

LIGHT-WALLED RECTANGULAR PIPES AND TUBES FROM ARGENTINA AND TAIWAN

Determinations of the Commission in
Investigations Nos. 731-TA-409-410
(Preliminary) Under the Tariff
Act of 1930, Together With the
Information Obtained in the
Investigations

USITC PUBLICATION 2098

JULY 1988



UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Anne E. Brunsdale, Vice Chairman

Alfred E. Eckes

Seeley G. Lodwick

Susan Liebeler

David B. Rohr

Ronald A. Cass

Staff assigned:

Larry Reavis, Investigator, 252-1185

Karen Laney-Cummings, Commodity/Industry Analyst, 252-1431

Elizabeth Henning, Economist, 252-1252

Marshall Wade, Accountant, 252-1195

Randi Field, Senior Attorney, 252-1099

Jean Jackson, Attorney, 252-1104

Bob Carpenter, Supervisory Investigator, 252-1172

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

C O N T E N T S

	Page
Determinations	1
Views of the Commission	3
Additional views of Commissioner Ronald A. Cass	15
Information obtained in the investigations:	
Introduction	A-1
Nature and extent of alleged sales at LTFV	A-2
The product:	
Description and uses	A-2
Manufacturing process	A-3
U.S. tariff treatment	A-4
U.S. channels of distribution	A-4
U.S. producers	A-4
U.S. importers	A-6
Consideration of alleged material injury	A-6
U.S. production, capacity, and capacity utilization	A-6
U.S. producers' intracompany consumption, domestic shipments, and exports	A-7
Inventories	A-7
Employment	A-8
Financial experience of U.S. producers	A-8
Overall establishment operations	A-8
Operations producing light-walled rectangular pipes and tubes	A-11
Capital expenditures, research and development expenses, and value of property, plant, and equipment	A-11
Consideration of alleged threat of material injury	A-14
Consideration of the causal relationship between the alleged LTFV imports and the alleged material injury:	
Imports	A-17
Apparent U.S. consumption and market penetration	A-17
Prices	A-19
Domestic prices	A-21
Argentine prices	A-21
Taiwan prices	A-21
Lost sales and lost revenue	A-23
Exchange rates	A-24
Appendix A. Commerce's and Commission's <u>Federal Register</u> notices	A-27
Appendix B. List of witnesses at the Commission's conference	A-35

Tables

1. Light-walled rectangular pipe and tube: U.S. producers, plant locations, estimated shares of domestic production in 1987, and position on the petition, by firms	A-5
---	-----

CONTENTS

Tables—Continued

	<u>Page</u>
2. Light-walled rectangular pipe and tube: U.S. production, average practical capacity, and capacity utilization, 1985-87, January-March 1987 and January-March 1988-----	A-6
3. Light-walled rectangular pipe and tube: U.S. producers' intracompany consumption, domestic shipments, and exports, 1985-87, January-March 1987, and January-March 1988-----	A-7
4. Light-walled rectangular pipe and tube: U.S. producers' inventories, as of Dec. 31, 1985, 1986, and 1987, and as of Mar. 31, 1987, and 1988-----	A-8
5. Average number of production and related workers producing light-walled rectangular pipe and tube in U.S. plants, hours worked by such workers, output per hour worked, total compensation and average hourly compensation paid to such workers, and unit labor cost of production, 1985-87, January-March 1987, and January-March 1988-----	A-9
6. Income-and-loss experience of U.S. producers on the overall operations of their establishments within which light-walled rectangular pipes and tubes are produced, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988-----	A-10
7. Income-and-loss experience of U.S. producers on their operations producing light-walled rectangular pipe and tube, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988-----	A-12
8. Light-walled rectangular pipe and tube: Capital expenditures by U.S. producers, accounting years 1985-87 and interim periods ended Mar. 31, 1987 and Mar. 31, 1988-----	A-13
9. Light-walled rectangular pipe and tube: Value of property, plant, and equipment of U.S. producers, accounting years 1985-87 and interim periods ended Mar. 31, 1987 and Mar. 31, 1988-----	A-14
10. Light-walled rectangular pipe and tube: Argentine capacity, production, and exports, 1985-87, January-March 1987, and January-March 1988-----	A-15
11. Light-walled rectangular pipe and tube: U.S. imports for consumption, by selected sources, 1985-87, January-March 1987, and January-March 1988-----	A-18
12. Light-walled rectangular pipe and tube: Apparent U.S. consumption and ratio of imports to consumption, 1985-87, January-March 1987, and January-March 1988-----	A-19
13. Light-walled rectangular pipe and tube: Weighted-average f.o.b. sales prices to distributors in the United States, for U.S. and imported Argentine produced products, and margins of underselling or (overselling), by quarters, January 1986-June 1988-----	A-22

CONTENTS

Tables—Continued

	<u>Page</u>
14. Light-walled rectangular pipe and tube: Weighted-average f.o.b. sales prices to distributors in the United States, for U.S. and imported Taiwan-produced products, and margins of underselling, by quarters, January 1986-June 1988-----	A-22
15. Indexes of nominal-exchange-rate equivalents of the Argentine austral and the New Taiwan dollar in U.S. dollars, real exchange-rate equivalents, and producer price indicators in Argentina and Taiwan, indexed by quarters, January 1986-March 1988-----	A-25

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-409-410 (Preliminary)

LIGHT-WALLED RECTANGULAR PIPES AND TUBES
FROM ARGENTINA AND TAIWAN

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Argentina and Taiwan of light-walled rectangular pipes and tubes, 2/ provided for in item 610.49 of the Tariff Schedules of the United States, that are alleged to be sold in the United States at less than fair value (LTFV). 3/

Background

On June 6, 1988, a petition was filed with the Commission and the Department of Commerce by the mechanical tubing subcommittee of the Committee on Pipe and Tubes Imports and by the individual members of the subcommittee that produce the subject product, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of light-walled rectangular pipes and tubes from Argentina and Taiwan. Accordingly, effective June 6, 1988, the Commission instituted preliminary antidumping investigations Nos. 731-TA-409-410 (Preliminary).

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

2/ For purposes of the investigations, the term "light-walled rectangular pipes and tubes" refers to welded carbon steel pipes and tubes of rectangular (including square) cross section having a wall thickness of less than 0.156 inch. Such products are currently reported for statistical purposes under item 610.4928 of the Tariff Schedules of the United States Annotated and are classifiable under subheading 7306.60.50 of the proposed Harmonized Tariff Schedule of the United States.

3/ Commissioner Cass determines that there is a reasonable indication that an industry in the United States is materially injured by reason of the subject imports from Argentina and Taiwan.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 14, 1988 (53 F.R. 22231). The conference was held in Washington, DC, on June 29, 1988, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the information gathered in these preliminary investigations, we determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of light-walled rectangular welded carbon steel pipes and tubes (LWR) from Argentina and Taiwan that are allegedly sold at less than fair value (LTFV). ^{1/} ^{2/}

Like Product and Domestic Industry

As a threshold matter, we are required to define the "like product" and the relevant "domestic industry" to be examined for the purpose of assessing material injury. Section 771(4)(A) of the Tariff Act of 1930, as amended, 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." ^{3/} "Like product," in turn, is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses

^{1/} Commissioner Cass determines that there is a reasonable indication that the domestic industry has been materially injured by reason of imports from Argentina and Taiwan. See Additional Views of Commissioner Cass on material injury.

^{2/} As the domestic industry has been established for some time, material retardation is not an issue in these investigations and will not be discussed further.

^{3/} 19 U.S.C. § 1677(4)(A).

with, the article subject to an investigation " 4/

The Commission's like product decision is essentially a factual determination, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis. In analyzing like product issues, the Commission generally considers a number of factors including physical appearance, interchangeability among the articles, channels of distribution, customer perceptions of the articles, and the use of common manufacturing facilities and production employees. 5/

The product subject to these investigations is LWR from Argentina and Taiwan. In previous investigations of this product we found that there was a single like product consisting of LWR, and that the domestic industry was comprised of producers of LWR. 6/ Petitioners support the Commission's past

4/ 19 U.S.C. § 1677(10). "The article subject to an investigation" is defined by the scope of the Department of Commerce's (Commerce) investigation. Commerce, in its Notice of Initiation, has defined the scope of its investigation as follows: certain light-walled welded carbon steel pipes and tubes, of rectangular (including square) cross-section, having a wall thickness of less than 0.156 inch, as provided for in item 610.4928 of the Tariff Schedules of the United States Annotated (TSUSA).

5/ Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, Invs. Nos. 731-TA-351 and 353 (Final), USITC Pub. No. 2014 (1987); Certain Copier Toner from Japan, Inv. No. 731-TA-373 (Preliminary), USITC Pub. No. 1960 (1987); Candles from the People's Republic of China, Inv. No. 731-TA-282 (Final), USITC Pub. No. 1888 (1986).

6/ Certain Welded Carbon Steel Pipes and Tubes From the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131 and 132 (Preliminary), USITC Pub. No. 1389 (1983); Certain Welded Carbon Steel Pipes and Tubes From the Republic of Korea and Taiwan, Invs. Nos. 731-TA-131, 132, and 138 (Final); USITC Pub. No. 1519 (1984); Welded Carbon Steel Pipes and Tubes From Brazil and Spain, Invs. Nos. (Footnote continued on next page)

like product and domestic industry definitions. Although the Taiwan respondents stated that "they do not disagree" with the definitions of like product and domestic industry previously used by the Commission, ^{7/} they requested that the Commission make an explicit finding that galvanized LWR is a separate like product that should be excluded from the scope of investigation because, according to the petitioners, galvanized LWR is not produced in the United States. ^{8/} Because like product is assessed on the basis of characteristics and uses and not the production or lack of production of a product in the United States, the respondents' argument is irrelevant to a like product determination. Moreover, although galvanized LWR accounts for only a small segment of the domestic industry, at least 7 out of 21 domestic producers manufacture and sell galvanized LWR on the open market. ^{9/} Information collected during these preliminary investigations does not warrant

(Footnote continued from previous page)

701-TA-220 and 731-TA-197 and 198 (Preliminary), USITC Pub. 1569 (1984); Certain Welded Steel Pipes and Tubes From Taiwan and Venezuela, Invs. Nos. 731-TA-211 and 212 (Preliminary), USITC Pub. 1639 (1985); Certain Welded Carbon Steel Pipes and Tubes From the People's Republic of China, the Philippines, and Singapore, Invs. Nos. 731-TA-292 through 296 (Preliminary), USITC Pub. 1796 (1985); Certain Welded Carbon Steel Pipes and Tubes From Taiwan, Inv. No. 731-TA-211 (Final), USITC Pub. 1799 (1986); Certain Welded Carbon Steel Pipes and Tubes From Taiwan, Inv. No. 731-TA-349 (Preliminary), USITC Pub. 1906 (1986); Certain Welded Carbon Steel Pipes and Tubes From the Philippines, and Singapore, Invs. Nos. 731-TA-293, 294, and 296 (Final), USITC Pub. 1907 (1986); Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-349 (Final), USITC Pub. 1994 (1987).

^{7/} Post-Conference Brief on behalf of the Taiwan Respondents at 6.

^{8/} Id. at 9.

^{9/} Report to the Commission (Report) at A-3.

a revision of those definitions. Therefore, based on the record in these investigations, we adopt our previous definitions of like product and domestic industry.

Condition of the Domestic Industry

In determining the condition of the domestic industry, the Commission considers, among other factors, domestic production, capacity, capacity utilization, domestic consumption, shipments, inventories, employment, and financial performance. ^{10/} No single factor is determinative. In each investigation the Commission must consider the particular nature of the relevant industry in making its determination. Examination of these factors reveals that the condition of the LWR industry has improved significantly since our last investigation, which was completed in July 1987. ^{11/}

Apparent U.S. consumption of LWR declined from 221,570 tons valued at \$120.8 million in 1985 to 217,041 tons valued at \$110.7 million in 1986, and then increased to 249,565 tons valued at \$136.8 million in 1987. Consumption rose in interim January-March 1988 to 76,067 tons valued at \$28.7 million as compared with 58,419 tons valued at \$42.9 million in interim 1987. ^{12/}

^{10/} 19 U.S.C. § 1677(7)(C)(iii).

^{11/} Commissioner Cass believes that the description of the domestic industry is accurate and relevant to his decision on the existence of material injury by reason of LTFV imports. He does not, however, believe a separate conclusion respecting the condition of the domestic industry is required. For reasons stated in his Additional Views, he determines that the domestic industry has been materially injured by reason of the subject imports.

