Light-Walled Rectangular Pipe and Tube From Mexico and Turkey

Investigations Nos. 731-TA-1054 and 1055 (Preliminary)

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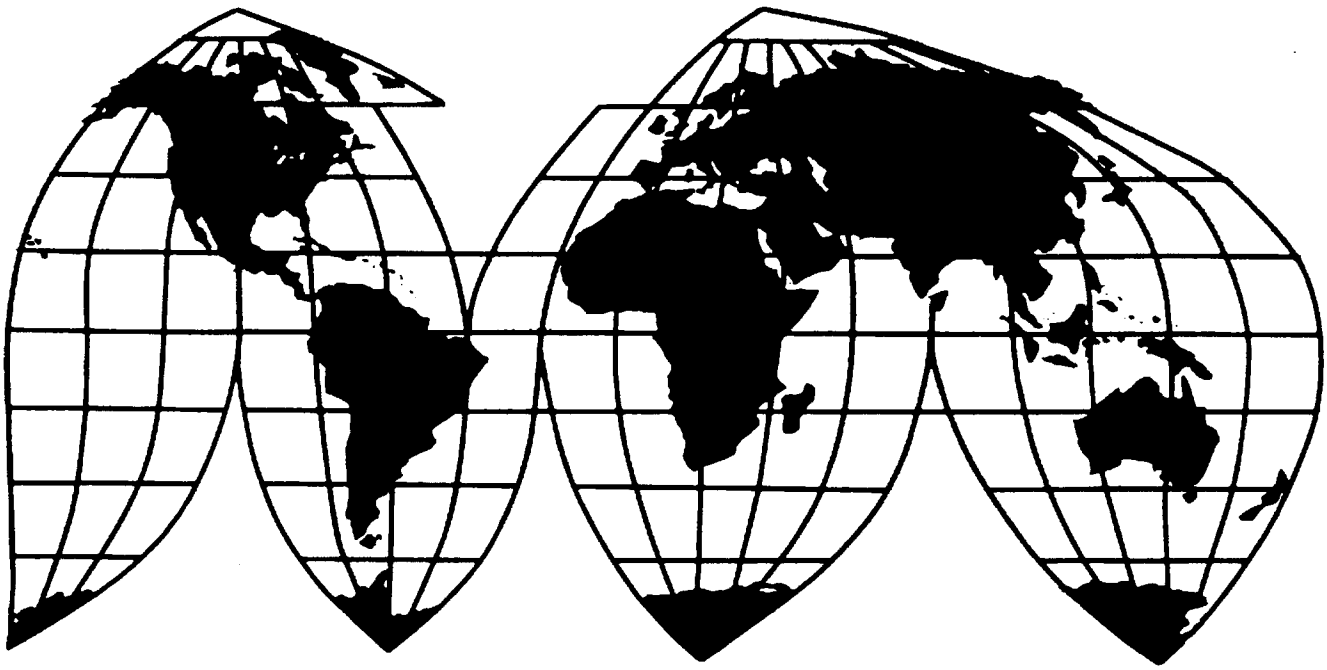
U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Investigation Nos. 731-TA-1054 and 1055 (Preliminary)

LIGHT-WALLED RECTANGULAR PIPE AND TUBE
FROM MEXICO AND TURKEY

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines,[2] pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Mexico and Turkey of light-walled rectangular pipe and tube, provided for in subheading 7306.60.5000 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under section 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On September 9, 2003, a petition was filed with the Commission and Commerce by California Steel and Tube, City of Industry, CA; Hannibal Industries, Inc., Los Angeles, CA; Leavitt Tube Co., Chicago, IL; Maruichi American Corp., Santa Fe Springs, CA; Northwest Pipe Co., Portland, OR; Searing Industries, Inc., Rancho Cucamongo, CA; Vest, Inc., Los Angeles, CA; and Western Tube and Conduit Corp., Long Beach, CA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of light-walled rectangular pipe and tube from Mexico and Turkey. Accordingly, effective September 9, 2003, the Commission instituted antidumping duty investigations Nos. 731-TA-1054 and 1055 (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 September 16, 2003 (68 FR 54244). The conference was held in Washington, DC, on September 30, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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[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 Daniel R. Pearson did not participate in these preliminary investigations.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of light-walled rectangular pipe and tube ("LWR pipe and tube") from Mexico and Turkey that are alleged to be sold in the United States at less than fair value ("LTFV").[1]

I. THE LEGAL STANDARD FOR PRELIMINARY INVESTIGATIONS

The legal standard for preliminary antidumping determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded 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 such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. MARKET BACKGROUND

LWR pipe and tube consists of flat-rolled steel that has been formed into a tube having a rectangular cross-section, within particular dimensions. LWR pipe and tube has many uses, including fencing, window guards, cattle chutes, railings for construction and agricultural applications, furniture parts, athletic equipment, bicycle frames, lawn and garden equipment, store shelving, and towel racks.[4] It is commonly produced to ASTM specifications A-500 or A-513.[5] The majority of both domestic production and imports was sold to distributors, with the remainder sold directly to end users.[6]

The petition was filed on behalf of eight domestic producers of LWR pipe and tube.[7] There are 16 firms known to be producing LWR pipe and tube in 2002, 12 of which provided questionnaire responses to the Commission.[8] Six of these 12 firms are located in California, and accounted for

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[1] Commissioner Daniel R. Pearson did not participate in these preliminary investigations.

[2] 19 U.S.C. §1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Ranchers-Cattlemen Action Legal Found. v. United States, 74 F. Supp.2d 1353, 1368-69 (Ct. Int'l Trade 1999).

[3] American Lamb, 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Staff Report ("CR") at I-5, II-3; Public Staff Report ("PR") at I-4, II-2 (October 17, 2003).

[5] Petition at 4. CR at I-7; PR at I-5.

[6] CR/PR at Table I-1.

[7] CR/PR at I-1.

[8] CR/PR at III-1 & Table III-1. *** firms, believed to represent 75 percent to 80 percent of U.S. LWR pipe and tube production over the period examined, provided usable trade and financial data on their U.S. operations producing LWR pipe and tube, and ***. CR/PR at III-1, VI-1, n.1.

approximately *** percent of domestic production in 2002.[9] Another six firms have one or more production facilities in the southern United States, as well as certain northern states.[10]

Domestic production accounted for more than one-half of the U.S. market for LWR pipe and tube over the period examined. For the latter part of the period, the next largest source was imports from the two subject countries, mainly Mexico. Also present in the market were imports from non-subject sources, some of which historically have been from Korea, Taiwan, China and the European Union.[11]

III. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[12] Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[13] In turn, the Act defines "domestic 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 . . . ."[14]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[15] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[16] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[17] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise that has been found to be subsidized or sold

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[9] CR/PR at III-1 & Table III-1.

[10] CR /PR at III-1 & Table III-1.

[11] Conf. Tr. at 52-53 (testimony of Roger Schagrin).

[12] 19 U.S.C. §1677(4)(A).

[13] 19 U.S.C. § 1677(4)(A).

[14] 19 U.S.C. § 1677(10).

[15] See, e.g., NEC Corp. v. Dep't of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); 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) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[16] See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

[17] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[18]

B. Product Description

Commerce's notice of initiation defines the imported merchandise within the scope of these investigations as:

> Welded carbon-quality[19] pipe and tube of rectangular (including square) cross-section, having a wall thickness of less than 0.156 inch. These LWR pipe and tube have rectangular cross sections ranging from 0.375 x 0.625 inches to 2 x 6 inches, or square cross sections ranging from 0.375 to 4 inches, regardless of specification.[20]

C. Domestic Like Product

In the preliminary phase of these investigations, Petitioners argue that the Commission should define one domestic like product consisting of all LWR pipe and tube, coextensive with Commerce's scope. Mexican Respondents do not question the domestic like product proposed by Petitioners for purposes of these preliminary determinations. However, they argue that in any final phase investigation, the Commission should define two separate domestic like products that are, in the aggregate, coextensive with Commerce's scope of investigations: 1) black pipe and tube; and 2) galvanized and other corrosion-resistant products.[21] Turkish Respondents have not raised any domestic like product issues.

LWR pipe and tube that is not coated is commonly referred to as black pipe and tube. Black LWR pipe and tube is produced from hot-rolled, hot-rolled pickled and oiled, or cold-rolled steel.[22]

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[18] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[19] The term "carbon-quality" applies to products in which (i) iron predominates, by weight, over each of the other contained elements (ii) the carbon content is 2 percent or less, by weight, and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium (also called columbium), or 0.15 percent of vanadium, or 0.15 percent of zirconium. 68 Fed. Reg. 57667, 57668 (October 6, 2003).

[20] 68 Fed. Reg. 57667, 57668 (October 6, 2003).

[21] Postconference Brief of Mexican Respondents ("Mexican Respondents' Postconference Brief") at 3. Mexican Respondents present their domestic like product arguments in terms of "galvanized and other corrosion-resistant products," but do not specifically discuss any other types of corrosion-resistant LWR pipe and tube besides galvanized LWR pipe and tube. It is unclear at this point whether there are any other domestically produced corrosion-resistant LWR pipe and tube products. Therefore, for purposes of these preliminary investigations, we have addressed this issue as whether galvanized LWR pipe and tube, and not corrosion-resistant LWR pipe and tube, should be a separate domestic like product from black LWR pipe and tube.

[22] Conf. Tr. at 16 (testimony of Roger Schagrin).

Some black LWR pipe and tube is coated with zinc, or galvanized, to prevent corrosion. The resulting product has a higher value than black LWR pipe and tube.[23]

We have considered whether the differences between black LWR pipe and tube and galvanized LWR pipe and tube justify defining two separate domestic like products. As discussed below, applying our traditional six like product factor analysis, for purposes of these preliminary determinations, we find a single domestic like product consisting of all LWR pipe and tube included within Commerce's scope of investigation.

1. Physical Characteristics and Uses. Galvanized LWR pipe and tube and black LWR pipe and tube only differ insofar as galvanized LWR pipe and tube has a zinc coating that protects against corrosion. Respondents argue that galvanized LWR pipe and tube is required in certain applications in which it is exposed to the elements, such as carports, and light frame steel structures where warranties are frequently given as to longevity of the product.[24] They claim that customers prefer galvanized LWR pipe and tube in other applications such as fencing and railings in which greater durability and corrosion-resistance are required.[25] However, the record reflects that galvanized LWR pipe and tube is a relatively small part of domestic production, and that black LWR is commonly used for fencing and railings.[26]

2. Interchangeability. In certain applications where the corrosion-resistant properties of galvanized LWR pipe and tube are required, for instance carports, black tube will not be interchangeable for galvanized LWR pipe and tube. In other applications, such as fencing, black LWR pipe and tube can be used instead of galvanized LWR pipe and tube, although there may be a preference for the galvanized product. While galvanized LWR pipe and tube can be interchangeable with black LWR pipe and tube, from a practical standpoint, the price premium reportedly received for galvanized LWR pipe and tube over black LWR pipe and tube suggests that galvanized LWR pipe and tube would be used primarily where its special corrosion-resistant properties are required.

3. Channels of Distribution. The majority of domestic production of LWR pipe and tube is sold to distributors, and there is no indication on the record that the few domestic producers that provide galvanized LWR pipe and tube distribute it differently than their black LWR pipe and tube.[27]

4. Common Manufacturing Facilities, Production Processes, and Production Employees. Only two domestic producers reported production of galvanized LWR pipe and tube; these producers also made the black product in the same facilities.[28] Black and galvanized LWR pipe and tube are manufactured using similar processes largely on the same equipment using the same personnel, because

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[23] Conf. Tr. at 16, 18 (testimony of Roger Schagrin). Mexican Respondents' Postconference Brief at 3, 6-7.

[24] Mexican Respondents' Postconference Brief, Exhibit 1 at 3-4.

[25] Mexican Respondents' Postconference Brief, Exhibit 1 at 4.

[26] CR at I-5, II-3, III-2, III-5; PR at I-4, II-3, III-1, III-3. Petitioners' Postconference Brief at 9 & Exhibit 4. Conf. Tr. at 39 (testimony of Glenn Baker).

[27] Mexican Respondents argue that channels of distribution differ for galvanized LWR pipe and tube and black LWR pipe and tube, but only provide examples with respect to distributors of the subject merchandise from Mexico. The issue is whether the channels of distribution differ for the domestic galvanized LWR pipe and tube and the domestic black LWR pipe and tube.

[28] Allied and Western, the only domestic producers of galvanized LWR pipe and tube, CR at III-2, III-5, PR at III-1, III-3, both***. ***. Western and Allied each have only one LWR production facility. CR/PR at Table III-1.

galvanized LWR pipe and tube is essentially black LWR pipe and tube that has received a zinc coating.[29] The zinc coating for galvanizing the product is applied most commonly by the hot-dip process, which involves dipping the tube into a molten zinc bath. Galvanized sheet can also be used to make the galvanized LWR pipe and tube, but this production method is less common.[30] Therefore, there is substantial overlap in the equipment, personnel, and facilities used to make both products.

5. Customer and Producer Perceptions. Petitioners do not perceive galvanized LWR pipe and tube as a separate product from black LWR pipe and tube, although some customers perceive it as a different product.[31]

6. Price. Galvanized LWR pipe and tube is a higher-value product than black pipe and tube. However, galvanized LWR pipe and tube is not unique in that respect, as certain other LWR pipe and tube products are also higher-value products, such as those made from thin cold-rolled steel, LWR tubing cut into nonstandard lengths, or LWR pipe and tube coated with acrylic to improve the application of the paint to the tubing.[32] There is a variety of LWR pipe and tube products, with relatively wide differences in values.[33]

7. Conclusion. Galvanized LWR pipe and tube and black LWR pipe and tube share common physical characteristics, uses, and production processes. While we lack specific information at this stage on channels of distribution, currently there is no indication that the domestic channels of distribution for the two products differ. Interchangeability between black LWR pipe and tube and galvanized LWR pipe and tube may be somewhat limited, however, due to the corrosion-resistant coating that translates into consumer requirements and preferences for the galvanized product for certain end uses, and a generally higher price for the coated product. On balance, we do not find that there is a clear dividing line between black and galvanized LWR pipe and tube to warrant finding two like products in these preliminary determinations. We intend to investigate this matter further in any final phase investigation.[34]

D. Domestic Industry and Related Party Issue.

The domestic industry is defined as "the producers as a [w]hole of a domestic like product. . . ."[35] In defining the domestic industry, the Commission generally includes in the industry all domestic production of the like product, whether toll produced, captively consumed, or sold in the domestic merchant market.[36] Consistent with our definition of the domestic like product, we define the domestic

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[29] CR at I-5-6; PR at I-4. Conf Tr. at 172 ("[G]alvanization is just the application of a zinc coating.") (testimony of Roger Schagrin).

[30] CR at I-6; PR at I-4.

[31] Conf. Tr. at 166 (testimony of Roger Schagrin). Mexican Respondents' Postconference Brief, Exhibit 1, statement by ***. Conf. Tr. at 123-125 (testimony of Genero Gonzalez, of TNT who purchases both U.S. galvanized LWR pipe and tube, and subject imports from Mexico).

[32] Petitioners' Postconference Brief, Exhibit 4.

[33] Petitioners' Postconference Brief, Exhibit 4.

[34] As noted above, Mexican Respondents urge the Commission to find multiple domestic like products in any final phase investigation. We anticipate that parties will present more complete arguments on this issue in any final phase investigation.

[35] 19 U.S.C. § 1677 (4)(A).

[36] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994),

(continued...)

industry as including all domestic producers of LWR pipe and tube.[37] As noted above, 12 of 16 known domestic producers provided at least some data regarding the production of LWR pipe and tube.[38]

IV. CUMULATION[39]

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(I) of the Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the U.S. market.[40] In assessing whether subject imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

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[36] (...continued)
aff'd, 96 F.3d 1352 (Fed. Cir.1996).

[37] The statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers. 19 U.S.C. §1677(4)(B). ***. CR at III-3 & n.6: PR at III-2 & n.6.

Although it is unclear whether *** directly or indirectly controls ***, as the statute requires for *** to be deemed a related party, 19 U.S.C. § 1677(4)(B)(ii)(II), we find that appropriate circumstances do not exist to exclude *** from the domestic industry. *** has not appeared to benefit from its relationship with ***. ***, reported *** in interim 2003, and had operating margins ***. CR/PR at Table III-1 and Table VI-2.

[38] Mexican Respondents have provided evidence that some two dozen additional U.S. firms produce or sell some type of rectangular pipe and tube. Mexican Respondents' Submission dated September 24, 2003. Mexican Respondents argue that the Commission's data are not representative of the actual LWR pipe and tube domestic industry, because the current data do not include all of the domestic producers of structural pipe and tube that they allege fall within the definition of the domestic like product. Mexican Respondents argue that Petitioners failed to identify these additional firms as domestic producers in their petition. Mexican Respondents' Postconference Brief at 1-3.

Commerce determined that the petition in these investigations was filed by or on behalf of the LWR pipe and tube industry, and that the petition contained adequate evidence of industry support. 68 Fed. Reg. 57667, 57667-68 (October 6, 2003). Petitioners claim that approximately five percent or less of domestic LWR pipe and tube products are produced to a structural specification (A-500). Petitioners' Postconference Brief, Exhibit 2. Our investigations have not demonstrated a significant gap in data obtained from domestic producers. In response to Mexican Respondents' claims, we issued two additional questionnaires to alleged domestic producers. In any final phase investigation, we will seek to expand our coverage of U.S. producers of the domestic like product.

[39] Negligibility is not an issue in these investigations. Subject imports from Mexico or Turkey are not negligible because subject imports from each country accounted for more than three percent of the volume of all LWR pipe and tube imported into the United States in the most recent twelve-month period for which data were available preceding the filing of the petition. 19 U.S.C. § 1677(24). From September 1, 2002 to August 31, 2003, subject imports from Mexico were 50.8 percent, and subject import from Turkey 11.7 percent, of total imports of LWR pipe and tube, well above the negligibility threshold of three percent. CR at IV-1, n.1; PR at IV-1, n.1.

[40] 19 U.S.C. § 1677(7)(G)(I).

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[41]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[42] Only a "reasonable overlap" of competition is required.[43] None of the statutory exceptions to the general cumulation rule apply to these investigations.[44]

1. Fungibility

The record in the preliminary phase of these investigations indicates that there is a generally high degree of substitutability among subject imports from Mexico and Turkey and the domestic product. LWR pipe and tube typically is produced to established industry specifications such as ASTM A-500 and ASTM A-513.[45] Most of the domestic product and the subject imports from Mexico, and virtually all of the subject imports from Turkey, are non-coated, black LWR pipe and tube.[46] According to both Petitioners and Mexican Respondents, subject imports are fungible with each other and the domestic product, and are interchangeable.[47]

Mexican Respondents acknowledge that the majority of their subject imports are the black commodity product.[48] However, an estimated 37 percent of subject imports from Mexico in 2002 were galvanized LWR pipe and tube during 2002.[49] Galvanized LWR pipe and tube is also produced in the United States by two domestic producers.[50]

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[41] 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, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[42] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[43] The SAA (at 848) expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." Citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd 859 F.2d 915 (Fed. Cir. 1988). See Goss Graphic System, Inc. v. United States, 33 F. Supp. 2d 1082,1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd., 937 F. Supp. at 916; Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[44] 19 U.S.C. § 1677(7)(G) (ii).

[45] Petition at 4. CR at I-7; PR at I-5.

[46] Conf. Tr. at 16-17 (testimony of Roger Schagrin). Petitioners' Postconference Brief at 9. Turkish Respondents' Postconference Brief at 2 (stating that galvanized LWR pipe and tube was only occasionally sold by one of the eight Turkish respondents). Conf. Tr. at 161-162 (testimony of Jaime Trevino).

[47] CR at I-6 & n.21; PR at I-5 & n.21; Turkish Respondents' Postconference Brief at 2.

[48] Conf. Tr. at 161-162 (testimony of Jaime Trevino).

[49] CR at VII-1-2; PR at VII-1.

[50] Together these domestic producers accounted for *** of domestic production of LWR pipe and tube (continued...)

The majority of domestic producers and importers reported in their questionnaire responses that subject imports were "always" or "frequently" interchangeable with the domestic product.[51] A majority of the domestic producers and importers that compared LWR pipe and tube from Mexico and Turkey to each other responded that they were "always" or "frequently" interchangeable.[52]

2. Same Geographical Markets

Petitioners argue that there is a national market for domestic and imported LWR pipe and tube, served by a nation-wide distribution system.[53] Mexican Respondents argue that approximately *** percent of domestic production and shipments are on the West Coast, and that due to high freight costs,[54] these domestic producers do not participate in the Texas market, where subject imports from Mexico are concentrated.[55] Turkish Respondents make similar arguments.[56]

Out of *** responding domestic producers, two reported that they sell throughout the continental United States, with one firm stating that its primary market area is in or near ***. Of the other *** producers, six reported that they sold primarily in western states, one said that it sold principally in the Midwest, one said that it sold primarily in the Northeast and Southeast, and one said that it sold primarily in Texas and in its bordering states.[57] Subject imports from Turkey tend to enter into the Gulf region, and sales are concentrated there and in southern states.[58] There is also some evidence of sales of the Turkish product in eastern and northern states and in the Midwest.[59] Subject imports from Mexico also enter the Gulf region, and are sold primarily there and throughout the southeastern United States.[60]

Thus, the markets for subject imports and the domestic product exhibit a reasonable degree of overlap, although a substantial portion of domestic LWR pipe and tube appears to be sold on the West Coast, whereas LWR pipe and tube from the subject countries appears concentrated in Texas and the Southern United States. In any final phase investigation, we will examine the question of geographic overlap more closely.

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[50] (...continued)
in 2002. CR at III-2, III-5; PR at III-1, III-3 & Table III-1. Petitioners' Postconference Brief, Exhibit 4. Conf. Tr. at 138 (testimony of Genero Gonzalez, of TNT Carports, "I don't perceive any drastical [sic] difference between the Mexican galvanized and the U.S. galvanized. They both serve our requirements perfectly.").

[51] CR at II-5; PR at II-3, & CR/PR at Table II-1.

