establishments producing heavy-walled rectangular pipes and tubes, as reported in responses to the Commission's questionnaires, are provided in table 5 (number of employees and hours worked by production and related workers) and table 6 (wages and total compensation 1/ paid to production and related workers, labor

1/ The difference between total compensation and wages is an estimate of workers' benefits.

Table 3.--Heavy-walled rectangular pipes and tubes: U.S. producers' domestic shipments, 1/2/ 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	Jan.-Mar.--	
				1984	1985
Quantity--short tons--	***	***	***	***	***
Value--1,000 dollars--	***	***	***	***	***
Unit value---per ton--	\$494	\$449	\$453	\$440	\$442

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

2/ There were no intercompany and intracompany transfers reported.

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

Table 4.--Heavy-walled rectangular pipes and tubes: U.S. producers' export shipments, 1/ 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	Jan.-Mar.--	
				1984	1985
Quantity-----short tons--	***	***	***	***	***
Value-----1,000 dollars--	***	***	***	***	***
Unit value-----per ton--	\$***	\$***	\$***	\$***	\$***

1/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires.

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

productivity, hourly compensation, and unit labor costs). The ratio of total production and related workers to total employees ranged from a low of 75 percent in 1982 and 1983 to a high of 79 percent in 1984; production and related workers producing heavy-walled rectangular pipes and tubes accounted for 39 percent (January-March 1984) to 44 percent (January-March 1985) of total production and related workers.

The average number of production and related workers producing heavy-walled rectangular pipes and tubes, which fell by 1 percent in 1982, rose by 4 percent in 1984 to 437, before decreasing by 5 percent to 416 during January-March 1985. Similarly, hours worked by these workers, which decreased

Table 5.--Average number of employees, total and production and related workers, in U.S. establishments producing heavy-walled rectangular pipes and tubes, and hours paid 1/ for production and related workers producing heavy-walled rectangular pipes and tubes, 2/ 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	Jan.-Mar.--	
				1984	1985
Average employment:					
All employees:					
Number-----	1,382	1,329	1,369	1,394	1,227
Percentage change <u>3/</u> ----	<u>4/</u>	-3.8	+3.0	+4.9	-10.4
Production and related workers producing--					
All products:					
Number-----	1,035	1,001	1,088	1,093	939
Percentage change <u>3/</u> ----	<u>4/</u>	-3.3	+8.7	+9.2	-13.7
Heavy-walled rectangular pipes and tubes:					
Number-----	425	422	437	426	416
Percentage change <u>3/</u> ----	<u>4/</u>	-0.7	+3.6	+0.9	-4.8
Hours worked by production and related workers producing heavy-walled rectangular pipes and tubes:					
Number-----1,000 hours--	735	707	852	215	204
Percentage change-----	<u>4/</u>	-3.8	+20.5	<u>4/</u>	-5.1

1/ Includes hours worked plus hours of paid leave time.

2/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires; producers providing usable employment data accounted for 79 to 84 percent of reported production in all periods.

3/ Percentage changes for each January-March period are calculated using the data from the prior complete year.

4/ Not available.

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

by 4 percent in 1983, rose by 21 percent in 1984, and then dropped by 5 percent during January-March 1985 compared with the number of hours worked during the period a year earlier.

The average wage for production and related workers producing heavy-walled rectangular pipes and tubes, which was \$10.28 per hour in 1982, increased by 9 percent in 1983, decreased by 1 percent in 1984, and then

Table 6.--Wages and total compensation 1/ paid to production and related workers producing heavy-walled rectangular pipes and tubes and labor productivity, hourly compensation, and unit labor costs in the production of heavy-walled rectangular pipes and tubes, 2/ 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	Jan.-Mar.--	
				1984	1985
Wages paid to production and related workers:					
Value-----1,000 dollars--	7,554	7,890	9,406	2,297	2,218
Percentage change-----	<u>3/</u>	+4.4	+19.2	<u>3/</u>	-3.4
Total compensation paid to production and related workers:					
Value-----1,000 dollars--	9,827	9,971	11,884	2,884	2,967
Percentage change-----	<u>3/</u>	+1.5	+19.2	<u>3/</u>	+2.9
Labor productivity:					
Quantity-----tons per hour--	.2952	.3885	.4222	.4527	.3929
Percentage change <u>4/</u> -----	<u>3/</u>	+31.6	+8.7	+16.5	-6.9
Hourly compensation: <u>5/</u>					
Value-----per hour--	\$10.28	\$11.16	\$11.04	\$10.68	\$10.87
Percentage change <u>4/</u> -----	<u>3/</u>	+8.6	-1.1	-4.3	-1.5
Unit labor costs: <u>6/</u>					
Value-----per ton--	\$45.28	\$36.30	\$33.03	\$29.63	\$37.02
Percentage change <u>4/</u> -----	<u>3/</u>	-19.8	-9.0	-18.4	+12.1

1/ Includes wages and contributions to Social Security and other employee benefits.

2/ Understated to the extent that all U.S. producers did not respond to the Commission's questionnaires; producers providing usable employment data accounted for 79 to 84 percent of reported production in all periods.

3/ Not available.

4/ Percentage change for each January-March period is calculated using the data from the prior complete year.

5/ Based on wages paid excluding fringe benefits.

6/ Based on total compensation paid.

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

decreased another 2 percent to \$10.87 per hour during January-March 1985. Labor productivity, which was 0.30 ton of heavy-walled rectangular pipes and tubes produced per hour worked during 1982, increased by nearly one-third, to 0.39 ton per hour worked, in 1983, rose another 9 percent in 1984, and then dropped by 7 percent during January-March 1985. Unit labor costs decreased by 20 percent in 1983 to \$36 per ton and then decreased by another 9 percent in 1984 before rising 12 percent, to \$37 per ton, during January-March 1985.

Financial experience of U.S. producers

* * * firms, 1/ which accounted for * * * percent of total reported 1984 shipments of heavy-walled rectangular pipes and tubes, furnished usable income-and-loss data on their operations producing these pipes and tubes and on overall establishment operations. Four of the * * * firms accounted for * * * percent of 1984 shipments.

Heavy-walled rectangular pipes and tubes.--Net sales of heavy-walled rectangular pipes and tubes grew from \$121.5 million in 1982 to \$126.7 million in 1983, representing a 4.2-percent increase, and then jumped 28.5 percent to \$162.8 million in 1984 (table 7). During the interim periods ended March 31, sales increased from \$49.8 million in 1984 to \$51.1 million in 1985, or by 2.8 percent.

The industry sustained aggregate operating losses in 1982 and 1984 and reported nominal operating income in 1983. The operating loss in 1982 was \$12.1 million, or 10.0 percent of sales; in 1984, it was \$1.2 million, or 0.8 percent of sales. Operating income in 1983 was \$110,000, or 0.1 percent of sales. During the interim periods ended March 31, operating income declined sharply from \$1.4 million in 1984 to \$494,000 in 1985, or by 64.8 percent. The interim period operating margins in 1984 and 1985 were 2.8 percent and 1.0 percent, respectively.

In 1982, five of the * * * producers reported operating losses compared with two in 1983 and three in 1984. In the interim periods, one firm reported an operating loss in 1984 and three did so in 1985.

