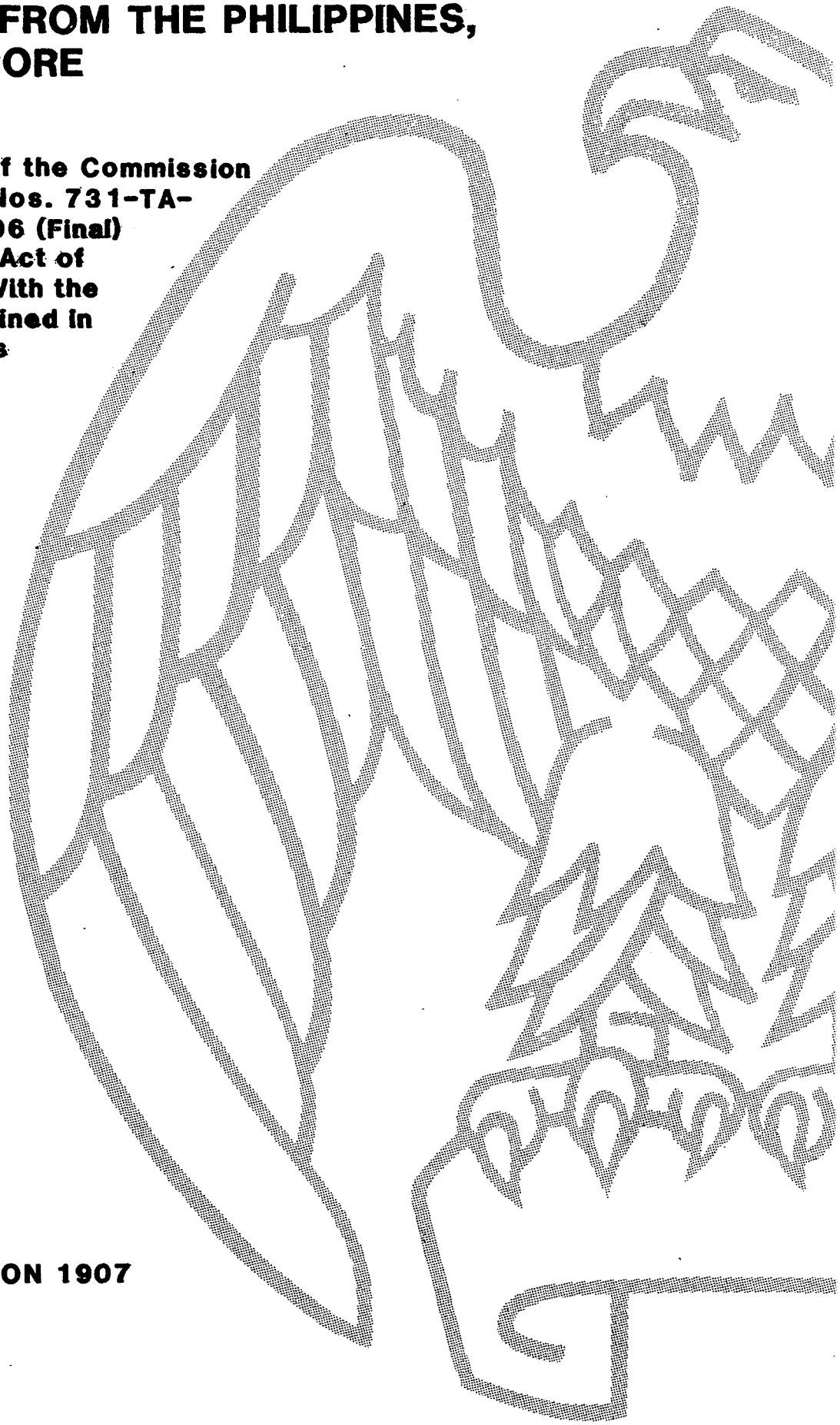
CERTAIN WELDED CARBON STEEL PIPES AND TUBES FROM THE PHILIPPINES, AND SINGAPORE

Determinations of the Commission in Investigations Nos. 731-TA-293, 294, and 296 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations



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C O N T E N T S

	Page
Determinations of the Commission	1
Views of Commissioners Paula Stern, Alfred Eckes, Seeley Lodwick, and David Rohr	3
Views of Chairman Liebeler	19
Views of Vice Chairman Anne E. Brunsdale	45
Dissenting views of Commissioner Lodwick	53
Information obtained in the investigations:	
Introduction	a-1
Background	a-1
Discussion of report format	a-3
The products:	
Description and uses	a-3
Manufacturing processes	a-4
Nature and extent of sales at LTFV:	
Standard pipes and tubes from the Philippines	a-5
Certain welded carbon steel pipes and tubes from Singapore	a-5
The President's program on voluntary restraints of exports to the United States	a-5
The European Community Pipe and Tube Agreement	a-6
The foreign producers:	
Philippines	a-7
Singapore	a-7
Exchange rates	a-10
Purchasers' views	a-10
Lost sales and lost revenues	a-12
Part I. Standard pipes and tubes:	
Introduction	I-1
The products:	
Description and uses	I-1
U.S. tariff treatment	I-1
U.S. producers	I-2
U.S. importers	I-4
The U.S. market:	
Channels of distribution	I-4
Apparent U.S. consumption	I-6
Consideration of alleged material injury to an industry in the United States:	
U.S. production, capacity, and capacity utilization	I-7
U.S. producers' domestic shipments	I-8
U.S. exports	I-9
U.S. producers' inventories	I-9
U.S. producers' imports	I-10
Employment and wages	I-10
Financial experience of U.S. producers:	
Operations on welded carbon steel pipes and tubes	I-12
Operations on standard pipes and tubes	I-14
Investment in productive facilities	I-16
Capital expenditures and research and development expenses	I-18
Capital and investment	I-18
The question of the threat of material injury:	
Consideration factors	I-19

CONTENTS

	Page
Part I. Standard pipes and tubes--Continued	
Consideration of the causal relationship between alleged material injury or the threat thereof and the LTFV imports:	
U.S. importers' inventories	I-19
U.S. imports	I-20
Market penetration	I-22
Prices	I-23
Domestic prices	I-23
Import prices	I-25
Purchasers' prices	I-25
Transportation costs	I-26
PART II. Light-walled rectangular pipes and tubes:	
Introduction	II-1
Other Commission investigations	II-1
The products:	
Description and uses	II-1
U.S. tariff treatment	II-1
U.S. producers	II-3
U.S. importers	II-3
The U.S. market	II-3
Channels of distribution	II-3
Apparent U.S. consumption	II-5
Consideration of alleged material injury to an industry in the United States:	
U.S. production, capacity, and capacity utilization	II-7
U.S. producers' domestic shipments	II-9
U.S. exports	II-10
U.S. producers' inventories	II-11
U.S. producers' imports	II-12
U.S. employment	II-12
Financial experience of U.S. producers:	
Operations on welded carbon steel pipes and tubes	II-14
Operations on light-walled rectangular pipes and tubes	II-17
Investment in productive facilities	II-20
Capital expenditures and research and development expenses	II-20
Capital and investment	II-21
The question of the threat of material injury:	
Consideration factors	II-21
U.S. importers' inventories	II-22
Consideration of the causal relationship between alleged material injury or the threat thereof and LTFV imports:	
U.S. imports	II-22
Market penetration	II-25
Prices	II-27
Domestic prices	II-27
Singapore prices	II-28
West coast region prices	II-29
Purchasers' prices	II-31
Transportation costs	II-32

CONTENTS

	Page
Appendix A. Federal Register notices	A-1
Appendix B. List of witnesses appearing at the Commission's hearing	B-1
Appendix C. Selected data on combined standard and light-walled rectangular pipe and tube operations	C-1
Appendix D. Light-walled rectangular pipes and tubes: capacity, production, shipments, and employment, West Coast region, by firm	D-1

Tables

a-1. Steel Tubes of Singapore's capacity, production, domestic shipments, and exports of standard and light-walled rectangular pipes and tubes, 1985, January-June 1985, and January-June 1986	a-8
a-2. Exchange rates: Nominal-exchange-rate equivalents of the Philippine peso and the Singapore dollar in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States, the Philippines, and Singapore, indexed by quarters, January 1983-June 1986	a-11
I-1. Standard pipes and tubes: Current and recent title VII investigations, most recent dumping and subsidy margins, and import-to-consumption ratios, by sources, 1983-85, January-June 1985, and January-June 1986	I-3
I-2. Standard pipes and tubes: U.S. producers, their shares of domestic shipments, and plant locations, by firms, 1985	I-5
I-3. Standard pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1983-85, January-June 1985, and January-June 1986	I-6
I-4. Standard pipes and tubes: U.S. production, capacity, and capacity utilization, 1983-85, January-June 1985, and January-June 1986	I-7
I-5. Standard pipes and tubes: U.S. producers' domestic shipments, 1983-85, January-June 1985, and January-June 1986	I-8
I-6. Average number of production and related workers producing standard pipes and tubes, hours worked, wages and total compensation paid to such employees, and labor productivity, hourly compensation, and unit labor production costs, 1983-85, January-June 1985, and January-June 1986	I-11
I-7. Income-and-loss experience of 12 U.S. producers on their operations on all welded carbon steel pipes and tubes produced in their establishments within which standard pipes and tubes are produced, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986	I-13
I-8. Income-and-loss experience of 12 U.S. producers on their operations producing standard pipes and tubes, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986	I-15

CONTENTS

Tables--Continued

		Page
I-9.	Income-and-loss experience of 12 U.S. producers on their operations producing standard pipes and tubes, by nonintegrated producers and specified integrated producers, accounting years 1983-85, and interim periods ended June 30, 1985, and June 30, 1986	I-17
I-10.	Standard pipes and tubes: U.S. imports for consumption, by selected sources, 1983-85, January-June 1985, and January-June 1986	I-21
I-11.	Standard pipes and tubes: Ratios of imports and U.S. producers' domestic shipments to apparent U.S. consumption, 1983-85, January-June 1985, and January-June 1986	I-22
I-12.	Standard pipes and tubes: Weighted-average f.o.b. sales prices for U.S.-produced and imported standard pipes and tubes, by quarters, January 1983-June 1986	I-24
I-13.	Standard pipes and tubes: Weighted-average delivered prices paid by purchasers for U.S.-produced and imported standard pipes and tubes, by quarters, January 1984-June 1986	I-26
II-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-June 1985, and January-June 1986	II-2
II-2.	Light-walled rectangular pipes and tubes: U.S. producers, their shares of domestic shipments, and plant locations, by firms, 1985	II-4
II-3.	Light-walled rectangular pipes and tubes: Apparent U.S. consumption, by region, 1983-85, January-June 1985, and January-June 1986	II-6
II-4.	Light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, by region, 1983-85, January-June 1985, and January-June 1985	II-8
II-5.	Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments produced within and outside the West Coast region, by destinations, 1983-85, January-June 1985, and January-June 1986	II-9
II-6.	Average number of production and related workers producing light-walled rectangular pipes and tubes, hours worked, wages and total compensation paid to such employees, and labor productivity, hourly compensation, and unit labor production costs, 1983-85, January-June 1985, and January-June 1986	II-13
II-7.	Income-and-loss experience of 11 U.S. producers on their operations producing all welded carbon steel pipes and tubes produced 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	II-15

CONTENTS

Tables--Continued

Page

II-8. 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---------- II-16
II-9. 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---------- II-18
II-10. Income-and-loss experience of 3 U.S. producers 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---------- II-19
II-11. Light-walled rectangular pipes and tubes: U.S. imports for consumption, by principal sources, 1983-85, January-June 1985, and January-June 1986---------- II-23
II-12. Light-walled rectangular pipes and tubes: U.S. imports for consumption, from selected sources, by regions, 1983-85, January-June 1985, and January-June 1986---------- II-24
II-13. Light-walled rectangular pipes and tubes: Apparent U.S. consumption, imports, and market penetration, by region, 1983-85, January-June 1985, and January-June 1986---------- II-26
II-14. Light-walled rectangular pipes and tubes: Weighted-average f.o.b. sales prices for U.S.-produced and Singapore products, by quarters, January 1983-June 1986---------- II-28
II-15. Light-walled rectangular pipes and tubes: Weighted-average f.o.b. prices received by producers and importers for U.S.-produced and Singapore products sold in the West Coast region of the United States, by quarters, January 1984-June 1986---------- II-30
II-16. Light-walled rectangular pipes and tubes: Weighted-average delivered prices paid by purchasers for U.S.-produced and Singapore products, by quarters, January 1984-June 1986------ II-32

C-1. Standard and light-walled rectangular pipes and tubes: U.S. producers, their shares of domestic shipments, by product line and by firm, 1985---------- C-2
C-2. Standard and light-walled rectangular pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1983-85, January-June 1985, and January-June 1986---------- C-3
C-3. Standard and light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, 1983-85, January-June 1985, and January-June 1986---------- C-3
C-4. Standard and light-walled rectangular pipes and tubes: U.S. producers' domestic shipments, 1983-85, January-June 1985, and January-June 1986---------- C-4

CONTENTS

Tables--Continued

		Page
C-5.	Standard and light-walled rectangular pipes and tubes: U.S. imports for consumption, by selected sources, 1983-85, January-June 1985, and January-June 1986	C-5
C-6.	Standard and light-walled rectangular pipes and tubes: Apparent U.S. consumption, imports, and market penetration, calculated on the basis of value, 1983-85, January-June 1985, and January-June 1986	C-6
C-7.	Standard and light-walled rectangular pipes and tubes: Apparent U.S. consumption, imports, and market penetration, calculated on the basis of quantity, 1983-85, January-June 1985, and January-June 1986	C-7
D-1.	Light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, West Coast region, by firm, 1983-85, January-June 1985, and January-June 1986	D-2
D-2.	Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments produced within the West Coast region, by destinations and by firm, 1983-85, January-June 1985, and January-June 1986	D-3
D-3.	Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments, and inventories, West Coast region, by firm, 1983-85, January-June 1985, and January-June 1986	D-4
D-4.	Average number of production and related workers producing light-walled rectangular pipes and tubes, hours worked, wages and total compensation paid to such employees, West Coast region, by firm, 1983-85, January-June 1985, and January-June 1986	D-6

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

Investigations Nos. 731-TA-293, 294, and 296 (Final)

CERTAIN WELDED CARBON STEEL PIPES AND TUBES
FROM THE PHILIPPINES AND SINGAPORE

Determinations

On the basis of the record 1/ developed in investigations Nos. 731-TA-293 and 294 (Final), the Commission unanimously determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports of standard pipes and tubes 2/ from the Philippines and Singapore which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

The Commission further determines, 3/ on the basis of the record developed in investigation No. 731-TA-296 (Final), pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is threatened with material injury by reason of imports of light-walled rectangular pipes and tubes 4/ from Singapore which have been found by the Department of Commerce to be sold in the United States at LTFV.

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

3/ Chairman Liebeler, Vice Chairman Brunsdale, and Commissioner Lodwick make negative determinations.

4/ 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 TSUSA.

The Commission also determines, pursuant to section 735(b)(4)(B) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)(4)(B)), that no material injury would have been found but for any suspension of liquidation of entries of the merchandise. 1/

Background

The Commission instituted these investigations effective April 28, 1986, following preliminary determinations by the Department of Commerce that imports of certain welded carbon steel pipes and tubes from the Philippines and Singapore were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 14, 1986 (51 F.R. 17682). The hearing was held in Washington, DC, on September 17, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ Chairman Liebeler, Vice Chairman Brunsdale, and Commissioner Lodwick, having made negative determinations, do not address the question of whether material injury would have been found but for any suspension of liquidation of entries.

VIEWS OF COMMISSIONERS PAULA STERN, ALFRED ECKES, SEELEY LODWICK, AND DAVID ROHR

We determine that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry materially retarded, by reason of imports of welded carbon steel standard pipes and tubes (standard pipe) from the Philippines and Singapore which are being sold at less than fair value (LTFV).

We also determine 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 Singapore which are sold at LTFV. 1/ 2/ Finally, we further determine that the threat of material injury would not have resulted in actual material injury "but for" the suspension of liquidation. 3/ 4/ 5/

With regard to standard pipe, this determination is primarily based on continued improvement in the performance of the domestic industry in terms of all significant economic indicators, the relatively small volume of cumulated imports, and the lack of any apparent adverse impact on the domestic industry by reason of those imports.

With regard to L-WR pipe, our determination is primarily based on the rapid increase in volume and market penetration of the subject imports, the

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1/ Commissioner Lodwick determines that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry materially retarded, by reason of imports of L-WR pipe from Singapore. See Dissenting Views of Commissioner Lodwick, infra.

2/ By operation of law, an evenly divided vote by the Commissioners is deemed to be an affirmative determination. 19 U.S.C. § 1677(11).

3/ 19 U.S.C. § 1673d(b)(4)(B).

4/ As Commissioner Lodwick makes a negative determination, he does not reach the determination required in the event of a finding of threat of material injury pursuant to 19 U.S.C. § 1673d(b)(4)(B).

5/ Material retardation is not an issue in any of these investigations and will not be discussed further.

flat financial performance of the domestic industry, and the capacity and apparent intent of the Singapore producer to generate increasing exports to the United States.

I. THE LIKE PRODUCTS AND THE DOMESTIC INDUSTRIES [6/]

The Commission is required to define the scope of the relevant domestic industry for the purpose of assessing material injury. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as 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," in turn, is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to the investigation . . . ." [8/]

There are two imported products that are the subjects of these investigations: (1) standard pipes and tubes; and (2) light-walled rectangular pipes and tubes. Standard pipes and tubes "are small diameter welded carbon steel standard pipes and tubes of circular cross-section, 0.375 inch or more but not over 16.0 inches in outside diameter . . . ." [9/] "[L]ight-walled rectangular pipes and tubes are mechanical pipes and tubes or welded carbon steel pipes and tubes of rectangular (including square)

6/ Chairman Liebeler and Vice Chairman Brunsdale join their colleagues in this opinion on the questions of the definitions of the like products and the domestic industries.

7/ 19 U.S.C. § 1677(4)(A).

8/ 19 U.S.C. § 1677(10).

9/ 50 F.R. 50653 (Dec. 11, 1985) (Singapore); 50 F.R. 51274, 51275 (Dec. 16, 1986) (the Philippines). The product(s) under investigation is determined by the Department of Commerce (Commerce).

cross-section having a wall thickness of less than 0.156 inch." [10/] Standard pipe and L-WR pipe have been the subjects of numerous prior Commission investigations. [11/]

The Commission has found the like product for imported standard pipe to be domestically produced standard pipe of not more than 16 inches outside diameter and the domestic industry to consist of the producers of standard pipe. [12/] Likewise, the Commission has found the like product for imported L-WR pipe to be domestically produced L-WR pipe and the domestic industry to consist of the producers of L-WR pipe. [13/] [14/]

10/ 50 F.R. 50653 (Dec. 11, 1985). See also 51 F.R. 15941, 15942 (Apr. 29, 1986).

11/ Certain Carbon Steel Pipes and Tubes from the People's Republic of China, Inv. No. 731-TA-292 (Final), USITC Pub. 1885 (Aug. 1986) (hereafter cited "P.R.C.") and cases cited therein at 4, n.5; Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-211 (Final), USITC Pub. 1799 (Jan. 1986) (hereafter cited "L-WR pipe from Taiwan") and cases cited therein at 4, n.5.

12/ P.R.C., supra, at 4-5; Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, and Turkey, Invs. Nos. 731-TA-271 to 273 (Final), USITC Pub. 1839 (Apr. 1986) (hereafter cited "India, Taiwan, and Turkey").

13/ L-WR pipe from Taiwan, supra, at 4. 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. E.g., Heavy-Walled Rectangular Welded Pipes and Tubes from Canada, Inv. No. 731-TA-254 (Final), USITC Pub. 1808 at 4 (Feb. 1986); 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 at 9, n.17 (1983).

14/ We have found standard pipe and L-WR pipe to be separate like products in previous investigations: Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, Invs. Nos. 701-TA-251 to 253 (Preliminary) and Invs. Nos. 731-TA-271 to 274 (Preliminary), USITC Pub. 1742 at 7, n.6 (1985) (hereafter cited "India, Taiwan, Turkey, and Yugoslavia"); Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Inv. No. 701-TA-242 (Preliminary) and Invs. Nos. 731-TA-252 to 253 (Preliminary), USITC Pub. 1680 at 6-9 (1985) (hereafter cited "Thailand and Venezuela"); Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, Inv. No. 701-TA-253 (Final) and Inv. No. 731-TA-252 (Final), USITC Pub. 1810 at 6-7 (Feb. 1986); and Certain Welded Carbon Steel Pipes and Tubes from Taiwan and Venezuela, Invs. Nos. 731-TA-211 to 212 (Preliminary), USITC Pub. 1693 at 7 (1985) (hereafter cited "Taiwan and Venezuela").

None of the parties to the present final investigations has urged us to alter our prior determinations and no facts have come to light in these investigations that suggest the advisability of reconsidering these determinations. Accordingly, we adopt our prior definitions here. 15/

Petitioners amended their petition regarding L-WR pipe from Singapore to allege material injury or threat of material injury to the domestic producers located in an asserted regional industry. 16/ There are three criteria that must be satisfied before the Commission may undertake an analysis on a regional basis. 17/ As in L-WR pipe from Taiwan, supra, at 4-5, it appears that the first two criteria are met in this investigation. 18/ However, the concentration of imports of L-WR pipe into the region has decreased from 94.1 percent of all imports from Singapore in 1984 to 61.5 percent in January-June

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15/ In their prehearing brief, petitioners urged us to exclude California Steel & Tube (CS&T) from the definition of the domestic industry pursuant to 19 U.S.C. § 1677(4)(B), on the ground that CS&T, owned by the same parent company that owns a major importer of pipe and tube products, had failed to return the Commission questionnaire. Petitioners' Prehearing Brief at 16-17. At the hearing, petitioners' argued that the failure was not, per se, a basis for exclusion, but rather was one of several considerations in determining whether CS&T was shielded from the impact of imports. Transcript of the hearing (Tr.) at 36-38. The questionnaire was subsequently submitted. At the hearing, petitioners' witness testified that he did not believe that CS&T imports tubing to resell and that CS&T is competing with the importer. Tr. at 35. Accordingly, we do not exclude CS&T under the related parties provision. See Candles from the People's Republic of China, Inv. No. 731-TA-282 (Final), USITC Pub. 1888 at 9-11 (Aug. 1986).

16/ Letter from petitioners' counsel dated May 27, 1986. The scope of the asserted region consists of the states of Washington, Oregon, California, Nevada, Utah, and Arizona. It is not clear from this submission whether petitioners' amendment requested a regional analysis generally or whether it requested a regional analysis only in the event that the Commission did not find material injury or threat of material injury to a national industry.

17/ Those criteria are: (i) that the producers within such market sell all or almost all of their production of the like product in question in that market; (ii) that the demand in the regional market is not supplied, to any substantial degree, by producers of the product in question located elsewhere in the United States; and (iii) that there is a concentration of the unfairly traded imports into the region. 19 U.S.C. § 1677(4)(C); L-WR pipe from Taiwan, supra, at 4-5.

18/ Report of the Commission (Report) at Tables II-3 and II-4.

