Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa

Investigation Nos. 731-TA-846-850 (Review)

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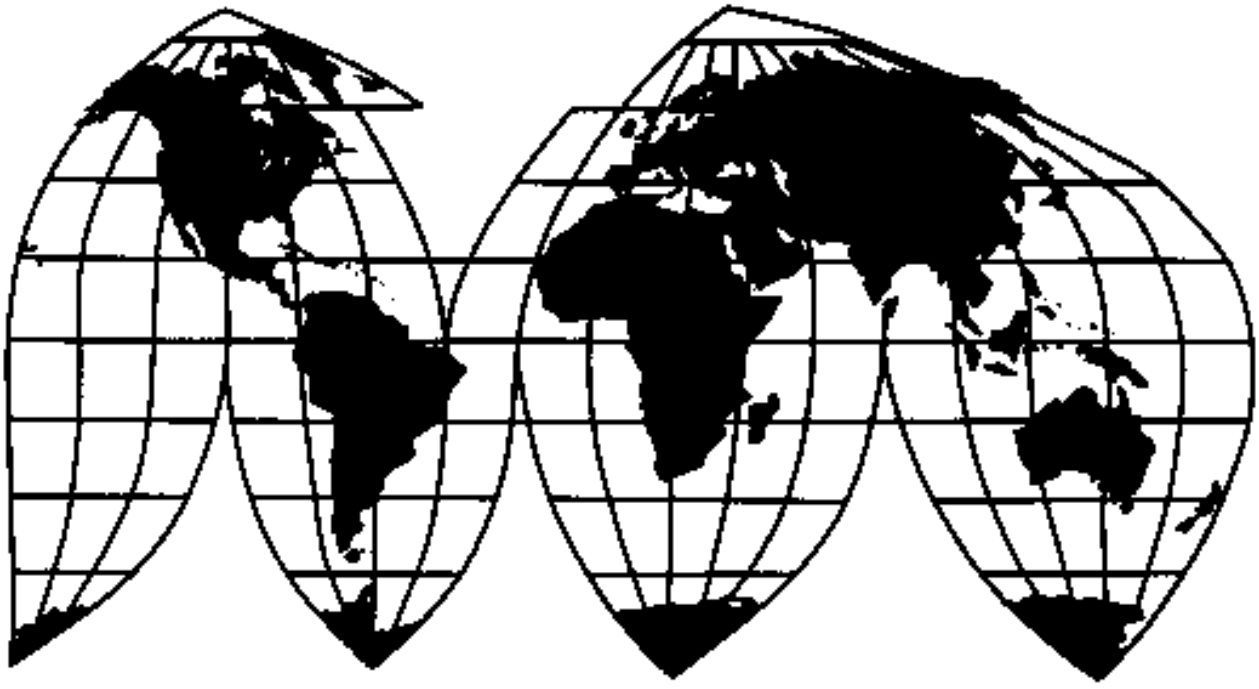
U.S. International Trade Commission



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U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Inv. Nos. 731-TA-846-850 (Review)

CARBON AND ALLOY SEAMLESS STANDARD, LINE, AND PRESSURE PIPE FROM THE CZECH REPUBLIC, JAPAN, MEXICO, ROMANIA, AND SOUTH AFRICA

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on small diameter carbon and alloy seamless standard, line, and pressure pipe from Japan and Romania[2] and large diameter carbon and alloy seamless standard, line, and pressure pipe from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

The Commission also determines that revocation of the antidumping duty orders on small diameter carbon and alloy seamless standard, line, and pressure pipe from the Czech Republic and South Africa[3] and large diameter carbon and alloy seamless standard, line, and pressure pipe from Mexico[4] would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on May 2, 2005 (70 F.R. 22688) and determined on August 5, 2005 that it would conduct full reviews (70 F.R. 49680, August 24, 2005). Notice of the scheduling of the Commission's reviews 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* on September 23, 2005 (70 F.R. 55917).[5] The hearing was held in Washington, DC, on March 2, 2006, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Vice Chairman Deanna Tanner Okun and Commissioners Jennifer A. Hillman and Daniel R. Pearson dissenting with regard to imports from Romania.

[3] Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissenting.

[4] Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissenting.

[5] The Commission revised its schedule effective February 10, 2006 (71 F.R. 8311, February 16, 2006).

