

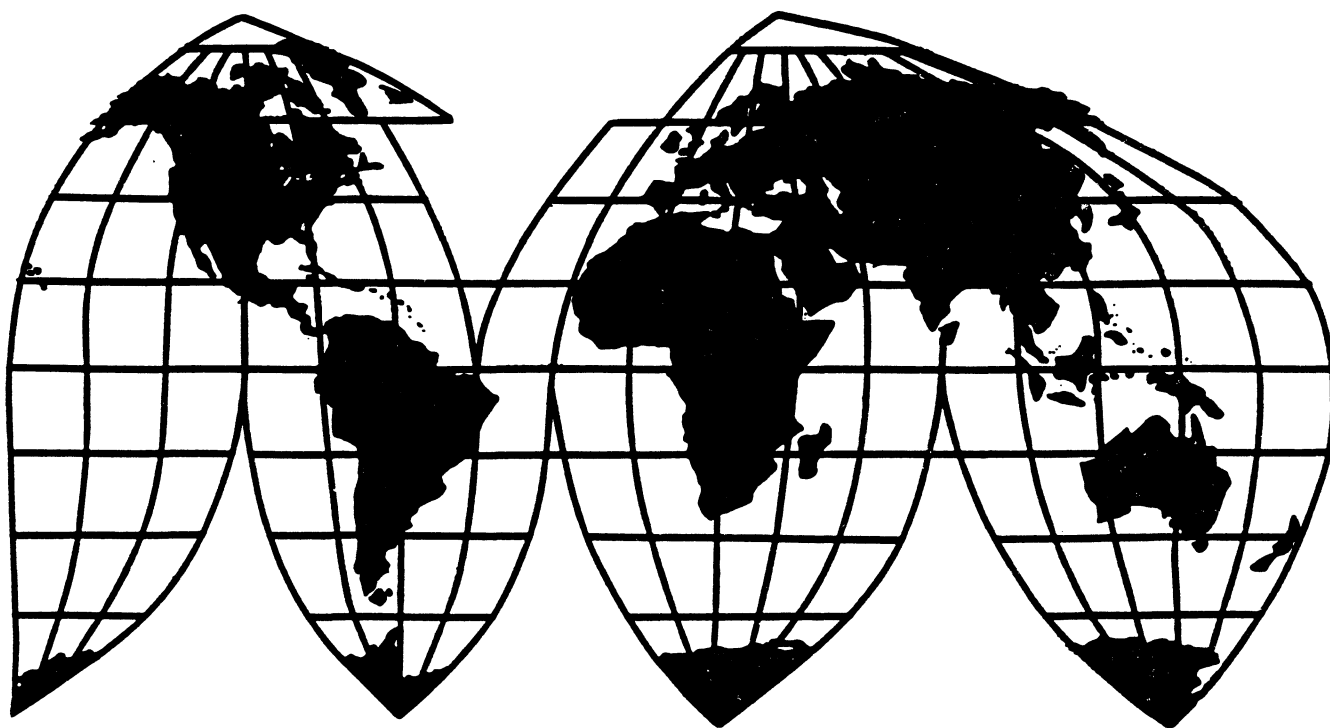
Certain Carbon Steel Butt-Weld Pipe Fittings From France, India, Israel, Malaysia, The Republic of Korea, Thailand, The United Kingdom, and Venezuela

Investigations Nos. 701-TA-360 and 361 (Preliminary)
and 731-TA-688 through 695 (Preliminary)

Publication 2767

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U.S. International Trade Commission



U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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.

PART I

DETERMINATIONS AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 701-TA-360-361 (Preliminary) and 731-TA-688-695 (Preliminary)

Certain Carbon Steel Butt-Weld Pipe Fittings From France, India, Israel, Malaysia, the Republic of Korea, Thailand, the United Kingdom, and Venezuela

Determinations

On the basis of the record¹ developed in the subject investigations, the Commission determines,² pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from India and Israel of certain carbon steel butt-weld pipe fittings,³ provided for in subheading 7307.93.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Governments of India and Israel.

The Commission also determines,⁴ 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 materially injured by reason of imports of certain carbon steel butt-weld pipe fittings from France, India, Israel, Malaysia, the Republic of Korea, Thailand,⁵ the United Kingdom,

and Venezuela that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On February 28, 1994, a petition was filed with the Commission and the U.S. Department of Commerce by the U.S. Fittings Group, Washington, DC, an *ad hoc* trade association consisting of five domestic firms,⁶ alleging that subsidized imports from India and Israel and LTFV imports from France, India, Israel, Malaysia, the Republic of Korea, Thailand (AST only), the United Kingdom, and Venezuela of certain carbon steel butt-weld pipe fittings are materially injuring and threatening to materially injure an industry in the United States. Accordingly, effective February 28, 1994, the Commission instituted countervailing duty investigations Nos. 701-TA-360 and 361 (Preliminary) and antidumping investigations Nos. 731-TA-688 through 695 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of March 10, 1994 (59 F.R. 11307). The conference was held in Washington, DC, on March 21, 1994, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Commissioner Lynn M. Bragg did not participate in these investigations.

³ The products covered by these investigations are carbon steel butt-weld pipe fittings having an inside diameter of less than 14 inches (355 millimeters), imported in either finished or unfinished condition. The pipe fittings are forged steel products used to join pipe sections in piping systems where conditions require permanent, welded connections, as distinguished from fittings based on other methods of fastening (e.g., threaded, grooved, or bolted fittings).

⁴ Commissioner Lynn M. Bragg did not participate in these investigations. Chairman Don E. Newquist did not participate with respect to France.

⁵ For Thailand, only the products of one producer—Awaji Sangyo (Thailand) Co., Ltd. (AST)—are subject to these determinations.

⁶ The firms are Hackney, Inc., Dallas, TX; Ladish Co., Inc., Cudahy, WI; Mills Iron Works, Inc., Gardena, CA; Steel Forgings, Inc., Shreveport, LA; and Tube Forgings of America, Inc., Portland, OR.

VIEWS OF THE COMMISSION

Based on the record in these preliminary investigations, we determine that there is a reasonable indication that the industry in the United States producing certain carbon steel butt-weld pipe fittings is materially injured by reason of imports of certain carbon steel butt-weld pipe fittings from India and Israel that are allegedly subsidized and that are allegedly sold in the United States at less than fair value ("LTFV"). We also determine that there is a reasonable indication that the industry in the United States producing certain carbon steel butt-weld pipe fittings is materially injured by reason of imports of certain carbon steel butt-weld pipe fittings from France, Malaysia, the Republic of Korea ("Korea"), Thailand, the United Kingdom and Venezuela that are allegedly sold in the United States at LTFV.¹

I. The Legal Standard for Preliminary Determinations

The legal standard in preliminary countervailing and antidumping duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly LTFV or subsidized imports.² In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation."³ The U.S. Court of Appeals for the Federal Circuit has held that this interpretation of the standard "accords with clearly discernible legislative intent and is sufficiently reasonable."⁴

At the outset of our discussion, we find it important to note the considerable lack of responsiveness to the Commission's request for information in these preliminary investigations. In particular, we note that Hackney, Inc. one of the five petitioning companies,⁵ failed to provide reliable quantity data for inventories, shipments and production; Weldbend Corp., a domestic producer, provided only production data for

¹ Chairman Newquist did not participate in Inv. No. 731-TA-688 (France). Commissioner Bragg did not participate in these determinations.

² 19 U.S.C. §§ 1671b(a), 1673b(a). See also *American Lamb Co. v. United States*, 785 F.2d 994 (Fed. Cir. 1986); *Calabrian Corp. v. U.S. Int'l Trade Comm'n*, 794 F. Supp. 377, 381 (Ct. Int'l Trade 1992).

³ *American Lamb Co. v. United States*, 785 F.2d at 1001. See also *Torrington Co. v. United States*, 790 F. Supp. 1161, 1165 (Ct. Int'l Trade 1992), *aff'd without opinion* 991 F.2d 809 (Fed. Cir. 1993).

⁴ *American Lamb Co. v. United States*, 785 F.2d at 1004.

⁵ The five petitioning companies include Hackney, Inc., Ladish Co., Inc., Mills Iron Works, Inc., Steel Forgings, Inc., and Tube Forgings of America, Inc. (together, the "U.S. Fittings Group").

1993 and some information regarding purchases of imports; most of the domestic industry, as well as importers, failed to provide pricing data on the specified product sizes and finishes in the requested format.

All parties should now be fully aware of the Commission's requirements and the scope of these investigations. All questionnaire recipients are required to fully complete all portions of questionnaires in any final investigations. The Commission intends to use all appropriate legal means necessary to obtain data in any final investigations.

II. Like Product

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant 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."⁶ In turn, the Act defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."⁷

The imported articles subject to these investigations are finished and unfinished carbon steel butt-weld pipe fittings having an inside diameter of less than fourteen inches (355 millimeters) classified under Harmonized Tariff Schedule ("HTS") subheading 7307.93.3000.⁸ In its notices of initiation, the Department of Commerce ("Commerce") explained:

Pipe fittings are forged steel products used to join pipe sections in piping systems where conditions require permanent, welded connections, as distinguished from fittings based on other methods of fastening (e.g., threaded, grooved, or bolted fittings). Pipe fittings come in several basic shapes: "elbows," "tees," "caps," and "reducers."⁹

B. Like Product Issues

In these preliminary investigations, Commerce's scope is limited to only a portion of the relevant HTS category. HTS subheading 7307.93.30

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10). The Commission's like product determinations are factual, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis. See, e.g., *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991).

In analyzing like product issues, the Commission considers a number of factors, including: (1) physical characteristics and uses; (2) interchangeability of the products; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) the use of common manufacturing facilities and production employees; and (6) where appropriate, price. *Calabrian Corp. v. U.S. Int'l Trade Comm'n*, 794 F. Supp. at 382 n.4. No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); *Torrington Co. v. United States*, 747 F. Supp. at 748-49.

⁸ 59 Fed. Reg. 14148 and 14149 (March 25, 1994).

⁹ *Id.*

includes carbon steel butt-weld pipe fittings with an inside diameter of less than 360 millimeters (14.18 inches).¹⁰ The proportion of the total imports under this subheading that are 14 to 14.17 inches in inside diameter is unknown; however, available information indicates it is "relatively small."¹¹

While the Commission must accept Commerce's determination as to which imported merchandise is within the class or kind of merchandise allegedly sold at less than fair value, the Commission determines what domestic product is like the imported articles identified by Commerce.¹² In prior investigations of carbon steel butt-weld pipe fittings, the Commission has determined that there is one domestic like product consisting of both finished and unfinished carbon steel butt-weld pipe fittings of less than 14 inches in inside diameter.¹³ The Commission's single like product determinations in those investigations were based primarily on the lack of any independent market for unfinished pipe fittings and the identical production equipment used in producing finished and unfinished pipe fittings. In addition, carbon steel butt-weld pipe fittings having an inside diameter of less than 14 inches were found to have been produced on different machinery and equipment than larger diameter fittings.¹⁴

No party has argued for a different like product determination in these investigations, nor is there any evidence in the record that suggests that a different conclusion is appropriate at this time. Therefore, we determine the like product to be all domestically produced finished or unfinished carbon steel butt-weld pipe fittings having an inside diameter of less than 14 inches.

III. Domestic Industry

A. Definition of the Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the relevant domestic industry as the "domestic producers as a whole of a like product, or those

¹⁰ As originally filed, the petition covered "pipe fittings having an inside diameter of less than 360 millimeters (fourteen inches)" Petition at 4. However, because 360 millimeters actually equals 14.18 inches, Petitioner clarified the scope and amended the petition "to cover only carbon steel butt-weld pipe fittings having an inside diameter of less than fourteen inches. . . ." Letter from Petitioner's counsel dated March 15, 1994 at 2.

Venezuelan respondents have argued that where possible, the Commission should only evaluate imports of the subject fittings of sizes under 14 inches because using Census data without adjustment would overstate import levels and import penetration. Postconference Brief at 3, 13-14. In these preliminary investigations, the Commission's questionnaires were based on information contained in the petition as originally filed, rather than on the subsequent amendment and scope determination by Commerce. In any final investigations, the Commission will collect information based on the scope as defined by Commerce.

¹¹ Confidential Version of the Report ("CR") at I-25; Public Version of the Report ("PR") at II-10.

¹² See, e.g., *Algoma Steel Corp. v. United States*, 688 F. Supp. 639 (Ct. Int'l Trade 1988) ("ITC does not look behind ITA's determination, but accepts ITA's determination as to which merchandise is in the class of merchandise sold at LTFV."), *aff'd*, 865 F.2d 240 (Fed. Cir. 1989); *Torrington v. United States*, 747 F. Supp. 744.

¹³ See *Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand*, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2528 (June 1992) at 4-5 ("China/Thailand (Final)"); *Certain Carbon Steel Butt-Weld Pipe Fittings from Japan*, Inv. No. 731-TA-309 (Final), USITC Pub. 1943 (Jan. 1987) at 5-6; *Certain Carbon Steel Butt-Weld Pipe Fittings from Brazil and Taiwan*, Inv. Nos. 731-TA-308 and 310 (Final), USITC Pub. 1918 (Dec. 1986) at 6.

¹⁴ *China/Thailand* (Final), USITC Pub. 2528 at 5.

producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.”¹⁵ Based upon the definition of the like product, the domestic industry consists of all domestic producers of finished and unfinished carbon steel butt-weld pipe fittings of less than 14 inches in inside diameter.^{16 17} We note that in these preliminary investigations, however, there are no domestic producers who exclusively convert subject unfinished fittings.¹⁸ The five petitioning companies consider themselves to be integrated producers.^{19 20}

B. Related Parties

The related parties provision, 19 U.S.C. § 1677(4)(B), allows for the exclusion of certain domestic producers from the domestic industry for the purposes of an injury determination. If a company is a “related party,”²¹ the Commission determines whether “appropriate circumstances” exist for excluding the producer in question from the domestic industry.^{22 23} In

¹⁵ 19 U.S.C. § 1677(4)(A).

¹⁶ In previous investigations of the carbon steel butt-weld pipe fitting industry, the Commission has determined that domestic producers of the like product include fully-integrated producers, converters of unfinished pipe fittings and combination producers. See *China/Thailand* (Final), USITC Pub. 2528 at 5; *Certain Carbon Steel Butt-Weld Pipe Fittings from Japan*, Inv. No. 731-TA-309 (Final), USITC Pub. 1943 at 5-6; *Certain Carbon Steel Butt-Weld Pipe Fittings from Brazil and Taiwan*, Inv. Nos. 731-TA-308 and 310 (Final), USITC Pub. 1918 at 7-9; see also *Sandvik AB v. United States*, 721 F. Supp. 1322, 1330-31 (Ct. Int’l Trade 1989) (redrawers and fully integrated producers both included in the domestic industry), *aff’d without opinion*, 904 F.2d 46 (Fed. Cir. 1990).

