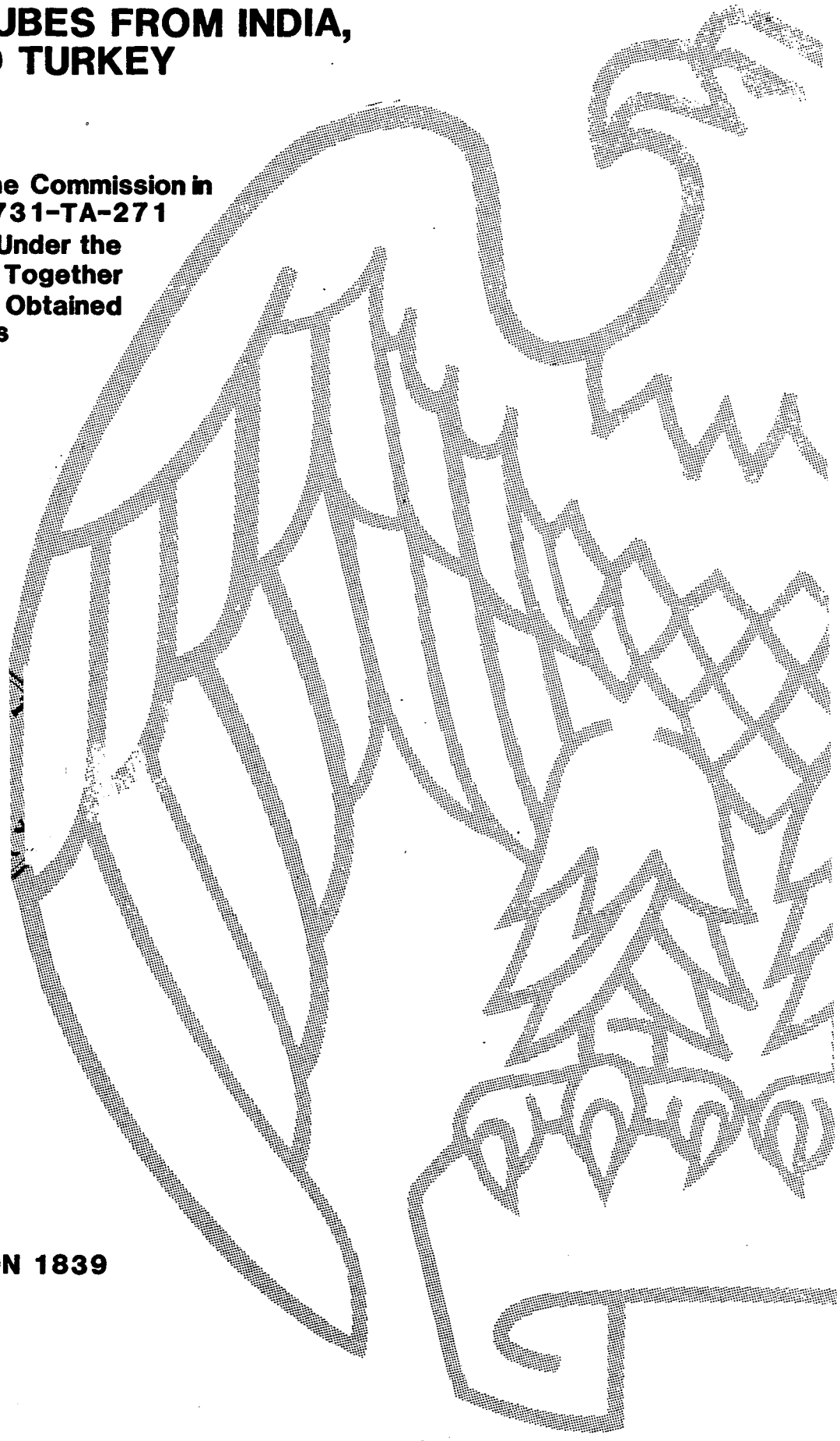
CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM INDIA, TAIWAN, AND TURKEY

Determinations of the Commission in Investigations Nos. 731-TA-271 through 273 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-271 through 273 (Final)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES
FROM INDIA, TAIWAN, AND TURKEY

Determinations

On the basis of the record 1/ developed in investigation No. 731-TA-271 (Final) the Commission determines, 2/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured, or threatened with material injury, by reason of imports from India of standard pipes and tubes, 3/ which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV). Chairwoman Paula Stern and Commissioners Alfred E. Eckes and Seeley G. Lodwick determine that an industry in the United States is materially injured by reason of the subject imports. Commissioner David B. Rohr determines that a domestic industry is threatened with material injury by reason of the subject imports. Commissioner Rohr further determines, pursuant to section 735(b)(4)(B) of the Act (19 U.S.C. § 1673d(b)(4)(B)), that he would not have found material injury but for any suspension of liquidation of entries of the subject merchandise.

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/ Vice Chairman Susan W. Liebeler and Commissioner Anne E. Brunsdale make negative determinations.

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

The Commission also determines, on the basis of the record developed in investigation No. 731-TA-272 (Final), 1/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Taiwan of line pipes and tubes, 2/ which have been found by the Department of Commerce to be sold in the United States at LTFV.

The Commission also determines, on the basis of the record developed in investigation No. 731-TA-273 (Final), 3/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured, or threatened with material injury, by reason of imports from Turkey of standard pipes and tubes, which have been found by the Department of Commerce to be sold in the United States at LTFV. Chairwoman Paula Stern and Commissioners Alfred E. Eckes and Seeley G. Lodwick determine that an industry in the United States is materially injured by reason of the subject imports. Commissioner David B. Rohr determines that a domestic industry is threatened with material injury by reason of the subject imports. Commissioner Rohr further determines, pursuant to section 735(b)(4)(B) of the

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1/ Commissioners Alfred E. Eckes and David B. Rohr dissent, finding threat of material injury. They would not have found material injury but for any suspension of liquidation of entries of the subject merchandise.

2/ For purposes of these investigations, the term "line pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 16 inches in outside diameter, conforming to API specifications for line pipe, provided for in items 610.3208 and 610.3209 of the TSUSA.

3/ Vice Chairman Susan W. Liebeler and Commissioner Anne E. Brunsdale make negative determinations.

Act (19 U.S.C. § 1673d(b)(4)(B)), that he would not have found material injury but for any suspension of liquidation of entries of the subject merchandise.

The Commission finally determines, on the basis of the record developed in investigation No. 731-TA-273 (Final), 1/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Turkey of line pipes and tubes, which have been found by the Department of Commerce to be sold in the United States at LTFV.

Background

The Commission instituted these investigations following preliminary determinations by the Department of Commerce that imports of certain welded carbon steel pipes and tubes from India, Taiwan, and Turkey were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of January 24, 1986 (51 FR 3272). The hearing was held in Washington, DC, on March 13, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ Commissioners Alfred E. Eckes and David B. Rohr dissent, finding threat of material injury. They would not have found material injury but for any suspension of liquidation of entries of the subject merchandise.

VIEWS OF CHAIRWOMAN PAULA STERN AND COMMISSIONERS
ALFRED E. ECKES, SEELEY G. LODWICK, AND DAVID ROHR

We determine that an industry in the United States is materially injured by reason of imports of welded carbon steel standard pipes and tubes (standard pipe) from India and Turkey which the Department of Commerce (Commerce) has found to be sold at less than fair value (LTFV). 1/ 2/

Chairwoman Stern and Commissioner Lodwick also determine that an industry in the United States is not materially injured, or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports of welded carbon steel line pipes and tubes (line pipe) from Taiwan and Turkey which Commerce has determined to be sold at LTFV. Commissioners Eckes and Rohr determine that an industry in the United States is threatened with material injury by reason of the LTFV line pipe imports from Taiwan and Turkey and further determine, pursuant to section 735(b)(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1673d(b)(4)(B), that they would not have found material injury but for any suspension of liquidation of entries of the subject merchandise. 3/ 4/

1/ Commissioner Rohr determines that an industry in the United States is threatened with material injury by reason of the LTFV standard pipe imports from India and Turkey and further determines, pursuant to section 735(b)(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1673d(b)(4)(B), that he would not have found material injury but for any suspension of liquidation of entries of the subject merchandise. See his additional views, infra.

2/ Material retardation of the establishment of an industry in the United States is not an issue in any of these investigations and is not discussed further.

3/ See their dissenting views, infra.

4/ In the event that Commerce makes a final affirmative determination under 19 U.S.C. § 1673d(a)(2), then the Commission must determine whether the material injury is by reason of the "massive imports" described in 19 U.S.C. § 1673d(a)(3). 19 U.S.C. § 1673d(b)(4)(A). This is commonly called the "critical circumstances" determination. In the case of line pipe imports from Taiwan, Commerce has made an affirmative critical circumstances determination. 50 Fed. Reg. 8865 (1986). However, in the present investigations, as a majority of the Commission have determined that there is no material injury or threat of material injury by reason of the imports from Taiwan, we need not address the question of critical circumstances.

Like products and domestic industries 5/

Two imported products are at issue in these investigations: (i) circular welded carbon steel [standard] pipe and tube with an outside diameter of 0.375 inch or more but not over 16 inches (standard pipe); 6/ and (ii) circular welded carbon steel [line] pipe and tube with an outside diameter of 0.375 inch or more but not over 16 inches (line pipe). 7/

We have investigated these products on many prior occasions. 8/ We found the like product for imported standard pipe to be domestically produced standard pipe of not more than 16 inches outside diameter and the domestic industry to consist of the producers of standard pipe. 9/ We also determined that the like product for imported line pipe is domestically produced line pipe of not more than 16 inches outside diameter and that the domestic

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5/ The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 as "[t]he domestic producers as a whole of the like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 19 U.S.C. § 1677(4)(A). The term "like product," in turn, is defined in section 771(10) 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 . . . ." 19 U.S.C. § 1677(10).

6/ 50 Fed. Reg. 32244 (1985) (India); 50 Fed. Reg. 32246 (1985) (Turkey).

7/ 50 Fed. Reg. 32245 (1985) (Taiwan); 50 Fed. Reg. 32246 (1985) (Turkey).

8/ E.g., the Commission concluded the following investigations since the first of 1985: Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, Invs. Nos. 701-TA-253 and 731-TA-252 (Final), USITC Pub. 1810 (Feb. 1986) ("Turkey and Thailand"); Certain Welded Carbon Steel Pipes and Tubes from the People's Republic of China, the Philippines, and Singapore, Invs. Nos. 731-TA-292-294 (Preliminary), USITC Pub. 1796 (Dec. 1985) ("People's Republic of China, the Philippines, and Singapore"); Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, Invs. Nos. 701-TA-251-253 and 731-TA-271-274 (Preliminary), USITC Pub. 1742 (Aug. 1985) ("India, Taiwan, Turkey, and Yugoslavia"); Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 701-TA-242 and 731-TA-252-253 (Preliminary), USITC Pub. 1680 (Apr. 1985) ("Thailand and Venezuela"); Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, Invs. Nos. 731-TA-211-212 (Preliminary), USITC Pub. 1639 (Feb. 1985).

9/ Thailand and Venezuela, supra, at 6-9.

industry consists of the producers of line pipe. 10/ We have adhered to these definitions in all subsequent investigations. 11/

In the present investigations, no parties questioned the appropriateness of these definitions and no information was revealed that warrants reconsideration of these issues. 12/ Accordingly, we adhere to our prior definitions of the like products and the domestic industries in these investigations.

Condition of the domestic standard pipe industry 13/

In its analysis of material injury, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, sales, market share, employment, wages, and financial indicators. 14/ In these investigations, the Commission considered the information available for the period January 1982-December 1985. 15/

We have studied the domestic standard pipe industry in prior investigations. 16/ Our data in those investigations showed that the domestic standard pipe industry demonstrated reasonable performance through 1981 but suffered serious setbacks in 1982 in terms of almost all significant economic

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10/ Id.
11/ See, most recently, Turkey and Thailand, supra.
12/ Transcript of the Commission hearing (Tr.) at 54, 88, and 110.
13/ Some of the information in these investigations regarding the condition of the domestic industries and regarding the impact of imports on those industries is confidential and, therefore, can be discussed only in general terms.
14/ 19 U.S.C. § 1677(7)(C)(iii).
15/ For the domestic standard pipe industry, the data in these investigations include data for the period October-December 1985, data that were not available to the Commission in our most recent investigation of the domestic standard pipe industry. Turkey and Thailand, supra.
16/ People's Republic of China, the Philippines, and Singapore, supra; Turkey and Thailand, supra.

indicators. Production, shipments, capacity utilization, employment, and financial indicators all decreased precipitously. 17/ Therefore, the data for the first year of our current investigation, 1982, reflect very low performance levels. 18/

In the current investigations, apparent domestic consumption of standard pipe increased from 1982 to 1984 by 45 percent, and then decreased marginally from 1984 to 1985. 19/ Domestic producers' production, shipments, capacity, and capacity utilization also increased throughout the period of investigation. However, the rates of increase for these indicators during the period 1982 to 1984 were substantially below the increase in apparent domestic consumption during the same period. Capacity utilization reached only 55 percent in 1985. 20/

The number of production and related workers decreased throughout the period under investigation and their hours worked declined during the period 1982-84, although they increased slightly in 1985. Labor productivity increased throughout the period of investigation, although unit labor costs, which had declined from 1982-84, increased in 1985. 21/

As would be expected from a capital-intensive industry operating at relatively low levels of capacity utilization, the financial performance of the industry has not been strong. The domestic industry reported net operating losses in 1982, 1983, and 1984. 22/ The industry showed a small net

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17/ Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131, 132, and 138 (Final), USITC Pub. 1519 at 6-8 (1984).

18/ See Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, supra, at 9.

19/ Report of the Commission (Report) at Table I-3.

20/ Id. at Table I-4.

21/ Id. at Table I-6.

22/ Id. at Table I-7.

operating income during 1985, amounting to only 1.1 percent of net sales. Four firms, the highest number in any year subject to the investigation, showed net operating losses during 1985. 23/ 24/ 25/

Accordingly, we conclude that the domestic standard pipe industry is experiencing material injury. 26/ 27/ 28/

Cumulation with respect to standard pipe imports 29/

The current investigations involve standard pipe imports from India and Turkey. Petitioners urge the Commission to conduct a cumulative analysis of those imports with each other and with imports from Thailand, Singapore, the Philippines, and the People's Republic of China. 30/

23/ Id.

24/ As we noted in our recent investigations of standard pipe, "there is a substantial difference in the financial performance of the various domestic producers, and in general the nonintegrated producers outperformed the integrated firms." Turkey and Thailand, supra, at 9. As in that case, the Commission has taken this fact into account in its analysis while noting that it is required, by statute, to assess the condition of the industry as a whole.

25/ During the period of the investigations, several firms (e.g., Bethlehem Steel Corp., LTV Steel Corp., and Merchants Metal, Inc.) have closed standard pipe mills. Turkey and Thailand, supra, at 8.

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

27/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. See American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1276 (Ct. Int'l Trade 1984), aff'd sub nom., Armco, Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985).

28/ Commissioner Rohr concludes that this industry is vulnerable to a threat of material injury.

29/ Commissioner Rohr does not join in this section of this opinion in light of his conclusions on threat.

30/ Petitioners' Prehearing Brief at 3-5. In that brief, petitioners also asked us to cumulate imports from Yugoslavia. The request, however, predates their withdrawal of the petition as to Yugoslavia. Cumulation of imports as to which the petition has been withdrawn is inappropriate because the imports covered by the withdrawn petition are not "subject to investigation."

Section 612(a)(2)(A) of the Trade and Tariff Act of 1984 amends title VII of the Tariff Act of 1930 by the enactment of a new subsection pertaining to cumulation:

> (4) CUMULATION—For purposes of clauses (i) (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such products compete with each other and with the like products of the domestic industry in the United States market. 31/

The legislative history makes clear that the subject imports must be marketed within a reasonably coincident period of time. 32/ Therefore, the Commission must "cumulatively assess the volume and effect of imports" when three criteria are met: (1) the subject imports must compete with both other imports and the domestic like product; 33/ (2) they must be marketed within a reasonably coincident time period; and (3) they must be subject to investigation. 34/

In prior investigations, we have treated standard pipe as a fungible commodity. 35/ In the preliminary investigation regarding imports from India, the Indian party in opposition to the petition argued that Indian standard pipe should not be cumulated with other standard pipe on the ground that India predominantly exports galvanized pipe while other countries export so-called

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31/ Pub. L. 98-573, § 612(a)(2)(A)(iv), to be codified at 19 U.S.C. § 1677(7)(C)(iv).

32/ H.R. Rep. No. 1156 (Conf. Rep.), 98th Cong., 2nd Sess. 173 (1984).

33/ The statute allows for cumulation only of like products. American Grape Growers Alliance for Fair Trade v. United States, 615 F. Supp. 615 (Ct. Int'l Trade 1985).

34/ In making a cumulation determination, the Commission has considered a variety of factors, including: (1) the fungibility of the imports; (2) the presence of sales or offers to sell in the same geographic markets; (3) the existence of common or similar channels of distribution of imports; and (4) whether the imports are simultaneously present in the market. People's Republic of China, the Philippines, and Singapore, supra, at 10 n.29; India, Taiwan, Turkey, and Yugoslavia, supra, at 12 n.28 and cases cited therein.

35/ E.g., People's Republic of China, the Philippines, and Singapore, supra; India, Taiwan, Turkey, and Yugoslavia, supra.

black pipe. 36/ The argument has been renewed in this final investigation and, in particular, the Indian party asserts that Indian imports (more than 90 percent of which are galvanized) should not be cumulated with imports from Singapore (less than 2 percent of which are galvanized). 37/

Galvanization is a process of coating an article with zinc to inhibit corrosion. Coating black pipe with zinc, although not an inexpensive step, converts black pipe into galvanized pipe. 38/ According to petitioners, a significant quantity of imported black pipe is galvanized in the United States. 39/

We conclude that a cumulative analysis of black and galvanized pipe is appropriate. 40/ The only difference between black and galvanized pipe is the fact of galvanization itself and, as petitioners argue, if price conditions make it advantageous, imported black pipe may be galvanized and sold in competition with imported galvanized pipe and in competition with domestically produced galvanized pipe.

The imports compete in the same geographic areas. 41/ No party has argued that the imports compete for different customers or that they utilize different channels of distribution. As we found in the preliminary

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36/ India, Taiwan, Turkey, and Yugoslavia, supra, at 13. We cumulated black and galvanized pipe imports in the preliminary investigation, but stated that we would explore the matter in the event of a final investigation. Id.

37/ Indian Posthearing Brief at 4-5.

38/ Tr. at 55-56.

39/ Id.

40/ We have cumulated black and galvanized pipe imports in all prior standard pipe investigations, but the specific question was not raised in any of those investigations, except in the preliminary investigation here.

41/ Report at I-21; People's Republic of China, the Philippines, and Singapore, supra, at Table I-10. Even though imports from different sources are concentrated in different areas, this dispersion is not sufficient to negate competition between the various imports. Compare People's Republic of China, the Philippines, and Singapore, supra.

investigation, some service centers/distributors are unaware of the origin of the pipe they purchase. 42/ There is no question that the standard pipe imports have been present simultaneously in the market.

Accordingly, we cumulatively assessed the volume and effect of the standard pipe imports from India and Turkey with each other and with imports from the People's Republic of China, the Philippines, and Singapore.

We also cumulatively assessed the volume and effect of the standard pipe imports from India and Turkey with imports of standard pipe from Thailand. An antidumping order on Thai standard pipe was issued effective January 27, 1986. These imports were subject to investigation as recently as January 1986 and import data for Thailand are available to us covering the same time period as the data available for the imports subject to the current investigations.

Material injury by reason of the standard pipe imports 43/

In determining whether a domestic industry is materially injured by reason of the unfair imports, Congress has directed us to consider, among other factors, the volume of imports of the merchandise under investigation, the effect of such imports on domestic prices, and the impact of such imports on the relevant domestic industry. 44/

The cumulated LTFV imports of standard pipe from Thailand, Turkey, India, the People's Republic of China, the Philippines, and Singapore have increased rapidly over the course of this investigation. There were no imports from the countries subject to cumulation during 1982. 45/ From a negligible percentage

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42/ People's Republic of China, the Philippines, and Singapore, supra, at 11.
43/ Commissioner Rohr does not join in this section of the opinion. See his additional views regarding threat of material injury, infra.
44/ 19 U.S.C. § 1677(7)(c).
45/ Report at Table I-1.

of apparent domestic consumption in 1983, the imports rose significantly in 1984 and then increased dramatically in 1985. 46/ 47/

During these investigations, we gathered quarterly price data for five specific standard pipe products from the domestic industry and from importers of Indian and Turkish pipe. The quarterly price data for domestically produced standard pipe products show considerable variation for all five products in both the service centers/distributors and end-users markets. In general, U.S. producers' prices rose from 1983 to 1984 and then declined in 1985. For the service centers/distributors market, price levels for October-December 1985 are all substantially below price levels for the comparable period of 1984 and they are at approximately the same levels as the comparable period of 1983. 48/ In the end users market, price trends were similar, rising from 1983 to 1984 and then declining from 1984 to 1985.

When domestic producers' prices are compared to the prices of standard pipe imports from India in the service centers/distributors market, the data show that for all five products, Indian standard pipe undersold domestic standard pipe in all instances for which we have data. 49/ In only one instance was the margin of underselling less than 11 percent, and the other margins were all significantly higher than that. 50/

46/ Id.

47/ The absolute volume of the cumulated imports also increased throughout the period of investigation. However, given the vulnerable condition of the domestic industry and the decline in apparent domestic consumption from 1984 to 1985, relative import penetration is a much more revealing figure than absolute import volume.

48/ Report at Table I-12.

49/ Id. at Table I-13. As significant quantities of Indian pipe did not enter the U.S. market until 1985, price data for three products cover only 1985. For two products, however, we have data permitting comparisons of 1984 prices.

50/ Id.

In the case of Turkish imports, the pattern is much the same. There are margins of underselling for each product for each quarter for which comparisons are possible. 51/ In the service centers/distributors market, the margin of underselling was never less than 15 percent, and it ranged considerably higher. 52/ In the end users market, we have comparable data for one quarter for each of three products and in each instance there are significant margins of underselling.

We also obtained weighted average purchase prices for several of the standard pipes from Turkey and India. 53/ When these data are compared to the weighted average purchase price for U.S. producers' standard pipe, underselling is present in each instance. In no instance is the margin of underselling less than 13 percent. 54/

These price comparisons are significant because the Commission has received information that price is the most important purchase consideration for a substantial portion of the domestic purchasers. 55/ In this price-sensitive market, the increase in the volume of imports, accompanied by consistent and significant underselling, was coincident with the declines in domestic producers' prices, indicating price depression resulting from the imports.

Finally, we note that the President's program of voluntary restraints has limited imports of standard pipe from many of the largest traditional suppliers in 1985, thus improving conditions for the recovery of the domestic industry. However, as noted above, the domestic industry lowered prices

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51/ Id. at Table I-14. Here again, the data generally cover 1985, with a few price comparisons possible for 1984.
52/ Id.
53/ Id. at Table I-16.
54/ Id.
55/ Id. at I-24-I-26.

during 1985 and continued to operate at a loss, in significant part because of the impact of the cumulated LTFV imports.

We conclude that the imports are cumulatively a source of material injury to the domestic industry. 56/ 57/

56/ Commissioner Lodwick notes that in the most recent prior investigations regarding standard pipe, Turkey and Thailand, supra, he found threat of material injury by reason of the subject imports from Turkey and by reason of the subject imports from Thailand. Although each investigation must be evaluated on its own merits and on the basis of the information of record in that investigation, for the purpose of ensuring that there is no confusion between his findings in Turkey and Thailand, supra, and the present investigations, he notes the following.

The sources of the cumulated standard pipe are relatively new entrants into the U.S. market. Import penetration has risen rapidly during the most recent periods and over 40 percent of the 1985 imports from India, Thailand, and Turkey entered during the fourth quarter of the year.

It is not always easy to draw a bright line to distinguish when potentially injurious imports reach a level (when all statutory factors are considered) that causes actual material injury. In Thailand and Turkey, supra, the Commission knew about increasing import volumes, but had no information on the condition of the domestic industry or price competition during the last quarter of 1985. In Commissioner Lodwick's view, the information did not warrant a finding of present material injury, but the threat of injury was real and imminent.

In the present investigations, he believes that the information mandates a finding of material injury. As noted, the cumulative volume of LTFV imports rose sharply during the fourth quarter of 1985. Thus, even though the investigation regarding standard pipe from Yugoslavia was terminated and several Indian producers were found not to be dumping, the import penetration ratio rose. Additional pricing information shows that the imports consistently undersold domestic producers' prices at a time when domestic producers' prices were at best stabilizing at levels below the prior year figures. Finally, additional data confirm that these new entrants are replacing voluntary restraint agreements (VRAs) limited imports and causing material injury to the domestic industry.

57/ Chairwoman Stern notes she has considered the weighted average dumping margins in her analysis of the impact of imports of standard pipe from India and Turkey. For standard pipe from India, Commerce excluded Gujarat Steel Tubes Ltd. and Zenith Steel Pipes & Industries Ltd. because it found no sales at LTFV from those producers. For the other Indian producers subject to investigation, the weighted average margin of dumping is 7.08 percent. For standard pipe from Turkey, the margins of dumping were 23.12 percent for Mannesmann-Summerbank Boru Endustrisi and Erkboru Profil Sanayi ve Ticaret AS, 1.26 percent for Borusan Holding AS, and 14.74 percent for all others. In this price-competitive industry, these margins of dumping--including the relatively smaller ones for the Indian product--aid the collective price competitiveness of the LTFV imports.

ADDITIONAL VIEWS OF COMMISSIONER ROHR REGARDING THREAT OF MATERIAL INJURY BY REASON OF IMPORTS OF STANDARD PIPE FROM INDIA AND TURKEY

In determining whether a domestic industry is threatened with material injury by reason of the subject imports, the Commission is directed to consider a variety of factors, including foreign productive capacity or existing unused capacity, rapid increases in domestic market penetration, the probability that imports will enter at prices that will have a suppressing or depressing effect on domestic prices, increases in inventories, and the potential for product shifting. 1/ A finding of threat "shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition." 2/

Turkish capacity to produce LTFV line pipe increased substantially from January-September 1984 to the corresponding period of 1985. 3/ Imports of standard pipe from Turkey were nonexistent in 1982 and minimal in 1983. However, they increased from 2,578 tons in 1984 to 36,277 tons in 1985. 4/ In terms of import penetration, the Turkish imports represented 0.1 percent of apparent domestic consumption in 1984 and 1.5 percent in 1985. 5/ There are substantial amounts of unutilized Turkish standard pipe productive capacity, not merely as a result of the increases in productive capacity.

LTFV imports of standard pipe from India first entered the market in 1983. Indian imports increased sharply in both 1984 and 1985. 6/ These

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1/ 19 U.S.C. § 1677(7)(F)(i).
2/ 19 U.S.C. § 1677(7)(F)(ii).
3/ Report at Table 3.
4/ Id. at Table I-9.
5/ Id. at Table I-1.
6/ Id. at Table 1.

figures are reflected in the rapidly increasing import penetration of the LTFV Indian imports. 7/ Figures regarding the capacity and capacity utilization of the Indian producers at issue likewise reveal substantial productive capacity to produce and sell LTFV imports in the United States. 8/

The pricing data in these investigations, discussed in detail by my colleagues Chairwoman Stern and Commissioners Eckes and Lodwick, supra, indicate that Turkish imports will continue to enter the United States at prices that will have a depressing or suppressing effect on domestic prices. There is nothing on the record of these investigations to suggest that the consistent levels of underselling from both countries will not continue in the future. Certainly, nothing in the record suggests that the dumping practices will cease if not properly offset by an antidumping order.

Other factors support the conclusion of a threat of material injury. In light of the VRAs that have been entered into with other pipe and tube exporters, there is an incentive for the producers of Turkish and Indian pipe and for their importers to increase imports from these sources. 9/ This conclusion is buttressed by the fact that for both India and Turkey, exports to the United States have rapidly become a substantial portion of their total exports. 10/ Finally, the record reveals some potential for product shifting. Throughout the current series of pipe and tube cases, we have

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7/ Id. at Table I-1. Because only some of the Indian producers and exporters were found to be selling at LTFV, the exact LTFV export volume and its penetration into the United States cannot be set out numerically.

8/ Id. at Table 1. Here again, the specific figures are confidential.

9/ See Turkey and Thailand, supra, at 17.

10/ Report at Tables 1 and 3.

learned that several different pipe and tube products, particularly standard and line pipe, may be produced in a single mill. 11/

Accordingly, I determine that there is a threat of material injury by reason of the LTFV imports from India and Turkey.

I also determine that I would not have found material injury but for the suspension of liquidation of entries of the merchandise that went into effect as the result of Commerce's preliminary affirmative determination in these investigations. 12/ The provision requires the Commission to look at the condition of the industry and the effect of imports during the period between the date of Commerce's preliminary and the date of this decision to determine if the suspension of liquidation had the effect of preventing the threat of injury which now exists from maturing into actual injury. 13/

There is limited information available for the period relevant to the "but for" determination. The data which are available, particularly monthly import figures for the fourth quarter of 1985 and antedotal information about recent shipments of standard pipe from India and Turkey, do not persuade me that the threat which I have determined to exist would have become actual injury in the period since the suspension of liquidation but for that suspension.

11/ See Turkey and Thailand, supra, at 28.
12/ This determination is required by 19 U.S.C. § 1673d(b)(4)(B). The finding must be made whenever there is a final affirmative threat determination but no final affirmative present material injury determination.
13/ Turkey and Thailand, supra, at 29.

VIEWS OF CHAIRWOMAN PAULA STERN AND COMMISSIONERS
ALFRED E. ECKES, SEELEY G. LODWICK, AND DAVID ROHR

Condition of the domestic line pipe industry 1/

As in the case of standard pipe, the domestic line pipe industry last experienced what we could characterize as a "good year" in 1981. 2/ Our most recent prior investigation of line pipe showed improvements from 1982-84 in some economic indicators, but declines for those indicators in 1985. 3/ In the present investigations, these trends were reaffirmed.

Apparent domestic consumption of line pipe declined from 1982 to 1983, rose substantially in 1984, and then declined in 1985 to a level only about 4 percent greater than that of 1982. 4/ Domestic production and domestic producers' shipments followed similar trends. 5/ U.S. producers' shipments in 1985 were slightly below their shipments in 1982. Capacity utilization rose from 27 percent in 1982 to 30 percent in 1983 and to 34 percent in 1984 before falling back to 26 percent in 1985. 6/

The number of production and related workers employed in this industry, the wages paid to them, and their total compensation all decreased from 1982 to 1983, increased substantially in 1984, and then decreased in 1985. 7/ Unit labor costs, however, decreased throughout the period under investigation. 8/

1/ As in the case of standard pipe, some of the data regarding these investigations are confidential and, therefore, can only be discussed in general terms.

2/ See Taiwan and Venezula, supra.

3/ E.g., People's Republic of China, the Philippines, and Singapore, supra, at 21.

4/ Report at Table II-3.

5/ Id. at Tables II-3-II-4.

6/ Id. at Table II-4. In part, the decreased capacity utilization in 1985 is a reflection of an increase in domestic productive capacity between 1984 and 1985.

7/ Id. at Table II-6.

8/ Id.

The financial information available in these investigations shows an industry experiencing difficulty. Net sales decreased from 1982 to 1983, increased in 1984, and then decreased again in 1985. The industry experienced net operating losses each year of the investigation, although the net operating losses were smaller in 1985 than in any other year. 9/ The industry's financial performance has improved somewhat. However, it still remains unprofitable.

9/ Id. at Table II-7. As has been the case in various steel investigations, there are significant financial performance differences between the integrated and the nonintegrated steel firms. In this industry, the nonintegrated firms showed gross profits and net operating income for each year of the investigation. Although we take this fact into account, the statute directs us to consider the condition of the industry as a whole.