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders on small diameter carbon and alloy seamless standard, line and pressure pipe ("CASSLP pipe") from Japan and Romania would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] We further determine that revocation of the antidumping duty orders on small diameter CASSLP pipe from the Czech Republic and South Africa would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

We also determine that revocation of the antidumping duty order on large diameter CASSLP pipe from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We further determine that revocation of the antidumping duty order on large diameter CASSLP pipe from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[3]

I. BACKGROUND[4]

In June 2000, the Commission completed its original investigations on small diameter CASSLP pipe from Japan and South Africa and determined that an industry in the United States was materially injured by reason of less than fair value subject imports. The Commission also determined at that time that an industry in the United States was materially injured by reason of less than fair value imports of large diameter CASSLP pipe from Japan.[5] Commerce issued antidumping duty orders on the subject merchandise on June 26, 2000.[6] Subsequently, in August 2000, the Commission made affirmative material injury determinations regarding imports of small diameter CASSLP pipe from the Czech Republic and Romania as well as large diameter CASSLP pipe from Mexico.[7] Commerce issued antidumping duty orders on the subject merchandise from Romania on August 10, 2000;[8] from the Czech Republic on August 14, 2000;[9] and from Mexico on August 11, 2000.[10] There was no litigation concerning any of the Commission's determinations.

On May 2, 2005, the Commission instituted five-year reviews pursuant to section 751(c) of the Act to determine whether revocation of these antidumping duty orders would be likely to lead to

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[1] Vice Chairman Okun, Commissioner Hillman and Commissioner Pearson dissenting with respect to Romania. See views of Chairman Okun, Commissioner Hillman and Commissioner Pearson.

[2] Chairman Koplan and Commissioner Lane dissenting. See their views.

[3] Chairman Koplan and Commissioner Lane dissenting. See their views.

[4] Chairman Koplan and Commissioner Lane join parts I, II, III.A.-B., and V.A.-B. of these views.

[5] Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Inv. Nos. 731-TA-847 and 850 (Final), USITC Pub. 3311 (June 2000).

[6] 65 Fed. Reg. 39,360 (June 26, 2000).

[7] Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from the Czech Republic, Mexico, and Romania, Inv. Nos. 731-TA-846, 848 and 849 (Final), USITC Pub. 3325 (Aug. 2000).

[8] 65 Fed. Reg. 48,963 (Aug. 10, 2000).

[9] 65 Fed. Reg. 49,539 (Aug. 14, 2000).

[10] 65 Fed. Reg. 49,227 (Aug. 11, 2000).

continuation or recurrence of material injury.[11] The Commission received five substantive responses to its notice of institution. Domestic producers filed a joint response on behalf of domestic producers United States Steel Corp. ("U.S. Steel"), Koppel Steel Corp. ("Koppel Steel") and V&M Star, L.P. ("V&M Star"), with respect to both small and large diameter CASSLP pipe. Mittal Steel Ostrava (a producer in the Czech Republic), Mittal Steel Roman (a producer in Romania) and Mittal Steel (SA) (a producer in South Africa) filed a joint response with respect to small diameter CASSLP pipe. S.C. Silcotub S.A. ("Silcotub"), a producer and exporter of small diameter CASSLP pipe in Romania, submitted a response with respect to small diameter CASSLP pipe. NKK Tubes ("NKK"), a producer of small and large diameter CASSLP pipe in Japan, filed a response with respect to small and large diameter CASSLP pipe and Tubos de Acero de Mexico S.A. ("TAMSA"), a producer of large diameter CASSLP pipe in Mexico, submitted a response with respect to that product.

On August 5, 2005, the Commission determined that it should conduct full reviews of the orders. The Commission found that the domestic interested party group response was adequate, and that the respondent interested party group responses with respect to the Czech Republic, Mexico, Romania, and South Africa were adequate, but found that the respondent interested party group response with respect to Japan was inadequate. However, the Commission determined to conduct full reviews concerning subject imports from Japan to promote administrative efficiency in light of its decision to conduct full reviews with respect to subject imports from the remaining countries.[12]

A number of respondent interested parties did not provide questionnaire responses and/or participate in these reviews. In particular, only one foreign producer/exporter from Japan, NKK, which reported that it represented *** percent of production of small diameter CASSLP pipe in Japan in 2004,[13] and *** percent of production of large diameter CASSLP pipe in Japan in 2004,[14] provided a questionnaire response or otherwise participated. Although some Czech producers/exporters also failed to participate, our coverage with respect to the industry in the Czech Republic is considerably more comprehensive than for Japan, with data covering nearly *** percent of production of small diameter CASSLP pipe.[15] Similarly, our coverage with respect to the subject industries in Mexico, Romania and South Africa is complete.[16] Accordingly, where appropriate, we have relied on the facts available in these reviews, which consist primarily of the evidence in the record from the Commission's original

[11] 70 Fed. Reg. 22,688 (May 2, 2005).