¹⁷ Integrated producers generally begin with seamless carbon steel pipe as their raw material and perform both forming, machining and finishing operations. Conversion producers begin with unfinished fittings and perform various operations to finish the fittings. Combination producers produce some fittings in an integrated process and other fittings in a conversion process. Petition at 5-7; CR at I-6-7; PR at II-4; Transcript I at 16; see also *China/Thailand* (Final), USITC Pub. 2528 at 5-6, I-7-10.

¹⁸ CR at I-8; PR at II-4 (All domestic producers use internally produced unfinished stock to make finished fittings to some extent.).

¹⁹ Petitioner’s Postconference Brief at 4; see also Transcript of the Public Conference, March 21, 1994 (“Transcript I”) at 17.

²⁰ We note that one respondent alleged that Custom Alloy is part of the domestic industry. However, information in the record suggests that Custom Alloy does not manufacture carbon steel butt-weld pipe fittings. We note that alloy fittings are not included in Commerce’s scope. We intend to seek more information about Custom Alloy in any final investigations.

²¹ 19 U.S.C. § 1677(4)(B). Producers who are related to exporters or importers, or who are themselves importers of dumped or subsidized merchandise, may be excluded from the domestic industry in appropriate circumstances.

²² The rationale for excluding related parties is the concern that the overall industry data may be skewed by inclusion of the related parties who are shielded from any injury that might be caused by the subject imports. See *Torrington v. United States*, 790 F. Supp. at 1168; *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331 (Ct. Int’l Trade 1989) (related party appeared to benefit from dumped imports), *aff’d without opinion* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1353-54 (Ct. Int’l Trade 1987) (An analysis of “[b]enefits accrued from the relationship as a major factor in deciding whether to exclude a related party held to be a “reasonable approach in light of the legislative history. . .”).

²³ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason why the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and
- (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See *Torrington Co. v. United States*, 790 F. Supp. at 1168 (upholding the Commission’s practice of examining these factors in determining that appropriate circumstances did not exist to exclude related party); *Empire Plow Co. v. United States*, 675 F. Supp. at 1353. The Commission has also considered whether each company’s books are kept separately from its “relations” and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., *PET Film from Japan, the Republic of Korea and Taiwan*, Inv. Nos. 458-460, USITC Pub. 2383 at 17-18 (May 1991).

Certain Carbon Steel Butt-Weld Pipe Fittings From China and Thailand, Inv. Nos. 731-TA-520-521 (Final), USITC Pub. 2528 (June 1992), the Commission determined that four domestic producers were related parties, and that appropriate circumstances existed to exclude two of them.²⁴ All four firms are domestic producers of carbon steel butt-weld pipe fittings in these investigations as well.²⁵

In these preliminary investigations, both Hackney and Tube Forgings imported subject unfinished fittings during the period of investigation.²⁶ Thus, each firm is a related party. In 1993, Hackney and Tube Forgings each accounted for a significant portion of domestic production.²⁷ Hackney's and Tube Forgings' respective production of subject finished fittings made from subject imports of unfinished fittings represents a very small proportion of their total production of fittings for 1991-1993.²⁸ In fact, the proportion of their production that derives from subject imports of unfinished fittings is so small as to make it very unlikely that these companies were shielded from any effects of allegedly LTFV or subsidized imports of subject fittings. Therefore, we determine that appropriate circumstances do not exist to exclude either firm in these preliminary investigations.

Tube-Line did not import any subject fittings from any of the subject countries during the period of investigation.²⁹ However, Tube-Line is partially-owned by Benkan America, Inc., which imported subject merchandise during the period of investigation.³⁰ Accordingly, Tube-Line is a related party as it is partially-owned by an importer of subject merchandise.³¹

Tube-Line also accounts for a significant portion of domestic production.³² Based on its ***, however, Tube-Line does not appear to be shielded from the effects of allegedly LTFV and subsidized imports.³³ Therefore, we determine that appropriate circumstances do not exist to exclude Tube-Line from the domestic industry.

Weldbend has not joined the five petitioning companies in support of the petition and has specifically disclaimed any involvement in the

²⁴ Hackney and Tube Forgings (two petitioning companies in these investigations) had directly imported subject fittings during the period of investigation and, therefore, were related parties, although appropriate circumstances for their exclusion did not exist. *China/Thailand* (Final), USITC Pub. 2528 at 9 n.28, 14. The Commission determined that two other producers, Weldbend Corporation and Tube-Line Co., were related parties due to Weldbend's close contractual relationship with importers and Tube-Line's partial ownership by an importer of subject product. *Id.* at 9, 13. Further, appropriate circumstances existed to exclude both of them from the domestic industry as the production processes and financial performance of both firms were dependent on imports of low-cost unfinished fittings; inclusion of their data distorted certain domestic industry indicators; and both companies were shielded to a significant degree from the adverse effects of dumped imports. *Id.* at 15-16.

²⁵ CR at I-9, Table 1, PR at II-5.

²⁶ See Questionnaire Responses of Hackney and Tube Forgings.

²⁷ CR at I-9, Table 1; PR at II-5.

²⁸ See Questionnaire Responses of Hackney and Tube Forgings.

²⁹ Questionnaire Response of Tube-Line; see CR at I-8-9; PR at II-4-5. We note that Tube-Line has moved toward integrated production during the period of investigation and is less dependent on imports of unfinished fittings than in the previous investigations. See, e.g., Transcript I at 56; Postconference Brief of Thai respondent at 10.

³⁰ See Questionnaire Response of Benkan America, Inc.

³¹ 19 U.S.C. § 1677(4)(B).

³² CR at I-9, Table 1; PR at II-5.

³³ CR at I-16, PR at II-6.

petition.³⁴ While it had been responsible for importing much unfinished product and converting it to finished fittings during the previous investigations, Weldbend now manufactures an increasing proportion of its fittings from pipe in an integrated production process.³⁵ The record contains no information that during the period of investigation, Weldbend either imported, or had a corporate affiliation with an exporter or importer of, subject products.³⁶ Thus, we do not find Weldbend to be a related party in these investigations.

IV. Condition of the Domestic Industry

In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of the allegedly LTFV and subsidized imports, the Commission considers all relevant economic factors that have a bearing on the state of the industry in the United States. These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is determinative, and we consider all relevant factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."³⁷

One condition of competition distinctive to this industry is the apparent absence of competition from imports from two countries that were formerly important sources of supply; suspension of liquidation of imports of carbon steel butt-weld pipe fittings from China and Thailand occurred in December 1991³⁸ and antidumping orders were issued on this product in July 1992.³⁹ During the period of these investigations, imports from China and Thailand declined significantly.⁴⁰

³⁴ See French respondents' Postconference Brief at Tab 18, Weldbend News Release at 2. Petitioner asserts that it is "reasonable to infer" that information withheld by Weldbend in these preliminary investigations would demonstrate that Weldbend is still excludable under the related-party provision and urges the Commission "to draw negative inferences from Weldbend's failure to [provide data] ... by excluding it from the domestic industry as a related party or by considering it to be materially injured by reason of competing imports from named countries." Petitioner's Postconference Brief at 4-6. The mere failure to provide data, or the failure of a domestic producer to support the petition is not, in our view, sufficient under the statute to deem a producer "related."

³⁵ See Conference Exhibit 2, *Supply House Times* article, "Weldbend Puts New Emphasis on Manufacturing Operations." (September 3, 1993).

³⁶ See Letter from Weldbend President James Coulas to Lynn Featherstone dated March 10, 1994. See also Postconference Briefs of French respondents at 10; of Venezuelan respondents at 5-6; and of Petitioner at 5 (asserting without legal support that Weldbend's failure to provide information, not any alleged importation or corporate affiliation, is basis upon which to exclude Weldbend as a related party).

³⁷ 19 U.S.C. § 1677(7)(C)(iii). None of the parties suggested the existence of a business cycle unique to this industry.

³⁸ 56 Fed. Reg. 66831 (China) and 66835 (Thailand) (December 26, 1991).

³⁹ 57 Fed. Reg. 29702, 29703 (July 6, 1992). See *China/Thailand* (Final), USITC Pub. 2528 (June 1992).

⁴⁰ See Venezuelan respondents' Postconference Brief at 6 and n.9, Appendix 4 (noting that Chinese imports of subject product declined from 27,109,854 pounds in 1991 to 116,652 pounds in 1993). Non-subject imports declined by over 80 percent by volume, and 73 percent by value during the period of investigation. Confidential Memorandum INV-R-048 (April 8, 1994), Supplementary Table 2.

By volume, imports of Chinese carbon steel butt-weld pipe fittings were 27.1 million pounds in 1991; 112,603 pounds in 1992; and 118,898 pounds in 1993. By value, imports of Chinese carbon steel butt-weld pipe fittings were \$14.4 million in 1991; \$52,000 in 1992; and \$61,000 in 1993. By volume, imports of Thai carbon steel butt-weld pipe fittings were 10.6 million pounds in 1991; 7.3 million pounds in 1992; and 8.1 million pounds in 1993. By value, imports of Thai carbon steel butt-weld pipe fittings were \$8 million in 1991; \$4.7 million in 1992; and \$4.8 million in 1993. This data is compiled from official Commerce statistics. Derived from database for Memorandum INV-R-048, Supplementary Table 2.

Second, there was an overall decline in consumption for carbon steel butt-weld pipe fittings in 1991 and 1992.⁴¹ In particular, we note a decline in demand by the petrochemical industry, which accounts for a significant portion of consumption.⁴² We note that the lack of Weldbend's shipments data, however, may affect both the level and magnitude of change in apparent consumption.

Another condition of competition relevant to our consideration of the condition of this industry is the existence of "approved" and "non-approved" market segments within the overall domestic market for carbon steel butt-weld pipe fittings. While all carbon steel butt-weld pipe fittings sold in the United States meet American Society of Testing and Materials ("ASTM") and the American National Standards Institute ("ANSI") standards, certain members of the petrochemical industry, *i.e.*, "approving" end-users, require that any producer wishing to sell to them must submit to periodic audits of its quality control procedures to insure that its product will consistently meet the standard specifications.⁴³

The effect of this condition of competition is difficult to discern because the information received is incomplete. Available information does not establish the share of the market attributable to these "approving" end-users.⁴⁴ Nor is it known what impact the approved/non-approved market distinction may have on prices, or whether such impact is significant. In addition, the fact that all product sold in the United States must meet ANSI and ASTM standards may mitigate the effect of the approved/non-approved market distinction. Further, a decline in demand by users in the petrochemical industries during the period of investigation may also mitigate the effect of the approved/non-approved market distinction. In sum, more information on these points is needed to evaluate fully the effects of the approved/non-approved market distinction on competition in the market overall.

We note that Hackney, the largest petitioning company, failed to provide reliable quantity data for inventories, shipments and production, relying instead on value data and derived estimates of corresponding quantities, and only partial employment data.⁴⁵ None of the data discussed below includes information for Weldbend, unless otherwise indicated.⁴⁶ While we examine the condition of the domestic industry as a whole,⁴⁷ we note that

⁴¹ CR at C-3, Table C-1; PR at C-3, Table C-1; Transcript I at 19, 27-29.

⁴² French respondents estimated that purchases by the petrochemical industry account for an estimated 30-40 percent of total U.S. consumption, but that it "has curtailed [its] spending patterns in the United States rather dramatically over the last couple of years . . ." Transcript I at 19, 27-29.

⁴³ CR at I-10; PR at II-5. We note that in the *China/Thailand* (Final) investigations, the approved market also included the nuclear energy and power generation industries. *China/Thailand* (Final), USITC Pub. 2528 at I-19.

⁴⁴ CR at I-10; PR at II-5. French respondents estimated that purchases by the petrochemical industry account for an estimated 30-40 percent of total U.S. consumption; however, not all oil or chemical companies use approved vendors lists. Transcript I at 28. In addition to the U.S. producers, foreign respondent producers Interfit (France), AST (Thailand) and BKL (United Kingdom) currently meet such approval. CR at I-10; PR at II-5.

⁴⁵ Questionnaire Response of Hackney. We note that in the *China/Thailand* (Final) investigations, Hackney ultimately provided reliable quantity data in the format requested by the Commission.

⁴⁶ Because of incomplete data for the domestic industry, it is not possible to determine whether the data are reflective of the condition of the industry as a whole.

⁴⁷ *United Engineering & Forging v. United States*, 779 F. Supp. 1375 (Ct. Int'l Trade 1991).

particular developments within the industry that do not appear to be related to subject imports may be affecting industry performance.^{48 49 50}

We received incomplete data on apparent U.S. consumption in these preliminary investigations.⁵¹ However, the information the Commission has obtained indicates that from 1991 to 1992, apparent consumption declined 19.2 percent by volume.⁵² From 1992 to 1993, only a small recovery of 0.5 percent occurred.⁵³ In 1991, U.S. consumption was 93 million pounds; in 1992, 75.2 million pounds; and in 1993, 75.6 million pounds.⁵⁴ In 1991, U.S. consumption by value was \$79.2 million; in 1992, \$69.8 million; and in 1993, \$66.7 million.⁵⁵ By value, U.S. consumption declined 11.9 percent from 1991 to 1992, and 4.4 percent from 1992 to 1993.⁵⁶

Domestic production increased 12.6 percent from 1991 to 1992, but declined 3.6 percent from 1992 and 1993.⁵⁷ In quantity terms, production rose from about 46 million pounds in 1991 to 51.7 million pounds in 1992, but decreased to 49.9 million pounds in 1993.⁵⁸

Capacity to produce carbon steel butt-weld pipe fittings (finished and unfinished) increased by 4.6 percent from 1991 to 1992, and again by 3.6 percent from 1992 to 1993.⁵⁹ In quantity terms, capacity rose from 70.8 million pounds in 1991, to 74 million pounds in 1992, and 76.7 million pounds in 1993.⁶⁰

The domestic industry's rate of capacity utilization was 64.9 percent in 1991, 69.9 percent in 1992 and 65 percent in 1993.⁶¹ The capacity utilization rate thus increased by 5 percentage points from 1991 to 1992.⁶² Although capacity utilization declined by nearly the same amount, 4.9 percentage points, from 1992 to 1993, this reflects, in part, the increase in capacity.⁶³

The domestic industry's U.S. shipments by quantity were 44.4 million pounds in 1991, 50.3 million pounds in 1992 and 49.7 million pounds in 1993.⁶⁴ U.S. shipments by quantity increased by 13.4 percent from 1991 to

⁴⁸ See CR at I-14; I-16, Table 4; I-17; PR at II-6.

⁴⁹ Vice Chairman Watson, Commissioner Crawford and Commission Nuzum find that the *** in the overall domestic producers' operating income is due, in large part, to the financial performance of ***. They note that ***. In any final investigations, they will examine closely the extent to which U.S. producers' difficulties may be attributable to causes other than subject imports.