VIEWS OF CHAIRWOMAN PAULA STERN AND COMMISSIONER SEELEY G. LODWICK

Cumulation with respect to line pipe imports

The present investigations involve LTFV line pipe imports from Taiwan and Turkey. 1/ In these line pipe investigations, the only question is whether to cumulatively assess the volume and effect of imports from Taiwan and Turkey. Petitioners, of course, urge us to do so. The Taiwanese parties are opposed, arguing that because Taiwanese pipe entered during different periods from Turkish pipe, it does not compete with Turkish pipe. 2/ While it is true that there were no Turkish imports prior to 1985, when there were Taiwanese imports on the market, both Taiwanese and Turkish imports were present in the United States during 1985. 3/ For the period July-December 1985, imports from both Taiwan and Turkey showed remarkably similar patterns. 4/ Therefore, the data do not support the Taiwanese argument. 5/

The Taiwanese also oppose a cumulative analysis on the ground that Taiwanese line pipe is imported predominantly into the West Coast and Turkish line pipe is imported predominantly into Houston. 6/ In these cases, almost all LTFV imports of Turkish line pipe entered through the port of Houston. 7/ However, in 1985, approximately half of the Taiwanese line pipe imports

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1/ See Views of Chairwoman Paula Stern, and Commissioners Alfred E. Eckes, Seeley G. Lodwick, and David Rohr concerning standard pipe from India and Turkey, supra, for a description of cumulation.

2/ Taiwanese Prehearing Brief at 8-9.

3/ Report at Table II-9.

4/ Id. at Table II-10.

5/ As the data do not support the Taiwanese argument, it appears that the Taiwanese parties are arguing that it is improper to cumulatively assess the volume and effect of new entrants into the market with more established import sources. We reject such an argument. The competition criterion established by the statute does not require that the subject imports be present simultaneously in the U.S. marketplace at all relevant times.

6/ Taiwanese Prehearing Brief at 9.

7/ Report at II-13.

entered through the Gulf Coast and South East, and approximately one quarter of all Taiwanese imports entered through the port of Houston. 8/ In our view, the Turkish and the Taiwanese imports are not sufficiently isolated from each other to defeat cumulation. 9/

Accordingly, we have cumulatively assessed the volume and effect of the LTFV Turkish and Taiwanese imports. 10/

No material injury by reason of the line pipe imports

The volume of LTFV imports of line pipe, viewed both in absolute and relative terms, remains a small part of apparent domestic consumption. 11/ Although those imports did increase in both absolute and relative terms from 1984 to 1985, this increase is less than 10 percent of the magnitude of the decline in other imports. 12/

8/ Id. at II-14.

9/ Compare People's Republic of China, the Philippines, and Singapore, supra, at 15-17.

10/ We note that Commerce has made a final negative determination regarding Borusan, one of the Turkish producers and exporters of line pipe, which excludes imports of Borusan's line pipe from the scope of our investigation. Nevertheless, imports of Borusan's line pipe are subject to a final countervailing duty order.

Chairwoman Stern has determined not to cumulate the Borusan line pipe imports with the imports subject to investigation. She notes that she has determined not to follow the ruling of the United States Court of International Trade in Bingham & Taylor Div., Virginia Industries, Inc. v. United States, 627 F. Supp. 793 (Ct. Int'l Trade 1986), pending resolution of an appeal in the case. Chairwoman Stern notes that even if she had cumulated the Borusan imports with the imports subject to investigation here, it would not have changed her determination.

Commissioner Lodwick has cumulated the Borusan imports from the countervailing duty investigation with the imports subject to the current investigations.

11/ Report at Tables I-1 and I-9. Because of the negative finding regarding Borusan and the need to preserve confidentiality, the exact absolute and relative import figures cannot be disclosed here.

12/ Id. at Table II-9.

It does not appear that domestic producers' production or shipments has suffered as a result of the imports. Notwithstanding the increased imports of LTFV line pipe, the ratio of domestic producers' shipments to apparent domestic consumption increased from 53 percent in 1984 to 57 percent in 1985. 13/ Domestic capacity utilization did not suffer as a result of these LTFV imports. Even had there been no LTFV imports in 1985, domestic capacity utilization for that year would change less than 1 percent. 14/ Thus, the volume of imports have had no discernible impact on the operating levels of the domestic industry.

Domestic product prices did decline in 1985 and the limited information available suggests underselling by the subject imports. However, financial data show that costs declined substantially more than prices, with the result that gross margins for the domestic industry improved nearly 10 percentage points. 15/ In fact, from gross losses of almost $19 million in 1984, the industry posted gross profits in 1985. 16/ Net operating losses decreased by over three fourths from 1984 to 1985. 17/ These substantially improved financial data simply do not reflect any significant impact from the LTFV imports at issue here.

This conclusion is confirmed by other price-related factors. First, the Commission has received no allegations of sales lost to imports from Taiwan

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13/ Id. at Table II-3.

14/ In fact, almost half of the decline in domestic capacity utilization from 1984 to 1985 is directly explained by the increased productive capacity brought on line by the domestic industry that year. Id. at Table II-4. Increased domestic productive capacity, of course, is the sign of an industry that is optimistic about its future. Further, the increase in domestic capacity in 1985 was roughly 20 times the magnitude of the increase in the subject imports.

15/ Id. at Tables II-7-II-8.

16/ Id. at Table II-7.

17/ Id.

and only one allegation regarding sales lost to imports from Turkey. 18/ Although the petitioners have asserted that the nature of this marketplace does not permit the specification of the source of imports to which sales or revenues are lost, this assertion is not supported by the record. In the parallel investigations regarding standard pipe in which the Commission conducted numerous conversations with purchasers, the overwhelming response of the purchasers evidenced very specific knowledge of the source of the standard pipe they purchased. 19/ Given the pervasive similarities between the standard and line pipe industries and markets, we see no reason why purchasers and producers of line pipe should be significantly less aware of the origin of their purchases.

For the foregoing reasons, particularly the very small market presence of the LTFV imports and the lack of any discernible price impact on the domestic industry, we conclude that there is no material injury by reason of the subject imports.

No threat of material injury by reason of the LTFV line pipe imports 20/

Market penetration by the subject LTFV imports, as noted above, has been quite small throughout the period of this investigation. That market penetration is not likely to increase significantly. The Taiwanese line pipe producers have commitments for substantial portions of their production. 21/ Assuming that the Taiwanese producers honor their commitments to the China

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18/ Id. at II-19.
19/ Id. at I-24-I-26.
20/ The legal criteria for conducting a threat of material injury analysis are discussed, supra. See Views of Commissioner Rohr regarding threat of material injury by reason of LTFV imports.
21/ Tr. at 71; Taiwanese Prehearing Brief at 24-25 and attachments 2 and 3. The exact numbers regarding these commitments are confidential.

Petroleum Corporation--and it would be speculation for us to presume that they would not--we find that there will be insufficient Taiwanese productive capacity available to generate volumes of additional exports to the United States that would cause material injury in the foreseeable future. There is no real likelihood that the Taiwanese producers will shift production from standard to line pipe. Such a shift has not been evidenced, even though there has been an antidumping order on Taiwanese standard pipe up to 4.5 inches outside diameter effective May 7, 1984. 22/

In the case of Turkish LTFV imports, there is some available capacity. However, capacity utilization rates for the producers of LTFV Turkish pipe are significantly higher than the rates of the producers in the United States, and the capacity utilization rates for the Turkish producers have increased significantly from January-September 1984 to January-September 1985. 23/ Product shifting, according to the information available to us, is relatively slow and is limited in the case of the Turkish producers. 24/

Finally, we have found no indication that the prices of the LTFV imports from Turkey have had a significant impact on the U.S. producers. Even if we assume that the same price trends, including the same relative underselling, continue into the future, there is no likelihood that those prices will have a discernible impact on the domestic producers in the future.

22/ See Report at Table I-1.
23/ Id. at Table 3.
24/ Id. at a-6.

Accordingly, we conclude that there is no threat of material injury by reason of the subject imports. 25/ 26/

25/ Commissioner Lodwick notes that information obtained in the current investigation involving LTFV imports from Turkey diminishes the significance of three factors which were the primary bases for his affirmative determination in the earlier case involving subsidized imports from Turkey. The three factors were an accumulation of stocks in the United States, available capacity in Turkey, and the ability to shift from standard to line pipe production in Turkey.

In the earlier investigation the latest inventory data (as of Sept. 30, 1985) showed domestic stocks up 15-20 percent from prior year levels despite significantly lower apparent demand. Additional information in the current investigations shows that by year-end 1985 domestic stocks were well below levels from year-end 1984.

The current LTFV investigation involving Turkey excludes some Turkish capacity. Based on reported capacity information, ability to shift between standard and line pipe production, and recent standard pipe production, the available capacity to produce line pipe subject to this investigation is of a magnitude substantially less that in the earlier investigation. Further, a very significant percentage of line pipe exports to the United States are excluded from the current investigation.

Finally, the potential magnitude for product shifting from standard to line pipe is similarly substantially reduced in the current investigation.

As a result, he finds no real and imminent threat of injury from LTFV imports from Turkey.

26/ Chairwoman Stern notes that Commerce has made final affirmative determinations regarding imports from Taiwan and Turkey. For Taiwan, the weighted average margin is 27.98 percent. For Turkey, Borusan was excluded because of de minimis margins. Mannesman and Erkboru were found to have 40.23 percent margins and the margin for all others is 14.81 percent. Although these margins are relatively large, other factors explained above preclude the subject imports from having been a cause of actual or potential material injury to the U.S. industry.

DISSENTING VIEWS OF COMMISSIONER ECKES AND COMMISSIONER ROHR ON LINE PIPES AND TUBES FROM TAIWAN AND TURKEY

We determine that the domestic industry producing welded carbon steel line pipes and tubes (line pipe) is threatened with material injury by reason of imports from Taiwan and also from Turkey that are being sold at less than fair value. Our analysis, following statutory guidelines, reveals: that the domestic industry is very vulnerable to injury from unfair imports after several years of unsatisfactory performance; and that the key economic factors clearly establish that the unfair imports from each country pose a threat of material injury to the domestic industry.

A Commission majority determined in these investigations and in a recent countervailing duty case on line pipe from Turkey that the domestic industry producing line pipe is "experiencing difficulty." The data discussed in the majority opinion supra show that although the domestic industry's market share and profitability trended upward in 1985 compared to 1984, the industry operated at low levels of capacity utilization and experienced financial losses throughout the entire investigative period.

Several adverse factors affected the performance of the line pipe industry during the period of investigation. First, until the President's program of voluntary restaints went into effect, the industry faced rapidly increasing volumes of

low-priced imports from a variety of sources. Second, the slump in oil prices resulted in decreasing demand for line pipe. These conditions weakened the domestic industry. Although improving in some areas of performance, the industry will not be able to compete with substantial volumes of dumped imports from new suppliers without sustaining injury.

Imports from Taiwan

In assessing threat of material injury, the Commission examines, among other factors, trends in the volume and market penetration of the subject imports; factors that might cause imports to increase to injurious levels, such as increases in foreign capacity or product shifting; and the probability that imports will enter the United States at prices that will have a suppressing or depressing effect on domestic product prices.

The volume of imports from Taiwan fluctuated during the period of investigation, but remained relatively low compared to the import levels of other suppliers. However, in 1985 the volume more than doubled over the 1984 total. Market penetration jumped from 0.4 percent in 1984 to 1.3 percent in 1985, over twice the penetration level of any other year during the investigation period.

The record shows that until January 1986, Taiwan had a substantial percentage of unused capacity to produce line pipe. Then capacity utilization rose, presumably as a result

of a contract with the China Petroleum Corporation. (The Commission does not have a copy of that contract). The line pipe producers in Taiwan assert that they have dedicated their production from January - June 1986 to fulfilling that contract, but they make no statements as to dedication of their production after June.

Taiwan also has a very large capacity to produce standard pipe. There is considerable difference of opinion as to the time and expense required to product switch from standard pipe to line pipe production. The principal obstacle is obtaining API certification. One firm in Taiwan reportedly needed two years for licensing. However, hearing testimony indicated that the usual time is much shorter and the process is not very expensive.

Line pipe from Taiwan undersold domestic pipe by substantial margins in almost all price comparisons in this investigation. There is no reason to assume that this pattern would not continue absent antidumping duties.

With alternative export markets decreasing and VRA's restricting the competition from traditional suppliers to the United States, Taiwan producers and domestic importers have the incentive and the capability to direct increasing volumes of line pipe to this country. Selling at less than fair value, these imports are likely to depress or suppress domestic prices and cause material injury to a domestic industry struggling to recover after several disasterous years.

Turkey

In February 1986 a Commission majority in Inv. No. 701-TA-253 (Final) found that subsidized imports of line pipe from Turkey threatened material injury to the domestic industry. The only major change that has occurred in the data considered for the current investigation is a reduction in the volume of Turkish imports. This reduction occurs because although all Turkish imports were found to be subsidized, only a portion of the imports were found to be sold at less than fair value.

In assessing threat, however, the focus is on import trends, rather than absolute volume, and the probability that imports will increase in the future to injurious levels. We see no reason to change our earlier opinion that imports from Turkey threaten injury to the domestic line pipe industry.

Turkish imports did not enter the U.S. market until the second half of 1985. By the end of that year, 7,111 tons had been imported, although a smaller quantity was found to be sold at less than fair value.

As we noted in the countervailing duty investigation, Turkey's capacity to produce line pipe is substantial and could expand to meet changes in demand. Turkish producers are certified for line pipe production and have shown in the past that they will switch production between line and standard pipe. With a duty on standard pipe, there is a real threat of product shifting.

The pricing data available indicate that Turkish line pipe undersold domestic pipe by margins ranging from 6 percent to more than 20 percent. Although this data is limited because of the recent entry of Turkish imports, the underselling does point to the probability that future Turkish pipe imports will enter the United States at prices that will depress or suppress domestic prices. The average unit import value reported for Turkish line pipe is lower than the average unit value for imports from any other major supplier except Brazil.

The shrinking market for line pipe in the Middle East and the opportunity presented by VRA restrictions on traditional foreign suppliers to the U.S. market will encourage Turkish producers with their large productive capacity to export to the United States. Increasing volumes of LTFV imports from this new market entrant undoubtedly would cause material injury to the domestic industry.

VIEWS OF VICE CHAIRMAN LIEBELER

AND COMMISSIONER BRUNSDALE

Based on the record in these investigations, we determine that no domestic industry in the United States is materially injured, or threatened with material injury by reason of less than fair value (dumped) imports of welded carbon steel standard and line pipes and tubes from India, Taiwan, and Turkey that have been the subject of affirmative antidumping determinations by the Department of Commerce.[1]

In order for a domestic industry to prevail in a final investigation, the Commission must determine that the dumped imports cause or threaten to cause material injury to the domestic industry producing the like product. First, the Commission must determine whether the domestic industry producing the like product is injured or is threatened with material injury. Second, the Commission must determine whether any injury or threat thereof is by reason of the dumped

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[1] Material retardation of the establishment of an industry in the United States is not an issue in these investigations and will not be discussed.

imports. Only if the Commission answers both questions in the affirmative will it make an affirmative determination in the investigation.

I. Like Product and Domestic Industry

Two imported products are the subjects of the petitions in these investigations: (1) circular welded carbon steel standard pipes and tubes, 0.375 inch or more but not over 16.0 inches in outside diameter, and (2) circular welded carbon steel line pipes and tubes, 0.375 inch or more but not over 16.0 inches in outside diameter. The Commission has considered such steel pipes and tubes, both standard and line, in previous investigations.[2] The majority in this case has apparently followed its prior practice of finding two like products and two domestic industries comprised of the domestic producers of standard pipe and line pipe.[3] In a recent case involving these products, however, Commissioner Brunsdale noted some

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[2] See those cases referred to in Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, Invs. Nos. 701-TA-251-253 (Preliminary) and 731-TA-271-274 (Preliminary), USITC Pub. No. 1742, n. 6 at 7.

[3] Id. at 8. Unfortunately we have not seen the majority opinion in these investigations. Because one commissioner refuses to exchange draft opinions, recent commission practice has been not to exchange opinions prior to their release.

evidence suggesting that separate consideration of the producers of each like product was inappropriate.[4]

We believe that the evidence now establishes the need to apply a product line analysis, pursuant to 19 U.S.C. sec. 1677(4)(D), when assessing the effect of imports.[5] We believe that the available data do not permit the separate identification of production in terms of the production process or the producers' profits. This conclusion rests on the existence of significant links between the two products in terms of domestic industry production characteristics. These supply-side links are so strong that it is not meaningful to separately consider the effect of imports on the production of each like product. Instead, the effect of imports should be assessed by examining the narrowest group or range of

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4 Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, Invs. Nos. 701-TA-253 (Final) and 731-TA-252 (Final), USITC Pub. No. 1986 at 49 (Additional Views of Commissioner Brunsdale). Vice Chairman Liebeler stated that those additional views deserved careful consideration. Id. at 36. She now joins in Commissioner Brunsdale's analysis.

5 Even if we did not join the majority in its like product and domestic industry definitions and, instead, found one like product and one domestic industry, it would not affect our determination in these cases. Since we have adopted a product line analysis, the aggregate data for the two industries are the same as the data for the single industry producing line and standard pipes and tubes. Furthermore, even if we did not apply a product line analysis and, instead, evaluated the effect of imports on two distinct industries, our determination in these investigations would be the same.

products that includes the like product and for which the necessary information can be provided.

When there is a high degree of commonality of inputs in the production of two products, it may be impossible for domestic firms to segregate those inputs in such a manner that they are able to analyze the performance of each product separately. This occurs, for example, when two products are (or can be) produced using the same equipment and the same labor so that the relevant information for such important variables as production capacity and profits cannot be obtained separately for each product. In such cases, the two products are very close substitutes in supply and an analysis of the effect of imports should properly encompass the production processes for both products.

More generally, when the domestic supply-side substitutability between two products is very strong -- when the domestic industry can easily switch from the production of one product to a second -- then the appropriate analysis of the effect of imports on the domestic industry should focus on the product line consisting of both products.[6] To do otherwise,

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[6] Compare with the statement by Professor F. M. Scherer.
(Footnote continued to page 37)

i.e., to evaluate the effect of imports on the production of each product separately could lead to incorrect conclusions about material injury and causation.[7]

This approach is consistent with the petitioners' view that the standard and line pipe industry is inseparable.[8] Moreover, testimony from the petitioner now confirms our earlier supposition that standard and line pipe can be made on the same equipment and using the same labor.[9] It does not

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(Footnote continued from page 36)
"Substitution on the production side must also be considered [in the ideal definition of a market or an industry]. Groups of firms producing completely noncompeting products may nevertheless be potential competitors if they employ essentially similar skills and machinery, and if there are no barriers preventing each group from entering the other's product lines should the profit lure beckon." Industrial Market Structure and Economic Performance, 53 (1970).

7 See the example with respect to widget product in Pipes and Tubes from Turkey and Thailand, supra, at 51-53.

8 Tr. at 63.

9 Tr. at 40. Evidence of strong supply-side flexibility between the two products is also bolstered by petitioners' arguments in a previous LTFV case involving these same products. Those arguments cast doubt on reported data in the present investigations that purport to distinguish financial and capacity information for the two products. In Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, supra, petitioners maintained that firms that produce both standard and line pipes and tubes are unable to provide separate data for the two products and that they "view the producers of

(Footnote continued to page 38)

matter, for example, whether the line pipe being produced is seamless, electric, or continuous weld. "[A]n electric weld mill can make both standard and line pipe. A continuous weld mill can do the same, and so can a seamless mill."[10] Petitioner's witness also stated that there was no difficulty in shifting from either line to standard or standard to line, and agreed the shifting took "no time."[11] Moreover, the

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(Footnote continued from page 37)
standard and line pipe as a single industry." Certain Welded Carbon Steel Pipes and Tubes from Venezuela and Thailand, Invs. Nos. 701-TA-242 (Preliminary) and 731-TA-252 (Preliminary), USITC Pub. 1680 at 9 note 14 (April 1985). Since that time, these firms have apparently devised a procedure to allocate such variables as capacity and profits between the two products. However, we question what meaning the Commission can give to these new data. Since, as has been discussed above, the same machinery can be used to make both standard and line pipes, the new data are not appropriate in assessing the performance of the firms producing each of the two products.

10 Tr. at 41.

11 Tr. at 41. In previous investigations regarding similar products, there was a question whether the fact that line pipes are produced to more exacting specifications than are standard pipes and require additional testing precluded a finding of strong supply-side flexibility. Venezuela and Thailand, supra. It was noted, however, that some producers already produce both types of pipes. Thus the supply-side flexibility between standard and line pipes appeared to be very strong. There was no testimony in this case suggesting otherwise. Petitioner's witness stated that obtaining certification did not involve a long period of time. Tr. at 61. Setting up to make the different product was not costly, Tr. at 61, although end finishing and testing for line pipes was a "great deal more involved." Tr. at 62. The important proof, however, is that significant firms in the industry produce both products.

Staff Report, at II-1, indicates that while some domestic firms specialize in standard or line pipes and tubes, other firms produce both.

The conclusion that follows from the above discussion is that the effect of imports cannot be assessed in terms of two distinct industries, but must be assessed in terms of the line of production encompassing both like products.

II. Condition of the Domestic Industries

We have recently considered the condition of domestic producers of standard and line pipes and tubes and, while some additional information has been obtained in this case, our basic assessment has not changed. In Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, supra, at 36-39, we found that the available data did not permit us to determine whether there was material injury. However, the analysis in the instant investigation differs from that of the earlier case for two reasons. First, as explained above, we are using product line analysis to examine the condition of the standard and line pipes and tubes industries. Second, the analysis focuses on the record for 1985 because, according to

counsel for the petitioners, the alleged material injury suffered by domestic producers as a result of the subject dumped imports basically occurred in 1985.[12]

In our evaluation, we consider, among other factors, production, capacity, capacity utilization, profits, and investment.[13] However, the mere presentation of statistics indicating recent trends in these and other variables is seldom adequate for purposes of analyzing the condition of domestic producers. This is especially true here. In particular, the fact that an industry has an apparently low rate of capacity utilization or that it has sustained negative operating income does not necessarily warrant the inference that it is injured, let alone that it is materially injured. We are required by the statute to "evaluate" such factors.[14] To do this, we will subsequently consider a major structural change that is occurring in the domestic industries that produce standard and line pipes and tubes.

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12 Tr. at 36

13 19 U.S.C. Sec. 1677(7)(c)(iii)

14 Id. In addition, we are to evaluate "all relevant economic factors which have a bearing on the state of the industry . . .", not just those the statute enumerates. Id.

A. Aggregate Data for the Industries

We note, first, that domestic production, shipments, and capacity have all increased between 1982 and 1985. Domestic production was up by 15 percent, shipments by 10 percent, and capacity by 8 percent.[15] Capacity utilization also increased over this period, moving from 36 percent in 1982 to 41 percent in 1985.[16] Moreover, the financial data suggest that the fortunes of domestic firms improved considerably between 1983 and 1985.[17]

While operating income was negative in every year between 1982 and 1985, the losses declined steadily after 1983, moving from $58 million that year to $1.9 million in 1985. Furthermore, gross profits turned from negative to a positive $20.9 million in 1984 and increased further to $50.2 million in 1985. Therefore, the financial conditions of the industries brightened significantly in 1984, and especially in 1985, the year when the alleged injury by reason of the dumped imports was, according to

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15 Report at D-4

16 Id.

17 Report at D-8

petitioner's counsel, supposed to have occurred.

B. Structural Change in the Domestic Industries

Quite apart from the effect of import competition on the domestic industries, there appear to be significant structural changes occurring in the domestic market. These changes suggest that the industries may not be suffering material injury. The overall industry consists of two different types of firms: (1) a few large, integrated producers that manufacture basic steel, semifinished steel products, and a variety of finished steel products including standard and line

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18 Tr. at 36. In our recent opinion on these industries, Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, supra, at 38-39, we expressed reservations about certain financial data. In particular, we were concerned about the gross profit data reported for the integrated producers. However, in the present investigation, staff has acquired new and important information about the accounting practices of one of these firms. We have learned that the transfer price used by LTV (for the raw material it produces in its basic steel and semifinishing operations and subsequently transfers to its pipe and tube mills) * * *. Report at a-15. To the extent that other integrated producers adopt the same policy, the concerns we expressed in our earlier decision have been resolved. For us to evaluate properly the financial condition of an industry where the products under investigation are made using raw materials produced by firms in the same industry, it is of central importance that we acquire information about transfer pricing policies. We are grateful to Staff for obtaining this information in the present case.

pipes and tubes and (2) many smaller nonintegrated firms that specialize in making finished pipe and tube products, including standard and line pipes and tubes.

As Table 1 indicates, while overall industry sales changed little between 1982 and 1985, the performances of the integrated and nonintegrated firms were sharply different. Sales by integrated producers declined by 25 percent while sales by nonintegrated producers increased by 28 percent. This contrasting performance is also reflected in recent changes in capacity. Integrated firms such as Bethlehem and LTV have scaled back or closed down their pipe and tube operations,[19] while the nonintegrated firms have expanded theirs. Overall, industry capacity increased between 1982 and 1985, expanding by 10 percent in 1985 alone.[20]

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19 Report at I-5 and II-2.

20 Report at D-4

TABLE 1

	1982	1983	1984	1985
	(--------millions of dollars--------)			
Net Sales				
Nonintegrated	* *	* *	* *	*
Integrated				
TOTAL	632.0	574.8	699.1	641.3
Gross Profit				
Nonintegrated	* *	* *	* *	*
Integrated				
TOTAL	(5.8)	(5.3)	20.9	50.2
Operating Income				
Nonintegrated	* *	* *	* *	*
Integrated				
TOTAL	(56.5)	(58.0)	(33.4)	(1.9)
	(-------percent of net sales--------)			
Gross Profit				
Nonintegrated	15.6	18.1	17.7	17.2
Integrated	* *	* *	* *	*
TOTAL	(0.9)	(0.9)	(3.0)	(7.8)
Operating Income				
Nonintegrated	6.0	7.9	8.4	7.7
Integrated	* *	* *	* *	*
TOTAL	(8.9)	(10.1)	(4.8)	(0.3)

Source: Report at D-8.

The financial condition of the two groups of firms is also a study in contrasts. Nonintegated firms were profitable throughout the 1982-85 period. As a percentage of net sales, for example, their gross profits ranged between 15.6 and 18.1 percent and their operating income ranged between 6.0 and 7.7 percent. But the financial situation of integrated producers was just the reverse. They not only sustained negative operating income, but also negative gross profits. As a percentage of net sales, their negative operating income ranged from 13.7 to 23.7 percent and their negative gross profits varied between 8.1 percent and 27.5 percent.

The changing fortunes of nonintegrated and integrated producers in the market reveals the comparative efficiency of the former group of firms, a conclusion also supported by petitioners.[21] In determining whether there is material injury in a title VII case, it is not sufficient to demonstrate only that one group or class of firms is injured. The statute states the Commission is to determine whether "an industry in

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[21] Tr. at 48-49.

the United States is . . . materially injured."[22] Thus, while it seems clear in the current case that integrated firms are impaired, this is not enough to support a finding of material injury to the industry as a whole. When inefficient producers are being supplanted by more efficient firms, it is necessary to consider the combined operations of both types of producers. As the information in Table 1 indicates, it is not clear that the industry as a whole is materially injured.

In conclusion, we are unable to determine whether domestic producers are materially injured in this case. However, assuming material injury, we proceed to consider the issue of causation.

III. Cumulation

The statute requires the Commission to assess cumulatively "the volume and effects of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market."[23]

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[22] 19 U.S.C. sec. 1673(2)(A), emphasis supplied.

[23] 19 U.S.C. sec. 1677 (C)(iv) (1980, 1985 Supp.).

The Commission's investigations in these cases cover standard pipes from India and Turkey and line pipes from Taiwan and Turkey. Petitioners urge the Commission to cumulate standard pipe imports from Thailand, Singapore, the Philippines, and the People's Republic of China (PRC) with the imports from India and Turkey. For line pipe, petitioners urge cumulation of imports from Taiwan and Turkey.

As to standard pipes and tubes, there are pending antidumping investigations for the Philippines, Singapore, and the PRC, in addition to the instant investigations involving India and Turkey. It is appropriate to cumulate standard pipes and tubes imports from these five countries since the evidence shows that these imports compete with each other and the domestic product. It is not appropriate, however, to cumulate imports from Thailand. The antidumping duty order on standard pipe from Thailand was issued January 27, 1986. The language of the 1984 Act refers to "imports from two or more countries of like products subject to investigation...."[24] Thus, the plain meaning of the statute precludes cumulation -- Thai

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[24] 19 U.S.C. 1677(7)(C)(iv) (1980 & 1985 Supp.) (emphasis added).

imports are no longer subject to investigation. Moreover, it would be contrary to the injury requirement in title VII to cumulate products from countries subject to a final countervailing duty or antidumping order with imports from countries that are currently under investigation. The purpose of the investigation undertaken by the Commission is to determine whether the dumped or subsidized imports from the countries under investigation are causing or threatening to cause material injury to the domestic injury. Because of the countervailing duty order, the imports from Thailand are equivalent to fairly traded goods. Thus, it makes no sense to cumulate imports subject to a final order with those from countries under investigation.[25] Consequently, we shall cumulate imports of standard pipes and tubes from the Philippines, Singapore, the PRC, India, and Turkey. The ratio of Indian imports to apparent consumption is confidential. That ratio is in the same low range as the import ratios from the other countries being cumulated. It is sufficient to say that the

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[25] The cumulation of imports from countries that are not currently under investigation would require the statute to read "products that were or are subject to investigation." The present tense is not the same as the past tense. Such a reading can only lead to arbitrary results as one struggled to invent a standard for when investigations were too remote in time. Any attempt at setting a standard would find no guidance in the legislative history.

cumulated ratio for standard pipes and tubes imports is very low and well below 5 percent.

As to line pipe, the present investigations involve imports from Taiwan and Turkey. The evidence convinces us that the imports from these countries compete with each other and with the domestic product. Consequently, it is appropriate to cumulate imports of line pipes and tubes from these two countries. The import penetration ratio for Turkey is confidential. The ratio for Taiwan is 1.3 percent. Again, it is sufficient to state that the cumulated import penetration ratio for line pipes and tubes is very low.

IV. Material Injury by Reason of Imports or Threat Thereof

A. Lost Sales

Some Commissioners prefer to use lost sales as a proxy for causation analysis. We do not do so because the analytical framework on which the proxy is based is obscure. We note first that lost sales are not mentioned in title VII. Moreover, the presence or absence of specific lost sales is rarely determinative or persuasive on the question of a causal

link between dumped imports and material injury to the domestic industry.[26] In these investigations, confirmed lost sales account for only a miniscule portion of total imports or excess domestic capacity.[27] Aggregate trade, production, and capacity data are far more useful.[28]

B. Underselling

Title VII requires the Commission to "consider whether there has been price undercutting by the imported merchandise as compared with the price of like products of the United States . . ."[29] Instead, however, the Commission majority usually looks at "underselling" as a proxy for "price undercutting" by foreign suppliers.

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26 See Views of Chairwoman Stern, Vice Chairman Liebeler, and Commissioner Brunsdale, Heavy-Walled Rectangular Welded Carbon Steel Pipes and Tubes from Canada, Inv. No. 731-TA-254, USITC Pub. 1808 at 12 n. 28 (1986).

27 Report at I-24-26 and II-19.

28 See Memorandum from Director, Office of Economics, EC-J-010 (January 7, 1986) at 1-5. In addition, the Commission's sampling method is biased and does not indicate whether sales lost to importers have been replaced by sales to customers formerly buying from importers (i.e., whether customers have simply exchanged suppliers).

