

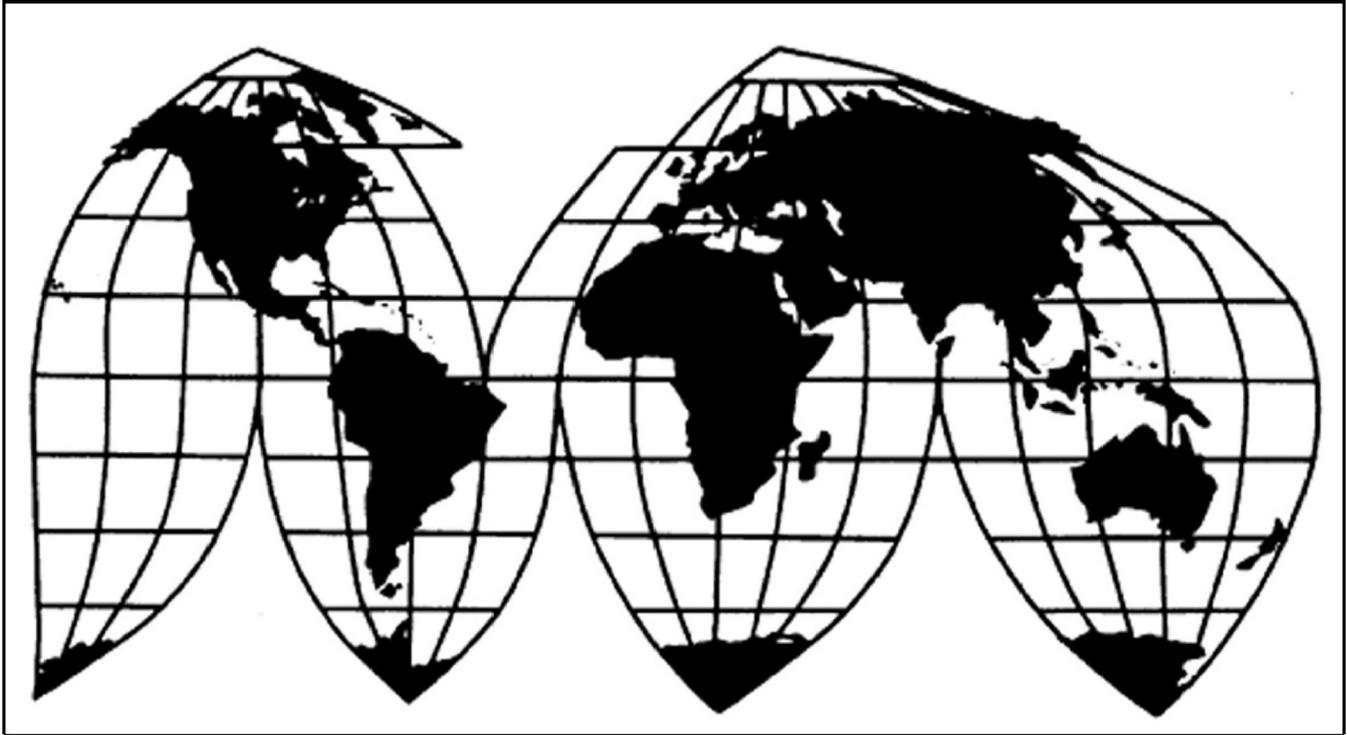
Circular Welded Carbon-Quality Steel Pipe from China

Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)

Publication 4019

July 2008

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Charles St. Charles, Attorney

Douglas Corkran, Supervisory Investigator

Special assistance from

Gabriel Ellenberger, Research Assistant
Craig Anthony Rychel, Investigations Intern

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been replaced with asterisks in this report.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-447 and 731-TA-1116 (Final)

CIRCULAR WELDED CARBON-QUALITY STEEL PIPE FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of circular welded carbon-quality steel pipe, provided for in subheadings 7306.19.10, 7306.19.51, 7306.30.10, 7306.30.50, 7306.50.10, and 7306.50.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be subsidized by the Government of China and sold in the United States at less than fair value (LTFV).^{2 3}

BACKGROUND

The Commission instituted these investigations effective June 7, 2007, following receipt of a petition filed with the Commission and Commerce by Allied Tube & Conduit, Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; Northwest Pipe Co., Portland, OR; Sharon Tube Co., Sharon, PA; Western Tube & Conduit Corp., Long Beach, CA; Wheatland Tube Co., Collingswood, NJ; and the United Steelworkers, Pittsburgh, PA. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of welded carbon-quality steel pipe from China were being subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of February 5, 2008 (73 FR 6738). The hearing was held in Washington, DC, on May 13, 2008, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Commissioner Dean A. Pinkert recused himself to avoid any conflict of interest or appearance of a conflict.

³ The Commission further determines that critical circumstances do not exist with respect to those imports of the subject merchandise from China that were subject to the affirmative critical circumstances determination by the Department of Commerce.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we determine that an industry in the United States is materially injured by reason of imports of circular welded carbon-quality steel pipe (“CWP”) from China that are subsidized and sold in the United States at less than fair value (“LTFV”).^{1 2}

I. BACKGROUND

A. In General

These countervailing and antidumping duty investigations result from a petition filed on June 7, 2007, by six domestic producers of CWP – Allied Tube & Conduit, IPSCO Tubulars, Inc., Northwest Pipe Company (“Northwest”), Sharon Tube Company, Western Tube & Conduit Corporation, Wheatland Tube Company (“Wheatland”) – and the United Steelworkers, a labor union whose members are engaged in production of CWP (collectively “petitioners”). Petitioners and U.S. Steel Corporation (another U.S. producer of CWP) filed prehearing and posthearing briefs and were represented at the hearing on May 13, 2008, in support of the petition. In opposition to the petition, filing prehearing and posthearing briefs and represented at the hearing, were the China Chamber of Commerce of Metals, Minerals, and Chemicals Importers & Exporters (“CCCMC”), representing its member producers and exporters of the subject merchandise; the Standard Pipe Importers’ Coalition;³ MAN Ferrostaal, Inc., Commercial Metals Company, and QT Trading LP, importers of the subject merchandise (“MAN”, “Commercial”, and “QT”); and Western International Forest Products, LLC (“Western”), an importer of subject merchandise. A prehearing brief was also filed by Shuangjie Steel Pipe Co. Ltd. and its affiliate Tianjin Wa Song Imp. & Exp. Co., Ltd. (“Shuangjie”), a producer/exporter of the subject merchandise.

The Commission received usable questionnaire responses from 21 U.S. producers, accounting for more than 90 percent of U.S. production of CWP in 2007.⁴ The Commission also received usable questionnaire responses from 32 importers believed to account for 82.6 percent of CWP imports from China and 75.3 percent of imports from other sources in 2007,⁵ and from 15 Chinese producers of CWP accounting for an estimated 51.5 percent of CWP production in China in 2007, and an estimated 65.1 of exports of CWP to the United States in 2007.⁶

Tubular products, only some of which are CWP, frequently are distinguished by the following six end uses as defined by the American Iron and Steel Institute (“AISI”).

- *Standard pipe* is ordinarily used for low-pressure conveyance of air, steam, gas, water, oil, or other fluids for mechanical applications. It is used primarily in machinery, buildings, sprinkler systems, irrigation systems and water wells rather than in pipe lines or utility distribution

¹ Commissioner Pinkert did not participate in this determination.

² As addressed further *infra*, we also determine that the imports subject to Commerce’s affirmative critical circumstances determinations are not likely to undermine seriously the remedial effect of the countervailing duty and antidumping duty orders to be issued on CWP from China.

³ Consisting of Pusan Pipe America, Inc. (d/b/a SeAH Steel America, Inc.); Kumkang America, Inc.; Oxbow Carbon & Minerals LLC (Mark Steel International); James Steel, Inc.; Hyundai Corp. USA; North American Pipe & Steel, Inc.; and Shamrock Building Materials Inc.

⁴ CR at III-1, PR at III-I.

⁵ CR at IV-1, PR at IV-I.

⁶ CR at VII-2, PR at VII-I.

systems. It may carry fluids at elevated temperatures which are not subject to external heat applications. It is usually produced in standard diameters and wall thicknesses to ASTM specifications.

- *Line pipe* is used for transportation of gas, oil, or water generally in a pipeline or utility distribution system. It is produced to API-5L and American Water Works Association (“AWWA”) specifications.
- *Structural pipe and tubing* is welded or seamless pipe and tubing generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications in round, square, rectangular, or other cross-sectional shapes.
- *Mechanical tubing* is welded or seamless tubing produced in a large number of shapes of varied chemical composition. It is not normally produced to meet any specification other than that required to meet the end use.
- *Pressure tubing* is used to convey fluids at elevated temperatures or pressures, or both, and is suitable to be subjected to heat applications. It is produced to specifications, such as ASTM.
- *Oil country tubular goods* (“OCTG”) are pipe produced to API specifications and used in wells in oil and gas industries.⁷

The Commission's focus in these investigations is upon standard and structural pipe and tubing.⁸

CWP is produced in various grades of carbon, alloy, or stainless steel and is frequently distinguished by its wide variety of end use applications, including plumbing applications, structural applications, and more specific applications (e.g., shells for electrical conduit, scaffolding components, and fencing).

B. Previous and Related Investigations⁹

In 1986, in an antidumping duty investigation, the Commission determined that an industry in the United States was not materially injured or threatened with material injury by reason of less than fair value (LTFV) imports of standard pipes and tubes from China. Such imports were found by the Commission to have “serious deficiencies” and to have been imported “only in very small quantities;” moreover, despite China’s position as a net importer of standard pipe, there was “no information of record

⁷ CR at I-14, PR I-12.

⁸ See definition of Commerce’s scope, infra.

⁹ Each antidumping or countervailing duty investigation is *sui generis*, presenting unique interactions of the economic variables the Commission considers, and therefore is not binding on the Commission in subsequent investigations, even when the same subject country and merchandise are at issue. E.g., Nucor Corp. v. United States, 414 F.3d 1331, 1340 (Fed. Cir. 2005); Ugine-Savoie Imphy v. United States, 248 F. Supp. 2d 1208, 1220 (Ct. Int’l Trade 2002). Findings made in investigations under other statutory provisions, such as those in the section 201 and section 421 investigations discussed herein, provide even lesser guidance in subsequent antidumping or countervailing duty proceedings. Greenhouse Tomatoes from Canada, Inv. No. 731-TA-925 (Preliminary), USITC Pub. 3424 (May 2001) at n.13 (“See Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353, 1379 (Ct. Int’l Trade 1999) (‘As the ITC explained that the previous [ITC] publication was not for an antidumping investigation and the information and data gathered were not for the same time period as this investigation, the Court finds the ITC did not abuse its discretion in apparently not relying on its previous finding in this determination.’”); Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 5-6, n.20 (“determinations in Commission investigations of live cattle conducted under section 201 of the Trade Act of 1974 in 1977 . . . offer limited guidance in decisions under the antidumping/countervailing duty laws”).

that the Chinese are currently increasing productive capacity for standard pipe or that they intend to increase such capacity.”¹⁰

In 2001, the Commission determined, pursuant to section 201 *et seq* of the Trade Act of 1974,¹¹ in its investigation of Steel, including carbon and certain alloy welded pipe other than OCTG (encompassing standard pipe), that such welded pipe was being imported into the United States in such increased quantities as to be a substantial cause of the threat of serious injury to the domestic industries producing articles like or directly competitive with the imported article.¹² On March 5, 2002, the President announced safeguard measures, effective March 20, 2002, for a period of three years and one day.¹³ Import relief relating to welded tubular products (other than OCTG) 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.¹⁴ China was not among the countries excluded from the safeguard remedies.¹⁵ The President also instructed the Secretary of the Treasury and the Secretary of Commerce to establish a system of import licensing to facilitate the monitoring of imports of certain steel products.¹⁶ On December 4, 2003, the President terminated the safeguard measures.¹⁷ Import licensing, however, remained in place through March 21, 2005, and continues in modified form.¹⁸

In 2002, in an antidumping duty investigation, the Commission determined that an industry in the United States was not materially injured or threatened with material injury by reason of LTFV imports of

¹⁰ Certain Welded Carbon Steel Pipes and Tubes from The People’s Republic of China, Inv. No. 731-TA-292 (Final), USITC Pub. 1885 (Aug. 1986) at 3-13.

¹¹ 19 U.S.C. § 2251 *et seq.*

¹² Steel; Import Investigations, 66 Fed. Reg. 67304 (December 28, 2001); Steel, Inv. No. TA-201-73, USITC Pub. 3479 at 157-170 (Dec. 2001).

¹³ Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products, 67 Fed. Reg. 10553 (March 7, 2002).

¹⁴ Id. Dual/multiple-stenciled line pipe for use in CWP applications was not covered by this measure as it was already covered by a separate measure on line pipe. CR at I-6 n.8, PR at I-5 n.8.

¹⁵ The safeguard measures applied to imports of subject steel products from all countries except Canada, Israel, Jordan, and Mexico, which had entered into free trade agreements with the United States, and most developing countries that were members of the World Trade Organization. The President’s initial proclamation also excluded numerous specific products from the measures, and was followed by further exclusions. 67 Fed. Reg. 10558 (Mar. 7, 2002), 67 Fed. Reg. 16484 (Apr. 5, 2002), 67 Fed. Reg. 46221 (Jul. 12, 2002); 67 Fed. Reg. 56183 (Aug. 30, 2002).

¹⁶ On July 18, 2002, Commerce announced proposed rules regarding a steel import licensing and surge monitoring system (67 Fed. Reg. 47338 (July 18, 2002)) and, on December 31, 2002, published regulations establishing such a system. CR at I-7 n.13; PR at I-6 n.13.

¹⁷ Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products, 68 Fed. Reg. 68483 (December 8, 2003).

¹⁸ Proclamation 7741 terminated the tariff-rate quota and the increased import duties on certain steel products, but directed the Secretary of Commerce to continue the monitoring system until the earlier of March 21, 2005, or such time as the Secretary establishes a replacement program. On March 11, 2005, Commerce published an interim final rule to implement a replacement program for the period beyond March 21, 2005. 70 Fed. Reg. 12133 (March 11, 2005). On December 5, 2005, Commerce published its final rule. 70 Fed. Reg. 72373 (December 5, 2005).

On March 21, 2005, the Commission instituted an investigation under section 204(d) of the Trade Act of 1974 for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of certain steel products. The Commission’s report on the evaluation was transmitted to the President and the Congress on September 19, 2005.

standard pipes and tubes from China.¹⁹ Commerce calculated dumping margins of zero for Chinese producers Baosteel and Weifang and thus their exports were not considered subject imports.²⁰ In considering the issue of material injury, the Commission specifically noted as a condition of competition the recently-enacted U.S. safeguard action described above.²¹ In considering threat, the Commission found no evidence of an imminent, substantial increase in production capacity among the responding Chinese producers and noted that reported capacity was “projected to remain flat in 2002.”²²

In 2005, the Commission conducted a China-specific safeguard investigation on circular welded nonalloy steel pipe under section 421 of the Trade Act of 1974.²³ The Commission determined that rapidly increasing imports of the subject product from China were a significant cause of market disruption, defined as material injury or the threat of material injury to the domestic industry, and proposed remedies for the President’s consideration.²⁴ The President determined not to impose import relief.²⁵

Circular welded pipe from countries other than China has been the subject of numerous countervailing duty or antidumping duty investigations since the mid-1980s.²⁶ Antidumping duty orders are currently outstanding on CWP from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, and a countervailing duty order is outstanding on CWP from Turkey.²⁷

II. DOMESTIC LIKE PRODUCT AND DOMESTIC 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.”²⁸ Section 771(4)(A) of the Tariff Act of 1930, as amended (“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.”²⁹ In turn, the Act defines “domestic like

¹⁹ Circular Welded Non-Alloy Steel Pipe from China, Inv. No. 731-TA-943 (Final), USITC Pub. 3523 (Jul. 2002).

²⁰ Id. at 12 n.75.

²¹ Id. at 7.

²² Id. at 15.

²³ 19 U.S.C. § 2451.

²⁴ Circular Welded Non-alloy Steel Pipe From China, Inv. No. TA-421-6, USITC Pub. 3807 (Oct. 2005). Two dissenting Commissioners found that the domestic industry “remained healthy,” and noted that responding Chinese producers projected their capacity, production, and shipments, including those to the United States, to be “similar to 2004 levels.” Id. at 72-74.

²⁵ Presidential Proclamation 2006-7 of December 30, 2005, Presidential Determination on Imports of Circular Welded Non-Alloy Steel Pipe from the People’s Republic of China, 71 Fed. Reg. 871 (January 6, 2006).

²⁶ CR/PR at Table I-1 (listing of investigations).

²⁷ See, e.g., Certain Pipe and Tube From Argentinian, Brazil, India Korea, Mexico, Taiwan, Thailand, and Turkey, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 409, 410, 532-534 (Second Review), USITC Pub. 3867 (Jul. 2006).

²⁸ 19 U.S.C. § 1677(4)(A).

²⁹ 19 U.S.C. § 1677(4)(A).

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”³⁰

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.³¹ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.³² The Commission looks for clear dividing lines among possible like products and disregards minor variations.³³ Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise allegedly sold at LTFV,³⁴ the Commission determines what domestic product is like the imported articles Commerce has identified.³⁵

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of these investigations as:

[C]ertain welded carbon quality steel pipes and tubes, of circular cross section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (e.g., plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., ASTM, proprietary, or other), generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

Specifically, the term “carbon quality” includes products in which: (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon

³⁰ 19 U.S.C. § 1677(10).

³¹ See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department 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).

³² See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

³³ 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.”).

³⁴ See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421 (Fed. Cir. April 25, 2002) at 9 (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

³⁵ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, Inc. v. United States, 501 F.3d 1291, 1298, n.1 (Fed. Cir. 2007) (“Commerce’s [scope] finding does not control the Commission’s [like product] determination.”); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

(i) 1.80 percent of manganese; (ii) 2.25 percent of silicon; (iii) 1.00 percent of copper; (iv) 0.50 percent of aluminum; (v) 1.25 percent of chromium; (vi) 0.30 percent of cobalt; (vii) 0.40 percent of lead; (viii) 1.25 percent of nickel; (ix) 0.30 percent of tungsten; (x) 0.15 percent of molybdenum; (xi) 0.10 percent of niobium; (xii) 0.41 percent of titanium (xiii) 0.15 percent of vanadium; or (xiv) 0.15 percent of zirconium.

All pipe meeting the physical description set forth above that is used in, or intended for use in, standard and structural pipe applications is covered by the scope of this investigation. Standard pipe applications include the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may also be used for light load-bearing and mechanical applications, such as for fence tubing, and as an intermediate product for protection of electrical wiring, such as conduit shells. Structural pipe is used in construction applications.

Standard pipe is made primarily to American Society for Testing and Materials (ASTM) specifications, but can be made to other specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to an ASTM specification and to any other specification, such as the American Petroleum Institute (API) API-5L or 5L X-42 specifications, is also covered by the scope of this investigation when it meets the physical description set forth above and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish.

The scope does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold-drawn; (c) finished electrical conduit; (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; and (f) line pipe produced to API specifications for oil and gas applications.³⁶

³⁶ 73 Fed. Reg. 31966-31967 (June 5, 2008) (countervailing duty determination), 73 Fed. Reg. 31970 - 31971 (June 5, 2008) (antidumping duty determination). This scope replaces the scope definition in Commerce's initiation notice, which was before the Commission at the preliminary phase of these investigations, in which dual- and multiple-stenciled pipe was defined as within the scope if it was used, or intended for use in, a standard pipe application. The scope now identifies dual- and multiple-stenciled pipe within the scope in terms of the physical characteristics of the pipe, rather than its use or intended use.

C. Analysis

In the preliminary phase of these investigations, Petitioners proposed that the Commission define a single domestic like product including all CWP, coextensive with the scope of the investigations. The Commission agreed and defined a single domestic like product, coextensive with the scope.³⁷

In the final phase of these investigations, no party advocates defining the domestic like product differently,³⁸ and no new information has been developed since the preliminary determinations to suggest that a different definition would be warranted. Accordingly, for the reasons stated in the preliminary determinations, we define a single domestic like product consisting of CWP coextensive with the scope of these investigations.

III. DOMESTIC INDUSTRY

A. In General

The domestic industry is defined 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.”³⁹ In defining the domestic industry, the Commission’s general practice has been to include in the industry all domestic production of the domestic like product, whether toll produced, captively consumed, or sold in the domestic merchant market.⁴⁰ Based on our finding that the domestic like product is CWP, we find that the domestic industry consists of all known domestic producers of CWP. The Commission obtained data from 21 U.S. producers estimated to account for more than 90 percent of U.S. production of CWP in 2007.⁴¹

B. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) 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.⁴² Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation. The Commission has concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producers were responsible for a predominant proportion of an importer’s purchases and the importer’s purchases were substantial.⁴³

³⁷ Circular Welded Carbon-Quality Pipe from China, Inv. Nos. 701-TA-447, 731-TA-1116 (Preliminary), USITC Pub. 3938 (Jul. 2007) at 8.

³⁸ CR at I-13, PR at I-11.

³⁹ 19 U.S.C. § 1677(4)(A).

⁴⁰ United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

⁴¹ CR/PR at III-1.

⁴² 19 U.S.C. § 1677(4)(B).

⁴³ See, e.g., Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9; Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and

(continued...)

No party has argued that any domestic producer should be excluded from the domestic industry under the related party provision. However, although they did not import subject merchandise, *** and *** purchased subject merchandise during the period of investigation.⁴⁴

*** purchased *** short tons of subject merchandise in 2006 and *** short tons in 2007.⁴⁵ However, *** does not appear to have purchased a predominant proportion of any importer's importations of the subject merchandise and, therefore, is not a related party by reason of those purchases.⁴⁶

*** purchased *** short tons of subject merchandise in 2006 and *** short tons in 2007.⁴⁷ The volume of *** purchases are small; accordingly, there is no indication that *** is responsible for a predominant portion of any importer's importations, and its purchases do not constitute a large proportion of total imports from China. We consequently find that *** is not a related party producer.

IV. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS⁴⁸

In the final phase of antidumping or countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.⁴⁹ 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.⁵⁰ The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."⁵¹ In assessing whether 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.⁵² 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."⁵³

⁴³ (...continued)

Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997). See also SAA at 858.

⁴⁴ CR/PR at Table III-7.

⁴⁵ CR/PR at Table III-7.

⁴⁶ Specifically, *** purchased the Chinese CWP from *** U.S. importers, ***. *** did not list its primary (i.e., top 10) customers. ***, one of the *** U.S. importers of circular welded pipe from China, listed *** as purchasers of its subject CWP imports, but those purchases accounted for only *** percent of *** sales of CWP from China during the period. *** did not list its primary customers. Questionnaire responses of ***.

⁴⁷ CR/PR at Table III-7.

⁴⁸ No party argues that negligibility is an issue in these investigations under 19 U.S.C. § 1677(24). Subject imports from China were 65.0 percent of total imports during the most recent 12-month period prior to the filing of the petition for which data are available, June 2006 to May 2007, and thus are well above the three-percent negligibility threshold. CR/PR at Table IV-3. Consequently, we find that subject imports are not negligible.

⁴⁹ 19 U.S.C. §§ 1671d(a) and 1673d(a).

⁵⁰ 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).

⁵¹ 19 U.S.C. § 1677(7)(A).

⁵² 19 U.S.C. § 1677(7)(C)(iii).

⁵³ 19 U.S.C. § 1677(7)(C)(iii).

For the reasons stated below, we determine that the domestic industry producing CWP is materially injured by reason of subject imports from China.

A. Conditions of Competition and the Business Cycle

The following conditions of competition are pertinent to our analysis of the impact of subject imports of CWP on the domestic industry.

1. Demand Conditions

Demand for CWP is largely derived from nonresidential construction.⁵⁴ U.S. CWP demand, as measured by apparent U.S. consumption, increased from 2.36 million short tons in 2005 to 2.72 million short tons in 2006, then declined to 2.58 million short tons in 2007, for an overall increase of 9.0 percent.⁵⁵ The record is mixed regarding demand in 2008. Petitioners argue that CWP demand will decline in relation to a downturn in the economy generally, slowing nonresidential construction, tightened credit markets, and retail expansion cutbacks.⁵⁶ CCCMC asserts that CWP demand will increase slightly in 2008 in response to a modest increase in nonresidential construction spending.⁵⁷

The vast majority of shipments of CWP in the U.S. market, both of domestic product and imports, is to distributors.⁵⁸ Distributors can vary in terms of size, inventory, and types of customers they serve.⁵⁹ Nine of 22 responding purchasers identified themselves as master distributors.⁶⁰ Master distributors typically sell to other distributors, carry a larger selection of CWP in inventory than do smaller distributors, and purchase in greater volume and, thus, they are able to purchase CWP at lower prices than can the smaller distributors.⁶¹ The record indicates that master distributors have enhanced the ability of the subject imports to compete in the U.S. market.⁶²

2. Supply Conditions

The Commission received questionnaire responses from 21 U.S. producers, accounting for the vast majority of U.S. production of CWP during the period of investigation.⁶³ The industry's capacity declined over the period by 13.7 percent, largely as a result of closures by Wheatland of its Sharon, Pennsylvania plant in May 2006; its Little Rock, Arkansas facility and its Houston, Texas facility in

⁵⁴ CR at II-12 - II-14, PR at II-8 - II-9; Petitioners Postconference Brief at 7; Conference Transcript at 101-103 (Magno, Filetti, and Barnes); Respondents' Postconference Brief at 34-35.

⁵⁵ CR/PR at Table C-1.

⁵⁶ Petitioners' Prehearing Brief at 12 & Exhibit 2; CR at II-13, PR at II-9.

⁵⁷ CCCMC's Prehearing Brief at 55-56, CR at II-13 - II-14, PR at II-9.

⁵⁸ CR/PR at Table II-1.

⁵⁹ CR/PR at II-1.

⁶⁰ CR/PR at II-1, n.1.

⁶¹ CR/PR at II-1 - II-2.

⁶² CR/PR at II-2 & nn. 3, 4. We note that master distributors have existed in this market for at least 20 years (CR/PR at II-2) and "generally are more on the plumbing and heating . . . the industrial side[s] of the business as opposed to fire protection or fencing." Conference Transcript at 82 (Magno).

⁶³ CR/PR at Table III-1, CR at III-3, PR at III-4.

September 2007; and its Collingswood, New Jersey facility in December 2007.⁶⁴ The domestic industry's production increased overall by 5.1 percent.⁶⁵

Domestic producers' share of the U.S. market, by quantity, declined from 58.4 percent in 2005 to 49.3 percent in 2006, then increased to 55.2 percent in 2007, for an overall period decrease of 3.2 percentage points.⁶⁶ Subject imports' share of the U.S. market increased from 16.2 percent in 2005 to 26.4 percent in 2006 and 29.0 percent in 2007, for an overall period increase of 12.9 percentage points.⁶⁷ The U.S. market share held by nonsubject imports declined steadily during the period examined, from 25.4 percent in 2005 to 24.3 percent in 2006 and 15.8 percent in 2007, for an overall period decline of 9.6 percentage points.⁶⁸ Imports of CWP from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, which are subject to antidumping orders (CWP from Turkey is also subject to a countervailing duty order), accounted for approximately half of the nonsubject imports over the period of investigation.⁶⁹

3. Substitutability and Other Conditions

The record indicates a moderately high degree of substitutability between CWP produced domestically and that imported from China.⁷⁰ CWP, regardless of source, is manufactured to meet common ASTM specifications (such as A-53, A-135, A-795, A-500, A-252 or F-1083) regarding materials, dimensions, and testing.⁷¹ The vast majority of market participants found domestically produced CWP always or frequently interchangeable with subject CWP from China.⁷² Additionally, the majority of market participants who compared subject imports to imports from nonsubject sources found them to be always or frequently interchangeable.⁷³ Domestic producers, importers, and purchasers differ somewhat on the importance of non-price factors – such as quality, availability, transportation network, product range, and technical support – when comparing CWP from one country with that from another.⁷⁴ The vast majority of purchasers identified price as a very important factor in their purchasing decisions.⁷⁵

⁶⁴ CR/PR at Table III-2 (the domestic industry's capacity declined from 2.57 million short tons in 2005 to 2.41 million short tons in 2006 and 2.22 million short tons in 2007), CR/PR at III-1 n.2 (Wheatland's closings), see also CR/PR at Table III-3 (summary of plant openings, relocations, expansions, acquisitions, closures, and prolonged shutdowns).

⁶⁵ Domestic production declined slightly from 1.39 million short tons in 2005 to 1.38 million short tons in 2006, then increased to 1.46 million short tons in 2007. CR/PR at Table III-2.

⁶⁶ CR/PR at Table IV-8.

⁶⁷ CR/PR at Table IV-8 and C-1.

⁶⁸ CR/PR at Table IV-8.

⁶⁹ CR/PR at Table IV-6.

⁷⁰ CR at II-17 - II-18, PR at II-11 - II-12.

⁷¹ CR at I-15 - I-16, PR at I-12 - I-13.

⁷² CR/PR at Table II-2.

⁷³ CR/PR at Table II-2.

⁷⁴ Responding U.S. producers reported most frequently that differences in non-price factors among CWP produced in the United States, imported from China, and imported from third countries were only sometimes or never significant, whereas the responding U.S. importers and purchasers were more divided in characterizing such factors as always, frequently, sometimes, and never significant. CR/PR at Table II-3.

⁷⁵ CR/PR at Table II-5. "Quality meets industry standards" was cited by purchasers most frequently as the primary factor in purchasing decisions, with "availability" and "price," respectively, a close second and third; price was cited by the most purchasers as one of the three most important factors in making purchasing decisions. CR/PR at Table II-5.

Importers reported that their average lead time (*i.e.*, between order and delivery) for CWP from China that was produced to order was over 120 days, whereas domestic producers reported an average lead time of 31 days on produced-to-order CWP. Domestic producers reported lead times averaging 6 days for shipments from inventory. Of the six importers reporting shipping out of inventory, four reported lead times of 10 days or less and two reported lead times greater than 30 days.⁷⁶

The ability or willingness of domestic producers to reduce prices to compete with subject imports is limited by the high variable cost nature of CWP production.⁷⁷ The need to meet variable costs can lead producers, at least initially, to adjust sales volume rather than prices when competing with low-priced products.⁷⁸

B. Volume of the Subject Imports

Section 771(7)(c) 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.”⁷⁹

Subject import volume increased from 382,122 short tons in 2005 to 715,728 short tons in 2006 and 748,181 short tons in 2007, for a period increase of 95.8 percent.⁸⁰ The market share held by subject imports increased from 16.2 percent of apparent U.S. consumption in 2005 to 26.4 percent in 2006 and to 29.0 percent in 2007, for a period increase of 12.9 percentage points.⁸¹ The market share held by the domestic industry declined from 58.4 percent in 2005 to 49.3 percent in 2006, before increasing to 55.2 percent in 2007, for an overall period decline of 3.2 percentage points.⁸² The market share held by nonsubject imports declined throughout the period, from 25.4 percent of apparent U.S. consumption in 2005 to 24.3 percent in 2006 and 15.8 percent in 2007, for a period decline of 9.6 percentage points.⁸³ As the data reflect, increasing subject import volumes took market share from the domestic industry, particularly in 2006, as well as from nonsubject imports. We also note that subject imports captured a substantial share of a growing market as apparent U.S. consumption increased by 9.0 percent over the period and by 14.8 percent from 2006 to 2007.

⁷⁶ CR at II-2 - II-3, PR at II-2.

⁷⁷ A high variable cost industry is one in which variable costs (*e.g.*, cost of direct materials and direct labor), which change directly with the amount of production, are high in relation to fixed costs (*e.g.*, costs for plant facilities, equipment, and insurance), which remain constant in total regardless of changes in production volumes.

⁷⁸ CR/PR at Table VI-3; CR/PR at Table V-10 (while many responding purchasers reported that domestic producers reduced prices to compete with subject imports, a majority of purchasers reported that domestic prices were not reduced); Petitioners’ Prehearing Brief at 10; USITC Pub. 3938 at 12; Conference Transcript at 72 (Magno, Barnes).

⁷⁹ 19 U.S.C. § 1677(7)(C)(i).

⁸⁰ CR/PR at Tables IV-2, C-1.

⁸¹ CR/PR at Table IV-8. The ratio of subject imports to U.S. production increased over the period by 23.7 percentage points, from 27.6 percent in 2005 to 51.3 percent in 2007. CR/PR at Table IV-9.

⁸² CR/PR at Table IV-8.

⁸³ CR/PR at Table IV-8.

The volume of subject imports declined sharply in the final months of 2007. While the pendency of these investigations may have had some impact on import volume,⁸⁴ as discussed above, even with the decline in the last quarter of 2007, subject import volume in 2007 was significantly greater than in 2005.⁸⁵

For the foregoing reasons, we find that the subject import volume and the increase in that volume are significant, both in absolute terms and relative to consumption and production in the United States.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the 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.⁸⁶

As discussed above, there is a moderately high degree of substitutability between domestic and subject CWP, both of which are commonly produced to ASTM specifications.⁸⁷ A majority of market participants found subject imports and the domestic like product to be always or frequently interchangeable.⁸⁸ Price plays an important role in sales of CWP.⁸⁹

The Commission collected quarterly weighted-average price data from U.S. producers and importers on four specific CWP products and four broader product categories.⁹⁰ Price data reported by U.S. producers accounted for 28.2 percent of their reported commercial shipments of CWP. Price data reported by U.S. importers accounted for 37.8 percent of their total reported U.S. commercial shipments. U.S. importers also reported pricing data for their commercial shipments of nonsubject imports, which accounted for 16.5 percent of total official imports of CWP from nonsubject countries in 2007.⁹¹ Ninety-six quarterly price comparisons were possible between domestic product and the subject imports across

⁸⁴ CR at II-8 - II-11, PR at II-6 - II-7.

⁸⁵ In conducting our analysis, we have given less weight to the decline in subject imports that occurred in the final months of 2007, since we find that it was at least partly due to the effects of the filing of the petitions. See 19 U.S.C. § 1677(7)(I).

⁸⁶ 19 U.S.C. § 1677(7)(C)(ii).

⁸⁷ CR at II-17 - II-18, PR at II-11 - II-12.

⁸⁸ CR/PR at Table II-2.

⁸⁹ CR/PR at Tables II-4, II-5.

⁹⁰ The Commission requested price data for: Product 1 - ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2-4 inches inclusive; Product 1a - ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2 inches; Product 2 - ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2-4 inches inclusive; Product 2a - ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2 inches; Product 3 - ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 6-8 inches inclusive; Product 3a - ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 6 inches; Product 4 - galvanized fence tube, with nominal outside diameter of 1-3/8 - 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch; Product 4a - galvanized fence tube, with nominal outside diameter of 2 inches (also referred to as 2 and 3/8 inch in the fence tube industry), and wall thickness of 0.065 inch (+/- 10 percent). CR at V-9, PR at V-7.

⁹¹ CR at V-10, PR at V-8, as revised by Memorandum INV-FF-068 (June 16, 2008).

specific products and broader product categories.⁹² In all comparisons the subject imports undersold the domestic product, by margins ranging from 4.3 percent to 56.0 percent.⁹³ Domestic producers' prices for six of the eight pricing products declined over the period of investigation.⁹⁴

As discussed earlier, CWP production entails relatively high variable costs. The record indicates that, in response to sharply increased volumes of low priced subject imports in 2006, the domestic industry generally maintained prices at the cost of sales volume and thus experienced declines in sales, shipments, and market share in 2006 compared with 2005.⁹⁵ In 2007, domestic producers appear to have competed more on price to regain market share. However, they were not able to regain the market share they had held in 2005, nor were they able to increase prices sufficiently to cover increased costs as subject imports undersold the domestic product in increasing volumes.⁹⁶ The domestic industry's total cost of goods sold ("COGS") as a share of net sales increased by 3.5 percentage points from 2005 to 2007.⁹⁷ Unit COGS, after declining from \$817 in 2005 to \$794 in 2006, increased to \$833 in 2007. Unit sales values, on the other hand, declined from \$954 in both 2005 and 2006 to \$933 in 2007.⁹⁸ We therefore find that U.S. producers' prices were suppressed to a significant degree because of persistent underselling by subject imports. The evidence of some confirmed lost sales provide additional support for our finding that subject imports have suppressed price increases that otherwise would have occurred to a significant degree.⁹⁹

In sum, the record indicates significant underselling by subject imports during the period of investigation, and that subject imports have suppressed domestic prices to a significant degree. Accordingly, we find that subject imports have had significant adverse effects on domestic prices during the period of investigation.

⁹² The difference between the average quarterly prices for the specific products and the broader product categories was generally small, averaging 2.3 percent. CR at V-27, PR at V-21.

⁹³ CR/PR at Table V-5.

⁹⁴ CR/PR at Tables V-1 - V-4a (increases only for products 2 and 2a).

⁹⁵ CR/PR at Table C-1 and V-7. Also, several purchasers indicated shifting, over the period of investigation, from domestic product to subject imports due to price differences. CR/PR at Table V-10.

⁹⁶ CR/PR at Table C-1 and V-7.

⁹⁷ CR/PR at Table C-1. COGS/sales declined from 85.6 percent in 2005 to 83.2 percent in 2006, before increasing to 89.2 percent in 2007. Id.

⁹⁸ CR/PR at Table C-1.

⁹⁹ CR/PR at Table V-9.

D. Impact of the Subject Imports on the Domestic Industry¹⁰⁰

Section 771(7)(C)(iii) of the Act 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.”¹⁰¹ These factors include output, sales, inventories, 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.”¹⁰²

As an initial matter, we again note that the high variable cost nature of CWP production appears to have led domestic producers in 2006 to sacrifice sales volume rather than lowering prices to compete with increasing volumes of low-priced CWP from China.¹⁰³ Thus, while the shipments, sales quantity, sales revenue, and market share of the domestic industry declined in 2006, the industry was able in that year to maintain prices at levels sufficient to increase operating income, both absolutely and as a percent of net sales. However, in 2007, the domestic industry competed more on price in order to regain lost market share. As a result, the industry was unable to sustain its operating margin in the face of a cost/price squeeze due, to a significant extent, to the increased volume of low-priced subject imports, as described above.¹⁰⁴

The industry’s capacity declined over the period from 2.57 million short tons in 2005 to 2.22 million short tons in 2007, a decline of 13.7 percent, largely as a result of Wheatland’s facility closures.¹⁰⁵ While total apparent consumption increased by 14.8 percent in 2006 and by 9.0 percent in the period overall (for a total increase of 212,855 short tons), domestic production decreased from 1.39 million short tons in 2005 to 1.38 million short tons in 2006, before increasing to 1.46 million short tons in 2007, for an overall increase of 5.1 percent, or 71,169 short tons.¹⁰⁶ Although capacity utilization

¹⁰⁰ The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final antidumping duty determination regarding CWP from China, Commerce found dumping margins for subject imports of 69.20 percent for 31 specific combinations of exporters and one or more producers, and 85.55 percent for all others (PRC-wide entity rate). 73 Fed. Reg. 31970, 31973 (Jun. 5, 2008). The Commission may also consider the magnitude of countervailable subsidies. 19 U.S.C. § 1677(7)(C)(iii). In its final countervailing duty determination, Commerce found net subsidy rates of 29.57 percent for Weifang East Steel Pipe Co., Ltd.; 44.86 percent for Zhejiang Kingland Pipeline and Technologies Co., Ltd., and affiliated companies; 615.92 percent for Tianjin Shuangjie Steel Pipe Co., Ltd., Tianjin Shuangjie Steel Pipe Group Co., Ltd., Tianjin Wa Song Imp. & Exp. Co., Ltd., and Tianjin Shuanglian Galvanizing Products Co., Ltd.; and 37.22 percent for all others. 73 Fed. Reg. 31966, 31969 (Jun. 5, 2008).

¹⁰¹ 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.”). SAA at 885.

¹⁰² 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

¹⁰³ See USITC Pub. 3938 at 12 (high variable cost industry discussion).

¹⁰⁴ E.g., CR/PR at Table C-1.

¹⁰⁵ CR/PR at III-1 n.2. While Wheatland’s closings were largely responsible for the net decline in the industry’s capacity, we note that there also were other plant openings, relocations, expansions, acquisitions, closures, and prolonged shutdowns that affected capacity over the period. See CR/PR at Table III-3.

¹⁰⁶ CR/PR at Table C-1.

increased over the period of investigation, its peak level was 65.7 percent in 2007 (it was 53.9 percent in 2005 and 57.5 percent in 2006).¹⁰⁷

Domestic producers' shipments decreased from 1.38 million short tons in 2005 to 1.34 million short tons in 2006 before increasing to 1.42 million short tons in 2007.¹⁰⁸ Domestic producers' market share declined from 58.4 percent in 2005 to 49.3 percent in 2006, then increased to 55.2 percent, for an overall decline of 3.2 percentage points. While domestic sales volume increased irregularly over the period by 5.1 percent, the value of domestic sales increased by only 2.9 percent.¹⁰⁹

During the period 2005-2007, domestic producers' ending inventories of CWP declined by 15.8 percent, and fell by 2.6 percentage points relative to the quantity of total shipments.¹¹⁰ U.S. importers' ending inventories of subject merchandise increased by 219.5 percent.¹¹¹

The industry's employment related data for the period is mixed. The average number of production-related workers and hours worked declined steadily from 2005 to 2007, by 3.1 percent and 3.0 percent respectively.¹¹² The domestic industry's average unit labor costs declined steadily by 4.1 percent from 2005 to 2007. Productivity rose by 8.4 percent.¹¹³

Net sales volume increased irregularly over the period, declining from 1.40 million short tons in 2005 to 1.36 million short tons in 2006, before increasing to 1.47 million short tons in 2007, a period increase of 5.1 percent.¹¹⁴ The net sales value increased overall to a lesser extent, by only 2.9 percent.¹¹⁵ As discussed previously, COGS as a ratio to sales increased overall from 2005 to 2007 by 3.5 percentage points.¹¹⁶

The domestic industry's financial indicators, including operating income and operating margins, improved from 2005 to 2006, but then fell to their lowest levels of the period in 2007. Operating income rose from \$140.5 million in 2005 to \$151.6 million in 2006, but fell to \$61.5 million in 2007, for a period decline of 56.2 percent.¹¹⁷ The industry's ratio of operating income to net sales followed a similar trend, growing from 10.5 percent in 2005 to 11.6 percent in 2006, before declining to 4.5 percent in 2007.¹¹⁸ The operating incomes of 17 of 20 domestic producers were lower in 2007 than in 2005.¹¹⁹

¹⁰⁷ CR/PR at Table C-1.

¹⁰⁸ CR/PR at Table C-1.

¹⁰⁹ CR/PR at Table C-1. Sales quantity decreased from 1.40 million short tons in 2005 to 1.36 million short tons in 2006, then increased to 1.47 million short tons in 2007. Total sales value decreased from \$1.36 billion in 2005 to \$1.30 billion in 2006, then increased to \$1.37 billion in 2007.

¹¹⁰ CR/PR at Table C-1.

¹¹¹ CR/PR at Table C-1.

¹¹² CR/PR at Table C-1. The average number of production workers declined from 2,528 in 2005 to 2,450 in 2007. While hours worked also decreased from 4.77 million in 2005 to 4.63 million in 2007, hourly wages increased from \$21.62 in 2005 to \$22.48 in 2007. Additionally, wages paid increased irregularly from \$103.20 million in 2005 to \$104.07 in 2007. CR/PR at Table C-1.

¹¹³ CR/PR at Table C-1. Productivity increased from 290.4 short tons per 1,000 hours in 2005 to 314.7 short tons per 1,000 hours in 2007.

¹¹⁴ CR/PR at Table C-1.

¹¹⁵ CR/PR at Table C-1. Net sales value declined from \$1.34 million in 2005 to \$1.30 million in 2006 before increasing to \$1.37 million in 2007. Id.

¹¹⁶ CR/PR at Table C-1.

¹¹⁷ CR/PR at Table C-1.

¹¹⁸ CR/PR at Table VI-1. The domestic industry's return on investment decreased from 21.9 percent in 2005 to *** percent in 2007. CR/PR at Table VI-7.

¹¹⁹ CR/PR at Table VI-2.

The industry's capital expenditures declined from \$42.7 million in 2005 to \$24.0 million in 2007.¹²⁰ R&D expenses increased from \$*** in 2005 to \$*** in 2007.¹²¹

As previously discussed, subject imports increased in volume and market share, undersold domestic product, and suppressed domestic prices. We find that these volume and price effects led to declines in many of the industry's performance indicators. Especially significant has been the decrease in industry profitability, due mainly to the significant price effects of the subject imports.

CCCMC argued that, because some domestic producers had fiscal years that did not end on December 31, the reported financial data masked the industry's actual profitability levels in calendar year 2007 due to price trends for hot-rolled steel that domestic producers had in inventory. The Commission therefore gathered financial data on a calendar year basis as well. We find the data on the two bases to be largely consistent and that the domestic industry is materially injured by reason of the subject imports, regardless of whether we rely on the fiscal year or calendar year for the industry's financial data.¹²²

CCCMC argued that ***. We note, however, that our analysis is based on the data for the industry as a whole and the poor performance of the industry in 2007 cannot be attributed *** when operating incomes of 17 out of 20 domestic producers were lower in 2007 than in 2005.¹²³ Moreover, the Commission ***. ***.¹²⁴

CCCMC asserts that, rather than being adversely impacted by the growing volume of subject imports, the domestic industry was limited in its ability to supply CWP because of the industry's shift from production of CWP to production of energy tubulars, e.g., line pipe and OCTG. However, as noted above, the domestic industry's production increased over the period of investigation and the industry had substantial unused capacity with which it could have supplied additional CWP. Moreover, the major U.S. producers of CWP are not major producers of line pipe and OCTG, and the majority of increases in energy tubular production¹²⁵ has been by companies that are not major CWP producers.¹²⁶

CCCMC also attributes the industry's difficulties to the tight supply of the hot-rolled steel raw material during the period. However, supply and demand conditions for hot-rolled steel are dynamic, preventing characterization of the supply as tight for any extended period. While it appears that hot-rolled steel supply may have been relatively tight in early 2006, this was increasingly less true over the

¹²⁰ CR/PR at Table VI-5.

¹²¹ CR/PR at Table VI-5.

¹²² For instance, the operating margins on a calendar year basis were 10.5 percent in 2005, 11.6 percent in 2006, and 4.5 percent in 2007 (CR/PR at Table C-1); on a fiscal year basis they were *** percent in 2005, *** percent in 2006, and *** percent in 2007 (CR/PR at Table C-2).

¹²³ CR/PR at Table VI-2.

¹²⁴ With respect to the claim regarding Wheatland's reporting of interest expenses, we note that interest expenses impact only the industry's net income, not its operating income, and that our analysis has focused primarily on operating income:

It has been the Commission's consistent practice in assessing an industry's financial performance to focus primarily on its operating income. Any exceptions to this practice generally have occurred in investigations of agricultural products, where producers often do not calculate operating income in their financial statements. A firm's operating income more accurately reflects the results of its production operations than does its net income, which may be dependent on decisions regarding the form of financing that the firm undertakes and on its "other" income and expenses.

Coated Free Sheet Paper from China, Indonesia, and Korea, Inv. Nos. 701-TA-444-446 (Final) and 731-TA-1107-1109 (Final), USITC Pub. 3965 (Dec. 2007) at 19 n.127.

¹²⁵ CR/PR at Table III-4.

¹²⁶ Petitioners' Posthearing Brief at Exhibit C.

course of the second half of that year.¹²⁷ Additionally, the industry's operating margin was highest in 2006 as compared with the other years of the period, suggesting that any tightness in hot-rolled steel supply during that year did not have a significant adverse impact on the industry.¹²⁸

Consequently, based on the record in the final phase of these investigations, we conclude that subject imports had a significant adverse impact on the condition of the domestic industry during the period of investigation. In particular, we find that the absolute and relative volume of subject imports, and the increase in those volumes, are significant and that subject imports have undersold the domestic product and suppressed domestic prices to a significant degree. These volume and price effects have caused significant declines in the domestic industry's relevant economic factors over the period of investigation.

IV. APPLICATION OF THE *BRATSK ALUMINIUM SMELTER v. UNITED STATES* REPLACEMENT/BENEFIT TEST

Having reached an affirmative determination by application of the statutorily mandated factors, the Federal Circuit's decision in Bratsk Aluminium Smelter v. United States requires that we turn to an additional analysis which can, in some circumstances, negate an affirmative determination.¹²⁹ The Federal Circuit directed the Commission to undertake an "additional causation inquiry" whenever certain triggering factors are met: "whenever the antidumping investigation is centered on a commodity product, and price competitive nonsubject imports are a significant factor in the market."¹³⁰ The additional inquiry required by Bratsk, which we refer to as the Bratsk replacement/benefit test, is "whether non-subject imports would have replaced the subject imports without any beneficial effect on domestic producers."¹³¹

As noted in other investigations, we respectfully disagree with Bratsk that the statute requires any analysis beyond that already included in our discussion of volume, price, and impact above, and do not reiterate the Commission's interpretation of the statutory scheme here.¹³² The Commission has a well established approach to addressing causation.¹³³ However, we apply the Bratsk replacement/benefit test to our analysis because the Federal Circuit has directed us to do so, notwithstanding that, in our considered view, this test is not required by, or consistent with, the statute.

¹²⁷ See CR at II-5 - II-6 (citing *** and MEPS), PR at II-4.

¹²⁸ CR/PR at Table C-1.

¹²⁹ 444 F.3d at 1369 (Fed. Cir. 2006).

¹³⁰ Bratsk, 444 F.3d at 1375.

¹³¹ Bratsk, 444 F.3d at 1375.

¹³² For a full discussion of our views on the applicability of Bratsk, see our Views in the Remand Determination for Silicon Metal from Russia, Inv. No. 731-TA-991 (Final) (Second Remand), USITC Pub. 3910 (March 2007) and Views of the Commission in Certain Polyester Staple Fiber from China, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 at 24-26 (June 2007). For a full discussion of Vice Chairman Pearson's views on the applicability of Bratsk, see his Separate and Additional Views in Silicon Metal from Russia. For a full discussion of Chairman Aranoff's views on the applicability of Bratsk, see the Views of the Commission in Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago, Inv. No. 731-TA-961 (Final) (Remand), USITC Pub. 3903 (January 2007). For a full discussion of Commissioner Okun's views of the applicability of Bratsk, see her Separate and Dissenting Views in Certain Lined Paper School Supplies from China, India, and Indonesia, Inv. Nos. 701-TA-442-443, 731-TA-1095-1097 (Final), USITC Pub. 3884 (Sept. 2006).

¹³³ See Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand), USITC Pub. 3910 (Mar. 2007), at 3-8 (articulating in detail the Commission's long-standing interpretation of the "by reason of" causation standard).

The Bratsk analysis “is triggered whenever the antidumping investigation is centered on a commodity product, and price competitive non-subject imports are a significant factor in the market.”¹³⁴ If both Bratsk triggering factors are satisfied, we apply the “replacement/benefit” test required under Bratsk.