[12] 70 Fed. Reg. 49,680 (Aug. 24, 2005); see also Confidential Staff Report ("CR")/Public Staff Report ("PR") at Appendix A, Explanation of Commission Determination on Adequacy in Carbon and Alloy Seamless Standard, Line and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa, Inv. Nos. 731-TA-846-850 (Review). All citations to the staff report in these views refer to memorandum INV-DD-036 (Mar. 28, 2006), as revised by memorandum INV-DD-041 (Mar. 30, 2006).

[13] CR at IV-11, PR at IV-6.

[14] CR at IV-39, PR at IV-16.

[15] One firm from the Czech Republic, Mittal Steel Ostrava, responded to the Commission's request for information in these reviews. It accounted for the majority of small diameter CASSLP pipe produced in the Czech Republic, ***, in 2004. CR at IV-5, PR at IV-4. Mittal Steel Ostrava is the successor firm to Nova Hut, a producer in the Czech Republic that provided information in the original investigations.

[16] Romanian producers Mittal Roman, S.A., SC Silcotub, S.A. and Artrom, S.A. provided information to the Commission in these reviews. These firms accounted for all known production of small diameter CASSLP pipe in Romania in 2004. CR at IV-17, PR at IV-7. The Commission received data from one firm in South Africa, Mittal Steel (SA) Ltd., which accounted for all of the small diameter CASSLP pipe produced in South Africa in 2004. CR at IV-24, PR at IV-8. With respect to large diameter CASSLP pipe, the Commission obtained information from TAMSA, which accounted for all production of subject merchandise in Mexico in 2004. CR at IV-45, PR at IV-17.

investigations, the information collected by the Commission since the institution of these reviews, and information submitted by parties in these reviews.[17] [18]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."[19] The Act defines the "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[20] The Commission's practice in five-year reviews is to look to the like product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.[21]

In its final expedited five-year review determinations, Commerce described the scope of the small diameter CASSLP pipe covered by the orders as:

> seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes and redraw hollows produced, or equivalent, to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and the API 5L specifications and meeting the physical parameters described below, regardless of application. The scope of the orders also includes all products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification. Specifically included within the scope of the orders are seamless pipes and redraw hollows, less than or equal to 4.5 inches (114.3 mm) in outside diameter, regardless of wall-thickness, manufacturing process (hot finished

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[17] The domestic producers have urged us to take adverse inferences against nonresponding foreign producers. The statute permits the Commission to use adverse inferences in selecting among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from any information placed on the record and information from the record of our original determination. Id.

We do not find that participation or non-participation in sunset reviews is indicative of likely differences in conditions of competition in the U.S. market. Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. No. 701-TA-380-382 and 731-TA-797-804 (Review), USITC Pub. 3788 (July 2005) at 20.

[18] Commissioner Pearson notes that to the extent a respondent party chooses not to participate in a sunset review, this fact does not necessarily indicate whether imports from that party would likely increase upon revocation so as to cause continuation or recurrence of material injury to the domestic industry. In these reviews, his use of the best information available to him, which in the case of Japan is primarily information from the original investigation, is not intended to penalize any subject producer or exporter.

[19] 19 U.S.C. § 1677(4)(A).

[20] 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[21] See Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, USITC Pub. 3788 at 6; Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 (July 2003) at 4; Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 (Feb. 2003) at 4.

or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.[22]

In its final expedited five-year review determinations, Commerce described the scope of the large diameter CASSLP pipe covered by the orders as:

> large diameter seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes produced, or equivalent, to the American Society for Testing and Materials (ASTM) A53, ASTM A106, ASTM A333, ASTM A334, ASTM A589, ASTM A795, and the American Petroleum Institute (API) 5L specifications and meeting the physical parameters described below, regardless of application, with the exception of the exclusions discussed below. The scope of this order also includes all other products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification, with the exception of the exclusions discussed below.
>
> Specifically included within the scope of this order are seamless pipes greater than 4.5 inches (114.3 mm) up to and including 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (hot finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.[23]

