

OFFSHORE PLATFORM JACKETS AND PILES FROM THE REPUBLIC OF KOREA AND JAPAN

**Determination of the Commission in
Investigation No. 701-TA-248
(Preliminary) Under the Tariff Act of
1930, Together With the Information
Obtained in the Investigation**

USITC PUBLICATION 1708

JUNE 1985

**Determinations of the Commission in
Investigations Nos. 731-TA-259 and
260 (Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigations**

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would reveal the confidential operations of individual concerns may not be published and therefore has been deleted in this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 701-TA-248 (Preliminary) and
Investigations Nos. 731-TA-259 and 260 (Preliminary)

OFFSHORE PLATFORM JACKETS AND PILES
FROM THE REPUBLIC OF KOREA AND JAPAN

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry 3/ in the United States is materially injured by reason of imports from the Republic of Korea (Korea) of offshore platform jackets and piles, 4/ provided for in item 652.97 of the Tariff Schedules of the United States, which are alleged to be subsidized by the Government of Korea (investigation No. 701-TA-248 (Preliminary)). We further determine, 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 3/ in the United States is materially injured by reason of such imports from Korea and Japan, which are alleged to be sold in the United States at less than fair value (LTFV) (investigations Nos. 731-TA-259 and 260 (Preliminary)).

Background

On April 18, 1985, 5/ and April 19, 1985, 6/ petitions were filed with the Commission and, on April 19, 1985, with the Department of Commerce by

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/ Chairwoman Stern did not participate in the(se) investigation(s).

3/ Commissioner Eckes finds for the(se) preliminary investigation(s) that there are two like products and therefore two domestic industries.

4/ Offshore platform jackets, piles, appurtenances thereto, and subassemblies thereof that do not require removal from a transportation vessel and further U.S.-onshore assembly are included in these investigations.

5/ Countervailing duty and antidumping petitions with respect to imports of offshore platform jackets and piles from Korea.

6/ Antidumping petition with respect to imports of offshore platform jackets and piles from Japan.

counsel on behalf of Kaiser Steel Corporation and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of offshore platform jackets and piles from Korea and LTFV imports of offshore platform jackets and piles from Korea and Japan. Accordingly, effective April 18, 1985, the Commission instituted preliminary countervailing duty investigation No. 701-TA-248 (Preliminary) and preliminary antidumping investigations Nos. 731-TA-259 and 260 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 1, 1985 (50 F.R. 18582). The conference was held in Washington, DC, on May 13, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine 1/ that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of offshore platform jackets and piles from Korea which allegedly are being subsidized by the Government of Korea. We further determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of offshore platform jackets and piles from Korea and Japan which allegedly are being sold at less than fair value (LTFV). 2/

In making these determinations, we define the domestic industry as encompassing those firms which produce and those which submit bids (successfully or unsuccessfully) to produce the single domestic like product, offshore platform jackets and piles. 3/ Although the subject imports are concentrated in the West Coast market, there is a reasonable indication that the imports affect the nationwide industry producing jackets and piles.

Our affirmative determinations are based on indications of material injury to the domestic industry from data showing decreased sales, employment, and profitability during the period of investigation. There is evidence that bids from Korean and Japanese producers have been substantially lower than domestic industry bids, and domestic sales have been lost on the basis of price. Also there are indications that the presence of low bids by Japanese

1/ Chairwoman Stern did not participate in this investigation.

2/ Material retardation is not an issue in this case and will not be discussed further.

3/ Commissioner Eckes finds in this preliminary investigation that there are two like products, offshore platform jackets and offshore platform piles. Therefore he finds two domestic industries.

and Korean producers is acting to discourage domestic bids. These lost sales appear to be in part responsible for the condition of the domestic industry. 4/

The subject imports

Offshore platform jackets and piles constitute the supporting structures which permanently affix offshore oil drilling platforms to the ocean floor. Because of the complexity of construction of this product, there is an extended time period between a contract for sale and the actual delivery date. Some of the foreign merchandise now under contract is destined for delivery but is not yet fully constructed or physically delivered to its U.S. installation site. The fact that this merchandise has not been "imported" for the purpose of a levy of customs duties 5/ does not preclude its inclusion in the Commission's evaluation.

The Trade and Tariff Act of 1984 amended the Tariff Act of 1930 to require that the Commission determine if there is injury "[b]y reason of sales (or the likelihood of sales) of that merchandise for importation" 6/ In this investigation, the construction contract is an actual sale, and therefore, is to be evaluated by the Commission as part of its causation analysis.

4/ Vice Chairman Liebeler's affirmative determination is based on an examination of specific projects only. She notes that this position is not inconsistent with her views in Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Preliminary), USITC Pub. 1691 at 7, n.19 (May 1985), which did not involve a bidding process. Unlike the typical investigation, in the instant case the bidding process makes possible the tracing of every sale.

5/ For the purpose of a levy of customs duties, the merchandise is considered to be imported at the point in time when it becomes permanently affixed to the ocean bed. The Outer Continental Shelf Lands Act extends U.S. law to installations and other devices attached to the seabed. Customs law makes these jackets and piles dutiable importations. 43 U.S.C. § 1331(a); C.S.D. 79-1, 13 Cust. Bull. 991, 992 (1978).

6/ Tariff Act of 1930, § 701(a), 19 U.S.C. § 1671(a), amended by, Trade and Tariff Act of 1984, § 602 (to be codified at 19 U.S.C. § 1671(a)).

The like product

As a threshold inquiry in title VII investigations, 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 constitutes a major proportion of the total domestic production of that product. 7/

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 8/

The imports which are the subject of these investigations are offshore platform jackets and piles which are permanently affixed support structures for oil drilling operations. Although each imported structure is specifically designed for unique support factors, all fixed-leg platform jackets and piles have the same characteristics and uses. 9/

An oil company initiates construction of an offshore platform by designing or commissioning a design for a structure appropriate to the conditions of the specific location where it will be placed. 10/ The oil

7/ 19 U.S.C. § 1677(4)(A).

8/ 19 U.S.C. § 1677(10).

9/ There is a diversity of other types of offshore drilling support structure types which provide nonpermanent support. These include guyed towers, jack-up platforms, semi-submersible drilling rigs, and drilling ships. Report of the Commission (Report) at A-2-A-4 and Attachment to Conference Exhibit No. 2, Testimony of S.C. Jacobson, Kaiser Steel Corporation.

10/ See Report at A-2-A-6. Some of the major environmental factors which influence the specific design include: "water depth, tides, wind and storm patterns, salinity, wave height and amplitude, ice thickness and flow pattern (in Arctic environments), temperature variations, sea bottom consistency (e.g., mud, sand, rock) sea bottom slope, seabed geology, and crude oil deposit location and architecture." Some designs have included a provision for the requirements of a trans-Pacific tow. Petition of Kaiser Steel Corporation at 11.

company then invites bids for the fabrication and assembly of the platform by those construction companies the oil company deems qualified. 11/

There is no essential difference between the domestic and the imported product. Although respondents have argued that platform jackets should be categorized on the basis of size, we decline to do so. We do not find sufficient differences in characteristics and uses associated with the size of the platforms to warrant finding different like products.

We preliminarily determine that there is a single like product, "platform jackets and piles," due to the integrated function of the two items 12/ and due to the commercial reality 13/ that jackets and piles are most often designed, bid upon, contracted for, and manufactured together. 14/ 15/

11/ "The qualification process assures the oil company that the prospective contractor is capable of performing the work from a technological and capacity standpoint, and that other platform projects will not interfere." Petition of Kaiser Steel Corporation at 13.

12/ The platform jackets and piles function integrally such that each has no other use apart from their conjunctive support and attachment of a platform to the seabed.

13/ The procurement of platform jackets and piles is, in most cases, under one contract. For example, Chevron U.S.A. will solicit bids for three separate components of an oil drilling platform, and one of those components is "jackets and piles." Transcript of the Conference (Tr.) at 97.

14/ Commissioner Eckes finds on the basis of the evidence in this preliminary investigation that there are two like products, jackets and piles. The submission of requests for bids and the awarding of contracts for production are sometimes separate for these products. Delivery of piles for a project does not present the problems jacket delivery entails, allowing more flexibility in sourcing. During the period of investigation, there was one major project where the jackets and the piles for a platform were supplied by different firms. Commissioner Eckes will examine the like product question further in any final investigation.

15/ This accords with our decision to find a single like product for both photo albums and pages for those albums in Photo Albums and Photo Album Filler Pages from Hong Kong and the Republic of Korea, Invs. Nos. 731-TA-240 and 241 (Preliminary), USITC Pub. 1660 at 4-5 (Mar. 1985), where one like product was appropriate in spite of two discrete items under consideration.

The domestic industry

We find the domestic industry to consist of all domestic producers of platform jackets and piles. 16/ Our definition of producer includes all companies which have produced and which have qualified as bidders to produce platform jackets and piles. 17/ 18/

In appropriate circumstances for a particular product market, the United States may be divided into two or more regional markets and the producers within each market treated as a regional industry. 19/ Establishment of a regional industry requires a demonstration that (1) there is a concentration of the subject imports into the regional market, (2) producers located within the market sell almost all of their production of the like product in the regional market, and (3) producers outside the market do not supply the demand in the market to any substantial degree. 20/

Petitioners have asserted that U.S. producers of jackets and piles comprise two discrete regional industries--one located on the West Coast, the other located in the Gulf Coast. Their argument is that importations by Korean and Japanese producers are concentrated on the West Coast, and that due

16/ Commissioner Eckes finds two domestic industries. One consists of all domestic producers of platform jackets and the other of all domestic producers of platform piles.

17/ Those companies which wish to supply platform jackets and piles must be invited to engage in a process of bidding. Procurement of a jacket or pile constitutes a choice among domestic and foreign bidders. Companies may desire to produce, but are unable to do so unless they are awarded the bid. In order to be awarded a contract, a bidder must meet an oil company's design specification, including being able to supply the platform jackets and piles in accordance with a tight time schedule.

18/ Extension of the definition of domestic producers to include bidders comports with the statutory requirement that the Commission perform its analysis according to the facts of each particular case. The significance of the various factors affecting an industry will depend on the facts of each particular case. S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979).

19/ 19 U.S.C. § 1677(c).

20/ Id.

to extensive difficulties with the transport of the oversized platform jackets, 21/ the other criteria are satisfied: producers located on the West Coast sell almost all their production in the West Coast market and producers outside the West Coast market do not supply the demand in that market to any substantial degree.

There has been only one domestic contract for jackets and piles on the West Coast. In that instance, the merchandise was procured partly from a producer on the West Coast and partly from a producer on the Gulf Coast. Gulf Coast producers frequently bid on contracts for West Coast installations. 22/ On the basis of the limited data available at this preliminary stage, we find it inappropriate to find a regional industry. 23/

If a Gulf Coast producer were to be awarded a contract for a Pacific platform and then establish assembly facilities on the West Coast, petitioners' argue that action would transform the firm into a West Coast producer. We do not, however, have sufficient information at this time to conclude that assembly is such a significant element of the production process as to qualify a particular manufacturer as a member of a regional industry.

21/ The enormous size of platform jackets precludes their transport overland. Assembly is necessarily adjacent to a major body of water. The possibility of shipment of particularly large jackets from inland sites must consider whether they can clear bridges; shipment from the Gulf Coast to the West Coast (or vice versa) is constrained by clearance through the Panama Canal or, in the alternative, weather hazards of shipping the jackets around Cape Horn in South America. Consequently, petitioners assert that the domestic production of platform jackets and piles for installation on the West Coast occurs primarily on the West Coast and request the Commission to analyze the issue of a reasonable indication of material injury on the basis of this regional market segmentation. Petitioners Post Conference Brief at 6.

22/ The Report identifies the bids submitted for several past West Coast installations. Id. at A-32-A-33. Gulf Coast producers appear on the lists of bidders.

23/ We will investigate the issue of regionality further if there is a final investigation.

Condition of the domestic industry 24/

In making a material injury determination, the Commission considers, among other factors, the levels of production, capacity utilization, sales, market share, employment, wages, and profitability of the domestic industry. 25/

As was stated in Cell Site Transceivers and Subassemblies Thereof from Japan, 26/ it is evident that the statute contemplates that most imports, like most articles of commerce, will be off-the-shelf items sold through ordinary sales processes rather than made-to-order items sold through bidding processes. The statute however requires the Commission to consider the particular condition of a market in making its determination. Thus, the Commission has considered the unusual characteristics of this market in its analysis.