[52] CR at II-8; PR at II-5, & CR/PR at Table II-1.

[53] Petitioners' Postconference Brief at 6.

[54] U.S. producers reported that U.S. inland transportation costs ranged from two to five percent of the delivered price. Importers reported that these costs ranged from three percent to as much as 15 percent of the delivered price, but in the majority of cases were six percent or less. CR at V-1; PR at V-1.

[55] Mexican Respondents' Postconference Brief at 5-6.

[56] Turkish Respondents' Postconference Brief at 2.

[57] CR at II-1 & n.1; PR at II-1 & n.1.

[58] CR at II-2, III-8; PR at II-1, III-5. Petitioners' Postconference Brief at 14. Turkish Respondents' Postconference Brief at 2.

[59] Turkish Respondents' Postconference Brief at 2. Conf. Tr. at 49 (testimony of Parry Katsafanas).

[60] CR at III-8; PR at III-5. Mexican Respondents' Postconference Brief at 4.

3. Simultaneous Presence

LWR pipe and tube was imported from Mexico in each month of the period examined. While LWR pipe and tube from Turkey was only imported in 12 of 24 months between 2000 and 2001, it was imported in 16 of 18 months in 2002 and interim (January to June) 2003.[61] Importers shipped subject imports from both Mexico and Turkey to their customers in the U.S. market in 2000, 2001, 2002, and interim periods 2002 and 2003. Domestic producers also shipped domestic product to their customers in the U.S. market throughout the period examined.[62]

4. Channels of Distribution

U.S. producer and importer shipments of LWR pipe and tube within the United States were more likely to go to distributors than to end users over the period examined. U.S. producers, and importers of subject imports from Mexico consistently shipped approximately 60 to 70 percent of their shipments to distributors, while importers of subject imports from Turkey dramatically increased the percentage of their shipments that go to distributors over the period examined.[63]

5. Conclusion

We find that there is a reasonable overlap of competition among the subject imports and between the subject imports and the domestic product. Subject imports from Mexico, and subject imports from Turkey are to a great extent fungible with one another and with the domestic like product. Subject imports from Mexico, subject imports from Turkey, and the domestic product, were each simultaneously sold in common geographic markets, although the domestic product is apparently more concentrated on the West Coast, and subject imports from Mexico and subject imports from Turkey are more concentrated in Texas and the southern United States. A majority of subject imports from Mexico, subject imports from Turkey, and the domestic products was sold through distributors. Therefore, we cumulate subject imports from Mexico and Turkey for purposes of our present material injury analysis.

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LESS THAN FAIR VALUE IMPORTS

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially

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[61] Petition, Exhibit 13.

[62] CR/PR at Table IV-2.

[63] For U.S. producers, 60.3 to 60.8 percent of their U.S. shipments of LWR pipe and tube went to distributors in 2000 to 2002, with the remainder shipped to end users. In interim 2002 and interim 2003, domestic producers shipped 62.0 percent and 65.0 percent, respectively, of domestic product to distributors. CR/PR at Table I-1.

For importers of subject imports from Mexico, 58.9 to 66.2 percent of their U.S. shipments of subject imports from Mexico went to distributors, with the remainder to end users. In interim 2002 and interim 2003, importers of subject imports from Mexico shipped 60.9 percent and 67.2 percent, respectively, of their subject imports from Mexico to distributors. CR/PR at Table I-1.

For importers of subject imports from Turkey, 21.5 percent of their U.S. shipments of subject imports from Turkey went to distributors in 2000, 57.7 percent in 2001 and 74.2 percent in 2002. In interim 2002 and interim 2003, importers of subject imports from Turkey shipped 56.5 percent and 87.3 percent, respectively, of their subject imports from Turkey to distributors. CR/PR at Table I-1.

injured by reason of the imports under investigation.[64] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[65] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[66] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[67] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[68]

Based on an evaluation of the relevant statutory factors, we find that there is a reasonable indication that the domestic industry producing LWR pipe and tube is materially injured by reason of subject imports from Mexico and Turkey.

A. Conditions of Competition

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of the subject imports.

1. Demand

LWR pipe and tube is an intermediate product with many end use applications, including fences, gates, hand rails, furniture, sports equipment, automotive equipment. Overall demand for LWR pipe and tube is closely linked to the demand for those end use products.[69] The majority of market participants surveyed, including almost all of the domestic producers, reported that demand had declined since 2000.[70]

Both Petitioners and Mexican Respondents have acknowledged the negative effects of the recessionary economy in 2001 on the domestic LWR pipe and tube industry,[71] although they differ on the extent to which the economy improved beginning in 2002. Petitioners argue that demand increased

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[64] 19 U.S.C. §§ 1671b(a) and 1673b(a).

[65] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[66] 19 U.S.C. § 1677(7)(A).

[67] 19 U.S.C. § 1677(7)(C)(iii).

[68] 19 U.S.C. § 1677(7)(C)(iii).

[69] CR at II-3; PR at II-2.

[70] Ten of 11 domestic producers reported that demand had declined since 2000 due to a sluggish economy and increased imports of manufactured goods that incorporate LWR pipe and tube. Of the 22 importers that responded, nine said that demand had decreased, five said that it had increased, and eight said that it was unchanged. CR at II-3; PR at II-2.

[71] Conf. Tr. at 9-11, 22-25 (testimony of Roger Schagrin). Mexican Respondents' Postconference Brief at 7. Conf. Tr. at 107-108, 110 (testimony of David Bond).

significantly beginning in 2002 and continues to improve in interim 2003,[72] whereas Mexican Respondents argue that demand in the industrial sector remains sluggish.[73]

Apparent U.S. consumption data, one proxy for demand, decreased from 600,975 short tons in 2000, to 533,125 short tons in 2001, and increased to 649,124 short tons in 2002. During interim (January to June) 2003, apparent U.S. consumption was 317,670 short tons as compared to 321,324 short tons during the same period in 2002.[74]

2. Supply.

The domestic industry supplied fifty to sixty percent of U.S. demand for LWR pipe and tube over the period examined.[75] Several domestic production facilities closed over the period examined. Domestic producer Excalibur filed for bankruptcy, went immediately into liquidation at the end of 2001 or early 2002, and reportedly no longer produces LWR pipe and tube.[76] Copperweld closed its Piqua, Ohio mill in mid-2002 and Maverick Tube Corporation's Youngstown, Ohio pipe mill closed in February 2003.[77] Domestic capacity utilization was below fifty percent over the period examined, although at least one representative of the domestic industry found such levels normal in his experience.[78]

Cumulated subject imports supplied an increasing share of the U.S. market, rising from 19.4 percent to 27.0 percent from 2000 to 2002, and their share of the U.S. market was higher, at 26.3 percent,

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[72] Petitioners' Postconference Brief at 8.

[73] Mexican Respondents' Postconference Brief at 7-8. Mexican Respondents argue that demand in Mexican Respondents' natural markets, namely Texas and Oklahoma, is much higher than demand in the West Coast, or in the Midwest, which explains, in part, why subject imports from Mexico appear to have grown somewhat in relation to consumption. Mexican Respondents' Postconference Brief at 11, n.20 and Conference Exhibit.

The record does not reflect a market for subject imports from Mexico that is limited to Texas and Oklahoma. Mexican Respondents themselves recognize that their market extends into the lower Southeastern United States. Mexican Respondents' Postconference Brief at 4. The domestic product competes with subject imports from Mexico in those markets, and, if Mexican Respondents' argument is correct, should have also experienced some benefit from that increased demand. Indeed, ***, Northwest, the only domestic producer located in Texas, whose representative stated that 80 percent of its business was in Texas, (Conf. Tr. at 44, testimony of Terry Mitchell) experienced the ***. CR/PR at Table VI-2. ***. Furthermore, Mexican Respondents' exhibit supporting their claim only reflects apparent U.S. consumption by states from 2000 to 2001, a period in which demand in the United States fell, and does not cover the rest of the period examined.

[74] CR at II-3: PR at II-2, CR/PR at Table IV-3. We note that the closure of several production facilities during the period examined may have contributed to the fact that our data show an increase in apparent U.S. consumption late in the period examined. CR at III-5; PR at III-3. This is because domestic sales early in the period examined may be understated due to the *** that closed their production facilities. CR/PR at Table III-1. Conf. Tr. at 56-57 (testimony of Roger Schagrin).

[75] CR/PR at Table IV-3.

[76] Conf. Tr. at 56-57 (testimony of Roger Schagrin). See also Mexican Respondents' Postconference Brief at 16 & Exhibit 13.

[77] CR at III-5; PR at III-3.

[78] CR at II-2; PR at II-2; Conf. Tr. at 78 (Testimony of Terry Mitchell).

in interim 2003, as compared to interim 2002.[79] Subject imports from Mexico and Turkey are not covered by the Section 201 remedies described below,[80] but many, although not all, nonsubject imports are covered by these or other actions.[81] The market share for nonsubject imports that are covered by Section 201 remedies increased slightly from 2000 to 2001, before decreasing at a faster rate, from 9.2 percent to 7.3 percent from 2001 to 2002. The market share for these nonsubject imports that are covered by Section 201 duties was 4.2 percent in interim 2003 as compared to 7.6 percent in interim 2002. The market share of other nonsubject import sources, that were not covered by Section 201 duties, decreased somewhat from 2000 to 2002, but was slightly larger, 12.8 percent in interim 2003, as compared to 11.4 percent in interim 2002.[82]

3. Section 201 Safeguard Remedies.

In 2001, the Commission conducted a safeguard investigation of steel products (Inv. No. TA-201-73) that included the LWR pipe and tube subject to this investigation. Flat-rolled carbon steel, the primary input into LWR pipe and tube, was also subject to these Section 201 investigations.[83] Following affirmative determinations of serious injury and remedy recommendations by the Commission, President Bush imposed an additional ad valorem tariff of 15 percent on certain welded (including LWR) pipe and tube imports in the first year, commencing March 20, 2002, 12 percent in the second year, and nine percent in the third year.[84] The President also placed ad valorem duties on flat-rolled carbon and alloy steel that were higher than the duties on LWR pipe and tube (30 percent, 24 percent, and 18 percent, in the first, second, and third year, respectively).[85]

4. Commodity Nature of LWR Pipe and Tube.

The parties agree that LWR pipe and tube is largely a commodity product. Mexican Respondents agree with Petitioners that except for discrete products, (i.e., galvanized and other coated products), LWR

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[79] CR/PR at Table IV-3.

[80] CR at I-3; PR at I-2. Steel: Monitoring Developments of the Domestic Industry, Inv. No. TA-204-9, USITC Pub. 3632, September 2003 at Overview I-6. The 201 safeguard duties are discussed more fully below.

[81] The safeguard remedies cover all countries, with certain countries excluded from the relief, including Canada, Israel, Jordan, Mexico, and most developing countries. Turkey is excluded except for its imports of rebar. Steel: Monitoring Developments of the Domestic Industry, Investigation No. TA-204-9,USITC Pub. 3632, Volume I: Executive Summaries and Investigation No. TA-204-9 (Part I) (Overview, Flat and Long Products), ("Steel, USITC Pub. 3632") at Overview I-6. Our data on imports covered by Section 201 duties, CR/PR at Table IV-3, includes Argentina, which was covered by antidumping duties during the period examined, although it was excluded from the Section 201 duties as a developing country. We note that Taiwan was covered by both antidumping and Section 201 duties. Singapore was covered by the Section 201 duties, and by antidumping duties until mid-2000. CR/PR at I-2-3. Memorandum INV-AA-165 dated October 22, 2003 ("Memorandum INV-AA-165").

[82] CR/PR at Table IV-3.

[83] CR /PR at V-1. Mexican Respondents' Postconference Brief at 9-10.

[84] CR at I-3; PR at I-2. Steel, USITC Pub. 3632 at Overview I-5.

[85] Steel, USITC Pub. 3632 at Overview I-5.

pipe and tube is a commodity product.[86] The majority of domestic producers and importers reported in their questionnaire responses that subject imports were "always" or "frequently" interchangeable with the domestic product.[87]

5. Galvanized and Other Higher-Value LWR Pipe and Tube.

Galvanized LWR pipe and tube products, in which the LWR pipe and tube has a zinc coating that is corrosion-resistant, as well as other high-value LWR pipe and tube products, are marketed in the United States. Two domestic producers manufacture galvanized LWR pipe and tube, and in the aggregate, these producers accounted for *** of domestic production of LWR pipe and tube in 2002.[88] An estimated 37 percent of subject imports from Mexico were galvanized LWR pipe and tube in 2002.[89]

There are other value-added LWR pipe and tube products besides galvanized, such as LWR pipe and tube containing acrylic coatings, painted LWR pipe and tube, very thin LWR pipe and tube, and non-standard length cut LWR pipe and tube. Petitioners assert that all of these products are produced domestically.[90] Subject imports from Mexico also include painted LWR pipe and tube.[91]

B. Volume of the Cumulated Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[92]

Cumulated subject imports supplied an increasing share of apparent U.S. consumption over the period examined.[93] Subject imports equaled approximately one third of domestic production in 2000, and almost one half of domestic production in 2002 and interim (January to June) 2003.[94] Overall, subject import volume increased by 50.5 percent from 2000 to 2002, and was 15.4 percent higher in interim 2003 than in interim 2002.[95] The volume of cumulated subject imports initially declined by five percent from 2000 to 2001, decreasing from 116,331 short tons in 2000, to 110,549 short tons in 2001. Subject import volume then recovered and increased to 175,127 short tons in 2002, or by 58.4 percent. The volume of subject imports was 83,586 short tons in interim 2003 as compared to 72,460 short tons in interim 2002.

U.S. market share of cumulated subject imports (by quantity) increased from 19.4 percent in 2000, to 20.7 percent in 2001, and further to 27.0 percent in 2002, an overall increase of 7.6 percentage points. The U.S. market share held by the subject imports was 26.3 percent in interim 2003, as compared to 22.6

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[86] CR at I-6, n.21; PR at I-5, n.21. Mexican Respondents' Postconference Brief at 12-13.

[87] CR at II-5; PR at II-3 & Table II-1.

[88] Petitioners' Postconference Brief, Exhibit 4. CR/PR at Table III-1.

[89] CR at VII-2; PR at VII-1.

[90] Petitioners' Postconference Brief at 9, 15 & Exhibit 4 (availability of domestic value-added products).

[91] Conf. Tr. at 18, 91-93 (testimony of Roger Schagrin).

[92] 19 U.S.C. § 1677(7)(C)(i).

[93] CR/PR at Table IV-3.

[94] CR/PR at Table IV-1.

[95] CR/PR at Table IV-1, Table C-1.

percent in interim 2002.[96] Cumulated subject imports gained U.S. market share even when apparent U.S. consumption decreased, and its rate of increase outstripped the growth in apparent U.S. consumption when demand improved.[97] In contrast, from 2000 to 2002, domestic producers' market share decreased by 4.7 percentage points, and was 1.8 percentage points lower in interim 2003 compared to interim 2002.[98]

Accordingly, for purposes of the preliminary phase of these investigations, we find that the volume of cumulated subject imports, and the increase in that volume, are significant, in absolute terms and relative to production or consumption in the United States.

C. Price Effects of the Cumulated Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) 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.[99]

As discussed above, LWR pipe and tube is largely a commodity product commonly produced to ASTM specifications, with a high level of fungibility between domestic product and comparable subject imports. Price is an important factor in sales of LWR pipe and tube. Domestic producers generally found non-price differences between the domestic product and the subject imports, and between the subject imports, only sometimes or never significant, whereas the importers gave more mixed responses, but most commonly stated that non-price differences were "sometimes" significant.[100]

In our analysis of underselling, we have relied principally on the pricing data collected by the

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[96] CR/PR at Table C-1.

[97] When apparent U.S. consumption decreased by 11.3 percent from 2000 to 2001, subject import volume decreased by only five percent and subject imports gained 1.4 percentage points of market share. When apparent U.S. consumption increased by 21.8 percent from 2001 to 2002, subject import volume increased more, by 58.4 percent, and subject imports gained 6.2 percentage points of market share in one year. Even though apparent U.S. consumption was slightly lower in interim 2003 as compared to interim 2002, subject import volume continued to grow. It was 15.4 percent larger in interim 2003 as compared to interim 2002. Furthermore, subject imports gained 3.8 percentage points of U.S. market share in interim 2003 as compared to interim 2002. CR/PR at Table IV-1, Table C-1.

[98] Domestic producers' market share steadily decreased from 59.4 percent in 2000 to 58.0 percent in 2001, and further to 54.7 percent in 2002, a decrease of 3.3 percentage points from 2001 to 2002, and a decrease of 4.7 percentage points overall. Domestic producers' U.S. market share was 56.7 percent in interim 2003 as compared to 58.5 percent in interim 2002. Nonsubject imports' share of the U.S. market was level at 21.2 percent in 2000 and 2001, but then decreased by 2.9 percentage points in 2002 to 18.3 percent. Nonsubject imports' market share was 17.0 percent in interim 2003 as compared to 18.9 percent in interim 2002. CR/PR at Table IV-3, Table C-1.

We note that the loss in U.S. market share by nonsubject imports in 2002, and interim 2003 as compared to interim 2002, coincided with the imposition of the Section 201 duties on LWR pipe and tube in March 2002. The loss in market share by the nonsubject imports in interim 2003 of 2.0 percentage points, as compared to interim 2002, was solely due to a drop in U.S. market share by the nonsubject imports that are covered by Section 201 duties. CR/PR at Table IV-3, Table C-1.

[99] 19 U.S.C. § 1677(7)(C)(ii).

[100] Petitioners' Postconference Brief at 17-18. CR at II-6, II-8; PR at II-4, II-5; CR/PR at Table II-2.

Commission.[101] The Commission collected quarterly weighted-average price information from domestic producers and importers from January 2000 through June 2003 on two standard LWR pipe and tube products.[102] Pricing data reported by the producers accounted for approximately 17 percent of U.S. producers' commercial shipments during 2002. Pricing data reported for imports of LWR pipe and tube from Mexico accounted for 12 percent of imports in 2002, and pricing data reported for imports of LWR pipe and tube from Turkey accounted for 17 percent of imports from Turkey in 2002.[103]

Cumulated subject imports undersold the domestic product in all but one of the 49 pricing comparisons. The margins of underselling ranged from 1.4 percent to 45.7 percent.[104] Subject imports from Turkey undersold domestic product by double-digit margins in all but two quarters of the period surveyed.[105] Given the interchangeability of domestic and subject imported LWR pipe and tube, we find the underselling to be significant.

We next consider whether the subject imports have had significant price-depressing or price-suppressing effects. Once again, we rely principally on the pricing data collected by the Commission on Products 1 and 2. We find that cumulated subject imports are suppressing prices to a significant degree.

In 2000 and 2001, prior to imposition of the Section 201 remedies in March 2002, for both

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[101] Mexican Respondents base several arguments on the fact that subject imports from Mexico are at higher average unit value ("AUV") levels than nonsubject imports. Mexican Respondents Postconference Brief at 12-14. We rely principally on the specific pricing data gathered in these investigations, rather than the AUV data, due to the potential differences in LWR pipe and tube products. The Federal Circuit has criticized the use of AUV data as a basis for establishing price trends when there are serious issues of product mix, and where the values may thus reflect different merchandise rather than differences in prices. Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002).

There are several types of higher-value LWR pipe and tube: LWR pipe and tube that is galvanized, painted, coated with acrylic; LWR pipe and tube that is produced from hot-rolled pickled and oiled steel or cold-rolled steel; LWR pipe and tube that is cut to a nonstandard length. Petitioners Postconference Brief, Exhibit 4 at 1-2; Conf. Tr. at 18-20 (testimony of Roger Schagrin); Mexican Respondents' Postconference Brief, Exhibit 1 at 6-7 ; Turkish Respondents' Postconference Brief at 2.

Mexican Respondents have argued that our specific pricing data are insufficiently representative of pricing in the U.S. market, but they have not explained how the AUV data are more representative. The parties agree that subject imports from Mexico include galvanized LWR pipe and tube, and that it is a higher-value product than the more common black LWR pipe and tube. An estimated 37 percent of subject imports from Mexico in 2002 were galvanized LWR pipe and tube. Therefore, we do not find substantial reliance on AUV data to be appropriate, particularly with respect to subject imports from Mexico.

[102] CR/PR at Tables V-1 and V-2.

[103] CR at V-5; PR at V-3. We note that Mexican Respondents have argued that the coverage of our pricing data, particularly late in the period examined, is deficient. Mexican Respondents' Postconference Brief at 13-14. In any final phase investigation, Mexican Respondents will have an opportunity to request additional pricing products.

[104] CR at V-5; PR at V-4. In one quarter, the import price for subject imports from Mexico was 0.1 percent higher than the domestic price. Id.

[105] CR/PR at Tables V-1 and V-2. Petitioners provided 12 allegations of lost sales in their petition; of the six allegations for which the purchasers provided a response, *** allegation was confirmed, reflecting a subject import sales price ***. Petitioners made no lost revenue allegations. CR at V-9; PR at V-7 & CR/PR at Table V-3.

Products 1 and 2, prices for the domestic product and for subject imports generally decreased.[106] In the last three quarters of 2002, after imposition of the Section 201 relief, for both Products 1 and 2, prices for domestic product and subject imports from Mexico increased, as did prices for subject imports from Turkey for Product 1. Subject import prices remained below domestic prices. Subject imports from Turkey with respect to Product 2 first decreased and then increased in these three quarters. In late 2002, the margins of underselling for subject imports from Mexico increased, and the margins of underselling for subject imports from Turkey remained at high levels.[107]

In interim 2003, the domestic producers' prices again fell. The domestic industry's prices fell for Product 1, first by a relatively small amount and then by approximately $40.00 per short ton in the second quarter of 2003. For Product 2, domestic prices increased in first quarter 2003 and then fell sharply in the second quarter of 2003, also by approximately $40.00 per short ton. There were no clear price trends for the subject imports in interim 2003.[108]

These pricing data must be considered in the context of the conditions of competition for the industry. The cost of flat-rolled steel, the primary raw material for LWR pipe and tube, rose markedly in 2002. Raw material costs have a significant effect on cost of goods sold in this industry.[109] Also from 2001 to 2002, apparent U.S. consumption increased by 21.8 percent, to a level higher than 2000 levels while cumulated subject import volume increased by 58.4 percent.