Overall establishment operations.--Net sales of all products produced in the establishments within which heavy-walled rectangular pipes and tubes are produced increased from \$252.4 million in 1982 to \$262.6 million in 1983, or by 4.0 percent, and then increased by 23.4 percent to \$324.2 million in 1984 (table 8). During the interim periods ended March 31, sales grew slightly from \$92.7 million in 1984 to \$93.8 million in 1985, representing a gain of 1.3 percent.

The firms incurred an aggregate operating loss of \$16.2 million in 1982, or 6.4 percent of net sales. In 1983 and 1984, the producers reported aggregate operating incomes of \$3.4 million and \$4.1 million, respectively, representing an increase of 20.8 percent in 1984. During the interim periods ended March 31, operating income plummeted 93.0 percent from \$3.3 million in 1984 to \$230,000 in 1985. The interim period operating margins in 1984 and 1985 were 3.6 percent and 0.2 percent, respectively.

Three firms reported operating losses in 1982, two in 1983, and one in 1984. In the interim periods, none of the producers had an operating loss in 1984, whereas two reported operating losses in 1985.

1/ * * *.

Table 7.--Income-and-loss experience of *** U.S. producers on their operations producing heavy-walled rectangular pipes and tubes, 1/ accounting years 1982-84, and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31--	
				1984	1985
Net sales-----1,000 dollars---	121,546	126,666	162,813	49,765	51,135
Cost of goods sold-----do-----	116,668	112,079	149,991	44,141	46,773
Gross profit -----do-----	4,878	14,587	12,822	5,624	4,362
General, selling, and administrative expenses					
1,000 dollars---	16,979	14,477	14,057	4,219	3,868
Operating income or (loss) <u>2/</u> -----do-----	(12,101)	110	(1,235)	1,405	494
Depreciation and amortization expense included above					
1,000 dollars---	4,039	4,142	4,800	1,466	1,469
Ratio to net sales of--					
Gross profit-----percent---	4.0	11.5	7.9	11.3	8.5
Operating income or (loss)-----do-----	(10.0)	0.1	(0.8)	2.8	1.0
Cost of goods sold-----do-----	96.0	88.5	92.1	88.7	91.5
General, selling, and administrative expenses					
percent---	14.0	11.4	8.6	8.5	7.6
Number of firms reporting operating losses-----	5	2	3	1	3

1/ U.S. producers submitting usable data together accounted for * * * percent of total shipments of heavy-walled rectangular pipes and tubes in 1984, as reported in responses to the questionnaires of the U.S. International Trade Commission.

2/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, * * * producers, which together accounted for * * * percent of reported 1984 net sales, did not report those line items and * * * additional firms, which together accounted for * * * percent of reported 1984 net sales, did not allocate 1 of those items, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

Table 8.--Income-and-loss experience of *** U.S. producers 1/ on the overall operations of their establishments within which heavy-walled rectangular pipes and tubes are produced, accounting years 1982-84, and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31--	
				1984	1985
Net sales-----1,000 dollars--	252,413	262,594	324,168	92,653	93,842
Cost of goods sold-----do----	239,132	233,482	292,929	81,625	86,122
Gross profit-----do-----	13,281	29,112	31,239	11,028	7,720
General, selling, and administrative expenses					
1,000 dollars--	29,464	25,711	27,132	7,736	7,490
Operating income or (loss) <u>2/</u> -----do-----	(16,183)	3,401	4,107	3,292	230
Depreciation and amortization expense included above					
1,000 dollars--	9,229	9,029	9,790	2,749	2,807
Ratio to net sales of--					
Gross profit-----percent--	5.3	11.1	9.6	11.9	8.2
Operating income or (loss)-----do-----	(6.4)	1.3	1.3	3.6	0.2
Cost of goods sold-----do----	94.7	88.9	90.4	88.1	91.8
General, selling, and administrative expenses					
percent--	11.7	9.8	8.4	8.3	8.0
Ratio of net sales of heavy- walled rectangular pipes and tubes to establish- ments' sales-----percent--	48.2	48.2	50.2	53.7	54.5
Number of firms reporting operating losses-----	3	2	1	0	2

1/ U.S. producers submitting usable data together accounted for * * * percent of total shipments of heavy-walled rectangular pipes and tubes in 1984, as reported in responses to the questionnaires of the U.S. International Trade Commission.

2/ In its questionnaire, the Commission asked producers to provide interest expense and other (nonoperating) income or expense information in order to determine net income or loss before income taxes. However, * * * producers, which together accounted for * * * percent of reported 1984 net sales, did not report those line items and * * * additional firms, which together accounted for * * * percent of reported 1984 net sales, did not allocate 1 of those items, instead reporting 0. Thus, data on interest expense, other income or expense, and net income or loss before income taxes are not presented in the table.

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

Capital expenditures and research and development expenses.---* * * U.S. producers supplied information on their capital expenditures for buildings, machinery, and equipment used in the production of heavy-walled rectangular pipes and tubes, and four of the * * * furnished data on their research and development expenses. Capital expenditures increased from \$*** in 1982 to \$*** in 1983, and then declined to \$*** in 1984. Such expenditures declined * * * percent from \$*** in January-March 1984 to \$*** in the corresponding period in 1985. Research and development expenses fell sharply from \$*** in 1982 to \$*** in both 1983 and 1984. Research and development expenses amounted to \$*** in both January-March periods of 1984 and 1985. These capital expenditures and research and development expenses are shown in the following tabulation (in thousands of dollars):

	<u>Capital expenditures</u>	<u>Research and development expenses</u>
1982-----	<u>1/</u> ***	<u>2/</u> ***
1983-----	<u>1/</u> ***	<u>3/</u> ***
1984-----	<u>4/</u> ***	<u>3/</u> ***
January-March--		
1984-----	<u>4/</u> ***	<u>3/</u> ***
1985-----	<u>5/</u> ***	<u>3/</u> ***

1/ Data are for * * *.

2/ Data are for * * *.

3/ Data are for * * *.

4/ Data are for * * *.

5/ Data are for * * *.

Capital and investment.---Six U.S. producers, accounting for * * * percent of reported shipments, provided questionnaire comments as to the actual and potential negative effects of imported heavy-walled rectangular pipes and tubes on their firm's growth, investment, or ability to raise capital. A summary of their comments, or a verbatim quotation, and the share of total 1984 shipments which the comments or quotation represent, are shown in the following tabulation:

<u>Comment</u>	<u>Number of firms</u>	<u>Percent of shipments</u>
A deterioration in profits-----	4	***
Impairment of ability to expand facilities-----	3	***
Impairment of ability to expect a reasonable return on investment-----	3	***
Impairment of ability to attract new investors-----	1	***
Impairment of ability to finance modernization-----	1	***
Price reductions-----	2	***
Impairment of ability to recover cost increases-----	1	***
Reduction in operations-----	1	***
"The negative effects are minimal if any."-----	1	***
Termination of an expansion-----	1	***

Consideration of Threat of Material Injury to an Industry in the United States

Consideration factors

In its examination of the question 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 in LTFV imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the country subject to the investigation to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of heavy-walled rectangular welded carbon steel pipes and tubes and of their U.S. market penetration is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Alleged LTFV Imports."