In this investigation, the Commission considered data for the period covering January 1982-March 1985. 27/ Since production of platforms takes more than a year and each project is so large, annual data is not as meaningful as it is in most investigations. 28/ We therefore have analyzed the data on the basis of specific projects and trends in industry

24/ Vice Chairman Liebler's determination is based on the examination of specific projects only, the loss of which she finds to be a sufficient basis for her affirmative determination. Therefore, she does not join in this section of the opinion, although she concurs in the majority's determination that there is a reasonable indication of material injury.

25/ 19 U.S.C. § 1677(7)(C)(iii).

26/ Inv. No. 731-TA-163 (Final), USITC Pub. 1618 (1984). See also Certain Amplifier Assemblies and Parts Thereof from Japan, Inv. No. 731-TA-48 (Final), USITC Pub. 1266 (1982).

27/ This data for the national industry is limited because several major industry producers did not provide it.

28/ For example, annual figures on shipments of jackets and piles show an irregular pattern. Total domestic shipments of jackets and piles decreased 3.7 percent from 1982 to 1983, then increased 42.8 percent from 1983 to 1984. Shipments during January-March 1985 were 38.2 percent below the level for the previous year. Report at A-18.

performance. The results of our examination show poor performance levels as indicated by sales, employment, and profitability data. The loss of numerous sales by the domestic industry is reflected in a decreased market share, underutilization of domestic capacity, 29/ and decreased employment. 30/ Net sales and profitability in the industry exhibited a constant downward trend that continued into 1985. 31/

Injury stemming from lost sales in an industry characterized by such large, high-priced merchandise is evidenced in several ways. Any one contract represents a major portion of the sales in the industry and affects dramatically the degree of employment and capacity utilization over several years. 32/ Each contract for the construction of platform jackets and piles represents an opportunity to improve productivity and gain technical expertise. Lost sales represent lost expertise as well as lost income. 33/

These indicia of injury are present, we believe, regardless of whether the industry is evaluated on a nationwide or a regional basis. 34/ We

29/ Tr. at 41. Capacity utilization of 30.3 percent in 1982 increased to only 38.0 percent in 1984 and then fell to 19.7 percent during 1985. Report at A-16.

30/ Employment of workers in this industry declined by 20.7 percent from 1982 to 1983 and another 4.9 percent from 1983 to 1984. Employment in January-March 1985 was 10.9 percent below the corresponding period of 1984. Id. at A-19.

31/ Id. at A-21-A-25.

32/ For example, Kaiser has equipment which is dedicated solely to platform jacket and piles production, including skidways and heavy cranes. This equipment remains idle. Tr. at 57.

33/ Certain Amplifier Assemblies and Parts Thereof from Japan, Inv. No. 731-TA-48 (Final), USITC Pub. 1266 at 9 (1982). Post Conference Statement of Chevron U.S.A. at 14.

34/ Injury may also be derived from an evaluation of two domestic industries based on the two domestic like products of "jackets" and "piles." The domestic shipments of jackets (in tonnage) increased in 1984 over shipments for 1982 and 1983. However, shipments of piles have not increased. Report at A-24, Table 8. In light of an expanding market, these shipment figures represent a leveling of industry output which is further demonstrated in 31.1 percent capacity utilization for jackets in 1984 and 50.5 percent capacity utilization for piles in 1984.

therefore conclude that these factors provide a reasonable indication of material injury to the domestic industry.

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

In making its determination whether there is a reasonable indication of material injury to the domestic industry "by reason of" allegedly LTFV or subsidized imports 35/ the Commission must consider, among other factors, the volume of imports, effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. 36/

Having found imports on an individual country basis are causing injury, in these preliminary investigations we do not find it necessary to cumulate imports from Japan and Korea. 37/

The volume of imports from Japanese producers in terms of quantity and dollar value has increased during the period of investigation. Four construction contracts were awarded to Japanese producers in 1983 and 1984. The nature of the industry is such that any one contract award is important in relation to the overall market and represents significant tonnage and dollar value. Consequently, the award of these contracts to Japanese producers during the period of investigation demonstrates a substantial volume of imports. 38/

35/ 19 U.S.C. § 1673(b).

36/ 19 U.S.C. § 1677(7).

37/ Commissioner Lodwick cumulates the allegedly LTFV imports from Japan and Korea in making his affirmative determinations in the preliminary investigations involving allegedly LTFV imports.

38/ Due to a lengthy period of construction, the physical shipment of the merchandise, for the most part, has not yet taken place.

The volume of imports from Korean producers also has increased during the period of investigation. Korean producers were awarded their first contract for the construction of jackets and piles in 1983. A second contract was awarded in 1984 and a third in 1985. Although much of this merchandise has not yet been shipped, these three contracts represent millions of dollars in increased foreign importation. 39/

Since 1982, Japanese and Korean producers have received all awards for the construction of jackets and piles for offshore platforms off the West Coast. Respondents argue that nonprice factors preclude the linkage of lost sales to either the Japanese or Korean producers. For example, respondents assert that petitioner Kaiser has engaged in nonresponsive bidding. 40/ However, the information in the record leads us to conclude that the domestic industry's bids have been responsive and that domestic producers have been serious contenders for contract awards. The bidding process is a risky and expensive undertaking. The cost of bid preparation can reach \$100,000, and such an expenditure would seem to indicate serious intent. 41/ Domestic bidders have had to initially qualify on oil company bid lists, 42/ have been invited by oil companies to participate in second round bidding, 43/ and have qualified on oil company short lists of serious contenders for contracts. 44/

39/ Report at A-30.

40/ Respondents' allegations of nonresponsiveness due to bridge constraints for large-size jackets and unpreparedness of an alternative site at Terminal Island do not establish nonresponsive bidding. Further, respondents have not addressed the responsiveness of bids submitted by other domestic producers. See Commuter Airplanes from France and Italy, Invs. Nos. 701-TA-174 and 175 (Preliminary), USITC Pub. 1269 (July 1982) and Cell-Site Transceivers and Subassemblies Thereof from Japan, Inv. No. 731-TA-163 (Final), USITC Pub. 1618 (Dec. 1984).

41/ Petition of Kaiser Steel Corporation at 14-16.

42/ Tr. at 97.

43/ Report at A-32.

44/ Memorandum to the Commission, INV-I-119, dated May 24, 1985.

The bidding information which the Commission has received shows some dramatic price differentials between the bids of domestic and foreign producers. Whereas there may be some merit to the argument that nonprice factors are involved in contract awards, consistent and substantial underpricing by foreign producers suggests that price is a factor in the loss of these sales.

The petitioner claims the knowledge that Japanese and Korean producers will be bidding on a project with unfairly low prices has a depressive effect on the bid prices which a domestic producer is willing to submit and eventually discourages domestic producers from bidding. 45/ Although withholding a bid is not a lost sale in the usual sense, the effect on a producer's performance is the same. 46/ Therefore, we find a reasonable indication that the lost sales and lost opportunities caused by the allegedly unfair imports are causing material injury to the domestic industry.

45/ An example of this is the decision of Kaiser and other domestic producers to refrain from bidding on platform Julius which was awarded in 1985. Post Conference Submission of Korean Respondents at 15.

46/ Vice Chairman Liebelier notes that no domestic producer of piles and jackets has been awarded a contract for a platform off the West Coast since 1982. Accordingly, any injury to the domestic industry must be traced ultimately to reduced volumes and not to lower prices. Furthermore, there is no evidence on the record to suggest that bidding by Korean and Japanese producers has depressed prices in the Gulf Coast.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On April 18, 1985, 1/ and April 19, 1985, 2/ petitions were filed with the U.S. International Trade Commission and, on April 19, 1985, with the U.S. Department of Commerce by counsel on behalf of Kaiser Steel Corp., Napa, CA, and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, Kansas City, KS. The petitions allege that imports of offshore platform jackets and piles from the Republic of Korea (Korea) are being subsidized by the Government of Korea and, in addition, imports of offshore platform jackets and piles from Japan and Korea are being sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured and threatened with material injury by reason of such imports. Accordingly, effective April 18, 1985, the Commission instituted preliminary countervailing duty and antidumping investigations No. 701-TA-248 (Preliminary) and Nos. 731-TA-259 and 260 (Preliminary) under the applicable provisions of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 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 of such merchandise into the United States.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 1, 1985 (50 F.R. 18582). 3/ The conference was held on May 13, 1985, 4/ and the briefing and vote was held on May 29, 1985. The statute directs that the Commission make its determinations within 45 days after receipt of the petitions, or, in these cases, by June 3, 1985.

Offshore jackets and piles were included in the Commission's investigation No. 332-181 on the conditions of competition between certain domestic and imported fabricated structural steel products. 5/ Offshore jackets and piles have not been the subject of any other investigation conducted by the Commission.

1/ Countervailing duty and antidumping petitions with respect to imports of offshore platform jackets and piles from the Republic of Korea.

2/ Antidumping petition with respect to imports of offshore platform jackets and piles from Japan.

3/ Copies of the Commission's and Commerce's notices are shown in app. A.

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

5/ U.S. International Trade Commission, Conditions of Competition Between Certain Domestic and Imported Fabricated Structural Steel Products-- Investigation No. 332-181, USITC Pub. 1601, Nov. 1984, 169 pp.

The Product

Description and uses

Offshore platform jackets, piles, appurtenances thereto, and subassemblies thereof that do not require removal from a transportation vessel and further U.S.-onshore assembly are the products under investigation. Decks, deck modules, and other platform topside facilities, such as drilling and production equipment, living quarters, and heliports are not included within the scope of the petitions. Figure 1 is an illustration of component parts of an offshore platform.

Offshore platform jackets are tubular steel structures permanently affixed to ocean seabeds by piles driven into the ocean floor. The jackets support, vertically and horizontally, offshore platforms that are used in the production of oil and gas. The jackets and piles are for the most part submerged, and they extend above the ocean surface only enough to allow addition of the platform deck modules and other topside facilities. A jacket and set of piles are specifically designed to support a particular platform in a specific location; therefore, each platform structure is unique, although generically similar to other platforms of that type.

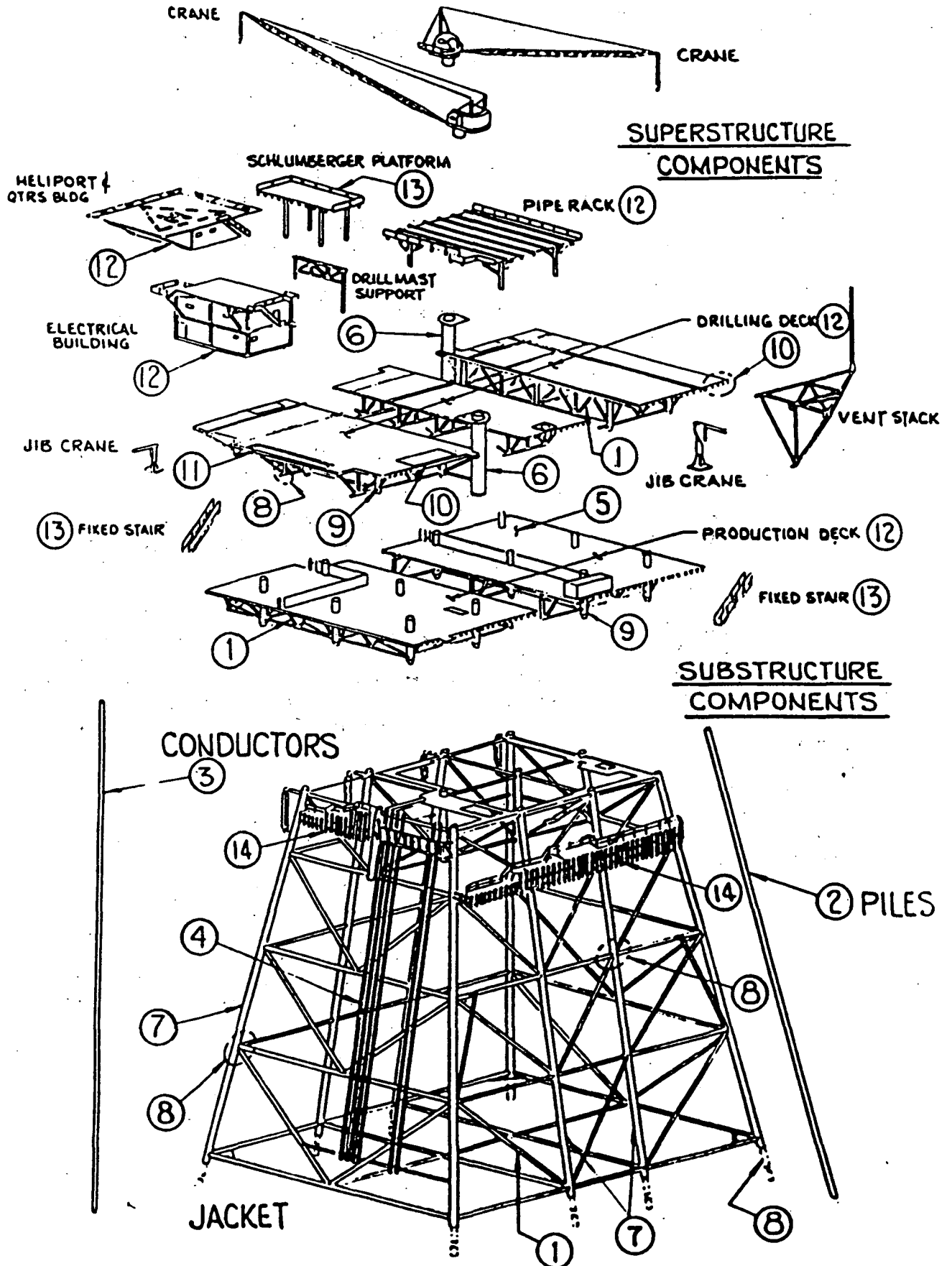
Generally, appurtenances to the assembled jackets include the grouting system, boat landing, conductor pipes and similar attachments, and an anode system, which is added to provide corrosion protection for the jackets, which are fabricated with carbon steel.