Petitioners state that the Bratsk analysis is inapplicable to the present investigations. While Petitioners acknowledge that the first Bratsk triggering factor (whether the investigation involves a commodity product) is met, they argue that the second triggering factor (whether price competitive nonsubject imports are a significant factor in the market) is not met. Petitioners also contend that, even if the second triggering factor were met, the replacement/benefit test is not met because nonsubject imports would not have completely replaced subject imports if subject imports had been removed from the market, and the domestic industry would have benefitted from any replacement because prices for nonsubject imports are higher than those for subject imports.¹³⁵ CCCMC argues that both Bratsk triggering factors are met and that the replacement/benefit analysis is also met because sufficient capacity exists in nonsubject countries to replace subject imports and the margin by which nonsubject imports would be priced above subject imports is not substantial enough to result in a significant benefit to the domestic industry in the event of such replacement.¹³⁶

As discussed below, we conclude that the Bratsk triggering factors are satisfied.¹³⁷ We also find that the evidence is mixed regarding whether nonsubject imports would have replaced subject imports during the period of investigation, and find that the imposition of orders on subject imports would have benefitted the domestic industry regardless of the extent of such replacement.

A. Triggering Factors

We find that CWP qualifies as a “commodity product” based upon Bratsk’s reference to that term as “meaning that it is generally interchangeable regardless of its source.”¹³⁸ No party argues otherwise.¹³⁹ The record indicates that CWP is broadly interchangeable regardless of where it is produced. U.S.

¹³⁴ Bratsk, 444 F.3d at 1375.

¹³⁵ Petitioners’ Prehearing Brief at 56-61.

¹³⁶ CCCMC’s Prehearing Brief at 72-79.

¹³⁷ Commissioner Lane finds that the first trigger of the Bratsk test, that CWP is a commodity product, is not met because of the importance of non-price factors. See Separate and Dissenting Views Of Commissioners Stephen Koplan And Charlotte R. Lane, Carbon and Certain Alloy Steel Wire Rod From Trinidad and Tobago, Inv. No. 731-TA-961 (Final) (Remand), USITC Pub. 3903 (Jan. 2007). Commissioner Lane does not join the remainder of the discussion in section IV.A.

¹³⁸ We note that it is improper to assume that simply because goods are generally interchangeable for purposes of the “reasonable overlap of competition” analysis for cumulation, or are interchangeable for purposes of defining the domestic like product, that they are necessarily “commodities” for purposes of assessing causation, which is the function of the Bratsk “test.” See Silicon Metal from Russia, USITC Pub. 3910 at 10-11 (footnotes omitted), citing BIC Corp. v. United States, 964 F. Supp. 391, 397, 399 (Ct. Int’l Trade 1997) (“[L]ike product, cumulation and causation are functionally different inquiries because they serve different statutory purposes As a result, each inquiry requires a different level of fungibility. Hence the record may contain substantial evidence that two products are fungible enough to support a finding in one context (e.g., one like product), but not in another (e.g., cumulation or causation.”).

¹³⁹ Both Petitioners and CCCMC acknowledge that CWP is a commodity product. Petitioners’ Posthearing Brief at 13; CCCMC’s Prehearing Brief at 17, 71-73.

producers and most importers and purchasers reported that the U.S. product, the subject imports, and non-subject imports are frequently or always comparable.¹⁴⁰

With respect to the second triggering factor (whether price-competitive nonsubject imports are a significant factor in the U.S. market), nonsubject imports declined from 61.1 percent of total imports (on a quantity basis) in 2005 to 35.2 percent in 2007.¹⁴¹ The U.S. market share of nonsubject imports declined from 25.4 percent in 2005 to 15.8 percent in 2007, while that of subject imports increased from 16.2 percent in 2005 to 29.0 percent in 2007.¹⁴² Although nonsubject imports declined in absolute volume and market share from 2005 to 2007, as subject imports increased during this period, it appears that nonsubject imports have been a significant factor in the market whether considered on a volume or market share basis over the period of investigation.¹⁴³

The pricing information in the record indicates that prices for nonsubject imports were nearly uniformly lower than those for the domestic like product but higher than those for the subject imports.¹⁴⁴ Thus, we find that nonsubject import prices were within a competitive range of domestic and subject CWP in the U.S. market. Accordingly, we find that the second triggering factor is met.

B. Replacement/Benefit Factors

We next consider whether non-subject imports would have replaced subject imports over the period of investigation, without any benefit to the domestic industry. We find that nonsubject imports at most would have partially replaced subject imports, and that, even if there were full replacement, the domestic industry still would have benefitted from orders on subject imports.

We initially note that several sources of nonsubject imports – Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey – are subject to antidumping orders, while CWP from Turkey is subject to a countervailing duty order as well.

In the final phase of these investigations, the Commission sought information, through questionnaires and public sources, on nonsubject producers of CWP in Canada, India, Korea, Mexico, Taiwan, Thailand, and Turkey. The Commission received usable data from three of the seven CWP producers in Canada to which it sent questionnaires and from four out of five producers in Mexico. We received limited information from the Korean Iron & Steel Association, and relied on public information on exports of a category of merchandise encompassing CWP and other products for India, Taiwan, Thailand, and Turkey.¹⁴⁵

While the record indicates that there may be substantial CWP capacity in nonsubject countries,¹⁴⁶ information on excess capacity is available only with respect to Canada and Mexico. Canada had about *** short tons of excess capacity allocated to CWP and over *** short tons of excess capacity for all welded pipe in 2007.¹⁴⁷ Imports of CWP from Canada have been relatively flat over the period of investigation – 51,521 short tons in 2005, 50,561 short tons in 2006, and 49,778 short tons in 2007 –

¹⁴⁰ CR/PR at Table II-5.

¹⁴¹ CR/PR at Table IV-2.

¹⁴² CR/PR at Table IV-8.

¹⁴³ During this period, U.S. apparent consumption increased by 9.0 percent. On an absolute volume basis, nonsubject imports declined by 32.4 percent, while subject imports increased by 95.8 percent, from 2005 to 2007. See CR/PR at Table C-1.

¹⁴⁴ CR/PR at Tables V-1 - V-4a. In addition, the average unit values of nonsubject imports as a whole were significantly higher than those of subject imports in nearly all comparisons throughout the period of investigation.

¹⁴⁵ CR at VII-22, VII-26 - VII-28, PR at VII-17, VII-19 - VII-20.

¹⁴⁶ CR at VII-21 - VII-32, PR at VII-16, VII-23.

¹⁴⁷ CR/PR at Tables VII-13, VII-14.

notwithstanding the fact that CWP imports from Canada are not subject to the discipline of an antidumping or countervailing duty order. The vast majority, 97 percent, of Canada's CWP exports is already shipped to the United States,¹⁴⁸ meaning that there is little to no potential for Canada to increase CWP exports to the United States by shifting export markets. We also find it unlikely, in the absence of an indication to the contrary, that Canadian producers would abandon established customers in their home market to divert a substantial share of their home market shipments to the United States. Accordingly, we do not find that subject imports from Canada would likely have increased substantially or replaced subject imports to a substantial degree if the lower-priced subject imports had been removed from the market.¹⁴⁹

CWP from Mexico is subject to an antidumping duty order in the United States and, absent evidence to the contrary, the discipline of the existing order is likely to constrain increases in imports of CWP from Mexico. Mexico's excess capacity allocated to CWP was about *** short tons in 2007, while its excess capacity for all welded pipe was *** short tons.¹⁵⁰ Its excess capacity is considerably less than the volume necessary for a hypothetical replacement of subject imports from China.¹⁵¹ Additionally, *** percent of Mexico's CWP exports are already to the United States,¹⁵² indicating that a significant increase in the volume of CWP would not likely occur if all Mexican exports to other markets were shifted to the United States. We also find no indication that producers in Mexico would abandon existing customers in their home market to divert a substantial share of such shipments to the United States. Accordingly, we do not find that subject imports from Mexico would likely have increased substantially or replaced subject imports to a substantial degree if the lower-priced subject imports had been removed from the market.¹⁵³

Available information regarding Korea is limited to production and shipments and does not include data on capacity or excess CWP capacity. The Korean Iron and Steel Institute reported CWP production of *** short tons and shipments of *** short tons in 2007. Of total shipments in 2007, *** percent were domestic shipments and *** percent were export shipments.¹⁵⁴ We find it unlikely, in the absence of an indication to the contrary, that producers would divert a substantial share of their home market shipments to the United States.

Information on India, Taiwan, Thailand, and Turkey is limited to public information on exports from those countries,¹⁵⁵ and the range of products covered by those export data is broader, to an undetermined extent, than CWP within the scope definition, and thus may not accurately reflect CWP export quantities. However, even if all CWP exports from the nonsubject producers that currently go to countries other than the United States were sent to the United States – an extreme conclusion not

¹⁴⁸ CR/PR at Table VII-12.

¹⁴⁹ The AUV of Canadian CWP exports to the United States was \$904 in 2007 compared with an AUV of \$629 for subject imports from China. CR/PR at Tables VII-12 and IV-2. We are mindful that the use of AUVs for price comparisons may present product mix issues because different values may reflect different types of merchandise rather than differences in price. Accord Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002). We therefore give only limited weight to AUV data.

¹⁵⁰ CR/PR at Tables VII-19, VII-20.

¹⁵¹ CR/PR at Tables VII-19, VII-20.

¹⁵² CR/PR at Table VII-18.

¹⁵³ The AUV of CWP exports from Mexico to the United States was \$860 in 2006, compared with \$580 for subject imports from China. CR/PR at Table IV-2.

¹⁵⁴ CR/PR at Table VII-17.

¹⁵⁵ In 2007, India exported about 44,000 short tons of CWP, Taiwan exported nearly 67,000 short tons, Thailand about 73,000 short tons, and Turkey about 357,000 short tons. CR/PR at Tables VII-13, VII-14, VII-16, VII-17, VII-19, VII-20, VII-21, VII-22, VII-23.

supported by the record, particularly in light of the outstanding antidumping and countervailing duty orders – that volume would still not be sufficient to fully replace the subject imports.¹⁵⁶

We also note that nonsubject imports from all sources totaled about 600,000 short tons in 2005, 660,000 short tons in 2006, and 406,000 short tons in 2007.¹⁵⁷ Thus, even if nonsubject imports were to increase from their 2007 level of 406,000 short tons to their 2006 period peak of 660,000 short tons, they would replace only about a third of the subject import volume in 2007.

In sum, we find that a complete replacement of subject imports by nonsubject imports would not have occurred if subject imports from China had exited the market.

With respect to the benefit to the domestic industry, the Court in Bratsk appears to have focused primarily on price factors. The Bratsk opinion indicates that the price of the nonsubject imports would be an important consideration: “it may well be that . . . the price of the nonsubject imports is sufficiently above the subject imports such that elimination of the subject imports would have benefitted the domestic industry.”¹⁵⁸ The pricing data for nonsubject imports indicate that nonsubject prices were higher than the prices of subject imports in the large majority of comparisons for all pricing products. In 81 of 90 quarterly price comparisons, prices for the nonsubject imports were higher than prices for the Chinese merchandise.¹⁵⁹ Also, the AUVs of nonsubject imports were higher than the AUVs of subject imports throughout the period.¹⁶⁰

Accordingly, we conclude that the domestic industry would likely have benefitted from the imposition of orders on subject imports due to higher prices for its CWP, even if nonsubject imports would have fully replaced subject imports.¹⁶¹ Therefore, our affirmative material injury determination is consistent with the Court’s holding in Bratsk.

¹⁵⁶ CR/PR at Tables VII-12, VII-15, VII-16, VII-18, VII-21, VII-22, VII-23.

¹⁵⁷ CR/PR at Table IV-2.

¹⁵⁸ Bratsk at 1375.

¹⁵⁹ CR/PR at Tables V-1 - V-4a.

¹⁶⁰ CR/PR at Tables IV-2, IV-6 (Chinese AUVs were lower in each comparison with AUVs for each of 18 nonsubject countries in each of the three years of the period, except Taiwan and Dominican Republic in 2005 and the Phillippines in 2006). As noted earlier, we give limited weight to AUV data but note that they are consistent with product-specific price data.

¹⁶¹ Although Commissioner Lane did not find the first triggering factor to be met, she agrees that even if both trigger factors were present non-subject imports would not have replaced subject imports without any beneficial impact on the domestic producers.

V. CRITICAL CIRCUMSTANCES

Because Commerce made affirmative critical circumstances determinations with respect to all subject imports from China,¹⁶² and we have determined that the domestic CWP industry is materially injured by reason of subject imports from China, we must further determine “whether the imports subject to the affirmative [critical circumstances] determinations . . . are likely to undermine seriously the remedial effect of the [antidumping or countervailing duty order] to be issued.”¹⁶³ The URAA Statement of Administrative Action indicates that the Commission is to determine “whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order.”¹⁶⁴

Based on the record, we determine that the imports subject to Commerce’s affirmative critical circumstances determinations are not likely to undermine seriously the remedial effect of the orders to be issued on CWP from China.

The statute does not specify any time frames to be considered or compared by the Commission in assessing whether the subject imports are likely to undermine seriously the remedial effect of the orders. The Commission generally compares data for the six months prior to the filing of the petition with data for the six months following the filing of the petition, but it also may consider shorter or longer periods, either in conjunction with, or instead of, those six-month periods.

The petition in these investigations was filed on June 7, 2007. The Commission compiled monthly subject import data for the six months preceding the filing of the petition, December 2006 to May 2007, and for the six months after the filing of the petition, June 2007 to November 2007. Subject imports were 393,606 short tons in the six months following the filing of the petition, 19.0 percent greater than the 329,683 short tons of subject imports in the six months prior to the filing of the petition.¹⁶⁵ Petitioners argue that we should consider only five months of data prior to and following the filing the petition given that Commerce’s affirmative preliminary countervailing duty determination was issued November 13, 2007, at which point liquidation of CWP from China began to be suspended. On that basis, imports were 376,986 short tons in the five months following the filing of the petition, 32.2 percent greater than the 284,981 short tons of subject imports in the five months prior to the filing of the petition.¹⁶⁶ We note, moreover, that importers’ inventories of CWP from China were lower in 2007 than in 2006.¹⁶⁷

We determine that, whether comparing the pre-petition and post-petition period on a six- or five-month basis, imports subject to Commerce’s affirmative critical circumstances determinations did not

¹⁶² 73 Fed. Reg. 31970, 31972 (June 5, 2008), 73 Fed. Reg. 31966, 31967 (June 5, 2008).

¹⁶³ 19 U.S.C. § 1671d(b)(4)(i) and § 1673d(b)(4)(A)(i). The statute further provides that in making this determination:

the Commission shall consider, among other factors it considers relevant--

- (I) the timing and volume of the imports,
- (II) a rapid increase in inventories of the imports, and
- (III) any other circumstances indicating that the remedial effect of the antidumping order will be seriously undermined.

19 U.S.C. § 1671d(b)(4)(ii) and § 1673d(b)(4)(ii).

¹⁶⁴ SAA at 877.

¹⁶⁵ CR/PR at Table IV-4.

¹⁶⁶ CR/PR at Table IV-4.

¹⁶⁷ CR/PR at Table VII-8.

increase sufficiently to undermine seriously the remedial effect of the countervailing or antidumping duty order to be issued on CWP from China.¹⁶⁸

VI. CONCLUSION

For the reasons stated above, we find that the domestic industry producing CWP is materially injured by reason of subject imports of CWP from China that are subsidized and sold in the United States at less than fair value.

¹⁶⁸ Respondents argue that, in light of normal lag times between order and delivery of CWP from China, June 2007, the month in which the petition was filed, ought to be considered a pre-petition month and the two six-month periods should be adjusted accordingly. Because we find that, even considering June as a post-petition month, the imports are not likely to undermine seriously the remedial effect of the countervailing or antidumping duty order, we need not reach this issue.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. International Trade Commission (“Commission” or “USITC”) and the U.S. Department of Commerce (“Commerce”) by six U.S. producers and the United Steelworkers, Pittsburgh, PA.¹ The petition alleges that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of circular welded pipe² (“circular welded pipe”) from China. Information relating to the background of the investigations is provided below.³

Effective Date	Action
June 7, 2007	Petition filed with Commerce and the Commission; institution of Commission investigations (72 FR 32862, June 14, 2007)
July 5, 2007	Commerce’s notices of initiation (72 FR 36663 (antidumping duty investigation) and 72 FR 36668 (countervailing duty investigation), July 5, 2007)
July 31, 2007	Commission’s preliminary affirmative determinations (72 FR 43295, August 3, 2007)
November 13, 2007	Commerce’s preliminary affirmative countervailing duty determination, preliminary affirmative determination of critical circumstances, and alignment of final countervailing duty determination with final antidumping duty determination (72 FR 63875)
January 10, 2008	Commission’s scheduling of final phase investigations (73 FR 6738, February 5, 2008)
January 15, 2008	Commerce’s preliminary antidumping duty determination and postponement of final determination (73 FR 2445) (amended in 73 FR 22130, April 24, 2008)
May 13, 2008	Commission’s hearing ¹
June 5, 2008	Commerce’s final affirmative countervailing duty determination and final affirmative determination of critical circumstances and notice of final determination of sales at less than fair value and affirmative final determination of critical circumstances (73 FR 31966 and 31970)
June 20, 2008	Commission’s vote
July 15, 2008	Commission’s determinations transmitted to Commerce
¹ Appendix B presents a list of witnesses appearing at the hearing.	

¹ The six petitioning producers are: Allied Tube & Conduit, Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; Northwest Pipe Co., Portland OR; Sharon Tube Co., Sharon, PA; Western Tube & Conduit Corp., Long Beach, CA; and Wheatland Tube Co., Collingswood, NJ.

² As discussed in greater detail in the section of this chapter entitled “The Subject Merchandise,” for purposes of these investigations, circular welded pipe consists of welded carbon quality steel pipes and tubes, of circular cross section, and with an outside diameter of 0.372 inch (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish, end finish, or industry specification, generally known as standard pipe and structural pipe.

³ Selected *Federal Register* notices cited in the tabulation are presented in appendix A.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(c) of the Act (19 U.S.C. § 1677(7)(c) further provides that--

In evaluating the volume of imports of merchandise, 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.

. . .

In evaluating the effect of imports of such merchandise on prices, 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.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

. . .

(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of the Report

Part I of this report presents information on the subject merchandise, subsidies and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume and pricing of imports of the subject merchandise, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury and the judicial requirements and information obtained for use in the Commission's consideration of Bratsk issues.⁴

U.S. CIRCULAR WELDED PIPE MARKET SUMMARY

The circular welded pipe industry totaled approximately \$2.2 billion (2.6 million short tons) in sales in the U.S. market in 2007. Currently, at least 21 firms produce circular welded pipe in the United States. However, three producers – Wheatland, Allied, and Bull Moose – accounted for *** percent of reported U.S. production in 2007. At least 27 out of 32 responding firms have imported circular welded pipe from China since 2005, including seven firms that imported the product from China for the first time in 2006 or 2007. Four importers (***) accounted for *** percent of reported U.S. imports from China in 2007. Finally, at least 20, and possibly as many as 57, firms produce circular welded pipe in China (15 of which provided data in the final phase of these investigations).⁵ The *** largest Chinese responding producers (***) accounted for *** percent of reported Chinese production in 2007. The five largest responding exporters *** accounted for *** percent of reported Chinese exports to the United States in 2007.

Circular welded pipe is used in a wide variety of applications, including plumbing applications, structural applications, and more specific applications (e.g., shells for electrical conduit, scaffolding components, and fencing). U.S. producers' U.S. shipments of circular welded pipe totaled 1.4 million short tons in 2007, and accounted for 55.2 percent of apparent U.S. consumption by quantity. U.S. imports from China totaled 748,181 short tons in 2007, and accounted for 29.0 percent of apparent U.S. consumption by quantity, while U.S. imports from all other sources combined totaled 406,280 short tons in 2007, and accounted for 15.8 percent of apparent U.S. consumption by quantity.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, tables C-1 and C-2.⁶ Except as noted, U.S. industry data are based on questionnaire responses of 21 firms that accounted for more than 90 percent of U.S. production of circular welded pipe during 2007. U.S. imports are based on official import statistics of Commerce, as modified to include dual-stenciled pipe with one or more of the following characteristics: 32 feet or less in length; less than 2 inches in outside diameter; galvanized and/or painted surface finish; or threaded and/or coupled end finish (based on questionnaire responses); to

⁴ *Silicon Metal from Russia, Investigation No. 731-TA-991 (Second Remand)*, USITC Publication 3910, March 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

⁵ During the preliminary phase of these investigations, 20 firms that produce/export circular welded pipe in China submitted foreign producer/exporter questionnaires to the Commission. The petitioners have identified as many as 57 potential producers and exporters of the subject product in China. Petition, exh. 5.

⁶ Table C-1 includes the financial data of U.S. producers on a calendar year basis and table C-2 includes the financial data of U.S. producers on a fiscal year basis.

include circular welded pipe of micro-alloy steel (based on questionnaire responses); and to exclude mechanical tubing (based on *Statistics Canada* data) from Canada. Data regarding the Chinese industry are based on foreign producer questionnaires, while information with respect to other foreign industries is drawn from published sources or from responses to staff inquiries.

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

The Commission has conducted a number of previous import relief investigations on circular welded nonalloy steel pipe or substantially similar merchandise. Table I-1 presents data on previous and related Title VII investigations. Appendix D presents details of current orders on circular welded pipe from previous import relief investigations.

Table I-1
Certain welded pipe: Previous and related Title VII investigations

Product	Inv. no.	Year of petition	Country	Original determination	Current status of order
Circular welded pipe	701-TA-165	1982	Brazil	Terminated	(¹)
	701-TA-166	1982	France	Terminated	(¹)
	701-TA-167	1982	Italy	Negative (P)	(¹)
	701-TA-168	1982	Korea	Affirmative	Order revoked by Commerce --1985
	701-TA-169	1982	West Germany	Terminated	(¹)
	731-TA-132	1983	Taiwan	Affirmative	Order in place. ²
	701-TA-220	1984	Spain	Terminated	(¹)
	731-TA-183	1984	Brazil	Terminated	(¹)
	731-TA-197	1984	Brazil	Terminated	(¹)
	731-TA-198	1984	Spain	Terminated	(¹)
	701-TA-242	1985	Venezuela	Terminated	(¹)
	701-TA-251	1985	India	ITA Negative	(¹)
	701-TA-252	1985	Taiwan	ITA Negative	(¹)
	701-TA-253	1985	Turkey	Affirmative	Order in place. ²
	731-TA-211	1985	Taiwan	Negative	(¹)
	731-TA-212	1985	Venezuela	Terminated	(¹)
	731-TA-252	1985	Thailand	Affirmative	Order in place. ²
	731-TA-253	1985	Venezuela	Terminated	(¹)
	731-TA-271	1985	India	Affirmative	Order in place. ²
	731-TA-273	1985	Turkey	Affirmative	Order in place. ²
731-TA-274	1985	Yugoslavia	Terminated	(¹)	
731-TA-292	1986	China	Negative	(¹)	
731-TA-293	1986	Philippines	Negative	(¹)	

Table continued on next page.

Table I-1--Continued
Certain welded pipe: Previous and related Title VII investigations

Product	Inv. No.	Year of petition	Country	Original determination	Current status of order
Circular welded pipe	731-TA-294	1986	Singapore	Negative	(¹)
	701-TA-311	1991	Brazil	ITA Negative	(¹)
	731-TA-532	1991	Brazil	Affirmative	Order in place. ²
	731-TA-533	1991	Korea	Affirmative	Order in place. ²
	731-TA-534	1991	Mexico	Affirmative	Order in place. ²
	731-TA-535	1991	Romania	Negative	(¹)
	731-TA-536	1991	Taiwan	Affirmative	Order in place. ²
	731-TA-537	1991	Venezuela	Affirmative	ITC negative, 2000 review
	731-TA-732	1995	Romania	Negative	(¹)
	731-TA-733	1995	South Africa	Negative	(¹)
	731-TA-943	2001	China	Negative	(¹)
	731-TA-944	2001	Indonesia	Negative (P)	(¹)
	731-TA-945	2001	Malaysia	Negative (P)	(¹)
	731-TA-946	2001	Romania	Negative (P)	(¹)
	731-TA-947	2001	South Africa	Negative (P)	(¹)

¹ Not applicable.
² Historic and current duty rates for orders that remain in place are presented in appendix D.

Source: *Certain Pipe and Tube from Argentina, Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 409, 410, 532-534, and 536 (Second Review)*, USITC Publication 3867, July 2006, tables Overview-2 and Overview-3.

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

Following receipt of a request from the Office of the United States Trade Representative (“USTR”) on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974⁷ to determine whether certain steel products, including welded pipe of carbon and alloy (other than stainless) steel,⁸ were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries

⁷ 19 U.S.C. § 2252.

⁸ The safeguard investigation did not cover dual-stenciled line pipe, however, as such product was already covered under Presidential Proclamation 7274, issued on February 18, 2000, which imposed additional duties of 19 percent on line pipe imports of more than 9,000 short tons annually (exclusive of “arctic grade” line pipe), declining to 15 percent in 2001 and to 11 percent in 2002 (as modified with respect to Korea by Proclamation 7585, issued on August 28, 2002).

producing articles like or directly competitive with the imported article.⁹ On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate (“Senate Finance Committee” or “Committee”) requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.¹⁰ Consistent with the Senate Finance Committee’s resolution, the Commission consolidated the investigation requested by the Committee with the Commission’s previously instituted investigation No. TA-201-73.¹¹ On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission reached an affirmative determination with respect to welded tubular products other than oil country tubular goods.¹²

On March 5, 2002, following determinations regarding serious injury or threat of serious injury by the Commission under section 202 of the Trade Act of 1974, the President announced the safeguard measures that he planned to implement to facilitate efforts by various domestic steel industries and their workers to make a positive adjustment to import competition with respect to certain steel products. The safeguard measures encompassed 10 different product categories for which the Commission made affirmative determinations or was evenly divided. Presidential Proclamation 7529 implemented the safeguard measures, principally in the form of tariffs and tariff-rate quotas, effective March 20, 2002, for a period of three years and one day. Import relief relating to welded tubular products (other than OCTG) 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.^{13 14} The President also instructed the Secretary of the Treasury and the Secretary of Commerce to establish a system of import licensing to facilitate the monitoring of imports of certain steel products.¹⁵

The safeguard measures applied to imports of subject steel products from all countries except Canada, Israel, Jordan, and Mexico, which had entered into free trade agreements with the United States, and most developing countries that were members of the World Trade Organization. The President’s initial proclamation also excluded numerous specific products from the measures, and was followed by subsequent additional exclusions.

On September 19, 2003, the Commission submitted a mid-term report to the President and the Congress on the results of its monitoring of developments in the steel industry, as required by section 204(a)(2) of the Trade Act of 1974.¹⁶ The Commission’s monitoring report noted that, since the safeguard measures were instituted, the U.S. industry producing certain carbon and alloy welded pipe and tube had increased its market share to 62.9 percent from 57.3 percent, that the total quantity of imports from subject sources had declined, and that demand for welded pipe and tube during the relief period also

⁹ *Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the Act)*, 66 FR 35267, July 3, 2001.

¹⁰ 19 U.S.C. § 2251.

¹¹ *Consolidation of Senate Finance Committee Resolution Requesting a Section 201 Investigation with the Investigation Requested by the United States Trade Representative on June 22, 2001*, 66 FR 44158, August 22, 2001.

¹² *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

¹³ *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002.

¹⁴ Thus, the increased duties were reduced from 15 percent to 12 percent on March 20, 2003.

¹⁵ The Department of Commerce published regulations establishing such a system on December 31, 2002.

¹⁶ *Steel: Monitoring Developments in the Domestic Industry, Investigation No. TA-204-9*, USITC Publication 3632, September 2003.

had declined. The review also noted that because of declining demand, the industry's output-related indicators were mixed.¹⁷

On December 4, 2003, President Bush terminated the U.S. measure with respect to increased tariffs, following receipt of the Commission's mid-point monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, having determined that the effectiveness of the action taken had been impaired by changed circumstances.¹⁸ Import licensing, however, remained in place through March 21, 2005, and continues in modified form.¹⁹

On March 21, 2005, the Commission instituted an investigation under section 204(d) of the Trade Act of 1974 for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of certain steel products. The Commission's report on the evaluation was transmitted to the President and the Congress on September 19, 2005.

In 2005, the Commission conducted a China-specific safeguard investigation on circular welded nonalloy steel pipe (Inv. No. TA-421-6). Following the Commission's affirmative determination of market disruption and remedy recommendations, the President issued a proclamation on December 30, 2005, determining not to impose temporary import relief.²⁰

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On June 5, 2008, the Commission received Commerce's final determination of countervailable subsidies for producers and exporters of circular welded pipe in China.²¹ Table I-2 presents Commerce's findings of subsidization of circular welded pipe from China.

¹⁷ *Steel: Monitoring Developments in the Domestic Industry, Investigation No. TA-204-9, Volume I, USITC Publication 3632, September 2003, p. xvi.*

¹⁸ *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products, 68 FR 68483, December 8, 2003.*

¹⁹ Proclamation 7741 terminated the tariff-rate quota and the increased import duties on certain steel products, but directed the Secretary of Commerce to continue the monitoring system until the earlier of March 21, 2005, or such time as the Secretary establishes a replacement program. On March 11, 2005, Commerce published an interim final rule to implement a replacement program for the period beyond March 21, 2005. 70 FR 12133, March 11, 2005. On December 5, 2005, Commerce published its final rule. 70 FR 72373, December 5, 2005.

²⁰ *Presidential Proclamation 2006-7 of December 30, 2005, Presidential Determination on Imports of Circular Welded Non-Alloy Steel Pipe from the People's Republic of China, 71 FR 871, January 6, 2006.*

²¹ *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances, 73 FR 31966, June 5, 2008.*

Table I-2
Circular welded pipe: Commerce's final subsidy determination

Entity	Final countervailable subsidy margins (percent)
Tianjin Shuangjie Steel Pipe Co., Ltd., Tianjin Shuangjie Steel Pipe Group Co., Ltd., Tianjin Wa Song Imp. & Exp. Co., Ltd., and Tianjin Shuanglian Galvanizing Products Co., Ltd.	615.92
Weifang East Steel Pipe Co., Ltd.	29.57
Zhejiang Kingland Pipeline and Technologies Co., Ltd., and affiliated companies.	44.86
All others	37.22
Source: 73 FR 31966, June 5, 2008.	

Sales at LTFV

On June 5, 2008, the Commission received Commerce's final determination of sales at LTFV with respect to imports from China.²² Table I-3 summarizes Commerce's final LTFV findings.

Table I-3
Circular welded pipe: Commerce's final weighted-average LTFV margins

Exporter	Producer	Final dumping margin (percent)
Beijing Sai Lin Ke Hardware Co., Ltd.	Xuzhou Guang Huan Steel Tube Products Co, Ltd.	69.20
Wuxi Fastube Industry Co., Ltd.	Wuxi Fastube Industry Co., Ltd.	69.20
Jiangsu Guoqiang Zinc-Plating Co., Ltd.	Jiangsu Guoqiang Zinc-Plating Co., Ltd.	69.20
Wuxi Eric Steel Pipe Co., Ltd.	Wuxi Eric Steel Pipe Co., Ltd.	69.20
Qingdao Xiangxing Steel Pipe Co., Ltd.	Qingdao Xiangxing Steel Pipe Co., Ltd.	69.20
Wah Cit Enterprises	Guangdong Walsall Steel Pipe Industrial Co., Ltd.	69.20
Guangdong Walsall Steel Pipe Industrial Co., Ltd.	Guangdong Walsall Steel Pipe Industrial Co., Ltd.	69.20
Hengshui Jinghua Steel Pipe Co., Ltd.	Hengshui Jinghua Steel Pipe Co., Ltd.	69.20
Zhangjiagang Zhongyuan Pipe-Making Co., Ltd.	Zhangjiagang Zhongyuan Pipe-Making Co, Ltd.	69.20

Table continued on next page.

²² *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value*, 73 FR 31970, June 5, 2008.

Table I-3--Continued
Circular welded pipe: Commerce's final weighted-average LTFV margins

Exporter	Producer	Final dumping margin (percent)
Weifang East Steel Pipe Co., Ltd.	Weifang East Steel Pipe Co., Ltd.	69.20
Shijiazhuang Zhongqing Imp & Exp Co., Ltd.	Bazhou Zhuofa Steel Pipe Co., Ltd.	69.20
Tianjin Baolai Int'l Trade Co., Ltd.	Tianjin Jinghai County Baolai Business and Industry Co., Ltd.	69.20
Wai Ming (Tianjin) Int'l Trading Co., Ltd.	Bazhou Dong Sheng Hot-dipped Galvanized Steel Pipes Co., Ltd.	69.20
Kunshan Lets Win Steel Machinery Co., Ltd.	Kunshan Lets Win Steel Machinery Co., Ltd.	69.20
Shenyang Boyu M/E Co., Ltd.	Bazhou Dong Sheng Hot-dipped Galvanized Steel Pipes Co., Ltd.	69.20
Dalian Brollo Steel Tubes Ltd.	Dalian Brollo Steel Tubes Ltd.	69.20
Benxi Northern Pipes Co., Ltd.	Benxi Northern Pipes Co., Ltd.	69.20
Shanghai Metals & Minerals Import & Export Corp.	Huludao Steel Pipe Industrial Co.	69.20
Shanghai Metals & Minerals Import & Export Corp.	Benxi Northern Pipes Co., Ltd.	69.20
Huludao Steel Pipe Industrial Co.	Huludao Steel Pipe Industrial Co.	69.20
Tianjin Xingyuda Import & Export Co., Ltd.	Tianjin Lifengyuanda Steel Group	69.20
Tianjin Xingyuda Import & Export Co., Ltd.	Tianjin Xingyunda Steel Pipe Co.	69.20
Tianjin Xingyuda Import & Export Co., Ltd.	Tianjin Lituo Steel Products Co.	69.20
Tianjin Xingyuda Import & Export Co., Ltd.	Tangshan Fengnan District Xinlida Steel Pipe Co., Ltd.	69.20
Jiangyin Jianye Metal Products Co., Ltd.	Jiangyin Jianye Metal Products Co., Ltd.	69.20
Rizhao Xingye Import & Export Co., Ltd.	Shandong Xinyuan Group Co., Ltd.	69.20
Tianjin No. 1 Steel Rolled Co., Ltd.	Tianjin Hexing Steel Co., Ltd.	69.20
Tianjin No. 1 Steel Rolled Co., Ltd.	Tianjin Ruitong Steel Co., Ltd.	69.20
Tianjin No. 1 Steel Rolled Co., Ltd.	Tianjin Yayi Industrial Co.	69.20
Kunshan Hongyuan Machinery Manufacture Co., Ltd.	Kunshan Hongyuan Machinery Manufacture Co., Ltd.	69.20
Qingdao Yongjie Import & Export Co., Ltd.	Shandong Xinyuan Group Co., Ltd.	69.20
All others (including Jiangsu Yulong Steel Pipe Co. Ltd.)		85.55
Source: 73 FR 31970, June 5, 2008.		

THE SUBJECT MERCHANDISE

Commerce's Scope

The scope of these investigations, as defined by Commerce, covers the following subject merchandise:

{C}ertain welded carbon quality steel pipes and tubes, of circular cross-section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (e.g., plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., ASTM, proprietary, or other), generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

Specifically, the term "carbon quality" includes products in which (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated: (i) 1.80 percent of manganese; (ii) 2.25 percent of silicon; (iii) 1.00 percent of copper; (iv) 0.50 percent of aluminum; (v) 1.25 percent of chromium; (vi) 0.30 percent of cobalt; (vii) 0.40 percent of lead; (viii) 1.25 percent of nickel; (ix) 0.30 percent of tungsten; (x) 0.15 percent of molybdenum; (xi) 0.10 percent of niobium; (xii) 0.41 percent of titanium; (xiii) 0.15 percent of vanadium; or (xiv) 0.15 percent of zirconium. Standard pipe is made primarily to American Society for Testing and Materials ("ASTM") specifications, but can be made to other specifications.

Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute ("API") API-5L specification, is also covered by the scope of this investigation when it meets the physical description set forth above and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish.

The scope does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold-drawn; (c) finished electrical conduit; (d) finished scaffolding; (e) tube and pipe hollows for redrawing; (f) oil country tubular goods produced to API specifications; and (g) line pipe produced to only API specifications.²³

²³ *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 73 FR 31966, June 5, 2008.

Tariff Treatment

The pipe products that are the subject of these investigations are currently imported under the following Harmonized Tariff Schedule of the United States (“HTSUS”) statistical reporting numbers: 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, 7306.50.5070, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150. The scope definition of “carbon quality” extends to some “other alloy” products classified under the HTS within subheadings 7306.19 and 7306.50. In addition, pipe that is multiple-stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute API-5L specification, is also covered by the scope of these investigations when it meets the physical description within the scope and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish. The column 1- general (most-favored-nation) rate of duty for the tariff rate lines superior to these statistical reporting numbers, applicable to the circular welded pipe from China subject to these investigations, is free.

THE DOMESTIC LIKE PRODUCT

Consistent with the Commission’s finding in the preliminary phase of these investigations, petitioners contend that the Commission should find one domestic like product that is co-extensive with the scope of merchandise subject to the investigations as identified by Commerce.²⁴ No party has raised an objection or suggested that the Commission seek further information regarding the domestic like product.

Physical Characteristics and Uses²⁵

Steel pipes and tubes²⁶ in general are produced in various grades of carbon, alloy, or stainless steel. Tubular products frequently are distinguished by the following six end uses as defined by the American Iron and Steel Institute (“AISI”).

- *Standard pipe* is ordinarily used for low-pressure conveyance of air, steam, gas, water, oil, or other fluids for mechanical applications. It is used primarily in machinery, buildings, sprinkler systems, irrigation systems, and water wells rather than in pipe lines or utility distribution systems. It may carry fluids at elevated temperatures which are not subject to external heat applications. It is usually produced in standard diameters and wall thicknesses to ASTM specifications.
- *Line pipe* is used for transportation of gas, oil, or water generally in a pipeline or utility distribution system. It is produced to API-5L and American Water Works Association (“AWWA”) specifications.

²⁴ Petitioners’ prehearing brief, p. 7; *see also* Commission’s preliminary views, p. 10.

²⁵ Information in this section is drawn to a large degree from the previous investigations and reviews on circular welded non-alloy steel pipe. In particular, *see, e.g., Certain Pipe and Tube from Argentina, Brazil, Canada, India, Korea, Mexico, Singapore, Taiwan, Thailand, Turkey, and Venezuela (Review), Investigation Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 276, 277, 296, 409, 410, 532-534, 536, and 537 (Review), USITC Publication 3316, July 2000, pp. CIRC-I-17 and I-18. See also Circular Welded Non-Alloy Steel Pipe From China (Final), Investigation No. 731-TA-943, USITC Publication 3523, July 2002, pp. I-4 through I-6.*

²⁶ Pipe dimensions (*e.g.*, outside diameter (“O.D.”) and wall thickness) are standardized while tube dimensions are design-specific. The HTS generally makes no distinction between pipes and tubes.

- *Structural pipe and tubing* is welded or seamless pipe and tubing generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications in round, square, rectangular, or other cross-sectional shapes.
- *Mechanical tubing* is welded or seamless tubing produced in a large number of shapes of varied chemical composition in sizes 3/16 inch to 10¾ inches O.D. inclusive for carbon and alloy material. It is not normally produced to meet any specification other than that required to meet the end use. It is produced to meet exact O.D. and decimal wall thickness.
- *Pressure tubing* is used to convey fluids at elevated temperatures or pressures, or both, and is suitable to be subjected to heat applications. It is produced to exact O.D. and decimal wall thickness in sizes ½ inch to 6 inches O.D. inclusive, usually to specifications such as ASTM.
- *Oil country tubular goods* (“OCTG”) are pipe produced to API specifications and used in wells in oil and gas industries:
 - *Casing* is the structural retainer for the walls of oil or gas wells and covers sizes 4½ to 20 inches O.D. inclusive.
 - *Tubing* is used within casing oil wells to convey oil to ground level and ordinarily includes sizes 1.050 to 4.500 inches O.D. inclusive.
 - *Drill pipe* is used to transmit power to a rotary drilling tool below ground level and covers sizes 2¾ to 6¾ inches O.D., inclusive.

Standard pipe of non-alloy steel²⁷ is the primary product within the scope of these investigations (see figure I-1). Standard pipe is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It is made primarily to ASTM A-53, A-135, and A-795 specifications, but can also be made to other specifications, such as British Standard (“BS”) 1387. Since these standards often specify required engineering characteristics that overlap, a pipe can also be dual stenciled, meaning that the pipe is stamped with monograms signifying compliance with two different specifications, such as ASTM A-53 and API 5L.^{28 29}

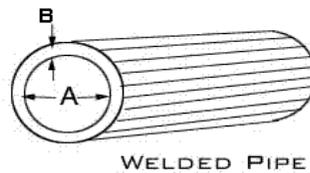
²⁷ Although the scope of these investigations provides for micro-alloy steel (steel with minor additions of elements that technically place the product in the alloy steel range but do not functionally alter the product), there were only infrequent reports of imported circular welded pipe of micro-alloy steel and, staff believes, little or no domestic production of such products.

²⁸ Produced to API specifications, welded line pipe for use in oil and gas pipelines requires higher hydrostatic test pressures and more restrictive weight tolerances than standard pipe. Pipe that is in conformance with API Specification 5L Grade B is automatically also in conformance with the less restrictive standard pipe specification of the American Society for Testing and Materials, ASTM A-53 Grade B. As a consequence, manufacturers often mark such product with both specifications (so-called “dual stencil”) so that it may be applied for either use. The API 5L specification also suggests that “products in compliance with multiple compatible standards may be marked with the name of each standard.” *Certain Circular Welded Carbon Quality Line Pipe from China, Korea, and Mexico, Investigation Nos. 731-TA-1073-1075 (Preliminary)*, USITC Publication 3687, April 2004, p. I-7.

²⁹ According to one U.S. producer, “the real distinction between the two {standard pipe compared to line pipe specifications} is that the API specification has a mass requirement (a weight requirement whereby the API tolerance on weight is 1.75 percent per carload or truckload shipment), which means there is more steel involved with an API specification than there is ASTM because the ASTM tolerance on mass is, it can be 10 percent under the nominal wall. There is somewhere between zero and ten percent wall thickness difference between the two

(continued...)

Figure I-1
Circular welded pipe: Cross section of welded pipe showing inside diameter “A” and wall thickness “B”



Source: ASA Alloys, Inc., retrieved at <http://www.asaalloys.com/diagrams.html>.

Other uses of circular welded pipe include light load-bearing and mechanical applications, such as for fence tubing; scaffolding components; and protection of electrical wiring, such as conduit shells. Fence tubing is commonly produced to ASTM specification F-1083, which covers hot-dipped galvanized welded steel pipe used for fence structures.

In addition, circular welded pipe is used for structural applications in general construction. Structural pipe is generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications. These products also are manufactured primarily to standard ASTM specifications (such as A-500 or A-252),³⁰ as well as American Society of Mechanical Engineers (“ASME”) specifications.

Standard pipe used in light load-bearing, mechanical, and structural applications may be galvanized (zinc-coated by dipping in molten zinc), lacquered (black finish), or painted (black) to provide corrosion resistance, which is important for storage in humid conditions or for ocean transport. End finishes include plain end, which may be either cut, or beveled suitable for welding, or include threaded ends, or threaded or coupled, as well as other special end finishes. Pipe with threaded ends is usually provided “threaded and coupled,” meaning that a coupling is attached to one end of each length of pipe.

²⁹ (...continued)
products.”

The witness further observed that, in terms of dual stenciling, “in my long experience with selling line pipe it's very rare to find line pipe that is less than 32 feet, as an example. Most of it is sold in longer lengths -- 40 foot, even 60 foot, some even in 80 foot lengths because the product is not, in pipeline applications, is not connected by using thread and couple connections, it's usually field welded. Line pipe is not galvanized, overwhelmingly not galvanized. And generally you don't see line pipe in less than two inch diameter in the marketplace. We do make line pipe in two inch and larger, but the bulk of the market is in the larger sizes.” Hearing transcript, pp. 175-177 (Barnes).

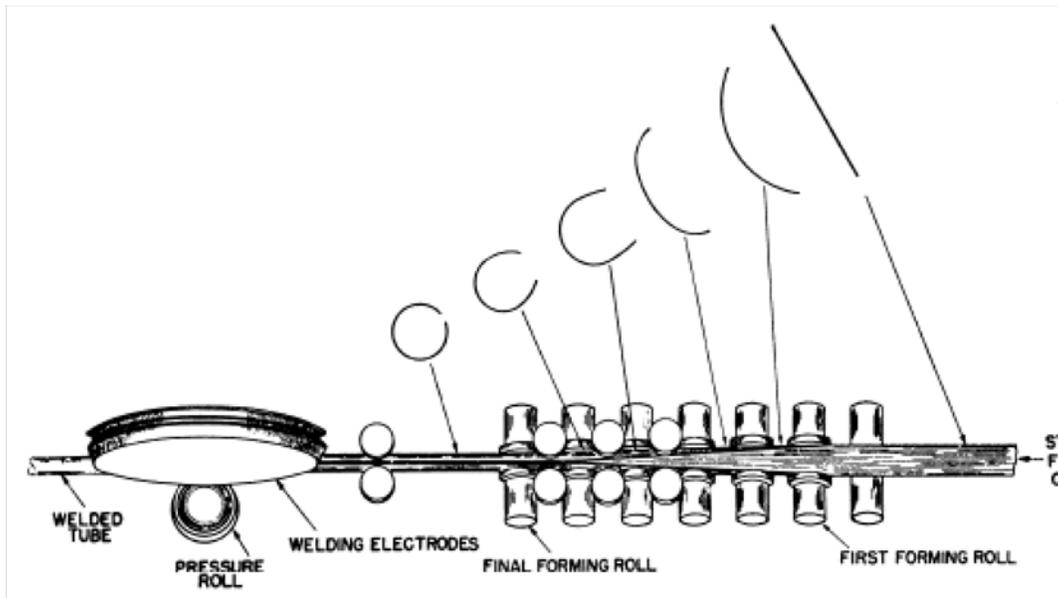
³⁰ ASTM specification A-500 is applicable to common structural tubular products for above-ground use, while ASTM specification A-252 applies to piling pipe (pipe that typically is filled with concrete and used as a permanent load-carrying member below ground in foundation work). *Circular Welded Non-Alloy Steel Pipe from China, Investigation No. TA-421-6*, USITC Publication 3807, October 2005, pp. I-7 through I-9.

In addition, ASTM specification A-589 is the standard specification for water-well pipe (including water-well casing). However, testimony at the staff conference suggests that circular welded pipe produced to ASTM A-53 and A-500 frequently are used for this application. Conference transcript, pp. 167-168 (Schmid).

Manufacturing Facilities and Production Employees

Circular welded pipes of the sizes subject to these investigations are manufactured by either the electric resistance-welding (“ERW”) process or the continuous-welding (“CW”) process. The ERW process is a cold-forming process. The raw material input is steel sheet which has been slit into strips of appropriate width that will equal the diameter of the pipe to be welded. The strips, or “skelp,” are formed into a tubular shape by passing it through a series of rollers, which provide the initial shaping into round form, as well as guidance into the welding section (figure I-2).

Figure I-2
Circular welded pipe: Operations to make ERW tubes from steel strip



Source: AISI, *Steel Products Manual – Steel Specialty Tubular Products*, p. 20.

After the strips have been formed to a tubular shape, the edges are heated by electrical resistance³¹ and welded by a combination of heat and pressure. The welding pressure causes some of the metal to be squeezed from the joint, forming a bead of metal on both the inside and outside of the tube. While still in the continuous processing line, the tube is then subjected to post-weld heat treatment, as required. This may involve heat treatment of the welded seam only, or treatment of the entire pipe. After heat treatment, sizing rolls shape the tube to the correct diameter. The product is cooled and then cut at the end of the tube mill by a flying shear or saw, synchronized with the tube’s movement so that it is not necessary to

³¹ The heat for welding is generated by the resistance of the steel to the flow of an electric current. In one process, a low frequency (typically 60 to 360 hertz) is conducted to the strip edges by a pair of copper alloy discs that rotate as the pipe is propelled under them. A second variation uses high frequency current (typically 400 to 500 kilohertz), which enters the tubing through shoes that act as sliding contacts. An induction coil can also be used with this high frequency current to induce current in the edges of the steel to be welded together. No direct contact is made between the induction coil and the tubing. See AISI, *Steel Products Manual – Steel Specialty Tubular Products*, October, 1980, pp. 19-20; and United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbick & Held, 1985), pp. 1030-1031.

stop the process.³² The ERW process can be used to cover the full range of standard pipe diameters pertinent to these investigations.³³

In the CW process, the entire strip is heated to approximately 2,450 degrees Fahrenheit in a gas-fired, continuous furnace. As the strip leaves the furnace, a blower is normally furnished to provide a blast of air to raise the temperature of the edges to approximately 2,600 degrees Fahrenheit for welding. The strip is formed into tubular shape by a series of rollers, and the edges are butted together under pressure to form the weld. While still hot, the product may be processed through a stretch reduction mill, which simultaneously reduces the diameter and wall thickness of the pipe. The continuous tube is then cut into predetermined lengths by a flying saw or shear. The CW method can be used to produce pipe up to 4.5 inches in O.D.

Finishing operations on standard pipe and tube may include hydrostatic testing, oiling,³⁴ and galvanizing. The process of galvanizing involves the application of a zinc coating to steel pipe for protection from atmospheric corrosion. In a hot-dip process of galvanizing, cut lengths of steel pipe are dipped in a bath of molten zinc maintained at a temperature of 820 to 860 degrees Fahrenheit.³⁵ The combination of the temperature of both the zinc and the steel, as well as the immersion time within the zinc bath, determine the thickness of the coating.³⁶ The zinc coating may be applied to the outside only, or both the inside and outside of the steel pipe, depending on end-use application and industry specification (*e.g.*, ASTM). In a continuous galvanizing process, the zinc coating may be applied to the outside of the pipe before the steel pipe is cut to length by passing it through a bath of molten zinc.

End finishing may include square cutting, beveling, threading, or grooving. Threaded pipe may be furnished “threaded and coupled,” in which case both ends of each length of pipe are threaded and a threaded coupling is applied to one end.

³² United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbeck & Held, 1985), p. 1029.

³³ Circular welded pipe often is produced on the same equipment and machinery, by the same employees, as small/medium line pipe, large diameter line pipe, OCTG, and other products. *See* Part III of this report for data on U.S. producers’ production of other pipe products on their circular welded pipe facilities.

³⁴ The oil is a hardening transparent oil that leaves a lacquer finish. United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herrick & Held, 1985), p. 1062.

³⁵ *Ibid.*

³⁶ *See* “Zinc Coatings,” American Galvanizers Association, found at <http://www.galvanizeit.org/showContent,289,333.cfm>, retrieved April 10, 2006.

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

MARKET CHARACTERISTICS

Channels of Distribution

Responding U.S. producers and importers of circular welded pipe from China and nonsubject countries shipped their circular welded pipe primarily to U.S. distributors during 2005-07. U.S. producers' and importers' shares of their U.S. shipments during 2007, by quantity, of the domestically produced circular welded pipe and that imported from China and from nonsubject countries, by type of customer, are shown in table II-1.