⁵⁰ Vice Chairman Watson and Commissioner Crawford find a reasonable indication from the record that *** domestic producers may be *** producers, raising possibilities of economies of scale for producers in this particular industry. However, there is insufficient data from which a reasonable conclusion could be drawn. Therefore, they urge the parties, in particular, Weldbend, to fully cooperate in any final investigations.

⁵¹ Data covers less than 85 percent of estimated apparent consumption.

⁵² CR at C-3, Table C-1; PR at C-3, Table C-1.

⁵³ *Id.*; PR at C-1.

⁵⁴ CR at C-3, Table C-1 and C-5 n.1

⁵⁵ *Id.*; PR at C-1.

⁵⁶ *Id.*; PR at C-1.

⁵⁷ Derived from Memorandum INV-R-048, Supplementary Table 1.

⁵⁸ Memorandum INV-R-048, Supplementary Table 1.

⁵⁹ Derived from Memorandum INV-R-048, Supplementary Table 1.

⁶⁰ Memorandum INV-R-048, Supplementary Table 1.

⁶¹ Derived from Memorandum INV-R-048, Supplementary Table 1.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ Memorandum INV-R-048, Supplementary Table 1.

1992, but declined by 1.2 percent from 1992 to 1993.⁶⁵ By value, U.S. shipments were \$45.8 million in 1991; \$51.3 million in 1992; and \$48.4 million in 1993.⁶⁶ U.S. shipments by value increased by 12 percent from 1991 to 1992, but declined by 5.8 percent from 1992 to 1993.⁶⁷

Domestic end-of-period inventories rose by 23.1 percent from 1991 to 1992, but declined slightly by 1.4 percent from 1992 to 1993.⁶⁸ Inventories increased from 5.3 million pounds in 1991, to 6.6 million pounds in 1992, before declining slightly to 6.5 million pounds in 1993.⁶⁹

Employment indicators, including the number of production workers, hours worked, and hourly total compensation increased throughout the period of investigation.⁷⁰ Total compensation increased by 5.2 percent from 1991 to 1992, but declined 3.1 percent from 1992 to 1993.⁷¹

The financial data provided to the Commission in these preliminary investigations show that net sales by value were *** in 1991; *** in 1992; and *** in 1993.⁷² Net sales by value thus increased *** percent from 1991 to 1992, but declined by *** percent from 1992 to 1993.⁷³ Net sales by volume were *** pounds in 1991; *** pounds in 1992; and *** pounds in 1993.⁷⁴ Net sales by volume thus increased *** percent from 1991 to 1992, and by a smaller amount, *** percent, from 1992 to 1993.⁷⁵

Operating income was *** in 1991; *** in 1992; and *** in 1993.⁷⁶ Thus, operating income decreased significantly by *** percent from 1991 to 1992, recovering only very slightly in 1993 to about *** percent of the 1991 amount.⁷⁷ Overall, operating income decreased by *** percent during the period of investigation.⁷⁸ The operating income to net sales ratio decreased by *** percentage points from 1991 to 1992, but increased very slightly, by *** percentage points, from 1992 to 1993.⁷⁹

Cost of goods sold increased from *** in 1991, to *** in 1992, before declining to *** in 1993.⁸⁰ The ratio of cost of goods sold to sales increased by *** percentage points from 1991 to 1992, and declined very slightly, by *** percentage points, from 1992 to 1993.^{81 82}

⁶⁵ Derived from Memorandum INV-R-048, Supplementary Table 1.

⁶⁶ Memorandum INV-R-048, Supplementary Table 1.

⁶⁷ Derived from Memorandum INV-R-048, Supplementary Table 1.

⁶⁸ *Id.*

⁶⁹ Memorandum INV-R-048, Supplementary Table 1.

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² CR at I-15, Table 3; PR at II-6.

⁷³ *Id.*; PR at II-6.

⁷⁴ CR at C-5, Table C-1; PR at C-1.

⁷⁵ *Id.*; PR at C-1.

⁷⁶ CR at I-15, Table 3; PR at II-6.

⁷⁷ Derived from CR at I-15, Table 3; PR at II-6.

⁷⁸ *Id.*; PR at II-6.

⁷⁹ CR at I-15, Table 3; PR at II-6.

⁸⁰ *Id.*; PR at II-6.

⁸¹ *Id.*; PR at II-6.

⁸² Chairman Newquist and Commissioner Rohr determine that there is a reasonable indication that the domestic industry is currently experiencing material injury.

V. Cumulation⁸³

In determining whether there is a reasonable indication of material injury by reason of allegedly subsidized or LTFV imports, the Commission is required to "cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market."⁸⁴ Cumulation is not required, however, when imports from a subject country are negligible and have no discernible adverse impact on the domestic industry.⁸⁵ We first examine whether there is a reasonable overlap in competition between the domestic and imported products, and among the subject imported products.^{86 87} We then address the applicability of the negligible imports exceptions to these investigations, including the U.S.-Israel Free Trade Agreement provision under 19 U.S.C. § 1677(7)(C)(v).

A. *Competition Among the Imports and Between the Imports and the Domestic Like Product*

With regard to whether the subject imports compete with each other and the domestic like product, the Commission generally has considered four factors, including:

- (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;

⁸³ Chairman Newquist did not participate in the investigation concerning imports from France. Thus, he concurs in the following analysis, except the discussion regarding imports from France.

⁸⁴ 19 U.S.C. § 1677(7)(C)(iv)(I); *Chaparral Steel Co. v. United States*, 901 F.2d 1097, 1101 (Fed. Cir. 1990).

⁸⁵ 19 U.S.C. § 1677(7)(C)(v).

⁸⁶ No party has urged the Commission to cumulate imports subject to outstanding antidumping or countervailing duty orders. As noted above, outstanding orders for imports of carbon steel butt-weld pipe fittings from China and Thailand were most recently issued in July 1992. 57 Fed. Reg. 29702, 29703 (July 6, 1992). One Thai producer, Awaji Sangyo (Thailand) Company, Ltd. ("AST") — the only Thai respondent in these investigations — was excluded from that order because it was found to have a *de minimis* margin. These orders are approximately 21 months old. The Commission has generally not viewed imports subject to orders issued this far in the past to be sufficiently recent to warrant cumulation. See generally, e.g., *Ferrosilicon from Brazil*, Inv. No. 731-TA-641 (Final), USITC Pub. 2722 (January 1994) at I-11 n.51.

⁸⁷ With respect to the outstanding antidumping duty orders on Chinese and Thai fittings, on March 31, 1994, Commerce issued a final scope determination in response to a circumvention inquiry concerning carbon steel butt-weld pipe fittings, under 14 inches in inside diameter, that were finished in Thailand by AST from unfinished pipe fittings produced in China. 59 Fed. Reg. 15155 (March 31, 1994); see also 59 Fed. Reg. 62 (Commerce's preliminary scope determination). Commerce determined that these fittings were within the scope of the outstanding antidumping duty order on carbon steel butt-weld pipe fittings from China. Pursuant to this determination, Commerce directed Customs to continue suspension of liquidation on product entered or withdrawn from warehouse on or after January 3, 1994. Since the period of investigation closed on December 31, 1993, this circumvention determination by Commerce does not affect the Commission's evaluation of imports by AST. In any event, AST's exports of finished fittings which were processed from unfinished Chinese fittings were very small. See AST Postconference Brief at Appendix, Answers to Staff Questions; Transcript I at 113-114.

- (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
- (4) whether the imports are simultaneously present in the market.⁸⁸

No single factor is determinative and the list of factors is not exclusive. Only a "reasonable overlap" of competition is required; the Commission does not have to find that all imports compete with all other imports and all domestic like products.⁸⁹

In these investigations, only the first of these four factors has been disputed by the parties. French and Thai respondents assert that subject imports that are sold exclusively in the approved market do not compete with subject imports sold in the non-approved market.⁹⁰ We note, however, that all subject countries sell some product, whether finished or unfinished, in the non-approved market.⁹¹ Moreover, we note that "approved" status is not an inherent, immutable characteristic, of fittings manufactured by a particular producer. Producers not already approved can apply for approval; conversely, producers may be removed from approved lists.⁹²

In any event, all carbon steel butt-weld pipe fittings sold in the United States, whether approved or non-approved conform to standards set by the ASTM and ANSI and can be used interchangeably.⁹³ In addition, there is no evidence that pipe fittings from any country that meet the industry standards differ significantly in quality.⁹⁴ We find, therefore, that there is sufficient evidence that domestic and subject carbon steel butt-weld pipe fittings are fungible.^{95 96}

⁸⁸ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd sub nom. Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

⁸⁹ *Wieland Werke, AG v. United States*, 718 F. Supp. 50, 52 (Ct. Int'l Trade 1989); *Granges Metallverken AB v. United States*, 716 F. Supp. 17, 21-22 (Ct. Int'l Trade 1989).

⁹⁰ See discussion of approved/non-approved market at 11, above; Postconference Brief of French respondents at 2-3, 13-16; of AST (Thailand) at 7-9. See also Postconference Brief of Indian respondents at 7 and Israeli respondent at 20.

⁹¹ Transcript I at 52, 59-61 (While only *finished* fittings are sold to approved market end-users, unfinished fittings are sold to domestic producers). CR at I-7-8, 10; PR at II-5. Only finished fittings are sold to approved market end-users, i.e. the petrochemical industry. See Report at I-10; Transcript I at 24, 28. Finished fittings are *also* sold to non-approved end-users. In fact, except for France, the United Kingdom and Thailand, all subject countries exported *only* non-approved, finished fittings into the United States during the period of investigation. See Questionnaire Responses; Report at I-7 and I-10. Unfinished fittings are sold *only* to domestic producers for finishing, not to approved market end-users.

⁹² See Transcript I at 24; 53-54; Report at I-10; Postconference Brief of Thai respondent at 8-9.

⁹³ CR at I-6; PR at II-4.

⁹⁴ See CR at I-10; PR at 11-5.

⁹⁵ In the *China/Thailand* (Final) investigations, the Commission noted that there was a reasonable overlap among imports from China and Thailand and the domestic like product, even though imports from China may not have competed in the approved market. USITC Pub. 2528 at 23 and nn.78 - 80.

⁹⁶ Chairman Newquist notes that, in his view, once a like product determination is made, that determination establishes an inherent level of fungibility regarding the like product. Only in exceptional circumstances could Chairman Newquist find products to be "like" and then turn around and find that, for purposes of cumulation, there is no "reasonable overlap of competition" based on some roving standard of substitutability. See Additional and Dissenting Views of Chairman Newquist in *Certain Flat-Rolled Steel Products*, USITC Pub. No. 2664 (Aug. 1993). Accordingly, Chairman Newquist does not join any of the discussion concerning the level of fungibility between the subject imports and the domestic like product.

We note, as well, that subject imports and the domestic product are generally sold nationwide, are distributed and marketed in a similar fashion, primarily by sale to distributors for resale to end-users and were sold throughout the period of investigation.⁹⁷ Thus, for the purposes of these preliminary investigations, we find that there is a reasonable overlap of competition among subject imports and between the subject imports and the domestic product and have determined to cumulate imports from all subject countries.

B. Negligible Imports Issues

1. The Statute and Legislative History

Section 771(7)(C)(v) of the Tariff Act of 1930 provides that the Commission is not required to cumulate in any case in which it determines that imports of the merchandise subject to investigation are negligible and have no discernable adverse impact on the domestic industry.⁹⁸ In determining whether imports are negligible, the Commission shall consider all relevant economic factors, including whether:

- (I) the volume and market share of the imports are negligible,
- (II) sales transactions involving the imports are isolated and sporadic, and
- (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.⁹⁹

The negligible imports exception is to be applied narrowly and is not to be used to subvert the purpose and general applicability of the mandatory cumulation provision of the statute.¹⁰⁰

In these preliminary investigations, respondents argue that the Commission should find subject imports from India, Israel, Malaysia and Venezuela to be negligible.¹⁰¹ For purposes of these preliminary investigations, we do not determine that imports from any of the subject countries are having "no discernable adverse impact on the domestic industry" because we lack certain vital information.

In the current investigations, imports from all subject countries were not isolated or sporadic; with the exception of Malaysian imports, subject

⁹⁷ CR at I-10; PR at II-5; Petitioner's Postconference Brief at 18-19.

⁹⁸ 19 U.S.C. § 1677(7)(C)(v).

⁹⁹ 19 U.S.C. § 1677(7)(C)(v).

¹⁰⁰ See H.R. Rep. No. 40, Part I, 100th Cong., 1st Sess. 131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. 621 (1988). The Ways and Means Committee Report states that the exception is to be applied:

only in circumstances where it is so clear that the imports from that sources are so small and so isolated that they could not possibly be having any injurious impact on the U.S. industry. The ITC shall apply this exception with particular care in situations involving fungible products, where a small quantity of low-priced imports can have a very real effect on the market.

¹⁰¹ Postconference Briefs of Indian respondents at 8; of Israeli respondent at 10, 17-18; of Malaysian respondent at 7; of Venezuelan respondents at 14.

imports entered the United States in every reporting period examined and were sold nationwide, as was the domestic product.¹⁰²

Evidence collected in these preliminary investigations indicates that the domestic market for the like product may be price sensitive by reason of the nature of the product, so that a small quantity of imports might result in price suppression or depression. In general, the greater the substitutability between imports and domestic product, the greater the likelihood that a small quantity of imports can result in price suppression or depression. In this regard, we note that the volume and market shares for several countries were low.^{103 104} In the current investigations, however, the lack of any pricing data for Israel, India, and Korea, and very limited data for Malaysia and Venezuela,¹⁰⁵ impedes our analysis of all relevant economic factors, including those bearing on price suppression and depression. We intend to seek more complete data in any final investigations.

2. U.S.-Israel Free Trade Agreement Exception

As amended by the 1988 Omnibus Trade and Competitiveness Act ("the 1988 Act"), title VII contains a special provision for determining whether imports from Israel should be subject to the statute's cumulation requirements. Specifically, section 1677(7)(C)(v) provides that, for the purposes of the negligible imports clause for material injury determinations and certain aspects of threat determinations:

the Commission may treat as negligible and having no discernable adverse impact on the domestic industry imports that are the product of any country that is a party to a free trade area agreement with the United States which entered into force and effect before January 1, 1987, if the Commission determines that the domestic industry is not being materially injured by reason of such imports.¹⁰⁶

There are two aspects of the Israel exception that are plain from the statutory language: (1) in deciding whether to cumulate imports from Israel, the Commission must make an independent injury determination with respect to those imports; and (2) if the Commission makes a negative injury determination with respect to these imports, the decision whether to cumulate is discretionary with the Commission. In these preliminary

¹⁰² See CR at I-8-10; PR at II-4-5; Memorandum INV-R-048, Supplementary Table 2; Petition at 73-74.