^{12/} Report at A-19, Table 12.

Domestic production increased steadily throughout the period of investigation from 144,375 tons in 1985 to 150,024 tons in 1986 to 172,239 tons in 1987, and was 46,437 tons in interim 1988 as compared to 43,637 tons in interim 1987. ^{13/} Capacity to produce LWR increased from 201,775 tons in 1985 to 215,355 tons in 1986 to 219,265 tons in 1987, and was 55,765 tons in interim 1988 as compared with 52,587 tons in interim 1987. ^{14/} Capacity utilization was 71.6 percent in 1985, fell to 69.7 percent in 1986, and rose to 78.6 percent in 1987. Interim 1988 capacity utilization was 83.3 percent, slightly more than the interim 1987 level of 83.0 percent. ^{15/}

The quantity of domestic shipments rose from 137,442 tons in 1985 to 146,526 tons in 1986 to 167,680 tons in 1987, and reached 45,372 tons in interim 1988 as compared with 42,996 tons in interim 1987. ^{16/} The value of domestic shipments was \$81.8 million in 1985, \$78.5 million in 1986, \$98.1 million in 1987, and \$27.9 million in interim 1988 as compared with \$21.9

^{13/} Id. at A-6, Table 2.

^{14/} Id. The increase in capacity reflects the reallocation of existing resources to increased production of the subject product rather than any real increase in plant and equipment. Id. at A-6. We note, however, that increasing capacity in this manner is limited by the producers' number of sizing rolls.

^{15/} Id. at A-6.

^{16/} Id. at A-7. Domestic shipments account for 99 percent of total shipments which also include U.S. producers exports and intracompany consumption.

million in interim 1987. ^{17/} While the record indicates that inventories increased from 3,029 tons in 1985 to 5,617 tons in 1986 to 7,367 tons in 1987 and to 9,678 tons in interim 1988, we question the reliability of these data. Furthermore, the increase in the ratios of inventories to shipments was smaller. ^{18/}

The number of employees producing LWR increased steadily over the period of investigation from 212 in 1985 to 255 in 1987, and to 289 in interim 1988. Hours worked and wages paid also increased. Output of the product per hour worked remained relatively constant, rising slightly in 1987 and dipping slightly in interim 1988. ^{19/}

Financial information in this preliminary investigation is based on questionnaire responses from the seven firms that provided usable data. ^{20/} Net sales of LWR were \$58.8 million in 1985 and \$58.0 million in 1986, rising to \$68.3 million in 1987. For interim 1988, sales were substantially higher at \$23.8 million than the level of \$16.3 million reached in interim 1987. As a percent of net sales, the cost of goods sold was 89.4 percent in 1985, 90.6 percent in 1986, 89.5 percent in 1987, and 86.4 percent in interim 1988. Operating income declined from \$2.4 million in 1985 to \$1.4 million in 1986,

^{17/} Id. at A-7, Table 3.

^{18/} Id. at A-8, Table 4. We note that some producers lacking precise figures may have derived year-end inventory levels by reconciling annual production and shipments. Id. at A-7.

^{19/} Id. at A-9, Table 5.

^{20/} Id. at A-8.

rose sharply to \$3.1 million in 1987, and was \$1.7 million in interim 1988 as compared with \$0.9 million in interim 1987. Net income reflected the same trend as operating income, falling in 1986 and rising in 1987 and in interim 1988. 21/

In summary, the above indicators show dramatic improvement in the condition of the domestic industry during the period of our investigations, starting from an already healthy condition in 1985. For this reason, we determine that there is no reasonable indication that the industry producing LWR is experiencing material injury. However, as discussed below, we find a reasonable indication that the LWR industry is threatened with material injury by reason of imports of LWR from Argentina and Taiwan. 22/ 23/ 24/

21/ Id. at A-12, Table 7.

22/ Vice Chairman Brunsdale agrees that the foregoing is an accurate description of the condition of the domestic industry. She does not believe, however, that the data collected thus far in the investigations contains "clear and convincing evidence that there is no material injury" to the domestic industry. American Lamb Co. v. United States, 785 F.2d 994, 1001 (Fed. Cir. 1986). The Vice Chairman concludes that the evidence is much more probative of a threat of material injury than of actual material injury, and therefore joins these views in their conclusions regarding threat.

23/ Commissioner Liebler does not find that the record in this preliminary investigation demonstrates clear and convincing evidence that there is no material injury to the domestic industry by reason of LTFV imports from Argentina and Taiwan. She concurs in the views of the majority on threat.

24/ Commissioner Cass does not believe a separate conclusion respecting the condition of the domestic industry is required. See n.11, supra.

Reasonable Indication of Threat of Material Injury by Reason of Allegedly LTFV Imports from Argentina and Taiwan ^{25/} ^{26/}

In determining whether there is a reasonable indication of a threat of material injury, the Commission considers, among other factors, any rapid increase in market penetration of the imports and the likelihood that such penetration will reach an injurious level, the likelihood of increased imports in the future because of increased capacity or existing underutilized capacity in the foreign country, and the probability that future imports will have a price depressing or suppressing effect in the domestic market. ^{27/} The threat of material injury must be real and imminent, and not speculation or conjecture. ^{28/}

1. Argentina

Argentine capacity remained constant at 131,458 tons from 1985 through 1986, but increased by 33.1 percent to 174,938 tons in 1987, and by another 34.7 percent to 48,079 tons compared with 35,689 tons in interim 1987. ^{29/} Argentine production increased markedly from 55,934 tons in 1985 to 97,374 tons in 1987 or by 74.1 percent, and increased in interim 1988 to 34,346 tons or by 74.6 percent as compared with 19,666 tons in interim 1987. Capacity

^{25/} Recently, the Court of International Trade held that, although cumulation for threat determinations is not mandated by statute, it may be a useful tool to be used at the Commission's discretion. Asociacion Columbiana De Exportadores De Flores v. United States, Slip. Op. 88-91 at 17 (CIT July 14, 1988). Because we have considered the imports from Argentina and Taiwan separately and have reached affirmative determinations concerning imports from both countries, we find it unnecessary to cumulate imports in these investigations.

^{26/} Commissioner Cass does not reach the issue of threat.

^{27/} 19 U.S.C. § 1677(7)(F)(i).

^{28/} 19 U.S.C. § 1677(7)(F)(ii).

^{29/} Report at A-15.

utilization of the Argentine industry was 42.5 percent in 1985, and thereafter moved up to 54.8 percent in 1986, 55.7 percent in 1987, and 71.4 percent in interim 1988. For the full year 1988, Argentine production is expected to increase by 1.9 percent, and Argentine capacity is expected to increase by 0.8 percent in 1988. ^{30/}

Market penetration by imports from Argentina was 0.1 percent in 1985 and 0.9 percent in 1986, rising sharply to 5.9 percent in 1987 and to 12.8 percent in interim 1988 as compared to 0.4 percent in the same period of 1987. ^{31/} The U.S. share of Argentine exports of LWR was over 90 percent throughout the period of investigation and is growing. ^{32/} Argentine producers are expected to increase all exports by 15.4 percent in 1988. According to data received from importers, no Argentine LWR was held in inventory at the ends of the periods for which data were collected. ^{33/}

Although the pricing data for imports from Argentina are incomplete, there has been a consistent pattern of underselling by the Argentine product. ^{34/ 35/} We expect to have more complete pricing data in the event this investigation returns for final determination.

^{30/} Id. at A-15.

^{31/} Id. at A-19.

^{32/} Id. at A-15.

^{33/} Id. at A-14.

^{34/} Id. at A-22.

^{35/} Commissioner Liebeler does not base her decision in this investigation on evidence of underselling by imported products. She believes that evidence of underselling or overselling ordinarily is not probative on the issues of causation or threat. Such evidence sometimes provides useful information on product differentiation. See Internal Combustion Engine Fork Lift Trucks from Japan, Inv. No. 731-TA-377 (Final) (1988) (Additional Views of Chairman Liebeler).

Based on these indicators, we find a reasonable indication that the domestic LWR industry is threatened with material injury by reason of the subject imports from Argentina.

2. Taiwan

The Commission was unable to obtain complete information from Taiwan on production, capacity, and exports in the time allotted for these preliminary investigations. ^{36/ 37/} We note that Taiwan's Steel and Iron Industries Association has agreed to a unilateral "self-restraint" program in which each producer is given a specific monthly export allocation for pipe and tube products. The agreement does not contain a specific allocation for exports of LWR. Moreover, allocations not used by one producer may be reallocated to other producers. ^{38/} We do not place great reliance on the effectiveness of Taiwan's self-restraint agreement in view of the fact that in the first five months of 1988, total exports of steel pipe and tube from Taiwan, which include the products under investigation, were about 14 percent over the agreement's allocation levels. ^{39/}

^{36/} Id. at A-15-A-16.

^{37/} If this investigation returns for a final determination, we will seek more data on production, capacity, and exports from the Taiwan producers.

^{38/} Report at A-14-A-16.

^{39/} Id. at A-16. At the time of our last determination, information in the record indicated that Taiwan was generally adhering to the quotas. Certain Welded Carbon Steel Pipes and Tubes from Taiwan, Inv. No. 731-TA-349
(Footnote continued on next page)

Market penetration by imports from Taiwan increased sharply from .2 percent in 1985 to 4.6 percent in 1986 and to 5.9 percent in 1987. In interim 1988, it was 10.2 percent compared to 9.3 percent in the corresponding period of 1987. As in the case of Argentina, very little LWR from Taiwan was reported held in inventory by importers. 40/

Although the pricing data for imports from Taiwan are incomplete, there has been a consistent pattern of underselling by LWR from Taiwan. 41/ 42/ We expect to have more complete pricing data in the event this investigation returns for final determination.

Based on these indicators, we find a reasonable indication that the domestic LWR industry is threatened with material injury by reason of the subject imports from Taiwan.

(Footnote continued from previous page)
(Final), USITC Pub. 1994 at 23 n.66 (1987). In light of the new information, we place less reliance on the existence of this informal restraint and intend to examine this issue further in any final investigation.

40/ Id. at A-14.

41/ Id. at A-22.

42/ See Commissioner Liebeler's n.35, supra.

ADDITIONAL VIEWS OF
COMMISSIONER RONALD A. CASS

Light-Walled Rectangular Pipes and Tubes
from Argentina and Taiwan

Invs. Nos. 731-TA-409-410 (Preliminary)

July 21, 1988

I join the Commission's views concerning the definition of like product and the domestic industry. I also join the Commission's description of the condition of the domestic industry. However, because I find there to be a reasonable indication of material injury to the domestic industry, I find it unnecessary to determine, as does the majority, whether a threat of material injury to the domestic industry exists.

The law requires the Commission to consider the same factors in making a preliminary determination of injury under 19 U.S.C. § 1673b(a) that it considers in making a final determination of injury under 19 U.S.C. § 1673d(b). However, in making a preliminary determination, the Commission must evaluate the evidence by asking only whether, on the record developed up to that point, there exists a "reasonable indication"^{1/} that a domestic industry has been materially injured or threatened with material injury by reason of the imports under investigation. The Commission has adopted a two-part test to determine whether the requisite "reasonable indication"

^{1/} See 19 U.S.C. § 1673b (a).

exists to make a preliminary determination of injury.^{2/} Under that test, the Commission will make an affirmative preliminary determination of material injury unless, first, there exists "clear and convincing" evidence that the subject imports have not materially injured the domestic industry; and second, when it is unlikely that evidence sufficient to establish such injury would be developed in a final investigation.^{3/} The U.S. Court of Appeals for the Federal Circuit, in American Lamb Co. v. United States^{4/}, has found this test permissible under the governing statute. This standard, now generally referred to as the American Lamb test, plainly inclines preliminary determinations toward affirmative findings.

The Commission's majority does not reach the issue of material injury, finding instead a threat of material injury. Perhaps this is because a majority found that the evidence more clearly indicated a threat of injury than actual injury. Or perhaps the majority, having found the domestic

2/ Id. See, e.g., Top-of-the-Stove Stainless Steel Cooking Ware from Korea and Taiwan, Inv. No. 731-TA-304 - 305 (Preliminary), USITC Pub. 1820 (1986); Low-Fuming Brazing Copper Wire and Rod from France, New Zealand, and South Africa, Inv. Nos. 701-TA-237 and 731-TA-247 (Preliminary), USITC Pub. 1673 (1985).