Table II-1

Circular welded pipe: U.S. producers' and importers' shares of reported U.S. shipments, by sources and channels of distribution, 2005-07

Item	Calendar year		
	2005	2006	2007
Share of reported shipments (<i>percent</i>)			
Domestic producers' U.S. shipments of circular welded pipe to:			
Distributors	84.7	83.2	82.7
End users	15.3	16.8	17.3
U.S. importers' U.S. shipments of circular welded pipe from China to:			
Distributors	97.8	96.8	98.8
End users	2.3	3.2	1.2
U.S. importers' U.S. shipments of circular welded pipe from all other countries to:			
Distributors	99.6	99.6	99.6
End users	0.4	0.4	0.4
Source: Compiled from data submitted in response to Commission questionnaires.			

Distributors can vary in terms of size, inventory, and types of customers which they serve. Certain "master distributors"¹ carry a larger selection of circular welded pipe in inventory, purchase in greater volumes, may sell products other than circular welded pipe, and typically ship to other distributors.² Due to the greater volumes, master distributors reportedly can purchase at a lower price

¹ Nine of 22 responding purchasers identified themselves as master distributors: ***. For eight of these nine master distributors, sales reportedly are made via a negotiation process, while the supplier sets the prices, payment terms, etc. to one of them (***). In contrast, for the 13 non-master distributors, the supplier sets the prices for eight, four negotiate, and one (***) does both.

² The majority of producers and importers replied that master distributors only ship to other distributors, however one importer noted that master distributors may sell to both distributors and end users.

than smaller-volume purchasers.³ Three domestic producers and two purchasers reported that master distributors were responsible for importing large quantities of circular welded pipe.⁴ According to a majority of responding purchasers and importers, master distributors have existed in this industry for at least 20 years.

Lead Times

Nineteen U.S. producers and 26 U.S. importers reported their 2007 commercial shipments that were shipped from U.S. inventory or direct from U.S./Chinese production and the number of days of lead time from the date of order to the date of delivery to U.S. customers. The majority (81.6 percent, on a weighted-average basis) of shipments of domestically produced circular welded pipe is shipped from inventory, with lead times averaging 6 days. For those shipments of product produced-to-order, lead times averaged 31 days. Twenty-one of 27 responding importers only shipped on a produced-to-order basis in 2007, two only shipped out of inventories, and four used both methods. For those shipping out of inventories, four of six importers reported lead times of 10 days or less, with the remaining two reporting lead times of greater than 30 days. For produced-to-order shipments coming from overseas, lead times averaged over 120 days. At the hearing, one respondent estimated a lag of four to five months between an order in China and delivery in the United States, and another reported that it tells its customers to expect delivery about six months after placing an order.⁵

Sixteen of the 19 responding U.S. producers and 24 of 25 responding importers of Chinese circular welded pipe reported that the reported lead times had not changed since January 2005.⁶ Two U.S. producers, ***, reported that their lead times have shortened, while *** has had to move out its lead times due to very strong line pipe demand.

Eleven of 20 responding importers reported specifically that shipping delays from China occurred during 2005-07. Five of 12 responding producers and 9 of 17 responding purchasers also noted shipping delays during this time period. According to nine of the 12 responding importers, delays affected between 5 and 75 percent of their shipments during this time. Eight of 19 responding importers noted that any delays had little or no impact on their sales of circular welded pipe from China. Of the other eleven, however, seven noted increasing their prices, and one each noted the following: prices had to be lowered to compensate for the delays, fewer sales were able to be made, increased inventories had to be carried, and importing was made more difficult. At the hearing, one witness in opposition to the petition noted that shipping delays in late 2006 and early 2007 delayed delivery 60 to 90 days.⁷ Five of ten responding purchasers⁸ noted that the delays had no impact on their purchases, two were willing to deal with delay difficulties because of the lower price of Chinese imports, one bought from the spot market, one paid increased prices, and the final purchaser replied that the impact depended on availability of the specific product, as certain products are not readily available from domestic sources, especially in the Western

³ In fact, importer *** reported that master distributors were among the first to buy circular welded pipe from China, which led to reduced price bids from domestic sources and increased profits.

⁴ This, along with the fact that master distributors reportedly have expanded since 2005, has led to increased price competition within this channel, according to ***. *** further explained that pricing to master distributors is typically more than 10 percent lower than pricing to other distributors.

⁵ Hearing transcript, pp. 249 and 253 (Lee and Rudolph). Further, one witness reported that his clients are told to expect West Coast customers can expect to wait 30 to 45 days from shipment, and East Coast customers can expect 15 days beyond that. Since most vessels call on multiple ports, there can be some variability and increased risk of marine-related problems. Hearing transcript, p. 255 (Rudolph).

⁶ Ibid.

⁷ Hearing transcript, pp. 253-254 (Rudolph).

⁸ One of these purchasers had noted that there were no transportation delays, so there could be no impact.

United States. Three purchasers in total estimated that delays in transportation from China affected the price they were willing to pay for some of their imports from China. One purchaser noted that delays impacted 5 percent of its subject Chinese imports, a second estimated an impact on 35 to 40 percent of its subject Chinese imports, and a third put its estimate at 60 percent of its subject Chinese imports.

Purchaser Characteristics

Twenty-one purchasers responded to the purchaser questionnaire, with 19 reporting their role as a distributor or end user.⁹ Eight of these reported that they were master distributors, 10 reported that they were other distributors (including two which also identified themselves as master distributors). Three were not distributors (two of these produced products including nipples, couplings, PVC coated products, and fabricated piping products, and one was a wholesaler of fencing products).

Purchasers were asked if they purchased standard pipe, structural pipe, or other pipe. All responding firms reported purchasing standard pipe, nine purchased structural pipe, and five purchasers reported purchasing other pipe. Purchasers reported overlapping applications, particularly between standard and structural pipe, for such uses as water wells, fencing, and industrial applications. Additional applications included water, oil, and gas lines, heating and cooling, hand railings, construction, and fire suppression (for standard pipe), refinery and chemical applications (for structural pipe), and electrical conduit (other related pipes and tubes).

SUPPLY AND DEMAND CONSIDERATIONS¹⁰

U.S. Supply¹¹

Based on available information, U.S. producers have the ability to respond to changes in U.S. demand with relatively large changes in the quantity of shipments of U.S.-produced circular welded pipe to the U.S. market during 2005-07. Factors contributing to this degree of responsiveness of supply are discussed below.

Industry Capacity

Based on U.S. producers' reported capacity and production, the domestic industry's capacity utilization for circular welded pipe increased during 2005-07, from 53.9 percent in 2005 to 65.7 percent in 2007. Overall capacity declined, however, by 13.7 percent; from 2.6 million short tons in 2005 to 2.2 million short tons in 2007. These levels of capacity utilization indicate that U.S. producers of circular welded pipe have available capacity with which they could increase production of circular welded pipe in the short run in the event of a price change. The supply flexibility may be constrained, however, by limited capability of specific U.S. mills to produce the required sizes (diameter and wall thickness) and surface finishes (black, painted, or galvanized) of circular welded pipe. Moreover, increasing labor to increase production of circular welded pipe is a difficult decision, as workers cannot be hired and fired quickly.¹²

⁹ The other two purchasers identified themselves as an OEM and a broker.

¹⁰ Short-run effects discussed in the supply and demand sections refer to changes that could occur within 12 months, unless otherwise indicated.

¹¹ Data on U.S. circular welded pipe production, production capacity, capacity utilization, inventories, and exports are shown in detail in Part III.

¹² Hearing transcript, p. 141 (Kaplan).

Respondents noted that the Commission found in its 2007 review of hot-rolled steel that numerous purchasers noted being put on allocation or had supply refused since 2004. Also, they reported that the hot-rolled steel market was extremely tight during the period for which data were collected in the current investigations, especially in the first half 2006.^{13 14} Though market conditions were tight in the early 2006, by the middle of the year, supply tightness had started to ease, and continued through at least November 2006.¹⁵ Petitioners noted that hot-rolled steel consumption peaked in 2004, subsided in 2005 before rising in 2006, and declining again in the first half of 2007.

Inventory Levels

U.S. producers of circular welded pipe reported combined end-of-period inventory quantities that decreased during 2005-07, from 13.9 percent of total shipments in 2005 (197,527 short tons) to 11.3 percent in 2007 (166,336 short tons). These levels of inventories suggest that U.S. producers have some ability to use inventories to respond to price changes. Again, this flexibility may be restrained in the short run if U.S. producers' inventories consist of products that are not required by any increase in demand, or consist of products already committed to customers in the U.S. and/or export markets.

Alternate Markets

The majority of U.S. producers do not export circular welded pipe. Responding U.S. producers' total reported exports of their U.S.-produced circular welded pipe decreased from 2.6 percent of total shipments (37,605 short tons) during 2005 to 2.2 percent (30,514 short tons) in 2006, but increased to 3.3 percent (48,668 short tons) in 2007. U.S. producers indicated that the circular welded pipe they manufacture and hold in inventory could be exported (if the producer exports circular welded pipe) and do not face barriers to exportation.

Production Alternatives

Nineteen of 20 responding U.S. producers reported that the equipment and machinery that they used to produce circular welded pipe was also used to produce other products. U.S. producers reported manufacturing products such as OCTG, small/medium/large-diameter line pipe, galvanized mechanical rounds and squares, mechanical tubing (automotive use), and other products on the equipment used to produce the subject circular welded pipe. Petitioners noted that many major domestic producers of circular welded pipe cannot produce many energy-related tubular products, whereas smaller producers of circular welded pipe are the firms that have large production of line pipe and other energy-related tubular

¹³ China Chamber of Commerce of Metals, Minerals, and Chemicals Importers & Exporters ("CCCMC") respondents' posthearing brief, exh. 1, pp. 2-5.

¹⁴ A recent article reported that a lack of imports of steel due to high prices overseas have been driving domestic prices of steel higher. "'Bottom line is that the supply scenario - the lack of imports - is really having an impact on producers,' which are operating near capacity despite declining demand. 'With the weakness in imports, 2008 production could increase 5 to 10 percent in a market where demand declines 5 to 10 percent.'" *Metal Center News Business Topics*, April 2008, quoting Mark Parr, managing director and equity research analyst with KeyBanc Capital Markets in Cleveland, http://www.metalcenternews.com/2008/April/April2008_BusinessTopics.htm, retrieved June 4, 2008. Since February 2008, weekly domestic raw steel production has been operating at between 87.5 and 90.5 percent capacity utilization. "US raw steel production edges 1.2% lower," *American Metal Markets*, June 3, 2008, http://amm.com/2008-06-03_19-17-50.html, retrieved June 4, 2008.

¹⁵ ***, and *International Steel Review*, MEPS, October 2006, p. 2 and November 2006, pp. 2 and 4.

products.¹⁶ The ability of U.S. producers to shift production between circular welded pipe and other products enhances their supply responsiveness in the short run in response to relative price changes between circular welded pipe and alternative products.

Product Range and Marketing

Four of 19 responding producers of circular welded pipe noted that there have been changes in the product range or marketing efforts of domestic supplies since 2005. *** reported that there has been a concerted effort through the manufacturing trade association to increase demand at the design and engineering level through focused efforts at major universities. *** added a large structural pipe mill and ***, both increasing the size range to their portfolios. *** reported that it was driven out of the market on the West Coast by Chinese imports. In contrast, one importer stated that the purchase of Sharon by Wheatland reduced the number of domestic small diameter A-53 producers to one, which is inadequate to supply fully the needs of the entire domestic market.

Subject Imports

Based on available information, staff believes that Chinese producers of circular welded pipe have the ability to respond to changes in demand with somewhat large changes in shipments of circular welded pipe to the U.S. market. Factors contributing to this degree of responsiveness of supply are discussed below.

Fifteen responding Chinese producers' reported total capacity utilization for circular welded pipe increased from 71.8 percent in 2005 to 84.2 percent in 2006, before decreasing to 81.7 percent in 2007. Overall, Chinese circular welded pipe capacity increased from 3.5 million short tons in 2005 to 3.7 million short tons in 2006 and 2007.^{17 18}

Chinese producers of circular welded pipe responding to the Commission's questionnaire reported end-of-period inventories that decreased from 6.0 percent of total shipments in 2005 to 4.6 percent of shipments in 2007. Inventories of imports of circular welded pipe from China held by importers increased from 3.7 percent of U.S. shipments of imports of circular welded pipe from China at the end of 2005 to 8.4 percent at the end of 2006, before decreasing to 4.9 percent at the end of 2007.

Though the majority of Chinese shipments went to their home market, the United States was the largest single market for circular welded pipe exports from China in every year since 2005, accounting for 45.2 percent in 2005, 47.7 percent in 2006, and 45.9 percent of exports in 2007.

¹⁶ Petitioners' posthearing brief, exh. C.

¹⁷ Data submitted by Chinese producers of circular welded pipe included capacity and production projections for 2007 and 2008. Based on these projections, capacity utilization rates would be 76.9 percent in 2008 and 79.6 percent in 2009.

¹⁸ Chinese producers reported producing several other products such as OCTG, small-, medium-, and large-diameter line pipe, and other (non-circular) tubular products on the same equipment that they used to produce circular welded pipe. Measures of capacity and capacity utilization for each type of product, including circular welded pipe, is subject to allocations and may change as relative prices and demand for the various types of products change. Chinese producers' total reported annual plant capacity during 2005-07 increased by 11.9 percent, and was about 4.1 million short tons, across all products they manufactured in 2007. Total Chinese circular welded pipe production during 2005 accounted for 93.3 percent of all products that Chinese producers manufactured on this equipment, decreasing to 90.6 percent in 2006 and 85.5 percent in 2007.

Effect of the Filing of the Petition

Producers, importers, and purchasers were asked to describe the effect of a number recent occurrences on the price of circular welded pipe and the market for Chinese product. Ten of 15 responding producers, four of 25 responding importers,¹⁹ and nine of 20 responding purchasers reported that the filing of the countervailing duty/antidumping duty petition had little to no effect on the market. One of these producers, however, reported that imports increased temporarily because of the filing of the petition to get imports into the United States before duties were imposed. Of those producers that reported more than a minimal impact, one reported that its sales continued to decline, two producers were able to announce price increases for the last quarter of 2007, and two noted a decline in the quantity of imports.²⁰ Fifteen of 21 importers that stated the filing had an impact reported that they had stopped ordering circular welded pipe from China and four more decreased their purchases or looked to other sources to buy pipe. Two importers stated that prices had increased due to the decreased supply from China, and one added that other nonsubject sources entered the market. One purchaser reported that it had already stopped buying Chinese products based on its expecting the Chinese to end its export rebate, seven reported that they had stopped buying Chinese material, two reduced orders of Chinese material,²¹ and one reported the price increased.

Effect of the 13-Percent Export Tax Rebate Repeal

The second event about which firms were asked to comment on the abolition of China's 13-percent export tax rebate on standard (but not line) pipe on July 1, 2007. Nine of 15 responding producers, two of 25 responding importers, and 11 of 20 responding purchasers reported that the abolition of the Chinese 13-percent export rebate had caused no change in their purchasers or prices. Two of the six other producers reported that prices increased in the latter portion of 2007, one noted that its sales were still down 10 percent year-over-year, one reported that there was "some significant effect, but inventories were already established at lower pricing,"²² and one noted "general optimism."²³ Eleven importers that noted some effect of the rebate abolition reported that prices increased, three reported that other countries became more competitive or China became less competitive, three offered that producers in China tried to increase shipments prior to July 1, three had already stopped importing from China by that time, one reported losing competitiveness in the marketplace, and one importer stopped importing from China at this time.²⁴ Three purchasers that did notice an effect of the rebate abolition reported price increases, two reported that they stopped receiving offers for Chinese material, one reported that the export rebate was not abolished for API 5L, one renegotiated the purchase price of its existing orders, and one stopped carrying Chinese pipe.

¹⁹ One importer decreased its imports from China at this time, but it was due to quality issues rather than antidumping or countervailing duty issues.

²⁰ One producer specified that the slowdown of imports occurred on the West Coast.

²¹ One of these also reported that price increased.

²² *** producer questionnaire response.

²³ *** producer questionnaire response.

²⁴ The final importer conveyed that "quantities were increased drastically," but did not mention a time frame.

Effect of the Preliminary Countervailing Duty Determination

Three of 14 responding producers, six of 21 responding importers, and 11 of 19 responding purchasers²⁵ reported that the preliminary countervailing duty determination and resultant bonding requirements on November 13, 2007 had little to no effect on the circular welded pipe market. Of the 11 producers noting an effect, four each reported that imports from China have decreased and that prices have increased, three reported an import surge before to beat investigation deadlines, and two reported increased sales. Thirteen of 22 importers stated that they stopped ordering/importing/selling Chinese circular welded pipe, and three others noted a general decrease in the quantity of imported Chinese products in the domestic marketplace. Two purchasers reported that they stopped buying Chinese product, two reported no more Chinese offers, two reported price increases (although one of these reported it was mostly due to the increased price of input steel), one reported increased imports from other countries at higher prices, and one purchaser reported that Chinese overall imports of circular welded pipe declined as a result of this duty determination.

Effect of the Preliminary Antidumping Duty Determination

The subsequent preliminary antidumping duty determination and bonding requirements effective January 15, 2008, reportedly had little to no additional effect on the market for circular welded pipe, according to three of 14 responding producers, 17 of 21 responding importers,²⁶ and 10 of 18 responding purchasers. Similar to their responses for the imposition of bonding requirements for countervailing duties issued two months earlier, five producers reported that prices have increased, three each reported that imports from China have decreased and that their own sales have increased, and two reported that imports had already stopped by this time. Two importers each noted that import quantities had decreased and market prices (including, as noted by one importer, nonsubject sources) had increased for circular welded pipe. For the other eight purchasers, three purchasers reported rising prices (although one of these attributed it to the price of inputs), one noted a decrease in imports of Chinese circular welded pipe, one stopped receiving quotes from Chinese mills, two stopped buying Chinese product (with one purchasing product from Korea instead), and one reported problems with pipe availability.

Nonsubject Imports

Based on official import statistics of Commerce (presented in Part IV), a total of 62 nonsubject countries exported circular welded pipe to the United States from 2005 to 2007. Nonsubject imports accounted for a decreasing share of the quantity of total U.S. imports of circular welded pipe during this period: from 61.1 percent of imports in 2005 to 48.0 percent in 2006 and 35.2 percent in 2007. Although the nonsubject import quantity increased by 10.0 percent in 2006, imports from China increased by 87.3 percent, leading to a decreased share of nonsubject imports. Mexico, Canada, Thailand, Taiwan, and

²⁵ One of these importers and one of the purchasers explained that there was no effect because it had already stopped importing.

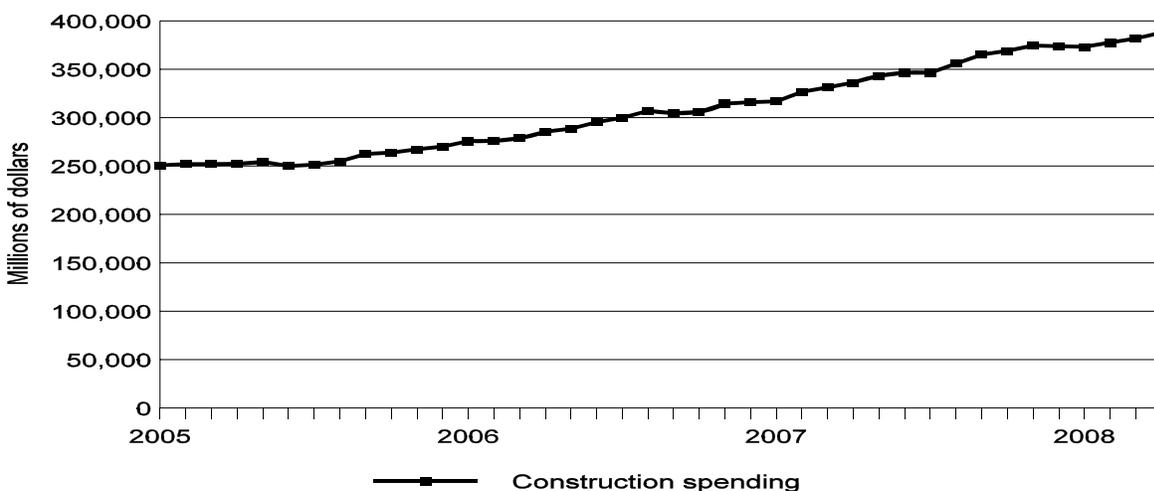
²⁶ Ten of these importers gave the same response or responded “same as above” to this question as they did to the question about the countervailing duty bonding requirements. Additionally, two of these importers reported that there was little to no effect because they had already stopped importing from China, and one replied that “importation of Chinese welded pipes are not going to position traders in a very competitive place and there is no reason to focus on import of Chinese pipes.”

Korea were the largest nonsubject country suppliers.²⁷ Twenty-one of 29 responding importers reported importing from nonsubject countries during 2005-07.

U.S. Demand

Demand for circular welded pipe, as measured by annual U.S. apparent consumption, increased irregularly between 2005 and 2007, increasing from 2.4 million short tons in 2005 to 2.7 million short tons in 2006 before decreasing to 2.6 million short tons in 2007, an overall increase of 9.0 percent from 2005 to 2007. Circular welded pipe is used in a variety of applications including commercial and residential fencing, plumbing, transmission of air, water, and gas, and in sprinkler systems. Thus, U.S. demand for circular welded pipe is largely derived from the level of demand for downstream products using these pipe products. Overall, U.S. demand for circular welded pipe reportedly tends to move with general economic activity in the U.S. economy and with non-residential construction.²⁸ Monthly U.S. private non-residential construction during January 2005-April 2008 are shown in figure II-I. Overall, monthly non-residential construction spending increased by 54.8 percent in that time period. However, monthly residential construction spending, which reportedly affects fence tube sales and non-residential spending,²⁹ increased from \$603.7 billion in January 2005 to \$696.0 billion in February 2006 before declining every month until reaching \$435.8 billion in April 2008, the most recent available month.

Figure II-1
U.S. private non-residential construction spending, by months, January 2005-April 2008



Note.--Monthly values are seasonally adjusted annual rates of construction spending.

Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending, historical and current data available at <http://www.census.gov/const/www/c30index.html>, non-residential construction series

²⁷ Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey are covered by antidumping and/or countervailing duty orders. See appendix D for historic and current duty rates.

²⁸ Hearing transcript, pp. 101, 112, and 114 (Dorn, Magno, and Barnes).

²⁹ Hearing transcript, pp. 131 (Boggs) and 153-54 (Magno).

U.S. producers and importers provided a mix of responses when reporting how U.S. demand for circular welded pipe has changed since January 1, 2005. Six U.S. producers reported that demand has increased, seven reported that it has fluctuated, three reported a decrease, and one stated that demand is unchanged. Eleven of 21 responding importers reported an increase in demand since January 1, 2005, five reported that demand has fluctuated, two reported a decrease, and three replied that demand for circular welded pipe has not changed. The factors most often cited by producers and importers as driving the change in demand were the construction (residential and non-residential) industry, energy and mining projects, and general economic conditions.

Petitioners argued that non-residential construction indicators are pointing toward a declining trend based upon declining general economic conditions, slackening demand for non-residential construction, and the appearance of commercial backed mortgage security defaults.³⁰ Studies that petitioners cite point to the commercial sector of non-residential construction facing the largest declines. For example, the Architecture Billings Index, a leading indicator of construction spending, has declined to its lowest point since inception in 1995.³¹ CCCMC respondents, in contrast, noted that spending on non-residential construction was 13.2 percent higher in February 2008 than it was a year earlier, and that the American Institute of Architects (“AIA”) Consensus Construction Forecast Panel predicted non-residential construction to grow at 0.7 percent in 2008 and decline 0.9 percent in 2009.³² In particular, the AIA predicted a 1.3 percent decline in commercial non-residential construction and a 4.2 percent increase in institutional non-residential construction.³³

Eight of the responding 21 purchasers reported that demand in the United States had increased, five reported it had decreased, and eight reported demand was unchanged. Reasons given by purchasers for an increase in demand included: the boom in commercial construction; increased oil and gas drilling; increased pipeline construction; increased high-rise commercial and residential construction; increased manufacturing; availability of Chinese product at competitive prices; an upswing in the market; and a robust U.S. economy. Purchasers agreed that demand had declining because of declines in housing construction or general construction. Six of the nine³⁴ responding purchasers reported demand outside the United States had increased for reasons including: economic growth in Asia (specifically China, India, and Vietnam), Russia, South America, and developing countries; a robust world economy; oil and gas demand; and the commodities boom.

U.S. producers and purchasers were asked if the circular welded pipe industry is subject to business cycles. Eight of 17 responding producers and 15 of 22 responding purchasers responded affirmatively. In addition to citing the non-residential construction market and general economic conditions, some producers noted that demand is seasonal with an increase in the summer months for water pipe applications. Purchasers also were asked if the emergence of new markets for circular welded pipe has affected the business cycles or otherwise influenced demand for circular welded pipe. Seventeen of 19 responded “no.” One purchaser responding affirmatively noted that the emergence of new markets has added to price pressure for circular welded pipe, and the other reported that growth in developing has increased to worldwide demand for standard pipe.

³⁰ Petitioners’ prehearing brief, exh. 2.

³¹ Ibid. The downturn has been led by residential construction, though commercial/industrial billings and inquiries were also down considerably in March 2008. In the following month’s index, industrial/commercial billings and inquiries increased to an indexed value of 39 from 38, whereas institutional non-residential construction decreased from an indexed value of 51 to 50. “Design Slowdown Continues in April,” *AIA This Week*, Kermit Baker, May 23, 2008.

³² CCCMC respondents’ prehearing brief, pp. 55-56.

³³ “After Strong Growth in 2007, Non-residential Construction Activity is Projected to Flatten Out,” *AIArchitect This Week*, January 11, 2008, as submitted in petitioners’ posthearing brief at exh. T.

³⁴ The other three purchasers reported demand was unchanged.

Since all but one purchaser described themselves as distributors, resellers, wholesalers, or brokers, many of them will stock their purchases in inventory. The quantities of inventories, in short tons, held by the responding purchasers increased since 2005, as can be seen in the following tabulation:

Origination country of inventories:	2005	2006	2007
United States	29,184	27,734	29,189
China	34,282	55,051	63,397
Nonsubject countries	44,038	64,575	71,680
Total	107,504	147,360	164,266
Source: Compiled from data submitted in response to Commission questionnaires.			

Substitute Products

Nine of 17 responding U.S. producers, 17 of 26 responding U.S. importers, and 13 of 22 responding purchasers reported that no substitutes exist for circular welded pipe. The remaining eight U.S. producers, nine U.S. importers, and nine purchasers identified substitutes for circular welded pipe. Producers, importers, and purchasers reported that substitutes included ornamental, wood, aluminum, or plastic pipe, and block wall typically used for fencing; plastic pipes including PVC and polyethylene pipe, copper tube, seamless pipe, flexible gas piping for natural gas in residential housing, and ASTM A-106 typically used for fluid conveyance;³⁵ steel beams, rectangular tubing, and ASTM A-500 grade A, B, and C typically used for structural uses; and line pipe (single- or multiple-certified) could be used in many of the same uses as circular welded pipe.

Five of the eight producers reporting that substitutes exist responded to how the price of substitutes affected the price of circular welded pipe: two reported that the price of substitutes affected the price of circular welded pipe; two reported that they did not affect the price of circular welded pipe, and one reported that the prices of circular welded pipe and the substitutes moved together with the price of steel. Four of the nine importers reporting the existence of substitutes responded to how the price of substitutes affected the price of circular welded pipe: three reported that prices of the substitutes tend to be higher than circular welded pipe, and as a result typically do not affect the price of circular welded pipe and one reported that the price of substitutes would effect the price of circular welded pipe, but only in the long run. Purchasers were asked if the price of these products influenced the price or quantity of circular welded pipe sold: one reported major changes with a 6 month lag; one reported prices of substitutes and circular welded pipe moved together; one reported as the price of seamless pipe converged with circular welded pipe, substitution increased; one reported substitutes would have a small effect; one reported that the total cost including labor from installation substantially affects the consumption of circular welded pipe or its substitutes; and one reported that which product is to be used is determined in the engineering specifications. Two purchasers noted that the number of types of products that can be substituted for circular welded pipe increased since January 2005: fox pipe (½" - 2" O.D.) and labor-saving alternate connection systems for copper tubes and residential natural gas systems.

³⁵ Fluid conveyance included oil, gas, and water conveyance, plumbing, and sprinklers.

Cost Share

As noted earlier, circular welded pipe is used in non-residential and, to a lesser extent, residential construction applications. Nine U.S. producers and two importers provided usable cost share data for circular welded pipe.³⁶ Circular welded pipe reportedly accounted for 25 to 40 percent of the total cost of installing fences and corrals, for 20 percent of the cost of installing handrails, for 20 to 30 percent of fire suppression systems, for 30 percent of the cost of installing sprinkler systems, for 20-30 of the cost of structural applications, for 16 percent of the cost of automobile parts, and for 4 to 20 percent of the cost of installing water wells. Many of these uses constitute portions of larger building projects, such as an entire building, and, therefore, likely represent a much smaller share of the total project, often less than 1 percent of the total cost of the construction, as reported by three domestic producers of circular welded pipe.³⁷

Foreign Demand

U.S. producers and importers were requested in their questionnaire responses to comment on demand for circular welded pipe outside of the United States since January 1, 2005.³⁸ Nine of 15 responding U.S. producers and 17 of 30 responding U.S. importers did not have information relating to foreign demand. Four U.S. producers noted that demand outside the United States had increased (three responding specifically about demand in Canada), while each noted that demand either fluctuated (again, with respect to Canada) or remained unchanged. With respect to the 13 responding importers, eight reported an increase, four reported fluctuations, and one reported a decrease (with respect to Mexico, Canada, and the Caribbean). Regions with noted increases include Asia, Europe, the Middle East, and Latin America.

In addition, respondents cited reports of strong growth in spending in construction in several countries, including China, the Middle East, Brazil, India, and Russia, as evidenced by forecasted steel use in those countries.³⁹

Presently, there are two antidumping cases filed against imports of circular welded pipe from China: one in Canada and the other in the EU, which are the largest non-U.S. markets for Chinese circular welded pipe. There has already been a preliminary affirmative determination in Canada, which covers pipe up to six inches O.D.

SUBSTITUTABILITY ISSUES

The degree of substitution in demand between circular welded pipe produced in the United States and that imported from China depends upon such factors as relative prices, conditions of sales (order lead times, payment terms etc.), purchaser supply requirements, and product differentiation. Product differentiation depends on factors such as the range of products, quality (grade standards, defect rates, etc.), availability, reliability of supply, product services, and the market perception of these factors.

³⁶ Additional replies were also given in the questionnaires from the preliminary phase. Those answers are included in this paragraph as well.

³⁷ Unless the specific uses have substitutes, which for plumbing, sprinkler systems, handrails, etc., is unlikely, the cost of the circular welded pipe in these uses may be more appropriately measured against the cost of the total project (petitioners' postconference brief, p. 6).

³⁸ U.S. producer and importer questionnaire responses, sections IV-B-17 and III-B-16, respectively.

³⁹ CCCMC respondents' prehearing brief, pp. 56-61, citing the International Iron and Steel Institute.

Based on the reported information in these investigations, there appears to be a moderately high degree of substitution in demand between circular welded pipe produced domestically and that imported from China.

Factors Affecting Sales and Purchases

U.S. producers and importers of circular welded pipe were requested in their questionnaires to report on the extent of interchangeability (products from different countries physically capable of being used in the same applications) of circular welded pipe produced domestically, imported from China, and imported from third countries. They were also asked to report the extent of any non-price differences that would affect sales in the U.S. market among these various sources of circular welded pipe. Responses of U.S. producers, importers, and purchasers regarding the degree of interchangeability between domestic and imported circular welded pipe are summarized in table II-2, and their responses regarding differences other than price affecting competition are summarized in table II-3. U.S. producers, importers, and purchasers were also requested in their questionnaires to provide any comments where products are sometimes or never interchangeable and where nonprice factors were always or frequently significant in competition between the domestic and imported circular welded pipe. These comments are included in the text.

With regard to the degree of interchangeability, 19 U.S. producers, 31 importers, and 22 purchasers provided the requested information (table II-2). U.S. producers most frequently asserted that circular welded pipe produced in the United States, imported from China, and imported from third countries was “always” interchangeable among each other; whereas the largest number of importers asserted that the circular welded pipe from these sources typically was “frequently” interchangeable. According to the majority of purchaser responses most domestic, subject, and nonsubject imported circular welded pipe was “always” or “frequently” interchangeable.

Some producers, importers, and purchasers provided additional information. One U.S. producer, ***, provided an additional response, asserting that the base quality level for domestic producers is higher than that for most other countries. Five importers provided further details regarding interchangeability. Importer *** reported that domestic and Chinese pipe are “sometimes” interchangeable, since there are differences in diameter, wall thickness, and grade. *** replied that there are sometimes quality issues, which lead some customers to restrict sales to non-Chinese sources. *** submitted that fewer U.S. producers make galvanized pipe, and all customers require a uniform length, which not all U.S. producers will manufacture. *** reported that domestic and Chinese mills may not make pipe all countries’ standards. The last importer providing clarification, ***, stated that, for small diameter A-53 pipe, domestic manufacturers use furnace welding, an older method than ERW, which leads to more impurities and more corrosion. Three purchasers provided comments, with two noting that some customers may only want domestic product, and one noting a customer preference for anything but Chinese circular welded pipe. Purchaser *** stated that most Thai pipe is A-53, type A, which cannot be used if A-53, type B is specified.

For responses regarding differences in factors other than price affecting competition, 19 U.S. producers, 24 importers, and 20 purchasers reported the requested information (table II-3). The responding producers and importers reported most often that differences in nonprice factors among circular welded pipe produced in the United States, imported from China, and imported from third countries were “sometimes” or “never” significant among sales of the domestic and imported products, whereas the responding purchasers were more frequently divided in characterizing such factors as frequently, sometimes, and never significant.

Several producers, importers, and purchasers added comments. ***, a U.S. producer, reported that the perceived higher quality of domestic circular welded pipe would increase the level of domestic sales if there were proper supply chain management and no price differences with imports of circular

Table II-2

Circular welded pipe: Perceived degree of interchangeability of circular welded pipe produced in the United States, imported from China, and imported from third countries and sold in the U.S. market¹

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	11	6	2	0	7	15	3	0	7	7	2	1
U.S. vs. Canada	13	5	1	0	8	7	2	2	9	1	1	0
U.S. vs. India	9	4	0	0	6	10	2	0	3	4	1	0
U.S. vs. Korea	11	5	2	0	7	11	1	1	6	6	1	0
U.S. vs. Mexico	11	5	2	0	6	12	3	1	2	4	1	0
U.S. vs. Taiwan	10	4	0	0	6	10	2	1	4	5	1	0
U.S. vs. Thailand	10	4	0	0	6	9	1	2	1	4	2	0
U.S. vs. Turkey	10	4	1	0	6	7	3	2	2	3	1	0
U.S. vs. other	6	4	0	0	5	9	3	0	2	3	1	0
China vs. Canada	10	3	1	0	6	10	2	2	6	1	2	1
China vs. India	9	2	0	0	7	8	3	1	7	1	0	1
China vs. Korea	10	3	1	0	7	11	2	1	5	5	1	1
China vs. Mexico	10	3	0	0	6	9	3	1	4	2	1	1
China vs. Taiwan	10	2	0	0	6	11	2	1	5	3	0	1
China vs. Thailand	10	2	0	0	6	9	1	2	4	4	0	1
China vs. Turkey	10	2	0	0	6	7	3	2	4	1	0	1
China vs. other	6	2	0	0	5	7	4	1	4	1	0	1

¹ Producers, importers, and purchasers were asked, "Are all types of circular welded pipe produced in the United States, imported from China, and imported from other countries used interchangeably (i.e., can they physically be used in the same applications)?"

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

welded pipe from China. Four importers provided additional comments. ***, an importer, reported that non-price factors that limit or preclude interchangeable use include: customer perceptions that foreign product is inferior, production and delivery delays, unreliable deliveries, limited production range vs. U.S. mills, and limited technical support. Importer *** replied that quality "frequently" is a difference between domestic circular welded pipe and that imported from China. Importer *** also noted that quality, along with lead times, "frequently" are differences between domestically produced circular welded pipe and that imported from China, Turkey, and India. In addition to noting quality differences previously reported, *** stated that imports subjected to ocean transport is more often exposed to contaminants, and imports from non-North American countries must be of a larger size to make transportation economically feasible. Importer *** reported that the quality and product range of Korean pipes allow them to be sold for a higher price. Two purchasers noted that some domestic buyers will not accept Chinese-made circular welded pipe. Among the factors noted by purchasers *** as differences are: availability, lead time, domestic content regulations, perceived quality product range, and technical support.

Table II-3

Circular welded pipe: Perceived importance of differences in factors other than price between circular welded pipe produced in the United States, imported from China, and imported from third countries and sold in the U.S. market¹

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	1	0	8	9	3	4	10	5	2	5	6	4
U.S. vs. Canada	1	0	6	11	2	2	4	8	3	1	2	5
U.S. vs. India	1	0	4	9	3	3	6	4	1	2	2	3
U.S. vs. Korea	1	0	6	11	2	2	8	5	2	4	3	4
U.S. vs. Mexico	1	0	6	10	3	2	9	4	1	0	2	3
U.S. vs. Taiwan	1	0	5	9	2	3	7	4	0	2	3	4
U.S. vs. Thailand	1	0	5	9	3	1	6	4	0	3	2	2
U.S. vs. Turkey	1	0	6	9	2	3	6	4	0	1	2	3
U.S. vs. other	0	0	5	6	1	4	5	5	1	1	2	2
China vs. Canada	1	0	4	9	3	2	7	4	1	0	4	4
China vs. India	1	0	2	9	2	1	7	5	1	1	2	5
China vs. Korea	1	0	4	9	2	2	9	4	0	3	4	4
China vs. Mexico	1	0	4	9	2	1	8	5	1	0	5	2
China vs. Taiwan	1	0	3	9	2	3	6	5	0	2	3	5
China vs. Thailand	1	0	3	9	2	2	6	4	0	2	3	3
China vs. Turkey	1	0	3	9	2	2	7	4	0	0	3	4
China vs. other	0	0	2	6	1	1	5	6	0	0	3	3

¹ Producers, importers, and purchasers were asked, "Are differences other than price (i.e., quality, availability, transportation network, product range, technical support, etc.) between circular welded pipe produced in the United States and in other countries a significant factor in your firm's sales of the products?"

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Factors Affecting Purchasing Decisions

Many factors influence a purchaser's decision regarding its suppliers of circular welded pipe. On average, a purchaser will contact between 3 and 4 suppliers of circular welded pipe before making its decision, though some will contact fewer domestic mills and more suppliers for purchases of imports.⁴⁰ Twelve of 22 purchasers reported having changes suppliers since 2005. Though only five purchasers became aware of new suppliers since 2005, ten expect new suppliers to enter the circular welded pipe market in the future.

⁴⁰ One master distributor (***) , however, reported that it contacts between 10 and 15 suppliers before making a purchase.

Knowledge of Country Sources

Purchasers were asked to identify the sources of circular welded pipe of which they have actual marketing or pricing knowledge. Twenty purchasers identified U.S.-produced product and 18 Chinese product. The number of purchasers identifying product from the seven other listed countries in order of frequency were Korea (13), Taiwan (10), India (6), Canada (5), Thailand (5), Mexico (3), and Turkey (3). Other sources of imports identified by purchasers were in order of their frequency; Oman (4), South Africa (2), Brazil, Guatemala, Indonesia, Italy, Japan, Malaysia, Romania, United Arab Emirates, and Vietnam (1 each).

Major Factors in Purchasing

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase circular welded pipe (table II-4). Quality was most frequently reported to be the most important factor, reported by 8 purchasers. For the second most important factor, price was the most common response (reported by 7 firms), and for the third most important factor, availability and price were the most common responses (6 firms each). Other factors listed among the top three factors were delivery, product range, service, and being a traditional supplier. Additionally, more than two-thirds of purchasers (15 of 22) reported that buying circular welded pipe produced in the United States is an important factor in their purchasing decisions. Ten purchasers reported that at least a small portion of their purchases of domestically produced circular welded pipe is due to legal requirements. Seven purchasers or their customers require domestically produced pipe. Of the seven purchasers that consider buying pipe domestically an important factor for reasons other than legal, internal, or customer requirements, all responded that shorter lead times are at least a part of the reason.

Table II-4
Circular welded pipe: Ranking factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting			
	First	Second	Third	Total
Quality (including appearance, quality reputation, and meeting specifications)	8	5	2	15
Price	6	7	6	19
Availability	5	6	6	17
Traditional supplier	1	1	1	3
Product range	1	1	0	2
Delivery	1	0	3	4
Service	0	1	0	1

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

Factors Determining Quality

Purchasers were asked to identify the factors that determine the quality of circular welded pipe. Purchasers reported numerous specific factors relating to both the pipe itself, as well as the supplier of the pipe. With respect to the pipe itself, factors included: meeting standards; appearance (e.g., uniform appearance and surface sheen); tight dimensional tolerances (e.g., length, ovalness, and straightness); coating quality; end finish; hydrotest results; tensile strength; consistency; traceability with clear mill

markings; readable and correct mill test reports; integrity of seams; ability to thread or weld pipes together; and packaging.

Certification/Qualification Issues

Purchasers were asked if they require certification or prequalification of their suppliers. Only eight of 21 responding purchasers reported that they required prequalification, and each required it for all of its purchases. Five of these reported requiring certification, typically ASTM certification, one reported trial runs of the material, and one reported that all suppliers were qualified before 2005. Purchasers were asked if the certification required exceeding industry standards. Five reported that all their product required certification exceeding industry standards and two reported that 10 percent of their purchases did.

Seventeen purchasers reported factors considered when choosing a supplier. Factors included ASTM, ISO, API, ASME, UL, and FM certification/standards, quality, availability, mill inspections, lead time, inventories on hand, machineability, product range, appearance, mill reputation/track record, price, port of entry logistics, manufacture process, technical support, claims handling, third party inspections, accuracy of paperwork, and timeliness of communications.

Only four of the 21 responding purchasers reported any firms had failed to qualify. These four firms reported that certain Chinese firms, including *** had failed because of leaks, poor welding, poor quality, and unreliability of supply.

Purchasers were asked how often domestic, imported Chinese, and imported nonsubject circular welded pipe met minimum quality specifications during 2005-07. Out of 19 responding purchasers, domestic producers were able to meet minimum specifications “always” for 14 purchasers, “usually” for four purchasers, and “rarely or never” for one purchaser. Of 22 responding purchasers, imported Chinese circular welded pipe met minimum specifications “always” for five purchasers, “usually” for nine purchasers, “sometimes” for four purchasers, and “rarely or never” for four further purchasers. Responses are summarized in the following tabulation:

Country meeting minimum quality specifications:	<u>Always</u>	<u>Usually</u>	<u>Sometimes</u>	<u>Rarely or never</u>
United States	14	4	0	1
China	5	9	4	4
Korea	7	1	0	0
Canada	3	1	0	0
Thailand	3	0	0	0
Taiwan	3	1	0	1
Mexico	2	1	1	0
India	1	2	0	0
Turkey	1	0	0	0
Japan	1	0	0	0
Oman	1	1	0	1
South Africa	0	1	0	0
Vietnam	0	1	0	0
Chile	0	0	0	1

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

Importance of 15 Specified Purchase Factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-5). The factors listed as very important by the majority of firms were quality meets industry standard (20 firms), availability (19 firms), price (18 firms), product consistency (17 firms), reliability of supply (17 firms), and delivery time (16 firms). No other factor was rated as very important by a majority of the responding firms.

With respect to price, three of 21 responding purchasers reported that they will “always” buy the lowest-priced circular welded pipe; seven “usually” will, ten “sometimes” will, and one “never” will. Factors that were also important in the purchasing decisions were: availability, quality, lead times, supplier reputation, past experience with a vendor/product, appearance, product range, service, pricing terms, inventory levels, the number of partial shipments, and that the pipe was produced domestically.

Table II-5

Circular welded pipe: Importance of factors as reported by U.S. purchasers

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	19	3	0
Delivery terms	10	11	1
Delivery time	16	6	0
Discounts offered	4	11	7
Extension of credit	7	9	6
Minimum quantity requirements	2	12	8
Packaging	4	8	10
Price	18	4	0
Product consistency	17	5	0
Product range	5	15	2
Quality exceeds industry standards	6	8	8
Quality meets industry standards	20	2	0
Reliability of supply	17	4	0
Technical support/service	4	15	3
U.S. transportation costs	5	11	5
Other ¹	3	0	0

¹ Other includes appearance, meets customer specifications (coating and length tolerances), and responsiveness to problems/complaints.

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

Changes in Purchasing Patterns

Purchasers were requested to note if the relative shares of their purchases from different countries had changed since 2005. The relative share of their purchases from domestic sources increased for four purchasers and decreased for five. Nine purchasers reportedly had increased the relative share attributable to imports from China (at least before the filing of the petition in these investigations). Five purchasers decreased the share attributable from China because of these investigations, and two decreased

their purchases for other reasons.⁴¹ Various purchasers reported increased relative levels of imports from India, Japan, Korea, Mexico, Oman, and Taiwan, and decreased relative levels of imports from Canada, Chile, India, Korea, Mexico, and Thailand.

In the preliminary phase of these investigations, those purchasers named in lost sale or lost revenue allegations were also asked whether they had shifted their purchases of circular welded pipe from U.S. producers to suppliers of products from China during January 2004-March 2007 and whether, during this period, U.S. producers reduced their prices of circular welded pipe to compete with suppliers of circular welded pipe from China. Twelve of the 17 responding purchasers reported that they had shifted purchases of circular welded pipe from the U.S. producer to imports from China, with all stating that price was the reason for the shift. In the final phase of the investigations, purchasers were asked if they had shifted, at least partially, from domestically produced circular welded pipe to that imported from China since January 2005, and if the switch had been because of price. Six of the 22 responding firms reported that they had switched to greater use of Chinese product, and all but one of the six reported that this was due to the lower price of the Chinese product.^{42 43}

Purchases from Specific Producers and Countries

Purchasers were asked how frequently they and their customers purchase circular welded pipe based on the producer and country of origin. The following tabulation summarizes the responses:

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	9	5	4	4
Purchaser's customer makes decision based on producer	1	5	11	4
Purchaser makes decision based on country of origin	3	9	5	5
Purchaser's customer makes decision based on country of origin	0	5	11	5

Most purchasers (14 of 22) reported that they “always” or “usually” make purchases based on the producer of circular welded pipe. The purchasers that reported that they “always” make decisions based on the producer cited the following reasons: quality; price; service; reliability; consistency; problem solving by the producer; accuracy in order fulfillment; buying from approved suppliers; “Buy American” provisions; that mills’ product must be tested; avoidance of Chinese-produced circular welded pipe; customer expectations of quality from certain mills; and if pipe from some foreign producers can be PVC-coated better than domestic product. More than half of the responding purchasers (11 of 21) reported that their customers sometimes make decisions based on the producer. Country of origin was slightly less important for both purchasers and their customers, with 14 of 22 responding purchasers reporting that the source country was either “usually” or “sometimes” important for their purchases. Twelve of the 21 responding purchasers reported that it was “sometimes” or “never” important for their customers.

Six of 22 purchasers reported that certain sizes/grades/types of pipe are only available from a single source, with four specifying certain types of domestically produced pipe. Thirteen of 21 purchasers or its customers will specify pipe from one country over another. Those purchasers relating preferences acknowledged domestic, Chinese, Korean, and Indian as preferred (or “not preferred” in one

⁴¹ The reasons given by purchasers were too much inventory and poor quality.

⁴² For the other purchaser, the reasons were related to availability or ***, though the reported prices paid for imported Chinese circular welded pipe were lower than domestic prices.

⁴³ For more information regarding changes in purchasing patterns, see the section entitled “Supply of Nonsubject Imports of Circular Welded Pipe to the U.S. Market” *supra*.

case) sources. Eleven of the 13 responding purchasers will buy from one source even when a lower-priced source is available. Factors that influence this decision include lead times, quality, size range, availability, reliability of supply, faster deliveries, “Buy American” provisions, long-term business relationships, and approved mill requirements.

During the preliminary phase of these investigations, respondents asserted that 10 to 15 percent of the U.S. market for circular welded pipe is subject to “Buy America” policies, especially non-residential construction projects undertaken by governments, such that the imported products from China cannot compete for this segment of the market.⁴⁴

Purchasers were also asked to compare circular welded pipe produced in the U.S. to that made in China and nonsubject countries with respect to 15 different attributes (table II-6). Purchasers were further requested to compare domestic and Chinese circular welded pipe with circular welded pipe from nonsubject countries (tables II-6 and II-7). Eighteen purchasers provided responses.

The majority of firms comparing products from the United States and China reported that the U.S. producers were superior for seven factors: availability, delivery terms, delivery time, product consistency, quality exceeds industry standard, reliability of supply, and technical support. The only factor for which China was reported to be superior by most firms was price. Chinese pipe was also rated as superior in price when compared to prices for pipe from nonsubject countries.⁴⁵ Though domestic producers were rated as superior on a range of factors, two importers noted the increasing quality of Chinese steel was having an effect in the market. *** asserted that the pipe imported from China has been increasingly accepted over the past three years, mainly due to improvements in quality and price, while the U.S. steel industry reportedly has been forced to improve its productivity to lower its price. *** reported that the biggest change it has seen is the overall confidence of its customers in the quality and reliability of pipe imported from China. In the past three years, some of its customers have begun to request specific Chinese mills.

⁴⁴ CCCMC respondents’ and importers’ postconference brief, p.15. *See also Circular Welded Non-Alloy Steel Pipe from China, Investigation No. TA-421-6, USITC Publication 3807*, October 2005, p. V-9, fn.11 (U.S. producers estimate “Buy American” coverage at 5-10 percent).

⁴⁵ In aggregate, Chinese circular welded pipe had superior prices in 20 of 22 possible comparisons with circular welded pipe from nonsubject countries. In the other two comparisons, the price of Chinese pipe was described as comparable to the price of Korean and Thai pipe.