¹⁰³ We considered, however, that market share data for imports may be overstated given the lack of shipment data for Weldbend. In addition, as noted in note 9, above, the extent to which import levels and penetration may be overstated because the relevant HTS subheading includes product not included in the scope of investigation should be clarified in any final investigations as the Commission will seek data based on the scope in any final investigation. See Venezuelan respondents' Postconference Brief at 3, 13-14.

¹⁰⁴ We emphasize that there are no bright lines at which negligibility is determined for cumulation purposes. As directed by statute, we consider "all relevant economic factors" in our negligibility analysis. 19 U.S.C. § 1677(7)(C)(iv).

¹⁰⁵ CR at I-30-32, Tables 7-9; PR at II-11-12.

¹⁰⁶ 19 U.S.C. § 1677(7)(C)(v). Thus, this statutory provision is an explicit exception to the general principle, enunciated in *Certain Flat-Rolled Steel*, that "it is not true that imports that are to be cumulated must first each cause material injury." USITC Pub. 2664 at 29.

antidumping and countervailing duty investigations with respect to Israel, the lack of any pricing data for these subject imports prevents us from making a determination that the domestic industry is not being materially injured by reason of allegedly LTFV and subsidized Israeli imports.¹⁰⁷ Therefore, we have treated imports from Israel the same as all other imports for the purposes of negligibility under 19 U.S.C § 1677(7)(C)(iv) and cumulation.

Israel is the only country to which this clause is applicable.

IV. Material Injury by Reason of Allegedly LTFV and Subsidized Imports¹⁰⁸

A. Legal Standard

In preliminary antidumping and countervailing duty investigations, the Commission must determine whether there is a reasonable indication of material injury "by reason of" the imports under investigation.¹⁰⁹ The statute defines "material injury" as "harm which is not inconsequential, immaterial or unimportant."¹¹⁰ In making this determination, the Commission must consider the volume of imports, their effect on prices for the like products, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.¹¹¹ The Commission may consider other factors it deems relevant, but must explain why they are relevant.¹¹² "The Commission shall evaluate all relevant economic factors described in this clause within the context of the . . . conditions of competition that are distinctive to the affected industry."¹¹³

The Commission may consider alternative causes of injury, but it is not to weigh causes.¹¹⁴ The statutory language regarding causation of material injury by reason of allegedly LTFV or subsidized imports is interpreted differently by different Commissioners.¹¹⁵

¹⁰⁷ CR at I-30-32, Tables 7-9; PR at II-11-12.

¹⁰⁸ Chairman Newquist did not participate in the investigation concerning imports from France. He joins in this discussion regarding the impact of imports from all subject countries, since the exclusion of imports from France would not appreciably alter this analysis.

¹⁰⁹ 19 U.S.C. §§ 1673b(a), 1671b(a).

¹¹⁰ 19 U.S.C. § 1677(7)(A).

¹¹¹ 19 U.S.C. § 1667(7)(B)(i).

¹¹² 19 U.S.C. § 1677(7)(B).

¹¹³ 19 U.S.C. § 1677(7)(C)(iii). None of the parties suggested the existence of a business cycle unique to this industry.

¹¹⁴ *E.g., Citrusuco Paulista, S.A. v. United States*, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988). Alternative causes may include the following:

the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. 317, 96th Cong., 1st Sess. 47 (1979).

B. Volume of Allegedly LTFV and Subsidized Imports

Over the period of investigation, the volume of cumulated subject imports was significant and increasing.¹¹⁶ Such imports rose by 55.1 percent from 12.1 million pounds in 1991 to 18.7 million pounds in 1993. By value, cumulated subject imports increased by 29.2 percent from \$9.1 million in 1991 to \$11.8 million in 1993.¹¹⁷ Market share of such imports rose from 13 percent in 1991 to 24.8 percent in 1993.¹¹⁸ Because we lack shipment data for Weldbend, however, market shares for imports may be overstated. Nonetheless, the increase in import market share coincided with the decline in carbon steel butt-weld pipe fittings imports from China and Thailand.¹¹⁹ Thus, the subject imports appear to have replaced some, although not all, dumped imports that were found in the *China/Thailand* (Final) investigations to pose a threat of material injury to the domestic industry.¹²⁰ Although domestic producers also saw an increase in their market share in the wake of the exit of imports from China and Thailand, the increase during 1991 and 1992 in the volume and market share of the imports subject to these investigations is significant. The subject imports increased further from 1992 to 1993, both in terms of volume and market share, while domestic producers' market share declined slightly.¹²¹ We conclude that the volume of the subject imports, and the increase in volume, is significant in absolute terms and relative to domestic consumption.

C. Effect of Allegedly LTFV and Subsidized Imports on Domestic Prices

Information in the record establishes that carbon steel butt-weld pipe fittings are fungible, near commodity-like products which compete primarily on the basis of price.¹²² However, due to the lack of pricing data we are unable to fully evaluate price effects of cumulated subject imports.¹²³ During the period of investigation, there were widespread and increasing margins of underselling.¹²⁵ Underselling was coincident with declining domestic prices. We find, therefore, the degree of underselling to be significant.

¹¹⁵ See *Defrost Timers from Japan*, Inv. No. 731-TA-643 (Final), USITC Pub. 2470 (Feb. 1994), at I-10 nn.47-49.

¹¹⁶ CR at C-3, Table C-1; PR at C-3, Table C-1.

¹¹⁷ CR at C-3, Table C-1; PR at C-3, Table C-1.

¹¹⁸ CR at C-3, Table C-1; PR at C-3, Table C-1.

¹¹⁹ The only Thai respondent subject to these investigations is Awaji Sangyo (Thailand) Company, Ltd. ("AST"), which was excluded from the outstanding antidumping order on subject Thai product because it was found to have a *de minimis* margin. 57 Fed. Reg. 29702, 29703 (July 6, 1992).

¹²⁰ Commissioner Crawford did not participate in the *China/Thailand* (Final) investigations.

¹²¹ CR at C-3, Table C-1; PR at C-3, Table C-1.

¹²² Transcript I at 23-24, 27.

¹²³ Only two domestic producers responded with price data on the specified product sizes and finishes in a comparable format. The remaining producers, except for Weldbend, indicated that they do not maintain records in a manner which allows them to gather the requested price data in the form required by the Commission. Weldbend did not provide any pricing data at all.

¹²⁴ In these investigations, it is not helpful to compare unit values because the product mix may vary (i.e., elbows *versus* tees *versus* caps). As a result, unit values are not helpful here in evaluating price trends or underselling.

¹²⁵ CR at I-30-32, Tables 7-9, I-33-34; PR at II-11-12.

¹²⁶ Commissioner Crawford does not place great weight on the underselling price comparisons in determining the impact of the subject imports on the domestic like product where these comparisons show persistent and consistent high margins of overselling or underselling. In these instances, the

The statute also directs the Commission, in considering the price effects of the subject imports, to consider whether "the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree."¹²⁷ Over the period of investigation, domestic prices declined somewhat overall, suggesting that the imports may have caused some price depression.¹²⁸ Moreover, while cost of goods sold decreased over the period of investigation, price reductions were outpacing reductions in the cost of goods sold.¹²⁹ This pattern is consistent with cumulated subject imports having price suppressing or depressing effects. We note that price effects observed from mid-1992 through 1993 are more probative of causation of injury due to the exit of Chinese and Thai fittings from the domestic market and the subsequent increase in subject imports at that time. Finally, we note that Petitioner provided information regarding a single lost sale as a result of competition from the United Kingdom, which was confirmed by Commission staff.^{130 131}

D. Impact on the Domestic Industry

The apparent price sensitivity of the market,¹³² substitutability among imports and the domestic product, and low capacity utilization rates of domestic producers suggest that the cumulated subject imports have had adverse volume and price effects on the domestic industry.¹³³ The low capacity utilization rate is more significant in light of the exit of imports from China and Thailand from the domestic market in 1992. Due to a lack of financial data for Weldbend, we are unable to evaluate the overall impact of imports on the financial condition of the domestic industry. We note, however, that in 1993, a decline in domestic performance indicators coincided with an increase in cumulated subject imports.¹³⁴

V. Conclusion

Based on the record in these preliminary investigations and all the reasons set forth above, we determine that there is a reasonable indication that the domestic industry producing certain carbon steel butt-weld pipe fittings is materially injured by reason of the subject imports.

¹²⁶—*Continued*

prices being compared might well reflect quality or other nonprice differences, making these comparisons less useful in assessing price effects.

¹²⁷ 19 U.S.C. § 1677(7)(C)(ii).

¹²⁸ Vice Chairman Watson and Commissioner Crawford find that despite *** sales quantities and *** production costs, *** in the domestic market may have had a significant effect on the domestic producers' overall ***. Although there is some pricing evidence in the record, there is still a significant gap in the overall pricing data. At this point in the investigation, the extent to which decreased demand in the U.S. market has affected domestic producers' prices is unclear. More pricing data would shed some light on this issue, and they invite the parties to fully participate in any final investigations.

¹²⁹ CR at C-3, Table C-1; PR at C-3, Table C-1.

¹³⁰ CR at I-37; PR at II-13.

¹³¹ Commissioner Crawford does not rely on anecdotal evidence of lost sales and revenues showing that competition from the subject imports caused domestic producers to lose particular sales or forced them to reduce their prices on other sales in reaching her determinations.

¹³² The apparent price sensitivity of the market derives from the near-commodity nature of the product.

¹³³ Commissioner Crawford notes that, given the extremely large dumping margins alleged in this case and the apparent high substitutability between subject imports and domestic like product, it is unlikely that subject imports would be sold in the U.S. market at fairly traded prices.

¹³⁴ Compare CR at I-15, Table 3; PR at II-6, with Memorandum INV-R-048, Supplementary Table 2.

PART II INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

On February 28, 1994, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by the U.S. Fittings Group, Washington, DC, an *ad hoc* trade association consisting of five domestic firms,¹ alleging that subsidized imports from India and Israel and less-than-fair-value (LTFV) imports from France, India, Israel, Malaysia, the Republic of Korea (Korea), Thailand,² the United Kingdom (U.K.), and Venezuela of certain carbon steel butt-weld pipe fittings are materially injuring and threatening to materially injure an industry in the United States. Accordingly, effective February 28, 1994, the Commission instituted countervailing duty investigations Nos. 701-TA-360 and 361 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) (the Act) and antidumping investigations Nos. 731-TA-688 through 695 (Preliminary) under section 733(a) of the Act (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 the establishment of an industry in the United States is materially retarded, by reason of such imports.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the *Federal Register* on March 10, 1994 (59 F.R. 11307).³ The public conference was held in Washington, DC, on March 21, 1994,⁴ and the vote was held on April 11.

Carbon steel butt-weld pipe fittings have been the subject or part of the subject of at least six prior Commission investigations. Most recently, in 1992, the Commission conducted antidumping investigations on the subject product from China and Thailand (Investigations Nos. 731-TA-520 and 521 (Final), USITC Publication 2528 (June 1992)), which resulted in the imposition of antidumping duties on imports from both countries (except those produced by AST). Earlier, in 1986, the Commission conducted similar

investigations on Brazil, Japan, and Taiwan (Investigations Nos. 731-TA-308-310 (Final), USITC Publications 1918 (December 1986) and 1943 (January 1987)). These, too, resulted in the imposition of antidumping duties. Also in that year the Commission published the results of a study on the competitive position of the U.S. forging industry (including pipe fittings) in U.S. and world markets (*Competitive assessment of the U.S. Forging Industry, Report to the President on Investigation No. 332-216 Under Section 332 of the Trade Act of 1930, as Amended*, USITC Pub. 1833 (April 1986)); the investigation was conducted for the United States Trade Representative at the direction of the President.

Nature and Extent of the Alleged Subsidies and LTFV Sales

There are no calculations relating to the nature and extent of the alleged subsidies or LTFV sales other than those of the petitioners. On the basis of constructed values for production in the subject countries (based on the cost of production of one of the petitioners, ***) and U.S. purchase prices of one type of fitting (elbow) (based either on U.S. importers' price quotes (France, India, Israel, Malaysia, Thailand, and the U.K.) or average import values (Korea and Venezuela)), the petitioners alleged ranges of dumping margins applicable to all producing and/or exporting firms in the subject countries as follows (in percent):

France	72.86 to 117.24
India	143.35 to 188.09
Israel	63.19 to 87.05
Malaysia	140.41 to 194.70
Korea	72.36 to 207.89
Thailand (AST)	77.67 to 175.30
U.K.	50.29 to 92.31
Venezuela	188.58 to 595.66

For India and Israel the petitioners identified several government programs that may constitute countervailable subsidies under the Act, including government rebates, export loans, development loans, income tax deductions, and market development grants. Petitioners estimate the total value of these benefits to be 9.68 percent ad valorem for Israel and between 26.13 percent and 47.80 percent ad valorem for India.

¹ The firms are Hackney, Inc., Dallas, TX; Ladish Co., Inc., Cudahy, WI; Mills Iron Works, Inc., Gardena, CA; Steel Forgings, Inc., Shreveport, LA; and Tube Forgings of America, Inc., Portland, OR.

² For Thailand, only the products of one producer—Awaji Sangyo (Thailand) Co., Ltd. (AST)—are subject to the petitioner's complaint.

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

⁴ A list of participants at the conference is presented in app. B.

The Product

Description and Uses

The products subject to the petitioners' complaint are finished and unfinished butt-weld pipe fittings of carbon (nonalloy) steel with inside diameters of less than 14 inches (355 millimeters). In finished form, these fittings are used to connect or seal pipe sections where conditions require the permanence and strength of a welded connection. To facilitate welding, the edges of butt-weld fittings are beveled,⁵ distinguishing them from otherwise similar fittings, such as threaded, grooved, or bolted fittings, which rely on other means of fastening. Unfinished fittings, which lack the beveled ends and require further steps for completion (see description below), are used to produce finished fittings.

Carbon steel butt-weld pipe fittings are produced in a number of shapes and sizes. The most common shapes are (1) elbows, designed to connect two pipes at various angles; (2) tees, designed to connect three pipes at right angles; (3) reducers, designed to connect two or more pipes of different sizes; and (4) caps, designed to seal pipe ends. In the United States, shapes and sizes are more or less standardized, and composition and dimensions conform to recognized tolerances. (Material specifications are defined by the American Society for Testing and Materials (ASTM); dimension tolerances are defined by the American National Standards Institute (ANSI)). A more or less complete line of standard shapes and sizes, all conforming to ASTM and ANSI specifications, is available in the United States from both foreign and domestic sources, although the range of types and sizes provided varies from producer to producer. Non-standard shapes and sizes, having special dimensions or meeting more stringent specifications, are also available; however, they must be specially ordered and are only used by a small segment of the market. For this reason they are imported only rarely, if at all.