29 U.S.C. 1677(7)(C)(ii)(I) (1980).

We do not generally consider the "underselling margins" set forth in Commission reports to be particularly persuasive evidence of price undercutting or probative on the issue of causation. And we do not find the data on underselling gathered by the Commission in this case to be useful. In brief, when there are price differences we expect that they are usually explained by differences in the items compared. Rarely will all of the characteristics of the imported product exactly match those of the domestic product. Even when products appear to be identical (e.g., a bushel of wheat), a correct price comparison would have to take into account factors other than the exchange of ownership of the product. Inventory costs, reliability of the producing firm, timely delivery, transportation costs, and other service elements all go into the buyer's decision on what price it will pay. Merely comparing transaction prices and making a seat-of-the-pants judgment that the products are "homogeneous" is not a useful exercise.

In this investigation there is some evidence that while the physical characteristics of the products are very similar, they are not identical (i.e., homogeneous). Indeed, in this case, important factors distinguishing domestic and imported products are the relatively large differences in availability and prompt

delivery. The average lead time between receipt and shipment of an order from U.S. producers is seven days for line pipe and eight days for standard pipe. In contrast, the average time reported for imports of both standard and line pipe from the subject countries is seven months.[30] Thus, the observed price differences among firms are not helpful in analyzing causation in this investigation.[31]

C. Causation Analysis

In determining whether there is material injury to the domestic industry "by reason of" the imports subject to the investigation, the Commission must consider, among other factors, the volume of imports, the effect of the dumped

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30 See Memorandum from the Director of the Office of Economics, EC-J-173, at 3. More generally, imported steel products have been found to be priced below domestic steel products because of such unfavorable service characteristics as long lead times and insecurity of supply. See Jondrow, Chase, & Gamble, "The Price Differential between Domestic and Imported Steel," 55 J. Bus. 383, 383-99 (1982).

31 See also Memorandum from Director, Office of Economics, EC-J-010 (January 7, 1986), at 8-22. Vice Chairman Liebeler's views are more fully set forth in Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. No. 701-TA-258-60 and 731-TA-283-85 (Preliminary), USITC Pub. 1771 at 34-36 (1985) (Additional Views of Vice Chairman Liebeler).

imports on prices for the like product in the United States, and the impact of such imports on the relevant domestic industry.[32] In these investigations we find that there is no material injury by reason of the imports. This conclusion rests principally on the finding that cumulated import penetration has remained very low over the entire period of investigation. Moreover, although imports have increased over this period, the condition of the industries has improved, providing evidence that the requisite causal link between the injury and imports is not present.[33]

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[32] 19 U.S.C. sec. 1677(7)(C) (1982).

[33] Vice Chairman Liebeler finds five factors to be particularly helpful on the issue of causation. An affirmative vote is more likely when the following conditions are present: (1) a large and increasing market share; (2) a high margin of dumping or subsidization; (3) homogeneous products; (4) declining domestic prices; and (5) barriers to entry (or foreign supply elasticity). See Certain Red Raspberries from Canada, Inv. No. 731-TA-196 (Final), USITC Pub. 1680 at 11-19 (1985). In addition to the concurring views she expresses in the text, she notes that as to (1), although market share is increasing, it remains at a very low level. As to (2), dumping margins are generally in a low to moderate range. As to (3), standard and line pipes both must meet product specification requirements and thus each like product has nearly identical physical characteristics. However, other factors substantially reduce substitutability, such as the relatively large differences in availability and prompt delivery. As to (4), domestic product price trends are very mixed, although on the whole line pipe prices were healthier than standard pipe prices. As to (5), there are relatively high barriers to entry in the form of voluntary restraint agreements, although the

(Footnote continued to page 54)

In the line pipe industry, import penetration for Taiwan increased erratically from 0.6 percent of consumption to 1.3 percent in 1985. Imports from Turkey in 1985 are on the same order of magnitude as those from Taiwan in 1985.[34] Cumulating these two countries produces a very small import penetration.

As for standard pipe, a similar scenario exists. Cumulated imports again are very small and increased most during 1984-85.[35]

Such small import penetrations have, at most, a de minimus effect on the condition of the domestic line and standard pipe industries. Generally speaking, a small market penetration ratio for a product implies that the imports will have little effect on the equilibrium price of the product. A small market penetration for a product can have a disproportionate effect on price only if both the domestic demand for the product is

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(Footnote continued from page 53)
variety of countries producing the products suggests that, absent VRAs, entry barriers are low.

34 The exact figure is confidential. Report at Table II-1.

35 The figures are again confidential. Report at Table I-1.

highly insensitive to price changes and the domestic supply of the product is highly insensitive to price changes.[36] Because the products in these cases are intermediate products on the demand side, demand may be fairly insensitive to changes in price. However, there is no evidence to indicate that domestic supply is inelastic.

Furthermore, during the period when the cumulated imports increased, the condition of the industries has improved markedly. Production, shipments, capacity, capacity utilization and net sales are all up. The ratio of operating income to net sales has improved dramatically for the combined standard and line financial data.[37] Although this negative correlation does not prove that imports have not caused material injury, strong evidence would be required to establish a causal link. No such evidence is present. Rather, we are left with small import penetration ratios and a negative

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36 Elasticity of demand is a measure of responsiveness of quantity demanded to price changes. Mathematically it is expressed as the percentage change in quantity demanded divided by the percentage change in price. Inelastic demand means that the quantity demanded changes by a smaller percentage than does price. The elasticity of supply measures the responsiveness of supply to price changes in the same manner. P. Samuelson & W. Nordhaus, Economics, 380-84 (12th ed. 1985).

37 See Table 1 supra.

correlation with the improving condition of the domestic industries.

As to threat of material injury, we considered whether capacity utilization in the cumulated countries is such that the domestic industry might eventually be harmed by large increases in import volume. The low base of penetration achieved by those countries makes it improbable that there could be any real threat of material injury or imminent actual injury. Moreover, decisions to invest necessarily are based on the domestic producers' estimates of future demand and supply conditions. In view of the above, along with the fact that domestic firms expanded industry capacity by 10 percent in 1985, we find no support for the argument that there is a threat of material injury.

V. Conclusion

On the basis of the records in Investigations Nos. 731-TA-271-273 (Final), we determine that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry is not being materially retarded, by reason of imports of standard pipes and tubes from India, line pipes and tubes from Taiwan,

and standard and line pipes and tubes from Turkey, which are being sold in the United States at less than fair value.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

As a result of preliminary determinations by the U.S. Department of Commerce that imports of certain welded carbon steel pipes and tubes from India, Taiwan, and Turkey are being sold in the United States at less than fair value (LTFV), 1/ the U.S. International Trade Commission instituted investigations under the Tariff Act of 1930 to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of the following imports:

Standard pipes and tubes 2/ from India (investigation No. 731-TA-271 (Final));

Line pipes and tubes 3/ from Taiwan (investigation No. 731-TA-272 (Final)); and

Standard and line pipes and tubes from Turkey (investigation No. 731-TA-273 (Final)).

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection with the investigations 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 January 24, 1986. 4/ The hearing was held in the Commission's hearing room on March 13, 1986. 5/ The briefing and vote were held on April 21, 1986.

1/ The Commission received notice of Commerce's preliminary decision concerning pipes and tubes from Taiwan on Dec. 30, 1985; the notice of Commerce's preliminary determination concerning India was published in the Federal Register of Dec. 31, 1985; and the notice concerning pipes and tubes from Turkey was published in the Federal Register of Jan. 3, 1986. Commerce subsequently made affirmative final determinations in these investigations. Copies of these final determinations are presented in app. A.

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

3/ For purposes of these investigations, the term "line pipes and tubes" refers to welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 16 inches in outside diameter, conforming to American Petroleum Institute (API) specifications for line pipe, provided for in TSUSA items 610.3208 and 610.3209.

4/ A copy of the Commission's notice is presented in app. B.

5/ A list of witnesses appearing at the Commission's hearing is presented in app. C.

Background

These investigations result from petitions filed with the Commission and the Department of Commerce by counsel for the Committee on Pipe and Tube Imports (CPTI) 1/ on July 16, 1985. 2/ In response to the petitions, the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that industries in the United States were materially injured 3/ by reason of imports of the subject merchandise (50 F.R. 37068, Sept. 11, 1985).

On July 16, 1985, the CPTI also filed an antidumping petition concerning imports of standard pipes and tubes from Yugoslavia. In January 1986, the Governments of the United States and Yugoslavia signed a voluntary restraint agreement (VRA) concerning the exportation of this product to the United States. As a consequence, on March 27, 1986, counsel for the petitioners withdrew the petition. On April 4, 1986, the Commission terminated this investigation.

Discussion of Report Format

This report is organized into two major parts on the basis of product groups. Part I deals with standard pipes and tubes and part II deals with line pipes and tubes. Discussions of Commerce's LTFV determinations, the foreign producers of these products in India, Taiwan, and Turkey, the President's program for voluntary reductions of steel exports to the United States, financial information concerning U.S. producers' operations on welded carbon steel pipes and tubes, and exchange rates of the Indian, Taiwan, and Turkish currencies are presented in this introductory portion of the report. Appendix D presents information concerning U.S. producers' combined operations on standard and line pipes and tubes.

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

2/ The CPTI is divided into subcommittees, including one for standard pipes and tubes and one for line pipes and tubes. The 12 members of the standard pipe subcommittee are Allied Tube & Conduit Corp.; American Tube Co.; Bull Moose Tube Co.; Century Tube Corp.; LaClede Steel Co.; Maruichi American Corp.; Pittsburgh-International Division of Pittsburgh Tube Co.; Sawhill Division of Cyclops Corp.; Sharon Tube Co.; Southwestern Pipe, Inc.; Western Tube & Conduit; and Wheatland Tube Corp. The four members of the line pipe subcommittee are LaClede Steel Co., Sawhill Division of Cyclops Corp., Tex-Tube Division of Cyclops Corp., and Wheatland Tube Corp.

3/ Chairwoman Stern determined that the domestic industries were materially injured or threatened with material injury.

Nature and Extent of Sales at LTFV

Standard pipes and tubes from India

In its final determination concerning standard pipes and tubes from India, Commerce found that the foreign market value of such merchandise manufactured by Tata Iron & Steel Co. Ltd. (TISCO) exceeded the U.S. price by an average of 7.08 percent. Its margins ranged from 0.81 to 57.96 percent. Commerce excluded two firms, Gujarat Steel Tubes Ltd. and Zenith Steel Pipes & Industries Ltd., from its affirmative final determination because it found no sales at LTFV. The margin for all other manufacturers, producers, and exporters is 7.08 percent. Commerce calculated the margins by comparing the purchase prices in the United States with the home market prices in India during February 1, 1985, to July 31, 1985. Commerce also made a determination that critical circumstances do not exist.

Line pipes and tubes from Taiwan

Commerce issued a final determination that the foreign market value of line pipes and tubes from Taiwan exceeded the U.S. price by 27.98 percent. Commerce calculated this margin by using what it considered to be the best information available. The producers in Taiwan did not respond to the questionnaires Commerce sent to them in connection with its investigation. According to counsel, they did not participate in Commerce's investigation because of the enormous expense and time involved. 1/ Thus, Commerce made its LTFV calculations by comparing the average unit values of line pipes and tubes from Taiwan, as compiled from official import statistics, with the foreign market values presented in the petition. Commerce made such price comparisons from imports that entered during February 1, 1985, to July 31, 1985. Commerce also made a final finding that critical circumstances exist with respect to imports from Taiwan.

Standard and line pipes and tubes from Turkey

Commerce's final LTFV margins for imports of pipes and tubes from Turkey were as follows (in percent):

Firm	Standard	Line
Borusan Holding AS	1.26	1/ 0.46
Mannesmann-Sumerbank Boru Endustrisi	23.12	40.23
Erkboru Profil Sanayi ve Ticaret AS	23.12	40.23
All other manufacturers, producers, or exporters	14.74	14.81

1/ De minimis.

1/ Transcript of the hearing, p. 79.

Since the margin for line pipes and tubes manufactured by Borusan was de minimis, Commerce excluded this firm's exports from its LTFV determination. Commerce calculated these margins by comparing the U.S. price with the foreign market value based on home-market prices or on the constructed value of the merchandise in Turkey. Commerce made a further finding that critical circumstances do not exist with respect to imports of standard and line pipes and tubes from Turkey.

Foreign Producers

India

There are four producers of standard pipes and tubes in India that export these products to the United States--Gujarat Steel Tubes Ltd., Jindal Pipes, Ltd., TISCO, and Zenith Steel Pipes & Industries Ltd. Commerce determined that two of these firms, Gujarat and Zenith, had not been selling standard pipes and tubes in the United States at LTFV; this section of the report will present information concerning the other two producers in India.

Jindal and TISCO have the capacity to produce * * * tons of standard pipes and tubes a year and utilized * * * (table 1). TISCO, * * *, utilized * * * of its capacity in that year. According to counsel for the Engineering Export Promotion Council of India, the producers in India are unable to expand their production of standard pipes and tubes because of shortages of raw materials and electricity. 1/

Table 1.--Standard pipes and tubes: Jindal's and TISCO's capacity, production, and exports, by firms, fiscal years 1982-85

*	*	*	*	*	*	*

TISCO accounted for * * * of the LTFV exports of standard pipes and tubes to the United States during 1982-85. Total LTFV exports increased from * * * in 1982, to * * * tons in 1983, * * * tons in 1984, and * * * tons in 1985. TISCO's exports to the United States accounted for * * * percent of its standard pipe and tube production in 1985.

Taiwan

There are two firms licensed to produce API line pipes and tubes in Taiwan--Kao Hsing Chang Iron & Steel Corp. (KHC) and Far East Machinery Company, Ltd. (FEMCO). KHC received its license to produce API line pipe in * * * and FEMCO received its license in * * *. These firms have a combined capacity to produce * * * tons of line pipes and tubes (table 2). Their production of the products * * * from * * * tons in 1982 to * * * tons in 1985. With the increase in production, utilization of productive capacity increased from * * * percent in 1982 to * * * percent in 1985. In 1985, the United States was * * * export market. Exports of line pipes and tubes to the United

1/ Prehearing brief, p. 4.

Table 2.--Line pipes and tubes: Taiwan's capacity, production, domestic shipments, and exports, by firms, 1982-85, and January-June 1986

* * * * * * *

States were * * * tons in 1982 and * * * tons in 1983. These exports increased to * * * tons and * * * tons in 1984 and 1985, respectively. The United States accounted for * * * percent of Taiwan's total shipments (both domestic and foreign) in 1985.

Both KHC and FEMCO have * * *. These firms project that * * * their production of line pipes and tubes will be * * * January-June 1986. * * * to the United States during this period.

Line pipes and tubes are produced in facilities in Taiwan that are used to produce standard pipes and tubes as well. Standard pipes and tubes under 4.5 inches in outside diameter are presently covered by an antidumping order that was issued on May 7, 1984. The petitioners allege that producers in Taiwan will shift production of standard pipe to production of line pipe.

Turkey

There are four principal producers of standard and line pipes and tubes in Turkey. Borusan Holding AS, * * *, is very export oriented, selling predominantly to the Middle East. Mannesmann-Sumerbank Boru Endustrisi 1/ * * *, * * * Erkboru Profil Sanayi ve Ticaret AS, and Umran Spiral Welded Pipe, Inc. Umran is not known to have exported any of the subject products to the United States and is believed to produce primarily large diameter pipes. 2/ In late 1983, Umran purchased a pipe and tube facility from Bethlehem Steel Corp. located at Sparrows Point, MD. The plant, which had the capacity to produce 200,000 tons of pipes and tubes a year, is currently being dismantled and shipped to Turkey. The firm expects to begin production of standard and line pipes and tubes in 1988 at the earliest. The company stated that the pipes and tubes eventually produced by this mill will be targeted for export to the Soviet Union. 3/ Erkboru began to produce American Society for Testing & Materials (ASTM)-grade pipes when it opened a new mill in January 1985. A fifth Turkish producer, Yucel Boru ve Profil Endustrisi, exported about * * * tons of standard pipes and tubes to the United States in 1984 and * * * in 1985.

Counsel for Borusan, Mannesmann, and Erkboru provided the Commission with each firm's capacity, production, and record of exports during January 1982-September 1985 (table 3). These three firms accounted for all of the pipes

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1/ This company is 57.14 percent owned by the Mannesmann Group of West Germany and 42.86 percent owned by interests in Turkey. The Mannesmann Group produces steel, through joint ventures or subsidiaries, in West Germany, Turkey, Brazil, and the Netherlands (Coudert Brothers' submission of Jan. 16, 1986, investigation No. 701-TA-253 (Final), pp. 2 and 3).

2/ Metal Bulletin Monthly, July 1983, p. 99.

3/ Affidavit submitted with the postconference statement of counsel on behalf of the Government of Turkey.

Table 3.--Standard and line pipes and tubes: Turkey's capacity, production, and exports, by firms, 1982-84, January-September 1984, and January-September 1985

* * * * * * *

and tubes exported to the United States from Turkey in 1985. The com- bined annual capacity of Borusan and Mannesmann for both standard and line pipes and tubes is * * * tons. The capacity of Erkboru to produce standard pipes and tubes was * * * tons in 1985 and is projected to be * * * tons in 1986; however, * * *.

The producers in Turkey are able to shift between the production of standard pipes and tubes and line pipes and tubes. Borusan reported its capacity to produce standard and line pipes and tubes to be * * * tons, of which * * * to * * * tons can be used to produce either standard or line pipes and tubes and the remaining * * * tons can be used to produce standard pipes and tubes only. Mannesmann reported that, although its entire capacity of * * * tons could be used to produce either standard or line pipes and tubes and any unused capacity could be considered available to produce either standard or line pipes and tubes, its ability to shift from production of standard pipes and tubes to production of line pipes and tubes (or vice versa) is only * * * tons per month.

Production of standard pipes and tubes by Borusan, Mannesmann, and Erkboru * * * from * * * tons in 1982 to * * * tons in 1983, * * * to * * * tons in 1984. Production then * * * to * * * tons during January-September 1985, compared with * * * tons in January-September 1984. Production of line pipes and tubes by Mannesmann, * * *, * * * from * * * tons in 1982 to * * * tons in 1984, and then * * * to * * * tons in January-September 1985, compared with * * * tons in January-September 1984. The capacity utilization rate for the production of both line and standard pipes and tubes * * * from * * * percent in 1982 to * * * percent in 1984 and * * * percent during January-September 1985. At the January-September 1985 rate of utilization, * * *, these three Turkish producers would have approximately * * * tons of unutilized capacity.

The firms reported exporting * * * tons of standard pipes and tubes to the United States in 1982. These exports * * * in 1983 to * * * tons, then * * * to * * * tons in 1984. During January-September 1985, exports to the United States from these firms rose to * * * tons.

Mannesmann reported no exports of line pipes and tubes to the United States in 1982, 1983, and 1984. It reported shipping * * * tons of line pipe to the United States during January-September 1985.

The President's Program on Voluntary Restraints of Exports to the United States

In September 1984, the President outlined a nine-point program designed to assist the U.S. steel industry in a number of areas, including trade. Under this program, the U.S. Government would negotiate surge-control arrangements (and self-initiate proceedings under the trade laws, if necessary) with

understandings, or suspension agreements, with countries "whose exports to the United States have increased significantly in recent years due to an unfair surge in imports." Unfair surges were described in the President's decision as dumping, subsidization, or diversion from other importing countries that have restricted access to their markets. The countries that have signed VRAs, which include the steel pipes and tubes under investigation, as of April 1, 1986, are as follows:

Australia	Mexico
Austria	Poland
Brazil	Portugal
Czechoslovakia	Romania
East Germany	South Africa
Finland	Republic of Korea
Hungary	Spain
Japan	Venezuela
	Yugoslavia

After agreements were negotiated with Brazil, Mexico, Spain, Venezuela, and Yugoslavia unfair trade petitions concerning standard and line pipes and tubes from these countries were withdrawn by the petitioners prior to the completion of the investigations. In addition, the antidumping and countervailing duty orders concerning imports of subject products from Korea were revoked after the Korean Government signed an arrangement. It is expected that the countervailing duty order concerning line and standard pipes and tubes from Yugoslavia will also be revoked shortly.

Petitioners and respondents assert that one reason countries that did not export to the United States previously are able to do so now is a void in the marketplace previously filled by imports from countries that have signed VRAs with the United States. 1/ Petitioners also point out that the impetus for increased imports from Turkey and other new entrants in the U.S. market comes from U.S. importers that are turning to these suppliers in an attempt to retain their share of the market. 2/

The European Community Pipe and Tube Agreement

On January 11, 1985, the Office of the United States Trade Representative announced an agreement with the European Community (EC) on imports of steel pipes and tubes. The agreement, effective from January 1, 1985, through December 31, 1986, will reduce the EC share of the U.S. pipe and tube market from the 14.6 percent share held during January-October 1984 to 7.6 percent in 1985 and 1986. This agreement followed an embargo on pipe and tube imports from the EC from November 29, 1984, through December 31, 1984.

1/ See petitioners' prehearing brief, pp. 2-6, in investigations Nos. 701-TA-253 and 731-TA-252 (Final); and transcript of public hearing for investigations 701-TA-253 and 731-TA-252 (Final), pp. 64 and 70.

2/ Transcript for investigations 701-TA-253 and 731-TA-252 (Final), pp. 167 and 168. See also transcript for the above investigations, pp. 143 and 158-160. This was verified in the case of * * * in * * *.

Financial Experience of the U.S. Producers of the Subject Products

Operations on welded carbon steel pipes and tubes

Fifteen U.S. producers supplied usable income-and-loss data on their operations on all welded carbon steel pipes and tubes that are produced in their establishments within which standard and line pipes and tubes are produced. Thirteen of these firms produce standard pipes and tubes and six produce line pipes and tubes; four firms produce both standard and line pipes and tubes.

Aggregate net sales of the 15 reporting firms declined 28.3 percent from $1.7 billion in 1982 to $1.2 billion in 1983, then rose by 28.7 percent to $1.6 billion in 1984 (table 4). Net sales were $1.4 billion in 1985, based on 12 months of data for 12 firms and 9 months of data for 3 firms. An operating income of $198.3 million in 1982, or 11.5 percent of sales, was followed by operating losses of $148.7 million, or 12.0 percent of sales, in 1983 and $29.3 million, or 1.8 percent of sales, in 1984. An operating loss of $35.8 million, or 2.6 percent of sales, was sustained in 1985.

Table 4.--Income-and-loss experience of U.S. producers on their operations on all welded carbon steel pipes and tubes produced in their establishments within which standard and line pipes and tubes are produced, accounting years 1982-85 1/

Item	1982	1983	1984	1985
Net sales-------1,000 dollars--	1,723,086	1,234,892	1,589,486	1,377,835
Cost of goods sold-------do----	1,425,425	1,277,867	1,507,101	1,297,922
Gross profit-------------do----	297,661	(42,975)	82,385	79,913
General, selling, and administrative expenses--do----	99,397	105,745	111,731	115,760
Operating income or (loss)-----------------do----	198,264	(148,720)	(29,346)	(35,847)
Depreciation and amortization expense---------do----	42,465	43,806	49,917	41,949
As a share of net sales:				
Cost of goods sold--percent--	82.7	103.5	94.8	94.1
Gross profit-----------do----	17.3	(3.5)	5.2	5.8
General, selling, and administrative expenses-------------do----	5.8	8.6	7.0	8.4
Operating income or (loss)---------------do----	11.5	(12.0)	(1.8)	(2.6)
Number of firms reporting operating losses----------	2	4	3	4

1/ 12 firms provided information for accounting years 1982-85. 3 firms provided information for accounting years 1982-84 and for the 9 month period ended Sept. 30, 1985. * * *.

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

The integrated firms, i.e., those firms producing raw steel from iron ore and scrap and then producing the intermediate skelp and sheets from which the pipes and tubes are produced, generally experienced operating losses during the periods covered by this report, as shown in table 5. The nonintegrated firms reported aggregate operating incomes of $* * * in 1982, $* * * in 1983, $* * * in 1984, and $* * * in 1985. The operating income margins for the nonintegrated firms increased from 4.9 percent in 1982 to 5.2 percent in 1983 and 1984. The operating income margin declined to 4.9 percent in 1985.

* * *. It reported financial information on the establishments within which it produced standard pipes and tubes * * *. As shown in the following tabulation, * * *:

* * * * * * *

Cost allocation

Most of the standard and line pipe and tube producers manufacture various types of pipes and tubes using the same labor and machinery. The majority of the firms do not maintain separate income-and-loss data for each specification of pipe and tube. The cost accounting systems utilized in the accumulation of cost data are unique to each company. Depending on the cost accounting system employed, some costs are directly charged to a product line, whereas other costs are allocated by the company. The basis used for allocating each of the costs and expenses to each product varies from producer to producer. However, if each producer is consistent from year to year in its use of its respective allocation base (and there is no evidence to the contrary), the data presented in this report should reflect the profit-and-loss trend on each product line.

* * * * * * *

Operations of LTV and U.S. Steel

The 1985 10-K financial report for LTV stated that the company's steel operations generated $4.6 billion in sales in 1985. These operations sustained an operating loss of $230 million, or 5.0 percent of sales for the year. These losses exclude a $380 million writeoff in connection with the indefinite idling of its Aliquippa, PA plant, a facility used to produce a wide range of steel products, including sheets, plates, bars, structurals, as well as those pipes and tubes under investigation. The report did not present income-and-loss data by product line. However, the report did indicate that LTV's flat rolled steel operations were not the primary cause of their losses. Moreover, according to the report, LTV's bar and tubular operations were weaker than the rest of their steel operations. The average selling price of all of LTV's steel products, according to the report, declined by 10 percent during 1985, costing the company $250 million in revenues. The report further stated that its losses decreased during the second half of 1985.

Table 5.--Income-and-loss experience of U.S. producers on their operations on all welded carbon steel pipes and tubes produced in their establishments within which standard and line pipes and tubes are produced, by non-integrated producers and integrated producers, accounting years 1982-85

Item	1982	1983	1984	1985
	Value (1,000 dollars)			
Net sales:				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	1,723,086	1,234,892	1,589,486	1,377,835
Gross profit or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	297,661	(42,975)	82,385	79,913
Operating income or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	198,264	(148,720)	(29,346)	(35,847)
	Percent of net sales			
Gross profit or (loss):				
Nonintegrated firms	13.1	14.3	13.5	13.3
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Weighted average	17.3	(3.5)	5.2	5.8
Operating income or (loss):				
Nonintegrated firms	4.9	5.2	5.2	4.9
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Weighted average	11.5	(12.0)	(1.8)	(2.6)

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

As stated in the 1985 annual report for U.S. Steel in 1985, the company's steel operations generated $6.2 billion in sales and achieved an operating income of $70 million, or 1.1 percent of sales. The annual report did not provide information for specific steel product lines.

Both LTV and U.S. Steel, in their public financial reports, provided information concerning their product mix for steel operations, as presented in the following tabulation (in percent):

Product line	LTV	U.S. Steel
Sheet, strip, and plate	77	82
Bar and rod	18	7
Pipes and tubes	5	10
Other	0	1
Total	100	100

According to information developed by the Commission, 1/ for the year ending June 30, 1985, the U.S. carbon and alloy steel producers sustained losses of 6.1 percent on their plate operations, 0.6 percent on their sheet and strip operations, and 5.5 percent on their bar operations. In comparison, they sustained a loss of 6.2 percent on their line pipe operations (including both welded and seamless product whether or not it is greater than or less than 16 inches in outside diameter) and 17.7 percent losses on their operations on all pipe and tube products.

Investment in productive facilities and capital expenditures

The aggregate investment by * * * U.S. producers of standard and line pipes and tubes on their operations on all welded carbon steel pipes and tubes, valued at cost, increased from $142.6 million at yearend 1982 to $168.1 million at yearend 1984 and rose further to $187.1 million, as of December 31, 1985. The book value of such assets followed a similar trend from yearend 1982 to yearend 1985. Capital expenditures for * * * U.S. producers increased from $9.2 million in 1982 to $18.0 million in 1983, then fell to $10.5 million in 1984. Capital expenditures increased sharply from the 1984 level to $23.9 million in 1985. Reported investment in productive facilities and capital expenditures are shown in the following tabulation (in thousands of dollars):

	Investment in productive facilities 1/		Capital expenditures
	Original cost	Book value	
1982	142,580	64,858	9,150
1983	158,112	74,181	17,997
1984	168,145	74,793	10,490
1985	187,132	87,225	23,878

1/ As of yearend 1982, 1983, 1984, and 1985.

1/ Annual Survey Concerning Competitive Conditions in the Steel Industry . . ., USITC Publication 1729, August 1985, p. 10.

Capital and investment

The Commission requested that each U.S. producer describe any actual or potential negative effects of imports of the subject products from India, Taiwan, and Turkey on their firm's growth, investment, and ability to raise capital. Three firms issued statements: * * * and * * * addressed the effect of imports of pipes and tubes in general, from all sources; and * * * (statement not included) described the effect of imports of a product not subject to these investigations. The replies of * * * are as follows:

* * * * * * *

Exchange Rates

Indexes of the nominal and real exchange rates of the Indian rupee, the New Taiwan dollar, and Turkish lira relative to the U.S. dollar are shown in table 6. The exchange rate indexes are based on rates expressed in U.S. dollars per foreign currency unit. The real exchange rate is determined by adjusting the nominal exchange rate for differences in the rates of inflation in India, Taiwan, and Turkey relative to the inflation rate in the United States.

The percentage change in the international purchasing power of each currency from the reference period January-March 1983 provides an indication of the maximum amount that a foreign producer or its agent can reduce its dollar prices of foreign products in the U.S. market without reducing its profits, assuming it has no dollar-denominated costs or contracts. A foreign producer, however, may choose to increase its profits by not reducing its dollar prices or by reducing its dollar prices by less than the depreciation would allow. Within specific industries, such as the carbon steel pipe and tube industry, the proportion of foreign producers' costs attributable to imports of raw materials and energy from the United States or from countries whose currencies are linked to the dollar would vary by specific product and producer.

In nominal terms, the Indian rupee depreciated by 18 percent relative to the U.S. dollar from January-March 1983 to October-December 1985. In real terms, the rupee fell by less than 3 percent between January-March 1983 and October-December 1985 relative to the U.S. dollar.

In nominal terms, the new Taiwan dollar held relatively steady vis-a-vis the U.S. dollar between January-March 1983 and October-December 1985. In real terms, the value of the new Taiwan dollar depreciated by 5 percent relative to the U.S. dollar over the same period due to the similar levels of inflation in the United States and Taiwan.

In nominal terms, the value of the Turkish lira depreciated steadily relative to the U.S. dollar, falling by 65 percent from January-March 1983 to October-December 1985. In real terms, the value of the lira vis-a-vis that of the U.S. dollar also declined, by some 11 percent between January-March 1983 and October-December 1985.

Table 6.--Nominal-exchange-rate equivalents 1/ of the Indian rupee, the New Taiwan dollar, and the Turkish lira in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States, India, Taiwan, and Turkey, 2/ indexed by quarters, 1983-85

(January-March 1983=100)

Period	U.S. Producer Price Index	India			Taiwan		
		Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			---US$ per rupee---			----US$ per NTD---	
1983:							
January-March	100.0	100.0	100.0	100.0	100.0	100.0	100.0
April-June	100.3	104.2	98.8	102.7	100.8	99.7	100.2
July-September	101.3	108.1	97.4	104.0	101.0	99.4	99.2
October-December	101.8	109.2	95.5	102.4	101.2	99.3	98.7
1984:							
January-March	102.9	110.6	92.1	99.0	101.5	99.4	98.1
April-June	103.6	112.6	90.1	97.9	101.1	100.4	98.0
July-September	103.3	117.8	85.4	97.3	101.4	101.8	100.0
October-December	103.0	116.7	81.3	92.1	100.9	101.5	99.3
1985:							
January-March	102.9	116.6	77.0	87.3	99.9	101.6	98.6
April-June	103.0	120.9	79.1	92.9	99.1	100.3	96.5
July-September	102.2	123.7	82.1	99.3	98.5	99.0	95.3
October-December	102.9	122.5	81.8	97.4	98.2	99.3	94.7

Period	Turkey		
	Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 3/
		----------US$ per lira----------	
1983:			
January-March	100.0	100.0	100.0
April-June	107.0	91.5	97.7
July-September	114.7	82.6	93.6
October-December	126.1	74.5	92.3
1984:			
January-March	144.1	62.6	87.8
April-June	165.6	55.8	89.2
July-September	177.2	50.1	86.0
October-December	191.9	46.1	85.8
1985:			
January-March	215.0	41.3	86.2
April-June	232.5	37.4	84.5
July-September	240.5	36.0	84.7
October-December	264.2	34.7	89.2

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.