We find subject imports have suppressed domestic prices during the latter part of the period examined. The industry's cost of goods sold as a ratio of net sales was relatively stable from 2000 to 2002 at between 83 and 84 percent.[110] However, in interim 2003, when domestic prices fell substantially with respect to both Products 1 and 2, cost of goods sold as a ratio of sales was 88.0 percent, the highest level of the period examined, as compared to 81.9 percent in interim 2002.[111] The average unit value of cost of goods sold was $505 in interim 2003, its highest level of the period examined, as compared to $440 in interim 2002.[112]

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[106] CR/PR at Tables V-1 and V-2 and Figure V-2. This decreasing trend was more consistent with respect to domestic prices and prices for subject imports from Mexico than for subject imports from Turkey, whose prices varied considerably. There were no data for sales of subject imports from Turkey with respect to Product 2 in 2001. Id.

[107] CR/PR at Tables V-1 and V-2.

[108] CR/PR at Tables V-1 and V-2 & Figure V-2. Subject imports from Mexico for Product 1 increased and then fell, and for Product 2, they increased. Prices for subject imports from Turkey for Product 1 decreased and then increased, and for Product 2 they decreased. Id.

[109] CR at VI-2; PR at VI-1.

[110] Cost of goods sold as a ratio of net sales decreased from 83.3 percent in 2000 to 83.2 percent in 2001, but increased to 83.6 percent in 2002. Cost of goods sold as a ratio of net sales was at a higher level in 2002 than in 2000 or 2001. Memorandum INV-AA-165, revised Table C-1.

The average unit value of cost of goods sold was $490 per short ton in 2000, decreasing to $453 in 2001, and increasing to $465 in 2002. Memorandum INV-AA-165, revised Table C-1.

[111] Memorandum INV-AA-165, revised Table C-1.

[112] Memorandum INV-AA-165, revised Table C-1. As noted, the section 201 duties were imposed in March 2002, and applied both to LWR pipe and tube and to its main raw material – flat-rolled steel. Because we view this to be a unique event, we examined, in addition to our traditional annual and interim data comparisons, data pertaining to the second half of 2002, shortly after imposition of the section 201 duties. COGS as a ratio to net sales increased from 81.9 percent in first-half 2002 to 85.0 percent in second-half 2002, as unit COGS increased by 11.9 percent. Memorandum INV-AA-165, Table C-2. As noted above, unit COGS and the ratio of COGS to net sales continued to increase in first-half (interim)

(continued...)

Based on the data in these preliminary determinations, we conclude that as the domestic industry's costs increased, they were unable to raise their prices sufficiently to cover these costs. They were unable to do so due in significant part to increased volumes of lower-priced subject imports that were largely interchangeable with the domestic product. Although the Section 201 relief on flat-rolled steel may have been a factor in increased cost of goods sold, the record in these preliminary investigations reflects that subject imports limited the ability of domestic producers to raise their prices. We find that subject imports have suppressed domestic prices to a significant degree. In any final phase investigation, we intend to explore how the Section 201 duties on flat-rolled steel affected the market for LWR pipe and tube.

Based on the data in the preliminary phase of these investigations, and taking into consideration the increasing volume and market share of the subject imports, and the high level of fungibility of LWR pipe and tube from domestic and imported sources, we find the negative price effects of the subject imports to be significant.

D. Impact of the Cumulated Subject Imports on the Domestic Industry[113]

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[114] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."

During the period examined, as the volume of lower-priced subject imports increased, and the domestic industry lost market share to the cumulated subject imports, its financial performance declined modestly from 2000 to 2002. The decrease in the industry's financial performance was more severe in interim 2003. Most of the financial indicators decreased from 2000 to 2001, and then improved from 2001 to 2002. Some of the indicators remained below 2000 levels in 2002, notwithstanding increased apparent U.S. consumption,[115] and some indicators improved slightly in 2002. However, the trends for

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[112] (...continued)
2003. Thus, this examination of half-year trends confirms our conclusion that the domestic industry experienced a cost-price squeeze due in substantial part to subject imports. We note that the market share of subject imports increased from 22.6 percent to 31.3 percent from first-half to second-half 2002. Memorandum INV-AA-165, Table C-2.

We derived second-half 2002 data by subtracting first-half 2002 data from full-year 2002 data. Because they are derived data, we are cautious in our reliance on them.

[113] In its notice of initiation, Commerce estimated dumping margins from 48.42 percent to 83.86 percent for Mexico, and from 27.04 percent to 34.89 percent for Turkey. 68 Fed. Reg. 57667, 57669 (Mexico) 57670 (Turkey) (October 6, 2003).

[114] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("in material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports").

[115] Apparent U.S. consumption increased irregularly from 2000 to 2002, declined slightly in interim 2003 as compared to interim 2002. CR/PR at Table IV-3.

several important financial indicators were negative in interim 2003 as compared to interim 2002, including profitability, operating income, market share, and shipments (by quantity).

Production and capacity indicators were mixed and generally stable from 2000 to 2002, but were negative in interim 2003 as compared to interim 2002. Capacity slightly decreased, production and capacity utilization slightly increased from 2000 to 2002. All three of these performance indicators were lower in interim 2003 than in interim 2002.[116]

Market share, shipment and sales indicators were negative overall. The share of the U.S. market held by the domestic industry decreased from 2000 to 2002, and was lower in interim 2003 as compared to interim 2002.[117] The quantity and total value of domestic shipments were lower in 2002 than in 2000. The quantity of domestic shipments was lower in interim 2003 as compared to interim 2002, but the value of domestic shipments was higher in interim 2003 as compared to interim 2002.[118] Net sales increased slightly in quantity from 2000 to 2002, but decreased more by value during that period. The opposite was true in comparing the interim periods. Net sales were lower in quantity but higher in value in interim 2003 as compared to interim 2002.[119]

The profitability of the domestic industry declined from 2000 to 2002 and was approximately fifty percent lower in interim 2003 as compared to interim 2002. The ratio of operating income to net sales decreased from 9.4 percent in 2000 to 8.5 percent in 2001, and decreased again to 8.3 percent in 2002.[120]

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[116] Domestic production capacity decreased from 788,718 short tons in 2000 to 773,275 short tons in 2001 and then partially recovered to 780,208 in 2002, a decrease from 2000 to 2002 of 1.1 percent. Domestic production capacity was lower in interim 2003 (388,628 short tons) than in interim 2002 (394,104 short tons). Memorandum INV-AA-165, Revised Table C-1.

Domestic production decreased from 364,166 short tons in 2000, to 307,585 short tons in 2001 and then recovered and increased to 366,775 short tons in 2002, a slight increase from 2000 to 2002 of 0.7 percent. Domestic production was lower (183,401 short tons) in interim 2003 as compared to interim 2002 (189,355 short tons). Memorandum INV-AA-165, Revised Table C-1.

Domestic capacity utilization increased irregularly from 2000 to 2002, decreasing from 46.2 percent in 2000, to 39.8 percent in 2001, and then recovering and slightly increasing to 47.0 percent in 2002, an increase of 0.8 percent. Domestic capacity utilization was lower (47.2 percent) in interim 2003 as compared to interim 2002 (48.0 percent). Memorandum INV-AA-165, Revised Table C-1.

[117] CR/PR at Table IV-3.

[118] The quantity of the domestic industry's U.S. shipments decreased from 357,117 short tons in 2000, to 309,312 in 2001, increasing to 354,969 short tons in 2002, a overall decrease of 0.6 percent. It was lower in interim 2003 (180,184 short tons) than in interim 2002 (188,015 short tons). Memorandum INV-AA-165, Revised Table C-1. The quantity of domestic shipments was 11.2 percent lower in the second half of 2002, as compared to the first half of 2002. Memorandum INV-AA-165, Table C-2. These data are consistent with our findings that the combination of increasing subject import volume, price suppression by the subject imports, and increased raw material costs, had an overall negative effect on the performance of the domestic industry.

The value of the domestic industry's U.S. shipments decreased from $210 million in 2000 to $168 million in 2001, increasing to $193 million in 2002, a decrease of 8.0 percent. The value of the domestic industry's U.S. shipments was higher in interim 2003 ($103 million) than in interim 2002 ($101 million). Memorandum INV-AA-165, revised Table C-1. Similar to the quantity shipment data discussed above, the value of domestic shipments was 8.1 percent lower in the second half of 2002, as compared to the first half of 2002. Memorandum INV-AA-165, Table C-2.

[119] Memorandum INV-AA-165, revised Table C-1.

[120] Petitioners argue that since certain domestic producers who filed for bankruptcy or closed

(continued...)

The ratio of operating income to net sales measured in value was sharply lower in interim 2003, 4.7 percent, than in interim 2002, when it was 10.5 percent. Operating income for the domestic industry was down overall for 2000 to 2002, from $19.7 million in 2000, to $14.3 million in 2001, and increasing to $16.5 million in 2002; it was $5.0 million in interim 2003 as compared to $10.6 million in interim 2002.[121] The number of U.S. producers reporting operating losses increased from 2000 to 2002, and was larger in interim 2003 than in interim 2002.[122]

Based on the record in these preliminary investigations, we conclude that increased volumes of lower-priced subject imports placing downward pressure on domestic prices resulted in a cost/price squeeze for the domestic industry that was a significant factor in its diminished profitability late in the period examined. As noted above, we intend to consider further in any final phase investigation how the Section 201 remedies on LWR pipe and tube and on flat-rolled steel products are affecting the domestic LWR pipe and tube industry.

Other indicators are consistent with a reasonable indication of injury. Capital expenditures increased from 2000 to 2001, then decreased from 2001 to 2002, to a level below 2000 levels. *** reported that subject imports from Mexico and Turkey had caused a reduction in the size of their capital investments.[123] Research and development expenses declined steadily from 2000 to 2002, and were lower in interim 2003 than in interim 2002.[124] Employment indicators were mixed, and generally stable.[125]

For purposes of these preliminary determinations, we find a reasonable indication that cumulated subject imports had a significant negative impact on the condition of the domestic industry during the period examined. As discussed above, we find both the volume of subject imports and the negative price effects of the subject imports to be significant. The price suppressing effects of the subject imports have negatively impacted the profitability for the domestic industry. Other performance indicators are mixed, but overall reflect a reasonable indication of injury by reason of the subject imports. The negative effects are particularly apparent comparing the performance of the domestic industry in interim 2003 as compared

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[120] (...continued)
production facilities over the period examined did not provide the Commission with questionnaire responses, the aggregate domestic industry financial data gathered by the Commission understates the performance declines caused by subject imports. Petitioners' Postconference Brief at 19. CR/PR at VI-1, n.2 & Table III-1.

[121] CR/PR at Table VI-1. We note that the ratio of operating income to net sales was 10.4 percent in the first half of 2002, as compared to 6.0 percent in the second half of 2002. Operating income for the domestic industry was $10.6 million in the first half of 2002, as compared to $5.9 million in the second half of 2002. Memorandum INV-AA-165, Table C-2. This decline in profitability is consistent with the findings above in our pricing analysis that the domestic industry was unable to increase its prices to cover increased COGS in the second half of 2002. This inability to cover increased COGS continued into the first half of 2003, cutting the industry's operating ratio to 4.7 percent. Memorandum INV-AA-165, Table C-2.

[122] CR/PR at Table VI-1.

[123] CR/PR at D-3.

[124] CR/PR at Table VI-3. These data were only provided by ***. Id.

[125] The number of production workers and hours worked decreased from 2000 to 2001, and increased from 2001 to 2002, but remained slightly below 2000 levels. Wages paid followed similar trends except that they were slightly higher in 2002 than in 2000. The number of production workers was larger in interim 2003 than in interim 2002, but the opposite was true for hours worked and wages paid. Productivity increased irregularly from 2000 to 2002, and was slightly lower in interim 2003 than in interim 2002. Memorandum INV-AA-165, revised Table C-1.

to interim 2002.[126] In light of the negative volume and price effects of subject imports and the decline in the financial performance of the domestic industry, particularly in interim 2003, we find that subject imports negatively affected the performance of the domestic industry during the period examined.[127]

CONCLUSION

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of light-walled rectangular pipe and tube from Mexico and Turkey allegedly sold in the United States at less than fair value.

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[126] As noted above, the negative effects in interim 2003 were a continuation of the impact experienced by the domestic industry in the second half of 2002.

[127] Mexican Respondents argued that the domestic industry's problems primarily are the result of factors other than subject imports. In particular, they argue that the economy remains sluggish, and that plant closures over the period examined were not due to subject imports, but closed due to excess capacity and reduced demand. They also argue that competition is limited due to geographic factors. In any final phase of these investigations, we intend to more fully explore these issues and their impact on the condition of the domestic industry.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on behalf of California Steel and Tube, City of Industry, CA; Hannibal Industries, Los Angeles, CA; Leavitt Tube Co., Chicago, IL; Maruichi American Corp., Santa Fe Springs, CA; Northwest Pipe Co., Portland, OR; Searing Industries, Inc., Rancho Cucamongo, CA; Vest, Inc., Los Angeles, CA; and Western Tube and Conduit Corp., Long Beach, CA, on September 9, 2003, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of light-walled rectangular pipe and tube (LWR pipe and tube)[1] from Mexico and Turkey. Information relating to the background of the investigations is provided below.[2]

Date	*Action*
September 9, 2003 ..	Petition filed with Commerce and the Commission; institution of Commission investigation (68 FR 54244, September 16, 2003)
September 30, 2003 .	Commission's conference[3]
October 6, 2003	Commerce's notice of initiation (68 FR 57667)
October 24, 2003 ...	Commission's vote
October 24, 2003 ...	Commission's determinations due to Commerce
October 31, 2003 ...	Commission's views transmitted to Commerce

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on the questionnaire responses of 12 U.S. producers, which account for approximately 75-80 percent of U.S. production during the period examined.[4] U.S. imports are based on official statistics of the U.S. Department of Commerce. Other data concerning imported LWR pipe and tube are from questionnaire responses submitted by 27 U.S. importers, accounting for about 91 percent of subject imports from Mexico, 99 percent of subject imports from Turkey, and 92 percent of subject imports combined. Mexican industry data are from questionnaire data submitted by eight firms accounting for approximately 91 percent of Mexican production of LWR pipe and tube.[5] Turkish industry data are from questionnaire data submitted by 10 firms accounting for approximately 80 percent of Turkish production of the subject product.[6]

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[1] For purposes of these investigations, LWR pipe and tube is a mechanical tubing used in furniture and other non-structural applications. A complete description of the imported product subject to the investigations is presented in the section of this part of the report entitled *The Subject Product*.

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

[3] A list of witnesses who appeared at the conference is presented in app. B.

[4] Conference transcript, p. 23.

[5] White & Case postconference brief, exh. 1, p. 1.

[6] European Trade Services postconference brief, p. 1.

PREVIOUS INVESTIGATIONS

In 1985, final antidumping and countervailing duty investigations were terminated with respect to Spain effective February 4, 1985, following the withdrawal of the petitions. A final antidumping investigation with respect to Korea was concluded in 1984 with an affirmative determination, however it was revoked on October 21, 1985, following the negotiation of a voluntary restraint agreement with Korea. A final antidumping investigation with respect to Taiwan was concluded on January 17, 1986 with a negative determination (inv. No. 731-TA-211 (Final), USITC Pub. 1799, January 1986). A final antidumping duty investigation with respect to Singapore was concluded in October 1986 with an affirmative determination (inv. No. 731-TA-296 (Final), USITC Pub. 1907, November 1986). Another final antidumping investigation with respect to Taiwan was concluded in July 1987 with a negative determination (inv. No. 731-TA-349 (Final), USITC Pub. 1994, July 1987). Antidumping investigations were concluded with respect to Taiwan in March 1989 (inv. No. 731-TA-410 (Final), USITC Pub. 2169, March 1989) and Argentina in May 1989 (inv. No. 731-TA-409, USITC Pub. 2187, May 1989), resulting in affirmative determinations. An antidumping investigation with respect to Mexico was concluded with a negative determination in May 1995 (inv. No. 731-TA-730 (Preliminary), USITC Pub. 2892, May 1995). Finally, a sunset review was conducted on the orders concerning Singapore, Argentina, and Taiwan in July 2000 (invs. Nos. 731-TA-296 and 409-410, USITC Pub. 3316, July 2000), and the Commission found that revocation of the orders with respect to Argentina and Taiwan would likely lead to continuation or recurrence of material injury to the industry within a reasonably foreseeable time. The Commission found that revocation of the order with respect to Singapore would not be likely to lead to continuation or recurrence of material injury to the industry within a reasonably foreseeable time.

In 2001, the Commission conducted a safeguard investigation of steel products (inv. No. TA-201-73) that included the LWR pipe and tube subject to these investigations. Following affirmative determinations of serious injury and remedy recommendations by the Commission, President Bush issued a proclamation on March 5, 2002, imposing temporary import relief for a period not to exceed three years and one day.[7] Import relief relating to LWR pipe and tube consisted of an additional tariff of 15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year. These tariffs are not applicable to imports from Mexico or Turkey.

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

The estimated dumping margins as reported by Commerce are 48.42 to 83.86 percent for Mexico and 27.04 to 34.89 percent for Turkey.

THE SUBJECT PRODUCT

Commerce has defined the scope of these investigations as:

> Welded carbon-quality[8] pipe and tube of rectangular (including square) cross-section, having a wall thickness of less than 0.156 inch. These LWR pipe and tube have

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[7] Presidential Proclamation 7529 of March 5, 2002 (67 FR 10553, March 7, 2002).

[8] The term "carbon-quality" applies to products in which (i) iron predominates, by weight, over each of the other contained elements, (ii) the carbon content is 2 percent or less, by weight, and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of cooper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium (also called columbium), or 0.15 percent of vanadium, or 0.15 percent of zirconium.

rectangular cross sections ranging from 0.375 x 0.625 inches to 2 x 6 inches, or square cross sections ranging from 0.375 to 4 inches, regardless of specification."[9]

THE DOMESTIC LIKE PRODUCT

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. Petitioner has argued that there is one domestic like product, LWR pipe and tube, coexistent with the scope of the investigations.[10] Counsel for the Mexican respondents accepted the petitioners' argument that LWR pipe and tube should be the domestic like product in these investigations.[11] Counsel for the Turkish respondents did not comment on the domestic like product. During the previous investigations involving LWR pipe and tube, the Commission determined that the domestic like product was identical to the scope of the investigations.[12]

Physical Characteristics and Uses

In common usage, and generally in the HTS, the terms "pipes," "tubes," and "tubular products" are interchangeable. In industry nomenclature, however, a distinction is made between pipes and tubes. Pipes are circular cross-sectional tubular products and are produced in a few standard sizes.[13] Tubes, on the other hand, may be of any cross-sectional shape, including circular, square, and rectangular, among others. Steel pipes and tubes can be divided into two general categories according to the method of manufacture, namely, welded or seamless; however, only welded tubing is subject to these investigations.

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[9] Notice of Initiation of Antidumping Duty Investigations: Light-Walled Rectangular Pipe and Tube from Mexico and Turkey, 68 FR 57667, October 6, 2003. LWR pipe and tube is classifiable in the Harmonized Tariff Schedule of the United States (HTS) under subheading 7306.60.5000, at a column 1-General duty rate of 0.8 percent *ad valorem* applicable to imports from Turkey. Imports of qualifying products from Mexico are free under NAFTA.

[10] Conference transcript, p. 15, and petitioners' postconference brief, p. 1. Petitioners' like product comments regarding heavier-walled pipe and tube and round light-walled pipe and tube are set forth in their postconference brief, exh. 1.

[11] Conference transcript, p. 101, and White and Case postconference brief, p. 3. However, if the investigations proceed to a final phase, counsel for the Mexican respondents intends to argue that corrosion-resistant LWR pipe and tube should be treated as a separate like product. Their like product arguments regarding galvanized pipe and tube are set forth in exh. 1 of their postconference brief.

[12] See *Certain Light-Walled Rectangular Pipes and Tubes from Taiwan*, Op. Cit., p. 4, *Light-Walled Rectangular Pipe and Tube from Mexico*, p. 7, and *Certain Pipe and Tube from Argentina, Brazil, Canada, India, Korea, Mexico, Singapore, Taiwan, Thailand, Turkey, and Venezuela*, p. 14.

[13] Each standard pipe size is defined by a nominal diameter and wall thickness. The pipe standard is identified by the nominal pipe size (NPS), which is a dimensionless designator that has been substituted for such traditional terms as "nominal diameter." Pipe in nominal pipe sizes of 1/8 to 12 is based on a standardized outside diameter (O.D.) that was originally selected so that pipes having a wall thickness that was typical of the period would have an inside diameter in inches approximately equal to the nominal size. For pipe in nominal sizes of 14 and larger, the O.D. is equal in inches to the nominal size.

These investigations also focus only on carbon steel.[14] Tubes are also distinguished by specific end uses.[15] Most LWR pipe and tube is classified as mechanical tubing, which is not intended to support weight; however, a small amount may fall into the structural category which is meant to bear weight.[16] In the United States, steel pipes and tubes are generally produced according to industrial standards and specifications by standard-setting organizations.[17]

LWR pipe and tube is a distinct category of tube employed in a variety of end uses not involving the conveyance of liquids or gases. The main uses include fencing, window guards, cattle chutes, railings for construction and agricultural applications, and more ornamental (but also functional) items such as furniture parts, athletic equipment, bicycle frames, lawn and garden equipment, store shelving, towel racks, and similar items.