The term "offshore platforms" is used to describe a number of structures employed in the exploration, development, and production of crude petroleum and natural gas deposits located in subsea geological structures. Although these structures differ in physical characteristics, they all provide a "platform" on or above the water from which to conduct operations.

In general, the type of structure to be used is determined by a combination of technological, environmental, and economic factors. One major type of platform is the conventional fixed platform, parts of which are subject to these investigations. Conventional fixed platforms are the most common type of platforms used for offshore drilling and production of oil and gas. These platforms are permanently affixed to the seabed by piles driven into it. They have an immobile steel jacket that functions as a template for drilling operations. The piles are driven through the inside of the corner members of the frame into the seabed to anchor the jacket base to the ocean floor. Fixed platforms were first installed in shallow water but now have been installed in water up to 1,400 feet deep.

Other types of offshore platforms include jack-up drilling rigs, which are mobile platforms, usually with three legs, which are pinned to the ocean bottom during operation but retracted through a jacking system during movement. Jack-up platforms are used in moderate environments, primarily for exploratory drilling, and in water up to about 300 feet deep. In addition, concrete and steel gravity platforms of varying types are used. The concrete serves as a weight to moor the platform to the seabed. These platforms are

Figure 1.--Component parts of an offshore platform.



used in harsh environments and in water up to 1,000 feet deep. Guyed tower platforms, in contrast, are steel structures pinned to the seabed with bouyant and articulated columns. These platforms, still in the developmental stage, are designed for use in moderate environments in water up to 2,000 feet deep. 1/

Some offshore areas require semi-submersible platforms that are buoyant and mobile and are partially submerged for stability. These platforms are moored to the ocean floor by steel ropes or chain systems and are used in harsh environments in water 200 to 2,000 feet deep. Tension leg platforms, another type, are buoyant and mobile platforms with extending legs that are assembled at the site. Tension is placed on the legs to secure the platform to the seabed. These platforms are also in the developmental stage and are designed for use in harsh environments and in water 500 to 3,000 feet deep. 1/

Manufacturing process

A certain amount of preparatory work (makeready) is necessary for the fabrication and assembly of steel-jacket platforms. These operations include: preparation of the assembly yard, (e.g., installation of underground utilities, drainage systems, and a skidway for transporting the assembled jacket), construction of a dock and bulwarks, modification of fabrication facilities, and provision for additional materials costs (e.g., for anodes, which are attached to and provide corrosion protection for the submerged part of the jacket).

The production of the jacket and the piles begins with the rolling and welding of steel plate into tubular members, which are then welded end to end into different size sections of stock. In large-tonnage platforms, the plate used to form the tubular members for the jacket can be up to 6 inches thick; however, 2-inch thick steel is more commonplace for most of the jacket components.

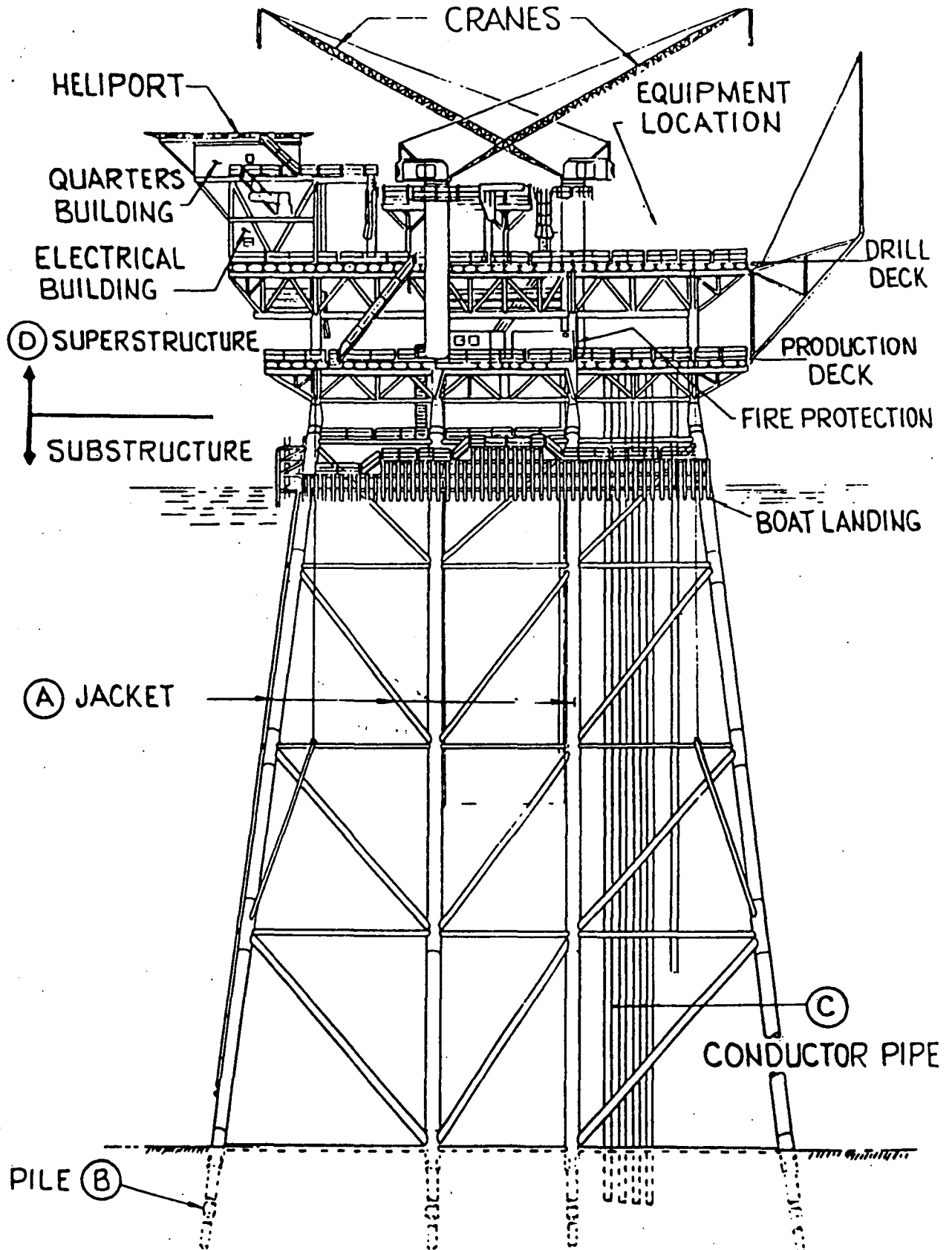
Platform jackets are three-dimensional fabrications that can be examined in planes and stages. The platform jacket shown in figure 2 appears to have five planes and three stages. Three of the planes are the vertical planes formed by the two outside and one inside leg and their counterparts directly behind them (not shown). Two more planes are created by the vertical planes that would appear if the structure in figure 2 were viewed from the side.

Stages are the three horizontal segments depicted in figure 2. The first stage extends from the seabed to the first cross piece, the second stage extends from the first to the second crosspiece, and the third extends from the second crosspiece to the first deck level.

In assembly, the members of a single plane are laid out and welded together on the ground. The lengths of members may or may not match up with

1/ Experimental platforms of this type are currently being tested in relatively shallow water.

Figure 2.--Typical fixed offshore platform.



TYPICAL TEMPLATE TYPE
OFFSHORE DRILLING & PRODUCTION PLATFORM

the stages; members of a given plane are welded together until the entire length of that plane is assembled. The same process is carried out for the second plane. The two planes are placed parallel to one another, and the connecting braces and struts are welded onto both planes. The process proceeds until the jacket is assembled.

Piles are straight lengths and, therefore, are merely welded together. Sections are either welded together in the pipe mill and transported to the assembly yard or are welded together during assembly.

Appurtenances are attached during various stages of assembly. The bottom legs are placed on skid runners, which are flat-bottomed, laminated wood cradles that displace weight and furnish a skid for loading. Mud mats (perforated wooden mats that leave enough leg free to pin the jacket to the seabed before piles are driven), are attached near the bottom of the jacket. Other appurtenances, such as the grouting system and the boat landings and barge bumpers, are attached to the jacket as necessary.

U.S. tariff treatment

Imports of the offshore platform jackets and piles covered by these investigations are classified under TSUS item 652.97, which includes offshore oil and natural gas drilling and production platforms and parts thereof. The column 1 duty rate is 6.7 percent ad valorem and is scheduled to be reduced to 5.7 percent ad valorem effective January 1, 1987. The column 2 rate of duty is 45 percent ad valorem and is applicable to imports from those Communist countries and areas specified in general headnote 3(f) of the TSUS.

The-least-developed-developing-countries duty rate is 5.7 percent ad valorem. Imports under item 652.97 are not designated as being eligible for duty-free entry under the Generalized System of Preferences.

The Nature and Extent of Alleged Sales at LTFV and Alleged Subsidies

Alleged sales at LTFV

Japan.--In order to establish sales at less than fair value with respect to Japan, 1/ the petitioner selected a platform scheduled for imminent delivery. Platform Hermosa is an offshore oil and gas drilling and production platform intended for placement on the Pacific continental shelf off the coast of California in water approximately 605 feet deep. Chevron U.S.A. Inc. (Chevron) is the purchaser. Hermosa has a steel template jacket which is to be secured to the ocean floor by steel piles. Together, the jacket and piles weigh approximately 25,000 short tons.

1/ Antidumping petition, Japan, pp. 24-34.

In May 1983, Chevron advertised its request for bids for the production of Hermosa. In September 1983, Chevron awarded the jacket and piles contract to Hitachi, a Japanese producer.

The petitioner alleged that, because of the unique nature of the product and the market, the only realistic means of determining foreign market value is by using the constructed value of the merchandise. Further, the petitioner stated that each platform is unique and is custom made to exacting specifications, and that it would be impossible to compare a company's bid price on one platform with the price of some other platform.

* * * * *

In its constructed value estimate, the petitioner subdivided the production of the platform into fabrication and assembly stages and provided constructed value estimates for Hitachi's winning bid for platform Hermosa as follows: 1/

	<u>Value</u> (thousands of dollars)
Fabrication:	
Piles-----	***
Jacket members and appurtenances-----	***
Subtotal-----	***
Assembly:	
Assembly materials and makeready-----	***
Anodes-----	***
Assembly labor-----	***
Yard and plant overhead-----	***
Subtotal-----	***
Total production cost-----	***
Statutory add-ons 2/-----	***
Constructed value-----	***

Based upon information developed by Kaiser, the estimated bid by Hitachi for platform Hermosa was \$*** million. The petitioner's estimated LTFV margin for this platform is as follows:

	<u>Value</u> (thousands of dollars)
Constructed value-----	***
Estimated bid-----	***
LTFV margin-----	***
	<u>(percent of estimated bid)</u>
LTFV margin-----	25.4

1/ Antidumping petition, Japan, table 2.

2/ General, selling, and administrative expenses (GS&A), *** percent, and profit, *** percent.

Korea.--In order to establish sales at less than fair value with respect to Korea, 1/ the petitioner selected a platform that was scheduled for delivery during May 1985. Platform Harvest is an offshore oil- and gas-drilling and production platform intended for placement on the Pacific continental shelf off the coast of California in water approximately 670 feet deep. Texaco is the purchaser. Harvest has a steel-template jacket, which is to be secured to the ocean floor by steel piles. Together the jacket and piles weigh approximately 25,000 short tons.