U.S. importers' inventories

The Commission sent questionnaires to 14 firms believed to have imported products subject to this investigation from Canada. Four firms, accounting for * * * percent of imports of heavy-walled rectangular pipes and tubes from Canada in 1984, responded to the questionnaire. The following end-of-period inventories were reported for the subject Canadian product (in tons):

<u>Inventories</u> ^{1/}	
As of Dec. 31--	
1981-----	^{2/} ***
1982-----	***
1983-----	***
1984-----	***
As of Mar. 31--	
1984-----	***
1985-----	***

^{1/} * * *.

^{2/} Estimated * * *.

The Canadian heavy-walled rectangular pipe and tube industry and its capacity to generate exports

There are six major producers of heavy-walled rectangular pipes and tubes in Canada. These firms are IPSCO Inc., Prudential Steel, Inc., Standard Tube Canada, Inc., Stelco, Inc., Welded Tube of Canada, Ltd., and Sonco Steel Tube Ltd. (which produces the subject product for Titan for export to the United States). These firms' production of heavy-walled rectangular pipes and tubes increased by an average annual rate of 21 percent from * * * in 1982 to * * * in 1984, and home-market sales rose by an average of 22 percent annually from * * * in 1982 to * * * in 1984 (table 9). These firms' sales to the U.S. market increased by an average annual rate of 22 percent from * * * in 1982 to * * * in 1984; third country sales were negligible during this period.

Although capacity data are not available for the six firms, five firms, with 1984 production amounting to * * *, provided the following capacity data: * * * in 1982, * * * in 1983, and * * * in 1984--with capacity utilization amounting to * * *, * * *, and * * * percent, respectively, in the 3 years.

Table 9.--Heavy-walled rectangular pipes and tubes: Canadian production, domestic shipments, and export sales, 1982-84

Item	1982	1983	1984
Production-----short tons---	***	***	***
Domestic shipments-----do----	***	***	***
Exports to--			
United States-----do----	***	***	***
Other-----do----	***	***	***
Total-----do----	***	***	***

Source: Compiled from data provided by counsel for Canadian producers.

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

U.S. imports of heavy-walled rectangular pipes and tubes

Imports from all sources.--Aggregate U.S. imports of heavy-walled rectangular pipes and tubes increased by an annual average of 35 percent from 145,392 tons in 1982 to 264,099 tons in 1984; such imports during January-March 1985 amounted to 65,371 tons, representing a decrease of 2 percent from the level of January-March 1984 (table 10). The average unit value of such imports declined irregularly from \$440 per ton in 1982 to \$387 per ton in 1984 and \$383 per ton in January-March 1985. Japan and Canada were the first and second largest suppliers, respectively, of imports of heavy-walled rectangular pipes and tubes in each period, together accounting for over 90 percent of such imports.

Imports from Canada.--U.S. imports of heavy-walled rectangular pipes and tubes from Canada increased from 64,239 tons in 1982 to 70,720 tons in 1983 and 100,858 tons in 1984; however, such imports during January-March 1985, at 23,963 tons, were 10 percent less than the level of imports during January-March 1984. The average unit value of imports declined irregularly from \$479 per ton in 1982 to \$448 per ton in 1984, and \$421 per ton in January-March 1985. Imports from Canada accounted for declining shares of the total import market for heavy-walled rectangular pipes and tubes during the period, with 44, 38, and 37 percent in 1982, 1984, and January-March 1985, respectively.

Table 10.--Heavy-walled rectangular pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March--	
				1984	1985
Quantity (short tons)					
Canada 2/-----	64,239	70,720	100,858	26,689	23,963
Japan-----	68,432	102,712	142,002	34,384	36,066
France-----	134	1,205	5,775	2,164	685
Spain-----	2,738	2,759	4,324	400	0
Finland-----	0	0	1,735	0	1,009
All other-----	9,849	7,105	9,404	2,887	3,648
Total-----	145,392	184,501	264,099	66,524	65,371
Value (1,000 dollars)					
Canada 2/-----	30,770	31,026	45,154	11,507	10,095
Japan-----	26,912	34,354	49,763	11,318	13,025
France-----	59	373	1,952	681	285
Spain-----	1,130	903	1,479	127	0
Finland-----	0	0	598	0	333
All other-----	5,039	2,637	3,223	974	1,296
Total-----	63,910	69,293	102,169	24,607	25,034
Unit value (per ton)					
Canada-----	\$479	\$439	\$448	\$431	\$421
Japan-----	393	334	350	329	361
France-----	439	309	338	315	417
Spain-----	413	327	342	318	-
Finland-----	-	-	345	-	330
All other-----	512	371	343	337	355
Average-----	440	376	387	370	383

1/ Includes imports under TSUSA items 610.3955.

2/ Imports of subject products from Canada by * * *, as reported in the Commission's questionnaire, were * * *, valued at \$***, in 1982; * * *, valued at \$***, in 1983; * * *, valued at \$***, in 1984; * * *, valued at \$***, in January-March 1984; and * * *, valued at \$***, in January-March 1985.

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

Note.--Because of rounding, figures may not add to the totals shown; unit values were computed from unrounded data.

U.S. market penetration of imports of heavy-walled rectangular pipes and tubes

Imports from all sources.--Market penetration of imports of heavy-walled rectangular pipes and tubes from all countries increased from 34.4 percent of apparent U.S. consumption in 1982 to 38.8 percent in 1984; the market penetration by imports during January-March 1985 was 37.2 percent, compared with 35.9 percent during the period a year earlier (table 11).

Table 11.--Heavy-walled rectangular pipes and tubes: 1/ Ratios of imports from Canada and all countries to apparent U.S. consumption, 1982-84, January-March 1984, and January-March 1985

(In percent)						
Source	:	Ratio of imports to apparent consumption				
	:					
	:	:	:	:	January-March--	
	:	1982	1983	1984	:	:
	:	:	:	:	1984	1985
Canada <u>2/</u> -----	:	15.2	13.4	14.8	14.4	13.6
All countries-----	:	34.4	35.1	38.8	35.9	37.2

1/ Includes imports under TSUSA item 610.3955.

2/ The ratios of imports of subject products from Canada by * * * to apparent consumption were * * * percent in 1982; * * * percent in 1983; * * * percent in 1984; * * * percent in January-March 1984; and * * * percent in January-March 1985.

Source: Tables 1 and 10.

Imports from Canada.--Imports of heavy-walled rectangular pipes and tubes from Canada dropped from 15.2 percent of consumption in 1982 to 13.4 percent in 1983 and then rose to 14.8 percent in 1984; during January-March 1985 such imports from Canada accounted for 13.6 percent of consumption, compared with 14.4 percent in the period a year earlier.

Prices

Heavy-walled rectangular pipes and tubes are generally priced per hundred feet. Although several U.S. producers distribute price lists to their customers, the 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 f.o.b. basis with respect to competing U.S. production areas. For example, the imported product is often priced on an f.o.b. Chicago basis, although it

is shipped directly from the Canadian mill. 1/ Formal bidding is not the usual means of price competition for the pipes and tubes under investigation.