3/ As two of my colleagues and I stated in Electrolytic Manganese Dioxide from Japan, Ireland, and Greece, Inv. Nos. 731-TA-406 - 408, USITC Pub. ___, (1988), "The Commission should not reach negative determinations in preliminary cases solely when a realistic prospect of an affirmative determination cannot be found. The Commission, rather, should reach negative determinations when the evidence now on the record on balance does not lend enough support to the Petitioner's claims to provide at least a colorable basis for an affirmative determination and when the relevant information that remains to be gathered does not leave open the prospect that any judgement made on the current record well might be changed at the final determination stage." Id. at 23-24 (Additional Views of Vice Chairman Brunsdale, Commissioner Liebler, and Commissioner Cass).

4/ 785 F.2d 994 (Fed. Cir. 1986).

industry to be in good and improving financial condition, believed that a negative determination was required even under the American Lamb test.

Whatever informs the majority's decision, I am not persuaded that they have made the better choice. I believe it is better to analyze first the issue of actual injury rather than the more speculative issue of threat. Moreover, I believe that a reasonable indication of actual injury is more plainly made out in this investigation than is the indication of threat. Given the more speculative nature of threat determination, it is not clear that the Federal Circuit meant for us to read the American Lamb test so favorably to Petitioners on the question of threat as on the question of actual injury. Under the American Lamb standard, however, Petitioners here should prevail on the actual injury issue. While the evidence in this preliminary investigation would not support a final determination that there has been material injury by reason of the subject imports, we cannot yet reasonably conclude that there is very little likelihood of such a determination in any final investigation.

Certainly, the current health of the domestic industry, standing alone, does not suffice. As I have previously noted, Congress did not intend to deny relief under Title VII of the Tariff Act of 1930 to industries that are harmed by dumped imports but nonetheless are in good financial health.^{5/} Perhaps the most succinct statement of this point is contained in a report of the Senate Finance Committee, commenting that "[a]n industry which is prospering can be injured by dumped imports just as surely as one which is foundering although the same degree of dumping would have

^{5/} See, e.g., Digital Readout Systems and Subassemblies Thereof from Japan, Inv. No. 731-TA-390, USITC Pub. 2081 (May 1988), at 19-22.

relatively different impacts depending upon the economic health of the industry."^{6/} The Court of International Trade has underscored this point more recently, declaring

[T]he ITC should not be engaged in a determination of whether an industry is "healthy." A "healthy" industry can be experiencing injury from importations and an "unhealthy" industry can be unaffected by importations. The purpose of the ITC's investigation is to determine whether imports are a cause of any effect on an industry which would amount to "material injury."^{7/}

Notwithstanding the domestic industry's health, it is at least arguable that the domestic industry has lost revenues in material measure to the LTFV imports. For purposes of this analysis, we are required to assess the cumulative effect of LTFV imports from Argentina and Taiwan.^{8/} The record at present indicates that in the period most critical to our investigation -- the six months prior to the filing of the petition, which is the period for which LTFV sales were specifically alleged and which the Department of Commerce will examine in assessing the existence of LTFV sales -- the subject imports garnered a share of sales in the United States market totalling approximately 24%.^{9/} The alleged dumping margins are sizeable,

^{6/} S. Rep. No. 1385, 90th Cong., 2d Sess. pt. 2, at 11 (1968), reprinted in 1968 U.S. Code Cong. & Admin. News 4548-49.

^{7/} Republic Steel Corp. v. United States, 590 F. Supp. 1273, 1276 (CIT 1984), aff'd sub nom. Armco v. United States, 760 F. 2d 249 (Fed. Cir. 1985).

^{8/} 19 U.S.C. § 1677(7)(C)(iv).

^{9/} Report at A-19. The report provides information on the first quarter of 1988, and thus the market share of the subject imports is not reported exactly for the six months prior to the filing of the petition in this investigation. However, there is no reason at this time to believe that the share of imports in the U.S. market changed significantly between March and May of 1988. Furthermore, the information provided in the report concerning 1987 makes it clear that the market share of imports at the end of 1987 was close to that reported for early 1988; U.S. imports for consumption from

(continued...)

ranging from 49.3% to 74.4%.^{10/} Respondents have denied those allegations. However, when Commerce has not even made a preliminary determination,^{11/} we have no basis on which to resolve the parties' conflicting allegations. Under the American Lamb standard, however, we must at this point take the Petitioner's alleged margins to be at least plausible evidence absent any clear reason to doubt those allegations.

The importance of sales of subject products in the U.S. relative to sales of those products in Taiwan and Argentina supports the allegation that dumping substantially depressed the prices at which subject imports sold the United States. Although information respecting sales of the product from Taiwan are too incomplete to allow useful assessment,^{12/} the requisite information appears to be available with respect to the sales of the Argentine product. The importance of U.S. sales, relative to total Argentine production and relative to sales of the Argentine product in their home market, was low enough to support an inference that dumping significantly reduced the prices charged in the United States.^{13/} The

9/(...continued)

Argentina, Taiwan, and Malaysia for the first quarter of 1987 constituted much less than one quarter of imports from those nations for all of 1987, indicating that imports from those nations increased significantly in the latter part of that year. Report at A-18. Since the Commerce Department may at most verify the existence of dumping in the six-month period prior to the filing of this petition, it is appropriate to rely on sales, production, and import figures for that same period in assessing the effects of the alleged dumping.

10/ Report at A-3.

11/ Br. of Respondent Laminfer S.A., at 17.

12/ Report at A-21.

13/ Id.

Commission has on several occasions indicated that such information is material to the issue of whether an industry in the United States is materially injured by reason of LTFV imports.^{14/}

The record also contains allegations of "significant price undercutting"^{15/} and of price depression or suppression.^{16/} Petitioner has alleged that the domestic like product is essentially identical to the subject imports.^{17/} That allegation is unrefuted by Respondents. The subject imports, thus, apparently compete closely with the domestic like product and could well, as alleged, have had a depressing or suppressing effect on prices for the like product. Further, the record suggests the existence of some unused capacity in the domestic industry.^{18/} If true, and if such capacity could have been used at relatively low cost, as alleged, the sales of LTFV imports may have replaced U.S. products to a significant extent. Further, the evidence that related imports from other countries, not parties to this proceeding, declined relative to U.S. apparent consumption, while sales of both Respondents' products and the U.S. like product were increasing, is not strongly suggestive of the absence of injury.^{19/} This evidence could, of course, suggest that Respondents'

^{14/} See, e.g., Erasable Programmable Read Only Memories from Japan, Inv. No. 731-TA-288 (Preliminary), USITC Pub. 1778 (1985) at 21; see also Offshore Platform Jackets and Piles from the Republic of Korea and Japan, Inv. Nos. 731-TA-259 - 260 (Preliminary), USITC Pub. 1708 (1985), at 12.

^{15/} 19 U.S.C. § 1677(7)(C)(ii)(I).

^{16/} 19 U.S.C. § 1677(7)(C)(ii)(II).

^{17/} Br. of Petitioner at 5; Tr. of Conference at 24-25, 26, 33-34.

^{18/} Report at A-10.

^{19/} Petitioner's Br. at 2.

products have replaced sales of other imports and do in fact compete closely with the U.S. like product. Alternatively, that evidence may suggest that Respondents' products compete more directly with U.S. production than do the similar products of other exporters, but that demand for the other imports is declining while demand for Petitioner's and Respondents' products is rising. Plainly, the effects of the LTFV imports on the domestic industry are far from clearly established on the current record. These issues should be more fully explored in any final investigations. At this time, however, I must find that the record does provide a reasonable indication that LTFV imports from Argentina and Taiwan did materially injure the domestic industry.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On June 6, 1988, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of the mechanical tubing subcommittee of the Committee on Pipe and Tube Imports and the individual members of the subcommittee that produce the subject product alleging that imports of light-walled rectangular pipes and tubes from Argentina and Taiwan are being sold in the United States at less-than-fair value (LTFV) and that an industry in the United States is materially injured and threatened with material injury by reason of such imports. Accordingly, effective June 6, 1988, the Commission instituted investigations Nos. 731-TA-409-410 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or establishment of an industry in the United States is materially retarded, by reason of such imports. (Countervailing duty petitions with respect to imports of the subject product from Argentina and Malaysia, neither of which is a "country under the agreement" within the meaning of section 701(b) of the Act and thus entitled to an injury determination by the Commission, were filed with the U.S. Department of Commerce on March 30, 1988, and May 24, 1988, respectively).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on June 14, 1988 (53 FR 22231). 1/ The public conference was held in Washington, DC, on June 29, 1988, 2/ and the vote was held on July 18.

Light-walled rectangular pipes and tubes have been the subject of five final antidumping investigations conducted by the Commission since 1983. Final antidumping and countervailing duty investigations with respect to Spain were terminated effective February 4, 1985, following withdrawal of the petitions. A final antidumping investigation with respect to the Republic of Korea was concluded in 1984 with an affirmative determination by the Commission. (The antidumping-duty order, however, was revoked on October 21, 1985, following the negotiation of a voluntary restraint agreement with the Republic of Korea). A final antidumping investigation with respect to Taiwan was concluded on January 17, 1986, with a unanimous negative determination by the Commission (Inv. No. 731-TA-211 (Final), USITC Pub. 1799, Jan. 1986). 3/ A final antidumping investigation with respect to Singapore was concluded in October 1986 with an affirmative determination (threat) by the Commission (Inv. No. 731-TA-296 (Final), USITC Pub. 1907, Nov. 1986). 4/ Another final antidumping investigation with respect to Taiwan was concluded in July 1987 with a negative determination by the Commission (Inv. No. 731-TA-349 (Final), USITC Pub. 1994, July 1987). 5/

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

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

3/ Commissioner Brundsdale abstained from voting.

4/ Chairman Liebler, Vice Chairman Brundsdale, and Commissioner Lodwick made negative determinations.

5/ Commissioner Eckes and Commissioner Rohr made affirmative determinations (threat).

Nature and Extent of Alleged Sales at LTFV

There is no information relating to the nature and extent of sales at LTFV other than the allegation of the petitioners. The petitioners identified two producers in Argentina (Laminfer SA, Provincias Unidas y Turin; and Leon Romagnoli Chiarini SACI, Buenos Aires) and three producers in Taiwan (Yieh Hsing Industries, Kaohsiung; Jubi Yursing International, Taipei; and Ornatube Enterprises, Taipei) that have recently exported the subject articles to the United States. On the basis of home-market prices for Laminfer in February 1988 and the average FAS value per net ton of the subject material entering the United States during that time (as reported by the Bureau of Census), the petitioners calculated a dumping margin for Argentina of 74.4 percent. On the basis of constructed prices for Taiwan producers (based on U.S. producers' cost of production) and a west coast importer's price list, in addition to Census data, for October 1987-March 1988, the petitioners calculated dumping margins for Taiwan ranging from 49.3 to 68.5 percent.

The Product

Description and uses

For the most part, the terms "pipes," "tubes," and "tubular products" can be used interchangeably. In some industry publications, however, a distinction is made between pipes and tubes. According to these publications, pipes are produced in large quantities in a few standard sizes, whereas tubes 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, in many cases, there is apparently no clear line of demarcation 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.

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 (ASME), and the American Petroleum Institute (API). Comparable organizations in other countries have also developed standard specifications for steel pipes and tubes.

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/}

^{1/} For a full description of these products, 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.

The light-walled rectangular pipes and tubes that are the subject of these investigations 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. Principal uses include fencing, window guards, and railings for the construction industry and more decorative (but also functional) items such as furniture parts, athletic equipment, store shelving, towel racks, and similar items. The product is generally produced to ASTM specification A-513 or specification A-500, and is commonly referred to in the industry as "mechanical" or "ornamental" tubing.

Manufacturing process

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

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

Immediately after welding, sizing rolls shape the tube to accurate diameter tolerances. It is at this point that the round tube is formed into a rectangle, square, or other desired shape by using forming rolls. ^{2/} This process requires little additional expense. The product is cooled and then cut at the end of the tube mill by a flying shear or saw. The standard lengths of the product are 20 and 24 feet. Some producers have special "offline" cutters that are capable of cutting the product into a number of different lengths without leaving the imperfection of a "dimple" on the ends as is produced by the flying shear. This special cutting is done to customer specifications. At least seven U.S. producers and one producer in Taiwan have the additional capacity to galvanize light-walled rectangular pipe and tube for certain end uses, but relatively small amounts of this product are sold in the United States.