Manufacturing Process

The process of manufacturing LWR pipe and tube is relatively uncomplicated. First, flat-rolled steel is slit into strips of the width needed to produce the desired size of pipe and tube. The steel strips are then fed into machinery that bends the strip into tubular form. The edges of the strip are then pressed together and heated to approximately 2,600 degrees F. The pressure and heat on the edges form a weld. After welding, the round tube is formed into rectangular or square shapes by use of additional forming rolls. The tube is then cooled and cut. A succinct description of the production process which is still valid today can be found in the Commission's final determination concerning LWR pipe and tube from Taiwan.[18]

Some Mexican firms and two U.S. producers make corrosion-resistant galvanized products. Galvanizing is the process of coating steel with a thin film of zinc to protect the steel from corrosion. The most common method for galvanizing is the hot-dip process, which involves dipping the tube into a molton zinc bath. Some producers buy galvanized sheet for which to make LWR tubing, but this represents a small portion of production.[19]

LWR pipe and tube is frequently produced on the same equipment, using the same employees, as round pipe and tube and structural (heavier-walled rectangular) tube.[20]

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[14] According to the American Institute of Iron Institute (AISI), carbon steel is ferrous material with less than 2 percent or less of carbon by weight.

[15] Tubes and pipes are also classified according to end-uses by the AISI including standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods.

[16] According to petitioners, about 5 percent of LWR pipe and tube would be classified as subject structural tubing. Petitioners' postconference brief, exh. 2, p. 1. According to Mexican respondents, about 25-30 percent of LWR pipe and tube would be classified as subject structural tubing. White and Case postconference brief, exh. 1, p. 11. However, respondents' estimates are based on a sampling of customers' purchases of LWR pipe and tube. Petitioners' estimates are based on producers' experience.

[17] These organizations include the American Society of Testing and Materials (ASTM), and the American Society for Mechanical Engineers (ASME). The domestically produced and subject imported LWR pipe and tube is typically made in compliance with ASTM specifications A-513 (mechanical tubing) or, less frequently, A-500 (structural tubing). Conference transcript, pp. 90-93.

[18] *Certain Light-Walled Rectangular Pipes and Tubes from Taiwan*, Op. Cit., pp. A-4-A-5.

[19] Email from Norman Vantoai to Gerald Houck, October 15, 2003.

[20] Responses to Commission's producer's questionnaires.

Interchangeability and Customer and Producer Perceptions

Domestically produced LWR pipe and tube and the imported product are considered interchangeable, with both products being able to meet customer specifications.[21] In previous LWR pipe and tube investigations and in the July 2000 sunset review of the cases, the Commission found that imported LWR may be considered to be interchangeable with domestic product for most applications because manufacturing processes and technologies are similar throughout the world.[22] In addition, LWR pipe and tube must meet common standards regarding materials, dimensions, and testing, established by standard authorities.

Since LWR pipe and tube can be used as both structural and mechanical tubing, typical applications include fence tubing, structural pipe tubing, scaffolding, and framing. Although price and availability are the key considerations for the use or interchangeability of LWR pipe and tube and circular welded carbon steel pipes and tubes, design criteria for specific applications limit their interchangeability.

In the previous sunset investigations, domestic producers and importers reported that domestically produced LWR pipe and tube and subject imports were interchangeable and that there were no differences between the domestic and the imported subject products.[23] Also, it was found that imported and domestically produced products were comparable regarding product quality, prompt delivery, availability, packaging, and payment credit terms. The Commission also found that, while A-513 is primarily used for "mechanical" purposes and A-500 for "ornamental" purposes, the two grades are similar and can be used for similar end uses to a certain extent, and, therefore, can be considered at least somewhat interchangeable.[24] In these investigations, producers and importers stated that the domestically produced product and subject imports were frequently interchangeable.[25]

Although other, generally less expensive products, including steel angle, bar, rod, and channel can be used in place of LWR pipe and tube in many applications, their inferior strength-to-weight ratio serves to limit their usage in many other instances.[26] Also, round, light-walled pipe and tube could theoretically be substituted for LWR pipe and tube, but end-user specifications and long standing customer preferences limit the interchangeability of these products.[27]

Channels of Distribution

Channels of distribution for the imported and U.S.-produced LWR pipe and tube are shown in table I-1. There appears to be little difference in emphasis between the domestic and imported subject products in terms of sales to distributors or end users.

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[21] According to petitioners, subject imports are fungible with domestic production and with other subject imports. Petitioners' postconference brief, p. 5. According to witnesses for importers of LWR pipe and tube from Mexico and counsel for Mexican respondents, the subject products and the domestically produced products are commodity products and are interchangeable. Conference transcript, pp. 138, 143, 155, and 172.

[22] *Certain Pipe and Tube from Argentina, Brazil, Canada, India, Korea, Mexico, Singapore, Taiwan, Thailand, Turkey, and Venezuela (Review),* Op. Cit., p. LWR-I-11.

[23] Ibid. p. II-4. Similar results were also obtained in original determinations. See, *Light-Walled Rectangular Pipe and Tube from Mexico*, Op. Cit., p. II-5.

[24] *Light-Walled Rectangular Pipe and Tube from Mexico*, Op. Cit., p. I-7.

[25] Responses to Commission's producers' questionnaires.

[26] *Light-Walled Rectangular Pipe and Tube from Mexico*, Op. Cit., p. II-4.

[27] Conference transcript, pp. 78-81.

Table I-1
LWR pipe and tube: Shares of shipments by channels of distribution, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Share of quantity (*percent*)				
Producers' U.S. shipments to–					
Distributors	60.3	60.3	60.8	62.0	65.0
End users	39.7	39.7	39.2	38.0	35.0
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of Mexican imports to–					
Distributors	66.2	59.0	58.9	60.9	67.2
End users	33.8	41.0	41.1	39.1	32.8
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of Turkish imports to–					
Distributors	21.5	57.7	74.2	56.5	87.3
End users	78.5	42.3	25.8	43.5	12.7
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of subject imports to–					
Distributors	61.6	60.0	60.3	61.7	65.6
End users	38.4	40.0	39.7	38.3	34.4
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of all other imports to–					
Distributors	75.7	96.0	97.5	95.3	98.7
End users	24.3	4.0	2.5	4.7	1.3
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of all imports to–					
Distributors	61.8	60.6	60.8	62.0	65.9
End users	38.2	39.4	39.2	38.0	34.1
Total	100.0	100.0	100.0	100.0	100.0

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

Source: Compiled from data submitted in response to Commission questionnaires.

Price

Average unit values for commercial domestic shipments of LWR pipe and tube fluctuated downward from $587 per ton to $543 per ton during 2000-2002. Average unit values for shipments of imports from Mexico fluctuated upward from $500 per ton to $509 per ton during 2000-2002. Average unit values for shipments of imports from Turkey fluctuated downward from $515 per ton to $326 per ton during 2000-2002. Pricing practices and prices reported for LWR pipe and tube in response to Commission questionnaires are presented in Part V of this report.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

LWR pipe and tube is a product used in many applications. Uses cited by questionnaire respondents included automotive applications, ornamental fences, display racks, sports equipment, furniture, hand rails, material handling equipment, gates, scaffolding, agricultural equipment, machine parts, carports, and trailers.

Shipments of LWR pipe and tube within the United States are more likely to go to distributors than to end users. For U.S. producers, distributors accounted for 60 percent of annual shipments during 2000-02. For imports from Mexico, between 59 and 66 percent of shipments within the United States went to distributors annually during those years. For imports from Turkey, the share of U.S. shipments to distributors increased from 21 percent in 2000 to 58 percent in 2001, and to 74 percent in 2002.

In most cases, U.S. producers and importers of product from the subject countries sell LWR pipe and tube in specific areas of the United States. Two U.S. producers reported that they sell throughout the continental United States. However, one of these firms said that its primary market area is Utah and East of Utah. Of the other nine producers, six reported that they sell primarily in western states,[1] one said that it sells primarily in Texas and bordering states with some business in Kansas and Missouri, one said that it sold principally in the Midwest, and one said that it sold primarily in the Northeast and Southeast. Of the 27 importers, the majority of importers of LWR pipe and tube from both Mexico and Turkey reported that they sell principally in the Southwest or Gulf region. However, some reported sales in the Midwest, the Southeast and the East Coast.

U.S. inland shipping distances for U.S.-produced LWR pipe and tube were compared with those for imports from Mexico and Turkey during 2002. For producers, an average of nearly 36 percent of their U.S. sales occur within 100 miles of their production or storage facilities, nearly 58 percent were within distances of 101 to 1,000 miles, and nearly 7 percent occur at distances of over 1,000 miles. For imports from Mexico, an average of 16 percent of sales occurred within 100 miles of importers' storage facilities or ports of entry, 51 percent were within 101 to 1,000 miles, and 33 percent involved distances of over 1,000 miles. For imports from Turkey, an average of *** percent of sales occurred within 100 miles of importers' storage facilities or ports of entry, about *** percent were within 101 to 1,000 miles, and *** percent involved distances of over 1,000 miles.

Delivery lead times varied widely for both U.S.-produced LWR pipe and tube and imports from Mexico and Turkey. For U.S. producers they range from 2 days to as much as 60 days. For imports from the subject countries, they ranged from 1 day to as much as 4 to 6 months.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

The sensitivity of the domestic supply of LWR pipe and tube to changes in price depends on several factors including the level of excess capacity, the availability of alternate markets for U.S.-produced LWR pipe and tube, inventory levels, and the ability to shift to the manufacture of other products. The overall evidence in the preliminary phase of the investigations indicates that the industry has a high degree of flexibility in expanding output and U.S. shipments in response to an increase in price chiefly due to the low industry capacity utilization rates, and high ratios of inventories to

[1] One of these six firms, ***.

shipments. The capacity utilization rates were consistently below 50 percent during 2000-2002. They ranged from a low of 40 percent in 2001 to a high of 47 percent in 2002. However, export quantities were consistently small during 2000-2002. In each of these years, exporters accounted for slightly more than *** percent of total U.S. shipments. During January-June 2003, the ratio of exports to total U. S. shipments was *** percent. The ratio of end-of-period inventories to U.S. commercial shipments ranged from 12 to 13 percent during 2000-2003. During January-June 2003 the ratio was 11.7 percent.

Questionnaire responses show that 10 of the 11 U.S. producers make other kinds of pipe and tubing using the same production equipment and production and related workers employed in making LWR pipe and tube. Round pipe and tubing was most commonly cited, but fence tube, oval pipe, structural pipe and other products were also mentioned. This information suggests that the industry has some flexibility in shifting its product mix.

U.S. Demand

Demand Characteristics

Since LWR pipe and tube is an intermediate product with many end use applications, including fences, gates, hand rails, furniture, sports equipment, automotive equipment and others as discussed above, the overall demand for LWR pipe and tube is closely linked to the demand for those end use products. The price elasticity of demand for LWR pipe and tube is probably moderately high. Although these pipe and tube products do not have close substitutes, they often account for a substantial share of the final cost of products where they are used as inputs (see cost share discussion below).

When asked how the U.S. demand for LWR pipe and tube had changed since 2000, 10 of 11 producers reported that demand had declined, while responses from importers were mixed. Most of the producers reporting reduced demand attributed the decline to two factors, a sluggish economy and increased imports of manufactured goods that make use of LWR pipe and tube. In contrast, one producer reported that demand had been stable over the period. Of the 22 importers that responded, nine said that demand had decreased, five said that it had increased, and eight said that it was unchanged. Apparent consumption data indicate that overall demand in the United States increased irregularly from 600,975 short tons in 2000 to 649,124 in 2002. During January-June 2003, apparent consumption was 317,670 short tons as compared to 321,324 short tons during the same period in 2002.

Substitute Products

Most producers and importers either stated that there are no substitutes for LWR pipe and tube or indicated that they are not aware of any substitutes. A few producers and importers did mention some substitute products, including round pipe and tube, and products made of aluminum, stainless steel, plastic and wood. At the conference, Mr. Terry Mitchell, the senior vice president of Northwest Pipe said that there are no substitutes for LWR pipe and tube because of its weight advantages. Mr. Parry Katsafanas, the president of Leavitt Tube, said that aluminum could be a substitute in some cases, but that it is much more expensive.[2]

[2] Conference transcript, p. 67.

Cost Share

Producers and importers were asked to estimate the cost of LWR pipe and tube products as a percentage of the end use products for which they are used as inputs. Five producers and two importers made estimates for various products. The available estimates show that LWR pipe and tube often accounts for a substantial share of the final product cost. Estimates ranged from 2 to 80 percent for automotive uses, from 20 percent to over 50 percent for display racks, from 15 to 60 percent for furniture, from 30 to 80 percent for gates and fences, from 15 to 80 percent for sports equipment, from 30 to 80 percent for scaffolding and from 10 to 20 percent for trailers. Estimates were also made by individual firms for other products including bed frames (1 percent), frame materials for storage building (75 percent), and hand rails (30 percent).

SUBSTITUTABILITY ISSUES

The extent of substitutability between domestic products and subject and nonsubject imports, between subject imports from different sources, and between subject and nonsubject imports is examined in this section. The discussion is based upon the results of questionnaire responses from producers and importers.

Comparisons of Domestic Products and Subject Imports

In order to determine whether U.S.-produced LWR pipe and tube can generally be used in the same applications as imports from Mexico and Turkey, producers and importers were asked whether the product can "always," "frequently,""sometimes,"or "never" be used interchangeably. The majority of producers that compared these two countries with the United States reported that they are always or frequently interchangeable as shown in table II-1. One producer commented that U.S.-produced products are higher in quality than imports, but for most applications quality requirements are not that important. Another producer commented that while the imports are often substandard, their dimensions are the same as those for U.S.-produced products. A third producer said that interchangeability depends upon the quality requirement of individual customers. The producer said that for many applications, the domestic products and imports are always interchangeable.

Importers' responses concerning interchangeability between the domestic product and imports from Mexico were often similar to those from U.S. producers. For importers that compared U.S. products with both Mexico and Turkey, a majority said that the products from these countries can always or frequently be used interchangeably.[3]

Three firms that import from Mexico that compared the domestic products and subject imports with respect to interchangeability made additional comments. One firm said that the quality of the product may limit interchangeability. Another said that it offers product with odd lengths and coatings for customers with small orders that are not available from most U.S. producers. A third firm said that it offers a product with a special coating that is only available from a few U.S. producers.

[3] Responses concerning interchangeability were similar among importers of LWR pipe and tube from both Mexico and Turkey.

Table II-1
LWR pipe and tube: Interchangeability of product from different sources[1]

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. Mexico	3	6	1	0	1	9	11	3	0	4
U.S. vs. Turkey	3	4	1	0	3	5	7	2	0	13
U.S. vs. Nonsubject	2	4	1	0	4	5	6	2	0	14
Mexico vs. Turkey	3	2	2	1	3	4	6	3	0	14
Mexico vs. Nonsubject	2	2	1	1	5	4	5	4	0	14
Turkey vs. Nonsubject	3	2	1	1	4	4	5	4	0	14

[1] Producers and importers were asked if LWR pipe and tube produced in the United States and in other countries is used interchangeably.

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition to questions concerning interchangeability, producers and importers were also asked to compare U.S.-produced products with imports from each subject country in terms of product differences such as quality, availability, product range, and others. Again, firms were asked whether these product differences are always, frequently, sometimes, or never significant (see table II-2). Of the producers that compared the United States with Mexico and Turkey, most said that the differences are sometimes or never significant. One producer said that differences between the United States and Mexico are frequently significant. Among importers, a majority said that the differences are always, frequently, or sometimes significant for both countries.[4]

Comparisons of Domestic Products and Nonsubject Imports

Producers and importers from all sources were also asked to compare U.S.-produced LWR pipe and tube with nonsubject imports both in terms of interchangeability and product specifications. Most producers that compared the interchangeability of the domestic product with nonsubject imports said that they are always or frequently interchangeable. All producers that compared the domestic product with nonsubject imports in terms of product differences said that the differences are either sometimes or never significant. Of the importers that compared the domestic product with nonsubject imports in terms of interchangeability, the majority stated that they are always or frequently interchangeable. The majority of importers that compared the domestic product with nonsubject imports in terms of product differences said that the differences are sometimes or never significant.

[4] Responses concerning product differences were similar among importers of LWR pipe and tube from both Mexico and Turkey.

Table II-2
LWR pipe and tube: Differences other than price between products from different sources[1]

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. Mexico	0	1	4	5	1	1	5	11	4	6
U.S. vs. Turkey	0	0	5	4	2	2	2	4	3	16
U.S. vs. Nonsubject	0	0	5	4	2	2	1	4	2	18
Mexico vs. Turkey	0	0	3	5	3	4	1	6	1	15
Mexico vs. Nonsubject	0	0	2	5	4	2	3	4	0	18
Turkey vs. Nonsubject	0	0	2	5	4	2	0	3	1	21

[1] Producers and importers were asked if differences other than price between LWR pipe and tube produced in the United States and in other countries are a significant factor in their firms' sales of LWR pipe and tube.

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

Source: Compiled from data submitted in response to Commission questionnaires.

Comparisons of Subject Imports and Nonsubject Imports

U.S. producers and importers of LWR pipe and tube from all sources were further asked to separately compare imports from Mexico and Turkey with nonsubject imports, both in terms of interchangeability and product differences. The majority of producers that compared imports from Mexico and Turkey with nonsubject imports in terms of interchangeability said that the products are always or frequently interchangeable. All producers that compared imports from Mexico and Turkey with nonsubject imports in terms of product differences said that the differences are sometimes significant or never significant. Of the importers that compared products from the two countries with nonsubject imports in terms of interchangeability, the majority said that they are always or frequently interchangeable. Of importers that compared products from Mexico with nonsubject imports in terms of product differences, the majority said that the differences are always or frequently significant. For importers that compared products from Turkey with nonsubject imports, a plurality said that the differences are sometimes significant

Comparisons of Subject Products from the Subject Countries

U.S. producers and importers of LWR pipe and tube from all sources were further asked to compare imports from Mexico and Turkey both in terms of interchangeability and product differences. Over half of the producers that compared products from the two countries in terms of interchangeability said that they are always or frequently interchangeable. All of the U.S. producers that compared products from Mexico and Turkey in terms of product differences said that the differences are sometimes or never significant. Of the importers that compared products from the two countries in terms of interchangeability, a majority said that they are always or frequently interchangeable. Of the importers that compared products from the two countries in terms of product differences, responses were mixed across the categories.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 12 U.S. producers of LWR pipe and tube.

U.S. PRODUCERS

Table III-1 lists the 16 known U.S. producers of LWR pipe and tube, their plant locations, positions on the petition, and shares of reported 2002 production.[1] Counsel for the respondents has argued that producers located on the West Coast account for *** percent of total production in 2002, that most of the subject imports from Mexico enter the United States in Texas, that approximately 80-90 percent of subject imports are sold to users in Texas, and that therefore there is little competition between domestic shipments and shipments of imports.[2] Data from table III-1, however, indicate that about *** percent of U.S. production is accounted for by West Coast producers. Producers accounting for approximately *** percent of 2002 production have at least one plant location in a southern state. A description of the *** U.S. producers follows.

Allied is owned by ***. Allied's products are *** percent round light-walled pipe and tube. Allied is one of two domestic producers capable of producing galvanized LWR pipe and tube.[3]

Bull Moose is owned by ***. Bull Moose is the largest producer in the domestic industry. *** percent of its total plant production is devoted to circular light-walled pipe and tube, and *** percent of its production is dedicated to larger-size pipe and tube.

California is owned by ***. California is the only mill on the West Coast that produces the light-gauged sheet needed to produce LWR pipe and tube.[4] Of its total products, about *** percent are ERW round tubing and *** percent are roll form shapes.

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[1] Counsel for respondents has made an argument that there are more producers of the domestic like product than the 16 listed in table III-1 and that they produce subject structural tubing under specification A-500. White and Case postconference brief, pp. 1-3. According to petitioners, about 5 percent of the products within the scope of the investigations are structural tubing. Petitioners' postconference brief, exh. 2, p. 1. According to Mexican respondents, about 25-30 percent of the products within the scope of the investigations are subject structural tubing. White and Case postconference brief, exh. 1, p. 11. However, respondents' estimates are based on a sampling of customers' purchases of LWR products. Petitioners' estimates are based on producers' experience.

[2] White and Case postconference brief, pp. 4-5.

[3] Petitioners' postconference brief, exh. 4, p. 1.

[4] White and Case postconference brief, p. 10.

Table III-1
LWR pipe and tube: U.S. producers, their positions on the petition, their production locations, and their shares of reported U.S. production, 2002

Firm	Position on the petition	Production location(s)	Share of production *(percent)*
Allied Tube and Conduit (Allied)	Petitioner	Depere, WI	***
Bull Moose Tube Co. (Bull Moose)	Support	Gerald, MO Chicago Heights, IL Elkhart, IN Trenton, GA	***
California Steel & Tube (California)	Petitioner	City of Industry, CA	***
Copperweld Corp. (Copperweld)	***	Pittsburgh, PA	N/A
Dallas Tube (Dallas)	***	Dallas, TX	N/A
EXL Tube (EXL)	Support	North Kansas City, MO	***
Hanna Steel (Hanna)	***	Fairfield, AL	N/A
Hannibal Industries, Inc. (Hannibal)	Petitioner	Los Angeles, CA	***
Leavitt Tube Co., LLC (Leavitt)	Petitioner	Chicago, IL Jackson, MS	***
Maruichi American Corp. (Maruichi)	Petitioner	Santa Fe Springs, CA	***
Northwest Pipe Co. (Northwest)	Petitioner	Houston, TX	***
Parthenon Metal Works (Parthenon)	***	Lavergne, TN Carrollton, KY West Point, MS	***
Searing Industries, Inc. (Searing)	Petitioner	Rancho Cucamongo, CA	***
Valmont Industries, Structural Tube Div. (Valmont)	***	Tulsa, OK	N/A
Vest, Inc. (Vest)	Petitioner	Vernon, CA	***
Western Tube & Conduit Corp. (Western)	Petitioner	Long Beach, CA	***

[1] ***.

Source: Compiled from data submitted in response to Commission questionnaires.

EXL, dba Steel Ventures Co., is owned by ***, and was founded by ex-employees of Leavitt Tube.[5] Steel Ventures purchased the assets of EXL on September 1, 2003. EXL was ***. EXL produces square and round tube on the same machinery as the subject product.