1986. [19/] As we have based our determination on threat of material injury to the national industry, we need not determine whether these concentrations and, more importantly, the apparent trends in the distribution of these imports, meet or do not meet the third criterion. Even assuming that all three criteria are satisfied, consideration of the question of material injury or threat thereof on a regional basis does not change our determination. [20/]

II. STANDARD PIPE

A. Condition of the domestic standard pipe industry

In making a determination of the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, U.S. production, capacity, capacity utilization, domestic shipments, inventories, employment, and financial performance. [21/] In these investigations, the Commission reviewed information for the period January 1983-June 1986. [22/]

As noted above, we have investigated the standard pipe industry on prior occasions. [23/] Although the domestic industry suffered serious setbacks in 1982 and remained weak through 1985, we have noted that the domestic industry showed improvement during 1985 and particularly during January-March 1986 when compared to the same period in 1985. [24/] Those improvements have continued, as evidenced by a comparison of the data for January-June 1986 to the data for

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19/ Id. at Table II-12. When cumulated imports from Singapore and Taiwan are considered, the concentration has declined from 80.1 percent in 1984 to 69.2 percent in January-June 1986. Id.

20/ We note, in this regard, that 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 either a regional or a national basis.

21/ 19 U.S.C. § 1677(7)(C)(iii).

22/ The data for the present investigations cover April-June 1986, data which were not available to the Commission during our most recent investigation. P.R.C., supra.

23/ See footnote 14, supra.

24/ P.R.C., supra, at 6-7.

January-June 1985. Although apparent domestic consumption of standard pipe decreased by 7 percent in interim 1986 as compared to interim 1985, 25/ domestic production increased 19.3 percent, 26/ domestic producers' shipments increased 12.7 percent, 27/ and domestic capacity utilization increased from 55 to 65 percent. 28/ Domestic producers' shipments increased from 36 percent of apparent domestic consumption during January-June 1985 to 44 percent in the same period of 1986. 29/

Employment data show similar trends from January-June 1985 to the same period of 1986. The number of production and related workers increased 9 percent, the hours they worked increased 12 percent, their hourly wages increased 9 percent, their total wages increased 22 percent, and their total compensation increased 24 percent. Labor productivity increased 7 percent. 30/

The financial performance of the industry also continued to improve in January-June 1986 compared to January-June 1985. Although net sales declined marginally, the cost of goods sold declined 6.7 percent and gross profit increased 36.6 percent. Operating income increased from $ 7.96 million to $ 16.83 million, an increase of 111 percent. As a share of net sales, operating income increased from 3.1 to 6.7 percent and net income before taxes increased from 2.3 to 5.4 percent. 31/

As we noted in P.R.C., supra, at 7, there is a significant disparity in the performance of integrated and nonintegrated producers in terms of the

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25/ Report at Table I-3.
26/ Id. at Table I-4.
27/ Id. at Table I-5.
28/ Id. at Table I-3.
29/ Id.
30/ Id. at Table I-6. Unit labor cost per ton, however, increased 4 percent.
31/ Id. at Table I-8. We note, however, that the number of firms reporting operating losses and net losses increased from 2 to 3.

financial performance. In regard to the financial picture of the industry as a whole, we note that improvements are in part due to the expansion of the nonintegrated sector and the exiting of an integrated producer from the pipe and tube industry. 32/

In P.R.C., supra, at 7, we stated that "one quarter of improved performance is not sufficient to indicate the economic recovery of this long-depressed industry." There is no established minimum period of improved performance by which to determine whether such "recovery" has occurred. However, the data in these investigations indicate that the industry has experienced an established trend of improved performance. Considering the trend and its timing relative to the existence of the subject imports, we find no causal nexus between the imports and the condition of the domestic industry, nor do we find that imports threaten the domestic industry.

B. Cumulation of the impact of standard pipe imports

We must apply the cumulation provisions of the Trade and Tariff Act of 1984 if three requirements are met. The imports must (i) compete with each other and with the domestic like product, (ii) be subject to investigation, and (iii) be marketed within a reasonably coincidental period. 33/

Petitioners urge the Commission to cumulate the impact of standard pipe imports from Singapore and the Philippines with that of each other and with

32/ Id. at Table I-9.

33/ 19 U.S.C. § 1677(7)(C)(iv); H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984); Welded Steel Wire Fabric for Concrete Reinforcement from Italy, Mexico, and Venezuela, Invs. Nos. 701-TA-261(A), 263(A), and 264(A) (Preliminary) and Invs. Nos. 731-TA-289(A) to 291(A) (Preliminary), USITC Pub. 1759 at 9 (Jan. 1986); Certain Steel Wire Nails from the People's Republic of China, Poland, and Yugoslavia, Invs. Nos. 731-TA-266 to 268 (Preliminary), USITC Pub. 1730 at 7 (1985); China, the Philippines, and Singapore, supra.

imports from India, Turkey, and Thailand. [34/] The parties in opposition to the petitions (respondents) [35/] oppose cumulation on the ground that imports from Turkey, Thailand, and India "are no longer subject to investigation, with final antidumping duty orders having gone into effect on March 11, 1986 (Thailand), May 12, 1986 (India), and May 15, 1986 (Turkey)." [36/]

We have determined to cumulate the impact of standard pipe from Singapore and the Philippines with each other and with that of imports of standard pipe from India, Thailand, and Turkey. In the circumstances of the present investigations, we find that the unfairly traded imports from India, Thailand, and Turkey, recently subject to investigation, are reasonably coincident in time and effect with the imports under investigation here. [37/]

C. No material injury by reason of the standard pipe imports

The cumulative volume of imports has increased from 1,061 tons in 1983 to 4,664 tons in 1984 and to 103,160 tons in 1985. The cumulative volume fell from 29,698 tons in January-June 1985 to 21,059 tons in January-June 1986. As

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34/ Petitioners' Prehearing Brief at 5-7.

35/ Steel Tubes of Singapore ("S.T.S.") appeared and participated in opposition to the petitions regarding standard pipe and L-WR pipe from Singapore. The Philippine producer of standard pipe (Goodyear) did not appear or participate in the investigation of standard pipe from the Philippines.

36/ S.T.S. Prehearing Brief at 24.

37/ We specifically note that these imports became the equivalent of fairly traded on Mar. 11, 1986 (Thailand), May 12, 1986 (India), and May 15, 1986 (Turkey), as a result of the issuance of antidumping orders. As such, the January-June 1986 import data in the Report at Tables I-10 and I-11 (which set forth the absolute and relative volume of imports without differentiating unfairly traded imports from those which were fairly traded or the equivalent of fairly traded) necessarily overstate the volume and domestic market penetration of the unfairly traded imports. From the monthly import data, Investigations memorandum INV-J-148 (Oct. 21, 1986), it appears that at least 21,254 tons of standard pipe imports from India, Thailand, and Turkey during January-June 1986 were at the equivalent of fairly traded and, therefore, must be subtracted from the volume of imports considered in the cumulative analysis. This results in a volume of unfairly traded imports of 21,059 tons and an import penetration of 2.0 percent in January-June 1986.

a percent of apparent domestic consumption, the cumulative volume of imports has increased from 0.1 percent in 1983 to 0.2 percent in 1984 and to 4.2 percent in 1985. It then decreased from 2.6 percent in January-June 1985 to 2.0 percent in January-June 1986. 38/ It should be noted that the decline in import penetration is due to the imposition of antidumping duty orders on standard pipe from Thailand, India, and Turkey. As of June 1986, the only unfair imports subject to cumulation were from Singapore and the Philippines. The market penetration of imports from these two countries was 0.4 percent in both 1985 and the first half of 1986.

In its investigations, the Commission requested quarterly price data for each of three standard pipe specifications. Domestic prices for standard pipe declined somewhat during late 1984 and early 1985. However, those prices began to recover late in 1985, and that recovery continued into 1986. 39/ Over the course of the last three quarters (October 1985-June 1986), although the price for one of the specifications remained stable, the prices for the other two showed marked improvement. 40/ This recovery occurred despite the peak in cumulated import volume in 1985, and indicates no prolonged negative effects from that peak import level.

The industry's financial picture has improved substantially in 1985 and interim 1986 in spite of prices being generally below 1983 levels. Prices at the 1983 levels are no longer necessary for the industry to be able to operate at reasonable profitability due to reduced costs. In addition, the recent stabilization and increase in domestic prices predates the downturn in the

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38/ Report at Table I-10. See footnote 37, supra, for the derivation of the absolute and relative volumes of unfairly traded imports during January-June 1986.

39/ Report at I-23.

40/ Id. at Table I-12.

volume of dumped imports. Finally, although our price data are relatively limited and do show some underselling, [41/] we find no evidence of either price suppression or depression in this industry resulting from the subject imports. [42/]

We conclude that the domestic industry is not materially injured by reason of the subject imports. [43/]

D. No threat of material injury by reason of the standard pipe imports

In examining the threat of material injury, we are directed to consider, inter alia, any increase in foreign productive capacity or existing unused 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 the 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. [44/] 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. Such a

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41/ Id. at Tables I-12 and I-13; Economics memorandum EC-J-402 (Oct. 22, 1986).

42/ We note that testimony at the hearing was directed exclusively to the alleged price effects of L-WR pipe imports on the domestic L-WR pipe industry. Tr. at 12-21 and hearing exhibit 1.

43/ Each investigation must be determined on its own facts and we have based our determinations here on the basis of the record here. However, our present determination is not inconsistent with our recent pronouncements on the effect of standard pipe imports on this industry, particularly India, Taiwan, and Turkey, supra. The data in those cases covered calendar years 1982-85, thus excluding data regarding the strong performance of the domestic industry in 1986. In those cases, only three Commissioners found present material injury. Chairman Liebeler and Vice Chairman Brunsdale found no material injury while Commissioner Rohr found threat of material injury.

44/ 19 U.S.C. § 1677(7)(F)(i).

determination may not be made on the basis of mere conjecture or supposition." 45/ 46/

With regard to the Philippines, the domestic industry is estimated to have a total productive capacity of 300,000 tons. Capacity utilization was estimated to be about 15 percent in 1985 due to current depressed domestic market conditions. 47/ There are three firms that produce standard pipe, but only one of them (Goodyear) produces for export. 48/ There is evidence of record that some of the imported Philippine product was of relatively low quality and that its use was limited to fencing and other low-stress structural purposes: "[I]t was not suited for water or gas transmission, a common use of U.S.-produced pipe." 49/ One importer stated that there would be no further imports until the quality improved. 50/

We note that the Philippine producers are unlikely, given the current economic situation in the Philippines, to be capable of increasing their capacity utilization and exports to the United States. Assuming, however, that they were to do so and further assuming that the Philippine product were to enter at its current price levels, the large size of the U.S. market and the current condition of the domestic industry indicate that a reasonable

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45/ 19 U.S.C. § 1677(7)(F)(ii).

46/ Commissioner Rohr notes that it is appropriate to consider the possible presence of imports from both countries in assessing the levels at which increases in imports from one country might begin to be injurious. This is not, however, cumulation in its statutory form. See Certain Welded Carbon Steel Pipes and Tubes from Turkey and Thailand, Inv. No. 701-TA-253 (Final) and Inv. No. 731-TA-252 (Final), USITC Pub. 1810 at 27, n.3 (Commissioner Rohr footnote) (Feb. 1986).

47/ Report at a-7.

48/ Economics memorandum EC-J-395 (hereafter "EC-J-395") at 6 (Oct. 17, 1986).

49/ EC-J-395, supra, at 2.

50/ We note that this is not the same situation as found in P.R.C., supra, in which we found the defects so pervasive as to make the product commercially unacceptable. Here, the imported product is commercially acceptable, although some of it is apparently suitable for a somewhat more restricted range of uses.

increase in the volume of imports from the Philippines would not have an adverse effect on the U.S. industry. 51/

With regard to Singapore, total productive capacity is substantially smaller than that of the Philippines. 52/ While this capacity could seemingly be used to generate additional exports to the United States, we do not find that any realistically achievable increase in exports will be significant. 53/ First, total productive capacity in Singapore is very small relative to apparent consumption in the United States. Second, the capacity is for all pipe and tube products, and it is highly unlikely that Singapore would cease production of other products for which it has domestic and export customers. Third, we have been provided information by the Singapore producer regarding its development of markets in Asia to the effect that these markets will occupy a significant and increasing percentage of Singapore production and exports in the foreseeable future. 54/ We conclude that even if there are increases in exports from Singapore, given the condition of the domestic industry, the capacity of the Singapore producer, and its development of third country markets, such exports will not be of an injurious level. 55/

Therefore, we find that there is no threat of material injury by reason of the LTFV imports from Singapore or from the Philippines.

51/ Commissioner Eckes believes there will be no significant increase in the volume of imports from the Philippines. Therefore, it is inappropriate for him to address the effects of a "reasonable increase."

52/ Report at Table a-1.

53/ We note that there is no question regarding the quality of Singapore standard pipe.

54/ See Submission of S.T.S. dated Sept. 15, 1986.

55/ Commissioner Eckes believes there will be no significant increase in the volume of imports from Singapore. Therefore, he does not address the effects of a hypothetical increase.

III. LIGHT-WALLED RECTANGULAR TUBING [56/]

A. Condition of the domestic L-WR pipe industry

On prior occasions, the Commission concluded that the domestic L-WR pipe industry was materially injured based specifically on data from 1984-85. [57/] The data in the current final investigation reveal that although several of the indicators of the industry's condition have improved, its financial condition has deteriorated somewhat in 1985 and January-June 1986.

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 interim period January-June 1986, production rose to 81,497 tons compared to 75,322 tons during interim period 1985, or by 8 percent. [58/] Domestic producers' shipments increased 20 percent from 1983 to 1984 and 3 percent from 1984 to 1985. Their shipments increased 7 percent in interim period 1986 compared to the corresponding period of 1985. [59/]

Domestic producers' capacity increased 14 percent from 1983 to 1985 and 1 percent in interim period 1986 when compared to the same period of 1985. [60/] Capacity utilization increased from 57 percent in 1983 to 61 percent in 1985. It remained at 61 percent during January-June 1986. [61/]

Employment data showed some improvement. The number of production and related workers and their hours worked, their total compensation, and their

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56/ Commissioner Lodwick does not join this section of the opinion. See Dissenting Views of Commissioner Lodwick, infra.
57/ Taiwan and Venezuela, supra; China, the Philippines, and Singapore, supra.
58/ Report at Table II-4.
59/ Id. at Table II-5.
60/ Id. at Table II-4.
61/ Id.

productivity all increased irregularly during the period under investigation. Unit labor costs per ton declined. 62/

These improvements in the trade performance of the domestic industry are not reflected in other key indicators. In the first place, 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. From January-June 1985 to January-June 1986, it decreased by 4 percent. 63/ In the second place, the financial performance of the industry has seriously lagged behind its trade performance.

As in L-WR pipe from Taiwan, supra, the Commission could obtain little financial data specifically for the L-WR pipe industry. 64/ Our financial analysis in L-WR pipe from Taiwan, supra, at 6-7, 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." 65/

The data now available demonstrate that there has been no significant financial improvement since our determination in L-WR pipe from Taiwan, supra. A comparison of January-June 1985 data to January-June 1986 data reveals that net sales, gross profits, and operating income declined

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62/ Id. at Table II-6.

63/ Id. at Table II-3.

64/ Only 3 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. Report at II-14. 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.

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

again. [66/] As a percentage of net sales, operating income remained stable at 4.7 percent. [67/] [68/]

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

B. Threat of material injury by reason of L-WR pipe imports from Singapore

Although there were no imports of L-WR pipe from Singapore prior to 1984, such imports increased rapidly thereafter. [69/] Import penetration from Singapore increased from 0.2 percent in 1984 to 1.0 percent in 1985, and from 0.8 percent in January-June 1985 to 3.7 percent in the corresponding period of 1986. [70/] For the period January-June 1986, Singapore was the third largest source of imports, accounting for 12.5 percent of imports in January-June 1986 compared to 2.1 percent in the corresponding period of 1985. [71/] [72/]

The price data for L-WR pipe reveal pervasive underselling by the Singapore imports for each quarter in which there are comparable data available. [73/] The dollar amount of underselling and the percentage of underselling are significant in each observation.

The domestic L-WR pipe industry is significantly smaller than the standard pipe industry, with L-WR pipe production in 1985, on a tonnage basis, being about 18 percent of standard pipe production. [74/] Even though it is

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66/ Report at Table II-7.
67/ Id.
68/ 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 where L-WR pipe accounts for a greater proportion of shipments indicates a significantly worse financial picture. Id. at Tables II-8 and II-10.
69/ Id. at Table II-11.
70/ Id. at Table II-13.
71/ Id. at Table II-11.
72/ We also note that Singapore has not entered into any arrangement to restrict export volumes of these products to the United States.
73/ Report at Tables II-14 and II-16. See also Id. at Table II-15.
74/ Id. at Tables I-4 and II-4.

true that the Singapore producer is developing third country markets and its home country market for its pipe and tube products, the current levels of capacity utilization and the levels of capacity utilization that are likely in the foreseeable future indicate that Singapore can generate additional exports to the United States. Given the vulnerable condition of the domestic industry and the far smaller domestic market for L-WR pipe than for standard pipe, such increased quantities of imports of L-WR pipe from Singapore, at observed prices, would be sufficient to have an adverse impact on the domestic industry.

Finally, the expanding geographic pattern of import distribution in the United States is indicative of an exporter which is seeking out and opening up new markets in this country. Thus, we have reason to believe that the Singapore exporter and the importers of Singapore L-WR pipe intend to increase their market presence in the United States.

Accordingly, we conclude that the domestic L-WR pipe industry is threatened with material injury by reason of L-WR pipe imports from Singapore which Commerce has found to be sold at less than fair value.

We also determine that we would not have found material injury "but for" the suspension of liquidation of entries of L-WR pipe from Singapore that went into effect as a result of the Commerce preliminary affirmative determinations in this investigation. 75/ Our determination is based on the rates at which the imports from Singapore were entering the United States and the condition of the domestic industry during the relevant time period.

75/ 19 U.S.C. § 1673d(b)(4)(B). Pursuant to 19 U.S.C. § 1673e(b)(2), an affirmative "but for" determination would subject the imports from the time of the suspension of liquidation to antidumping duties. 19 U.S.C. § 16773e(b)(1). A negative "but for" determination, however, imposes such antidumping duties on imports which are "entered, or withdrawn from warehouse, for consumption on or after the date of publication of notice of an affirmative determination of the Commission under section 735(b) . . . ." 19 U.S.C. § 1673e(b)(2).

VIEWS OF CHAIRMAN LIEBELER

Certain Welded Carbon Steel Pipes and Tubes
from the Philippines and Singapore
Invs. Nos. 731-TA-293, 294, 296 (Final)

Based on the record in these investigations, I determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of certain welded carbon steel pipes and tubes from the Philippines and Singapore.[1]

I concur with the majority in their definitions of like product and domestic industries, their discussion of the regional markets issue, and their discussion of related parties.

Product Line Analysis

The majority in this case has followed its prior practice of finding two like products and two domestic industries comprised of the domestic producers of standard pipe and light-walled rectangular pipe. In a recent case involving

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[1] Material retardation is not an issue in these investigations and will not be discussed further.

standard and line 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 evidence 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.[3] The provision states:

> The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided.

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[2] See Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan and Turkey, (Final) Invs. Nos. 731-TA-271-273, USITC Pub. No. 1839 (1986) (Views of Vice Chairman Liebeler and Commissioner Brunsdale); Id. at 49 (Additional Views of Commissioner Brunsdale).

[3] Even if I did not join the majority in its like product and domestic industry definitions and, instead, evaluated the effect of imports on two distinct industries, my determinations in these investigations would not be affected.

The evidence in this case demonstrates that the production processes for standard pipe and light-walled rectangular pipe are essentially the same. Information obtained in these investigations strongly suggests that there is no difficulty in shifting production from standard to light-walled rectangular pipes and tubes. We know, for example, that both products can be, and often are, manufactured in the same electric resistance weld (ERW) mills. The principal difference in the manufacturing process is the use of additional forming rolls in the production of noncircular pipe and tube.[4] Out of twenty-six domestic producers who responded to Commission questionnaires, fourteen produce both products.[5]

In general, when domestic supply-side substitutablility between two products is very strong, then the appropriate analysis of the imports on the domestic industry should focus on the product line consisting of the products in question.[6]

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[4] Report at a-4.

[5] Id. at table C-2.

[6] Compare with the statement by Professor F.M. Scherer, "Substitution on the production side must also be considered [in the ideal definition of a market or an industry]. Groups of firms producing

(Footnote continued on next page)

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

In addition, the available information in these investigations does not permit separate identification of production of each like product in terms of the producers' profits. This conclusion rests on the existence of a strong similarity between the products in question in terms of how they are produced and consequent deficiencies in the cost data for each product. When two products are produced using the same equipment and the same labor, relevant information for production capacity and profits may not be obtainable separately for each product. In these investigations, only two of the fourteen domestic firms known to produce both products

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(Footnote continued from previous page)
completely noncompeting products may nevertheless be potential competitors if they employ essentially similar skills and machinery, and if there are no barriers preventing each group from entering the other's product lines should the profit lure beckon." Industrial Market Structure and Economic Performance, 53 (1970).

7 See the example with respect to widget product in Certain Pipes and Tubes from Turkey and Thailand, Invs. Nos. 701-TA-253 and 252 (Final) USITC Pub. 1810 (Feb. 1986), at 51-53 (Additional Views of Commissioner Brunsdale).

furnished the Commission with usable income and loss data for their light-walled rectangular pipe operations.[8] Consequently we do not have cost data for the majority of domestic producers of this like product. Moreover, one of the two firms that did furnish usable income and loss data for light-walled rectangular pipe uses an allocation procedure for common costs (e.g. manufacturing expenses) that is not expected to make it possible to discern the reasonably accurate cost for each product. This firm, [* * *], allocates manufacturing expenses between products of its tubing plant on the basis of tons produced.[9] Allocation on the basis of tons produced is a convenient but arbitrary allocation procedure since there is no reason to believe that it yields reasonably accurate cost data.[10] When two products are very close substitutes in supply, an analysis of the effect of imports should properly encompass the production processes for all relevant products in question.

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[8] Report at C-2 and Memorandum from the Office of Investigations INV-J-146.

[9] Memorandum from the Office of Investigations INV-J-146.

[10] The use of convenient but arbitrary allocation methods appears to be widespread. See C. Horngren, Cost Accounting, a Managerial Emphasis 510 (5th ed. 1982).

The strong supply-side links and the problems with cost accounting data mean that it is not appropriate to consider separately the effect of imports on the production of each like product.[11]

Condition of the industry

Using a product line analysis, the relevant information for considering the condition of the industry is the aggregate data for the two industries.[12]

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[11] In Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan and Turkey, supra, at 34-39, Vice Chairman Brunsdale and I determined that it was necessary to adopt a product line analysis for the domestic standard pipe and line pipe industries. This suggests that the product line appropriate for the present case should encompass three like products: standard pipe, line pipe and light-walled rectangular pipes. There are supply-side links between all three products. While it therefore appears appropriate to broaden the product line to include all three products, in the instant investigations available data do not include information on line pipe and I am accordingly obliged to use a product line that includes only standard and light-walled rectangular pipes and tubes.

[12] Even if I did not apply a product line analysis and, instead, evaluated the effect of imports on two distinct industries, our determination in these investigations would be the same.

The Commission has recently considered the condition of domestic producers of standard pipes and tubes and line pipes and tubes[13] and, while some additional information has been obtained in this case indicating improvements in the condition of the industry, our basic assessment has not changed. Most recently, in Certain Pipes and Tubes from the People's Republic of China, the Commission found that there had been some improvement in the indicators relating to the condition of the standard pipe industry. In the instant investigations, I am using product line analysis to examine the condition of the standard and light-walled rectangular pipes and tubes industries.

In my evaluation of the condition of the industry, we consider, among other factors, production, capacity, capacity utilization,[14] profits and investment.