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

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

Reportedly, several kinds of products, including steel angles, bars, rods, and channels can be used in place of light-walled rectangular pipe and tube in many applications. Although these products are generally less expensive to purchase than rectangular pipe and tube, their strength-to-weight ratio is inferior, and at least one U.S. producer has indicated that sales of these products have tended to be replaced by sales of the subject product in recent periods. ^{1/}

U.S. tariff treatment

Imports of light-walled rectangular pipes and tubes are classified in item 610.49 of the Tariff Schedules of the United States (TSUS) and are reported for statistical purposes under item 610.4928 of the Tariff Schedules of the United States Annotated (TSUSA), a provision for welded nonalloy steel pipes and tubes of cross sections other than circular, having a wall thickness less than 0.156 inch. As a result of tariff concessions granted in the Tokyo Round of the Multilateral Trade Negotiations, the most-favored-nation (MFN) (col. 1) rate of duty for TSUS item 610.49, applicable to imports from Argentina and Taiwan, was reduced to its final negotiated rate of 8 percent ad valorem as of January 1, 1987.

U.S. Channels of Distribution

Most light-walled rectangular pipe and tube sold in the United States by U.S. and foreign producers is sold either directly to unrelated final-product manufacturers or to steel distributors (steel service centers), which normally warehouse large quantities of several types of steel products. Steel service centers distribute most of the imports from Argentina and Taiwan and at least half of the product sold domestically by U.S. producers.

U.S. Producers

Light-walled rectangular pipes and tubes are made primarily by small, nonintegrated or partially integrated producers. A nonintegrated producer buys sheet steel to produce the subject product, whereas a partially integrated producer buys slabs, heats them, and then rolls the slabs into sheet. An integrated producer melts steel to make slabs.

From January 1985 to March 1987, 22 firms, in about as many plants, manufactured light-walled rectangular pipes and tubes in the United States. The names of the producers, their plant locations, their respective shares of 1987 production, and their positions with regard to the petition are shown in table 1. One firm has ceased production since January 1985: Hughes Steel & Tube filed for bankruptcy in March 1987 and was liquidated shortly thereafter. At least three firms which ceased production of the subject product before 1985—Tex-Tube Division of Cyclops Corp., Houston, TX; Vanex Tube, Niles, OH; and Miami Industries, Warren, OH—retain the capacity to resume production.

^{1/} Transcript of conference, p. 43.

As stated previously, rectangular pipe and tube is processed from circular pipe and tube, and most U.S. producers sell significant quantities of both products. However, because there is little demand for circular pipe and tube made from thin-gauge sheet (less than 0.156 inch), virtually all such pipe and tube is further processed into rectangular shapes. Products other than carbon steel pipe and tube account for very little, if any, of U.S. producers' total production.

Table 1

Light-walled rectangular pipe and tube: U.S. producers, plant locations, estimated shares of domestic production in 1987, and position on the petition, by firms

Firm	Plant location	Share of production in 1987	Position on the petition
CPTI member firms:			
Bull Moose Tube Co.	St. Louis, MO	***	***
	Chicago, IL		
	Atlanta, GA		
Hannibal Industries, Inc.	Los Angeles, CA	***	***
Harris Tube	Los Angeles, CA	***	***
Maruichi American, Corp.	Santa Fe Springs, CA	***	***
Searing Industries	Los Angeles, CA	***	***
Southwestern Pipe, Inc.	Houston, TX	***	***
Western Tube & Conduit	Long Beach, CA	***	***
Non-CPTI firms:			
American Tube	Phoenix, AZ	***	***
Armco Inc.	Middletown, OH	***	***
Bayamon Steel Processors, Inc.	Bayamon, PR	***	***
Berger Industries	Maspeth, NY	***	***
Bernard Epps & Co.	Los Angeles, CA	***	***
California Steel & Tube Co.	City of Industry, CA	***	***
Hanna Steel Corp.	Fairfield, AL	***	***
J. M. Tull Inc.	Norcross, GA	***	***
Lock Joint Tube Co., Inc.	South Bend, IN	***	***
LTV Steel Corp.-LTV Tubular Products	Cleveland, OH	***	***
Miami Industries	Piqua, OH	***	***
Parthenon Metal Works	Laverne, TN	***	***
Pittsburgh International	Fairbury, IL	***	***
Valmont Industries	Valley, NB	***	***

1/ ***.

2/ ***.

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

U.S. Importers

At least 23 firms, owning and/or operating steel service centers in the United States, have imported the subject product from Taiwan since 1984. At least 12 other firms are known to have imported this material from Argentina. The steel service centers, which actually receive and warehouse the material, may or may not be at the same location as the importer of record. Most imports from Taiwan have been received by service centers in California and Texas; most imports from Argentina have been received by service centers in Texas, Puerto Rico, Florida, and Pennsylvania.

Consideration of Alleged Material Injury

Of the 22 firms known to have produced light-walled rectangular pipe and tube in the United States since 1984, 13 supplied usable data to the Commission in response to its questionnaires. These firms accounted for 60 to 70 percent of total U.S. production in 1987.

U.S. production, capacity, and capacity utilization

Data for reporting producers' production and capacity, summarized in table 2, show that U.S. producers' capacity to produce light-walled rectangular pipe and tube increased by 8.7 percent from 1985 to 1987 and by 6.0 percent from January-March 1987 to January-March 1988. The increase in capacity, which represents about two-thirds of total capacity in the United States, reflects the reallocation of existing resources to increased production of the subject product rather than any real increase in plant and equipment. Increasing capacity in this manner, however, is limited by the number of producers' sizing rolls, which shape round pipe and tube, into square pipe and tube.

Table 2

Light-walled rectangular pipe and tube: U.S. production, average practical capacity, and capacity utilization, 1/ 1985-87, January-March 1987, and January-March 1988

Item	1985	1986	1987	January-March—	
				1987	1988
Production (tons).....	144,375	150,024	172,239	43,637	46,437
Average capacity (tons)...	201,775	215,355	219,265	52,587	55,765
Ratio of production to capacity (percent).....	71.6	69.7	78.6	83.0	83.3

1/ Includes ***.

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

Production, increasing more than capacity, rose by 19.3 percent from 1985 to 1987 and by 6.4 percent from January-March 1987 to January-March 1988. The result was an increase in capacity utilization from 71.6 to 78.6 percent and from 83.0 to 83.3 percent in these periods, respectively.

U.S. producers' intracompany consumption, domestic shipments, and exports

Very little of the U.S.-produced product is internally consumed, i.e., fabricated by producers into intermediate or finished products. An even lesser amount is exported, as shown in table 3. Domestic shipments, which account for over 99 percent of U.S. producers' total shipments, increased by 32.0 percent from 137,442 tons, valued at \$81.8 million, in 1985 to 167,680 tons, valued at \$98.1 million, in 1987. From January-March 1987 to January-March 1988, domestic shipments increased by 5.5 percent. Because of substantial domestic freight charges, most shipments remain within a certain region. Bull Moose, the largest U.S. producer, with three plant locations, markets its product nationally, but the bulk of its shipments are to buyers located within a fairly well defined region adjacent to its plants.

Table 3

Light-walled rectangular pipe and tube: U.S. producers' intracompany consumption, domestic shipments, and exports, 1985-87, January-March 1987, and January-March 1988

Item	1985	1986	1987	January-March--	
				1987	1988
Intracompany consumption:					
Quantity (tons).....	650	911	1,327	262	113
Value (1,000 dollars)...	488	685	998	198	84
Domestic shipments:					
Quantity (tons).....	137,442	146,526	167,680	42,996	45,372
Value (1,000 dollars)...	81,785	78,510	98,142	21,885	27,868
Exports:					
Quantity (tons).....	***	***	***	***	***
Value (1,000 dollars)...	***	***	***	***	***

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

Inventories

End-of-period inventories of reporting producers are shown in table 4; however, the reliability of these data is questionable. Lacking precise figures, many producers reported yearend inventory levels that were derived by reconciling annual production and shipments. The data show an increase in inventories of well over 100 percent from December 31, 1985, to December 31, 1987, and an increase of 42.2 percent from March 31, 1987, to March 31, 1988. As a share of the preceding year's shipments, inventories rose from 2.6 to 5.2 percent and from 6.6 to 9.6 percent in these periods, respectively.

Table 4

Light-walled rectangular pipe and tube: U.S. producers' inventories, as of Dec. 31, 1985, 1986, and 1987, and as of Mar. 31, 1987, and 1988

Item	As of Dec. 31—1/			As of Mar. 31—2/	
	1985	1986	1987	1987	1988
Inventories (tons).....	3,029	5,617	7,367	6,807	9,678
Ratio of inventories to shipments (percent).....	2.6	4.4	5.2	3/ 6.6	3/ 9.6

1/ Includes ***.

2/ Includes ***.

3/ Annualized.

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

Employment

Data on reporting producers' employment, shown in table 5, show that the average number of production and related workers producing light-walled rectangular pipe and tube in U.S. plants increased by 20.3 percent from 212 workers in 1985 to 255 workers in 1987. The average number of these workers rose by 18.0 percent from January-March 1987 to January-March 1988. Hours worked and total compensation increased similarly. Output, however, or production per hour worked, rose only slightly during this period and then fell somewhat from January-March 1987 to January-March 1988. Hourly compensation and unit labor costs rose steadily, as shown in table 5.

Financial experience of U.S. producers

Seven producers, accounting for 80 percent of 1987 shipments reported by firms responding to the Commission's questionnaires, provided usable income-and-loss data on the overall operations of their establishments within which light-walled rectangular pipes and tubes are produced, as well as on their operations producing light-walled rectangular pipes and tubes. 1/

Overall establishment operations.—Aggregate income-and-loss data on overall establishment operations are presented in table 6. Overall establishment sales of the seven producers fell from \$217.4 million in 1985 to \$209.0 million in 1986, and then recovered to \$243.6 million in 1987, the highest level in the 1985-87 period. The sales level in 1987 was 16.6 percent higher than that in 1986 and 12.1 percent higher than that in 1985. * * *. Interim period aggregate net sales increased from \$60.9 million in interim 1987 to \$84.8 million in interim 1988, or by 39.4 percent.

Aggregate operating profits were relatively constant in 1985 and 1986 at \$10.4 million and \$10.3 million, respectively, then increased to \$11.3 million in 1987, or by 9.1 percent from 1986. * * *. Aggregate interim profitability increased dramatically from \$2.5 million in interim 1987 to \$6.0 million in 1988, or by 135.7 percent.

1/ The firms are * * *.

Table 5

Average number of production and related workers producing light-walled rectangular pipe and tube in U.S. plants, hours worked by such workers, output per hour worked, total compensation and average hourly compensation paid to such workers, and unit labor cost of production, 1/ 1985-87, January-March 1987, and January-March 1988

Item	1985	1986	1987	January-March—	
				1987	1988
Average number of production and related workers.....	212	219	255	245	289
Hours worked by production and related workers producing the subject product (1,000 hours).....	468	486	549	132	160
Output (production) of the subject product per hour worked (tons).....	0.25	0.25	0.26	0.25	0.23
Total compensation paid to production and related workers (1,000 dollars)....	4,978	5,403	6,646	1,499	1,990
Hourly compensation paid to production and related workers.....	\$10.64	\$11.12	\$12.11	\$11.36	\$12.44
Unit labor cost of producing the subject product (per ton).....	\$42.10	\$45.29	\$47.42	\$44.57	\$53.14

1/ Includes ***.

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

Table 6

Income-and-loss experience of U.S. producers ^{1/} on the overall operations of their establishments within which light-walled rectangular pipes and tubes are produced, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

Item	1985	1986	1987	Interim period ended Mar. 31—	
				1987	1988
Value (1,000 dollars)					
Net sales.....	217,364	208,988	243,576	60,856	84,843
Cost of goods sold.....	192,411	183,990	216,092	53,957	73,871
Gross profit.....	24,953	24,998	27,484	6,899	10,972
General, selling, and administrative expenses...	14,596	14,685	16,228	4,370	5,012
Operating income.....	10,357	10,313	11,256	2,529	5,960
Interest expense.....	4,089	2,914	2,156	831	685
Other income, net.....	286	59	265	65	104
Net income before income taxes.....	6,554	7,458	9,365	1,763	5,379
Depreciation and amorti- zation included above.....	4,170	4,008	3,663	1,199	1,156
Cash flow <u>2/</u>	10,724	11,466	13,028	2,962	6,535
Share of net sales (percent)					
Cost of goods sold.....	88.5	88.0	88.7	88.7	87.1
Gross profit.....	11.5	12.0	11.3	11.3	12.9
General, selling, and administrative expenses...	6.7	7.0	6.7	7.2	5.9
Operating income.....	4.8	4.9	4.6	4.2	7.0
Net income before income taxes.....	3.0	3.6	3.8	2.9	6.3
Number of firms reporting					
Operating losses.....	***	***	***	***	***
Net losses.....	***	***	***	***	***
Financial data.....	7	7	7	7	7

^{1/} The firms are * * *.