Hannibal is owned ***.[6] Hannibal's products are comprised of mechanical tubing (*** percent) and structural tubing (*** percent). Of Hannibal's tubing products, *** percent are subject structural tubing.[7]

Leavitt has two facilities: the original in Chicago, IL, founded in 1957, and the newer facility (built in 1985) in Jackson, MS.[8] Leavitt produces a variety of products: structural tubing (*** percent), pipe (*** percent), and round light-walled tubing (*** percent). Of Leavitt's tubing products, ***

[5] Conference transcript, p. 55.

[6] Hannibal's production of LWR pipe and tube in 2002 was *** tons. ***.

[7] Staff conversation with counsel for the petitioners, October 14, 2003.

[8] Conference transcript, p. 31.

percent are subject structural tubing.[9] Leavitt was purchased in 1996 by Chase Brass and Copper for $92 million but sold on March 31, 2001 for only $29 million.[10]

Maruichi is owned by ***. Maruichi began operations in 1980 and currently has six mills and two slitting lines. It imported LWR pipe and tube only from Japan during the period examined. Maruichi's products include round light-walled tube (*** percent) and ASTM A-53A and B pipe (*** percent).

Northwest purchased the assets of Southwest Pipe in Houston, TX in 1998. Its products include round pipe and tubing (*** percent) in addition to LWR pipe and tube.[11]

Parthenon is owned by ***. Its products include round, oval, bullet-nosed, and d-shaped tubing (*** percent). It appears that part of Parthenon's facilities may have once been part of Excaliber Tube, which was founded by ex-Bull Moose employees and went into bankruptcy at the end of 2001 or early 2002. Leggett & Platt bought some of the assets of Excaliber Tube.[12]

Searing is a family owned company that was founded in 1985. It produces round and rectangular light-walled tubing, and it has one structural mill to produce structural tubing.[13] Of Searing's tubing products, *** percent are subject structural tubing.[14]

Vest is owned by ***. Structural tubing accounted for *** percent of its sales. Of Vest's LWR tubing products, *** percent are subject structural tubing.[15]

Western Tube is owned by ***. Western's products include fence tube (*** percent), electric metallic tubing (circular, galvanized) (*** percent), mechanical rounds (*** percent), and LWR pipe and tube (*** percent). Western is the only other producer, along with Allied, producing galvanized LWR tubing.

Copperweld, in Pittsburgh, PA, ***. About 15 years ago Palmer Tube of Australia purchased Welded Tube Co. of America and invested in its U.S. facility in Chicago to produce painted tubing products similar to those produced by one of the Mexican respondents, Prolamsa. Welded Tube Co. was sold to LTV Copperweld in 1999.[16]

In addition to active producers, there have been closures during the period examined. Excaliber Tube filed for bankruptcy in late 2001 or early 2002. Copperweld closed its Piqua, OH mill in mid-2002. That mill was owned by LTV and was formerly known as Miami Tube.[17] Maverick Tube Corp.'s Youngstown, OH pipe mill closed in February 2003.[18]

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

The U.S. industry's production, capacity, and capacity utilization data are presented in table III-2. From 2000 to 2002, capacity fluctuated downward, while production fluctuated upward slightly,

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[9] Staff conversation with counsel for the petitioners, October 14, 2003.

[10] Conference transcript, p. 68.

[11] Ibid, pp. 35-37.

[12] Ibid, p. 56.

[13] Ibid, p. 37.

[14] Staff conversation with counsel for the petitioners, October 14, 2003.

[15] Ibid.

[16] Petitioners' postconference brief, exh. 4, p. 2.

[17] Ibid, p. 19 and conference transcript, pp. 56-57.

[18] White and Case postconference brief, p. 16.

yielding a capacity utilization that fluctuated slightly upward. Both capacity and production declined between the interim periods, with production declining more rapidly, yielding a decline in the capacity utilization figure. It is important to note that capacity utilization remained well below 50 percent throughout the period examined.[19] The basis for reporting capacity varied widely among firms, ranging from 40 to 120 hours a week. ***.

Table III-2
LWR pipe and tube: U.S. production capacity, production, and capacity utilization, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
Capacity (*short tons*)	788,718	773,275	780,208	394,104	388,628
Production (*short tons*)	364,166	307,585	366,775	189,355	183,401
Capacity utilization (*percent*)	46.2	39.8	47.0	48.0	47.2

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

Source: Compiled from data submitted in response to Commission questionnaires.

Of the firms in the industry, ***.

Most firms produced other tubing products on the same machinery as that used to produce LWR pipe and tube: primarily light-walled round pipe and tube, but also square, oval, bullet-nosed, and d-shaped tubing. In addition, some of the firms manufacture nonsubject structural tubing and roll form shapes. LWR pipe and tube ranged in percentage from 25 to 100 percent of the products manufactured by each firm in the industry.

*** was one of two firms in the industry to reply that it changed its operations recently. It ***.[20] *** also experienced some changes during the period examined. It ***.[21]

[19] At the conference, the industry witness from Northwest testified that a capacity utilization of 50 percent was normal for the pipe and tube industry. The witness from Leavitt indicated that his firm achieved higher capacity utilization rates in the early 1980s and expected the higher rates to return in the absence of dumped imports. Conference transcript, pp. 58-59.

[20] Questionnaire response of ***.

[21] Questionnaire response of ***.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-3 presents data on the U.S. industry's shipments during the period examined. The quantity of commercial shipments fluctuated downward slightly from 2000 to 2002, while unit values fell steadily. Between the interim periods, the quantity of commercial shipments declined while their unit values increased. ***. Export shipments were accounted for by ***.

Counsel for the respondents has argued that producers located on the West Coast accounted for *** percent of total production in 2002, that most of the subject imports from Mexico enter the United States in Texas, that approximately 80-90 percent of subject imports are sold to users in Texas, and that therefore, there is little competition between domestic shipments and shipments of imports.[22] Data from table III-1, however, indicate that about *** percent of U.S. production is accounted for by West Coast producers. Producers accounting for approximately *** of 2002 production have at least one plant location in a southern state. Freight costs are a large factor for the subject product: approximately $40 a ton from Mexico to Texas; $70 a ton from Mexico to the East Coast; and $120 a ton from Mexico to California.[23] For U.S. producers, nearly 36 percent of their sales occurred within 100 miles of their facilities; however, about 58 percent of their sales occurred within 101-1,000 miles of their plant locations.[24] Imports from Mexico entered predominantly in Laredo, TX, and imports from Turkey entered predominantly in Houston, TX.[25] For shipments of imports from Mexico, an average of 16 percent of sales occurred within 100 miles of importers' storage facilities, and another 51 percent of sales occurred within 101-1,000 miles of such facilities. For shipments of imports from Turkey, an average of *** percent of sales occurred within 100 miles of importers' storage facilities, and another *** percent of sales occurred within 101-1,000 miles of such facilities.[26]

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[22] White and Case postconference brief, pp. 4-5.

[23] Ibid, p. 4.

[24] Responses to producers' questionnaires.

[25] Official Commerce statistics.

[26] Responses to importers' questionnaires.

Table III-3
LWR pipe and tube: U.S. producers' shipments, by types, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
			Quantity (*short tons*)		
Commercial shipments	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	357,117	309,312	354,969	188,015	180,184
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
			Value (*1,000 dollars*)		
Commercial shipments	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	209,928	168,411	193,122	100,641	103,117
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
			Unit value (*per ton*)		
Commercial shipments	$***	$***	$***	$***	$***
Transfers to related firms	***	***	***	***	***
U.S. shipments	587.84	544.47	544.05	535.28	572.29
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Table III-4 presents data on the U.S. industry's inventories during the period. The ratio of inventories to production fluctuated downward from 2000 to 2002, then increased slightly between the interim periods.

Table III-4
LWR pipe and tube: U.S. producers' end-of-period inventories, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
Inventories (*short tons*)	44,528	40,011	44,165	39,601	42,089
Ratio of inventories to production (*percent*)	12.2	13.0	12.0	10.5	11.5
Ratio of inventories to U.S. shipments (*percent*)	12.5	12.9	12.4	10.5	11.7
Ratio of inventories to total shipments (*percent*)	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 shows the U.S. industry's employment-related data during the period examined. Employment data are based on 11 U.S. producers (*** did not supply employment data). The total number of production workers declined from 2000 to 2001, but increased to previous levels in 2002. There was a slight increase from January-June 2002 to January-June 2003. Hourly wages increased from 2000 to 2002, but declined slightly between the interim periods. Unit labor costs fluctuated upward from 2000 to 2002, then declined slightly between the interim periods. Productivity fluctuated upward from 2000 to 2002, then also declined slightly between the interim periods.

Although ***.[27] ***.[28]

Table III-5
LWR pipe and tube: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
Production and related workers (PRWs)	736	682	735	726	731
Hours worked by PRWs (*1,000 hours*)	1,113	964	1,040	521	508
Wages paid to PRWs (*1,000 dollars*)	16,133	14,163	16,746	8,596	8,256
Hourly wages	$14.50	$14.69	$16.10	$16.50	$16.25
Productivity (*tons produced per hour*)	324.5	316.0	349.8	361.5	361.0
Unit labor costs (*per ton*)	$44.67	$46.50	$46.03	$45.64	$45.01
Source: Compiled from data submitted in response to Commission questionnaires.					

[27] A staff email questioning the validity of Parthenon's employment figures was issued on October 6, 2003, but no reply was received from Parthenon's representatives.

[28] Letter from counsel for the petitioners, October 2, 2003.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

There were 27 known importers of LWR pipe and tube during the period examined, accounting for about 91 percent of subject imports from Mexico, 99 percent of subject imports from Turkey, and 92 percent of subject imports combined. Most are located in the south: 14 in Texas, five in Mexico, one in Oklahoma, and one in Louisiana. Four are located in the New York/New Jersey area. One U.S. producer, ***, imported LWR pipe and tube from ***. As mentioned in part III of this report, *** imports the subject product from *** and is related to ***, one of the U.S. producers of LWR pipe and tube.

U.S. IMPORTS

U.S. subject imports are based on official Commerce statistics and are presented in table IV-1.[1] Subject imports from Mexico increased significantly from 2001 to 2002, and then again slightly from January-June 2002 to January-June 2003. The average unit value of imports from Mexico fluctuated upward from 2000 to 2002, and increased between January-June 2002 and January-June 2003. Subject imports from Turkey also increased substantially between 2001 and 2002, and then again between the interim periods. Average unit values of such imports declined dramatically from 2000 to 2002, then increased substantially from January-June 2002 to January-June 2003. Counsel for the Turkish respondents attributes the fluctuations in average unit values to changes the price of steel coils by 30-100 percent.[2] Imports from all other sources declined during the period examined. Imports from nonsubject sources covered by section 201 relief increased from 2000 to 2001, then declined during the rest of the period examined.

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[1] From September 1, 2002 to August 31, 2003, imports from Turkey accounted for 11.7 percent of the quantity of total imports of LWR pipe and tube, and imports from Mexico accounted for 50.8 percent of total imports of LWR pipe and tube.

[2] Email from counsel for the Turkish respondents, October 16, 2003.

Table IV-1
LWR pipe and tube: U.S. imports, by sources, 2000-2002, January-June 2002, and January-June 2003

Source	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Quantity (*short tons*)				
Mexico	105,849	102,146	144,591	65,974	68,643
Turkey	10,482	8,403	30,536	6,486	14,943
Subtotal	116,331	110,549	175,127	72,460	83,586
Sources subject to AD and 201duties	48,514	48,949	47,666	24,273	13,200
All other sources	79,013	64,315	71,362	36,575	40,700
Subtotal	127,527	113,264	119,028	60,849	53,900
Total imports	243,858	223,813	294,155	133,309	137,486
	Value ($*1,000*)[1]				
Mexico	52,900	49,778	73,643	30,692	33,920
Turkey	5,397	3,195	9,958	1,880	7,958
Subtotal	58,298	52,974	83,602	32,572	41,878
Sources subject to AD and 201duties	22,839	20,788	21,074	9,975	6,699
All other sources	41,209	30,887	36,351	17,536	19,818
Subtotal	64,048	51,675	57,424	27,511	26,517
Total imports	122,345	104,648	141,026	60,083	68,395
	Unit value (*per ton*)				
Mexico	$499.77	$487.32	$509.32	$465.21	$494.14
Turkey	514.91	380.24	326.11	289.85	532.56
Subtotal	501.14	479.18	477.38	449.52	501.01
Sources subject to AD and 201duties	470.76	424.69	442.11	410.95	507.53
All other sources	521.55	480.24	509.39	479.46	486.93
Subtotal	502.23	456.23	482.45	452.13	491.98
Total imports	501.71	467.57	479.43	450.71	497.47

Source	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Share of quantity (*percent*)				
Mexico	43.4	45.6	49.2	49.5	49.9
Turkey	4.3	3.8	10.4	4.9	10.9
Subtotal	47.7	49.4	59.5	54.4	60.8
Sources subject to AD and 201 duties	19.9	21.9	16.2	18.2	9.6
All other sources	32.4	28.7	24.3	27.4	29.6
Subtotal	52.3	50.6	40.5	45.6	39.2
Total imports	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)				
Mexico	43.2	47.6	52.2	51.1	49.6
Turkey	4.4	3.1	7.1	3.1	11.6
Subtotal	47.7	50.6	59.3	54.2	61.2
Sources subject to AD and 201duties	18.7	19.9	14.9	16.6	9.8
All other sources	33.7	29.5	25.8	29.2	29.0
Subtotal	52.4	49.4	40.7	45.8	38.8
Total imports	100.0	100.0	100.0	100.0	100.0
	Ratio of imports to U.S. production (*percent*)				
Mexico	29.1	33.2	39.4	34.8	37.4
Turkey	2.9	2.7	8.3	3.4	8.1
Subtotal	31.9	35.9	47.7	38.3	45.6
Sources subject to AD and 201duties	13.3	15.9	13.0	12.8	7.2
All other sources	21.7	20.9	19.5	19.3	22.2
Subtotal	35.0	36.8	32.5	32.1	29.4
Total imports	67.0	72.8	80.2	70.4	75.0

[1] Landed, duty-paid.

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

Source: Compiled from official Commerce statistics: HTS statistical reporting number 7306.60.5000.

APPARENT U.S. CONSUMPTION

Table IV-2 presents apparent U.S. consumption during the period, based on imports and U.S. shipments. The quantity of consumption fluctuated upward from 2000 to 2002, then declined from January-June 2002 to January-June 2003. The value of consumption increased between the interim periods.

U.S. MARKET SHARES

During the period examined, U.S. producers lost market share to subject imports, as shown in table IV-3. Imports from all other sources also lost market share to subject imports during the period.

Table IV-2
LWR pipe and tube: U.S. shipments of domestic product, U.S. import shipments, and apparent U.S. consumption, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Quantity (*short tons*)				
U.S. producer's U.S. shipments	357,117	309,312	354,969	188,015	180,184
U.S. imports from--					
Mexico	105,849	102,146	144,591	65,974	68,643
Turkey	10,482	8,403	30,536	6,486	14,943
Subtotal	116,331	110,549	175,127	72,460	83,586
Sources subject to AD and 201 duties	48,514	48,949	47,666	24,273	13,200
All other sources	79,013	64,315	71,362	36,575	40,700
Subtotal	127,527	113,264	119,028	60,849	53,900
Total import shipments	243,858	223,813	294,155	133,309	137,486
Apparent U.S. consumption	600,975	533,125	649,124	321,324	317,670
	Value (*1,000 dollars*)				
U.S. producer's U.S. shipments	209,928	168,411	193,122	100,641	103,117
U.S. imports from--					
Mexico	52,900	49,778	73,643	30,692	33,920
Turkey	5,397	3,195	9,958	1,880	7,958
Subtotal	58,298	52,974	83,602	32,572	41,878
Sources subject to AD and 201 duties	22,839	20,788	21,074	9,975	6,699
All other sources	41,209	30,887	36,351	17,536	19,818
Subtotal	64,048	51,675	57,424	27,511	26,517
Total import shipments	122,345	104,648	141,026	60,083	68,395
Apparent U.S. consumption	332,273	273,059	334,148	160,725	171,512

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

Table IV-3
LWR pipe and tube: U.S. consumption and market shares, 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Quantity (*short tons*)				
U.S. consumption	600,975	533,125	649,124	321,324	317,670
	Value (*1,000 dollars*)				
U.S. consumption	332,273	273,059	334,148	160,725	171,512
	Share of quantity (*percent*)				
U.S. producer's U.S. shipments	59.4	58.0	54.7	58.5	56.7
U.S. imports from--					
Mexico	17.6	19.2	22.3	20.5	21.6
Turkey	1.7	1.6	4.7	2.0	4.7
Subtotal	19.4	20.7	27.0	22.6	26.3
Sources subject to AD and 201 duties	8.1	9.2	7.3	7.6	4.2
All other sources	13.1	12.1	11.0	11.4	12.8
Subtotal	21.2	21.2	18.3	18.9	17.0
Total import shipments	40.6	42.0	45.3	41.5	43.3
	Share of value (*percent*)				
U.S. producer's U.S. shipments	63.2	61.7	57.8	62.6	60.1
U.S. imports from--					
Mexico	15.9	18.2	22.0	19.1	19.8
Turkey	1.6	1.2	3.0	1.2	4.6
Subtotal	17.5	19.4	25.0	20.3	24.4
Sources subject to AD and 201 duties	6.9	7.6	6.3	6.2	3.9
All other sources	12.4	11.3	10.9	10.9	11.6
Subtotal	19.3	18.9	17.2	17.1	15.5
Total import shipments	36.8	38.3	42.2	37.4	39.9

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs account for a major share of the cost of producing LWR pipe and tube. During 2000-2002 these costs consistently ranged between 70 percent and 74 percent of the cost of goods sold. The chief raw material inputs used in making these products are hot rolled and cold rolled sheet. Galvanized sheet is used occasionally.

Transportation Costs to the U.S. Market

Transportation costs for LWR pipe and tube shipped from Mexico to the United States averaged 8.6 percent of the customs value of imports during 2002, and imports from Turkey to the United States averaged 11.4 percent of the customs value of imports during that year. These estimates are derived from official import data and represent the transportation and other charges on imports.[1]

U.S. Inland Transportation Costs

Transportation costs on U.S. inland shipments of LWR pipe and tube generally account for a small to moderate share of the delivered price of these products. For U.S. producers, reported costs ranged from 2 to 5 percent of the delivered price. For importers from the subject countries that made estimates, these costs ranged from 3 percent to as much as 15 percent. However, in the majority of cases the costs were 6 percent or less.

Exchange Rates

Nominal and real exchange rate data for Mexico and Turkey are presented on a quarterly basis in figure V-1.[2] The data show that the nominal exchange rate of the Mexican peso depreciated moderately in relation to the dollar during the period shown while the real exchange rate appreciated slightly in relation to the dollar. For Turkey, the nominal exchange rate of the Turkish lire depreciated sharply relative to the dollar, while the real exchange rate fluctuated widely during the period.

PRICING PRACTICES

Producers and importers from subject countries reported that prices of LWR pipe and tube are determined in a variety of ways. Among U.S. producers, transaction-by-transaction negotiations were the most commonly cited method for arriving at prices. In addition, certain producers also reported that prices are determined by contracts and by price lists. One producer also said that its prices are based upon a customer's past order volume and length of time as a customer of the firm. Another producer said that its prices are cost-based. Among importers, transaction-by-transaction negotiations were also the most commonly cited method for arriving at prices, with contract negotiations, percentage markups from

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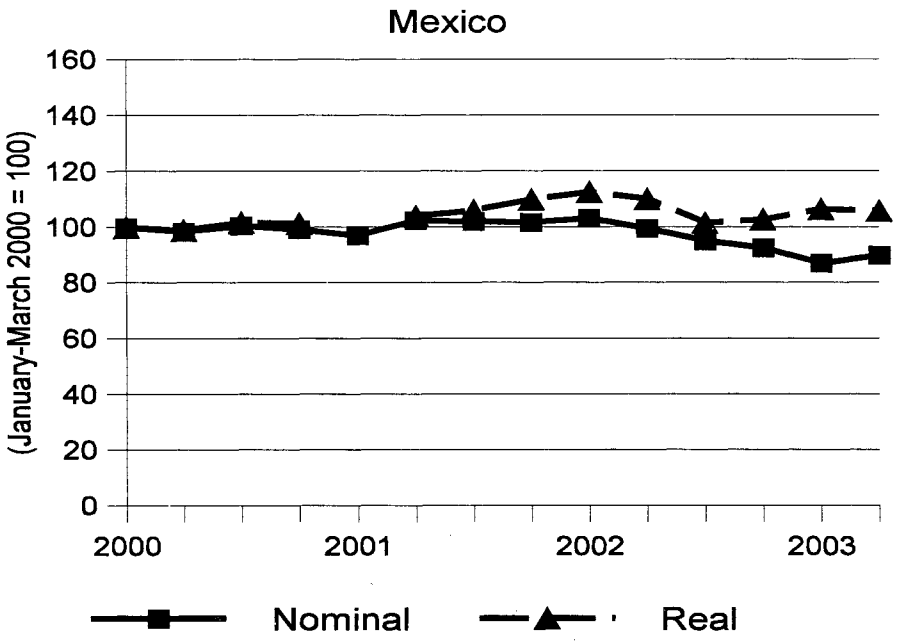
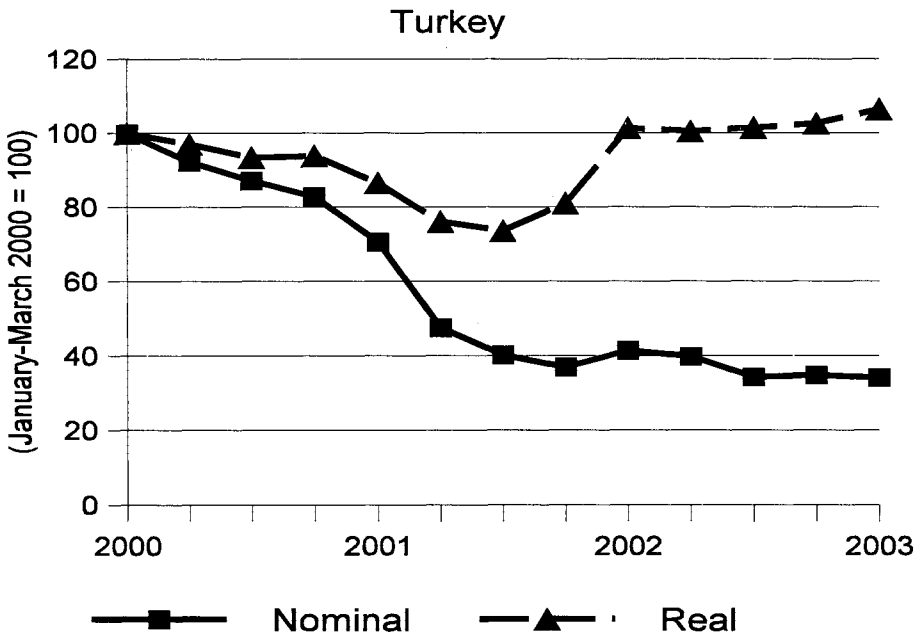
[1] The estimated cost was obtained by subtracting the customs value from the c.i.f. value of the imports for 2002 and then dividing by the customs value.

