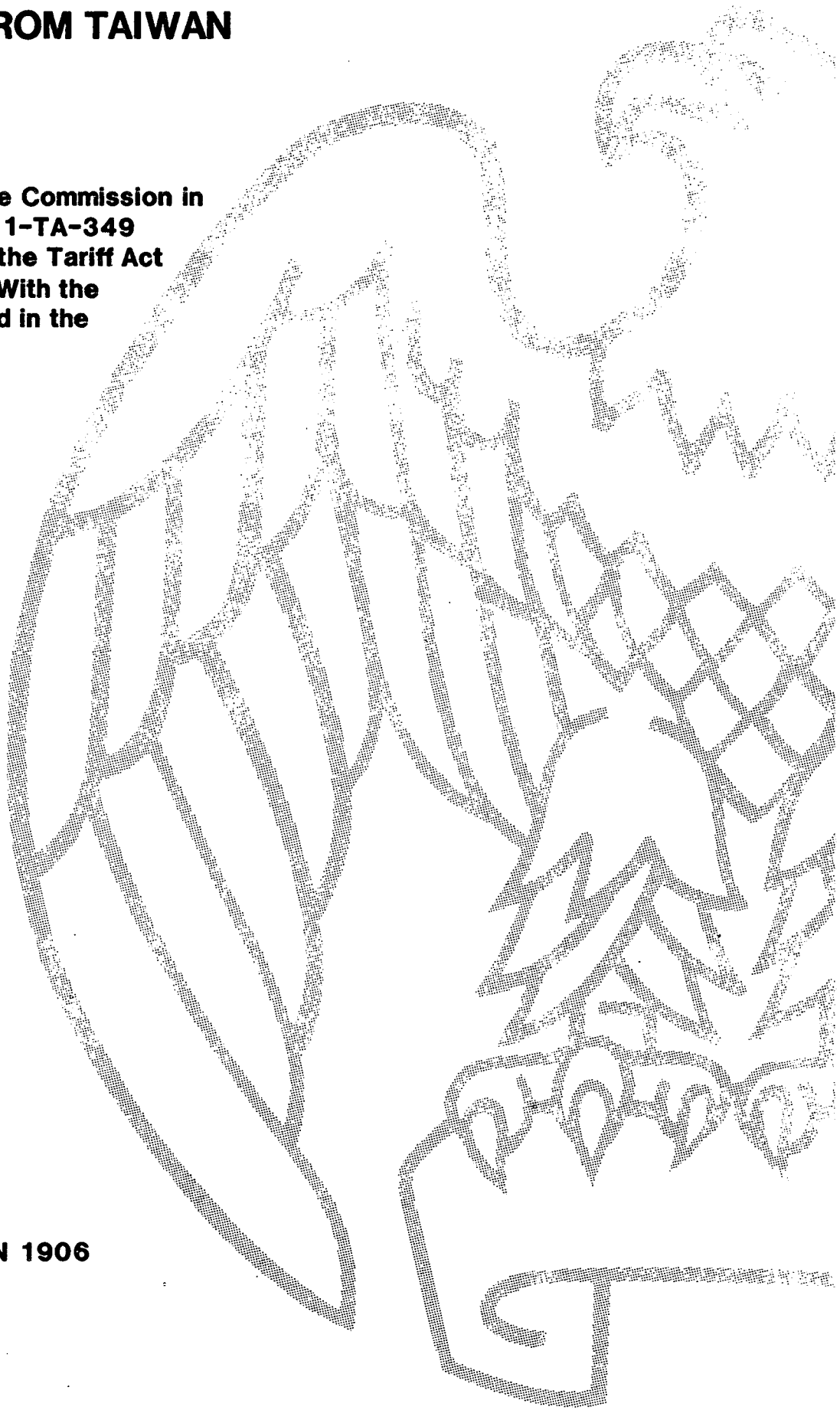
CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM TAIWAN

Determination of the Commission in Investigation No. 731-TA-349 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



USITC PUBLICATION 1906

NOVEMBER 1986

United States International Trade Commission / Washington, DC 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Susan Liebeler, Chairman
Anne E. Brunsdale, Vice Chairman
Paula Stern
Alfred E. Eckes
Seeley G. Lodwick
David B. Rohr

Staff Assigned:

Brian Walters, Office of Investigations
Norbert Gannon, Office of Industries
Holly Glenn, Office of Economics
Jerald Tepper, Office of Investigations
Paul Bardos, Office of the General Counsel

Bob Carpenter, Supervisory Investigator

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

C O N T E N T S

CONTENTS

Tables

CONTENTS

Tables---Continued

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-349 (Preliminary)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM TAIWAN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Taiwan of light-walled rectangular pipes and tubes 3/ which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On October 2, 1986, a petition was filed with the Commission and the Department of Commerce by counsel for the Committee on Pipe and Tube Imports (CPTI), alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of light-walled rectangular pipes and tubes from Taiwan. Accordingly, effective October 2, 1986, the Commission instituted preliminary antidumping investigation No. 731-TA-349 (Preliminary).

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/ Chairman Liebeler makes a negative determination.

3/ For purposes of this investigation, the term "light-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness less than 0.156 inch, provided for in item 610.4928 of the Tariff Schedules of the United States Annotated (TSUSA).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 16, 1986 (51 F.R. 36873). The conference was held in Washington, DC, on October 27, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF VICE CHAIRMAN ANNE BRUNSDALE AND COMMISSIONERS PAULA STERN, ALFRED ECKES, SEELEY LODWICK, AND DAVID ROHR

We determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of welded carbon steel light-walled rectangular pipes and tubes (L-WR pipe) from Taiwan that are allegedly sold at less than fair value (LTFV). 1/ 2/

This is the second Commission investigation of L-WR pipe from Taiwan in less than a year. 3/ In the first investigation, the Commission made a negative determination on imports of LW-R pipe from Taiwan based on the lack of a causal link between the imports and any material injury or threat to the domestic L-WR pipe industry. 4/ The Commission found that the L-WR pipe imports increased in volume in 1984 when the domestic industry was improving and decreased to a low level in 1985 when the industry declined. 5/

Following that determination, imports from Taiwan increased significantly, leading to the filing of the petition in this investigation.

1/ Material retardation is not an issue in this investigation and will not be discussed further.

2/ Chairman Liebeler determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of imports of L-WR pipe from Taiwan. See her separate views, infra.

3/ Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-211 (Final), USITC Pub. 1799 at 3-4 (Jan. 1986) (hereafter cited "L-WR pipe from Taiwan"). The Commission also investigated L-WR pipe from Taiwan in Certain Welded Carbon Steel Pipes and Tubes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131 to 132 (Preliminary), USITC Pub. 1389 (June 1983) (hereafter cited "Korea and Taiwan"), and in Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, Invs. Nos. 731-TA-211 to 212 (Preliminary), USITC Pub. 1639 (Feb. 1985) (hereafter cited "Taiwan and Venezuela"). Another case involving the L-WR pipe industry is Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, Invs. Nos. 731-TA-293, 294, and 296 (Final), USITC Pub. 1907 (Nov. 1986) (hereafter cited "The Philippines and Singapore").

4/ Vice Chairman Brunsdale did not participate in the Commission's determination in L-WR pipe from Taiwan. Further, she dissented from the Commission's affirmative determination in The Philippines and Singapore, supra.

5/ L-WR pipe from Taiwan, supra, at 9.

Our determination now is based primarily on the rapid increase in volume and market penetration of the subject imports, the flat financial performance of the domestic industry, and the capacity and apparent intent of the Taiwanese producer to continue to increase its exports to the United States.

Like product/domestic industry [6/]

The Commission is required to define the scope of the relevant domestic industry for the purpose of assessing material injury. "Industry" means "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." [7/] "Like product" means "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." [8/] [9/]

The Commission has in prior investigations found the like product to be L-WR pipe and the domestic industry to consist of the producers of L-WR pipe. [10/] [11/] None of the parties in the present preliminary

---

6/ Chairman Liebeler joins her colleagues in this opinion on the definitions of the like product and the domestic industry.

7/ 19 U.S.C. § 1677(4)(A).

8/ 19 U.S.C. § 1677(10). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

9/ The "article subject to an investigation" is defined by the scope of the Department of Commerce's (Commerce) investigation. Commerce has defined the scope of this investigation as light-walled welded carbon steel pipes and tubes, of rectangular (including square) cross-section having a wall thickness of less than 0.156 inch, as provided for in item 610.4928 of the Tariff Schedules of the United States Annotated. 51 F.R. 37950, 37951 (Oct. 27, 1986).

10/ See Korea and Taiwan, supra, at 8-9; Taiwan and Venezuela, supra, at 7; L-WR pipe from Taiwan, supra, at 4; The Philippines and Singapore, supra, at 5

11/ See The Philippines and Singapore, supra, and cases cited therein at 5, n.13 in which we note that pipes and tubes of rectangular (including square) cross-section having a wall thickness of 0.156 inch or greater are considered heavy-walled rectangular tubing.

investigation has urged us to alter our prior determinations and no facts have come to light in this investigation suggesting that we should do so. Accordingly, we adopt the definition of like product and domestic industry made in our earlier determinations.

Regional industry

Petitioners urge the Commission to conduct a regional industry analysis in this investigation. 12/ Three criteria must be satisfied before we may undertake such an analysis: (1) producers within the defined region must sell all or almost all of their production of the like product in the region; (2) demand in the regional market must not be supplied, to any substantial degree, by producers of the product located elsewhere in the United States; and (3) there must be a concentration of the subject imports into the region. 13/

The first two criteria are met in this investigation. The consumption of regional production within the region and the percentage of regional demand satisfied by regional production remained at high levels through the period of investigation. 14/ The record is less clear with regard to the third criterion, inasmuch as the concentration of imports of L-WR pipe into the region has fluctuated during the period of investigation. We find it unnecessary to decide whether the third criterion is satisfied, however, because we are able to reach an affirmative determination in this case based on the condition of the national industry. We note that if we were to

---

12/ Petition at 32. The region proposed by petitioners would comprise the states of Arizona, California, Nevada, Oregon, Utah, and Washington.
13/ 19 U.S.C. § 1677(4)(C); The Philippines and Singapore, supra, at 6-7.
14/ Report of the Commission (Report) at A-15-A-16. We came to the same conclusion in The Philippines and Singapore, supra, at 6-7.

conclude that the third criterion is satisfied, consideration of the question of material injury or threat thereof on a regional basis would not change our affirmative determination in this case. 15/ 16/

Condition of the domestic L-WR pipe industry 17/

In making a determination of the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment, and financial performance. 18/

The Commission's previous findings of material injury for the L-WR pipe industry were based on data from 1984-85. 19/ 20/ 21/ In a more recent investigation 22/ as well as in the current one, data for 1985 and the first half of 1986 reveal improvement in certain indicators of the industry's condition, but some deterioration in the financial indicators.

U.S. production of L-WR pipe increased from 150,494 tons in 1983 to 187,219 tons in 1985, or by 24 percent. During January-June 1986, production

---

15/ The indicators regarding the condition of the domestic industry and the impact of the imports on that industry do not significantly vary if the industry is considered on a regional or a national basis.

16/ The Commission will reconsider this analysis in the event this investigation returns as a final investigation.

17/ Commissioner Lodwick does not join this section. For his view of the condition of the domestic industry, see The Philippines and Singapore, supra.

18/ 19 U.S.C. § 1677(7)(C)(iii).

19/ Taiwan and Venezuela, supra; Certain Carbon Steel Pipes and Tubes from the People's Republic of China, the Philippines, and Singapore, Invs. Nos. 731-TA-292 to 296 (Preliminary), USITC Pub. 1796 (Dec. 1985).

20/ Commissioner Stern does not consider it appropriate to consider the question of material injury separate from causation.

21/ 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).

22/ See The Philippines and Singapore, supra, at 15-17.

rose to 81,497 tons compared to 75,322 tons during interim 1985, or by 8 percent. 23/ Domestic producers' shipments increased 20 percent from 1983 to 1984, 3 percent in 1985, and another 5 percent in January-August 1986 compared to the corresponding period of 1985. 24/

Domestic producers' capacity increased 14 percent from 1983 to 1985 and 1 percent in January-June 1986 when compared to the same period of 1985. 25/ Capacity utilization increased from 57 percent in 1983 to 61 percent in 1985, where it remained during January-June 1986. 26/

Employment data also showed some improvement. The number of production and related workers and their hours worked, their total compensation, and their productivity all increased irregularly during the period under investigation. Unit labor costs per ton declined. 27/

However, these improvements in the performance of the domestic industry are not reflected in other key indicators. First, the market for L-WR pipe has been shrinking. Apparent domestic consumption of L-WR pipe increased from 233,714 tons in 1983 to 288,867 tons in 1984, and then decreased by 5 percent to 273,584 tons in 1985. The January-August 1986 data, compared to the data for the corresponding period of 1985, reflect a further decrease of 4 percent. 28/

Second, the financial performance of the domestic industry has not been good. As in prior investigations concerning the L-WR pipe industry, 29/ the Commission could obtain little financial data specifically for the L-WR pipe

---

23/ Report at A-14, Table 5.
24/ Id. at A-15, Table 6.
25/ Id. at A-14, Table 5.
26/ Id.
27/ Id. at A-18.
28/ Id. at A-11-A-12, Table 4.
29/ See L-WR pipe from Taiwan, supra, at 6-7; The Philippines and Singapore, supra, at 16.

industry. Only three domestic producers responding to the Commission's questionnaires provided usable data for their operations producing L-WR pipe. Eleven producers provided usable data for the establishments within which L-WR pipe is manufactured. 30/ Therefore, pursuant to 19 U.S.C. § 1677(4)(D), we conduct our analysis of the financial condition of the domestic industry on the basis of operations producing all welded carbon steel pipes and tubes in the establishments in which L-WR pipe is produced. 31/ The Commission's financial analysis in the previous investigation involving imports from Taiwan revealed that although the industry had been profitable, there were "declines in operating income, gross profits, and the ratios of gross profits and operating income to net sales in the first six months of 1985 relative to the same period of 1984." 32/ The data now available show no financial improvement since the Commission's determination in that investigation. A comparison of January-June 1985 data to January-June 1986 data reveals that net sales, gross profits, and operating income continued to decline. 33/ As a percentage of net sales, operating income remained stable at 4.7 percent. 34/ 35/

30/ Report at A-20 and A-23.

31/ Vice Chairman Brunsdale concurs in the use of product-line analysis using financial data for the establishments in which L-WR pipe is produced. She notes, however, that it might also be appropriate to use product-line analysis in examining data on such elements of the L-WR pipe production process as capacity and capacity utilization. She believes that capacity and capacity utilization data for a combined standard/line/L-WR product-line would provide a more accurate depiction of conditions in the domestic industry than data that purports to show capacity and capacity utilization for just the L-WR industry. Her views on this subject are set forth in greater detail in Additional Views of Vice Chairman Brunsdale, infra.

32/ L-WR pipe from Taiwan, supra, at 6.

33/ Report at A-21, Table 8.

34/ Id.