The Commission requested U.S. producers and importers to provide price data on their largest sale in each quarter of each of three product specifications to both a service center/distributor and an end-user customer. 2/ The three product specifications are as follows:

PRODUCT 1.--ASTM A-500, grade B structural tubing, carbon welded, 4-inch square, 1/4-inch wall thickness, 24-foot to 40-foot mill lengths.

PRODUCT 2.--ASTM A-500, grade B structural tubing, carbon welded, 6-inch square, 1/4-inch wall thickness, 24-foot to 40-foot mill lengths.

PRODUCT 3.--ASTM A-500, grade B structural tubing, carbon welded, 8-inch square, 1/2-inch wall thickness, 24-foot to 40-foot mill lengths.

Seven U.S. producers reported some selling price data on the products for which information was requested. 3/ The seven U.S. producers accounted for approximately * * * percent of total reported U.S. producers' shipments of heavy-walled rectangular pipes and tubes in 1984. Three importers of this product from Canada provided price data. These importers accounted for approximately * * * percent of the tonnage of products under investigation imported from Canada in 1984.

Price trends--U.S. and Canadian 4/ price trends for the three product specifications for which data were requested were very similar. Both U.S. and Canadian prices tended to decrease from the beginning of 1983 through the end of 1983 or, in some cases, the beginning of 1984. Prices then tended to increase through the end of 1984. 5/ Details of the price movements for each of the three product specifications are discussed below.

1/ Transcript of the conference, p. 145. In effect, this is a form of importers equalizing freight to Chicago.

2/ The bulk of all sales are to service centers/distributors; during 1982-84, 64 to 67 percent of domestic shipments and * * * to * * * percent of importers' shipments were to service center/distributor customers.

3/ Several U.S. producers, including * * *, which were reported by respondents to be low price leaders in the U.S. market, did not provide selling-price data to the Commission.

4/ Because Canadian weighted-average prices are based on the responses of only three importers, some of the quarter-to-quarter changes in the price series result from different respondents, or changes in the weighting of the responses, rather than price changes.

5/ Respondents stated at the conference that petitioners decreased their selling prices at the beginning of April 1985. Although price data for sales made after March 1985 were not collected, several purchasers noted recent price decreases by U.S. producers and one of the last firms contacted stated that * * * (see Lost Sales and Lost Revenues sections of this report).

The weighted-average net selling prices reported by U.S. producers and by importers for product 1 are shown in table 12. U.S. producers' quarterly selling prices per hundred feet of domestically produced product 1 to service centers/distributors fluctuated between January 1983 and March 1985. The price increased from \$*** in January-March 1983 to \$*** in July-September 1983, dipped to \$*** in October-December 1983, and then increased to \$*** in July-September 1984, representing an increase of 21 percent, before falling to \$*** in January-March 1985, a level 1 percent above the price of January-March 1983.

The Canadian price per hundred feet of product 1 to service centers/distributors followed a similar trend over the period, declining from \$*** in January-March 1983 to \$*** in October-December 1983 and then increasing by 20 percent to a period high of \$*** in July-September 1984. The price then fell by 6 percent to \$*** in January-March 1985, yielding an overall increase of 10 percent over the January-March 1983 price level. Neither U.S. nor Canadian prices of product 1 to end users followed any discernible trend over the period for which data were requested.

The weighted-average net selling prices reported by U.S. producers and importers for product 2 are shown in table 13. U.S. producers' quarterly selling prices per hundred feet of domestically produced product 2 to service centers/distributors decreased by 7 percent from \$*** in January-March 1983 to \$*** in October-December 1983. The price then increased by 7 percent from October-December 1983 to January-March 1985, yielding a 1 percent overall decrease from January-March 1983 to January-March 1985. The Canadian price of product 2 to service centers/distributors increased from \$*** in January-March 1983 to \$*** in July-September 1983, or by 8 percent, and then decreased by 8 percent to \$*** during the October 1983-March 1984 period. The Canadian price then increased by 15 percent to \$*** in October-December 1984, and then decreased by 4 percent to \$*** in January-March 1985, yielding an overall increase of 9 percent during the subject period. U.S. and Canadian prices of product 2 to end users followed approximately the same trend.

The weighted-average net selling prices reported for product 3 by U.S. producers and importers of product from Canada are shown in table 14. U.S. producers' and importers' quarterly selling prices for product 3 generally followed the same trend as that for products 1 and 2. Prices tended to decrease from the beginning of 1983 through the end of 1983 and then increased through the end of 1984.

Price comparisons--Price comparisons were computed from data received in response to the Commission's questionnaires for sales to service centers/distributors and end-user customers in each quarter from January 1983 to March 1985 for the three product specifications. Twenty-nine of the fifty-four comparisons of the weighted-average prices indicated underselling by the Canadian product. The average margin of underselling was 5 percent. In the remaining 25 price comparisons, the imported pipes and tubes were priced an average of 3 percent higher than comparable U.S.-produced pipes and tubes.

Table 12.--Product 1 sold to service centers/distributors and end users: 1/
U.S. producers' and importers' weighted-average net selling prices for sales
of domestic product and for sales of imports from Canada and the net selling
prices for sales of Titan imports, and margins of underselling (overselling)
of imports from Canada, by quarters, January 1983-March 1985

(Per hundred feet)								
Period	U.S. product price	Canadian product						
		Total, Canadian product				Titan product		
		Price	Margin of		Price	Margin of		
			underselling or			underselling or		
			(overselling)			(overselling)		
		Amount	Per-		Amount	Per-		
			cent			cent		
For sales to service centers/distributors								
1983:								
Jan.-Mar----	****	****	****	7.1	****	****		***
Apr.-June----	***	***	***	6.6	***	***		***
July-Sept----	***	***	***	9.3	***	***		***
Oct.-Dec----	***	***	***	(4.1)	***	***		***
1984:								
Jan.-Mar----	***	***	***	(3.6)	***	***		***
Apr.-June----	***	***	***	6.0	***	***		***
July-Sept----	***	***	***	(2.7)	***	***		***
Oct.-Dec----	***	***	***	(3.8)	***	***		***
1985:								
Jan.-Mar----	***	***	***	(1.3)	***	***		***
For sales to end users								
1983:								
Jan.-Mar----	****	****	****	(1.8)	****	****		***
Apr.-June----	***	***	***	(0.9)	***	***		***
July-Sept----	***	***	***	2.3	***	***		***
Oct.-Dec----	***	***	***	(3.0)	***	***		***
1984:								
Jan.-Mar----	***	***	***	(5.9)	***	***		***
Apr.-June----	***	***	***	(4.8)	***	***		***
July-Sept----	***	***	***	(8.4)	***	***		***
Oct.-Dec----	***	***	***	(5.6)	***	***		***
1985:								
Jan.-Mar----	***	***	***	(2.9)	***	***		***

1/ Product 1 is ASTM A-500, grade B, 4-inch square, 1/4-inch wall thickness structural tubing.