Domestic production, shipments and capacity have increased steadily between 1983 and 1985. Domestic production rose 13

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[13] See Certain 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.

[14] 19 U.S.C. Section 1677(7)(c)(iii).

percent during this period, while shipments increased 11 percent from 1,103 thousand tons to 1,224 thousand tons.[15] The value of domestic shipments followed a similar trend.[16] 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.[17]

The financial data also suggest that there has been improvement in the condition of the industry between 1983 and 1985, and from interim 1985 to interim 1986.[18] Operating income increased from a loss of 19.5 million dollars in 1983, to profits of 17.0 million dollars in 1985.[19] Gross profits increased steadily between 1983 and 1985 from 27.8 to 66.1

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15 Report at C-3.

16 Report at C-4.

17 Report at C-3.

18 Office of Investigations Memoranda INV-J-152 and INV-J-153.

19 Office of Investigations Memorandum INV-J-152.

million dollars.[20] Therefore the financial condition of the industries brightened significantly over the period of investigation.[21] 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.

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[20] Id.

[21] 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). As the information obtained in this investigation shows, it is not clear that the industry as a whole is injured.

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 an 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.[22]

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[22] Sands, Sutherland Statutory Construction § 45.02 (4th Ed.).

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."[23] 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, accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required

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[23] 19 U.S.C. (1977(7)(A)(1980).

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.[24]

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."[25]

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination of the ITC with respect to causation, is under current

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

[25] Id.

law, and will be, under section 735, complex and difficult, and is matter for the judgment of the ITC."[26] 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.[27]

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

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[26] Id.

[27] 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.[28]

This "complex and difficult" judgment by the Commission is aided greatly by the use of economic and financial analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt to maximize profits.[29] 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."[30]

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a

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28 Id.

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

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

conclusion. In accord with economic theory and the 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."[31]

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31 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.[32]

> 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).[33]

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.[34] The legislative history provides some guidance for applying these criteria. The factors incorporate both the statutory criteria and the guidance provided by the

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

33 Id. at 16.

34 19 U.S.C. § 1677(7)(B)-(C) (1980 & cum. supp. 1985).

legislative history. Each of these factors will be discussed in turn after a discussion of cumulation issues.

Cumulation

The instant investigations concern standard pipes and tubes from the Philippines Singapore and light-walled rectangular pipes and tubes from Singapore. Petitioners urge the Commission to cumulate standard pipe imports from Singapore and the Philippines with each other and with imports from India, Turkey and Thailand.[35] The respondents oppose cumulation on the ground that imports from Turkey, Thailand and India are "no longer subject to investigation, with final anti-dumping orders having gone into effect on March 11, 1986 (Thailand), May 12, 1986 (India) and May 15, 1986 (Turkey).[36]

The statute requires the Commission to assess cumulatively "the volume and effects of imports from two or more countries of like products subject to

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[35] Petitioner's Prehearing Brief at 5.

[36] Respondents' Prehearing Brief at 24.

investigation if such imports compete with each other and with like products of the domestic industry in the United States market."[37] Thus, the plain meaning of the statute precludes cumulation with imports from Turkey, Thailand and India. 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 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 orders, the imports from Thailand, Turkey and India 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.[38]

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[37] 19 U.S.C. Section 1677(c)(iv)(1980 & cum. supp. 1985).

[38] The cumulation of imports from countries that are not currently under investigation would require the statute to read "products that were or are subject to

(Footnote continued on next page)

Though petitioners have not requested that the imports under investigation be cumulated with the imports of light-walled rectangular pipes and tubes from Taiwan, the Commission is required to cumulate imports whenever the statutory criteria for cumulation are met. Imports of light-walled rectangular pipes and tubes from Taiwan do compete with the imported product and with the like product,[39] and they are subject to investigation. Therefore we cumulate the imports of light-walled rectangular pipes and tubes from Taiwan with the imports from Singapore.[40]

(Footnote continued from previous page)
investigation." The present tense is not the past tense. Such a reading can only lead to arbitrary results as one struggled to invent a standard for when investigations were too remote in time. Any attempt at setting a standard would find no guidance in the legislative history.

[39] Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-349 (Preliminary) (Instituted at the Department of Commerce during the week of the votes in these investigations).

[40] In the instant case, our decision to cumulate has not affected our determination.

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 standard pipe industry, imports of the Philippine product increased from zero percent of apparent U.S. consumption in 1983 and 1984 to 0.1 percent in 1985.[41] There were no imports of standard pipe from the Philippines in 1983 and 1984. Philippine import penetration increased to 0.1 percent of apparent U.S. consumption in 1985.[42] Imports of standard pipe from the Philippines accounted for 0.05 percent of apparent U.S. consumption in 1985.[43] There were no imports of standard pipe from Singapore in 1983. The import penetration of Singaporean imports increased to

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41 Report at Table I-1.

42 Id.

43 The level of import penetration from the Philippines fell to zero in the interim 1986 period. Report at I-3.

a level of less than 0.05 percent in 1984 and 0.3 percent in 1985.[44] The cumulated imports of Singapore and the Philippines thus accounted for at most 0.4 percent of apparent U.S consumption during the period of investigation.[45]

In the light-walled rectangular pipe and tube industry imports from Singapore rose steadily from zero percent of apparent U.S consumption in 1983 to 0.2 percent in 1984 and 1.0 percent in 1985. Interim penetration for January through June 1986 was 3.7 percent, up from 0.8 percent in the corresponding period of the previous year. Cumulated imports from Taiwan and Singapore increased from 1.6 percent in 1983 to 3.6 percent in 1984, then fell to 1.1 percent in 1985. Interim penetration showed an increase to 4.8 percent in 1986 from 1.1 percent in the corresponding period of the previous year.[46]

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[44] Interim penetration for January through June 1986 was 0.4 percent, up from 0.2 percent in the corresponding period of 1985. Id.

[45] Report at I-3. I note that the import penetration ratio measured in value terms is also small and follows a similar trend to the quantity-based penetration figures presented here.

[46] Report at II-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[47] and the more likely it is that the domestic producers will be adversely affected. The Commerce Department has determined the dumping margins to be 10.2 percent and 6.76 percent ad valorem for small diameter welded carbon steel pipes and tubes from the Philippines and Singapore respectively, and 12.60 percent percent ad valorem for light-walled rectangular pipes and tubes from Singapore.[48] These margins are small and do not support 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.

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[47] See text accompanying note 29, supra.

[48] 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 prices for standard pipe began to decline in late 1984 and early 1985, then began to increase during late 1985.[49] Domestic prices for selected light-walled rectangular pipe products showed a rising trend during 1983 and most of 1984. During 1985, prices for three of the four products covered in the ITC questionnaires increased.[50] These price data are not consistent with 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 standard pipes and tubes from countries other than the Philippines and Singapore were significant and accounted for more than 99

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[49] Report at I-23-I-24 and II-27-28.

[50] Report at II-35 and II-37.

percent of U.S. imports for consumption from 1983 to 1985.[51] Imports of light-walled rectangular pipes and tubes from countries other than Singapore and Taiwan were large, decreasing from 95 percent of U.S. imports for consumption in 1983 to 90 percent in 1984, then increasing to 96 percent in 1985.[52] 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.[53] 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 by these

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51 Report at Table I-10.

52 Report at Table II-11.

53 Report at a-5 and a-6.

agreements which potentially inhibit countries from exporting to the U.S. market.

Exports to the U.S. accounted for the vast majority of Singaporean exports of standard and light-walled rectangular pipes and tubes, indicating that Singapore would be able to divert only a limited amount of the product from other countries to the U.S. in the event of a U.S. market price increase. Capacity utilization in Singapore is very high, indicating that there could only be a small supply response by Singapore to changes in U.S. prices.[54] The capacity utilization in the Philippines is approximately 15 percent due to the depressed domestic market in the construction industry.[55]

When these data are examined together, the foreign elasticity of supply is uncertain. The voluntary restraint agreements and limited ability of Singapore to increase exports to the U.S. are opposed by the relatively elastic supply response of the Philippines, and the potential response of countries not covered by the VRAs,

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[54] Report at a-7.

[55] Id.

or the EC agreement. This suggests that the supply elasticity is indeterminate and this factor is not conclusive with respect to a finding o unfair price discrimination.

These factors must be considered in each case to reach a sound determination. The dumping margins are low. More importantly, the cumulated market share is extremely low. These factors outweigh the indeterminate findings with respect to foreign elasticity of supply, prices and finding of homogeneous product.

Conclusion

Therefore, I conclude that an industry in the United States is not materially injured or threatened with material injury by reason of imports of certain welded carbon steel pipes and tubes from the Philippines and Singapore.

VIEWS OF VICE CHAIRMAN ANNE E. BRUNSDALE

Certain Welded Carbon Steel Pipes and Tubes
from the Philippines and Singapore,
Investigations Nos. 731-TA-293, 294, and 296 (Final),
November 3, 1986

Based on my assessment of the record in these investigations, I find that the domestic carbon steel pipe and tube industries are not materially injured, or threatened with material injury, by reason of the imports from the Philippines and Singapore that the Department of Commerce has found to have been dumped. Material retardation of the establishment of an industry in the United States is not an issue in these investigations and will not be discussed further.

I. Like Product, Domestic Industry, Condition of Industry, and Cumulation

I concur with my colleagues in the majority on the definitions of like products and domestic industries in this case. Specifically, I find there are two like products (standard

pipes and tubes and light-walled rectangular pipes and tubes) and two domestic industries (the producers of the two like products). Furthermore, I agree with Chairman Liebeler on the condition of the domestic industries and cumulation. In this connection, I particularly wish to emphasize that this case is one where it is necessary to apply the product line analysis pursuant to 19 U.S.C. sec. 1677(4)(D) in order to assess the effect of the subject imports properly.[1] Therefore in my causation analysis I will refer to information for domestic producers that combines financial results for the two like products.

II. Material Injury or Threat Thereof by Reason of Imports

In determining whether there is material injury to the domestic industry "by reason of" the imports subject to investigation, the Commission must consider, among other factors, the volume of imports and the effects of the dumped imports on domestic prices for the like product and on the relevant domestic

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[1] See Views of Chairman Liebeler, supra, at 19.

industry.[2] In this case I find that there is no material injury by reason of the subject imports. This conclusion rests chiefly on the fact that the cumulated import penetrations were low over the entire period of investigation. I also note that the condition of the domestic industries improved as imports increased, which suggests that the required causal link between possible material injury and imports was not present.

In the standard pipe industry, import penetration for the Philippines increased from zero in 1983 to 0.1 percent of domestic apparent consumption in 1985, and then fell back to zero for the interim period January-June 1986.[3] Imports from Singapore were also zero in 1983, and then increased to 0.3

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[2] 19 U.S.C. sec. 1677(7)(C) (1982).

[3] Report at I-3. I base this discussion on market penetration of imports measured in terms of quantities (tons) rather than in terms of values (dollars). In this case the two approaches provide very similar results (compare Tables C-6 and C-7 in Appendix C of the Staff Report). In other cases, however, the two methods of measuring import penetration may give significantly different results, especially when there are significant quality or service differences within the like products. In such cases, it is generally more appropriate to use import penetration measured on a value basis. For an explanation of this general point, see Candles from the People's Republic of China, Inv. No. 731-TA-282 (Final), USITC Pub. No. 1888 at 40 (Dissenting Views of Vice Chairman Brunsdale).

percent of consumption in 1985 and to 0.4 percent in interim 1986.[4] Cumulating these two countries, the largest import penetration of only 0.4 percent occurred in January to June 1986.

A somewhat similar situation exists for light-walled rectangular pipes and tubes. Import penetration for Singapore rose from zero in 1983 to 1.0 percent in 1985 to 3.7 percent in interim 1986, while import penetration for Taiwan moved from 1.6 percent in 1983 to only 0.1 percent in 1985 and to 1.1 percent in interim 1986.[5] Cumulating Singapore and Taiwan, import penetration declined from 1.6 percent in 1983 to 1.1 percent in 1985, and thereafter rose to 4.8 percent in interim 1986.[6]

Generally speaking, low market penetration ratios for an imported product mean that the imports will have little effect on the price of the product. A low ratio can have a disproportionately large effect on price only if two conditions are present -- that is, if both the domestic demand for the

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[4] Report at I-3.

[5] Taiwan is not a party to the present case but its shipments are included in my analysis because it is the subject of a separate antidumping investigation involving light-walled rectangular pipes and tubes. See the Views of Chairman Liebeler, supra, at 35.

[6] Report at II-2.

product and the domestic supply of the product are insensitive to price changes.[7] Because the products in this case are intermediate products on the demand side, demand may be fairly insensitive to changes in price.[8] There is no evidence, however, to indicate that domestic supply is inelastic. Indeed, capacity utilization in the industries is only moderate, around 50 to 60 percent, so that even a modest increase in price would

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[7] The sensitivity of quantity demanded or supplied to price is measured by the concept of elasticity. For example, the elasticity of demand measures the responsiveness of quantity demanded by consumers to price changes. It is expressed as the percentage change in quantity demanded divided by the percentage change in price. Inelastic demand means that the quantity demanded changes by a smaller percentage than does price. The elasticity of supply measures the responsiveness of quantity supplied by producers to price changes in the same manner. P. Samuelson & W. Nordhaus, Economics 380-84 (12th ed. 1985).

[8] Standard and light-walled rectangular pipes and tubes are intermediate products because they are included as raw materials in final products purchased by consumers, e.g., in plumbing or heating systems or in furniture. The elasticity of demand for an intermediate product depends on, inter alia, the elasticity of demand for the final product and the cost of the intermediate product compared to the cost of the final product. When the demand for the final product is relatively inelastic or when the cost of the intermediate product is a small part of the total cost of the final product, the demand for the intermediate product is not expected to be very sensitive to changes in its price. Accordingly, we would say the demand for the intermediate product is relatively inelastic. See G. Stigler, The Theory of Price 243 (3d ed. 1966).

be expected to bring forth a significant increase in domestic output.[9] Thus it is probable that domestic supply is highly elastic.[10]

Furthermore, during the period when the cumulated imports increased, the condition of the two domestic industries taken together improved. Production, shipments, capacity, capacity utilization and net sales were all up. The ratio of operating income to net sales improved dramatically for the combined financial data, i.e., for the combination of domestic standard and light-walled rectangular pipe and tube operations.[11] Although this negative correlation does not prove that imports did not cause material injury, strong evidence would be required to establish a causal link. No such evidence is present. Rather, we are left with small import penetration ratios and a negative correlation with the improving condition of the domestic

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9 Report at C-3. Memorandum from the Office of Economics, October 17, 1986, EC-J-395, at 10.

10 Not only is the intermediate-term supply elasticity of the like products very high, because of excess capacity, but the long-term supply elasticity of steel in general is also high. See, e.g., R. Crandall, The U.S. Steel Industry in Recurrent Crisis 131 (1981).

11 See Memorandum from Office of Investigations, INV-J-153, October 23, 1986, at 2.

industries.[12]

As to threat of material injury, I determine that there is no real or imminent threat of material injury to a competing domestic industry. In reaching this determination, I considered the factors that Congress has listed.[13] Although cumulated imports of light-walled rectangular pipes and tubes from Singapore rose sharply from 0.8 percent in interim 1985 to 3.7 percent in interim 1986,[14] an examination of the data on capacity utilization in Singapore and the Philippines leads me to conclude that the domestic industry is not faced with a real and imminent threat of being harmed by large increases in import volume. For Singapore, confidential data suggest both that

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[12] Note also that the dumping margins found by the Department of Commerce in this case are relatively small. These results bolster my conclusion that the dumped products analyzed in this case could not have been a cause of material injury to the domestic industries.

The weighted-average margins were 10.2 percent for standard pipe from the Philippines, 6.76 percent for standard pipe from Singapore, and 12.6 percent for light-walled rectangular pipe from Singapore. Commerce also found that 100 percent of the Philippine standard pipe that it examined was dumped, whereas for Singapore 83 percent of the standard pipe and 86 percent of the light-walled rectangular pipe were dumped. Staff Report at a-6.

[13] See 19 U.S.C. sec. 1677(F)(i)(VI) (Supp. III)

[14] Report at II-32.

capacity utilization was relatively high and that the company in question has commitments to export to other (non-U.S.) markets.[15] For the Philippines, capacity utilization was low, only 15 percent, but this is apparently attributable to adverse domestic conditions, which in turn probably account for the disappearance of Philippine standard pipe from the U.S. market in interim 1986.[16]

III. Conclusion

On the basis of the record, I therefore determine that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry being materially retarded, by reason of the less-than-fair-value imports of standard pipes and tubes from the Philippines and Singapore or of light-walled rectangular pipes and tubes from Singapore.

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[15] Post-Hearing Brief of Steel Tubes of Singapore (Pte), Ltd., at 2.

[16] Report at a-8.

Dissenting Views of Commissioner Lodwick

I find that a domestic industry is not materially injured or threatened with material injury by reason of less than fair value imports of light walled rectangular pipes and tubes (LWR pipe) from Singapore. The following paragraphs summarize my rationale and provide the most pertinent supporting detail.

Imports from Singapore first entered the U.S. in minimal quantities (under one thousand tons, 0.2% of apparent consumption) in 1984. The Commission has earlier found neither injury nor threat thereof from cumulated imports from Singapore and Taiwan based on information covering the period through the second quarter of 1985. (Investigation No. 731-TA-211). Thus my analysis focuses on developments since early 1985.

Data on the performance of the domestic industry show solid positive trends for both operating and employment factors from 1983 to 1985, with improvement continuing in the first half of 1986. In particular, production and domestic shipments both rose approximately 24% from 1983 to 1985 and another 8% in interim 1986 versus the earlier period. Capacity has also expanded substantially since 1983, but by less than production, so capacity utilization has risen as well. On the employment side, hours worked, total compensation, and productivity all increased briskly from 1983 to 1985, and rose again in interim 1986 relative to interim 1985.

Financial results have fluctuated with no apparent trend. Financial data pertaining specifically to domestic LWR pipe operations were difficult to obtain. I found that data on LWR pipe operations which were available (Staff Report Table II-10) combined with overall establishment data where LWR pipe was a primary portion of the operation (Staff Report Table II-8) provided the best available information on the financial performance of the LWR pipe industry. This data revealed that revenues and costs maintained a stable, though fluctuating relationship since 1983. Operating margins averaged 3.2% for 1983 to 1985. The same margin was achieved over January-June 1986.

During this period of improving operating and employment factors and stable financial factors for the domestic LWR pipe industry, import volumes from Singapore increased. Nonetheless, they remain quite small relative to apparent consumption over any annual period. The highest import level reached over any twelve month period was only 6160 tons, achieved during July 1985-June 1986.

That corresponds to a market penetration of the subject imports of less than 2.5%. 1/

However, market penetration of imports from Singapore in the first half of 1986 rose to 3.7%, raising the question of possible nascent or threatened injury. I find no nascent injury as (1) domestic operating levels continued to rise in the first half of 1986, yet stocks did not appreciably accumulate either in absolute quantity or relative to shipment levels (i.e., the increased production was sold), and (2) domestic prices did not deteriorate either in absolute level or relative to costs.

Further, data on the industry in Singapore suggests that substantial increases in shipments to the U.S. market appear improbable, and are certainly not real and imminent. In particular, the capacity of the Singapore producers which export to the U.S. to produce all pipe and tube products is small relative to the size of LWR pipe production alone in the U.S. In addition, during both 1985 and the first half of 1986 the production of LWR pipe by the Singapore producers accounted for only a small

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1/ I note that an unfair trade petition was filed against Taiwan in October, 1986. Petitioner has not requested cumulation of imports from Taiwan with unfairly traded imports from Singapore. Irrespective of the legal issues, for all practical purposes imports from Taiwan have no market presence until the very end of the period covered by the instant investigation, and would not be a substantive factor in the analysis of current material injury in the instant investigation. (In particular, the Commission has previously found no injury from imports from Taiwan covering the period through the middle of 1985, only 1 ton of LWR pipe was imported from Taiwan in the second half of 1985, and only 2 tons of LWR pipe were imported from Taiwan in the first quarter of 1986.)

fraction of their pipe and tube production capacity. Thus, the portion of pipe and tube capacity committed to LWR pipe in Singapore (including production for Singapore's domestic market and non-U.S. export markets) is also small relative to the growth of LWR pipe production and capacity in the U.S. since 1983.

Finally, in general it seems unlikely that Singapore would cease production of other products for which it has domestic and non-U.S. export customers in favor of LWR pipe production. In specific, the Commission has voted negatively in investigations involving imports of heavy walled rectangular pipe and standard pipe from Singapore. (Investigation Nos. 731-TA-295 and 731-TA-294). This would seem to imply that the Singapore producers have no incentive to shift production to LWR pipe. Based on this reasoning, I find that a domestic industry is not materially injured or threatened with material injury by reason of less than fair value imports of light walled rectangular pipes and tubes (LWR pipe) from Singapore.

One other issue requires comment. The petitioner has presented a regional as well as national industry case. Both performance levels and basic trends in performance levels are similar in the regional and national industry. Given the higher standard of injury for a regional industry, I find that a regional industry analysis provides no advantage to the domestic petitioner.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

As a result of preliminary determinations by the U.S. Department of Commerce that imports of standard pipes and tubes from the Philippines and Singapore 1/ and imports of light-walled rectangular pipes and tubes from Singapore 2/ are being, or are likely to be, sold in the United States at less than fair value (LTFV), the U.S. International Trade Commission, effective April 28, 1986, instituted investigations Nos. 731-TA-293, 294, and 296 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports. On September 18, 1986, Commerce published in the Federal Register (51 F.R. 33099) notice of its final determination that certain small diameter welded carbon steel pipes and tubes from the Philippines and Singapore are being sold in the United States at LTFV. The Commission must make its final injury determinations by November 3, 1986.

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of May 14, 1986 (51 F.R. 17682). 3/ The hearing was held in the Commission's hearing room on September 17, 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 investigations on October 23, 1986.

Background

These investigations result from petitions filed on November 13, 1985, by counsel for the Committee on Pipe & Tube Imports (CPTI) and the individual

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

2/ For purposes of 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 TSUSA.

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

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

members of the CPTI. 1/ In response to the petitions, the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of the investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of standard pipes and tubes from the Philippines and Singapore and light walled rectangular pipes and tubes from Singapore (51 F.R. 788, Jan. 8, 1986).

On November 13, 1985, the CPTI also filed antidumping petitions concerning imports of standard pipes and tubes from the People's Republic of China (China) and heavy-walled rectangular pipes and tubes from Singapore. On December 30, 1985, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of standard pipes and tubes from China, but that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded by reason of imports of heavy-walled rectangular pipes and tubes from Singapore. Unlike the investigations concerning certain welded carbon steel pipes and tubes from the Philippines and Singapore, Commerce did not extend its deadline for making its final determination in the investigation concerning standard pipes and tubes from China (investigation No. 731-TA-292 (Final)). On August 25, 1986, the Commission unanimously determined that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports of standard pipes and tubes from China which are sold in the United States at LTFV.