Table II-6
Circular welded pipe: Comparisons of U.S. product to product from other countries, as reported by U.S. purchasers

Factor	U.S. vs China			U.S. vs Canada			U.S. vs India			U.S. vs Korea		
	S	C	I	S	C	I	S	C	I	S	C	I
	<i>Number of firms responding</i>											
Availability	9	2	2	2	2	0	2	1	0	5	2	1
Delivery terms	7	5	1	1	3	0	2	1	0	4	4	0
Delivery time	11	1	1	2	1	1	3	0	0	8	0	0
Discounts offered	2	9	2	1	2	1	1	2	0	2	4	2
Extension of credit	2	10	1	1	3	0	2	1	0	2	6	0
Minimum quantity requirements	3	9	1	2	2	0	2	1	0	3	5	0
Packaging	0	11	2	0	4	0	0	2	1	0	7	1
Price ¹	1	0	12	0	1	3	0	0	3	0	1	7
Product consistency	8	4	1	1	3	0	1	2	0	1	7	0
Product range	2	9	2	0	4	0	0	2	1	0	5	3
Quality exceeds industry standards	7	5	1	0	4	0	0	3	0	0	7	1
Quality meets industry standards	4	8	1	1	3	0	1	2	0	1	6	1
Reliability of supply	7	6	0	1	3	0	2	1	0	3	5	0
Technical support/service	9	3	1	2	2	0	2	1	0	3	5	0
U.S. transportation costs ¹	2	7	4	0	3	1	0	1	2	0	5	3
Factor	U.S. vs Mexico			U.S. vs Taiwan			U.S. vs Thailand			U.S. vs other		
	S	C	I	S	C	I	S	C	I	S	C	I
	<i>Number of firms responding</i>											
Availability	0	3	0	3	1	1	3	0	0	2	5	1
Delivery terms	0	3	0	2	2	1	3	0	0	2	6	0
Delivery time	2	1	0	4	0	1	3	0	0	5	2	1
Discounts offered	0	3	0	2	3	0	1	2	0	0	8	0
Extension of credit	0	3	0	2	2	1	2	1	0	2	5	1
Minimum quantity requirements	2	1	0	3	1	1	2	1	0	5	3	0
Packaging	0	3	0	0	4	1	0	2	1	0	8	0
Price ¹	1	1	1	1	0	4	0	0	3	1	2	5
Product consistency	1	2	0	1	4	0	1	2	0	2	6	0
Product range	0	2	1	0	4	1	1	2	0	0	5	3
Quality exceeds industry standards	0	2	1	0	4	1	1	2	0	0	7	1
Quality meets industry standards	0	3	0	1	4	0	2	1	0	2	6	0
Reliability of supply	0	3	0	2	3	0	2	1	0	2	6	0
Technical support/service	1	1	1	3	1	1	3	0	0	2	6	0
U.S. transportation costs ¹	0	1	2	0	2	3	0	2	1	0	4	4

¹ A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior", it meant that the price of U.S. product was generally lower than the price of the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. "Other" includes Italy, Japan, Oman, South Africa, Turkey, and United Arab Emirates.

Note.--Some purchasers compared U.S. product with that from more than one nonsubject country; each of these comparisons was counted separately if responses differed between for each nonsubject country, otherwise the response is included only once.

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

Table II-7
Circular welded pipe: Comparisons of Chinese product to product from other countries, as reported by U.S. purchasers

Factor	China vs Canada			China vs India			China vs Korea			China vs Mexico		
	S	C	I	S	C	I	S	C	I	S	C	I
	<i>Number of firms responding</i>											
Availability	0	0	1	0	2	0	0	4	4	0	2	2
Delivery terms	0	0	1	0	2	0	0	5	3	0	3	1
Delivery time	0	0	1	0	2	0	0	5	3	0	1	3
Discounts offered	0	1	0	0	2	0	1	7	0	1	3	0
Extension of credit	0	1	0	0	2	0	1	6	0	0	4	0
Minimum quantity requirements	0	1	0	0	2	0	0	8	0	0	4	0
Packaging	0	1	0	0	2	0	1	5	2	0	4	0
Price ¹	1	0	0	2	0	0	7	1	0	4	0	0
Product consistency	0	0	1	0	1	1	0	1	7	0	3	1
Product range	0	1	0	0	2	0	0	5	3	3	1	0
Quality exceeds industry standards	0	0	1	0	2	0	0	2	6	0	3	1
Quality meets industry standards	0	1	0	0	2	0	0	5	3	0	4	0
Reliability of supply	0	0	1	0	1	1	0	2	6	0	3	1
Technical support/service	0	0	1	0	2	0	0	2	6	0	2	2
U.S. transportation costs ¹	0	1	0	0	2	0	0	7	1	1	2	1
Factor	China vs Taiwan			China vs Thailand			China vs other					
	S	C	I	S	C	I	S	C	I			
	<i>Number of firms responding</i>											
Availability	0	2	2	0	3	1	0	5	1			
Delivery terms	0	4	0	0	3	1	0	5	1			
Delivery time	0	2	2	0	2	2	0	3	3			
Discounts offered	0	4	0	1	2	1	0	6	0			
Extension of credit	0	4	0	0	3	1	0	5	1			
Minimum quantity requirements	0	3	1	0	3	1	0	5	1			
Packaging	1	3	0	0	3	1	0	5	1			
Price ¹	4	0	0	3	1	0	6	0	0			
Product consistency	0	1	3	0	1	3	0	5	1			
Product range	1	3	0	0	4	0	3	3	0			
Quality exceeds industry standards	0	2	2	0	1	3	0	5	1			
Quality meets industry standards	0	4	0	0	1	3	0	5	1			
Reliability of supply	0	2	2	0	0	4	0	5	1			
Technical support/service	0	2	2	0	1	3	0	5	1			
U.S. transportation costs ¹	0	3	1	0	4	0	2	3	1			
<p>¹ A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior", it meant that the price of U.S. product was generally lower than the price of the imported product.</p> <p>Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. "Other" includes Malaysia, Oman, Turkey, and Vietnam.</p> <p>Note.--Some purchasers compared U.S. product with that from more than one nonsubject country; each of these comparisons was counted separately if responses differed between for each nonsubject country, otherwise the response is included only once.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>												

ELASTICITY ESTIMATES⁴⁶

U.S. Supply Elasticity⁴⁷

The domestic supply elasticity for circular welded pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of circular welded pipe. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to and from production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced circular welded pipe.

In the short term, circular welded pipe producers are likely to respond to changes in price with moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by available capacity, the ability to switch from producing other products, the quantity of inventory on hand, but limited by a small amount of exports, and, for some producers, competition from other products which are in high demand that are made on the same equipment. In the economic model contained in Petitioners' prehearing brief at exhibit 9, a domestic supply elasticity of between 3 and 5 was employed.

U.S. Demand Elasticity

The U.S. demand elasticity for circular welded pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of circular welded pipe, and is likely to be moderately low. This estimate is driven by factors discussed earlier, such as the low cost share of circular welded pipe in the production of construction products, though the existence and commercial viability of substitute products serves to enhance the responsiveness of demand. Petitioners initially suggested a U.S. demand elasticity for circular welded pipe ranging from -0.1 to -0.4.⁴⁸ The Commission staff in the recent China safeguard investigation had recommended a somewhat higher, yet still inelastic, U.S. demand elasticity, ranging from -0.5 to -0.75.⁴⁹ In the final phase of this investigation, petitioners' economist employed demand elasticities ranging from -0.25 to -0.75.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁵⁰ Product differentiation, in turn, depends upon such factors as quality (both perceived and actual), grade, and conditions of sale. As reported by purchasers, though Chinese circular welded pipe most often meets industry standards, a majority of purchasers noted that domestic circular welded pipe exceeds industry standards. There were also other factors which differentiated domestic and imported Chinese circular welded pipe, such as availability, reliability of supply, delivery time, delivery terms, and technical support. Based on available information, the elasticity of substitution between domestic and subject circular welded pipe is likely to be somewhat high for most applications.

⁴⁶ Parties were invited to submit comments on these elasticity estimates, if so desired; their comments are included as appropriate.

⁴⁷ A supply function is not defined in the case of a non-competitive market.

⁴⁸ Petitioners' postconference brief, p. 7.

⁴⁹ *Circular Welded Non-alloy Steel Pipe from China, Investigation No. TA-421-6*, October 2005, p. V-19.

⁵⁰ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like product to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject product (or vice versa) when prices change.

In the model submitted in the petitioners' prehearing brief, substitution elasticities of between 4 and 6 were employed.

SUBMITTED ECONOMIC MODELS

In their prehearing brief, petitioners submitted two economic models. The first was an econometric model attempting to explain variations in the quantities and prices of domestic shipments of circular welded pipe.⁵¹ The second model, a partial-equilibrium, constant elasticity Armington-type model performed "what-if" scenarios to see how the domestic industry would have been affected if there were either prohibitive or 85.8 percent tariffs on imports of circular welded pipe from China.⁵²

In the first study, petitioners' economists used several econometric methods to measure the effect of various market forces on the quantities and prices of domestically-produced circular welded pipe. For 2000 to 2007, the first study estimates monthly total pipe sales as a function of domestic, subject, and nonsubject prices, the previous month's pipe sales, current and leading non-residential construction values, monthly indicators, the price of PVC resin (an input into plastic pipes, a possible substitute), an indicator for the exit of Chinese material from the market, and a time trend. Petitioners' economists interpreted the results to say that the price of subject imports helped to explain changes in domestic sales of circular welded pipe. At the hearing, the economist for the respondents criticized the model in four ways: the results do not fit the data very well; there are key factors missing from the analysis; differing types of pipe over-aggregated; and the model's results are counter-intuitive in that prices for subject imports have twice the impact on domestic sales than the price of domestic circular welded pipe itself.⁵³ One of the study's authors responded to these criticisms in a letter submitted to staff discounting these criticisms and noting reasons why the model is still valid.⁵⁴

In the second part of the econometric analysis, the study's authors looked at the timing of pricing changes in the domestic market. They concluded that lagged hot-rolled steel prices were the main determinant of domestic circular welded pipe prices. Also, lagged quantities of subject imports were found to have some influence on domestic prices of circular welded pipe in three of four instances.⁵⁵

Petitioners also submitted a second, counterfactual simulation analysis to test the effect that putting tariffs on subject imports might have had if duties were already in place.⁵⁶ In their analysis, market share, profits, revenues, shipments, and compensation to labor would be higher by about 10 percent (or more, depending on the inputs used), if the 85.8 percent combined tariffs were in place. If the tariffs were large enough to become prohibitive, the effect would be greater. Respondents replied that this type of analysis is too general and does not capture the real underlying market structure.⁵⁷ The economist that testified on behalf of petitioners replied that this type of analysis has been used in this industry by the Commission in its recent Section 421 investigation of imported Chinese circular welded pipe.⁵⁸

⁵¹ Petitioners' prehearing brief, exh. 8.

⁵² Petitioners' prehearing brief, exh. 9.

⁵³ Hearing transcript, pp. 234-242 (Prusa).

⁵⁴ Letter from Dr. Seth Kaplan, May 20, 2008, pp. 1-2.

⁵⁵ At the 10-percent confidence level. Prices of subject imports were not shown to have a statistically significant determinative effect on domestic prices of circular welded pipe.

⁵⁶ Petitioners' prehearing brief, exh. 9.

⁵⁷ Hearing transcript, pp. 242-243 (Prusa).

⁵⁸ Letter from Dr. Seth Kaplan, p. 2.

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

U.S. PRODUCERS

The Commission sent producer questionnaires to all firms identified as domestic producers of circular welded pipe and to other domestic firms identified by public sources as producers of welded pipe (including standard and line pipe and structural tubing). Twenty-one firms that provided responses to the Commission's producer questionnaires in the final phase of the investigations are estimated to account for more than 90 percent of U.S. production of circular welded pipe during 2007.^{1 2}

Presented in table III-1 is a list of current domestic circular welded pipe producers, each company's position on the petition, production locations, related and/or affiliated firms, and their share of 2007 domestic production of circular welded pipe. Three producers, Wheatland, Allied, and Bull Moose, together accounted for *** percent of reported 2007 production of circular welded pipe.

Table III-1

Circular welded pipe: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2007 reported U.S. production of circular welded pipe

Firm name	Position on petition	U.S. production locations	Related and/or affiliated firms	Share of production (percent)
Allied	Petitioner	Harvey, IL Philadelphia, PA De Pere, WI Pine Bluff, AR Phoenix, AZ	Tyco International (US) ¹	***
American	Support	Birmingham, AL	None	***
Atlas	Support	Chicago, IL	John Maneely Co. (US) ^{1 2}	***
Bull Moose	Support	Chesterfield, MO	Caparo Industries PLC (UK) ¹	***
California Steel	Support	Fontana, CA	JFE (US) ³ Rio Doce LTD (US) ³	***
EXL Tube ⁴	***	Kansas City, MO	Steel & Pipe Supply Co. ¹	***

Table continued on next page.

¹ Since 2005, the circular welded pipe industry has experienced several mergers and acquisitions. In September 2005, Atlas Tube acquired the Copperweld Tube Group. In March 2006, Wheatland's parent company, John Maneely, was acquired by the Carlyle Group for \$500 million. In June 2006, Maverick was acquired by Tenaris S.A. (Argentina) for \$3.2 billion. In September 2006, IPSCO acquired the NS Group for \$1.5 billion. In October 2006, Atlas Tube was acquired by the Carlyle Group for \$1.5 billion. In February 2007, John Maneely acquired Sharon Tube for an undisclosed amount. In June 2007, Lone Star was acquired by U.S. Steel for \$2.1 billion. In March 2008, IPSCO was sold by its Swedish parent, SSAB Svenskt Stål AB, to Evraz Group S.A. (Russia) for \$4 billion. Also in March 2008, Maruichi Tube acquired 60 percent of Leavitt Tube for \$90 million.

² The largest U.S. producer of circular welded pipe, Wheatland, had several plant closures during the period of investigation. In May 2006, Wheatland closed its Sharon, PA plant (the plant was formerly known as Sawhill Tubular); in September 2007, Wheatland closed its Houston, TX and its Little Rock, AR facilities; and in December 2007, Wheatland closed its Collingswood, NJ facility. Hearing transcript, pp. 65-66 and ***. See table II-3 for more information on operational changes for all U.S. producers of the subject product.

Table III-1--Continued

Circular welded pipe: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2007 reported U.S. production of circular welded pipe

Firm name	Position on petition	U.S. production locations	Related and/or affiliated firms	Share of production (percent)
Hanna	Support	Pekin, IL Northport, AL	Hanna Holdings (US) ¹	***
IPSCO	Petitioner	Camanche, IA Blytheville, AR	IPSCO Inc. (Canada) ^{1 5} SSAB (Sweden) ^{1 6}	***
Leavitt Tube	Support	Chicago, IL	None ⁷	***
Maruichi	Support	Santa Fe Springs, CA	Maruichi Steel Tube Co., Ltd. (Japan) ⁸ Metal One Corp. (Japan) ⁹	***
Maverick	Support	Blytheville, AR Hickman, AR Counce, TN	Tenaris S.A. (Luxemburg) ¹	***
Northwest	Petitioner	Portland, OR Houston, TX Atchison, KS	None	***
Sharon Tube	Petitioner	Sharon, PA	John Maneely Co. (US) ^{1 2}	***
Southland Tube	***	Birmingham, AL	None	***
Stupp	Support	Baton Rouge, LA	Stupp Bros., Inc. (US) ¹	***
Texas Tubular	Support	Lone Star, TX	None	***
Tex-Tube	***	Houston, TX	Visteel/Vi Capital (US) ¹ Tuberia Nacional (Mexico) ¹¹ S&P Steel ¹²	***
U.S. Steel (Camp Hill) ¹³	Support	McKeesport, PA	U.S. Steel Tubular (US) ¹⁴	***
U.S. Steel Tubular ¹⁵	Petitioner	Dallas, TX	Lone Star Technologies (US) ¹⁵ U.S. Steel Corp. (US) ¹	***
Western Tube	Petitioner	Long Beach, CA	Sumitomo Metal Industries, Ltd. (Japan) ¹⁶ Sumitomo Corp. (Japan) Sumitomo Corp. of America (US) Sumikin Bussan International Corp. (US) Sumitomo Pipe & Tube Co., Ltd. (Japan)	***
Wheatland	Petitioner	Sharon, PA Wheatland, PA Warren, OH Chicago, IL Little Rock, AR	John Maneely Co. (US) ² DBO Holdings (US) ¹	***
Total				100.0

Footnotes continued on next page.

Table III-1--Continued

Circular welded pipe: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2007 reported U.S. production of circular welded

<p>¹ Parent.</p> <p>² Atlas, Sharon Tube, and Wheatland Tube are sister companies.</p> <p>³ ***-percent owner.</p> <p>⁴ Also known as Steel Ventures, Inc.</p> <p>⁵ Foreign producer and/or exporter.</p> <p>⁶ Evraz Group SA and TMK (Russia) purchased SAAB's (Sweden) IPSCO tubular facilities in North America for \$4 billion on March 14, 2008.</p> <p>⁷ Maruichi Steel Tube Ltd. acquired *** percent equity of Leavitt (Chicago) from private investors in March 2008. Sumitomo Corp. of America still owns *** percent of Leavitt.</p> <p>⁸ *** percent owner and/or exporter.</p> <p>⁹ *** percent owner.</p> <p>¹⁰ Less than 0.05 percent.</p> <p>¹¹ Sister company and exporter.</p> <p>¹² Sister company and importer.</p> <p>¹³ Production by Camp-Hill Corp. takes place under a toll agreement with U.S. Steel.</p> <p>¹⁴ Sister company.</p> <p>¹⁵ Formerly known as Lone Star. Lone Star Technologies was sold to U.S. Steel Corp. for \$2.1 billion, effective June 15, 2007.</p> <p>¹⁶ Extent of ownership is as follows: Sumitomo Metal Industries, Ltd. (Japan), *** percent; Sumitomo Corp. (Japan), *** percent; Sumitomo Corp. of America (US), *** percent; Sumikin Bussan International Corp. (US), *** percent; and Sumitomo Pipe & Tube Co., Ltd. (Japan), *** percent.</p> <p>Note.—Because of rounding, shares may not total 100.0 percent.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>
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U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for circular welded pipe are presented in table III-2. These data show a decline in the capacity to produce circular welded pipe of 13.7 percent from 2005 to 2007.^{3 4} In contrast, production of circular welded pipe increased overall by 5.1 percent from 2005 to 2007. Capacity utilization rose overall by 11.8 percentage points from 2005 to 2007.⁵

³ Six firms, ***, reported a decline in both capacity and production of circular welded pipe of more than 25 percent from 2005 to 2007.

⁴ Wheatland, the largest producer of circular welded pipe, shut down its Sharon, PA pipe plant in 2006 in which it had invested \$25 million in plant upgrades. In September 2007, Wheatland closed its Little Rock, AR facility. Petitioners claimed that the subject imports prevented the domestic industry from benefitting financially during the strong demand conditions for circular welded pipe in the United States from 2005 to 2007. Petitioners' posthearing brief, pp. 6-7 and hearing transcript, pp. 67-68 (Kerin).

⁵ Staff calculated the capacity to produce circular welded pipe for *** to be equal to their actual production of the subject pipe due to *** for these companies. For ***, staff calculated its capacity to produce circular welded pipe by allocating *** percent of overall capacity, consistent with that company's estimate of circular welded pipe as a share of total welded pipe sales. *** offered two methods of calculating its capacity to produce circular welded pipe. The first methodology allocates subject capacity for 2005, 2006, and 2007 based on its capacity allocation in 2005. The second approach, as it more fully captures changing market conditions for subject and nonsubject pipe, is used by staff to calculate capacity utilization. Letter from ***, April 23, 2008, attachment 2.

Table III-2
Circular welded pipe: U.S. capacity, production, and capacity utilization, 2005-07

Item	Calendar year		
	2005	2006	2007
Capacity (<i>short tons</i>) ¹	2,571,019	2,405,229	2,219,300
Production (<i>short tons</i>)	1,385,959	1,383,110	1,457,128
Capacity utilization (<i>percent</i>)	53.9	57.5	65.7
¹ The majority of U.S. producers reported capacity (production capability) based on operating 120-168 hours per week, 52 weeks per year; however, five firms reported capacity based on operating fewer hours per week. *** reported capacity based on operating *** hours per week, respectively. Source: Compiled from data submitted in response to Commission questionnaires.			

In the Commission’s questionnaire, U.S. producers were asked if they had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or any other change in the character of their operations or organization relating to the production of circular welded pipe since January 1, 2005. Ten firms reported such changes; their responses to this question are presented in table III-3.

Table III-3
Circular welded pipe: U.S. producers’ comments concerning plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns

* * * * *

*** of the U.S. producers of circular welded pipe that responded to the Commission’s questionnaire reported producing other products on the same equipment and machinery and using the same production and related workers employed in the production of circular welded pipe.^{6 7} In the aggregate, the producers reported the following products that were produced using the same production and related workers employed to produce circular welded pipe and those products’ shares of total plant production in 2007: subject circular welded pipe (26.6 percent); small/medium line pipe (13.9 percent); large diameter line pipe (7.0 percent); OCTG (20.5 percent); and other products (32.0 percent). Firms were also asked to provide total annual production and capacity to produce all products. Aggregate data for the firms are presented in table III-4.

⁶ Petitioners argued that the “major U.S. producers of circular welded pipe are not major players in the energy tubular markets, and the vast majority of expansion of line pipe and OCTG production has been players who are very minimal in the circular welded pipe market.” Petitioners also contended that, there is no restraint on circular welded pipe product since the industry has a “significant amount of excess capacity” and that there is “no basis for the assertion that imports from China were simply drawn into the U.S. market by an unwillingness of domestic producers to supply the increasing demand because they were shifting to other products.” Petitioners’ posthearing brief, exh. C, pp. 2 and 4.

⁷ CCCMC respondents reported that the “strong demand for energy tubulars had the effect of limiting domestic supply of circular welded pipe since the {U.S.} domestic market shifted both capacity and production to more profitable products. By making this shift, the demand for imported circular welded pipe to fill the void in expanding domestic demand, resulting in both nonsubject sources and imports from China to increase over the same period in an amount comparable to the shift in production.” CCCMC posthearing brief, exh. 1, p. 29.

Table III-4

Circular welded pipe: U.S. producers' total plant capacity and production, by products, 2005-07

Item	Calendar year		
	2005	2006	2007
Quantity (short tons), except as noted			
Total plant capacity ¹	8,437,707	8,462,713	8,333,849
Production:			
Subject circular welded pipe	1,385,546	1,383,257	1,457,376
Small/medium line pipe ^{2 3}	586,942	763,625	761,517
Large diameter line pipe ^{4 5}	***	***	***
OCTG ⁶	1,355,970	1,362,761	1,120,854
Other ^{7 8}	***	***	***
Total, all products	5,270,268	5,596,976	5,473,154
Total plant capacity utilization (percent)	62.5	66.1	65.7
<p>¹ The majority of U.S. producers reported capacity (production capability) based on operating 120-168 hours per week, 52 weeks per year; however, five firms reported capacity based on operating fewer hours per week. *** reported capacity based on operating *** hours per week, respectively.</p> <p>² Welded line pipe 16 inches or less in outside diameter (excluding dual-stenciled pipe with one or more of the following characteristics: 32 feet in length or less; less than 2 inches in outside diameter; galvanized and/or painted surface finish; or threaded and/or coupled end finish used in standard/structural applications).</p> <p>³ Eleven out of 21 producers of subject circular welded pipe also produced small/medium line pipe in 2007. These 11 producers' production of subject circular welded pipe on shared equipment accounted for *** percent of total subject circular welded pipe production in 2007.</p> <p>⁴ Welded line pipe greater than 16 inches in outside diameter.</p> <p>⁵ Three out of 21 producers of subject circular welded pipe also produced large diameter line pipe in 2007. These three producers' production of subject circular welded pipe on shared equipment accounted for *** percent of total subject circular welded pipe production in 2007.</p> <p>⁶ Six out of 21 producers of subject circular welded pipe also produced OCTG pipe in 2007. These six producers' production of subject circular welded pipe on shared equipment accounted for *** percent of total subject circular welded pipe production in 2007.</p> <p>⁷ Other products include the following: rigid conduit, EMT, electrical conduit, mechanical rounds and shapes, Gal-Z rounds and shapes, welded standard pipe greater than 16 inches OD, special fabrication casing, ASTM A500 Grade A, Grade B square and rectangular tube, drawn over mandrel ("DOM") tubing, hot finished tubing ("HFT"), squares and rectangles 1 inch to 16 inch OD, AWWA and ASTM pipe in 18 to 24 inch OD, and mill crop ends.</p> <p>⁸ Fifteen out of 21 producers of subject circular welded pipe also produced other pipe in 2007. These 15 producers' production of subject circular welded pipe on shared equipment accounted for *** percent of total subject circular welded pipe production in 2007.</p>			
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. PRODUCERS' SHIPMENTS

Data on domestic producers' shipments of circular welded pipe are presented in table III-5. Domestic commercial sales accounted for *** percent of U.S. producers' U.S. shipments of circular welded pipe and *** percent of U.S. producers' total shipments in 2007. The domestic producers reported about *** percent of total U.S. shipments as transfers of circular welded pipe to related firms and

approximately *** percent of total U.S. shipments as internal consumption during 2007.⁸ The majority of U.S. producers' shipments were sold to meet ASTM specifications, less than or equal to 4.5 inches in diameter, plain end/square cut, with the black finish, and in single random lengths.⁹

Table III-5
Circular welded pipe: U.S. producers' shipments, by types, 2005-07

Item	Calendar year		
	2005	2006	2007
Quantity (short tons)			
Commercial shipments	***	***	***
Internal consumption ¹	***	***	***
Transfers to related firms ²	***	***	***
U.S. shipments	1,381,578	1,338,934	1,422,667
Export shipments	37,605	30,514	48,668
Total shipments	1,419,183	1,369,448	1,471,335
Value (\$1,000)			
Commercial shipments	***	***	***
Internal consumption ¹	***	***	***
Transfers to related firms ²	***	***	***
U.S. shipments	1,362,886	1,314,637	1,350,791
Export shipments	37,375	28,082	44,193
Total shipments	1,400,261	1,342,719	1,394,984
Unit value (dollars per short ton)			
Commercial shipments	***	***	***
Internal consumption ¹	***	***	***
Transfers to related firms ²	***	***	***
U.S. shipments	986	982	949
Export shipments	994	920	908
Total shipments	987	980	948

Table continued on next page.

⁸ Transfers to related companies and internal consumption are accounted for by *** firms, ***.

⁹ See Part IV, table IV-11 for more details on U.S. producers' shipments of circular welded pipe.

Table III-5--Continued
Circular welded pipe: U.S. producers' shipments, by types, 2005-07

Item	Calendar year		
	2005	2006	2007
Share of quantity (percent)			
Commercial shipments	***	***	***
Internal consumption ¹	***	***	***
Transfers to related firms ²	***	***	***
U.S. shipments	97.4	97.8	96.7
Export shipments	2.6	2.2	3.3
Total shipments	100.0	100.0	100.0
Share of value (percent)			
Commercial shipments	***	***	***
Internal consumption ¹	***	***	***
Transfers to related firms ²	***	***	***
U.S. shipments	97.3	97.9	96.8
Export shipments	2.7	2.1	3.2
Total shipments	100.0	100.0	100.0
<p>¹ The large majority (***) of the internal consumption reported are accounted for by ***. *** reported that its data do not reconcile due to "scrap generation/loss, timing of shipments, and international consumption of products being changed into nonsubject products." *** producer questionnaire, revised May 5, 2008.</p> <p>² The large majority of transfers to related firms (***) short tons in 2007) were accounted for by ***'s transfers to its sister company, ***. In addition, ***.</p> <p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Exports of circular welded pipe were reported by nine domestic circular welded pipe producers.¹⁰ These exports accounted for approximately three percent of U.S. producers' total shipments during 2005-07. All nine producers reported Canada as their primary export market, although Mexico was also cited by one domestic producer.

Commercial U.S. shipments fluctuated during 2005-07, as ten firms (***) reported higher commercial U.S. shipment quantities in 2007 when compared to 2005. Eleven firms (***) reported lower commercial U.S. shipment quantities in 2007 than in 2005.

*** firms reported involvement in toll agreements concerning the production of circular welded pipe. *** reported a toll agreement with ***, *** reported toll agreements with ***, and *** reported toll agreements with ***. No firm reported production of circular welded pipe in a Foreign Trade Zone.

¹⁰ Export shipments were reported by ***.

U.S. PRODUCERS' INVENTORIES

Data collected in these investigations on domestic producers' end-of-period inventories of circular welded pipe are presented in table III-6. *** firms, ***, together accounted for the majority of the inventories held during the period for which data were collected. ***'s reduction of its inventories from *** short tons in 2006 to *** short tons in 2007 accounted for the largest share of the decline of inventories in 2007.

Table III-6
Circular welded pipe: U.S. producers' end-of-period inventories, 2005-07

Item	Calendar year		
	2005	2006	2007
Inventories (short tons)	197,527	192,877	166,336
Ratio of inventories to production (percent)	14.3	13.9	11.4
Ratio of inventories to U.S. shipments (percent)	14.3	14.4	11.7
Ratio of inventories to total shipments (percent)	13.9	14.1	11.3

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

No U.S. producers reported direct imports of circular welded pipe from China during the period for which data were collected.¹¹ Data concerning U.S. producers' purchases of imported and domestically produced circular welded pipe are shown in table III-7. Two producers, ***¹² and ***,¹³ reported purchases from importers of circular welded pipe from China. *** reported purchases of circular welded pipe from importers of product from nonsubject sources. *** purchased circular welded pipe from domestic producers, citing size as the primary purchase factor. *** purchased circular welded pipe from another source (***), citing production plant conveyance usage as the reason for purchase.

Table III-7
Circular welded pipe: Purchases by U.S. producers, 2005-07

* * * * *

¹¹ ***.
¹² ***.
¹³ ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for circular welded pipe are presented in table III-8. In the aggregate, U.S. circular welded pipe producers reported an overall decline of 3.1 percent in the number of production and related workers employed in the manufacture of circular welded pipe during 2005-07. The number of hours worked by these employees decreased by 3.0 percent while wages paid grew by less than one percent from 2005 to 2007. Hourly wages paid and productivity both increased overall (primarily in 2007), while unit labor costs decreased throughout this period.

Table III-8

Circular welded pipe: U.S. producers' employment-related indicators, 2005-07

Item	Calendar year		
	2005	2006	2007
Production and related workers (<i>PRWs</i>)	2,528	2,451	2,450
Hours worked by <i>PRWs</i> (<i>1,000 hours</i>)	4,773	4,733	4,630
Wages paid to <i>PRWs</i> (<i>1,000 dollars</i>)	103,195	100,393	104,073
Hourly wages	\$21.62	\$21.21	\$22.48
Productivity (<i>short tons produced per 1,000 hours</i>)	290.4	292.2	314.7
Unit labor costs (<i>per short ton</i>)	\$74.46	\$72.58	\$71.42
Source: Compiled from data submitted in response to Commission questionnaires.			

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

U.S. IMPORTERS

In response to Commission questionnaires sent to importers in these investigations, 32 firms supplied usable data. Presented in table IV-1 are the responding 32 U.S. importers' shares of U.S. imports in 2007. Responding importers are believed to account for 82.6 percent of imports from China and for 75.3 percent of imports from other sources during 2007.¹

Table IV-1

Circular welded pipe: U.S. importers, locations, related and/or affiliated firms, shares of U.S. imports from China, and shares of U.S. imports from all other sources, 2007

Firm name	Location	Related and/or affiliated firms	Share of U.S. imports	
			from China (percent)	from all other sources (percent)
ArcelorMittal	Montreal, QC	ArcelorMittal ¹ ArcelorMittal P&T Canada ² Mittal Steel Poland ² Mittal Steel Ostrava ² Mittal Steel Jaki Karvina ² Mittal Steel Iasi ² Mittal Steel Galati ² Mittal Steel Temirtau ² Mittal Steel Aktau ²	***	***
B & K Industries	Elk Grove Village, IL	Mueller Industries, Inc. ¹ Mueller Comercial de Mexico ³	***	***
Commercial Metals	Irving, TX	None.	***	***
Corus International	Schaumburg, IL	Tata Steel Ltd. ¹	***	***
Duferco Steel	Matawan, NJ	Nina Finance ¹ Duferco SA ³ Tubac SA ²	***	***
Hyosung America	Brea, CA	None.	***	***
Hyundai CA	Gardena, CA	Hyundai Corporation ¹ Hyundai NJ ²	***	***
Hyundai NJ	Englewood Cliffs, NJ	Hyundai Corporation ¹ Hyundai CA ²	***	***
IPSCO Tubular	Camanche, IA	IPSCO Inc. ¹	***	***

Table continued on next page.

¹ Coverage of imports is based on the total reported imports compared with official statistics, adjusted for nonsubject mechanical tubing from Canada and adding reported micro-alloy and dual-stencil pipe imports.

Table IV-1--Continued

Circular welded pipe: U.S. importers, locations, related and/or affiliated firms, shares of U.S. imports from China, and shares of U.S. imports from all other sources, 2007

Firm name	Location	Related and/or affiliated firms	Share of U.S. imports	
			from China (percent)	from all other sources (percent)
James Steel	Torrance, CA	None.	***	***
Kumkang	Orange, CA	Kumkang Industries, Co., Ltd. (***) ²	***	***
Kurt Orbane	Burlingame, CA	None.	***	***
Macsteel	27 locations in CA, GA, HI, IL, IN, MI, NC, NH, NY, OH, OK, PA, SC, TN, TX, and VA	Macsteel Global B.V. ¹ Asoma ³ Macsteel Pipe & Tube ²	***	***
MAN Ferrostaal	Houston, TX	MAN Capital Corp. ¹ Ferrostaal GmbH ³	***	***
MC Tubular	Houston, TX	Metal One Holding America, Inc. ¹	***	***
MinMetals	Pomona, CA	China Minmetals Group Corp. ¹	***	***
Mueller Metals	San Angelo, TX	None.	***	***
Nippon Steel	Los Angeles, CA	Nippon Steel Trading ¹	***	***
Okaya USA	Houston, TX Torrance, CA	Okaya & Co., Ltd. ¹	***	***
Oxbow Steel	Pleasant Hill, CA	None.	***	***
QT Trading	Wilmington, DE	None.	***	***
S&P Steel	Laredo, TX	VI Industries, Inc. ¹ Tuberia Nacional ³ Tex-Tube ⁴	***	***
SDB Trade	Pasadena, TX	SDB Trade, LLC (***)	***	***
SeAH Steel	Santa Fe Springs, CA	SeAH Steel Corp. (***) ²	***	***
Shamrock	Eugene, OR	None.	***	***
Stemcor USA	New York, NY	Stemcor Holdings, Ltd. ¹	***	***
Sunbelt Group	Houston, TX	Sunbelt Group, Inc. (***) Femet Enterprises Corp. (***)	***	***
Tata	New York, NY	Tata Steel Limited ¹ Tata Steel Tubes Division ²	***	***
Toyota Tsusho	Houston, TX	Toyota Tsusho Corp. ¹	***	***
Tusco Pipe	Tuscaloosa, AL	None.	***	***
Uniwire	New York, NY	None.	***	***
Western International	Portland, OR	Forest City Trading Group ¹	***	***
Total			100.0	100.0
¹ Parent. ² Foreign producer. ³ Importer/exporter; sister company. ⁴ Domestic producer; sister company.				
Note.--Because of rounding, figures may not add to the totals shown.				
Source: Compiled from data submitted in response to Commission questionnaires.				

U.S. IMPORTS

Subject Imports from China

U.S. imports (table IV-2) are based on official import statistics of Commerce, as modified to include micro-alloy steel pipe and multiple-stenciled pipe with one or more of the following characteristics: 32 feet or less in length; less than 2 inches in outside diameter; galvanized and/or painted surface finish; or threaded and/or coupled end finish (based on questionnaire responses); and to exclude mechanical tubing (based on *Statistics Canada* data) from Canada.²

The U.S. import data for China show an increase both in quantity and value in each year between 2005 and 2007. The unit value of circular welded pipe imported from China declined from \$642 per short ton in 2005 to \$580 per short ton in 2006, before rising in 2007 to \$629 per short ton. The U.S. import data for all other sources show an overall decline in both quantity and value from 2005 to 2007, despite increasing in 2006.

Table IV-2
Circular welded pipe: U.S. imports, by sources, 2005-07

Source	Calendar year		
	2005	2006	2007
Quantity (short tons)			
China	382,122	715,728	748,181
All other sources	600,574	660,381	406,280
Total	982,696	1,376,109	1,154,462
Value (1,000 dollars)¹			
China	245,357	415,197	470,787
Nonsubject sources	490,728	507,222	363,801
Total	736,086	922,419	834,588
Unit value (per short ton)¹			
China	\$642	\$580	\$629
Nonsubject sources	817	768	895
Average	749	670	723
Share of quantity (percent)			
China	38.9	52.0	64.8
Nonsubject sources	61.1	48.0	35.2
Total	100.0	100.0	100.0

Table continued on next page.

² The characteristic-based definition of subject dual-stenciled pipe in the final phase of these investigations is more specific than the definition used during the preliminary phase of the investigations (pipe “used or intended for use in standard and structural applications”).

Table IV-2--Continued
Circular welded pipe: U.S. imports, by sources, 2005-07

Share of value (percent)			
China	33.3	45.0	56.4
Nonsubject sources	66.7	55.0	43.6
Total	100.0	100.0	100.0
¹ Landed, duty-paid. Note.--Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires (micro-alloy and dual-stenciled pipe), petitioners' postconference brief, exhibit 22 (imports from Canada for 2005-06), petitioners' e-mail on April 9, 2008 (imports from Canada for 2007), and official Commerce statistics.			

Negligibility

The Tariff Act of 1930 provides for the termination of an investigation if imports of the subject product from a country are less than 3 percent of total imports, or, if there is more than one such country, their combined share is less than or equal to 7 percent of total imports, during the most recent 12 months for which data are available preceding the filing of the petition.³ On an aggregated basis, subject imports accounted for 65.0 percent of total imports of circular welded pipe by quantity between June 2006 and May 2007.⁴ Table IV-3 presents data on U.S. imports in the one-year period beginning in June 2006 by source.

Table IV-3
Circular welded pipe: U.S. imports, by source, June 2006 to May 2007

Source	June 2006 - May 2007	
	Quantity (<i>short tons</i>)	Share (percent)
China, subject	727,566	65.0
All others, nonsubject	391,925	35.0
Total	1,119,491	100.0
Note.--Data presented in this table do not include subject dual-stenciled pipe or subject pipe produced from micro-alloy steel. Source: Compiled from official Commerce statistics for statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090 and from petitioners' e-mail on June 4, 2008 (monthly imports from Canada for February 2005 to March 2008).		

³ 19 U.S.C. § 1677(24)(A)(ii).

⁴ Similarly, as calculated in the preliminary phase of these investigations, "For the most recent 12-month period prior to the filing of the petition for which adjusted data are available (April 2006 - March 2007), imports of circular welded pipe from China accounted for 59.3 percent of total imports of circular welded pipe." *Circular Welded Carbon-Quality Steel Pipe From China, Investigation Nos. 701-TA-447 and 731-TA-1116 (Preliminary)*, USITC Publication 3938, July 2007, p. IV-4, fn. 2.

Critical Circumstances

On June 4, 2008, Commerce made final countervailing and antidumping duty determinations that critical circumstances exist with regard to all imports of circular welded pipe from China.⁵

If the Commission determines that an industry in the United States is materially injured by reason of subsidized and LTFV imports of circular welded pipe from China, it must further determine “whether the imports subject to the affirmative {Commerce critical circumstances} determination . . . are likely to undermine seriously the remedial effect of the antidumping or countervailing duty order to be issued.”⁶ The statute further provides that in making this determination, the Commission shall consider:

- (I) the timing and the volume of the imports,
- (II) a rapid increase in inventories of the imports, and
- (III) any other circumstances indicating that the remedial effect of the antidumping or countervailing duty order will be seriously undermined.⁷

Table IV-4 presents data on monthly imports of circular welded pipe from China before (December 2006 to May 2007) and after (June 2007 to November 2007) the filing of the petition on June 7, 2007. These data reflect U.S. imports of circular welded pipe from all firms in China since no firm in China is exempt from both the countervailing duty and antidumping duty determinations by Commerce.^{8 9}

⁵ *Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances*, 73 FR 31966, June 5, 2008 and *Notice of Final Determination of Sales at Less than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China*, 73 FR 31970, June 5, 2008.

⁶ Section 705(b)(4)(A)(I) of the Act (19 U.S.C. § 1671d(b)(4)(A)(I)); section 735(b)(4)(A)(I) of the Act (19 U.S.C. § 1673d(b)(4)(A)(I)).

⁷ Section 705(b)(4)(A)(iii) of the Act (19 U.S.C. § 1671d(b)(4)(A)(ii)); section 735(b)(4)(A)(iii) of the Act (19 U.S.C. § 1673d(b)(4)(A)(ii)).

⁸ Petitioners argued that the Commission should find critical circumstances in these investigations, claiming that “Chinese exporters intentionally accelerated their shipments to the United States before Commerce’s preliminary determination, causing both a surge in imports and increased the total import volume in the U.S. industry.” In addition, they claim that importers “deliberately chose a course of accelerated shipments to undermine the domestic industry’s remedy, rather than a steady-as-you-go approach that would have avoided creating critical circumstances.” Petitioners contend that the Commission should compare the imports in the five-month period of June-October 2007 to the five-month period from January-May 2007, or the three-month period before and after the petition’s filing. Petitioners’ posthearing brief, p. 9 and exh. A, pp. 2 and 13.

⁹ The standard pipe importers’ coalition respondents argued that subject imports decreased following the filing of the petition, inventories of imports also declined in 2007 compared to 2006, and that “virtually all imports that arrived in the United States in June would have been shipped before June 7 due to a three- to five-months lead time in circular welded pipe.” These respondents contend that June 2007 should be considered a pre-petition period. Standard pipe importers’ coalition’s posthearing brief, p. 1 and exh. 1, pp. 2-3. Similarly, respondents MAN Ferrostaal, Commercial Metals, and QT Trading also claim that June 2007 should be considered a pre-petition month, noting hearing testimony that “the average time between the bill of lading and the actual delivery of circular welded pipe in the United States is approximately three to five weeks, and thus imports during June 2007 were ordered and in most cases even shipped in advance of the June 7th petition filing date.” MAN Ferrostaal, Commercial Metals, and QT Trading’s posthearing brief, p. 3. In addition, importer Western International argued that the Commission should make negative critical circumstances determinations in these investigations, asserting that average lead times for circular welded pipe are typically 120 days or longer and that “post-petition imports were made in response to orders taken in the normal course of business months prior to the filing of the petition.” The

(continued...)

Table IV-4

Circular welded pipe: U.S. imports from China subject to Commerce's final affirmative critical circumstance determinations, December 2006 to November 2007

Year/month		Monthly imports ¹ (official statistics)	Quarterly imports (questionnaires)
Quantity (short tons)			
2006	December	44,702	102,227
2007	January	55,523	
	February	27,689	
	March	57,504	
	April	56,201	
	May	88,063	131,769
	Subtotal, pre-petition	329,683	233,996
Quantity (short tons)			
2007	June	94,829	215,746
	July	86,840	
	August	96,366	
	September	51,576	115,873
	October	47,375	
	November	16,620	
	Subtotal, post-petition	393,606	331,619
	Total	723,288	565,615
<p>¹ Monthly data do not include subject dual-stenciled pipe or subject pipe produced from micro-alloy steel.</p> <p>Source: Monthly data compiled from official Commerce statistics for statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090 and quarterly data compiled from data submitted in response to Commission questionnaires.</p>			

Because of the variability demonstrated in the preceding monthly data, table IV-5 presents data on the monthly presence of circular welded pipe imports from China from 2005 to 2007 and January-March 2008.¹⁰

⁹ (...continued)

company asserts that June 2007 should be considered a pre-petition period. Western International reported that it canceled approximately one-third of its open orders after the filing of the petition. Western International's posthearing brief, pp. 3-4.

¹⁰ See table E-1 for data on the quarterly presence of imports of circular welded pipe from China from 2005 to 2007 and January-March 2008.

Table IV-5
Circular welded pipe: U.S. imports from China, by month, 2005-07 and January-March 2008

Month	Calendar year			
	2005	2006	2007	2008
Quantity (<i>short tons</i>)				
January	25,509	42,431	55,523	1,433
February	23,791	32,761	27,689	1,969
March	18,684	40,360	57,504	1,011
April	44,878	44,875	56,201	(¹)
May	30,006	46,704	88,063	(¹)
June	42,151	36,233	94,829	(¹)
July	30,287	59,712	86,840	(¹)
August	32,294	93,184	96,366	(¹)
September	32,963	78,279	51,576	(¹)
October	32,147	72,518	47,375	(¹)
November	25,644	57,958	16,620	(¹)
December	33,848	44,702	1,725	(¹)
Total	372,202	649,718	680,311	(¹)
¹ Not available. Note.—Data presented in this table do not include subject dual-stenciled pipe or subject pipe produced from micro-alloy steel. Source: Compiled from official Commerce statistics for statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090.				

Nonsubject Sources of Imports

Nonsubject imports of circular welded pipe, both covered and not covered by a countervailing or antidumping duty order or suspension agreement, are presented in table IV-6. Seven countries - Canada, India, Korea, Mexico, Taiwan, Thailand, and Turkey - consistently accounted for the majority of nonsubject imports during 2005-07.

Table IV-6
Circular welded pipe: U.S. imports from nonsubject countries, by sources, 2005-07

Source	Calendar year		
	2005	2006	2007
Quantity (<i>short tons</i>)			
Covered by order or suspension agreement			
Brazil	1,784	570	386
India	38,416	47,856	14,060
Korea	34,867	44,348	31,437
Mexico	72,601	74,808	64,935
Taiwan	20,369	43,038	33,306
Thailand	80,799	77,832	47,736
Turkey	40,763	31,797	3,146
Total (covered)	289,600	320,248	195,006
Not covered by order or suspension agreement			
Canada	51,521	50,561	49,778
Japan	25,062	18,453	20,019
Venezuela	8,978	15,846	8,686
Oman	16,433	16,112	6,446
Dominican Republic	5,008	3,374	4,948
Philippines	13,265	3,265	4,888
Vietnam	216	2,279	3,227
Switzerland	1,565	1,487	2,748
Colombia	25,062	15,463	2,547
United Arab Emirates	7,717	6,389	2,219
All other sources	73,832	76,142	11,004
Dual-stenciled line pipe	82,316	130,762	94,764
Subtotal (not covered)	310,975	340,132	211,275
Total nonsubject imports	600,574	660,381	406,280

Table continued on next page.

Table IV-6--Continued

Circular welded pipe: U.S. imports from nonsubject countries, by sources, 2005-07

Source	Calendar year		
	2005	2006	2007
Value (1,000 dollars)			
Covered by order or suspension agreement			
Brazil	1,807	841	696
India	27,768	32,145	12,848
Korea	28,524	35,399	29,031
Mexico	64,314	61,461	52,858
Taiwan	13,005	26,302	22,296
Thailand	58,397	52,738	36,736
Turkey	27,851	21,087	3,295
Total (covered)	221,666	229,974	157,760
Not covered by order or suspension agreement			
Canada	45,539	45,362	45,020
Japan	35,533	24,665	25,470
Venezuela	9,083	13,504	10,407
Oman	11,158	10,470	4,606
Dominican Republic	3,097	2,512	5,446
Philippines	9,027	1,863	3,416
Vietnam	151	1,284	2,355
Switzerland	4,589	5,166	9,185
Colombia	20,742	12,719	2,521
United Arab Emirates	7,173	5,340	1,823
All other sources	60,632	56,617	18,609
Dual-stenciled line pipe	62,337	97,748	77,184
Subtotal (not covered)	269,062	277,248	206,041
Total nonsubject imports	490,728	507,222	363,801

Table continued on next page.

Table IV-6--Continued

Circular welded pipe: U.S. imports from nonsubject countries, by sources, 2005-07

Source	Calendar year		
	2005	2006	2007
Unit value (dollars per short ton)			
Covered by order or suspension agreement			
Brazil	1,013	1,475	1,804
India	723	672	914
Korea	818	798	923
Mexico	886	822	814
Taiwan	638	611	669
Thailand	723	678	770
Turkey	683	663	1,047
Total (covered)	765	718	809
Not covered by order or suspension agreement			
Canada	884	897	904
Japan	1,418	1,337	1,272
Venezuela	1,012	852	1,198
Oman	679	650	714
Dominican Republic	618	744	1,101
Philippines	680	571	699
Vietnam	701	564	730
Switzerland	2,932	3,475	3,342
Colombia	828	823	990
United Arab Emirates	930	836	821
All other sources	821	744	1,691
Dual-stenciled line pipe	757	748	814
Subtotal (not covered)	865	815	975
Total nonsubject imports	817	768	895

Note.--Value data are calculated based on the average unit values for all imports from Canada entered under the specified statistical reporting numbers.

Source: Compiled from data submitted in response to Commission questionnaires for dual-stenciled pipe (no U.S. importer reported imports of micro-alloy pipe from nonsubject sources), from petitioners' postconference brief, exhibit 22 (imports from Canada for 2005-06), from petitioners' e-mail on April 9, 2008 (imports from Canada for 2007), and from official Commerce statistics.

APPARENT U.S. CONSUMPTION

Data collected in these investigations concerning apparent U.S. consumption of circular welded pipe, as shown in table IV-7, are based on U.S. producers' U.S. shipments of circular welded pipe provided in response to Commission questionnaires and U.S. imports from official statistics as adjusted to include dual-stenciled line pipe and micro-alloy steel pipe and to exclude mechanical tubing from Canada. The quantity of apparent U.S. consumption fluctuated, but increased by 9.0 percent from 2005 to 2007.

Table IV-7
Circular welded pipe: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2005-07

Item	Calendar year		
	2005	2006	2007
Quantity (short tons)			
U.S. producers' U.S. shipments	1,381,578	1,338,934	1,422,667
U.S. imports from--			
China	382,122	715,728	748,181
Nonsubject countries	600,574	660,381	406,280
Total U.S. imports	982,696	1,376,109	1,154,462
Apparent U.S. consumption	2,364,274	2,715,043	2,577,129
Value (1,000 dollars)			
U.S. producers' U.S. shipments	1,362,886	1,314,637	1,350,791
U.S. imports from--			
China ¹	245,357	415,197	470,787
Nonsubject countries ¹	490,728	507,222	363,801
Total U.S. imports ¹	736,086	922,419	834,588
Apparent U.S. consumption	2,098,972	2,237,056	2,185,379
¹ Landed, duty paid. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires (micro-alloy and dual-stenciled pipe), from petitioners' postconference brief, exhibit 22 (imports from Canada for 2005-06), from petitioners' e-mail on April 9, 2008 (imports from Canada for 2007), and from official Commerce statistics.			

U.S. MARKET SHARES

U.S. market share data are presented in table IV-8. U.S. producers' share of the domestic market fell from 2005 to 2006, but grew in 2007, with a net loss from 2005 to 2007. The share of the domestic market accounted for by subject imports from China grew in quantity throughout 2005 to 2007. Nonsubject import market shares declined in 2006 and 2007.

Table IV-8
Circular welded pipe: Apparent U.S. consumption and market shares, 2005-07

Item	Calendar year		
	2005	2006	2007
Quantity (short tons)			
Apparent U.S. consumption	2,364,274	2,715,043	2,577,129
Value (1,000 dollars)			
Apparent U.S. consumption	2,098,972	2,237,056	2,185,379
Share of quantity (percent)			
U.S. producers' U.S. shipments	58.4	49.3	55.2
U.S. imports from--			
China	16.2	26.4	29.0
Nonsubject countries	25.4	24.3	15.8
Total U.S. imports	41.6	50.7	44.8
Share of value (percent)			
U.S. producers' U.S. shipments	64.9	58.8	61.8
U.S. imports from--			
China	11.7	18.6	21.5
Nonsubject countries	23.4	22.7	16.6
Total U.S. imports	35.1	41.2	38.2
Source: Compiled from data submitted in response to Commission questionnaires (micro-alloy and dual-stenciled pipe), from petitioners' postconference brief, exhibit 22 (imports from Canada for 2005-06), from petitioners' e-mail on April 9, 2008 (imports from Canada for 2007), and from official Commerce statistics.			

RATIO OF U.S. IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of U.S. imports to U.S. production of circular welded pipe is presented in table IV-9. Subject imports were equivalent to 27.6 percent of U.S. production in 2005. This level increased to 51.7 percent in 2006, then fell slightly to 51.3 percent in 2007.