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

Table 13.--Product 2 sold to service centers/distributors and end users: 1/ U.S. producers' and importers' weighted-average net selling prices for sales of domestic product and for sales of imports from Canada and the net selling prices for sales of Titan imports, and margins of underselling (overselling) of imports from Canada, by quarters, January 1983-March 1985

(Per hundred feet)								
Period	U.S. product price	Canadian product						
		Total, Canadian product				Titan product		
		Price	Margin of		Price	Margin of		
			underselling or			underselling or		
			(overselling)			(overselling)		
		Amount	Per- cent		Amount	Per- cent		
For sales to service centers/distributors								
1983:								
Jan.-Mar----	****	****	****	10.2	****	****		***
Apr.-June----	***	***	***	4.6	***	***		***
July-Sept----	***	***	***	1.7	***	***		***
Oct.-Dec----	***	***	***	4.4	***	***		***
1984:								
Jan.-Mar----	***	***	***	4.6	***	***		***
Apr.-June----	***	***	***	.3	***	***		***
July-Sept----	***	***	***	(.4)	***	***		***
Oct.-Dec----	***	***	***	(2.7)	***	***		***
1985:								
Jan.-Mar----	***	***	***	1.4	***	***		***
For sales to end users								
1983:								
Jan.-Mar----	****	****	****	4.5	****	****		***
Apr.-June----	***	***	***	0.6	***	***		***
July-Sept----	***	***	***	(4.8)	***	***		***
Oct.-Dec----	***	***	***	(2.3)	***	***		***
1984:								
Jan.-Mar----	***	***	***	2.7	***	***		***
Apr.-June----	***	***	***	5.2	***	***		***
July-Sept----	***	***	***	(2.7)	***	***		***
Oct.-Dec----	***	***	***	(3.3)	***	***		***
1985:								
Jan.-Mar----	***	***	***	4.9	***	***		***

1/ Product 2 is ASTM A-500, grade B, 6-inch square, 1/4-inch wall thickness structural tubing.

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

Table 14.--Product 3 sold to service centers/distributors and end users: 1/ U.S. producers' and importers' weighted-average net selling prices for sales of domestic product and for sales of imports from Canada and the net selling prices for sales of Titan imports, and margins of underselling (overselling) of imports from Canada, by quarters, January 1983-March 1985

(Per hundred feet)									
Period	U.S. product price	Canadian product							
		Total, Canadian product				Titan product			
		Price	Margin of		Price	Margin of			
			underselling or (overselling)			underselling or (overselling)			
			Amount	Per- cent		Amount	Per- cent		
For sales to service centers/distributors									
1983:									
Jan.-Mar---	****	****	***	(0.9)	****	****		***	
Apr.-June---	***	***	***	8.0	***	***		***	
July-Sept---	***	***	***	3.8	***	***		***	
Oct.-Dec---	***	***	***	(5.0)	***	***		***	
1984:									
Jan.-Mar---	***	***	***	(.4)	***	***		***	
Apr.-June---	***	***	***	5.6	***	***		***	
July-Sept---	***	***	***	7.3	***	***		***	
Oct.-Dec---	***	***	***	4.2	***	***		***	
1985:									
Jan.-Mar---	***	***	***	4.2	***	***		***	
For sales to end users									
1983:									
Jan.-Mar---	****	****	***	4.8	****	****		***	
Apr.-June---	***	***	***	5.4	***	***		***	
July-Sept---	***	***	***	13.3	***	***		***	
Oct.-Dec---	***	***	***	3.3	***	***		***	
1984:									
Jan.-Mar---	***	***	***	(2.8)	***	***		***	
Apr.-June---	***	***	***	(3.3)	***	***		***	
July-Sept---	***	***	***	8.2	***	***		***	
Oct.-Dec---	***	***	***	(2.4)	***	***		***	
1985:									
Jan.-Mar---	***	***	***	4.2	***	***		***	

1/ Product 3 is ASTM A-500, grade B, 8-inch square, 1/2-inch wall thickness structural tubing.

2/ * * *.

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

Computations were also made comparing the selling prices reported by Titan, 1/ the importer that was targeted by the petition, for sales to service center/distributor and end-user customers in each quarter from January 1983 to March 1985. * * *. Comparisons of the weighted-average U.S. and Canadian prices for each product specification are discussed below.

For sales of product 1 to service centers/distributors, the imported product undersold the U.S. product in four of the nine quarters. Margins of underselling ranged from 6 percent (\$***) in April-June 1984 to 9 percent (\$***) in July-September 1983 and averaged 7 percent. Margins of overselling ranged from 1 percent (\$***) in January-March 1985 to 4 percent (\$***) in October-December 1984 and averaged 3 percent. For sales of product 1 to end-user customers, the Canadian product was priced 2 percent (\$***) less than the U.S. tubing in July-September 1983. The imported tubing was priced an average of 4 percent above the comparable U.S. tubing in the remaining eight quarters, with margins ranging from 1 percent (\$***) in April-June 1983 to 8 percent (\$***) in July-September 1984.

For sales of product 2 to service centers/distributors, the imported product undersold the U.S. product in seven of the nine quarters. Margins of underselling ranged from 0.3 percent (\$***) in April-June 1984 to 10 percent (\$***) in January-March 1983 and averaged 3 percent. In the remaining two quarters, the imported tubing was priced higher than the competing U.S. product, by 0.4 percent (\$***) in July-September 1984 and by 3 percent (\$***) in October-December 1984. For sales of product 2 to end-user customers, the Canadian product was priced below competing domestic tubing in five of the nine quarters. Margins of underselling ranged from 1 percent (\$***) in April-June 1983 to 5 percent (\$***) in April-June 1984 and averaged 4 percent. In the remaining four quarters the imported product was priced an average of 3 percent above the comparable domestic product.

For sales of product 3 to service centers/distributors, the imported product undersold the U.S. product in six of the nine quarters for which prices were requested. Margins of underselling ranged from 4 percent (\$***) in July-September 1983 to 8 percent (\$***) in April-June 1983 and averaged 6 percent. In the remaining three quarters, the Canadian tubing was priced an average of 2 percent above the domestic product. For sales of product 3 to

1/ Representatives for Titan Industrial Corp., * * *, stated at the staff conference that Titan competes in the U.S. market primarily on the basis of such nonprice factors as delivery time, product availability, quality, and service. They also stated that they have established relationships with their service center/distributor customers, based on trust, whereby Titan will deliver directly to the service center/distributor's customer without trying to gain that account for itself, thereby eliminating the service center/distributor's profit. Transcript of the conference, pp. 103-125. In telephone conversations with a number of firms the Commission staff verified the importance of several of these nonprice factors to the customers.

end-user customers, the imported product was priced below the competing domestic tubing in six of the nine quarters. Margins of underselling ranged from 3 percent (\$***) in October-December 1983 to 13 percent (\$***) in July-September 1983 and averaged 7 percent. In the remaining three quarters the Canadian tubing was priced an average of 3 percent above comparable U.S. tubing.

Transportation costs

Domestic producers of heavy-walled rectangular pipes and tubes are concentrated in the Midwest (primarily the Chicago area) and along the west coast. Imports of these pipes and tubes are sold predominantly in the Northeast, Southeast, and Midwest. IPSCO, an importer of * * * subject products, markets the Canadian product in the Dakotas, Montana, Wyoming, and Utah. ^{1/}

Trucking is the primary mode of transportation for heavy-walled rectangular pipes and tubes. Although transport costs are a major concern when marketing or purchasing heavy-walled rectangular pipes and tubes, there is reportedly no significant difference in transport costs when comparing the products of major U.S. producers located in the Midwest to the majority of Canadian imports. ^{2/} U.S. inland transportation costs reported by the importers of the Canadian tubing ranged from 4 percent to 14 percent of the delivered price to U.S. customers. Transportation costs reported by U.S. producers ranged from 3 percent to 13 percent of the delivered price to U.S. customers.