^{2/} Net income or loss plus depreciation and amortization.

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

Operations producing light-walled rectangular pipes and tubes.—Aggregate income and loss data on light-walled rectangular pipes and tubes are presented in table 7. Review of questionnaire responses revealed no improper methods for allocating expenses to the subject product. Aggregate net sales were essentially at the same level in 1985 and 1986 at \$58.8 million and \$58.0 million, respectively; however, from 1986 to 1987 sales increased by 17.7 percent to \$68.3 million. * * *. Interim period aggregate net sales reflect the same trend as that for the complete 1986 and 1987 accounting years. The producers experienced an increase of 46.2 percent from \$16.3 million in interim 1987 to \$23.8 million in interim 1988.

Aggregate operating profits, after a decline from \$2.4 million in 1985 to \$1.4 million in 1986, increased by 122.1 percent to \$3.1 million in 1987. * * *. Interim period aggregate operating profits also show significant improvement: from \$915,000 in interim 1987 to \$1.7 million in interim 1988, an increase of 88.5 percent.

Capital expenditures, research and development expenses, and value of property, plant, and equipment.—Capital expenditures by U.S. producers for property, plant, and equipment used in the production of all establishment products and light-walled rectangular pipes and tubes are presented in table 8. Investment in production facilities in which light-walled rectangular pipes and tubes are produced is shown in table 9.

Table 7

Income-and-loss experience of U.S. producers ^{1/} on their operations producing light-walled rectangular pipe and tube, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

Item	1985	1986	1987	Interim period ended Mar. 31—	
				1987	1988
Value (1,000 dollars)					
Net sales.....	58,789	58,026	68,286	16,299	23,831
Cost of goods sold.....	52,573	52,556	61,109	14,429	20,590
Gross profit.....	6,216	5,470	7,177	1,870	3,241
General, selling, and administrative expenses...	3,851	4,096	4,126	955	1,516
Operating income.....	2,365	1,374	3,051	915	1,725
Interest expense.....	750	716	714	192	260
Other income, net.....	144	31	28	5	14
Net income before income taxes.....	1,759	689	2,365	728	1,479
Depreciation and amorti- zation included above.....	1,109	1,342	1,363	393	463
Cash flow 2/.....	2,868	2,031	3,728	1,121	1,942
Share of net sales (percent)					
Cost of goods sold.....	89.4	90.6	89.5	88.5	86.4
Gross profit.....	10.6	9.4	10.5	11.5	13.6
General, selling, and administrative expenses...	6.6	7.1	6.0	5.9	6.4
Operating income.....	4.0	2.4	4.5	5.6	7.2
Net income before income taxes.....	3.0	1.2	3.5	4.5	6.2
Number of firms reporting					
Operating losses.....	***	***	***	***	***
Net losses.....	***	***	***	***	***
Financial data.....	7	7	7	7	7

^{1/} The firms are * * *.

^{2/} Net income or loss plus depreciation and amortization.

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

Table 8

Light-walled rectangular pipe and tube: Capital expenditures by U.S. producers, 1/ accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

(In thousands of dollars)					
Item	1985	1986	1987	Interim period ended Mar. 31—	
				1987	1988
All products of establishments:					
Land and land improvements.....	***	***	***	***	***
Building and leasehold improvements.....	***	***	***	***	***
Machinery, equipment, and fixtures.....	***	***	***	***	***
Total.....	7,663	3,459	2,919	1,506	1,879
Light-walled rectangular pipes and tubes:					
Land and land improvements.....	***	***	***	***	***
Building and leasehold improvements.....	***	***	***	***	***
Machinery, equipment, and fixtures.....	***	***	***	***	***
Total.....	907	553	280	135	16

1/ The firms are * * *.

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

Research and development expenses for light-walled rectangular pipe and tube are shown in the following tabulation (in thousands of dollars):

Item	1985	1986	1987	Interim period ended Mar. 31—	
				1987	1988
All products of establishments.....	***	***	***	***	***
Light-walled rectangular pipes and tubes.....	***	***	***	***	***

Table 9

Light-walled rectangular pipe and tube: Value of property, plant, and equipment of U.S. producers, 1/ accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

Item	As of end of accounting year—			Interim period ended Mar. 31—	
	1985	1986	1987	1987	1988
All products of establishments:					
Original cost					
(1,000 dollars).....	72,678	76,297	78,894	76,663	80,473
Book value (1,000 dollars).	41,307	41,588	38,717	38,480	26,111
Return on fixed assets <u>2/</u>					
(percent).....	25.1	24.8	29.1	6.6	22.8
Light-walled rectangular pipes and tubes:					
Original cost					
(1,000 dollars).....	3,649	4,182	4,489	4,273	4,442
Book value (1,000 dollars).	1,765	1,911	1,929	1,841	1,982
Return on fixed assets <u>2/</u>					
(percent).....	134.0	71.9	158.2	49.7	87.0

1/ The firms are * * *.

2/ Defined as operating income or loss divided by book value of fixed assets.

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

Consideration of Alleged Threat of Material Injury

In the examination of the question of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of imports and market penetration of such imports, probable suppression and/or depression of U.S. producers' prices, the capacity of producers in the exporting country to generate exports (including the existence of underutilized capacity and the availability of export markets other than the United States), the potential for product shifting by foreign producers, and U.S. importers' inventories. Import, price, and market penetration trends for light-walled rectangular pipe and tube are discussed in the sections immediately following. A discussion of importers' inventories and foreign capacity and exports, to the extent such information is available, is presented below.

According to data received from importers of Argentine and Taiwan-produced material, very little, if any, light-walled rectangular pipe and tube was held in inventory at the ends of the periods for which data were collected. No inventories were reported by importers of the Argentine product. (These firms accounted for about 70 percent of imports from Argentina in 1987). Of the firms which imported from Taiwan, only 1 of 12 (collectively accounting for about 42 percent of imports from Taiwan in 1987) reported any end-of-period inventories. * * *.

According to information supplied by the Argentine Association of Pipe and Tube Manufacturers, there are 12 manufacturers of light-walled rectangular pipe and tube in Argentina, including Laminfer and Leon Romagnoli. Aggregate data for the 12 firms are shown in table 10. The data show that Argentine capacity, after remaining constant from 1985 to 1986, increased by 33.1 percent in 1987, and by 34.7 percent in January-March 1988 from its level in the corresponding period of the previous year. While production increased by 74.1 percent from 1985 to 1987 and by 74.6 percent from January-March 1987 to January-March 1988, capacity utilization increased from 42.5 to 55.7 percent and from 55.1 to 71.4 percent in those periods, respectively. As a share of its production, Argentine exports increased from 2.9 percent in 1985 to 24.5 percent in 1987 and from 10.4 percent in January-March 1987 to 50.8 percent in January-March 1988. The United States' share of these exports is large and increasing, as shown in table 10. The Association expects production, capacity, and exports to increase by 1.9 percent, 0.8 percent, and 15.4 percent, respectively, in 1988.

Table 10

Light-walled rectangular pipe and tube: Argentine capacity, production, and exports, 1985-87, January-March 1987, and January-March 1988

Item	1985	1986	1987	January-March—	
				1987	1988
Capacity (tons).....	131,458	131,458	174,938	35,689	48,079
Production (tons).....	55,934	72,058	97,374	19,666	34,346
Capacity utilization (percent).....	42.5	54.8	55.7	55.1	71.4
Exports to—					
United States (tons).....	1,457	2,635	21,986	1,749	16,939
All other (tons).....	158	196	1,881	298	496
Total (tons).....	1,615	2,831	23,867	2,047	17,435
Share of production that was exported (percent)...	2.9	3.9	24.5	10.4	50.8
Share of total exports to—					
United States (percent)...	90.2	93.1	92.1	85.4	97.2
All other (percent).....	9.8	6.9	7.9	14.6	2.8
Total (percent).....	100.0	100.0	100.0	100.0	100.0

Source: Argentine Association of Pipe and Tube Manufacturers, as submitted to the U.S. Embassy in Argentina at the request of the U.S. International Trade Commission.

Information supplied by Taiwan sources is far less complete. According to information supplied to the U.S. Embassy in Taiwan by Mr. Charley Tang, Special Advisor to the Taiwan Steel and Iron Industries Association, eight firms, including Yieh Hsing and Ornatube, ^{1/} are permitted to export steel

^{1/} According to a letter sent to the U.S. Embassy by Juli Yuning Industrial Corp., it is only a marketer and exporter of the subject product, not a producer.

pipe and tube products to the United States under Taiwan's "self-restraint" program. Under this program, administered by the Association and effective as of January 1, 1988, each producer is given a specific monthly export allocation, totaling, in the aggregate, 5,524.7 tons (66,296.4 tons annually). If one firm does not use its allocation, the amount may be reallocated to other producers. ^{1/} The allocations, however, are for all pipe and tube products, including what is referred to in Taiwan as "standard pipe", "line pipe", "small pipe", and "mechanical pipe". The term "mechanical pipe" appears to be used in much the same context as "light-walled rectangular pipe and tube," but the extent to which it is synonymous with the specific product under investigation is not clear. During January-May 1988, according to Mr. Tang, total exports of steel pipe and tube were running about 14 percent over the allocated level. Production and capacity for Taiwan producers are unknown.

^{1/} The Taiwan "self-restraint" program is not part of 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 (VRA's), which cover the steel pipes and tubes under investigation, as of July 1, 1988, are as follows:

Australia	Japan
Austria	Mexico
Brazil	People's Republic of China
Czechoslovakia	Poland
East Germany	Portugal
European Community	Republic of Korea
(excluding Portugal	Romania
and Spain, which	Trinidad and Tobago
have separate agree-	South Africa
ments)	Spain
Finland	Venezuela
Hungary	Yugoslavia

Petitioners in previous investigations concerning the subject product have asserted that one reason countries that did not export to the United States previously are able to do so now is a void in the market place previously filled by imports from countries that have signed VRA's with the United States. Petitioners have also argued 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.

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

Imports

U.S. imports for consumption, total and from selected sources, are shown in table 11. After declining by 16.6 percent from 1985 to 1986, largely because of a considerable reduction of imports from Japan, total imports of light-walled rectangular pipe and tube increased by 15.7 percent in 1987 and by 101.7 percent from January-March 1987 to January-March 1988. Increases in the latter periods are largely due to imports from countries currently under investigation by the Commission and/or Commerce. Imports from these countries—Argentina, Malaysia, and Taiwan—increased more than 63 times from 1985 to 1987 and nearly 3 times from January-March 1987 to January-March 1988. As a share of total imports, imports from these countries have increased rapidly, as shown in table 11.

About 60 percent of the imports from Argentina between January 1985 and March 1988 entered through Houston, TX. Other ports of entry for the Argentine product include San Juan, PR; Tampa, FL; Philadelphia, PA; and recently, Los Angeles, CA, and New Orleans, LA. Los Angeles and San Francisco, CA, were ports of entry for about 60 percent of the imports from Malaysia, the remainder entering through New Orleans, LA; Portland, OR; Seattle, WA; San Juan, PR; and Houston, TX. The bulk of imports from Taiwan, more than 80 percent, entered through Los Angeles and San Francisco. Other ports of entry for the Taiwan product include Bridgeport, CT; Philadelphia, PA; Charleston, SC; Tampa, FL; New Orleans, LA; Portland, OR; Seattle, WA; San Juan, PR; and Houston, TX.

Apparent U.S. consumption and market penetration

As shown in table 12, overall U.S. consumption of light-walled rectangular pipe and tube increased by 12.6 percent from 1985 to 1987 and by 30.2 percent from January-March 1987 to January-March 1988. In terms of value, consumption increased by 13.1 and 49.5 percent in the same periods, respectively. As a share of consumption, total imports from Argentina, Malaysia, and Taiwan increased from 0.2 percent in 1985 to 13.4 percent in 1987, and from 10.8 percent in January-March 1987 to 24.2 percent in January-March 1988. Similar levels of penetration are evident in terms of value.