2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of International Financial Statistics.

3/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured by the Producer Price Index in the United States and the respective foreign country.

Source: International Monetary Fund, International Financial Statistics, February 1986, and Central Bank of China, Financial Statistics, October 1985.

PART I. STANDARD PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to the antidumping investigations concerning imports of standard pipes and tubes from India and Turkey.

The Products

Description and uses

For the most part, the terms "pipes," "tubes," and "tubular products" can be used interchangeably. In some industry publications, however, a distinction is made between pipes and tubes. According to these publications, pipes are produced in large quantities in a few standard sizes, whereas tubes are made to each customer's specifications regarding dimension, finish, chemical composition, and mechanical properties. Pipes are normally used as conduits for liquids or gases, whereas tubes are generally used for load-bearing or mechanical purposes. Nevertheless, there is apparently no clear line of demarcation in many cases between pipes and tubes.

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

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

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

The imported pipe and tube products that are the subject of these investigations are circular welded carbon steel pipes and tubes over 0.375 inch but not over 16 inches in outside diameter that are known in the industry as standard pipes and tubes. Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. They may also be used for light load-bearing or mechanical applications, such as for fence tubing. These

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

steel pipes and tubes may carry fluids at elevated temperatures and pressures but may not be subjected to the application of external heat. They are most commonly produced to ASTM specifications A-120, A-53, and A-135.

Manufacturing processes

Standard pipes and tubes are made by forming flat-rolled steel into a tubular configuration and welding it along the joint axis. There are various ways to weld pipes and tubes; the most popular are the electric resistance weld (ERW), the continuous weld (butt weld) (CW), the submerged-arc weld, and the spiral weld. The submerged-arc weld and spiral weld are normally used to produce pipes and tubes of relatively large diameter. The standard pipes and tubes in these investigations are generally welded by either the ERW or CW process. Both ERW and CW pipes and tubes are manufactured from skelp, a flat-rolled, intermediate product that is typically an untrimmed band of hotor cold-rolled sheet. Immediately after welding, the product may be reduced in diameter by rolling or stretch reducing or may be further formed into squares, rectangles, or other shapes by using forming rolls.

In the ERW process, skelp is cold-formed by tapered rolls into a cylinder. The weld is formed when the joining edges are heated to approximately 2,600° F. Pressure exerted by rolls squeezes the heated edges together to form the weld. ERW mills produce both pipe in standard sizes and tubular products between 0.375 and 24 inches in outside diameter.

In the CW process, skelp is heated to approximately 2,600° F and hot-formed into a cylinder. The heat, in combination with the pressure of the rolls, forms the weld. Continuous-weld mills generally produce the higher volume, standardized pipe products from 0.375 through 4.5 inches in outside diameter.

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

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

Requirements concerning chemical and mechanical properties for ASTM standard pipes differ for various specifications and grades. There are two grades of ASTM A-53 and A-135 standard pipes and one grade of ASTM A-120 standard pipe. Standard pipes are inspected and tested at various stages in the production process to ensure strict conformity to ASTM specifications.

U.S. tariff treatment

Imports of the standard pipes and tubes covered by these investigations are classified and reported for tariff and statistical purposes under TSUSA items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925, 1/ which cover welded pipes and tubes (and blanks therefor 2/) of iron (except cast iron) or of nonalloy (carbon) steel, of circular cross section, having an outside diameter 0.375 inch or more but not more than 16 inches.

The current column 1 rate of duty 3/ for standard pipes and tubes classified under Tariff Schedules of the United States (TSUS) item 610.32 is 1.9 percent ad valorem. This rate of duty was modified as a result of the Tokyo Round of Multilateral Trade Negotiations (MTN) from the 0.3-cent-per-pound rate in effect prior to January 1, 1982; there are no further duty modifications scheduled. The current column 1 rate of duty for standard pipes and tubes classified under TSUS item 610.49 is 8.4 percent ad valorem and is scheduled to be reduced to 8.0 percent in 1987 as a result of the Tokyo Round of the MTN. Imports from India and Turkey are dutiable under the column 1 rates.

In addition to these import duties, final determinations of sales at LTFV have been made with respect to imports from India and Turkey. Antidumping duties are currently in effect with respect to imports of standard pipes and tubes from Taiwan and Thailand. Countervailing duties are currently in effect with respect to imports from Thailand, Turkey, and Yugoslavia. On March 27, 1986, the petitioners withdrew the antidumping petition concerning LTFV imports from Yugoslavia and also requested that the countervailing duty order be revoked. The antidumping investigation was terminated on April 4, 1986. It is expected that the countervailing duty order will be revoked shortly. Until recently, countervailing duty and dumping orders were in effect with respect to imports from Korea. On October 29, 1985, subsequent to Korea's signing a VRA, Commerce published a notice in the Federal Register, effective October 1, 1984, revoking these orders. The dumping margins from current investigations, outstanding dumping and countervailing duty orders issued since January 1984, and terminated (other than negative) title VII cases since January 1984 are presented in table I-1.

1/ Prior to Apr. 1, 1984, subject products were classified under TSUSA items 610.3231, 610.3232, 610.3241, 610.3244, and 610.3247.

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

applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. However, imports of standard pipes and tubes are eligible for duty-free entry, if the products of designated beneficiary countries under the Caribbean Basin Economic Recovery Act or the United States-Israel Free Trade Area Agreement. The current col. 2 rates of duty, applicable to imports from the Communist countries enumerated in general headnote 3(d), are 5.5 percent ad valorem for imports under TSUS item 610.32 and 25 percent ad valorem for imports under TSUS item 610.49.

Table I-1.--Standard pipes and tubes: Title VII investigations since January 1984, most recent dumping and subsidy margins, and import-to-consumption ratios, by sources, 1982-85

Item	Weighted-average margin	Date of bond or order 1/	Ratio of imports to apparent U.S. consumption			
			1982	1983	1984	1985
			Percent			
Antidumping investigations/orders:						
Pending antidumping investigations:						
India (instant investigation)	2/ 7.08	Dec. 31, 1985	***	***	***	***
Turkey (instant investigation)	4/	Jan. 3, 1986	-	3/	.1	1.5
The People's Republic of China	5/	5/	-	-	-	3/
The Philippines	5/	5/	-	-	-	.1
Singapore	5/	5/	-	-	3/	.3
Outstanding antidumping order:						
Taiwan (to 4.5" OD)	9.7	May 7, 1984	3.9	4.4	.3	.8
Thailand	6/ 15.67	Jan. 27, 1986	-	-	3/	1.4
Recently revoked antidumping order:						
Korea (to 4.5" OD) 7/	0.9	May 7, 1984	13.3	16.0	14.5	14.2
Recently terminated antidumping investigations:						
Brazil (to 4.5" OD) 8/	3.23	Dec. 31, 1984	.7	1.4	5.8	1.5
Spain (to 4.5" OD) 9/	40.75	Dec. 31, 1984	3/	.5	2.3	.6
Venezuela 10/	26.19	June 3, 1985	.2	.6	1.8	.9
Yugoslavia 11/	33.26	Dec. 31, 1985	.2	-	.5	.5
Countervailing duty investigations/orders:						
Outstanding countervailing orders:						
Thailand	1.79	Aug. 14, 1985	-	-	3/	1.4
Turkey	12/ 17.80	Jan. 10, 1986	-	3/	.1	1.5
Recently terminated countervailing duty investigations:						
Mexico 13/	0.67-23.65	Jan. 31, 1985	1.3	4.6	3.9	1.8
Spain (to 4.5" OD) 9/	1.14	Oct. 10, 1984	3/	.5	2.3	.6
Venezuela 14/	-	-	.2	.6	1.8	.9
Recently revoked countervailing duty order:						
Yugoslavia 15/	74.50	Oct. 16, 1985	.2	-	.5	.5

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

2/ This is the margin for TISCO which accounted for virtually all of the LTFV imports from India.

3/ Less than 0.05 percent.

4/ Commerce determined final margins as follows: Borusan (1.26 percent ad valorem), Mannesmann and Erkboru (23.12 percent ad valorem), and all other companies (14.74 percent ad valorem).

5/ The Commission has issued a preliminary affirmative determination. To date, there is no determination of sales at less than fair value by Commerce nor a requirement for the posting of bond.

6/ Commerce determined final margins as follows: Saha Thai (15.69 percent ad valorem), Thai Steel (15.60) percent, and all other companies (15.67 percent).

7/ Order revoked effective Oct. 1, 1984, the effective date of the import restraint agreement reached with Korea. The ratios of imports to apparent consumption are overstated to the extent that import data include exports by Union Steel Manufacturing Co., Ltd., and Dougjin Steel Co., Ltd., which were excluded from Commerce's affirmative determination.

8/ Terminated by the Commission, effective Mar. 20, 1985, following withdrawal of petition, prior to a final determination by Commerce.

9/ Terminated by the Commission, effective Feb. 4, 1985, following withdrawal of petition, prior to a final determination by Commerce.

10/ Terminated by Commerce prior to making its final determination, effective Oct. 23, 1985, following withdrawal of petition.

11/ Terminated by the Commission, effective Apr. 4, 1986, prior to a final determination by the Commission, following withdrawal of petition.

12/ In its final determination, Commerce found the subsidy to be 18.81 percent but the bonding or cash deposit rate was adjusted to 17.80 percent to take into account changes occurring after the review period.

13/ Terminated by Commerce, effective Apr. 2, 1985, following withdrawal of petition.

14/ Terminated by Commerce prior to making its preliminary determination, effective Nov. 13, 1985, following withdrawal of petition.

15/ Petition withdrawn on Mar. 27, 1986. The order is expected to be revoked shortly.

Source: Margins and date of bond or order obtained from U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Data in this table are current through Apr. 9, 1986.

U.S. Producers

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

In 1985, there were 23 known U.S. producers of standard pipes and tubes. One other producer, Bethlehem Steel Corp., an integrated steel producer, permanently closed its standard pipe and tube mill located at Sparrows Point, MD, effective April 30, 1983. Umran, a Turkish producer, bought Bethlehem's plant and is in the process of setting it up in Turkey. A nonintegrated producer, Merchants Metals, Inc., ceased producing standard pipes and tubes in January-March 1984. In December 1984, LTV Steel announced the closing of its two standard pipe mills at Aliquippa, PA, and in October 1985, it announced the closing of a standard pipe mill at Youngstown, OH. In early 1985, Central Steel Tube of Iowa filed for bankruptcy. U.S. production of standard pipes and tubes is concentrated in the East, where the integrated producers are located. The U.S producers of standard pipes and tubes and their shares of 1985 domestic shipments are shown in table I-2.

U.S. Importers

According to the net import file compiled by the U.S. Customs Service, in 1985 eight firms imported standard pipes and tubes from India, and eight firms imported the product from Turkey. During the course of these investigations, the Commission received questionnaire responses from firms that accounted for 90 percent of the LTFV imports from India, and 40 percent of the imports from Turkey.

The U.S. Market

Channels of distribution

According to AISI data, 69 percent of standard pipes and tubes shipped by U.S. manufacturers in 1984 and 1985 were sold to service centers/ distributors. Service centers/distributors are middlemen that buy large quantities of pipes and tubes, usually from both domestic producers and importers, warehouse the products, and sell smaller quantities to end users. The service centers/-distributors may also have some simple finishing equipment to cut pipe to lengths or to thread and couple it. Most direct shipments to end users were made to the oil and gas and electrical equipment industries in 1984.

Table I-2.--Standard pipes and tubes: U.S. producers, 1/ their shares of domestic shipments, and plant locations, by firms, 1985

Firm	Share of 1985 domestic shipments	Plant locations
	Percent	
CPTI member firms:		
Allied Tube & Conduit	***	Harvey, IL.
American Tube Co	***	Phoenix, AZ.
Bernard Epps & Co	***	Los Angeles, CA.
Bull Moose Tube Co	***	Gerald, MO.
		Chicago Heights, IL.
		Trenton, GA.
Century Tube Corp	***	Pine Bluff, AR.
Cyclops Corp., Sawhill Tubular Division	***	Sharon, PA.
LaClede Steel Co	***	Alton, IL.
Maruichi American Corp	***	Santa Fe Springs, CA.
Pittsburgh Tube Co	***	Fairbury, IL.
Sharon Tube Co	***	Sharon, PA.
Western Tube & Conduit	***	Long Beach, CA.
Wheatland Tube Corp	***	Wheatland, PA.
Non-CPTI firms:		
American Cast Iron Pipe Co	***	Birmingham, AL.
Berger Industries, Inc	***	Edison, NJ.
Harris Tube	***	Los Angeles, CA.
J.M. Tull Industries, Inc	***	Gardena, CA.
		Norcross, GA.
Lock Joint Tube Co., Inc	***	South Bend, IN.
LTV Steel Corp	***	Youngstown, OH.
		Aliquippa, PA.
		Counce, TN.
United States Steel Corp	***	Fairless Hills, PA.
		Lorain, OH.
		Geneva, UT.
		McKeesport, PA.
United Tube Corp	***	Medina, OH.

1/ In addition, there are 3 other known producers which together accounted for an estimated 1 percent of U.S. producers' total domestic shipments.
2/ Firm did not respond to the Commission's questionnaire.

Source: Share of domestic shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Apparent U.S. consumption

Apparent U.S. consumption of standard pipes and tubes increased annually from 1.7 million tons in 1982 to 2.5 million tons in 1984, or by 45 percent (table I-3). Consumption of standard pipes decreased by 1 percent in 1985 compared with consumption in 1984.

Table I-3.--Standard pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1982-85

Year	U.S. producers' domestic shipments	Imports	Apparent consumption	Ratio to consumption of--	
				Producers' shipments	Imports
	1,000 tons			Percent	
1982	858	844	1,702	50	50
1983	920	1,182	2,102	44	56
1984	923	1,544	2,467	37	63
1985	999	1,434	2,433	41	59

Source: U.S. producers' shipments, compiled from questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Consideration of Alleged Material Injury to an Industry in the United States 1/

U.S. production, capacity, and capacity utilization

U.S. production of standard pipes and tubes increased steadily from 825,000 tons in 1982 to 1.0 million tons in 1984, representing an increase of 22 percent (table I-4). The capacity of reporting U.S. producers to produce standard pipes and tubes remained essentially constant at about 1.8 million tons per year during 1982-85. Utilization of capacity by standard pipe and tube producers increased steadily from 44 percent in 1982 to 55 percent in 1985.

Table I-4.--Standard pipes and tubes: U.S. production, capacity, and capacity utilization, 1982-85

Item	1982	1983	1984	1985
Production--1,000 tons	825	908	933	1,003
Capacity--do	1,758	1,731	1,770	1,824
Capacity utilization 1/--percent	44	51	53	55

1/ Capacity utilization rates were calculated using data from firms that provided information on both production and capacity.

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

1/ Information in this section of the report was compiled from data submitted in response to questionnaires of the Commission in connection with the instant investigations * * *.

U.S. producers' domestic shipments

U.S. producers' domestic shipments of standard pipes and tubes rose from 858,000 tons in 1982 to 999,000 tons in 1985, or by 16 percent (table I-5).

Table I-5.--Standard pipes and tubes: U.S. producers' domestic shipments, 1982-85

Item	1982	1983	1984	1985
Quantity----------1,000 tons--	858	920	923	999
Value----------1,000 dollars--	490,680	503,049	555,222	584,602
Unit value 1/----------per ton--	$605	$564	$602	$585

1/ Unit values were calculated using data from firms that provided information on both the quantity and value of shipments.

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

U.S. exports

Exports of standard pipes and tubes accounted for less than 1 percent of total shipments during 1982-85, as shown in the following tabulation:

* * * * * * *

U.S. producers' inventories

U.S. producers' yearend inventories of standard pipes and tubes dropped steadily from 153,000 tons in 1982 to 129,000 tons in 1985, or by 16 percent. As a share of annual shipments, these inventories decreased from 18 percent in 1982 to 13 percent in 1985, as shown in the following tabulation:

	Inventories (1,000 tons)	Ratio of inventories to shipments 1/ (percent)
As of Dec. 31--		
1982----------	153	18
1983----------	132	14
1984----------	131	14
1985----------	129	13

1/ Ratios were calculated using data from firms that provided information on both inventories and shipments.

Employment and wages

The number of workers employed in the production of standard pipes and tubes decreased from 3,142 in 1982 to 2,874 in 1985, representing a decrease of 9 percent (table I-6). Hours worked by such workers decreased by 4 percent during the period. With the decrease in employment and the 22-percent increase in production, labor productivity, as measured by tons produced per hour, increased by 26 percent between 1982 and 1985. The hourly wages earned by these workers increased by 8 percent during 1982-85. When the increase in productivity is taken into account, however, U.S. producers actually posted a 17-percent decrease in unit labor costs. Workers at 12 of the 19 reporting firms, that accounted for 88 percent of domestic shipments in 1985 are represented by unions.

Table I-6.--Average number of production and related workers producing standard pipes and tubes, hours paid, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor production costs, 1982-85

Item	1982	1983	1984	1985
Production and related workers:				
Number	3,142	3,104	2,911	2,874
Percentage change	-	-1	-6	-1
Hours worked by production and related workers:				
Number----1,000 hours	5,792	5,531	5,427	5,553
Percentage change	-	-5	-2	+2
Wages paid to production and related workers:				
Value----1,000 dollars	76,570	69,296	72,400	78,969
Percentage change	-	-9	+4	+9
Total compensation paid to production and related workers:				
Value----1,000 dollars	110,049	101,886	100,003	110,237
Percentage change	-	-7	-2	+10
Labor productivity:				
Quantity----tons per hour	0.140	0.162	0.169	0.177
Percentage change	-	+16	+4	+5
Hourly compensation: 3/				
Value	$13.22	$12.53	$13.34	$14.22
Percentage change	-	-5	+6	+7
Unit labor costs: 4/				
Value----per ton	$135	$114	$109	$112
Percentage change	-	-16	-4	+3

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

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

3/ Based on wages paid excluding fringe benefits.

4/ Based on total compensation paid.

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

Financial experience of U.S. producers

Usable income-and-loss data on operations producing standard pipes and tubes were provided by 13 U.S. firms. During 1982-85, sales of standard pipes and tubes ranged from 25 to 37 percent of these producers' sales of welded carbon steel pipes and tubes, as reported in the introductory section of this report.

Operations on standard pipes and tubes.--Thirteen producers, which accounted for 88 percent of domestic shipments of standard pipes and tubes in 1984, furnished usable income-and-loss data (table I-7). Net sales rose 14 percent from $435.1 million in 1982 to $494.8 million in 1985. Operating losses were reported in all periods, except 1985. These losses increased slightly from $18.5 million in 1982 to $19.5 million in 1983, then dropped to $2.4 million in 1984. In 1985, the companies achieved an operating income of $5.2 million. 1/ The operating losses, which were 4.2 percent and 4.4 percent of net sales in 1982 and 1983, respectively, declined to 0.5 percent in 1984. The operating income margin was 1.1 percent in 1985. Three of the firms reported operating losses for the years 1982 and 1983, and one firm sustained an operating loss in 1984 and four firms were unprofitable in 1985.

The integrated firms generally experienced operating losses during the periods covered by this report, as shown in table I-8. The nonintegrated firms reported aggregate operating incomes of $* * * in 1982, $* * * in 1983, $* * * in 1984, and $* * * in 1985. The operating income margins for the nonintegrated standard pipe producers increased from 6.3 percent in 1982 to 8.2 percent in 1983 and then declined to 8.1 percent in 1984 and 1985.

* * * * * * *

Capital expenditures and research and development expenses.--Seven U.S. producers supplied information on their capital expenditures for land, buildings, and machinery and equipment used in the production of standard pipes and tubes, and two furnished data on their research and development expenses. Capital expenditures for standard pipes and tubes increased from $3.2 million in 1982 to $4.4 million in 1983, then fell to $2.7 million in 1984. Capital expenditures increased sharply to $* * * in 1985. This increase was primarily due to expenditures of $* * * by * * *. Research and development expenses for standard pipes and tubes were $* * *, $* * *, $* * *, and $* * * in 1982, 1983, 1984, and 1985, respectively. All of these research and development expenses were incurred by * * *.

1/ The financial information presented here, as calculated from responses to the Commission's questionnaires in connection with these investigations, differs from that presented in previous Commission reports concerning standard pipes and tubes. The differences can be attributed to more complete financial information received during these investigations.

Table I-7.--Income-and-loss experience of U.S. producers on their operations producing standard pipes and tubes, accounting years 1982-85 1/

Item	1982	1983	1984	1985
Net sales----------1,000 dollars--	435,110	441,328	491,433	494,814
Cost of goods sold----------do----	415,741	418,648	451,636	445,346
Gross profit----------do----	19,369	22,680	39,797	49,468
General, selling, and administrative expenses--------do----	37,832	42,224	42,177	44,233
Operating income or (loss)-------do----	(18,463)	(19,544)	(2,380)	5,235
Depreciation and amortization expense----------do----	8,499	8,869	10,475	10,305
As a share of net sales:				
Cost of goods sold----------percent--	95.5	94.9	91.9	90.0
Gross profit----------do----	4.5	5.1	8.1	10.0
General, selling, and administrative expenses------do----	8.7	9.6	8.6	8.9
Operating income or (loss)-----do----	(4.2)	(4.4)	(0.5)	1.1
Number of firms reporting operating losses----------	3	3	1	4

1/ 11 firms provided information for accounting years 1982-85. 2 firms accounting for * * * percent of U.S. producers' domestic shipments in 1985, provided information for accounting years 1982-84 and for the 9-month period ended Sept. 30, 1985.

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

Capital expenditures and research and development expenses for standard pipes and tubes are shown in the following tabulation (in thousands of dollars):

	Capital expenditures	Research and development expenses
1982----------	3,213	***
1983----------	4,383	***
1984----------	2,728	***
1985----------	***	***

Table I-8.--Income-and-loss experience of U.S. producers on their operations producing standard pipes and tubes, by nonintegrated producers and integrated producers, accounting years 1982-85

Item	1982	1983	1984	1985
	Value (1,000 dollars)			
Net sales:				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	435,110	441,328	491,433	494,814
Gross profit or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	19,369	22,680	39,797	49,468
Operating income or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	(18,463)	(19,544)	(2,380)	5,235
	Percent of net sales			
Gross profit or (loss):				
Nonintegrated firms	16.5	18.7	17.8	18.3
***	***	***	***	***
***	***	***	***	***
Weighted average	4.5	5.1	8.1	10.0
Operating income or (loss):				
Nonintegrated firms	6.3	8.2	8.1	8.1
***	***	***	***	***
***	***	***	***	***
Weighted average	(4.2)	(4.4)	(0.5)	1.1

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

Investment in productive facilities.--Seven U.S. producers supplied data concerning their investment in productive facilities employed in the production of standard pipes and tubes. Their investment in such facilities, valued at cost, rose from $52.7 million as of the end of 1982 to $64.6 million as of the end of 1985. The book value of such assets was $24.0 million as of year-end 1985, as shown in the following tabulation (in thousands of dollars):

	Original cost	Book value
1982	52,662	16,240
1983	58,089	23,815
1984	61,057	23,297
1985	64,648	24,001

The Question of the Threat of Material Injury

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission considers, among other factors, any increase in production capacity or existing unused capacity in the exporting country likely to result in an increase in exports of the subject merchandise to the United States, any rapid increase in U.S. market penetration and the likelihood that the penetration will increase to an injurious level, the probability that the price of the subject imported product will have a depressing or suppressing effect on the domestic price of the merchandise, any substantial increase in inventories of the merchandise in the United States, any other demonstrable trends that indicate that the importation (or sale for importation) of the merchandise will be the cause of actual injury, and the potential for product shifting.

Information on the market penetration of the subject products is presented in the section of the report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and the LTFV Imports". Available information on the depressing or suppressing effect of the imported products on domestic prices is presented in the pricing section of this report. Available information on the foreign producers' capacity, production, and exports, and the potential for product shifting was presented in the introductory part of the report.

U.S. importers' inventories

* * *, which accounted for * * * percent of the total LTFV imports from India in 1985, held * * * standard pipes and tubes in inventory at yearend 1984 and * * * at yearend 1985. This inventory accounted for * * * percent of the firms' imports of these products from India in 1985.

Yearend inventories of standard pipes and tubes from Turkey, as reported by * * * firms accounting for 40 percent of such imports in 1985, were * * * in 1984 and * * * tons in 1985. One firm, * * *. It advised that it had * * *.

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

U.S. imports

Total U.S. imports of standard pipes and tubes increased from 844,000 tons in 1982 to 1.5 million tons in 1984, or by 83 percent (table I-9). These imports decreased to 1.4 million tons in 1985, or 70 percent above the level in 1982.

Imports from India rose from 118 tons in 1982 to 1,985 tons in 1984 and 22,306 tons in 1985. Total LTFV exports from India increased from * * * in 1982, to * * * tons in 1983, * * * tons in 1984, and * * * tons in 1985. There were no imports from Turkey in 1982; such imports increased from 505 tons in 1983 to 2,578 tons in 1984 and 36,277 tons in 1985.

Table I-9.--Standard pipes and tubes: U.S. imports for consumption, 1/ by selected sources, 1982-85

Source	1982	1983	1984	1985
	Quantity (tons)			
India: 2/				
LTFV exports	***	***	***	***
All other	***	***	***	***
Total	***	***	***	***
Turkey	0	505	2,578	36,277
Yugoslavia	3,607	0	13,553	11,517
Republic of Korea	356,084	575,008	499,036	561,361
Japan	135,904	69,212	123,688	172,951
Canada	74,336	88,660	165,057	140,707
Taiwan	95,626	141,199	31,306	59,056
Brazil	20,265	52,174	186,958	47,143
West Germany	24,731	12,473	39,066	46,985
All other	133,248	241,864	480,915	335,227
Total	843,919	1,181,652	1,544,141	1,433,530
	Value (1,000 dollars)			
India	52	194	629	7,834
Turkey	-	200	821	12,389
Yugoslavia	1,572	-	3,953	3,960
Republic of Korea	153,224	185,574	187,839	212,665
Japan	74,976	30,407	56,655	80,134
Canada	40,150	43,279	77,125	62,854
Taiwan	39,792	41,916	10,268	19,207
Brazil	9,654	15,291	61,109	15,884
West Germany	13,399	5,383	15,755	16,464
All other	59,116	76,925	160,709	120,393
Total	391,935	399,169	574,863	551,784
	Unit value			
India	$446	$349	$317	$351
Turkey	-	396	318	341
Yugoslavia	436	-	292	344
Republic of Korea	430	323	376	379
Japan	552	439	458	463
Canada	540	488	467	447
Taiwan	416	297	328	325
Brazil	476	293	327	337
West Germany	542	432	403	350
All other	444	318	334	359
Average	464	338	372	385

1/ Includes imports under TSUSA items 610.3231, 610.3232, 610.3234, 610.3241, 610.3242, 610.3243, 610.3244, 610.3247, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925.

2/ These data are exports from India for fiscal years 1982-84 and calendar year 1985, as reported by counsel for the Engineering Export Promotion Council. Total imports from India, as compiled from official statistics of the U.S. Department of Commerce, are 118 tons in 1982, 556 tons in 1983, 1,985 tons in 1984, and 22,306 tons in 1985.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Imports of standard pipes and tubes from India and Turkey, in 1985, by months, are shown in table I-10.

Table I-10.--Standard pipes and tubes: U.S. imports for consumption, 1/ from India and Turkey, by months, 1985

(In tons)

Period	India 2/	Turkey
January	419	3,127
February	1,030	718
March	1,114	2,700
April	429	513
May	411	362
June	1,899	2,732
July	2,493	1,615
August	5,172	5,437
September	2,639	7,587
October	1,838	8,797
November	2,822	484
December	2,039	2,204
Total	22,306	36,277

1/ Includes imports under TSUSA items 610.3231, 610.3232, 610.3234, 610.3241, 610.3242, 610.3243, 610.3244, 610.3247, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925.

2/ Includes fair value as well as LTFV imports. Total LTFV exports from India were * * * tons in 1985.

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

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

The petitioners did not provide any specific information to the Commission regarding outstanding orders of the product from India or Turkey. The staff also knows of no such outstanding orders. Counsel for TISCO reported that this firm ceased taking orders for standard pipes and tubes after Commerce issued its preliminary LTFV determination on December 31, 1985. Furthermore, * * *. In addition, * * *, which imported * * * tons of standard pipes and tubes from Turkey in January-September 1985, or about * * * of the total imports from Turkey, reported that it canceled orders amounting to * * * tons on * * *, because of the uncertainty of the outcome of the pending unfair import investigations.

Market penetration

LTFV imports from India increased from * * * percent of the U.S. market in 1984 to * * * percent in 1985 (table I-11). Imports from Turkey had a 0.1 percent share of the market in 1984. During 1985, this share increased to 1.5 percent.

Table I-11.--Standard pipes and tubes: Shares of U.S. consumption supplied by India, Turkey, and all other countries, 1982-85

(In percent)

Source	1982	1983	1984	1985
India 1/	***	***	***	***
Turkey	-	2/	.1	1.5
All other	***	***	***	***
Total	49.6	56.2	62.6	58.9

1/ Ratio of LTFV exports to U.S. consumption. 2/ Less than 0.05 percent.

Source: Based on data in tables I-3 and I-9 of this report, except where noted.

Petitioners request that the Commission cumulate imports of standard pipes and tubes from the subject countries with imports of similar products from other countries subject to investigation. Market penetration by standard pipes and tubes from countries currently or recently (since January 1984) subject to investigation by the Commission or the Department of Commerce is presented in table I-1.

The U.S. customs districts through which imports of standard pipes and tubes from India and Turkey entered the United States in 1985, as compiled from offical statistics of the U.S. Department of Commerce, are presented in the following tabulation:

Item	Quantity	Percent of total
	Short tons	
India: 1/		
Savannah,GA	4,379	19.6
Philadelphia, PA	4,014	18.0
Houston, TX	3,700	16.6
New Orleans, LA	2,336	10.5
Bridgeport, CT	1,704	7.6
New York, NY	1,175	5.3
Tampa, FL	1,052	4.7
Baltimore, MD	1,032	4.6
Los Angeles, CA	721	3.2
Chicago, IL	499	2.2
Seattle, WA	483	2.2
Charleston, SC	454	2.0
Boston, MA	409	1.8
San Francisco, CA	212	1.0
Norfolk, VA	136	0.6
Total	22,306	100.0

Continued on next page

Item	Quantity	Percent of total
	Short tons	
Turkey:		
Houston, TX	10,687	29.5
New Orleans, LA	8,270	22.8
Tampa, FL	7,379	20.3
Bridgeport, CT	6,102	16.8
Philadelphia, PA	3,014	8.3
Baltimore, MD	826	2.3
Total	36,277	100.0

1/ Includes fair value as well as LTFV imports. Total LTFV exports from India were * * * tons in 1985.

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

Prices

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

The Commission requested U.S. producers and importers to provide price and quantity data on their largest sale of each of five product specifications to both a service center/distributor and an end-user customer during each quarter during 1983-85. The prices requested were f.o.b. mill for U.S. producers and f.o.b. shipping point for importers. These products were reported to be specifications currently imported from one or more of the countries subject to these investigations and manufactured by the U.S. producers. The five standard pipe product specifications are as follows:

PRODUCT 1: ASTM A-120 schedule 40 standard pipe, carbon welded, black, plain end, 1.315-inch O.D. (1-inch nominal), 0.133-inch wall thickness.

PRODUCT 2: ASTM A-120 schedule 40 standard pipe, carbon welded, black, plain end, 1.050-inch O.D. (3/4-inch nominal), 0.113-inch wall thickness.