35/ The data cited in the text of this opinion may overstate the financial condition of the domestic industry. We note that the financial performance based on establishment data for fewer firms in which L-WR pipe accounts for a greater proportion of shipments indicates a significantly worse financial picture. Id. at A-22, Table 9.

We conclude that the domestic industry is vulnerable to increased levels of LTFV imports.

Threat of material injury by reason of L-WR pipe imports from Taiwan

In examining the threat of material injury, we are directed to consider, inter alia, any existing unused foreign capacity or increase in foreign productive capacity likely to result in a significant increase in imports to the United States, any rapid increase in U.S. market penetration and the likelihood that such penetration will increase to an injurious level, the probability that imports will enter the United States at prices that will have a depressing or suppressing effect on domestic prices, any substantial increase in inventories in the United States, and the potential for product-shifting. 36/ A finding of threat of material injury must be based on "evidence that the threat of material injury is real and that actual injury is imminent," and may not be based on "mere conjecture or supposition." 37/

In January 1986, the Commission made a negative determination on L-WR pipe from Taiwan using data from 1985 and prior years. Imports of L-WR pipe from Taiwan were low in 1985, but increased rapidly in the first part of 1986. 38/ Import penetration by quantity from Taiwan rose from 0.2 percent in the interim period January-August 1985 to 2.8 percent in the same period in 1986. 39/ For the period January-August 1986, Taiwan was the fourth largest source of imports, accounting for 9.4 percent of imports compared to

---

36/ 19 U.S.C. § 1677(7)(F)(i).
37/ 19 U.S.C. § 1677(7)(F)(ii).
38/ Report at A-32, Table 14.
39/ Id.

0.7 percent in the corresponding period of 1985. 40/ 41/ Petitioners argue, and we agree, that the increase in imports of Taiwanese L-WR pipe since January 1986 has changed the situation sufficiently for us to make a preliminary determination different from our negative final determination last January.

In addition, the price data for L-WR pipe reveal considerable underselling by the Taiwan imports for each quarter in which comparable data are available. 42/ 43/ We note as well that during 1986, which was a period of rapidly increasing imports from Taiwan, domestic prices declined. 44/

Finally, there is evidence in the record that the Taiwan exporters of L-WR pipe may increase their market presence in the United States in the near future. The only Taiwan producer to submit data to the Commission reported significant increases in capacity, production, and the share of its exports sent to the United States during the period of investigation. 45/ As a

---

40/ Report at A-29, Table 12.

41/ We also note that Taiwan has not entered into any arrangement with the United States to restrict export volumes of these products, although Taiwan has instituted a unilateral policy of export restraint. The record, however, does not clearly show the effect, if any, this policy will have on L-WR pipe.

42/ Vice Chairman Brunsdale believes that the evidence of underselling in this case is not probative on the question of whether imports of L-WR pipe from Taiwan threaten material injury to the domestic industry. She agrees with the views of Chairman Liebeler, set forth more fully in Certain Table Wine from the Federal Republic of Germany, France, and Italy, Invs. Nos. 701-TA-258 to 260 and 731-TA-283 to 285 (Preliminary), USITC Pub. 1771 at 34-36 (1985) (Additional Views of Vice Chairman Liebeler) that such evidence is of limited usefulness in determining whether there is a causal nexus between imports and material injury to a domestic industry.

43/ Commissioners Eckes and Rohr believe that evidence of underselling is ordinarily of significant probative value, and that used properly as the Commission has used it in the past, such comparisons reflect an important aspect of competition in the marketplace.

44/ Report at A-35, Table 15. See also Id. at A-37, Table 16.

45/ Id. at A-7.

result of its expanded capacity, this producer's capacity utilization remained at a relatively low level despite its increases in production and exports to the United States. Consequently, this producer is in a position to expand production and exports to an even higher level. 46/ 47/

Accordingly, we conclude that there is a reasonable indication that the domestic L-WR pipe industry is threatened with material injury by reason of L-WR pipe imports from Taiwan allegedly sold at less than fair value. 48/

46/ Vice Chairman Brunsdale notes that the Taiwanese producers could conceivably convert some or all of their standard and line pipe production capacity to L-WR pipe production. No information concerning this point was presented to the Commission in the preliminary phase of this investigation, but Vice Chairman Brunsdale would expect to see this issue addressed should this investigation proceed to a final phase. For a fuller discussion of this matter, see Additional Views of Vice Chairman Brunsdale, infra.

47/ In evaluating the incentive and intent of the Taiwan industry to expand its presence in the U.S. market, Commissioner Lodwick further notes that outstanding duties exist against imports of standard pipe from Taiwan, which might provide the Taiwan industry with some incentive to concentrate relatively more heavily on L-WR pipe and relatively less on standard pipe. With respect to intent, imports from Taiwan totalled only 3 tons between July 1985 and March 1986. Following the negative determination regarding L-WR pipe from Taiwan in January 1986 (Inv. No. 731-TA-211), imports from Taiwan climbed to 4,543 tons during April-August 1986, accounting for over 4 percent of U.S. apparent consumption during April-August 1986.

48/ Vice Chairman Brunsdale considers her affirmative preliminary determination on the question of threat of material injury to the domestic L-WR pipe industry distinguishable from her negative final determination on that question in Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, Invs. Nos. 731-TA-293, 294 and 296 (Final), USITC Pub. 1986 at 45-52 (1986) (Views of Vice Chairman Brunsdale). Her negative finding in the previous investigation was premised largely on evidence that capacity utilization in Singapore's L-WR industry was relatively high and that the sole exporter had commitments to export to other (non-U.S.) markets. Id. at 51-52. No comparable evidence has been presented with respect to Taiwanese L-WR pipe exports. Vice Chairman Brunsdale accordingly finds the rapid rise in exports from Taiwan coupled with the Taiwanese producer's moderate level of capacity utilization sufficient to find a reasonable indication of threat of material injury in this preliminary investigation.

VIEWS OF CHAIRMAN LIEBELER
Certain Welded Carbon Steel
Pipes and Tubes from Taiwan
Inv. No. 731-TA-349 (Preliminary)

Based on the record in this investigation, I determine that there is no reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Taiwan that are allegedly being sold at less than fair value (LTFV).[1]

I join with the majority in their discussion of the definition of like product and the domestic industry.

Product Line Analysis

In a recent case involving standard and light-walled rectangular pipes and tubes, Vice Chairman Brunsdale and I found that separate consideration of the producers of each like product was inappropriate.[2] I believe that the

---

[1] As there is an established domestic industry, "material retardation" was not raised as an issue in this investigation and will not be discussed further.

[2] For a complete discussion of the use of product line

(Footnote continued on next page)

evidence in this investigation establishes the desirability of applying a product line analysis, pursuant to 19 U.S.C. Section 1677(4)(D), to assess the effect of the dumped imports in this case also.

Condition of the industry

Using a product line analysis, the relevant information for considering the condition of the light-walled rectangular pipe producing industry is the aggregate data for the light-walled and rectangular and standard pipe producing industries.[3]

The Commission has recently considered the condition of domestic producers of standard pipes and tubes and

---

(Footnote continued from previous page)
analysis, See Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, (standard and light-walled rectangular pipes and tubes)(Final) Invs. Nos. 731-TA-293,294, 296 USITC Pub. 1907 (Nov.1986) (Views of Chairman Liebeler), See Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan and Turkey, (standard and line pipes)(Final) Invs. Nos. 731-TA-271-273, USITC Pub. No. 1839 (Apr. 1986) (Views of Vice Chairman Liebeler and Commissioner Brunsdale); Id. at 49 (Additional Views of Commissioner Brunsdale).

[3] Even if I did not apply a product line analysis and, instead, evaluated the effect of imports on the condition of the domestic industry producing light-walled rectangular pipes and tubes, my determination in this investigation would be the same.

light-walled rectangular pipes and tubes[4] and, while some additional information has been obtained in this case, my basic assessment of the condition of the industry has not changed. In the instant investigation, I am using product line analysis to examine the condition of the domestic industry producing light-walled rectangular and standard pipes and tubes. Most recently, in Certain Pipes and Tubes from the Philippines and Singapore, I found that there had been some improvement in the indicators relating to the condition of that industry.

In my evaluation of the condition of the industry, I consider, among other factors, production, capacity, capacity utilization, profits and investment.[5] Since production and capacity data in the instant investigation were provided for only light-walled rectangular pipe producing operations, I examine product line data for standard and light-walled rectangular pipes and tubes from

---

[4] See Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, (standard and light-walled rectangular pipes and tubes) supra. See Certain Welded Carbon Steel Pipes and Tubes from the People's Republic of China, (standard pipes and tubes) Inv. No. 731-TA-292 (Final) USITC Pub. 1885 (Aug 1986). Also see Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan and Turkey (standard and line), supra.

[5] 19 U.S.C. Section 1677(7)(c)(iii).

Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, in addition to examining data from the instant investigation.[6] This raises the question of which data it is appropriate to examine when conducting a product line analysis of the condition of the industry. In the previous investigations involving standard and light-walled rectangular pipes and tubes[7] and in this investigation I have used the combined data for both light-walled and standard pipes and tubes. In the previous investigation I suggested that the product line appropriate for that case included three like products: standard, line and light-walled rectangular pipes and tubes. The available data in those investigations did not include information on line pipe and I was accordingly obliged to use a information encompassing only standard and light-walled rectangular pipes and tubes. In the instant investigation, eleven producers provided usable financial data for the establishments within which light-walled rectangular pipe

---

[6] The Report from Certain Pipes and Tubes from the Philippines and Singapore is part of the record for the instant investigation.

[7] See, Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, supra.

is manufactured.[8] These data encompass all welded carbon steel pipes and tubes but only in establishments within which light-walled rectangular pipes and tubes are produced.[9] While these data are better-suited to the purpose of examining the condition of the industry because they include the relevant products, they might be inferior to the data in the previous investigations because they exclude producers of standard and line pipe who are not currently producing light-walled rectangular pipes and tubes. There are advantages and disadvantages to using either data source, and the choice of approach is significant because the conclusions might have been different depending on which approach was taken. I do not claim to resolve these issues here, rather raise them for future consideration by the Commission. In the instant case, using the establishment data rather than the combined light-walled rectangular and standard pipe data would have lead to a less healthy picture of the condition of the industry. However, since I assume arguendo that the industry is injured, my determination in this investigation is not affected by my my choice of which data to examine.

---

[8] Report at A-23.

[9] Report at Table 9.

Domestic production, shipments and capacity have increased steadily between 1983 and 1985. Domestic production rose 12 percent during this period, while shipments increased 11 percent from 1,103 thousand tons to 1,224 thousand tons.[10] The value of domestic shipments followed a similar trend.[11] Investment in productive facilities increased over the period of investigation. Capacity increased over the period of investigation from 2.0 million tons in 1983 to 2.2 million tons in 1985. Capacity utilization increased from 52 percent in 1983 to 56 percent in 1985.[12]

The financial data also suggest that there has been some improvement in the condition of the industry between 1983 and 1985, and from interim 1985 to interim 1986.[13] Operating income increased from a loss of 19.5 million dollars in 1983, to profits of 17.0 million dollars in

---

[10] Invs. Nos. 731-TA-293, 294, 296, Report at C-3.

[11] Id. at C-4.

[12] Id. at C-3.

[13] Invs. Nos. 731-TA-293,294,296 Office of Investigations Memoranda INV-J-152 and INV-J-153.

1985.[14] Gross profits increased steadily between 1983 and 1985 from 27.8 to 66.1 million dollars.[15] Therefore the financial condition of the industry has improved slightly.[16]

In conclusion, I am unable to determine that the domestic producers are suffering material injury. However, assuming arguendo that the domestic industry is suffering material injury, I will proceed to the issue of causation.

---

[14] Invs. Nos. 731-TA-293, 294, 296, Office of Investigations Memorandum INV-J-152.

[15] Id.

[16] There appear to be significant structural changes occurring in the domestic market. The industry consists of integrated and nonintegrated firms. The changing fortunes of nonintegrated and integrated producers in the market reveals the comparative efficiency of the latter group of firms. The statute states the Commission is to determine whether an industry in the United States is ... materially injured."19 U.S.C. sec. 1673(2)(A), emphasis supplied. Thus, while it seems clear in the instant 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 efficient firms, it is necessary to consider the combined operations of both types of producers. For a more complete discussion of structural changes in the industry, See Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan and Turkey, supra at 34-39 (Views of Vice Chairman Liebeler and Commissioner Brunsdale). It is not clear that the industry as a whole is injured. See Invs. Nos. 731-TA-293, 294, 296, Office of Investigations Memoranda INV-J-152 and INV-J-153.

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a final investigation, the Commission must determine that there is a reasonable indication that the dumped or subsidized imports cause or threaten to cause material injury to the domestic industry producing the like product. The Commission must determine whether the domestic industry producing the like product is materially injured or is threatened with material injury, and whether any injury or threat thereof is by reason of the dumped or subsidized imports. Only if the Commission finds both injury and causation, will it make an affirmative determination in the investigation.

Before analyzing the data, however, the first question is whether the statute is clear or whether one must resort to the legislative history in order to interpret the relevant sections of the import relief law. In general, the accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using secondary sources. Only statutes that are of doubtful meaning are subject to

such statutory interpretation.[17]

The statutory language used for both parts of the analysis is ambiguous. "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant."[18] As for the causation test, "by reason of" lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation and material injury sections of title VII. Therefore, the legislative history becomes helpful in interpreting title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United States, the increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise prevail. If a downward effect on price,

---

17 Sands, Sutherland Statutory Construction § 45.02 (4th Ed.).

18 19 U.S.C. § 1977(7)(A)(1980).

accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

But the legislative history shows that the mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Acts of 1979, Congress stated:

> [T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports.[19]

The Finance Committee emphasized the need for an exhaustive causation analysis, stating, "the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury."[20]

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination

---

19 Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

20 Id.

of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is a matter for the judgment of the ITC."[21] Since the domestic industry is no doubt worse off by the presence of any imports (whether LTFV or fairly traded) and Congress has directed that this is not enough upon which to base an affirmative determination, the Commission must delve further to find what condition Congress has attempted to remedy.

In the legislative history to the 1974 Act, the Senate Finance Committee stated:

> This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. * * * The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry.[22]

Thus, the focus of the analysis must be on what constitutes unfair price discrimination and what harm results therefrom:

---

21 Id.

22 Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

> [T]he Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market price.[23]

This "complex and difficult" judgment by the Commission is aided greatly by the use of financial and economic analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt to maximize profits.[24] Congress was obviously familiar with the economist's tools: "[I]importers as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the U.S. market would bear."[25]

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. In accord with economic theory and the

---

23 Id.

24 See, e.g., P. Samuelson & W. Nordhaus, Economics 42-45 (12th ed. 1985); W. Nicholson, Intermediate Microeconomics and Its Application 7 (3d ed. 1983).

25 Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

legislative history, foreign firms should be presumed to behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain to be had by unfair price discrimination, it is reasonable to conclude that any injury or threat of injury to the domestic industry is not "by reason of" such imports.