Table 11

Light-walled rectangular pipe and tube: U.S. imports for consumption, by selected sources, 1985-87, January-March 1987, and January-March 1988

Source	1985	1986	1987	January-March—	
				1987	1988
Quantity (tons)					
Argentina.....	121	1,846	14,744	236	9,761
Malaysia.....	0	1,022	3,815	672	896
Taiwan.....	406	9,975	14,770	5,422	7,787
Subtotal.....	527	12,843	33,329	6,330	18,444
Japan.....	62,737	23,169	21,696	3,445	5,292
Canada.....	5,004	7,447	14,969	2,930	3,872
All other.....	15,210	26,145	10,564	2,456	2,974
Total.....	83,478	69,604	80,558	15,161	30,582
Value, c.i.f. duty-paid (1,000 dollars)					
Argentina.....	45	751	6,170	106	4,199
Malaysia.....	—	419	1,657	266	404
Taiwan.....	216	4,208	6,462	2,208	3,874
Subtotal.....	261	5,378	14,289	2,579	8,477
Japan.....	28,065	11,494	11,107	1,662	2,887
Canada.....	3,330	3,764	7,499	1,366	2,276
All other.....	6,919	10,838	4,745	1,034	2,264
Total.....	38,575	31,474	37,639	6,640	14,991
Percent of total quantity					
Argentina.....	0.1	2.7	18.3	1.6	31.9
Malaysia.....	—	1.5	4.8	4.4	2.9
Taiwan.....	0.5	14.3	18.3	35.8	25.5
Subtotal.....	0.6	18.5	41.4	41.8	60.3
Japan.....	75.2	33.3	26.9	22.7	17.3
Canada.....	6.0	10.7	18.6	19.3	12.7
All other.....	18.2	37.6	13.1	16.2	9.7
Total.....	100.0	100.1	100.0	100.0	100.0

Note.—Because of rounding, numbers may not add to totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce, as amended for Argentina in Dec. 1987 (addition of 1,664 tons, valued at \$748,418) and Mar. 1988 (addition of 1,585 tons, valued at \$673,301).

Table 12

Light-walled rectangular pipe and tube: Apparent U.S. consumption and ratio of imports to consumption, 1985-87, January-March 1987, and January-March 1988

(Quantity in tons; value in thousands of dollars)							
Ratio (percent) of imports to consumption							
Period	Apparent U.S. con- sumption 1/	For Argentina	For Malaysia	For Taiwan	Subtotal	For all other countries	Total
Quantity							
1985.....	221,570	0.1	—	0.2	0.2	37.5	37.7
1986.....	217,041	0.9	0.5	4.6	5.9	26.2	32.1
1987.....	249,565	5.9	1.5	5.9	13.4	18.9	32.3
Jan.—Mar—							
1987....	58,419	0.4	1.2	9.3	10.8	15.2	26.0
1988....	76,067	12.8	1.2	10.2	24.2	16.0	40.2
Value							
1985.....	120,848	2/	—	0.2	0.2	31.7	31.9
1986.....	110,669	0.7	0.4	3.8	4.9	23.5	28.4
1987.....	136,779	4.5	1.2	4.7	10.4	17.1	27.5
Jan.—Mar—							
1987....	28,723	0.4	0.9	7.7	9.0	14.1	23.1
1988....	42,943	9.8	0.9	9.0	19.7	15.2	34.9

1/ Domestic shipments and intracompany consumption plus imports.

2/ Less than 0.05 percent.

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

Prices

Domestic producers reported that about 80 percent of their light-walled rectangular tubing is sold to distributors, with the remainder sold directly to steel product manufacturers. 1/ Importers did not report any sales to the latter. At the distributor level, a variety of sizes and types of tubing products are available to steel product manufacturers. No producers or importers reported exclusive distributorships; thus, imported and domestic tubing compete equally for end-use sales.

Most producers' shipments are concentrated in the geographic areas near production and shipping points. Only one U.S. producer, Bull Moose Tube Co., St. Louis, MO, reported serving the continental U.S. market. With the exception of two importers located in Puerto Rico, which sell only within the Commonwealth, most importers that responded to Commission questionnaires serve primarily the west coast.

1/ Transcript of the conference, p. 61.

Domestic producers generally quote prices f.o.b. mill. Some producers distribute price lists, with the great majority of their sales discounted from the list price. Most producers provide "net period with cash discounting" schemes similar to the common "2 percent/10 net 30" program that many industries offer. Minimum quantity orders vary from 2,000 to 10,000 feet, with premiums as high as 15 percent for subminimum orders. The average lead time between a customer's order and the shipment date ranged from 7 to 42 days, depending on whether the order could be filled from stock or a production run was necessary.

Importers generally quote prices f.o.b. dock. Prices are usually established through negotiation, although two importers do distribute price lists. Discounts from list prices are not common. Minimum quantity purchase requirements ranged from none to 20 tons. The average lead time between order and shipment was 90 days.

The Commission requested U.S. producers and importers of light-walled rectangular pipes and tubes from Argentina and Taiwan to provide pricing information for f.o.b. prices on their largest quarterly sales of the following items:

- Product 1: ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, pickled and oiled, 1/2-inch square, 0.065-inch nominal (+ or - 10 percent) wall thickness, 20-foot to 40-foot mill lengths.
- Product 2: ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 1-inch square, 0.065-inch nominal (+ or - 10 percent) wall thickness, 20-foot to 40-foot mill lengths.
- Product 3: ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 1 1/2-inch square, 0.065-inch nominal (+ or - 10 percent) wall thickness, 24-foot to 40-foot mill lengths.
- Product 4: ASTM A-513 (mechanical) or A-500 grade A (ornamental) tubing, carbon welded, black, 2-inch square, 0.065-inch nominal (+ or - 10 percent) wall thickness, 24-foot to 40-foot mill lengths.

Prices were requested for sales to both distributors and steel product manufacturers (end users), although no importers reported prices for sales to end users. Price trends and margins of underselling or overselling represent only sales at the distributor level.

Five domestic producers, accounting for 72 percent of 1987 shipments of light-walled rectangular pipes and tubes, provided usable price data. 1/

1/ * * *.

Two importers of light-walled rectangular pipe and tube from Argentina provided usable, but limited, price data. Prices for light-walled rectangular pipe and tube from Taiwan were reported by 10 importers.

Domestic prices.—Domestic light-walled rectangular pipe and tube weighted average prices for the four products showed sharp increases from January–March 1986 to April–June 1988 (tables 13 and 14).

Product 1's price fluctuated slightly in 1986 and then increased throughout most of the remaining investigation period. Overall, the price moved from \$9.36 per 100 feet in January–March 1986 to \$12.00 in April–June 1988, or by 28 percent.

The price for product 2 also increased during the investigation period. In January–March 1986, 100 feet sold for \$19.32. In April–June 1988, this same quantity sold for \$25.42, representing an increase of 32 percent. The price for this product peaked at \$26.13 per 100 feet in January–March 1988.

Although the price for product 3 changed only slightly during the period January–March 1986–January–March 1987, the price rose sharply during the next 4 quarters, from \$31.11 per 100 feet in January–March 1987 to \$41.74 in January–March 1988, an increase of 34 percent. Prices decreased to \$38.94 during April–June 1988, for an overall increase of 27 percent for the investigation period.

As with the previous three products, the price for product 4 showed some fluctuation from January–March 1986 through January–March 1987 before increasing rapidly from \$41.48 per 100 feet in January–March 1987 to \$53.35 in April–June 1988. The weighted-average price for this product increased by 30 percent for the investigation period.

Argentine prices.—Two quarters of data were reported for the Argentine-produced product 1 (table 13). The imported product was priced below the domestic product during January–March 1987 and April–June 1987, by margins of *** and *** percent, respectively. Importers of the Argentine product reported prices for 5 quarters for product 2. Prices for the imported light-walled rectangular tubing were below the domestic price in 4 of the 5 quarters, with margins ranging from *** to *** percent. The Argentine price for product 3 was below the domestic price during the 3 quarters for which data were reported. Margins ranged from *** to *** percent. The Argentine product 4 was priced from *** to *** percent below the domestic product during the same 3 quarters.

Taiwan prices.—As with the domestic prices, prices for the select light-walled rectangular tubing products from Taiwan showed overall increases during the investigation period (table 14). Prices for product 1 increased by 33 percent from April–June 1986 to January–March 1988. The Taiwan product was priced below the domestic product in all 6 quarters for which comparable data were available, with margins ranging from 6 to 17 percent.

Table 13

Light-walled rectangular pipes and tubes: Weighted-average f.o.b. sales prices to distributors in the United States, for U.S. and imported Argentina-produced products, and margins of underselling or (overselling), by quarters, January 1986-June 1988

Period	Product 1			Product 2			Product 3			Product 4		
	U.S.	Argentina	Margin	U.S.	Argentina	Margin	U.S.	Argentina	Margin	U.S.	Argentina	Margin
	—Per 100 foot—		Percent	—Per 100 foot—		Percent	—Per 100 foot—		Percent	—Per 100 foot—		Percent
1986:												
Jan.-Mar.....	\$9.36	1/	1/	\$19.32	1/	1/	\$30.69	1/	1/	\$41.18	1/	1/
Apr.-June....	9.86	1/	1/	20.47	1/	1/	31.21	1/	1/	41.66	1/	1/
July-Sept....	9.67	1/	1/	20.12	***	***	30.45	1/	1/	40.94	1/	1/
Oct.-Dec.....	9.88	1/	1/	20.05	***	***	30.48	***	***	40.85	***	***
1987:												
Jan.-Mar.....	9.93	***	***	20.67	***	***	31.11	***	***	41.48	***	***
Apr.-June....	10.67	***	***	21.69	***	***	32.64	***	***	43.50	***	***
July-Sept....	11.03	1/	1/	23.18	1/	1/	36.82	1/	1/	45.77	1/	1/
Oct.-Dec.....	11.56	1/	1/	24.66	1/	1/	39.49	1/	1/	48.77	1/	1/
1988:												
Jan.-Mar.....	11.69	1/	1/	26.13	***	***	41.74	1/	1/	51.46	1/	1/
Apr.-June....	12.00	1/	1/	25.42	1/	1/	38.94	1/	1/	53.35	1/	1/

1/ No sales reported.

Note.—Percentage margins were calculated from unrounded figures; therefore, margins cannot always be calculated directly from the rounded prices in the table.

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

Table 14

Light-walled rectangular pipes and tubes: Weighted-average f.o.b. sales prices to distributors in the United States, for U.S. and imported Taiwan-produced products, and margins of underselling, by quarters, January 1986-June 1988

Period	Product 1			Product 2			Product 3			Product 4		
	U.S.	Taiwan	Margin	U.S.	Taiwan	Margin	U.S.	Taiwan	Margin	U.S.	Taiwan	Margin
	—Per 100 foot—		Percent	—Per 100 foot—		Percent	—Per 100 foot—		Percent	—Per 100 foot—		Percent
1986:												
Jan.-Mar.....	\$9.36	1/	1/	\$19.32	***	***	\$30.69	1/	1/	\$41.18	1/	1/
Apr.-June....	9.86	***	***	20.47	***	***	31.21	***	***	41.66	***	***
July-Sept....	9.67	***	***	20.12	***	***	30.45	***	***	40.94	***	***
Oct.-Dec.....	9.88	***	***	20.05	***	***	30.48	***	***	40.85	***	***
1987:												
Jan.-Mar.....	9.93	***	***	20.67	***	***	31.11	***	***	41.48	***	***
Apr.-June....	10.67	***	***	21.69	***	***	32.64	***	***	43.50	***	***
July-Sept....	11.03	1/	1/	23.18	1/	1/	36.82	1/	1/	45.77	1/	1/
Oct.-Dec.....	11.56	1/	1/	24.66	1/	1/	39.49	1/	1/	48.77	1/	1/
1988:												
Jan.-Mar.....	11.69	***	***	26.13	***	***	41.74	***	***	51.46	1/	1/
Apr.-June....	12.00	1/	1/	25.42	1/	1/	38.94	1/	1/	53.35	1/	1/

1/ No sales reported.

Note.—Percentage margins were calculated from unrounded figures; therefore, margins cannot always be calculated directly from the rounded prices in the table.

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

Data reported for product 2 show a price increase of 30 percent from April-June 1986 to January-March 1988. During the 6 quarters with comparable data, the imported product prices were below the domestic prices. Margins ranged from 10 to 17 percent.

Prices for product 3 increased by 34 percent from April-June 1986 to January-March 1988. The Taiwan product was priced below the domestic product in the 6 quarters for which comparable data were available, with margins ranging from 2 to 10 percent.

Prices for the Taiwan-produced product 4 increased by 17 percent from April-June 1986 through April-June 1987. During the 5 quarters for which comparable data were reported, the imported product was priced from 2 to 13 percent below the domestic product 4.