Seamless standard pipe is most commonly produced to American Society for Testing and Materials ("ASTM") A-53 specification, and is generally 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 sprinklers, and other related uses.[24] Seamless line pipe is produced to the American Petroleum Institute ("API") 5L specification, and is intended for the conveyance of oil and natural gas and other fluids in pipe lines.[25] Seamless pressure pipe is commonly produced to ASTM A-106 specification, and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases in industrial piping systems.[26]

The starting point of the Commission's like product analysis in a five-year review is the like product definition in the Commission's original determination.[27] In its original determinations, the Commission defined the domestic like products as two separate products corresponding with Commerce's

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[22] 70 Fed. Reg. 53,151, 53,152 (Sept. 7, 2005) (quoted in part). For full description of Commerce's scope, see id., reproduced in CR/PR at Appendix A.

[23] 70 Fed. Reg. 53,159, 53,160 (Sept. 7, 2005) (quoted in part). For full description of Commerce's scope, see id., reproduced in CR/PR at Appendix A.

[24] CR at I-22 - I-23, PR at I-21.

[25] CR at I-23, PR at I-21.

[26] CR at I-23, PR at I-21.

[27] In the like product analysis for an investigation, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer and producer perceptions; and, where appropriate, (6) price. See The Timken Co. v. United States, 913 F. Supp. 580, 584 (CIT 1996). No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. See, e.g. S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49.

scope descriptions: small diameter seamless pipe and large diameter seamless pipe.[28] [29] The parties do not argue for a different definition of the domestic like products.[30]

The record here contains no information that would warrant a reconsideration of the domestic like product definition. We therefore define the domestic like products in these reviews as consistent with the like product definitions in the original determinations, as well as with Commerce's scope: small diameter seamless pipe and large diameter seamless pipe, coextensive with the scope of the orders.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole 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."[31] Current domestic producers of small diameter CASSLP pipe are Koppel Steel, Sharon Tube Co. ("Sharon Tube"), The Timken Co. ("Timken"), and U.S. Steel;[32] current domestic producers of large diameter CASSLP pipe are Timken, U.S. Steel and V&M Star.[33]

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[28] USITC Pub. 3311 at 11; USITC Pub. 3325 at 4.

[29] Commissioner Hillman finds, based on the record of these reviews, that carbon and alloy steel seamless standard, line, and pressure pipe ("SSLP pipe") do not constitute separate domestic like products. Thus, she concurs with her colleagues' like product determination, finding two like products: one for small diameter CASSLP pipe and one for large diameter CASSLP pipe. While she found separate like products for carbon and alloy SSLP pipe in the original investigations, the record in these reviews indicates significant changes that have led her to revisit her like product definition. While there are still some differences between carbon and alloy SSLP pipe, the evidence in these reviews indicates that there is more of a continuum between them than in the original investigations. In particular, in the original investigations, alloy SSLP pipe was produced domestically by only Gulf States and Michigan Specialty, relatively small producers. INV-X-114 (May 25, 2000) ("Original Staff Report") at III-1 - III-4. In contrast, the sole U.S. producer of alloy SSLP pipe during the period of review was U.S. Steel, the largest U.S. producer of CASSLP pipe. CR at I-33- I-34, PR at I-28 - I-29. Much of U.S. Steel's small diameter alloy SSLP pipe is of grades that are relatively similar in chemical composition to carbon steel grades. CR at I-35 n.52, PR at I-29 n.52. U.S. Steel's alloy SSLP pipe does not require cold-finishing; in the original investigations, the domestic alloy SSLP pipe producers produced pipe that typically required cold-finishing. Id. The evidence regarding price differentials is mixed in these reviews. The most directly comparable pricing data, those for product 2 (carbon steel, 4.5") and product 8 (alloy steel, 4.5") show the carbon steel product higher priced toward the end of the period of review. See CR/PR at Tables V-3 and V-5. While Commissioner Hillman views the shipment average unit value ("AUV") data with caution, she notes that the data for small diameter pipe show higher AUVs for carbon pipe than for alloy pipe in several years of the period of review. See CR/PR at Tables C-2 and C-3. Responses from market participants were mixed regarding the like product factors. See CR at I-32-I-34 and E-3-E-14, PR at I-27-29 and E-3-6. Finally, no party has argued for separate like products, unlike the situation in the original investigations.

[30] Domestic Producers' Small Diameter CASSLP Prehearing Brief at 14; Domestic Producers' Large Diameter CASSLP Prehearing Brief at 11; V&M Star's Prehearing Brief at 3; Mittal's Response to Notice of Institution at 15; NKK Tube's Response to Notice of Institution at 7; Silcotub's Response to Notice of Institution at 12; TAMSA's Response to Notice of Institution at 7.