In many cases unfair price discrimination by a competitor would be irrational. In general, it is not rational to charge a price below that necessary to sell one's product. In certain circumstances, a firm may try to capture a sufficient market share to be able to raise its price in the future. To move from a position where the firm has no market power to a position where the firm has such power, the firm may lower its price below that which is necessary to meet competition. It is this condition which Congress must have meant when it charged us "to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of

a United States industry."

---

26 Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

In Certain Red Raspberries from Canada, I set forth a framework for examining what factual setting would merit an affirmative finding under the law interpreted in light of the cited legislative history.[27]

> The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).[28]

The statute requires the Commission to examine the volume of imports, the effect of imports on prices, and the general impact of imports on domestic producers.[29] The legislative history provides some guidance for applying these criteria. The factors incorporate both the statutory criteria and the guidance provided by the legislative history. Each of these factors will be discussed in turn after a discussion of cumulation issues.

Cumulation

---

[27] Inv. No. 731-TA-196 (Final), USITC Pub. 1680, at 11-19 (1985) (Additional Views of Vice Chairman Liebeler).

[28] Id. at 16.

[29] 19 U.S.C. § 1677(7)(B)-(C) (1980 & cum. supp. 1985).

The instant investigation concerns light-walled rectangular pipes and tubes from Taiwan. Petitioners urge the Commission to cumulate light-walled rectangular pipes and tube imports from Taiwan with imports from Singapore which were subject to the recently-concluded final antidumping investigation in which the Commission determined that the domestic industry producing light-walled rectangular pipes and tubes is threatened with material injury by reason of dumped imports.[30]

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."[31] The plain meaning of the statute precludes cumulation with imports from Singapore. Moreover, it would be contrary to the injury requirement in title VII to cumulate products from countries subject to a final anti-dumping order with imports from countries

---

30 Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore, supra.

31 19 U.S.C. Section 1677(c)(iv)(1980 & cum. supp. 1985).

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 industry. Because of the final anti-dumping order, the imports from Singapore 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.

Causation analysis

Examining import penetration is important because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. The market penetration of imports of the pipes and tubes under investigation increased but remained at extremely low levels during the period of investigation. In the light-walled rectangular pipe industry, imports from Taiwan increased from 1.6 percent of apparent U.S. consumption in 1983 to 3.4 percent in 1984 and fell to 0.1 percent in 1985. Interim figures show that imports from Taiwan increased to 2.8 percent in the January through

August of 1986 compared to 0.2 percent in the corresponding period of the previous year.[32]

The second factor is a high margin of dumping or subsidy. The higher the margin, ceteris paribus, the more likely it is that the product is being sold below the competitive price[33] and the more likely it is that the domestic producers will be adversely affected. In a preliminary investigation, the Commerce Department has not yet had time to calculate any margins. Consequently I rely on the margins alleged by petitioners. Using a variety of methodologies, the margins alleged range from 6.9 to 43.4 percent.[34] These margins vary widely but generally are not inconsistent with a finding of unfair price discrimination.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers. Information in the record indicates that purchasers find the quality of the domestic and imported products to be similar. I find that these products are substitutable.

---

[32] Report at A-32.

[33] See text accompanying note 20, supra.

[34] Report at A-5.

As to the fourth factor, evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. Domestic f.o.b. prices for two light-walled rectangular pipe and tube products[35] have shown no persistent trend from the first quarter of 1983 through the second quarter of 1985.[36] These price data are not conclusive with respect to a finding of unfair price discrimination.

The fifth factor is foreign supply elasticity (barriers to entry). If there is low foreign elasticity of supply (or barriers to entry) it is more likely that a producer can gain market power. Imports of light-walled rectangular pipes and tubes from countries other than Taiwan were significant and accounted for more than 90 percent of U.S. imports for consumption from 1983 to

---

[35] The Commission obtained usable pricing information for two light-walled rectangular pipe products. The products are one and one and a half inch square, ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 0.065 inch wall thickness, 20-foot to 40-foot mill lengths. Report at A-33.

[36] Report at A-35.

1985.[37] Based on this information, one would normally conclude that barriers to entry to other countries are low. In light of the voluntary restraint agreements negotiated with respect to steel pipe and tube imports, this conclusion might be premature. Several countries have signed voluntary restraint agreements which include the steel pipes and tubes under investigation.[38] Although Taiwan has not yet signed a VRA, it informally agreed to limit exports of all steel products to the United States to a level of 25 thousand tons per month for the remainder of 1986.[39] The effect of this informal restraint on exports of light-walled rectangular pipes and tubes from Taiwan is unclear because no export limits for specific products were specified. In addition, the European Community (EC) has agreed to limit export of pipes and tubes. This agreement is intended to limit the market share of the EC in the U.S. pipe and tube market to 7.6 percent through September 30, 1989. The elasticity of supply of foreign imports facing the U.S. could be limited

---

[37] Report at A-29.

[38] Report at A-5 and A-6.

[39] Postconference brief on behalf of Yieh Hsing Enterprise Co., Ltd. p.7.

by these agreements which potentially inhibit countries from exporting to the U.S. market.[40]

Exports to the U.S. accounted for a negligible to small portion of Taiwanese exports of light-walled rectangular pipes and tubes in 1983 and 1985, but accounted for a substantial portion in 1984, indicating that Taiwan would be able to divert a considerable amount of the product from other countries to the U.S. in the event of a U.S. market price increase. Capacity utilization for Yieh Hsing, the only Taiwanese firm currently exporting light-walled rectangular pipes and tubes to the United States for which we have capacity data, is moderate falling from a high level in 1983 and 1984 to a much lower level in 1985, indicating that there could be a moderate supply response by Taiwan to changes in U.S. prices.[41]

When these data are examined together, the foreign elasticity of supply is uncertain. The effect of the voluntary restraint agreements is opposed by the ability

---

[40] The effect of this informal arrangement on exports of light-walled rectangular pipes and tubes from Taiwan is unclear in that no export limits for specific products were specified. Report at A-6.

[41] Report at A-8.

of Taiwan to increase exports to the U.S., and the potential supply response of countries not covered by the VRAs, or the EC agreement. This suggests that the supply elasticity is indeterminate and this factor is not conclusive with respect to a finding of unfair price discrimination.

These five factors must be considered in each case to reach a sound determination. In this investigation the cumulated market share is extremely low. The foreign supply elasticity and domestic pricing data are inconclusive with respect to a finding of unfair price discrimination. Only homogeneity of the product and the alleged dumping margins are consistent with an alternative determination. These factors alone cannot justify an affirmative determination.

Conclusion

Therefore, I conclude that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Taiwan.

ADDITIONAL VIEWS OF VICE CHAIRMAN ANNE E. BRUNSDALE

Certain Welded Carbon Steel Pipes and Tubes from Taiwan

Investigation No. 731-TA-349 (Preliminary)

November 17, 1986

For the reasons stated in the majority opinion, I find a reasonable indication that the domestic industry producing light-walled rectangular pipes and tubes ("L-WR pipe") is threatened with material injury by reason of L-WR pipe imports from Taiwan that are allegedly dumped. I write separately to call attention to the ease with which pipe and tube manufacturers can shift production among standard, line, and L-WR pipe products.

The strong supply-side substitutability between standard and L-WR pipe was described by Chairman Liebeler in Certain Welded Carbon Steel Pipes and Tubes from the Philippines and

Singapore.[1] As explained by Chairman Liebeler, mills that produce standard pipe can be converted to L-WR pipe production simply by adding a number of forming rolls at the end of the production line. As a result, both types of pipe can be produced by the same workers on the same lines, and manufacturers can readily shift production between the two products. Chairman Liebeler and I concluded that supply-side substitutability is equally strong between standard and line pipe in Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, and Turkey.[2] The evidence before the Commission in this investigation confirms that manufacturers of L-WR pipe can readily convert to production of other pipe and tube products.[3]

I believe that the substitutability of supply between standard, line, and L-WR pipe has two implications for the present investigation. First, it suggests that it may be appropriate to use a product line analysis pursuant to 19 U.S.C.

---

1 Invs. Nos. 731-TA-293, 294 and 296 (Final), USITC Pub. 1907 at 19-24 (Nov. 1986) (Views of Chairman Liebeler) (hereinafter "The Philippines and Singapore").

2 Invs. Nos. 731-TA-271 to 273 (Final), USITC Pub. 1839 at 35-39 (April 1986) (Views of Vice Chairman Liebeler and Commissioner Brunsdale) (hereinafter "India, Taiwan, and Turkey").

3 See, e.g., Transcript at 16-17.

sec. 1677(4)(D) in assessing the condition of the domestic industry. Second, it indicates that some consideration must be given to the possibility that Taiwanese pipe producers may switch some of their standard and line pipe production to L-WR pipe production. I discuss each of these issues in greater detail below.

Product Line Analysis

The statutory provision concerning product line analysis, 19 U.S.C. sec. 1677(4)(D), directs the Commission to undertake such analysis if the available data do not permit separate identification of domestic production in terms of such criteria as (1) producers' profits and (2) the production process. In previous investigations involving pipe and tube products (cited above), I concluded that separate identification of producers' profits and the production process was impossible based on available data, and accordingly relied on aggregate data for the entire product line.

Concerning producers' profits, experience has shown that it is extremely difficult to obtain reliable financial data in pipe and tube investigations. This appears to be an unavoidable consequence of the close substitutability of supply between

standard, line, and L-WR pipe: because manufacturers often make more than one type of pipe in the same facility, they have difficulty reporting profit and loss data for just one product. In previous investigations, the financial data before the Commission purported to allocate profits and losses within production facilities between the types of pipe subject to investigation and other types of pipe produced in the same facilities. Because I considered these allocations arbitrary, I found it necessary to rely instead on aggregate financial data for the entire product line.

Similarly with regard to data on the production process, I concluded in those cases that it would be misleading to base my determination on capacity and capacity utilization figures for just the product subject to investigation. Because producers in the standard, line, and L-WR pipe industries can readily convert capacity to production of other pipe products, I found it necessary to rely on aggregate capacity and capacity utilization figures for the entire product line.

Thus, in India, Taiwan, and Turkey, which involved the standard and line pipe industries, I relied on aggregate financial data for the two industries in determining whether they were experiencing material injury. Similarly in The Philippines and Singapore, which involved the standard and L-WR pipe

industries, I relied on aggregate data for the industries in determining injury. I joined Chairman Liebeler in the latter investigation in noting that my product line analysis should have included data for the domestic line pipe industry, but that the unavailability of such data precluded me from examining the full product line.[4]

In the present investigation, the Commission is once again confronted with potentially misleading data. In an effort to base its decision on more accurate financial data, the majority has chosen to use a product line analysis with regard to the domestic industry's financial indicators. Specifically, the majority relies on financial data for the domestic industry's operations producing all welded carbon steel pipe and tube in the establishments in which L-WR pipe is produced. This approach avoids the allocation problems associated with the financial data used in previous investigations, and may well provide the most accurate depiction of the domestic L-WR pipe industry's financial condition.

Whatever the merits of this approach, however, the majority has not confronted the fact that data concerning such elements of the L-WR pipe production process as capacity and capacity

---

[4] The Philippines and Singapore at 24 n.11.

utilization are misleading if not considered on a product line basis. Though I think that this is an issue that warrants further consideration by the Commission, I join in the majority's analysis in this case for two reasons. First, unlike the two previous investigations where data were available for two of the three components of the standard/line/L-WR pipe product line, in this case data are available only for the L-WR pipe component. Second, to the extent that full product line data are available,[5] they suggest the same conclusion that the majority reaches in this case using its analysis.

Potential for Product Switching

Because available information concerning the domestic industry indicates that manufacturers can readily switch production among standard, line, and L-WR pipe products, it is quite possible that Taiwanese producers have the same capability. The degree to which Taiwanese producers have the ability and incentive to engage in such product switching is of obvious significance in assessing the threat posed by these producers to the domestic industry. No information on this point

---

[5] See The Philippines and Singapore at C-3, C-4.

was presented to the Commission in the preliminary phase of this investigation, but I would expect to see this issue addressed should this investigation proceed to a final phase. In particular, I would expect to see information on (1) the capacity to make and the actual production of standard, line, and L-WR pipe in Taiwan and (2) incentives the Taiwanese producers might have to increase L-WR shipments to the U.S., such as diminished demand prospects for standard, line, and L-WR pipe both at home and in third-country markets.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On October 2, 1986, counsel for the Committee on Pipe and Tube Imports (CPTI) filed an antidumping petition with the U.S. International Trade Commission and the U.S. Department of Commerce. The petition alleges that an industry in the United States is materially injured or is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes 1/ from Taiwan that are allegedly sold at less than fair value (LTFV). The petition alleges, in the alternative, that producers of the subject products in the West Coast region 2/ of the United States have been materially injured or threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Taiwan. Accordingly, effective October 2, 1986, the Commission instituted investigation No. 731-TA-349 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the subject merchandise.

Notice of the institution of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 16, 1986 (51 F.R. 36875). 3/ The conference was held in the Commission's hearing room on October 27, 1986, at which time all interested parties were afforded the opportunity to present information for consideration by the Commission. 4/ The Commission voted on the subject investigation on November 14, 1986. The statute directs the Commission to make its determination within 45 days after the receipt of a petition, or in this case by November 17, 1986.

Previous Commission Investigations

On December 18, 1984, counsel for the CPTI filed an antidumping petition with the Commission and Commerce alleging that an industry in the United States is materially injured or is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Taiwan. On January 17, 1986, the Commission determined that an industry in the United

---

1/ For purposes of this investigation, the term "light-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness less than 0.156 inch, provided for in item 610.4928 of the Tariff Schedules of the United States, Annotated (TSUSA). The petition was filed on behalf of the mechanical tubing subcommittee of the CPTI. The 5 member producers of the subcommittee in support of the petition are: Bull Moose Tube Co.; Hughes Steel & Tube; Kaiser Steel Corp.; Maruichi American Corp.; and Western Tube & Conduit.

2/ This region, as defined by petitioners, is composed of the States of Washington, Oregon, California, Nevada, Utah, and Arizona.

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

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

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 such imports that Commerce found to be sold at LTFV. Selected data from pending and recent title VII investigations are presented in table 1.

On November 13, 1985, counsel for the CPTI and the individual members of the mechanical tubing subcommittee filed an antidumping petition with the Commission and the U.S. Department of Commerce alleging that an industry in the United States is materially injured or is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Singapore. 1/ On October 23, 1986, the Commission determined 2/ that an industry in the United States is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes from Singapore that Commerce found to be sold in the United States at LTFV.

The Products

Description and uses

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

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

The American Iron & Steel Institute (AISI) distinguishes among the various types of pipes and tubes according to six end uses: standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods. 3/

1/ On Nov. 13, 1985, the CPTI also filed antidumping petitions concerning imports of standard pipes and tubes from the People's Republic of China (China), the Philippines, and Singapore, and heavy-walled rectangular pipes and tubes from Singapore.

2/ Chairman Liebeler, Vice Chairman Brunsdale, and Commissioner Lodwick made negative determinations.

3/ 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.