Exchange rates

Nominal and real exchange rate indexes between the U.S. dollar and the Canadian dollar are presented, by quarters, from January 1982 to December 1984, in table 15. The indexes are based on rates of exchange expressed in U.S. dollars per Canadian dollar. The real exchange rate is determined by adjusting the nominal exchange rate for differences in the rate of inflation in Canada relative to the inflation rate in the United States.

In nominal terms, the Canadian dollar decreased in value by 8 percent over the period January-March 1982 to October-December 1984. Because of higher inflation in Canada, the real value of the Canadian dollar depreciated by only 2 percent over the same period.

Lost sales

The Commission received 22 specific lost sales allegations from * * * U.S. producers, involving 16 firms to which they had allegedly lost sales to imports from Canada. The allegations amounted to 27,804 tons of heavy-walled rectangular pipes and tubes and covered the period May 1983 through March 1985. The Commission staff investigated all 22 allegations.

^{1/} Transcript of the conference, p. 79.

^{2/} Ibid., pp. 70, 144.

Table 15.--Indexes of the nominal and real exchange rates between the Canadian dollar and the U.S. dollar, by quarters, January 1982-December 1984

(January-March 1982=100)			
Period	Nominal rate index 1/	Real rate index 2/	
1982:			
January-March-----	100.0	100.0	
April-June-----	97.2	98.9	
July-September-----	96.8	98.8	
October-December-----	98.2	100.6	
1983:			
January-March-----	98.6	101.5	
April-June-----	98.3	102.5	
July-September-----	98.1	102.2	
October-December-----	97.7	101.6	
1984:			
January-March-----	96.4	100.8	
April-June-----	93.5	98.3	
July-September-----	92.0	97.5	
October-December-----	91.7	97.6	

1/ Based on nominal exchange rates expressed in U.S. dollars per Canadian dollar.

2/ Based on real exchange rates expressed in U.S. dollars per Canadian dollar.

Source: International Financial Statistics, April 1985.

In 14 allegations totaling 20,433 tons involving 12 firms, the purchasers confirmed having purchased approximately 16,179 tons of imported tubing in lieu of the domestic product. Purchasers reported the Canadian products' higher quality, superior service, and lower delivered price as their primary reasons for buying the imported tubing. In six allegations totaling * * * involving two firms, the purchasers confirmed having purchased the Canadian product but were unable to estimate the quantities involved. In one allegation involving * * *, the purchaser denied the allegation. In one allegation involving * * *, the purchaser would not comment on the subject. Reports from purchasers were mixed with regard to identifying the price leaders in the U.S. market. Purchasers reported that at times the Canadian producers and at other times various U.S. producers lead price changes in the U.S. market. Details of the allegations are discussed below.

* * *, 1/ * * *, was cited in * * * lost sales allegations totaling * * * during * * *. * * *, * * * manager for the firm, confirmed having purchased approximately * * * of heavy-walled rectangular tubing in * * *. * * * stated that his primary reasons for purchasing the imported product were reliability, superior quality, shorter delivery time, and service. He noted that price is a consideration and that the U.S. and Canadian prices were approximately equal

1/ * * *.

at most times. He also stated that if price were his primary concern he was certain that, * * *, he could easily negotiate a lower price with most U.S. producers. He cited * * * and * * * as price leaders in the U.S. market.

* * *, a * * *, located in * * * was cited in * * * lost sales allegations totaling * * * during * * *. * * *, * * * manager for the firm, stated that * * * was the firm's approximate annual requirement of heavy-walled rectangular tubing. A substantial part of the requirement was supplied by Canadian-produced tubing, but * * * was unable to estimate the quantities of Canadian product purchased. * * * noted the Canadian products' better delivery time, product availability, and lower delivered price to many of the firms' delivery points as the primary reasons for purchasing the imported tubing. * * * reported that the U.S. mills and Canadian producers were alternately price leaders in the U.S. market over the past 3 years.

* * *, located in * * *, was cited in a lost sales allegation totaling * * * during * * *. * * *, purchasing manager for the firm, confirmed that the firm had purchased approximately * * * of Canadian-produced heavy-walled rectangular tubing in * * *. * * * stated that the product's lower delivered price was his primary reason for purchasing the imported tubing. He cited two U.S. mills, * * * and * * *, as price leaders in the U.S. market.

* * *, a * * * in * * *, was cited in a lost sales allegation totaling * * * in * * *. * * *, * * * for the firm, confirmed purchasing an estimated * * * of Canadian heavy-walled rectangular tubing in * * *. He noted that his firm purchases * * * percent of its tubing requirements from U.S. mills and purchases Canadian product solely on the basis of product availability. He stated that the Canadian delivered price is usually higher than that of comparable U.S. material, and cited * * * and * * * as price leaders in the U.S. market.

* * *, a * * * in * * *, was cited in a lost sales allegation involving * * * in * * *. * * *, a purchaser for the firm, confirmed purchasing approximately * * * of the Canadian product in * * *. He cited the imported product's delivered price, which he estimated to be * * * percent lower than comparable U.S. prices, as his primary reason for purchasing the Canadian tubing. * * * cited * * * and * * * as price leaders in the U.S. market.

* * *, located in * * *, was cited in a lost sales allegation involving an estimated * * * of various sizes of heavy-walled rectangular pipes and tubes and occurring in * * *. The alleged rejected price quote was for \$*** per ton and the alleged Canadian price accepted was \$*** per ton. * * * confirmed that he does buy from Canadian suppliers and also from various domestic producers; he did not quantify the amount purchased from Canadian suppliers. Price is the most important factor in determining which firm gets * * *'s business, according to * * *; occasionally delivery time is a factor but most sales are on the basis of price. * * * stated that he never tells a supplier the identity of another supplier which has given him a lower bid so he doesn't know how any domestic firm can claim to have lost a sale to a Canadian supplier. * * * stated that * * * had lower prices than * * *; until

recently, when * * * lowered its prices, it was not price competitive, according to * * *.

* * *, a * * * located in * * *, was cited in a lost sales allegation involving an estimated * * * of various sizes of heavy-walled rectangular pipes and tubes and occurring in * * *. The alleged rejected price quote was for \$*** per ton and the alleged Canadian price accepted was \$*** per ton. * * *, purchasing agent for * * *, stated that, although unable to verify any specific lost sale to any single domestic firm, * * * did buy about * * * of Canadian heavy-walled rectangular pipes and tubes during * * * from * * *. * * * stated, however, that if the Canadian material had not been bought, the sales would normally have been divided up among several domestic firms rather than any single domestic firm. * * * stated that * * *'s prices are higher than the domestic prices for * * * material by about \$*** per ton; material this size accounted for about * * * percent of the * * * of Canadian heavy-walled rectangular pipes and tubes purchased in * * *, according to * * *. On the other hand, the remaining * * * percent of the Canadian material purchased was of sizes * * * and in these sizes the Canadian product is priced about \$*** per ton under the domestic firms. * * * stated that price is not the only consideration for * * *--exhibited by the fact that substantial purchases of the Canadian material were at higher prices than those offered by domestic firms--service is also important. When asked if * * * provided any services not offered by domestic firms, * * * cited such items as partial deliveries of an order timed to * * *'s requirements, shipments of less than truckloads at no extra charge, small bundle sizes (* * * to * * * pieces per bundle from * * * compared with * * * to * * * pieces for domestic firms' bundles), and a good variety of pipe and tube lengths in inventory.