In May 1983, Texaco advertised its request for bids for the production of Harvest. In September 1983, Texaco awarded the jacket and piles contract to Daewoo, a Korean producer.

Again, the petitioner alleged that, because of the unique nature of the product and the market, the only realistic means of determining foreign-market value is by using the constructed value of the merchandise. Further, the petitioner stated that each platform is unique and is custom-made to exacting specifications and that it would be impossible to compare a company's bid price on one platform with the price of some other platform.

* * * * *

In its constructed value estimates, the petitioner subdivided the production of the platform into fabrication and assembly stages and provided two constructed value estimates for Daewoo's winning bid for platform Harvest as follows: 2/

	High value (thousands of dollars)	Low value (thousands of dollars)
Fabrication:		
Piles and jacket members-----	***	***
Appurtenances-----	***	***
Fabrication makeready-----	***	***
Subtotal-----	***	***
Assembly:		
Assembly materials-----	***	***
Assembly makeready-----	***	***
Anodes-----	***	***
Assembly labor-----	***	***
Miscellaneous costs-----	***	***
Yard and plant overhead-----	***	***
Subtotal-----	***	***
Total production cost-----	***	***
Statutory add-ons <u>3/</u> -----	***	***
Constructed value-----	***	***

1/ Antidumping petition, Korea, pp. 24-40.

2/ Antidumping petition, Korea, table 2.

3/ General, selling, and administrative expenses (GS&A), *** percent, and profit, *** percent.

Based upon information developed by Kaiser, the estimated bid by Daewoo for platform Harvest was \$*** million. The petitioner's estimated high and low LTFV margins for this platform are as follows:

	High value (thousands of dollars)	Low value (thousands of dollars)
Constructed value-----	***	***
Estimated bid-----	***	***
LTFV margin-----	***	***
	(percent of estimated bid)	
LTFV margin-----	53.4	48.0

Alleged subsidies

The petitioner alleged that the Government of Korea had developed and implemented a number of programs designed to promote the country's exporting sector that amounted to subsidies under U.S. countervailing duty laws. ^{1/}

First, the petitioner alleged that Korean shipbuilders Daewoo and Hyundai had received substantial subsidies in the form of preferential export credits and other benefits from the Export-Import Bank of Korea (KXM).

Second, the petitioner alleged that Korean producers had received subsidies for capital investments in facilities and equipment used in platform jacket and pile construction and in the local purchase or importation of capital equipment and materials.

* * * * *

The petitioner alleged that the Korean firms Hyundai, Daewoo, and Samsung receive benefits under Korean tax laws that are countervailable subsidies. Korean law has established a National Investment Fund, allegedly to help increase exports, including offshore jackets and piles. Also, the petitioner alleged that Korean laws may allow special and accelerated depreciation for Korean firms producing offshore structural parts.

The U.S. Market

The petitioner alleged in its petitions that U.S. producers of offshore platform jackets and piles comprise regional industries. The petitioner stated that, in the United States, two separate and distinct regional industries exist for platform jackets and piles--a regional gulf coast industry and a regional west coast industry. The gulf coast industry

^{1/} Countervailing duty petition, pp. 24-50.

consists, according to the petitions, of producers supplying products for use in the Gulf of Mexico, whereas the west coast supplies products for use in the waters off the west coast, specifically off California, Oregon, Washington, and Alaska. The petitions stated that there have been no jacket and piles import competition from Japan or Korea in the gulf coast market, while import penetration and import competition have been extreme in the west coast market. The petitioner alleged that the critical economic factor distinguishing the regions and preventing realistic cross competition among west coast producers and gulf coast producers is the availability of assembly facilities in the region. Assembly capability along the coast of either region is said to be essential because of significant transportation barriers between the two regions.

The petitioner claimed that assembly is a complex phase in the production process in that it necessitates the carefully timed and coordinated work of large numbers of personnel and equipment and requires the precise welding of the numerous tubular members. Further, components of the jacket and piles, such as the numerous anodes and the various appurtenances, cannot be installed until the basic jacket structure is assembled.

The petitioner claimed that virtually all of the tonnage of jackets sold in the west coast market since 1982 involved jackets that were physically incapable of being transported through the Panama Canal. The alternative, towing around South America, is alleged to be economically prohibitive in terms of transportation costs. As a consequence, bids submitted for west coast projects by producers generally known as gulf coast contractors most frequently (according to the petitions) have been predicated upon west coast assembly and, had they been successful, these gulf coast producers would have become west coast producers and part of the regional west coast industry.

However, McDermott International did secure the award for the piles contract for Shell Oil's platform Eureka and shipped the piles from the gulf coast through the Panama Canal to the installation site off the California coast. The petitioner claimed that this single instance was unique because it involved an unusual bid-award strategy contrary to the general purchaser practice of awarding the jacket and piles to the same contractor. Statements by oil company representatives at the Commission's conference indicated decisions on the scope of a bid are made on a project by project basis and are, therefore, subject to variation.

In summation, the petitioner submitted that Kaiser alone constitutes a distinct regional industry. First, as the sole domestic producer in the region, Kaiser supplies 100 percent of its output to the west coast region. Second, according to the petitioner, demand in the west coast market is not supplied to any meaningful degree by producers located outside of the region. Finally, Kaiser stated that 100 percent of the imported Japanese and Korean platform jackets and piles are sold in the west coast region.

Table 1 shows consumption, based on shipment and contract-award data, for offshore platform jackets and piles in the west coast region for the period January 1982-March 1985.

Table 1.—Offshore platform jackets and piles: West coast consumption, based on tonnage shipped and tonnage awarded, by sources, 1982-84, January-March 1984, and January-March 1985

(In short tons)						
Source	1982	1983	1984	January-March--		
				1984	1985	
Tonnage shipped						
Jackets:						
U.S.-produced-----	0	0	***	0	0	
Imported from Japan-----	0	***	0	0	0	
Imported from Korea-----	0	0	0	0	0	
Total-----	0	***	***	0	0	
Piles:						
U.S.-produced-----	0	0	***	0	0	
Imported from Japan-----	0	***	0	0	0	
Imported from Korea-----	0	0	0	0	0	
Total-----	0	***	***	0	0	
Jackets and piles:						
U.S.-produced-----	0	0	***	0	0	
Imported from Japan-----	0	***	0	0	0	
Imported from Korea-----	0	0	0	0	0	
Total-----	0	***	***	0	0	
Tonnage awarded						
Jackets:						
To be U.S.-produced-----	0	0	0	0	0	
To be imported from Japan--	0	***	***	0	0	
To be imported from Korea--	0	***	***	0	***	
Total-----	0	***	***	0	***	
Piles:						
To be U.S.-produced-----	0	0	0	0	0	
To be imported from Japan--	0	***	***	0	0	
To be imported from Korea--	0	***	***	0	***	
Total-----	0	***	***	0	***	
Jackets and piles:						
To be U.S.-produced-----	0	0	0	0	0	
To be imported from Japan--	0	***	***	0	0	
To be imported from Korea--	0	***	***	0	***	
Total-----	0	***	***	0	***	

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

U.S. producers

There are six major and seven smaller U.S. producers of offshore platform jackets and piles. Most of the major producers are located near the gulf coast or west coast markets (i.e., Louisiana, Texas, and California). Producer's questionnaires were sent to the eight U.S. producers who were believed to account for the major portion of total U.S. production of offshore jackets and pilings. Responses were received from seven producers.

* * * * *

Kaiser Steel Corp., the petitioner, has (or had) fabrication facilities in Fontana, CA, and Napa, CA; and assembly yards at Oakland, CA, Terminal Island, CA, and Vallejo, CA. The Oakland assembly yard and Fontana plate fabricating plant were closed in 1983. A limited amount of development work has been done at the Terminal Island assembly yard and no jacket assembly project has been done there. At the Commission's conference and in their postconference briefs, the oil companies in general (and Texaco in particular) have had serious reservations about Kaiser's ability to produce a jacket at that site within the oil company's time schedules. Kaiser has a joint venture with Bouygues Offshore, a French firm, which has an assembly yard in Ensenada, Mexico. * * *.

* * * * *

Domestic assembly capacity to produce offshore jackets and piles in 1984 and the names and locations of the producers are presented in the following tabulation, compiled from questionnaire data:

<u>Producer of--</u>	<u>Location</u>	<u>Annual capacity</u> <u>(short tons)</u>
Offshore platform jackets:		
***-----	***	***
***-----	***	***
	***	***
***-----	***	***
***-----	***	***
	***	***
	***	***
***-----	***	***
***-----	***	***
***-----	***	***
Total jackets-----		263,212

<u>Producer of--</u>	<u>Location</u>	<u>Annual capacity</u> <u>(short tons)</u>
Offshore platform piles:		
***-----	***	***
***-----	***	***
***-----	***	***
***-----	***	***
***-----	***	***
***-----	***	***
***-----	***	***
Total piles-----		147,150
Offshore platform jackets and piles:		
***-----	***	***
***-----	***	***
	***	***
***-----	***	***
***-----	***	***
	***	***
	***	***
	***	***
***-----	***	***
***-----	***	***
***-----	***	***
Total jackets and piles---		410,362

U.S. importers

For the most part, U.S. importers are the purchasers of the jackets and pilings for specific offshore platforms. In a few instances, however, the importer of record has been a contractor for the purchaser. The major purchasers and importers are, therefore, the oil companies that have offshore platform projects. Purchaser's questionnaires were sent to all oil companies listed in the petitions as having offshore platform projects of a design that use jackets and piles in the western region, which was defined to be Alaska, California, Oregon, and Washington.

* * * * *

Channels of distribution

The channels of distribution for offshore jackets are possibly unique because of the physical size and cost of these products. Major considerations in the purchase a platform jacket include the onshore assembly of the jacket, loading of the jacket from the assembly yard onto the transport barge, transport of the jacket from the assembly site to the offshore location, launch of the jacket from the transport barge, positioning of the jacket in the predetermined location on the ocean floor, and installation of the pilings

that anchor the jacket in place. Upon completion of the installation of the jacket and pilings, placement of the platform deck modules and other topside facilities can commence.

According to the petitions, there are perhaps as few as five launch barges in the world capable of conveying very large platform jackets, and the oil company or contractor must schedule a launch barge long in advance of completion of assembly. Kaiser recently purchased a launch barge and is currently transporting Texaco's platform Harvest from Korea to the installation site off the shore of California.

Upon completion of a jacket assembly, a launch barge is docked at the assembly site and the jacket is pulled by winches or pushed by a hydraulic jack system along a skidway onto the barge. The jacket is secured to the barge, and then the barge is towed to the installation site by two to three tug boats. At the installation site, the ties that secure the jacket to the barge are cut, and the jacket slides from the launch barge, top side first, into the ocean. When first assembled and launched the jacket is buoyant. Upon launch, the jacket is positioned while it floats. The lower sections are flooded, and the jacket settles, base down, until it rests on its legs which, sit on mud mats on the ocean floor.

Installation is generally performed by contractors who specialize in that type of operation. The first step in the process of installation is the affixation of the jacket permanently to the seabed. This is done by driving the platform piles into the seabed, usually 200 to 300 feet, through the jacket legs, skirt pile sleeves, or both.

After the piles are driven, a grouting material such as concrete, is pumped through the grouting system into the bottom of the legs or skirt-pile sleeves. The grout fills the interstices between the piles and the surrounding legs or sleeves. Then conductor tubes are driven through slots in the jacket about 100 feet into the seabed. The conductor tubes serve as guides for drilling operations and provide a seal against blowouts and back pressure. Decks, living quarters, and other modules are also attached to the jacket. Equipment, such as cranes and drilling equipment, must also be transported and installed before drilling and production operations may commence.

Because of the magnitude of the platform projects, it is not unusual to have contractors that competed for various segments of the project to be working with their competitors who obtained the award for a different segment of the same project. Chevron, for example, does not solicit foreign bids on its deck modules, and Kaiser is producing deck modules for one or more of the Chevron platforms for which the jackets and piles were awarded to Japanese contractors.