PRODUCT 3: ASTM A-120 schedule 40 standard pipe, carbon welded, galvanized, plain end, 1.660-inch O.D. (1 1/4-inch nominal), 0.140-inch wall thickness.

PRODUCT 4: ASTM A-120 schedule 40 standard pipe, carbon welded, galvanized, plain end, 2.375-inch O.D. (2-inch nominal), 0.154-inch wall thickness.

PRODUCT 5: ASTM A-120 schedule 40 standard pipe, carbon welded, black, plain end, 1.900-inch O.D. (1 1/2-inch nominal), 0.145-inch wall thickness.

Prices of domestic products.--Eight U.S. producers provided selling price data for sales to service centers/distributors and four of these producers also provided prices for sales to end users. In 1985, the eight firms accounted for 74 percent of reported shipments of standard pipes and tubes. The weighted-average price data for the industry are presented in table I-12.

Table I-12.--Selected standard pipes and tubes: U.S. producers' weighted average prices to service centers/distributors and end users, by quarters, 1983-85

* * * * * * *

In sales to service centers/distributors, all five products showed increased prices in 1984 over the 1983 levels, but prices of products 1, 3, 4, and 5 subsequently slid in 1985 to end the period of investigation about 2 to 6 percent below prices in January-March 1983. Product 2 ended the period about 7 percent above the January-March 1985 level.

The reported selling prices for product 1 decreased from the January-March 1983 level of $* * * to $* * * during October-December 1985. Prices for product 3 declined from $* * * to $* * * over the same period. Overall, prices for product 4 fell off from January-March 1983 to October-December 1985, slipping from $* * * to $* * *. Over the same period, product 5 fell from $* * * to $* * *.

In sales to service centers/distributors, product 2 experienced a boost in mid-1984 and ended the period under investigation at $* * *, or 7 percent above the beginning level of * * *. 1/

Weighted-average prices for sales to end users followed a pattern similar to distributor prices. Selling prices to end users for the standard pipe products generally rose from January-March 1983 to peak in 1984 at levels that ranged from 8 to 32 percent above the January-March 1983 prices and then experienced declines. October-December 1985 prices for products 1 through 4 were 5 to 6 percent below those of January-March 1983. The price of product 5 to end users in October-December 1985, however, was virtually the same as the beginning level of $* * *.

Prices of imports from India.--One importer of standard pipe from India provided data for sales of the standard pipe products to service centers/distributors. This importer, * * *, accounted for * * * percent of the LTFV imports from India in 1985 and sold its product on an f.o.b. basis. * * * imports pipe and tube produced by TISCO, the only Indian firm assigned positive dumping margins by Commerce. This firm's prices for imports of standard pipe from India are presented in table I-13.

In 1985, product 1 from India sold for $* * * in April-June, $* * * in July-September, and $* * * in October-December. At these levels, margins of underselling were 18, 13, and 4 percent, respectively.

1/ * * *.

Table I-13.--Selected standard pipes and tubes: 1/ Weighted-average prices to service centers/distributors, U.S. produced and imported from India, by specified quarters, April 1984-December 1985

Item	U.S. product price	LTFV Indian product		
		Price	Margin of underselling	
			Amount	Percent
	Per 100 feet			
Product 1:				
April-June 1985	***	***	***	18.1
July-September 1985	***	***	***	13.4
October-December 1985	***	***	***	3.6
Product 2:				
January-March 1985	***	***	***	19.2
July-September 1985	***	***	***	20.2
October-December 1985	***	***	***	21.8
Product 3:				
April-June 1984	***	***	***	19.2
July-September 1984	***	***	***	24.3
October-December 1984	***	***	***	20.4
January-March 1985	***	***	***	19.3
April-June 1985	***	***	***	14.8
July-September 1985	***	***	***	12.4
October-December 1985	***	***	***	11.9
Product 4:				
July-September 1984	***	***	***	23.9
October-December 1984	***	***	***	19.9
January-March 1985	***	***	***	24.4
April-June 1985	***	***	***	16.0
July-September 1985	***	***	***	12.6
October-December 1985	***	***	***	12.2
Product 5:				
April-June 1985	***	***	***	17.0
July-September 1985	***	***	***	12.6
October-December 1985	***	***	***	16.8

1/ See product list for specifications.

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

Prices in 1985 for product 2 from India were $* * * in January-March, $* * * in July-September, and $* * * in October-December. At these prices, margins of underselling ranged from 19 to 22 percent.

Product 3 from India sold for $* * * in April-June 1984, $* * * in July-September 1984, $* * * in October-December 1984 and January-March 1985, and for $* * * in April-December 1985. Margins of underselling ranged from a high of 24 percent to a low of 12 percent.

Product 4 of Indian origin sold for $* * * in July-September 1984, $* * * in October-December 1984, $* * * in January-March 1985, and $* * * in April-December 1985. Margins of underselling ranged from 24 to 12 percent.

In 1985, product 5 sold to service centers/distributors for $* * * in April-June, $* * * in July-September, and $* * * in October-December. At these prices, margins of underselling were 17, 13, and 17 percent, respectively.

Prices of imports from Turkey.--Three importers of standard pipe and tube from Turkey provided price data for products 1 through 4. These firms typically quote their prices on an ex-dock basis, and do not use price lists in establishing transaction prices. In 1985, these importers accounted for 40 percent of all imports of standard pipe from Turkey. Because price data on each product are scant, no trends can be established.

Price data for sales of products 1 through 4 to service centers/distributors and end users of both Turkish and domestic origin are compared in table I-14. Sales prices to service centers/distributors of Turkish product 1 were $* * * in October-December 1984, $* * * in January-March 1985, $* * * in April-June 1985, $* * * in July-September 1985, and $* * * in October-December 1985. The margins of underselling over this period ranged from a low of 17 percent in October-December 1985 to a high of 34 percent in October-December 1984. Turkish product 1 sold to end users in July-September 1985 for $* * *, underselling the U.S. product by 10 percent.

Imports of Turkish product 2 sold to service centers/distributors for $* * * in January-March 1985, $* * * in July-September 1985, and $* * * in October-December 1985. The margins of underselling in these sales were 30, 25, and 26 percent, respectively.

In 1985, imports of product 3 from Turkey sold to service centers/distributors for $* * * in January-March, $* * * in April-June, and $* * * in July-September and undersold the domestic product by between 18 and 21 percent.

Product 4 from Turkey was sold to service centers/distributors between October-December 1984 and July-September 1985. Product 4 sold for $* * * in October-December 1984, $* * * in January-March 1985, $* * * in April-June, and $* * * in July-September 1985. Margins of underselling ranged from a low of 18 percent in July-September 1985 to a high of 26 percent in April-June 1985. Imports of product 4 from Turkey sold to end users in July-September 1985 for $* * *; at this price, the margin of underselling was 12 percent.

Imports of product 5 from Turkey sold in the United States in all of 1985. The price to service centers/distributors was $* * * in January-March, $* * * in April-June, $* * * in July-September, and $* * * in October-December. At these prices, the margins of underselling were 16, 15, 21, and 30 percent, respectively. In July-September 1985, product 5 from Turkey sold to end users for $* * *, 26 percent below the U.S. price.

The Commission requested purchasers to provide price data on two of the standard pipe products for 1984 and 1985 both of which were reported to be produced in the United States and imported from India and Turkey. Eleven of the distributors reported purchases of 20,761 tons of U.S.-produced standard pipe in 1985. Five of these purchasers provided price data (table I-15).

Table I-14.--Selected standard pipes and tubes: 1/ Weighted-average prices to service centers/distributors and end users, U.S. produced and imported from Turkey, by specified quarters, October 1984-December 1985

Item	U.S. product price	Turkish product		
		Price	Margin of underselling	
			Amount	Percent
Sales to service centers/ distributors of--	----------Per 100 feet----------			
Product 1:				
October-December 1984	$***	$***	$***	34.4
January-March 1985	***	***	***	19.4
April-June 1985	***	***	***	21.3
July-September 1985	***	***	***	17.9
October-December 1985	***	***	***	17.3
Product 2:				
January-March 1985	***	***	***	30.0
July-September 1985	***	***	***	24.5
October-December 1985	***	***	***	26.4
Product 3:				
January-March 1985	***	***	***	18.2
April-June 1985	***	***	***	20.6
July-September 1985	***	***	***	18.4
Product 4:				
October-December 1984	***	***	***	23.1
January-March 1985	***	***	***	19.2
April-June 1985	***	***	***	26.4
July-September 1985	***	***	***	18.0
Product 5:				
January-March 1985	***	***	***	15.8
April-June 1985	***	***	***	15.5
July-September 1985	***	***	***	21.1
October-December 1985	***	***	***	30.1
Sales to end users of--				
Product 1:				
July-September 1985	***	***	***	9.9
Product 4:				
July-September 1985	***	***	***	12.5
Product 5:				
July-September 1985	***	***	***	26.1

1/ See product list for specifications.

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

The prices reported generally followed the trends in producers' data. Prices for purchases of product 1 from domestic sources fell by 5 percent, from $* * * in January-March 1984 to $* * * in October-December 1985. The purchase price of U.S.-produced product 3 fell by 10 percent over the same period, from $* * * to $* * *.

Table I-15.--Selected standard pipes and tubes: Weighted-average purchase prices paid by service centers/distributors for U.S.-produced merchandise, by quarters, 1984-85

* * * * * * *

Five purchasers responded with price data regarding their purchases of standard pipe from Turkey. In 1985, the five firms purchased a total of 2,108 tons of Turkish standard pipe. Their prices are reported in table I-16.

Product 1 from Turkey sold for $* * * in January-March 1985 and for $* * * in April-June 1985. The margins of underselling at these prices were 27 and 28 percent, respectively. Product 3 from Turkey sold for $* * * in October-December 1984 and $* * * in October-December 1985. The margins of underselling at these prices were 24 and 21 percent, respectively.

One purchaser reported prices for Indian standard pipe. This firm bought a total of * * * tons of standard pipe of Indian origin in 1985. Their prices are also reported in table II-16. Product 3 from India sold for $* * * in January-March 1984, $* * * in October-December 1984, $* * * in January-March 1985, and $* * * in October-December 1985. The margins of underselling for these sales were 40, 16, 15, and 13 percent respectively.

Fifteen purchasers responded with some details concerning their firms' purchasing decisions for standard pipe. The reporting firms are all distributors of pipes and tubes. Most indicated that they purchase standard pipe from both domestic and foreign sources. Five stated that while foreign prices were consistently lower than U.S. producer prices, the quality of the products are equal. Four stated that foreign quality was inferior to U.S. produced pipes.

Purchasers who recently bought standard pipe from India or Turkey were asked how much higher the last bid accepted for those imports would have had to have been before they would have switched from an imported to a domestic source. Three responded that the price would have to have been 6-10 percent higher than the price accepted, and 2 said 10 percent or more.

Concerning transportation costs, most purchasers responded that their firm, and not their suppliers, pay transportation costs for pipe purchases. Nine listed inland shipping costs at less than 5 percent of the delivered price, 4 put it at 5 to 10 percent, and 1 did not respond.

Transportation costs

Fourteen U.S. producers of standard pipe and tube responded with data detailing their firms' transportation costs. Of these producers, seven listed their market area as nationwide; three as Midwestern; two as the Western United States; and two as the Eastern United States.

The Commission requested U.S. producers to estimate the percentage of shipments in which their firms absorb some transportation costs to effect a sale. Nine producers responded with such data. Two indicated that they absorb some transportation costs in 95 percent of their shipments, two in

Table I-16.--Selected standard pipes and tubes: 1/ Weighted-average purchase prices paid by service centers/distributors for U.S.-produced merchandise and merchandise imported from Turkey and India, by specified quarters, 1984-85

Item	U.S. product price	Imported product		
		Price	Margin of underselling	
			Amount	Percent
		Per 100 feet		
Purchases of imports from Turkey--				
Product 1:				
January-March 1985	$***	$***	$***	26.9
April-June 1985	***	***	***	27.6
Product 3:				
October-December 1984	***	***	***	23.8
October-December 1985	***	***	***	20.5
Purchases of imports from India--				
Product 3:				
January-March 1984	***	***	***	40.2
October-December 1984	***	***	***	15.9
January-March 1985	***	***	***	15.0
October-December 1985	***	***	***	13.4

1/ See product list for specifications.

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

about 80 percent, one in 40 percent, and four in 5 percent or less of their shipments.

Other purchase decision factors

The Commission also asked U.S. producers to state their standard minimum quantity requirements for a sale, as well as the average lead time between a customer's order and shipment date. Ten producers listed 20 tons (one truckload) as their minimum quantity requirement, one listed 4 tons, and one cited no minumum quantity requirement. Referring to lead time between receipt of a customer's order and shipment date, five producers cited their firms' average lead time as 4 days or less, four indicated 5 to 10 days, and three said more than 10 days.

The imported products are normally sold on an ex dock or f.o.b. basis. The transportation costs are usually paid by the purchaser. The lead time between a customer's order and shipment date typically ranges from 90 to 150 days for future orders, and 2 to 30 days for ex-warehouse sales.

Lost sales

Four U.S. producers submitted general statements regarding lost sales allegations. Two provided specific allegations of sales lost to imports of standard pipes subject to investigation.

One producer * * *, submitted a detailed statement concerning lost sales and price suppression/depression. The firm noted that although it has "unquestionably lost sales" to imports of standard and line pipe from countries subject to these investigations, specific lost sales allegations are "very difficult to pinpoint." * * * pointed out that its sales information is kept on the basis of orders, not quotes. Consequently, records of their rejected quotes are not maintained and not followed up. In addition, * * * statement continued, if they ascertain that a sale was lost to foreign pipe, determining the country of origin is complicated due to the distribution process of importers who "rarely, if ever, specify a desired foreign producer." * * * pointed out that the only way they can determine the country of origin of sales lost to imports is to check the import markings on the pipe in the distributor's yard. * * * concluded by noting that foreign pipe is "routinely" priced at least 30 percent below domestic pipe and provided a comparison of their standard pipe prices with the Turkish product f.o.b. Houston. 1/

Three domestic producers submitted general statements. These producers report that the nature of the marketplace does not permit specific examples of lost sales. * * *.

Another U.S. producer of standard pipes and tubes, * * *, submitted a list of * * * firms to which it claims it lost sales to imports under investigation from India. The Commission's staff contacted five of the * * * firms. The * * * allegations totaled * * * tons of * * * standard pipes and tubes.

* * * indicated that they "have not bought any Indian pipe that I know of." He stated that price is the determining factor in their purchasing decisions and that on a per linear foot basis, U.S.-produced pipes and tubes run * * * to * * * percent higher than imports. He noted that * * *.

* * * indicated that his firm purchased about * * * tons of standard pipe from India last year. He stated that price is the most important consideration in his firm's purchasing decisions, and that they often purchase imports because they "average about * * * percent less than the domestically produced" product. * * * noted that when standard pipe is purchased domestically by his firm, it is usually "bought because the customer specified it must be domestically produced" goods. * * *.

1/ The following prices (per 100 feet) for galvanized, threaded, and coupled pipe were provided by * * *.

* * * * * * *

All prices are f.o.b. Houston, with * * * price f.o.b. from their Houston warehouse.

* * *, was cited in an allegation as purchasing * * * tons of standard pipe from India in late 1984 and early 1985. * * * stated that his firm hasn't bought pipe of Indian origin. He stated that his firm buys pipe mostly of Japanese and Korean origin, and from a few minor source countries such as * * *. He stated that he stays away from new entrants to the market such as India for quality reasons. The pipe he buys is used * * *, he pointed out, and the quality of galvanizing is important enough to continue buying from their major sources and not try pipe that may be of uncertain or unpredictable quality.

* * * was cited in two allegations involving * * *. * * * stated that his firm buys a "negligible" amount of pipe of foreign origin, and that it considers price, delivery terms, and quality as important factors in its purchasing decisions. He stated that his firm had purchased pipe of Indian origin in the past, but not recently. He described the Indian pipe as "not a bad product" and said it was purchased at competitive prices. * * * noted that the purchases were probably about 3 or 4 years ago.

* * * was listed as having purchased a total of * * * tons of standard pipe of Indian origin in late 1984 and early 1985. * * * of * * * stated that his firm purchases from both U.S. and foreign sources, with the majority of their purchases coming from U.S. firms. Concerning the specific allegation, * * * then stated that he did not remember any purchases of pipe from India, but indicated that there may have been some such purchases in the past. He added that price is the main factor in their purchasing decisions, and that they will buy foreign-produced pipe because of its lower price even though long delivery times may delay receipt of the orders. * * *.

Another producer, * * *, provided a list of * * * allegations of sales lost to imports. In * * * of these allegations, the producer was unable to identify the country of origin of the competing imports. In * * * others, the countries and products cited, * * *, were not subject to these investigations. Of the remaining * * * allegations, all cited two or three countries of origin as the alleged import competition. Standard pipe from Taiwan (which is not subject to investigation) was listed in all * * * along with either Turkey and/or India. The * * * allegations totaled * * * tons of standard pipe. The Commission has contacted * * * of these purchasers.

* * * was cited as * * * pipe by * * * in a sale that went pipe from * * *. * * * stated that, in 1985, his firm purchased pipe from both U.S. and foreign sources--domestic pipe constituting about 20 percent and foreign pipe about 80 percent. Most of the foreign pipe his firm purchases is from Taiwan or Japan, he stated. * * * said that his firm has not purchased any pipe of Turkish origin that he was "aware of." He noted that price was "strictly" the determining factor in their pipe purchasing decisions, with the U.S. product price higher than the foreign. In recent months, however, he stated that the falling prices of the U.S. product to levels very close to that of imports "by a few cents per hundred foot" justify switching purchases to include more domestic pipe. He stated quality, the likelihood of receiving the product in good condition, and customer preference of U.S.-produced pipes and tubes as factors that would further justify this change.

* * * was listed as having purchased * * * tons of standard pipe from * * *. * * * of * * * stated that his firm doesn't "deal in foreign steel at all," and that they "strictly buy American" as a matter of their firm's

policy. * * * listed * * * as their main U.S. suppliers. He stated that they have never purchased from * * *.

* * * was cited in an allegation as purchasing * * * tons of * * *. * * * of * * * indicated that his firm typically buys more than 90 percent of its pipe from foreign sources, with Korea, Turkey, and Greece the main supplier countries. He noted that they have not purchased standard pipe from Taiwan recently. * * * stated that in the last quarter of 1985, his firm purchased * * * tons of pipe of Turkish origin. He cited price as the sole determinant of their purchasing decisions.

* * *, was cited in * * *. * * * of * * * stated that 95 percent of his firm's purchases of imported pipe comes from abroad. He identified Brazil, Korea, and Venezuela as the major source countries of foreign pipe. * * * pointed to quality, delivery terms, and especially price as the main determinants of their purchasing decisions. Concerning the specific allegation, * * * stated that his firm has never purchased standard pipe of Indian origin.

* * * was listed as a purchaser of * * * tons of standard pipe * * *. * * * of * * * stated that his firm largely purchases pipe of Korean origin, with Brazil, Turkey, and Taiwan also providing some of their foreign produced pipe. He stated that * * * purchases up to * * * tons of standard pipe a quarter and that about 70 percent of those purchases come from foreign sources. * * * added that his firm has not purchased any pipe of Indian origin. He noted that their most recent purchase of Turkish pipe took place "about a year ago." * * * pointed out that he expects "at least a 15 percent difference in price" between foreign and domestic before he considers buying foreign pipe due to time delays and the possibilities of receiving the imported product damaged or having to put it in inventory upon arrival.

* * * was identified in an allegation involving * * *. * * * of * * * stated that the imported pipe purchases by his firm comes largely from Mexico or Korea. He stated that he has "not even had an offer" of pipe from India or Turkey. * * * noted that his firm largely purchases ASTM A-120 pipe.

PART II. LINE PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to the final antidumping investigations concerning line pipes and tubes from Taiwan and Turkey.

The Products

Description and uses

The imported pipe and tube products that are the subject of these investigations are circular welded carbon steel pipes and tubes over 0.375 inch but not over 16 inches in outside diameter that are known in the industry as line pipes and tubes. Line pipes and tubes are used for the transportation of gas, oil, or water, generally in pipeline or utility distribution systems. They are most commonly produced to API specification 5L.

Part I of this report contains a general discussion of the description and uses of pipes and tubes and the method of manufacturing standard pipes and tubes. Standard and line pipe can be produced on the same equipment. The manufacturing processes for the two products are nearly identical; the principal differences between the two are that line pipe is made from a higher grade steel and requires additional testing to ensure that it meets API specifications. 1/ Line pipe may have a higher content of carbon and manganese than is permissible for standard pipe, whereas standard pipe may have a higher content of phosphorus and sulfur than is permissible for line pipe. Requirements concerning chemical and mechanical properties for API line pipe differ for the various specifications and grades. There are at least 10 grades of API 5L line pipe. API 5L line pipe is inspected and tested at various stages in the production process to ensure strict conformity to API specifications.

Twenty-four U.S. producers completed the Commission's questionnaires concerning line and standard pipes and tubes. Thirteen firms, which accounted for about one-half of the total U.S. producers' shipments of standard pipes and tubes in 1985, produced only standard pipes and tubes. Six firms, which accounted for about one-half of U.S. producers' shipments of line pipes and tubes, produced only line pipes and tubes. The remaining five firms produced both products. In order to produce line pipes and tubes, a mill must first obtain certification from the API. It takes a minimum of 6 months for the API to process an application for certification. The certification process, however, may take considerably longer. It took a mill in Taiwan, for example, about 2 years to obtain its API license. No special certification is required to produce ASTM standard pipes and tubes. After a mill begins to produce a new pipe product line, it may incur additional expense and spend additional time developing its market for the product.

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

U.S. tariff treatment

Imports of the line pipes and tubes covered by these investigations are classified and reported for tariff and statistical purposes under TSUSA items 610.3208 and 610.3209, which cover welded pipes and tubes (and blanks therefor 1/) of iron (except cast iron) or of nonalloy (carbon) steel, of circular cross section, having a wall thickness of not thinner than 0.065 inch and an outside diameter over 0.375 inch but not more than 16 inches.

The current column 1 rate of duty 2/ for line pipes and tubes, which is 1.9 percent ad valorem, was modified as a result of the Tokyo Round of the MTN from the 0.3-cent-per-pound rate in effect prior to January 1, 1982; no further duty modifications are scheduled. Imports of line pipes and tubes from Taiwan and Turkey are dutiable at the column 1 rate. The column 2 rate of duty is 5.5 percent ad valorem.

Imports of line pipes and tubes, if the products of designated beneficiary countries, are eligible for duty-free entry under the CBERA. Effective September 1, 1985, imports of such articles from Israel are free of duty under the United States-Israel Free Trade Area Agreement.

In addition to these import duties, countervailing duties are in effect with respect to imports from Turkey and until recently were in effect with respect to imports from Korea and Yugoslavia. On October 29, 1985, subsequent to Korea agreeing to a VRA, Commerce published a notice in the Federal Register, effective October 1, 1984, revoking these orders. In January 1986, the Governments of Yugoslavia and the United States signed a VRA concerning steel pipes and tubes; the petition concerning line pipes and tubes was subsequently withdrawn on March 27, 1986, and the countervailing duty order concerning such imports is expected to be revoked shortly. The dumping margins from current investigations, the outstanding countervailing duty order, and recently terminated title VII cases are presented in table II-1.

U.S. Producers

Line pipe and tube producers may be divided into two types: large, fully integrated producers that make raw steel and produce a variety of steel products, and smaller, nonintegrated or partially integrated producers. The integrated producers include LTV Steel Corp. and United States Steel Corp.

In 1985, there were 12 U.S. producers of line pipes and tubes. One other producer, Bethlehem, an integrated steel producer, permanently closed its line pipe and tube operations located at Sparrows Point, MD, effective April 30, 1983. Umran, a Turkish producer, bought Bethlehem's plant and is in the process of setting it up in Turkey. In December 1984, LTV Steel announced the closing of its two line pipe mills at Aliquippa, PA, and in October 1985, it announced the closing of a line pipe mill at Youngstown, OH. U.S. production of line pipes and tubes is concentrated in the Eastern United States and the Great Lakes and Gulf coast regions. The U.S. producers of line pipes and tubes and their shares of domestic shipments are shown in table II-2.

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

2/ See the U.S. tariff treatment section of part I of this report for an explanation of column 1, column 2, and the CBERA.

Table II-1.--Line pipes and tubes: Title VII investigations since January 1984, most recent dumping and subsidy margins, and import to consumption ratios, by countries, 1982-85

Item	Weighted-average margin	Date of bond or order 1/	Ratio of imports to apparent U.S. consumption			
			1982	1983	1984	1985
Antidumping investigations:						
Pending antidumping investigations:						
Taiwan	27.98	Dec. 30, 1985	0.6	0.1	0.4	1.3
Turkey	2/ 40.23	Jan. 3, 1986	-	-	-	***
Recently terminated antidumping investigation:						
Venezuela 3/	55.7	Aug. 13, 1985	.3	1.5	7.2	5.1
Countervailing duty investigations/orders:						
Outstanding countervailing duty order:						
Turkey	4/ 17.80	Jan. 10, 1986	-	-	-	0.8
Recently terminated countervailing duty investigations:						
Mexico 5/	0.67-23.65	Jan. 31, 1985	1.6	5.8	6.6	3.7
Venezuela 6/	76.00	Nov. 13, 1985	.3	1.5	7.2	5.1
Yugoslavia 7/	74.50	Dec. 31, 1985	.1	-	-	-

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

2/ This is the margin for Mannesmann and Erkboru. The margin for a third firm, Borusan, is de minimis. The margin for all other firms is 14.81 percent.

3/ Terminated by the Commission, effective Dec. 4, 1985, following withdrawal of petition prior to a final determination by Commerce.

4/ In its final determination, Commerce found the subsidy to be 18.81 percent, but the bonding or cash deposit rate was adjusted to 17.80 percent to take into account changes that occurred after the review period.

5/ Terminated by Commerce, effective Apr. 2, 1985, following withdrawal of petition.

6/ Terminated by Commerce, effective Nov. 27, 1985, following withdrawal of petition. The Commission did not institute a final investigation.

7/ The petition was withdrawn on Mar. 27, 1986. The order is expected to be revoked shortly. On Aug. 30, 1985, the Commission issued a negative preliminary antidumping determination with respect to line pipes and tubes from Yugoslavia.

Source: Margins and date of bond or order, obtained from the U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and data published by the American Iron & Steel Institute.

Note.--Data in this table are current through Apr. 9, 1986.

Table II-2.--Line pipes and tubes: U.S. producers, 1/ their shares of domestic shipments, and plant locations, by firms, 1985

Firm	Share of 1985 domestic shipments	Plant location
	Percent	
CPTI member firms:		
Cyclops Corp.:		
Sawhill Tubular Division	***	Sharon, PA.
Tex-Tube Division	***	Houston, TX.
LaClede Steel Co	***	Alton, IL.
Wheatland Tube Corp	***	Wheatland, PA.
Non-CPTI firms:		
American Cast Iron Pipe Co	***	Birmingham, AL.
Kaiser Pipe & Casing	***	Irwindale, CA.
LTV Steel Corp	***	Youngstown, OH.
		Aliquippa, PA.
		Counce, TN.
Lone Star Steel Co., Inc	***	Lone Star, TX.
Newport Steel Corp	***	Newport, KY.
Stupp Corp	***	Baton Rouge, LA.
United States Steel Corp	***	Fairless, PA.
		Lorain, OH.
		Geneva, UT.
		McKeesport, PA.

1/ In addition, there is another producer that accounted for about 0.05 percent of U.S. producers total domestic shipments in 1985.

Source: Share of domestic shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. Importers

According to the net import files compiled by the U.S. Customs Service, in 1985, there were 10 firms that imported line pipes and tubes from Taiwan and 4 that imported the products from Turkey. During the course of these investigations, firms which accounted for 80 percent of the imports from Taiwan and virtually all of the LTFV imports from Turkey completed the Commission's questionnaires.

The U.S. Market

Channels of distribution

According to AISI data for 1985, 32 percent of all U.S. producers' domestic shipments of line pipes and tubes of all sizes were sold to service centers/distributors. 1/ Almost 46 percent of domestic shipments were made directly to the oil and gas industry. During 1984, 28 percent of shipments were made to service centers/distributors and 52 percent were made to the oil and gas industry.

1/ Data include outside diameters of over 16 inches.

Apparent U.S. consumption

Apparent U.S. consumption of line pipes and tubes decreased from 828,000 tons in 1982 to 756,000 tons in 1983, or by 9 percent, and then rose by 46 percent to 1.1 million tons in 1984 (table II-3). U.S. consumption in 1985, at 860,000 tons, was 22 percent below the level of consumption in 1984.

Table II-3.--Line pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1982-85

Year	U.S. producers' domestic shipments	Imports	Apparent consumption	Ratio to consumption of--	
				Producers' shipments	Imports
	1,000 tons			Percent	
1982	494	334	828	60	40
1983	479	277	756	63	37
1984	581	519	1,100	53	47
1985	492	368	860	57	43

Source: U.S. producers' shipments, compiled from data submitted in response to questionnaries of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

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

U.S. production, capacity, and capacity utilization

U.S. production of line pipes and tubes decreased from 444,000 tons in 1982 to 410,000 tons in 1983, or by 8 percent, then rose by 29 percent to 528,000 tons in 1984 (table II-4). Production in 1985 was 14 percent less than production in 1984.

Table II-4.--Line pipes and tubes: U.S. production, capacity, and capacity utilization, 1982-85

Item	1982	1983	1984	1985
Production--1,000 tons	444	410	528	454
Capacity--do	1,546	1,313	1,474	1,731
Capacity utilization 1/--percent	27	30	34	26

1/ Capacity utilization rates were calculated using data from firms that provided information on both production and capacity.

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

The U.S. capacity to produce line pipes and tubes decreased from 1.5 million tons in 1982 to 1.3 million tons in 1983 and then increased to 1.5 million tons in 1984 and 1.7 million tons in 1985. Capacity utilization increased from 27 percent in 1982 to 30 percent in 1893 and 34 percent in 1984 before dropping to 26 percent in 1985. The increase in capacity in 1985 can by attributed to * * *. This mill opened in late 1984 and achieved full capacity in 1985.

U.S. producers' domestic shipments

Domestic shipments of line pipes and tubes dropped from 494,000 tons in 1982 to 479,000 tons in 1983, or by 3 percent (table II-5). They increased in 1984 to 581,000 tons, 21 percent above the level of shipments in 1983. Shipments during 1985 declined by 15 percent from the level of shipments during 1984.

Table II-5.--Line pipes and tubes: U.S. producers' domestic shipments, 1982-85

Item	1982	1983	1984	1985
Quantity----------1,000 tons--	494	479	581	492
Value----------million dollars--	257	185	254	220
Unit value 1/----------per ton--	$605	$564	$602	$585

1/ Unit values were calculated using data from firms that provided information on both the quantity and value of shipments.

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

U.S. exports

Exports of line pipes and tubes, all of which were shipped by * * *, accounted for less than 0.1 percent of total U.S. producers' shipments during 1982-85. These exports are shown in the following tabulation:

* * * * * * *

U.S. producers' inventories

Yearend inventories of line pipes and tubes were 55,000 tons in 1982, 42,000 tons in 1983, 61,000 tons in 1984, and 56,000 tons in 1985. These inventories ranged from 8 to 12 percent of the producers' annual shipments, as shown in the following tabulation:

	Inventories (1,000 tons)	Ratio of inventories to shipments 1/ (percent)
As of Dec. 31--		
1982----------	55	10
1983----------	42	8
1984----------	61	12
1985----------	56	12

1/ Ratios were calculated using data from firms that provided information on both inventories and shipments.

Employment and wages

The number of production workers employed in the production of line pipes and tubes decreased from 2,098 in 1982 to 1,585 in 1983, increased to 2,103 in 1984, and decreased again, to 1,444 in 1985, for a net decrease of 31 percent (table II-6). Hours worked by such workers followed a similar trend.