The subject product is imported in both finished, i.e., ready-to-be-used, and unfinished condition. The latter requires one or more steps of additional processing. An unfinished fitting consists of seamless carbon steel pipe (or plate) that is first cut to proper size and then either heat processed or cold-formed through a series of pressing, hammering, and/or die-forming steps into the basic shape and size desired. Such steps, including the cost of the original pipe or plate, account for at least 80 percent of the value of the finished fitting. To finish the fitting, several further steps are necessary, including (1) shot blasting, to clean the fitting's surface; (2) beveling the

⁵ When placed against the end of a similarly beveled pipe, the corresponding edges form a shallow channel into which a "bead" of weld can be laid, effectively fastening the two adjoining pieces.

connecting edges, to allow for the "bead" of weld; (3) boring and tapering the insides to achieve finer tolerances; (4) grinding, to remove surface imperfections; (5) inspecting, to detect flaws and defects; (6) die stamping, to indicate lot number, parent material, size and wall thickness, and compatibility with ASTM and ANSI standards; and finally (7) painting, which serves as a protective coating.⁶ The overwhelming majority of fittings that enter the United States from the subject countries are finished. Of the relatively small number of unfinished fittings that are imported from these countries, most are produced by three firms—Interfit (France), AST, and BKL Fittings, Ltd. (U.K.). For the subject product's uses, there are no substitutes other than similar, albeit more costly, fittings made from stainless or other alloy steel.

U.S. Tariff Treatment

Finished and unfinished carbon steel butt-weld pipe fittings under 355 millimeters (14 inches) in diameter are encompassed in subheading 7307.93.30 of the Harmonized Tariff Schedule of the United States (HTS), a subheading that specifically provides for such products under 360 millimeters (14.17 inches) in diameter. The column-1-general (most-favored-nation) rate of duty for this subheading, applicable to all countries subject to these investigations except Israel, is 6.2 percent ad valorem. Imports of such products from Israel enter free of duty under the United States-Israel Free Trade Area program.

U.S. Producers and Importers

In addition to the five petitioners, which represent about *** of U.S. production, five other firms are known to have produced finished and/or unfinished carbon steel butt-weld pipe fittings during the period for which data were collected (table 1).⁷ Four of these producers—Hackney and Tube Forgings (petitioners) and Tube-Line and Weldbend (non-petitioners)—account for about 90 percent of U.S. production. All 10 producers make finished fittings, and all use internally-produced unfinished stock for this purpose—some exclusively. The larger producers supplement or complement their own unfinished stock with that purchased from each other or from foreign manufacturers (mostly from *** in the United States or

⁶ For a more complete discussion of the manufacturing process, see *Certain Carbon Steel Butt-Weld Pipe Fittings From China and Thailand*, USITC Pub. 2528 (June 1992), pp. I-7 through I-10.

⁷ These are Flow-Bend, Inc., Tulsa, OK—a relatively small producer of non-standard fittings that ***; L.A. Boiler Works, Inc., Blackwell, OK—a small producer of caps that ***; Tube Line Corp., Long Island City, NY—a medium-sized producer that ***; Standard Fittings Co., Opelousas, LA—a relatively small producer whose position on the petition is unknown; and Weldbend Corp., Chicago, IL—a large producer that ***.

Table 1

Certain carbon steel butt-weld pipe fittings: U.S. producers, plant locations, and respective shares of domestic production (by quantity), 1993

Firm	Plant location(s)	Share (percent) of domestic production
Petitioners:		
Hackney	West Memphis, AR	***
	Elkhart, IN	
	Enid, OK	
Ladish	Cynthiana, KY	***
	Russellville, AR	
Mills Iron Works	Gardena, CA	***
Steel Forgings	Shreveport, LA	***
Tube Forgings	Portland, OR	***
Subtotal		***
Non-petitioners:		
Tube-Line ¹	New Brunswick, NJ	***
	Union, NJ	
Weldbend ²	Chicago, IL	***
All others ³	Tulsa, OK; Blackwell, OK;	***
	Opelusas, LA	
Subtotal		***
Total		100.0

1 ***

2 ***

3 ***

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

from producers in non-subject countries, although small quantities of unfinished fittings from France, Thailand, and the U.K. have been used for this purpose in recent periods). The industry as a whole, however, has become increasingly less reliant on outside sources for unfinished fittings, and of those that are purchased, increasingly less are sourced abroad. No firms have either left or entered the industry since 1991.

Most of the product from the countries under investigation is imported by independent distributors located throughout the United States. (An exception is Vallourec, Inc., Houston, TX, which is related through ownership to Interfit, one of the French producers). At least two dozen are known. Small quantities of unfinished fittings from France, Thailand, and the U.K. have been imported directly by the four largest U.S. producers.

U.S. Market and Channels of Distribution

The domestic market for unfinished fittings consists almost exclusively of the four largest U.S. producers, which, in addition to domestic stocks, purchase from abroad—though relatively little from the countries under investigation. The market for U.S. and foreign producers' finished products, at least those that are standard, consists for the most part of at least

two dozen distributors located throughout the United States. In some instances, where a relatively large quantity is involved, U.S. producers may supply end users directly.

End users for standard fittings are numerous and widely distributed in the petrochemical, nuclear energy, power generation, plumbing, and construction industries. For most of these users, any fitting is usable as long as it is stamped to indicate that it meets ASTM and ANSI standards. Virtually all fittings sold in the United States are so designated. Certain members of the petrochemical industry, however, are more particular in this regard and require that any producer wishing to sell to them must submit to periodic audits of its quality control procedures to insure that its product will consistently meet the standard specifications. In theory, these end users will only buy fittings from firms that have been so approved. (The extent to which this policy is actually adhered to is unknown). In addition to the U.S. producers, Interfit, AST, and BKL currently meet such approval; and Vallourec, the exclusive importer for Interfit, reports that it sells its finished fittings exclusively to this segment of the market. The share of the market attributable to these "approving" end users is unknown. The petrochemical industry as a whole accounts for an estimated 30 to 40 percent of U.S. consumption.⁸

⁸ Transcript of conference, p. 28.

The market for non-standard fittings is relatively small and is mostly confined to certain nuclear power plants and other highly technical installations where tolerances must be more exacting. As mentioned previously, most of these products are specially ordered from U.S. producers and are not subject to import competition.

Consideration of the Alleged Material Injury

Data in this section represent about *** percent of U.S. production, i.e., the petitioners plus Tube-Line. Several attempts to obtain data from Weldbend, the largest producer (representing about *** percent of U.S. production) were unsuccessful. According to Weldbend's letter of reply to the Commission's questionnaires and several follow-up discussions with its president and legal counsel, the company has ***. (From 1991 to 1993, Weldbend's production of the subject product ***). Data for most of the rest of the industry are summarized in table C-1, appendix C.

U.S. Production, Capacity, Capacity Utilization, Shipments, Inventories, and Employment

With the exception of capacity and productivity, which increased steadily from 1991 to 1993 (table C-1),⁹ trends in the majority of the data increase unevenly, showing overall increases for the entire period but declines from 1992 to 1993. The pattern is characteristic of production, capacity utilization, domestic shipments, and employment. Exceptions to increases at all are the unit values of U.S. shipments, which dropped by about 6 percent in 1991-93, and exports, which fell by nearly 70 percent, although exports are not a large factor in U.S. producers' shipments. The decline in the unit value of domestic shipments may have contributed to declines in operating income, as shown in the following section.

Financial Experience of U.S. Producers

Six producers, accounting for about 65 percent of U.S. production of the subject product in 1993, furnished financial information on both their overall establishment operations and on their operations producing certain carbon steel butt-weld pipe fittings.¹⁰ The data do not include the operations of

⁹ Virtually all of the increase in capacity is due to ***.

¹⁰ These producers are Hackney, Ladish, Mills, Steel Forgings, Tube Forgings, and Tube-Line.

Weldbend, the largest U.S. producer. According to James Coulas, Weldbend's president, the firm is doing "****" financially; however, whether this is in reference to its subject product operations or overall operations is unknown.¹¹ In addition to carbon steel butt-weld pipe fittings, the firm produces large quantities of steel flanges.

Overall Establishment Operations

In addition to producing the products under investigation, the six producers indicated that they also produce larger pipe fittings and other types of forged and/or formed steel products. Collectively, the subject carbon steel butt-weld pipe fittings accounted for 41.2 percent of overall establishment operations in 1993. Income-and-loss data on the U.S. producers' overall establishment operations are presented in table 2.

Table 2
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein finished butt-weld pipe fittings are produced, fiscal years 1991-93

* * * * *

Operations on Butt-Weld Pipe Fittings

The aggregate income-and-loss experience of the reporting producers on their subject-product operations is presented in table 3. Net sales increased by *** percent from *** in 1991 to *** in 1992. Sales amounted to *** in 1993, a decline of *** percent from 1992 sales. Operating income ratios, as a share of net sales, were *** percent in 1991, *** percent in 1992, and *** percent in 1993. *** incurred operating losses in 1991, but *** incurred such losses in 1992 and 1993.

Table 3
Income-and-loss experience of U.S. producers on their operations producing certain carbon steel butt-weld pipe fittings, fiscal years 1991-93

* * * * *

Selected income-and-loss data of the U.S. producers, by firms, are shown in table 4. ***.

Table 4
Selected income-and-loss data of U.S. producers on their operations producing butt-weld pipe fittings, by firms, fiscal years 1991-93

* * * * *

¹¹ Telephone conversation with Mr. Coulas, Mar. 16, 1994.

Reliability of Data

As in the prior investigations of this product, the producers had difficulty preparing the questionnaire data even though some have upgraded their data information systems. Estimates were used to varying degrees by all of the producers. This was due to a combination of two factors: the various shapes of the product involved and the size limitation on each (under 14 inches in inside diameter). The recordkeeping capabilities of the producers do not encompass size limitations, and in some cases other types of products are included in the data base. In addition, some companies (Hackney, Ladish, and Tube-Line) operate more than one plant.

Unit Value and Cost Analysis

The product mix for the producers has not remained constant over the course of the investigation; therefore, per-pound computations may be influenced by changes in the relative quantity of shapes as well as changes in a particular product's per-pound sales value or cost. This impact is exacerbated as overall average per-pound sales values have declined and overall quantity sold has increased. The unit sales and costs of the producers differ, because of product mix and degree of integration. A summary of the sales unit values and cost unit values for each producer's fiscal year is shown in the following tabulation (in dollars per pound):

* * * * *

At the conference, respondents claimed that producer costs are declining because the price of pipe, the raw material which accounts for 50 percent or more of the total cost, dropped 20 percent in 1991-93. As a result, profit levels allegedly did not suffer even though prices of finished fittings fell.¹²

Investment in Productive Facilities

U.S. producers' investment in property, plant, and equipment are shown in table 5.

Table 5
Value of assets of U.S. producers' operations
producing finished butt-weld pipe fittings,
fiscal years 1991-93 (In 1,000 dollars)

* * * * *

Capital Expenditures

Capital expenditures by U.S. producers are shown in table 6.

¹² Transcript of conference, p. 57. The reference regarding profitability was to petitioners, and ***.

Table 6
Capital expenditures by U.S. producers of
finished butt-weld pipe fittings, by products,
fiscal years 1991-93

* * * * *

Research and Development Expenses

Research and development expenses were ***.

Impact of Imports on Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of certain carbon steel butt-weld pipe fittings from France, India, Israel, Korea, Malaysia, Thailand, the U.K., and/or Venezuela on their U.S. operations. Their respective responses are shown in appendix D.

Consideration of the Alleged Threat of Material Injury

Section 771(7)(F)(i) of the Act (19 U.S.C. 1677(7)(F)(i)) provides that—

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors¹³—

- (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
- (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
- (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

¹³ Section 771(7)(F)(ii) of the Act (19 U.S.C. 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

- (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
- (V) any substantial increase in inventories of the merchandise in the United States,
- (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
- (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,
- (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736, are also used to produce the merchandise under investigation,
- (IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(i) with respect to either the raw agricultural product or the processed agricultural product (but not both), and
- (X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.¹⁴

Available information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between the Alleged Subsidized and LTFV Imports and the Alleged Material Injury;" and information on the effects of imports of the subject

¹⁴ Section 771(7)(F)(iii) of the Act (19 U.S.C. 1677(7)(F)(iii)) further provides that, in antidumping investigations, "...the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in appendix D. Available information on U.S. inventories of the subject product (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); and any other threat indicators, if applicable (item (VII) above), is discussed below.

Information was received from importers representing substantial portions of imports from each of the countries under investigation; however, only a few were able to distinguish inventories by country of origin. Most of the importers import and/or purchase from several sources and make no effort to separate multi-sourced fittings in storage. Vallourec, which imports only from Interfit, ships its imported material directly to its buyers. Of the importers which were able to identify inventories by country, only one—***—showed any substantial increases from the countries under investigation: ***.

Quantitative information on subject country markets and production is limited to France, India, Israel, Thailand (AST), the U.K., and Venezuela, together representing about 90 percent of total imports from the subject countries in 1993 (table 7). The data reflect the operations of Interfit, the only known producer in France; Sivinanda Pipe Fittings Ltd. and Karmen Steels in India; Pipe Fittings Carmiel, Ltd., the only known producer in Israel; AST; BKL, the only known producer in the U.K.; and COVECO C.A. and Petroltubos S.A., the only known producers in Venezuela. Several producers are believed to be operating in India, but Sivinanda and Karmen represent the bulk of exports to the United States. AST is a wholly-owned subsidiary of Awaji Sangyo (Japan) and accounts for virtually all of the imports from Thailand since mid-1992, when antidumping duties for other Thai producers—TTV Industrial and Thai Bekan—went into effect. The aggregate data show that more than half of all the above firms' total shipments in 1991-93 were exported and that about a third of these exports were shipped to the United States. All of the aggregate data show increases except the share of exports exported to the United States, which dropped slightly in 1993.

Information about pipe-fitting production in Korea and Malaysia is less complete. Two producers in Korea—Haitai Corp. and Tai Kwang Bend Co.—are known to have produced and exported the subject product to the United States, as have two producers in Malaysia—Taiyo Steel Corp. and Malaysia Mining Corp. (Pipe and Fittings Division). The latter, which is reportedly the *** Malaysian producer, was placed in receivership in October 1993. According to counsel for the Government of Malaysia, the company ceased producing at that time and is currently in the process of selling its assets. Other than Thailand, for which an antidumping investigation is pending in the European Union, no country subject to these investigations is known to have been investigated or is subject to any remedies under the unfair-trade laws of any foreign country.

Table 7
Certain carbon steel butt-weld pipe fittings: Production, capacity, shipments, and exports of the countries subject to investigation, by country, 1991-93

Item	1991	1992	1993
Production (1,000 pounds):			
France	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Total	57,177	60,052	68,058
Capacity (1,000 pounds):			
France ²	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Total	71,347	74,037	77,983
Capacity utilization (percent):			
France	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Average	80.1	81.1	87.3
Total shipments (1,000 pounds):			
France	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Total	55,329	60,608	68,283
Exports (1,000 pounds):			
France	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Total	32,624	37,469	43,608
Exports to the U.S. (1,000 pounds):			
France	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Total	10,903	14,318	16,527
Share of shipments exported (percent):			
France	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Average	59.0	61.8	63.9

See footnotes at end of table.