One of the issues presented by respondents in these proceedings, as a reason for not awarding contracts to Kaiser, is that shipment of some of the large jackets awarded during the period of investigation, January 1982-March 1985, would have been impeded by clearances of the San Francisco Bay bridges. In its postconference submission, Chevron provided the following data:

<u>Platform jacket</u>	<u>Estimated jacket height</u>
Eureka-----	184 feet
Hermosa-----	213 feet, 10 inches
Hidalgo-----	189 feet, 10 inches
Gail-----	210 feet, 1 inch
Hondo B (two sections)-----	213 feet, 8 inches
-----	227 feet, 9 inches
Pescado (two sections)-----	290 feet, 9 inches
-----	206 feet, 7 inches

<u>Bridge name</u>	<u>Heights at mean low tide</u>
Richmond-San Rafael-----	190 feet and 10 inches
Oakland-San Francisco-----	226 feet
Golden Gate-----	232 feet

Chevron concluded that, of the named jackets, only Eureka could pass under the Richmond-San Rafael bridge and that the mere one foot clearance for Hidalgo would likely present risks unacceptable to Chevron. Jackets produced at Kaiser's Vallejo assembly yard must pass under the Richmond-San Rafael bridge before entering the Pacific Ocean. As a counter to this argument, the petitioner submitted (in table 1 of its postconference submission) the assembly locations that it proposed for the various platform jackets. For example, the petitioner proposed to assemble Hermosa at Oakland or Terminal Island; Hidalgo at Vallejo, Oakland, or Terminal Island; Gail at Terminal Island; Hondo B at Terminal Island, and Pescado at Terminal Island.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production, in short tons, of offshore platform jackets and piles increased 6.0 percent from 1982 to 1983 and 17.4 percent from 1983 to 1984 (table 2). Production, in short tons, dropped 47.7 percent during January-March 1985 compared with January-March 1984. On the basis of units, domestic production of jackets was virtually constant during 1982-84. Production of units of piles (one set of piles for one platform) was erratic during 1982-84.

Total fabrication capacity, the capacity to form tubular structures from steel plate, was about the same as assembly capacity during 1982-March 1985. Capacity to produce jackets was roughly two-thirds of total capacity and the capacity to produce piles one-third of total capacity during this period. Total capacity utilization rates increased from 30.3 percent in 1982 to 38.0 percent in 1984. However, total capacity utilization fell to 19.7 percent

Table 2.--Offshore platform jackets and piles: U.S. production, practical capacity, and capacity utilization, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March	
				1984	1985
Production:					
Jackets-----short tons--	60,266	65,075	81,932	16,508	8,227
Piles-----do-----	65,239	67,987	74,243	20,896	11,349
Total-----do-----	125,505	133,062	156,175	37,404	19,576
Production:					
Jackets-----units <u>1</u> /--	72.7	73.8	72.1	22.1	20.0
Piles-----do-----	78.0	71.0	85.0	28.0	19.0
Practical fabrication capacity: <u>2</u> /					
Jackets-----short tons--	250,776	245,776	241,776	60,444	61,944
Piles-----do-----	152,890	147,890	144,890	36,472	37,472
Total-----do-----	403,666	393,666	386,666	96,916	99,416
Practical assembly capacity: <u>2</u> /					
Jackets-----short tons--	254,926	269,321	263,312	66,154	62,313
Piles-----do-----	158,834	154,286	147,150	37,724	36,924
Total-----do-----	413,760	423,807	410,462	103,878	99,237
Ratio of production to assembly capacity:					
Jackets-----percent--	23.6	24.1	31.1	27.3	13.2
Piles-----do-----	41.1	44.1	50.5	55.9	30.7
Total-----do-----	30.3	31.4	38.0	36.0	19.7

1/ One unit is one platform jacket and one set of piles for one platform.

2/ 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 operations.

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

during January-March 1985 from 36.0 percent during the corresponding period of the previous year. On the basis of responses to the Commission's questionnaires, domestic capacity (in short tons) to assemble offshore platform jackets and piles in 1984, by company, was as follows: * * *.

Kaiser claims that it represents 100 percent of domestic capacity in the western region because all other domestic producers are located in the gulf coast region and do not have west coast assembly yards. Respondents argue that gulf coast producers bid on west coast projects and for that reason, among others, constitute part of a national industry.

* * * * *

Kaiser stated in its questionnaire response that on the basis of anticipated large requirements for west coast platforms and the company's proven ability to be competitive by securing the contract for Shell's platform Eureka, Kaiser increased operations starting in mid-1982. The Napa fabricating facility completed an expansion program in 1983. This expansion added *** square feet under cover to the fabricating bays, thereby increasing its size by *** percent. Kaiser's capacity utilization, on a tonnage basis, was *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** during January-March 1985 compared with *** percent during the corresponding period of 1984.

* * * * *

U.S. producers' shipments

Total shipments of offshore jackets and piles, in short tons, decreased 3.7 percent from 1982 to 1983, then increased 42.8 percent from 1983 to 1984 (table 3). Shipments during January-March 1985 were 38.2 percent below the level in the corresponding period of the previous year. Likewise, the number of jackets shipped decreased from 70 in 1982 to 66 in 1983, then increased to 78 in 1984. Shipments of jackets during January-March 1985 were about the same in number as in the corresponding period of 1984, 19 and 18, respectively.

There is, however, a substantial difference between the jacket and piles shipped to the western region in 1984 compared with the average jacket and piles shipped in other regions (primarily the gulf coast). For example, the weight of the western region jacket was *** short tons and the piles, *** short tons; whereas the average jacket weight shipped in other regions in 1984 was *** short tons, and the average weight of a set of piles was *** short tons. Further, the value of the jacket shipped in the western region in 1984 was \$*** million and that of the piles, \$*** million; whereas the average jacket value in other regions was \$*** million in 1984, and the average value of a set of piles was \$*** million.

Thus, there was little similarity between the average size, complexity, and cost of offshore platform jackets and piles contracted for in the western region during January 1982-March 1985 and the jackets and piles shipped in the gulf coast region.

Table 3.--Offshore platform jackets and piles: U.S. producers' domestic shipments and exports, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March--	
				1984	1985
Quantity (short tons)					
Domestic shipments:					
Western region:					
Jackets 1/-----	0	0	***	0	0
Piles 2/-----	0	0	***	0	0
Total western region----	0	0	***	0	0
Other regions:					
Jackets-----	58,246	52,183	***	***	***
Piles-----	66,139	67,609	***	***	***
Total other regions----	124,385	119,792	***	31,690	19,576
Grand total, domestic-----	124,385	119,792	***	31,690	19,576
Export shipments 3/-----	0	0	***	0	0
Grand total, domestic and export-----	124,385	119,792	171,027	31,690	19,576
Quantity (units)					
Domestic shipments:					
Western region:					
Jackets 1/-----	0	0	1	0	0
Piles 2/-----	0	0	1	0	0
Other regions:					
Jackets-----	70	66	78	18	19
Piles-----	79	69	83	27	19
Export shipments 3/-----	0	0	1	0	0
Value (1,000 dollars)					
Domestic shipments:					
Western region:					
Jackets 1/-----	-	-	***	-	-
Piles 2/-----	-	-	***	-	-
Total western region----	-	-	***	-	-
Other regions:					
Jackets-----	91,947	58,930	***	***	***
Piles-----	53,713	40,119	***	***	***
Total other region----	145,660	99,049	***	20,615	11,544
Grand total, domestic-----	145,660	99,049	***	20,615	11,544
Export shipments 3/-----	-	-	***	-	-
Grand total, domestic and export-----	145,660	99,049	189,579	20,615	11,544

1/ Shipment of jacket for project Eureka by Kaiser.

2/ Shipment, via Panama Canal, of piles for project Eureka by McDermott.

3/ Export shipment of ***-ton jacket and a ***-ton pile unit by ***.

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

U.S. producers' inventories

Offshore jackets and piles are large and expensive products, built to exacting specifications and delivered directly to the purchaser upon completion. Inventories of these products are not maintained.

U.S. employment, wages, and productivity

The average number of U.S. production and related workers producing offshore platform jackets and piles fell by 20.7 percent from 1982 to 1983 and another 4.8 percent from 1983 to 1984 (table 4). Employment of these workers during January-March 1985 was 10.9 percent below the level of the corresponding period in 1984. Total compensation paid to these workers fell by 22.6 percent from 1982 to 1983 and another 12.2 percent from 1983 to 1984. Compensation during January-March 1985 was 23.9 percent below compensation during January-March 1984. Their average hourly compensation was erratic during January 1982-March 1985, ranging from a low of \$12.26 during January-March 1985 to a high of \$14.80 during January-March 1984. Worker productivity rose during 1982-84, then dropped during January-March 1985.

Kaiser's employment of workers producing platform jackets and piles increased from *** employees in 1982 to *** in 1983, then dropped to *** in 1984 and then to *** during January-March 1985.

In the Commission's questionnaire, producers were asked if, during January 1982-March 1985, they reduced the number of production and related workers producing offshore platform jackets and piles by at least 5 percent or 50 workers, the date of each reduction, the number of workers affected, the reason for the reduction, and the duration of the reduction. Responses to these questions are presented in table 5. It should be noted that all of the reductions, except Kaiser's, occurred in the gulf coast area. Most of the gulf coast reductions in force can likely be attributed to decreased drilling activity in that region during the period of this investigation.

Workers at Kaiser and *** are represented by The International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers. Workers of other domestic producers are not represented by a union.

Financial performance of U.S. producers

Three gulf coast region producers, ***, ***, and ***, and one western region producer, Kaiser Steel, supplied income-and-loss data concerning both their overall establishment operations and their operations producing offshore platform jackets and piles. 1/

1/ * * *.

Table 4.--Average number of U.S. producers' employees, total and production and related workers producing all products and those producing offshore platform jackets and piles; hours worked by, total compensation paid to, and average hourly compensation paid to such workers; output per hour worked; and unit labor cost in producing offshore platform jackets and piles, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March--	
				1984	1985
Average employment:					
All persons-----	8,865	5,002	4,552	4,713	4,677
Production and related workers producing--					
All products-----	7,932	4,358	4,007	4,156	4,203
Offshore platform jackets and piles-----	3,228	2,560	2,434	2,447	2,181
Hours worked by production and related workers producing--					
All products--1,000 hours--	16,116	8,803	8,144	1,983	1,940
Offshore platform jackets and piles--do----	8,053	5,406	4,911	1,123	1,032
Total compensation paid to production and related workers producing--					
All products 1,000 dollars--	226,591	127,795	117,691	30,473	25,327
Offshore platform jackets and piles--do----	99,926	77,390	67,926	16,618	12,653
Average hourly compensation paid to production and related workers producing--					
All products-----	\$14.06	\$14.51	\$14.45	\$15.37	\$13.06
Offshore platform jackets and piles-----	\$12.41	\$14.32	\$13.83	\$14.80	\$12.26
Output of offshore platform jackets and piles per hour worked---short tons--	15.6	24.6	31.8	30.0	19.0
Unit labor cost of producing offshore platform jackets and piles---per short ton--	\$796.19	\$581.61	\$434.93	\$444.28	\$646.55

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

Table 5.--Offshore platform jackets and piles: U.S. producers' reductions in force, January 1982-March 1985

[illegible]

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

Overall establishment operations.--The income-and-loss experience of the four U.S. producers on their overall establishment operations is shown in table 6. Net sales were \$*** million in 1984, down *** percent from the \$*** million level achieved in 1983, and down *** percent from the \$*** million level achieved in 1982. Net sales continued their downward trend during interim 1985, dropping *** percent to \$*** million, compared with net sales of \$*** million during the corresponding period of 1984. The four reporting firms earned an operating income of \$*** million, or *** percent of net sales, from their overall establishment operations in 1982. These firms sustained aggregate operating losses in each of the other reporting periods, ranging upward from *** percent of net sales in 1983, to *** percent in 1984 and then to *** percent during the 1985 interim period. Two firms sustained operating losses in 1982; three firms sustained such a loss in 1983; and in 1984, four. Three firms sustained operating losses during interim 1985, compared with four firms during the corresponding period of 1984.

Table 6.--Income-and-loss experience of 4 U.S. producers on the overall operations of their establishments within which offshore platform jackets and piles are produced, accounting years 1982-84, 1/ and interim periods ended Mar. 31, 1984, and Mar. 31, 1985 2/

Item	:	1982	:	1983	:	1984	:	Interim period	
								ended Mar. 31--	
								1984	1985 <u>3/</u>
Net sales-----1,000 dollars--:		***	:	***	:	***	:	***	***
Cost of goods sold-----do-----:		***	:	***	:	***	:	***	***
Gross income or (loss)-do-----:		***	:	***	:	***	:	***	***
General, selling, and	:		:		:		:		
administrative	:		:		:		:		
expenses-----do-----:		***	:	***	:	***	:	***	***
Operating income or	:		:		:		:		
(loss)-----do-----:		***	:	***	:	***	:	***	***
Depreciation and	:		:		:		:		
amortization-----do-----:		***	:	***	:	***	:	***	***
Cash flow from opera-	:		:		:		:		
tions <u>4/</u> -----do-----:		***	:	***	:	***	:	***	***
Ratio to net sales of--	:		:		:		:		
Gross income or (loss)	:		:		:		:		
percent--:		***	:	***	:	***	:	***	***
Operating income or	:		:		:		:		
(loss)-----do-----:		***	:	***	:	***	:	***	***
Cost of goods sold-----do-----:		***	:	***	:	***	:	***	***
General, selling, and	:		:		:		:		
administrative	:		:		:		:		
expenses-----do-----:		***	:	***	:	***	:	***	***
Number of firms reporting:	:		:		:		:		
Gross losses-----:		***	:	***	:	***	:	***	***
Operating losses-----:		***	:	***	:	***	:	***	***

1/ The accounting year for each producer ended Dec. 31.