* * *, a * * * located in * * *, was cited in a lost sales allegation involving an estimated * * * of various sizes of heavy-walled rectangular pipes and tubes and occurring in * * *. The alleged rejected price quote was for \$*** per ton and the alleged Canadian price accepted was \$*** per ton. * * *, purchasing agent for * * *, stated that he had bought a total of about * * * of such pipes and tubes in * * *--about * * * percent from Canada (* * *), * * * percent from * * *, and * * * percent from * * *. * * * stated that purchases were made on the basis of price; other concerns, such as service, product quality, and delivery time were all about the same, in his experience, between the domestic and Canadian suppliers. * * *'s prices are usually lower, by about \$*** to \$*** per ton delivered to * * *, and that's why it has so much of the firm's business, according to * * *.

* * *, a * * * located in * * *, was cited in * * * lost sales allegations involving a total of * * * of various sizes of heavy-walled rectangular pipes and tubes and occurring in * * *. The rejected price quotes totaled \$*** and the alleged Canadian total price accepted was \$***. * * *, * * * manager for * * *, confirmed that he had bought a total of * * * of such product from * * * in * * *. This was * * * purchased from * * *, although * * *. According to * * *, the purchase was made because the prices of the Canadian product ranged from \$*** to \$*** less * * *--amounting to a \$*** to \$*** savings for * * *. * * * stated that he bought the Canadian product only after * * *.

***, a *** located in ***, was cited in a lost sales allegation involving *** of *** tubes and occurring in ***. ***, purchasing manager for ***, was unable to confirm that the firm had made any purchases of *** tubes in *** because, without a purchase order number, he was unable to trace sales placed with the supplier (whether Canadian or domestic) and shipped directly to ***'s customer; *** did confirm that there was no such purchase in *** of product for inventory stock. *** stated that the firm does buy Canadian heavy-walled rectangular pipes and tubes from ***. For ***, the decision to buy from one supplier over another is dependent on price, whenever speed of delivery is not important, and availability, regardless of price, whenever delivery time is important. Service and maintaining a diversity of suppliers are also considerations. *** stated that *** provided some services not offered by domestic firms, e.g., it would break bundles, ship less than truckloads without *** being charged with the delivery costs for a full truckload; it also quickly responds to inquiry. ***'s price was *** to *** percent less than domestic firms up until the beginning of ***, according to ***; then domestic firms reduced their prices by about *** percent. ***. Whenever delivery time is crucial and there is minimal lead time, *** would have an advantage, according to ***, because of their ***.

***, a *** in ***, was cited in a lost sales allegation involving *** of *** rectangular tubes with wall thickness of *** and occurring in ***. ***, *** manager, stated that although he would be happy to respond to any questions put to him in writing, he would not answer any questions placed over the telephone.

***, located in ***, was cited in a lost sales allegation totaling *** during ***. *** confirmed that his company had purchased approximately *** of Canadian-produced heavy-walled rectangular tubing in ***. He stated that the firm purchases approximately *** percent of its heavy-walled rectangular tubing requirements from domestic producers. He noted that the Canadian and domestic product were selling at about the same price level. He stated that the large domestic mills are the price leaders in the U.S. market.

***, a *** in ***, was cited in *** lost sales allegations totaling *** during ***. *** was unable to confirm any purchases of heavy-walled rectangular tube that occurred in ***. He noted that his firm purchases both Canadian and U.S.-produced rectangular structural tubing.

***, located in ***, was cited in a lost sales allegation involving *** of heavy-walled rectangular tubing during ***. ***, purchaser for the firm, confirmed having purchased approximately *** of the Canadian product, mainly on the basis of delivered price, which he estimated to be *** percent lower than competing U.S. tubing. He noted that the imported tubing he purchases is ***. He stated that the Canadian *** product has been more price competitive than the Canadian *** tubing.

, a *** located in ***, was cited in *** lost sales allegations involving *** of various sizes of heavy-walled rectangular pipes and tubes and occurring in ***. ***, product manager at ***, confirmed that *** had bought about *** of Canadian () product and noted that the Canadian product's sales price had been about *** percent higher than

the domestic price quote. * * * stated that the * * * sale was made on the basis of price; he said the sale was an unusual situation in that the price of the Canadian material was lower than the domestic price whereas usually the Canadian prices were higher. In the last 18 months, according to * * *, the Canadians have not competed price-wise with the domestic firms. As a result, the Canadian firms' share of * * * 's heavy-walled rectangular pipes and tubes requirements has been only about * * * percent in the last 18 months whereas previously it had been about * * * percent. * * * said purchases from Canadian suppliers (both * * * and * * *) are sometimes made because of their ability to deliver more rapidly than domestic firms because they maintain larger inventories of the various pipe and tube products which * * * requires (although material length is not an issue since * * * purchases only * * * lengths--common lengths for both Canadian and domestic firms).

* * *, a * * * located in * * *, was cited in an allegation involving * * * of heavy-walled rectangular tubing in * * *. * * *, purchaser for the firm, confirmed having purchased * * * of the Canadian product primarily on the basis of delivered price, which he estimated to be * * * percent below that of the competing U.S. product at that time. He noted that the Canadian tubing usually has a shorter delivery time, which is also a reason for purchasing the imported product.

Lost revenues

The Commission received 24 lost revenue allegations from * * * U.S. producers involving 17 purchasers. Total lost revenue alleged was \$212,361 on sales of 10,220 tons of heavy-walled rectangular pipes and tubes due to competition from imports produced in Canada. The Commission staff investigated nine of the allegations involving \$153,283 of lost revenue to six purchasers. Purchasers found it very difficult to confirm or deny lost revenue allegations without the name of the producer and other specifics such as point of delivery and invoice number, all of which is confidential. Purchasers were unable to confirm or deny the alleged lost revenues involving \$137,150 in five of the nine allegations investigated by the Commission. None of the lost revenue allegations were verified by the purchasers. Four lost revenue allegations totaling \$16,133 were denied by the purchasers. Details of the allegations are discussed below.

* * *, a * * * with * * *, was cited in * * * lost revenue allegations totaling \$*** during the period * * *. * * *, * * * for the firm, stated that prices are often lowered to meet competitive offers but could not verify the allegations without specific delivery points and the producer involved. * * * noted that his firm does purchase Canadian heavy-walled rectangular tubing primarily for delivery to the firm's * * *.

* * *, a * * * located in * * *, was cited in * * * lost revenue allegations totaling \$*** for * * * during * * *. * * *, * * * manager for the firm, could not comment on * * * without specifics but stated that no U.S. producer had lowered its price on the alleged * * * of tubing in * * *.