On May 27, 1986, counsel for the petitioners amended their petition in investigation No. 731-TA-296 (Final), regarding light-walled rectangular pipes and tubes from Singapore, to allege material injury, or threat thereof, to the producers of light-walled rectangular pipes and tubes in the West Coast region of the United States. 2/

1/ The petition concerning standard pipes and tubes from the Philippines was filed on behalf of the standard pipe subcommittee of the CPTI. The 10 member producers of this subcommittee producing standard pipes and tubes in support of this petition are Allied Tube & Conduit Corp.; American Tube Co., Inc.; Bull Moose Tube Co.; LaClede Steel Co.; Maruichi American Corp.; Pittsburgh-International; Sawhill Tubular Division of Cyclops Corp.; Sharon Tube Co.; Western Tube & Conduit; and Wheatland Tube Corp. The petition concerning standard pipes and tubes from Singapore was filed on behalf of all the firms listed above except Maruichi American Corp. The petition concerning light-walled rectangular pipes and tubes was filed on behalf of the mechanical tubing subcommittee of the CPTI. The 5 member producers of this subcommittee in support of the petition are Bull Moose Tube Co.; Hughes Steel & Tube; Kaiser Steel Corp.; Southwestern Pipe, Inc.; and Western Tube & Conduit.

2/ According to the petitioners, the West Coast region consists of the States of Washington, Oregon, California, Nevada, Utah, and Arizona.

Discussion of Report Format

This report is organized in two major parts on the basis of product groups. Part I deals with standard pipes and tubes, and part II deals with light-walled rectangular pipes and tubes. This introductory portion of the report presents information common to both products, including a general description of steel pipes and tubes and their manufacturing processes, discussions of Commerce's final LTFV determinations, voluntary import restraint programs, the foreign producers of these products in the cited countries, exchange rates, views of purchasers of pipes and tubes, and lost sales and lost revenues. Appendix C presents tables showing selected data on combined standard and light-walled rectangular pipe and tube operations.

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. 1/

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

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

Manufacturing processes

Steel pipes and tubes are made by forming flat-rolled steel into a tubular configuration and welding it along the joint axis. There are various ways to weld pipes and tubes; the most popular are the electric-resistance weld (ERW), the continuous weld (butt weld) (CW), the submerged-arc weld, and the spiral weld. The submerged-arc weld and spiral weld are normally used to produce pipes and tubes of relatively large diameter. The standard pipes and tubes in these investigations are generally welded by either the ERW or CW process; the light-walled rectangular pipes and tubes under investigation are produced only by the ERW process. 1/ Immediately after welding, the product may be reduced in diameter by rolling or stretch reducing or may be further formed into squares, rectangles, or other shapes by using forming rolls. Standard and light-walled rectangular pipes and tubes can be, and often are, produced on the same ERW mills; the principle difference in the manufacturing processes is the use of additional forming rolls in the production of noncircular pipe and tube.

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

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

The advantage of the CW process lies in its ability to produce pipe at speeds up to 1,200 feet per minute compared with the ERW process maximum of approximately 110 feet per minute. Thus, economies associated with high-volume production may make CW pipe cheaper to produce than ERW pipe of the same grade and specification. 3/ The CW process is especially suited for the manufacture of standardized, high-volume, small-diameter pipe products, such as ASTM A-120 circular pipe.

Requirements concerning chemical and mechanical properties for ASTM pipes and tubes differ for various specifications and grades. Pipes and tubes are inspected and tested at various stages in the production process to ensure strict conformity to ASTM specifications.

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

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

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

Nature and Extent of Sales at LTFV

Standard pipes and tubes from the Philippines

On September 18, 1986, Commerce published notice in the Federal Register (51 F.R. 33099) of its final determination that certain small diameter welded carbon steel pipes and tubes from the Philippines, are being, or are likely to be, sold in the United States at LTFV. The weighted-average margin on all sales was 10.2 percent ad valorem.

Commerce's investigation examined virtually all of the sales of standard pipes and tubes exported to the United States during the period June 1, 1985, through November 30, 1985. During this period, Commerce found that 1,889 metric tons (100 percent of the quantity of sales examined) having a value of $736,684 were found to be sold at LTFV. To determine whether sales of the subject merchandise in the United States were made at LTFV, Commerce compared the United States price with the foreign-market value. For foreign-market value, Commerce used the best available information as reported by the petitioners.

Certain welded carbon steel pipes and tubes from Singapore

On September 18, 1986, Commerce published notice in the Federal Register (51 F.R. 33101) of its final determination that certain welded carbon steel small diameter and light-walled rectangular pipes and tubes from Singapore are being, or are likely to be, sold in the United States at LTFV. The weighted-average margins were 6.76 percent ad valorem on all sales of small diameter pipes and tubes, and 12.60 percent ad valorem on all sales of light-walled rectangular pipes and tubes.

Commerce found that from June 1, 1985, to December 31, 1985, 4,165 metric tons (83 percent of the quantity of sales examined) of standard pipes and tubes having a value of $1,377,926, and 4,089 metric tons (86 percent of the quantity of sales examined) of light-walled rectangular pipes and tubes having a value of $1,534,755, were found to be sold at LTFV. In its investigation, Commerce compared the United States price with the foreign-market value. Commerce calculated foreign-market value on the basis of home-market sales and constructed value.

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 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

After agreements were negotiated with Brazil, Mexico, Spain, Venezuela, and Yugoslavia, unfair trade petitions concerning standard pipes and tubes from these countries were withdrawn by the petitioners prior to the completion of the investigations. In addition, the antidumping and countervailing duty orders concerning imports of standard pipes from the Republic of Korea (Korea) were revoked after the Korean Government signed a VRA. The countervailing duty orders concerning standard pipes and tubes from Yugoslavia have also been revoked.

Petitioners and respondents assert that one reason countries that did not export to the United States previously are able to do so now is a void in the marketplace previously filled by imports from countries that have signed VRAs with the United States. 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.

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.

The Foreign Producers

Philippines

The petitioners indicate that there is one producer of standard pipe in the Philippines that is exporting such pipe to the United States, Goodyear Steel Pipe Corp. 1/ The following tabulation, compiled from data submitted by Goodyear Steel Pipe Corp., located in Quezon City, Philippines, shows that its annual capacity to produce standard pipes and tubes * * * metric tons during 1983-85, and that its capacity utilization rate * * * percent in 1983 to * * * percent in 1985:

Item	1983	1984	1985
Capacity-metric tons--	***	***	***
Production------do----	***	***	***
Capacity utilization percent--	***	***	***
Exports to--			
The United States metric tons--	***	***	***
All other countries---do----	***	***	***

The subject pipe and tube products are also produced by Super Industrial Corp. and Mayer Steel Pipe Corp. The total estimated production capacity of the three firms is 300,000 metric tons per year. In 1985, only about 15 percent of their production capacity was being utilized due to the depressed domestic market in the construction industry. The firms indicated that significant changes in their production and capacity utilization could occur only if the local market improves; otherwise, they anticipated the same level of utilization to continue in 1986. 2/

Singapore

Petitioners indicate that there is one producer of standard and light-walled rectangular pipes and tubes in Singapore that exports such products to the United States, Steel Tubes of Singapore (STS). 3/ The company began production in late 1982 and began exporting to the United States in 1984. 4/ Information supplied by counsel for STS indicates that the company's annual capacity to produce steel pipe and tube products rose to * * * metric tons in 1985 from * * * metric tons in 1983. Data on STS' production, domestic shipments, and exports are presented in table a-1.

1/ Petition for investigations Nos. 731-TA-292-294 (Preliminary), p. 9. This information is confirmed by a State Department telegram from the U.S. embassy, Manila. Goodyear has not participated as a party in this investigation.

2/ State Department telegram from the U.S. embassy in Manila.

3/ Petition for investigations Nos. 731-TA-295-296 (Preliminary), p. 11.

4/ Transcript of the conference in investigations Nos. 731-TA-292 to 296 (Preliminary), p. 103.

Table a-1.--Steel Tubes of Singapore's capacity, production, domestic shipments, and exports of standard and light-walled rectangular pipes and tubes, 1985, January-June 1985, and January-June 1986 1/

(In metric tons)

Item	1985	January-June--	
		1985	1986
Total productive capacity	***	***	***
Standard pipes and tubes:			
Production	***	***	***
Domestic shipments	***	***	***
Exports to--			
United States	***	***	***
All other countries	***	***	***
Total	***	***	***
Light-walled rectangular pipes and tubes:			
Production	***	***	***
Domestic shipments	***	***	***
Exports to--			
United States	***	***	***
All other countries	***	***	***
Total	***	***	***

1/ * * *.

Source: Compiled from data provided by counsel for Steel Tubes of Singapore.

As shown in table a-1, STS' production of standard pipes and tubes totaled * * * metric tons in 1985, and production for the first six months of 1986 amounted to * * * metric tons compared to * * * metric tons for January-June 1985. Production of light-walled rectangular pipes and tubes totaled * * * metric tons in 1985, and production for the first six months of 1986 totaled * * * metric tons compared to * * * metric tons for January-June 1985.

STS' exports to the United States from January 1984 to June 1986, by products, as provided by counsel for STS, are presented in the following tabulation (in metric tons):

Period	Exports to the United States of standard pipes and tubes	Exports to the United States of light-walled rectangular tubes
1984:		
June	***	***
July	***	***
August	***	***
September	***	***
October	***	***
November	***	***
December	***	***
1985:		
January	***	***
February	***	***
March	***	***
April	***	***
May	***	***
June	***	***
July	***	***
August	***	***
September	***	***
October	***	***
November	***	***
December	***	***
1986:		
January	***	***
February	***	***
March	***	***
April	***	***
May	***	***
June	***	***

Other producers in Singapore of pipe and tube products include Malaysia Steel Pipe Mfg. Co., Ltd. (annual capacity 20,000 metric tons); Leong Huat Industries, Ltd.; Hwa Yew Iron Works, Ltd.; Kwong Lee Engineering, Ltd.; and Nam Lee Industries, Ltd. Bee Huat Industries, Ltd., previously produced pipe and tube but is now under receivership. The company's production of steel pipes has stopped, but it still has stocks available for sale. 1/

1/ Op. cit., Iron and Steel Works of the World, and State Department telegram from the U.S. embassy in Singapore.

Exchange Rates

Quarterly data reported by the International Monetary Fund 1/ indicate that during January 1983-June 1986, the nominal value of the Philippine peso and the Singapore dollar depreciated relative to the U.S. dollar by 53.9 percent and 5.9 percent, respectively (table a-2). After adjustment for differences between inflation rates over the 13-quarter period ended March 1986, the real value of the Singapore currency depreciated by 14.5 percent relative to the U.S. dollar. This compares with a nominal depreciation of 3.0 percent through March 1986.

The very high rate of inflation in the Philippines relative to that in the United States more than offset the impact of a depreciating nominal exchange rate during most of the period. The real value of the Philippine peso relative to the U.S. dollar decreased during 1983 and then increased irregularly from October-December 1983 through January-March 1985. During 1985 and January-June 1986, however, the rapid depreciation of the nominal exchange rate, combined with a slowing of inflation, resulted in a depreciation of the real exchange rate. By April-June 1986 the real Philippine exchange rate had declined to a level just 0.1 percent above its January-March 1983 level.

Purchasers' Views

The Commission sent questionnaires to purchasers of standard and light-walled rectangular pipes and tubes requesting them to provide their views on various aspects of the pipe and tube business, including prices, channels of distribution, transportation costs, and quality considerations. They were asked to consider domestic products, imports in general, and imports from the subject countries. Twelve distributors of pipe and tube products responded to the Commission's questionnaire with usable information. Seven of the twelve respondents indicated that imported pipe from most sources is used interchangeably with domestically produced material. The other five reported that this interchangeability depends on the end users' requirements, and that some end users may not find imported pipe acceptable for some purposes.

Eleven of the twelve purchasers reported that they considered offers for both imported and domestic pipe. In making purchasing decisions, all respondents indicated that the three major factors influencing their decision were price, quality, and delivery date, with three purchasers ranking quality above price and delivery, and the remaining nine ranking price as the most important factor. Other factors cited as being important were shipping costs, reliability of the supplier, terms of sale, and the relationship with the supplier. Purchasers were asked to state whether they had ever rejected the lowest bid for a sale, and if so, for what reason. Eleven of the twelve responding purchasers reported having paid more than the lowest bid on some purchases and stated that quality and speed of delivery were significant enough to override small price differentials.

1/ International Financial Statistics, August 1986.

Table a-2.--Exchange rates: 1/ Nominal-exchange-rate equivalents of the Philippine peso and the Singapore dollar in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States, the Philippines, and Singapore, 2/ indexed by quarters, January 1983-June 1986

Period	U.S. producer price index	Philippines			Singapore		
		Producer price index	Nominal-exchange-rate index	Real exchange-rate index 3/	Producer price index	Nominal-exchange-rate index	Real-exchange-rate index 3/
			US$ per peso			US$ per S$	
1983:							
Jan.-Mar.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June	100.3	100.2	93.7	93.7	99.1	98.8	97.6
July-Sept.	101.3	109.3	85.9	92.7	99.8	97.2	95.8
Oct.-Dec.	101.8	132.1	68.0	88.3	99.7	97.4	95.4
1984:							
Jan.-Mar.	102.9	153.7	67.5	100.9	99.6	98.2	95.1
Apr.-June	103.6	168.1	62.5	101.4	99.5	99.0	95.0
July-Sept.	103.3	198.0	52.5	100.6	99.1	96.6	92.6
Oct.-Dec.	103.0	219.3	48.1	102.3	98.0	96.0	91.4
1985:							
Jan.-Mar.	102.9	220.3	50.9	109.0	98.0	92.8	88.4
Apr.-June	103.0	218.1	51.1	108.4	98.0	93.5	89.0
July-Sept.	102.2	216.4	50.8	107.6	96.5	93.7	88.4
Oct.-Dec.	102.9	218.3	50.3	106.8	94.7	97.9	90.2
1986:							
Jan.-Mar.	101.3	222.1	47.0	103.1	89.4	97.0	85.5
Apr.-June	99.4	4/215.9	46.1	4/ 100.1	5/	94.1	5/

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 by 1.3 percent during January 1983 through March 1986 compared with a 122.1-percent increase in the Philippines and a 10.6 percent decrease in Singapore during the same period.

4/ Preliminary.

5/ Not available.

Source: International Monetary Fund, International Financial Statistics, August 1986.

Note.--January-March 1983=100.0.

Two of three responding purchasers that had experience with Philippine pipe perceived the Philippine material to be equal in quality to domestically produced pipe. Five of six responding purchasers that had experience with Singapore material perceived the quality of Singapore material to be equal to that produced in the United States.

Six of seven purchasers indicated that they would purchase Philippine or Singapore material again, for one or more of the following reasons: 1) import prices are competitive; 2) imports are acceptable for general uses; 3) no quality problems have arisen yet; and 4) domestic pipe is scarce on the West Coast, and imports are available, even though they may be inferior in quality.

With regard to inland transportation costs, the great majority of the responding purchasers reported that shipping costs account for less than 5 percent of the delivered price for most pipe and tube products, and that they (the distributors) pay shipping costs.

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.

* * * * * * *

PART I. STANDARD PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to standard pipes and tubes. As indicated previously, the Commission instituted final investigations to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of standard pipes and tubes from the Philippines and Singapore.

The Products

Description and uses

The imported pipe and tube products that are the subject of this investigation are circular welded carbon steel pipes and tubes 0.375 inch or more but not over 16 inches in outside diameter (O.D.) that are known in the industry as standard pipes and tubes. Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air-conditioning units, automatic sprinkler systems, and other related uses. They may also be used for light load-bearing or mechanical applications, such as for fence tubing. These steel pipes and tubes may carry fluids at elevated temperatures and pressures but may not be subjected to the application of external heat. They are most commonly produced to ASTM specifications A-120, A-53, and A-135. A discussion of the manufacturing process is included in the introductory portion of this report.

U.S. tariff treatment

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

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

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

The current column 1 rate of duty 1/ for standard pipes and tubes classified in TSUS item 610.32 is 1.9 percent ad valorem. This rate of duty was modified as a result of the Tokyo Round of Multilateral Trade Negotiations (MTN) from the 0.3-cent-per-pound rate in effect prior to January 1, 1982; there are no further duty modifications scheduled. The current column 1 rate of duty for standard pipes and tubes classified in TSUS item 610.49 is 8.4 percent ad valorem and is scheduled to be reduced to 8 percent in 1987 as a result of the Tokyo Round of the MTN. Imports from the Philippines and Singapore are dutiable at the column 1 rates.

Antidumping duties are currently in effect with respect to imports of standard pipes and tubes from India, Thailand, and Turkey. 2/ Countervailing duties are currently in effect with respect to imports from Thailand and Turkey. Until recently, a countervailing duty order was in effect with respect to imports from Yugoslavia. Dumping and subsidy margins from pending investigations, outstanding dumping and countervailing duty orders recently issued, and recently terminated (other than negative) title VII cases are presented in table I-1.

U.S. Producers

Standard pipe and tube producers may be divided into two types: large, fully integrated producers that make raw steel and produce a variety of steel products, and smaller, nonintegrated or partially integrated producers that concentrate on fewer product lines. The integrated producers, which include LTV Steel Corp. (LTV) and United States Steel Corp. (U.S. Steel), 3/ concentrate production in the high-volume, standardized pipe products. The nonintegrated producers manufacture the low-volume, more specialized tubular products as well as the high-volume products.

In 1985, there were 22 known U.S. producers of standard pipes and tubes. All 22 known producers provided shipments data in response to the Commission's questionnaire. Other producers ceased manufacturing standard pipes and tubes prior to 1985. Bethlehem Steel Corp., an integrated steel producer,

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1/ The rates of duty in col. 1 are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. However, imports of standard pipes and tubes are eligible for duty-free entry if the products of designated beneficiary countries under the Caribbean Basin Economic Recovery Act or the United States-Israel Free Trade Area Agreement. The current col. 2 rates of duty, applicable to imports from the Communist countries enumerated in general headnote 3(d), are 5.5 percent ad valorem for imports under TSUS item 610.32 and 25 percent ad valorem for imports under TSUS item 610.49.

2/ Antidumping duties are also in effect with respect to imports of standard pipes and tubes up to 4.5 inches O.D. from Taiwan (investigation No. 731-TA-132 (Final)); the order was issued on May 7, 1984.

3/ U.S. Steel Corp. changed its name to USX Corp. in July 1986.

Table I-1.--Standard pipes and tubes: Current and recent title VII investigations, most recent dumping and subsidy margins, and import-to-consumption ratios, by sources, 1983-85, January-June 1985, and January-June 1986

Item	Weighted-average margin	Date of bond or order 1/	Ratio of imports to apparent U.S. consumption				
			1983	1984	1985	January-June-- 1985	January-June-- 1986
			Percent				
Antidumping investigations/orders:							
Pending antidumping investigations:							
The Philippines	10.2	Sept. 18, 1986	-	-	0.1	2/	-
Singapore	6.76	Sept. 18, 1986	-	2/	.3	0.2	0.4
Outstanding antidumping orders:							
India	3/ 7.08	May 12, 1986	2/	0.1	.9	.5	.2
Thailand	4/ 15.67	Mar. 11, 1986	-	2/	1.4	1.1	3.3
Turkey	5/ 14.74	May 15, 1986	2/	.1	1.5	.9	.1
Recently terminated antidumping investigations:							
Brazil (to 4.5" O.D.) 6/	3.23	Dec. 31, 1984	2.5	7.5	1.9	2.7	2.3
Spain (to 4.5" O.D.) 7/	40.75	Dec. 31, 1984	.9	3.3	.6	1.3	2/
Venezuela 8/	26.19	June 3, 1985	.6	1.8	.9	1.5	.5
Yugoslavia 9/	33.26	Dec. 31, 1985	-	.5	.5	.4	.1
Countervailing duty investigations/orders:							
Outstanding countervailing orders:							
Thailand	1.79	Aug. 14, 1985	-	2/	1.4	1.1	3.3
Turkey	10/ 17.80	Mar. 7, 1986	2/	.1	1.5	.9	.1
Recently terminated countervailing duty investigations:							
Mexico 11/	0.67-23.65	Jan. 31, 1985	4.6	3.9	1.8	2.1	2.8
Spain (to 4.5" OD) 7/	1.14	Oct. 10, 1984	.9	3.3	.6	1.3	2/
Venezuela 12/	-	-	.6	1.8	.9	1.5	.5
Recently revoked countervailing duty order:							
Yugoslavia 13/	74.50	Oct. 16, 1985	-	.5	.5	.4	.1

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

2/ Less than 0.05 percent.

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

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

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

6/ Terminated by the Commission, effective Mar. 20, 1985, following withdrawal of petition, prior to a final determination by Commerce. Ratios are calculated on the basis of imports and apparent U.S. consumption of all standard pipes and tubes, the majority of which are under 4.5" O.D.

7/ Terminated by the Commission, effective Feb. 4, 1985, following withdrawal of petition, prior to a final determination by Commerce. Ratios are calculated on the basis of imports and apparent U.S. consumption of all standard pipes and tubes, the majority of which are under 4.5" O.D.

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

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

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

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

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

13/ Terminated by Commerce after making its final determination, effective May 29, 1986, following withdrawal of petition.

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

permanently closed its standard pipe and tube mill located at Sparrows Point, MD, effective April 30, 1983. Umran, a Turkish producer, bought Bethlehem's plant and is in the process of setting it up in Turkey. A nonintegrated producer, Merchants Metals, Inc., ceased producing standard pipes and tubes in January-March 1984. In May 1985, LTV Steel closed its two standard pipe mills at Aliquippa, PA, and in November 1985, it closed a standard pipe mill at Youngstown, OH. On July 17, 1986, LTV Corp. (parent of LTV Steel) filed for bankruptcy. In early 1985, Central Steel Tube of Iowa filed for bankruptcy. In September 1985, Hannibal Industries, Inc., purchased the assets of Kaiser Steel Tubing, Inc. U.S. production of standard pipes and tubes is concentrated in the east, where the integrated producers are located. The U.S. producers of standard pipes and tubes and their shares of 1985 domestic shipments are shown in table I-2.

U.S. Importers

According to the U.S. Customs Service's net import file, seven U.S. firms imported standard pipes and tubes from the Philippines in 1985. Three of these firms, accounting for 79 percent of 1985 imports of standard pipes and tubes from the Philippines, responded to the Commission's questionnaire. * * *.

Twelve U.S. firms were listed in the net import file as having imported standard pipes and tubes from Singapore during 1984-85. Eight firms accounting for 82 percent of 1985 imports of standard pipes and tubes from Singapore responded to the Commission's questionnaire. * * *.

The U.S. Market

Channels of distribution

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

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

Firm	Share of 1985 domestic shipments	Plant locations
	Percent	
CPTI member firms:		
Allied Tube & Conduit	***	Harvey, IL.
American Tube Co	***	Phoenix, AZ.
Bull Moose Tube Co	***	Gerald, MO.
		Chicago Heights, IL.
		Trenton, GA.
Cyclops Corp., Sawhill Tubular Division	***	Sharon, PA.
Hannibal Industries, Inc., Kaiser Steel Tubing Division	***	Los Angeles, CA.
LaClede Steel Co	***	Alton, IL.
Maruichi American Corp	***	Santa Fe Springs, CA.
Pittsburgh Tube Co	***	Fairbury, IL.
Sharon Tube Co	***	Sharon, PA.
Western Tube & Conduit	***	Long Beach, CA.
Wheatland Tube Corp	***	Wheatland, PA.
Non-CPTI firms:		
American Cast Iron Pipe Co	***	Birmingham, AL.
Armco, Inc	***	Middletown, OH.
Berger Industries, Inc	***	Maspeth, NY.
Bernard Epps & Co	***	Los Angeles, CA.
California Steel & Tube Co	***	City of Industry, CA.
Harris Tube	***	Los Angeles, CA.
J.M. Tull Industries, Inc	1/	Gardena, CA.
		Norcross, GA.
Lock Joint Tube Co., Inc	***	South Bend, IN.
LTV Steel Corp	***	Youngstown, OH.
		Counce, TN.
United States Steel Corp	***	Fairless Hills, PA.
		Lorain, OH.
		Geneva, UT.
		Baytown, TX.
		McKeesport, PA.
United Tube Corp	***	Medina, OH.