Table 7—Continued

Certain carbon steel butt-weld pipe fittings: Production, capacity, shipments, and exports of the countries subject to investigation, by country, 1991-93

Item	1991	1992	1993
Share of exports exported to U.S (percent):			
France	***	***	***
India ¹	***	***	***
Israel	***	***	***
Thailand (AST)	***	***	***
U.K.	***	***	***
Venezuela	***	***	***
Average	33.4	38.2	37.9

¹ Sivinanda and Karmen Steels only

² Staff estimates based on a reported estimated utilization rate of *** percent for 1991-93.

Source: Compiled from data submitted by respondents in accordance with Commission requests.

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

Imports, U.S. Consumption, and Market Penetration

While total imports of the subject fittings declined by 47 percent from 1991 to 1993, imports from the countries under investigation increased by 55 percent (table C-1).¹⁵ growing as a share of total imports from 25 percent to 72 percent. The trend is reversed with respect to unit value. Whereas the value per pound of all imported fittings rose by 4 percent, the value per pound of the subject imports declined by 17 percent.

Total consumption quantity (excluding Weldbend) declined by 19 percent from 1991 to 1993 (table C-1). (It should be noted that there is a small degree of double-counting in the figures for consumption due to a certain quantity of unfinished fittings imported and/or purchased by U.S. producers for finishing. The quantity of such fittings (excluding Weldbend) amounted to 1.2 million pounds in 1991, 1.0 million pounds in 1992, and 1.6 million pounds in 1993). Even with the inclusion of Weldbend and the

¹⁵ The data for imports in table C-1, except as noted, are U.S. Department of Commerce data for HTS subheading 7307.93.30, which includes fittings that are not within the scope of these investigations, i.e., those that are 14 to 14.17 inches in diameter. What proportion such fittings constitute of the total imports reported under this subheading is unknown; however, it is believed to be relatively small.

remaining small producers, the data would exhibit a decline, though probably not to such a degree. The main reason put forth for the decline is the transfer of petrochemical installations, particularly refineries, to other countries—largely as a means of avoiding increasingly strict environmental regulations.

In these investigations the substitution of value for the quantity of consumption in any analysis could be misleading because of changes in unit values and possible changes in the kinds and relative amounts of shapes consumed from year to year, although there is no evidence in the record to indicate that this has occurred to a significant degree. In any case, the 1991-93 trends for both quantity and value of consumption are similar.

As a share of consumption quantity (less Weldbend), imports from the subject countries rose from 13 percent in 1991 to 25 percent in 1993 (table C-1). U.S. producers' share also rose in this period—from 48 percent to 66 percent. Both gained shares of a declining market as imports from other sources declined substantially.

Prices

The demand for carbon steel butt-weld pipe fittings depends principally on the level of activity in industries such as oil exploration and processing that require the transmission of volatile liquids and gases at high pressure. End users' purchases of pipe fittings vary depending on the level of new and replacement construction at refining facilities. The majority of domestic producers and importers queried indicated reduced or stable demand for butt-weld products during the more recent parts of the period for which data were collected in these investigations.

Prices of pipe fittings are determined in a market comprising producers, distributors, and end users. Producers typically sell their standardized products to distributors, but may sell directly to end users if large quantities are required or if users demand specifications that require more than routine

processing. End users often will specify to the distributor whether fittings must be of domestic origin, or may stipulate specific approved sources that can be domestic or foreign.¹⁶ Domestic manufacturers of fittings may use both U.S.-produced and imported carbon steel pipe in production processes. One of the petitioners, ***, estimated that the domestic pipe it uses accounts for approximately *** percent of the total price of finished pipe fittings. Thus, the cost of the pipe component will influence the final price of the fitting.¹⁷ Since the price of domestic and imported pipe has fallen since 1991, the cost of production of pipe fittings may have fallen for manufacturers.

The Commission requested U.S. producers and importers to report net f.o.b. selling prices for sales of certified¹⁸ finished standard-weight butt-weld pipe fittings to unrelated U.S. distributors, as well as the total quantity shipped and the total net f.o.b. value shipped in each quarter to all unrelated distributors. The price data were requested for the largest single sale and for total sales of the products specified, by quarters, from January 1991 through December 1993. Importers were also requested to report separately for each product imported from the countries specified. The products for which pricing data were requested are as follows:

- PRODUCT 1: Elbows: Carbon steel butt-weld pipe fitting, finished, 4-inch nominal diameter, 90°, long radius, standard-weight, ASTM A-234, grade WPB or equivalent specifications.
- PRODUCT 2: Elbows: Carbon steel butt-weld pipe fitting, finished, 6-inch nominal diameter, 90°, long radius, standard-weight, ASTM A-234, grade WPB or equivalent specifications.
- PRODUCT 3: Tees: Carbon steel butt-weld pipe fitting, finished, 2-inch nominal diameter, meeting ASTM A-234, grade WPB or equivalent specifications.

The three selected products represent standard items known to be produced in high volume in the United States and believed to be imported from the specified countries. Only two domestic producers,¹⁹ accounting for *** percent of reported 1993 U.S. shipments of standard-weight fittings, responded with price data on the specified product sizes and finishes in

a comparable format.²⁰ Domestic producers indicated in questionnaire responses that they typically quote prices f.o.b. mill. Many distribute price lists and the great majority of sales are discounted from the list price.²¹ Most indicated they are willing to absorb transportation costs within the continental United States on orders exceeding a specified value to effect a sale, usually a list value of \$30,000-\$50,000.²²

Domestic Prices

Industry sources indicate that during late 1991 and early 1992, U.S. demand for standard pipe fittings began to decrease somewhat. Accordingly, domestic prices began to fluctuate in late 1991 and early 1992, and showed signs of recovery in late 1992 and in 1993. Domestic weighted-average prices for Products 1, 2, and 3 (tables 8 through 10) demonstrate this trend. The price of Product 1 moved irregularly throughout the period for which data were collected in the investigations, fluctuating to a maximum of *** before ending the 12-quarter period at less than *** percent below its initial value. After reaching a low of *** per unit in October-December 1991, Product 2's price increased between April and December 1992 to *** dollars per unit. It then declined slightly to end the period examined at *** per unit in October-December 1993. The price of Product 3 reached a low of *** per unit in October-December 1992; however, it firmed in 1993 when it averaged *** per unit. Price data for the selected products are displayed graphically in figures 1 and 2.

Table 8
Finished carbon steel butt-weld pipe fittings: Weighted-average net f.o.b. prices to distributors of Product 1 received by U.S. producers and importers, margins of underselling (overselling), and number of firms reporting, by quarters, Jan. 1991-Dec. 1993

* * * * *

Table 9
Finished carbon steel butt-weld pipe fittings: Weighted-average net f.o.b. prices to distributors of Product 2 received by U.S. producers and importers, margins of underselling (overselling), and number of firms reporting, by quarters, Jan. 1991-Dec. 1993

* * * * *

²⁰ The remaining producers indicated that they do not maintain records in a manner which allows them to gather the requested price data in the form required by the Commission.

²¹ Payment terms typically require the total balance within 30 days and offer a 2-percent reduction for prompt payment (10 days or less).

²² Response time between order and delivery to a customer ranges from 1-4 days for shipments from inventory and from 3 to 4 weeks for shipments of orders that cannot be filled through existing inventory.

¹⁶ Transcript of conference, p. 60.

¹⁷ Ibid, p. 57.

¹⁸ To be sold in the U.S. market, all fittings whether domestically- or foreign-produced must be certified to U.S. standards and specifications.

¹⁹ ***.

Table 10
Finished carbon steel butt-weld pipe fittings:
Weighted-average net f.o.b. prices to
distributors of Product 3 received by U.S.
producers and importers, margins of
underselling, and number of firms reporting,
by quarters, Jan. 1991-Dec. 1993

* * * * *

Figure 1
Finished carbon steel butt-weld pipe fittings:
Weighted-average net f.o.b. prices of Products
1 and 2 sold to distributors, by quarters, Jan.
1991-Dec. 1993

* * * * *

Figure 2
Finished carbon steel butt-weld pipe fittings:
Weighted-average net f.o.b. prices of Product
3 sold to distributors, by quarters, Jan.
1991-Dec. 1993

* * * * *

Import Prices

Few responses were received that contained price data on imports of the selected products from France, Malaysia, Thailand, Venezuela, and the U.K., and no usable price data were received for imports of any of the three selected products from the remaining specified countries.²³

The Commission staff contacted all identified importers of standard fittings from the specified countries. Most of the importers (many with first-hand knowledge of material from multiple sources) reported that the quality of the imported product was acceptable and that the subject foreign fittings were used interchangeably with each other and with the U.S.-produced material in most applications.²⁴ Several cited no quality differences among imports from multiple suppliers and indicated in questionnaire

²³ ***, the importers for the Indian, Israeli, and Korean material, both reported that each maintains records in a manner that allows it to only gather the requested price data by product size, not by source. Each firm reportedly intermingles inventories of all pipe fittings from all sources. The purchasing director for *** cited the expense involved in keeping fittings from different sources separate and distinct in inventory.

²⁴ Importers indicated that because of the decline in initial construction and the consequent decline in the need for high-quality fittings, distributors throughout most of the period under investigation placed few restrictions on the origin of pipe fittings. Response time for orders of the subject fittings ranged from less than a week for shipments from importers that maintain inventories to 3-12 months for deliveries from foreign producers.

responses that they intermingle inventories of all pipe fittings from the subject countries from which they import. One importer, ***, accounting for *** percent of reported 1993 imports from Thailand indicated that perceptual differences in quality between the Thai and the U.S.-produced product were a significant factor in sales. The firm stated that "****."

Thai prices

It is apparent from the tables that butt-weld pipe fittings imported from Thailand²⁵ have consistently been available at prices *** below the prices of comparable domestic specifications. Margins of underselling for Product 1 during 1991-93 ranged from *** percent in October-December 1991 to *** percent in July-September 1993. Margins of underselling for Product 2 ranged from *** percent in October-December 1991 to *** percent in April-June 1993. The Thai tee fitting undersold its domestically produced equivalent by margins ranging from *** percent in April-June 1992 to *** percent in July-September 1993.

Malaysian prices

Very little data were received for products from Malaysia. The available prices indicate the Malaysian products to be lower in price than the domestic equivalents. The price of Product 1 from Malaysia was below that of the domestic material in the two quarters for which data were available. The margin of underselling moved from *** percent in July-September 1993 to *** percent in October-December 1993. Product 2 undersold the domestic material by *** percent, and Product 3 was approximately *** percent lower in price than the domestic item.

French prices

Fittings imported from France were also traded in the U.S. market at prices below the price of products manufactured in the United States. Margins of underselling by Product 1 for periods in which data were available ranged from *** percent in January-March 1991 to *** percent in April-June 1993. Similarly, Product 2 undersold the domestic equivalent by margins ranging from *** percent in October-December 1991 to *** percent in July-December 1992.

British prices

The price of Product 1 from the U.K. fluctuated downward from January-March 1991 to October-December 1993, but was above that for domestic material in the five quarters for which data were available. The margin of overselling moved from *** percent in January-March 1992 to ***

²⁵ Represents imports of product produced by AST only.

percent in October-December 1993. Data received for Product 2 from the U.K. show the British product to be *** higher in price than the domestic equivalents.

Venezuelan prices

Product 1 from Venezuela undersold the domestic material by *** percent in the one price comparison possible. The price of Product 2 from Venezuela was below that of the equivalent domestic product in the five quarters for which data were available. The margin of underselling ranged from *** percent in January-March 1992 to *** percent in January-March 1993.

Lost Sales and Lost Revenues

***, the only U.S. producer with specific information pertaining to its alleged lost sales, provided one invoice involving one firm in which sales of *** units of butt-weld pipe fittings in a variety of sizes were allegedly lost between *** as a result of competition from imports of fittings from the U.K. The alleged lost sale occurred in ***. The Commission staff was able to contact the purchaser.
***.

The remaining producers identified no specific instances of lost sales or revenues. Producers' questionnaire responses indicate that the subject tubular products are sold to distributors where the products often lose their traceability, making it difficult to determine the source of imports responsible for possible lost sales and/or revenues.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of the principal countries supplying the subject butt-weld carbon steel products to the United States fluctuated widely in relation to the U.S. dollar over the period from January-March 1991 through October-December 1993.²⁶ Movements in the value of individual currencies ranged from a 6.3-percent appreciation for the Malaysian ringgit to a depreciation of 47.7 percent for the Venezuelan bolivar. "Real" movements in currency exchange rates during the periods for which data were collected ranged from an appreciation of 10.5 percent for the Venezuelan bolivar to a 22.5 percent depreciation for the Indian rupee after correcting for the effects of relative inflation rates. Exchange rate and price data pertaining to the countries supplying the products covered in these investigation are presented in table 11.

²⁶ *International Financial Statistics*, Mar. 1994.