[2] Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and each of the subject countries.

Figure V-1
Exchange rates: Indexes of nominal and real values of the currencies of Mexico and Turkey in relation to U.S. dollars, by quarters, January 2000-June 2003 for Mexico and January 2000-March 2003 for Turkey





Source: International Monetary Fund, *International Financial Statistics*, April 2003 and August 2003.

costs, and price lists also mentioned. One importer said that its prices are based upon prevailing market prices of its competitors.

Discount policies vary widely among U.S. producers and importers of LWR pipe and tube from the subject countries. Questionnaire responses show that producers are more likely to provide discounts than importers. Six of the 11 producers reported that they provide volume discounts either as a general policy or on a case by case basis. Among importers, just four of over 20 responding firms reported that they provide discounts based upon quantity. Three of these firms have imported from Mexico but not Turkey, and one has imported from Turkey but not Mexico. In addition, four importers of the Mexican product stated that they provide discounts of 0.5 to 1.0 percent for prompt payment of accounts.

U.S. producers and importers of products from the subject countries commonly quote prices on either an f.o.b. or delivered basis. Producers making f.o.b. quotes reported quoting f.o.b. mill, f.o.b. warehouse, f.o.b. Southern California, and f.o.b. Los Angeles. Importers making f.o.b. quotes usually quote f.o.b. port of entry.

While sales of LWR pipe and tube are commonly on either a spot or contract basis, contract sales are more common among producers than for importers from the subject countries. Questionnaire responses show that six of 11 producers make part of their sales on a contract basis, while the other five sell entirely on a spot basis. For the producers that sell on a contract basis, contract sales accounted for between 5 percent and 80 percent of total sales. Just 6 of the 20 firms that reported sales of imports from Mexico sell on a contract basis. Five of these firms reported that all of their sales are contract, while the sixth said that 10 percent of its sales are contract. None of the eight firms that import from Turkey have contract sales.

Contract characteristics are similar for producers and importers. In most cases contract periods range from 3 to 6 months, although one U.S. producer reported that its contracts are one year in duration. For producers, prices are normally fixed during the contract period, and in some cases quantities are also fixed. The majority of contracts for producers and importers do not have meet-or-release provisions. Among both producers and importers, standard quantity requirements vary, and most firms do not charge a premium for sub-minimum shipments.

PRICE DATA

U.S. producers and importers of LWR pipe and tube from Mexico and Turkey were asked to provide quarterly data for the total quantity and value of selected products that were shipped to unrelated customers in the U.S. market during the period January-March 2000 through April-June 2003. The products for which pricing data were requested are as follows:

> ***Product 1***.–**ASTM A-513 (mechanical) or A-500 grade A or B (ornamental) tubing, carbon welded, not pickled and oiled, 2 inch square, 0.120 inch nominal wall thickness (+ or -10 percent) (11 gauge), 20 foot or 24 foot lengths.**
>
> ***Product 2***.–**ASTM A-513 (mechanical) or A-500 grade A or B (ornamental) tubing, carbon welded, pickled and oiled, 1 inch square, 0.065 inch nominal wall thickness (+ or -10 percent) (16 gauge), 20 foot or 24 foot mill lengths.**

Ten U.S. producers, 14 importers of products from Mexico, and six importers of products from Turkey provided varying amounts of price data. Pricing data reported by the producers accounted for approximately 17 percent of U.S. producers' commercial shipments during 2002. Price data reported for imports of LWR pipe and tube from Mexico accounted for 12 percent of imports in 2002, and price data

reported for imports of LWR pipe and tube from Turkey accounted for 17 percent of imports from Turkey in 2002.

Price Trends

Quarterly weighted average prices of products 1 and 2 are shown in tables V-1 and V-2 and figure V-2 for the period January-March 2000 through April-June 2003. U.S. producer prices and prices of imports from Mexico fluctuated moderately throughout the period with no clear trend evident. Prices for imports from Turkey varied widely from quarter to quarter for product 1 and for product 2 during quarters where sales were reported.

Price Comparisons

Prices of imports from Mexico and Turkey were consistently lower than prices of U.S.-produced LWR pipe and tube. In the case of Mexico, the import price was lower than the average U.S. producer price in 27 of 28 quarters by margins ranging from 1.7 percent to 18.0 percent. In one quarter, the Mexican price was 0.1 percent higher. For Turkey, the import price was lower than the average U.S. producer price in all 21 quarters where comparisons were possible by margins ranging from 1.4 percent to 45.7 percent.

Table V-1
LWR pipe and tube: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2000-June 2003

Period	United States		Mexico			Turkey		
	Price (*per short ton*)	Quantity (short *tons*)	Price (*per short ton*)	Quantity (short *tons*)	Margin (*percent*)	Price (*per short ton*)	Quantity (short *tons*)	Margin (*percent*)
2000:								
Jan.-Mar.	$508.22	6,193	$471.49	978	7.2	$***	***	***
Apr.-June	510.64	8,360	477.09	1,062	6.6	***	***	***
July-Sept.	505.78	7,355	466.98	1,111	7.7	***	***	***
Oct.-Dec.	490.49	5,753	464.89	769	5.2	***	***	***
2001:								
Jan.-Mar.	481.34	5,495	447.35	1,049	7.1	***	***	***
Apr.-June	447.92	6,608	440.44	1,006	1.7	***	***	***
July-Sept.	462.70	5,659	443.63	905	4.1	***	***	***
Oct.-Dec.	452.78	5,219	442.12	660	2.4	***	***	***
2002:								
Jan.-Mar.	429.45	7,390	430.39	769	(0.1)	***	***	***
Apr.-June	451.83	8,510	441.22	1,031	2.3	***	***	***
July-Sept.	506.53	7,467	474.34	1,019	6.4	***	***	***
Oct.-Dec.	515.71	6,751	461.65	1,057	10.5	***	***	***
2003:								
Jan.-Mar.	510.09	7,177	465.72	1,133	8.7	***	***	***
Apr.-June	473.31	8,659	450.13	1,351	4.9	***	***	***

[1] ASTM A-513 (mechanical) or A-500 grade A or B (ornamental) tubing, carbon welded, not pickled and oiled, 2 inch square, 0.120 nominal wall thickness (+ or - 10 percent) (11 gauge), 20 foot or 24 foot lengths.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-2
LWR pipe and tube: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2000-June 2003

Period	United States		Mexico			Turkey		
	Price (*per short ton*)	Quantity (short *tons*)	Price (*per short ton*)	Quantity (short *tons*)	Margin (*percent*)	Price (*per short ton*)	Quantity (short *tons*)	Margin (*percent*)
2000:								
Jan.-Mar.	$583.34	6,879	$***	***	***	$***	***	***
Apr.-June	591.40	7,405	***	***	***	(2)	(2)	(2)
July-Sept.	585.16	7,070	***	***	***	***	***	***
Oct.-Dec.	575.09	5,583	***	***	***	(2)	(2)	(2)
2001:								
Jan.-Mar.	554.29	5,799	***	***	***	(2)	(2)	(2)
Apr.-June	534.35	6,140	***	***	***	(2)	(2)	(2)
July-Sept.	545.92	6,770	***	***	***	(2)	(2)	(2)
Oct.-Dec.	528.60	5,809	***	***	***	(2)	(2)	(2)
2002:								
Jan.-Mar.	492.87	7,058	***	***	***	***	***	***
Apr.-June	513.79	7,946	***	***	***	***	***	***
July-Sept.	553.75	7,999	***	***	***	***	***	***
Oct.-Dec.	572.08	6,850	***	***	***	***	***	***
2003:								
Jan.-Mar.	597.31	6,889	***	***	***	***	***	***
Apr.-June	555.64	8,074	***	***	***	(2)	(2)	(2)

[1] ASTM A-513 (mechanical) or A-500 grade A or B (ornamental) tubing, carbon welded, pickled and oiled, 1 inch square, 0.065 nominal wall thickness (+ or- 10 percent) (16 gauge), 20 foot or 24 foot mill lengths.
[2] No sales reported.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-2
LWR pipe and tube: Weighted-average f.o.b. prices of domestic and imported products 1 and 2, by quarters, January 2000-June 2003

* * * * * * *

LOST SALES

In their petition, the petitioning firms provided 12 allegations of lost sales due to competition from imports from Mexico and/or Turkey during the period June 2001 through July 2003 (table V-3). There were no lost revenue allegations. The seven lost sales allegations concerning Mexico involved 1,131 short tons with lost sales valued at $537,438. The three allegations concerning Turkey involved more than 3,700 short tons with an unspecified value, and the allegations that involved a combination of both Mexico and Turkey amounted to *** short tons with lost sales valued at ***. The staff contacted purchasers to investigate the allegations. Responses from purchasers are discussed below.

Table V-3
LWR pipe and tube: U.S. producers' lost sales allegations

* * * * * * *

*** was named in a lost sales allegation involving *** short tons. *** disagreed with the allegation. It said that it didn't use the size of pipe and tube product specified in the allegation ***. However, it said that it ***.

*** was named in a lost sales allegation involving ***. *** disagreed with the allegation. It said that it did not buy the products specified by the petitioners from *** during the ***.

*** was named in a lost sales allegation involving ***. *** denied the allegation stating that it does not stock the specified product ***.

*** was named in a lost sale allegation concerning *** short tons. It was alleged that the price of the imports was ***. *** agreed with the allegation. It said that additional offerings are currently being made at *** below U.S. producer prices.

*** was named in a lost sales allegation involving *** short tons. *** disagreed with the allegation. It said that the alleged quantity and value of purchases were higher than actual levels. It said that the value of the material that ***.

*** was named in a lost sales allegation involving *** short tons. *** disagreed with the allegation. It said that it does business with ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

*** firms[1] provided usable financial data on their U.S. operations producing LWR pipe and tube.[2] These reported data are believed to represent 75 percent to 80 percent of U.S. LWR pipe and tube production in the period examined.

The responding U.S. firms reported that they made other welded pipe and tube products in addition to LWR pipe and tube. These other products, which accounted for the majority of the firms' production and sales, include nonsubject structural tubing, round and other non-rectangular shaped pipe and tube (including light-walled round tubing), roll form shapes, and square and rectangular pipe and tube that exceeds the size of the product specified in the scope of the investigations.

OPERATIONS ON LWR PIPE AND TUBE

Results of operations of U.S. firms' LWR pipe and tube operations are presented in table VI-1. The quantity and value of sales fell between 2000 and 2001 and increased to about the same amount in 2002 as in 2000; sales quantity declined slightly while sales value increased slightly between January-June 2002 and January-June 2003. The average unit value of sales fell between 2000 and 2001, increased slightly between 2001 and 2002 (but not to the same level as in 2000), and increased between January-June 2002 and the same period in 2003. Total cost of goods sold (COGS) for these reporting producers also decreased between 2000 and 2001 and increased between 2001 and 2002 as well as between January-June 2002 and January-June 2003 in absolute terms, as a percentage of sales, and on a per-unit basis. Changes in COGS appear to be driven by changes in raw material costs and certain cost items, such as energy and insurance, classified in "other factory costs." Operating income fell between 2000 and 2001, increased between 2001 and 2002 (but not to the same level as in 2000), and fell by over 50 percent between January-June 2002 and January-June 2003. As a ratio to sales, operating income declined between each of the periods investigated, while on a per-unit basis, operating income fell between 2000 and 2001, remained on the same level in 2002 as in 2001, and fell by over 50 percent between January-June 2002 and the same period in 2003. The number of companies recording operating losses on their LWR pipe and tube operations increased during the periods investigated.

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[1] The firms and their corresponding fiscal year ends are: ***. Although several companies have a fiscal year that differs from a calendar year, each reported on a calendar year basis. Differences between data reported in the trade and financial sections of the Commission's producers' questionnaire are attributable to ***.

[2] Petitioners' counsel stated that the Commission's aggregated data may reflect a survivor bias, citing three large nonresponding firms, Hanna Tube, Excaliber Tube, and Copperweld (Piqua, OH, formerly a unit of LTV). Petitioners' postconference brief, p. 19. ***. Respondents also referenced the closures of Excaliber, LTV's mills at Piqua, OH and Youngstown, OH, and Hanna ("a troubled producer in Birmingham, AL"), attributing these closures to industry efforts to reduce overcapacity. White and Case postconference brief, p. 16. See part III of this report for a list of companies from whom the Commission did not receive a questionnaire response.

Table VI-1
LWR pipe and tube: Results of operations of U.S. producers, calendar years 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
			Quantity (*short tons*)		
Commercial sales	***	***	***	***	***
Company-transfers[1]	***	***	***	***	***
Total net sales	357,726	310,342	359,621	188,765	185,567
			Value (*$1,000*)		
Total net sales	***	***	***	***	***
Company-transfers[1]	***	***	***	***	***
Total net sales	210,155	168,883	200,072	101,510	106,548
COGS					
Raw materials	128,938	98,370	122,558	60,108	69,559
Direct labor	13,666	10,640	12,665	7,072	6,582
Other factory costs	32,551	31,563	32,115	15,952	17,601
Total COGS	175,155	140,573	167,338	83,132	93,741
Gross profit	35,000	28,310	32,734	18,378	12,808
SG&A expenses	15,342	14,018	16,212	7,769	7,759
Operating income	19,658	14,292	16,522	10,609	5,049
Interest expense	2,462	2,162	1,793	830	875
Other expense	3,107	3,337	1,018	864	666
Other income	792	394	837	223	193
Net income	14,881	9,187	14,548	9,138	3,701
Depreciation	7,260	6,252	6,257	3,062	3,232
Cash flow	22,140	15,439	20,805	12,201	6,932
			Ratio to total net sales (*percent*)		
COGS:					
Raw materials	61.4	58.2	61.3	59.2	65.3
Direct labor	6.5	6.3	6.3	7.0	6.2
Other factory costs	15.5	18.7	16.1	15.7	16.5
Total COGS	83.3	83.2	83.6	81.9	88.0
Gross profit	16.7	16.8	16.4	18.1	12.0
SG&A expenses	7.3	8.3	8.1	7.7	7.3
Operating income	9.4	8.5	8.3	10.5	4.7
Net income	7.1	5.4	7.3	9.0	3.5

Table continued on next page.

Table VI-1--*Continued*
LWR pipe and tube: Results of operations of U.S. producers, calendar years 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Unit value (*per short ton*)				
Commercial net sales	$***	$***	$***	$***	$***
Company transfers[1]	***	***	***	***	***
Total net sales	587	544	556	538	574
COGS:					
Raw materials	360	317	341	318	375
Direct labor	38	34	35	37	35
Other factory costs	91	102	89	85	95
Total COGS	490	453	465	440	505
Gross profit	98	91	91	97	69
SG&A expenses	43	45	45	41	42
Operating income	55	46	46	56	27
Net income	42	30	40	48	20
	Number of firms reporting				
Operating losses	***	***	***	***	***
Data	***	***	***	***	***

[1] Accounted for by ***.

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

Source: Compiled from data submitted in response to Commission questionnaires.

Raw material costs fluctuated in a way similar to the volume of sales during 2000-2002, falling between 2000 and 2001, and increasing between 2001 and 2002. However, between January-June 2002 and the same period in 2003, raw material costs increased in absolute terms, as a percentage of sales, in terms of average unit values, and as a share of COGS, even as sales volume declined. Parties agreed that pipe and tube producers experienced increasing costs of flat-rolled nonalloy steel (hot-rolled, cold-rolled, and galvanized coated sheet and strip) during 2002 and 2003. Certain overhead costs, such as insurance and energy, also increased.

According to petitioners, a growing volume of subject imports has been progressively taking more sales and exerting an increasingly negative impact on domestic producer prices. They also said that U.S. market demand increased substantially in 2002 and remained relatively strong in 2003 but domestic industry performance declined because the import increase stymied efforts by U.S. producers to increase prices so as to cover increased costs of raw materials as well as energy and health insurance.[3]

Respondents countered that the argument that imports from Mexico and Turkey have prevented petitioners from passing on increased raw material costs is unreasonable. Respondents provided several

[3] Petitioners' postconference brief, pp. 2, 8, and 20.

reasons as follows: (1) a prolonged manufacturing slowdown that started before and continued after the short and shallow recession in 2001, characterized by weak demand and low consumer confidence;[4] (2) the section 201 safeguard measures increased the cost of hot-rolled, cold-rolled, and galvanized flat steel used by the downstream industry producing welded pipe and tube, with a particularly acute impact on the U.S. West Coast;[5] (3) producers of LWR pipe and tube also faced a shortage of raw materials (which raised input costs) due to their practice of single sourcing coils;[6] and, (4) U.S. producers also are heavily impacted by imports of downstream products made from LWR pipe and tube, which reduces demand for their product.[7]

Table VI-2 presents data on total net sales, COGS, SG&A, and operating income on a firm-by-firm basis.

Table VI-2
LWR pipe and tube: Results of operations of U.S. producers, by firms, calendar years 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

A variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume, but such an analysis is more effective when the product involved is a homogeneous product with no variation in product mix. Petitioners stated that LWR pipe and tube describes a wide range of products, and that these types, which may vary by size, strength, use, and coating, are characterized by differences in cost of production and sales values. Some of these differences in products and product mix can be seen by comparing the values of company-by-company sales and cost of sales on a per-unit basis in table VI-2. Because there is a high probability that product mix changes occurred during the period examined, a variance analysis is not shown.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The responding firms' data on capital expenditures, research and development ("R&D") expenses, and the value of their property, plant, and equipment used in the production of LWR pipe and tube are shown in table VI-3.

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[4] White and Case postconference brief, pp. 7-8.

[5] White and Case postconference brief, p. 10. On the other hand, Terry Mitchell of Northwest Pipe stated at the staff conference that the return on investment and operating profit level of his company's plant in Houston, TX has been impacted by the subject imports and not by 201 relief or by recession. Conference transcript (Mitchell), pp. 36-38.

[6] White and Case postconference brief, p. 10.

[7] White and Case postconference brief, pp. 10-11.

Table VI-3
LWR pipe and tube: Value of assets, capital expenditures, and R&D expenses of U.S. producers, calendar years 2000-2002, January-June 2002, and January-June 2003

Item	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Value *($1,000)*				
Capital expenditures:					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	4,901	8,485	4,325	2,278	2,467
R&D expenses:[1]	***	***	***	***	***
Property, plant, and equipment:[2]					
Total–original cost	131,058	118,327	123,931	116,167	131,120
–book value	67,180	51,522	48,056	48,057	53,465

[1] Accounted for by ***.
[2] Values reflect company changes that allocated cost and book value to the subject product. The decrease in asset values between 2000 and 2001 is due to the ***. Four firms accounted for more than three-quarters of the values of property, plant, and equipment reported in 2002: ***.

Source: Compiled from data submitted in response to Commission questionnaires.

The original cost of fixed assets decreased between 2000 and 2001 largely due to the writedown of asset values by ***. Some other changes are related to values being allocated to LWR pipe and tube from overall operations that produce a broader range of products, and to capital expenditures made by the producers in their plant, property, and equipment to increase production capacity or production efficiency.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of LWR pipe and tube from Mexico and Turkey on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix D. During the staff conference, industry witnesses stated that capital investment is being severely hurt, citing declining cash flow impeding further investment, and Northwest's stated inability to achieve a return on its investment in Southwest Pipe.[8]

[8] Petitioners' postconference brief, p. 21, citing testimony at the staff conference. Also, *see* conference transcript, pp. 34-35 (Katsanfanas), and pp. 36 and 38 (Mitchell).

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN MEXICO

There are eight known producers of LWR pipe and tube in Mexico: Arco Metal S.A. de C.V. (Arco); Galvak, S.A. de C.V. (Galvak); Hylsa, S.A. de C.V. (Hylsa); IMSA-MEX, S.A. de C.V. (IMSA); Maquilacero, S.A. de C.V. (Maquilacero); Perfiles y Herrajes LM S.A. de C.V. (Perfiles y Herrajes); Productos Laminados de Monterrey, S.A. de C.V. (Productos Laminados); and Regiomontana de Perfiles y Turbos, S.A. de C.V. (Regiomontana).

Arco, Perfiles y Herrajes, and Productos Laminados together account for *** percent of reported 2002 capacity and production of the subject product. However, Galvak, IMSA, and Productos Laminados together accounted for *** percent of exports of LWR pipe and tube to the United States. Productos Laminados reported that it set up two new mills during the period examined, in September 2001 and April 2002. Perfiles Y Herrajes began a new production line in early 2002. IMSA added a new production line in December 2001. Maquilacero and Galvak also increased production capacity during the period examined.

The product mix manufactured by the Mexican industry contains a significant amount of galvanized LWR pipe and tube. For example, during 2002 galvanized tubing accounted for *** percent of Galvak's U.S. sales, *** percent of Hylsa's U.S. sales, *** percent of IMSA's U.S. sales, and *** percent of Productos Laminados' U.S. sales. Galvanized LWR pipe and tube accounted for approximately 37 percent of subject exports from Mexico to the United States during 2002.

Data concerning the industry in Mexico are shown in table VII-1. Total production capacity increased dramatically during the period examined. Capacity utilization was over 90 percent during the period. Total industry capacity in Mexico is about 75 percent of total capacity in the United States. The home market (and internal transfers) accounted for roughly 75 percent of shipments of the subject product. The United States was the only substantial export market, accounting for most of the remainder of shipments.[1] The ratio of inventories to production and shipments remained in the 10-18 percent range during the period examined.