1/ * * *.

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

Apparent U.S. consumption

Apparent U.S. consumption of standard pipes and tubes increased from 2.1 million tons in 1983 to 2.5 million tons in 1984, or by 17 percent (table I-3). Then, in 1985, consumption of standard pipes and tubes decreased to 1 percent below that of 1984. During January-June 1986, consumption of standard pipes and tubes decreased by 7 percent compared with that in the corresponding period of 1985.

Table I-3.--Standard pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1983-85, January-June 1985, and January-June 1986

Period	U.S. producers' domestic shipments	Imports	Apparent consumption	Ratio to consumption of-- Producers' shipments	Ratio to consumption of-- Imports
	1,000 tons 1/			Percent	
1983	950	1,182	2,132	45	55
1984	956	1,544	2,500	38	62
1985	1,034	1,434	2,468	42	58
January-June--					
1985	2/ 417	745	2/ 1,162	36	64
1986	2/ 470	610	2/ 1,080	44	56

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

2/ To the extent that 3 producers, accounting for * * * percent of reported domestic shipments in 1985, did not supply interim data, and that 1 producer, accounting for * * * percent of reported domestic shipments in 1985, only supplied data for January-March 1985, and January-March 1986, these figures are understated.

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

U.S. production of standard pipes and tubes increased steadily from 954,000 tons in 1983 to 1.1 million tons in 1985, representing an increase of 10 percent (table I-4). During January-June 1986, production increased by 19 percent compared with production in the corresponding period of 1985. The capacity of reporting U.S. producers to produce standard pipes and tubes increased by 5 percent, from 1.8 million tons in 1983 to 1.9 million tons in 1985. Utilization of production capacity by standard pipe and tube producers increased steadily from 51 percent in 1983 to 55 percent in 1985. During January-June 1986, capacity utilization was 65 percent.

Table I-4.--Standard pipes and tubes: U.S. production, capacity, and capacity utilization, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June--	
				1985	1986
Production-------1,000 tons--	954	983	1,053	424	506
Capacity 1/----------do----	1,789	1,811	1,878	753	766
Capacity utilization 2/ percent--	51	53	55	55	65

1/ To the extent that 2 producers, accounting for * * * percent of reported domestic shipments in 1985, did not supply capacity figures, these figures are understated.

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

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

1/ Information in this section of the report was compiled from data submitted in response to questionnaires of the Commission in connection with the instant investigations, the recently completed investigations concerning standard pipes and tubes from India and Turkey, investigations Nos. 731-TA-271 and 273 (Final), * * *. Questionnaire responses were received from all known producers of standard pipes and tubes. Interim year data were supplied by 18 firms, accounting for 84 percent of reported production in 1985. Capacity, production, domestic shipments, and end-of-period inventory figures are different from those originally presented in the prehearing report and in the final report for investigations Nos. 731-TA-271 through 274 (Final), Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, Turkey, and Yugoslavia, because of questionnaire revisions made by several U.S. producers and because of one additional respondent. Some of the difference in the reported capacity is also due to using end-of-period capacity instead of average-of-period capacity as was used previously. The questionnaire for the present investigation only requested end-of-period capacity. For investigations Nos. 731-TA-271 through 274 (Final), * * *.

In its questionnaire, the Commission requested the producers to provide detailed information concerning their capacity to produce welded carbon steel pipes and tubes. This information includes the capacity to manufacture products, other than standard pipes, on their standard pipe mills, and information concerning the duration and nature of equipment that has been idled.

U.S. producers of standard pipes and tubes devoted an average of 46 percent of the total productive capacity of their standard pipe and tube mills to producing standard pipes and tubes in 1983 and 1984, and 47 percent in 1985. 1/

Five producers reported having idled production capacity between January 1983 and March 1986. * * *.

U.S. producers' domestic shipments

U.S. producers' domestic shipments of standard pipes and tubes rose from 950,000 tons in 1983 to 1 million tons in 1985, or by 9 percent. During January-June 1986, shipments of standard pipes and tubes rose by 13 percent compared with that in the corresponding period of 1985 (table I-5).

Table I-5.--Standard pipes and tubes: U.S. producers' domestic shipments, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June--	
				1985	1986
Quantity---------1,000 tons--	950	956	1,034	417	470
Value 1/------1,000 dollars--	518,574	576,611	604,616	254,176	278,276
Unit value 2/-------per ton--	$573	$613	$593	$620	$601

1/ 1 firm accounting for * * * percent of shipments during 1983-85 did not provide value data.

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

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

1/ Ten companies that produce both standard and light-walled rectangular pipes and tubes, and supplied detailed capacity data, devoted an average of 46 percent of their total productive capacity in 1985 to producing standard pipes and tubes and 30 percent to producing light-walled rectangular pipes and tubes.

Seven domestic producers of standard pipes and tubes reported intracompany transfers of their production. As noted earlier, * * *. The intracompany transfers of the other six producers accounted for between 0.05 percent and 28 percent of their production of standard pipes and tubes in 1985. The following tabulation presents the intracompany transfers (in short tons) as compiled from the Commission's questionnaires:

				January-June--	
	1983	1984	1985	1985	1986
Intracompany transfers	35,370	38,110	41,131	21,455	23,515

U.S. exports

Exports of standard pipes and tubes accounted for less than 1 percent of total shipments during 1983-85, 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 standard pipes and tubes dropped from 136,000 tons in 1983 to 133,000 tons in 1985, or by 2 percent. These inventories increased 21 percent, as of June 30, 1986, compared with inventories in the corresponding period of 1985. As a share of annual shipments, these inventories remained essentially constant at 13 to 14 percent, as shown in the following tabulation:

Period	Inventories (1,000 tons)	Ratio of inventories to shipments 1/ (percent)
As of Dec. 31--		
1983	136	14
1984	138	14
1985	133	13
As of June 30--		
1985	111	2/ 13
1986	134	2/ 14

1/ Ratios were calculated using data from firms that provided information on both inventories and shipments. Firms accounting for 4 to 5 percent of shipments during 1983-85 did not provide inventory data.

2/ Calculated on the basis of annualized shipments.

U.S. producers' imports

Five U.S. producers of standard pipes and tubes reported purchases of imports of the subject merchandise during the period covered by the investigations. * * *.

*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

Employment and wages

The number of workers employed in the production of standard pipes and tubes decreased from 3,188 in 1983 to 2,998 in 1985, representing a decrease of 6 percent (table I-6). Hours worked by such workers increased by 3 percent during the same period. With the 3-percent increase in hours worked and the 10-percent increase in production, labor productivity, as measured by tons produced per hour, increased by 8 percent between 1983 and 1985. In January-June 1986 labor productivity increased by an additional 7 percent compared with productivity in January-June 1985. The hourly wages earned by these workers increased by 12 percent during 1983-85. Hourly wages in January-June 1986 were 9 percent higher compared with such wages in the corresponding period of 1985. U.S. producers experienced relatively stable unit labor costs of between $108 and $113 per ton during 1983-85.

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

*	*	*	*	*	*	*

Table I-6.--Average number of production and related workers producing standard 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	3,188	3,002	2,998	1,885	2,048
Percentage change	-	-6	-0.1	-	+9
Hours worked by production and related workers:					
Number--------1,000 hours--	5,706	5,606	5,854	1,930	2,157
Percentage change	-	-2	+4	-	+12
Wages paid to production and related workers:					
Value-------1,000 dollars--	71,398	74,441	81,788	27,145	33,037
Percentage change	-	+4	+10	-	+22
Total compensation paid to production and related workers:					
Value-------1,000 dollars--	104,515	102,695	114,107	36,418	45,205
Percentage change	-	-2	+11	-	+24
Labor productivity:					
Quantity----tons per hour--	0.162	0.168	0.175	0.192	0.206
Percentage change	-	+4	+4	-	+7
Hourly compensation: 4/					
Value	$12.51	$13.28	$13.97	$14.06	$15.32
Percentage change	-	+6	+5	-	+9
Unit labor costs: 5/					
Value----------per ton--	$113	$108	$112	$98	$102
Percentage change	-	-4	+3	-	+4

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 95 percent of domestic shipments of standard pipes and tubes in 1985.

4/ Based on wages paid excluding fringe benefits.

5/ Based on total compensation paid.

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

Financial experience of U.S. producers

Operations on welded carbon steel pipes and tubes.--Twelve U.S. producers supplied usable income-and-loss data on their operations on all welded carbon steel pipes and tubes that are produced in their establishments within which standard pipes and tubes are produced (table I-7). Aggregate net sales of the 12 reporting firms increased by 19.7 percent, from $787.2 million in 1983 to $942.0 million in 1985. Sales for the interim period ended June 30, 1986, were $505.8 million, representing a decrease of 0.1 percent from sales of $508.5 million in the interim period ended June 30, 1985. An operating loss of $20.3 million, or 2.6 percent of sales, was sustained in 1983. The companies reported operating income of $7.2 million in 1984 and $21.2 million in 1985. Operating income margins were 0.8 percent in 1984 and 2.3 percent in 1985, respectively. In interim 1985, operating income of $14.4 million, or 2.8 percent of sales, was reported, and for interim 1986, operating income was $22.6 million, or 4.5 percent of sales. Two firms incurred operating losses in 1983, 1984, and 1985. In both interim 1985 and 1986, three firms sustained operating losses.

* * *. As shown in the following tabulation, * * * sustained gross and operating losses in 1983:

Item	1983
Net sales----------1,000 dollars--	***
Gross (loss)----------do----	***
Operating (loss)----------do----	***
Ratio of gross (loss) to net sales----------percent--	***
Ratio of operating (loss) to net sales----------do----	***

Table I-7.--Income-and-loss experience of 12 U.S. producers 1/ on their operations on all welded carbon steel pipes and tubes produced in their establishments within which standard pipes and tubes are produced, accounting years 1983-85 and interim periods ended June 30, 1985, and June 30, 1986 2/

Item	1983	1984	1985	Interim period ended June 30--	
				1985	1986
Net sales-----1,000 dollars--	787,232	919,521	941,976	508,510	505,773
Cost of goods sold-----do----	737,864	839,967	840,148	443,738	428,802
Gross profit----------do----	49,368	79,554	101,828	64,772	76,970
General, selling, and administrative expenses 1,000 dollars--	69,664	72,372	80,590	50,374	54,382
Operating income or (loss)----------do----	(20,296)	7,182	21,238	14,398	22,588
Interest expense-------do----	5,815	8,311	8,832	4,417	7,862
Other income, net------do----	869	969	1,476	645	575
Net income or (loss) before income taxes---------do----	(25,242)	(160)	13,882	10,626	15,301
Depreciation and amortization expense included above 1,000 dollars--	10,569	13,840	14,472	6,678	6,418
Cash flow or (deficit) from operations----------do----	(14,673)	13,680	28,354	17,304	21,719
As a share of net sales:					
Cost of goods sold percent--	93.7	91.3	89.2	87.3	84.8
Gross profit---------do----	6.3	8.7	10.8	12.7	15.2
General, selling, and administrative expenses percent--	8.9	7.9	8.6	9.9	10.8
Operating income or (loss) percent--	(2.6)	0.8	2.3	2.8	4.5
Net income or (loss) before income taxes----percent--	(3.2)	3/	1.5	2.1	3.0
Number of firms reporting:					
Operating losses----------	2	2	2	3	3
Net losses----------	3	4	4	3	3
Data----------	12	12	12	10	10

1/ These firms accounted for 78 percent of domestic shipments of standard pipes and tubes in 1985.

2/ Data for * * * are for its operations producing standard pipes and tubes only.

3/ Less than .005 percent

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

Operations on standard pipes and tubes.--Twelve producers, which accounted for 78 percent of domestic shipments of standard pipes and tubes in 1985, furnished usable income-and-loss data on their standard pipe and tube operations (table I-8). Net sales rose by 16.8 percent, from $421.6 million in 1983 to $492.5 million in 1985. Interim 1986 sales were $251.2 million, a decrease of 1.1 percent from interim 1985 sales of $253.9 million. Operating losses of $22.0 million (or 5.2 percent of sales) and $3.5 million (or 0.8 percent of sales) were sustained in 1983 and 1984, respectively. Operating income was $13.1 million in 1985, or 2.7 percent of sales. For the interim period of 1985, operating income was $8.0 million, or 3.1 percent of sales. The 1986 interim period operating income was $16.8 million, or 6.7 percent of sales. Operating losses were sustained by three companies in 1983 and interim 1986 and one company in 1984. Two companies sustained operating losses in 1985 and the 1985 interim period.

Prior to 1985, * * *.

* * *. As shown in the following tabulation, * * * sustained gross and operating losses in 1983:

Item	1983
Net sales----------1,000 dollars--	***
Gross (loss)----------do----	***
Operating (loss)----------do----	***
Ratio of gross (loss) to net sales----------percent--	***
Ratio of operating (loss) to net sales----------do----	***

Table I-8.--Income-and-loss experience of 12 U.S. producers 1/ 2/ on their operations producing standard 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-----1,000 dollars--	421,597	465,663	492,503	253,884	251,163
Cost of goods sold-----do----	403,112	428,949	438,528	220,905	206,112
Gross profit----------do----	18,485	36,714	53,975	32,979	45,051
General, selling, and administrative expenses 1,000 dollars--	40,443	40,262	40,913	25,023	28,224
Operating income or (loss)----------do----	(21,958)	(3,548)	13,062	7,956	16,827
Interest expense-------do----	2,502	3,862	3,770	2,371	3,378
Other income, net------do----	351	381	397	182	215
Net income or (loss) before income taxes---------do----	(24,109)	(7,029)	9,689	5,767	13,664
Depreciation and amortization expense included above 1,000 dollars--	5,629	5,606	7,073	5,828	7,050
Cash flow or (deficit) from operations----------do----	(18,480)	(1,423)	16,762	11,595	20,714
As a share of net sales:					
Cost of goods sold percent--	95.6	92.1	89.0	87.0	82.1
Gross profit---------do----	4.4	7.9	11.0	13.0	17.9
General, selling, and administrative expenses percent--	9.6	8.6	8.3	9.9	11.2
Operating income or (loss) percent--	(5.2)	(0.8)	2.7	3.1	6.7
Net income or (loss) before income taxes----percent--	(5.7)	(1.5)	2.0	2.3	5.4
Number of firms reporting:					
Operating losses----------	3	1	2	2	3
Net losses----------	4	3	3	2	3
Data----------	12	12	12	10	10

1/ These firms accounted for 78 percent of domestic shipments of standard pipes and tubes in 1985.

2/ * * *.

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

Table I-9 presents a breakdown of the income-and-loss experience of integrated and nonintegrated producers. The nonintegrated producers, in the aggregate, have been profitable throughout the reporting period. * * *.

Investment in productive facilities.--Ten firms supplied data concerning their investment in productive facilities employed in the production of all welded pipes and tubes, whereas only seven firms furnished such data relating to the production of standard 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		Standard pipes and tubes	
	Original cost	Book value	Original cost	Book value
1983	133,473	53,751	56,985	21,524
1984	140,736	53,957	59,332	20,955
1985	153,110	63,585	62,527	22,598
As of June 30--				
1985	148,461	61,339	58,497	21,009
1986	155,450	63,799	62,255	21,027

The aggregate investment in productive facilities for all welded pipes and tubes, valued at cost, increased from $133.5 million in 1983 to $153.1 million in 1985 and rose further to $155.5 million as of June 30, 1986. The book value as of June 30, 1986, was $63.8 million. Total reported investment in productive facilities for standard pipes and tubes, valued at cost, increased from $57.0 million in 1983 to $62.5 million in 1985. For the interim period ended June 30, 1986, the value was $62.3 million. The book value as of June 30, 1986, was $21.0 million.

1/ These firms accounted for 62 percent and 10 percent, respectively, of domestic shipments of standard pipes and tubes in 1985.

Table I-9.--Income-and-loss experience of 12 U.S. producers on their operations producing standard pipes and tubes, by nonintegrated producers and specified integrated producers, accounting year 1983-85, and interim periods ended June 30, 1985, and June 30, 1986.

Item	1983	1984	1985	Interim period ended June 30-- 1985	1986
	Value (1,000 dollars)				
Net sales:					
Nonintegrated firms	271,709	306,678	336,998	***	***
* * * 1/	***	***	***	***	***
* * * 2/ 3/	***	***	***	***	***
* * *	***	***	***	***	***
Total	421,597	465,663	492,503	253,884	251,163
Gross profit or (loss)					
Nonintegrated firms	51,995	57,516	64,814	***	***
* * * 1/	***	***	***	***	***
* * * 2/ 3/	***	***	***	***	***
* * *	***	***	***	***	***
Total	18,485	36,714	53,975	32,979	45,051
Operating income or (loss):					
Nonintegrated firms	22,199	26,197	29,906	***	***
* * * 1/	***	***	***	***	***
* * * 2/ 3/	***	***	***	***	***
* * *	***	***	***	***	***
Total	(21,958)	(3,548)	13,062	7,956	16,827
	Percent of net sales				
Gross profit or (loss):					
Nonintegrated firms	19.2	18.8	19.2	***	***
* * * 1/	***	***	***	***	***
* * * 2/ 3/	***	***	***	***	***
* * *	***	***	***	***	***
Weighted average	4.4	7.9	11.0	13.0	17.9
Operating income or (loss):					
Nonintegrated firms	8.2	8.5	8.9	***	***
* * * 1/	***	***	***	***	***
* * * 2/ 3/	***	***	***	***	***
* * *	***	***	***	***	***
Weighted average	(5.2)	(0.8)	2.7	3.1	6.7

1/ * * *.
2/ * * *.
3/ * * *.

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

Capital expenditures and research and development expenses.-- Seven 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 six firms supplied such data for standard pipes and tubes. 1/ Two firms 2/ reported research and development expenses relating to the operations of standard pipes and tubes. These data are presented in the following tabulation (in thousands of dollars):

Period	Capital expenditures		Research and development expenses related to standard pipes
	All welded pipes and tubes of the establishment	Standard pipes and tubes	
1983	7,531	3,353	***
1984	7,975	2,365	***
1985	18,377	5,044	***
January-June--			
1985	12,785	2,406	***
1986	6,056	3,098	***

Capital expenditures relating to all welded carbon steel pipes and tubes increased from $7.5 million in 1983 to $18.4 million in 1985. Such expenditures declined to $6.1 million in January-June 1986, compared with $12.8 million in January-June 1985. Capital expenditures for standard pipes and tubes increased from $3.4 million in 1983 to $5.0 million in 1985 and amounted to $3.1 million in January-June 1986.

Research and development expenses relative to operations on standard pipes and tubes increased from $* * * in 1983 to $* * * in 1985. Such expenses were $* * * in January-June 1986 compared with $* * * in the corresponding period of 1985.

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

1/ These firms accounted for 47 percent and 46 percent, respectively, of domestic shipments of standard pipes and tubes in 1985.

2/ These firms accounted for * * * percent of domestic shipments of standard pipes and tubes in 1985.

The Question of the Threat of Material Injury

Consideration factors

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

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

U.S. importers' inventories

One firm, * * *, which accounted for about * * * percent of U.S. imports of standard pipes and tubes from the Philippines in 1985, reported end-of-period inventories of standard pipes and tubes imported from the Philippines. As of December 31, 1985, these inventories amounted to * * * tons, or * * * percent of total 1985 imports of standard pipes and tubes from the Philippines. As of June 30, 1986, * * *.

One firm, * * *, which accounted for over * * * percent of U.S. imports of standard pipes and tubes from Singapore in 1985, reported end-of-period inventories of standard pipes and tubes imported from Singapore. As of December 31, 1985, these inventories amounted to * * * tons, or * * * percent of total 1985 imports of standard pipes and tubes from Singapore. As of June 30, 1986, * * * tons of standard pipes and tubes from Singapore remained in inventory.

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

U.S. imports

Total U.S. imports of standard pipes and tubes increased from 1.2 million tons in 1983 to 1.5 million tons in 1984, or by 31 percent (table I-10). These imports decreased to 1.4 million tons in 1985, or 21 percent above the level of imports in 1983. During January-June 1986, imports fell to 610,000 tons, down from 745,000 tons during the corresponding period of 1985.

Imports of standard pipes and tubes from the Philippines are relatively new, as none appeared before 1985, when 3,445 tons entered the United States. These imports accounted for less than 0.3 percent of total imports in 1985. No standard pipes and tubes from the Philippines were imported into the United States during January-June 1986.

Imports of standard pipes and tubes from Singapore are also relatively new, as none appeared before 1984, when 51 tons entered the United States. In 1985, these imports increased to 7,454 tons and accounted for 0.5 percent of total imports. When compared with those in the corresponding period of 1985, imports of standard pipes and tubes from Singapore during January-June 1986 more than doubled to 4,270 tons, or 0.7 percent of total imports.

In 1985 the majority of imports of standard pipes and tubes from the Philippines entered the United States through the ports of Los Angeles, CA, and Philadelphia, PA. These two ports received 65 percent and 28 percent, repectively, of the subject imports from the Philippines. In 1985, 72 percent of the total quantity of standard pipes and tubes from Singapore entered through the port of Los Angeles, CA, and 12 percent entered through the port of Houston, TX.

Table I-10.--Standard pipes and tubes: U.S. imports for consumption, 1/ by selected sources, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June--	
				1985	1986
	Quantity (tons)				
Philippines	0	0	3,445	48	0
Singapore	0	51	7,454	1,804	4,270
Brazil	52,174	186,958	47,143	31,090	24,508
Canada	88,660	165,057	140,707	75,144	58,638
China	0	0	813	350	641
India	556	1,985	22,306	5,303	2,239
Japan	69,212	123,688	172,951	103,586	41,917
Republic of Korea	575,008	499,036	561,361	282,259	222,705
Taiwan	141,199	31,306	59,056	20,128	63,983
Thailand	0	50	33,678	12,389	35,257
Turkey	505	2,578	36,277	10,154	546
West Germany	12,473	39,066	46,985	27,329	21,518
Yugoslavia	0	13,553	11,517	4,604	1,041
All other	241,864	480,814	289,836	171,089	133,073
Total	1,181,652	1,544,141	1,433,530	745,277	610,335
	Value (1,000 dollars)				
Philippines	-	-	1,176	14	-
Singapore	-	16	2,272	565	1,276
Brazil	15,291	61,109	15,884	10,568	7,965
Canada	43,279	77,125	62,854	33,324	27,094
China	-	-	239	96	160
India	194	629	7,834	2,148	780
Japan	30,407	56,655	80,134	47,325	19,610
Republic of Korea	185,574	187,839	212,665	106,400	83,850
Taiwan	41,916	10,268	19,207	6,729	19,797
Thailand	-	15	11,841	4,261	10,652
Turkey	200	821	12,389	3,316	165
West Germany	5,383	15,755	16,464	7,921	10,657
Yugoslavia	-	3,953	3,960	1,446	369
All other	76,925	160,678	104,867	63,040	45,761
Total	399,169	574,863	551,784	287,154	228,134
	Unit value				
Philippines	-	-	$341	$285	-
Singapore	-	$314	305	313	$299
Brazil	$293	327	337	340	325
Canada	488	467	447	443	462
China	-	-	293	275	249
India	349	317	351	405	349
Japan	439	458	463	457	468
Republic of Korea	323	376	379	377	377
Taiwan	297	328	325	334	309
Thailand	-	291	352	344	302
Turkey	396	318	342	327	301
West Germany	432	403	350	290	495
Yugoslavia	-	292	344	314	355
All other	318	334	362	368	344
Average	338	372	385	385	374

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

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

Market penetration

Imports of standard pipes and tubes from the Philippines accounted for 0.1 percent of U.S. consumption of standard pipes and tubes in 1985 (table I-11). There were no imports of the product from the Philippines before 1985, or in January-June 1986. Imports of standard pipes and tubes from Singapore accounted for less than 0.05 percent of U.S. consumption of standard pipes and tubes in 1984 and for 0.3 percent in 1985. During January-June 1986 imports from Singapore accounted for 0.4 percent of the market, up from less than 0.2 percent during the corresponding period of 1985. There were no imports of the product from Singapore before 1984.