Table 11

Exchange rates:¹ Nominal-exchange-rate equivalents of selected currencies in U.S. dollars, real exchange-rate equivalents, and producer price indicators in specified countries,² indexed by quarters, Jan. 1991-Dec. 1993

Period	France				India				Israel				Korea			
	U.S. producer price index	Pro-ducer price index	Nominal ex-change rate index	Real ex-change rate index ³	Pro-ducer price index	Nominal ex-change rate index	Real ex-change rate index ³	Pro-ducer price index	Nominal ex-change rate index	Real ex-change rate index ³	Pro-ducer price index	Nominal ex-change rate index	Pro-ducer price index	Nominal ex-change rate index	Real ex-change rate index ³	Pro-ducer price index
1991:																
Jan.-Mar.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June	99.0	98.5	88.6	88.2	102.3	91.6	94.6	105.0	88.3	93.6	100.2	99.5	100.6	99.5	100.6	100.6
July-Sept.	98.9	97.9	87.9	87.0	108.6	73.0	80.2	108.0	87.9	96.1	100.4	98.4	99.9	98.4	99.9	99.9
Oct.-Dec.	99.0	96.8	93.8	91.8	110.3	72.7	72.7	110.7	87.6	97.9	100.8	95.8	97.5	95.8	97.5	97.5
1992:																
Jan.-Mar.	98.8	97.0	94.6	92.9	113.6	72.6	83.5	112.4	88.2	100.3	101.6	94.1	96.8	94.1	96.8	96.8
Apr.-June	99.8	97.4	95.8	93.4	116.2	72.6	84.5	116.1	85.0	98.8	102.4	92.1	94.5	92.1	94.5	94.5
July-Sept.	100.3	97.0	105.0	101.6	120.2	72.6	87.1	118.1	84.5	99.5	103.3	91.7	94.4	91.7	94.4	94.4
Oct.-Dec.	100.4	95.4	99.0	94.0	121.4	72.4	87.6	120.1	79.0	94.5	102.7	91.9	94.0	91.9	94.0	94.0
1993:																
Jan.-Mar.	100.8	94.8	93.9	88.3	121.2	67.4	81.1	123.1	74.0	90.4	103.3	90.9	93.1	90.9	93.1	93.1
Apr.-June	101.8	94.1	95.5	88.1	123.3	60.0	72.7	125.8	75.2	92.8	104.1	90.3	92.2	90.3	92.2	92.2
July-Sept.	101.3	93.8	89.6	83.0	127.6	60.0	75.5	126.8	72.6	90.9	104.4	89.3	92.0	89.3	92.0	92.0
Oct.-Dec.	101.2	(⁴)	89.3	(⁴)	5130.8	60.0	577.5	129.1	70.4	89.8	104.4	89.2	92.0	89.2	92.0	92.0
United Kingdom																
1991:																
Jan.-Mar.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June	99.0	98.3	98.3	97.7	100.5	98.5	100.0	101.9	89.4	92.0	105.0	96.4	102.3	96.4	102.3	102.3
July-Sept.	98.9	98.3	97.9	97.4	101.2	98.3	100.7	102.2	88.2	91.2	111.3	90.1	101.4	90.1	101.4	101.4
Oct.-Dec.	99.0	99.0	99.1	99.0	100.4	99.2	100.5	102.6	92.9	96.3	117.8	87.8	104.5	87.8	104.5	104.5
1992:																
Jan.-Mar.	98.8	98.7	103.6	103.5	100.2	99.2	100.7	103.6	92.7	97.2	121.7	83.2	102.5	83.2	102.5	102.5
Apr.-June	99.8	99.4	107.3	106.9	101.5	99.0	100.7	104.9	94.6	99.4	129.7	81.2	105.4	81.2	105.4	105.4
July-Sept.	100.3	100.6	108.7	109.1	101.8	100.1	101.6	105.0	99.7	104.5	138.0	78.4	107.8	78.4	107.8	107.8
Oct.-Dec.	100.4	101.4	107.3	108.4	99.5	99.5	98.6	105.8	82.7	87.2	147.0	69.1	101.3	69.1	101.3	101.3
1993:																
Jan.-Mar.	100.8	(⁴)	104.0	(⁴)	99.7	99.2	98.1	107.3	77.3	82.3	156.9	64.7	100.7	64.7	100.7	100.7
Apr.-June	101.8	(⁴)	105.7	(⁴)	100.2	100.2	98.5	109.2	80.4	86.2	170.9	61.2	102.8	61.2	102.8	102.8
July-Sept.	101.3	(⁴)	106.3	(⁴)	100.3	100.1	99.1	109.5	78.8	85.1	182.3	56.8	102.2	56.8	102.2	102.2
Oct.-Dec.	101.2	(⁴)	106.3	(⁴)	(⁴)	99.6	(⁴)	5109.7	78.1	5 84.6	213.9	52.3	110.5	52.3	110.5	110.5
Venezuela																

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 period-average quarterly indices presented in line 63 of the *International Financial Statistics*.

³ The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified country.

⁴ Not available.

⁵ Data are the most recent for the quarter presented.

Note.—Jan.-Mar. 1991 = 100. The real exchange rates, calculated from precise figures, cannot in all instances be derived accurately from previously rounded nominal exchange rate and price indices.

Source: International Monetary Fund, *International Financial Statistics*, Mar. 1994.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from France, India, Israel, Malaysia, the Republic of Korea, Thailand,¹ the United Kingdom, and Venezuela of certain carbon steel butt-weld pipe fittings,² provided for in subheading 7307.93.30 of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Governments of India and Israel and alleged to be sold in the United States at less than fair value. The Commission must complete preliminary countervailing duty and antidumping investigations in 45 days, or in this case by April 14, 1994.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).
EFFECTIVE DATE: February 28, 1994.

FOR FURTHER INFORMATION CONTACT: Larry Reavis (202-205-3185), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on February 28, 1994, by the U.S. Fittings Group, Washington, DC.

Participation in the Investigations and Public Service List

Persons (other than petitioner) wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven

(7) days after publication of this notice in the *Federal Register*. The Secretary will prepare a public 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.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in these investigations, provided that the application is made not later than seven (7) days after the publication of this notice in the *Federal Register*. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on March 21, 1994, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Larry Reavis (202-205-3185) not later than March 17, 1994, to arrange for their appearance. Parties in support of the imposition of countervailing and/or antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before March 24, 1994, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-360 and 361 (Preliminary) and 731-TA-688 Through 695 (Preliminary)]

Certain Carbon Steel Butt-Weld Pipe Fittings From France, et al.

AGENCY: International Trade Commission.

ACTION: Institution and scheduling of preliminary countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary countervailing duty investigations Nos. 701-TA-360 and 361 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) and of preliminary antidumping investigations Nos. 731-TA-688 through 695 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a))

¹ Only subject products produced by Awaji Sangyo (Thailand) Co., Ltd.

² For purposes of these investigations, certain carbon steel butt-weld pipe fittings are defined as carbon steel butt-weld pipe fittings having an inside diameter of less than 360 millimeters (14.17 inches), imported in either finished or unfinished condition.

filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII, as amended. This notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: March 7, 1994.

Donna R. Kechnks,

Secretary.

[FR Doc. 94-5628 Filed 3-9-94; 8:45 am]

BILLING CODE 1520-62-P

[A-427-813, A-533-811, A-508-807, A-557-808, A-580-824, A-549-809, A-412-816, A-307-812]

Initiation of Antidumping Duty Investigations: Certain Carbon Steel Butt-Weld Pipe Fittings From France, et al.

AGENCY: Import Administration, International Trade Administration, Commerce.

EFFECTIVE DATE: March 25, 1994.

FOR FURTHER INFORMATION CONTACT: Steve Alley or Louis Apple, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-5288 and 482-1769, respectively.

INITIATION OF INVESTIGATIONS:

The Petition

On February 28, 1994, we received petitions filed on behalf of the domestic industry in proper form from the U.S. Fittings Group, an *ad hoc* trade association, a majority of whose members produce the subject merchandise. Petitioner filed supplements to the petition on March 14 and 15, 1994. In accordance with 19 CFR 353.12, petitioner alleges that certain carbon steel butt-weld pipe fittings (pipe fittings) from France, India, Israel, Malaysia, South Korea, Thailand (manufacturer: Awaji Sangyo (Thailand) Co., Ltd. (AST)), the United Kingdom, and Venezuela are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry. (Note: On July 6, 1992, the Commerce Department published in the *Federal Register* (57 FR 29702) an antidumping duty order on pipe fittings from Thailand. However, AST was excluded from the antidumping order because its exports were found to have a *de minimis* dumping margin. However, based on petitioner's recent allegation, we have determined that it is appropriate to initiate a new investigation of AST.)

Petitioner stated that it has standing to file the petition because it represents

interested parties as defined under section 771(9)(E) of the Act, and because the petition was filed on behalf of the U.S. industry producing the product subject to these investigations. If any interested party, as described under paragraphs (C), (D), (E) or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, such party should file a written notification with the Assistant Secretary for Import Administration.

Scope of Investigations

The products covered by these investigations are certain carbon steel butt-weld pipe fittings having an inside diameter of less than fourteen inches (355 millimeters), imported in either finished or unfinished condition. Pipe fittings are forged steel products used to join pipe sections in piping systems where conditions require permanent, welded connections, as distinguished from fittings based on other methods of fastening (*e.g.*, threaded, grooved, or bolted fittings). Pipe fittings come in several basic shapes: "elbows", "tees", "caps", and "reducers". The edges of finished pipe fittings are beveled, so that when a fitting is placed against the end of a pipe (the ends of which have also been beveled), a shallow channel is created to accommodate the "bead" of the weld which joins the fitting to the pipe. These pipe fittings are currently classifiable under subheading 7307.93.3000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, our written descriptions of the scope of these proceedings are dispositive.

United States Price and Foreign Market Value

For all countries except Venezuela, petitioner based United States Price (USP) on price quotes obtained through the business activity of one of its members. Such price quotes show delivered prices of butt-weld pipe fittings to unrelated U.S. customers. Petitioner calculated USP by subtracting movement charges and U.S. customs duties.

For Venezuela, petitioner based U.S. price on average unit values derived from U.S. Customs import statistics.

Petitioner was unable to obtain home market or third country prices for any of the eight countries. Therefore, in accordance with 19 CFR 353.12(b)(7), constructed value (CV) was used to calculate foreign market value (FMV). Petitioner based the CV on the costs of one of its members, adjusted for known differences in each country. Petitioner

then added selling, general and administrative expenses, and profit to compute the CV.

Fair Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that the merchandise is being, or is likely to be, sold at less than fair value. The margins alleged by petitioners are listed below. If it becomes necessary at a later date to consider the petitions as a source of best information available (BIA) in any of the investigations, we may review more thoroughly all of the bases for USP and FMV in determining BIA.

Country	Alleged margins (percent)
France	72.86 to 117.24
India	143.35 to 188.09
Israel	63.19 to 87.05
Malaysia	140.41 to 194.70
South Korea	72.36 to 207.89
Thailand	77.67 to 175.30
United Kingdom	50.29 to 92.31
Venezuela	185.58 to 595.65

Initiation of Investigations

We have examined the petition on pipe fittings from France, India, Israel, Malaysia, South Korea, Thailand (manufacturer: AST), the United Kingdom, and Venezuela and have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of pipe fittings from France, India, Israel, Malaysia, South Korea, Thailand (manufacturer: AST), the United Kingdom, and Venezuela are being, or are likely to be, sold in the United States at less than fair value.

ITC Notification

Section 732(d) of the Act requires us to notify the International Trade Commission (ITC) of this action and we have done so.

Preliminary Determination by the ITC

The ITC will determine by April 14, 1994, pursuant to section 733(a)(1) of the Act, whether there is a reasonable indication that imports of pipe fittings from France, India, Israel, Malaysia, South Korea, Thailand (manufacturer: AST), the United Kingdom, and Venezuela are materially injuring, or threaten material injury to, a U.S. industry. Pursuant to section 733(a)(2) of the Act, a negative ITC determination will result in the respective investigation being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: March 21, 1994.

Paul L. Joffe,

Acting Assistant Secretary for Import Administration.

(FR Doc. 94-7123 Filed 3-24-94; 8:45 am)

BILLING CODE 3510-06-P

[C-533-812, C-508-808]

Initiation of Countervailing Duty Investigations: Certain Carbon Steel Butt-Weld Pipe Fittings From India and Israel

AGENCY: Import Administration, International Trade Administration, Commerce.

EFFECTIVE DATE: March 25, 1994.

FOR FURTHER INFORMATION CONTACT: Julie Anne Osgood (India) or Elizabeth Graham (Israel), Office of Countervailing Investigations, Import Administration, U.S. Department of Commerce, Washington, DC 20230; telephone (202) 482-0167 and 482-4105.

The Petition

On February 28, 1994, we received petitions in proper form filed by the U.S. Fittings Group on behalf of the United States carbon steel butt-weld pipe fittings ("pipe fittings") industry. In accordance with 19 CFR 355.12, petitioner alleges that manufacturers, producers, or exporters of the subject merchandise in India and Israel receive subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended ("the Act").

Injury Test

India and Israel are each a "country under the Agreement" within the meaning of section 701(b) of the Act. Therefore, Title VII of the Act applies to these investigations. Accordingly, the U.S. International Trade Commission ("ITC") must determine whether imports of the subject merchandise from India and Israel materially injure, or threaten material injury to, a U.S. industry.

Standing

Petitioner has stated that it is an interested party, as defined in section 771(9)(E) of the Act, and that it has filed the petitions on behalf of the U.S. industry producing the merchandise subject to these investigations. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, such party should file a written

notification with the Assistant Secretary for Import Administration, in accordance with 19 CFR 355.31.

Scope of Investigation

The products covered by these investigations are certain carbon steel butt-weld pipe fittings having an inside diameter of less than fourteen inches (355 millimeters), imported in either finished or unfinished condition. Pipe fittings are forged steel products used to join pipe sections in piping systems where conditions require permanent, welded connections, as distinguished from fittings based on other methods of fastening (e.g., threaded, grooved, or bolted fittings). Pipe fittings come in several basic shapes: "elbows", "tees", "caps", and "reducers." The edges of finished pipe fittings are beveled, so that when a fitting is placed against the end of a pipe (the ends of which have also been beveled), a shallow channel is created to accommodate the "bead" of the weld which joins the fitting to the pipe. These pipe fittings are currently classifiable under subheading 7307.93.3000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of these proceedings is dispositive.

Initiation of Investigations

The Department has examined the petitions on pipe fittings from India and Israel and found that they comply with the requirements of section 702(b) of the Act and 19 CFR 355.12. Therefore, in accordance with section 702(c) of the Act and 19 CFR 355.13 (a) and (b), we are initiating countervailing duty investigations to determine whether manufacturers, producers or exporters of pipe fittings in India and Israel receive countervailable subsidies. The following programs are included in our investigations.

India

1. Rebates Under the International Price Reimbursement Scheme
2. Pre-Shipment Export Loans
3. Post-Shipment Export Loans
4. Advances Licenses
5. Use and Sale of Additional Licenses
6. Sale of Replenishment Licenses
7. Income Tax Deductions Under Section 80HHC
8. Market Development Assistant Grants
9. Export-Promotion, Capital Goods Scheme
10. Benefits for 100 Percent Export-Oriented Units
11. Benefits Provided by Export-Processing Zones

We are not including the following programs which are alleged to be benefitting producers of the subject merchandise in India. (For a more detailed discussion, see the Memorandum to Barbara R. Stafford from Team dated March 21, 1994, on file in the Central Records Unit of the Main Commerce Building.)

1. Regional Incentives

Petitioner alleges that new projects and industries in "backward" states may be eligible for subsidies from the Government of India ("GOI") or the state government. According to petitioner, the subsidies include federal and state tax benefits and fixed-capital investment subsidies. However, petitioner has not provided any information that the producers of pipe fittings are located in these "backward" states.

Rebates Under the Cash Compensatory Support Program

The Cash Compensatory Support Program ("CCS") was established in 1966 by the GOI to rebate indirect taxes on exported merchandise. Petitioner argues that although the GOI suspended the program effective July 3, 1991, producers/exporters of pipe fittings may be receiving residual benefits.

We verified in the 1990 Administrative Review of the Countervailing Duty Order on Certain Iron-Metal Castings from India that the GOI terminated cash rebates on exports made after July 2, 1991 (see the December 13, 1993 government verification report on file in Room B-099 of the Main Commerce Building).