Wages and total compensation paid by U.S. producers to workers producing line pipes and tubes declined from 1982 to 1983, increased from 1983 to 1984, and then fell in 1985. Unit labor costs fell by 15 percent in 1983, 5 percent in 1984, and 5 percent in 1985, for a total decrease of 23 percent. Workers at firms accounting for about 90 percent of U.S. producers' domestic shipments of line pipes and tubes are represented by unions.

Financial experience of U.S. producers

Usable income-and-loss data on operations producing line pipes and tubes were provided by six U.S. firms. During 1982-85, sales of line pipes and tubes ranged from 11 to 13 percent of of these producers' sales of welded carbon steel pipes and tubes, as reported in the introductory section of this report.

Operations on line pipes and tubes.--Six producers that accounted for 68 percent of domestic shipments of line pipes and tubes in 1984, as reported in the Commission's questionnaires, furnished usable income-and-loss data (table II-7). 1/ Net sales fell 32 percent from $196.9 million in 1982 to $133.4 million in 1983 and then rose by 56 percent to $207.7 million in 1984. Net sales for 1985 were $146.5 million, * * *. Operating losses were reported in every period; these losses rose slightly from $38.0 million in 1982 to $38.5 million in 1983, then dropped to $31.0 million in 1984. The operating loss for 1985 was $7.1 million. The operating loss margins, which increased from 19.3 percent in 1982 to 28.9 percent in 1983, declined to 14.9 percent in 1984 and 4.8 percent in 1985. Two of the six firms reported operating losses for

1/ The financial information presented here, as calculated from responses to the Commission's questionnaires in connection with these investigations, differs from that presented in previous Commission reports concerning line pipes and tubes. The differences can be attributed to more complete financial information received during these investigation.

Table II-6.--Average number of production and related workers producing line pipes and tubes, hours paid, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor production costs, 1982-85

Item	1982	1983	1984	1985
Production and related workers:				
Number	2,098	1,585	2,103	1,444
Percentage change	-	-24	+33	-31
Hours worked by production and related workers:				
Number----------1,000 hours--	3,197	2,494	3,447	2,813
Percentage change	-	-22	+38	-18
Wages paid to production and related workers:				
Value----------1,000 dollars--	43,557	32,725	49,158	40,268
Percentage change	-	-25	+50	-18
Total compensation paid to production and related workers:				
Value----------1,000 dollars--	67,050	51,543	69,799	57,636
Percentage change	-	-23	+35	-17
Labor productivity:				
Quantity----------tons per hour--	0.132	0.159	0.145	0.158
Percentage change	-	+20	-9	+9
Hourly compensation: 3/				
Value	$14.16	$13.66	$14.58	$14.72
Percentage change	-	-4	+7	+1
Unit labor costs: 4/				
Value----------per ton--	$184	$156	$148	$141
Percentage change	-	-15	-5	-5

1/ Includes hours worked plus hours of paid leave time.
2/ Includes wages and contributions to Social Security and other employee benefits.
3/ Based on wages paid excluding fringe benefits.
4/ Based on total compensation paid.

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

1982, three firms sustained operating losses in 1983, and two firms did so in 1984 and 1985.

The integrated firms generally experienced operating losses during the periods covered by this report. The nonintegrated firms reported aggregate operating incomes of $* * * in 1982, $* * * in 1983, $* * * in 1984, and $* * * in 1985, as shown in table II-8. The operating income margins for the nonintegrated line pipe and tube producers increased from * * * percent in 1982 to * * * percent in 1983 and * * * percent in 1984; the margin was * * * percent in 1985.

Table II-7.--Income-and-loss experience of U.S. producers on their operations producing line pipes and tubes, accounting years 1982-85 1/

Item	1982	1983	1984	1985
Net sales----------1,000 dollars--	196,927	133,427	207,656	146,522
Cost of goods sold----------do----	222,067	161,386	226,583	145,813
Gross profit (or loss)----------do----	(25,140)	(27,959)	(18,927)	709
General, selling, and administrative expenses--------do----	12,867	10,537	12,062	7,795
Operating income or (loss)-------do----	(38,007)	(38,496)	(30,989)	(7,086)
Depreciation and amortization expense----------do----	5,461	4,180	7,618	4,692
As a share of net sales:				
Cost of goods sold----------percent--	112.8	121.0	109.1	99.5
Gross profit (or loss)---------do----	(12.8)	(21.0)	(9.1)	0.5
General, selling, and administrative expenses------do----	6.5	7.9	5.8	5.3
Operating income or (loss)-----do----	(19.3)	(28.9)	(14.9)	(4.8)
Number of firms reporting operating losses----------	2	3	2	2

1/ Five firms provided information for accounting years 1982-85. These firms are * * *. * * *.

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

Capital expenditures and research and development expenses.--Only one producer provided information concerning its capital expenditures incurred exclusively in the production of line pipes and tubes. These expenditures are shown in the following tabulation (in thousands of dollars):

* * * * * * *

No firm reported any research or development expenses in connection with these products.

The Question of the Threat of Material Injury

Consideration factors

In its examination of the question of the threat of material injury to an industry in the United States, the Commission considers, among other factors, any increase in production capacity or existing unused capacity in the exporting country likely to result in an increase in exports of the subject merchandise to the United States, any rapid increase in U.S. market penetration and the likelihood that the penetration will increase to an injurious level, the probability that the price of the subject imported product will have a depressing or suppressing effect on the domestic price of the merchandise, any

Table II-8.--Income-and-loss experience of U.S. producers on their operations producing line pipes and tubes, by nonintegrated producers and integrated producers, accounting years 1982-85

Item	1982	1983	1984	1985
	Value (1,000 dollars)			
Net sales:				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	196,927	133,427	207,656	146,522
Gross profit or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	(25,140)	(27,959)	(18,927)	709
Operating income or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	(38,007)	(38,496)	(30,989)	(7,086)
	Percent of net sales			
Gross profit or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Weighted average	(12.8)	(21.0)	(9.1)	0.5
Operating income or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Weighted average	(19.3)	(28.9)	(14.9)	(4.8)

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

substantial increase in inventories of the merchandise in the United States, any other demonstrable trends that indicate that the importation (or sale for importation) of the merchandise will be the cause of actual injury, and the potential for product shifting.

Information on the market penetration of the subject products is presented in the section of the report entitled "Consideration of the Causal Relationship between Alleged Material Injury or the Threat Thereof and the LTFV Imports." Available information on the depressing or suppressing effect

of the imported products on U.S. prices is presented in the pricing section of this report. Available information on the foreign producers' capacity, production, and exports, and the potential for product shifting was presented in the introductory part of the report.

U.S. importers' inventories

* * * firms, which accounted for 80 percent of total imports of line pipes and tubes from Taiwan in 1985, held * * * tons in inventory at yearend 1984 and * * * tons at yearend 1985. This inventory accounted for 16 percent of their imports of such merchandise from Taiwan in 1985.

One firm, accounting for * * * imports of line pipes and tubes from Turkey in 1985, provided information concerning its yearend inventories. This firm held * * * inventory at yearend 1984, and at yearend 1985, it held * * *.

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

U.S. imports

U.S. imports of line pipes and tubes decreased from 334,362 tons in 1982 to 277,077 tons in 1983, and increased by 87 percent to 519,308 tons in 1984 (table II-9). Imports of these products decreased to 368,200 tons in 1985, or by 29 percent. Imports of line pipes and tubes from Taiwan dropped from 5,076 tons in 1982 to 862 tons in 1983 and then rose to 4,610 tons in 1984 and further increased to 11,511 tons in 1985, or more than double the level of such imports in 1984. There were no imports of line pipes and tubes from Turkey during 1982-84; such imports in 1985 amounted to 7,111 tons. LTFV imports form Turkey, as compiled from data submitted in response to questionnaries of the U.S. International Trade Commission, totaled * * * tons in 1985.

Monthly import data for 1985 on line pipes and tubes from Taiwan and Turkey are presented in table II-10. Information concerning projected imports of line pipes from Taiwan during January-June 1986 is presented in the introductory portion of this report entitled "Foreign Producers." Neither the petitioners nor the respondents have supplied the Commission with any information concerning future sales of line pipes and tubes from Turkey.

Market penetration

The share of the U.S. market for line pipes and tubes supplied by imports from Taiwan decreased from 0.6 percent in 1982 to 0.1 percent in 1983 and then increased to 0.4 percent in 1984 and 1.3 percent in 1985 (table II-11). LTFV imports of line pipes and tubes from Turkey accounted for * * * percent of the U.S. market in 1985; there were no such imports from Turkey during 1982-84. Information concerning market penetration by imports from other countries currently or recently subject to investigation by the Commission or the Department of Commerce is shown in table II-1.

Table II-9.--Line pipes and tubes: U.S. imports for consumption, 1/ by selected sources, 1982-85

Source	1982	1983	1984	1985
	Quantity (tons)			
Taiwan	5,076	862	4,610	11,511
Turkey:				
LTFV imports 2/	0	0	0	***
All other	0	0	0	***
Total	0	0	0	3/ 7,111
Republic of Korea	85,629	98,504	137,692	102,313
Japan	157,221	73,591	129,075	80,343
Venezuela	2,599	11,524	79,451	43,546
Mexico	13,191	43,503	72,997	31,511
Brazil	17,492	27,006	25,645	28,629
France	745	2,965	8,890	22,381
West Germany	11,010	311	20,704	6,220
All other	41,400	18,811	40,245	34,636
Total	334,362	277,077	519,308	3/ 368,200
	Value (1,000 dollars)			
Taiwan	2,135	244	1,599	3,838
Turkey	-	-	-	2,297
Republic of Korea	39,226	30,493	44,919	35,161
Japan	77,619	26,170	47,186	31,065
Venezuela	1,014	3,483	22,229	15,099
Mexico	5,687	14,108	24,315	11,198
Brazil	7,897	8,474	8,666	9,171
France	425	1,127	3,195	10,184
West Germany	6,368	225	7,419	2,276
All other	18,844	6,369	14,077	13,945
Total	159,215	90,695	173,606	134,234
	Unit value			
Taiwan	$421	$283	$347	$333
Turkey	-	-	-	3/ 323
Republic of Korea	458	310	326	344
Japan	494	356	366	387
Venezuela	390	302	280	347
Mexico	431	324	333	355
Brazil	451	314	338	320
France	571	380	359	455
West Germany	578	724	358	366
All other	455	339	350	403
Average	476	327	334	3/ 365

1/ Includes imports under TSUSA items 610.3208 and 610.3209.

2/ Compiled from data submitted in response to questionnaries of the U.S. International Trade Commission.

3/ Estimated by the staff of the U.S. International Trade Commission. The import quantity is understated by 1,910 tons in the official statistics because of a keypunch error.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

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

Table II-10.--Line pipes and tubes: U.S. imports for consumption, 1/ from Taiwan and Turkey, by months, 1985

(In tons)

Period	Taiwan	2/ Turkey
January	802	109
February	171	0
March	3,506	0
April	474	0
May	0	0
June	247	22
July	1,771	2,348
August	697	516
September	2,580	1,992
October	1,252	3/ 2,124
November	10	0
December	0	0
Total	11,511	3/ 7,111

1/ Includes imports under TSUSA items 610.3208 and 610.3209.

2/ Includes fair value as well as LTFV imports. Total LTFV imports from Turkey, as compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, were * * * tons in 1985.

3/ Estimated by the staff of the U.S. International Trade Commission. The import quantity is understated by 1,910 tons in the official statistics because of a keypunch error.

Source: Compiled from official statistics of the U.S. Department of Commerce, except where noted.

Table II-11.--Line pipes and tubes: Shares of U.S. consumption supplied by Taiwan, Turkey, and all other countries, 1982-85

(In percent)

Source	1982	1983	1984	1985
Taiwan	0.6	0.1	0.4	1.3
Turkey (LTFV imports)	-	-	-	***
All other countries	39.8	36.6	46.8	***
Total	40.4	36.7	47.2	42.8

Source: Tables II-3 and II-9 of this report.

Nearly all imports of line pipes and tubes from Turkey in 1985 entered through the Port of Houston, TX; 151 tons, or 2 percent of such imports, entered through New Orleans, LA. The U.S. customs districts through which imports of line pipes and tubes from Taiwan entered the United States in 1985, as compiled from official statistics of the U.S. Department of Commerce, are presented in the following tabulation:

Customs district	Quantity	Percent of total
	Short tons	Percent
Los Angeles, CA	6,649	57.8
Houston TX	3,271	28.4
Tampa, FL	535	4.6
Savannah, GA	392	3.4
New Orleans, LA	384	3.3
San Francisco, CA	225	2.0
Charleston, SC	55	0.5
Total	11,511	100.0

Prices

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

The Commission requested U.S. producers and importers to provide price and quantity data on their largest sale of each of five product specifications to both a service center/distributor and an end-user customer during each quarter between January 1983 and December 1985. The prices requested were f.o.b. mill for U.S. producers and f.o.b. U.S. shipping point for importers. These products were reported to be articles imported from Taiwan and Turkey as well as made by U.S. producers. The importers were to provide price data on imports from Taiwan and Turkey. The five line pipe product specifications are as follows:

PRODUCT 1: API 5L line pipe, carbon welded, black, plain end, 4 1/2-inch diameter, 0.188 inch wall thickness.
PRODUCT 2: API 5L line pipe, carbon welded, black, plain end, 6 5/8-inch diameter, 0.280 inch wall thickness.
PRODUCT 3: API 5L line pipe, carbon welded, black, plain end, 8 5/8-inch diameter, 0.188 inch wall thickness.
PRODUCT 4: API 5L line pipe, carbon welded, black, plain end, 8 5/8-inch diameter, 0.250 inch wall thickness.
PRODUCT 5: API 5L line pipe, carbon welded, black, plain end, 10 3/4-inch diameter, 0.365 inch wall thickness.

Prices of domestic products.--Six U.S. producers reported some selling price data for line pipe (products 1 through 5) and two also provided prices for sales to end users. In 1985, the six producers accounted for about 90 percent of line pipe shipments by responding U.S. producers. Weighted-average selling prices for U.S. producers to service centers/distributors and end users of line pipe are shown in table II-12.

Table II-12.--Selected line pipes and tubes: U.S. producers' weighted average prices to service centers/distributors and end users, by quarters, 1983-85

* * * * * * *

In sales to service centers/distributors, all products generally show increased prices in 1984 over the 1983 levels, although prices of products 1, 3, and 4 then declined in 1985 to less than the January-March 1983 levels. 1/

Over the entire period of investigation, prices for product 1 fell by 2 percent from $* * *$ to $* * *$. Between January-March 1983 and October-December 1985, prices for product 3 fell by 8 percent, from $* * *$ to $* * *$, and prices for product 4 fell by 3 percent, from $* * *$ to $* * *$. Product 2 rose by 2 percent from $* * *$ to * * * between January-March 1983 and October-December 1985. Product 5 experienced a rise of 5 percent from $* * *$ to $* * *$ over the period of investigation. In 1984, prices for products 2 through 5 experienced price boosts of between 6 and 27 percent, followed by declines.

Overall price trends for sales to end users between January-March 1983 and October-December 1985 of the five line pipe products were mixed. Products 3 and 4 experienced overall price rises during the period, whereas products 1, 2, and 5 underwent overall price declines.

Weighted-average prices for sales of product 1 to end users fell irregularly by 9 percent from $* * *$ in January-March 1983 to $* * *$ in October-December 1985. Prices for product 2 declined erratically from $* * *$ in April-June 1983 to $* * *$ in July-September 1985, or by 12 percent. The price of product 5 slid by 19 percent from a high of $* * *$ in April-June 1983 to $* * *$ in April-June 1985.

The price of product 3 rose by 1 percent from $* * *$ in October-December 1983 to $* * *$ in July-September 1985. The price of product 4 rose by 5 percent from $* * *$ in January-March 1983 to $* * *$ in January-March 1985.

Prices of imports from Taiwan.--Information concerning prices of line pipes and tubes from Taiwan is presented in table II-13. Importers responding to the Commission with price data accounted for about 80 percent of the imports of line pipe from Taiwan in 1985.

1/ One U.S. producer of line pipe, * * *, provided price data in the form of total shipments per quarter, and cited a "* * *" for each of their prices. In 1985, * * * made up about * * * percent of U.S. shipments of line pipe. The prices provided by * * * to service centers/distributors were originally provided on a tonnage basis. The prices, converted to a per-100-feet basis are shown below. These prices were not used in calculating price trends in this section.

* * * * * * *

Table II-13.--Selected line pipes and tubes: 1/ Weighted-average prices to service centers/distributors, U.S. produced and imported from Taiwan, by specified quarters, July 1984-December 1985

Item	U.S. product price	Taiwan product		
		Price	Margin of underselling	
			Amount	Percent
	Per 100 feet			
Product 1:				
July-September 1984	$***	$***	$***	1.7
July-September 1985	***	***	***	13.1
Product 2:				
July-September 1984	***	***	***	12.8
October-December 1984	***	***	***	13.8
January-March 1985	***	***	***	15.1
April-June 1985	***	***	***	17.8
July-September 1985	***	***	***	13.4
October-December 1985	***	***	***	14.0
Product 3:				
July-September 1985	***	***	***	14.0
Product 4:				
July-September 1984	***	***	***	13.8
Product 5:				
January-March 1985	***	***	***	10.6
April-June 1985	***	***	***	18.4
July-September 1985	***	***	***	11.7
October-December 1985	***	***	***	-1.3

1/ See product list for specifications.

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

The import price of product 2 to service centers/distributors declined from $* * * in July-September 1984 to $* * * in October-December 1985. During this period, the margins of underselling ranged from 12 to 18 percent.

The prices of product 5 from Taiwan were $* * * in January-March 1985, $* * * in April-June 1985, $* * * in July-September 1985, and $* * * in October-December 1985. The margins of underselling for these sales were 11, 18, 12, and -1 percent, respectively.

A limited selection of import prices were received for products 1, 3, and 4 from Taiwan. Sale prices for product 1 to service centers/distributors in July-September 1984 were reported at $* * *, underselling the U.S. product by about 2 percent. In July-September 1985, imports from Taiwan of product 1 sold for $* * *, underselling the U.S. product by about 13 percent. Imports of product 3 from Taiwan in January-March 1985 sold for $* * *, underselling the domestic product by 14 percent. Product 4 imported from Taiwan in July-September 1984 was sold to service centers/distributors for $* * *. At this price, the margin of underselling by the imports was 14 percent.

Prices of imports from Turkey.--Import prices for Turkish line pipe are presented in table II-14. One importer, * * *, which accounted for * * * LTFV imports from Turkey in 1985, provided information on its prices. This firm reported that it sets its prices either on an ex-dock or f.o.b. warehouse basis. ***. It provided selling price information to the Commission for products 1 and 2. 1/

Table II-14.--Selected line pipes and tubes: 1/ Weighted-average prices to service centers/distributors, U.S. produced and imported from Turkey, by specified quarters, July 1985-December 1985

Period	U.S. product price	LTFV Turkish product		
		Price	Margin of underselling	
			Amount	Percent
	Per 100 feet			
Sales to service centers/ distributors of--				
Product 1:				
October-December 1985	***	***	***	20.8
Product 2:				
July-September 1985	***	***	***	6.0
October-December 1985	***	***	***	14.8

1/ See product list for specifications.

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

Product 1 from Turkey sold to a service center/distributor for $* * * in October-December 1985. At this price, the margin of underselling was 21 percent. Product 2 was sold to service centers/distributors for $* * * in July-September 1985, and for $* * * in October-December 1985, underselling the U.S. producers' price by 6 and 15 percent, respectively.

The Commission requested purchasers to provide price data on two of the line pipe products for 1984 and 1985 both of which were reported to be produced in the United States and imported from Taiwan and Turkey. Three of the distributors reported total purchases of 25,251 tons of U.S.-produced line pipe in 1985. Their price data is presented in Table II-15.

1/ * * *.

Table II-15.--Selected line pipes and tubes: Weighted-average purchase prices paid by service centers/distributors for U.S.-produced merchandise, by quarters, 1984-85

* * * * * * *

The prices reported generally followed the trends in producers' data. Prices for U.S.-produced product 1 were $* * * in January-March 1984, experienced a temporary boost later in 1984, but fell to nearly the January-March 1984 level in October-December 1985. Product 2 fell by 9 percent, from $* * * in January-March 1984 to $* * * in October-December 1985.

One purchaser provided prices for purchases of line pipe from Taiwan. Total purchases of such line pipe by the firm in 1985 were * * * tons. Purchase prices for product 1 were $* * * in January-March 1985, compared to $* * * for the U.S. product. In July-September 1985, product 1 from Taiwan sold for $* * * compared to the U.S. price of $* * *. At these prices, the margins of underselling were 13 and 25 percent, respectively.

Five purchasers responded with some details concerning each of their firm's purchasing decisions for line pipe. The reporting firms are all distributors of pipes and tubes. Most indicated that they purchase line pipe from both U.S. and foreign sources. Three stated that while foreign prices are consistently lower than U.S. producer prices, the quality of the products is equal. One stated that foreign quality was inferior to U.S.-produced pipes. One described the price and quality of the product from Taiwan as equal to the price and quality of the U.S.-produced merchandise.

Purchasers who recently bought line pipe from Taiwan or Turkey were asked how much higher the last bid accepted for those imports would have had to have been before they would have switched from an imported to a domestic source. Three responded that the price would have to have been more than 10 percent higher than the price accepted. One firm stated that the price would have had to have been 6 to 10 percent greater that the accepted price.

Concerning transportation costs, all four purchasers of line pipe responded that they, not their suppliers, pay transportation costs for pipe purchases. Three listed inland shipping costs as 5 to 10 percent of delivered prices, and 1 put it at 5 percent.

Transportation costs

Six U.S. producers of line pipe provided data relating to transportation costs faced by their firms. Two line pipe producers indicated that they serve a nationwide market, two others cited the Southwest as their main market area, and two listed the Midwest and the Eastern United States as their major market area.

The Commission also requested U.S. producers to estimate the percentage of shipments in which their firms absorb transportation costs to effect a sale. Two firms indicated they do so in 80 percent of their shipments; one in 50 percent; two not at all; and one did not respond.

Other purchase decision factors

U.S. producers also provided their standard minimum quantity requirements for a sale as well as the average lead time between a customer's order and shipment date. Three cited their minimum quantity as 20 tons; one as 15 tons; and one as less than a ton. Lead time between a customer's order and shipment was given as 2 to 3 days by four producers; 5 to 7 days by one producer; and 25 days by another.

All imports of line pipe from Turkey during January-November 1985 entered through Gulf ports. One importer of line pipe from Turkey provided information concerning transportation costs. This importer cited the firm's minimum quantity requirement for orders as 20 tons and reported average lead time for ex-warehouse sales as 2 to 3 days, and lead time for future orders as 3 to 5 months. The firm, with its main market area in the Southern United States, stated that it absorbs transportation costs in 5 percent of its line pipe shipments to effect a sale.

Lost sales

There were no allegations of sales of line pipes and tubes lost to imports from Taiwan. One U.S. producer, * * *, provided one allegation of a sale of line pipe lost to imports from Turkey. The allegation, amounting to * * * tons on * * *, was investigated by the Commission. * * *.

* * *, described price as the main purchase consideration of his firm in recent months. He also cited other reasons such as familiarity with distributors, the necessity of mills to have API certification, and the ability of the product to meet certain test specifications as important purchasing concerns of his firm. He noted that * * * of imported products is a minor, but useful, advantage of imported over U.S. products, because * * *. * * * noted that his firm typically buys both foreign and U.S. pipe, with * * * being its main foreign sources. He indicated that his firm probably purchases * * * of its pipe from U.S. producers and * * * from importers. He stated that * * * pipe accounts for about * * * percent of the firm's purchases of imported products, while * * * pipe accounts for about * * * percent. When contacted in January 1986, * * * pointed out that his firm had purchased about * * *.

APPENDIX A

COMMERCE'S FINAL LTFV DETERMINATIONS

[A-583-602]

Welded Carbon Steel API Line Pipe From Taiwan: Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: We have determined that welded carbon steel API line pipe (line pipe) from Taiwan is being, or is likely to be, sold in the United States at less than fair value and that critical circumstances exist, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend the liquidation of all entries of line pipe from Taiwan that are entered, or withdrawn from warehouse, for consumption, on or after the date which is 90 days before December 30, 1985, the date of publication of the notice of the preliminary determination, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: March 14, 1986.

FOR FURTHER INFORMATION CONTACT: John J. Kenkel or Charles Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-5404 or (202) 377-5288.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that line pipe from Taiwan is being, or is likely to be, sold in the United States at less than fair value, as provided in section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act). The estimated margins were based on the best information available as explained below in the section of this notice which describes our fair value comparisons. We also found that critical circumstances exist. The margins found for the companies investigated are listed in the "Suspension of Liquidation" section of this notice.

Case History

On July 18, 1985, we received a petition filed in proper form from the Line Pipe Subcommittee of the Committee on Pipe and Tube Imports and by each of the member companies who produce line pipe on behalf of the U.S. industry producing line pipe. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Taiwan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act (19 U.S.C. 1673), and that these imports are materially injuring, or threatening material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We initiated the investigation on August 5, 1985 (50 FR 32245), and notified the ITC of our action.

On August 16, 1985, questionnaires were presented to counsel for the respondents. On August 30, 1985, the ITC found that there is a reasonable indication that imports of line pipe from Taiwan are threatening material injury to a U.S. industry (U.S. ITC Pub. No. 1742, August 1985).

On October 31, 1985, counsel for the respondents notified us that they would not be responding to our questionnaire.

On December 23, 1985, we made our preliminary determination, which was based on the best information available.

Scope of Investigation

The Product covered under this investigation is welded carbon steel line pipe with an outside diameter of 0.375 inch or more but not over 16 inches, and with a wall thickness of not less than .065 inch, currently classifiable in the *Tariff Schedules of the United States, Annotated* (TSUSA), under items 610.3208 and 610.3209. This product is produced to various API specifications for line pipe, most notably API-5L or API-5LX. The period of investigation is February 1—July 31, 1985.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price, based on the best information available, with the foreign market value, also based on the best information available. We used the best information available as required by section 776(b) of the Act because the respondents did not submit responses.

United States Price

We calculated the purchase price of welded carbon steel API line pipe, as provided in section 772 of the Act, on the basis of the average f.o.b. packed values for the six month period of investigation as provided in the IM146 statistics compiled by the Bureau of the Census. We used these data as the best information available instead of the average FAS values for a 17 month period which are provided in the petition.

Foreign Market Value

In accordance with section 773 of the Act, we calculated foreign market value using the best information available in the absence of a response to our questionnaire. The best information

available for calculating foreign market value was statistics provided in the petition. These statistics were published by the Taiwan Department of Statistics for the fourth quarter of 1984. These statistics encompass all pipe and tube production in Taiwan.

Affirmative Determination of Critical Circumstances

The petitioners alleged that imports of line pipe from Taiwan present "critical circumstances." Under section 735(a)(3) of the Act, critical circumstances exist if we find that (1) there is a history of dumping in the United States or elsewhere of the class or kind of the merchandise which is the subject of the investigation; or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than its fair value; and (2) there have been massive imports of the class or kind of merchandise over a relatively short period.

In determining whether the importer knew, or should have known, that the exporter was dumping the merchandise, we normally consider margins of 25 percent or more to constitute knowledge of dumping. Since the margins in this case exceed this level, we find that knowledge of dumping can be imputed to the importers. Because we believe that the importers knew or should have known that the exporter was dumping the merchandise, we do not have to determine whether there is a history of dumping.

We generally consider the following concerning massive imports: (1) Volume and value of imports (2) seasonal trends, and (3) the share of domestic consumption accounted for by the imports. In considering this question, we analyzed the factors listed above for line pipe from Taiwan for equal periods immediately preceding and following the filing of the petition. Based on this analysis, we find that imports of the subject merchandise from Taiwan during the period subsequent to receipt of the petition have been massive.

Therefore, for the reasons described above, we determine that "critical circumstances" exist with respect to line pipe from Taiwan.

Verification

Since no responses were submitted, there were no verifications.

Comments

The Department received no oral or written comments relative to this investigation.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of line pipe from Taiwan that are entered, or withdrawn from warehouse, for consumption on or after the date which is 90 days before December 30, 1985, the date of publication of the preliminary determination notice in the **Federal Register**. The United States Customs Service shall continue to require a cash deposit or the posting of a bond equal to the estimated weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Article VI.5 of the General Agreement on Tariffs and Trade provides that "[n]o product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act, which prohibits assessing dumping duties on the portion of the margin attributable to export subsidies. In the final countervailing duty determination on line pipe from Taiwan, we found that the export subsidies were *de minimis*. Therefore, the bonding rate will not be reduced by the amount of any export subsidies.

Manufacturer/producer/exporter	Weighted-average margin percentage
Far East Machinery Company, Ltd.	27.98
Nan Hsing Chang Iron & Steel Corp.	27.98
All others	27.98

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on line pipe from Taiwan entered, or withdrawn from warehouses, for consumption equal to the amount by which the foreign market value exceeds the United States price. This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration.

March 10, 1986.

[FR Doc. 86-5635 Filed 3-13-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-533-502]

Certain Welded Carbon Steel Standard Pipe and Tube From India; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain welded carbon steel standard pipe and tube (standard pipe and tube) from India are being, or are likely to be, sold in the United States at less than fair value and that critical circumstances do not exist. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise, except that

produced and exported by Zenith Steel Pipes and Industries Ltd. (Zenith) and Gujarat Steel Tubes Ltd. (Gujarat), as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: March 17, 1986.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Terri A. Feldman, or Jess M. Bratton, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-1769, (202) 377-0160, or (202) 377-1778.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we have determined that standard pipe and tube from India are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) (19 U.S.C. 1673d(a)) of the Tariff Act of 1930, as amended (the Act).

Two of the three companies investigated, Zenith and Gujarat, have been excluded from this final affirmative determination since we have found no sales at less than fair value. The weighted-average margin of all TISCO sales is 7.08%. The margins ranged from 0.81% to 57.96%. The weighted-average margin for each company is shown in the "Suspension of Liquidation" section of this notice.

Case History

On July 16, 1985, we received a petition in proper form filed by the Standard Pipe and Tube Subcommittee of the Committee on Pipe and Tube Imports (CPTI), and by each of the member companies who produce standard pipe and tube. 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 India are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that these imports are materially injuring, or threatening material injury to, a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on August 9, 1985 (50 FR 32244). On August 30, 1985, the ITC determined that there is a reasonable indication that imports of standard pipe and tube are materially injuring, or threatening material injury to, a U.S. industry (50 FR 37068).

On September 24, 1985, we received an amendment to the petition alleging that critical circumstances exist with respect to imports of standard pipe and tube from India.

On September 6, 1985, a questionnaire was presented to counsel for respondents. On October 21 and 22, 1985, Tata Iron & Steel Co., Ltd. (TISCO) and Zenith responded to our questionnaire. On November 13, 1985, Gujarat presented a voluntary response to our questionnaire. Because the above-named companies accounted for more than 60 percent of exports of the merchandise to the United States during the period of investigation, we limited our investigation to them. We investigated virtually all sales of standard pipe and tube by these companies for the period February 1, 1985, through July 31, 1985.

On December 31, 1985, we made an affirmative preliminary determination (50 FR 53356). We verified the questionnaire responses in January. A hearing was held in February.

Scope of Investigation

The products covered by this investigation are welded carbon steel pipe and tube with an outside diameter of 0.375 inch or more but not over 16 inches, of any wall thickness, currently classifiable in the *Tariff Schedules of the United States, Annotated* (TSUSA), under items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258 and 610.4925. These products are commonly referred to in the industry as standard pipe or tube produced to various ASTM specifications, most notably A-120, A-53 or A-135.