Market penetration by standard pipes and tubes from countries currently the subject of an investigation by the Commission or the Department of Commerce or the subject of a recent antidumping/countervailing duty order is presented in table I-1.

Table I-11.--Standard pipes and tubes: Ratios of imports and U.S. producers' domestic shipments to apparent U.S. consumption, 1983-85, January-June 1985, and January-June 1986

(In percent)

Item	1983	1984	1985	January-June	
				1985	1986
Imports from the Philippines	-	-	0.1	1/	-
Imports from Singapore	-	1/	.3	0.2	0.4
Imports from India, Thailand, and Turkey 2/	0.1	0.2	3.7	2.4	3.5
Subtotal	.1	.2	4.2	2.6	3.9
All other imports	55.4	61.6	53.9	61.6	52.6
Total imports	55.4	61.8	58.1	64.1	56.5
U.S. producers' domestic shipments	44.6	38.2	41.9	35.9	43.5
Total	100.0	100.0	100.0	100.0	100.0

1/ Less than 0.05 percent.

2/ These imports are subject to outstanding antidumping orders. See also table I-1.

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

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

Prices

The Commission requested U.S. producers and importers of standard pipes and tubes from the Philippines and Singapore to provide information concerning their f.o.b. prices on large, representative sales of the following commonly traded standard pipe and tube products:

PRODUCT 1: ASTM A-120 schedule 40 standard pipe, carbon welded, black, plain end, 1.050-inch O.D. (3/4-inch nominal), 0.113-inch wall thickness.

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

PRODUCT 3: ASTM A-120 schedule 40 standard pipe, carbon welded, galvanized, plain end, 1.315-inch O.D. (1-inch nominal), 0.133-inch wall thickness.

Six domestic producers, accounting for 42 percent of reported 1985 domestic standard pipe shipments, provided usable price data for Product 1, 1/ and four producers, accounting for 37 percent of shipments provided usable data for Product 2. 2/ Five producers, accounting for 41 percent of shipments, provided usable price data for Product 3. 3/ 4/ 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.--Industry sources report that during late 1984 and early 1985, U.S. demand for standard pipe began to decline somewhat. Accordingly, domestic prices began to decline in late 1984 and early 1985, and began to show signs of recovery during late 1985 and 1986. Domestic weighted-average prices for Products 1, 2, and 3 (table I-12) demonstrate this trend. The price of Product 1 reached a peak at $33.53 per hundred feet in July-September 1984, and then declined, in net terms, 18.5 percent, to $27.33 per hundred feet in April-June 1986. After reaching a high at $121.73 per hundred feet in April-June 1984, Product 2's price declined 15.9 percent through April-June 1985, and then rebounded to reach $111.31 per hundred feet in April-June 1986. The price of Product 3 moved irregularly throughout the period under investigation, and ended the 14-quarter period 11.7 percent higher than its January-March 1983 level.

1/ * * *.

2/ * * *.

3/ * * *.

4/ The staff has contacted the other domestic producers about pricing data. * * *, which accounted for * * * percent of 1985 domestic standard pipe shipments, does not produce the selected pipe and tube products; * * *, which represented * * * percent of 1985 shipments, reports that * * *. * * * did not sell any of the specified products during the period covered by the investigations. * * * does not produce Products 2 and 3, and to date has only provided average prices rather than actual transaction prices for Product 1. * * * has few commercial sales from its manufacturing division because * * *. The remaining producers, which together account for approximately * * * percent of 1985 shipments provided the Commission with neither price data nor an explanation of their failure to respond.

Table I-12.--Standard pipes and tubes: Weighted-average f.o.b. sales prices for U.S.-produced and imported standard pipes and tubes, by quarters, January 1983-June 1986

(Per hundred feet)

Period	Product 1		Product 2		Product 3	
	United States	Philippines	United States	Philippines	United States	Philippines
1983:						
January-March	$28.23	1/	$116.58	1/	$41.07	1/
April-June	30.11	1/	101.81	1/	45.25	1/
July-September	29.46	1/	111.60	1/	37.87	1/
October-December	30.51	1/	110.09	1/	39.37	1/
1984:						
January-March	30.87	1/	104.58	1/	41.87	1/
April-June	29.08	1/	121.73	1/	48.90	1/
July-September	33.53	1/	119.72	1/	49.30	1/
October-December	31.72	1/	116.42	1/	43.97	1/
1985:						
January-March	29.72	1/	107.06	1/	40.97	1/
April-June	27.28	1/	102.41	2/ $ ***	42.31	2/ $ ***
July-September	29.03	3/ $ ***	108.21	3/ ***	36.34	1/
October-December	27.48	1/	103.56	1/	36.50	1/
1986:						
January-March	27.94	3/ ***	103.94	1/	43.62	1/
April-June	27.33	2/ ***	111.31	1/	45.86	1/

1/ No prices reported.
2/ Only one observation reported.
3/ Only two observations reported.

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

Import prices.--Few responses were received that contained usable price data on imports of the selected products from the Philippines, and no price data were received for imports of any of the three selected products from Singapore. 1/

The price of Product 1 from the Philippines declined from July-September 1985 to April-June 1986, and was below that for domestic material in the three quarters for which data were available (table I-12). The margin of underselling moved from * * * percent in July-September 1985 to * * * percent in April-June 1986. Very little data were received for Products 2 and 3 from the Philippines. The available prices show the Philippine products to be substantially lower in price than the domestic equivalents; Product 2 was approximately * * * percent lower in price than the domestic item, and Product 3 undersold the domestic material by * * * percent.

The Commission staff contacted all importers of standard pipe and tube from the Philippines and Singapore to discuss the quality of the imports. Importers reported that the quality of both the Philippine and Singapore products was generally acceptable. 2/

Purchasers' prices.--In response to Commission questionnaires, purchasers of pipe and tube reported pricing data on the selected standard pipe products. The weighted-average prices presented in table I-13 are delivered prices, which include all inland freight costs. Purchasers reported prices paid for domestic and imported material, although no responses were received for Product 2 produced in the United States, nor for any of the three selected products from Singapore. One purchaser did report pricing data on purchases of Product 2 from the Philippines. These prices are presented in the following tabulation:

Product 2:

Period	Philippine price
1985:	
October-December	$ ***
1986:	
April-June	***

1/ The staff contacted all importers of Singapore standard pipe in this regard. All explained that they had no imports of the specified product sizes and finishes during the period under investigation. The staff selected the three products based on producers' and importers' statements that they were high-volume, representative products at the start of the investigation, prior to the mailing of questionnaires.

2/ A representative of * * *.

Table I-13.--Standard pipes and tubes: Weighted-average delivered prices paid by purchasers for U.S.-produced and imported standard pipes and tubes, by quarters, January 1984-June 1986

(Per hundred feet)

Period	Product 1		Product 3	
	United States	Philippines	United States	Philippines
1984:				
January-March	1/ $ ***	2/	1/ $ ***	2/
April-June	3/ ***	2/	1/ ***	2/
July-September	3/ ***	2/	1/ ***	2/
October-December	3/ ***	3/ $ ***	3/ ***	3/ $ ***
1985:				
January-March	1/ ***	2/	1/ ***	2/
April-June	3/ ***	2/	3/ ***	2/
July-September	3/ ***	2/	1/ ***	2/
October-December	3/ ***	2/	3/ ***	2/
1986:				
January-March	1/ ***	2/	1/ ***	2/
April-June	3/ ***	3/ ***	3/ ***	2/

1/ Only 2 observations reported.
2/ No prices reported.
3/ Only 1 observation reported.

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

Transportation costs

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

The Commission asked U.S. producers to estimate the percentage of shipments in which their firms absorb some transportation costs to effect a sale. Nine producers responded with such data. Six indicated that they absorb some transportation costs in 75 percent of their shipments, two in 10 to 20 percent, and five in 5 percent or less of their shipments.

PART II. LIGHT-WALLED RECTANGULAR PIPES AND TUBES

Introduction

This part of the report presents information relating specifically to light-walled rectangular pipes and tubes. As indicated previously, the Commission instituted a final investigation to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of light-walled rectangular pipes and tubes from Singapore.

Other Commission Investigations

On October 2, 1986, the CPTI filed an antidumping petition concerning imports of light-walled rectangular pipes and tubes from Taiwan. Similar to the instant investigation, the petition alleges, 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 Washington, Oregon, California, Nevada, Utah, and Arizona. Selected data from pending and recent title VII investigations are presented in table II-1.

The Products

Description and uses

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 agricultural equipment frames and parts and furniture parts. 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. A discussion of the manufacturing process is included in the introductory portion of this report.

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 Singapore, 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.

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

Table II-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-June 1985, and January-June 1986

Item	Weighted-average margin	Date of bond or order 1/	Ratio of imports to apparent U.S. consumption				
			1983	1984	1985	January-June--	
						1985	1986
Antidumping investigations:							
Pending:							
Singapore (instant investigation)--	12.60	Sept. 18, 1986	-	0.2	1.0	0.8	3.7
Taiwan----------	2/	2/	1.6	3.4	.1	.3	1.1
Terminated:							
Spain----------	3/ 49.69	Dec. 31, 1984	2.4	8.2	1.0	.9	5.5
Order revoked:							
Korea----------	4/ 1.47	May 11, 1984	4.4	.8	.6	.1	.8
Negative final injury finding:							
Taiwan----------	7.09	5/	1.6	3.4	.1	.3	1.1
Countervailing duty investigation:							
Terminated:							
Spain----------	3/ 1.14	Oct. 17, 1984	2.4	8.2	1.0	.9	5.5

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/ 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.

3/ 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.

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

5/ 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.

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 II-2. 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

Ten firms, accounting for virtually all of 1985 imports of light-walled rectangular pipes and tubes from Singapore, responded to the Commission's questionnaires.

* * * * * * *

The U.S. Market

The petitioners alleged in their petition in investigation No. 731-TA-296, regarding light-walled rectangular pipes and tubes from Singapore, that LTFV imports of light-walled rectangular pipes and tubes are causing material injury or threatening to cause material injury to an industry in the United States. On May 27, 1986, counsel for the petitioners amended their petition to 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 Singapore. This region, as defined by petitioners, is composed of Washington, Oregon, California, Nevada, Utah, and Arizona.

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 1984. The remaining 68 percent of U.S. producers' domestic shipments were made to unrelated end users.

Table II-2.--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.
Cyclops Corp., Tex-Tube Division	1/	Houston, TX.
Hannibal Industries, Inc., Kaiser Steel Tubing Division	***	Los Angeles, CA.
Hughes Steel & Tube	***	City of Commerce, CA.
Southwestern Pipe, Inc	***	Houston, TX.
Western Tube & Conduit	***	Long Beach, CA.
Non-CPTI firms:		
American Tube	2/	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.
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.
Maruichi American Corp	***	Santa Fe Springs, CA.
Miami Industries	5/	Piqua, OH.
Parthenon Metal Works	***	La Vergne, TN.
Pittsburgh International	***	Fairbury, IL.

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

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

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 II-3). Apparent consumption was 4 percent lower in January-June 1986 compared with such consumption in January-June 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 23 percent lower in January-June 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 15 percent higher in January-June 1986 compared with such consumption during the corresponding period of 1985.

Table II-3.--Light-walled rectangular pipes and tubes: Apparent U.S. consumption, by region, 1983-85, January-June 1985, and January-June 1986

(In tons)

Item	1983	1984	1985	January-June--	
				1985	1986
Total apparent U.S. consumption	233,714	288,867	273,584	121,374	116,696
In the West Coast region:					
Domestic shipments--					
Produced in the region	***	***	***	***	***
Produced outside the region	***	***	***	***	***
Subtotal	60,346	77,608	73,301	28,402	30,211
Imports	35,483	49,965	54,568	31,882	16,489
Apparent consumption in the West Coast region 1/	95,829	127,573	127,869	60,284	46,700
Outside the West Coast region:					
Domestic shipments--					
Produced in the region	***	***	***	***	***
Produced outside the region	***	***	***	***	***
Subtotal	92,986	106,830	116,806	47,755	51,488
Imports	44,899	54,464	28,909	13,335	18,508
Apparent consumption outside the West Coast region 1/	137,885	161,294	145,715	61,090	69,996

1/ To the extent that 2 producers, accounting for * * * percent of reported domestic shipments in 1985, did not supply interim data, and that 1 producer, accounting for * * * percent of reported domestic shipments in 1985, only supplied data for January-March 1985 and January-March 1986, the interim figures are understated.

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 II-4, 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 D-1.

Production outside the West Coast region increased by 14 percent from 1983 to 1984, and increased by 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 nearly 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 by 11 percent from 1983 to 1984 and by 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, representing an increase from 57 percent in the corresponding period of 1985.

1/ 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. Interim data were supplied by 17 firms accounting for 84 percent of reported domestic shipments in 1985. Capacity, production, domestic shipments, and end-of-period inventory figures are different from those presented in the final report for investigation No. 731-TA-211 (Final), Certain Welded Carbon Steel Pipes and Tubes from Taiwan, because of questionnaire revisions made by several U.S. producers and because of one additional respondent. Some of the difference in the reported data is due to the Commission's questionnaire, which for this investigation, specified that light-walled rectangular pipes and tubes also includes square pipe and tubes. This was not specified in the questionnaire for investigation No. 731-TA-211 (Final). For this investigation, * * *.

Table II-4.--Light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, 1/ by region, 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.

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

In its questionnaire, the Commission requested the producers to provide detailed information concerning their capacity to produce welded carbon steel 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 by an additional 3 percent to 190,107 tons. During January-June 1986, shipments of light-walled rectangular pipes and tubes rose 7 percent compared with that in the corresponding period of 1985 (table II-5). 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.

Table II-5.--Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments produced within and outside the West Coast region, by destinations, 1983-85, January-June 1985, and January-June 1986

(In tons)

Item	1983	1984	1985	January-June--	
				1985	1986
Total domestic shipments-----	153,332	184,438	190,107	76,157	81,699
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--------------------	***	***	***	***	***

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

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 7 percent higher in January-June 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 D-2 and appendix table D-3.

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 8 percent higher in January-June 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, * * * and * * *, accounted for * * * and * * * percent of their companies' 1985 production of light-walled rectangular pipes and tubes, respectively. The following tabulation presents the intracompany transfers (in tons) as compiled from the Commission's questionnaires:

				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:

Period	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:

Period	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 D-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

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 II-6). 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 by 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 to the corresponding period in 1985.

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

Item	1983	1984	1985	January-June-- 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 D-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 II-6.--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:					
Quantity----tons per hour--	0.180	0.187	0.206	0.238	0.246
Percentage change	-	+4	+10	-	+4
Hourly compensation: 4/					
Value	$10.20	$10.17	$10.97	$11.29	$11.19
Percentage change	-	-.4	+8	-	-1
Unit labor costs: 5/					
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/ Based on wages paid excluding fringe benefits.

5/ Based on total compensation paid.

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

Financial experience of U.S. producers

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 II-7). 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 II-8. * * * 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 II-7). Additional data for producers whose sales over the 1983-85 period averaged 35 percent or more of total establishment sales are presented in table II-8.

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 II-7.--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 II-8.--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	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 II-9. 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 to 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 II-10). 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. 1/

1/ Because of these limited data, it would not be meaningful to combine light-walled rectangular pipe and tube financial data with standard pipe and tube financial data.

Table II-9.--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 II-10.--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/ 3 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 Singapore 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 Singapore.

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 Singapore's capacity, production, and exports, and the potential for product shifting is presented in the introductory portion of the report in a section entitled "The Foreign Producers."

U.S. importers' inventories

Importers of light-walled rectangular pipes and tubes from Singapore 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-June 1986, total imports of light-walled rectangular pipes and tubes decreased by 22.6 percent compared with imports in the corresponding period of 1985 (table II-11). 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 Singapore of light-walled rectangular pipes and tubes began in 1984, when 572 tons were imported. Imports from Singapore then increased to 2,737 tons in 1985, nearly 5 times the level of imports in 1984. During January-June 1986, imports from Singapore were nearly 5 times the level of imports in the corresponding period of 1985. Singapore's share of total imports rose from 0.5 percent in 1984 to 3.3 percent in 1985, and then increased to 12.5 percent in January-June 1986.

As shown in table II-12, over 90 percent of imports of light-walled rectangular pipes and tubes from Singapore entered through West Coast ports in 1984, 1985, and January-June 1985, compared with 62 percent in January-June 1986. Some of the imports from Singapore during 1984-86 entered through Puerto Rico. Questionnaire responses indicate that in 1984, * * * percent of imports of light-walled rectangular pipes and tubes from Singapore entered through West Coast ports, compared with * * * percent in 1985, * * * percent in January-June 1985, and * * * percent in January-June 1986. Importers reported that * * * imports from Singapore that entered through West Coast ports were sold in the West Coast region, and * * * such imports that entered the United States through Puerto Rico were sold in the Commonwealth.

In 1983, only 14 percent of cumulated imports of light-walled rectangular pipes and tubes from Singapore and Taiwan entered West Coast ports. The share of imports from Singapore and Taiwan that entered through West Coast ports increased to 80 percent in 1984, 88 percent in 1985, and 85 percent in January-June 1985, compared with 69 percent in January-June 1986.

Table II-11.--Light-walled rectangular pipes and tubes: 1/ U.S. imports for consumption, by principal sources, 1983-85, January-June 1985, and January-June 1986

Source	1983	1984	1985	January-June--	
				1985	1986
	Quantity (tons)				
Singapore	0	572	2,737	946	4,369
Taiwan	3,812	9,754	406	405	1,298
Japan	37,640	47,897	62,737	35,960	14,399
Spain	5,547	23,693	2,808	1,072	6,376
Canada	14,194	8,260	5,004	2,264	2,999
Italy	45	3,077	2,042	2,042	124
Mexico	1,819	2,825	1,285	0	799
Republic of Korea	10,373	2,427	1,604	141	935
West Germany	1,102	1,545	852	423	207
All other	5,852	4,378	4,004	1,961	3,495
Total	80,382	104,428	83,478	45,214	35,001
	Value (1,000 dollars)				
Singapore	-	477	886	319	1,490
Taiwan	1,394	3,211	180	178	468
Japan	13,529	17,987	23,232	13,035	5,706
Spain	1,776	8,353	901	340	1,978
Canada	3,993	2,783	3,061	1,351	1,485
Italy	22	950	760	760	48
Mexico	1,759	1,935	432	-	254
Republic of Korea	3,172	838	573	51	346
West Germany	951	978	672	307	120
All other	2,205	1,857	1,474	739	1,359
Total	28,800	39,370	32,172	17,080	13,255
	Percent of total quantity				
Singapore	-	.5	3.3	2.1	12.5
Taiwan	4.7	9.3	.5	.9	3.7
Japan	46.8	45.9	75.2	79.5	41.1
Spain	6.9	22.7	3.4	2.4	18.2
Canada	17.7	7.9	6.0	5.0	8.6
Italy	.1	2.9	2.4	4.5	.4
Mexico	2.3	2.7	1.5	-	2.3
Republic of Korea	12.9	2.3	1.9	.3	2.7
West Germany	1.4	1.5	1.0	.9	.6
All other	7.3	4.2	4.8	4.3	10.0
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.

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 II-12.--Light-walled rectangular pipes and tubes: U.S. imports for consumption, from selected sources, by regions, 1983-85, January-June 1985, and January-June 1986 1/

Item	1983	1984	1985	January-June--	
				1985	1986
	Quantity (tons)				
From Singapore--					
Into West Coast region	0	539	2,489	885	2,685
Into all other regions	0	34	247	63	1,683
Total	0	572	2,737	946	4,369
From Singapore and Taiwan--					
Into West Coast region	551	8,269	2,758	1,152	3,919
Into all other regions	3,261	2,057	385	198	1,748
Total	3,812	10,326	3,143	1,350	5,667
From all other sources--					
Into West Coast region	34,932	41,696	51,810	30,730	12,570
Into all other regions	41,638	52,406	28,525	13,134	16,764
Total	76,570	94,102	80,335	43,864	29,334
	Percent of total				
From Singapore--					
Into West Coast region	-	94.1	91.0	93.4	61.5
Into all other regions	-	5.9	9.0	6.6	38.5
Total	-	100.0	100.0	100.0	100.0
From Singapore and Taiwan--					
Into West Coast region	14.5	80.1	87.8	85.3	69.2
Into all other regions	85.5	19.9	12.2	14.7	30.8
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	70.1	42.9
Into all other regions	54.4	55.7	35.5	29.9	57.1
Total	100.0	100.0	100.0	100.0	100.0

1/ Respondents disagree with these statistics and have submitted information regarding Steel Tubes of Singapore's export shipments of light-walled rectangular pipes and tubes by U.S. ports of entry (see confidential docket 86-278). These data allege that in 1984, 1985, and January-June 1986, * * * percent, * * * percent, and * * * percent, respectively, of Steel Tube of Singapore's exports to the United States entered West Coast ports.

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 Singapore accounted for 0.2 percent of consumption in 1984 and 1 percent in 1985 (table II-13). During January-June 1986, imports from Singapore accounted for 3.7 percent of consumption, up from 0.8 percent during the corresponding period of 1985. Imports from Singapore and Taiwan accounted for 3.6 percent of consumption in 1984 and 1.1 percent in 1985. During January-June 1986, imports from Singapore and Taiwan accounted for 4.9 percent of consumption, up from 1.1 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-June 1986, down from 37 percent in January-June 1985.

In the West Coast region, imports of light-walled rectangular pipes and tubes from Singapore accounted for 0.4 percent of consumption in 1984 and 1.9 percent in 1985. During January-June 1986, imports from Singapore accounted for 5.7 percent of consumption in the West Coast region, up from 1.5 percent during the corresponding period of 1985. Imports from Singapore and Taiwan accounted for 6.5 percent of consumption in the West Coast region in 1984 and 2.2 percent in 1985. During January-June 1986, imports from Singapore and Taiwan accounted for 8.4 percent of West Coast consumption, up from 1.9 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 35 percent in January-June 1986 from 53 percent in the corresponding period of 1985.

Outside the West Coast region, imports of light-walled rectangular pipes and tubes from Singapore accounted for less than 0.05 percent of consumption in 1984 and 0.2 percent in 1985. During January-June 1986, imports from Singapore accounted for 2.4 percent of consumption outside the West Coast region, up from 0.1 percent during the corresponding period of 1985. Imports from Singapore and Taiwan accounted for 1.3 percent of consumption outside the West Coast region in 1984 and 0.3 percent in 1985. During January-June 1986, imports from Singapore and Taiwan accounted for 2.5 percent of non-West Coast consumption, up from 0.3 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 26 percent in January-June 1986 from 22 percent in the corresponding period of 1985.