Table IV-9
Circular welded pipe: Ratio of U.S. imports to U.S. production, by sources, 2005-07

Item	Calendar year		
	2005	2006	2007
Ratio of U.S. imports to production (<i>percent</i>)			
China	27.6	51.7	51.3
Nonsubject countries	43.3	47.7	27.9
All countries	70.9	99.5	79.2
<small>Source: Compiled from data submitted in response to Commission questionnaires (micro-alloy and dual-stenciled pipe), from petitioners' postconference brief, exhibit 22 (imports from Canada for 2005-06), from petitioners' e-mail on April 9, 2008 (imports from Canada for 2007), and from official Commerce statistics.</small>			

COMPARISON OF U.S.-PRODUCED AND IMPORTED CIRCULAR WELDED PIPE

Information concerning the physical attributes of U.S.-produced and imported circular welded pipe is presented in table IV-10. As shown in the following table, the majority of circular welded pipe from all sources is certified to ASTM specifications, sometimes in conjunction with API specifications. Subject and nonsubject imports are generally certified to ASTM A-53. Domestically produced circular welded pipe is certified to the general ASTM A-53 specification, fire suppression specifications, and certain structural specifications. Smaller sizes of circular welded pipe in single random lengths are the most commonly sold forms of subject pipe. The majority of circular welded pipe is sold with a black finish, although a substantial minority of U.S.- and Chinese-produced circular welded pipe is sold with a galvanized finish. U.S.-produced circular welded pipe is generally sold with plain ends, while imports are sold both plain-end and beveled.

Table IV-10

Circular welded pipe: U.S. producers' and U.S. importers' reported U.S. shipments, by certification, grade, size, end finish, surface finish, and length, by sources, 2007

Item	Share of U.S. shipments (in percent) of circular welded pipe produced in:		
	United States	China	All other countries
By certification:			
Stenciled to meet only ASTM specifications	76.6	83.1	56.9
Stenciled to both ASTM & API specifications	1.9	10.1	37.3
Stenciled to proprietary specifications	0.8	2.2	0.0
Not stenciled to any specification	8.3	1.0	3.3
Other ¹	12.5	3.6	2.5
Total	100.0	100.0	100.0
By grade:			
ASTM A-53A	***	57.7	41.6
ASTM A-53B	***	26.6	42.6
ASTM A-135/795	14.3	0.7	4.3
ASTM A-500/A-252	12.5	1.5	0.1
Other ²	26.0	13.6	11.4
Total	100.0	100.0	100.0
By size (outside diameter):			
Less than or equal to 4.5"	79.5	54.3	62.1
Greater than 4.5 inches but less than or equal to 10.75"	17.1	35.4	23.3
Greater than 10.75" but less than or equal to 16"	3.5	10.3	14.6
Total	100.0	100.0	100.0
By end finish:			
Plain end/square cut	68.3	43.6	19.3
Beveled	12.6	39.6	62.2
Threaded or threaded & coupled	9.3	16.8	16.5
Other ³	9.8	0.0	2.0
Total	100.0	100.0	100.0
By surface finish:			
Black	65.3	66.2	82.1
Painted	1.6	2.6	8.5
Galvanized	28.1	31.2	9.2
Other ⁴	5.0	0.0	0.3
Total	100.0	100.0	100.0
By length:			
Single random lengths (approximately 20 feet)	84.1	68.5	66.4
Double random lengths (approximately 40 feet)	9.2	21.7	28.8
Triple random lengths (approximately 60 feet)	0.4	0.1	0.0
Other ⁵	6.4	9.7	4.8
Total	100.0	100.0	100.0

Footnotes continued on next page

¹ Domestic producers included the following in the "other" category: fence, 18-24 inch ASTM and API grades; 10 3/4-24 inch mill crop ends; 10 3/4 inch abrasive resistant pipe; 10 3/4-16 inch API line pipe; A-500; less than 2.875 inch OD. Importers included the following: API; API/ASTM dual for line pipe application; API/ASTM dual for oil/gas transmission; BS-1387; ANSI C-80.1

² Domestic producers included the following in the "other" category: no stencil fence; 18-24 inch ASTM and API grades; API SL-X-grades; A 513; A 847; API; API dual/GR3; proprietary (C.P.); X46-X52 fence products F1083 and F1043. Importers included the following: API X42/5LB/ASTM A-53B triple or dual grade; ASTM and/or API limited service; BS-1387; A-523 grade A; A-587/SW; UL-6 rigid conduit; ANSI C-80.1; ASTM A-53B/ASME SA-5331/API 5LB/X42; A-53B/API grade (B and/or X42); A-1043; ASTM A-513 medium tube.

³ Domestic producers included the following in the "other" category: roll grove; victoria ends. Importers included the following: grooved and/or sledged.

⁴ Domestic producers included the following in the "other" category: bare unbolted pipe; UV fence coating. Importers included structural pipe in this category.

⁵ Domestic producers included the following in the "other" category: approximately 100 feet.

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICING

As noted earlier, the prices of circular welded pipe are influenced by demand factors such as fluctuations in the non-residential and, to a lesser extent, residential construction sectors as well as overall U.S. economic activity. On the supply side, prices of circular welded pipe also differ by a number of product specifications, including but not restricted to end finishing (plain or threaded end with and without coupling) and surface finishing (black or galvanized).

Raw Material Costs

The principal raw material input used to produce domestic circular welded pipe is hot-rolled steel sheet/coil,¹ while zinc is an important element in the production of galvanized circular welded pipe. During 2005-07, raw materials accounted for approximately three-quarters of the domestic producers' production costs, a share that remained relatively stable 2005 and 2007.² For the *** domestic producers using zinc to galvanize pipes, the average cost share of zinc was between *** and *** percent of their cost of the galvanized circular welded pipe they sold, depending on the year.

More than two-thirds of responding producers (14 of 19) reported that variable costs account for more than 80 percent of their total production costs. Variable costs for all responding producers averaged 82.1 percent of their costs to produce circular welded pipe during 2007, while fixed costs averaged 17.9 percent.³ Although low output levels potentially lead to increased unit costs, substantial variable costs can moderate such increases.⁴ In the short run, firms with a relatively high ratio of variable costs to total costs tend to reduce production and maintain price levels when faced with a downturn in demand.⁵ U.S. producers reported that they will produce circular welded pipe only if they cover at least their variable costs.⁶

U.S. spot market quarterly purchase prices of hot-rolled steel sheet fluctuated but increased during January 2005-April 2008. In addition, spot market quarterly purchase-order averages of zinc prices increased markedly during this period, peaking in late 2006 (figure V-1).

¹ *** and *** as inputs to their circular welded pipe products.

² According to 18 responding producers, steel, by far the largest raw material input, accounted for 73.0 percent of their cost of goods sold in 2005, 71.8 percent in 2006, and 74.5 percent in 2007, on a weighted-average basis.

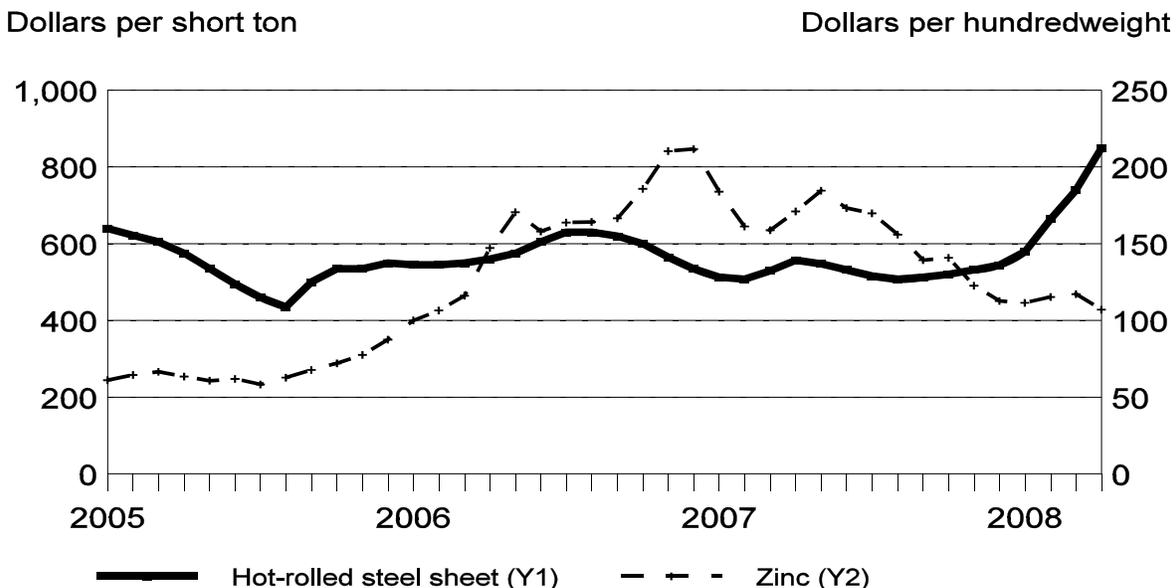
³ The reported figures for variable and fixed costs were weighted by each responding firm's reported cost of goods sold to derive a weighted-average figure for the industry. The U.S. circular welded pipe producers identified a number of variable cost items, such as raw materials, especially hot-rolled steel and zinc, electricity, natural gas, utilities, direct labor, tooling, and packaging, etc., and a number of fixed cost items, such as direct and non-production labor, depreciation, certain utilities, utilities, insurance, overhead, etc. (some U.S. producers considered direct labor and utility costs variable costs and other U.S. producers considered such costs fixed costs).

⁴ Some U.S. producers of circular welded pipe, like those with a continuous-weld mill and/or those with a hot-dip process for galvanizing, may encounter higher costs than others when temporarily reducing production. Conference transcript, pp. 75-76 (Barnes, Schagrin, and Magno).

⁵ Petitioners' postconference brief, pp. 23-24.

⁶ Conference transcript, pp. 72-73 (Barnes and Filetti).

Figure V-1
Hot-rolled steel sheet and zinc: Monthly average U.S. purchase prices, by quarter, January 2005- April 2008



Source: American Metal Market Free Market price (zinc), and Purchasing Magazine Transaction Report (hot-rolled steel), retrieved May 21, 2008.

U.S. purchase prices of hot-rolled steel sheet decreased from \$640 per short ton during January 2005 to a period low of \$435 per short ton in the August 2005 before increasing to \$630 per ton July and August 2006. Prices then declined to \$508 per ton in February 2007, and, after a two month increase, again in August 2007. Prices have since increased, with an especially steep rise in 2008, reaching \$850 per ton in April 2008.^{7 8} Zinc prices steadily increased to a period peak of \$2.03 per pound (\$203 per hundredweight) in the fourth quarter of 2006, before declining irregularly to \$1.07 per pound (\$107 per hundredweight) in April 2008.

Tariff Rates and Transportation Costs to the U.S. Market

The U.S. normal trade relations *ad valorem* import duty rate was free for imports of circular welded pipe, including that from China, under HTS subheadings 7306.30.10 and 7306.30.50 during 2005-07 and into 2008. Transportation charges to ship circular welded pipe from China to the U.S. ports of entry, as a ratio to the U.S. official customs value, averaged 13.4 percent during 2007, compared to 12.1

⁷ Price data from *Preston Pipe and Tube*, published by Preston Publishing Company, indicate a similar pattern to domestic hot-rolled coil prices since 2007: a small increase in March 2007, then a decrease to July 2007, and increasing thereafter, including a larger rise between March and April 2008; from *** per ton to *** per ton. *Preston Pipe and Tube*, May 2008, p. 17.

⁸ The reported purchase prices of hot-rolled steel are intended primarily to indicate price trends; specific prices any buyer pays reportedly will vary due to a number of factors, including volume, distribution issues, specification variances, surcharges, packaging fees, and other market factors.

percent in 2005. Ocean transportation costs to the United States have more than doubled since the beginning of 2005.⁹

U.S. Inland Transportation Costs

Fifteen of 19 responding producers of circular welded pipe¹⁰ and 12 of 24 responding U.S. importers of the circular welded pipe from China reported in their questionnaire responses the average U.S. freight costs to their U.S. customers locations.¹¹ U.S.-inland freight costs for the domestic products ranged between 2 and 20 percent, and averaged 6.8 percent of the delivered prices. Fifteen of 19 domestic producers typically arrange for delivery,¹² and six typically quote their prices on a delivered basis. U.S.-inland freight costs of the subject imported products averaged 7.5 percent of the delivered prices during 2005-07. Eight of 29 responding importers typically arrange for delivery, and 3 of 23 responding importers typically quote their prices on a delivered basis.¹³

Nineteen U.S. producers and 24 importers estimated their U.S. shipments of the domestic and imported Chinese circular welded pipe, that were shipped to U.S. customers in three specified distance categories. The U.S. producers' and importers' reported shipment shares of the domestic and subject imported circular welded pipe, by distance categories from their U.S. selling locations, are shown in the following tabulation:

Distance shipped	Share of U.S. commercial shipments (percent)	
	U.S.-produced products	Imported Chinese products
Within 100 miles	27.8	49.9
101 to 1,000 miles	58.5	28.2
Over 1,000 miles	13.7	21.9
Total	100.0	100.0

⁹ Petitioners' posthearing brief, exh. O, "Baltic Dry Index." The Baltic Dry Index is a shipping and trade index created by the London-based Baltic exchange and is composed of three sub-indices that measure price levels for different sizes of merchant ships. It decreased from ***. Shipping prices reportedly are being pressured by increasing demand from Chinese steelmakers for coal and iron ore due to the recent high prices of steel worldwide. "Baltic Dry Index hits new high," Purchasing Magazine online, May 19, 2008, <http://www.purchasing.com/article/CA6562344.html>, retrieved June 3, 2008, and "Baltic Dry Index Advances to Record in London on Chinese Demand," Bloomberg News, May 15, 2008, http://www.bloomberg.com/apps/news?pid=20601085&sid=aTz.Cc_oSAAno&refer=europe, retrieved June 3, 2008.

¹⁰ The remaining four responded, but answered either "zero" or "100 percent."

¹¹ Relatively fewer importers reported U.S. inland freight costs than did U.S. producers for circular welded pipe, likely because U.S. importers typically reported that their customers arranged the U.S.-inland freight and U.S. producers typically reported that they arranged U.S.-inland freight to their customers.

¹² For firms with f.o.b. sales, 11 of 17 noted that they arrange for the transportation for these sales. All producers except *** prepay for freight.

¹³ One importer replied that it quotes on both an f.o.b. and delivered basis. Fifteen of twenty-two responding importers have the customer arrange the freight, and half of responding importers prepay for freight.

Nineteen U.S. producers and 21 U.S. importers reported the U.S. geographic market area(s), during 2005-07, that were served by the firms' domestic and imported Chinese circular welded pipe. The number of U.S. producers and importers responding for each of the specified market areas are shown in the following tabulation:

Geographic area	U.S.-produced products	Products imported from China
National	12	4
West Coast	3	12
Northwest	2	4
Southwest	5	16
Rocky Mountains	4	4
Northeast	1	7
Mid-Atlantic	1	5
Southeast	2	8
Midwest	3	4
Source: Compiled from data submitted in response to Commission questionnaires.		

Several responding U.S. producers and importers reported for more than a single geographic area. Two domestic producers reported that a large volume of imported Chinese circular welded pipe primarily impacted the West Coast first, before spreading eastward.

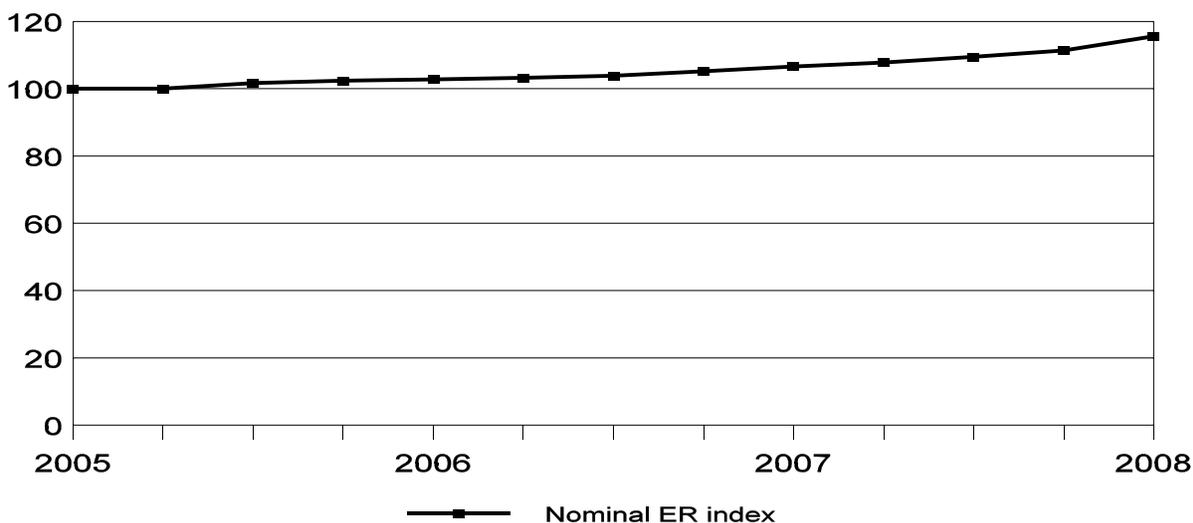
Exchange Rates

Figure V-2 shows the quarterly nominal exchange rate index of the Chinese yuan relative to the U.S. dollar during January 2005-March 2008.¹⁴ The nominal exchange rate for the Chinese yuan vis-à-vis the U.S. dollar remained stable during January-June 2005, but has appreciated by 15.5 percent between the first quarter of 2005 and the first quarter of 2008.¹⁵

¹⁴ The quarterly nominal were calculated from quarterly-average nominal exchange rates reported by the IMF; producer price data in China was not available to calculate real exchange rates vis-à-vis the U.S. dollar. The exchange rate indices were based on exchange rates expressed in U.S. dollars per unit of the foreign currency, such that index numbers below 100 represent depreciation and numbers above 100 represent appreciation of the foreign currency vis-à-vis the U.S. dollar.

¹⁵ The Chinese government effectively pegged the yuan to the U.S. dollar at 8.28 yuan per dollar during the early part of this period. On July 21, 2005, the Chinese government announced that it would no longer peg the yuan to the U.S. dollar but would tie the yuan to a basket of currencies.

Figure V-2
Nominal exchange rate indices of the Chinese yuan relative to the U.S. dollar, by quarters, January 2005-March 2008



Note.—Index (Jan.-Mar. 2005=100). Exchange rates are in U.S. dollars per Chinese yuan.

Source: International Monetary Fund, *International Financial Statistics*, www.imfstatistics.org, May 2008.

PRICING PRACTICES¹⁶

Pricing in the circular welded pipe industry can be quoted given by both weight (short tons) or length (feet or 100 feet). For sales to distributors, 12 of 19 responding producers reported that they usually price their circular welded pipe by length, three sell by weight, and four sell using both length and weight. For the 28 responding importers, 10 sell by length, 6 by weight, and 12 by both length and weight. For sales to end users, 13 of 15 responding producers and 4 of 7 responding importers usually sell by length.

Nineteen U.S. producers and 24 responding U.S. importers of circular welded pipe from China estimated their 2007 U.S. shipments by type of sale. U.S. producers' and importers' shares of their 2007 U.S. commercial shipments, by quantity, of the domestically produced and imported Chinese circular welded pipe, by type of sale, are shown in the following tabulation:¹⁷

¹⁶ Information on pricing practices discussed in this section was based on questionnaire responses of the U.S. producers and importers of the domestic and imported Chinese circular welded pipe, unless otherwise noted.

¹⁷ Spot sales are usually one-time delivery, within 30 days of the purchase agreement; short-term sales are for multiple deliveries for up to 12 months after the purchase agreement; and long-term sales are for multiple deliveries for more than 12 months after the purchase agreement. Short-term and long-term sales can be arranged by contracts or verbal agreements.

Type of sale	Share of 2007 U.S. commercial shipments (<i>percent</i>)	
	U.S.-produced products	Imported Chinese products
Spot sales	79.0	47.8
Short-term sales	19.7	51.4
Long-term sales	1.3	0.8
Total	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.		

Only two U.S. producers sell on a long-term basis, and four sell the majority of their circular welded pipe on a short-term contract basis.¹⁸ The average short-term contract length is three months and the majority of producers responded that both price and quantities are fixed. Eleven U.S. producers sold only on a spot basis. Selling prices for domestically produced circular welded pipe reportedly is determined by the prevailing market price, the cost of steel, competitive conditions in the marketplace at that time, and the outcome of transaction by transaction negotiations. Importers also sell very little on a long-term contract basis, but sell less imported Chinese circular welded pipe on a spot basis than U.S. producers do. U.S. importers' short term contracts average over 4 months in length, and also typically fix both price and quantities. U.S. producers and importers of Chinese circular welded pipe generally reported that prices of their short-term contracts cannot be renegotiated during the contract period. Meet-or-release provisions are atypical but sometimes occur in this industry, as reported by a few domestic producers and importers.

Fourteen of 19 responding U.S. producers and 2 of 23 responding U.S. importers reported offering discounts for early payment in the range of ½ to 2 percent discount for the domestic and subject imported circular welded pipe. The six remaining U.S. producers and 19 of 20 remaining U.S. importers offered payment terms of net 30 days during 2005-07.¹⁹

Nine of 17 responding U.S. producers reported that they offer some sort of quantity discount, rebate, or take into account volume during price negotiations. The majority of importers, however, offer no quantity discounts or rebates. Sixteen of 20 responding U.S. producers and all 25 responding U.S. importers of the domestic and subject imported circular welded pipe reported that they did not sell their products over the internet, whereas the remaining 4 U.S. producers reported internet sales, which ranged from less than *** percent to *** percent of the reporting firm's sales. No purchaser reported using the internet to buy circular welded pipe.

At the hearing, one respondent testified that, "There is generally a discount assumed by U.S. customers due to the risks associated with purchasing imports and the opportunity costs related to the long lead times between order and delivery."²⁰ Petitioners testified also that there is a price premium for domestic goods since domestic firms are able to get 23 to 25 SKUs on a truck and delivered within a few days.²¹ Three witnesses in support of the petition estimated that the premium would be between 5 and 7

¹⁸ Domestic producer *** reported selling on a long-term contract basis, however its long-term contracts are *** months, which are categorized as short-term contracts for tabulation purposes.

¹⁹ The last importer offers net 10 day payment terms.

²⁰ Hearing transcript, p. 255 (Rudolph).

²¹ Hearing transcript, p. 127 (Boggs).

percent, 0 and 5 percent, and 4 and 6 percent.²² Respondent witnesses testified that the premium/discount is between 10 and 20 percent or 15 percent.²³ Counsel for respondents noted that a 5 to 10 percent gap has historically been the price gap, though it has grown due to increased volatility in input prices.²⁴

Price Leadership

Purchasers were asked which firms are price leaders in this industry. Allied and Wheatland were each reported by six purchasers as being price leaders, IPSCO and U.S. Steel were reported by three, and Western, California, Mittal, and China were reported by two. Other price leaders that were mentioned include Tex-Tube, Northwest, Kelly Pipe, North American, and Korea. A majority of purchasers noted that price leadership is exhibited by being the first to announce any price changes.

PRICE DATA

Quarterly Price Data

U.S. selling value and quantity data were requested for sales to U.S. customers for the following four circular welded pipe product categories produced in the United States and imported from China:

Product 1.—ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2-4 inches inclusive.

Product 1a.—ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2 inches.

Product 2.—ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2-4 inches inclusive.

Product 2a.—ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2 inches.

Product 3.—ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 6-8 inches inclusive.

Product 3a.—ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 6 inches.

Product 4.—Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.

Product 4a.—Galvanized fence tube, with nominal outside diameter of 2 inches (also referred to as 2 and 3/8 inch in the fence tube industry), and wall thickness of 0.065 inch (+/- 10 percent).

²² Hearing transcript, pp. 127-129 (Boggs, Magno, and Filetti).

²³ Hearing transcript, pp. 265-266 (Rudolph and Lee).

²⁴ Hearing transcript, p. 266 (Barringer).

The price data were based on quarterly net U.S. f.o.b. selling price data of U.S. producers and importers for their shipments of the specified domestic and imported Chinese circular welded pipe product categories, during January 2005-December 2007, to U.S. distributors unrelated to the selling firms.²⁵ In addition, each U.S. importer was requested to provide the selling price data for the specified product categories that they imported from their two largest nonsubject country sources.

Twelve U.S. producers²⁶ of circular welded pipe and 21 U.S. importers of the circular welded pipe from China reported useable price information, but not necessarily for all product categories or periods. In addition, 18 U.S. importers of circular welded pipe also reported the requested price data for 13 nonsubject countries, five of which (India, Korea, Mexico, Taiwan, and Thailand) have U.S. antidumping duty orders in place and one of which (Turkey) has both U.S. antidumping and countervailing duty orders in place.²⁷ Data for responding U.S. producers totaled 400,989 short tons, or 28.2 percent of their total reported U.S. commercial shipments in 2007. Data for responding U.S. importers of imported Chinese circular welded pipe totaled 282,650 short tons, or 37.8 percent of their total reported U.S. commercial shipments in 2007. U.S. importers also reported data for 70,140 short tons of circular welded pipe from the 12 nonsubject countries, or 16.5 percent of total official U.S. imports of circular welded pipe from nonsubject countries in 2007.

Price Trends

Quarterly weighted-average selling prices and total quantities of circular welded pipe in product categories 1-4 and 1a-4a reported by domestic producers and importers of subject and nonsubject pipe are shown in tables V-1 through V-4 and V-1a through V-4a, respectively. They are also reproduced in figures V-3 through V-6. In addition, price comparisons between domestic circular welded pipe and that imported from nonsubject countries are shown separated by country in appendix F.

²⁵ Pricing data was requested on a per ton, f.o.b. basis, and are net of all deductions for discounts, rebates, etc.

²⁶ Data for one U.S. producer, ***, were omitted from the data set due to ***.

²⁷ Price data of circular welded pipe from the other seven nonsubject countries involved the following countries: Canada, Guatemala, Indonesia, Japan, Malaysia, Oman, and Romania.

Table V-1

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 1¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$937	20,296	\$734	7,935	21.7	\$764	9,178
Apr.-June	923	19,502	786	6,492	14.8	797	7,577
July-Sept.	862	21,053	749	10,521	13.1	735	7,362
Oct.-Dec.	912	20,792	676	10,448	25.8	776	5,652
2006:							
Jan.-Mar.	950	20,940	659	11,811	30.7	779	7,211
Apr.-June	909	20,753	665	17,850	26.9	737	8,235
July-Sept.	971	19,230	651	24,061	32.9	768	7,780
Oct.-Dec.	965	16,605	719	19,940	25.5	770	8,394
2007:							
Jan.-Mar.	872	21,090	670	25,466	23.1	763	8,655
Apr.-June	856	17,931	620	28,012	27.6	715	6,631
July-Sept.	827	18,413	636	37,628	23.1	712	5,444
Oct.-Dec.	818	18,297	687	10,592	16.0	763	6,373

¹ ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2-4 inches inclusive.

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

Table V-1a

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 1a¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$949	4,706	\$742	2,210	21.8	\$734	2,985
Apr.-June	905	4,610	781	1,991	13.7	762	2,065
July-Sept.	858	4,965	745	3,250	13.2	711	1,270
Oct.-Dec.	865	6,129	716	1,377	17.2	761	1,456
2006:							
Jan.-Mar.	897	5,058	652	3,830	27.3	737	1,871
Apr.-June	875	5,601	686	4,057	21.6	716	2,054
July-Sept.	915	4,778	645	6,295	29.5	738	1,953
Oct.-Dec.	935	4,155	711	5,255	23.9	736	1,833
2007:							
Jan.-Mar.	881	4,870	645	7,125	26.8	746	1,472
Apr.-June	854	4,924	613	8,442	28.2	649	1,180
July-Sept.	844	5,156	636	5,285	24.6	640	1,185
Oct.-Dec.	849	4,828	678	3,481	20.1	785	1,154
¹ ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2 inches. Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-2

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 2¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$***	***	\$698	8,563	***	\$796	3,919
Apr.-June	***	***	703	13,067	***	812	2,917
July-Sept.	***	***	708	12,289	***	780	4,199
Oct.-Dec.	***	***	688	13,163	***	735	5,329
2006:							
Jan.-Mar.	***	***	669	14,507	***	746	5,479
Apr.-June	***	***	646	19,316	***	735	6,250
July-Sept.	***	***	645	24,389	***	810	2,233
Oct.-Dec.	***	***	661	14,547	***	839	2,176
2007:							
Jan.-Mar.	***	***	697	19,350	***	835	6,184
Apr.-June	***	***	703	23,608	***	832	6,534
July-Sept.	***	***	711	27,461	***	847	5,567
Oct.-Dec.	***	***	738	10,321	***	853	5,559

¹ ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2-4 inches inclusive.

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

Table V-2a

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 2a¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$***	***	\$718	2,449	***	\$786	1,734
Apr.-June	***	***	756	3,068	***	788	993
July-Sept.	***	***	738	2,811	***	771	2,020
Oct.-Dec.	***	***	712	3,255	***	751	2,028
2006:							
Jan.-Mar.	***	***	678	4,218	***	748	2,034
Apr.-June	***	***	646	4,126	***	719	1,970
July-Sept.	***	***	643	6,740	***	817	806
Oct.-Dec.	***	***	672	4,079	***	806	587
2007:							
Jan.-Mar.	***	***	706	7,320	***	825	639
Apr.-June	***	***	706	8,642	***	844	786
July-Sept.	***	***	715	10,403	***	897	423
Oct.-Dec.	***	***	744	3,139	***	920	488

¹ ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2 inches.

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

Table V-3

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 3¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$930	21,971	\$758	4,848	18.5	\$777	5,755
Apr.-June	894	28,452	752	14,452	15.9	793	5,885
July-Sept.	845	32,049	797	7,381	5.7	786	4,432
Oct.-Dec.	914	26,952	726	6,618	20.6	718	3,108
2006:							
Jan.-Mar.	896	27,746	669	6,302	25.4	711	4,180
Apr.-June	894	32,967	704	8,984	21.2	650	6,386
July-Sept.	968	23,345	695	12,286	28.2	749	3,206
Oct.-Dec.	958	21,419	661	11,139	31.0	771	3,521
2007:							
Jan.-Mar.	842	25,010	685	17,543	18.7	783	7,338
Apr.-June	836	25,941	666	24,432	20.2	784	3,509
July-Sept.	799	24,655	683	20,473	14.5	767	3,684
Oct.-Dec.	804	26,571	689	7,018	14.3	796	4,521
¹ ASTM A-53 schedule black plain-end pipe, with nominal outside diameter of 6-8 inches inclusive. Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-3a

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 3a¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$903	9,213	\$763	3,242	15.5	\$789	3,182
Apr.-June	876	13,500	828	3,475	5.5	807	3,565
July-Sept.	838	15,858	803	4,197	4.3	790	3,029
Oct.-Dec.	890	12,171	737	4,070	17.2	715	2,593
2006:							
Jan.-Mar.	886	9,666	669 ²	4,131	24.5	735	2,027
Apr.-June	874	10,665	701	5,093	19.8	644	5,084
July-Sept.	935	10,240	685	7,129	26.7	757	2,323
Oct.-Dec.	943	9,461	661	6,437	29.9	780	2,521
2007:							
Jan.-Mar.	809	12,611	664	10,400	18.0	773	5,365
Apr.-June	805	12,972	653	11,483	18.8	762	2,233
July-Sept.	772	12,987	681	7,722	11.7	747	2,347
Oct.-Dec.	782	15,137	685	4,023	12.4	785	2,540
¹ ASTM A-53 schedule black plain-end pipe, with nominal outside diameter of 6 inches. ² One data point from *** had to be adjusted to be consistent with its other quarterly pricing data, which resulted in an increase of ***. Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-4

Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 4¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$***	***	\$693	3,376	***	\$***	***
Apr.-June	***	***	723	2,724	***	916	626
July-Sept.	***	***	703	11,571	***	***	***
Oct.-Dec.	***	***	686	3,705	***	***	***
2006:							
Jan.-Mar.	***	***	689	6,055	***	***	***
Apr.-June	***	***	643	14,542	***	***	***
July-Sept.	***	***	688	14,058	***	***	***
Oct.-Dec.	***	***	686	17,150	***	***	***
2007:							
Jan.-Mar.	***	***	790	6,275	***	***	***
Apr.-June	***	***	776	8,761	***	***	***
July-Sept.	***	***	***	***	***	--	0
Oct.-Dec.	***	***	***	***	***	--	0

¹ Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.

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

Table V-4a

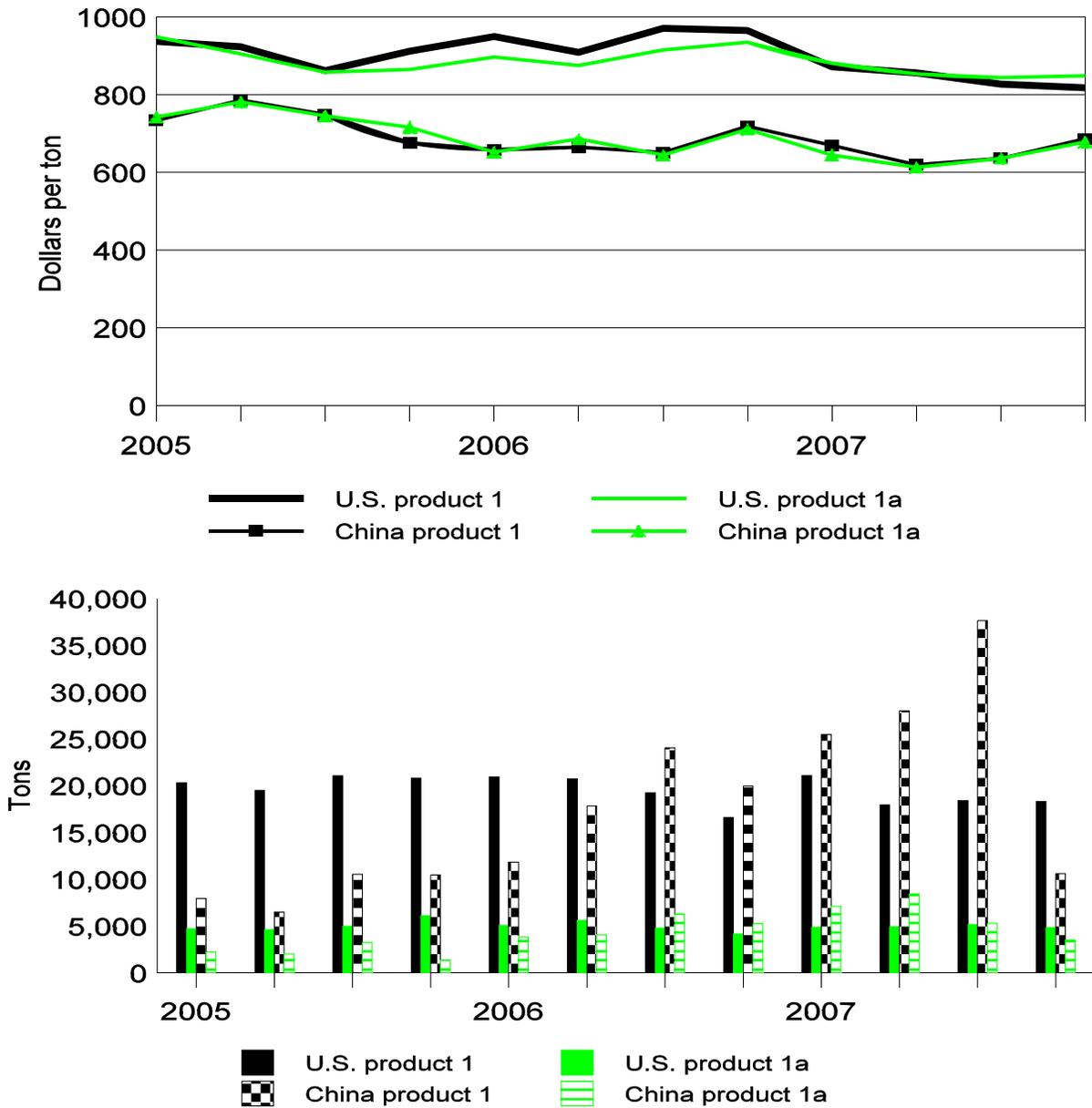
Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of domestic, subject, and nonsubject imported circular welded pipe product category 4a¹ and margins of underselling, by quarters, January 2005-December 2007

Period	United States		China			Nonsubject	
	Price (per ton)	Quantity (tons)	Price (per ton)	Quantity (tons)	Margin (percent)	Price (per ton)	Quantity (tons)
2005:							
Jan.-Mar.	\$***	***	\$***	***	***	\$***	***
Apr.-June	1,268	2,413	786	366	38.0	***	***
July-Sept.	***	***	729	1,236	***	***	***
Oct.-Dec.	1,130	2,064	753	266	33.3	***	***
2006:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	1,102	2,951	656	1,543	40.5	***	***
July-Sept.	***	***	671	3,144	***	***	***
Oct.-Dec.	***	***	733	2,729	***	***	***
2007:							
Jan.-Mar.	***	***	***	***	***	--	0
Apr.-June	1,116	2,278	859	1,386	23.1	--	0
July-Sept.	1,127	2,153	***	***	***	--	0
Oct.-Dec.	***	***	***	***	***	--	0

¹ Galvanized fence tube, with nominal outside diameter of 2 inches (also referred to as 2 and 5/8 inches in the fencing tube industry), and wall thickness of 0.065 inch (+/- 10 percent).

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

Figure V-3
Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced and Chinese products 1 and 1a,¹ by quarters, January 2005-December 2007



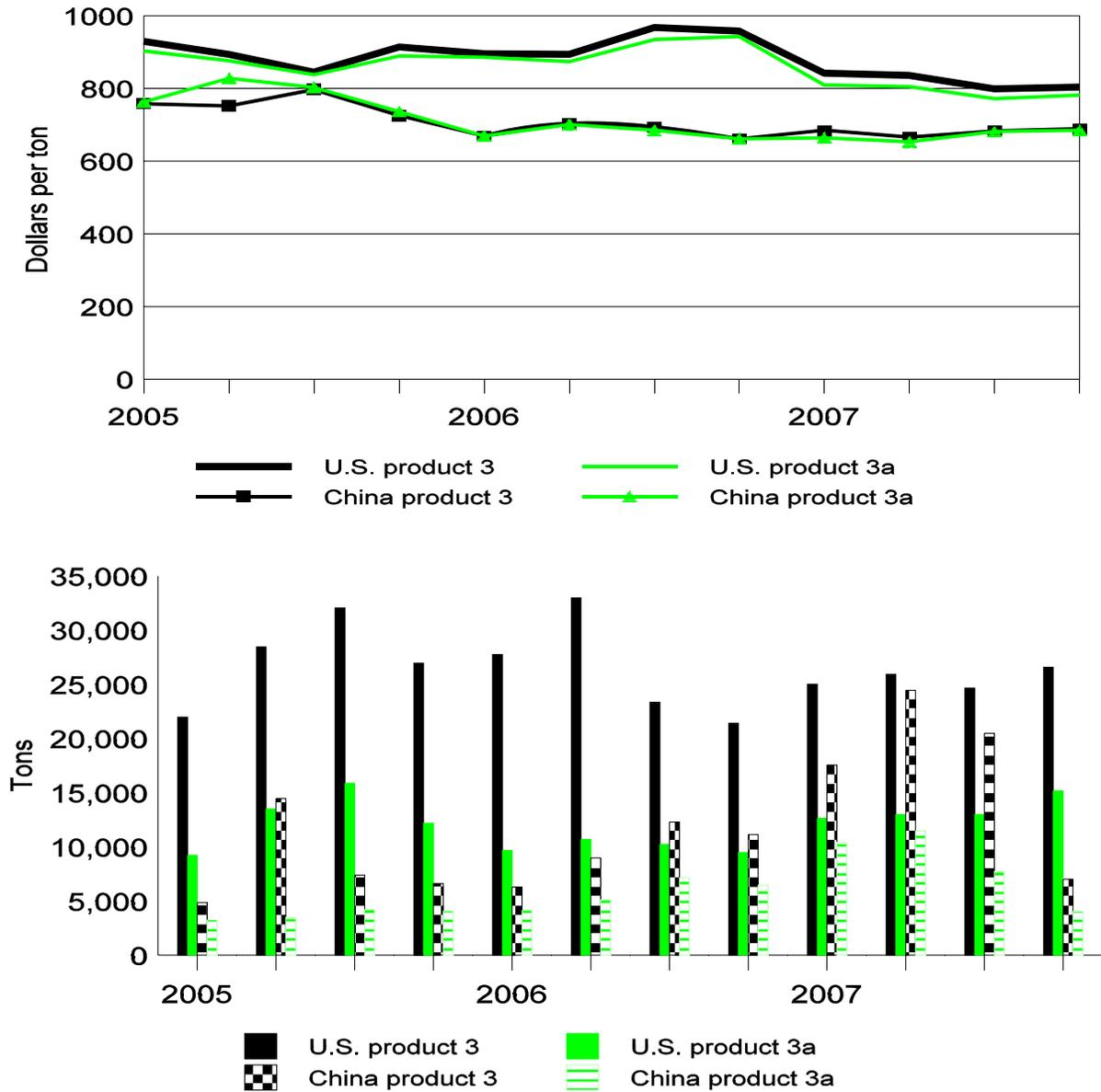
¹ Product 1.—ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive. Product 1a.—ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2 inches.

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

Figure V-4
Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced and Chinese products 2 and 2a, by quarters, January 2005-December 2007

* * * * *

Figure V-5
Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-
produced and Chinese products 3 and 3a,¹ by quarters, January 2005-December 2007



¹ Product 3.—ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive. Product 3a.—ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 6 inches.

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

Figure V-6
Circular welded pipe: Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced and China products 4 and 4a, by quarters, January 2005-December 2008

* * * * *

Price trends of the domestic circular welded pipe during 2005-07 appear to be influenced, at least partially, by price fluctuations of hot-rolled steel. This is most apparent in the price of domestically produced products 1 and 1a. Prices of domestically-produced product 1 decreased between the first and third quarter of 2005 before increasing until the third quarter of 2006 (fourth quarter for product 1a). After this, prices decreased until the last quarter of 2007 (until the third quarter of 2007 before increasing in the last quarter of 2007 for product 1a). Except as noted, price trends for domestic product 1a are similar. Quantities of domestic product 1 decreased slightly between 2005 and 2007, from 81,643 short tons to 75,731 short tons, despite large increases in the quantity of shipments of imported product 1 from China, which increased from 35,396 short tons in 2005 to 101,698 short tons in 2007. Prices of imported product 1 from China generally decreased from the second quarter of 2005 to the third quarter of 2006, and again from the fourth quarter of 2006 to the second quarter of 2007 before increasing again.

Prices for domestically produced product 2 (and 2a) remained relatively stable through the second quarter of 2006 before increasing until the second quarter of 2007, after which prices began to decline. Imported products 2 (and 2a) from China decreased from the third quarter (second quarter for product 2a) of 2005 until the second quarter (third quarter for product 2a) of 2006 before generally increasing through the end of the period. Quantities of imported Chinese product 2 sold in the United States were degrees of magnitude higher than the quantities of domestically produced product 2²⁸ and were highest in the second and third quarters of 2006 and 2007.

Prices for domestically produced product 3 (and 3a) decreased from the first quarter of 2005 to the third quarter of 2005, increased irregularly until the third quarter of 2006 (fourth quarter for product 3a), before generally decreasing for the remainder of quarters. Prices for imported Chinese product 3 peaked in the second and third quarters of 2005 before generally decreasing through the end of 2007. Quantities of domestic product 3 decreased from 109,424 short tons in 2005 to 102,177 short tons in 2007, as quantities of shipments of imported Chinese product 3 more than doubled from 33,299 short tons to 69,466 short tons. From the first quarter of 2006 to the second quarter of 2007, quarterly shipments of imported product 3 from China increased from 6,302 short tons to 24,432 short tons, before decreasing to 7,018 tons in the fourth quarter of 2007. Shipment quantities of domestically produced product 3a increased from 50,742 short tons in 2005 to 53,707 short tons in 2007, while quantities of imported Chinese product 3a increased from 14,984 short tons in 2005 to 33,628 short tons in 2007.

Prices for domestically produced product 4 (and 4a) were the highest in the second quarter of 2005, decreased through the first quarter of 2006, increased through the fourth quarter of 2006, decreased for the first quarter of 2007, and then increased slightly through the rest of 2007. For shipments of imports from China of this product, prices were also highest in the second quarter of 2005, then decreased irregularly through the second quarter of 2006 before generally increasing through the last quarter of 2007. Quantities of shipments of domestic product 4 were highest in the first half of each year, but declined between 2005 and 2007, from *** short tons to *** short tons. Quantities of imported product 4 from China were somewhat different than other products, increasing from *** short tons in 2005 to *** short tons in 2006 before decreasing to *** short tons in 2007.

²⁸ The same is true for product 2a.

Price Comparisons

A total of 96 quarterly net weighted-average U.S. f.o.b. selling price comparisons were possible between the domestic and imported Chinese circular welded pipe product categories 1-4 and 1a-4a shipped to U.S. distributor customers during 2005-07. In all of the 96 selling price comparisons, the imported China products were priced less than the U.S.-produced products. The selling price comparisons are shown by period and by product category in table V-5.

Table V-5

Circular welded pipe: Number of quarters of underselling, and lowest, highest and average margin of underselling by imported Chinese product, by product

Products	Number of quarters of underselling	Lowest margin of underselling (percent)	Highest margin of underselling (percent)	Average margin of underselling (percent)
Product 1 ¹	12	13.1	32.9	23.4
Product 1a ²	12	13.2	29.5	22.3
Product 2 ³	12	44.2	54.7	49.2
Product 2a ⁴	12	40.0	56.0	47.8
Product 3 ⁵	12	5.7	31.0	19.5
Product 3a ⁶	12	4.3	29.9	17.0
Product 4 ⁷	12	28.3	45.4	37.8
Product 4a ⁸	12	23.1	45.1	34.4

¹ ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2-4 inches inclusive.
² ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2 inches.
³ ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2-4 inches inclusive.
⁴ ASTM A-53 schedule 40 galvanized plain-end pipe, with nominal outside diameter of 2 inches.
⁵ ASTM A-53 schedule black plain-end pipe, with nominal outside diameter of 6-8 inches inclusive.
⁶ ASTM A-53 schedule black plain-end pipe, with nominal outside diameter of 6 inches.
⁷ Galvanized fence tube, with nominal outside diameter of 1-3/8 – 2-3/8 inches inclusive, and wall thickness of 0.055-0.075 inch.
⁸ Galvanized fence tube, with nominal outside diameter of 2 inches (also referred to as 2 and 3/8 inch in the fence tube industry), and wall thickness of 0.065 inch (+/- 10 percent).

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

Price Variability

During the preliminary phase of these investigations, somewhat large variations were found within the pricing product data set. In these investigations, pricing data for product 1a through 4a were selected to be representative of a single product rather than a range of products. These product represent a subset of the pricing data for products 1 through 4 and were selected to help assess the variation within each producer's and importer's products. Producers and importers also were asked what might cause the variation within each of the pricing product categories 1 through 4 for which they had sales of circular welded pipe.²⁹ Five of ten responding producers and two of 17 responding importers noted that there

²⁹ Though asked separately for each pricing product, producers' answers for one product were essentially the same throughout the four products. Importers were more somewhat more varied in their responses among products, (continued...)

were not significant differences within the products. Wall thickness was noted by three of the five remaining producers as a possible factor; market conditions, outside diameter, and cost to manufacture were noted by two producers;³⁰ and end finish, volume, competition in the market, and timing were each noted by one producer. For product category 4, *** noted that this contains three different gauge products, with one made from hot-rolled steel and the other made from cold-rolled steel. Of the remaining 15 responding importers, six noted wall thickness as a differentiating factor, four noted outside diameter/size, three noted costs, three each noted volume, timing and market conditions, and one each noted the cost and availability of hot-rolled coils.³¹

Producers and importers were asked what might account for differences in price of \$100 or more per ton (on an f.o.b. basis) across suppliers for each pricing product categories for which they had sales in 2005-07. Ten producers responded, with three each noting location, varying raw material (i.e., steel) costs, varying production efficiencies, and different transportation costs as possible reasons. Two also noted that competition with imports can cause pricing differentials. Seventeen importers responded to this question, with three not having observed price differences of this magnitude. Raw material cost differences was the reason most often cited by the other 13 importers (reported by 5 importers). The next most frequent responses were zinc costs and supply and demand/market conditions (4 importers); freight costs and timing (3 importers); and quality and the price from the supplying mill (2).³²

An analysis of the difference in quarterly pricing data submitted by producers and importers of subject circular welded pipe from China is presented in table V-6. On average, the difference between pricing product categories and the narrower product within that category was not great, though the highest average differences were found in product 4 for producers and importers.³³ The average overall difference between the product and the product category for U.S. producers and importers of subject circular welded pipe from China which it contains was 2.3 percent.³⁴

²⁹ (...continued)

but most variation occurred when describing differences between the products, not within the same product category.

³⁰ *** reported that the costs to manufacture circular welded pipe of smaller outside diameter within each pricing product category is higher than the large products within that pricing category due to the substrate on the lighter walls carrying some “gauge extras from suppliers” and “consuming more production time by weight.”

³¹ Additionally, five noted galvanizing costs. However this differentiated product category 2 from product category 1, not necessarily differences within product category 2.

³² Also cited by one importer each was country of origin, experience with the supplying mill, insurance, manufacturing process, port costs, and wall thickness.

³³ All quarterly data containing quarterly price differences of greater than \$100 and 10 percent were attempted to be verified with importers and producers.

³⁴ The average difference for these data will be somewhat greater if the quarters when quantities in the product category (e.g., product 1) equal the quantities of the corresponding product (e.g., product 1a) are excluded from the data set: 3.1 percent.

Table V-6
Circular welded pipe: Variation of pricing between pricing categories and pricing products for U.S. producers and importers of subject Chinese goods

Products	Quarters	Average difference ¹	Highest quarterly difference	Differences of greater than 10 percent	Differences of less than 10 percent	Zero difference
	<i>Number</i>	<i>Percent</i>	<i>Percent</i>	<i>Number of quarters</i>		
Producers						
1 vs. 1a	83	3.0	21.6	5	73	34
2 vs. 2a	36	3.3	17.3	5	17	14
3 vs. 3a	72	3.0	37.7	7	32	33
4 vs. 4a	36	4.2	13.2	1	35	0
Importers						
1 vs. 1a	128	2.1	50.1	6	115	7
2 vs. 2a	125	1.6	23.3	3	100	22
3 vs. 3a	134	1.8	60.1	4	86	36
4 vs. 4a	73	2.4	17.7	3	55	15
¹ The average difference is given in absolute values of differences. Source: Compiled from responses to Commission questionnaires.						

Announced Selling Price Increases and Decreases

U.S. producers and importers of circular welded pipe were requested in the questionnaire responses to report any announced U.S. price increases and decreases since January 1, 2005 for sales of the domestic and subject imported circular welded pipe.³⁵ In addition, the firms were requested to identify the dates of announced price increases, the extent to which they held, and the products that were covered by the price increases. The number of reported price changes are shown in table V-7.