Table 1.--Light-walled rectangular pipes and tubes: Current and recent title VII investigations since January 1984, most recent dumping and subsidy margins, and import-to-consumption ratios, by countries, 1983-85, January-August 1985, and January-August 1986

Item	Weighted-average margin	Date of bond or order 1/	Ratio of imports to apparent U.S. consumption 2/				
			1983	1984	1985	January-August-	
						1985	1986
Antidumping investigations:							
Pending:							
Taiwan (instant investigation)--	3/	3/	1.6	3.4	0.1	0.2	2.8
Outstanding orders:							
Singapore-------	12.60	Nov. 18, 1986 4/	-	0.2	1.0	.7	3.1
Terminated:							
Spain-----------	5/ 49.69	Dec. 31, 1984	2.4	8.2	1.0	1.3	3.9
Order revoked:							
Republic of Korea---------	6/ 1.47	May 11, 1984	4.4	.8	.6	.4	.8
Negative final injury finding:							
Taiwan----------	7.09	7/	1.6	3.4	.1	.2	2.8
Countervailing duty investigation:							
Terminated:							
Spain-----------	5/ 1.14	Oct. 17, 1984	2.4	8.2	1.0	1.3	3.9

1/ Date the antidumping or countervailing duty order was issued. If there is no order, and if a preliminary finding of less-than-fair-value sales or subsidy has been found, the date of the posting of the bond is reported here.

2/ Apparent consumption is understated for all periods because of less than full coverage of producers of light-walled rectangular pipes and tubes. Data for full year 1983-85 were provided by 19 producers accounting for an estimated 95 percent of U.S. producers' domestic shipments of the subject products in 1985. Data for the interim periods were provided by 11 producers accounting for 81 percent of reported domestic shipments in 1985 and by an additional 5 producers, which provided shipment data only for January-June of 1985 and 1986, accounting for 11 percent of reported domestic shipments in 1985. Market penetration, therefore, is slightly overstated for 1983-85 and is somewhat more overstated for the interim periods.

3/ The antidumping petition concerning imports of light-walled rectangular pipes and tubes from Taiwan was filed on Oct. 2, 1986; hence no preliminary decisions by the Commission or the Department of Commerce are available.

4/ The order is expected to be issued on this date.

5/ Following withdrawal of the petition, this investigation was terminated effective Feb. 4, 1985, prior to Commerce's final determination. The margin shown is from Commerce's preliminary determination.

6/ This antidumping duty order was revoked on Oct. 21, 1985, following negotiation of a voluntary restraint agreement with the Republic of Korea.

7/ The Commission issued a negative final determination on Jan. 17, 1986.

Source: Margins and date of bond or order, obtained from the U.S. Department of Commerce; ratio of imports to 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.

The light-walled rectangular pipes and tubes that are the subject of this investigation are rectangular (including square) welded carbon steel pipes and tubes having a wall thickness of less than 0.156 inch. These articles are supplied with rectangular cross sections ranging from 0.375 x 0.625 inch to 4 x 8 inches or with square cross sections from 0.375 to 6 inches. They are employed in a variety of end uses not involving the conveyance of liquids or gases, such as furniture parts and security, i.e. fencing and window and door guards. The product is generally produced to ASTM specification A-513 or specification A-500, Grade A, and is commonly referred to in the industry as mechanical or ornamental tubing.

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

Manufacturing process

The manufacture of light-walled rectangular pipes and tubes begins with coils of flat-rolled steel, known as skelp, 1/ which are cut by a slitting machine into strips of the precise width needed to produce a desired diameter of tubing. The slit coils are fed into the tube mills which cold-forms the flat ribbon of steel into a tubular cylinder by a series of tapered forming rolls. The product is then welded along the joint axis.

There are various ways to weld pipes and tubes. The electric resistance weld (ERW) and the more efficient high frequency weld are used in the manufacture of the subject products. In both welding processes, the joining edges are heated to approximately 2,600° F. Pressure exerted by rolls squeezes the heated edges together to form the weld. The more costly high frequency weld process creates a stronger weld and can operate at twice the speed of the ERW process, and is therefore preferred by the light-walled rectangular tube industry.

Immediately after welding, sizing rolls shape the tube to accurate diameter tolerances. It is at this point that the round tube is formed into a rectangle, square, or other desired shape by using forming rolls. 2/ This process requires little additional expense. The product is cooled and then cut at the end of the tube mill by a flying shear or saw. The standard lengths of the product are 20 and 24 feet. Some producers have special

---

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

2/ Other products of circular cross-section, such as standard and mechanical pipes and tubes, are frequently produced on the same ERW mills as light-walled rectangular pipes and tubes; the principal difference in the manufacturing processes is the use of additional forming rolls in the production of noncircular pipe and tube.

"offline" cutters that are capable of cutting the product into a number of different lengths without leaving the imperfection of a "dimple" on the ends as is produced by the flying shear. This special cutting is done to customer specifications.

U.S. tariff treatment

Imports of light-walled rectangular pipes and tubes are classified in TSUSA item 610.4928, which includes welded nonalloy steel pipes and tubes of cross sections other than circular, having a wall thickness less than 0.156 inch. 1/ As of January 1, 1986, the most-favored-nation (MFN) (column 1) rate of duty, applicable to imports from Taiwan, was 8.4 percent ad valorem for TSUS item 610.49. As a result of tariff concessions granted in the Tokyo Round of the Multilateral Trade Negotiations, this rate will be reduced to its final negotiated rate of 8 percent ad valorem on January 1, 1987.

Nature and Extent of Alleged Sales at LTFV

Petitioners made allegations of sales at LTFV on imports from Taiwan based on comparisons of home market sales with the U.S. purchase price of the Taiwan product, third country sales with the U.S. purchase price, and constructed value with the U.S. purchase price. A variety of methodologies were used. The resulting alleged dumping margins ranged from 6.9 percent to 43.4 percent.

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 voluntary restraint agreements (VRAs), which

1/ Prior to Apr. 1, 1984, subject products were classified in TSUSA item 610.4975.

include the steel pipes and tubes under investigation, as of June 1, 1986, are as follows:

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

Petitioners and respondents have asserted 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. Petitioners also argue that the impetus for increased imports from 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.

Although Taiwan has not signed a VRA, it informally agreed in discussions with the Office of the Special Trade Representative in September 1986 to limit exports of all steel products to the United States to a level of 25,000 tons per month for the remainder of 1986. 1/ Counsel for Yieh Hsing Enterprise Co., Ltd., the exporter of the subject product from Taiwan, reported that U.S. imports of steel products should begin to decline in October 1986. 2/ The effect of this informal restraint arrangement on exports of light-walled rectangular pipes and tubes from Taiwan is unclear in that no export limits for specific products were specified.

The European Community Pipe and Tube Agreement

On December 11, 1985, the European Community (EC) agreed through an exchange of letters to limit EC exports of pipes and tubes. The agreement, which extends a January 1, 1985, U.S.-EC pipe and tube accord through September 30, 1989, is intended to limit the EC share of the U.S. pipe and tube market to 7.6 percent. This agreement coincides with the duration of the VRAs.

1/ Postconference brief on behalf of Yieh Hsing Enterprise Co., Ltd., p. 7.
2/ Ibid.

The Producers in Taiwan

Petitioners state that they believe there are four manufacturers and/or exporters of light-walled rectangular pipes and tubes in Taiwan: Yieh Hsing Enterprise Co., Ltd., Kao Hsing Chang Iron & Steel Corp., Far East Machinery Co., Ltd., and An Mau Steel Company, Ltd. 1/ Questionnaire responses indicate * * *. 2/ Counsel for Yieh Hsing reported that Yieh Hsing is the only known Taiwan producer that exports to the United States. Counsel for Yieh Hsing states, however, that the data lead him to believe that there is another Taiwan producer of light-walled rectangular pipe and tube exporting to the United States. 3/

Information supplied by counsel for Yieh Hsing indicates that the company's annual capacity to produce light-walled rectangular pipes and tubes rose to * * * metric tons in 1984 from * * * metric tons in 1983. Data on Yieh Hsing's production, domestic shipments, and exports are presented in table 2.

Yieh Hsing's production of light-walled rectangular pipes and tubes totaled * * * metric tons in 1984, up * * * percent from * * * metric tons reported in 1983. Yieh Hsing's production of the subject product then fell to * * * metric tons in 1985, or by * * * percent. Production for January-August 1986 amounted to * * * metric tons. Total export shipments * * * from * * * metric tons in 1983 to * * * metric tons in 1984. In 1985, total exports fell * * * percent to * * * metric tons. These shipments amounted to * * * metric tons in January-August 1986. The share of Yieh Hsing's total exports bound for the United States increased from * * * percent in 1983 to * * * percent in 1984. * * *. During January-August 1986 this share increased to * * * percent.

1/ Petition for investigation No. 731-TA-349 (Preliminary), p. 9.

2/ * * * have not participated as parties in this investigation.

3/ Transcript of conference in investigation No. 731-TA-349 (Preliminary), p. 55.

Table 2.--Light-walled rectangular pipes and tubes: Yieh Hsing's capacity, production, domestic shipments, and exports, 1983-85, January-August 1985, January-August 1986, and estimated September-December 1986

Item	1983	1984	1985	January-August--		Sept.-Dec. 1986 estimate
				1985	1986	
Production--metric tons	***	***	***	1/	***	***
Capacity----------do----	***	***	***	1/	***	***
Capacity utilization percent--	***	***	***	1/	***	***
Domestic shipments metric tons--	***	***	***	***	***	***
Exports to--						
United States do----	***	***	***	***	***	***
All other countries metric tons-	***	***	***	1/	***	***
Total----------do----	***	***	***	1/	***	***

1/ Data not reported.

Source: Counsel for Yieh Hsing Enterprises Co., Ltd.

Yieh Hsing's monthly exports to the United States during 1986, as provided by counsel for Yieh Hsing, are presented in the following tabulation (in metric tons):

Period	Exports to the United States of light-walled rectangular tubes
1986:	
January----------	***
February----------	***
March----------	***
April----------	***
May----------	***
June----------	***
July----------	***
August----------	***
September----------	***
October----------	1/ ***
November----------	2/
December----------	2/

1/ Estimated.
2/ * * *.

U.S. Producers

Light-walled rectangular pipes and tubes are made primarily by small, nonintegrated or partially integrated producers. Armco is the only integrated producer of light-walled rectangular pipes and tubes.

There were approximately 20 U.S. producers of light-walled rectangular pipes and tubes during the period covered by the investigation. The names of the producers, the location(s) of their production facilities, and their shares of 1985 domestic shipments, as compiled from questionnaire responses, are shown in table 3. Nineteen producers, believed to account for over 95 percent of U.S. producers' domestic shipments, provided data in response to the Commission's questionnaire.

* * * * * * *

Two U.S. producers of light-walled rectangular pipes and tubes are owned in part by Japanese companies. * * *.

U.S. Importers

Questionnaires were sent to 14 U.S. firms, which, according to the U.S. Customs Service's net import file, imported virtually all of the light-walled rectangular pipes and tubes from Taiwan during the period covered by the investigation. Six of these firms, accounting for 34 percent of January-August 1986 imports of light-walled rectangular pipes and tubes from Taiwan, responded to the Commission's questionnaire. 1/ An additional three firms responded indicating that they do not import the subject products from Taiwan.

* * * responded to the Commission's questionnaire. Of these, * * *.

* * * * * * *

The U.S. Market

As noted earlier, the petitioners allege, in the alternative, that producers of the subject products in the West Coast region of the United States have been materially injured or threatened with material injury by reason of light-walled rectangular pipes and tubes from Taiwan. This region, as defined by petitioners, is composed of the States of Washington, Oregon, California, Nevada, Utah, and Arizona.

1/ These same 6 firms accounted for 76 percent of imports of light-walled rectangular pipes and tubes from Taiwan in 1984.

Table 3.--Light-walled rectangular pipes and tubes: U.S. producers, their shares of domestic shipments, and plant locations, by firms, 1985

Firm	Share of reported 1985 domestic shipments	Plant locations
	Percent	
CPTI member firms:		
Bull Moose Tube Co	***	Gerald, MO.; Chicago Heights, IL.; and Trenton, GA.
Hannibal Industries, Inc., Kaiser Steel Tubing Division	***	Los Angeles, CA.
Hughes Steel & Tube	***	City of Commerce, CA.
Maruichi American Corp	***	Santa Fe Springs, CA.
Western Tube & Conduit	***	Long Beach, CA.
Non-CPTI firms:		
American Tube	1/	Phoenix, AZ.
Armco Inc	***	Middletown, OH.
Bayamon Steel Processors, Inc	***	Catano, PR.
Berger Industries	***	Maspeth, NY.
Bernard Epps & Co	***	Los Angeles, CA.
California Steel & Tube Co	***	City of Industry, CA.
Cyclops Corp., Tex-Tube Division	2/	Houston, TX.
Harris Tube	***	Los Angeles, CA.
J. M. Tull Ind., Inc	3/	Norcross, GA.
Lock Joint Tube Co., Inc	***	South Bend, IN.
LTV Steel Corp	4/	Youngstown, OH. Counce, TN.
Miami Industries	5/	Piqua, OH.
Parthenon Metal Works	***	La Vergne, TN.
Pittsburgh International	***	Fairbury, IL.
Southwestern Pipe, Inc	***	Houston, TX.

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

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

Channels of distribution

In the U.S. market, sales of pipes and tubes are made directly to end users or to steel service centers/distributors, which in turn sell to end users. Service centers/distributors are middlemen that buy large quantities of pipes and tubes, typically from both domestic producers and importers, warehouse the product, and sell smaller quantities to end users. According to questionnaire responses, 32 percent of U.S. producers' domestic shipments and 100 percent of U.S. importers' domestic shipments were made to unrelated distributors in 1985. The remaining 68 percent of U.S. producers' domestic shipments were made to unrelated end users.

Apparent U.S. consumption

Total apparent U.S. consumption of light-walled rectangular pipes and tubes increased by 24 percent from 1983 to 1984 and decreased by 5 percent from 1984 to 1985 (table 4). Apparent consumption was 4 percent lower in January-August 1986 compared with such consumption in January-August 1985.

Apparent consumption in the West Coast region increased by 33 percent during 1983-85. Consumption of light-walled rectangular pipes and tubes in the West Coast region was 20 percent lower in January-August 1986 compared with such consumption during the corresponding period of 1985. Such consumption was supplied * * *.

Outside the West Coast region, apparent consumption of light-walled rectangular pipes and tubes increased by 17 percent from 1983 to 1984 and then fell by 10 percent from 1984 to 1985. Such consumption outside the West Coast region was 12 percent higher in January-August 1986 compared with such consumption during the corresponding period of 1985.