Fair Value Comparisons

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

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise as the United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the packed F.O.B. or C&F prices to unrelated customers in the United States. Where appropriate, we made deductions for foreign inland freight, ocean freight, government quality control and inspection charges, and clearing/forwarding charges. Where appropriate, we also made additions for indirect tax rebates through the cash compensatory support (CCS) scheme, central excise duty (tax), import duty, duty drawback, separate sales tax payments made on hot-rolled coil, duty exemptions on imported hot-rolled coil and zinc, and the Steel Development Fund (SDF) Levy.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market prices. We used packed C&F and F.O.B. delivered prices to unrelated home market purchasers to determine the foreign market value. We made deductions, where appropriate, for freight charges and discounts. We made comparisons of such or similar merchandise based upon product subgroups selected by Department of Commerce industry experts and, where appropriate, made adjustments for differences in physical characteristics based upon data provided by the companies and Department of Commerce industry experts. We also made adjustments for differences in packing costs. In accordance with § 353.15 of the Commerce Regulations, we made circumstance of sale adjustments for differences in advertising, the International Price Reimbursement Scheme (IPRS), commissions and credit terms in the two markets for all respondents.

We disallowed circumstances of sale adjustments claimed by TISCO for differences in technical services, legal expenses and bad debt. We disallowed these adjustments because they were not directly related to sales under consideration as required by § 353.15(a) of the Commerce Regulations.

We made currency conversions in accordance with § 353.56(a)(1) of the Commerce Regulations, using certified exchange rates as furnished by the Federal Reserve Bank of New York.

Final Negative Determination of Critical Circumstances

The petitioners alleged that imports of standard pipe and tube from India present "critical circumstances." Under section 735(a)(3) of the Act, critical circumstances exist if we determine that (1) there is a history of dumping in the United States or elsewhere of the class or kind of the merchandise which is the subject of the investigation or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than its fair value, and (2) there have been massive imports of the class or

kind of merchandise that is the subject of the investigation over a relatively short period.

In determining whether there is a history of dumping of standard pipe and tube from India in the United States or elsewhere, we reviewed past antidumping findings of the Department of the Treasury as well as past Department of Commerce antidumping duty orders. We also reviewed the antidumping actions of other countries. We did not find that there was a history of dumping of standard pipe and tube in the United States or elsewhere. Therefore, we considered whether importers of this product knew or should have known that it was being sold at less than fair value. We found the dumping margins too small to lead us to believe importers knew these firms were dumping.

Since we did not find a history of dumping in the United States or elsewhere, nor that importers of this product knew or should have known that it was being sold at less than fair value, we did not need to consider whether there have been massive imports over a relatively short period. Therefore, for the reasons described above, we determine that critical circumstances do not exist.

Verification

As provided in section 776(a) of the Act, we verified all information provided by respondents by using standard verification procedures, including on-site inspection of the manufacturers' operation and examination of accounting records and randomly selected documents.

Comments

Petitioners' Comments

Comment 1: Petitioners argue that the Department should not make a circumstances of sale adjustment to TISCO's home market sales price for the International Price Reimbursement Scheme (IPRS) because (1) the program might be countervailable; or (2) the program is not comparable to any situation in which circumstance of sale adjustments ordinarily are allowed; or (3) the program is merely an institutionalized cover for dumping because TISCO both pays into and receives rebates from the program.

DOC Response: We disagree. First, the countervailability of the IPRS should be addressed in the context of a countervailing duty investigation. Here, we are determining whether the IPRS meets the requirements for a difference in circumstances of sale adjustment, as provided for in the law and § 353.15 of the Commerce Regulations. Secondly, in this case, the IPRS rebate is directly related to, and in fact contingent upon, the export sale of the merchandise under investigation. Receipt of the IPRS effectively enhanced the net return to TISCO on those sales. Therefore, we believe this adjustment is comparable to other circumstances of sale adjustments.

Third, although TISCO pays required levies into and receives payments from the Engineering Goods Exports Assistance Fund (EGEAF), it does so according to the rates established by the Indian government. Monies for this generalized fund come from assessments included in the government-set price of steel. The formula for rebates is tied to the difference between domestically-produced and internationally-acquired steel prices. As such, the fact that this rebate acts as a revenue enhancement for TISCO does not constitute dumping.

Comment 2: Petitioners argue that no one in India pays the import duty on imports of hot-rolled coil (an input into pipes and tubes), even if the coil were to be imported for domestic consumption. Thus, the import duty is not "imposed" within the meaning of section 772(d)(1)(B) and Zenith and Gujarat are not entitled to an addition to United States price for duty drawback or exemption.

DOC Response: We verified that the Indian tariff schedule contains an entry establishing an import duty for hot-rolled coil. We found no evidence at verification that these duties would be rebated or not collected if hot-rolled coil were imported to be sold domestically. Based on verified information in the record, it is clear that the import duties set by the government of India were not collected on imports of coil because Zenith and Gujarat held import licenses showing they would export the pipes and tubes produced with the imported coil. Therefore, we allowed this adjustment to United States Price, under section 772(d)(1)(B) of the Tariff Act.

Comment 3: Petitioners contend that the amount of uncollected duties and taxes for Zenith should not include the four percent Central Sales Tax on hot-rolled coil because these payments have not been collected by reason of importation rather than exportation.

DOC Response: We disagree. Section 772(b)(1)(C) allows an adjustment for taxes on merchandise sold in the home market which are not paid on the product when exported to the United States. We verified that Zenith paid the Central Sales Tax on the hot-rolled coil input in its domestically sold pipe and tube. Since it is included in the price of the domestic goods and it is not collected on the exported product, we have made an appropriate adjustment.

Comment 4: Petitioners argue that the Department should not allow an adjustment for the Steel Development Fund levy because this amount is not collected by reason of importation of the steel coil, rather than by reason of exportation of the pipes and tubes.

DOC Response: Our analysis of this comment is similar to that in Petitioners Comment 2. This levy was included in the price of domestically sold pipe and tube but was not included in the price of the pipe and tube exported to the United States. Therefore, we made an adjustment as provided for in section 772(b)(1)(C).

Comment 5: Petitioners argue that the Department should not make an addition to the United States price for the CCS indirect tax rebate because no indirect taxes are actually "added to or included in the price of such or similar merchandise when sold in the country of exportation".

DOC Response: We disagree. Under section 772(b)(1)(C) we add to the United States price indirect taxes that would be included in the home market prices. For hot-rolled coil and zinc used to produce pipe and tube for the home market we verified that the companies paid a Central Sales Tax. Therefore, since this tax was not collected on the material inputs used to produce pipe and tube exported to the United States, we made an addition to the United States price, as required by the statute.

Comment 6: Petitioners argue that Department, consistent with its practice in the recent antidumping duty investigation on Circular Welded Carbon Steel Standard Pipes and Tubes from Thailand (51 FR 3384), should use domestic sales throughout the entire six month period of investigation to compare to the sales to the United States.

DOC Response: We agree, for reasons stated in DOC response to respondents comment 8.

Comment 7: Petitioners argue that the Department should request that the Steel Authority of India, Limited (SAIL the only known importer of hot-rolled coil for domestic use, submit documentation of imports of hot-rolled coil demonstrating that duties were actually paid on such imports when the finished product was sold domestical The petitioners have submitted independent statements in their comments that SAIL never pays import duties on imported steel, whether imported for use in producing domestic or exported merchandise. Absent such

documentation, an adjustment for duty exemption should not be allowed.

DOC Response: We disagree. The information submitted by petitioners after verification is contradicted by information submitted by respondents. Absent further verification which is not possible because of the statutory deadline for the final determination, we are relying on verified information in the record for our final determination. Based on the verified information, as indicated above in our response to comment 1, we are allowing this adjustment.

Comment 8: Petitioners argue that the Department should not use a 12% export financing rate when calculating imputed credit on sales to the United States because the program under which exports are financed at this rate was found to constitute a countervailable subsidy in the countervailing duty investigation.

DOC Response: We disagree. We verified that Zenith and Gujarat received short-term financing for U.S. exports of pipe and tube at the 12% interest rate and so used this actual interest rate for Zenith and Gujarat. We verified that TISCO did not use the 12% interest rate to finance its exports. Therefore, we used the commercial rate for this firm.

Comment 9: Petitioners argue that adjustments for certain advertising expenses claimed by TISCO should not be allowed because there is not direct relationship between the advertisements and the pipe and tube sales.

DOC Response: We disagree. We verified that the advertisements for which adjustments were claimed were of TISCO pipe and tube aimed directly at the end users, and not simply promotion of the company name. Accordingly, we made an appropriate circumstances of sale adjustment for these expenses.

Comment 10: Petitioners contend that the Department should not allow a circumstances of sale adjustment for technical services claimed by TISCO. These charges encompass for more than what is usually included in technical services, and a direct relationship between these expenditures and specific home market sales of pipe and tube has not been established.

DOC Response: We agree. We verified that the technical service expenses claimed by TISCO included general service charges, such as salaries, branch office overhead expenses, research and development, and sales taxes that do not qualify for a circumstances of sale adjustment. Therefore, we did not make an adjustment for technical services.

Comment 11: Petitioners argue that the Department should find that critical circumstances exist with respect to these imports. U.S. importers should know that merchandise is being sold at less than fair value if it is imported at prices that are similar to prices of imports from other countries which recently have been found to be dumping. Critical circumstances also should be found to exist because recent imports have been massive in comparison to previous import levels from India.

DOC Response: We disagree. The fact that we have found companies from one country to be dumping does not necessarily indicate that companies from another country also are dumping. Home market prices and the costs of production may differ substantially from country to country. Therefore, we are maintaining our case by case analysis for determining whether critical circumstances are present. In this case, the relatively small margins do not indicate that the importers knew or should have known, that the exports from India were sold at less than fair value. This, plus the fact that there is no history of dumping of these products, led us to determine that critical circumstances are not present in this case.

Comment 12: Petitioners argue that setting two different "all others" rates, one for companies using IPRS and another for those that do not, is administratively unfeasible.

DOC Response: Having allowed the IPRS adjustment, the issue is no longer relevant.

Respondents' Comments

Comment 1: Respondents argue that an adjustment should be made for the credit cost on the two percent of payments yet to be received by TISCO on home market sales. Respondents state that the Department should take the number of days from the date of shipment to the date of verification and should apply this cost as an adjustment to home market sales.

DOC Response: We agree. The two percent of the sales price still outstanding is directly related to the sale of the merchandise in the home market. Therefore, we have allowed this adjustment as a circumstances of sale and have imputed credit costs on home market sales on this basis.

Comment 2: Respondents argue that the Department should not find that critical circumstances exist with respect to exports from TISCO. Importers could not have known that the merchandise was being dumped because the magnitude of TISCO's margins was due solely to the Department's treatment of the IPRS.

DOC Response: We have allowed the IPRS adjustment and therefore this argument is moot. In this final determination TISCO's margins are not high enough to assume that importers knew or should have known, that TISCO was selling pipe and tube at less than fair value. See our response to petitioners' Comment 12.

Comment 3: Respondents argue that the Department should change its current practice of considering negative margins as zero, and instead calculate weighted-average margins by using both positive and negative margins from each sales transaction.

DOC Response: We disagree. Our methodology in calculating a weighted-average margin for each individual company ensures that sales made at less than fair value on a portion of a company's product line to the United States market are not negated by more profitable sales.

Comment 4: Respondents claim that an adjustment for exemption from the Steel Development Fund levy on export sales by Zenith and Gujarat should be made. Zenith and Gujarat pay the tax on domestic steel, but not on steel that they are permitted to import to produce the pipes which they export. Therefore, under section 772(d)(1)(C), an addition to U.S. price is required.

DOC Response: We agree. Although Zenith and Gujarat do not pay the SDF levy directly, the tax is included in price which they pay the domestic producer of the coil. Therefore the adjustment is appropriate and has been made.

Comment 5: Respondents argue that the credit costs in both the U.S. and home markets for Zenith and Gujarat were incorrectly calculated. The imputed credit factor was multiplied by the "net purchase price" rather than the gross price which is the amount on which interest is actually paid.

DOC Response: We agree. For this final determination we have recalculated the interest cost accordingly.

Comment 6: Gujarat and Zenith demonstrated at verification that the interest rate charged in India for financing their sales to the U.S. was 12%. Therefore, the credit expenses on the U.S. sales should be corrected accordingly.

DOC Response: We agree. See also our responses to petitioners' Comments 8 and 9.

Comment 7: Respondents argue that in adjusting for the difference in merchandise, the Department understated the discount which both

Zenith and Gujarat offer on plain ended pipe by calculating it on the basis of new home market rather than gross unit price.

DOC Response: We agree. We verified that the discount was applied to invoice (gross) price. Therefore, in this final determination we made the adjustment to gross price.

Comment 8: Respondents contend that the Department incorrectly adjusted for the differences in galvanization in the United States and home markets for Gujarat's fence tubes. The price difference should have been converted from dollars to rupees and subtracted from foreign market value, rather than added to foreign market value.

DOC Response: We agree and have changed our calculation for this final determination accordingly.

Comment 9: Respondents argue that Zenith's one U.S. sale should be compared to home market sales of that same month. The one U.S. sale was made in February prior to the announcement of an increase in the domestic prices of the major input, steel. Home market prices fixed after the end of February reflect the increase in raw material costs and are not representative of home market prices at the time the U.S. sale was made. Further, citing the Department's practice of using monthly foreign market values when investigating prices which are rapidly changing, respondent argues that this sudden price increase makes post-February home market prices unrepresentative.

DOC Response: We disagree. We use month to month comparisons only under exceptional circumstances, such as when examining prices in a hyperinflationary economy or where prices are rapidly changing. One price increase during the six-month period, in our opinion, does not constitute rapidly changing prices, nor does the inflation rate in India approach a hyperinflationary rate. Therefore, we do not believe a deviation from our normal practice is warranted and we have compared the sale to the U.S. during the period of investigation to those of such or similar merchandise in the home market during the same period, as established in the law.

Comment 10: Respondents argue that an adjustment should be made for the yearly performance discount Zenith extended in late November to its customers for sales during the period of October through November.

DOC Response: We disagree. Since the claim for this discount was not made prior to verification the Department followed its usual procedure and did not verify this late claim.

Continuation of Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of standard pipe and tube from India that are entered, or withdrawn from warehouse, for consumption, on or after the date on which the Department published its preliminary determination in the Federal Register (50 FR 53356). The retroactive suspension of liquidation of entries of the subject merchandise from TISCO is hereby terminated.

The Customs Service shall require a cash deposit or bond equal to the weighted/average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. Zenith and Gujarat have been excluded from this determination since they have made no sales at less than fair value. The suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturers/Sellers/Exporters	Weighted average margin percentage
TISCO	7.08
Zenith	[1] 0
Gujarat	[1] 0
All Other Manufacturers/Producers/Exporters	7.08

[1] Excluded.

For all entries of pipe and tube from Zenith and Gujarat and entries from TISCO made prior to December 31, 1985, the Customs Service is directed to terminate the suspension of liquidation, release any bond, refund any cash deposit and liquidate all entries or withdrawals from warehouse for consumption.

ITC Determination

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that mateal injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on standard pipe and tube from India entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

March 10, 1986.

[FR Doc. 86-5767 Filed 3-14-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-489-501]

Certain Welded Carbon Steel Pipe and Tube Products From Turkey: Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: We determine that certain welded carbon steel pipe and tube products from Turkey are being, or are likely to be, sold in the United States at less than fair value. We also determine that critical circumstances do not exist in these investigations. We have notified the U.S. International Trade Commission (ITC) of our determination and the ITC will determine, within 45 days of publication of this notice, whether a U.S. industry is materially injured, or threatened with material injury, by imports of this merchandise. We have directed the U.S. Customs Service to continue to suspend liquidation on all entries of the subject merchandise as described in the "Suspension of Liquidation" section of this notice and to require a cash deposit or posting of a bond for each such entry in amounts equal to the estimated dumping margins as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: April 17, 1986.

FOR FURTHER INFORMATION CONTACT: Paul Tambakis or Charles Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230; telephone: (202) 377-4136 or 377-5288.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we determine that certain welded carbon steel pipe and tube products from Turkey are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C 1673d(a)) (the Act). We have found margins on sales of certain welded carbon steel pipe and tube products from Turkey for all of the firms

investigated. However, one producer, Borusan, is excluded from this determination with respect to line pipe because we found *de minimis* margins on its sales of this merchandise. The weighted-average margins for individual companies investigated are listed in the "Suspension of Liquidation" section of this notice.

Case History

On July 16, 1985, we received a petition filed in proper form from the Standard Pipe and Tube Subcommittee and the Line Pipe Subcommittee of the Committee on Pipe and Tube Imports. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of certain welded carbon steel pipe and tube products from Turkey are being, or are likely to be sold, in the United States at less than fair value within the meaning of section 731 of the Act (19 U.S.C. 1673) and that these imports are materially injuring, or threatening material injury to, a United States industry. The petitioners also alleged that "critical circumstances" exist with respect to imports of this merchandise from Turkey.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate antidumping duty investigations. We notified that ITC of our action and initiated such investigations on August 5, 1985 (50 FR 32246). On September 5, 1985, we presented questionnaires to Mannesmann-Sumerbank Boru Industrisi (Mannesmann), Borusan Ithicat ve Dagitim (Borusan), and Erkboru Profil Sanayi ve Ticaret (Erkboru), manufacturers who account for at least 60 percent of the exports of the subject merchandise to the United States. On September 11, 1985, the ITC determined that there is a reasonable indication that imports of certain welded carbon steel pipe and tube products from Turkey are materially injuring a United States industry (50 FR 37068). We received partial responses from all three companies on October 21, 1985. On November 5 and 6, 1985, we requested further information from the three companies in areas where we considered their responses deficient. Supplemental responses were received from these three companies during November, 1985.

On November 26, 1985, the petitioners alleged that home market and third country sales of the respondents were at prices below the cost of producing that merchandise. Based on the information contained in the petitioners' allegation of sales at less than cost, we instituted a cost of production investigation since we found that the allegation was sufficiently supported to give us reasonable grounds to believe or suspect that home market or third country sales were at prices below cost of production, as required by section 773(b) of the Act (19 U.S.C. 1677b). Consequently, on December 23, 1985, the Department requested that respondents submit detailed cost of production information relative to the merchandise under investigation. At that time, we also requested any information that respondents failed to provide to the Department in earlier submissions. We received supplemental submissions from Borusan between January 24 and March 3, 1986. Erkboru and Mannesmann failed to respond to the Department's December 23, 1985 request for cost of production data and other supplemental information.

On December 23, 1985, we made an affirmative preliminary determination that certain welded carbon steel pipe and tube products from Turkey were being, or were likely to be, sold in the United States at less than fair value (51 FR 235). We also preliminarily determined that critical circumstances do not exist with regard to either standard pipe or line pipe.

On January 15, 1986, a respondent, which accounts for a significant portion of imports of the merchandise covered by these investigations, requested that we extend the period for the final determination until no later than 96 days after the date of publication of the preliminary determination, in accordance with section 735(a)(2)(A) of the Act. On January 24, 1986, we granted this request and postponed our final determination until not later than April 9, 1986 (51 FR 4206).

We verified Borusan's questionnaire responses in Turkey from February 17–20, 1986. We conducted a partial verification of Mannesmann's United States purchase price transactions in Turkey on February 21, 1986. No verification of individual home market sales or cost of production was conducted at Mannesmann since the company failed to submit this information to the Department. At this verification, Mannesmann stated that it no longer wanted to participate in these investigations. Consequently, the company did not permit verification of its reported exporters' sales price transactions. Erkboru also did not permit the Department to verify any information it had submitted in these investigations.

As required by the Act, we afforded interested parties an opportunity to submit oral and written comments. On March 3, 1986, petitioners and respondents withdrew their requests for a public hearing in these investigations. Written comments on the issues arising in these investigations were submitted in lieu of the public hearing.

Products Under Investigation

The products covered by these investigations are: (1) Welded carbon steel pipe and tube products with an outside diameter of 0.375 inch or more but not over 16 inches of any wall thickness, currently classified in the *Tariff Schedules of the United States, Annotated* (TSUSA), under items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925. These products, commonly referred to in the industry as standard pipe or tube, are produced to various ASTM specifications, most notably A–120, A–53 or A–135; and, (2) welded carbon steel line pipe with an outside diameter of 0.375 inch or more but not over 16 inches, and with a wall thickness of not less than 0.065 inch, currently classified in the TSUSA under items 610.3208 and 610.3209. These products are produced to various API specifications for line pipe, most notably API 5L or API–5LX.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared United States price with the foreign market value based on home market prices or, where appropriate, constructed value as explained below.

United States Price

As provided in section 772(b) of the Act, for sales by Borusan we used the purchase price of the subject merchandise to represent United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price based on the F.O.B. or C. & F. packed price to unrelated purchasers in the United States. We deducted, where appropriate, foreign inland freight, port expenses, and ocean freight. We made no adjustment for the amount of value-added tax imposed on sales in Turkey which was not collected or rebated by reason of the exportation of the merchandise to the United States because the reported home market prices were already net of the value-added tax. We also made an adjustment to purchase price for the amount of import duties which have not been collected by reason of the exportation of the merchandise to the United States, in

accordance with section 772(d)(1)(B) of the Act.

Since Mannesmann and Erkboru did not permit verification of all United States sales data submitted to the Department, we calculated United States price of standard pipe and tube and line pipe as provided in sections 772(b) and 772(c) of the Act, on the basis of average C.I.F. prices for all producers, except Borusan, of standard pipe and line pipe from Turkey for exports to the United States during the period of investigation. We gathered simple average price information from special summary steel invoices (SSSI) statistics, which was the best information available. We made an adjustment to these prices for ocean freight based on Borusan's ocean freight expenses.

Foreign Market Value

The petitioners alleged that sales in the home market were at prices below the cost of producing the merchandise. For Borusan, we examined production costs, which included all appropriate costs for materials, fabrication and general expenses. For Mannesmann and Erkboru, no such analysis was done since these companies failed to respond to the Department's cost of production questionnaire. Therefore, as explained below, we based foreign market value for Mannesmann and Erkboru on constructed value using the best information available.

Price to Price Comparisons

In accordance with section 773(a) of the Act, we calculated foreign market value for Borusan's sales of standard pipe based on ex-factory, packed home market prices net of discounts and value-added tax, to unrelated purchasers since there were sufficient sales in the home market at or above the cost of production to determine foreign market value. We made adjustments, where appropriate, for differences in credit costs in accordance with § 353.15 of our Regulations (19 CFR 353.15). We made no adjustment for packing since differences in packing costs for domestic and foreign sales on a per ton basis are negligible.

Since Borusan's foreign market value for standard pipe was based on home market prices, we made comparisons of "such or similar" merchandise groups based on grade, dimension and end finish selected by Commerce Department industry experts. Where our comparisons were not of identical merchandise, we made adjustments to similar merchandise for physical differences in the merchandise in acordance with section 773(a)(4)(C) of the Act. These adjustments were based on differences in the cost of materials, direct labor and directly related factory overhead. Pursuant to § 353.56 of our Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank of New York for the dates of the sales to the United States.

Constructed Value

In accordance with section 773(a)(2) of the Act, we based foreign market value for Borusan's sales of line pipe on constructed value, because the quantities sold in the home market were too small to form an adequate basis for determining foreign market value. We also had insufficient information on third country sales to consider using them as the basis for foreign market value. We calculated a constructed value for line pipe by totalling the costs of: Materials, fabrication, general expenses, profit and packing. Where the amount for general expenses was less than ten percent of the cost of materials and fabrication, we used ten percent. Where the amount for profit was less than eight percent, we used eight percent. We made an adjustment under § 353.15 of the Commerce Regulations for differences in circumstances of sale between the two markets. This adjustment was for differences in credit costs.

We used "best information available" to determine foreign market value for Mannesmann and Erkboru since they failed to provide cost data relating to home market sales and differences in merchandise. Additionally, Mannesmann failed to provide an individual listing of home market sales. Therefore, we have used constructed value information provided in the petition, updated by more recent data submitted by both petitioners and respondents at the time the sales below cost allegation was made, as the best information available, pursuant to section 776(b) of the Act.

Verification

In accordance with section 776(a) of the Act, we verified all information used in making this final determination with respect to Borusan using standard verification procedures including on-site examination of accounting records and selected original source documentation containing relevant information. Erkboru did not permit the Department to verify any of its questionnaire responses. Mannesmann would not permit any verification of its exporters' sales price data nor would it permit a complete verification of its purchase price data.

Petitioners' Comments

Comment 1: Petitioners claim that the information provided in Borusan's cost of production response did not adequately reflect the general expenses for the constructed value because of the amount of Pendik's (Borusan's domestic seller) selling, general and administrative expenses which were included.

DOC Position: The Department verified Pendik's costs. The general, selling and administrative expenses related to Pendik's costs were appropriately valued.

Comment 2: Petitioners urge the Department to ensure that it does not use cost of production of goods sold in the home market which is understated because such costs are not based on the weighted-average costs of all plants, including the Borusan Boru plant.

DOC Position: The Department did not include costs of the Borusan Boru plant because that plant did not have the capability to manufacture the product under investigation.

Comment 3: Petitioners contend that Gemlik, the manufacturing enterprise within the Borusan Group that produces the standard and line pipes subject to this investigation, may be receiving goods and services from related companies for less than their actual cost. If so, petitioners urge the Department to ensure that the full price paid for these goods and services actually covers all of its related suppliers' costs. Petitioners also urge the Department to check coil prices between Borusan and Eregli if these two companies are related to ensure that prices charged have not been improperly discounted.

DOC Position: The Department did not find any indication during the verification that Gemlik was buying from related companies, other than the companies which were identified in the response. The Department examined these costs and found them to approximate the market value.

Comment 4: Petitioners request that the Department verify Borusan's reported quarterly coil costs for one theoretical ton of standard and line pipe, including the weight savings rates used to obtain coil costs. Petitioners argue that if Borusan's weight savings claims are accepted by the Department, quarterly weight savings ratios should be calculated to match the quarterly coil cost figures to yield accurate total raw material costs.

DOC Position: Submitted material costs were verified, and no exceptions were found. The weight savings rate

was computed on the basis of common industry practice.

Comment 5: Petitioners claim that Borusan understated its cost per ton for zinc and couplings by making an inappropriate theoretical weight adjustment to zinc and coupling costs.

DOC Position: Our verification procedures indicated that the respondent's methodology properly reflected zinc and coupling costs.

Comment 6: Petitioners urge the Department to ensure that Borusan has included in Gemlik's costs of production the extra costs associated with operating "stretch reducing" equipment.

DOC Position: Our verification procedures indicated that the costs of the stretch reducing machine were allocated to all pipe processed through this machinery.

Comment 7: Petitioners claim that Borusan has failed to justify claimed adjustments for differences in merchandise and that, without calculations supporting the claimed costs, the Department should not accept these claims.

DOC Position: The costs related to the differences in merchandise were verified and, therefore, used for the final determination.

Comment 8: Petitioners contend that the interest expense for Borusan's sales to the United States should be based on the Turkish interest rate and not the U.S. interest rate. Petitioners believe that the interest rates on credit extended on home market sales and U.S. sales should be based only on Turkish interest rates because Borusan's 1984 financial statement indicates that all working capital loans are in local currency.

DOC Position: We disagree. We verified that U.S. sales were financed with short-term dollar-denominated financing, and have used the weighted-average dollar interest rate for loans outstanding during the period of investigation.

Comment 9: In view of the lack of cooperation by Mannesmann and Erkboru in this investigation, petitioners urge the Department to use home market sales information from the petition as "best information available."

DOC Position: As described in the Foreign Market Value section of this notice, we agree that best information available should be used for Mannesmann and Erkboru. However, we based this on constructed value and did not consider home market prices from the petition because the petitioners were unable to obtain home market sales prices for the Turkish pipe and tube products covered by this investigation.

Comment 10: Petitioners argue that home market credit costs shuld be based only on credit terms and should not include late payment costs. Petitioners argue that late payment costs are not a circumstance of sale because late payments have no effect on price since price is set according to credit terms given at the time of sale.

DOC Position: We disagree. In keeping with past Departmental practice (see Certain Tapered Journal Roller Bearings and Parts Thereof from Italy (49 FR 2278)), in making a circumstance of sale adjustment for differences in credit expenses, we considered the actual difference in payment experience, including late payment costs, in the two markets and not merely the offered terms of payment.

Comment 11: Petitioners argue that U.S. credit costs should be calculated from the date of sale to date of payment to be consistent with the methodology used in the home market.

DOC Position: We disagree. Since date of sale in the United States is the purchase order date, which is normally several months before shipment, it would be inappropriate to use the date of U.S. sales as the start of the credit period. In the home market, however, there is no lag between date of sale and date of shipment. Borusan used date of sale as the beginning of the credit period because it is also the invoice and shipment date.

Comment 12: Petitioners claim that, in order to state correctly Borusan's foreign market value at a time when the Turkish lira is depreciating against the U.S. dollar, the Department must calculate foreign market value in U.S. dollars using the exchange rate in effect at the time of payment for the U.S. sale.

DOC Position: The Department disagrees. In keeping with established practice and § 353.56 of its regulations, the Department has converted home market prices to U.S. dollars as of the date of the U.S. sales to which they are being compared.

Comment 13: Petitioners argue that, even if most of Borusan's sales are above production costs, the Department should, pursuant to section 773(b)(2) of the Act, nevertheless disregard home market sales of a particular size of pipe if these sales were generally below cost consistently throughout the period.

DOC Position: We disregarded all below cost sales in calculating foreign market value because home market sales overall for standard pipe were made over an extended period of time and in substantial quantities, and were at prices not permitting the recovery of all costs within a reasonable period in the normal course of trade.

Comment 14: Petitioners urge the Department to ensure that the actual and theoretical weights shown for Borusan's U.S. sales are correct.

DOC Position: The Department verified the reported weights through examination of original source documentation. The theoretical weights were derived by applying a standard method of calculation to the quantity of feet shown on each invoice. We used theoretical weights in our final calculations since home market quantities are also based on theoretical weights and the per metric ton charges and adjustments for Borusan's U.S. sales were also derived from theoretical weights.

Comment 15: Petitioners contend that if the housing tax and the various duties that Borusan used in its calculation of duties for its drawback adjustment were not rebated or collected upon exportation of the pipe, then these amounts cannot be included in duty drawback.

DOC Position: The Department verified that all imported inputs covered by an incentive export license are exempt from payment of the various duties referred to by petitioners upon importation of the goods. We also verified that imports of hot-rolled coil covered by an export commitment are also exempt from payment of the housing tax at time of importation. The various drawback adjustments claimed by Borusan have been verified, and were used in our final calculations.

Comment 16: Petitioners state that the cost of production verification should have been based primarily on Borusan's actual records and documents kept in the normal course of business, instead of relying on worksheets prepared for this investigation.

DOC Position: Respondent's submission and worksheets were verified by reference to actual records prepared in the normal course of business. The Department is confident that worksheets linking the questionnaire response to audited financial statements accurately represent Borusan's actual costs when tied to the company's accounting records, as was the case in these investigations.

Comment 17: Petitioners claim that the method used by the Department's accountant to verify Borusan's zinc costs is flawed because the methodology discussed in the cost verification report does not account for the difference between the cost of zinc which becomes dross and ash during the production process and the sale price of that dross and ash.

DOC Position: See petitioners' comment 5. The respondent's methodology properly accounts for zinc loss due to dross and ash.

Comment 18: Peititioners argue that Borusan should have reported scrap rates for different sizes of standard and line pipe since scrap rates vary by size of pipe.

DOC Position: The major source of steel scrap results from the slitting process. The amount of scrap from the slitting process is unrelated to the size of the pipe. Additionally, normal industry practices do not identify the scrap rate with specific pipe sizes.

Comment 19: Petitioners claim that Pendik's general, selling and administrative (GS&A) expenses are understated and should be rejected by the Department for the lack of information substantiating these expenses in Borusan's response.

DOC Position: The Department reviewed the respondent's method for calculating GS&A and concluded that the amount of this cost was not understated.

Comment 20: Petitioners claim that Borusan failed to provide profits for Pendik, which are necessary to verify the aggregate profits shown for Gemlik and Pendik.

DOC Position: The Department verified that GS&A reconciled to the company's books and records. The inter-company profit was minimal and did not affect the allocation.