Table V-7
Circular welded pipe: U.S. producers' and importers' announced price increases/decreases, 2005-07 and January-February 2008

* * * * *

³⁵ Increases or decreases may come in the form of price lists. One producer noted that increases are announced whereas decreases are mostly due to transaction-by-transaction negotiation, rather than being formally announced. Not all producers or importers responded to this question, often due to prices being determined solely on a transaction-by-transaction basis for a number of firms.

Published Price Data

Thirteen U.S. producers and four U.S. importers reported their price increases, but did not necessarily report for the full period since 2005, the extent to which the price increases held, or the products that were included. In a staff telephone interview, one purchaser noted that domestic producers reportedly have been raising their prices five percent per month since preliminary duties were imposed on China and will continue through July 2008, at which time prices will have increased 40 percent.³⁶ Leavitt, Hanna, and Atlas announced at the end of March 2008 a \$100 per ton increases in tubular products for April 2008.³⁷ IPSCO announced increasing its prices by \$200 per ton on its ERW pipe to be delivered on and after April 30, 2008.³⁸ This price increase was its fifth of 2008, and brings the total increase in price to \$390 per ton. Since that time, IPSCO announced more increases: \$250 to \$350 per ton on ERW pipe after May 31, 2008.³⁹ U.S. Steel Tubular imposed a \$250 per ton surcharge effective May 1, 2008.⁴⁰ Data published by the *Preston Pipe & Tube Report* indicate that, between the fourth quarter of 2007 and March 2008, prices for welded black plain-end standard pipe between 0" and 4½" O.D. have increased 30.2 percent; welded black plain-end standard pipe between 5" and 16" O.D. have increased 24.5 percent; welded black threaded and coupled standard pipe between 0" and 4½" O.D. have increased 21.8 percent; and welded galvanized plain-end standard pipe between 0" and 4½" O.D. have increased 20.8 percent. Pricing data for three of these four products, along with their prices extending back to April 2005, are presented in figure V-7.⁴¹

Figure V-7
Circular welded pipe: Monthly pricing data for selected products, April 2005-March 2008

* * * * *

LOST REVENUES AND LOST SALES

In the petition, three U.S. producers, ***, reported 27 lost sales allegations due to competition from imports of circular welded pipe from China during January 2004-March 2007. Three of these allegations provided some product information and specific time periods, whereas the remaining 24 allegations were typically general in nature without specifying transaction information, such as products, time periods, or competing prices.⁴² *** asserted in the petition that the nature of the market for sales to

³⁶ Staff telephone interview with ***, April 2, 2008.

³⁷ "HSS producers drive for \$100/T April price hike," *American Metal Market*, March 31, 2008, as submitted in CCCMC respondents' prehearing brief, Exh. 1.

³⁸ "Ipsco Tubulars boosts ERW pipe prices," *American Metal Market*, April 16, 2008, as submitted in CCCMC respondents' prehearing brief, Exh. 1.

³⁹ "Ipsco Tubulars boosts ERW pipe prices," *American Metal Market*, May 12, 2008.

⁴⁰ "USS Tubular imposing surcharge," *American Metal Market*, April 29, 2008.

⁴¹ Three of the four pricing products correspond generally to the pricing products for which the Commission collected quarterly data. Data for welded black threaded and coupled standard pipe between 0" and 4½" O.D. does not correspond to one of the Commission's four pricing product categories, and, for ease in comparison with the Commission's quarterly data, are not presented in figure V-7.

⁴² *** each reported 12 lost sales allegations of a general nature; two purchasers, ***, were cited by both firms. Therefore, 22 distinct purchasers were identified in these 24 lost sales allegations.

pipe and tube distributors made it difficult to obtain precise information on lost revenues and lost sales due to competition from low-priced imports.^{43 44}

In producer questionnaire responses during the preliminary phase, three U.S. producers provided further allegations of lost revenues and four U.S. producers provided further allegations of lost sales, but not all such allegations had sufficient information for staff to follow up. In the final phase, one producer provided lost revenue allegations and 4 provided lost sales allegations with enough information for staff to follow up with. In addition, nine other U.S. producers responded that they had lost revenues and seven has lost sales, but were unable to provide any information.

The purchasers cited in the lost revenue and lost sales allegations in the petition and questionnaire responses,⁴⁵ the transaction information supplied by the U.S. producers, and whether the responding purchasers agreed or disagreed with the allegations are shown in tables V-8 and V-9.

Table V-8

Circular welded pipe: U.S. producers' lost revenue allegations

* * * * *

Table V-9

Circular welded pipe: U.S. producers' lost sales allegations

* * * * *

*** disagreed with the allegation, stating that he has not bought foreign pipe in the past five years.

*** did buy some pipe and tube from a broker during the alleged time frame, but is unsure of the origin.

***. However, ***.

*** could not identify the specific transactions, but agreed with the general pricing at the time of the ***. Also, he noted that he does not deal in ***, but agrees with the general pricing also.

***.

*** agreed with the allegation, noting that it, too, had lost sales to China due to their extremely low prices, so it had to buy some pipe from China in order to compete.

*** disagreed with the allegation, reporting that it purchases pipe and tube from China along with that from domestic and other sources, not instead of these purchases.

*** disagreed with the lost sales allegation, noting that *** made a spot offer one time, but is not a normal supplier of ***. At that time, it had already had orders around *** from Korea, Indonesia, Taiwan, and China.

*** identified *** purchasers where they alleged that they had lost sales of standard pipe to low-priced imports of the products from China; the U.S. producers did not specify transactions, products, or

⁴³ Petition, Exh. 14.

⁴⁴ At the conference, a representative from Wheatland provided some additional discussion of the types of information it is able to obtain in the U.S. market for circular welded pipe that indicate that it has lost sales to the imported products from China. He asserted that, if the firm's distributor customers have competitors in the marketplace that are selling significantly lower-priced material (in this particular case Chinese pipe), its customers "know that Wheatland Tube cannot drop its prices 50 percent to compete on that level so they don't come to the U.S. producer with those lost opportunities." Conference transcript, pp. 57-58 (Magno).

⁴⁵ Only purchasers for which there were sufficient information for the staff to send inquiries are shown in tables V-8 and V-9.

competing prices.⁴⁶ *** reported the quantity of standard pipe from China that *** of its U.S. customers have been buying annually, totaling *** tons, asserting that these quantities represented lost sales. In its producer questionnaire response in the final phase of these investigations, *** alleged a further loss of *** tons in 2007 to its top *** customers. *** reported the quantity of standard pipe sales that it allegedly lost to *** of its U.S. customers in 2006 in competing with the imported Chinese pipe products, which totaled *** short tons.⁴⁷ The 23 purchasers cited by ***, where transaction details were not specified, were asked during the preliminary phase whether they had shifted their purchases of circular welded pipe from U.S. producers to suppliers of products from China during January 2004-March 2007. In addition, these purchasers were asked whether U.S. producers reduced their prices of circular welded pipe to compete with suppliers of circular welded pipe from China during this period. The 23 purchasers named in the allegations of a general nature in both the petition and questionnaire responses, and any responses received from these purchasers to the questions regarding lost sales and lost revenues are shown in table V-10.

Table V-10
Circular welded pipe: Purchaser responses to questions regarding competition

* * * * *

Twelve of the 17 purchasers responding to the question about shifts in their purchases reported that, since January 2004, they had shifted purchases of circular welded pipe from the U.S. producer to imports from China; all 12 of these purchasers stated that price was the reason for the shift. The remaining five responding purchasers reported that they had not shifted their purchases. Seven of the 17 purchasers responding to the question of reduced prices stated that, since January 2004, the U.S. producers had reduced their prices of circular welded pipe to compete with prices of the imported products from China. Nine other firms reported that U.S. circular welded pipe producers did not reduce their prices in competition with the products imported from China, and the final responding firm did not know whether U.S. producers lowered their prices.

⁴⁶ In addition, *** alleged that it had lost revenues as a result of competition with the imported circular welded pipe from China, but was not able to provide any specific details.

⁴⁷ The annual quantities of domestic circular welded pipe that *** alleged it had lost with each purchaser during 2006 to imports from China were much higher than the annual quantities it sold to *** of the *** purchasers during 2004-06.

PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

BACKGROUND

Twenty producers provided usable financial data on their operations producing circular welded pipe.¹ The responding producers are believed to represent the substantial majority of U.S. production.

Firms differ considerably in size in terms of sales quantity and value. The largest producers, ***, reported sales values *** times that of the next largest producer, ***, as well as substantially higher sales quantities. In contrast, *** firms, ***, reported average annual sales of less than 10,000 short tons.² Overall, net sales consisted primarily of commercial sales, but *** U.S. producers, ***, reported internal consumption (which accounted for approximately *** percent of total net sales value in 2007) and related party transfers (which reflected approximately *** percent of sales value in 2007).³

The questionnaire data of Wheatland were verified with company records at its corporate facilities.⁴ The verification adjustments were incorporated into this report. The financial data of Wheatland were changed to ***.⁵

OPERATIONS ON CIRCULAR WELDED PIPE

The results of operations of the responding firms on their circular welded pipe operations are presented in table VI-1, which includes data on a per-short ton basis as well as on a ratio to net sales basis.⁶ The quantity of total sales decreased from 2005 to 2006 but increased in 2007 to a level above that in 2005, due mainly to an increase in commercial sales and related party transfers from 2006 to 2007. Likewise, total sales values also decreased from 2005 to 2006 and increased from 2006 to 2007, as unit net sales values were stable from 2005 to 2006, and then decreased somewhat from 2006 to 2007. The unit values of cost of goods sold (“COGS”) followed a different pattern from that of unit sales values, decreasing from 2005 to 2006, but then increasing from 2006 to 2007, due primarily to increased direct labor and especially factory overhead (jointly comprising conversion costs). Selling, general, and administrative (“SG&A”) expenses increased on an absolute and per-unit basis every period.

¹ The producers with fiscal year ends other than December 31 are ***. ***. However, the financial data of *** were submitted on a calendar year basis. Further, the financial data of *** were updated on a calendar year basis while the financial data of *** were also updated to reflect the most recently completed fiscal year which ended March 31, 2008. The aggregated financial data with *** are presented in table C-2 for reference and comparison purposes. ***’s incomplete response did not contain any financial data.

² ***.

³ ***.

⁴ Commission staff conducted a verification of Wheatland’s questionnaire response on April 29-30, 2008. The verification adjustments were made. However, at the hearing, the Commission requested several producers whose fiscal years are different from the calendar year to report their financial data on a calendar year basis. *** updated their data on a calendar year basis.

⁵ ***.

⁶ There were data changes for *** in the final phase of these investigations to correct data errors made in the preliminary phase and data changes for *** due to ***. After the hearing, *** corrected additional errors and the financial data of *** were updated and reported on a calendar year basis, and ***’s financial data were also updated to reflect the most recently completed fiscal year which ended March 31, 2008.

Table VI-1
Circular welded pipe: Results of operations of U.S. producers, fiscal years 2005-07

Item	Fiscal year		
	2005	2006	2007
Net sales:	Quantity (<i>short tons</i>)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	1,400,129	1,364,791	1,471,543
Net sales:	Value (\$1,000)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	1,335,159	1,302,373	1,373,678
COGS	1,143,517	1,083,988	1,225,209
Gross profit	191,642	218,385	148,469
SG&A expenses	51,097	66,745	86,933
Operating income	140,545	151,640	61,536
Interest expense	7,489	22,015	62,973
Other expense	5,526	6,345	27,847
Other income	2,635	11,954	1,435
Net income (loss)	130,165	135,234	(27,849)
Depreciation/amortization	19,806	25,350	28,249
Cash flow	149,971	160,584	400
	Unit value (<i>per short ton</i>)		
Net sales	\$954	\$954	\$933
COGS	817	794	833
Gross profit	137	160	101
SG&A expenses	36	49	59
Operating income	100	111	42

Table continued on next page.

Table VI-1--Continued

Circular welded pipe: Results of operations of U.S. producers, fiscal years 2005-07

Item	Fiscal year		
	2005	2006	2007
	Ratio to net sales (percent)		
COGS	85.6	83.2	89.2
Gross profit	14.4	16.8	10.8
SG&A expenses	3.8	5.1	6.3
Operating income	10.5	11.6	4.5
	Number of firms reporting		
Operating losses	0	0	3
Data	20	20	20
Source: Compiled from data submitted in response to Commission questionnaires.			

While both net sales quantity and value were higher in 2007 than in 2006, operating income was \$62 million in 2007 compared to \$152 million in 2006, due to lower per-unit sales values and higher per-unit total costs/expenses, especially factory overhead.⁷ The average per-unit sales values fell from \$954 per short ton in 2005 to \$933 per short ton in 2007, while average per-unit total costs (COGS and SG&A combined) were higher (\$892 compared to \$853) during the same period. As a result, the operating income margin decreased from 10.5 percent in 2005 to 4.5 percent in 2007, despite reaching 11.6 percent in 2006.

*** were the only producers to report internal consumption. *** internal consumption accounted for *** percent of overall 2007 sales values, while *** accounted for *** percent. *** also reported related party transfers. *** related party transfers accounted for *** percent of overall 2007 sales values, while *** accounted for *** percent, and *** accounted for *** percent. ***.⁸

Selected financial data, by firm, are presented in table VI-2. Total net sales (quantities and values), per-unit values (sales and COGS), operating income, and the ratio of operating income (loss) to net sales are presented in this table. Seventeen of 20 reporting producers generated operating income in each fiscal year during 2005-07, while the remaining three producers, ***, reported operating losses in one year (2007) during the period. The industry's operating income and operating income margin both increased slightly from 2005 to 2006, but then decreased noticeably in 2007. When comparing 2007 results to 2006 results, only five producers, ***, reported higher levels of operating income (and only *** generated a higher operating income margin); when comparing 2007 results to 2005 results, 17 of the 20 producers reported decreased operating income.

Table VI-2

Circular welded pipe: Results of operations of U.S. producers, by firm, fiscal years 2005-07

* * * * *

⁷ The per-unit factory overhead costs for all producers except *** were higher in 2007 than in 2006. Eight producers, ***, experienced substantially increased per-unit factory overhead costs. However, as noted in footnote 10, some of these increases are attributable to costs being shifted from direct labor into other factory costs.

⁸ The unit values of ***.

The data show that *** achieved the highest dollar value of operating profits, and accounted for approximately *** percent of the industry's operating income in 2007. *** achieved the next highest dollar value of operating income, accounting for approximately *** percent and *** percent, respectively, of the industry's combined operating income in 2007. With respect to ***, this is due to its relatively higher average unit sales values compared with its decreased COGS. *** per-unit COGS was lower than the industry average and decreased substantially from 2006 to 2007. On the other hand, *** operating income decreased noticeably from 2006 to 2007 because its production costs rose substantially during the same period.⁹ *** had unusually higher sales volume in *** compared to other periods and sales fell sharply ***. *** received a large order in *** which was not repeated ***.

***.¹⁰ ***.¹¹ *** also reported ***. It explained that ***.¹² ***.¹³

Selected aggregate per-short ton cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table VI-3. The ratio of total COGS to net sales increased from 83.2 percent in 2006 to 89.2 percent in 2007. Overall per-short ton COGS¹⁴ and total cost (which includes both COGS and SG&A expenses) increased by approximately 5.8 percent from 2006 to 2007, driven mainly by changes in conversion (also called fabrication) costs,¹⁵ as well as SG&A expenses.¹⁶

Table VI-3
Circular welded pipe: Average unit costs of U.S. producers, fiscal years 2005-07

Item	Fiscal year		
	2005	2006	2007
COGS:	Value (per short ton)		
Raw materials	\$631	\$632	\$629
Direct labor	67	46	62
Factory overhead	118	116	142
Total COGS	817	794	833
SG&A expenses	36	49	59
Total cost	853	843	892

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

⁹ According to ***, its product mix is ***, making its raw material costs ***.

¹⁰ ***.

¹¹ ***.

¹² ***.

¹³ ***. Financing expenses, whether they were related to *** or not, were reported as interest expenses, and fees related to refinancing were reported as other expenses. Both of these expenses were below the operating income line and do not have any impact on the operating income. ***.

¹⁴ ***.

¹⁵ Eight producers reported substantially increased conversion cost (direct labor and factory overhead combined) between 2006 and 2007. Their supplemental responses to Commission staff's questions ***.

¹⁶ ***.

A variance analysis for the 20 U.S. producers is presented in table VI-4. A variance analysis depicts the effects of changes in average prices and volume on the producers' net sales, and of costs/expenses and volume on their total cost. The data presented in table VI-4 are comparable to changes in operating income as presented in table VI-1. The analysis is summarized at the bottom of the table. The analysis indicates that the decrease in operating income (\$79.0 million) between 2005 and 2007 was attributable mainly to the negative effects of increased costs/expenses (\$56.6 million) and decreased sales price (\$29.6 million) which was offset partially by the positive effect of increased sales volume (\$7.2 million). Between 2006 and 2007, it indicates that the decrease in operating income of \$90.1 million again resulted from the negative effects of increased costs/expenses and decreased sale price, despite increases of sales volume.

Table VI-4
Circular welded pipe: Variance analysis of operations of U.S. producers, fiscal years 2005-07

Item	Between fiscal years		
	2005-07	2005-06	2006-07
	Value (\$1,000)		
Net sales:			
Price variance	(29,581)	912	(30,565)
Volume variance	68,100	(33,698)	101,870
Total net sales variance	38,519	(32,786)	71,305
Cost of sales:			
Cost variance	(23,367)	30,668	(56,433)
Volume variance	(58,325)	28,861	(84,788)
Total cost variance	(81,692)	59,529	(141,221)
Gross profit variance	(43,173)	26,743	(69,916)
SG&A expenses:			
Expense variance	(33,230)	(16,938)	(14,967)
Volume variance	(2,606)	1,290	(5,221)
Total SG&A variance	(35,836)	(15,648)	(20,188)
Operating income variance	(79,009)	11,095	(90,104)
Summarized as:			
Price variance	(29,581)	912	(30,565)
Net cost/expense variance	(56,596)	13,730	(71,400)
Net volume variance	7,169	(3,547)	11,861
Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.			
Source: Compiled from data submitted in response to Commission questionnaires.			

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are presented in table VI-5. Even though all U.S. producers except for *** reported capital expenditures, eight producers incurred substantial amounts of capital expenditures during the period for which data were collected.¹⁷ Data for capital expenditures on a firm-by-firm basis are shown in table VI-6. While capital expenditures decreased continuously between 2005 and 2007, due primarily to *** over the period examined, R&D expenses increased continuously during the same period. Only four of the responding firms, ***, reported R&D expenses.

Table VI-5
Circular welded pipe: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2005-07

Item	Fiscal year		
	2005	2006	2007
	Value (\$1,000)		
Capital expenditures ¹	42,724	37,666	23,962
R&D expenses ²	***	***	***
¹ All companies except *** reported capital expenditures. ² Only *** reported R&D expenses.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VI-6
Circular welded pipe: Capital expenditures by U.S. producers, by firms, fiscal years 2005-07

* * * * *

ASSETS AND RETURN ON INVESTMENT

U.S. producers were requested to provide data on their assets used in the production and sales of circular welded pipe during the period for which data were collected to assess their return on investment ("ROI"). Although ROI can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income divided by total assets used in the production and sales of circular welded pipe. Data on the U.S. producers' total assets and their ROI are presented in table VI-7. The return on investment decreased continuously and substantially between 2005 and 2007.

¹⁷ As discussed in detail in table VI-6, ***.

Table VI-7

Circular welded pipe: Value of assets and return on investment of U.S. producers, fiscal years 2005-07

Item	Fiscal year		
	2005	2006	2007
Value of assets	Value (\$1,000)		
1. Current assets:			
A. Cash and equivalents	30,767	61,727	34,130
B. Trade receivables (net)	187,205	169,276	169,604
C. Inventories	221,717	322,863	253,318
D. All other current	10,164	19,123	26,454
Total current	449,853	572,989	483,506
2. Non-current assets:			
A. Productive facilities ¹	382,584	380,314	390,342
B. Productive facilities	175,271	220,781	215,421
C. Other non-current	15,419	771,606	601,088
Total non-current	190,690	***	***
Total assets	640,543	***	***
	Value (\$1,000)		
Operating income	140,545	151,640	61,536
	Ratio of operating income to total assets (percent)		
Return on investment	21.9	***	***
¹ Original cost of property, plant, and equipment (PPE). ² Net book value of PPE (original cost less accumulated depreciation).			
Source: Compiled from data submitted in response to Commission questionnaires.			

The value of total assets, especially for other non-current assets, as well as net book value of property, plant, and equipment (“PPE”) increased substantially from 2005 to 2006 and then decreased from 2006 to 2007. The data for individual companies show a wide range of fluctuation during the period for which data were collected.^{18 19 20 21} Total assets value increased substantially from 2005 to 2006, the result of increases in other non-current assets reported by ***.²²

¹⁸ ***.

¹⁹ ***. ***. ***.

²⁰ ***.

²¹ Other variations and changes of the value of PPE may be attributable to the allocated assets based on the relative sales value of the subject merchandise compared to the total sales.

²² ***.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual negative effects on their return on investment, or their growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of circular welded pipe from China. The producers' comments are presented in appendix G.

PART VII: THREAT CONSIDERATIONS AND BRATSK INFORMATION

The Commission analyzes a number of factors in making threat determinations (*see* 19 U.S.C. § 1677(7)(F)(I)). Information on the nature of the subsidies was presented earlier in this report; 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 and appendix G. 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 CHINA

Overview

According to the International Iron and Steel Institute, China is currently the world's leading producer of welded tubular products, with total production of 22.1 million short tons in 2006, an increase of almost 15 percent from the level recorded in 2005.¹

According to Global Trade Atlas, China has been the world's leading exporter of circular welded tubular products (other than line pipe and OCTG) since 2005.² However, price increases and a 15 percent export tariff have contributed to increasing challenges by welded tubular products from Australia, Thailand, and Korea.³ In addition, Chinese exports of tubular products to the EU, the U.S., and Canadian markets face trade actions in each of these key markets.⁴

For these final phase investigations, the Commission sent foreign producer questionnaires to 52 firms that were identified as possible producers/exporters of circular welded pipe in China. Chinese producers and exporters of circular welded pipe supplied 15 questionnaires, accounting for an estimated 51.5 percent of production in China in 2007, and an estimated 65.1 percent of 2007 Chinese exports of circular welded pipe to the United States.^{5 6} Questionnaire respondents included:

¹ Global welded tube and pipe production, by region, 2005-07, *International Iron and Steel Institute*.

² As reported by Global Trade Atlas in HTS 7306.30, which includes most welded carbon steel pipe and tube (other than line pipe and OCTG). At the international level, the HTS system is consistent across countries at the 6-digit level and lower.

³ *Welded Steel Tube & Pipe Monthly* ("WSTPM"), February 2008, p. 6.

⁴ On March 25, 2008, the Canadian International Trade Tribunal issued a preliminary determination that carbon steel welded pipe, commonly identified as standard pipe, from China have caused injury or retardation or are threatening to cause injury by reason of dumping and subsidizing, ("http://www.citt-tcce.gc.ca/dumping/preinq/determin/pi2h002_e.asp"), retrieved April 8, 2008 and WSTPM, February 2008, p. 8. On September 26, 2007, the EU issued a "Notice of Initiation" (No. 2007/C 226/04) for an antidumping proceeding concerning imports of standard tubes and pipes from China and other countries. Imports of nonsubject line pipe and nonsubject light-walled rectangular pipe and tube from China also face trade actions in the United States. *See Light-Walled Rectangular Pipe and Tube From China, Korea, Mexico, and Turkey, Investigation Nos. 701-TA-449 and 731-TA-118-1121(Preliminary)*, USITC Publication 3941, August 2007 and *Certain Circular Welded Carbon Quality Steel Line Pipe from China and Korea, Investigation Nos. 701-TA-445 and 731-TA-1149-1150 (Preliminary)*, USITC Publication 4003, May 2008.

⁵ Staff used 2006 data from the estimates in the preliminary phase of the investigations for estimated production of circular welded pipe in China and estimated exports of Chinese circular welded pipe to the United States for nine firms (***) that stated these estimates are not available in the final phase of these investigations. In addition, *** did not provide estimates of either its production of circular welded pipe in China or its exports to the United States accounted for by its operations. Reported exports in 2007 were equivalent to 59 percent of 2007 imports of circular

(continued...)

- Benxi Northern Steel Pipe Co., Ltd. (“Benxi”);
- Guangdong Walsall Steel Pipe Industrial Co., Ltd. (“Guangdong Walsall”);
- Hengshui Jinghua Steel Pipe Co., Ltd. (“Hengshui”);
- Huludao Steel Pipe Industrial Co., Ltd. (“Huludao”);
- Jiangsu Guoqiang Zinc-Plating Industrial Co., Ltd. (“Jiangsu Guoqiang”);
- Liaoning Northern Steel Pipe Co., Ltd. (“Liaoning Northern”);
- Shanghai Alison Steel Pipe Co., Ltd. (“Shanghai Alison”);
- Shanghai Metals and Minerals Import and Export Co. (“Shanghai Metals”);⁷
- Shanghai Zhongyou TIPO Steel Pipe Co., Ltd. (“Shanghai Zhongqing”);
- Shijiazhuang Zhongqing Import & Export Co., Ltd. and Bazhoushi Zhuofa Steel Pipe Co., Ltd. (“Shijiazhuang”);⁸
- Tai Feng Qiao Metal Products Co., Ltd. (“Tai Feng”);
- Tianjin Lifengyuanda Steel Group Co., Ltd. (“Tianjin Lifengyuanda”);
- Tianjin Shuangjie Steel Pipe Co., Ltd. (“Tianjin Shuangjie”);
- Weifang East Steel Pipe Co., Ltd. (“Weifang”);
- Zhejiang Kingland Pipeline and Technologies Co., Ltd. (“Zhejiang Kingland”)

Table VII-1 presents data on the shares of 2007 reported capacity and production in China of each of the 15 Chinese respondents, and their estimated shares of total 2007 production in China. The *** largest firms, ***, accounted for approximately one-half of reported production and capacity in China in 2007.

Table VII-2 presents data on the shares of 2007 reported exports to the United States for each respondent. Exports from China appear to be dispersed among the 15 respondents. ***, ***, ***, ***, and *** are the larger responding exporters of circular welded pipe to the United States.

Table VII-1
Circular welded pipe: Chinese producers’ reported capacity, production, shares of reported capacity and production, and estimated shares of total production in China, 2007

* * * * *

Table VII-2
Circular welded pipe: Chinese producers’ reported exports to the United States and shares of total reported exports to the United States, 2007

* * * * *

The estimated share of each respondent firm’s total sales represented by sales of circular welded pipe varied widely by firm. Table VII-3 presents information by firm for 2007 sales. Most firms devoted

⁵ (...continued)
welded pipe from China according to official statistics (as adjusted to include subject dual-stenciled line pipe and micro-alloy steel pipe).

⁶ CCCMC respondents claim that products could be deemed exported if they are placed in a bonded warehouse prior to being physically exports, but that bonded warehousing is expensive and that there is “little evidence to suggest that this occurred to any significant degree in advance of the effective date of the VAT rebate elimination or the export tax.” CCCMC posthearing brief, exh. 1, p. 8.

⁷ Shanghai Metals is an exporter of circular welded pipe produced by ***.

⁸ Shijiazhuang an exporter of circular welded pipe produced by ***.

the vast majority of their sales to the subject product. Only three firms devoted less than *** percent of their sales to sales of circular welded pipe: ***.⁹

Table VII-3
Circular welded pipe: Chinese producers' shares of total sales represented by sales of circular welded pipe, 2007

* * * * *

Circular Welded Pipe Operations

Information on the Chinese industry's circular welded pipe operations is presented in table VII-4. Reported capacity, production, and capacity utilization increased overall from 2005 to 2007, while projections for 2008-09 for capacity and production declined to levels lower than those reported in 2005, 2006, or 2007. Capacity for responding firms was based on a range of 8 to 168 hours per week, 3.3 to 51 weeks per year. Table H-1 in appendix H presents firm-by-firm operating rates for circular welded pipe production in China.

Production in China of circular welded pipe was more than double that of the U.S. industry during 2007. Home market sales were consistently greater than two-thirds of shipments, but declined as a share of total shipments during 2005-07.¹⁰ From 2005 to 2007, the shares of internal consumption/transfers were less than two percent of the total quantity of shipments. As a share of total shipments, exports destined for the United States increased from 2005 to 2006, but fell slightly in 2007 when compared to 2006. Projections for exports to the United States in 2008-09 show a marked decline as a share of total shipments and a more moderate decline for exports to Canada and the European Union, while exports to all other markets are projected to rise, with a resulting overall decline of projected exports by nearly one-half when compared to 2007.^{11 12} Home market sales are projected to grow as a share of total shipments during 2008-09.

Table H-2 in appendix H presents firm-by-firm information on the basis for projections for 2008-09 data included in table VII-4.

⁹ Only two reporting firms, ***, in the industry devoted a minor amount of their sales (***) to the subject product. In addition, *** is an exporter only and does not produce the subject product.

¹⁰ CCCMC respondents asserted that "there is no incentive for the Chinese industry to ship circular welded pipe in volume to the United States" due to the "strong demand for circular welded pipe in China's domestic market and other markets, a weak U.S. dollar, rising input costs in China and high freight rates." CCCMC posthearing brief, pp. 13-14.

¹¹ For 2005 and 2006, exports of circular welded pipe from China received a "commodity export rebate" of 13 percent. However, in a document issued on June 19, 2007, China's Ministry of Finance/State Administration of Taxation declared this rebate to be abolished with respect to "general ordinary pipe products (except oil casing)," effective July 1, 2007 (with the effective date for certain transactions extended to July 20, 2007). Postconference brief of Chinese producers and exporters, exhibit 25. In the another document issued on December 26, 2007, China's Ministry of Finance/State Administration of Taxation instituted a 15 percent export duty rate for 7306.30.00, "steel welded pipe of circular cross section." Letter from Matthew McCullough, counsel to Chinese producers and exporters, March 27, 2008. Tables H-3 and H-4 in appendix H present firm-by-firm information on the impact of the abolishment of the 13 percent commodity export rebate by the Chinese government. Dual-stenciled pipe that meets line pipe specifications would be exported as line pipe (subject to these investigations), and is not subject to the VAT rebate elimination or the export tax under China's current tax schedule. CCCMC posthearing brief, exh. 1, p. 37.

¹² CCCMC respondents contend that China's tax policy changes as well as its broader policy objectives will "dramatically reduce the level of circular welded pipe exports from China." CCCMC posthearing brief, p. 13.

Table VII-4

Circular welded pipe: Chinese producers' reported production capacity, production, shipments, and inventories, 2005-07, and projected 2008-09

Item	Actual experience			Projections	
	2005	2006	2007	2008	2009
Quantity (short tons)					
Capacity	3,495,377	3,745,454	3,708,289	3,097,946	3,121,277
Production	2,508,466	3,155,326	3,029,949	2,381,006	2,483,684
End-of-period inventories	152,401	159,825	148,996	106,277	120,314
Shipments:					
Internal consumption	31,678	49,601	47,513	40,300	45,220
Home market	1,914,105	2,259,046	2,172,206	1,906,475	1,965,149
Exports to--					
The United States	272,062	474,262	453,355	80,081	88,081
European Union	82,961	142,874	248,247	142,200	153,700
Canada	63,514	84,700	75,903	55,750	54,000
All other markets	183,739	293,285	209,651	187,351	201,198
Total exports	602,276	995,121	987,156	465,382	496,979
Total shipments	2,548,059	3,303,768	3,206,875	2,412,157	2,507,348
Ratios and shares (percent)					
Capacity utilization	71.8	84.2	81.7	76.9	79.6
Inventories to production	6.1	5.1	4.9	4.5	4.8
Inventories to total shipments	6.0	4.8	4.6	4.4	4.8
Share of total quantity of shipments:					
Internal consumption	1.2	1.5	1.5	1.7	1.8
Home market	75.1	68.4	67.7	79.0	78.4
Exports to--					
The United States	10.7	14.4	14.1	3.3	3.5
European Union	3.3	4.3	7.7	5.9	6.1
Canada	2.5	2.6	2.4	2.3	2.2
All other markets	7.2	8.9	6.5	7.8	8.0
All export markets	23.6	30.1	30.8	19.3	19.8
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Inventories held by producers in China decreased moderately between 2005 and 2007. No firm reported maintaining inventories of circular welded pipe in the United States. One firm, ***, reported

that approximately *** percent of its total sales of circular welded pipe in 2007 were made over the internet.

Three out of 15 firms reported plans to add, expand, curtail, or shut down production capacity and/or production of circular welded pipe in China:

- ***
- ***
- ***

Alternative Products

In addition to circular welded pipe, Chinese producers produce small/medium diameter line pipe,¹³ large diameter line pipe, OCTG, and other (primarily non-circular) pipe¹⁴ on the same equipment and machinery used to produce circular welded pipe. The production of these other pipe products was a relatively small part of the operations of Chinese circular welded pipe producers. The largest nonsubject product category produced on the same equipment and machinery was the production of OCTG. Tubular products other than the subject circular welded pipe grew in volume of production throughout 2005-07, while the volume in production of subject circular welded pipe fell in 2007 after increasing by 25.8 percent in 2006. Subject circular welded pipe is still the highest volume type of pipe produced in the Chinese producers' facilities in each of the periods, as shown in table VII-5.

¹³ Currently subject to countervailing and antidumping duty investigations in the United States. *Certain Circular Welded Carbon Quality Steel Line Pipe from China and Korea, Investigation Nos. 701-TA-445 and 731-TA-1149-1150 (Preliminary)*, USITC Publication 4003, May 2008.

¹⁴ Currently subject to countervailing and antidumping duty investigations in the United States. *Light-Walled Rectangular Pipe and Tube From China, Korea, Mexico, and Turkey, Investigation Nos. 701-TA-449 and 731-TA-118-1121(Preliminary)*, USITC Publication 3941, August 2007.

Table VII-5
Circular welded pipe: Chinese producers' total plant capacity and production, by products, 2005-07

Item	Calendar year		
	2005	2006	2007
Quantity (short tons)			
Total plant capacity ¹	3,655,732	4,080,540	4,089,289
Production:			
Subject circular welded pipe	2,508,466	3,155,326	3,029,949
Small/medium line pipe ²	48,962	76,976	131,076
Large diameter line pipe ³	25,000	54,000	104,000
OCTG	68,376	136,310	223,354
Other ⁴	38,943	60,103	56,780
Total, all products	2,689,747	3,482,715	3,545,158
Total plant capacity utilization (<i>percent</i>)	73.6	85.3	86.7
¹ Capacity (production capability) is based on operating 32-144 hours per week, 32-50 weeks per year. ² Welded line pipe 16 inches or less in outside diameter (excluding dual-stenciled pipe with one or more of the following characteristics: 32 feet in length or less; less than 2 inches in outside diameter; galvanized and/or painted surface finish; or threaded and/or coupled end finish used in standard/structural applications). ³ Welded line pipe greater than 16 inches in outside diameter. ⁴ Other products consist primarily of non-circular tubing.			
Note.--Staff included the capacity and production data of 4 firms (***) that produce only subject pipe.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Most Chinese producers reported constraints on their capacity as presented in table VII-6. These constraints consisted primarily of raw materials shortages, power cuts, and production equipment issues.

Table VII-6
Circular welded pipe: Chinese producers' constraints on capacity to produce circular welded pipe in China

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U.S. IMPORTS SUBSEQUENT TO DECEMBER 31, 2007

U.S. importers responding to the Commission's questionnaire provided information concerning their imports of circular welded pipe from China scheduled for delivery after December 31, 2007. This information is presented in table VII-7.

Table VII-7
Circular welded pipe: U.S. imports scheduled for delivery after December 31, 2007

Item	Jan-Mar 2008	Apr-June 2008	July-Sept 2008	Oct-Dec 2008
Imports from China	3,600	23	0	0
Imports from all other sources	104,824	95,593	31,121	21,615
Total	108,424	95,616	31,121	21,615
Source: Compiled from data submitted in response to Commission questionnaires.				

U.S. IMPORTERS' INVENTORIES

Data collected in these investigations on U.S. importers' end-of-period inventories of circular welded pipe are presented table VII-8. U.S. importers' inventories of circular welded pipe from China more than quadrupled from 2005 to 2006, then declined in 2007. These inventories as a share of imports and U.S. shipments of imports more than doubled from 2005 to 2006, then declined in 2007.¹⁵ Inventories of nonsubject product continued to rise in each year from 2005 to 2007.

Table VII-8
Circular welded pipe: U.S. importers' end-of-period inventories of imports, by source, 2005-07

Item	Calendar year		
	2005	2006	2007
China:			
Inventories (<i>short tons</i>)	9,328	42,220	29,798
Ratio of inventories to imports (<i>percent</i>)	3.6	7.6	4.8
Ratio to U.S. shipments of imports (<i>percent</i>)	3.7	8.4	4.9
Ratio to total shipments of imports (<i>percent</i>)	3.7	8.4	4.9
Nonsubject sources:			
Inventories (<i>short tons</i>)	28,190	46,494	48,319
Ratio of inventories to imports (<i>percent</i>)	7.9	11.8	15.8
Ratio to U.S. shipments of imports (<i>percent</i>)	8.1	12.7	17.1
Ratio to total shipments of imports (<i>percent</i>)	8.1	12.7	17.1
All sources:			
Inventories (<i>short tons</i>)	37,518	88,714	78,117
Ratio of inventories to imports (<i>percent</i>)	6.1	9.3	8.5
Ratio to U.S. shipments of imports (<i>percent</i>)	6.2	10.2	8.7
Ratio to total shipments of imports (<i>percent</i>)	6.2	10.2	8.7
Source: Compiled from data submitted in response to Commission questionnaires.			

¹⁵ CCCMC respondents contend that products could be deemed exported if they are placed in a bonded warehouse prior to being physically exports, but that bonded warehousing is expensive and that there is "little evidence to suggest that this occurred to any significant degree in advance of the effective date of the VAT rebate elimination or the export tax." CCCMC posthearing brief, exh. 1, p. 8.

DUMPING IN THIRD COUNTRY MARKETS

Chinese questionnaire respondents reported that circular welded pipe was subject to an antidumping duty order in Australia imposed on June 25, 2006.¹⁶ Canada¹⁷ and the European Union initiated antidumping and subsidized import investigations on carbon steel welded pipe from China in early 2008. One Chinese producer, ***, reported that circular welded pipes from China are subject to antidumping findings or remedies in Dubai,¹⁸ Fiji,¹⁹ and the Philippines.²⁰ Chinese respondents reported no additional barriers to their exports of circular welded pipe.

INFORMATION ON NONSUBJECT SOURCES

“Bratsk” Considerations

As a result of the Court of Appeals for the Federal Circuit (“CAFC”) decision in *Bratsk Aluminum Smelter v. United States* (“Bratsk”), the Commission is directed to:^{21 22}

undertake an “additional causation inquiry” whenever certain triggering factors are met: “whenever the antidumping investigation is centered on a commodity product, and price competitive non-subject imports are a significant factor in the market.” The additional inquiry required by the Court, which we refer to as the Bratsk replacement/benefit test, is

¹⁶ *** reported that certain hollow steel sections are subject to antidumping findings or remedies in Australia since May 24, 2007. Australian Custom Service, Trade Measure Branch, “Preliminary Affirmative Determination No 116: Certain Hollow Structural Sections Exported from the People’s Republic of China,” November 24, 2006.

¹⁷ On March 25, 2008, the Canadian International Trade Tribunal issued a preliminary determination that carbon steel welded pipe, commonly identified as standard pipe, in the nominal size range of half an inch up to and including six inches, in various forms and finishes, usually supplied to meet ASTM A53, ASTM A135, ASTM A252, ASTM A589, ASTM A795, ASTM F1083, or Commercial Quality, or AWWA C200-97 or equivalent specifications, including water well casing, piling pipe, sprinkler pipe, and fencing pipe, but excluding oil and gas line pipe made to API specifications exclusively, from China have caused injury or retardation or are threatening to cause injury by reason of dumping and subsidizing. [“http://www.citt-tcce.gc.ca/dumping/preinq/determin/pi2h002_e.asp”](http://www.citt-tcce.gc.ca/dumping/preinq/determin/pi2h002_e.asp), retrieved April 8, 2008.

¹⁸ *** reported that ASTM black pipe and ASTM galvanized pipe are subject to antidumping findings or remedies in Dubai since September 18, 2007 and September 30, 2007, respectively.

¹⁹ *** reported that GB galvanized pipe are subject to antidumping findings or remedies in Fiji since October 31, 2007 and November 3, 2007.

²⁰ *** reported that ASTM black pipe and ASTM galvanized pipe are subject to antidumping findings or remedies in the Philippines since December 1, 2007.

²¹ *Silicon Metal from Russia, Investigation No. 731-TA-991 (Second Remand)*, USITC Publication 3910, March 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

²² In the silicon metal remand, Chairman Pearson noted “consistent with his views in *Lined Paper School Supplies From China, India, and Indonesia, Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final)*, USITC Publication 3884 (September 2006) at 51, that while he agrees with the Commission that the Federal Circuit’s opinion suggests a replacement/benefit test, he also finds that the Federal Circuit’s opinion could be read, not as requiring a new test, but rather as a reminder that the Commission, before it makes an affirmative determination, must satisfy itself that it has not attributed material injury to factors other than subject imports.” *Silicon Metal from Russia, Investigation No. 731-TA-991 (Second Remand)*, USITC Publication 3910, March 2007, p. 2, fn. 17. Commissioner Okun joined in those separate and dissenting views in *Lined Paper*.

“whether non-subject imports would have replaced the subject imports without any beneficial effect on domestic producers.”^{23 24 25}

Nonsubject Source Information

During the final phase of these investigations, the Commission sought pricing data from U.S. importers for each of the firm’s two largest nonsubject sources of U.S. imports from each U.S. importer of circular welded pipe. Those data are presented collectively in Part V of this report and individually in appendix F. With respect to foreign nonsubject sources of supply, the Commission sought publicly available information regarding international suppliers of circular welded pipe from national import and export statistics, from conference and hearing testimony, from correspondence with industry sources, and from published sources.

Overview

In general, most published data on welded steel pipes and tubes distinguish between OCTG and line pipe on the one hand, and all other forms of welded pipe (including standard pipe and various forms of structural and mechanical pipe, pressure pipe, and piling) on the other. That is, in terms of demand factors, most analyses focus on energy applications compared with structural applications, very broadly defined.

In addition, published analyses of supply factors often are aggregated at an even broader level, combining all forms of welded pipe, reflecting in part a commonality among raw materials (*i.e.*, hot-rolled sheet and strip and, for thicker pipe and tubes, steel plate) and some overlap of production facilities and methods. Accordingly, information and data are provided according to their availability, and include both circular welded pipe tube and nonsubject forms of welded pipe.

Circular welded pipe is produced in substantial quantities by welded pipe and tube producers throughout the world. Although figures specifically for global circular welded pipe production are not generally available, the International Iron and Steel Institute (“IISI”) publishes data on the global production of the larger product grouping of all welded pipe and tube.²⁶ As shown in table VII-9, welded pipe and tube production, especially in China, increased between 2004 and 2006.²⁷

²³ *Silicon Metal from Russia, Investigation No. 731-TA-991 (Second Remand)*, USITC Publication 3910, September 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

²⁴ Petitioners argue that Bratsk considerations are not applicable in these investigations because “price competitive nonsubject imports were not a significant factor in the U.S. market during the period of investigations.” Petitioners’ posthearing brief, exh. B, p. B-2.

²⁵ CCCMC respondents argue that Bratsk considerations are applicable in these investigations, noting that the record in these investigations show that nonsubject imports “fulfill both the volume and pricing prongs of the Bratsk test.” It states that imports have “always had a significant presence in this market and that nonsubject sources have a demonstrated capacity to ship much more circular welded pipe to the U.S. market and at prices that undersell the domestic product.” CCCMC posthearing brief, p. 14 and exh. 1, p. 5.

²⁶ IISI, *Steel Statistical Yearbook 2007*. Global and regional production data as published by IISI refer to all welded pipe and tube (including, *e.g.*, mechanical tubing, structural tubing, OCTG, and line pipe), and are therefore *substantially* broader than the subject merchandise. As such, global and regional production data represent general trends and are for illustrative purposes only.

²⁷ Data for 2007 are not yet available.

Table VII-9
Carbon steel welded pipes: Global production, by region, 2004-06

Region	2004	2005	2006
Quantity (1,000 short tons)			
North America			
Canada	2,995	3,127	3,250
Mexico	612	639	651
Subtotal	3,607	3,766	3,901
Total North America	4,892	6,662	7,019
Europe			
European Union (15)	10,049	9,984	10,639
Other EU	1,271	1,167	1,268
Subtotal	11,320	11,151	11,907
Total Europe	11,601	11,418	12,205
Asia			
China	14,344	19,255	22,144
Korea	4,701	4,467	4,527
Taiwan	1,204	1,096	1,230
Subtotal	20,249	24,818	27,901
Total Asia	29,544	33,901	38,061
Other	533	712	0
World, total	46,570	52,693	57,285
<p>Note.—The data presented in this table are for all welded pipe and tube, and are therefore substantially overstated with respect to standard and structural pipe and tube subject to these investigations. Data were not published for Commonwealth of Independent States, India, South America, Thailand, and Turkey in 2004-06; data were also not published for Australia and Oceania in 2006. The original data were published in metric tons, which were converted to short tons by multiplying by a conversion factor of 1.1023. Because of rounding, figures may not add to the totals shown.</p>			
<p>Source: International Iron and Steel Institute, Steel Statistical Yearbook, 2007.</p>			

Leading Nonsubject Sources of Circular Welded Pipe

Global Trade Atlas data also provide a measure of the trade flows in subject merchandise, although for international comparisons only the 6-digit level of the HTS is available. Table VII-10 presents data for HTS 7306.30 which covers most welded carbon quality steel tube and pipe, including nonsubject products such as tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers (but not including energy tubular products such as line pipe or OCTG). Table VII-11 provides available information regarding the production capabilities of the industries providing the largest volumes of U.S. imports of circular welded pipe from countries other than China.

Table VII-10
Carbon steel welded pipe: Global exports, by region, 2005-07

Reporting country	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>per short ton</i>)		
China	781,837	1,294,082	1,637,627	\$538	\$517	\$564
Italy	733,308	860,513	880,201	1,027	1,013	1,178
Germany	377,504	451,863	459,122	1,334	1,262	1,436
Canada	455,532	428,103	417,193	910	929	954
United States	236,690	264,708	317,655	1,411	1,350	1,298
South Korea	215,812	209,104	254,777	796	718	838
Ukraine	108,040	138,990	228,203	525	564	715
Switzerland	189,628	206,683	216,758	1,295	1,286	1,524
Belgium	103,108	134,119	197,129	810	765	859
All other	2,419,084	2,160,205	1,992,324	858	947	1,094
Total	5,663,855	6,193,584	8,230,508	894	891	789

Note.--The data presented in this table are for HTS 7306.30 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from Global Trade Atlas.

Table VII-11
Circular welded pipe: Locations, capacity,¹ and parent companies of production facilities in nonsubject countries

Firm	Production location	Capacity ¹ (short tons)	Product standard(s)	Parent company/related foreign producer
Canada				
Atlas Tube Inc. (Canada)	Harrow , Ontario	750,000	ASTM A-500	Atlas Tube Group (Canada) is an affiliate of Carlyle Group (US)
Canada Phoenix Steel Products Ltd.	Etobicoke, Ontario	(²)	ASTM A-252	(²)
IPSCO Inc.	Calgary, Alberta	300,000	ASTM A-53, A-135, A-252, A- 500	Evraz-TMK purchased IPSCO's facility from SSAB (Sweden) in 2008.
	Regina, Saskatchewan	1,000,000		
	Red Deer, Alberta	155,000		
OSM Tubular-Camrose	Camrose, Alberta	320,000	API 5L X 42 ASTM A-252	Purchased by Evraz (Russia)
Mittal Canada Inc.	Montreal, Quebec	130,000	ASTM A-53, A-795	ArcelorMittal
Prudential Steel (Canada)	Calgary, Alberta	529,000	API 5L, ASTM A-53, A- 252, A-500	An affiliate of Tenaris (Luxembourg) group.
Lake Side Steel Corp.	Welland, Ontario	200,000	API 5L, ASTM A-53, A-135, A252, A-500, A-795	Lake Side purchased Telpipe in November 2005.
India				
Advance Steel Tube	Sahibabad	83,000	ASTM A-53, A-500,	(²)
Ajanta Tubes	Delhi	127,000	ASTM A-53	(²)
Arce Ispat Udyog	Talwandi Rana, Hisar	(²)	Standard, ordinary carbon steel pipe	(²)
Asian Mills Pvt Limited	Taluk Kalol, Gujarat	(²)	API 5L, ASTM A-53	(²)
Bihar Tubes (BTL)	Sikandrabad, U.P.	110,000	ASTM A-53	(²)
Denholm Steels	Tajola, Maharashtra	(²)	British and European standards	(²)
Good Luck Steel Tubes (GTC)	Goodluckwork Works, Bulandshahr	110,000	ASTM A-53,	(²)
Gemini Steel Tubes	Hoscote, Karnataka	24,000	ASTM A-53, A-500	(²)
Jagan Tubes	Gholumajra Works, Punjab	132,000	British and EU Standards.	(²)
Jindal Pipe	Raigad	220,000	API 5L, ASTM A-53	(²)
	Ghaziabad			

Table continued on next page.

Table VII-11--Continued

Circular welded pipe: Locations, capacity,¹ and parent companies of production facilities in nonsubject countries

Firm	Production locations	Capacity¹ (short tons)	Product standards	Parent company/related foreign producer
India (continued)				
KLTA Premium Tubes	Taluka-Palghar, Thane	(²)	EU standard	(²)
Lloyds Metals & Engineers	Murbad	83,000	API 5L, ASTM A-500	(²)
Laxmi Pipe	Hansi	(²)	EU Standard	(²)
Maharashtra Seamless	Raigad, Maharashtra	165,000	API 5L, ASTM A-53,	(²)
Metalman Industries	Indore, India	(²)	ASTM A-53, A-500	(²)
Mretalex Pipes	New Dehli	(²)	British and EU standards	(²)
Nezone Tube	Dankuni, West Bengal	(²)	Low carbon standard pipe	(²)
Rama Steel Tubes	Sahibabad, U.P.	(²)	ASTM A-53, A-500	(²)
Shakti Tubes	Hazipur, Bihar	(²)	EU standard	(²)
Siddhartha Tubes	Sarangpur, M.P.	(²)	ASTM A-53	(²)
Sri Sarbati Steel Tubes	Pondichery Mailam, Pondichery	(²)	ASTM A-53	(²)
Steel Authority of India	Rourkela, Orissa	143,000	API 5L, ASTM A-53,	(²)
Surya Steel Pipe	Rohtak, Haryana	331,000	API 5L, ASTM A-53	Former name: Surya Roshni Ltd.
Technocraft	Mumbai	93,000	ASTM A-53	(²)
Zenith Steel Pipes	Khopoli, Maharashtra	(²)	ASTM A-53, A-500	(²)
Korea				
Dongbu Steel	Seo Gu, Inchon	2,756,000	API 5L, ASTM A- 53, A-135, A-252, A-500	(²)
His Steel	Seoul	(²)	ASTM A-53, A-500	(²)
Husteel Co.	Daebul, Chullanam-Do	331,000	API 5L, ASTM A-53, A-252, A-500	(²)
	Dangjin, Chungcheonnam-Do	551,000		
Hyundai HYSCO	Buk-Ku, Ulsan	1,102,000	API 5L, ASTM A-53, A-135, A-252, A-500	Hyundai Steel Pipe Co.