Table II-13.--Light-walled rectangular pipes and tubes: Apparent U.S. consumption, imports, and market penetration, by region, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June--	
				1985	1986
Total apparent U.S. consumption---tons--	233,714	288,867	273,584	121,374	116,696
Imports from Singapore----------do----	0	572	2,737	946	4,369
Imports from Singapore and Taiwan tons--	3,812	10,326	3,143	1,350	5,667
Imports from all sources--------do----	80,382	104,428	83,478	45,214	35,001
Market penetration by imports from Singapore----------percent--	-	0.2	1.0	0.8	3.7
Market penetration by imports from Singapore and Taiwan-------percent--	1.6	3.6	1.1	1.1	4.9
Market penetration by imports from all sources----------percent--	34.4	36.2	30.5	37.3	30.0
Within the West Coast region:					
Apparent U.S. consumption-------tons--	95,829	127,573	127,869	60,284	46,700
Imports from Singapore----------do----	0	539	2,489	885	2,685
Imports from Singapore and Taiwan tons--	551	8,269	2,758	1,152	3,919
Imports from all sources--------do----	35,483	49,965	54,568	31,882	16,489
Market penetration by imports from Singapore----------percent--	-	0.4	1.9	1.5	5.7
Market penetration by imports from Singapore and Taiwan-------percent--	0.6	6.5	2.2	1.9	8.4
Market penetration by imports from all sources----------percent--	37.0	39.2	42.7	52.9	35.3
Outside the West Coast region:					
Apparent U.S. consumption-------tons--	137,885	161,294	145,715	61,090	69,996
Imports from Singapore----------do----	0	34	247	63	1,683
Imports from Singapore and Taiwan tons--	3,261	2,057	385	198	1,748
Imports from all sources--------do----	44,899	54,464	28,909	13,335	18,508
Market penetration by imports from Singapore----------percent--	-	1/	0.2	0.1	2.4
Market penetration by imports from Singapore and Taiwan-------percent--	2.4	1.3	0.3	0.3	2.5
Market penetration by imports from all sources----------percent--	32.6	33.8	19.8	21.8	26.4

1/ Less than 0.05 percent.

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

The Commission requested U.S. producers and importers of light-walled rectangular pipes and tubes from Singapore 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:

PRODUCT 4: 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 5: 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 6: 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 4 and 5. 1/ No producers provided price information for Product 6. 2/ 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 II-14) show a rising trend during 1983 and most of 1984. During 1985, prices for both Products 4 and 5 declined irregularly, and then recovered in 1986.

Product 4's price rose irregularly to $22.85 per hundred feet in October-December 1984, and then declined during 1985. However, it firmed in January-March 1986 when it reached $22.63 per hundred feet, and then rose to a high of $30.71 per hundred feet in April-June 1986. The price for Product 5 moved between $31.00 and $35.00 per hundred feet, with no apparent trend, until April-June 1986, when it rose significantly to $48.10 per hundred feet.

1/ * * *.

2/ 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, not actual transaction prices, for Products 4 and 5, and does not produce Product 6. * * * reports that it does not maintain records in a manner which allows it to gather the requested data, and that * * *. * * * has no commercial sales from its manufacturing division because * * *. * * *. * * * reports that is does not maintain historical records of transactions 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 explanation of their failure to provide pricing data.

Table II-14.--Light-walled rectangular pipes and tubes: Weighted-average f.o.b. sales prices for U.S.-produced and Singapore products, by quarters, January 1983-June 1986

(Per hundred feet)

Period	Product 4		Product 5	
	United States	Singapore	United States	Singapore
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	1/	32.47	2/ $ ***
April-June	22.79	1/	33.13	1/
July-September	22.11	1/	33.41	1/
October-December	22.85	2/ $ ***	33.38	1/
1985:				
January-March	21.15	2/ ***	31.60	2/ ***
April-June	21.75	2/ ***	31.14	2/ ***
July-September	21.48	3/ ***	34.43	1/
October-December	21.94	3/ ***	32.27	3/ ***
1986:				
January-March	22.63	***	31.97	2/ ***
April-June	30.71	1/	48.10	1/

1/ No prices reported.
2/ Only one observation reported.
3/ Only two observations reported.

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

Singapore prices.--The price of Product 4 from Singapore declined irregularly from $* * * per hundred feet in October-December 1984 to $* * * in January-March 1986. It remained below the domestic price during all 6 quarters, and the margin of underselling averaged approximately 22 percent. The price of Product 5 declined from $* * * per hundred feet in January-March 1984 to $* * * in April-June 1985 and then rose to $* * * in January-March 1986. The average margin of underselling was 16 percent. Prices for Product 6 from Singapore are presented in the tabulation below. The price of Product 6 also showed irregular movement during 1985 and January-March 1986, but in

January-March 1986 it was * * * percent above its level one year earlier, as shown in the following tabulation (per hundred feet):

Product 6:

Period	Singapore price
1985:	
January-March	1/ $ ***
April-June	1/ ***
July-September	1/ ***
October-December	1/ ***
1986:	
January-March	2/ ***

1/ Only one observation reported.
2/ Only two observations reported.

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 region reported usable price data for Products 4 and 5. 1/ 2/ No producers reported usable price data for sales of Product 6 in the West Coast region. In addition, importers of Singapore 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 II-15.

The West Coast region price for Product 4 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 14.9 percent between July-September 1984 and April-June 1986 to end at $20.35 per hundred feet. The West Coast region price for Product 5 also rose throughout 1983 and 1984 to reach $33.65 per hundred feet in October-December 1984. It then declined irregularly throughout 1985 and 1986 to end the period of investigation at $30.13 per hundred feet in April-June 1986.

1/ * * *.

2/ The staff has attempted to contact the other producers in the West Coast region about pricing data. As noted earlier, * * * which accounted for * * * percent of 1985 domestic shipments in the West Coast region, claims it doesn't have the staff necessary to prepare transaction price data. * * * has provided only aggregate quarterly sales data. * * *, representing * * * percent of 1985 domestic shipments in the West Coast region, responded very late to the Commission's questionnaire and was unwilling to provide price data. Likewise, * * * has not given a reason for its failure to report transaction prices.

Table II-15.--Light-walled rectangular pipes and tubes: Weighted-average f.o.b. prices received by producers and importers for U.S.-produced and Singapore products sold in the West Coast region of the United States, by quarters, January 1984-June 1986

(Per hundred feet)

Period	Product 4		Product 5	
	United States	Singapore	United States	Singapore
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	1/	32.55	1/
April-June	22.63	1/	33.13	1/
July-September	23.92	1/	33.41	1/
October-December	22.93	2/ $ ***	33.65	2/ $ ***
1985:				
January-March	22.21	2/ ***	31.60	2/ ***
April-June	21.75	2/ ***	31.14	2/ ***
July-September	21.48	1/	32.70	1/
October-December	21.65	2/ ***	31.96	2/ ***
1986:				
January-March	21.98	1/	30.64	2/ ***
April-June	20.35	1/	30.13	1/

1/ No prices reported.
2/ Only one observation reported.

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

Only one importer provided usable price data for sales of Singapore material in the West Coast region. These prices are reported in table II-15 and in the tabulation which follows. The price of Product 4 from Singapore showed only a slight decline of 4 percent between October-December 1984 and October-December 1985. It was lower priced than the domestic material by approximately 20 percent in each quarter. The price of Product 5 from Singapore in the West Coast region declined from October-December 1984 to April-June 1985, and then regained its prior level in January-March 1986. There was little net change in the price between October-December 1984 and January-March 1986. The Singapore product undersold the domestic product by * * * percent in every quarter for which comparisons are possible.

The price of Product 6 showed a slight net increase of 4 percent between January-March 1985 and January-March 1986, as shown in the following tabulation (per hundred feet):

Product 6: Period	Singapore price
1985:	
January-March	1/ $ ***
April-June	1/ ***
July-September	2/
October-December	1/ ***
1986:	
January-March	3/ ***

1/ Only 1 observation reported.
2/ No prices reported.
3/ Only 2 observations reported.

Purchasers' prices.--In response to Commission questionnaires, purchasers of pipe and tube reported pricing data on the selected light-walled rectangular pipe products. The weighted-average prices presented in table II-16 are delivered prices, which include all inland freight costs. Purchasers reported prices paid for domestic and Singapore material, although no responses were received for Product 5 from Singapore. Because no price comparisons are possible for Product 5, purchasers' prices for Product 5 produced in the United States are presented in the following tabulation (per hundred feet):

Product 5: Period	U.S. price
1984:	
January-March	1/ $ ***
April-June	1/ ***
July-September	2/ ***
October-December	1/ ***
1985:	
January-March	1/ ***
April-June	2/ ***
July-September	2/ ***
October-December	2/ ***
1986:	
January-March	1/ ***
April-June	1/ ***

1/ Only 1 observation reported.
2/ Only 2 observations reported.

Purchasers' weighted-average prices for Products 4 and 5 produced in the United States moved irregularly throughout 1984-85, and showed slight declines over the 10-quarter period ending June 1986. The price of Product 4 from Singapore was 15 to 16 percent below the price of the comparable U.S. product in the 3 quarters for which comparisons are possible.

Table II-16.--Light-walled rectangular pipes and tubes: Weighted-average delivered prices paid by purchasers for U.S.-produced and Singapore products, by quarters, January 1984-June 1986

(Per hundred feet)

Period	Product 4		Product 6	
	United States	Singapore	United States	Singapore
1984:				
January-March	1/ $ ***	2/	2/	2/
April-June	1/ ***	2/	3/ $ ***	2/
July-September	3/ ***	2/	2/	2/
October-December	3/ ***	2/	3/ ***	2/
1985:				
January-March	1/ ***	3/ $ ***	2/	2/
April-June	3/ ***	2/	2/	2/
July-September	3/ ***	2/	2/	2/
October-December	3/ ***	2/	2/	2/
1986:				
January-March	1/ ***	3/ ***	2/	2/
April-June	1/ ***	3/ ***	2/	3/ $ ***

1/ Only 2 observations reported.
2/ No prices reported.
3/ Only 1 observation reported.

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

Transportation costs

Four U.S. producers of light-walled rectangular pipes and tubes reported no instances of absorbing all or part of freight charges on their shipments, and 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, a * * * producer serves the central region of the United States, and a * * * plant serves the Southeast.

APPENDIX A

FEDERAL REGISTER NOTICES

DEPARTMENT OF COMMERCE

International Trade Administration

[A-565-601]

Certain Small Diameter Welded Carbon Steel Pipes and Tubes From the Philippines; Final Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain small diameter welded carbon steel pipes and tubes (pipes and tubes) from the Philippines are being, or are likely to be, sold in the United States at less than fair value. We have notified the United States International Trade Commission (ITC) of our determination and the ITC will determine within 45 days of publication of this notice whether these imports are materially injuring or threatening material injury to a U.S. industry. We have directed the U.S. Customs Service to continue to suspend liquidation on all entries of the subject merchandise as directed in the "Continuation of Suspension of Liquidation" section of this notice and to require a cash deposit or posting of a bond for each such entry in amounts equal to the estimated dumping margins as described in the "Continuation of Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: September 18, 1986.

FOR FURTHER INFORMATION CONTACT: Mary J. Jenkins or John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-1756 or 377-3965.

SUPPLEMENTARY INFORMATION:

Final Determination

Based on our investigation, we have determined that pipes and tubes from the Philippines are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(a)) (the Act). The weighted-average margin of sales at less than fair value is listed in the "Suspension of Liquidation" section of this notice.

Case History

On November 13, 1985, we received a petition filed in proper form from the Standard Pipe Subcommittee of the Committee on Pipe and Tube Imports and by each of the member companies who produce the standard pipe and tube on behalf of the U.S. industry producing pipes and tubes. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of pipe and tube from the Philippines are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act (19 U.S.C. 1673), and that these imports are materially injuring, or threatening material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on December

3, 1985 (50 FR 51274, December 16, 1986), and notified the ITC of our action.

On December 30, 1985, the ITC found that there is a reasonable indication that imports of standard pipe and tube from the Philippines are threatening material injury to a U.S. industry (U.S. ITC Pub. No 1796, Dec. 1985).

On February 3, 1986, a questionnaire was presented to Goodyear Steel Pipe Corporation (Goodyear) and on February 18, 1986, a questionnaire was sent to Mitsubishi International Corporation.

On March 18, 1986, Mitsubishi submitted a response to our questionnaire. On April 15, 1986, Mitsubishi submitted a supplemental response. Goodyear, the Philippine producer of the majority of imports of pipe and tube to the United States from the Philippines, submitted responses to our questionnaire on May 12, June 23, and July 7, 1986. After receipt of the May 12 and June 23 responses, we analyzed their content and sent our deficiency letters. However, despite these repeated requests, Goodyear's response, as supplemented, did not provide sufficient actual cost data to determine fabrication costs in the home market, and failed to list actual home market sales. Accordingly, we determined that any additional submissions would not allow the Department sufficient time to analyze and verify the data prior to our final determination.

On April 22, 1986, we preliminarily determined that pipe and tube from the Philippines are being or are likely to be, sold in the United States at less than fair value (51 FR 15940, April 29, 1986).

On May 9, 1986, we issued a postponement of the final antidumping duty determination until not later than September 11, 1986 (51 FR 17784, May 15, 1986).

On July 23 and 24, 1986, we verified Mitsubishi's questionnaire response.

Scope of Investigation

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

Because Goodyear accounted for the majority of the exports of this merchandise to the United States, we limited our investigation to that firm. We investigated sales of pipe and tube for the period June 1, 1985 through November 30, 1985.

Fair Value Comparisons

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

Goodyear, the manufacturer under investigation, engaged in a different type of sales transaction of pipe and tube in each market. In the home market, Goodyear's sales consisted entirely of non-tolled sales wherein Goodyear produced pipe and tube from its own stocks of hot-rolled coil. In the U.S. market, Goodyear's sales of pipe and tube consisted entirely of tolled sales wherein Mitsubishi, the U.S. importer, provided Goodyear with the basic raw material for the manufacture of pipe and tube, which it had purchased from another source, and contracted with Goodyear to convert it into the pipe and tube.

We compared the tolled sales to the United States with the non-tolled sales in the home market, since there were no tolled sales in the home market. We made an adjustment for raw material costs in the home market to arrive at the price of a tolled sale in the Philippines using the best information available as required by section 776(b) of the Act, because Goodyear did not provide an adequate response for the determination of foreign market value of a tolled sale.

We made comparisons of virtually all of the sales of pipe and tube to the United States during the period June 1, 1985 through November 30, 1985.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise imported by Mitsubishi, the U.S. importer, to represent the United States price because the merchandise was sold prior to the date of importation. Since Mitsubishi provided the raw material to Goodyear which Goodyear used to manufacture the pipe and tube, United States price is the price per metric ton of pipe and tube agreed to in the contract between Goodyear and Mitsubishi.

Foreign Market Value

Goodyear did not submit either home market sales data or the actual cost data necessary to determine manufacturing costs in the home market. In accordance with section 776(b) of the Act, we used best information available to determine foreign market value. We used the information supplied by the petitioners as the prices at which Goodyear sold or offered for sale its products in the home market during October 1985. From the home market price, we subtracted the cost of raw materials, as reported by Mitsubishi, to arrive at home market price of tolled sales of black plain-ended, and coupled and threaded standard pipe and tube.

Because we made fair value comparisons on the basis of prices of tolled sales in the home and U.S. markets, the resulting differences have been multiplied by a coefficient representing the proportion of manufacturing cost to the value of pipe and tube delivered to Mitsubishi to arrive at the margins for individual sales.

Verification

In accordance with section 776(a) of the Act, we verified information submitted by Mitsubishi as to the price it paid for raw materials and for processing. Their data were used in making our final determination. We were granted access to the books and records of the company. We used standard verification procedures including examination of accounting records and other selected documents containing relevant material.

Petitioners' Comments

Comment 1: Petitioners argue that Mitsubishi has a conversion contract with Goodyear and that Mitsubishi is the producer/exporter of Philippine pipe and tube in this case. If the Department uses Mitsubishi's partial information, it must determine foreign market value using constructed value.

DOC Response: We disagree. While Mitsubishi provided the raw materials to Goodyear for the manufacture of the pipe and tube under investigation, Goodyear is the manufacturer of the product exported to the United States, and is, therefore, the appropriate subject of our investigation. The contract between Mitsubishi and Goodyear establishes the purchase price per unit for an agreed upon number of tolled sales of pipe and tube to Mitsubishi in the United States. The appropriate foreign market value is, therefore, Goodyear's home market prices, adjusted to account for the fact that Goodyear's home market sales are untolled sales.

Comment 2: Petitioners state that standard pipe and tube other than that reported by Mitsubishi entered the United States from the Philippines. Therefore, pipe and tube under investigation may have been transshipped from a third country.

DOC Response: Based on information gathered by the Department from the U.S. Customs Service Special Steel Summary Invoices (SSSIs), the imports for 1985 from the Philippines were in agreement with those reported by the respondent. Our SSSI report provides country of origin for pipe and tube exported to the United States. We have no indication that pipe and tube has been transshipped from another country.

Respondent's Comments

Comment 1: Respondent, Goodyear, argues that petitioners' presentation of Philippine home market prices for Goodyear's pipe and tube were gross prices which included a 10 percent domestic sales tax required by the government.

DOC Response: Based on our analysis of home market prices reported by Goodyear and prices reported by petitioners, we could not determine whether the 10 percent tax was included in the prices used. Actual home market sales transactions for the period under investigation were not reported by Goodyear.

Continuation of Suspension of Liquidation

In accordance with section 733(b) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of pipes and tubes from the Philippines entered, or withdrawn from warehouse, for consumption on or after April 29, 1986. The U.S. Customs Service will require the posting of a cash deposit, bond, or other security in amounts based on the following weighted-average margin.

Manufacturers/sellers/exporters	Weighted-average margin (percentage)
Goodyear Steel Pipe Corporation	10.2%
All others	10.2%

ITC Notification

Pursuant to section 733(f) of the Act, we will notify the ITC and make available to it all non privileged and non proprietary information relating to this determination. We will allow the ITC access to all privileged and proprietary information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of the date of this determination. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs offices to assess an antidumping duty on pipes and tubes from the Philippines that are entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

September 11, 1986.

[FR Doc. 86-21185 Filed 9-17-86; 8:45 am]

BILLING CODE: 3510-DS-M

[A-559-502]

Certain Welded Carbon Steel Small Diameter and Light-Walled Rectangular Pipes and Tubes From Singapore; Final Determination of Sales at Less Than Fair Value

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

ACTION: Notice.

SUMMARY: We have determined that certain welded carbon steel small diameter and light-walled rectangular pipes and tubes (small diameter and LWR pipes and tubes, respectively) from Singapore, are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determinations. We have also directed the U.S. Customs Service to continue to suspend the liquidation of all entries of small diameter and LWR pipes and tubes from Singapore that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: September 18, 1986.

FOR FURTHER INFORMATION CONTACT: Francis R. Crowe or Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-4087, or (202) 377-1769.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that small diameter and LWR pipes and tubes from Singapore are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (19 U.S.C. 1673b) (the Act). The margins found for the individual products under investigation are listed in the "Suspension of Liquidation" section of this notice.

Case History

On November 13, 1985, we received a petition filed in proper form from the Standard Pipe and Tube Subcommittee of the Committee on Pipe Tube Imports (CPTI) and by each of the individual manufacturers of these products that are members of each respective subcommittee on behalf of the U.S. industry producing small diameter, LWR and heavy-walled rectangular pipes and tubes. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of small diameter, LWR and heavy-walled rectangular pipes and tubes from Singapore are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry. The petition also alleged that the subject merchandise is being sold at prices below the cost of production in the home market.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate antidumping duty investigations. We initiated the investigations on December 3, 1985 (December 11, 1985, 50 FR 50653), and notified the ITC of our actions.

On December 30, 1985, the ITC found that there is a reasonable indication that imports of small diameter and LWR pipes and tubes from Singapore are materially injuring a U.S. industry. It also found 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 in the United States is materially retarded, by reason of imports from Singapore of heavy-walled rectangular pipes and tubes (U.S. ITC Pub. No. 1798, December 1985).

On January 22, 1986, a questionnaire was presented to Steel Tubes of Singapore (PTE), Ltd. (STS) On April 14, 1986, STS filed a response to our questionnaire. On April 22, 1986, we made affirmative preliminary determinations (April 29, 1986, 51 FR 15941).

On April 25, 1986, the respondent in these investigations asked us to postpone the final determinations until not later than the 135th day after the date of publication of our preliminary determinations. We granted that request on May 8, 1986 (May 20, 1986, 51 FR 18475) and postponed the final determinations until not later than September 11, 1986.

Scope of Investigations

The products covered by these investigations are described below.

Small diameter welded carbon steel pipes and tubes are pipes and tubes of circular cross-section, 0.375 inch or more but not over 16 inches in outside diameter, currently classifiable in the *Tariff Schedules of the United States Annotated* (TSUSA), under items 610.3231 and 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258 and 610.4925. These products are commonly referred to in the industry as standard pipes or tubes produced to various ASTM specifications, most notably A-120, A-53 or A-135.

The light-walled rectangular pipes and tubes are mechanical pipes and tubes or 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 TSUSA.

Fair Value Comparisons

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

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold prior to the date of importation to unrelated purchasers in the United States. We calculated the purchase price based on the delivered price to unrelated purchasers in the United States. We made deductions for foreign inland freight and port charges, ocean freight, insurance, U.S. import duty and port charges, as applicable.

Foreign Market Value

Petitioners alleged that sales in the home market were made at prices which were below the cost of production over an extended period of time and were at prices which did not permit recovery of all costs within a reasonable period of time in the normal course of trade. Therefore, we compared home market prices to the cost of production of the merchandise.

For certain categories of such or similar merchandise, we calculated foreign market value based on constructed value in accordance with section 773(e) of the Act, because there were not sufficient home market sales of such or similar merchandise above the cost of production. Because the general expenses reported were above the statutory minimum of 10 percent of the sum of material and production costs, we used the actual general expenses. For purposes of this determination, we are using the statutory minimum of eight percent for profit because STS's profit for the period of investigation was less than that amount. We added packing costs for sales to the United States.

For the remainder of the merchandise, we based foreign market value on sales in the home market of such or similar merchandise in accordance with section 773(a)(1)(A) of the Act. Home market sales were made to unrelated purchasers on an ex-factory or delivered basis. From the home market prices we deducted freight expenses, as applicable. We also deducted home market packing costs and added U.S. packing costs.

For both types of foreign market value, whether based on home market sales or constructed value, we made adjustments for differences in circumstances of sale based on differences in credit costs and commissions in the foreign and U.S. markets in accordance with § 353.15 of our regulations (19 CFR 353.15).

Where commissions were paid in one of the markets and not the other, we made an allowance for the commission in the market in which it was paid and made an allowance for other selling expenses in the other market in accordance with § 353.15(c) of our regulations.

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

Verification

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

Petitioners' Comments

Comment 1: Petitioners argue that, when determining whether home market sales are made at less than the cost of production, the Department should determine the actual costs for products that are sold during the period of investigation. Further, they argue that because a significant portion of home market sales during the period of investigation are sold from inventory and produced prior to the period of investigation, the Department should use an earlier time period for determining costs than the period of investigation. They urge the Department to assume at least a two-month time lag between production and sale in the home market. They prefer the use of a six-month time lag. They state that these two actions, *i.e.* the elimination of production run cost data subsequent to the sales of certain sizes of pipe and the shifting of the time period for determining costs, would eliminate certain distortions caused by the use of third, and fourth quarter 1985 production data for determination of the cost of producing the products being sold during the period of investigation.