Table 4.--Light-walled rectangular pipes and tubes: Apparent U.S. consumption, by regions, 1983-85, January-August 1985, and January-August 1986

(In tons)

Item	1983	1984	1985	January-August--	
				1985	1986
Total apparent U.S. consumption 1/	233,714	288,867	273,584	169,825	162,399
In the West Coast region:					
Domestic shipments--					
Produced in the region	***	***	***	***	***
Produced outside the region	***	***	***	***	***
Subtotal	60,346	77,608	73,301	46,133	49,007
Imports	35,483	49,965	54,568	42,120	21,993
Apparent consumption in the West Coast region 1/	95,829	127,573	127,869	88,253	71,000
Outside the West Coast region:					
Domestic shipments--					
Produced in the region	***	***	***	***	***
Produced outside the region	***	***	***	***	***
Subtotal	92,986	106,830	116,806	62,267	64,995
Imports	44,899	54,464	28,909	19,303	26,403
Apparent consumption outside the West Coast region 1/	137,885	161,294	145,715	81,570	91,398

1/ Apparent consumption is understated for all periods because of less than full coverage of producers of light-walled rectangular pipes and tubes. Data for full year 1983-85 were provided by 19 producers accounting for an estimated 95 percent of U.S. producers' domestic shipments of the subject products in 1985. Data for the January-August interim periods were provided by 11 producers accounting for 81 percent of reported domestic shipments in 1985 and by an additional 5 producers, which provided shipment data only for January-June of 1985 and 1986, accounting for 11 percent of reported domestic shipments in 1985.

Source: U.S. producers' shipments, compiled from data submitted in response to 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

As shown in table 5, production of light-walled rectangular pipes and tubes in the West Coast region increased by 22 percent from 1983 to 1984, but then decreased by 4 percent from 1984 to 1985. Such production, however, was 8 percent higher in January-June 1986 compared with production in January-June 1985. Capacity and capacity utilization in the West Coast region increased irregularly from 1983 to 1985. In January-June 1986 capacity utilization in the West Coast region increased to 58 percent from 55 percent in the corresponding period of 1985. Production, capacity, and capacity utilization for individual producers in the West Coast region are shown in appendix table C-1.

Production outside the West Coast region increased by 14 percent from 1983 to 1984, and increased an additional 14 percent from 1984 to 1985. Such production was 9 percent higher in January-June 1986 compared with production in January-June 1985. During 1983-85, capacity outside the West Coast region increased steadily, and reported capacity utilization fluctuated between 57 percent and 61 percent. During January-June 1986, capacity utilization was 63 percent, compared with 58 percent during the corresponding period of 1985.

Total U.S. production of light-walled rectangular pipes and tubes increased from 150,494 tons in 1983 to 176,679 tons in 1984, or by 17 percent. Such production rose again by 6 percent to 187,219 tons in 1985. U.S. production of the subject merchandise was 8 percent higher in January-June 1986 compared with such production in January-June 1985. Reported U.S. capacity to produce light-walled rectangular pipes and tubes increased steadily during the period covered by the investigation, rising 11 percent from 1983 to 1984 and 3 percent from 1984 to 1985. Such capacity was 1 percent higher in January-June 1986 compared with capacity in the corresponding period of 1985. Capacity utilization increased from 57 percent in 1983 to 61 percent in 1985. Capacity utilization was 61 percent in January-June 1986, an increase from 57 percent in the corresponding period of 1985.

In its questionnaire, the Commission requested the producers to provide detailed information concerning their capacity to produce welded carbon steel

---

1/ Producers' questionnaire responses for investigation No. 731-TA-296 (Final), Certain Welded Carbon Steel Pipes and Tubes from Singapore, were used as the main data base for this investigation. In investigation No. 731-TA-296 (Final), questionnaire responses were received from 19 of 20 known producers of light-walled rectangular pipes and tubes, believed to account for over 95 percent of U.S. producers' domestic shipments. Supplemental producers' questionnaires for the instant investigation were sent out by the Commission requesting information on domestic shipments for July-August 1985 and July-August 1986, on the effect of competition from imports from Taiwan on capital and investment, on lost sales and lost revenues, and on pricing. Responses to the Commission's supplemental producers' questionnaire for the instant investigation were received from 11 firms accounting for 81 percent of reported domestic shipments in 1985.

Table 5.--Light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, 1/ by regions, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-	
				1985	1986
Within West Coast region:					
Production--tons--	63,842	77,874	74,505	28,446	30,614
Capacity--do--	107,110	105,000	108,290	43,389	44,415
Capacity utilization percent--	52	64	60	55	58
Outside West Coast region:					
Production--tons--	86,652	98,805	112,714	46,876	50,883
Capacity--do--	138,805	168,205	173,205	74,802	74,902
Capacity utilization percent--	61	57	61	58	63
Total U.S.:					
Production--tons--	150,494	176,679	187,219	75,322	81,497
Capacity--do--	245,915	273,205	281,495	118,191	119,317
Capacity utilization percent--	57	60	61	57	61

1/ Capacity utilization rates were calculated using data from firms that provided information on both production and capacity. * * *. Three firms accounting for 11 percent of reported domestic shipments in 1985 did not provide data on capacity.

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

pipes and tubes. This information includes the capacity to manufacture products, other than light-walled rectangular pipes and tubes, on their light-walled rectangular pipe mills, and information concerning the duration and nature of equipment that has been idled.

U.S. producers of light-walled rectangular pipes and tubes devoted an average of 24 percent of the total productive capacity of their light-walled rectangular pipe and tube mills to producing light-walled rectangular pipes and tubes in 1983, 25 percent in 1984, and 31 percent in 1985. Four producers reported having idled production capacity between January 1983 and March 1986. * * *.

U.S. producers' domestic shipments

U.S. producers' domestic shipments of light-walled rectangular pipes and tubes rose from 153,332 tons in 1983 to 184,438 tons in 1984, or by 20 percent. In 1985 domestic shipments increased an additional 3 percent to 190,107 tons (table 6). During January-August 1986, shipments of light-walled

Table 6.--Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments produced within and outside the West Coast region, by destinations, 1983-85, January-August 1985, and January-August 1986 1/

(In tons)

Item	1983	1984	1985	January-August-- 1985	January-August-- 1986
Total domestic shipments	153,332	184,438	190,107	108,400	114,002
Produced in the West Coast region and shipped to destinations--					
Within the region	***	***	***	***	***
Outside the region	***	***	***	***	***
Total	***	***	***	***	***
Produced outside the West Coast region and shipped to destinations--					
Within the region	***	***	***	***	***
Outside the region	***	***	***	***	***
Total	***	***	***	***	***

1/ Domestic shipments are understated for all periods because of less than full coverage of producers of light-walled rectangular pipes and tubes. As noted earlier, data for full year 1983-85 were provided by 19 producers accounting for an estimated 95 percent of U.S. producers' domestic shipments of the subject products in 1985. Data for the January-August interim periods were provided by 11 producers accounting for 81 percent of reported domestic shipments in 1985 and by an additional 5 producers, which provided shipment data only for January-June of 1985 and 1986, accounting for 11 percent of reported domestic shipments in 1985.

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

rectangular pipes and tubes rose 5 percent compared with those in the corresponding period of 1985. In 1985 * * * percent of total domestic shipments of light-walled rectangular pipes and tubes were produced and shipped to destinations within the West Coast region.

Domestic shipments of light-walled rectangular pipes and tubes produced in the West Coast region increased by 22 percent during 1983-85. These shipments were 6 percent higher in January-August 1986 compared with such shipments during the corresponding period of 1985. Approximately * * * percent of shipments by West Coast producers remained within the region. Domestic shipments of light-walled rectangular pipes and tubes for individual producers in the West Coast region are shown in appendix table C-2.

Domestic shipments of light-walled rectangular pipes and tubes produced outside the West Coast region increased by 25 percent during 1983-85. Such shipments were 4 percent higher in January-August 1986 compared with such shipments during the corresponding period of 1985. Producers outside the West Coast region * * *.

Three domestic producers of light-walled rectangular pipes and tubes reported intracompany transfers of their production. As noted earlier, * * *. The intracompany transfers of the other two domestic producers, * * *, accounted for * * * and * * * percent of their companies' 1985 production of light-walled rectangular pipes and tubes, respectively. The following tabulation presents the intracompany transfers as compiled from the Commission's questionnaires (in tons):

				January-June	
	1983	1984	1985	1985	1986
Intracompany transfers-------	1,068	1,516	1,527	808	911

U.S. exports

* * * was the only U.S. producer of light-walled rectangular pipes and tubes that reported exports during the period covered by the investigation. The firm's exports were to * * *, and accounted for less than * * * percent of U.S. producers' total shipments in each reporting period, as shown in the following tabulation:

Period	Quantity (tons)	Value (1,000 dollars)	Unit value (per ton)
1983----------	***	***	$***
1984----------	***	***	$***
1985----------	***	***	$***
January-June--			
1985----------	***	***	$***
1986----------	***	***	$***

U.S. producers' inventories

U.S. producers' yearend inventories of light-walled rectangular pipes and tubes increased by 11 percent during 1983-85. During the period covered by the investigation, these inventories varied between 7 and 8 percent of annual shipments, as shown in the following tabulation:

	Inventories (tons)	Ratio of inventories to shipments 1/ (percent)
As of Dec. 31--		
1983	13,027	8
1984	13,595	7
1985	14,396	8
As of June 30--		
1985	11,752	2/ 8
1986	12,126	2/ 7

1/ Ratios were calculated using data from firms that provided information on both inventories and shipments. Firms accounting for 4 to 7 percent of shipments during the period covered by the investigation did not provide inventory data.

2/ Calculated on the basis of annualized shipments.

U.S. producers of light-walled rectangular pipes and tubes in the West Coast region reported the following end-of-period inventory data:

	Inventories (tons)	Ratio of inventories to shipments 1/ (percent)
As of Dec. 31--		
1983	9,168	15
1984	8,832	11
1985	9,415	13
As of June 30--		
1985	7,418	2/ 13
1986	7,817	2/ 13

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

2/ Calculated on the basis of annualized shipments.

Inventory data for individual producers in the West Coast region are shown in appendix table C-3.

U.S. producers' imports

Three U.S. producers of light-walled rectangular pipes and tubes reported purchases of imports of the subject merchandise during the period covered by the investigation. * * *.

* * * * * * *

* * * * * * *

U.S. employment and wages

The number of workers employed in the production of light-walled rectangular pipes and tubes increased from 408 in 1983 to 439 in 1985, representing an increase of 8 percent (table 7). Hours worked by such workers increased by 9 percent during the same period. With the 9-percent increase in hours worked and the 24-percent increase in production, labor productivity, as measured by tons produced per hour, increased by 14 percent between 1983 and 1985. In January-June 1986 labor productivity increased an additional 4 percent compared with productivity in January-June 1985. The hourly wages earned by these workers increased by 8 percent during 1983-85. Hourly wages in January-June 1986 were 1 percent lower compared with those in the corresponding period of 1985. U.S. producers' unit labor costs fell steadily from $64 per ton in 1983 to $62 per ton in 1985, representing a 3 percent decline. In January-June 1986 unit labor costs fell to $54 per ton, a 6-percent decline when compared with the corresponding period in 1985.

Producers of light-walled rectangular pipes and tubes in the West Coast region reported the following employment data:

				January-June	
	1983	1984	1985	1985	1986
Number of production and related workers	111	118	109	56	64
Hours worked (1,000 hours)	245	280	245	58	77
Wages paid (1,000 dollars)	2,240	2,735	2,605	590	762
Total compensation (1,000 dollars)	2,439	3,038	2,990	760	952

Selected employment data for individual producers in the West Coast region are shown in appendix table C-4.

In its questionnaire, the Commission requested U.S. producers to provide detailed information concerning reductions in the number of production and related workers producing light-walled rectangular pipes and tubes occurring between January 1983 and March 1986. Three domestic producers responded.

* * * * * * *

Table 7.--Average number of production and related workers producing light-walled rectangular pipes and tubes, hours worked, 1/ wages and total compensation 2/ paid to such employees, and labor productivity, hourly compensation, and unit labor production costs, 1983-85, January-June 1985, and January-June 1986 3/

Item	1983	1984	1985	January-June--	
				1985	1986
Production and related workers:					
Number	408	436	439	275	278
Percentage change	-	+7	+1	-	+1
Hours worked by production and related workers:					
Number--------1,000 hours--	748	822	818	237	252
Percentage change	-	+10	-.5	-	+6
Wages paid to production and related workers:					
Value-----1,000 dollars--	7,633	8,358	8,971	2,676	2,821
Percentage change	-	+10	+7	-	+5
Total compensation paid to production and related workers:					
Value--------1,000 dollars--	9,022	10,196	11,054	3,371	3,513
Percentage change	-	+13	+8	-	+4
Labor productivity: 4/					
Quantity----tons per hour--	0.180	0.187	0.206	0.238	0.246
Percentage change	-	+4	+10	-	+4
Hourly compensation: 5/					
Value	$10.20	$10.17	$10.97	$11.29	$11.19
Percentage change	-	-.4	+8	-	-1
Unit labor costs: 6/					
Value----------per ton--	$64	$63	$62	$58	$54
Percentage change	-	-1	-1	-	-6

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

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

3/ Firms providing employment data accounted for 51 percent of domestic shipments of light-walled rectangular pipes and tubes in 1985.

4/ Calculated using data from firms that provided information on both production and hours worked.

5/ Based on wages paid excluding fringe benefits. Calculated using data from firms that provided information on both wages paid and hours worked.

6/ Based on total compensation paid. Calculated using data from firms that provided information on both total compensation paid and production.

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

Financial experience of U.S. producers

Operations on welded carbon steel pipes and tubes.--Eleven U.S. producers supplied usable income-and-loss data for all welded carbon steel pipe and tube operations of their establishments within which light-walled rectangular pipes and tubes are produced. 1/ These producers accounted for 86 percent of reported domestic shipments of the subject merchandise. Several firms, * * *, could not provide the Commission with reliable income-and-loss data on their light-walled rectangular product line. In a prior investigation of light-walled rectangular pipes and tubes, the Commission utilized establishment financial data (all welded carbon steel pipes and tubes) in its determination. 2/

Aggregate net sales of the 11 companies increased 20.4 percent, from $234.3 million in 1983 to $282.0 million in 1985 (table 8). Sales for the interim period ended June 30, 1986, were $124.2 million, a decrease of 5.3 percent from sales of $131.2 million in the interim period ended June 30, 1985. The companies reported operating income of $12.4 million, or 5.3 percent of sales, in 1983. Operating income rose to $12.9 million, or 4.6 percent of sales in 1984, but declined to $12.4 million, or 4.4 percent of sales in 1985. In interim 1985, operating income of $6.1 million, or 4.7 percent of sales, was reported, and for interim 1986, operating income was $5.8 million, or 4.7 percent of sales. One firm incurred an operating loss in 1983 and the two interim periods. Two firms sustained operating losses in 1984 and 1985.

Four firms' sales of light-walled rectangular pipes and tubes averaged at least 35 percent or more of their total welded carbon steel pipe and tube sales. Selected data of these firms are shown in table 9. * * * was the only firm whose light-walled rectangular pipe and tube sales constituted a major portion (* * * percent) of its total establishment sales. * * * was also the only company of the four that * * *.