Lost sales and lost revenue

Four producers of light-walled rectangular pipe and tube submitted instances of alleged lost sales and lost revenues. Forty-nine companies were named in these allegations. Because of the different methods by which the four companies reported the lost sale and lost revenue information, total quantity and value cannot be summed. However, the majority of the instances cited involved competition from Argentine-produced pipe and tube. Conversations with those firms contacted by the Commission staff are summarized below.

* * * alleged a lost sale on * * * 1988, to * * *. Twenty-two sizes of light-walled rectangular pipe and tube, of mixed tonnage and length, were listed in this allegation. * * *, the purchasing manager for * * *, stated that they did not purchase any foreign tubing at that time. * * * commented that * * * is when the domestic producers increased their prices, and although some representatives of domestic firms did contact * * *, *** did not receive any price quotes for an order. * * * added that * * * purchases primarily U.S.-produced tubing, but * * * does stock foreign product along with the domestic product for *** of the *** sizes that * * * inventories. These *** sizes are the most popular sizes that * * * sells and the lower price is the reason for stocking the foreign product.

* * * alleged a lost sale of *** feet of light-walled rectangular pipe and tube, valued at ***, to * * * in * * * 1988. Seven different products were included in the alleged order. * * *, the purchaser for * * *, reported that * * * did purchase Argentine pipe and tube in * * * because of the price difference between the imported and the domestic product. * * * said that for * * * company to purchase foreign tubing over domestic tubing there has to be a tremendous difference in price to compensate for the cost of maintaining larger inventories. Last autumn (1987), * * * reported, the foreign tubing was available at up to 25 percent less than the domestic product. * * * said that the prices are now much closer together.

*** named *** in four lost sale allegations, two of which occurred in *** 1988 and two in *** 1988. The total quantity lost was *** feet valued at ***. *** of *** stated that imported tube was delivered during those two months, but that it was ordered in *** 1987. *** said that *** percent of its product line is U.S.-produced, but that imports are occasionally purchased because of the lower price.

*** alleged the loss of a sale of *** tons of light-walled rectangular tubing to ***, in *** 1986, owing to price competition from Taiwan-produced tubing. Representatives of *** could not recall the specific transactions, but reported that their firm, as a rule, receives bids for U.S. products only from mills in ***.

*** alleged the loss of a sale of *** tons of light-walled rectangular tubing to ***, in *** 1986, to tubing imported from Taiwan. Representatives of *** could not recall the specific transactions, but reported that their firm also receives bids for U.S. products only from mills in ***.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1986-March 1988 the nominal value of the Argentine austral depreciated by 81.7 percent against the U.S. dollar while the value of the currency of Taiwan appreciated by 37.2 percent (table 15).^{1/} Adjusted for relative movements in producer price indices, the real value of the Argentine austral depreciated by 1.9 percent against the U.S. dollar over the periods for which data were available, and the currency of Taiwan appreciated by 24.5 percent relative to January-March 1986 levels.

^{1/} International Financial Statistics, June 1988, except as stated.

Table 15

Indexes of nominal-exchange-rate equivalents of the Argentine austral and the New Taiwan dollar in U.S. dollars, real exchange-rate equivalents, 1/ and producer price indicators in Argentina and Taiwan, 2/ indexed by quarters, January 1986-March 1988

Period	(January-March 1986=100)							
	Argentina				Taiwan			
	U.S. Pro- ducer Price Index	Pro- ducer Price Index	Nominal- exchange- rate index	Real- exchange- rate index 3/	Pro- ducer Price Index	Nominal- exchange- rate index	Real- exchange- rate index 3/	
1986:								
Jan.-Mar...	100.0	100.0	100.00	100.0	100.0	100.0	100.0	
Apr.-June..	98.1	107.8	94.29	103.6	99.8	102.3	104.1	
July-Sept..	97.6	127.9	82.34	107.9	98.9	104.9	106.3	
Oct.-Dec...	98.0	150.9	69.58	107.2	98.2	108.1	108.4	
1987:								
Jan.-Mar...	99.1	176.9	56.98	101.7	97.2	112.3	110.2	
Apr.-June..	100.7	204.4	49.72	100.9	96.4	121.1	116.0	
July-Sept..	101.9	275.1	37.30	100.7	95.7	128.8	121.0	
Oct.-Dec...	102.3	428.2	23.43	98.1	94.7	132.8	122.9	
1988:								
Jan.- Mar..	102.7	4/	18.28	4/	93.2	137.2	5/ 124.5	

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 indices presented in line 63 of the International Financial Statistics.

3/ The indexed real exchange rate represents the nominal exchange rate adjusted for relative movements in producer price indices in the United States and the respective foreign country. Producer prices in the United States increased by 2.7 percent between January 1986 and March 1988 compared with a 6.8-percent decrease in Taiwan and a 328.2-percent increase in Argentina as of October-December 1987, the last period for which the producer price index is reported.

4/ Not available.

5/ Data are derived from Taiwan exchange rate and producer price indices reported for January-February only.

Source: Central Bank of China, Financial Statistics, March 1988; International Monetary Fund, International Financial Statistics, June 1988.

APPENDIX A

COMMERCE'S AND COMMISSION'S FEDERAL REGISTER NOTICES

22682

Notices

Federal Register

Vol. 53, No. 117

Friday, June 17, 1988

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF COMMERCE

International Trade Administration

[C-557-803]

Initiation of Countervailing Duty Investigations; Certain Welded Carbon Steel Pipe and Tube Products from Malaysia

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters in Malaysia of certain welded carbon steel pipe and tube products, as described in the "Scope of Investigations" section of this notice, receive benefits which constitute bounties or grants within the meaning of the countervailing duty law. If these investigations proceed normally, we will make our preliminary determinations on or before August 17, 1988.

EFFECTIVE DATE: June 17, 1988.

FOR FURTHER INFORMATION CONTACT: Barbara Tillman, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-2438.

SUPPLEMENTARY INFORMATION:

The Petition

On May 24, 1988, we received a petition in proper form filed by the Standard Pipe, Line Pipe, Structural Tubing and Mechanical Tubing Subcommittees of the Committee on Pipe and Tube Imports and the individual manufacturers which are members of the aforementioned subcommittees, on behalf of the U.S.

industry producing certain welded carbon steel pipe and tube products. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Malaysia of certain welded carbon steel pipe and tube products receive bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended ("the Act").

Malaysia is not a "country under the Agreement" within the meaning of section 701(b) of the Act, and the merchandise being investigated is dutiable. Therefore, sections 303 (a)(1) and (b) of the Act apply to these investigations. Accordingly, petitioners are not required to allege that, and the U.S. International Trade Commission is not required to determine whether, imports of the subject merchandise materially injure, or threaten material injury to, a U.S. industry.

Initiation of Investigations

Under section 702(c) of the Act, we must determine within 20 days after a petition is filed whether the petition sets forth the allegations necessary for the initiation of a countervailing duty investigation, and whether it contains information reasonably available to the petitioners supporting the allegations. We have examined the petition on certain welded carbon steel pipe and tube products from Malaysia and have found that it meets the requirements of section 702(b) of the Act. Therefore, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters in Malaysia of certain welded carbon steel pipe and tube products, as described in the "Scope of Investigations" section of this notice, receive benefits which constitute bounties or grants within the meaning of the Act. If our investigations proceed normally, we will make our preliminary determinations on or before August 17, 1988.

Scope of Investigations

The United States has developed a system of tariff classification based on the international harmonized system of customs nomenclature. The U.S. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this, we will be providing both the

appropriate *Tariff Schedules of the United States Annotated (TSUSA)* item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed Harmonized System is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies, and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

We have determined for the purpose of these initiations that the products covered by these investigations constitute four separate "classes or kinds" of merchandise. We thus will conduct four separate investigations concerning these products. The four separate "classes or kinds" of merchandise are as follows:

(1) Certain circular welded carbon steel pipes and tubes, 0.375 inch or more but not over 16 inches in outside diameter, generally known in the industry as standard pipe. This is a general-purpose commodity used in such applications as plumbing pipe, sprinkler systems, and fence posts. Standard pipe may be supplied with an oil coating (black pipe) or may be galvanized, and is sold in plain, threaded, threaded and coupled, or beveled ends. These products are generally produced to American Society of Testing Materials (ASTM) specifications A-53, A-120, or A-135. Imports of these products are classified under TSUSA categories 610.3231, 610.3234, 610.3241, 610.3242, 610.3243, 610.3252, 610.3254, 610.3258, 610-3258, and 610-4925, and are classified under HS categories 7306.30.1000, 7306.30.5025, 7306.30.5030, 7306.30.5040, 7306.30.5045, 7306.30.5050, 7306.30.5060, 7306.30.5065, 7306.30.5070, and 7306.30.5075.

(2) Certain welded carbon steel American Petroleum Institute (API) line pipe, 0.375 inch or more but not over 16 inches in outside diameter known in the

industry as line pipe. Line pipe generally is produced to API specification 5L. Line pipe is used for the transportation of gas, oil, or water, generally in pipeline or utility distribution systems. API line pipe not over 16 inches in outside diameter is classified under TSUSA categories 610.3208 and 610.3209, and is classified under HS categories 7306.10.1010 and 7306.10.1050.

(3) Certain heavy-walled carbon steel rectangular tubing having a wall thickness of 0.156 inch or greater, which is generally used for support members for construction or load-bearing purposes in construction, transportation, farm, and material-handling equipment. The product is generally produced to ASTM specification A-500, Grade B. Imports of heavy-walled rectangular tubing are classified under TSUSA category 610.3955, and are classified under HS category 7306.60.1000.

(4) Certain light-walled carbon steel rectangular tubing having a wall thickness of less than 0.156 inch, which is generally employed in a variety of end uses other than the conveyance of liquid or gas, such as agricultural equipment frames and parts, and furniture parts. The product is generally produced to ASTM specification A-513 or A-500, Grade A. Imports of light-walled rectangular tubing are classified under TSUSA category 610.4928, and are classified under HS category 7306.60.5000.

Allegation of Bounties or Grants

The petition lists certain practices by the Government of Malaysia which allegedly confer bounties or grants on manufacturers, producers, or exporters in Malaysia of certain pipe and tube products. We are initiating investigations on the following alleged programs:

- Export Tax Incentives:
 - Abatement of Taxable Income Based on the Ratio of Export Sales to Total Sales
 - Abatement of Five Percent of the Value of Indigenous Materials Used in Exports
 - Double Deduction for Export Credit Insurance Premiums
 - Double Deduction for Export Promotion Expenses
 - Industrial Building Allowance
 - Pioneer Status Under the Investment Incentives Act of 1968.
 - Pioneer Status Under the Promotion of Investments Act of 1986.
 - Investment Tax Allowance Under the Promotion of Investments Act of 1986.
 - Export Credit Refinancing.

Although not specifically alleged by petitioners, we are also investigating

whether the Malaysian industry producing pipe and tube products receives countervailable benefits under the following programs, which we have found to be either countervailable or not used in previous Malaysian investigations:

- Export Tax Incentives:
 - Allowance of a Percentage of Net Taxable Income based on F.O.B. Value of Export Sales Under Section 29 of the Investment Incentives Act of 1968, as Amended.
 - Allowance of Taxable Income of Five Percent for Trading Companies Exporting Malaysian-Made Products
 - Other Tax Incentives:
 - Accelerated Depreciation Allowance of 40 Percent of Qualifying Expenditures Under the Income Tax Act of 1967, as Amended in 1979
 - Reinvestment Allowance of 25 Percent for Capital Expenditures on a Factory, Plant or Machinery Under Section 133A of the Income Tax Act
 - Export Insurance Program.
 - Medium- and Long-Term Government Financing.
 - Reduction in the Cost of State Land for New Industry and Agriculture.
 - Preferential Financing for Bumiputras.

This notice is published pursuant to section 702(c)(2) of the Act.

June 13, 1988.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 88-13763 Filed 6-16-88; 8:45 am]

BILLING CODE 3510-05-M

Geological Survey et al.; Consolidated Decision on Applications for Duty-Free Entry of Scientific Instruments

This is a decision consolidated pursuant to section 6(c) of the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Pub. L. 89-651, 80 Stat. 897; 15 CFR Part 301). Related records can be viewed between 8:30 a.m. and 5:00 p.m. in Room 1523, U.S. Department of Commerce, 14th and Constitution Avenue NW., Washington, DC.