THE INDUSTRY IN TURKEY

There are 10 known producers of LWR pipe and tube in Turkey: Borusan Birlesik Boru Earrikalari A.S. (Borusan); Erbosan Erciyas Boru Sanayii ve Ticaret A.S. (Erbosan); Goktas Yassi Hadde Marnulleri Tic ve San A.S. (Goktas); Guven Boru ve Panfil Sanayi ve Ticovet Ltd. Std. (Guven); Mannesmann Boru Endustrisi T.A.S. (Mannesmann); MMZ Onur Boru Profil Uretim San ve Tic A.S.

[1] Other export markets mentioned by witnesses at the conference include Canada, Central America, and South America. Conference transcript, p. 146.

(MMZ); Noksel Celik Boru Sanyi A.S. (Noksel); Ozdemir Boru Profil San ve Tic Ltd. Std. (Ozdemir); Ozborsan Boru San ve Tic A.S. (Ozborsan); and Umran Celik Boru Sanayii A.S. (Umran).

Table VII-1
LWR pipe and tube: Data for producers in Mexico, 2000-2002, January-June 2002, January-June 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-June			
	2000	2001	2002	2002	2003	2003	2004
Quantity (*units*)							
Capacity	455,996	488,868	576,601	292,569	292,569	586,673	592,209
Production	427,760	452,473	546,206	279,238	285,276	548,531	562,985
End of period inventories	45,210	69,486	83,722	77,561	93,847	85,347	87,383
Shipments: Internal consumption/transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to-- The United States	89,483	86,019	128,597	56,924	63,826	122,222	119,286
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	302,127	326,685	388,346	203,063	202,878	420,462	435,659
Ratios and shares (*percent*)							
Capacity utilization	93.8	92.6	94.7	95.4	97.5	93.5	95.1
Inventories to production	10.6	15.4	15.3	13.9	16.4	15.6	15.5
Inventories to total shipments	11.4	16.7	16.1	14.8	17.6	15.6	15.7
Share of total quantity of shipments: Internal consumption/transfers	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to-- The United States	22.5	20.6	24.7	21.7	23.9	22.4	21.4
All other markets	***	***	***	***	***	***	***
All export markets	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Erbosan and Ozborsan together accounted for *** percent of capacity for the subject product in 2002. Borusan, Noksel, Ozdemir, and Goktas together accounted for another *** percent of capacity during that same year. Although Umran has a capacity of *** tons, it had no production during the period. MMZ and Noksel both started up new plants in 2001. Goktas increased capacity in 2002 and projects further increases in 2003 and 2004. Production was more evenly divided among firms in 2002 than capacity, except as noted for Umran. Ozborsan and Ozdemir accounted for *** percent of exports of the subject product to the United States. Other significant exporters were Goktas, Guven, MMZ, and Noksel, which accounted for the remainder of the subject exports.

Data concerning the industry in Turkey are shown in table VII-2. Total production capacity grew dramatically during the period examined. Capacity utilization was less than 67 percent during the period. From 2000 to 2002, capacity utilization was under 60 percent. Total industry capacity in Turkey is about 70 percent of total capacity in the United States. The home market accounted for roughly 50 percent of shipments of the subject product. Exports to the United States accounted for 14 percent or less of shipments by Turkish producers during the period examined. Other export markets accounted for the remainder of shipments.[2] The ratio of inventories to production and shipments remained in the single digits during the period examined.

[2] These markets include Middle Eastern and North African destinations, Canada, Panama, Honduras, Eastern European countries, and the European Community (EU). European Trade Services postconference brief, p. 4.

Table VII-2
LWR pipe and tube: Data for producers in Turkey, 2000-2002, January-June 2002, January-June 2003, and projected 2003-2004

Item	Actual experience					Projections	
				January-June			
	2000	2001	2002	2002	2003	2003	2004
Quantity (*units*)							
Capacity	388,159	459,699	546,224	225,970	250,470	554,224	578,208
Production	191,019	215,027	316,891	160,899	172,213	358,050	379,223
End of period inventories	11,584	16,426	30,024	23,697	21,043	18,694	14,137
Shipments: Internal consumption/transfers	0	0	0	0	0	0	0
Home market	107,415	110,858	162,071	78,621	91,729	193,412	204,006
Exports to-- The United States	11,739	15,836	45,958	20,840	9,627	51,279	28,096
All other markets	60,705	91,124	117,296	64,401	88,415	159,608	160,673
Total exports	72,444	106,960	163,254	85,241	98,042	210,887	188,769
Total shipments	179,859	217,818	325,325	163,862	189,771	404,299	392,775
Ratios and shares (*percent*)							
Capacity utilization	49.2	46.8	58.0	66.7	64.0	64.6	65.6
Inventories to production	6.1	7.6	9.5	7.4	6.1	5.2	3.7
Inventories to total shipments	6.4	7.5	9.2	7.2	5.5	4.6	3.6
Share of total quantity of shipments: Internal consumption/transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	59.7	50.9	49.8	48.0	48.3	47.8	51.9
Exports to-- The United States	6.5	7.3	14.1	12.7	5.1	12.7	7.2
All other markets	33.8	41.8	36.1	39.3	46.6	39.5	40.9
All export markets	40.3	49.1	50.2	52.0	51.7	52.2	48.1

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. INVENTORIES OF PRODUCT FROM MEXICO AND TURKEY

U.S. importers' inventory holdings are shown in table VII-3.

Table VII-3
LWR pipe and tube: U.S. importers' end-of-period inventories, 2000-2002, January-June 2002, and January-June 2003

* * * * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

U.S. importers reported that they had 49,068 tons of LWR pipe and tube on order since June 30, 2003 from Mexico and Turkey. Most of the quantity was from Mexico (24,353 tons). *** tons were from Mexico and Turkey combined, and *** tons were from Turkey.

DUMPING IN THIRD COUNTRY MARKETS

On September 23, 2002, the EU imposed definitive antidumping measures on certain welded tubes and pipes of iron or non-alloy steel from the Czech Republic, Poland, Thailand, Turkey, and Ukraine. The dumping duties (which cover LWR pipe and tube) applied to Turkish producers range from zero to 5.2 percent, and the country-wide rate is 6.0 percent.[3]

On July 14, 2003, the EU imposed provisional antidumping measures on square and rectangular welded hollow sections with the exception of stainless products and those with a perimeter above 600mm. The EU measures thus cover all subject merchandise in these investigations. Dumping duties applied to Turkish producers range from 4.2 percent to 14.7 percent.[4]

In addition, on September 19, 2003, Revenue Canada published a finding on welded hollow sections of pipe up to 16 inches in outside diameter from the Republic of Korea, South Africa, and Turkey. These investigations also cover LWR pipe and tube. The provisional duties on imports from Turkey range from 4.5 percent to 11.7 percent. The country average rate is 89.4 percent.[5]

According to the petitioners, these antidumping actions are likely to divert LWR pipe and tube from Turkey to the United States. In 2002, Turkey exported over 12,000 tons of LWR pipe and tube to Canada, and if those shipments were diverted it would cause shipments to the United States to increase by 50 percent.[6] Counsel for Turkish respondents argued that half the cooperating companies in the only case where measures are actually in force received a zero rate, while the country-wide rate is a mere 6 percent. Counsel also argued that the preliminary EU margins are sufficiently low as to permit Turkish producers to maintain their shipment levels to those markets in the future. Hence, there is little likelihood of diversion from those markets to the United States in the immediate future. [7]

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[3] European Trade Services postconference brief, exhibits 1-3.

[4] Petitioners' postconference brief, exhibits 20-21.

[5] Ibid.

[6] Petitioners' postconference brief, p. 25, and exhibits 20-21.

[7] European Trade Services postconference brief, p. 7, and exhibits 1-3.

APPENDIX A

FEDERAL REGISTER NOTICES

from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

Dated: July 14, 2003.

Michael D. Snyder,

Deputy Director, Intermountain Region, National Park Service.

[FR Doc. 03–23350 Filed 9–15–03; 8:45 am]

BILLING CODE 4312–ED–M

DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

Draft Environmental Impact Statement on the Klamath Project Operation, Oregon and California

AGENCY: Bureau of Reclamation, Interior.

ACTION: Notice of extension of formal scoping period for the draft environmental impact statement on the Klamath Project operation.

SUMMARY: The Bureau of Reclamation (Reclamation) is extending the formal scoping period on an environmental impact statement (EIS) for the Klamath Project (Project) operation, a Federal reclamation project, located in southern Oregon and northern California. A formal scoping period of 120 days, through September 2, 2003, was previously announced in the **Federal Register** (68 FR 23761, May 5, 2003).

DATES: Reclamation is extending the formal scoping period an additional 90 days following publication of this notice. Written comments should be sent to the Reclamation Project Manager (*see* **ADDRESSES** below) December 15, 2003. Reclamation invites all interested parties to submit written comments or suggestions during the scoping period. Comments postmarked after that date will be considered to the extent practical. Dates and locations of public scoping meetings will be published in the **Federal Register**

ADDRESSES: Please send written comments to the Mr. Daniel S. Fritz, Project Manager, Klamath Basin Area Office, Mid-Pacific Region, Bureau of Reclamation, Attention: KO–150, 6600 Washburn Way, Klamath Falls, OR 97603.

FOR FURTHER INFORMATION CONTACT: Mr. Daniel S. Fritz at (541) 880–2556.

SUPPLEMENTARY INFORMATION: Reclamation is extending the formal scoping period to allow additional time to receive public comments and to conduct scoping meetings. Continued developments related to the Klamath Project have occurred since the formal scoping was initiated in early May 2003. Additional information may become available, such as the final report of the National Academy of Science's Committee on Endangered and Threatened Fishes in the Klamath River Basin, that could result in new information relevant to the proposed action and prompt additional scoping comments from the public useful for the environmental impact statement.

Our practice is to make comments, including names and home addresses of respondents, available for public review. Individual respondents may request that we withhold their home address from public disclosure, which we will honor to the extent allowable by law. There also may be circumstances in which we would withhold a respondent's identity from public disclosure, as allowable by law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comment letter. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public disclosure in their entirety.

Dated: September 3, 2003.

Frank Michny,

Regional Environmental Officer, Mid-Pacific Region.

[FR Doc. 03–23542 Filed 9–15–03; 8:45 am]

BILLING CODE 4310–MN–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1054 and 1055 (Preliminary)]

Light-Walled Rectangular Pipe and Tube From Mexico and Turkey

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigations and scheduling of a preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping investigations Nos. 731–TA–1054 and 1055 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) 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 imports from Mexico and Turkey of light-walled rectangular pipe and tube,[1] provided for in subheading 7306.60.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by October 24, 2003. The Commission's views are due at Commerce within five business days thereafter, or by October 31, 2003.

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: September 9, 2003.

FOR FURTHER INFORMATION CONTACT: Olympia Hand (202–205–3182), 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. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on September 9, 2003, on behalf of the following firms: California Steel and Tube, City of Industry, CA; Hannibal Industries, Los Angeles, CA; Leavitt Tube Co., Chicago, IL; Maruichi American Corp., Santa Fe Springs, CA; Northwest Pipe, Portland, OR; Searing Industries, Rancho Cucamonga, CA; Vest, Inc., Los Angeles, CA; and, Western Tube and Conduit, Long Beach, CA.

Participation in the investigations and public service list.—Persons (other than

[1] The subject products are certain welded light-walled non-alloy steel pipe and tube, of rectangular (including square) cross section, having a wall thickness of less than 4 millimeters (0.156 inch). The subject products have rectangular cross sections ranging from 0.375 x 0.625 inches to 2 x 6 inches, or square sections ranging from 0.375 to 4 inches, regardless of specification.

petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. 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 §207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven 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 September 30, 2003, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Olympia Hand (202–205–3182) not later than September 25, 2003, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. 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 §§201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before October 3, 2003, 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 days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with §§201.16(c) and 207.3 of the rules, each document 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 title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: September 11, 2003.

Marilyn R. Abbott,

Secretary.

[FR Doc. 03–23594 Filed 9–15–03; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF LABOR

Employment and Training Administration

Proposed Information Collection Request Submitted for Public Comment and Recommendations; Temporary Extended Unemployment Compensation for Displaced Airline and Related Workers

ACTION: Notice.

SUMMARY: The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA95) (44 U.S.C. 3506(c)(2)(A)). This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed.

DATES: Submit comments on or before November 17, 2003.

ADDRESSES: Send comments to Thomas Stengle, U.S. Department of Labor, Employment and Training Administration, Room S–4231, 200 Constitution Ave. NW., Washington, DC 20210. Phone number: (202) 693–2991. Fax: 202–693–3229. (These are not toll free numbers.) E-mail: *stengle.thomas@dol.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

On April 16, 2003, President Bush signed into law an enhancement to the Temporary Extended Unemployment Compensation (TEUC) program. This enhancement created special rules for determining TEUC eligibility for certain displaced airline related workers. Such workers may qualify for an additional 26 weeks of basic TEUC benefits if the worker became unemployed as a result of: (1) Reductions in service by an air carrier as a result of a terrorist action or security measure; (2) a closure of an airport in the United States as a result of a terrorist action or security measure; or (3) a military conflict with Iraq that has been authorized by Congress. In order to determine TEUC eligibility for these displaced airline and related workers specific information from employers must be collected. Emergency approval for this collection of information was granted through November 30, 2003. However, to cover the existing period of program implementation and to provide for potential congressional extensions of this program, ETA is seeking a 2 year extension for this collection package.

II. Desired Focus of Comments

Currently, the Department of Labor's Employment and Training Administration is soliciting comments concerning the proposed extension of the Temporary Extended Unemployment Compensation for Displaced Airline Workers information collection request.

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who

inadvertently mis-allocated fixed and variable overhead costs.

Farmer 23—The CWB alleges that the Department inadvertently understated actual labor costs allocated to livestock, thereby overstating the general and administrative ("G&A") and interest expenses allocated to HRS. The CWB also alleges that the Department inadvertently excluded variable overhead costs related to non-farming activities, thereby overstating the G&A and interest expenses allocated to HRS.

The North Dakota Wheat Commission ("the petitioner") submitted comments on the CWB's ministerial error allegations on September 10, 2003. The petitioner did not comment on the CWB's ministerial error allegations for Farmer 8 and the allocation of labor costs to livestock for Farmer 23. In response to the CWB's other allegations, the petitioner argues that they were not ministerial.

In accordance with section 735(e) of the Act, we have determined that certain ministerial errors were made in the calculation of the CWB's COP and constructed value ("CV") in our final margin calculations. For a detailed discussion of the above-cited ministerial error allegations and the Department's analysis, *see* Memorandum to Jeffrey A. May, "Allegation of Ministerial Errors; Final Determination in the Antidumping Duty Investigation of Certain Hard Red Spring Wheat from Canada" dated September 26, 2003, which is on file in room B–099 of the main Commerce building.

Therefore, in accordance with 19 CFR 351.224(e), we are amending the final determination of the antidumping duty investigation of HRS Wheat from Canada to correct the ministerial errors found in the calculation of the COP and CV. The final weighted-average dumping margins are:

Exporter/manufacturer	Original weighted-average margin percentage	Amended weighted-average margin percentage
Canadian Wheat Board	8.87	8.86
All Others	8.87	8.86

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B)(ii) of the Act, we are directing the U.S. Bureau of Customs and Border Protection ("BCBP") to continue to suspend liquidation of all imports of subject merchandise from Canada that are entered, or withdrawn from warehouse, for consumption on or after May 8, 2003, the date of publication of the *Notice of Preliminary Determinations of Sales at Less Than Fair Value: Certain Durum and Hard Red Spring Wheat from Canada*, 68 FR 24707 (May 8, 2003) in the **Federal Register**. The BCBP shall continue to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP, as indicated in the chart above. These suspension-of-liquidation instructions will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Tariff Act, we have notified the International Trade Commission of our amended final determination.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: September 29, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03–25279 Filed 10–3–03; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-201–832 and A-489–812]

Notice of Initiation of Antidumping Investigations: Light-Walled Rectangular Pipe and Tube from Mexico and Turkey

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

ACTION: Initiation of Antidumping Investigations.

EFFECTIVE DATE: October 6, 2003.

FOR FURTHER INFORMATION CONTACT: Maisha Cryor (Mexico) at 202–482–5831; Mark Manning (Turkey) at 202–482–5253 or Ronald Trentham at 202–482–6320, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

SUPPLEMENTARY INFORMATION:

Initiation of Investigations

The Petition

On September 9, 2003, the Department of Commerce (the Department) received a petition filed in proper form by California Steel and Tube; Hannibal Industries, Inc.; Leavitt Tube Company, LLC; Maruichi American Corporation; Northwest Pipe Company; Searing Industries, Inc.; Vest Inc.; and Western Tube and Conduit Corporation (collectively, the petitioners). *See* Letter from Schagrin Associates to Secretary Evans of the Department and Secretary Abbott of the U.S. International Trade Commission (ITC), "Petition for the Imposition of Antidumping Duties: Light-Walled Rectangular Pipe and Tube from Mexico and Turkey" (September 9, 2003) (Petition). The petitioners are domestic producers of light-walled rectangular (LWR) pipe and tube products. In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that imports of LWR pipe and tube from Mexico and Turkey are being, or are likely to be, sold in the United States at less-than-fair value (LTFV) within the meaning of section 731 of the Act, and that such imports are materially injuring, or are threatening to materially injure an industry in the United States.

The Department issued a questionnaire to the petitioners on September 12, 2003, to clarify certain aspects of the Petition. The petitioners responded with the requested supplemental information on September 22, 2003. On September 23, 2003, two Mexican producers, and two U.S. importers of Mexican LWR pipe and tube (collectively, the Mexican industry), filed a submission in which they argued that the petitioners have not adequately established that they represent over 50 percent of the U.S. domestic industry. The Department issued a second questionnaire to the petitioners on September 24, 2003. The petitioners, on September 26, 2003, responded to the Department's second questionnaire and, in addition, provided rebuttal comments concerning the Mexican industry's allegations. On September 26 and 29, 2003, the Mexican industry responded to the petitioners' September 22, 2003 rebuttal comments and reiterated the arguments made in its September 23, 2003 submission, respectively.

After reviewing the contents of the Petition and the two amendments provided by the petitioners, the Department finds that the petitioners filed the Petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act, and they have demonstrated sufficient industry support with respect to the investigations they are presently seeking. *See*, "Determination of Industry Support for the Petitions," below.

Period of Investigation

The period of investigation (POI) for these cases will be July 1, 2002, through June 30, 2003. See 19 CFR 351.204(b)(1).

Scope of Investigations

The merchandise covered by these investigations are LWR pipe and tube from Mexico and Turkey, which are welded carbon-quality pipe and tube of rectangular (including square) cross-section, having a wall thickness of less than 0.156 inch. These LWR pipe and tube have rectangular cross sections ranging from 0.375 x 0.625 inches to 2 x 6 inches, or square cross sections ranging from 0.375 to 4 inches, regardless of specification. LWR pipe and tube are currently classifiable under item number 7306.60.5000 of the Harmonized Tariff System of the United States (HTSUS). The HTSUS item number is provided for convenience and customs purposes only. The written product description of the scope is dispositive.

The term "carbon-quality" applies to products in which (i) iron predominates, by weight, over each of the other contained elements, (ii) the carbon content is 2 percent or less, by weight, and (iii) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of cooper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickle, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium (also called columbium), or 0.15 percent of vanadium, or 0.15 percent of zirconium.

As discussed in the preamble to the Department's regulations, we are setting aside a period for parties to raise issues regarding product coverage. *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments within 20 days of publication of this notice. Comments should be addressed to Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. This period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination, which is to be made before the initiation of the investigation, be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (1) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (2) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The ITC, which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (Ct. Int'l Trade 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 642–44 (Ct. Int'l Trade 1988) ("the 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").

Section 771(10) of the Act defines the domestic 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 under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

The domestic like product defined in the Petition does not differ from the scope of the investigations defined in the *Scope of Investigations* section above. The Department has no basis on the record to find this definition of the domestic like product to be inaccurate. The Department, therefore, has adopted this domestic like product definition. *See Import Administration Antidumping Investigation Checklist* (September 29, 2003) at 2 (*Initiation Checklist*) (the public version on file in the Central Records Unit of the Department, Room B-099, Main Commerce Building).

The Department has further determined that, pursuant to section 732(c)(4)(A) of the Act, the Petition contains adequate evidence of industry support, and, therefore, polling is unnecessary. Information contained in the Petition demonstrates that the domestic producers or workers who support the Petition account for over 50 percent of total production of the domestic like product. Therefore, the domestic producers or workers who support the Petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met. *See Initiation Checklist*, at 3–4 and Attachment I. As mentioned above, the Department received opposition to the Petition from the Mexican industry. We note that the Mexican companies opposed to the petition are not domestic producers of LWR pipe and tube. Although we reviewed and analyzed the arguments made by the Mexican industry, we continue to find that the domestic producers or workers who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the Petition. *See Initiation Checklist*, at 3 and Attachment I. Thus, the requirements of section 732(c)(4)(A)(ii) of the Act are also met.

Accordingly, the Department determines that the Petition was filed on

behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *Id.* at 3–4.

Export Price and Normal Value

The following are descriptions of the allegations of sales at LTFV upon which the Department based its decision to initiate these investigations. The sources of data for the deductions and adjustments relating to U.S. and foreign market prices and cost of production (COP) and constructed value (CV) have been accorded treatment as business proprietary information. The petitioners' sources and methodology are discussed in greater detail in the business proprietary version of the Petition and in the Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we may re-examine this information and revise the margin calculations, if appropriate.