1/ For purposes of this investigation, "usable data" will be defined as data provided by producers whose sales of light-walled rectangular pipes and tubes constitute 10 percent or more of total establishment sales for each year during 1983-85 (table 8). Additional data for producers whose sales over the 1983-85 period averaged 35 percent or more of total establishment sales are presented in table 9.

2/ Investigation No. 731-TA-211 (Final), USITC Publication 1799, January 1986, Certain Welded Carbon Steel Pipes and Tubes from Taiwan, at p. 6. "Pursuant to 19 U.S.C. 1677(4)(D), the Commission based its determination on financial data for operations producing all welded carbon steel pipes and tubes in their establishments in which light-walled rectangular pipes and tubes are produced."

Table 8.--Income-and-loss experience of 11 U.S. producers 1/ on their operations producing all welded carbon steel pipes and tubes in their establishments within which light-walled rectangular pipes and tubes are produced, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period ended June 30--	
				1985	1986
Net sales-----1,000 dollars--	234,293	277,108	282,025	131,159	124,189
Cost of goods sold-----do----	206,315	245,967	250,852	116,673	109,772
Gross profit-----do----	27,978	31,141	31,173	14,486	14,417
General, selling, and administrative expenses 1,000 dollars--	15,569	18,286	18,781	8,385	8,573
Operating income-----do----	12,409	12,855	12,392	6,101	5,844
Interest expense-----do----	3,465	5,801	4,793	2,903	1,860
Other income, net 1,000 dollars--	79	349	190	109	46
Net income before income taxes-----1,000 dollars--	9,023	7,403	7,789	3,307	4,030
Depreciation and amortization expense included above 1,000 dollars--	4,566	4,712	5,312	2,302	3,155
Cash flow from operations 1,000 dollars--	13,589	12,115	13,101	5,609	7,185
As a share of net sales:					
Cost of goods sold percent--	88.1	88.8	88.9	89.0	88.4
Gross profit-----do----	11.9	11.2	11.1	11.0	11.6
General, selling, and administrative expenses percent--	6.6	6.6	6.7	6.4	6.9
Operating income-----do----	5.3	4.6	4.4	4.7	4.7
Net income before income taxes-----percent--	3.9	2.7	2.8	2.5	3.2
Number of firms reporting:					
Operating losses----------	1	2	2	1	1
Net losses----------	3	4	5	3	1
Data----------	11	11	11	9	9

1/ These firms accounted for 86 percent of domestic shipments of light-walled rectangular pipes and tubes in 1985. These 11 producers' light-walled rectangular pipe and tube sales account for 10 percent or more of their total establishment sales.

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

Table 9.--Income-and-loss experience of 4 U.S. producers on their operations producing all welded carbon steel pipes and tubes in establishments within which light-walled rectangular pipes and tubes are produced, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986 1/

Item	1983	1984	1985	Interim period ended June 30-- 1985	Interim period ended June 30-- 1986
Net sales:					
* * *-------1,000 dollars--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Subtotal, West Coast region----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Total----------do----	97,347	119,670	130,672	71,000	67,724
Operating income (loss):					
* * *-------1,000 dollars--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Subtotal, West Coast region----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Total----------do----	4,124	2,383	4,499	3,287	2,091
Ratio of operating income (loss) to net sales:					
* * *----------percent--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Subtotal, West Coast region----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Weighted average---do----	4.2	2.0	3.4	4.6	3.1

1/ Sales of light-walled rectangular pipes and tubes accounted for at least 35 percent of total establishment sales: * * *. These 4 companies accounted for 60 percent of reported domestic shipments of the subject merchandise in 1985.

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

The operating results of seven West Coast region producers are presented in table 10. Sales and operating income rose between 1983 and 1984 but declined in 1985. Sales continued their decline in the 1986 interim period but operating income rose compared with the 1985 interim period.

Operations on light-walled rectangular pipes and tubes.--Only three of the eleven firms furnished usable income-and-loss data relative to their operations producing light-walled rectangular pipes and tubes (table 11). The data show an increase in sales and profitability from 1983 to 1984. In 1985 and interim 1986, sales increased but profitability declined. Because the three firms capable of providing product-line data accounted for only 11 to 14 percent of reported domestic shipments of light-walled rectangular pipes and tubes during 1983-85, the financial experience of these firms may not accurately reflect that of the industry as a whole.

Table 10.--Light-walled rectangular pipes and tubes: U.S. West Coast region producers' net sales, operating income, and ratio of operating income to net sales on their operations producing all welded carbon steel pipes and tubes in establishments within which light-walled rectangular pipes and tubes are produced, by company, 1983-85, and interim periods January-June 1985, and January-June 1986

Item	1983	1984	1985	Interim period ended June 30--	
				1985	1986
Net sales:					
* * *-------1,000 dollars--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * * 1/----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Total----------do----	101,368	120,191	115,036	59,613	56,412
Operating income (loss):					
* * *-------1,000 dollars--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * * 1/----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Total----------do----	5,742	6,905	3,904	2,714	3,102
Ratio of operating income (loss) to net sales:					
* * *----------percent--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * * 1/----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Weighted average---do----	5.7	5.7	3.4	4.6	5.5

1/ * * * did not submit interim data.

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

Table 11.--Income-and-loss experience of 3 U.S. producers 1/ on their operations producing light-walled rectangular pipes and tubes, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986

Item	1983	1984	1985	Interim period ended June 30--	
				1985	1986
Net sales:					
* * * 2/----1,000 dollars--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Total----------do----	11,827	13,733	14,063	***	***
Operating income (loss):					
* * * 2/----1,000 dollars--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Total----------do----	(204)	487	(480)	***	***
Ratio of operating income (loss) to net sales:					
* * * 2/----------percent--	***	***	***	***	***
* * *----------do----	***	***	***	***	***
* * *----------do----	***	***	***	***	***
Weighted average---do----	1.7	3.5	(3.4)	***	***

1/ These firms accounted for 13 percent of domestic shipments of light-walled rectangular pipes and tubes in 1985; thus the financial experience of these firms may not accurately reflect that of the industry as a whole.

2/ * * * did not submit interim data.

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

Investment in productive facilities.--Five firms supplied data concerning their investment in productive facilities employed in the production of all welded carbon steel pipes and tubes, whereas only one firm furnished such data relating to the production of light-walled rectangular pipes and tubes. 1/ Reported investment in property, plant, and equipment is shown in the following tabulation (in thousands of dollars):

Period	All welded pipes and tubes of the establishment		Light-walled rectangular pipes and tubes	
	Original cost	Book value	Original cost	Book value
1983	36,200	22,559	***	***
1984	38,038	22,585	***	***
1985	41,808	24,673	***	***
As of June 30--				
1985 1/	34,243	21,685	***	***
1986 1/	35,735	20,680	***	***

1/ Three firms supplied interim data.

The aggregate investment in productive facilities for all welded carbon steel pipes and tubes, valued at cost, increased from $36.2 million in 1983 to $41.8 million in 1985. The investment as of June 30, 1986, was $35.7 million compared with $34.2 million as of June 30, 1985. The book value as of June 30, 1986, was $20.7 million. Total reported investment in productive facilities for light-walled rectangular pipes and tubes, valued at cost, increased from $* * * in 1983 to $* * * in 1985. For the interim period ended June 30, 1986, the value was also $* * *. The book value as of June 30, 1986, was $* * *.

Capital expenditures and research and development expenses.--Three firms furnished data relative to their capital expenditures for land, buildings, and machinery and equipment used in the manufacture of all welded carbon steel pipes and tubes of their establishments, and three firms supplied such data for light-walled rectangular pipes and tubes. 2/ One firm reported research and development expenses relating to the operations of light-walled rectangular pipes and tubes. 3/ These reported data are presented in the following tabulation (in thousands of dollars):

1/ These firms accounted for 58 percent and * * * percent, respectively, of reported domestic shipments of light-walled rectangular pipes and tubes in 1985.

2/ These firms accounted for 43 percent and 20 percent, respectively, of domestic shipments of light-walled rectangular pipes and tubes in 1985.

3/ This firm accounted for * * * percent of domestic shipments of light-walled rectangular pipes and tubes in 1985.

Period	Capital expenditures		Research and development expenses related to light-walled rectangular pipes and tubes
	All welded pipes and tubes of the establishment	Light-walled rectangular pipes and tubes	
1983	8,718	***	***
1984	1,726	***	***
1985	4,077	***	***
January-June			
1985	3,037	***	***
1986	650	***	***

Capital expenditures relating to all welded carbon steel pipes and tubes decreased from $8.7 million in 1983 to $1.7 million in 1984, and then rose to $4.1 million in 1985. Such expenditures declined to $650,000 in January-June 1986, compared with $3.0 million in January-June 1985. Capital expenditures for light-walled rectangular pipes and tubes dropped from $* * * in 1983 to $* * * in 1984, and then rose to $* * * in 1985. Such expenditures were $* * * in January-June 1985. * * *. Research and development expenses were $* * * for 1983, 1984, and 1985. Such expenses were $* * * for each of the interim periods.

Capital and investment.--The Commission requested U.S. producers to describe any actual or potential negative effects of imports of light-walled rectangular pipes and tubes from Taiwan on their firms' growth, investment, and ability to raise capital. None of the firms issued statements specific to imports of light-walled rectangular pipes and tubes from Taiwan.

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 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 Taiwan's capacity, production, and exports, and the potential for product shifting is presented in the portion of the report entitled "The Producers in Taiwan."

U.S. importers' inventories

Importers of light-walled rectangular pipes and tubes from Taiwan reported that they do not keep inventories of the subject products.

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

U.S. imports

Total U.S. imports of light-walled rectangular pipes and tubes increased 30 percent from 80,382 tons in 1983 to 104,428 tons in 1984; however, in 1985 total imports fell 20 percent from 1984 levels to 83,478 tons. During January-August 1986 total imports of light-walled rectangular pipes and tubes decreased 21 percent compared with imports in the corresponding period of 1985 (table 12). Japan was the largest exporter of these pipes and tubes to the United States in 1985, accounting for 75 percent of total imports.

Imports from Taiwan of light-walled rectangular pipes and tubes increased from 3,812 tons in 1983 to 9,754 tons in 1984, a 156-percent increase. Imports from Taiwan then fell to 406 tons in 1985. During January-August 1986 imports from Taiwan were over 10 times the level of imports in the corresponding period of 1985. Taiwan's share of total imports rose from 4.7 percent in 1983 to 9.3 percent in 1984 and then fell to 0.5 percent in 1985. During January-August 1986 imports from Taiwan accounted for 9.4 percent of total imports, up from 0.7 percent during the corresponding period of 1985.

As shown in table 13, over 14 percent of imports from Taiwan entered the United States through West Coast ports in 1983. In 1984 nearly 80 percent of imports from Taiwan entered through West Coast ports. In 1985 and during January-June 1985 this amount fell to 66 percent. In January-August 1986 nearly 75 percent of imports from Taiwan entered through West Coast ports.

In 1983 only 14 percent of cumulated imports of light-walled rectangular pipes and tubes from Taiwan and Singapore entered West Coast ports. The share of imports from Taiwan and Singapore that entered through West Coast ports was 80 percent in 1984, 88 percent in 1985, 80 percent in January-August 1985, and 65 percent in January-August 1986.

Table 12.--Light-walled rectangular pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1983-85, January-August 1985, and January-August 1986

Source	1983	1984	1985	January-August-- 1985	January-August-- 1986
	Quantity (tons)				
Taiwan	3,812	9,754	406	405	4,545
Singapore	0	572	2,737	1,155	4,980
Japan	37,640	47,897	62,737	49,087	18,418
Spain	5,547	23,693	2,808	2,195	6,376
Canada	14,194	8,260	5,004	3,213	4,381
Italy	45	3,077	2,042	2,042	124
Mexico	1,819	2,825	1,285	30	982
Republic of Korea	10,373	2,427	1,604	675	1,248
West Germany	1,102	1,545	852	470	338
All other	5,852	4,378	4,004	2,153	7,006
Total	80,382	104,428	83,478	61,425	48,397
	Value (1,000 dollars) 2/				
Taiwan	1,768	3,956	216	214	1,907
Singapore	-	562	1,120	484	2,070
Japan	16,525	21,776	28,065	21,414	8,894
Spain	2,247	10,180	1,111	875	2,471
Canada	4,383	3,042	3,330	2,073	2,315
Italy	26	1,182	891	891	57
Mexico	1,930	2,115	470	2	340
Republic of Korea	3,884	1,015	692	286	543
West Germany	1,086	1,167	860	472	239
All other	2,698	2,262	1,820	994	2,777
Total	34,548	47,257	38,575	27,704	21,614
	Percent of total quantity				
Taiwan	4.7	9.3	.5	.7	9.4
Singapore	-	.5	3.3	1.9	10.3
Japan	46.8	45.9	75.2	79.9	38.1
Spain	6.9	22.7	3.4	3.6	13.2
Canada	17.7	7.9	6.0	5.2	9.1
Italy	.1	2.9	2.4	3.3	.3
Mexico	2.3	2.7	1.5	3/	2.0
Republic of Korea	12.9	2.3	1.9	1.1	2.6
West Germany	1.4	1.5	1.0	.8	.7
All other	7.3	4.2	4.8	3.5	14.5
Total	100.0	100.0	100.0	100.0	100.0

1/ Includes imports in TSUSA item 610.4975 prior to April 1984 and 610.4928 thereafter. Data for January 1983-March 1984 may be slightly overstated to the extent they contain small quantities of pipes and tubes not under investigation.

2/ Import values are C.I.F. duty-paid values.

3/ Less than 0.05 percent.

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

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

Table 13.--Light-walled rectangular pipes and tubes: U.S. imports for consumption, from selected sources, by regions, 1983-85, January-August 1985, and January-August 1986

Item	1983	1984	1985	January-August--	
				1985	1986
	Quantity (tons)				
From Taiwan:					
Into West Coast region	551	7,730	269	267	3,397
Into all other regions	3,261	2,025	137	137	1,147
Total	3,812	9,754	406	405	4,545
From Taiwan and Singapore:					
Into West Coast region	551	8,269	2,758	1,243	6,176
Into all other regions	3,261	2,057	385	316	3,347
Total	3,812	10,326	3,143	1,560	9,525
From all other sources:					
Into West Coast region	34,932	41,696	51,810	40,877	15,817
Into all other regions	41,638	52,406	28,525	18,987	23,056
Total	76,570	94,102	80,335	59,866	38,873
	Percent				
From Taiwan:					
Into West Coast region	14.5	79.2	66.3	66.1	74.8
Into all other regions	85.5	20.8	33.7	33.9	25.2
Total	100.0	100.0	100.0	100.0	100.0
From Taiwan and Singapore:					
Into West Coast region	14.5	80.1	87.8	79.7	64.9
Into all other regions	85.5	19.9	12.2	20.3	35.1
Total	100.0	100.0	100.0	100.0	100.0
From all other sources:					
Into West Coast region	45.6	44.3	64.5	68.3	40.7
Into all other regions	54.4	55.7	35.5	31.7	59.3
Total	100.0	100.0	100.0	100.0	100.0

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

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

Market penetration

Imports of light-walled rectangular pipes and tubes from Taiwan accounted for 1.6 percent of consumption in 1983 and 3.4 percent in 1984 (table 14). In 1985 market penetration by imports from Taiwan fell to 0.1 percent. During January-August 1986 imports from Taiwan accounted for 2.8 percent of consumption, up from 0.2 percent during the corresponding period of 1985. Imports from Taiwan and Singapore accounted for 3.6 percent of consumption in 1984 and 1.1 percent in 1985. During January-August 1986 imports from Taiwan and Singapore accounted for 5.9 percent of consumption, up from 0.9 percent during the corresponding period of 1985. Imports from all countries increased their market share from 34 percent in 1983 to 36 percent in 1984. In 1985 the market share held by imports from all countries fell to 30 percent. The share of consumption held by imports from all countries was 30 percent in January-August 1986, down from 36 percent in January-August 1985.