Docket No.: 87-268. Applicant: U.S. Department of the Interior, U.S. Geological Survey, Ithaca, NY 14850-4094. *Instrument:* Multiple Piezometer Groundwater Monitoring System. *Manufacturer:* Westbay Instruments LTC, Canada. *Intended Use:* See notice 52 FR 32824, August 31, 1987. *Reasons for This Decision:* The foreign apparatus is capable of providing: (1) water pressure measurements; (2)

uncontaminated groundwater samples; and (3) permeability tests.

Docket No.: 88-150. Applicant: Princeton University, Princeton, NJ 08544. *Instrument:* Diagnostic Neutral Beamline. *Manufacturer:* Culham Laboratory, United Kingdom. *Intended Use:* See notice at 53 FR 15101, April 27, 1988. *Reasons for This Decision:* The foreign article provides a beam energy of 80 kV, 100 millisecond pulses modulated at kHz, a duty cycle of 5 minutes, density of 6 ma/cm², at a focal length of 4.2 meters and a divergence of 0.5°.

Comments: None received.

Decision: Approved. No instrument of equivalent scientific value to the foreign instrument, for such purposes as each is intended to be used, is being manufactured in the United States. The capability of each of the foreign instruments described above is pertinent to each applicant's intended purposes. We know of no instrument or apparatus being manufactured in the United States which is of equivalent scientific value to any of the foreign instruments.

Frank W. Creel,

Director, Statutory Import Programs Staff.

[FR Doc. 88-13762 Filed 6-16-88; 8:45 am]

BILLING CODE 3510-05-M

Institute of Human Origins et al.; Consolidated Decision on Applications for Duty-Free Entry of Scientific Instruments

This is a decision consolidated pursuant to section 6(c) of the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Pub. L. 89-651, 80 Stat. 897; 15 CFR Part 301). Related records can be viewed between 8:30 a.m. and 5:00 p.m. in Room 1523, U.S. Department of Commerce, 14th and Constitution Avenue N.W., Washington, DC.

Docket No.: 87-308R. Applicant: Institute of Human Origins, Berkeley, CA 94709. *Instrument:* Mass Spectrometer, Model 215. *Manufacturer:* Mass Analyser Products, Ltd., United Kingdom. *Intended Use:* See notice at 52 FR 43218, November 10, 1987. *Reasons for This Decision:* The foreign instrument provides a sensitivity of 6×10^{-4} amps/torr for Ar and a background for M/e 36 less than 5×10^{-14} cm³.

Docket No.: 88-118. Applicant: The Ohio State University, Columbus, OH 43210. *Instrument:* Electron Microprobe, Model CAMEBAX SC 50. *Manufacturer:* Cameca Instruments Inc., France. *Intended Use:* See notice at 53 FR 15102, April 27, 1988. *Reasons for This Decision:* The foreign instrument is

[A-357-802]

Initiation of Antidumping Duty Investigation; Certain Welded Carbon Steel Pipe and Tube Products From Argentina

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of certain welded carbon steel pipe and tube products (light-walled rectangular or L-WR tubing) from Argentina are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before July 21, 1988, and we will make our preliminary determination on or before November 23, 1988.

EFFECTIVE DATE: July 1, 1988.

FOR FURTHER INFORMATION CONTACT: Debra Conner or Mike Ready, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC, 20230, telephone (202) 377-1778 or (202) 377-2613.

SUPPLEMENTARY INFORMATION:

The Petition

On June 6, 1988, we received a petition filed in proper form by the mechanical tubing subcommittee of the Committee on Pipe and Tube Imports (CPTI) and by each of the individual manufacturers who are members of this subcommittee on behalf of the U.S. industry producing L-WR tubing. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleges that imports of L-WR tubing from Argentina are being or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act) 19 U.S.C. 1673, and that these imports materially injure, or threaten material injury, to a U.S. industry.

Petitioner's estimate of United States price was based on statements by an importer of L-WR tubing. Petitioner

made adjustments for freight, duties, profit and indirect taxes.

Petitioner based foreign market value on information obtained in Argentina on quoted prices for L-WR tubing. Petitioner made adjustments for discounts. Petitioner made no adjustment for inland freight but stated that it was a small part of the net price.

Based on a comparison of United States prices and foreign market value, petitioner alleges dumping margins of 67.14 percent.

Petitioner alleges that "critical circumstances" exist with respect to imports of L-WR tubing from Argentina.

Initiation of Investigation

Under section 732(c) of the Act 19 U.S.C. 1673a(c), we must determine, within 20 days after a petition is filed, whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petitions on L-WR tubing from Argentina and found that it met the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of L-WR tubing from Argentina are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by November 23, 1988.

Scope of Investigation

The products covered in this investigation are certain light-walled welded carbon steel pipes and tubes, of rectangular (including square), cross-section, having a wall thickness of less than 0.156 inch, provided for in item 610.4928 of the *Tariff Schedules of the United States* (TSUSA) and currently classifiable under Harmonized system (HS) item number 7306.60.5000.

The United States has developed a system of tariff classification based on the international harmonized system of customs nomenclature. Congress is considering legislation to convert the United States to this harmonized system (HS). In view of this, we will be providing both the appropriate TSUSA item number and the appropriate HS item number with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and customs purposes. The written description remains dispositive as to the scope of the product coverage.

We are requesting petitioner to include the appropriate HS item number as well as the TSUSA item number in all new petitions filed with the Department. A reference copy of the proposed Harmonized System schedule is available for consultation in the central Records Unit, Room B-099, U.S. Department of Commerce, 154th Street, and Constitution Avenue, NW., Washington, DC 20230.

Additionally, all customs offices have reference copies, and petitioners may contact the Import Specialist at their local customs office to consult the schedule.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with information used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonproprietary information.

We will also allow the ITC access to all privileged and business proprietary information in our files, provides it confirms in writing that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by the ITC

The ITC will determine by July 21, 1988 whether there is a reasonable indication that imports of L-WR tubing from Argentina materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will terminate; otherwise it will continue according to statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

June 27, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-14099 Filed 6-30-88; 8:45 am]

BILLING CODE 3510-05-M

[A-593-803]

Initiation of Antidumping Duty Investigation; Certain Welded Carbon Steel Pipe and Tube Products From Taiwan

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S.

Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of certain welded carbon steel pipe and tube products (light-walled rectangular or L-WR tubing) from Taiwan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before July 21, 1988, and we will make our preliminary determination on or before November 23, 1988.

EFFECTIVE DATE: July 1, 1988.

FOR FURTHER INFORMATION CONTACT: Debra Conner or Michael Ready, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC, 20230, telephone (202) 377-1778 or (202) 377-2613.

SUPPLEMENTARY INFORMATION:

The Petition

On June 6, 1988, we received a petition filed in proper form by the mechanical tubing subcommittee of the Committee on Pipe and Tube Imports (CPTI) and by each of the individual manufacturers who are members of the subcommittee on behalf of the U.S. industry producing L-WR tubing. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleges that imports of L-WR tubing from Taiwan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

Petitioner's estimate of United States price was based on price lists obtained from an importer of L-WR tubing. Petitioner made adjustments for freight, insurance, handling charges, interest, profit and duties.

Petitioner based foreign market value on U.S. domestic producer's costs, adjusted for difference in Taiwan pursuant to § 353.36(a)(7) of the Regulations. Petitioner included in these costs, 10 percent for general, selling and administrative expenses and 8 percent for profit.

Based on a comparison of United States price and foreign market value,

petitioner alleges dumping margins of 49.3 percent.

Petitioner alleges that "critical circumstances" exist with respect to imports of L-WR tubing from Taiwan.

Based on information from a prior antidumping investigation concerning this same product from Taiwan, petitioner also requested that the Department initiate a cost of production investigation.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on L-WR tubing from Taiwan and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of L-WR tubing from Taiwan are being, or are likely to be, sold in the United States at less than fair value. We also will make a determination as to whether critical circumstances exist with respect to the subject merchandise. Because petitioner failed to provide sufficient information, we are not initiating a cost of production investigation at this time. If our investigation proceeds normally, we will make our preliminary determination by November 23, 1988.

Scope of Investigation

The products covered in this investigation are certain light-walled welded carbon steel pipes and tubes, of rectangular (including square) cross-section, having a wall-thickness of less than 0.156 inch, as provided for in item 610.4928 of the *Tariff Schedules of the United States Annotated (TSUSA)* and currently classifiable under Harmonized System item number 7306.60.5000. The United States has developed a system of tariff classification based on the international harmonized system of customs nomenclature. Congress is considering legislation to convert the United States to this harmonized system (HS). In view of this, we will be providing both the appropriate TSUSA item number and the appropriate HS item number with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and customs purposes. The written description remains dispositive as to the scope of the product coverage.

We are requesting petitioners to include the appropriate HS item number

as well as the TSUSA item number in all new petitions filed with the Department. A reference copy of the proposed Harmonized System schedule is available for consultation in the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Additionally, all customs offices have reference copies, and petitioners may contact the Import Specialist at their local customs office to consult the schedule.

Notification of ITC

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

Preliminary Determination by the ITC

The ITC will determine by July 21, 1988, whether there is a reasonable indication that imports of L-WR tubing from Taiwan materially injure, or threaten material injury to, a U.S. industry. If its determination is negative the investigation will terminate; otherwise it will proceed according to statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

June 27, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-14900 Filed 6-30-88; 8:45 am]

BILLING CODE 3510-DS-M

imports from Argentina and Taiwan of light-walled rectangular pipes and tubes,¹ provided for in item 610.49 of the Tariff Schedules of the United States, that are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by July 21, 1988.

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

EFFECTIVE DATE: June 6, 1988.

FOR FURTHER INFORMATION CONTACT: Dan Leahy (202-252-1182), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1090.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on June 6, 1988, by the mechanical tubing subcommittee of the Committee on Pipe and Tube Imports and by the individual manufacturers of the product that are members of the subcommittee.

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 (7) days after the publication of this notice in the *Federal Register*. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

¹ For purposes of these investigations, 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. Light-walled rectangular pipes and tubes are currently reported for statistical purposes under item 610.4928 of the *Tariff Schedule of the United States Annotated* and are classifiable under subheading 7306.60.50 of the proposed Harmonized Tariff Schedule of the United States.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) 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.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on June 29, 1988, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Dan Leahy (202-252-1182) not later than June 27, 1988, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written Submissions

Any person may submit to the Commission on or before July 1, 1988, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.9 of the rules (19 CFR 201.8). All written submissions excepts 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 section 201.6 of the Commission's rules (19 CFR 201.6).

[Investigations Nos. 731-TA-409-410 (Preliminary)]

Certain Light-Walled Rectangular Pipes and Tubes From Argentina and Taiwan

AGENCY: United States International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-409-410 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of

22232

Federal Register / Vol. 53, No. 114 / Tuesday, June 14, 1988 / Notices

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

By order of the Commission.

Issued: June 9, 1988.

Kenneth R. Mason,

Secretary.

[FR Doc. 88-13384 Filed 6-13-88; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

LIST OF WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

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

Subject: Light-Walled Rectangular Pipes and Tubes
from Argentina and Taiwan

Inv. Nos. 731-TA-409-410 (Preliminary)

Date and time: June 29, 1988 - 9:30a.m.

Sessions were held in connection with the investigations in the
Hearing Room of the United States International Trade Commission, 500 E
Street, S.W., Washington, DC.

In support of the imposition of antidumping duties

Schagrin Associates-Counsel
Washington, DC
on behalf of

The Subcommittee on Mechanical Tubing of the Committee
on Pipe and Tube Imports, and the individual producer
members of the Subcommittee

Chuck Nezzar, President, Hannibal Industries, Inc.
Phillip Lewis, President, Southwestern Pipe, Inc.
Greg Guandolo, Inside Sales Manager, Bull Moose Tube Co.
Don Woodruff, Southeast Regional Sales Manager, Bull Moose
Tube Co.

Roger Schagrin)
Paul Jameson)--OF COUNSEL
Mark Del Bianco)

In opposition to the imposition of antidumping duties

Baker & McKenzie-Counsel
Washington, DC
on behalf of

Laminfer, S.A., Argentina

Herbert Riband)
Thomas Peele)--OF COUNSEL

-Continued-

In opposition to the imposition of antidumping duties--cont

Davis Wright & Jones
Washington, DC
on behalf of

Yieh Hsing Enterprise Co., Ltd., Kaohsiung, Taiwan
Ornatube Enterprise Co., Ltd. Kaohsiung, Taiwan
Vulcan Industrial Co., Kaohsiung, Taiwan

Davis Simon)--OF COUNSEL

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

OFFICIAL BUSINESS

ADDRESS CORRECTION REQUESTED

**Postage And Fees Paid
U.S. International Trade Commission**



ITC-653

ADDRESS CHANGE

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