2/ The 4 firms are ***, ***, ***, and Kaiser Steel Corp.

3/ * * *.

4/ Defined as net operating profit or loss plus depreciation expense.

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

Operations producing offshore jackets and piles.--The income-and-loss experience of four U.S. producers on their operations producing offshore jackets and piles are presented in table 7. Net sales of offshore platform jackets and piles plunged from \$*** million to \$*** million, or by *** percent, during 1982-84. Net sales continued to decline during interim 1985, dropping *** percent to \$*** million, compared with net sales of \$*** million during the corresponding period of 1984. * * *.

Table 7.--Income-and-loss experience of 4 U.S. producers on their operations producing offshore platform jackets and piles, accounting years 1982-84, 1/ and interim periods ended Mar. 31, 1984, and Mar. 31, 1985 2/

Item	1982	1983	1984	Interim period ended Mar. 31--	
				1984	1985 <u>3/</u>
Net sales-----1,000 dollars--:	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***
Gross income or (loss)-do-----:	***	***	***	***	***
General, selling, and administrative expenses-----do-----:	***	***	***	***	***
Operating income or (loss)-----do-----:	***	***	***	***	***
Depreciation and amortization-----do-----:	***	***	***	***	***
Cash flow from operations <u>4/</u> -----do-----:	***	***	***	***	***
Ratio to net sales of-- Gross income or loss percent--:	***	***	***	***	***
Operating income or (loss)-----do-----:	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***
General, selling, and administrative expenses-----do-----:	***	***	***	***	***
Number of firms reporting:					
Gross losses-----:	***	***	***	***	***
Operating losses-----:	***	***	***	***	***

1/ The accounting year for each producer ended Dec. 31.

2/ The 4 firms are ***, ***, ***, and Kaiser Steel Corp.

3/ * * *.

4/ Defined as net operating profit or loss plus depreciation expense.

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

The four reporting firms earned an aggregate operating income of \$*** million, or *** percent of net sales, in 1982, but sustained operating losses of \$*** million, or *** percent of net sales, and \$*** million, or *** percent of net sales in 1983 and 1984, respectively. * * *. One firm sustained an operating loss in 1982, three firms sustained such a loss in 1983, as did four firms in 1984. * * *.

Kaiser Steel Corp.--The income-and-loss experience of Kaiser Steel Corp. on the overall operations of its establishments within which offshore platform jackets and piles are produced is shown in table 8 for 1982-84, interim 1984, and interim 1985. Net sales declined annually from \$*** million to \$*** million, or by *** percent, during 1982-84. Net sales were \$*** million during the 3-month interim period ended March 31, 1985, compared with net sales of \$*** million during the corresponding period of 1984. Kaiser's establishment operation earned operating incomes equal to *** percent of net sales and *** percent of net sales in 1982 and 1983, respectively, but sustained operating losses in the other reporting periods. The 1984 operating loss was equal to *** percent of net sales, and the interim 1985 operating loss was equal to *** percent of net sales.

Table 8.--Income-and-loss experience of Kaiser Steel Corp. on the overall operations of its establishments within which offshore platform jackets and piles are produced, accounting years 1982-84, 1/ and interim periods ended Mar. 31, 1984, and Mar. 31, 1985 2/

Item	:	1982	:	1983	:	1984	:	Interim period ended Mar. 31--	
								1984	1985
Net sales-----1,000 dollars--:	:	***	:	***	:	***	:	***	***
Cost of goods sold-----do-----:	:	***	:	***	:	***	:	***	***
Gross income or (loss)-do-----:	:	***	:	***	:	***	:	***	***
General, selling, and administrative expenses-----do-----:	:	***	:	***	:	***	:	***	***
Operating income or (loss)-----do-----:	:	***	:	***	:	***	:	***	***
Depreciation and amortization-----do-----:	:	***	:	***	:	***	:	***	***
Cash flow from operations <u>3/</u> -----do-----:	:	***	:	***	:	***	:	***	***
Ratio to net sales of--	:		:		:		:		
Gross income or (loss) percent--:	:	***	:	***	:	***	:	***	***
Operating income or (loss)-----do-----:	:	***	:	***	:	***	:	***	***
Cost of goods sold-----do-----:	:	***	:	***	:	***	:	***	***
General, selling, and administrative expenses-----do-----:	:	***	:	***	:	***	:	***	***

1/ Accounting year ended Dec. 31.

2/ * * *.

3/ Defined as net operating profit or loss plus depreciation expense.

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

The income experience of Kaiser Steel Corp. on its operations producing offshore platform jackets and piles is shown in table 9 for 1982-84. Net sales rose from \$*** million in 1982 to \$*** million in 1983 but then plunged to \$*** million in 1984. Kaiser's offshore platform jackets and piles operation earned operating incomes of \$***, or *** percent of net sales, and \$*** million, or *** percent of net sales, in 1982 and 1983, respectively. Kaiser sustained an operating loss of \$*** million, or *** percent of net sales, in 1984. * * *.

Table 9.--Income-and-loss experience of Kaiser Steel Corp. on its operations producing offshore platform jackets and piles, accounting years 1982-84, 1/ and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31--	
				1984	1985 <u>2/</u>
Net sales-----1,000 dollars--:	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***
Gross income or (loss)-do-----:	***	***	***	***	***
General, selling, and administrative expenses-----do-----:	***	***	***	***	***
Operating income or (loss)-----do-----:	***	***	***	***	***
Depreciation and amortization-----do-----:	***	***	***	***	***
Cash flow from operations <u>3/</u> -----do-----:	***	***	***	***	***
Ratio to net sales of--					
Gross income-----percent--:	***	***	***	***	***
Operating income-----do-----:	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***
General, selling, and administrative expenses-----do-----:	***	***	***	***	***

1/ Accounting year ended Dec. 31.

2/ * * *.

3/ Defined as net operating profit or loss plus depreciation expense.

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

Investment in productive facilities.--U.S. producers' investment in productive facilities employed in the production of offshore platform jackets and piles, valued at cost, ranged from a high of \$*** million as of the end of 1982 to a low of \$*** million as of March 31, 1985 (table 10). The book value of such assets ranged from a high of \$*** million as of the end of 1982 to a low of \$*** million as of March 31, 1985.

Table 10.--Investment in productive facilities and capital expenditures related to offshore platform jackets and piles, accounting years 1982-84, and interim periods ended Mar. 31, 1984, and Mar. 31, 1985 ^{1/}

(In thousands of dollars)						
Item	1982	1983	1984	Interim period ended Mar. 31--		
				1984	1985	
Investment in productive facilities:						
All products:						
Original cost-----	***	***	***	***		***
Book value-----	***	***	***	***		***
Offshore platform jackets and piles:						
Original cost-----	***	***	***	***		***
Book value-----	***	***	***	***		***
Capital expenditures:						
All products:						
Land-----	***	***	***	***		***
Buildings-----	***	***	***	***		***
Machinery and equipment----	***	***	***	***		***
Total-----	***	***	***	***		***
Offshore platform jackets and piles:						
Land-----	***	***	***	***		***
Buildings-----	***	***	***	***		***
Machinery and equipment----	***	***	***	***		***
Total-----	***	***	***	***		***

^{1/} Data for 1982-84 are for 4 firms. Data for interim period ended Mar. 31, 1985, are for 2 firms.

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

Capital expenditures.--U.S. producers made capital expenditures of \$*** million in 1982 for facilities used in the production of offshore platform jackets and piles; capital expenditures in 1983 were \$*** million, and those in 1984 were \$*** million. Capital expenditures were \$*** million during interim 1985, compared with \$*** million in the corresponding period of 1984.

Capital and investment.--U.S. producers were asked to describe any actual or potential negative effects of imports of offshore platform jackets and piles from Japan and Korea on their firms' growth, investment, and ability to raise capital. Below are excerpts from their replies:

* * * * *

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

In its examination of the question of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of allegedly subsidized and/or LTFV imports, the capacity of producers in the exporting countries to generate exports, the availability of export markets other than the United States, and other factors, such as U.S. importers' inventories.

The rate of increase of imports of offshore platform jackets and piles from Japan and Korea is discussed in the "U.S. imports" section of this report. Because each platform jacket and set of piles is unique and built to customer specifications, importers do not maintain inventories of this product.

Ability of foreign producers to generate exports and availability of export markets other than the United States

Counsels for Korean and Japanese producers of offshore jackets and piles were requested to provide data on capacity, production, domestic consumption, exports to the United States, and exports to other countries.

Counsel for Korean producers prefaced its submission with explanatory remarks regarding problems associated with determining capacity in an industry in which capacity may be established upon the award of one offshore platform jacket and piles contract and then appear to disappear or become dormant at the end of the project. An analogy was drawn between the heavy construction industry that has a certain capability to perform large projects that are awarded on a bid basis. If a firm in this type of industry is awarded a particular contract, then resources are mobilized to perform that contract. If unsuccessful in securing a contract, the firm must guard its resources and pursue other available business. The data included in table 11 were provided within this context. * * *.

The data show that all Korean exports of offshore platform jackets and piles were to countries other than the United States prior to 1985, primarily ***, ***, and ***. * * *. Currently, the jacket and piles for Texaco's platform Harvest are in route from Korea to offshore California.

A similar presentation with respect to the difficulty in measuring capacity in this industry was presented by counsel on behalf of the Japanese producer Nippon Kokan K.K. (NKK). * * *.

Table 11.--Offshore platform jackets and piles: Korean capacity, production, and exports, 1983-84 and projected 1985 1/

Item	:	1983	:	1984	:	1985
Capacity-----short tons--:	:	***	:	***	:	<u>2/</u> ***
Production-----do-----:	:	***	:	***	:	<u>2/</u> ***
Capacity utilization----percent--:	:	***	:	***	:	<u>2/</u> ***
Exports to--	:	:	:	:	:	
United States-----short tons--:	:	0	:	0	:	<u>3/</u>
***-----do-----:	:	***	:	***	:	<u>3/</u>
***-----do-----:	:	***	:	***	:	<u>3/</u>
***-----do-----:	:	***	:	***	:	<u>3/</u>
All other-----do-----:	:	***	:	***	:	<u>3/</u>
Total-----do-----:	:	***	:	***	:	<u>3/</u>
Percent of production that is	:	:	:	:	:	
exported-----:	:	<u>4/</u> ***	:	***	:	<u>3/</u>
Percent of total exports to--	:	:	:	:	:	
United States-----:	:	.0	:	.0	:	<u>3/</u>
All other-----:	:	100.0	:	100.0	:	<u>3/</u>
Total-----:	:	100.0	:	100.0	:	<u>3/</u>

1/ Data for 1982 are not available.

2/ Projected.

3/ Not available.

4/ Includes tonnage recorded as output in prior years, but exported in the current year.

Source: Counsel for Korean producers of offshore platform jackets and piles.

Counsel for Hitachi Zosen said that it is difficult for the firm to isolate data for offshore platform jackets and piles from the firm's overall operations. Hitachi Zosen and other Japanese firms have built a large number of offshore facilities in numerous areas of the world and, in some respects, its production of jackets and piles for the U.S. west coast market is a small part of Japan's international market for offshore projects.

General information regarding Japan's industry building offshore structures and vessels is contained in Volume II of the antidumping petition.

Consideration of the Causal Relationship Between the Allegedly Subsidized and/or LTFV Imports and the Alleged Injury

U.S. imports

The petitioner submitted in its statements at the Commission's conference that injury to the domestic industry occurs upon award of a contract to a foreign producer to manufacture jackets and piles for a particular offshore platform project rather than upon actual importation of the product. To support this contention, the petitioner argues as follows:

First, during the period of investigation there have been seven offshore platform projects in the west coast region on which contracts have been awarded by U.S. purchasers. The first, and the largest in terms of tonnage, involved the Eureka offshore platform of Shell Oil Co. Construction of the ***-ton Eureka jacket was awarded to Kaiser in May 1982; construction of the ***-ton piles for this platform was awarded to McDermott. Since that time, the domestic industry has not won an award or, in other words, has not had a sale in the west coast region.