In the West Coast region, imports of light-walled rectangular pipes and tubes from Taiwan accounted for 0.6 percent of consumption in 1983 and 6.1 percent in 1984. In 1985 market penetration by imports from Taiwan in the West Coast region fell to 0.2 percent. During January-August 1986 imports from Taiwan accounted for 4.8 percent of consumption in the West Coast region, up from 0.3 percent during the corresponding period of 1985. Imports from Taiwan and Singapore accounted for 6.5 percent of consumption in the West Coast region in 1984 and 2.2 percent in 1985. During January-August 1986 imports from Taiwan and Singapore accounted for 8.7 percent of West Coast consumption, up from 1.4 percent during the corresponding period of 1985. Imports from all countries increased their West Coast market share from 37 percent in 1983 to 43 percent in 1985. The share of West Coast consumption held by imports from all countries fell to 31 percent in January-August 1986 from 48 percent in the corresponding period of 1985.

Outside the West Coast region, imports of light-walled rectangular pipes and tubes from Taiwan accounted for 2.4 percent of consumption in 1983 and 1.3 percent in 1984. In 1985 market penetration by imports from Taiwan outside the West Coast region fell to 0.1 percent. During January-August 1986 imports from Taiwan accounted for 1.3 percent of consumption outside the West Coast region, up from 0.2 percent during the corresponding period of 1985. Imports from Taiwan and Singapore accounted for 1.3 percent of consumption outside the West Coast region in 1984 and 0.3 percent in 1985. During January-August 1986 imports from Taiwan and Singapore accounted for 3.7 percent of non-West Coast consumption, up from 0.4 percent during the corresponding period of 1985. Imports from all countries increased their non-West Coast market share from 33 percent in 1983 to 34 percent in 1984. In 1985 the non-West Coast market share held by imports from all countries fell to 20 percent. The share of consumption outside the West Coast region held by imports from all countries rose to 29 percent in January-August 1986 from 24 percent in the corresponding period of 1985.

Table 14.--Light-walled rectangular pipes and tubes: Apparent U.S. consumption, imports, and market penetration, by regions, 1983-85, January-August 1985, and January-August 1986 1/

Item	1983	1984	1985	January-August	
				1985	1986
Total apparent U.S. consumption---tons--	233,714	288,867	273,584	169,825	162,399
Imports from Taiwan----------do----	3,812	9,754	406	405	4,545
Imports from Taiwan and Singapore tons--	3,812	10,326	3,143	1,560	9,525
Imports from all sources--------do----	80,382	104,428	83,478	61,425	48,397
Market penetration by imports from Taiwan--------------------percent--	1.6	3.4	0.1	0.2	2.8
Market penetration by imports from Taiwan and Singapore-------percent--	1.6	3.6	1.1	0.9	5.9
Market penetration by imports from all sources----------------percent--	34.4	36.2	30.5	36.2	29.8
Within the West Coast region:					
Apparent U.S. consumption-------tons--	95,829	127,573	127,869	88,253	71,000
Imports from Taiwan----------do----	551	7,730	269	267	3,397
Imports from Taiwan and Singapore tons--	551	8,269	2,758	1,243	6,176
Imports from all sources--------do----	35,483	49,965	54,568	42,120	21,993
Market penetration by imports from Taiwan--------------------percent--	0.6	6.1	0.2	0.3	4.8
Market penetration by imports from Taiwan and Singapore------percent--	0.6	6.5	2.2	1.4	8.7
Market penetration by imports from all sources----------------percent--	37.0	39.2	42.7	47.7	31.0
Outside the West Coast region:					
Apparent U.S. consumption-------tons--	137,885	161,294	145,715	81,570	91,398
Imports from Taiwan----------do----	3,261	2,025	137	137	1,147
Imports from Taiwan and Singapore tons--	3,261	2,057	385	316	3,347
Imports from all sources--------do----	44,899	54,464	28,909	19,303	26,403
Market penetration by imports from Taiwan--------------------percent--	2.4	1.3	0.1	0.2	1.3
Market penetration by imports from Taiwan and Singapore------percent--	2.4	1.3	0.3	0.4	3.7
Market penetration by imports from all sources----------------percent--	32.6	33.8	19.8	23.7	28.9

1/ Apparent consumption is understated for all periods because of less than full coverage of producers of light-walled rectangular pipes and tubes. As noted earlier, data for full year 1983-85 were provided by 19 producers accounting for an estimated 95 percent of U.S. producers' domestic shipments of the subject products in 1985. Data for the January-August interim periods were provided by 11 producers accounting for 81 percent of reported domestic shipments in 1985 and by an additional 5 producers, which provided shipment data only for January-June of 1985 and 1986, accounting for 11 percent of reported domestic shipments in 1985. Market penetration, therefore, is slightly overstated for 1983-85 and is somewhat more overstated for the interim periods.

Source: Compiled from official statistics of the U.S. Department of Commerce (imports) and from data obtained in response to questionnaires of the U.S. International Trade Commission.

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

Prices

Most domestic producers sell the majority of their light-walled rectangular tubing to distributors (some sell as much as 90 percent to distributors), although some producers do sell directly to end users. Demand for light-walled rectangular tube is relatively price-sensitive; purchasers may choose from a variety of tubing products at the distributor level and are likely to buy on the basis of price. For this reason, one domestic producer reports orienting its marketing to end users, rather than distributors. This strategy allows the producer to realize a greater mark-up on sales and to circumvent some of the competition (from domestic and imported tubing) that would be present at the distributor level. 1/

The Commission requested U.S. producers and importers of light-walled rectangular pipes and tubes from Taiwan to provide information concerning their f.o.b. prices on large, representative sales of the following commonly traded light-walled rectangular pipe and tube products: 2/

PRODUCT 1:	ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 1-inch square, 0.065-inch wall thickness, 20-foot to 40-foot mill lengths.
PRODUCT 2:	ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 1-1/2 inch square, 0.065-inch wall thickness, 20-foot to 40-foot mill lengths.
PRODUCT 3:	ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 4-inch square, 1/8-inch wall thickness, 20-foot to 40-foot mill lengths.

Four domestic producers, representing 13 percent of reported 1985 domestic shipments of light-walled rectangular pipes and tubes, provided usable price data for Products 1 and 2 for 1983-85. 3/ As a result of a different response rate to supplemental questionnaires, 1986 prices were provided by five producers that accounted for approximately 49 percent of domestic shipments in 1985. 4/ No producers provided price information for

---

1/ Field notes of industry analyst.

2/ As noted on p. A-15, questionnaire responses obtained in investigation No. 731-TA-296 (Final) were used as the main database for this investigation. For this reason, pricing data on Taiwan imports were gathered for the same light-walled rectangular pipe and tube products as were selected in the prior investigation. Some importers of Taiwan products have not imported the selected sizes, and have been unable to report pricing data. In order to improve response rates in a final investigation, the staff would select light-walled rectangular pipe and tube products that are known to have been imported from Taiwan in significant quantities.

3/ * * *.

4/ * * *.

Product 3. 1/ Domestic producers generally quote prices f.o.b. mill. Many producers distribute price lists, and the great majority of sales are discounted from the list price.

Domestic prices.--Domestic weighted-average prices for selected light-walled rectangular products (table 15) show a rising trend during 1983 and most of 1984. During 1985, prices for both Products 1 and 2 declined irregularly. Product 1's price rose irregularly to a high of $22.85 per hundred feet in October-December 1984, and then declined irregularly through 1985 and 1986, with a one-quarter rebound in April-June 1986. 2/ It lost ground in July-September 1986 when it declined to $18.89 per hundred feet. The price for Product 2 rose irregularly through October-December 1984, and then began to decline irregularly to reach $28.00 per hundred feet in July-September 1986.

Taiwan prices.--Two importers of Taiwan light-walled rectangular tubing provided limited price data. 3/ 4/ For this reason, it is difficult to determine a Taiwan price trend, and few price comparisons are possible. The price of Product 1 from Taiwan rose over the three quarters of 1984 for which there are data. In 1986 Taiwan prices were lower than their April-September 1984 levels. During 1984 the Taiwan product was lower-priced than the domestic product by * * * to * * * percent, and this margin ranged from * * * to * * * percent in 1986.

1/ The staff has attempted to contact the other producers about pricing data. * * *, which represented * * * percent of 1985 domestic light-walled rectangular tube shipments, claims it does not have the staff necessary to prepare transaction price data. * * *, representing * * * percent of 1985 shipments, has provided only average prices for Products 1 and 2 for 1983-85, and does not produce Product 3. * * * did, however, provide transaction price data for Products 1 and 2 for 1986. Both * * * and * * * have indicated their willingness to cooperate with the Commission, and the staff will work with them to improve their responses in the event of a final investigation. * * * has no commercial sales from its manufacturing division because * * *. * * *. * * * reports that it does not maintain the records necessary to provide pricing data; and * * * has provided only aggregate quarterly sales data. The remaining producers, which together account for somewhat more than * * * percent of domestic shipments, either did not respond to the Commission's questionnaire or gave no satisfactory explanation of their failure to provide pricing data.

2/ This price is notably higher than the prices prevailing in the first and third quarters of 1986 because * * *. Thus, the weighted-average price in that period reflects the heavier weighting of domestic sales made at above-average prices.

3/ Prices calculated in a prior investigation, No. 731-TA-211 (Final), were not usable in this context. Although both investigations gathered prices for Product 1, in the prior investigation no prices for the entire U.S. market were calculated. The West Coast region prices developed during that investigation are presented here in the discussion on the West Coast region.

4/ Because there were very few imports of light-walled rectangular tube from Taiwan during 1985 and early 1986, there are few prices that can be gathered for the Taiwan product during that period. The staff has contacted importers in an effort to improve response rates for those periods when there were more imports.

Table 15.--Light-walled rectangular pipes and tubes: Weighted-average f.o.b. sales prices for U.S.-produced and Taiwan products, by quarters, January 1983-September 1986

(Per hundred feet)

Period	Product 1		Product 2	
	United States	Taiwan	United States	Taiwan
1983:				
January-March	$21.76	1/	$31.82	1/
April-June	22.08	1/	34.75	1/
July-September	21.84	1/	33.00	1/
October-December	22.03	1/	32.17	1/
1984:				
January-March	22.29	2/ $ ***	32.47	2/ $ ***
April-June	22.79	2/ ***	33.13	2/ ***
July-September	22.11	2/ ***	33.41	1/
October-December	22.85	1/	33.38	1/
1985:				
January-March	21.15	1/	31.60	1/
April-June	21.75	1/	31.14	1/
July-September	21.48	1/	34.43	1/
October-December	21.94	1/	32.27	1/
1986:				
January-March	19.42	2/ ***	27.88	2/ ***
April-June	3/ 28.42	2/ ***	3/ 43.74	***
July-September	18.89	1/	28.00	1/

1/ No prices reported.

2/ Only one observation reported.

3/ This price is notably higher than the prices prevailing in the first and third quarters of 1986 because * * *. Thus, the weighted-average price in that period reflects the heavier weighting of domestic sales made at above-average prices.

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

The price of Product 2 from Taiwan showed an increase from January-March 1984 to April-June 1984. At that time, the Taiwan product was * * * to * * * percent lower in price than the equivalent domestic product. In January-March 1986 the price of the Taiwan product had nearly returned to its January-March 1984 level, and by April-June 1986 the price had declined even more to reach $* * * per hundred feet. In 1986 the Taiwan product undersold the domestic product by * * * to * * * percent.

West Coast region prices.--Domestic producers were asked to report f.o.b. prices received on sales of the selected pipe products within the West Coast region. Four producers comprising 34 percent of total 1985 shipments of light-walled rectangular tubing to the West Coast reported usable price data for Products 1 and 2. 1/ No producers reported usable price data for sales of Product 3 in the West Coast region. In addition, importers of Taiwan material selling the selected products in the West Coast region were asked to provide their f.o.b. sales prices. Weighted-average f.o.b. prices are presented in table 16.

The West Coast price for Product 1 from the United States rose throughout 1983 and most of 1984, reaching a peak at $23.92 per hundred feet in July-September 1984, which was 10.3 percent higher than the January-March 1983 price. It then declined steadily between July-September 1984 and July-September 1986 to end at $19.92 per hundred feet. The West Coast price for Product 2 showed a similar trend, rising through October-December 1984, and declining irregularly through 1985 and 1986 to reach $30.35 per hundred feet in July-September 1986.

The price of Product 1 from Taiwan sold in the West Coast region showed no particular trend. The price of the Taiwan product was * * * to * * * percent lower than the domestic price. During 1984 Product 2 from Taiwan sold for between $* * * and $* * * per hundred feet. At that time it was * * * to * * * percent lower-priced than the domestic product. The one price reported for Product 2 from Taiwan in 1986 was * * * percent below the domestic price.

Transportation costs

Four U.S. producers of light-walled rectangular pipes and tubes reported absorbing all or part of freight charges on none of their shipments, whereas two others reported doing so on at least 80 percent of their shipments.

Most producers' shipments are concentrated in the geographic areas near production and shipping points. Only two producers, located in * * *, reported serving the continental U.S. market. The remaining producers reported serving exclusively or primarily the regions near their plants. Two * * * producers identified their market area as the Southwestern States, and four California producers reported serving some or all of the following areas: California, Oregon, Washington, Utah, and Arizona. A * * * manufacturer reported its marketing area as States west of the Mississippi River, an * * * producer serves the central region of the United States, and a * * * plant serves the Southeast.

1/ * * *.

Table 16.--Light-walled rectangular pipes and tubes: Weighted-average f.o.b. prices received by producers and importers for U.S.-produced and Taiwan products sold in the West Coast region of the United States, by quarters, January 1983-September 1986

(Per hundred feet)

Period	Product 1		Product 2	
	United States	Taiwan	United States	Taiwan
1983:				
January-March	$21.68	1/	$31.83	1/
April-June	22.10	1/	35.68	1/
July-September	21.84	1/	32.63	1/
October-December	22.03	1/	32.19	1/
1984:				
January-March	22.42	2/3/ $ ***	32.55	2/ $ ***
April-June	22.63	2/4/ ***	33.13	2/ ***
July-September	23.92	2/5/ ***	33.41	1/
October-December	22.93	6/ ***	33.65	1/
1985:				
January-March	22.21	6/ ***	31.60	1/
April-June	21.75	1/	31.14	1/
July-September	21.48	1/	32.70	1/
October-December	21.65	1/	31.96	1/
1986:				
January-March	21.98	1/	30.64	1/
April-June	20.35	***	30.13	***
July-September	19.18	1/	30.35	1/

1/ No prices reported.