Table continued on next page.

Table VII-11--Continued

Circular welded pipe: Locations, capacity,¹ and parent companies of production facilities in nonsubject countries

Firm	Production locations	Capacity ¹ (short tons)	Product standards	Parent company/related foreign producer
Korea (continued)				
Miju Steel	Nam-Gu, Incheon	(2)	Standard, ordinary uses, structure, scaffolding	(2)
	Pohang-Si, Gyeongsangbuk-Do			
	Suncheon -Si Jeollanam-Do			
SeAH Steel Corp.	Changwon City, Gyongsannam-Do	1,300,000	API-5L, ASTM A-53, A-135, A-252, A-500	(2)
	Pohang City, Gyungsangbuk-Do			
Mexico				
Fabrica de Tubos Bufalo SA	Guadalupe-Tepayac, Deleg Gustavo, A Madero	11,000	Standard pipe	(2)
Ternium Hylsa/ Industrias Monterrey	Monterrey and Nuevo Leon	(2)	API-5L, ASTM A-53, A-500	Ternium
Tuberia Laguna	Parque Industrial Lagunero, Durango	138,000	API-5L, ASTM A-53	(2)
Tuberia Nacional S.A.de C.V.	Nuevo Leon	(2)	API-5L, ASTM A-53, A-500	Villacero
Taiwan				
Femco	Chiayi	159,000	API-5L, ASTM A-53, A-252, A-500	(2)
Kao Hsing Chang (KHC)	KaoHsiung	(2)	API-5L, ASTM A-53	(2)
Kounan Steel	Kaohsiung Shiang	(2)	Carbon and low alloy, structural, round	(2)
Yieh Hsing Enterprise	Kaohsiung	220,000	ASTM A-53	(2)
Yieh Loong	Kaohsiung Hsieng	110,000	API-5L, ASTM A-53	(2)
Thailand				
Able Industries	Pathumthani	120,000	API-5L ASTM A-53 ³	(2)
Saha Thai Steel Pipe	Samutprakarn	198,000	Black steel pipe, galvanized steel pipe ⁴	(2)
Samchai Steel Industries	Samutsakom	165,000	ASTM A-53	(2)
Thai Union Steel	Phrapradaeng	(2)	ASTM A-53	(2)

Table continued on next page.

Table VII-11--Continued

Circular welded pipe: Locations, capacity,¹ and parent companies of production facilities in nonsubject countries

Firm	Production locations	Capacity ¹ (short tons)	Product standards	Parent company/related foreign producer
Turkey				
Borusan Mannesmann Boru	Gemlik, Bursa	827,000	API-5L, ASTM A-53, A-135, A-252, A-500	(2)
	Sefakoy, Istanbul			
Can Boru	Eregli	55,000	ASTM A-500	(2)
Cayirova Boru	Gebze	331,000	API-5L, ASTM A-53, A-500	(2)
Emek Boru	Sincan, Ankara	176,000	API-5L, ASTM A-252, A 53	(2)
Ebosan	Kayseri	154,000	API-5L, ASTM A- 53	(2)
Erciyas Steel Pipe Industry	Duzce/Bolu	187,000	API-5L, ASTM-A53, A-252	(2)
Goktas Tube	Gebze	55,000	ASTM A-53	(2)
Hatboru	Antakya Hatay	26,000	ASTM A-53	(2)
HDM Steel Pipe Industry & Trade	Gebze-Kocaeli	(2)	ASTM A-252	(2)
MMZ	Akcakoca, Bolu	220,000	ASTM A-53, A-500	(2)
Nosksel	Henrek-Sakarya	110,000	API-5L, ASTM A- 53, A-252	(2)
	Iskenderun	110,000		
Ozbosan Tube Industry	Zonguldak	(2)	ASTM A-53	(2)
Ozgur Boru	Gobasi, Ankara	132,000	ASTM A-53	(2)
Ufuk Spiral Pipe	Sanliurfa	44,000	ASTM A-53, A-252	Previous name: Uyar Celik Section Industry
Umransel Steel Pipe	Akcakoca	551, 000	API-5L, ASTM A-53, A-252	(2)
	Umraniye, Istanbul	220,000		
¹ Capacity generally refers to overall welded pipe capacity for production facilities with the capability of producing circular welded pipe as defined in Commerce scope. ² Not available.				
Sources: Companies' websites and <i>Simdex Steel Tube Manufacturers Worldwide Guide, 2008</i> .				

Canada

As shown in table VII-11 there are seven companies in Canada capable of producing circular welded pipe. Some of these firms are owned by non-Canadian parent companies located in:

- The United States: Atlas Tube in Canada and Atlas Tube in Plymouth, Michigan, are affiliates of the Carlyle Group, a U.S. investment entity that purchased John Maneely, the parent company of Sharon Pipe and Wheatland Tube;
- Russia: Evraz-Oregon Steel Mills owns OSM-Camrose in Alberta; and TMK has purchased IPSCO production facilities both in Canada and the United States.
- Luxembourg: Tenaris purchased Maverick in October 2006, including Prudential Steel (Canada), a Maverick Tube subsidiary.

In total, the IISI estimates that Canadian production of welded pipe and tube increased from 3.0 million short tons in 2004 to 3.1 million short tons in 2005 and to 3.3 million short tons in 2006.²⁸

As shown in table VII-12, Canada exported almost exclusively to the United States in 2005-07. These accounted for nearly 97 percent of Canada's total exports of circular welded pipe and related tubular products, in terms of quantity.²⁹ Canada's exports of carbon steel welded pipe to China, its second-largest export destination, amounted to slightly over one percent in 2007 and exports to other countries, including Mexico, accounted for about 0.6 percent or less each.

Table VII-12
Carbon steel welded pipe: Canada's exports, by quantity and average unit value, 2005-07

Reporting country	2005	2006	2007	2005	2006	2007
	Exports (short tons)			Unit value (dollars per short ton)		
United States	446,522	419,242	404,311	890	904	911
China	19	13	4,813	2,068	3,378	2,431
Mexico	913	2,383	2,542	577	1,317	1,756
Australia	1,600	1,433	823	2,093	2,733	2,768
Chile	1,151	1,175	627	2,100	2,553	2,145
Germany	1,575	884	604	1,646	1,929	2,059
Peru	658	674	538	2,185	2,597	2,362
Netherlands	114	140	493	1,734	1,767	2,396
Trinidad & Tobago	3	98	424	2,509	2,039	2,568
All other	2,977	1,991	2,062	2,019	2,336	2,406
Total	455,532	428,103	417,193	910	929	954

Note.— The data presented in this table are for HTS 7306.30 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from *Global Trade Atlas*.

²⁸ International Iron and Steel Institute, *Steel Statistical Yearbook 2007*, Table 29. The data for these years exceed capacity estimates in table VII-11 found in *The Simdex Steel Tube Manufacturers Worldwide Guide, 2007*. These different data sources have potentially different participants and are not expected to agree. Throughout the remainder of this section, capacity and production data from different sources are not directly comparable.

²⁹ There are no U.S. restrictions on circular welded pipe imports from Canada.

In addition to the above data, staff sent nonsubject foreign producer questionnaires to ArcelorMittal Canada, Atlas Tube of Canada, Bolton Steel Tube Co., Ltd., IPSCO Canada, Lakeside Steel Corp., Prudential Steel Ltd., and Welded Tube of Canada. Three out of seven firms provided usable data presented in tables VII-13 and VII-14.

Table VII-13

Circular welded pipe: Canada's capacity, production, and domestic shipments, 2007

* * * * *

Table VII-14

Circular welded pipe: Canada's reported capacity and production for all welded pipe, 2007

* * * * *

India

Table VII-11 identifies 25 large producers of circular welded pipe and tube in India with a wide range of products including ASTM A-53 and A-252, as well as API-5L with a total known capacity of over 1.6 million short tons per year. Surya Steel Pipes is the country's leading producer of circular welded pipe and related tubular products with a capacity of more than 331,000 short tons per year (table VII-11).

Table VII-15 shows that the United States was, by far, the leading market for Indian exports, accounting for nearly one-half of the total in 2007. Consistent with India's declining exports to the world during 2005-07, its exports to the United States declined by almost 55 percent during the period. Other important export markets for India included Sri Lanka and the EU27. WSTPM reported that India's relative proximity to the Middle East provides Indian steel tubular products with a competitive advantage in this important regional market over those from the EU and Japan.³⁰

Table VII-15

Circular welded pipe: India's exports, by quantity and average unit value, 2005-07

Reporting country	2005	2006	2007	2005	2006	2007
	Exports (short tons)			Unit value (dollars per short ton)		
United States	44,174	54,038	20,362	732	682	963
Sri Lanka	15,369	39,641	13,931	610	304	729
EU27 (External Trade)	12,087	10,302	7,476	713	772	1,031
Canada	720	1,191	1,257	1,375	1,593	1,608
Indonesia	49	150	269	1,373	1,527	2,325
Australia	391	594	230	806	999	1,615
Thailand	38	55	197	1,058	1,157	1,294
Paraguay	113	20	115	676	934	952
China	0	12	100	--	1,511	1,393
Malaysia	0	63	93	--	1,140	1,168
All other	412	644	234	1,577	1,757	1,964
Total	84,334	121,970	44,255	715	627	944

Note.—The data presented in this table are for HTS 730630 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from *Global Trade Atlas*' import data of India's trading partners.

³⁰ *Welded Steel Tube & Pipe Monthly*, April 2007, p. 7. WSTPM is published by Metal Bulletin Research, a reputable London-based international marketing and consulting firm.

Korea

Korea is a large global producer of pipe and tube with a total reported capacity of at least 6 million tons (table VII-11). According to the IISI, overall Korean production of welded tubes and pipes decreased from 4.7 million short tons in 2004 to 4.5 million short tons in 2006.³¹

Although the United States is the leading market for Korean exports circular welded pipe, table VII-16 indicates that Korea has achieved a somewhat greater diversification of its export to Asian markets and developing countries during the last three years.

Table VII-16

Carbon steel welded pipe: Korea's exports, by quantity and average unit value, 2005-07

Reporting country	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>dollars per short ton</i>)		
United States	45,772	36,649	54,465	831	776	825
Japan	52,128	41,879	44,506	748	660	750
Hong Kong	20,341	20,726	20,425	725	618	730
China	25,962	13,444	18,906	768	766	908
Singapore	10,278	10,638	17,158	649	675	743
Saudi Arabia	1,350	5,870	15,114	540	519	709
Thailand	8,079	8,957	9,143	777	763	870
Canada	4,071	6,514	8,462	804	758	1,046
Yemen	4,407	27	5,829	521	907	652
Vietnam	4,442	4,602	5,411	902	867	672
All other	38,981	59,798	55,357	943	751	999
Total	215,812	209,104	254,777	796	718	838

Note.— The data presented in this table are for HTS 730630 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from *Global Trade Atlas*.

In addition to the above data, staff also received the following information for HTS 7306.30 (steel standard pipe of less than 16-inch outside diameter) from Korean Iron & Steel Association (table VII-17). The data indicate that production and shipments remained stable during 2005-07.

Table VII-17

Circular welded pipe: Korea's capacity, production, and domestic shipments, 2005-07

* * * * *

³¹ International Iron and Steel Institute, *Steel Statistical Yearbook 2007*, table 29.

Mexico

Three of Mexico's four identified producers of circular welded pipe have a reported capacity of over 500,000 short tons per year (table VII-11). According to IISI, production of all welded tubular products in Mexico increased from 612,000 short tons in 2004 to 639,000 short tons in 2005 and to 651,000 short tons in 2006.³²

Table VII-18 shows that the United States is virtually the exclusive export market for Mexican product. Most other exports are to Latin American countries.

Table VII-18

Carbon steel welded pipe: Mexico's exports, by quantity and average unit value, 2004-06

Reporting country	2004	2005	2006	2004	2005	2006
	Exports (<i>short tons</i>)			Unit value (<i>dollars per short ton</i>)		
United States	77,452	97,605	97,355	935	899	860
Cuba	639	1,695	737	1,074	1,028	953
Puerto Rico (U.S.)	958	1,022	496	1,117	1,293	1,305
Costa Rica	154	528	354	880	937	1,301
Guatemala	857	1,030	307	615	789	950
Germany	152	202	287	1,008	1,007	978
Taiwan	0	0	177	--	--	4,688
El Salvador	232	324	161	891	859	1,068
France	113	228	159	943	920	909
Belize	33	41	124	936	911	864
All other	4,480	2,248	709	741	960	1,533
Total	85,070	104,923	100,866	924	905	877

Note.— The data presented in this table are for HTS 730630 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from *Global Trade Atlas*.

In addition to the above data, staff sent additional nonsubject foreign producer questionnaire to ***. All four firms provided usable data presented in tables VII-19 and VII-20.³³

Table VII-19

Circular welded pipe: Mexico's reported capacity, production, and domestic shipments, 2007

* * * * *

³² See table VII-9.

³³ ***.

Table VII-20**Circular welded pipe: Mexico's reported capacity and production for all welded pipe, 2007**

* * * * *

Taiwan

As shown in table VII-11, several mills in Taiwan have the capacity to produce circular welded pipe and related tubular products, although reported capacity of approximately 500,000 short tons is substantially understated. The IISI reports that Taiwan is the fourth-largest producer of circular welded steel pipe and related tubular products in East Asia, behind China, Japan, and Korea. Taiwan's production of welded tubes has fluctuated around 1.2 million short tons since 1996 (table VII-9).

The United States has been the leading export market for Taiwan's circular welded steel pipe and related tubular products since at least 2005, accounting for almost two-thirds of Taiwan's exports of these products in 2007 as shown in table VII-21.³⁴ In contrast, Vietnam, Taiwan's second largest customer, accounted for approximately 15 percent of Taiwan's exports of these products.

Table VII-21**Circular welded pipe: Taiwan's exports, by quantity and average unit value, 2005-07**

Reporting country	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>dollars per short ton</i>)		
United States	25,072	50,523	44,218	567	558	611
Vietnam	1,581	1,800	9,839	691	558	713
Thailand	2,134	1,733	4,429	962	995	860
Australia	1,746	1,016	2,286	725	680	707
Saudi Arabia	0	0	1,253	--	--	907
China	2,400	2,673	1,113	785	645	771
Kuwait	122	47	879	631	678	651
Singapore	191	528	817	645	642	740
Turkey	0	0	768	--	--	759
Japan	1,272	656	648	774	605	671
Other	2,350	2,073	531	713	730	953
Total	36,868	61,050	66,782	634	584	661

Note.— The data presented in this table are for HTS 7306.30 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from *Global Trade Atlas*.

³⁴ Information regarding historical and current U.S. duty rates appear in appendix D.

Thailand

Table VII-11 identifies four producers of circular welded pipe and related tubular products in Thailand with a total capacity of approximately 500,000 short tons.³⁵ However, in 2005, the Iron and Steel Institute of Thailand estimated that there are 20 firms capable of producing welded steel pipe and tube, with 14 of these 20 producers having an overall welded steel pipe and tube capacity of 1.8 million short tons in 2005 and an actual production of 977,000 short tons of circular welded pipe and tube in 2005; the remaining production capability is divided between nonsubject products and idle capacity.³⁶

Among these pipe producers, Saha Thai claims to be the biggest manufacturer and seller of steel tube and pipe in Thailand and that a large portion of its production is for export. The company also claims that it is the Thailand's sole exporter of steel pipe to the United States.³⁷ Table VII-22 indicates that the United States is the leading market for Thailand's products, accounting for about one half of all its exports in 2007. In addition, Thailand also exports to Australia, South Africa, the Middle-East, and various countries in Asia.

Table VII-22
Circular welded pipe: Thailand's exports, by quantity and average unit value, 2005-07

Reporting country	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>dollars per short ton</i>)		
United States	79,280	69,849	36,738	612	589	775
Australia	1,646	4,498	7,569	569	1,425	676
South Africa	0	0	7,194	--	--	577
Indonesia	12,987	8,897	5,702	1,433	1,566	4,061
Malaysia	329	402	4,545	1,621	1,650	631
India	1,362	2,006	4,090	1,446	1,411	1,350
Philippines	624	1,372	1,383	1,162	1,089	1,300
Pakistan	123	139	1,168	1,194	1,405	1,649
Vietnam	69	2,751	1,148	1,719	5,238	1,663
United Arab Emirates	192	1,505	631	907	1,150	1,058
All other	13,438	9,322	2,989	635	672	888
Total	110,050	100,740	73,157	730	884	1,069

Note.--The data presented in this table are for HTS 7306.30 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from *Global Trade Atlas*.

³⁵ IISI has no current estimates of Thai production of welded tubular products.

³⁶ *Certain Pipe and Tube from Argentina, Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Investigation Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 409, 410, 532-534 and 536 (Second Review)*, USITC Publication 3867, July 2006, p. IV-23.

³⁷ Saha Thai company website, found at "http://www.sahathai.com/EN_Sahathai/index_en.html" retrieved April 12, 2008.

Turkey

Turkey is a leading global producer of circular welded steel pipe and related tubular products, with a production capacity of over 2.1 million short tons as reported by the IISI.³⁸ Table VII-11 identifies 16 producers of circular welded steel pipe and related tubular products in Turkey, with Borusan Mannesmann Boru and Umran Steel Pipe as its leading producers. Most of Turkey's plants can manufacture a variety of products including line pipe and seamless products. Four firms in Turkey (Borusan, Erbosan, Guven, and Noksel) had a capacity to produce circular welded pipe and tube of 696,000 short tons in 2005, with actual production of circular welded pipe and tube of 380,000 short tons in 2005, and a capacity utilization of 54.5 percent in 2005.³⁹

According to Global Trade Atlas shown in table VII-23, during 2005-07, the EU27⁴⁰ was the dominant market for Turkey's exports, accounting for roughly 70 percent of the total. The United States, until 2007, was the second leading export market for Turkey.⁴¹

Table VII-23

Circular welded pipe: Turkey's exports, by quantity and average unit value, 2005-07

Reporting country	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>dollars per short ton</i>)		
EU27	194,635	222,931	245,047	721	696	818
Canada	21,648	15,712	99,638	654	635	70
Croatia	1,677	3,700	4,919	780	764	892
United States	40,763	31,821	3,148	622	607	967
Kazakhstan	416	352	2,418	1,809	1,265	1,150
Ukraine	1	0	511	871	3,205	1,890
Russia	467	371	415	2,675	4,083	3,639
Iceland	151	584	95	773	744	1,988
Switzerland	28	0	63	1,895	--	1,287
All other	2,016	2,007	56	660	712	3,182
Total	282,672	296,289	357,176	719	701	620

Note.--The data presented in this table are for HTS 7306.30 which covers most welded carbon steel pipe and tube (other than line pipe and OCTG), including welded circular pipe together with tapered welded pipe and pipes that are used in boilers, superheaters, and heat exchangers that are not included as subject products.

Source: Compiled from *Global Trade Atlas*' import data of Turkey's trading partners.

³⁸ 1999 is the last year that Turkey provided the IISI with data on its production of welded tubes.

³⁹ *Certain Pipe and Tube from Argentina, Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey*, Investigation Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 409, 410, 532-534 and 536 (Second Review), USITC Publication 3867, July 2006, pp. IV-25 and IV-26.

⁴⁰ The EU27 includes Austria, Belgium, Bulgaria, the Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Romania, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

⁴¹ Information regarding historical and current U.S. duty rates appear in appendix D.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION****[Investigation Nos. 701-TA-447 (Final) and
731-TA-1116 (Final)]****Circular Welded Carbon-Quality Steel
Pipe From China****AGENCY:** United States International
Trade Commission.**ACTION:** Scheduling of the final phase of
countervailing duty and antidumping
investigations.**SUMMARY:** The Commission hereby gives
notice of the scheduling of the final
phase of countervailing duty
investigation No. 701-TA-447 (Final)
under section 705(b) of the Tariff Act of
1930 (19 U.S.C. 1671d(b)) (the Act) and
the final phase of antidumping
investigation No. 731-TA-1116 (Final)
under section 735(b) of the Act (19
U.S.C. 1673d(b)) to determine whether
an industry in the United States is
materially injured or threatened with
material injury, or the establishment of
an industry in the United States is
materially retarded, by reason of
subsidized and less-than-fair-value
imports from China of circular welded
carbon-quality steel pipe, provided for
in subheadings 7306.30.10, 7306.30.50,
7306.50.10, 7306.50.50, 7306.19.10, and
7306.19.51 of the Harmonized Tariff
Schedule of the United States.¹

For further information concerning
the conduct of this phase of the
investigations, hearing procedures, 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 C (19 CFR part 207).

EFFECTIVE DATE: January 10, 2008.**FOR FURTHER INFORMATION CONTACT:**
Joanna Lo (202-205-1888), Office of
Investigations, U.S. International Trade

¹ For purposes of these investigations, the
Department of Commerce has defined the subject
merchandise as "certain welded carbon quality
steel pipes and tubes, of circular cross-section, and
with an outside diameter of 0.372 inches (9.45 mm)
or more, but not more than 16 inches (406.4 mm),
whether or not stenciled, regardless of wall
thickness, surface finish (e.g., black, galvanized, or
painted), end finish (e.g., plain end, beveled end,
grooved, threaded, or threaded and coupled), or
industry specification (e.g., ASTM, proprietary, or
other), generally known as standard pipe and
structural pipe (they may also be referred to as
circular, structural, or mechanical tubing).

The scope of this investigation does not include:
(a) Pipe suitable for use in boilers, superheaters,
heat exchangers, condensers, refining furnaces and
feedwater heaters, whether or not cold drawn; (b)
mechanical tubing, whether or not cold-drawn; (c)
finished electrical conduit; (d) finished scaffolding;
(e) tube and pipe hollows for redrawing; (f) oil
country tubular goods produced to API
specifications; and (g) line pipe produced to only
API specifications."

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.—The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in China of circular welded carbon-quality steel pipe, and that such products are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on June 7, 2007, by Allied Tube & Conduit, Sharon Tube Company, IPSCO Tubulars, Inc., Western Tube & Conduit Corporation, Northwest Pipe Company, Wheatland Tube Co., *i.e.*, the Ad Hoc Coalition For Fair Pipe Imports From China, and the United Steelworkers (collectively, the "petitioners") on behalf of the domestic industry producing circular welded carbon-quality steel pipe.

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Limited disclosure of business proprietary information (BPI) under an

administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on April 29, 2008, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on May 13, 2008, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before May 7, 2008. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on May 9, 2008, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is May 6, 2008. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for

filing posthearing briefs is May 20, 2008; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before May 20, 2008. In addition, comments on the Department of Commerce's final determinations with respect to subject imports from China will be permitted; parties and nonparties should file such comments (not to exceed 10 pages in length) on or before June 2, 2008. On June 16, 2008, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information by noon on June 18, 2008, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 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). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's 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

Case History

The following events have occurred since the announcement of the preliminary determination published in the **Federal Register** on November 13, 2007. See *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination; Preliminary Affirmative Determination of Critical Circumstances; and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 72 FR 63875 (November 13, 2007) ("*Preliminary Determination*").

On November 13, 2007, the Department issued questionnaires to Weifang East Steel Pipe Co., Ltd. ("East Pipe"); Zhejiang Kingland Pipeline and Technologies Co., Ltd., Kingland Group Co., Ltd., Beijing Kingland Century Technologies Co., Ltd., Zhejiang Kingland Pipeline Industry Co., Ltd., and Shanxi Kingland Pipeline Co., Ltd. (collectively, "Kingland") and, the Government of the People's Republic of China ("GOC") regarding new subsidy allegations made by petitioners on October 3, 2007. We received responses to these questionnaires from Kingland on November 22, 2007, and from the GOC and East Pipe on December 5, 2007.

We issued supplemental questionnaires to East Pipe and Kingland on November 16, 2007, and to the GOC on November 19, 2007. We received responses to these questionnaires from Kingland on December 4, 2007, from East Pipe on December 12, 2007, and from the GOC on December 17, 2007. We issued additional supplemental questionnaires to Kingland on December 14, 2007, and East Pipe on December 17, 2007. We received responses to these questionnaires from Kingland and East Pipe on December 27, 2007.

The GOC, East Pipe, Kingland, Petitioners, and interested parties also submitted factual information, comments, and arguments at numerous instances prior to the final determination based on various deadlines for submissions of factual information and/or arguments established by the Department subsequent to the *Preliminary Determination*.

From January 14 through January 23, 2008, we conducted verification of the questionnaire responses submitted by the GOC, Kingland, and East Pipe.

On April 9, 2008, we issued our post-preliminary determination regarding the provision of land for less than adequate remuneration and new subsidy

allegations. We addressed our preliminary findings in an April 9, 2008, memorandum to David M. Spooner, Assistant Secretary for Import Administration, entitled *Post-Preliminary Findings for the Provision of Land for Less Than Adequate Remuneration and New Subsidy Allegations*, which is on file in the Central Records Unit ("CRU").

We received case briefs from the GOC, East Pipe, Kingland, Petitioners, certain members of the Specialty Steel Industry of North America ("SSINA"), United States Steel Corporation ("US Steel"), Western International Forest Products, LLC ("Western"), MAN Ferrostaal, Inc., Commercial Metals Company and QT Trading LP (collectively, "MAN Ferrostaal"), and SeAH Steel America ("SSA") on April 17, 2008. The same parties submitted rebuttal briefs on April 22 and April 29, 2008. We held a hearing for this investigation on May 5, 2008.

Scope of the Investigation

The scope of this investigation covers certain welded carbon quality steel pipes and tubes, of circular cross-section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (e.g., plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., ASTM, proprietary, or other), generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

Specifically, the term "carbon quality" includes products in which (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

- (i) 1.80 percent of manganese;
- (ii) 2.25 percent of silicon;
- (iii) 1.00 percent of copper;
- (iv) 0.50 percent of aluminum;
- (v) 1.25 percent of chromium;
- (vi) 0.30 percent of cobalt;
- (vii) 0.40 percent of lead;
- (viii) 1.25 percent of nickel;
- (ix) 0.30 percent of tungsten;
- (x) 0.15 percent of molybdenum;
- (xi) 0.10 percent of niobium;
- (xii) 0.41 percent of titanium;
- (xiii) 0.15 percent of vanadium; or
- (xiv) 0.15 percent of zirconium.

Standard pipe is made primarily to American Society for Testing and Materials ("ASTM") specifications, but

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-911]

Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination of Critical Circumstances

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

SUMMARY: The Department of Commerce (the "Department") has determined that countervailable subsidies are being provided to producers and exporters of circular welded carbon quality steel pipe ("CWP") from the People's Republic of China ("PRC"). For information on the estimated countervailing duty rates, please see the "Suspension of Liquidation" section, below.

EFFECTIVE DATE: June 5, 2008.

FOR FURTHER INFORMATION CONTACT: Shane Subler, Damian Felton or Salim Bhabhrwala, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0189, (202) 482-0133 or (202) 482-1784 respectively.

SUPPLEMENTARY INFORMATION:

Petitioner

The Petitioners in this investigation are the Ad Hoc Coalition for Fair Pipe Imports from the People's Republic of China and the United States Steel Workers (collectively, "Petitioners").

Period of Investigation

The period for which we are measuring subsidies, or period of investigation, is January 1, 2006, through December 31, 2006.

can be made to other specifications. Standard pipe is made primarily to ASTM specifications A-53, A-135, and A-795. Structural pipe is made primarily to ASTM specifications A-252 and A-500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple-stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute ("API") API-5L specification, is also covered by the scope of this investigation when it meets the physical description set forth above and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish. (The term "painted" does not include coatings to inhibit rust in transit, such as varnish, but includes coatings such as polyester.)

The scope of this investigation does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold-drawn; (c) finished electrical conduit; (d) finished scaffolding; (e) tube and pipe hollows for redrawing; (f) oil country tubular goods produced to API specifications; and (g) line pipe produced to only API specifications.

The pipe products that are the subject of this investigation are currently classifiable in HTSUS statistical reporting numbers 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, 7306.30.50.90, 7306.50.10.00, 7306.50.50.50, 7306.50.50.70, 7306.19.10.10, 7306.19.10.50, 7306.19.51.10, and 7306.19.51.50. However, the product description, and not the Harmonized Tariff Schedule of the United States ("HTSUS") classification, is dispositive of whether merchandise imported into the United States falls within the scope of the investigation.

Scope Comments

The scope listed above has changed from the *Preliminary Determination*.

On December 19, 2007, Petitioners requested that the Department clarify the scope of this investigation and the companion antidumping duty investigation of CWP from the PRC. We have analyzed the request and comments of the interested parties regarding the scope of this investigation.

Our position on these comments is discussed in the final determination in the companion antidumping duty investigation of CWP from the PRC.

Injury Test

Because the PRC is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Tariff Act of 1930, as amended, (the Act), section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to a U.S. industry. On August 3, 2007, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from China of circular welded carbon-quality steel pipe. 72 FR 43295.

Critical Circumstances

In the *Preliminary Determination*, the Department determined that critical circumstances exist with respect to imports of circular welded pipe from certain PRC exporters, pursuant to section 703(e) of the Act and 19 CFR 351.206. *Preliminary Determination*, 72 FR at 63879-80. The Department continues to find critical circumstances in this final determination. For further discussion on this issue, see "Issues and Decision Memorandum for the Final Determination," from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated May 29, 2008 ("Decision Memorandum") at Comments 10, 11, and 12, and Memorandum to the File Re "Critical Circumstances Analysis for Zhejiang Kingland Pipeline and Technologies Co., Ltd. Import Shipment Analysis for Zhejiang Kingland Pipeline and Technologies Co., Ltd. and "All Others" (May 29, 2008) ("Final Critical Circumstances Memorandum") (this memorandum is on file in the Department's CRU).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the *Decision Memorandum*, which is hereby adopted by this notice. Attached to this notice as an Appendix is a list of the issues that parties have raised and to which we have responded in the *Decision Memorandum*. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this

public memorandum, which is on file in the CRU. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the Internet at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Use of Adverse Facts Available

Sections 776(a)(1) and (2) of the Act provide that the Department shall apply "facts otherwise available" if, *inter alia*, necessary information is not on the record or an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the deficiency. If the party fails to remedy the deficiency within the applicable time limits and subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate. Section 782(e) of the Act provides that the Department "shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the administering authority" if the information is timely, can be verified, is not so incomplete that it cannot be used, and if the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, the statute requires the Department to use the information if it can do so without undue difficulties.

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Section 776(b) of the Act also authorizes the Department to use as adverse facts available ("AFA") information derived from the petition, the final determination, a previous

administrative review, or other information placed on the record.

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as “{i}nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.” See *Statement of Administrative Action* (“SAA”) accompanying the Uruguay Round Agreements Act, attached to H.R. Rep. No. 103–316, Vol. I at 870 (1994), reprinted in 1994 U.S.C.A.N. 3773, 4163 (“SAA”). Corroborate means that the Department will satisfy itself that the secondary information to be used has probative value. See SAA at 870. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the selected facts available are the best alternative information. See SAA at 869.

The Department has concluded that it is appropriate to base the final determination for Tianjin Shuangjie Steel Pipe Group Co., Ltd. (“Shuangjie”) on facts otherwise available. Shuangjie failed to respond at all to the Department’s October 24, 2007, request for shipment data relating to the allegation of critical circumstances, did not respond to the Department’s October 25, 2007, supplemental questionnaire, and finally, on October 31, 2007, withdrew all of its proprietary information from the record.

Consequently, the use of facts otherwise available is warranted under section 776(a)(2)(A) of the Act.

In selecting from among the facts available, the Department has determined that an adverse inference is warranted, pursuant to section 776(b) of the Act because, in addition to not fully responding to all of our requests for information, Shuangjie withdrew from all participation in the investigation and did not provide the Department with the opportunity to verify the information it did submit. Thus, Shuangjie failed to cooperate by not acting to the best of its ability, and our final determination is based on total AFA.

We have also determined that it is appropriate to apply facts available with respect to certain information that the

GOC failed to provide, or information that could not be verified. Specifically, despite the Department’s requests to submit sub-national government plans relating to the steel industry in the PRC, the GOC stated that none existed. However, at verification the Department discovered the existence of the Shandong Provincial Steel Plan. Additionally, the Department was unable to verify information regarding the level of state ownership in the HRS industry in the PRC because the GOC misrepresented the source of the data. In both instances, the GOC failed to act to the best of its ability and, consequently, application of AFA is warranted.

Selection of the Adverse Facts Available

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from (1) the petition, (2) a final determination in the investigation, (3) any previous review or determination, or (4) any information placed on the record. It is the Department’s practice to select, as AFA, the highest calculated rate in any segment of the proceeding. See, e.g., *Certain In-shell Roasted Pistachios from the Islamic Republic of Iran: Final Results of Countervailing Duty Administrative Review*, 71 FR 66165 (November 13, 2006), and accompanying Issues and Decision Memorandum at “Analysis of Programs” & Comment 1.

The Department’s practice when selecting an adverse rate from among the possible sources of information is to ensure that the margin is sufficiently adverse “as to effectuate the purpose of the facts available role to induce respondents to provide the Department with complete and accurate information in a timely manner.” See *Notice of Final Determination of Sales at Less than Fair Value: Static Random Access Memory Semiconductors From Taiwan*, 63 FR 8909, 8932 (February 23, 1998). The Department’s practice also ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.” See SAA at 870. In choosing the appropriate balance between providing a respondent with an incentive to respond accurately and imposing a rate that is reasonably related to the respondent’s prior commercial activity, selecting the highest prior margin “reflects a common sense inference that the highest prior margin is the most probative evidence of current margins, because, if it were not so, the importer, knowing of the rule, would have produced current information showing the margin to be

less.” See *Rhone Poulenc, Inc. v. United States*, 899 F. 2d 1185, 1190 (Fed. Cir. 1990).

Therefore, for every program based on the provision of goods at less than adequate remuneration, the Department used the Kingland rate for the provision of hot-rolled steel for less than adequate remuneration. For value added tax (“VAT”) programs, we are unable to utilize company-specific rates from this proceeding because neither respondent received any countervailable subsidies from these subsidy programs. Therefore, for VAT programs we are also applying the highest subsidy rate for any program otherwise listed, which in this instance is Kingland’s rate for the provision of hot-rolled steel for less than adequate remuneration.

Similarly, for the grant programs, we are not relying on the highest calculated final rate because it is *de minimis*. Instead, we are applying the highest calculated final subsidy rate, which in this instance is Kingland’s rate for the provision of hot-rolled steel for less than adequate remuneration.

Finally, for the six alleged income tax programs pertaining to either the reduction of the income tax rates or exemption from income tax, we have applied an adverse inference that Shuangjie paid no income tax during the period of investigation (*i.e.*, calendar year 2006). The standard income tax rate for corporations in the PRC is 30 percent, plus a 3 percent provincial income tax rate. Therefore, the highest possible benefit for these six income tax rate programs is 33 percent. We are applying the 33 percent AFA rate on a combined basis (*i.e.*, the six programs combined provided a 33 percent benefit). This 33 percent AFA rate does not apply to income tax deduction or credit programs. For income tax deduction or credit programs, we are applying the highest subsidy rate for any program otherwise listed, which in this instance is Kingland’s rate for the provision of hot-rolled-steel at less than adequate remuneration.

In a change from the *Preliminary Determination*, we are not assigning rates for alleged provincial subsidy programs where record evidence shows that Tianjin Shuangjie was not located in those provinces. See *Decision Memorandum* at Comment 15.

We do not need to corroborate these rates because they are not considered secondary information as they are based on information obtained in the course of this investigation, pursuant to section 776(c) of the Act. See also SAA at 870.

Regarding the application of adverse facts available to the GOC, we have treated companies as state-owned

where the GOC did not provide information regarding the companies' ownership. Also, where the provincial steel plan was not provided, we are finding that policy lending existed in that province. See *Decision Memorandum* at "Analysis of Programs;" Comment 3; and Comment 8.

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated an individual rate for the companies under investigation, East Pipe, Kingland and Shuangjie. Section 705(c)(5)(A)(i) of the Act states that for companies not investigated, we will determine an "all others" rate equal to the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776. As Shuangjie's rate was calculated under section 776 of the Act, it is not included in the "all others" rate.

Notwithstanding the language of section 705(c)(1)(B)(i)(I) of the Act, we have not calculated the "all others" rate by weight averaging the rates of East Pipe and Kingland, because doing so risks disclosure of proprietary information. Therefore, we have calculated a simple average of the two responding firms' rates. Since there were either no or *de minimis* countervailable export subsidies for Kingland and East Pipe and because the "all others" rate is a simple average based on the individually investigated exporters and producers, the "all others" rate does not include export subsidies.

Exporter/Manufacturer	Net Subsidy Rate
Weifang East Steel Pipe Co., Ltd.	29.57%
Zhejiang Kingland Pipeline and Technologies Co., Ltd., and affiliated companies.	44.86 %
Tianjin Shuangjie Steel Pipe Co., Ltd.; Tianjin Shuangjie Steel Pipe Group Co., Ltd.; Tianjin Wa Song Imp. & Exp. Co., Ltd.; and Tianjin Shuangjian Galvanizing Products Co., Ltd.	615.92%
All Others	37.22%

Because we preliminarily determined that critical circumstances exist for entries of CWP manufactured/exported by Kingland, Shuangjie and "all other" Chinese manufacturers/exporters and pursuant to sections 703(d)(1)(B) and (2)

and 703(e)(2)(A) of the Act, we instructed the U.S. Customs and Border Protection ("CBP") to suspend liquidation of entries of CWP manufactured/exported by Kingland, Shuangjie and "all other" Chinese exports of CWP which were entered or withdrawn from warehouse, for consumption on or after November 13, 2007, and to apply the suspension of liquidation to any unliquidated entries entered, or withdrawn from warehouse for consumption, on or after August 15, 2007 (90 days before the date of publication of the *Preliminary Determination*. Also, in accordance with section 703(d) of the Act, we instructed CBP to discontinue the suspension of liquidation for countervailing duty purposes for subject merchandise entered on or after March 12, 2008, but to continue the suspension of liquidation of entries made from August 15, 2007, through March 12, 2008. *Preliminary Determination*, 72 FR at 6386.

For entries of CWP manufactured/exported by East Pipe, we did not instruct CBP to suspend liquidation because we preliminarily determined that East Pipe did not receive any countervailable subsidies.

We will issue a countervailing duty order and reinstate the suspension of liquidation under section 706(a) of the Act (for all companies including East Pipe) if the International Trade Commission ("ITC") issues a final affirmative injury determination, and will require a cash deposit of estimated countervailing duties for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an APO, without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order ("APO") of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: May 29, 2008.

David M. Spooner,
Assistant Secretary for Import Administration.

Appendix

List of Comments and Issues in the Decision Memorandum

- Comment 1:* The Department's Authority to Apply the Countervailing Duty Law to China
- Comment 2:* Subsidies Prior to China's Accession to the World Trade Organization

Comment 3: Adverse Facts Available ("AFA")

Comment 4: Attribution of Subsidies Received by Affiliates of Zhejiang Kingland Pipeline and Technologies Co., Ltd.

- Comment 5:* Scope of the Investigation
- Comment 6:* Sales Denominator for Weifang East Steel Pipe Company Ltd.
- Comment 7:* Provision of Hot-rolled Steel for Less Than Adequate Remuneration

Comment 8: Government Policy Lending

- Comment 9:* Provision of Electricity for Less Than Adequate Remuneration
- Comment 10:* Critical Circumstances on an Importer Specific Basis
- Comment 11:* Base and Comparison Period for Critical Circumstances
- Comment 12:* Kingland Export Subsidy and Finding of Critical Circumstances
- Comment 13:* East Pipe Debt Forgiveness

- Comment 14:* Discount Rate
- Comment 15:* Programs Included in AFA Rate for Tianjin Shuangjie Steel Pipe Co., Ltd.

Comment 16: Double Remedy

[FR Doc. E8-12606 Filed 6-4-08; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

A-570-910

Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China

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

EFFECTIVE DATE: June 5, 2008.

SUMMARY: The Department of Commerce ("the Department") has determined that circular welded carbon quality steel pipe ("CWP") from the People's Republic of China ("PRC") is being, or is likely to be, sold in the United States at less than fair value ("LTFV") as provided in section 735 of the Tariff Act of 1930, as amended ("the Act"). The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

FOR FURTHER INFORMATION CONTACT: Thomas Martin or Maisha Cryor, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3936 or (202) 482-5831, respectively.

SUPPLEMENTARY INFORMATION:**Case History**

On January 15, 2008, the Department published in the *Federal Register* its preliminary determination that CWP from PRC is being, or is likely to be, sold in the United States at LTFV, as provided in the Act. See *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 73 FR 2445, 2451 (January 15, 2008) ("Preliminary Determination"). For the *Preliminary Determination*, the Department calculated a zero percent dumping margin for Jiangsu Yulong Steel Pipe Co., Ltd. ("Yulong"). On March 12, 2008, Petitioners,¹ mandatory

respondent Yulong, separate rate applicants Weifang East Steel Pipe Co., Ltd., Tianjin Baloai International Trade Co., Ltd., Shijiazhuang Zhongqing Import and Export Co., Ltd., and Shandong Fubo Group Co. (collectively, "Weifang East Pipe"), and two U.S. importers of subject merchandise, SeAH Steel America, Ltd. ("SeAH") and Western International Forest Products, LLC ("Western"), filed case briefs pursuant to the *Preliminary Determination*.² On March 20, 2008, Petitioners, Yulong, and one U.S. importer, MAN Ferrostaal Inc., Commercial Metals Company, and QT Trading LP (collectively, "MAN Ferrostaal"), filed rebuttal briefs.³ On March 24, 2008, the Department held a public hearing. Subsequent to the submission of briefs and the hearing, the Department received an allegation that a PRC pipe company involved in the investigation submitted falsified documents to the Department. Following the Department's request for comments on this allegation, on April 7, 2008, Yulong withdrew from the investigation and stated that it did not contest the allegation. See *Amended Preliminary Determination of Sales at Less Than Fair Value: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 73 FR 22130, 22131 (April 24, 2008) ("*Amended Preliminary Determination*") In light of Yulong's withdrawal from the investigation, on April 24, 2008, the Department published its *Amended Preliminary Determination*, in which the Department applied total adverse facts available ("AFA") to Yulong and denied Yulong a separate rate, treating it as part of the PRC-wide entity. In addition, the Department assigned a new rate to the PRC-wide entity and provided parties with the opportunity to submit a second set of case briefs and rebuttal briefs. On April 28, 2008, Weifang East Pipe submitted a case brief pursuant to the

² Petitioners' March 12, 2008, case brief is hereinafter referred to as the "Petitioners' March Case Brief." The Yulong March 12, 2008, case brief is hereinafter referred to as the "Yulong March Case Brief." The Weifang East Pipe March 12, 2008, case brief is hereinafter referred to as the "Weifang East Pipe March Case Brief." The SeAH March 12, 2008, case brief is hereinafter referred to as the "SeAH March Case Brief." The Western March 12, 2008, case brief is hereinafter referred to as the "Western March Case Brief."

³ Petitioners' March 20, 2008, rebuttal brief is hereinafter referred to as the "Petitioners' March Rebuttal Brief." The Yulong March 20, 2008, rebuttal brief is hereinafter referred to as the "Yulong March Rebuttal Brief." The MAN Ferrostaal March 20, 2008, rebuttal brief is hereinafter referred to as the "MAN Ferrostaal March Rebuttal Brief."

Amended Preliminary Determination.⁴ On April 30, 2008, Petitioners submitted a rebuttal brief in response to Weifang East Pipe's April Case Brief.⁵

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by the parties to this investigation are addressed in the "Issues and Decision Memorandum for the Final Determination of Sales at Less than Fair Value: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China," dated concurrently with this notice, which is hereby adopted by this notice in its entirety ("Issues and Decision Memorandum"). A list of the issues which parties raised and to which we respond in the Issues and Decision Memorandum is attached to this notice as an Appendix. The Issues and Decision Memorandum is a public document and is on file in the Central Records Unit ("CRU"), Main Commerce Building, Room 1117, and is accessible on the Web at <http://www.trade.gov/ia>. The paper copy and electronic version of the memorandum are identical in content.

Period of Investigation

The period of investigation ("POI") is October 1, 2006, through March 31, 2007.

Changes Since the Amended Preliminary Determination

Based on our analysis of comments received, we have made no changes in our margin calculations since the Department's *Amended Preliminary Determination*.

Scope of Investigation

The scope of this investigation covers certain welded carbon quality steel pipes and tubes, of circular cross-section, and with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), whether or not stenciled, regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (e.g., plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., ASTM, proprietary, or other), generally known as standard pipe and structural pipe (they may also be referred to as circular, structural, or mechanical tubing).

⁴ The Weifang East Pipe April 28, 2008, case brief is hereinafter referred to as the "Weifang East Pipe April Case Brief."

⁵ Petitioners' April 30, 2008, rebuttal brief is hereinafter referred to as the "Petitioners' April Rebuttal Brief."

¹ Petitioners in this investigation are Allied Tube & Conduit, Sharon Tube Company, IPSCO Tubulars, Inc., Western Tube & Conduit Corporation, Northwest Pipe Company, Wheatland Tube Co., i.e., the Ad Hoc Coalition For Fair Pipe Imports From China, and the United Steelworkers.

Specifically, the term “carbon quality” includes products in which (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

- (i) 1.80 percent of manganese;
- (ii) 2.25 percent of silicon;
- (iii) 1.00 percent of copper;
- (iv) 0.50 percent of aluminum;
- (v) 1.25 percent of chromium;
- (vi) 0.30 percent of cobalt;
- (vii) 0.40 percent of lead;
- (viii) 1.25 percent of nickel;
- (ix) 0.30 percent of tungsten;
- (x) 0.15 percent of molybdenum;
- (xi) 0.10 percent of niobium;
- (xii) 0.41 percent of titanium;
- (xiii) 0.15 percent of vanadium; or
- (xiv) 0.15 percent of zirconium.

Standard pipe is made primarily to American Society for Testing and Materials (“ASTM”) specifications, but can be made to other specifications. Standard pipe is made primarily to ASTM specifications A–53, A–135, and A–795. Structural pipe is made primarily to ASTM specifications A–252 and A–500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. This is often the case, for example, with fence tubing. Pipe multiple–stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute (“API”) API–5L specification, is also covered by the scope of this investigation when it meets the physical description set forth above and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish. (The term “painted” does not include coatings to inhibit rust in transit, such as varnish, but includes coatings such as polyester.)

The scope of this investigation does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, condensers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) mechanical tubing, whether or not cold–drawn; (c) finished electrical conduit; (d) finished scaffolding; (e) tube and pipe hollows for redrawing; (f) oil country tubular goods produced to API specifications; and (g) line pipe produced to only API specifications.

The pipe products that are the subject of this investigation are currently classifiable in HTSUS statistical reporting numbers 7306.30.10.00,

7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, 7306.30.50.90, 7306.50.10.00, 7306.50.50.50, 7306.50.50.70, 7306.19.10.10, 7306.19.10.50, 7306.19.51.10, and 7306.19.51.50. However, the product description, and not the Harmonized Tariff Schedule of the United States (“HTSUS”) classification, is dispositive of whether merchandise imported into the United States falls within the scope of the investigation.

Scope Comments

In its March case brief, Petitioners argued that the Department should revise; 1) the scope of the investigation to be based upon end–use application, and 2) the definition of “painted.” For the reasons discussed in the Issues and Decision Memorandum, we have not revised the scope of the investigation. However, we have revised the definition of the term “painted,” and have updated the scope accordingly. See Issues and Decision Memorandum at Comment 1.

Non–Market Economy Treatment

In the *Preliminary Determination and Amended Preliminary Determination*, the Department considered the PRC to be a non–market economy (“NME”) country. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People’s Republic of China: Preliminary Results of 2001–2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500 (February 14, 2003), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People’s Republic of China: Final Results of 2001–2002 Administrative Review and Partial Rescission of Review*, 68 FR 70488 (December 18, 2003). In its March case brief, Weifang East Pipe argued that the PRC should be granted market economy status. See Weifang East Pipe March Case Brief, at 6. For the reasons discussed in the Issues and Decision Memorandum, we disagree with Weifang East Pipe and have continued to treat the PRC as an NME. See Issues and Decision Memorandum at Comment 2.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single

antidumping duty deposit rate. It is the Department’s policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991) (“*Sparklers*”), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585 (May 2, 1994) (“*Silicon Carbide*”), and Section 351.107(d) of the Department’s regulations.

In the *Preliminary Determination*, we found that the following separate rate applicants demonstrated their eligibility for separate–rate status: Wai Ming (Tianjin) Int’l Trading Co., Ltd.; Weifang East Steel Pipe Co., Ltd.; Wuxi Fastube Industry Co., Ltd.; Wuxi Eric Steel Pipe Co., Ltd.; Beijing Sai Lin Ke Hardware Co., Ltd.; Wah Cit Enterprises; Guangdong Walsall Steel Pipe Industrial Co., Ltd.; Shijiazhuang Zhongqing Imp & Exp Co., Ltd.; Tianjin Baolai Int’l Trade Co., Ltd.; Dalian Brollo Steel Tubes Ltd.; Benxi Northern Pipes Co., Ltd.; Shanghai Metals & Minerals Import & Export Corp.; Huludao Steel Pipe Industrial Co., Ltd.; Tianjin Xingyuda Import & Export Co. Ltd.; Jiangyin Jianye Metal Products Co., Ltd.; Rizhao Xingye Import & Export Co., Ltd.; Kunshan Hongyuan Machinery Manufacture Co., Ltd.; Tianjin No. 1 Steel Rolled Co., Ltd.; Qingdao Yongjie Import & Export Co., Ltd.; Jiangsu Guoqiang Zinc–Plating Industrial Company, Ltd.; Qingdao Xiangxing Steel Pipe Co., Ltd.; Hengshui Jinghua Steel Pipe Co., Ltd.; Zhangjiagang Zhongyuan Pipe–Making Co., Ltd.; Kunshan Lets Win Steel Machinery Co., Ltd.; and Shenyang BOYU M/E Co., Ltd.

No party has commented on the eligibility of these companies for separate–rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by these companies demonstrates both a *de jure* and *de facto* absence of government control with respect to their respective exports of the merchandise under investigation. Thus, we continue to find that they are eligible for separate–rate status. Normally the separate rate is determined based on the estimated weighted–average dumping margins established for exporters and producers individually investigated, excluding *de minimis* margins or margins based entirely on AFA. See section 735(c)(5)(A) of the Act. In this case, given the absence of participating

respondents and having calculated no margins, we have assigned to the separate rate companies the simple average of the margins alleged in the petition. See *Amended Preliminary Determination*, 73 FR at 22133.

We determined in the *Preliminary Determination* that Shandong Fubo Group Co. (“Fubo”) and Tianjin Youcheng Galvanized Steel Pipe Co., Ltd. (“Youcheng”) are not entitled to a separate rate. We received no comments on this denial of separate rates and, for the final determination, continue to find that Fubo and Youcheng are not entitled to a separate rate.