Because we consider the countervailable benefit from this program to occur at the time the benefit is earned, i.e., at the time of export, and not when a company applies for or receives the benefit (see section 355.48(b)(7) of the Department's proposed regulations in Countervailing Duties; notice of proposed rulemaking and Request for Public Comments, 54 FR 23366 (May 31, 1989); and Final Affirmative Countervailing Duty Determination: Steel Wire Rope from India, 56 FR 46292, 46294 (September 11, 1991)), the producers of pipe fittings could not have benefitted from this program during the period of investigation.

3. Reduced Freight Rates

Petitioner alleges that the cost of delivery for steel is reduced for customers located in remote areas of India. However, petitioner has not provided sufficient information concerning the nature of this program or

information indicating that the producers of pipe fittings are located in "remote areas."

Israel

1. Grants under the Encouragement of Capital Investments Law of 1959 ("ECIL")
2. Other Benefits Under ECIL
 - a. Section 42—Preferential Accelerated Depreciation
 - b. Section 48—Tax Benefits
 - c. Section 24—Preferential Loans
 - d. Interest Subsidy Payments
3. Long-Term Industrial Development Loans
4. Exchange Rate Risk Insurance Scheme
5. Labor Training Grants
6. Industrial Research and Development Grants
7. Special Export Financing Loans
8. Export Incentives
 - a. Exemption from wharfage fee and indirect taxes
 - b. Provision of funds for transportation of goods to Eilat Harbor

We are not including the following programs which are alleged to be benefitting producers of the subject merchandise in Israel. (For a more detailed discussion, see the Memorandum to Barbara R. Stafford from Team dated March 14, 1994, on file in the Central Records Unit of the Main Commerce Building.)

1. Partial Tax Exemption Under ECIL

Petitioner alleged that manufacturers of pipe fittings may have received partial tax exemptions under ECIL. However, this program was determined in a previous case to be terminated. See Final Affirmative Countervailing Duty Determination of Oil Country Tubular Goods from Israel, 52 FR 1649 (January 15, 1987). Petitioner provided no new information to indicate that residual benefits are being received or that the program has been re-enacted.

2. Equity Maintenance Allowances

Petitioner alleged that manufacturers of pipe fittings may have received benefits under this program. However, petitioner does not describe the nature of the benefits provided under this program, nor indicate why it believes that manufacturers of pipe fittings may have benefitted from the program.

ITC Notification

Pursuant to Section 702(d) of the Act, we have notified the ITC of these initiations.

Preliminary Determinations by the ITC

The ITC will determine by April 14, 1994, whether there is a reasonable

indication that a United States industry is being materially injured, or threatened with material injury, by reason of imports from India and Israel. Any ITC determination which is negative will result in the respective investigation being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to 702(c)(2) of the Act and 19 CFR 355.13(b).

Dated: March 21, 1994.

Paul L. Jeffe,

Acting Assistant Secretary for Import Administration.

[FR Doc. 94-7124 Filed 3-24-94; 8:45 am]

BILLING CODE 3010-08-P

APPENDIX B
PARTICIPANTS AT THE COMMISSION'S CONFERENCE

LIST OF PARTICIPANTS IN THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations on March 21, 1994, in the Commission's main hearing room, 500 E Street, S.W., Washington, DC.

In support of the imposition of countervailing and antidumping duties

McKenna & Cuneo
Washington, DC
On behalf of--

Hackney, Inc., Dallas, TX
Ladish Co., Inc., Cudahy, WI
Mills Iron Works, Inc., Gardena, CA
Steel Forgings, Inc., Shreveport, LA
Tube Forgings of America, Inc., Portland, OR

Jay N. Zidell, President, Tube Forgings of America, Inc.

Peter Buck Feller)
Lawrence J. Bogard)--OF COUNSEL
Andrew E. Bej)

In opposition to the imposition of countervailing and antidumping duties

Akin, Gump, Strauss, Hauer & Feld
Washington, DC
On behalf of--

Interfit, S.A. (France)
Vallourec, Inc., Houston, TX

J. Noel Boespflug, President, Vallourec, Inc.
Yves Pognonec, Executive Vice President, Vallourec, Inc.

Patrick F.J. Macrory--OF COUNSEL

Dennis James, Jr., Attorney at Law
Washington, DC
On behalf of--

Pipe Fittings Carmiel Ltd. (Israel)

Dennis James, Jr.--OF COUNSEL

In opposition to the imposition of countervailing and antidumping duties

Morrison & Foerster

Washington, DC

On behalf of--

COVECO, C.A. (Venezuela)

Petroltubos, S.A. (Venezuela)

Giacomo Sozzi, Assistant to the President, Coveco, C.A.

Julie C. Mendoza) --OF COUNSEL
Carl R. Sanchez)

Dennis James, Jr., Attorney at Law

Washington, DC

On behalf of--

Sivanandha Pipe Fittings Ltd. (India)

Karmen Steels (India)

Dennis James, Jr. --OF COUNSEL

Willkie Farr & Gallagher

Washington, DC

On behalf of--

Government of Malaysia

Edmund W. Sim --OF COUNSEL

Graham & James

Washington, DC

On behalf of--

Awaji Sangyo (Thailand) Co., Ltd.

Yoshihiro Saito) --OF COUNSEL
James C. Allard)

APPENDIX C

SELECTED DATA RELATED TO THE ALLEGED MATERIAL INJURY AND THE CAUSAL RELATIONSHIP BETWEEN THE ALLEGED SUBSIDIZED AND LTFV IMPORTS AND THE ALLEGED MATERIAL INJURY

Table C-1

Certain carbon steel butt-weld pipe fittings: Summary data concerning the U.S. market, 1991-93

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per pound; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
U.S. consumption quantity:						
Amount <u>1</u> /.....	93,068	75,233	75,622	-18.7	-19.2	+0.5
Producers' share <u>2</u> /.....	47.7	66.9	65.7	+18.0	+19.2	-1.1
Importers' share: <u>2</u> /						
France.....	***	***	***	***	***	***
India.....	.9	1.6	1.0	+0.1	+0.7	-0.7
Israel.....	***	***	***	***	***	***
Korea.....	<u>3</u> /	.6	.8	+0.7	+0.6	+0.2
Malaysia.....	.2	2.1	1.9	+1.6	+1.9	-0.2
Thailand (AST).....	***	***	***	***	***	***
United Kingdom.....	***	***	***	***	***	***
Venezuela.....	***	***	***	***	***	***
Subtotal.....	13.0	23.4	24.8	+11.8	+10.5	+1.3
Other sources.....	39.3	9.7	9.5	-29.8	-29.7	-0.2
Total.....	52.3	33.1	34.3	-18.0	-19.2	+1.1
U.S. consumption value:						
Amount.....	79,168	69,760	66,709	-15.7	-11.9	-4.4
Producers' share <u>2</u> /.....	57.9	73.7	72.5	+14.6	+15.7	-1.1
Importers' share: <u>2</u> /						
France.....	***	***	***	***	***	***
India.....	.8	1.0	.7	-0.1	+0.2	-0.4
Israel.....	***	***	***	***	***	***
Korea.....	<u>3</u> /	.5	.8	+0.7	+0.5	+0.2
Malaysia.....	.2	1.5	1.3	+1.1	+1.3	-0.2
Thailand (AST).....	***	***	***	***	***	***
United Kingdom.....	***	***	***	***	***	***
Venezuela.....	***	***	***	***	***	***
Subtotal.....	11.5	16.6	17.7	+6.2	+5.1	+1.1
Other sources.....	30.5	9.7	9.7	-20.8	-20.8	4/
Total.....	42.1	26.3	27.5	-14.6	-15.7	+1.1
U.S. importers' imports from-						
France:						
Imports quantity <u>5</u> /.....	***	***	***	***	***	***
Imports value <u>6</u> /.....	***	***	***	***	***	***
Unit value.....	\$0.70	\$0.69	\$0.66	-5.7	-1.5	-4.3
India:						
Imports quantity.....	847	1,231	743	-12.3	+45.3	-39.6
Imports value.....	639	724	448	-29.9	+13.3	-38.1
Unit value.....	\$0.75	\$0.59	\$0.60	-19.9	-22.0	+2.6
Israel:						
Imports quantity <u>5</u> /.....	***	***	***	***	***	***
Imports value <u>6</u> /.....	***	***	***	***	***	***
Unit value.....	\$0.56	\$0.57	\$0.53	-5.3	+1.9	-7.0

Footnotes appear at end of table.

Table C-1--Continued

Certain carbon steel butt-weld pipe fittings: Summary data concerning the U.S. market, 1991-93

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per pound; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
Korea:						
Imports quantity.....	8	449	568	7/	7/	+26.5
Imports value.....	34	370	501	7/	+988.2	+35.4
Unit value.....	\$4.25	\$0.82	\$0.88	-79.3	-80.6	+7.1
Malaysia:						
Imports quantity.....	209	1,580	1,413	+576.1	+656.0	-10.6
Imports value.....	158	1,076	884	+459.5	+581.0	-17.8
Unit value.....	\$0.76	\$0.68	\$0.63	-17.4	-10.1	-8.1
Thailand (AST):						
Imports quantity 5/.....	***	***	***	***	***	***
Imports value 6/.....	***	***	***	***	***	***
Unit value.....	\$0.75	\$0.64	\$0.59	-21.3	-14.7	-7.8
United Kingdom:						
Imports quantity 5/.....	***	***	***	***	***	***
Imports value 6/.....	***	***	***	***	***	***
Unit value.....	\$0.95	\$0.81	\$0.79	-16.8	-14.7	-2.4
Venezuela:						
Imports quantity 5/.....	***	***	***	***	***	***
Imports value 6/.....	***	***	***	***	***	***
Unit value.....	\$0.46	\$0.32	\$0.32	-30.5	-30.4	-0.1
Subject sources:						
Imports quantity.....	12,077	17,635	18,734	+55.1	+46.0	+6.2
Imports value.....	9,140	11,601	11,813	+29.2	+26.9	+1.8
Unit value.....	\$0.76	\$0.66	\$0.63	-16.7	-13.1	-4.1
Other sources: 8/						
Imports quantity.....	36,606	7,282	7,179	-80.4	-80.1	-1.4
Imports value.....	24,165	6,774	6,500	-73.1	-72.0	-4.0
Unit value.....	\$0.66	\$0.93	\$0.91	+37.2	+40.9	-2.7
All sources:						
Imports quantity.....	48,684	24,917	25,913	-46.8	-48.8	+4.0
Imports value.....	33,305	18,375	18,313	-45.0	-44.8	-0.3
Unit value.....	\$0.68	\$0.74	\$0.71	+3.3	+7.8	-4.2
U.S. producers'--						
Average capacity quantity..	70,808	74,054	76,722	+8.4	+4.6	+3.6
Production quantity.....	45,958	51,739	49,865	+8.5	+12.6	-3.6
Capacity utilization 2/....	64.9	69.9	65.0	+0.1	+5.0	-4.9
U.S. shipments:						
Quantity.....	44,384	50,316	49,709	+12.0	+13.4	-1.2
Value.....	45,863	51,385	48,396	+5.5	+12.0	-5.8
Unit value.....	\$1.03	\$1.02	\$0.97	-5.8	-1.2	-4.7
Export shipments:						
Quantity.....	811	192	251	-69.1	-76.3	+30.7
Exports/shipments 2/.....	1.8	0.4	0.5	-1.3	-1.4	+0.1
Value.....	668	221	287	-57.0	-66.9	+29.9
Unit value.....	\$0.82	\$1.15	\$1.14	+38.8	+39.7	-0.7

C-4

Footnotes appear at end of table.

Table C-1--Continued

Certain carbon steel butt-weld pipe fittings: Summary data concerning the U.S. market, 1991-93

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs, and unit COGS are per pound; period changes=percent, except where noted)

Item	Reported data			Period changes		
	1991	1992	1993	1991-93	1991-92	1992-93
Ending inventory quantity..	5,340	6,571	6,476	+21.3	+23.1	-1.4
Inventory/shipments 2/.....	11.8	13.0	13.0	+1.1	+1.2	9/
Production workers.....	275	291	281	+2.2	+5.8	-3.4
Hours worked (1,000s).....	477	528	500	+4.8	+10.7	-5.3
Total comp. (\$1,000).....	6,828	7,181	6,955	+1.9	+5.2	-3.1
Hourly total compensation..	\$16.65	\$16.66	\$16.88	+1.4	10/	+1.3
Productivity (lbs/hour)....	96.3	98.0	99.7	+3.5	+1.7	+1.8
Unit labor costs.....	\$0.16	\$0.16	\$0.18	+8.0	-0.1	+8.1
Net sales--						
Quantity.....						
Value.....						
Cost of goods sold (COGS)..<						
Gross profit (loss).....						
SG&A expenses.....	*	*	*	*	*	*
Operating income (loss)....						
Capital expenditures.....						
Unit COGS.....						
COGS/sales 2/.....						
Op.income (loss)/sales 2/..						

1/ The quantity of consumption double-counted in 1991, 1992, and 1993--i.e., the quantity of unfinished fittings imported and/or purchased by U.S. producers for finishing--is 1.2 million pounds, 1.0 million pounds, and 1.6 million pounds, respectively. The data do not include Weldbend, which accounted for about *** percent of U.S. production in 1993.

2/ "Reported data" are in percent and "period changes" are in percentage points.

3/ Positive figure, but less than significant digits displayed.

4/ An increase of less than 0.05 percentage points.

5/ Data compiled from foreign producer questionnaires.

6/ Estimated on the basis of unit values reported by the U.S. Department of Commerce and company-reported quantities.

7/ An increase of 1,000 percent or more.

8/ Includes Thailand other than AST.

9/ A decrease of less than 0.05 percentage points.

10/ An increase of less than 0.05 percent.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated from the unrounded figures, using data of firms supplying both numerator and denominator information.

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.

APPENDIX D

**COMMENTS RECEIVED FROM U.S. PRODUCERS
ON THE IMPACT OF IMPORTS OF CERTAIN CARBON
STEEL BUTT-WELD PIPE FITTINGS FROM THE SUBJECT COUNTRIES
ON THEIR GROWTH, INVESTMENT, ABILITY
TO RAISE CAPITAL, AND DEVELOPMENT
AND PRODUCTION EFFORTS**

The Commission requested producers to describe and explain the actual and anticipated negative effects, if any, of imports of certain carbon steel butt-weld pipe fittings from France, India, Israel, Malaysia, Korea, Thailand, the U.K., and Venezuela on their growth, investment, ability to raise capital, or existing development and production efforts (including efforts to develop a derivative or improved version of certain carbon steel butt-weld pipe fittings). Producers were also asked whether the scale of capital investments undertaken has been influenced by the presence of imports of this product from these countries. Their responses are shown below:

Actual Negative Effects

* * * * *

Anticipated Negative Effects

* * * * *