Mexico

Export Price

The petitioners calculated export price (EP) through two different methods, using price quotes and the average unit value (AUV) for LWR pipe and tube imported from Mexico based upon IM-145 import data for the anticipated POI provided by the Bureau of Customs and Border Patrol (BCBP). First, the petitioners identified two sizes of LWR pipe and tube commonly sold in the U.S. market. The petitioners submitted four price quotes, two for each size of LWR pipe and tube, obtained from U.S. distributors of Mexican products, identical in size to the home market products, acquired from Mexican producers. The petitioners calculated net U.S. prices by deducting foreign inland freight, U.S. import duties, and U.S. inland freight. The petitioners stated that packing charges are included in both the home market and the United States. However, because home market packing is not significantly different from packing for export to the U.S. market, the petitioners did not make any adjustments for packing when calculating the margins. *See Initiation Checklist* at 6–7.

Second, the petitioners calculated EP using the AUV for LWR pipe and tube imported from Mexico. The petitioners did not deduct international freight because the AUV provides the free alongside ship (FAS) value at the foreign port. The petitioners deducted foreign inland freight from the AUV to calculate EP. *Id.*

Normal Value

To calculate normal value (NV), the petitioners provided two price quotes, one for each size of LWR pipe and tube, obtained through foreign market research regarding products manufactured by a major Mexican producer named in the Petition and offered for sale to unaffiliated Mexican purchasers. The petitioners calculated net Mexican prices by deducting inland freight because the price quote was for delivery to a specific location in Mexico. *See Initiation Checklist* at 7–8; *see also* Mexico Export Price section *infra* for discussion of packing charges.

Based on comparisons of EP (method derived from price quotes) to NV, calculated in accordance with section 773(a) of the Act, the estimated dumping margins for LWR pipe and tube from Mexico range from 48.42 percent to 83.86 percent.

Turkey

Export Price

The petitioners calculated EP for Turkey using two different methods. First, as with Mexico, the petitioners identified two sizes of LWR pipe and tube commonly sold in the U.S. market. The petitioners submitted four price quotes, two for each size of LWR pipe and tube, obtained from U.S. distributors of Turkish products, identical in size to the home market products, acquired from producers in Turkey. The petitioners calculated net U.S. prices by deducting international freight and U.S. import duties. The petitioners stated that packing charges are included in both the home market and the United States. However, because home market packing is not significantly different from packing for export to the U.S. market, the petitioners did not make any adjustments for packing when calculating the margins. *See Initiation Checklist* at 8–9.

The petitioners also calculated EP using the AUV for LWR pipe and tube imported from Turkey, based upon IM-145 import data for the anticipated POI provided by BCBP. The petitioners did not deduct international freight because the AUV provides the FAS value at the foreign port. *Id.*

Normal Value

To calculate NV, the petitioners obtained through foreign market research two price quotes, one for each size of LWR pipe and tube, from resellers in Turkey regarding products manufactured by a major Turkish producer named in the Petition. The petitioners calculated net Turkish prices by deducting the average discount offered by the Turkish resellers. *See Initiation Checklist* at 9–11; *see also* Export Price section *infra* for discussion of packing charges.

Although the petitioners provided margins based on a price-to-price and price-to-AUV comparisons, the petitioners also provided information demonstrating reasonable grounds to believe or suspect that sales of LWR pipe and tube in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation. *See* Initiation of Cost Investigation section *infra* for further discussion.

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (COM); selling, general, and administrative expenses (SG&A); financial expenses; and packing expenses. The petitioners calculated COM based on their own production experience, adjusted for known differences between costs incurred to produce LWR pipe and tube in the United States and in Turkey using publicly available data. We corrected an error in converting CV from dollars per metric ton (MT) to dollars per hundred feet for one of the products. To calculate SG&A and financial expenses, the petitioners relied upon amounts reported in the 2002 financial statements of Borusan Holding A.S., which is the parent company of Mannesman Boru, a principal producer of the subject merchandise in Turkey. Packing costs were omitted from the COP calculations. Based upon a comparison of the prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners also calculated a NV for sales in Turkey based on CV. The petitioners calculated CV using the same COM, SG&A, and financial expense figures used to compute the Turkish home market costs. Consistent with 773(e)(2) of the Act, the petitioners included in CV an amount for profit. For profit, the petitioners relied upon amount reported in the Turkish LWR pipe & tube producer's 2002 financial statements which was zero because the producer experienced a loss.

Based on comparisons of EP (method derived from price quotes) to CV, calculated in accordance with section 773(a) of the Act, the estimated dumping margins for LWR pipe and tube from Turkey range from 27.04 percent to 34.89 percent. We note that these margins are conservative since the petitioners did not include packing in the CV calculation.

Initiation of Cost Investigation

As noted above, pursuant to section 773(b) of the Act, the petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home market of Turkey were made at prices below the fully absorbed COP and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in connection with the requested antidumping investigation for this country. The Statement of Administrative Action (SAA), submitted to the U.S. Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 103–316 at 833 (1994). The SAA states that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation." *Id.*

Further, the SAA provides that "new section 773(b)(2)(A) retains the current requirement that Commerce have 'reasonable grounds to believe or suspect' that below cost sales have occurred before initiating such an investigation. 'Reasonable grounds' ... exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices." *Id.* Based upon the comparison of the adjusted prices from the petition for the representative foreign like products to their COPs, we find the existence of "reasonable grounds to believe or suspect" that sales of these foreign like products in Turkey were made below their respective COPs within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigation.

Fair Value Comparisons

Based on the data provided by the petitioners, the Department finds that there is reason to believe that imports of LWR pipe and tube from Mexico and Turkey are being, or are likely to be, sold at LTFV.

Allegations and Evidence of Material Injury and Causation

With respect to Mexico and Turkey, the petitioners allege the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV.

The petitioners contend that the industry's injured condition is evident in examining market share, production, shipments, capacity utilization, lost sales, profit and employment. *See* Petition at 21–25 and Exhibits 14–29. The petitioners assert that their share of the market has declined from 2000 to 2002. *See* Petition at 21–22 and Exhibits 18–19. Finally, the petitioners note that one LWR pipe and tube manufacturer went out of business altogether in 2002, thereby taking significant domestic LWR pipe and tube production out of the market. *See* Petition at 23. For a full discussion of the allegations and evidence of material injury, *see Initiation Checklist* at Attachment II.

Initiation of Antidumping Investigations

Based on our examination of the Petition covering LWR pipe and tube from Mexico and Turkey, the Department finds it meets the requirements of section 732 of the Act. Therefore, we are initiating antidumping investigations to determine whether imports of LWR pipe and tube from Mexico and Turkey are being, or are likely to be, sold in the United States at LTFV. Unless this deadline is extended pursuant to section 733(b)(1)(A) of the Act, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the Petition has been provided to representatives of the governments of Mexico and Turkey. We will attempt to provide a copy of the public version of the Petition to each exporter named in the Petition, as provided in section 19 CFR 351.203(c)(2).

ITC Notification

The ITC will preliminarily determine no later than October 24, 2003, whether there is reasonable indication that imports of LWR pipe and tube from Mexico and Turkey are causing, or threatening, material injury to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: September 29, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03–25282 Filed 10–3–03; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–806]

Silicon Metal From Brazil: Final Results of Antidumping Duty Administrative Review and Revocation of Order in Part

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

ACTION: Final Results of Antidumping Duty Administrative Review and Revocation of Order in Part.

SUMMARY: On July 28, 2003, the Department of Commerce (the Department) published the preliminary results of the administrative review of the antidumping duty order on silicon metal from Brazil. The period of review (POR) is July 1, 2001, through June 30, 2002. This review covers imports of silicon metal from one producer/exporter, Companhia Brasileira Carbureto de Calcio (CBCC). We provided interested parties an opportunity to comment on the preliminary results of this review, but received no comments.

The final results do not differ from the preliminary results of this review, where we found that sales of the subject merchandise have not been made below normal value (NV), and where we revoked the order, in part, with respect to CBCC, because we found that CBCC has met all of the requirements for revocation, as set forth in 19 C.F.R. 351.222(b). We will instruct the United States Bureau of Customs and Border Protection (BCBP) not to assess antidumping duties on the subject merchandise exported by CBCC.

EFFECTIVE DATE: October 6, 2003./P≤

FOR FURTHER INFORMATION CONTACT: Maisha Cryor at (202) 482–5831 or Ronald Trentham at (202) 482–6320,

APPENDIX B

LIST OF WITNESSES

CALENDAR OF PUBLIC CONFERENCE

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

Subject:	Light-Walled Rectangular Pipe and Tube from Mexico and Turkey
Invs. Nos.:	731-TA-1054 and 1055 (Preliminary)
Date and Time:	September 30, 2003 - 9:30 a.m.

IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING DUTIES:

Schagrin Associates
Washington, DC
on behalf of

California Steel and Tube; Hannibal Industries, Inc.; Leavitt Tube Co., LLC; Maruichi American Corp.; Northwest Pipe Co.; Searing Industries, Inc.; Vest Inc.; and Western Tube and Conduit Corp.

Parry Katsafanas, President, Leavitt Tube, Co., LLC

Glenn Baker, Vice President–Marketing and Sales, Searing Industries, Inc.

Terry Mitchell, Senior Vice President and General Manager–Tubular Products Group, Northwest Pipe Co.

Roger B. Schagrin)–OF COUNSEL

IN OPPOSITION TO THE IMPOSITION OF ANTIDUMPING DUTIES:

White & Case
Miami, FL
on behalf of

The respondents from Mexico

Moises Woldenberg, President, Intersteel Corp.

Peter Brebach, President, Iron Angels of Colorado, Inc.

David Diaz, Technical Director, IMSA, Inc.

Genero Gonzalez, Purchasing Manager, TNT Carports

Jaime Trevino, Export Sales Manager, Hylsa, S.A. de C. V.

Rene Arce-Lozano, Foreign Law Consultant, White & Case

David E. Bond)–OF COUNSEL
Frank H. Morgan)

Embassy of Mexico
on behalf of

The respondents from Mexico

Salvador Behar, Legal Counsel for International Trade

European Trade Services
Germany
on behalf of

The respondents from Turkey

Valeri Valtchev, Economic Consultant

APPENDIX C

SUMMARY DATA

Table C-1
LWR pipe & tube: Summary data concerning the U.S. market, 2000-2002, January-June 2002, and January-June 2003

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. consumption quantity:									
Amount	600,975	533,125	649,124	321,324	317,670	8.0	-11.3	21.8	-1.1
Producers' share (1)	59.4	58.0	54.7	58.5	56.7	-4.7	-1.4	-3.3	-1.8
Importers' share (1):									
Mexico	17.6	19.2	22.3	20.5	21.6	4.7	1.5	3.1	1.1
Turkey	1.7	1.6	4.7	2.0	4.7	3.0	-0.2	3.1	2.7
Subtotal	19.4	20.7	27.0	22.6	26.3	7.6	1.4	6.2	3.8
All other sources	21.2	21.2	18.3	18.9	17.0	-2.9	0.0	-2.9	-2.0
Total imports	40.6	42.0	45.3	41.5	43.3	4.7	1.4	3.3	1.8
U.S. consumption value:									
Amount	332,273	273,059	334,148	160,725	171,512	0.6	-17.8	22.4	6.7
Producers' share (1)	63.2	61.7	57.8	62.6	60.1	-5.4	-1.5	-3.9	-2.5
Importers' share (1):									
Mexico	15.9	18.2	22.0	19.1	19.8	6.1	2.3	3.8	0.7
Turkey	1.6	1.2	3.0	1.2	4.6	1.4	-0.5	1.8	3.5
Subtotal	17.5	19.4	25.0	20.3	24.4	7.5	1.9	5.6	4.2
All other sources	19.3	18.9	17.2	17.1	15.5	-2.1	-0.4	-1.7	-1.7
Total imports	36.8	38.3	42.2	37.4	39.9	5.4	1.5	3.9	2.5
U.S. imports from:									
Mexico:									
Quantity	105,849	102,146	144,591	65,974	68,643	36.6	-3.5	41.6	4.0
Value	52,900	49,778	73,643	30,692	33,920	39.2	-5.9	47.9	10.5
Unit value	$499.77	$487.32	$509.32	$465.21	$494.14	1.9	-2.5	4.5	6.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Turkey:									
Quantity	10,482	8,403	30,536	6,486	14,943	191.3	-19.8	263.4	130.4
Value	5,397	3,195	9,958	1,880	7,958	84.5	-40.8	211.7	323.3
Unit value	$514.91	$380.24	$326.11	$289.85	$532.56	-36.7	-26.2	-14.2	83.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	116,331	110,549	175,127	72,460	83,586	50.5	-5.0	58.4	15.4
Value	58,298	52,974	83,602	32,572	41,878	43.4	-9.1	57.8	28.6
Unit value	$501.14	$479.18	$477.38	$449.52	$501.01	-4.7	-4.4	-0.4	11.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	127,527	113,264	119,028	60,849	53,900	-6.7	-11.2	5.1	-11.4
Value	64,048	51,675	57,424	27,511	26,517	-10.3	-19.3	11.1	-3.6
Unit value	$502.23	$456.23	$482.45	$452.13	$491.98	-3.9	-9.2	5.7	8.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	243,858	223,813	294,155	133,309	137,486	20.6	-8.2	31.4	3.1
Value	122,345	104,648	141,026	60,083	68,395	15.3	-14.5	34.8	13.8
Unit value	$501.71	$467.57	$479.43	$450.71	$497.47	-4.4	-6.8	2.5	10.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
LWR pipe & tube: Summary data concerning the U.S. market, 2000-2002, January-June 2002, and January-June 2003

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-June					Jan.-June
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. producers':									
Average capacity quantity	788,718	773,275	780,208	394,104	388,628	-1.1	-2.0	0.9	-1.4
Production quantity	364,166	307,585	366,775	189,355	183,401	0.7	-15.5	19.2	-3.1
Capacity utilization (1)	46.2	39.8	47.0	48.0	47.2	0.8	-6.4	7.2	-0.9
U.S. shipments:									
Quantity	357,117	309,312	354,969	188,015	180,184	-0.6	-13.4	14.8	-4.2
Value	209,928	168,411	193,122	100,641	103,117	-8.0	-19.8	14.7	2.5
Unit value	$587.84	$544.47	$544.05	$535.28	$572.29	-7.4	-7.4	-0.1	6.9
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	44,528	40,011	44,165	39,601	42,089	-0.8	-10.1	10.4	6.3
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	736	682	735	726	731	-0.1	-7.3	7.8	0.7
Hours worked (1,000s)	1,113	964	1,040	521	508	-6.6	-13.4	7.9	-2.5
Wages paid ($1,000s)	16,133	14,163	16,746	8,596	8,256	3.8	-12.2	18.2	-4.0
Hourly wages	$14.50	$14.69	$16.10	$16.50	$16.25	11.1	1.4	9.6	-1.5
Productivity (tons/1,000 hours)	324.5	316.0	349.8	361.5	361.0	7.8	-2.6	10.7	-0.1
Unit labor costs	$44.67	$46.50	$46.03	$45.64	$45.01	3.1	4.1	-1.0	-1.4
Net sales:									
Quantity	357,726	310,342	359,621	188,765	185,567	0.5	-13.2	15.9	-1.7
Value	210,155	168,883	200,072	101,510	106,548	-4.8	-19.6	18.5	5.0
Unit value	$587.47	$544.18	$556.34	$537.76	$574.18	-5.3	-7.4	2.2	6.8
Cost of goods sold (COGS)	175,155	140,573	167,338	83,132	93,741	-4.5	-19.7	19.0	12.8
Gross profit or (loss)	35,000	28,310	32,734	18,378	12,808	-6.5	-19.1	15.6	-30.3
SG&A expenses	15,342	14,018	16,212	7,769	7,759	5.7	-8.6	15.6	-0.1
Operating income or (loss)	19,658	14,292	16,522	10,609	5,049	-16.0	-27.3	15.6	-52.4
Capital expenditures	4,901	8,485	4,325	2,278	2,467	-11.8	73.1	-49.0	8.3
Unit COGS	$489.63	$452.96	$465.32	$440.40	$505.16	-5.0	-7.5	2.7	14.7
Unit SG&A expenses	$42.89	$45.17	$45.08	$41.16	$41.81	5.1	5.3	-0.2	1.6
Unit operating income or (loss)	$54.95	$46.05	$45.94	$56.20	$27.21	-16.4	-16.2	-0.2	-51.6
COGS/sales (1)	83.3	83.2	83.6	81.9	88.0	0.3	-0.1	0.4	6.1
Operating income or (loss)/ sales (1)	9.4	8.5	8.3	10.5	4.7	-1.1	-0.9	-0.2	-5.7

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-2
LWR pipe & tube: Summary data concerning the U.S. market, January-June 2002, July-December 2002, and January-June 2003

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	2002		2003	1st half & 2nd	1st half 2002	2nd half 2002
	January-June	July-December	January-June	half 2002	& 1st half 2003	& 1st half 2003
U.S. consumption quantity:						
Amount	321,324	327,800	317,670	2.0	-1.1	-3.1
Producers' share (1)	58.5	50.9	56.7	-7.6	-1.8	5.8
Importers' share (1):						
Mexico	20.5	24.0	21.6	3.5	1.1	-2.4
Turkey	2.0	7.3	4.7	5.3	2.7	-2.6
Subtotal	22.6	31.3	26.3	8.8	3.8	-5.0
All other sources	18.9	17.7	17.0	-1.2	-2.0	-0.8
Total imports	41.5	49.1	43.3	7.6	1.8	-5.8
U.S. consumption value:						
Amount	160,725	173,423	171,512	7.9	6.7	-1.1
Producers' share (1)	62.6	53.3	60.1	-9.3	-2.5	6.8
Importers' share (1):						
Mexico	19.1	24.8	19.8	5.7	0.7	-5.0
Turkey	1.2	4.7	4.6	3.5	3.5	-0.0
Subtotal	20.3	29.4	24.4	9.2	4.2	-5.0
All other sources	17.1	17.2	15.5	0.1	-1.7	-1.8
Total imports	37.4	46.7	39.9	9.3	2.5	-6.8
U.S. imports from:						
Mexico:						
Quantity	65,974	78,617	68,643	19.2	4.0	-12.7
Value	30,692	42,951	33,920	39.9	10.5	-21.0
Unit value	$465.21	$546.34	$494.14	17.4	6.2	-9.6
Ending inventory quantity	***	***	***	***	***	***
Turkey:						
Quantity	6,486	24,050	14,943	270.8	130.4	-37.9
Value	1,880	8,078	7,958	329.7	323.3	-1.5
Unit value	$289.85	$335.89	$532.56	15.9	83.7	58.5
Ending inventory quantity	***	***	***	***	***	***
Subtotal:						
Quantity	72,460	102,667	83,586	41.7	15.4	-18.6
Value	32,572	51,030	41,878	56.7	28.6	-17.9
Unit value	$449.52	$497.04	$501.01	10.6	11.5	0.8
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	60,849	58,179	53,900	-4.4	-11.4	-7.4
Value	27,511	29,913	26,517	8.7	-3.6	-11.4
Unit value	$452.13	$514.15	$491.98	13.7	8.8	-4.3
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	133,309	160,846	137,486	20.7	3.1	-14.5
Value	60,083	80,943	68,395	34.7	13.8	-15.5
Unit value	$450.71	$503.23	$497.47	11.7	10.4	-1.1
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table C-2--Continued

LWR pipe & tube: Summary data concerning the U.S. market, January-June 2002, July-December 2002, and January-June 2003

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data 2002 January-June	Reported data 2002 July-December	Reported data 2003 January-June	Period Changes 1st half & 2nd half 2002	Period Changes 1st half 2002 & 1st half 2003	Period Changes 2nd half 2002 & 1st half 2003
U.S. producers':						
Average capacity quantity	394,104	386,104	388,628	-2.0	-1.4	0.7
Production quantity	189,355	177,420	183,401	-6.3	-3.1	3.4
Capacity utilization (1)	48.0	46.0	47.2	-2.1	-0.9	1.2
U.S. shipments:						
Quantity	188,015	166,954	180,184	-11.2	-4.2	7.9
Value	100,641	92,481	103,117	-8.1	2.5	11.5
Unit value	$535.28	$553.93	$572.29	3.5	6.9	3.3
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	39,601	44,165	42,089	11.5	6.3	-4.7
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	726	744	731	2.5	0.7	-1.7
Hours worked (1,000s)	521	519	508	-0.4	-2.5	-2.1
Wages paid ($1,000s)	$8,596	8,150	$8,256	-5.2	-4.0	1.3
Hourly wages	$16.50	$15.64	$16.25	-5.2	-1.5	3.9
Productivity (tons/1,000 hours)	361.5	341.9	361.0	-5.4	-0.1	5.6
Unit labor costs	$45.64	$45.93	$45.01	0.6	-1.4	-2.0
Net sales:						
Quantity	188,765	170,856	185,567	-9.5	-1.7	8.6
Value	101,510	98,562	106,548	-2.9	5.0	8.1
Unit value	$537.76	$576.87	$574.18	7.3	6.8	-0.5
Cost of goods sold (COGS)	83,132	84,206	93,741	1.3	12.8	11.3
Gross profit or (loss)	18,378	14,355	12,808	-21.9	-30.3	-10.8
SG&A expenses	7,769	8,443	7,759	8.7	-0.1	-8.1
Operating income or (loss)	10,609	5,913	5,049	-44.3	-52.4	-14.6
Capital expenditures	2,278	2,047	2,467	-10.1	8.3	20.5
Unit COGS	$440.40	$492.85	$505.16	11.9	14.7	2.5
Unit SG&A expenses	$41.16	$49.41	$41.81	20.1	1.6	-15.4
Unit operating income or (loss)	$56.20	$34.61	$27.21	-38.4	-51.6	-21.4
COGS/sales (1)	81.9	85.4	88.0	3.5	6.1	2.5
Operating income or (loss)/ sales (1)	10.5	6.0	4.7	-4.5	-5.7	-1.3

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. Data for July to December 2002 are constructed from January to June data and full-year data.

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

APPENDIX D

ALLEGED EFFECTS OF SUBJECT IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Responses of U.S. producers to the following question are shown in the tabulation below: Since January 1, 2000 has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of LWR pipe and tube from Mexico or Turkey?

* * * * * * *

Company responses to the following question are shown below: Does your firm anticipate any negative impact of imports of LWR pipe and tube from Mexico or Turkey?

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