The PRC-Wide Rate

In the *Preliminary Determination*, the Department found that certain companies did not respond to our requests for information. See *Preliminary Determination*, 73 FR at 2451. In the *Preliminary Determination* we treated these PRC producers/exporters as part of the PRC-wide entity because they did not demonstrate that they operate free of government control over their export activities. In addition, in the *Amended Preliminary Determination*, the Department applied total AFA to Jiangsu Yulong Steel Pipe Co., Ltd. (“Yulong”). We determined, as AFA, that Yulong was not eligible for a separate rate, and, for the final determination, we are treating Yulong as part of the PRC-wide entity. No additional information was placed on the record with respect to any of these companies after the *Preliminary Determination* or the *Amended Preliminary Determination*. Therefore, pursuant to section 776(a)(2)(A) of the Act, the Department continues to find that the use of facts available is appropriate to determine the PRC-wide rate.

Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation*, 65 FR 5510, 5518 (February 4, 2000). See also “Statement of Administrative Action” accompanying the URAA, H.R. Rep. No. 103-316, vol. 1, at 870 (1994) (“SAA”). We determined that, because the PRC-wide entity did not respond to our request for information, it has failed to cooperate to the best of its ability. Therefore, the Department finds that, in selecting from among the facts otherwise available, an adverse

inference is appropriate for the PRC-wide entity.

Because we begin with the presumption that all companies within a NME country are subject to government control and because only the companies listed under the “Final Determination Margins” section below have overcome that presumption, we are applying a single antidumping rate (*i.e.*, the PRC-wide entity rate) to all other exporters of subject merchandise from the PRC. Such companies did not demonstrate entitlement to a separate rate. See, *e.g.*, *Synthetic Indigo from the People’s Republic of China: Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 25706 (May 3, 2000). The PRC-wide entity rate applies to all entries of subject merchandise except for entries from the respondents which are listed in the “Final Determination Margins” section below.

In the *Amended Preliminary Determination*, we assigned to the PRC-wide entity the highest margin alleged in the petition, as revised in Petitioners’ supplemental responses, 85.55 percent. See *Amended Preliminary Determination*, 73 FR at 22133. We received no comments on this rate. Therefore, for the final determination, we have continued to assign to the PRC-wide entity the rate of 85.55 percent.

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. We have interpreted “corroborate” to mean that we will, to the extent practicable, examine the reliability and relevance of the information submitted. See *Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil: Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 5554, 5568 (February 4, 2000); see, *e.g.*, *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996).

Because there are no cooperating mandatory respondents, to corroborate the 85.55 percent margin used as adverse facts available for the PRC-wide entity, we relied upon our pre-initiation analysis of the adequacy and accuracy of the information in the petition. See

Antidumping Investigation Initiation Checklist: Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China, (Initiation Checklist (“Initiation Checklist”)) (July 5, 2007). During the initiation stage, we examined evidence supporting the calculations in the petition and the supplemental information provided by Petitioners to determine the probative value of the margins alleged in the petition. During our pre-initiation analysis, we examined the information used as the basis of export price and NV in the petition, and the calculations used to derive the alleged margins. Also during our pre-initiation analysis, we examined information from various independent sources provided either in the petition or, based on our requests, in supplements to the petition, which corroborated key elements of the export price and NV calculations. *Id.* We received no comments as to the relevance or probative value of this information. Therefore, for the final determination, the Department finds that the rates derived from the petition for purposes of initiation have probative value for the purpose of being selected as the AFA rate assigned to the PRC-wide entity.

Final Critical Circumstances Determination

On December 11, 2007, the Department preliminarily found that critical circumstances existed for all PRC exporters of subject merchandise, including the separate rate applicant companies and companies subject to the PRC-wide rate. The Department affirmed this preliminary finding in the *Preliminary Determination* and the *Amended Preliminary Determination*. Pursuant to the *Preliminary Determination*, we received comments on this issue from SeAH and Western. See SeAH March Case Brief, at 3; see also Western March Case Brief, at 1. These companies argued that we should no longer find that critical circumstances exist for certain importers that had placed information on the record of the proceeding to support claims that their imports were not part of the “massive” imports found by the Department, pursuant to 19 CFR 351.206. We also received comments from Petitioners, who support the preliminary finding of critical circumstances for all PRC exporters, but who recommend certain modifications to the Department’s analysis. See Petitioners’ March Rebuttal Brief, at 19.

Based on the comments from interested parties, we have revised our analysis, but continue to find that critical circumstances exist with regard

to all imports of CWP from the PRC. For further details, see the Issues and Decision Memorandum at Comments 11–13; see also, Memorandum from Abdelali Elouaradia, Office Director, to Stephen J. Claeys, Deputy Assistant Secretary, “Antidumping Duty Investigation of Circular Welded Carbon Quality Steel Pipe (“CWP”) from the People’s Republic of China (“PRC”) - Final Affirmative Determination of Critical Circumstances,” dated May 29, 2008.

Combination Rates

In *Initiation of Antidumping Duty Investigation: Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China*, 72 FR 36663 (July 5, 2007) (“*Initiation Notice*”), the Department stated that it would calculate combination rates for respondents that are eligible for a

separate rate in this investigation. See *Initiation Notice*. This change in practice is described in *Policy Bulletin 05.1*, available at <http://ia.ita.doc.gov/>. *Policy Bulletin 05.1*, states: {w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non–investigated firms receiving the

weighted–average of the individually calculated rates. This practice is referred to as the application of “combination rates” because such rates apply to specific combinations of exporters and one or more producers. The cash–deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation. See *Policy Bulletin 05.1*, “Separate Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non–Market Economy Countries.”

Final Determination Margins

We determine that the following percentage weighted–average margins exist for the POI:

Exporter	Producer	Weighted–Average Margin
Beijing Sai Lin Ke Hardware Co., Ltd.	Xuzhou Guang Huan Steel Tube Products Co., Ltd.	69.20
Wuxi Fastube Industry Co., Ltd.	Wuxi Fastube Industry Co., Ltd.	69.20
Jiangsu Guoqiang Zinc–Plating Industrial Co., Ltd. ⁶ ...	Jiangsu Guoqiang Zinc–Plating Industrial Co., Ltd.	69.20
Wuxi Eric Steel Pipe Co., Ltd.	Wuxi Eric Steel Pipe Co., Ltd.	69.20
Qingdao Xiangxing Steel Pipe Co., Ltd.	Qingdao Xiangxing Steel Pipe Co., Ltd.	69.20
Wah Cit Enterprises	Guangdong Walsall Steel Pipe Industrial Co., Ltd.	69.20
Guangdong Walsall Steel Pipe Industrial Co., Ltd.	Guangdong Walsall Steel Pipe Industrial Co., Ltd.	69.20
Hengshui Jinghua Steel Pipe Co., Ltd.	Hengshui Jinghua Steel Pipe Co., Ltd.	69.20
Zhangjiagang Zhongyuan Pipe–Making Co., Ltd.	Zhangjiagang Zhongyuan Pipe–Making Co., Ltd.	69.20
Weifang East Steel Pipe Co., Ltd.	Weifang East Steel Pipe Co., Ltd.	69.20
Shijiazhuang Zhongqing Imp & Exp Co., Ltd.	Bazhou Zhuofa Steel Pipe Co., Ltd.	69.20
Tianjin Baolai Int’l Trade Co., Ltd.	Tianjin Jinghai County Baolai Business and Industry Co., Ltd.	69.20
Wai Ming (Tianjin) Int’l Trading Co., Ltd.	Bazhou Dong Sheng Hot–dipped Galvanized Steel Pipes Co., Ltd.	69.20
Kunshan Lets Win Steel Machinery Co., Ltd.	Kunshan Lets Win Steel Machinery Co., Ltd.	69.20
Shenyang Boyu M/E Co., Ltd.	Bazhou Dong Sheng Hot–dipped Galvanized Steel Pipes Co., Ltd.	69.20
Dalian Brollo Steel Tubes Ltd.	Dalian Brollo Steel Tubes Ltd.	69.20
Benxi Northern Pipes Co., Ltd.	Benxi Northern Pipes Co., Ltd.	69.20
Shanghai Metals & Minerals Import & Export Corp. ...	Huludao Steel Pipe Industrial Co.	69.20
Shanghai Metals & Minerals Import & Export Corp. ...	Benxi Northern Pipes Co., Ltd.	69.20
Huludao Steel Pipe Industrial Co.	Huludao Steel Pipe Industrial Co.	69.20
Tianjin Xingyuda Import & Export Co., Ltd.	Tianjin Lifengyuanda Steel Group	69.20
Tianjin Xingyuda Import & Export Co., Ltd.	Tianjin Xingyuda Steel Pipe Co.	69.20
Tianjin Xingyuda Import & Export Co., Ltd.	Tianjin Lituo Steel Products Co.	69.20
Tianjin Xingyuda Import & Xinlida Export Co., Ltd.	Tangshan Fengnan District Steel Pipe Co., Ltd.	69.20
Jiangyin Jianye Metal Products Co., Ltd.	Jiangyin Jianye Metal Products Co., Ltd.	69.20
Rizhao Xingye Import & Export Co., Ltd.	Shandong Xinyuan Group Co., Ltd.	69.20
Tianjin No. 1 Steel Rolled Co., Ltd.	Tianjin Hexing Steel Co., Ltd.	69.20
Tianjin No. 1 Steel Rolled Co., Ltd.	Tianjin Ruitong Steel Co., Ltd.	69.20
Tianjin No. 1 Steel Rolled Co., Ltd.	Tianjin Yayi Industrial Co.	69.20
Kunshan Hongyuan Machinery Manufacture Co., Ltd.	Kunshan Hongyuan Machinery Manufacture Co., Ltd.	69.20
Qingdao Yongjie Import & Export Co., Ltd.	Shandong Xinyuan Group Co., Ltd.	69.20
PRC–Wide Entity ⁷		85.55

⁶ In the *Preliminary Determination*, the Department incorrectly identified Jiangsu Guoqiang Zinc–Plating Industrial Company, Ltd., as Jiangsu Guoqiang Zinc–Plating Co., Ltd. We note, however, that in the Department’s subsequent instructions to CBP to suspend liquidation and require cash deposits for CWP from PRC, the Department correctly identified Jiangsu Guoqiang Zinc–Plating Industrial Company, Ltd.

⁷ In the *Preliminary Determination*, the Department found that the Tianjin Shuangjie Group is part of the PRC–wide entity. In the *Amended Preliminary Determination*, the Department found that Yulong is part of the PRC–wide entity.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in

this proceeding in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing

U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all imports of subject merchandise as described in the “Scope of Investigation” section, that are entered or withdrawn from warehouse, for consumption on or after October 17, 2007, which is 90 days prior to the date of publication of the preliminary determination in the **Federal Register**, except for imports from Yulong. In specific regard to Yulong, we are directing CBP to continue to suspend liquidation of all entries of subject merchandise as described in the “Scope of Investigation” section, entered, or withdrawn from warehouse, for consumption on or after January 25, 2008, which is 90 days prior to the date of publication of the amended preliminary determination in the **Federal Register**. See *Amended Preliminary Determination*. We will instruct CBP to continue to require a cash deposit or the posting of a bond for all companies based on the estimated weighted-average dumping margins shown above. The suspension of liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (“ITC”) of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance

with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

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

Dated: May 29, 2008.

David M. Spooner,

Assistant Secretary for Import Administration.

Appendix

Comment 1: Whether the Scope Language Should Include End-Use Definition and Reference to End-Use Applications

Comment 2: Whether the Department Should Graduate the People’s Republic of China to Market Economy Status

Comment 3: Whether the Department Should Calculate a Company-Specific Separate Rate for Weifang East Pipe

Comment 4: Whether the Department Should Find Weifang East Pipe to be a Market-Oriented Enterprise

Comment 5: Whether the Department Should Utilize Weifang East Pipe’s Actual Hot-Rolled Costs When Calculating an AD Margin Due to the Existence of the Companion

Countervailing Duty Investigation

Comment 6: Whether a Double-Remedy Results from the Simultaneous Application of Non-Market Economy AD and Countervailing Duty Methodologies

Comment 7: Whether the Department’s Amended Preliminary Determination Violated Legal Principles

Comment 8: Whether the Department Should Employ Weifang East Pipe’s Suggested Analytical Approach For Calculating Its Company-Specific Margin

Comment 9: Whether the Department Should Assign Weifang East Pipe’s Company-Specific AD Rate to All Cooperative Separate Rate Respondents

Comment 10: Whether the Department Should Make an Adjustment for Countervailable Export Subsidies

Comment 11: Whether the Department Should Use the Highest Petition Margin as the Adverse Facts Available Rate

Comment 12: Whether the Department Should Find That Critical Circumstances Do Not Exist for Yulong

Comment 13: Whether the Department Should Analyze Critical Circumstances on an Importer-Specific Basis in its Critical Circumstances Analysis

Comment 14: Whether the Department Should Include June 2007 in the Base

Period Rather than the Comparison Period in its Critical Circumstances Analysis

[FR Doc. E8-12608 Filed 6-4-08; 8:45 am]

Billing Code: 3510-DS-S

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Circular Welded Carbon-Quality Steel Pipe from China
Inv. Nos.: 701-TA-447 and 731-TA-1116 (Final)
Date and Time: May 13, 2008 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

CONGRESSIONAL WITNESSES:

The Honorable Arlen Specter, United States Senator, United States Senate, Commonwealth of Pennsylvania

The Honorable Blanche L. Lincoln, United States Senator, United States Senate, State of Arkansas

The Honorable Evan Bayh, United States Senator, United States Senate, State of Indiana

The Honorable Mark Pryor, United States Senator, United States Senate, State of Arkansas

The Honorable Sherrod Brown, United States Senator, United States Senate, State of Ohio

The Honorable Robert P. Casey, Jr., United States Senator, United States Senate, Commonwealth of Pennsylvania

The Honorable Phil English, U.S. Congressman, U.S. House of Representatives, 3rd District, Commonwealth of Pennsylvania

The Honorable Marion Berry, U.S. Congressman, U.S. House of Representatives, 1st District, State of Arkansas

The Honorable Tim Ryan, U.S. Congressman, U.S. House of Representatives, 17th District State of Ohio

The Honorable Jason Altmire, U.S. Congressman, U.S. House of Representatives, 4th District Commonwealth of Pennsylvania

OPENING REMARKS:

Petitioner (**Joseph W. Dorn**, King & Spalding LLP)
Respondents (**William H. Barringer**, Heller Ehrman LLP)

**In Support of the Imposition of
Antidumping and Countervailing Duties:**

King & Spalding LLP
Washington, D.C.

and

Schagrin Associates
Washington, D.C.
on behalf of

Ad Hoc Coalition for Fair Pipe Imports from China
and its Members

Bill Kerins, President, Wheatland Tube Division,
John Maneely Company

Mark Magno, Vice President Standard Pipe, Fence
and Sprinkler Sales, Wheatland Tube
Company and Sharon Tube Company

Rick Filetti, Past President and Consultant, Allied
Tube & Conduit

Will Boggs, Vice President, Fence Division, Allied
Tube & Conduit

Tom Conway, Vice President, International, The United
Steel, Paper and Forestry, Rubber, Manufacturing,
Energy, Allied-Industrial and Service Workers
International Union (“USW”)

Don Finn, Vice President, Sales, Western Tube &
Conduit Corporation

Scott Barnes, Vice President, Commercial, IPSCO
Tubulars, Inc.

**In Support of the Imposition of
Antidumping and Countervailing Duties (continued):**

Seth Kaplan, Consultant, The Brattle Group

Joseph W. Dorn)
Gilbert B. Kaplan) – OF COUNSEL
Roger B. Schagrin)

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, DC
on behalf of

United States Steel Corporation

George H. Thompson, General Manager, Commercial,
Tubular Products, U.S. Steel Tubular Products, Inc.

Stephen P. Vaughn) – OF COUNSEL

**In Opposition to the Imposition of
Antidumping and Countervailing Duties:**

Heller Ehrman LLP
Washington, DC
on behalf of

The China Chamber of Commerce of Metals,
Minerals, and Chemicals Importers &
Exporters (“CCCMC”)

Professor Thomas Prusa, Professor of Economics,
Rutgers University

William H. Barringer)
) – OF COUNSEL
Matthew McCullough)

**In Opposition to the Imposition of
Antidumping and Countervailing Duties (continued):**

Kirkland & Ellis LLP
Washington, DC
on behalf of

Western International Forest Products, LLC (“Western”)

Doug Rudolph, Steel Trade, Western

Steve Stipe, Steel Trade, Western

Laura Fraedrich

)

) – OF COUNSEL

Daniel J. Gerkin

)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)
Respondents (**William H. Barringer**, Heller Ehrman LLP; *and*
Donald B. Cameron, Troutman Sanders LLP)

APPENDIX C
SUMMARY DATA

Table C-1
Circular welded pipe: Summary data concerning the U.S. market, 2005-07

(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		
	2005	2006	2007	2005-07	2005-06	2006-07
U.S. consumption quantity:						
Amount	2,364,274	2,715,043	2,577,129	9.0	14.8	-5.1
Producers' share (1)	58.4	49.3	55.2	-3.2	-9.1	5.9
Importers' share (1):						
China	16.2	26.4	29.0	12.9	10.2	2.7
All other sources	25.4	24.3	15.8	-9.6	-1.1	-8.6
Total imports	41.6	50.7	44.8	3.2	9.1	-5.9
U.S. consumption value:						
Amount	2,098,972	2,237,056	2,185,379	4.1	6.6	-2.3
Producers' share (1)	64.9	58.8	61.8	-3.1	-6.2	3.0
Importers' share (1):						
China	11.7	18.6	21.5	9.9	6.9	3.0
All other sources	23.4	22.7	16.6	-6.7	-0.7	-6.0
Total imports	35.1	41.2	38.2	3.1	6.2	-3.0
U.S. imports from:						
China:						
Quantity	382,122	715,728	748,181	95.8	87.3	4.5
Value	245,357	415,197	470,787	91.9	69.2	13.4
Unit value	\$642	\$580	\$629	-2.0	-9.7	8.5
Ending inventory quantity	9,328	42,220	29,798	219.5	352.6	-29.4
All other sources:						
Quantity	600,574	660,381	406,280	-32.4	10.0	-38.5
Value	490,728	507,222	363,801	-25.9	3.4	-28.3
Unit value	\$817	\$768	\$895	9.6	-6.0	16.6
Ending inventory quantity	28,190	46,494	48,319	71.4	64.9	3.9
All sources:						
Quantity	982,696	1,376,109	1,154,462	17.5	40.0	-16.1
Value	736,086	922,419	834,588	13.4	25.3	-9.5
Unit value	\$749	\$670	\$723	-3.5	-10.5	7.8
Ending inventory quantity	37,518	88,714	78,117	108.2	136.5	-11.9
U.S. producers:						
Average capacity quantity	2,571,019	2,405,229	2,219,300	-13.7	-6.4	-7.7
Production quantity	1,385,959	1,383,110	1,457,128	5.1	-0.2	5.4
Capacity utilization (1)	53.9	57.5	65.7	11.8	3.6	8.2
U.S. shipments:						
Quantity	1,381,578	1,338,934	1,422,667	3.0	-3.1	6.3
Value	1,362,886	1,314,637	1,350,791	-0.9	-3.5	2.8
Unit value	\$986	\$982	\$949	-3.8	-0.5	-3.3
Export shipments:						
Quantity	37,605	30,514	48,668	29.4	-18.9	59.5
Value	37,375	28,082	44,193	18.2	-24.9	57.4
Unit value	\$994	\$920	\$908	-8.6	-7.4	-1.3
Ending inventory quantity	197,527	192,877	166,336	-15.8	-2.4	-13.8
Inventories/total shipments (1)	13.9	14.1	11.3	-2.6	0.2	-2.8
Production workers	2,528	2,451	2,450	-3.1	-3.0	-0.0
Hours worked (1,000s)	4,773	4,733	4,630	-3.0	-0.8	-2.2
Wages paid (\$1,000s)	103,195	100,393	104,073	0.9	-2.7	3.7
Hourly wages	\$21.62	\$21.21	\$22.48	4.0	-1.9	6.0
Productivity (tons/1,000 hours)	290.4	292.2	314.7	8.4	0.6	7.7
Unit labor costs	\$74.46	\$72.58	\$71.42	-4.1	-2.5	-1.6
Net sales:						
Quantity	1,400,129	1,364,791	1,471,543	5.1	-2.5	7.8
Value	1,335,159	1,302,373	1,373,678	2.9	-2.5	5.5
Unit value	\$954	\$954	\$933	-2.1	0.1	-2.2
Cost of goods sold (COGS)	1,143,517	1,083,988	1,225,209	7.1	-5.2	13.0
Gross profit or (loss)	191,642	218,385	148,469	-22.5	14.0	-32.0
SG&A expenses	51,097	66,745	86,933	70.1	30.6	30.2
Operating income or (loss)	140,545	151,640	61,536	-56.2	7.9	-59.4
Capital expenditures	42,724	37,666	23,962	-43.9	-11.8	-36.4
Unit COGS	\$817	\$794	\$833	1.9	-2.8	4.8
Unit SG&A expenses	\$36	\$49	\$59	61.9	34.0	20.8
Unit operating income or (loss)	\$100	\$111	\$42	-58.3	10.7	-62.4
COGS/sales (1)	85.6	83.2	89.2	3.5	-2.4	6.0
Operating income or (loss)/ sales (1)	10.5	11.6	4.5	-6.0	1.1	-7.2

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

Note.--Financial data are reported on a calendar year basis, except for those of *** which are based on the fiscal year ending March 31, 2006-08.

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 Commerce statistics.

Table C-2
Circular welded pipe: Summary data concerning the U.S. market, presenting financial data for firms on a fiscal year basis, 2005-07

(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		
	2005	2006	2007	2005-07	2005-06	2006-07
U.S. consumption quantity:						
Amount	2,364,274	2,715,043	2,577,129	9.0	14.8	-5.1
Producers' share (1)	58.4	49.3	55.2	-3.2	-9.1	5.9
Importers' share (1):						
China	16.2	26.4	29.0	12.9	10.2	2.7
All other sources	25.4	24.3	15.8	-9.6	-1.1	-8.6
Total imports	41.6	50.7	44.8	3.2	9.1	-5.9
U.S. consumption value:						
Amount	2,098,972	2,237,056	2,185,379	4.1	6.6	-2.3
Producers' share (1)	64.9	58.8	61.8	-3.1	-6.2	3.0
Importers' share (1):						
China	11.7	18.6	21.5	9.9	6.9	3.0
All other sources	23.4	22.7	16.6	-6.7	-0.7	-6.0
Total imports	35.1	41.2	38.2	3.1	6.2	-3.0
U.S. imports from:						
China:						
Quantity	382,122	715,728	748,181	95.8	87.3	4.5
Value	245,357	415,197	470,787	91.9	69.2	13.4
Unit value	\$642	\$580	\$629	-2.0	-9.7	8.5
Ending inventory quantity	9,328	42,220	29,798	219.5	352.6	-29.4
All other sources:						
Quantity	600,574	660,381	406,280	-32.4	10.0	-38.5
Value	490,728	507,222	363,801	-25.9	3.4	-28.3
Unit value	\$817	\$768	\$895	9.6	-6.0	16.6
Ending inventory quantity	28,190	46,494	48,319	71.4	64.9	3.9
All sources:						
Quantity	982,696	1,376,109	1,154,462	17.5	40.0	-16.1
Value	736,086	922,419	834,588	13.4	25.3	-9.5
Unit value	\$749	\$670	\$723	-3.5	-10.5	7.8
Ending inventory quantity	37,518	88,714	78,117	108.2	136.5	-11.9
U.S. producers':						
Average capacity quantity	2,571,019	2,405,229	2,219,300	-13.7	-6.4	-7.7
Production quantity	1,385,959	1,383,110	1,457,128	5.1	-0.2	5.4
Capacity utilization (1)	53.9	57.5	65.7	11.8	3.6	8.2
U.S. shipments:						
Quantity	1,381,578	1,338,934	1,422,667	3.0	-3.1	6.3
Value	1,362,886	1,314,637	1,350,791	-0.9	-3.5	2.8
Unit value	\$986	\$982	\$949	-3.8	-0.5	-3.3
Export shipments:						
Quantity	37,605	30,514	48,668	29.4	-18.9	59.5
Value	37,375	28,082	44,193	18.2	-24.9	57.4
Unit value	\$994	\$920	\$908	-8.6	-7.4	-1.3
Ending inventory quantity	197,527	192,877	166,336	-15.8	-2.4	-13.8
Inventories/total shipments (1)	13.9	14.1	11.3	-2.6	0.2	-2.8
Production workers	2,528	2,451	2,450	-3.1	-3.0	-0.0
Hours worked (1,000s)	4,773	4,733	4,630	-3.0	-0.8	-2.2
Wages paid (\$1,000s)	103,195	100,393	104,073	0.9	-2.7	3.7
Hourly wages	\$21.62	\$21.21	\$22.48	4.0	-1.9	6.0
Productivity (tons/1,000 hours)	290.4	292.2	314.7	8.4	0.6	7.7
Unit labor costs	\$74.46	\$72.58	\$71.42	-4.1	-2.5	-1.6
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***

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

Note.--Financial data are reported on a fiscal year basis for *** 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 Commerce statistics.

APPENDIX D

**CURRENT ORDERS AND HISTORIC DUTY RATES ON
CIRCULAR WELDED PIPE FROM PREVIOUS INVESTIGATIONS**

Table D-1**Circular welded pipe from Brazil: Original margins and subsequent administrative reviews conducted by Commerce**

Firm	September 1992	
	Order	
Persico Pizzamiglio		103.38
All others		103.38

Note.—The circular welded pipe covered in this table was the subject of the Commission's Investigation No. 731-TA-532.

Source: 57 FR 42940, September 17, 1992.

Table D-2**Circular welded pipe from India: Original margins and subsequent administrative reviews conducted by Commerce**

Firm	Mar. 1986	Dec. 1991	Dec. 1991	Dec. 1992	Sept. 1997	Jun. 1998	May 1999
	Order ¹	5/1/87 - 4/30/88	5/1/88 - 4/30/89	5/1/90 - 4/30/91	5/1/94 - 4/30/95	5/1/96 - 4/30/97	5/1/97 - 4/30/98
Jindal		77.32					
Lloyd's					0.00 ²	0.00	
Rajinder					18.25 ^{2 3}	14.05 ⁴	87.39
TISCO	7.08	77.32	87.39	37.65			
All others	7.08						

¹ Zenith and Gujarat excluded from order.
² New shipper review.
³ As amended November 26, 1997, 62 FR 63070.
⁴ As amended December 1, 1998, 63 FR 66120.

Note.—The circular welded pipe covered in this table was the subject of the Commission's Investigation No. 731-TA-271.

Source: 51 FR 9089, March 17, 1986; 56 FR 64753, December 12, 1991; 57 FR 54360, November 18, 1992; 62 FR 47632, September 10, 1997; 63 FR 32825, June 16, 1998; and 64 FR 23821, May 4, 1999.

Table D-3**Circular welded pipe from Korea: Original margins and subsequent administrative reviews conducted by Commerce**

Firm	Sept. 1992	Oct. 1997	Jun. 1998	Apr. 2001	Jun. 2004
	Order	4/28/92 - 10/31/93	11/1/95 - 10/31/96	11/1/98 - 10/31/99	11/1/01 - 10/31/02
Dongbu		1.71			
Hyundai HYSCO ¹	4.62 ²		2.64 ³	2.53 ⁴	0.84
KISCO/ Union Steel		1.52 ⁵	0.71		
Korea Steel	4.08 ²	3.15			
Masan Steel	11.63 ²				
Pusan Steel/SeAH ⁶	5.35 ²	5.31 ⁵	2.63 ³	0.95 ⁴	0.66
Shinho/Husteel ⁷			3.34	2.99 ⁴	1.82
All others	4.80 ²				

¹ HYSCO is the successor to Hyundai Pipe, 66 FR 30409, June 6, 2001.

² As amended November 3, 1995, 60 FR 55833.

³ As amended July 21, 1998, 63 FR 39071.

⁴ As amended May 23, 2001, 66 FR 28422.

⁵ As amended January 14, 1998, 63 FR 2200.

⁶ SeAH is the successor to Pusan, 63 FR 20572, April 27, 1998.

⁷ Husteel is the successor-in-interest to Shinho, 67 FR 69716, November 16, 2002.

Note.—The circular welded pipe covered in this table was the subject of the Commission's Investigation No. 731-TA-533.

Source: 57 FR 42942, September 17, 1992; 62 FR 55574, October 27, 1997; 63 FR 32833, June 16, 1998; 66 FR 18747, April 11, 2001; and 69 FR 32492, June 10, 2004.

Table D-4**Circular welded pipe from Mexico: Original margins and subsequent administrative reviews conducted by Commerce**

Firm	Sept. 1992	Jul. 1997	Jun. 1998	Jun. 2000	Apr. 2001
	Order	11/1/94 - 12/15/95	11/1/95 - 10/31/96	11/1/97 - 10/31/98	11/1/98 - 10/31/99
HYLSA	32.62	2.99	7.39 ¹	10.38	
TUNA		1.77		1.92	2.92 ²
All others	32.62				

¹ As amended July 16, 1998, 63 FR 38370.

² As amended July 18, 2001, 66 FR 37454.

Note.—The circular welded pipe covered in this table was the subject of the Commission's Investigation No. 731-TA-534.

Source: 57 FR 42953, September 17, 1992; 62 FR 37014, July 10, 1997; 63 FR 33041, June 17, 1998; 65 FR 37518, June 15, 2000; 66 FR 21311, April 30, 2001.

Table D-5

Circular welded pipe (small diameter) from Taiwan: Original margins and subsequent administrative reviews conducted by Commerce

Firm	May 1984	Dec. 1986	Oct. 1988	Nov. 1989	Mar. 1991	Oct. 1997	Dec. 1999	Oct. 2000	Sept. 2004
	Order	10/1/83 - 4/30/84	5/1/85 - 4/30/86	5/1/86 - 4/30/87	5/1/87 - 4/30/88	6/1/95 - 5/31/96	5/1/97 - 4/30/98	5/1/98 - 4/30/99	5/1/02 - 4/30/03
An Mau Steel			0.09 ¹	0.66	0.66 ²				
Far East Machinery		12.30 ³	0.20 ¹⁴	0 ²	0 ²				
Kao Hsing Chang	9.70		0	0 ²			24.80 ⁵		
Tai Feng	43.70	43.70							
Yieh Hsing ⁶	38.50		0	0	0 ²	0.37 ¹	1.35 ⁵	0.17 ¹	1.61 ⁷
Yieh Loong							24.80 ⁵		
Yun Din							24.80 ⁵		
All others	9.70								

¹ *De minimis*.

² No shipments during the period. Rates are from the last antidumping duty administrative review in which there were shipments.

³ As amended December 20, 1988, 53 FR 51128.

⁴ As amended January 17, 1989, 54 FR 1752.

⁵ As amended February 3, 2000, 65 FR 5310.

⁶ Yieh Phui is successor-in-interest to Yieh Hsing, 70 FR 71802, November 30, 2005.

⁷ As corrected January 4, 2005, 70 FR 326.

Note.—The circular welded pipe covered in this table was the subject of the Commission's Investigation No. 731-TA-132.

Source: 49 FR 19369, May 7, 1984; 51 FR 43946, December 5, 1986; 53 FR 41218, October 20, 1988; 54 FR 46432, November 3, 1989; 56 FR 8741, March 1, 1991; 62 FR 52971, October 10, 1997; 64 FR 69488, December 13, 1999; 65 FR 60613, October 12, 2000; and 69 FR 58390, September 30, 2004.

Table D-6

Circular welded pipe (medium diameter) from Taiwan: Original margins and subsequent administrative reviews conducted by Commerce

Firm	September 1992	
	Order	
Kao Hsing Chang Iron		19.46
Yieh Hsing		27.65
All others		23.56

Note.—The circular welded pipe covered in this table was the subject of the Commission's Investigation No. 731-TA-536.

Source: 57 FR 42961, September 17, 1992.

Table D-7

Circular welded pipe from Thailand: Original margins and subsequent administrative reviews conducted by Commerce

Firm	Jan. 1986	Nov. 1991	Aug. 1992	Jan. 1996	Nov. 1996	Oct. 1997	Oct. 1998	Oct. 1999	Oct. 2000	Oct. 2001	Oct. 2004	Sept. 2006
	Order	3/1/87 - 2/29/88	3/1/88 - 2/28/89	3/1/92 - 2/28/93	3/1/94 - 2/28/95	3/1/95 - 2/29/96	3/1/96 - 2/28/97	3/1/97 - 2/28/98	3/1/98 - 2/28/99	3/1/99 - 2/29/00	3/1/02 - 2/28/03	3/1/04 - 2/28/05
Saha Thai	15.69	0.49 ¹	0.46 ^{1 2}	17.28 ³	7.27 ⁴	9.52 ⁵	1.92	9.84 ⁶	1.81	1.92	0.17 ¹	2.26
Siam Steel		29.89 ⁷										
Thai Hong		29.89 ⁷				29.89						
Thai Steel Pipe	15.60											
Thai Tube						29.89						
Thai Union		29.89 ⁷				37.55						
All others	15.67											

¹ *De minimus*.

² As amended June 11, 1996, 61 FR 29533.

³ As amended April 25, 1996, 61 FR 18375.

⁴ As amended February 25, 1997, 62 FR 8423.

⁵ As amended January 18, 2000, 65 FR 2581.

⁶ As amended August 29, 2001, 66 FR 45666.

⁷ As amended December 21, 1994, 59 FR 65753.

Note.—The circular welded pipe covered in this table was the subject of the Commission's Investigation No. 731-TA-252.

Source: 51 FR 3384, January 27, 1986; 56 FR 58355, November 19, 1991; 57 FR 38668, August 26, 1992; 61 FR 1328, January 19, 1996; 61 FR 56515, November 1, 1996; 62 FR 53808, October 15, 1997; 63 FR 55578, October 16, 1998; 64 FR 56759, October 21, 1999; 65 FR 60910, October 13, 2000; 66 FR 53388, October 22, 2001; 69 FR 61649, October 20, 2004; and 71 FR 54266, September 14, 2006.

Table D-8

Circular welded pipe from Turkey: Original margins and subsequent administrative reviews conducted by Commerce

Firm	Jan. 1986	Mar. 1988	Aug. 1997	Apr. 1998	Aug. 1999	Aug. 2000	Jul. 2006	Mar. 2007	May 2007	Mar. 2008
	Order	10/28/85 - 12/31/88	1/1/95 - 12/31/95	1/1/96 - 12/31/96	1/1/97 - 12/31/97	1/1/98 - 12/31/98	1/1/04 - 12/31/04	1/1/05 - 12/31/05	1/1/05 - 12/31/05	1/1/06 - 12/31/06
Bant Boru		1.43								
Borusan Group				2.85 ¹		0.20 ²	0.27 ²	0.23 ²		0.23 ²
Erbosan			3.97							
Mannesmann			0.75	3.75 ¹	4.20					
Toscelik									0.20 ^{2,3}	
Yucel Boru Group					0.84					
All others	17.80	12.67								

¹ As amended October 18, 2000, 65 FR 62334.

² *De minimus*.

³ New shipper review.

Note.—The circular welded pipe covered in this table was the subject of the Commission's countervailing duty Investigation No. 701-TA-253.

Source: 51 FR 1268, January 10, 1986; 53 FR 9791, March 25, 1988; 62 FR 43984, August 18, 1997; 63 FR 18885, April 16, 1998; 64 FR 44496, August 16, 1999; 65 FR 49230, August 11, 2000; 71 FR 43111, July 31, 2006; 72 FR 13479, March 22, 2007; 72 FR 24278, May 2, 2007; and 73 FR 12080, March 6, 2008.

Table D-9

Circular welded pipe from Turkey: Original margins and subsequent administrative reviews conducted by Commerce

Firm	Apr. 1986	Oct. 1988	Oct. 1990	May 1991	Dec. 1996	Oct. 1997	Jun. 1998	Jun. 2000	Aug. 2004	Dec. 2005	Aug. 2006
	Order	1/3/86 - 4/30/87	5/1/87 - 4/30/88	5/1/88 - 4/30/89	5/1/94 - 4/30/94	5/1/93 - 4/30/94	5/1/96 - 4/30/97	5/1/98 - 4/30/99	5/1/02 - 4/30/03	5/1/03 - 4/30/04	5/1/04 - 4/30/06
Borusan	1.26	0.03 ¹	2.56 ²	0.11 ¹	2.57 ³	3.97 ⁴	0.02 ¹	0.38 ¹	1.48	0.74 ⁵	
Cayirova										3.28 ⁵	
Erbosan					25.01						
Erkboru	23.12	28.28									
Mannesmann	23.12	28.28									
Toscelik											0.00 ⁶
Yucelboru						0.00					
All others	14.74										

¹ *De minimis*.³ As amended November 16, 1992, 57 FR 54046.³ As amended May 16, 1997, 62 FR 27013.⁴ As amended November 25, 1997, 62 FR 62758.⁵ As amended January 24, 2006, 71 FR 3824.⁶ New shipper review.

Note.—The circular welded pipe covered in this table was the subject of the Commission's antidumping duty Investigation No. 731-TA-273.

Source: 51 FR 13044, April 17, 1986; 53 FR 39632, October 11, 1988; 55 FR 42230, October 18, 1990; 56 FR 23864, May 24, 1991; 57 FR 54046, November 16, 1992; 61 FR 69067, December 31, 1996; 62 FR 51629, October 2, 1997; 63 FR 35190, June 29, 1998; 65 FR 37116, June 13, 2000; 69 FR 48843, August 11, 2004; 70 FR 73447, December 12, 2005; and 71 FR 43444, August 1, 2006.

APPENDIX E

**ADDITIONAL DATA REGARDING DOMESTIC SHIPMENTS,
CHINESE IMPORTS, AND NONSUBJECT IMPORTS**

Table E-1

Circular welded pipe: Domestic shipments, U.S. imports from China, and U.S. shipments from all other sources, by quarters, 2005-07 and January-March 2008

Quarter	Calendar year			
	2005	2006	2007	2008
Quantity (<i>short tons</i>)				
January-March				
Domestic shipments ¹	277,028	341,095	327,512	389,162
China	67,983	115,552	140,716	4,412
All other sources	136,289	172,930	80,357	141,008
Subtotal	481,301	629,577	548,586	534,582
April-June				
Domestic shipments ¹	304,926	407,482	322,795	(²)
China	117,035	127,812	239,093	(²)
All other sources	118,005	157,568	68,763	(²)
Subtotal	539,966	692,863	630,652	(²)
July-September				
Domestic shipments ¹	337,161	317,674	342,854	(²)
China	95,544	231,175	234,782	(²)
All other sources	128,213	102,160	55,336	(²)
Subtotal	560,918	651,009	632,972	(²)
October-December				
Domestic shipments ¹	342,674	310,958	294,531	(²)
China	91,639	175,178	65,720	(²)
All other sources	139,580	97,020	107,074	(²)
Subtotal	573,893	583,157	467,325	(²)
Total	2,156,078	2,556,605	2,279,533	(²)
¹ Data from <i>Preston Pipe & Tube Report</i> . ² Not available.				
Note.—Data presented in this table do not include subject dual-stenciled pipe or subject pipe produced from micro-alloy steel.				
Source: Compiled from official Commerce statistics for statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090, <i>Preston Pipe & Tube Report</i> , and from petitioners' e-mail on June 4, 2008 (monthly imports from Canada for February 2005 to March 2008).				

Table E-2
Circular welded pipe: U.S. imports from leading sources, January-March 2007 and January-March 2008

Country	January-March			
	2007	2008	2007	2008
Quantity (<i>short tons</i>)		Share (<i>percent</i>)		
China	140,716	4,412	63.7	3.0
Canada	12,212	12,792	5.5	8.8
Dominican Republic	861	1,912	0.4	1.3
India	1,923	13,458	0.9	9.3
Japan	4,433	7,367	2.0	5.1
Korea	7,430	21,552	3.4	14.8
Mexico	15,194	19,557	6.9	13.4
Oman	1,833	3,487	0.8	2.4
Romania	0	2,674	0.0	1.8
Taiwan	6,139	22,146	2.8	15.2
Thailand	16,030	20,208	7.3	13.9
Turkey	2,247	3,216	1.0	2.2
United Arab Emirates	403	2,522	0.2	1.7
Venezuela	1,954	2,780	0.9	1.9
Vietnam	0	3,022	0.0	2.1
All other	9,698	4,315	4.4	3.0
Total	221,074	145,420	100.0	100.0

Source: Compiled from official Commerce statistics for statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090 and from petitioners' e-mail on June 4, 2008 (monthly imports from Canada for February 2005 to March 2008).

APPENDIX F

**QUESTIONNAIRE SELLING PRICE DATA
FOR CIRCULAR WELDED PIPE PRODUCTS 1-4 AND 1a-4a
PRODUCED DOMESTICALLY AND IMPORTED
FROM NONSUBJECT COUNTRIES**

Table F-1

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 1,¹ by country,² by quarters, January 2005-December 2007

Period	United States		Canada		Guatemala		India	
	Price	Quantity	Price	Quantity	Price	Quantity	Price	Quantity
	<i>per short ton</i>	<i>short tons</i>						
2005:								
January-March	\$937	20,296	\$***	***	\$***	***	\$***	***
April-June	923	19,502	***	***	***	***	***	***
July-September	862	21,053	***	***	***	***	--	0
October-December	912	20,792	***	***	--	0	***	***
2006:								
January-March	950	20,940	***	***	--	0	***	***
April-June	909	20,753	***	***	--	0	***	***
July-September	971	19,230	***	***	***	***	--	0
October-December	965	16,605	***	***	--	0	***	***
2007:								
January-March	872	21,090	***	***	--	0	***	***
April-June	856	17,931	***	***	--	0	--	0
July-September	827	18,413	***	***	--	0	--	0
October-December	818	18,297	***	***	--	0	--	0
Period	Indonesia		Japan		Korea			
	Price	Quantity	Price	Quantity	Price	Quantity		
	<i>per short ton</i>	<i>short tons</i>	<i>per short ton</i>	<i>short tons</i>	<i>per short ton</i>	<i>short tons</i>		
2005:								
January-March	--	0	\$***	***	***	***		
April-June	\$***	***	--	0	875	1,390		
July-September	--	0	--	0	852	593		
October-December	--	0	--	0	833	196		
2006:								
January-March	***	***	***	***	749	743		
April-June	--	0	--	0	735	357		
July-September	***	***	--	0	698	498		
October-December	***	***	--	0	704	1,179		
2007:								
January-March	--	0	--	0	768	1,983		
April-June	--	0	--	0	***	***		
July-September	--	0	--	0	***	***		
October-December	***	***	--	0	684	1,157		

¹ ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2-4 inches inclusive.

² Romanian data were available for the second quarter of 2005, at a price of \$*** per ton and quantity of *** tons.

Table continued on the next page.

Table F-1--Continued

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 1, by country, by quarters, January 2005-December 2007

* * * * *

Table F-1a
Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 1a,¹ by country,² by quarters, January 2005-December 2007

Period	United States		Canada		Guatemala		India		Indonesia	
	Price	Quantity								
	<i>per short ton</i>	<i>short tons</i>								
2005:										
Jan.-March	\$949	4,706	\$***	***	\$***	***	\$***	***	--	0
April-June	905	4,610	***	***	***	***	***	***	\$***	***
July-Sept.	858	4,965	***	***	***	***	--	0	--	0
Oct.-Dec.	865	6,129	***	***	--	0	***	***	--	0
2006:										
Jan.-March	897	5,058	***	***	--	0	***	***	***	***
April-June	875	5,601	***	***	--	0	***	***	--	0
July-Sept.	915	4,778	***	***	--	0	***	0	***	***
Oct.-Dec.	935	4,155	***	***	--	0	***	***	***	***
2007:										
Jan.-March	881	4,870	***	***	--	0	***	***	--	0
April-June	854	4,924	***	***	--	0	--	0	--	0
July-Sept.	844	5,156	***	***	--	0	--	0	--	0
Oct.-Dec.	849	4,828	***	***	--	0	--	0	***	***
Period	Korea		Mexico		Oman		Taiwan		Thailand	
	Price	Quantity								
	<i>per short ton</i>	<i>short tons</i>								
2005:										
Jan.-March	\$***	***	\$***	***	--	0	\$***	***	***	***
April-June	882	169	***	***	--	0	***	***	***	***
July-Sept.	***	***	***	***	--	0	***	***	***	***
Oct.-Dec.	***	***	***	***	--	0	***	***	***	***
2006:										
Jan.-March	748	255	***	***	--	0	***	***	***	***
April-June	***	***	***	***	--	0	***	***	***	***
July-Sept.	666	149	***	***	--	0	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***	***
2007:										
Jan.-March	712	267	***	***	--	0	***	***	***	***
April-June	***	***	***	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	--	0	***	***	***	***
Oct.-Dec.	764	97	***	***	--	0	***	***	***	***

¹ ASTM A-53 schedule 40 black plain-end pipe, with nominal outside diameter of 2 inches.

² Romanian data were available for the second quarter of 2005, at a price of \$*** per ton and quantity of *** tons.

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

Table F-2

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 2, by country, by quarters, January 2005-December 2007

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Table F-2a

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 2a, by country, by quarters, January 2005-December 2007

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Table F-3

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 3,¹ by country,² by quarters, January 2005-December 2007

Period	United States		Canada		India		Indonesia		Korea	
	Price	Quantity								
	<i>per short ton</i>	<i>short tons</i>								
2005:										
Jan.-March	\$930	21,971	\$***	***	\$***	***	--	0	\$812	1,229
April-June	894	28,452	***	***	***	***	\$***	***	844	1,997
July-Sept.	845	32,049	***	***	--	0	--	0	***	***
Oct.-Dec.	914	26,952	***	***	***	***	--	0	***	***
2006:										
Jan.-March	896	27,746	***	***	--	0	***	***	723	849
April-June	894	32,967	***	***	***	***	--	0	***	***
July-Sept.	968	23,345	***	***	--	0	***	***	704	399
Oct.-Dec.	958	21,419	***	***	***	***	***	***	743	792
2007:										
Jan.-March	842	25,010	***	***	***	***	--	0	805	3,499
April-June	836	25,941	***	***	--	0	--	0	***	***
July-Sept.	799	24,655	***	***	--	0	--	0	783	763
Oct.-Dec.	804	26,571	***	***	--	0	***	***	777	1,486
Period	Malaysia		Taiwan		Thailand		Turkey			
	Price	Quantity	Price	Quantity	Price	Quantity	Price	Quantity		
	<i>per short ton</i>	<i>short tons</i>								
2005:										
January-March	--	0	\$***	***	\$***	***	***	***	***	***
April-June	--	0	***	***	***	***	***	***	***	***
July-September	--	0	***	***	***	***	***	***	***	***
October-December	--	0	***	***	***	***	***	***	***	***
2006:										
January-March	--	0	***	***	***	***	***	***	***	***
April-June	--	0	***	***	***	***	***	***	***	***
July-September	--	0	***	***	***	***	***	--	0	0
October-December	--	0	***	***	***	***	***	--	0	0
2007:										
January-March	--	0	***	***	***	***	***	--	0	0
April-June	\$***	***	***	***	***	***	***	--	0	0
July-September	***	***	***	***	***	***	***	--	0	0
October-December	--	0	***	***	***	***	***	--	0	0
¹ ASTM A-53 schedule black plain-end pipe, with nominal outside diameter of 6-8 inches inclusive. ² Romanian data were available for the second quarter of 2005, at a price of \$*** per ton and quantity of *** tons.										
Source: Compiled from data submitted in response to Commission questionnaires.										

Table F-3a

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 3a,¹ by country,² by quarters, January 2005-December 2007

Period	United States		Canada		India		Indonesia	
	Price	Quantity	Price	Quantity	Price	Quantity	Price	Quantity
	<i>per short ton</i>	<i>short tons</i>						
2005:								
January-March	\$903	9,213	\$***	***	\$***	***	--	0
April-June	876	13,500	***	***	***	***	\$***	***
July-September	838	15,858	***	***	--	0	--	0
October-December	890	12,171	***	***	***	***	--	0
2006:								
January-March	886	9,666	***	***	--	0	***	***
April-June	874	10,665	***	***	***	***	--	0
July-September	935	10,240	***	***	--	0	***	***
October-December	943	9,461	***	***	***	***	***	***
2007:								
January-March	809	12,611	***	***	***	***	--	0
April-June	805	12,972	***	***	--	0	--	0
July-September	772	12,987	***	***	--	0	--	0
October-December	782	15,137	***	***	--	0	***	***
Period	Korea		Taiwan		Thailand		Turkey	
	Price	Quantity	Price	Quantity	Price	Quantity	Price	Quantity
	<i>per short ton</i>	<i>short tons</i>						
2005:								
January-March	\$***	***	\$***	***	\$***	***	\$***	***
April-June	839	1,513	***	***	***	***	***	***
July-September	***	***	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***	***
2006:								
January-March	721	348	***	***	***	***	***	***
April-June	***	***	***	***	***	***	***	***
July-September	708	219	***	***	***	***	--	0
October-December	743	439	***	***	***	***	--	0
2007:								
January-March	***	***	***	***	***	***	--	0
April-June	***	***	***	***	***	***	--	0
July-September	779	564	***	***	***	***	--	0
October-December	777	714	***	***	***	***	--	0
¹ ASTM A-53 schedule black plain-end, with nominal outside diameter of 6 inches. ² Romanian data were available for the second quarter of 2005, at a price of \$*** per ton and quantity of *** tons.								
Source: Compiled from data submitted in response to Commission questionnaires.								

Table F-4

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 4, by country, by quarters, January 2005-December 2007

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Table F-4a

Circular welded pipe: Weighted-average U.S. f.o.b. selling prices and quantities of domestic and nonsubject imported product 4a, by country, by quarters, January 2005-December 2007

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Table F-5
Circular welded pipe: Summary of nonsubject country quarterly pricing data submitted by U.S. producers and importers

Country	Number of firms	Number of quarters of data								Total
		1	1a	2	2a	3	3a	4	4a	
Canada	1	12	12	12	12	12	12	0	0	72
Guatemala	1	4	3	3	3	0	0	0	0	13
India	6	7	7	10	10	6	6	5	1	52
Indonesia	1	5	5	5	5	5	5	0	0	30
Japan	1	2	0	0	0	0	0	0	0	2
Korea	6	12	12	12	12	12	12	9	8	89
Malaysia	1	0	0	0	0	2	0	0	0	2
Mexico	1	12	12	0	0	0	0	0	0	24
Oman	1	3	2	1	0	0	0	1	0	7
Romania	1	1	1	0	0	1	1	0	0	4
Taiwan	3	12	12	12	12	12	12	0	0	72
Thailand	1	12	12	12	12	12	12	0	0	72
Turkey	1	6	0	5	0	6	6	6	0	29

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

APPENDIX G

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

Responses of U.S. producers to the following questions:

1. Since January 1, 2005 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 circular welded pipe from China?

* * * * *

2. Does your firm anticipate any negative impact of imports of circular welded pipe from China?

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APPENDIX H

ADDITIONAL DATA REGARDING THE CHINESE INDUSTRY

Table H-1
Circular welded pipe: Chinese producers' basis for reporting capacity of circular welded pipe, 2005-07

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Table H-2
Circular welded pipe: Chinese producers' basis for their projections on production, capacity, and shipments of circular welded pipe in China, 2008-09

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Table H-3
Circular welded pipe: Chinese producers' response to the impact of the abolishment of the 13 percent commodity export rebate by the Chinese government in July 2007 on exports to the United States

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Table H-4
Circular welded pipe: Chinese producers' response to the impact of the abolishment of the 13 percent commodity export rebate by the Chinese government in July 2007 on exports to third country markets

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