While activity in the gulf coast has been below historic levels, the volume of sales in the west coast region has increased since 1982 and, in 1985, is expected to reach the highest level of the period of investigation. After Eureka, the next western region sales occurred in September 1983, when the jackets and piles for platform Hermosa were awarded to Hitachi Zosen, a Japanese producer, and the jackets and piles for platform Harvest were awarded to Daewoo, a Korean producer. These two projects accounted for all sales in the west coast region during 1983.

In March 1984, the contract for the jacket and piles for platform Irene was awarded to Nippon Steel, a Japanese producer. In August 1984, contracts for jackets and piles for platforms Gail and Hidalgo were awarded to NKK, a Japanese producer. Further, in December 1984, the contract for the jacket and piles for platform Julius was awarded to Hyundai, a Korean producer. These sales constituted the entire sales of jackets and piles in the western region during 1984.

Petitioner states that, in contrast to most products and industries with which the Commission is concerned in the context of countervailing and antidumping investigations, offshore platform jackets and piles require a long period for their production, often 18 to 24 months. Also, according to the petitioner, the west coast market for jackets and piles is characterized by a small number of sales made in each year; consequently, each sale is important in relation to the overall market. The petitioner suggested that the Commission consider, in its analysis of material injury and threat of material injury, that injury occurs at the time at which a contract is awarded to a given producer by each purchaser.

The significance of this issue is illustrated in the following two tables. The first, table 12, shows actual imports during January 1982-March 1985. This table shows only one importation of offshore platform jackets and piles from Japan during the entire period and none from Korea. * * *.

In contrast, table 13 shows all sales of imported jackets and piles that were awarded during January 1982-March 1985. All such sales were awarded to Japanese or Korean firms, and all are to be installed in west coast waters. Actual importation as a result of these sales will extend into 1986. Details of most of these sales are discussed in the section of this report on prices.

Table 12.--Offshore platform jackets and piles: U.S. imports for consumption, by principal sources, 1982-84, January-March 1984, and January-March 1985

Source	1982	1983	1984	January-March--	
				1984	1985
	Quantity (short tons)				
Japan-----	0	5,603	0	0	0
Republic of Korea-----	0	0	0	0	0
Total-----	0	5,603	0	0	0
	Percent of total quantity				
Japan-----	-	100.0	-	-	-
Republic of Korea-----	-	-	-	-	-
Total-----	-	100.0	-	-	-
	Value (1,000 dollars)				
Japan-----	-	10,880	-	-	-
Republic of Korea-----	-	-	-	-	-
Total-----	-	10,880	-	-	-

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

U.S. market penetration by imports

Table 14 shows the value of U.S. producers' domestic shipments and exports, imports from Japan, and apparent consumption of offshore platform jackets and piles during the period covered by the investigation. U.S. market penetration by imports is also shown in table 14. On the basis of actual imports, the import to consumption ratio was 9.9 percent in 1983. There were no imports of offshore platform jackets or piles in 1982, 1984, or during January-March 1985.

However, on the basis of awards, import penetration in the western region was 100 percent during January 1983-March 1985, because Japanese and Korean firms have been awarded all of the contracts in that region since 1982. The total value of contracts awarded for offshore jacket and pile projects in the western region during January 1983-March 1985 was \$131.2 million, of which \$*** million was awarded to Japanese firms and \$*** million to Korean firms.

Table 13.--Offshore platform jackets and piles: Sales for importation into the United States, by principal sources, 1982-84, January-March 1984, and January-March 1985

Source	1982	1983	1984	January-March--	
				1984	1985
Quantity (short tons)					
Japan-----	0	***	***	0	0
Republic of Korea-----	0	***	***	0	***
Total-----	0	***	***	0	***
Percent of total quantity					
Japan-----	-	***	***	-	-
Republic of Korea-----	-	***	***	-	100.0
Total-----	-	100.0	100.0	-	100.0
Value (1,000 dollars)					
Japan-----	-	***	***	-	-
Republic of Korea-----	-	***	***	-	***
Total-----	-	***	***	-	***

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

Table 14.--Offshore platform jackets and piles: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1982-84, January-March 1984, and January-March 1985

Period	U.S. pro- ducers' : shipments	Imports : from : Japan 1/	U.S. pro- ducers' : exports	Apparent : consump- tion	Ratio of imports to consumption	
	1,000 dollars				Percent	
1982-----	145,660	0	0	145,660		0.0
1983-----	99,049	10,880	0	109,929	2/	9.9
1984-----	189,579	0	***	***		.0
Jan.-Mar.--						
1984-----	20,615	0	0	20,615		.0
1985-----	11,544	0	0	11,544		.0

1/ There were no imports from Korea, or countries other than Japan, during this period.

2/ Imports accounted for 0.0 percent on consumption in the western region in 1982 and 100 percent in 1983.

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

Prices

The Commission requested information from eight domestic producers of jackets and piles regarding bids tendered for sales in the western region. Questionnaires indicated that there were nine large contracts awarded between January 1981 and April 1985. The total magnitude of these contracts was *** tons with a total value of \$*** million.

One of these projects, Shell Oil Co.'s Eureka jacket, has already been installed and is operating. Three jackets are scheduled for installation during May-July 1985 and the final five of the contracts awarded stipulate delivery during May-July 1986.

The Commission also requested information from nine purchasers of offshore oil platforms. The purchasers are major oil companies who have developed oil leases off the coast of southern California. Although the petition defines the western region to include the Alaskan offshore oilfields, questionnaire responses revealed that no jackets or piles were purchased for Alaskan oil interests. Six purchasers indicated that they had either purchased or requested bids on jackets and piles for the western region during the subject period. All six of these purchasers have their own method of requesting bids, evaluating responses, and finally awarding contracts.

Bid process.--There are contractual elements that exist for all purchasers of offshore drilling rigs that utilize the conventional fixed platform design. The five components of the total project are engineering design, fabrication of the jacket, fabrication of the piles, transportation of the structure, and finally installation. Individual firms have their own distinct procedures for utilizing in-house personnel, contractors, and subcontractors to accomplish the overall task.

* * * * *

Fabrication of the jacket and piles are frequently separate items in a request for quotation (RFQ). This allows the purchasers to evaluate bids for jackets and piles separately. Occasionally domestic fabrication yards will only bid on the pile portion of an RFQ. There are a number of reasons for this. Either the firm will not have the facilities to bid the entire contract, or there are any number of transportation problems associated with the location of their facilities. In all but a few instances though, contracts have been awarded, giving both the jacket and pile fabrication to a single firm.

Transportation and installation are generally contracted for separately and occasionally will not be selected until after the contract for the fabrication has already been awarded. The major exception to this procedure is again ***'s method. * * *.

The following sections summarize four major projects undertaken during the subject period.

* * * * *

Domestic producers' competitive position.--Kaiser Steel, the petitioner, and a number of gulf coast producers have competed for contracts in all of the projects awarded since 1981. Of the four projects detailed earlier, jacket fabrication was awarded to domestic producers only once.

* * * *

The piles for the Eureka project were also awarded to a U.S. producer, McDermott. * * *.

* * * *

Transportation

Transportation factors are a very large part of any contract awarded for jackets and piles. According to industry sources, timely delivery of a jacket is one of the most important factors for completion of a project, and the weather plays an important part in the delivery schedule of a project. The jackets are usually installed in May-July in the west coast waters. These months have the most favorable weather conditions for putting a platform in place. If the project is delayed by as little as 30 days, favorable weather could be missed and the project delayed up to 1 year.

Another factor affecting transportation is the size of the jacket. The first constraint that jacket size imposes is the transportation route. Large jackets that may be fabricated in gulf coast yards face a base dimension size constraint of 100 feet for the use of the Panama Canal. Jackets with base dimensions larger than 100 feet must be transported around the tip of South America. Not only does this route have a disadvantage in terms of distance traveled, but timing is also a problem. The summer months are the optimal time for west coast installation, therefore the jacket would pass through the Straits of Magellen during late spring. Very harsh weather is common for this area during these months. Risk of losing the structure or placing extraordinary strain on it make this transportation route undesirable. An additional problem generated by the structure size is the problem of bridge lock. A number of existing and potential west coast fabrication yards are limited by the bridges that span the waterways running from the open sea to the fabrication yards.

The final size problem associated with transporting the structure is the availability of adequate launch barges. Occasionally, requests for quotes stipulate that transportation be arranged by the bidders. Bids must list the barges that are planned to be used for the transportation of the structure. This creates a very complex logistics problem for the bidder when the jacket is very large. There are only a few barges in existence worldwide that are capable of handling jackets of the size used in some of the current projects. If a firm that is bidding on fabrication of a jacket cannot schedule one of the large launch barges for the anticipated transportation date, it must either subcontract the transportation or lose the bid. * * *.

The final and most important transportation factor is the enormous costs involved. Transportation costs can vary widely for jackets and piles depending on the distance of the tow, weight of the structure, and the size of the launch barge. Table 15 demonstrates the wide fluctuations of transportation costs.

Table 15.—Transportation costs, by project

Project	Item	Transport cost	Percent of purchase price	Cost per ton	Assembly location
-----	Jacket---	\$	***	\$***	Japan
	Piles---	***	***	***	Japan
***-----	Jacket---	***	***	***	Japan
	Piles---	***	***	***	Japan
*** <u>1/</u> -----	Jacket & Piles.	***	***	***	Japan
***-----	Jacket---	***	***	***	Japan
	Piles---	***	***	***	Japan
*** <u>1/</u> -----	Jacket & Piles.	***	***	***	Korea
***-----	Jacket---	***	***	***	***, CA
	Piles---	***	***	***	***, LA
*** <u>1/</u> -----	Jacket & Piles.	***	***	***	Japan
***-----	Jacket---	***	***	***	Korea
	Piles---	***	***	***	Korea
***-----	Jacket---	***	***	***	Korea
	Piles---	***	***	***	Korea

1/ Transportation includes both jackets and piles.

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

Transportation costs for jackets, or jackets and piles, transported from Korea ranged from \$*** to \$*** per ton, which represented *** percent of the purchase price. Piles from Korea ranged from \$*** to \$*** per ton to transport; this equaled *** percent of the purchase price.

Transportation costs from Japan seemed to vary the most. One reason for this is that the Japanese were awarded the most contracts, and the size and transportation factors varied considerably with each project. Transportation costs for jackets from Japan ranged from \$*** to \$*** per ton. Costs of transportation were *** percent of the jackets' total cost. The transportation cost for piles from Japan was \$***-\$*** per ton; this equaled *** percent of the piles' total delivered costs.

Only one contract was awarded to U.S. producers. The transportation costs were rather high for the jacket—\$*** per ton. However, this represented a relatively small percentage of the purchase price (*** percent).

The only U.S. producer that transported piles for a project was McDermott. The cost of transporting piles from their gulf coast facility was \$*** per ton and *** percent of the purchase price. * * *.

Exchange rates

The nominal value of the Japanese yen in terms of dollars declined by 5 percent from January-March 1982 to October-December 1984 after fluctuating irregularly throughout the period. When these figures are adjusted for inflation by producer price indexes, the real value of the yen declined even further. The real exchange rate declined by 10 percent over the subject period, because of the relatively low inflation rate in Japan.

The nominal value of the Korean won declined steadily and by 13 percent in terms of the U.S. dollar from January-March 1982 to October-December 1984. The real value of the won declined by 15 percent during the same period. The reason for the larger decline in the real value was a slightly lower inflation rate in Korea than in the United States, as shown in the following tabulation (January-March 1982 = 100):

Period	Exchange rate index				
	Dollars per Japanese yen		Dollars per Korean won		
	Nominal rate	Real rate	Nominal rate	Real rate	
1982:					
January-March----	100 :	100 :	100 :		100
April-June-----	96 :	96 :	98 :		98
July-September---	90 :	91 :	96 :		96
October-December--	90 :	90 :	95 :		96
1983:					
January-March----	99 :	98 :	94 :		95
April-June-----	98 :	96 :	92 :		92
July-September---	96 :	93 :	90 :		89
October-December--	100 :	95 :	89 :		87
1984:					
January-March----	101 :	96 :	89 :		87
April-June-----	102 :	96 :	89 :		86
July-September---	96 :	91 :	88 :		86
October-December--	95 :	90 :	87 :		85
	:	:	:	:	

Source: International Financial Statistics, International Monetary Fund, April 1985.

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APPENDIX A

FEDERAL REGISTER NOTICES

[Investigation No. 701-TA-248 (Preliminary) and investigations Nos. 731-TA-259 and 260 (Preliminary)]

**Offshore Platform Jackets and Piles
From the Republic of Korea and Japan**

AGENCY: International Trade
Commission.