Respondents' Comments

Borusan

Comment 1: Borusan claims that the Department's use of "best information available" in the preliminary determination was arbitrary, capricious and a patent abuse of discretion. Borusan claims it was arbitrary and capricious because there has been no other case, to its knowledge, in which a cooperative respondent has been penalized in this fashion. Borusan believes that it was an abuse of discretion to use "best information available" against a company that has manifested a willingness to cooperate in this investigation.

DOC Position: Section 776(b) requires the Department to use information from other sources if a party has refused or was unable to provide the relevant information as requested by the Department in a timely manner and in proper form. Because of the numerous deficiencies found in the respondent's submissions, the Department did not violate, but specifically complied with the requirement of this section by using information other than that submitted by Borusan.

Comment 2: Borusan contends that the Department may not disregard Borusan's home market sales which are at prices below cost of production because the company recovered all of its costs during the period of investigation.

DOC Position: The Department applied its usual methodology for determining if the amount of home market sales were sufficient to be considered a viable market.

Comment 3: Borusan claims that foreign market value should be based on home market prices for standard pipe, while for line pipe it may be appropriate to use constructed value because Borusan had only four sales of line pipe in the home market during the period of investigation.

DOC Position: We agree. With respect to standard pipe, the Department used home market sales since they were made over an extended period of time and in substantiated quantities at prices which permitted recovery of all costs within a reasonable period of time. For line pipe, we used constructed value because there were insufficient sales in the home market on which to base foreign market value.

Comment 4: Borusan urges the Department to make statutory adjustments to home market sale prices for trade discounts, differences in credit costs and physical differences in merchandise.

DOC Position: We agree. See "Foreign Market Value" section of this notice.

Comment 5: Borusan contends that credit costs should be computed from time of shipment to time of payment, and should, therefore, include any costs associated with home market customers making late payments.

DOC Position: We agree. See the Department's response to petitioners' comment 11.

Comment 6: Borusan urges the Department to grant an adjustment to purchase price for duty drawback earned on Borusan's exports to the United States.

DOC Position: We agree. See United States Price section of this notice.

Comment 7: Borusan claims that the Department is required under section 772(d)(1)(C) of the Act to make an adjustment for non-payment of the value-added tax on U.S. sales.

DOC Position: We agree. In accordance with past Departmental policy, we made this adjustment to foreign market value by using Borusan's reported gross prices that already exclude the tax paid on home market sales.

Comment 8: Borusan argues that if constructed value is used as the basis of foreign market value, Gemlik's and Pendik's general expenses should be combined for purposes of the 10 percent test.

DOC Position: All of the expenses of Pendik are considered to be selling expenses and, therefore, included in general expenses.

Comment 9: Borusan argues that, if constructed value is used in this investigation, the Department must make an adjustment to constructed value for differences in circumstances of sale.

DOC Position: We agree. See the Constructed Value section of this notice.

Comment 10: Borusan claims that if a final affirmative antidumping duty determination is issued, the dumping margin should be reduced for deposit purposes by the value of export subsidies found in the final countervailing duty determination.

DOC Position: We agree. See the Suspension of Liquidation section of this notice.

Comment 11: Borusan claims that the exclusion of Borusan Boru's costs from its cost of production response was reasonable and correct because it does not manufacture the pipes which were sold to the United States, nor does it produce pipes similar in characteristics or uses to those sold to the United States.

DOC Position: See the Department's response to petitioners' comment 2.

Comment 12: Borusan argues that petitioners' claim that Gemlik may be receiving goods and services from related companies for less than their actual cost is false. With respect to freight services provided by a related company, Borusan claims that Gemlik was charged the market rate or higher for this service. Borusan also claims that transfer prices were examined at verification and the fact that costs are passed on to Gemlik with respect to both imported raw materials and those which are purchased domestically. Lastly, with respect to petitioners' concern over the relationship between Borusan and Eregli, respondent claims that the percentage of ownership falls far short of the standard which the Department normally applies in determining that parties are "related" for purposes of antidumping duty proceedings.

DOC Position: We agree. See the Department's response to petitioners' comment 3.

Comment 13: Borusan feels that petitioners' argument that it should have reported size-by-size scrap rates is

unfounded because the methodology used by Borusan to calculate average scrap rates has been accepted by the Department in past investigations and because this claim has been raised too late in the proceeding to be accepted and acted on by the Department. Furthermore, respondent believes that, even if these costs could be submitted in time for consideration by the Department, it would be too late to verify them. Respondent also claims that petitioners' claim that scrap rates vary by size is unsupported.

DOC Position: We agree. See the Department's response to petitioners' comment 18.

Comment 14: Borusan argues that the Department must use the reported weighted-average savings rate for the cost of production and constructed value since the information on which this rate was calculated has been verified and is correct.

DOC Position: We agree. See the Department's response to petitioners' comment 4.

Comment 15: Borusan claims that application of the theoretical weight adjustment to zinc and coupling costs was entirely appropriate and the method used to obtain coupling costs per ton of pipe by size was reasonable and appropriate to Gemlik's accounting system.

DOC Position: We agree. See the Department's response to petitioners' comment 5.

Comment 16: Borusan disagrees with petitioners' claim that extra costs associated with operating "stretch reducing" equipment are not included in Gemlik's costs of production. Respondent claims that the full costs of these machines were included in Gemlik's transformation costs.

DOC Position: We agree. See the Department's response to petitioners' comment 6.

Comment 17: Borusan argues that the Department must accept its claimed adjustments for differences in merchandise because each of the adjustments claimed has now been verified.

DOC Position: We agree. See the Department's response to petitioners' comment 7.

Comment 18: Borusan argues that even if petitioners' suggested adjustments are made to Pendik's GS&A expenses, its effect on Borusan's overall costs would be negligible. Respondent argues that the reported GS&A has been verified and should be used in this final determination.

DOC Position: We agree. See the Department's response to petitioners' comment 19.

Comment 19: Respondent disagrees with petitioners' claim that Borusan did not report Pendik's profits in the cost response. Furthermore, Borusan claims that profits were substantiated at verification through company records.

DOC Position: See the Department's response to petitioners' comment 19.

Comment 20: Borusan claims that the interest expense on sales to the United States should be based on the U.S. interest rate and not the interest rate for loans in Turkish lira, as suggested by petitioners because Borusan used substantial borrowings in U.S. dollars during the period of investigation to finance its working capital.

DOC Position: We agree. See response to petitioners' comment 8.

Comment 21: Respondent argues that there are no grounds for the Department to use "best information available" for Borusan in this investigation because Borusan has supplied a thorough and timely cost response using cost methodologies that the Department has approved in past investigations. Also, Borusan claims it permitted verification of all submitted data.

DOC Position: We agree. See the Department's response to petitioners' comment 1.

Comment 22: Respondent suggests that no adjustments should be made for differences in packing costs between U.S. and domestic sales because the cost differences on a metric ton basis are miniscule.

DOC Position: We agree and have, therefore, made no adjustment for packing, as explained in the Foreign Market Value section of this notice.

Final Negative Determination of Critical Circumstances

The petitioner alleged that imports of certain welded carbon steel pipe and tub products from Turkey present "critical circumstances." Under section 733(e)(1) of the Act, critical circumstances exist when (1) there is a history of dumping in the United States, or elsewhere, of the class or kind of the merchandise which is the subject to the investigation; or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise, which is the subject of the investigation, at less than its fair value; and (2) there have been massive imports of the class or kind of merchandise that is the subject of the investigation over a relatively short period.

We considered line pipe and standard pipe separately. In determining whether there is a history of dumping standard pipe from Turkey in the United States or elsewhere, we reviewed past antidumping findings of the Department of Treasury as well as past Department of Commerce antidumping duty orders. We also reviewed the antidumping actions of other countries, and found no past antidumping determinations on standard pipe from Turkey.

We then considered whether the person by whom, or for whose account, standard pipe was imported knew or should have known that the exporter was selling this product at less than fair value. It is the Department's position that this test is met where margins calculated are sufficiently large that the importer knew or should have known that prices for sales to the United States (as adjusted according to the antidumping law) were significantly below home market sales prices. In this case, the margins calculated on standard pipe for all companies are not at a level that the importer knew or should have known that the merchandise was being sold in the United States at less than fair value. Therefore, we determine that this test is not met for imports of standard pipe from Turkey.

We, therefore, did not need to consider whether there have been massive imports of standard pipe over a relatively short period. We have determined, for the reasons described above, that "critical circumstances" do not exist with respect to standard pipe from Turkey.

In determining whether there have been massive imports of line pipe, we considered the following factors: (1) The volume and value of the imports; (2) seasonal trends; and (3) the share of domestic consumption accounted for by the imports.

We analyzed yearly trade data between 1982 and 1985 and recent trade statistics for the periods immediately preceding and following the filing of the petition. There were no imports of line pipe from Turkey between 1982 and 1984. A surge in imports can be seen from the period immediately prior to the filing of the petition to the period following the filing. However, the share of domestic consumption accounted for by these imports decreased over this same period. Considering the absolute quantities imported and the share of domestic consumption accounted for by these imports, we do not consider them to be massive imports over a relatively short period.

We, therefore, did not need to consider whether there is a history of dumping line pipe or whether the person by whom, or for whose account, this product was imported knew or should have known that the exporter was

selling this product at less than fair value. For the reasons described above, we have determined that "critical circumstances" do not exist with respect to line pipe from Turkey.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of certain welded carbon steel pipe and tube products from Turkey that are entered, or withdrawn from warehouse, for consumption, on or after January 3, 1986. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated final weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. Imports of line pipe sold by Borusan are excluded from this suspension of liquidation, since the weighted-average margin shown below is *de minimis*. The security amounts established in our preliminary determination published in the Federal Register on January 3, 1986 will no longer be in effect. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin	
	Standard pipe (percent)	Line pipe (percent)
Borusan	1.26	0.46 (de minimis)
Mannesmann	23.12	40.23
Erkboru	23.12	40.23
All other manufacturers/producers/exporters	14.74	14.81

Article VI.5 of the General Agreement on Tariffs and Trade provides that "(n)o product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(d)(1)(D) of the Act. Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Accordingly, the portion of estimated countervailing duties attributable to the level of export subsidies found on certain welded carbon steel pipe and tube products from Turkey (as determined in the January 3, 1986, final affirmative countervailing duty determination (51 FR 1268–1274)) will be subtracted from the dumping margins for deposit or bonding purposes on imports of certain welded carbon steel pipe and tube products.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping duty order, directing Customs officers to assess antidumping duties on the subject products entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States price.

This notice is published pursuant to section 735(d) of the Act.

Paul Freedenberg,

Assistant Secretary for Trade Administration.

April 9, 1986.

[FR Doc. 86-8549 Filed 4-16-86; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

NOTICE OF THE INVESTIGATIONS BY THE COMMISSION

[Investigations Nos. 731-TA-271 through 274 (Final)]

Import Investigation; Certain Welded Carbon Steel Pipes and Tubes From India, Taiwan, Turkey, and Yugoslavia

AGENCY: United States International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-271 through 274 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the following welded carbon steel pipes and tubes, which have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV):

Standard pipes and tubes [1] from India (inv. No. 731-TA-271 (Final));

Line pipes and tubes [2] from Taiwan (inv. No. 731-TA-272 (Final));

Standard and line pipes and tubes from Turkey (inv. No. 731-TA-273 (Final)); and

Standard pipes and tubes from Yugoslavia (inv. No. 731-TA-274 (Final)).

Unless the investigations are extended, Commerce will make its final LTFV determinations on or before March 10, 1986, and the Commission will make its final injury determinations by April 29, 1986, for the investigation concerning pipes and tubes from Taiwan; April 30, 1986, for the investigations concerning pipes and tubes from India and Yugoslavia; and May 5, 1986, for the investigation concerning the products from Turkey (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, part 207, subparts A and C (19 CFR part 207), and part 201, subparts A through E (19 CFR part 201).

EFFECTIVE DATES: The effective date for the investigation concerning pipes and tubes from Taiwan is December 30, 1985. The effective dates for the investigations concerning pipes and tubes from India and Yugoslavia is December 31, 1985, and the effective date for the investigation concerning the products from Turkey is January 3, 1986.

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth (202-523-0289), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002. Information may also be obtained via electronic mail by accessing the Office of Investigations' remote bulletin board system for personal computers at 202-523-0103.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that

[1] For purposes of these investigations, the term "standard pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, 0.375 inch or more but not over 16 inches in outside diameter, provided for in items 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 of the Tariff Schedules of the United States Annotated (TSUSA).

[2] For purposes of these investigations, the term "line pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, with walls not thinner than 0.065 inch, 0.375 inch or more but not over 16 inches in outside diameter, conforming to API specifications for line pipe, provided for in items 610.3208 and 610.3209 of the TSUSA.

imports of certain welded carbon steel pipes and tubes from India, Taiwan, Turkey, and Yugoslavia are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in petitions filed on July 16, 1985 by counsel for the Committee of Pipe and Tube Imports. In response to the petitions the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (50 FR 37068, September 11, 1985).

Participation in the investigations.—Persons wishing to participate in the 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 twenty-one (21) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accpet 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 the investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), 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.

Staff report.—A public version of the prehearing staff report in these investigations will be placed in the public record on March 3, 1986, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing.—The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on March 13, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on March 3, 1986. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on March 6, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is March 10, 1986.

Testimony at the public hearing is governed by § 207.33 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written submissions.—All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on March 20, 1986. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before March 20, 1986.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired 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).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: January 17, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-1499 Filed 1-23-86; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S HEARING

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

Subject : Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia

Inv. Nos. : 731-TA-271 through 274 (Final)

Date and time: March 13, 1986 - 10:00 a.m.

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

In support of the imposition of antidumping duties:

Schagrin Associates--Counsel
Washington, D.C.
on behalf of

The Standard Pipe Subcommittee and the line pipe subcommittee of The Committee on Pipe and Tube Imports and the individual producer members of these subcommittees

Malcolm Hamblen, Vice President of Marketing and Sales, Sawhill Division of Cyclops Corporation

Edwin J. Hopkinson, Vice President of sales, Standard Pipe Division, Wheatland Tube Corporation

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

In opposition to the imposition of antidumping duties:

Ablondi & Foster, P.C.--Counsel
Washington, D.C.
on behalf of

Far East Machinery Co., Ltd. ("FEMCO") and the Kao Hsing Chaig Iron and Steel Corporation ("KHC"). FEMCO and KHC are the only producers of line pipe in the Republic of China on Taiwan

Peter Weil, J. Gerber Co., Inc.

Sturgis M. Sobin--OF COUNSEL

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

The Engineering Export Promotion Council of India (EEPC), Gujarat Steel Tubes Ltd., Zenith Steel Pipes and Industries Ltd. and Tata Iron and Steel Co.

Dennis James, Jr.)
Kathleen F. Patterson)--OF COUNSEL

APPENDIX D

COMBINED STANDARD AND LINE PIPE AND TUBE OPERATIONS

Table D-1.--Standard and line pipes and tubes: Title VII investigations since January 1984, most recent dumping and subsidy margins, and import-to-consumption ratios, by sources, 1982-85

Item	Weighted-average margin	Date of bond or order 1/	Ratio of imports to apparent U.S. consumption			
			1982	1983	1984	1985
Antidumping investigations/orders:						
Pending antidumping investigations:						
India (instant investigation) (standard)	2/ 7.08	Dec. 31, 1985	***	***	***	***
Taiwan (instant investigation) (line)	27.98	Dec. 30, 1985	0.2	3/	.1	.3
Turkey (instant investigation):						
(standard)	4/	Jan. 3, 1986	-	3/	.1	***
(line)	5/ 40.23					
The People's Republic of China (standard)	6/	6/	-	-	-	3/
The Philippines (standard)	6/	6/	-	-	-	.1
Singapore (standard)	6/	6/	-	-	3/	.2
Outstanding antidumping order:						
Taiwan (standard to 4.5" OD)	9.7	May 7, 1984	2.6	3.3	.2	.6
Thailand (standard)	7/ 15.67	Jan. 27, 1986	-	-	3/	1.0
Recently revoked antidumping order:						
Korea (standard to 4.5" OD) 8/	0.9	May 7, 1984	8.9	11.8	10.1	13.2
Recently terminated antidumping investigations:						
Brazil (standard to 4.5" OD) 9/	3.23	Dec. 31, 1984	0.5	1.0	4.0	1.1
Spain (standard to 4.5" OD) 10/	40.75	Dec. 31, 1984	3/	.4	1.6	.4
Venezuela (line) 11/	55.7	Aug. 13, 1985	.1	.4	2.2	1.3
Venezuela (standard) 12/	26.19	June 3, 1985	.1	.5	1.3	.7
Yugoslavia (standard) 13/	33.26	Dec. 31, 1985	.1	-	.4	.3
Countervailing duty investigations/orders:						
Outstanding countervailing orders:						
Thailand (standard)	1.79	Aug. 14, 1985	-	-	3/	1.0
Turkey (line)	14/ 17.80	Jan. 10, 1986	-	3/	.1	.2
Turkey (standard)	14/ 17.80	Jan. 10, 1986	-	3/	.1	1.3
Yugoslavia (standard) 15/	74.50	Oct. 16, 1985	.1	-	.4	.3
Recently terminated countervailing duty investigations:						
Mexico (line) 16/	0.67-23.65	Jan. 31, 1985	.5	1.5	2.0	1.0
Mexico (standard) 16/	0.67-23.65	Jan. 31, 1985	.9	3.4	2.7	1.3
Spain (standard to 4.5" OD) 10/	1.14	Oct. 10, 1984	3/	.4	1.6	.4
Venezuela (line) 17/	76.00	Nov. 13, 1985	.1	.4	2.2	1.3
Venezuela (standard) 18/	-	-	.1	.5	1.3	.7
Recently terminated countervailing duty order:						
Yugoslavia (line) 19/	74.50	Dec. 31, 1985	3/	-	-	-

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

2/ This is the margin for TISCO which accounted for virtually all of the LTFV imports from India.

3/ Less than 0.05 percent.

4/ Commerce determined final margins as follows: Borusan (1.26 percent ad valorem), Mannesmann and Erkboru (23.12 percent ad valorem), and all other companies (14.74 percent ad valorem).

5/ This is the margin for Mannesmann and Erkboru. The margin for a third firm, Borusan, was de minimis. The margin for all other firms is 14.81 percent.

6/ The Commission has issued a preliminary affirmative determination. To date, there is no determination of sales at LTFV by Commerce nor a requirement for the posting of bond.

7/ Commerce determined final margins as follows: Saha Thai (15.69 percent ad valorem), Thai Steel (15.60) percent, and all other companies (15.67 percent).

8/ Order revoked effective Oct. 1, 1984, the effective date of the import restraint agreement reached with Korea. The ratios of imports to apparent consumption are overstated to the extent that import data include exports by Union Steel Manufacturing Co., Ltd., and Dougjin Steel Co., Ltd., which were excluded from Commerce's affirmative determination.

9/ Terminated by the Commission, effective Mar. 20, 1985, following withdrawal of petition, prior to a final determination by Commerce.

10/ Terminated by the Commission, effective Feb. 4, 1985, following withdrawal of petition, prior to a final determination by Commerce.

11/ Terminated by the Commission, effective Dec. 4, 1985, following withdrawal of the petition prior to a final determination.

12/ Terminated by Commerce prior to making its final determination, effective Oct. 23, 1985, following withdrawal of petition.

13/ Terminated by the Commission on Apr. 4, 1986, following withdrawal of the petition.

14/ In its final determination, Commerce found the margin to be 18.81 percent but the bounding of cash deposit rate was adjusted to 17.80 percent to take into account changes that occurred after the review order.

15/ The petition was withdrawn on March 27, 1986. The order is expected to be revoked shortly.

16/ Terminated by Commerce, effective Apr. 2, 1985, following withdrawal of petition.

17/ Terminated by Commerce, effective Nov. 27, 1985, following withdrawal of petition. The Commission did not institute a final investigation.

18/ Terminated by Commerce prior to making its preliminary determination, effective Nov. 13, 1985, following withdrawal of petition.

19/ The petition was withdrawn on March 27, 1986. The order is expected to be revoked shortly. On Aug. 30, 1985, the Commission issued a negative preliminary antidumping determination with respect to line pipes and tubes from Yugoslavia.

Source: Margins and date of bond or order obtained from U.S. Department of Commerce; ratio of imports to apparent consumption, compiled from official statistics of the U.S. Department of Commerce and data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Data in this table are current through Apr. 9, 1986.

Table D-2.--Standard and line pipes and tubes: U.S. producers, 1/ their shares of domestic shipments, and plant locations, by firms, 1985

Firm	Share of 1985 domestic shipments	Plant locations
	Percent	
CPTI member firms:		
Allied Tube & Conduit	***	Harvey, IL.
American Tube Co	***	Phoenix, AZ.
Bernard Epps & Co	***	Los Angeles, CA.
Bull Moose Tube Co	***	Gerald, MO.
		Chicago Heights, IL.
		Trenton, GA.
Century Tube Corp	***	Pine Bluff, AR.
Cyclops Corp.:		
Sawhill Tubular Division	***	Sharon, PA.
Tex-Tube Division	***	Houston, TX.
LaClede Steel Co	***	Alton, IL.
Maruichi American Corp	***	Santa Fe Springs, CA.
Pittsburgh Tube Co	***	Fairbury, IL.
Sharon Tube Co	***	Sharon, PA.
Western Tube & Conduit	***	Long Beach, CA.
Wheatland Tube Corp	***	Wheatland, PA.
Non-CPTI firms:		
American Cast Iron Pipe Co	***	Birmingham, AL.
Berger Industries, Inc	***	Edison, NJ.
Harris Tube	***	Los Angeles, CA.
J.M. Tull Industries, Inc	***	Gardena, CA.
		Norcross, GA.
Kaiser Pipe & Casing	***	Irwindale, CA.
Lock Joint Tube Co., Inc	***	South Bend, IN.
Lone Star Steel Co., Inc	***	Lone Star, TX.
LTV Steel Corp	***	Youngstown, OH.
		Aliquippa, PA.
		Counce, TN.
Newport Steel Co., Inc	***	Newport, KY.
Stupp Corp	***	Baton Rouge, LA.
United States Steel Corp	***	Fairless Hills, PA.
		Lorain, OH.
		Geneva, UT.
		McKeesport, PA.
United Tube Corp	***	Medina, OH.

1/ In addition, there are 4 other known producers that together accounted for an estimated less than 1 percent of U.S. producers' total domestic shipments.

2/ Firm did not respond to the Commission's questionnaire.

Source: Share of domestic shipments compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table D-3.--Standard and line pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1982-85

Year	U.S. producers' domestic shipments	Imports	Apparent consumption	Ratio to consumption of--	
				Producers' shipments	Imports
	1,000 tons			Percent	
1982	1,352	1,178	2,530	53	47
1983	1,399	1,459	2,858	49	51
1984	1,504	2,063	3,567	42	58
1985	1,491	1,802	3,293	45	55

Source: U.S. producers' shipments, compiled from questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Table D-4.--Standard and line pipes and tubes: U.S. production, capacity, and capacity utilization, 1982-85

Item	1982	1983	1984	1985
Production--1,000 tons	1,269	1,318	1,461	1,457
Capacity--do	3,305	3,044	3,244	3,555
Capacity utilization 1/--percent	36	42	44	41

1/ Capacity utilization rates were calculated using data from firms that provided information on both production and capacity.

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

Table D-5.--Standard and line pipes and tubes: U.S. producers' domestic shipments, 1982-85

Item	1982	1983	1984	1985
Quantity--1,000 tons	1,352	1,399	1,504	1,491
Value--1,000 dollars	748	688	809	805
Unit value 1/--per ton	$597	$533	$575	$532

1/ Unit values were calculated using data from firms that provided information on both the quantity and value of shipments.

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

Information concerning exports of standard and line pipes and tubes is presented in the following tabulation:

* * * * * * *

Information concerning U.S. producers' inventories of standard and line pipes and tubes is presented in the following tabulation:

	Inventories (1,000 tons)	Ratio of inventories to shipments 1/ (percent)
As of Dec. 31--		
1982	208	15
1983	174	12
1984	191	13
1985	185	13

1/ Ratios were calculated using data from firms that provided information on both inventories and shipments.

Table D-6.--Average number of production and related workers producing standard and line pipes and tubes, hours paid, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor production costs, 1982-85

Item	1982	1983	1984	1985
Production and related workers:				
Number	5,240	4,689	5,014	4,318
Percentage change	-	-11	+7	-14
Hours worked by production and related workers:				
Number----------1,000 hours--	8,989	8,025	8,874	8,366
Percentage change	-	-11	+11	-6
Wages paid to production and related workers:				
Value----------1,000 dollars--	120,127	102,021	121,558	119,237
Percentage change	-	-15	+19	-2
Total compensation paid to production and related workers:				
Value----------1,000 dollars--	177,099	153,429	169,802	167,873
Percentage change	-	-13	+11	-1
Labor productivity:				
Quantity----------tons per hour--	0.138	0.161	0.160	0.171
Percentage change	-	+17	-1	+7
Hourly compensation: 3/				
Value	$13.55	$12.87	$13.82	$14.39
Percentage change	-	-5	+7	+4
Unit labor costs: 4/				
Value----------per ton--	$143	$119	$120	$121
Percentage change	-	-17	+1	+1

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

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

3/ Based on wages paid excluding fringe benefits.

4/ Based on total compensation paid.

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

Table D-7.--Income-and-loss experience of U.S. producers on their operations producing standard and line pipes and tubes, accounting years 1982-85

Item	1982	1983	1984	1985
Net sales-------1,000 dollars--	632,037	574,755	699,089	641,336
Cost of goods sold-------do----	637,808	580,034	678,219	591,159
Gross profit or (loss)---do----	(5,771)	(5,279)	20,870	50,177
General, selling, and administrative expenses--do----	50,699	52,761	54,239	52,028
Operating (loss)---------do----	(56,470)	(58,040)	(33,369)	(1,851)
Depreciation and amortization expense---------do----	13,960	13,049	18,093	14,997
As a share of net sales:				
Cost of goods sold--percent--	100.9	100.9	97.0	92.2
Gross profit or (loss)---------------do----	(0.9)	(0.9)	3.0	7.8
General, selling, and administrative expenses-------------do----	8.0	9.2	7.8	8.1
Operating (loss)-------do----	(8.9)	(10.1)	(4.8)	(0.3)
Number of firms reporting operating losses----------	3	4	2	3

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

Table D-8.--Income-and-loss experience of U.S. producers on their operations producing standard and line pipes and tubes, by nonintegrated producers and integrated producers, accounting years 1982-85

Item	1982	1983	1984	1985
	Value (1,000 dollars)			
Net sales:				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	632,037	574,755	699,089	641,336
Gross profit or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	(5,771)	(5,279)	20,870	50,177
Operating income or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	(56,470)	(58,040)	(33,369)	(1,851)
	Percent of net sales			
Gross profit or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Weighted average	(0.9)	(0.9)	3.0	7.8
Operating income or (loss):				
Nonintegrated firms	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Weighted average	(8.9)	(10.1)	(4.8)	(0.3)

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

Selected financial information for U.S. producers' operations on standard and line pipes and tubes are shown in the following tabulation (in thousands of dollars):

* * * * * * *

Table D-9.--Standard and line pipes and tubes: U.S. imports for consumption, 1/ by selected sources, 1982-85

Source	1982	1983	1984	1985
	Quantity (tons)			
LTFV imports:				
India (standard) 2/	***	***	***	***
Taiwan (line)	5,076	862	4,610	11,511
Turkey (standard and line)	0	505	2,578	3/ ***
Yugoslavia	4,225	0	13,553	11,517
Republic of Korea	441,713	673,512	636,729	663,674
Japan	293,125	142,803	252,762	253,293
All other	434,024	640,491	1,151,232	796,041
Total	1,178,281	1,458,729	2,063,449	4/ 1,801,730
	Value (1,000 dollars)			
Total imports:				
India (standard)	52	194	629	7,834
Taiwan (line)	2,135	244	1,599	3,838
Turkey (standard and line)	-	200	821	14,686
Yugoslavia	1,792	-	3,953	3,960
Republic of Korea	192,450	216,067	232,759	247,326
Japan	152,595	56,577	103,842	111,199
All other	202,346	216,582	404,868	296,675
Total	551,150	489,863	748,469	686,018
	Unit value			
Total imports:				
India (standard)	$446	$349	$317	$351
Taiwan (line)	421	283	347	333
Turkey (standard and line)	-	396	318	338
Yugoslavia	424	-	292	344
Republic of Korea	436	321	366	373
Japan	520	396	410	439
All other	465	338	352	370
Average	468	336	363	381

1/ Includes imports of standard pipes under TSUSA items 610.3231, 610.3232, 610.3234, 610.3241, 610.3242, 610.3243, 610.3244, 610.3247, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 and imports of line pipes under TSUSA items 610.3208 and 610.3209.

2/ These data are exports from India for fiscal years 1982-84 and calendar year 1985, as reported by counsel for Engineering Export Promotion Council. Total imports from India, as compiled from official statistics of the U.S. Department of Commerce, were 118 tons in 1982, 556 tons in 1983, 1,985 tons in 1984, and 22,306 tons in 1985.

3/ Data for LTFV imports of line pipes and tubes from Turkey are compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. Total imports of standard and line pipes and tubes from Turkey, as compiled from official statistics of the U.S. Department of Commerce, were 43,388 tons in 1985.

4/ Estimated by the staff of the U.S. International Trade Commission. The import quantity is understated by 1,910 tons in the official statistics because of a keypunch error.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table D-10.--Standard and line pipes and tubes: Shares of U.S. consumption supplied by LTFV imports from India, Taiwan, and Turkey, and imports from all other countries, 1982-85

(In percent)

Source	1982	1983	1984	1985
India (standard) 1/	***	***	***	***
Taiwan (line)	0.2	2/	.1	.3
Turkey (standard and line)	-	2/	.1	***
All other	***	***	***	***
Total	46.6	51.0	57.8	54.7

1/ Ratio of LTFV exports to U.S. consumption. 2/ Less than 0.05 percent.

Source: Based on data in tables D-3 and D-9 of this report, except where noted.

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

Information concerning the customs districts through which the LTFV imports of standard and line pipes and tubes entered the United States in 1985 is presented in the following tabulation:

Item	Quantity	Percent of total
	Short tons	
India: (standard) 1/		
Savannah,GA	4,379	19.6
Philadelphia, PA	4,014	18.0
Houston, TX	3,700	16.6
New Orleans, LA	2,336	10.5
Bridgeport, CT	1,704	7.6
New York, NY	1,175	5.3
Tampa, FL	1,052	4.7
Baltimore, MD	1,032	4.6
Los Angeles, CA	721	3.2
Chicago, IL	499	2.2
Seattle, WA	483	2.2
Charleston, SC	454	2.0
Boston, MA	409	1.8
San Francisco, CA	212	1.0
Norfolk, VA	136	0.6
Total	22,306	100.0
Taiwan: (line)		
Los Angeles, CA	6,649	57.8
Houston, TX	3,271	28.4
Tampa, FL	535	4.6
Savannah, GA	392	3.4
New Orleans, LA	384	3.3
San Francisco, CA	225	2.0
Charleston, SC	55	0.5
Total	11,511	100.0
Turkey: (standard and line) 2/		
Houston, TX	3/ 17,647	40.7
New Orleans, LA	8,421	19.4
Tampa, FL	7,379	17.0
Bridgeport, CT	6,102	14.1
Philadelphia, PA	3,014	6.9
Baltimore, MD	826	1.9
Total	3/ 43,388	100.0

1/ Includes fair value as well as LTFV imports. Total LTFV exports from India were * * * tons in 1985.

2/ Includes fair value as well as LTFV imports of line pipes and tubes. Total LTFV imports of standard and line pipes and tubes were * * * tons in 1985.

3/ Estimated by the staff of the U.S. International Trade Commission. The import quantity is understated by 1,910 in the official statistics because of a keypunch error.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

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