2/ Only one observation reported.

3/ Data developed during investigation No. 731-TA-211 (Final) for this product show the January-March 1984 weighted-average price to have been $* * * per hundred feet.

4/ Data developed during investigation No. 731-TA-211 (Final) for this product show the April-June 1984 weighted-average price to have been $* * * per hundred feet.

5/ Data developed during investigation No. 731-TA-211 (Final) for this product show the July-September 1984 weighted-average price to have been $* * * per hundred feet.

6/ Taken from data developed during investigation No. 731-TA-211 (Final), Certain Welded Carbon Steel Pipes and Tubes from Taiwan, appendix D.

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

Lost sales and lost revenues

Because most producers and importers sell their merchandise to pipe distributors where pipe often loses its identity, it is difficult for domestic producers to determine the source of imports responsible for possible lost sales and/or revenues. For the same reason, it is difficult for distributors to confirm or deny allegations of lost sales and lost revenues.

* * * did make a specific lost sale allegation involving * * * tubing. The staff contacted the purchaser, * * *, in this regard. * * *.

In addition, * * * claimed to have lost * * * on July 1, 1986 to * * * of light-walled rectangular tubing products. The staff contacted * * * and * * * about these claims. * * *.

* * * * * * *

Exchange rates

Quarterly data reported by the International Monetary Fund 1/ indicate that during January 1983-March 1986, the nominal value of the New Taiwan dollar fluctuated slightly throughout the period, appreciating by less than 2 percent relative to the U.S. dollar through March 1986 (table 17). The level of inflation in Taiwan was slightly lower than that in the United States during the period for which data were collected; therefore, the real value of the New Taiwan dollar depreciated by less than 3 percent relative to the U.S. dollar.

1/ International Monetary Fund, International Financial Statistics, October 1986; Central Bank of China, Financial Statistics, April 1986.

Table 17.--Exchange rates: 1/ Nominal exchange-rate equivalents of the New Taiwan dollar in U.S. dollars, real-exchange-rate equivalents, and producers' price indicators in the United States and Taiwan, 2/ indexed by quarters, January 1983-September 1986

Period	U.S. Producer Price Index	Taiwan		
		Producer Price Index	Nominal Exchange Rate Index: US$ per NT$	Real Exchange Rate Index 3/
1983:				
January-March	100.0	100.0	100.0	100.0
April-June	100.3	100.8	99.7	100.2
July-September	101.3	101.0	99.4	99.2
October-December	101.8	101.2	99.3	98.7
1984:				
January-March	102.9	101.5	99.4	98.1
April-June	103.6	102.1	100.4	99.0
July-September	103.3	101.4	101.8	100.0
October-December	103.0	100.9	101.5	99.3
1985:				
January-March	102.9	99.9	101.5	98.6
April-June	103.0	99.1	100.3	96.5
July-September	102.2	98.5	99.0	95.3
October-December	102.9	97.9	99.8	95.0
1986:				
January-March	101.3	97.1	101.7	97.4
April-June	99.4	4/	4/	4/
July-September	4/	4/	4/	4/

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 the 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. Producer prices in the United States increased 1.3 percent during the period January 1983 through March 1986 compared with a 2.9-percent decrease in Taiwan producer prices during the period under investigation.

4/ Not yet available.

Source: International Monetary Fund, International Financial Statistics, October 1986; Central Bank of China, Financial Statistics, April 1986.

Note.--January-March 1983=100.

APPENDIX A

FEDERAL REGISTER NOTICES

[Investigation No. 731-TA-349 (Preliminary)]

Welded Carbon Steel Pipes and Tubes From Taiwan

AGENCY: United States International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-349 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of light-walled rectangular pipes and tubes[1] which are alleged to be sold in the United States at less than fair value.

As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by November 17, 1986. For further information concerning the conduct of this investigation and rules of general application, consult the Commission's rules of practice and procedure, part 207, subparts A and B (19 CFR part 207), and part 201, subparts A through E (19 CFR part 201).

EFFECTIVE DATE: October 2, 1986.

FOR FURTHER INFORMATION CONTACT: Judith Zeck (202-523-0339), 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 contracting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on October 2, 1986, by counsel for the Committee on Pipe and Tube Imports.

Participation in the investigation

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

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to an investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on October 24, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Judity Zeck (202-523-0339) not later than October 21, 1986, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

[1] For purposes of this investigation, the term "light-walled rectangular pipes and tubes" covers welded carbon steel pipes and tubes of rectangular (including square) cross section, having a wall thickness less than 0.156 inch, provided for in item 610.4928 of the Tariff Schedules of the United States Annotated (TSUSA).

Written submissions

Any person may submit to the Commission on or before October 28, 1986 a written statement of information pertinent to the subject of the investigation, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8). 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

This investigation is being conducted under authority of the Tariff Act of 1930, Title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: October 10, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-23394 Filed 10-15-86; 8:45 am]

BILLING CODE 7020-02-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-349 (Preliminary)]

Certain Welded Carbon Steel Pipes and Tubes From Taiwan

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigation.

EFFECTIVE DATE: October 23, 1986.

FOR FURTHER INFORMATION CONTACT: Robert Carpenter (202-523-0399), Office of Investigation, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION: Effective October 2, 1986, the Commission instituted the subject investigation (51 FR 36873, October 16, 1986) and scheduled a public conference to be held on October 24, 1986. For the convenience of the parties to the investigation, the conference has been rescheduled for 9:30 a.m. on October 27, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC.

For further information concerning this investigation see the Commission's notice of investigation cited above and 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).

AUTHORITY: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: October 20, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-24033 Filed 10-22-86; 8:45 am]

BILLING CODE 7020-02-M

[A-583-606]

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

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed by the Committee on Pipe and Tube Imports, we are initiating an antidumping duty investigation to determine whether certain light-walled rectangular welded carbon steel pipes and tubes (light-walled rectangular pipes and tubes) from Taiwan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before November 16, 1986, and we will make ours on or before March 11, 1987.

EFFECTIVE DATE: October 27, 1986.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp 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 or (202) 377-3963.

SUPPLEMENTARY INFORMATION:

The Petition

On October 2, 1986, we received a petition in proper form filed by the individual producer members of the Mechanical Tubing Subcommittee of the Committee on Pipe and Tube Imports (CPTI). 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 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 Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

Initiation of Investigation

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

We examined the petition on light-walled rectangular pipes and tubes from Taiwan and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether light-walled

Taiwan are being, or are likely to be, sold in the United States at less than fair value.

Scope of Investigation

The products covered by this investigation are certain light-walled welded carbon steel pipes and tubes, of rectangular (including square) cross-section, having a wall thickness of less than 0.156 inch, as provided for in item 610.4928 of the *Tariff Schedule of the United States Annotated (TSUSA)*.

United States Price and Foreign Market Value

Petitioners based United States price on the resale price of a U.S. importer. Deductions were made for ocean freight and insurance, interest, importer's profit and U.S. duty.

Petitioners based foreign market value on the average price of steel pipes and tubes in Taiwan for the first quarter of 1986 as reported by the authorities of Taiwan.

Based on this method of comparison, petitioners allege dumping margins ranging from 31 percent to 37 percent. Using the foreign market value described above, petitioners also compared United States price based on the average value of imports as reported by the Commerce Department IM-145X statistics. Based on this method of comparison, petitioners allege a dumping margin of 26.8%.

Although petitioners allege that home market and third country sales of the subject merchandise are being made at less than the cost of production in Taiwan, they provide no home market or third country prices on which to base this allegation.

Notification of ITC

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

Preliminary Determination by ITC

The ITC will determine by November 16, 1986, whether there is a reasonable indication that imports of light-walled rectangular pipes and tubes from Taiwan are causing material injury, or threaten material injury, to a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

October 22, 1986.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 86-24195 Filed 10-24-86; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

Calendar of Public Conference

Investigation No. 731-TA-349

CERTAIN WELDED CARBON STEEL PIPES AND TUBES
FROM TAIWAN

Those listed below appeared at the United States International Trade Commission conference in connection with the subject investigation on October 27, 1986, in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, DC.

In support of the imposition of antidumping duties

Schagrin Associates--Counsel
Washington, DC
on behalf of

The Mechanical Tubing Subcommittee of the Committee on Pipe and Tube Imports (CPTI) and its individual members.

Roger B. Schagrin) --OF COUNSEL

R. Alan Luberda) --OF COUNSEL

In opposition to the imposition of antidumping duties

Bregman, Abell, Kay & Simon--Counsel
Washington, DC
on behalf of

Yieh Hsing Ent. Co., Ltd.

David Simon--OF COUNSEL

APPENDIX C

LIGHT-WALLED RECTANGULAR PIPES AND TUBES: CAPACITY, PRODUCTION, SHIPMENTS, INVENTORIES, AND EMPLOYMENT, WEST COAST REGION, BY FIRMS

Table C-1.--Light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, West Coast region, by firms, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-	
				1985	1986
Production:					
American Tube---------tons--	***	***	***	***	***
Bernard Epps & Co-----do----	***	***	***	***	***
California Steel------do----	***	***	***	***	***
Harris Tube-----------do----	***	***	***	***	***
Hughes Steel & Tube---do----	***	***	***	1/	1/
Kaiser Steel Tubing---do----	***	***	***	***	***
Maruichi American-----do----	***	***	***	***	***
Western Tube----------do----	***	***	***	***	***
Total---------------do----	63,842	77,874	74,505	28,446	30,614
Capacity:					
American Tube---------tons--	***	***	***	***	***
Bernard Epps & Co-----do----	***	***	***	***	***
California Steel------do----	1/	1/	1/	1/	1/
Harris Tube-----------do----	***	***	***	***	***
Hughes Steel & Tube---do----	***	***	***	1/	1/
Kaiser Steel Tubing---do----	***	***	***	***	***
Maruichi American-----do----	***	***	***	***	***
Western Tube----------do----	***	***	***	***	***
Total---------------do----	107,110	105,000	108,290	43,389	44,415
Capacity utilization:					
American Tube------percent--	***	***	***	***	***
Bernard Epps & Co-----do----	***	***	***	***	***
California Steel------do----	1/	1/	1/	1/	1/
Harris Tube-----------do----	***	***	***	***	***
Hughes Steel & Tube---do----	***	***	***	1/	1/
Kaiser Steel Tubing---do----	***	***	***	***	***
Maruichi American-----do----	***	***	***	***	***
Western Tube----------do----	***	***	***	***	***
Average 2/----------do----	52	64	60	55	58

1/ * * *.

2/ Average 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 C-2.--Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments produced within the West Coast region, by destinations and by firms, and total domestic shipments, 1983-85, January-August 1985, and January-August 1986 1/

(In tons)

Item	1983	1984	1985	January-August--	
				1985	1986
Produced in the West Coast region and shipped to destinations:					
Within the region--					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel & Tube	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	***	***
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American Corp	***	***	***	***	***
Western Tube & Conduit	***	***	***	***	***
Subtotal	***	***	***	***	***
Outside the region--					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel & Tube	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	***	***
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American Corp	***	***	***	***	***
Western Tube & Conduit	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	***	***	***	***	***
Total domestic shipments:					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel & Tube	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	***	***
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American Corp	***	***	***	***	***
Western Tube & Conduit	***	***	***	***	***
Total	***	***	***	***	***

1/ * * *.

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

Table C-3.--Light-walled rectangular pipes and tubes: U.S. producers' inventories, West Coast region, by firms, 1983-85, January-June 1985, and January-June 1986

(In tons)

Item	1983	1984	1985	January-June--	
				1985	1986
End-of-period inventories:					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel & Tube	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	1/	1/
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American Corp	***	***	***	***	***
Western Tube & Conduit	***	***	***	***	***
Total	9,168	8,832	9,415	7,418	7,817

1/ * * *.

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

Table C-4.--Average number of production and related workers producing light-walled rectangular pipes and tubes, hours worked, 1/ wages and total compensation 2/ paid to such employees, West Coast region, by firms, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-	
				1985	1986
Number of workers:					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	3/	3/
California Steel & Tube	3/	3/	3/	3/	3/
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	3/	3/	3/	3/	3/
Kaiser Steel Tubing	3/	3/	3/	3/	3/
Maruichi American Corp	***	***	***	***	***
Western Tube & Conduit	***	***	***	***	***
Total	111	118	109	56	64
Total hours worked:					
American Tube					
1,000 hours	***	***	***	***	***
Bernard Epps & Co---do---	***	***	***	3/	3/
California Steel & Tube					
---do---	3/	3/	3/	3/	3/
Harris Tube---------do---	***	***	***	***	***
Hughes Steel & Tube-do---	3/	3/	3/	3/	3/
Kaiser Steel Tubing-do---	3/	3/	3/	3/	3/
Maruichi American Corp					
---do---	***	***	***	***	***
Western Tube & Conduit					
---do---	***	***	***	***	***
Total----------do---	245	280	245	58	77

See footnotes at end of table.

Table C-4.--Average number of production and related workers producing light-walled rectangular pipes and tubes, hours worked, 1/ wages and total compensation 2/ paid to such employees, West Coast region, by firms, 1983-85, January-June 1985, and January-June 1986--Continued

Item	1983	1984	1985	January-June-	
				1985	1986
Total wages paid:					
American Tube					
1,000 dollars--	***	***	***	***	***
Bernard Epps & Co---do----	***	***	***	3/	3/
California Steel & Tube					
do----	3/	3/	3/	3/	3/
Harris Tube---------do----	***	***	***	***	***
Hughes Steel & Tube-do----	3/	3/	3/	3/	3/
Kaiser Steel Tubing-do----	3/	3/	3/	3/	3/
Maruichi American Corp					
do----	***	***	***	***	***
Western Tube & Conduit					
do----	***	***	***	***	***
Total----------do----	2,240	2,735	2,605	590	762
Total compensation paid:					
American Tube					
1,000 dollars--	***	***	***	***	***
Bernard Epps & Co---do----	***	***	***	3/	3/
California Steel & Tube					
do----	3/	3/	3/	3/	3/
Harris Tube---------do----	***	***	***	***	***
Hughes Steel & Tube-do----	3/	3/	3/	3/	3/
Kaiser Steel Tubing-do----	3/	3/	3/	3/	3/
Maruichi American Corp					
do----	***	***	***	***	***
Western Tube & Conduit					
do----	***	***	***	***	***
Total----------do----	2,439	3,038	2,990	760	952

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

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

3/ * * *.

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

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

OFFICIAL BUSINESS

ADDRESS CORRECTION REQUESTED

Postage And Fees Paid
U.S. International Trade Commission

ITC-653

ADDRESS CHANGE
☐ Remove from List
☐ Change as Shown
Please detach address label and mail to address shown above.