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

SUMMARY: The Commission hereby gives
notice of the institution of preliminary
countervailing duty investigation No.
701-TA-248 (Preliminary) under section
703(a) of the Tariff Act of 1930 (19 U.S.C.
1671b(a)) to determine whether there is
a reasonable indication that an industry
in the United States is materially
injured, or is threatened with material
injury, or the establishment of an
industry in the United States is
materially retarded, by reason of
imports from the Republic of Korea
(Korea) of offshore platform jackets and
piles, provided for in item 652.97 of the
Tariff Schedules of the United States
(TSUS), which are alleged to be
subsidized by the Government of Korea.
As provided in section 703(a), the
Commission must complete preliminary
countervailing duty investigations in 45
days, or in this case by June 3, 1985.

The Commission also gives notice of
the institution of preliminary
antidumping investigations Nos. 731-
TA-259 and 260 (Preliminary) under
section 733(a) of the Tariff Act of 1930
(19 U.S.C. 1673(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 Japan and Korea of
offshore platform jackets and piles,
provided for in item 652.97 of the TSUS.

which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in these cases by June 3, 1985.

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

EFFECTIVE DATE: April 18, 1985.

FOR FURTHER INFORMATION CONTACT: Tedford Briggs (202-523-4612), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed on April 18, 1985 (Korea), and April 19, 1985 (Japan), by Kaiser Steel Corp., Napa, CA; and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, Kansas City, KS.

Participation in the Investigations

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

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR § 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c), as amended by 49 FR 32569, Aug. 15, 1984), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The

Secretary will not accept a document for filing without a certificate of service.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on May 13, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Tedford Briggs (202-523-4612) not later than May 9, 1985, to arrange for their appearance. Parties in support of the imposition of countervailing and/or antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written Submissions

Any person may submit to the Commission on or before May 18, 1985, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR § 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with section 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 § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

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

By order of the Commission.

Issued: April 23, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-10602 Filed 4-30-85; 8:45 am]

BILLING CODE 7020-02-M

International Trade Administration

[A-600-801]

**Offshore Platform Jackets and Piles
From Japan**

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 initiating an antidumping duty investigation to determine whether offshore platform jackets and piles from Japan 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 these products 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 June 3, 1985, and we will make ours on or before September 26, 1985.

EFFECTIVE DATE: May 15, 1985.

FOR FURTHER INFORMATION CONTACT: Francis R. Crowe, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-4087.

SUPPLEMENTARY INFORMATION:

The Petition

On April 19, 1985, we received a petition in proper form filed by Kaiser Steel Corporation (Kaiser) and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers filing on behalf of the U.S. producer(s) and workers producing offshore platform jackets and piles for sale in the U.S. West Coast market. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Japan 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 price on an estimate of a Japanese producer's bid price for a platform scheduled for delivery in May 1985.

Petitioners submit that due to the unique nature of the product, it would be inappropriate to base foreign market value on home market or third country sales. Thus, the petitioners based foreign market value on an estimated constructed value for the same platform based upon economic research conducted in Japan and upon Kaiser's cost estimates for its own bid on the platform. To the sum of fabrication and assembly costs, they added the statutory

minimum of 10 percent for general expenses and 8 percent of general expenses and cost for profit.

Based on the comparison of these estimated values, petitioners alleged a dumping margin of 25 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 offshore platform jackets and piles 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 offshore platform jackets and piles from Japan 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 26, 1985.

Scope of Investigation

The products covered by this investigation are steel jackets (templates) and piles for offshore platforms, subassemblies thereof that do not require removal from a transportation vessel and further U.S. onshore assembly, and appurtenances attached to the jackets and piles. These platforms are also known as conventional fixed platforms and are permanently affixed by the piles to be seabed. The platforms are not mobile. These jackets and piles are currently classified in the *Tariff Schedules of the United States* under item 852.97.

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.

Preliminary Determination by ITC

The ITC will determine by June 3, 1985, whether there is a reasonable indication that imports of offshore platform jackets and piles from Japan 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.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-11738 Filed 5-14-85; 8:45 am]

BILLING CODE 3510-08-M

[C-580-504]

Initiation of Countervailing Duty Investigation: Offshore Platform Jackets and Piles From the Republic of Korea

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers or exporters in the Republic of Korea of offshore platform jackets and piles as described in the "Scope of Investigation" section below, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of the merchandise materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before June 3, 1985, and we will make ours on or before July 5, 1985.

EFFECTIVE DATE: May 15, 1985.

FOR FURTHER INFORMATION CONTACT: Mary Martin or Rick Herring, Office of Investigations, Import Administration, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-3464 or (202) 377-0187.

SUPPLEMENTARY INFORMATION:

Petition

On April 19, 1985, we received a petition from the Kaiser Steel Corporation and the International Brotherhood of Boilermakers, Ironship Builders, Blacksmiths, Forgers and Helpers on behalf of the offshore platform jackets and piles industry. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that

manufacturers, producers or exporters in the Republic of Korea of offshore platform jackets and piles receive, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act). Since the Republic of Korea is a "country under the Agreement" within the meaning of section 701(b) of the Act, Title VII of the Act applies to this investigation, and the ITC is required to determine whether imports of the subject merchandise from Korea materially injure, or threaten material injury to, a U.S. industry.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined this petition and we have found that the petition meets those requirements. Therefore, we are initiating a countervailing duty investigation to determine whether the manufacturers, producers or exporters in the Republic of Korea of offshore platform jackets and piles, as described in the "Scope of Investigation" section of this notice, receive benefits which constitute subsidies. If our investigation proceeds normally, we will make our preliminary determination on or before July 15, 1985.

Scope of Investigation

The products covered by this investigation are steel jackets (templates) and piles for offshore platforms; subassemblies thereof that do not require removal from a transportation vessel and further U.S. onshore assembly, and appurtenances attached to the jackets and piles. These platforms are also known as conventional fixed platforms and are permanently affixed by the piles to the seabed. The platforms are not mobile. These jackets and piles are currently provided for in item 652.97 of the 1985 Tariff Schedules of the United States (TSUS).

Allegations of Subsidies

The petition alleges that manufacturers, producers or exporters in the Republic of Korea of offshore platform jackets and piles receive benefits which constitute subsidies. We are initiating an investigation on the following allegations:

- Short-term Export Financing under the Export Financing Regulations.

- Deferred Export Loans from the National Investment Fund.
- Export Credit Financing from the Korean Export-Import Bank.
- Special and Accelerated Depreciation under Articles 11 and 25 of the "Act Concerning the Regulation of Tax Reduction and Exemption."
- Tax Incentives for Exporters under Article 22, 23 and 24 of the "Act Concerning the Regulation of Tax Reduction and Exemption."
- Export Guarantees.
- Export Credit Insurance.

We have determined not to investigate the following allegation:

- Petitioners allege that the Korean platform jackets and piles producers receive preferential financing for assembly yard development from the Korea Development Bank ("KDB") and/or other government institutions. In past investigations we have found this alleged program not to be countervailable (*See, Final Affirmative Countervailing Duty Determination: Cold-Rolled Carbon Steel Flat-Rolled Products from Korea and Final Negative Countervailing Duty Determination: Structural Shapes from Korea* (49 FR 47284)). Petitioners have presented no new evidence or alleged changed circumstances with respect to this program.

Notification of ITC

Section 702(d) of the Act requires us to notify the ITC of these actions, and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 3, 1985, whether there is a reasonable indication that imports of offshore platform jackets and piles from the Republic of Korea materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, this investigation will

continue according to the statutory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

May 9, 1985.

[FR Doc. 85-11734 Filed 5-14-85; 8:45 am]

BILLING CODE 2510-02-01

[A-580-505]

Offshore Platform Jackets and Piles From the Republic of Korea

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 initiating an antidumping duty investigation to determine whether offshore platform jackets and piles from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products 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 June 3, 1985, and we will make ours on or before September 26, 1985.

EFFECTIVE DATE: May 15, 1985.

FOR FURTHER INFORMATION CONTACT: Francis R. Crowe, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-4067.

SUPPLEMENTARY INFORMATION:

The Petition

On April 19, 1985, we received a petition in proper form filed by Kaiser Steel Corporation (Kaiser) and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers filing on behalf of the U.S. producer(s) and workers producing offshore platform jackets and piles for sale in the U.S. West Coast market. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Korea are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of 19

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 price on an estimate of a Korean producer's bid price for a platform scheduled for delivery in May 1985.

Petitioners argue that, due to the unique nature of this product, it would be inappropriate to base foreign market value on home market or third country sales of jackets and piles. Thus, the petitioners based foreign market value on an estimated constructed value for the same platform based upon Kaiser's cost estimates for its own bid on the platform adjusted for differences between U.S. and Korean labor costs and additional Korean investment costs alleged to be necessary to complete the project. To the sum of fabrication and assembly costs, they added the statutory minimum of 10 percent for general expenses and 8 percent of general expenses and cost for profit.

Based on the comparison of these estimated values, petitioners alleged dumping margins of from 48 to 53 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 offshore platform jackets and piles and 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 offshore platform jackets and piles from Korea 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 26, 1985.

Scope of Investigation

The products covered by this investigation are steel jackets (templates) and piles for offshore platforms, subassemblies thereof that do not require removal from a transportation vessel and further U.S. onshore assembly, and appurtenances attached to the jackets and piles. These platforms are also known as conventional fixed platforms and are permanently affixed by the piles to the

seabed. The platforms are not mobile. These jackets and piles are currently classified in the *Tariff Schedules of the United States* (TSUS) under item 652.97.

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 administratively protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 3, 1985, whether there is a reasonable indication that imports of offshore platform jackets and piles from Korea 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.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

May 9, 1985.

[FR Doc. 85-11735 Filed 5-14-85; 8:45 am]

BILLING CODE 2510-22-01

APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 701-TA-248 (Preliminary)
and Investigations Nos. 731-TA-259 and 260 (Preliminary)

OFFSHORE PLATFORM JACKETS AND PILES
FROM THE REPUBLIC OF KOREA AND JAPAN

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on May 13, 1985, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the imposition of antidumping
and/or countervailing duties

Collier, Shannon, Rill & Scott--Counsel
Washington, DC
on behalf of--

Kaiser Steel Corp.
Napa, CA

S.C. Jacobson, General Manager, Commercial

International Brotherhood of Boilermakers, Iron Ship Builders,
Blacksmiths, Forgers and Helpers
Kansas City, KS

Page Groton, Assistant to International President

Economic Consulting Services Inc.
Washington, DC

Mark W. Love, Vice President

David A. Hartquist)
Robert L. Meuser)--OF COUNSEL
Kathleen T. Weaver)

In opposition to the imposition of antidumping
and/or countervailing duties

Pillsbury, Madison & Sutro--Counsel
Washington, DC
on behalf of--

Chevron U.S.A. Inc.

John T. Cameron, Vice President, Exploration, Land & Production,
Western Region

Jess E. Morgan, Manager, Offshore Engineering & Construction
Western Region

Donald E. deKieffer)
Frank J. Schuchat)--OF COUNSEL
Francis J. Sailer)

Sharretts, Paley, Carter & Blauvelt--Counsel
Washington, DC
on behalf of--

Union Oil Company of California

Richard Gillen, Regional Offshore Construction Manager

Texaco Inc.

George E. Mott, Manager, Central Offshore Engineering

Peter O. Suchman)
Gail T. Cummins)--OF COUNSEL

Arnold & Porter--Counsel
Washington, DC
on behalf of--

Cities Service Oil & Gas Corp.

James Quinn, Regional Production Manager

Douglas A. Dworkin)
Bob Hertzstein)--OF COUNSEL

In opposition to the imposition of antidumping
and/or countervailing duties--Continued

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, DC
on behalf of--

Korea Iron & Steel Association

Daewoo Shipbuilding & Heavy Machinery, Ltd.

Hyundai Heavy Industries Co.

Samsung Co., Ltd.

Donald B. Cameron, Jr.--OF COUNSEL

Paul, Weiss, Rifkind, Warton & Garrison--Counsel
Washington, DC
on behalf of--

Korea Iron & Steel Association

Daewoo Shipbuilding & Heavy Machinery, Ltd.

Hyundai Heavy Industries Co.

Samsung Co., Ltd.

Robert Montgomery)
Terence J. Fortune)--OF COUNSEL

Graham & James--Counsel
Washington, DC
on behalf of--

Hitachi Zosen Corp.

Stuart E. Benson)
Michael A. Hertzberg)--OF COUNSEL
Yoshihiro Saito)

Covington & Burling--Counsel
Washington, DC
on behalf of--

Exxon Company U.S.A.

Harvey M. Applebaum)
Timothy A. Harr)--OF COUNSEL
David R. Grace)