, located in ***, was cited in a lost revenue allegation totaling \$ on *** during ***. ***, *** manager for the firm, denied the allegation, stating that the Canadian price was higher than the U.S. producer's price. He noted that the U.S. producer ***.

, a *** located in ***, was cited in a lost revenue allegation totaling \$ for *** of various sizes of heavy-walled rectangular pipes and tubes and occurring in ***. ***, *** manager at ***, denied the allegation. He stated that in ***, the Canadian prices were higher than the domestic prices and any reduced price obtained on a sale at that time was because of price competition among domestic producers rather than a lower price offered for Canadian material.

, a *** located in ***, was cited in a lost revenue allegation totaling \$ for *** of *** tubes and occurring in ***. ***, purchasing manager for ***, was unable to confirm that the firm had made any purchases of *** tubes in *** because, without a purchase order No., he was unable to trace sales placed with the supplier (whether Canadian or domestic) and shipped directly to ***'s customer; *** did confirm that there was no such purchase in *** of product for inventory stock. ***.

, a *** located in ***, was cited in a lost revenue allegation totaling \$ for *** of *** sizes of heavy-walled rectangular pipes and tubes and occurring in ***. *** confirmed that *** had made a purchase of *** sizes of subject pipes and tubes in ***, but denied that there was any competing domestic quote inasmuch as *** had no Canadian quote since ***. According to ***, if any competing price was used to negotiate a reduced price, it would have been another domestic firm's price quote.

APPENDIX A

NOTICE OF THE COMMISSION'S INVESTIGATION

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-254 (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 Canada of welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness not less than 0.156 inch, not threaded and not otherwise advanced, other than pipe conforming to American Petroleum Institute (A.P.I.) specifications for oil-well casing, provided for in item 810.39 of the Tariff Schedules of the United States, 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 this case by May 9, 1985.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: March 25, 1985.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-523-1369) or Vera Libeau (202-523-0368), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on March 25, 1985, by:

Bull-Moose Tube Co., St. Louis, MO;
Copperweld Tubing Group, Pittsburgh, PA;
Kaiser Steel Corp., Los Angeles, CA;
Maruichi American Corp., Santa Fe Springs, CA;
UNR-Leavitt, Chicago, IL; and
Welded Tube Co., of America, Chicago, IL.

Participation in the investigation

Persons wishing to participate in this investigation 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

**INTERNATIONAL TRADE
COMMISSION**

(Investigation No. 731-TA-254
(Preliminary))

**Heavy-Walled Rectangular Welded
Carbon Steel Pipes and Tubes From
Canada**

AGENCY: United States International
Trade Commission.

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

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 this investigation, 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)), as amended by 49 FR 32569, Aug. 15, 1984, each document filed by a party to the investigation must be served on all other parties to the investigation (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 this investigation for 9:30 a.m. on April 16, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Bonnie Noreen (202-523-1369) not later than April 12, 1985, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions

Any person may submit to the Commission on or before April 18, 1985, a written statement of information pertinent to the subject of the investigation, 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, as amended by 49 FR 32569, Aug. 15, 1984). 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 § 201.8 of the Commission's rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984).

Authority: This investigation is 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 27, 1985.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 85-7772 Filed 4-1-85; 8:45 am]

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APPENDIX B

NOTICE OF COMMERCE'S INSTITUTION OF INVESTIGATION

initiating an antidumping duty investigation to determine whether certain heavy-walled rectangular welded carbon steel pipes and tubes from Canada are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before May 9, 1985, and we will make ours on or before September 3, 1985.

EFFECTIVE DATE: April 22, 1985.

FOR FURTHER INFORMATION CONTACT: Michael Ready, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-2813.

SUPPLEMENTARY INFORMATION:

The Petition

On March 25, 1985, we received a petition in proper form filed by Bull Moose Tube Co., Copperweld Tubing Group, Kaiser Steel Corp., Maruichi American Corp., UNR-Leavitt, and Welded Tube Company of America on behalf of the United States heavy-walled rectangular tubing industry. In compliance with the filing requirements of § 353.35 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners based the United States prices on price quotes from a Canadian exporter. From these quoted prices, petitioners deducted freight costs.

The petitioners based foreign market value on constructed value. The petitioners calculated constructed value based on United States inputs for raw materials, labor hours, and utilities, valued in Canada. The petitioners also added amounts for supplies and other conversion costs based on the petitioners' costs converted to Canadian currency. Finally, the petitioners completed the calculation by adding statutory minimums of 10 percent for general expenses and 8 percent for profit.

By comparing the values calculated by the foregoing methods, petitioners alleged dumping margins between 3.6 and 27.9 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on heavy-walled rectangular welded carbon steel pipes and tubes and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether certain heavy-walled rectangular welded carbon steel pipes and tubes from Canada are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by September 3, 1985.

Scope of Investigation

The products covered by this investigation are certain welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness not less than 0.156 inches, not threaded and not otherwise advanced, other than pipe conforming to American Petroleum Institute specifications for oil well casing, currently provided for in item 610.3955 of the Tariff Schedules of the United States Annotated.

The product is used for forming and supporting members for construction or load-bearing purposes in construction, transportation, farm, and material-handling equipment. The product is generally produced to ASTM specification A-800, Grade B, and is commonly referred to in the industry as structural tubing.

Notification of ITC

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

International Trade Administration
(A-122-502)

Certain Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes From Canada; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are

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Preliminary Determination by ITC

The ITC will determine by May 8, 1985, whether there is a reasonable indication that imports of certain heavy-walled rectangular welded carbon steel pipes and tubes from Canada are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Dated: April 15, 1985.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-8578 Filed 4-19-85; 8:45 am]

BILLING CODE 2510-02-01

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APPENDIX C
CALENDAR OF PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-254 (Preliminary)

HEAVY-WALLED RECTANGULAR WELDED CARBON STEEL PIPES AND TUBES FROM CANADA

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigation on April 16, 1985, in room 117 of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the petition

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

Copperweld Corp.

Richard A. Barkley, Vice President - Marketing

Welded Tube Co. of America

William Nostrand, President

UNR Leavitt Div., UNR, Inc.

Roy Herman, Vice President - Marketing and Planning

Roger B. Schagrin)
Paul W. Jameson) --OF COUNSEL

In opposition to the petition

Ross & Hardies--Counsel
Washington, DC
on behalf of

Welded Tube of Canada, Limited

Stephen Creskoff 1/--OF COUNSEL

Barnes, Richardson, & Colburn--Counsel
Washington, DC
on behalf of

IPSCO Inc.

Henry Hudek, Corporate Pricing Coordinator

Rufus E. Jarman, Jr.)
Matthew J. Clark) --OF COUNSEL

See footnote at end of calendar.

Dow, Lohnes & Albertson
Washington, DC
on behalf of

The Titan Industrial Corp.
Martha Guarino, Sales Manager
Marie Nonni, Sales
Michael Levin, President

William Silverman)
Michael P. House)--OF COUNSEL
Margaret Dardess)

1/ Did not provide testimony, but noted both his presence at the conference for the record, and his willingness to respond to questions from counsel.