DOC Response: Other than for products not produced during the period of investigation, we have found no reason to depart from the usual practice of using the average cost for the product during the period of investigation.

Comment 2: Petitioners urge the Department to calculate average cost of production figures for broad product categories, *i.e.*, standard pipe, rectangular tubing made from cold-rolled coil, and rectangular tubing made from hot rolled coil, rather than to calculate costs on the basis of individual production runs because of wide variations in yields. They state that the use of weighted-average calculations provides a more accurate measure of determining whether home market sales are above the cost of production because such calculations avoid variations which appear when using costs of individual production runs They allege that the use of disaggregated production run data masks dumping when determining whether sales are below cost. They state that the use of aggregate costs would make it less necessary to have cost information for every single product if the Department were to disregard third or fourth quarter 1985 costs as suggested in Comment 1.

DOC Response: The Department cannot compare the costs of broad product categories to prices for specific products because these costs would, in effect, not adequately reflect the cost incurred for the merchandise under investigation. To account for the variations caused by different production runs, the Department averaged the yields for product groups. Refer to our response to Petitioners' Comment 4.

Comment 3: Petitioners advocate the addition of foreign exchange losses to the cost of materials because of alleged lags between purchases of coil and use of the coil.

DOC Response: In the final determination, because the Department used the costs for all materials denominated in Singapore dollars as shown in STS's books and records, the foreign exchange net losses related to these material purchases were included.

Comment 4: Petitioners allege that STS's yield rates, reflecting allowance for scrap, are not accurate. They claim that certain yield rates reported by STS are impossible unless the pipe does not meet specifications and that the magnitude of yield rates for standard pipe production compared to light-walled production are contrary to usual experience. They request that the respondent explain these anomalies on the record.

DOC Response: The yield rates reported by STS have been reviewed by a Department industry expert. On an average basis, the yield rates of STS are in accordance with industry norms. Where the individual yield rates were not, and could not be sufficiently verified because such yield rates were based on theoretical input and output weights, the Department used the average yield rates of STS for the subject products in the calculation of cost of production rather than the rates reported.

Comment 5: Petitioners note certain quarterly variations in labor costs. They question whether the Department has obtained sufficient information with which to confirm STS's reported costs per ton of the products under investigation.

DOC Response: The Department obtained such information and performed such tests as were deemed necessary at verification, as detailed in the cost verification report.

Comment 6: Petitioners advocate the allocation of factory overhead over manhours per ton as being more consistent with standard costing practice than allocation by tonnage as reported by STS.

DOC Response: In this final determination, factory overhead expenses have been allocated between STS's tube mills based on labor usage as the best information available. The resulting allocation pool for each mill was allocated over machine hours. Refer also to our response to Respondent's Comment 6.

Comment 7: Petitioners claim that STS (and the Department as noted in its verification report) erroneously reduced selling expenses to account for the exclusion of salaries related to export sales from home market selling expenses because STS's cost of goods sold includes export sales. They urge the Department to recalculate selling expenses to include all expenses.

DOC Response: In determining selling, general and administrative expenses, we segregated home market selling expenses and allocated them to home market sales.

Comment 8: Petitioners question respondent's provision of cost information with respect to production for U.S. sales. Petitioners state that, if constructed value is used as the basis of foreign market value, the Department should base it upon the cost of producing home market merchandise.

DOC Response: Constructed value information is based on the cost of manufacture of the U.S. products and the general, selling and administrative expenses of the home market product, where such information is available.

Comment 9: Petitioners claim that the reporting of indirect selling expenses for home market sales by STS was unnecessary because commissions are paid in both the home market and on sales to the United States. Therefore, they state that the special rule allowing adjustments for indirect selling expenses does not apply. However, they further state that if such adjustments are made, they should be limited to the total amount of the commissions reported on U.S. sales as reported by STS.

DOC Response: Commissions were not paid on all sales in either market. Therefore, the reporting of indirect selling expenses in both markets for use as offsets under § 353.15(c) of the Department s regulations was appropriate. Such offsets were made, where applicable, in accordance with the limitations stated in § 353.15(c).

Comment 10: Petitioners state that STS has not provided the Department with sufficient data on credit costs for U.S. sales and urge the Department to make no adjustment to the foreign market value for home market credit costs.

DOC Response: As noted in the sales verification report, STS provided adequate data upon which to calculate credit costs on sales to the United States. Therefore, we made circumstances of sale adjustments for credit costs.

Respondent's Comments

Comment 1: STS argues that the Department should use the "special rule" noted in 19 CFR 353.56(b) in selecting the exchange rate for currency conversions on sales made in the fourth quarter 1985. They cite an eight percent decrease in the value of the U.S. dollar against the Singapore dollar from the third quarter to the fourth quarter Because of this decrease, they urge the Department to use the third quarter 1985 exchange rate for currency conversions on sales made in the last quarter of 1985.

DOC Response: We note that the decrease in the value of the U.S. dollar against the Singapore dollar from the third quarter to the fourth quarter 1985 was only 4.6 percent based upon the certified exchange rates used in accordance with § 353.56(a)(1) of our regulations. An analysis of the certified exchange rates for 1985 showed no evidence of temporary fluctuations in the exchange rates which would warrant the use of the special rule contained in § 353.56(b) of the regulations.

Comment 2: STS urges the Department not to adjust U.S. prices for certain commissions discovered at verification to have been paid to a related party.

DOC Response: Although we would not adjust U.S. prices if we considered the commissions to be between unrelated parties, we agree with the respondent's comment that the parties are related and have made no circumstances of sale adjustments or offsets for these commissions under § 353.15 of our regulations.

Comment 3: STS argues that the Department should adjust home market prices for certain home market sales commissions paid to a company which, like STS, is partially owned by a third party. They claim that the common ownership of minority shares by the third party does not establish a relationship under the antidumping duty law and, further, that even if the two companies were considered to be related, the commissions were made at arm's length.

DOC Response: We agree and have treated the commission as a sales expense subject to circumstances of sale adjustment or offset under § 353.15, as applicable. The commission was also included in selling expenses when calculating cost of production for determining whether sales including

these commissions were being made at less than the cost of production.

Comment 4: STS argues that the Department should make an adjustment to home market prices to account for quantity discounts given on its larger quantity U.S. sales.

DOC Response: At verification we found no sales documentation to indicate that any such discounts are given. Therefore, we made no such adjustments.

Comment 5: STS claims that purchases of materials from a related supplier should be considered arm's length transactions and that the "prediscounted" prices paid in such transactions should be used in calculating STS's cost of production.

DOC Response: The Department reviewed the prices of raw materials purchased from related and unrelated suppliers and determined that the prices of purchases from a related supplier were representative of arm's length prices. The prices reviewed and used by the Department in this determination are the "prediscount" prices as reported by the respondent and advocated by the petitioners.

Comment 6: STS advocates the allocation of factory overhead costs over production tonnage. However, it urges that, because the Department has verified the data necessary to allocate these costs using alternate methodologies, even if the Department chooses an alternate methodology, it base its calculations on STS's data rather than on "best information otherwise available."

DOC Response: The Department believes that allocation of factory overhead over tonnage produced is not appropriate in this case. The absorption of overhead by different products is more accurately reflected using an allocation method which accounts for the different amounts of machine time required to produce a ton of various products. The allocation pool of factory overhead expenses was based on the verified information submitted by the respondent.

Comment 7: STS claims that the Department erred in its application of the cost test under section 773(b) of the Act when making its preliminary determination. It states that the Department based the cost test on the comparison of the price and cost of particular sizes of pipes and tubes rather than on the percentage of total sales represented by below cost sales of each product. It urges the Department to perform the cost test by first making a "threshold determination" whether the total weighted-average price of a product (standard or LWR pipes and tubes) is above or below the total weighted-average cost of the product. If this price is below the cost, then they advocate that the cost of production investigation proceed by analyzing the percentage of below cost sales of each product.

DOC Response: The cost test performed for the preliminary determination was not based upon individual cost tests for each size or subgroup. While prices and costs of particular sizes were compared, the overall cost test was based on the percentage that below cost sales represented when compared to total sales of standard or LWR products. We disagree that a threshold test, or the cost test, should be performed using weighted-average prices. We believe that when testing for below cost of production sales, we should examine individual sales prices rather than a weighted-average price for a class or kind of merchandise under investigation. Using respondents' proposed threshold test, if the average price exceeded the average cost, all home market sales would be included in the determination of foreign market value. However, for certain products within the class or kind there could be considerable individual sales at less than the cost of production. This would be inconsistent with the statutory requirement that the ITA disregard those sales made at less than cost of production which are made over an extended period of time, and in substantial quantity and not at prices which permit recovery of all costs within a reasonable period of time in the normal course of trade. Concerning the use of a weighted-average cost for each class or kind of merchandise, refer to our response to Petitioners' Comment 2.

For the final determination we performed the cost test in the same manner as in the preliminary determination. We based the inclusion or rejection of below cost sales on the total number of all below cost sales of LWR or standard products, taken as a percentage of total sales of LWR or standard pipes and tubes.

Comment 8: STS argues that if the Department uses constructed value as the basis of foreign market value in these investigations, it must make all necessary circumstances of sale adjustments to that value.

DOC Response: The Department has done so. See the section on Foreign Market Value.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of small diameter and LWR pipes and tubes from Singapore that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. The United States Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amounts by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Weighted-average margin percentage
Steel Tubes of Singapore (PTE), Ltd.:	
Small Diameter Pipes and Tubes	6.76
Light-Walled Rectangular Pipes and Tubes	12.60
All Others:	
Small Diameter Pipes and Tubes	6.76
Light-Walled Rectangular Pipes and Tubes	12.60

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determinations. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to these investigations. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or canceled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on small diameter and LWR pipes and tubes from Singapore entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

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

Paul Freedenberg,

Assistant Secretary for Trade Administration.

September 11, 1986.

[FR Doc. 86-21168 Filed 9-17-86; 8:45 am]

BILLING CODE 3510-DS-M

[Investigations Nos. 731-TA-292, 293, 294, and 296 (Final)]

Welded Carbon Steel Pipes and Tubes From the People's Republic of China, the Philippines, and Singapore

AGENCY: International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-292, 293, 294, and 296 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the following welded carbon steel pipes and tubes, which have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV):

Standard pipes and tubes [1] from the People's Republic of China (China), the Philippines, and Singapore (investigations Nos. 731-TA-292 through 294 (Final))

Light-walled rectangular pipes and tubes [2] from Singapore (investigation No. 731-TA-296 (Final))

Unless the investigations are extended, Commerce will make its final LTFV determinations on or before July 7, 1986 and the Commission will make its final injury determinations by Aug. 25, 1986 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: April 28, 1986.

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth (202-523-0289), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of certain welded carbon steel pipes and tubes from China, the Philippines, and Singapore are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in a petition filed on November 13, 1985, by counsel for the Committee on Pipe & Tube Imports (CPTI) and the individual members of the CPTI. In response to those petitions the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (51 FR 788, Jan. 8, 1986).

Participation in the Investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to 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)),

[1] For purposes of these investigations, the term "standard pipes and tubes" covers welded carbon steel pipes and tubes of circular cross section, 375 inch or more but not over 16 inches in outside diameter, provided for in items 610.3201, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3256, 610.3258, and 610.4925 of the *Tariff Schedules of the United States (Annotated) (TSUSA)*.

[2] For purposes of 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 610.4925 of the TSUSA.

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

Staff Report

A public version of the prehearing staff report in these investigations will be placed in the public record on June 20, 1986, pursuant to section 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on July 8, 1986 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on June 27, 1986. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on July 2, 1986 in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is July 2, 1986.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written Submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 201.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 201.24) and must be submitted not later than the close of business on July 15, 1986. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before July 15, 1986.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 207.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 207.8 of the Commission's rules (19 CFR 201.6).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 201.20).

Issued: May 9, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-10879 Filed 5-13-86; 8:45 am]

BILLING CODE 7020-02-M

[Investigation Nos. 731-TA-293, 294, and 295 (Final)]

Certain Welded Carbon Steel Pipes and Tubes From the Philippines and Singapore

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigations.

EFFECTIVE DATE: June 27, 1986.

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth (202-523-0289), 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: On May 8, 1986, the Commission instituted the subject investigations and established a schedule for their conduct (51 FR 17882, May 14, 1986). Subsequently, the Department of Commerce extended the date for its final determinations in the investigations from July 7, 1986 to September 11, 1986 (51 FR 18473, May 20, 1986). The Commission, therefore, is revising its schedule in the investigations to conform with Commerce's new schedule.

The Commission's new schedule for the investigations is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than September 4, 1986; the prehearing conference will be held in room 117 of the U.S. International Trade Commission Building at 9:30 a.m. on September 9, 1986; the public version of the prehearing staff report will be placed on the public record on August 29, 1986; the deadline for filing prehearing briefs is September 11, 1986; the hearing will be held in room 331 of the U.S. International Trade Commission Building at 9:30 a.m. on September 17, 1986; and the deadline for filing all other written submissions, including posthearing briefs, is September 23, 1986.

For further information concerning these investigations see the Commission's notice of investigations 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: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: June 27, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-14885 Filed 7-1-86; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Certain Welded Carbon Steel Pipes and Tubes from the Philippines and Singapore

Inv. Nos. : 731-TA-293, 294, and 296 (Final)

Date and time: September 17, 1986 - 9:30 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

Schagrin Associates--Counsel
Washington, D.C.
on behalf of

The Committee on Pipe and Tube Imports (CPTI) and the individual members of these subcommittees

D. R. Finn, Manager, Mechanical Tube Division, Western Tube and Conduit Corporation

Roger B. Schagrin)
R. Alan Luberda) --OF COUNSEL

In opposition to the imposition of antidumping duties:

Willkie, Farr & Gallagher--Counsel
Washington, D.C.
on behalf of

Steel Tubes of Singapore (Pte.) Ltd., a Singapore producer of steel pipe and tube

Christopher Dunn)
Kenneth J. Pierce) --OF COUNSEL

APPENDIX C

SELECTED DATA ON COMBINED STANDARD AND LIGHT-WALLED RECTANGULAR PIPE AND TUBE OPERATIONS

Table C-1.--Standard and light-walled rectangular pipes and tubes: U.S. producers, their shares of domestic shipments, by product line and by firm, 1985

(In percent)

Firm	Share of 1985 domestic shipments of--		
	Standard pipes & tubes	Light-walled rectangular pipes & tubes	Standard and light-walled rectangular pipes & tubes
CPTI member firms:			
Allied Tube & Conduit	***	1/	***
American Tube Co	***	2/	***
Bull Moose Tube Co	***	***	***
Cyclops Corp.	***	3/	***
Hannibal Industries, Inc., Kaiser Steel Tubing Division	***	***	***
Hughes Steel & Tube	1/	***	***
LaClede Steel Co	***	1/	***
Maruichi American Corp	***	***	***
Pittsburgh Tube Co	***	***	***
Sharon Tube Co	***	1/	***
Southwestern Pipe, Inc	1/	***	2/
Western Tube & Conduit	***	***	***
Wheatland Tube Corp	***	1/	***
Non-CPTI firms:			
American Cast Iron Pipe Co	***	1/	***
Armco, Inc	***	***	***
Bayamon Steel Processors, Inc	1/	***	2/
Berger Industries, Inc	***	***	***
Bernard Epps & Co	***	***	***
California Steel & Tube Co	***	***	***
Harris Tube	***	***	***
J.M. Tull Industries, Inc	2/	4/	2/
Lock Joint Tube Co., Inc	***	***	***
LTV Steel Corp	***	2/	***
Miami Industries	5/	5/	5/
Parthenon Metal Works	1/	***	***
United States Steel Corp	***	1/	***
United Tube Corp	***	1/	***

1/ Firm does not produce this product.
2/ * * *.
3/ * * *.
4/ * * *.
5/ * * *.

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

Table C-2.--Standard and light-walled rectangular pipes and tubes: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1983-85, January-June 1985, and January-June 1986

Period	U.S. producers' domestic shipments	Imports	Apparent consumption	Ratio to consumption of--	
				Producers' shipments	Imports
	1,000 tons			Percent	
1983	1,103	1,262	2,365	47	53
1984	1,141	1,649	2,790	41	59
1985	1,224	1,517	2,741	45	55
January-June--					
1985	493	790	1,283	38	62
1986	552	645	1,197	46	54

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.

Table C-3.--Standard and light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June--	
				1985	1986
Production-------1,000 tons--	1,104	1,159	1,241	499	587
Capacity 1/----------do-----	2,035	2,084	2,159	871	886
Capacity utilization 2/ percent--	52	54	56	56	64

1/ To the extent that 3 producers, accounting for 5 percent of reported domestic shipments in 1985, did not supply capacity figures, these figures are understated.

2/ 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-4.--Standard and light-walled rectangular pipes and tubes: U.S. producers' domestic shipments, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June--	
				1985	1986
Quantity---------1,000 tons--	1,103	1,141	1,224	493	552
Value 1/------1,000 dollars--	599,281	673,246	700,146	289,355	315,681
Unit value 2/-------per ton--	$576	$613	$598	$606	$614

1/ 1 firm accounting for * * * percent of shipments during 1983-85 did not provide value data.

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

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

Table C-5.--Standard and light-walled rectangular pipes and tubes: U.S. imports for consumption, 1/ by selected sources, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-- 1985	January-June-- 1986
	Quantity (tons)				
Philippines	0	0	3,445	48	0
Singapore	0	624	10,191	2,750	8,639
Brazil	52,174	187,275	47,154	31,102	24,508
Canada	102,854	173,317	145,711	77,408	61,637
China	0	0	813	350	641
India	556	1,985	22,306	5,303	2,239
Japan	106,851	171,585	235,687	139,546	56,316
Republic of Korea	585,381	501,463	562,965	282,400	223,641
Spain	25,042	105,809	17,391	15,656	6,417
Taiwan	145,011	41,060	59,462	20,533	65,281
Thailand	0	50	33,678	12,389	35,483
Turkey	505	2,578	36,277	10,154	671
West Germany	13,575	40,611	47,837	27,752	21,724
Yugoslavia	0	13,553	11,517	4,604	1,041
All other	230,085	408,660	282,571	160,497	137,099
Total	1,262,034	1,648,569	1,517,008	790,492	645,336
	Value (1,000 dollars)				
Philippines	-	-	1,176	14	-
Singapore	-	493	3,158	884	2,766
Brazil	15,291	61,216	15,888	10,571	7,965
Canada	47,272	79,908	65,915	34,675	28,579
China	-	-	239	96	160
India	194	629	7,834	2,148	780
Japan	43,935	74,642	103,366	60,360	25,316
Republic of Korea	188,745	188,678	213,237	106,451	84,196
Spain	7,201	33,497	5,804	5,243	2,006
Taiwan	43,310	13,479	19,388	6,908	20,265
Thailand	-	15	11,841	4,261	10,720
Turkey	200	821	12,389	3,316	198
West Germany	6,334	16,732	17,136	8,228	10,777
Yugoslavia	-	3,953	3,960	1,446	369
All other	75,486	140,170	102,627	59,633	47,292
Total	427,969	614,233	583,956	304,234	241,389
	Unit value				
Philippines	-	-	341	285	-
Singapore	-	791	310	321	320
Brazil	293	327	337	340	325
Canada	460	461	452	448	464
China	-	-	293	275	249
India	349	317	351	405	349
Japan	411	435	439	433	450
Republic of Korea	322	376	379	377	376
Spain	288	317	334	335	313
Taiwan	299	328	326	336	310
Thailand	-	291	352	344	302
Turkey	396	318	342	327	296
West Germany	467	412	358	296	496
Yugoslavia	-	292	344	314	355
All other	328	343	363	372	345
Average	339	373	385	385	374

1/ Includes imports in TSUSA items 610.3231, 610.3232, 610.3234, 610.3241, 610.3242, 610.3243, 610.3244, 610.3247, 610.3252, 610.3254, 610.3256, 610.3258, 610.4925, 610.4928, and 610.4975. Data for January 1983-March 1984 may be slightly overstated to the extent they contain small quantities of pipes and tubes not under investigation.

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

Table C-6.--Standard and light-walled rectangular pipes and tubes: Apparent U.S. consumption, imports, and market penetration, calculated on the basis of value, 1/ 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-	
				1985	1986
Total apparent U.S. consumption					
1,000 dollars	1,086,384	1,366,015	1,363,405	634,210	588,227
Imports from--					
The Philippines-do--	-	-	1,377	16	-
Singapore-------do--	-	583	3,894	1,091	3,376
All sources-----do--	487,103	692,769	663,259	344,855	272,546
Market penetration by imports from--					
The Philippines					
percent--	-	-	0.1	2/	-
Singapore---------do--	-	2/	.3	0.2	0.6
All sources-------do--	44.8	50.7	48.6	54.4	46.3

1/ Import values are C.I.F. duty-paid values.
2/ Less than 0.05 percent.

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

Note.--Imports as a share of apparent domestic consumption is calculated on the basis of the C.I.F. duty-paid value of imports as reported in official import statistics and the value of domestic shipments as reported by U.S. producers in questionnaire responses. No adjustments have been made to reflect importers' mark-up or the fact that the imported merchandise has been found to be sold at less than fair value by the U.S. Department of Commerce.

Table C-7.--Standard and light-walled rectangular pipes and tubes: Apparent U.S. consumption, imports, and market penetration, calculated on the basis of quantity, 1983-85, January-June 1985, and January-June 1986

Item	1983	1984	1985	January-June-	
				1985	1986
Total apparent U.S. consumption					
1,000 tons	2,365	2,790	2,741	1,283	1,197
Imports from--					
The Philippines-do	0	0	3	1/	0
Singapore-------do	0	1	10	3	9
All sources-----do	1,262	1,649	1,517	790	645
Market penetration by imports from--					
The Philippines percent	-	-	0.1	2/	-
Singapore---------do	-	2/	.4	0.2	0.8
All sources-------do	53.4	59.1	55.3	61.6	53.9

1/ Less than 500 tons.
2/ Less than 0.05 percent.

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

APPENDIX D

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

Table D-1.--Light-walled rectangular pipes and tubes: U.S. production, capacity, and capacity utilization, West Coast region, by firm, 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-------------do----	52	64	60	55	58

1/ * * *.

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

Table D-2.--Light-walled rectangular pipes and tubes: U.S. producers' domestic shipments produced within the West Coast region, by destinations and by firm, 1983-85, January-June 1985, and January-June 1986

(In tons)

Item	1983	1984	1985	January-June--	
				1985	1986
Produced in the West Coast region and shipped to destinations:					
Within the region--					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	1/	1/
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American	***	***	***	***	***
Western Tube	***	***	***	***	***
Subtotal	***	***	***	***	***
Outside the region--					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	1/	1/
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American	***	***	***	***	***
Western Tube	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	***	***	***	***	***

1/ * * *.

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

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

(In tons)

Item	1983	1984	1985	January-June-	
				1985	1986
Domestic shipments:					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	1/	1/
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American	***	***	***	***	***
Western Tube	***	***	***	***	***
Total	***	***	***	***	***
End-of-period inventories:					
American Tube	***	***	***	***	***
Bernard Epps & Co	***	***	***	***	***
California Steel	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	1/	1/
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American	***	***	***	***	***
Western Tube	***	***	***	***	***
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 D-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 firm, 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	***	***	***	***	***
California Steel	***	***	***	***	***
Harris Tube	***	***	***	***	***
Hughes Steel & Tube	***	***	***	3/	3/
Kaiser Steel Tubing	***	***	***	***	***
Maruichi American	***	***	***	***	***
Western Tube	***	***	***	***	***
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 footnote at end of table.

Table D-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 firm, 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/ No data reported.

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