[31] 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

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

[33] CR/PR at Table I-7.

In the original investigations, the Commission found two domestic industries, consistent with its domestic like product findings. These industries comprised all domestic producers of small diameter seamless pipe and all domestic producers of large diameter seamless pipe.[34]

As with the definition of the domestic like product, the parties do not argue for a different definition of the domestic industries.[35] Nor does the record here contain any information that would warrant a reconsideration of this issue.[36] We therefore define the domestic industries as all current U.S. producers of the respective domestic like products.

III. CUMULATION OF SUBJECT IMPORTS OF SMALL DIAMETER CASSLP PIPE FROM THE CZECH REPUBLIC, JAPAN, ROMANIA, AND SOUTH AFRICA

A. Overview

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[37]

Thus, cumulation is discretionary in five-year reviews. The Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[38] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[39] With respect to this provision, the

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[34] USITC Pub. 3311 at 12; USITC Pub. 3325 at 4.

[35] Domestic Producers' Small Diameter CASSLP Prehearing Brief at 14 n.34; Domestic Producers' Large Diameter CASSLP Prehearing Brief at 11-12 n.27; TAMSA's Response to Notice of Institution at 7; NKK Tube's Response to Notice of Institution at 7.

[36] We note that V&M Star is a joint venture between V&M Tubes, S.A., a producer of CASSLP pipe in Boulogne, France (*** percent interest) and Sumitomo Corp. of Houston, TX (*** percent interest), a wholly owned subsidiary of Sumitomo Corp. of Tokyo, Japan. CR/PR at Table I-7 n.3. A producer is deemed to be a related party if an exporter or importer directly or indirectly controls the producer. 19 U.S.C. § 1677(4)(B)(ii). Sumitomo owns only *** percent of V&M Star and it would normally not be regarded as exercising control over V&M Star. There is no evidence and no argument that Sumitomo exercises direct or indirect control over V&M Star. Accordingly, we do not find V&M Star to be a related party.

[37] 19 U.S.C. § 1675a(a)(7).

[38] 19 U.S.C. § 1675a(a)(7).

[39] SAA, H.R. Rep. No. 103-316, vol. I (1994).

Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.[40]

We note that, in the original investigations, the Commission determined to cumulate with respect to small diameter CASSLP pipe from all four subject countries. In the original investigations, in the present material injury context, cumulation was governed by section 771(7)(G)(I) of the Act,[41] which does not provide discretion to the Commission, in contrast to section 752(a), which governs in these reviews.

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as the Commission initiated all the reviews on May 2, 2005.[42]

The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[43] Only a "reasonable overlap" of competition is required.[44] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are terminated. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[45]

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[40] For a discussion of the analytical framework of Chairman Koplan and Commissioner Hillman regarding the application of the "no discernible adverse impact" provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review) USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplan's analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review) USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

[41] 19 U.S.C. § 1677(7)(G)(I).

[42] 70 Fed. Reg. 22,688 (May 2, 2005).

[43] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

[44] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[45] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

B. Likelihood of No Discernible Adverse Impact

We do not find that subject imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa would likely have no discernible adverse impact on the domestic industry if the antidumping duty orders were revoked.

Romania. The petition cited three producers/exporters of small diameter CASSLP pipe in Romania: Silcotub SA, SC Republica and Societ. Petrotub SA Roman. The three firms provided information to the Commission in the original investigations.[46] Producers in Romania in the original investigations reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, reported production ranging from *** short tons in 1999 to *** short tons in 1998, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999.[47] In the original investigations, the volume of shipments of subject small diameter CASSLP from Romania fell from *** short tons in 1997 to *** short tons in 1998, then declined further to *** short tons in 1999. Their market share was *** percent in 1997, *** percent in 1998, and *** percent in 1999. The order on subject imports from Romania was imposed in August 2000. Subsequently, the volume of subject imports from Romania fluctuated. Subject imports were 3,436 short tons in 2000, then rose to 16,573 short tons in 2001, then fell to 9,182 short tons in 2002, and rose again to 11,562 short tons in 2003, then to 18,718 short tons in 2004.[48]

Mittal Roman, S.A.,[49] SC Silcotub, S.A. and Artrom, S.A provided information to the Commission in these reviews. They accounted for all known production of small diameter CASSLP pipe in Romania in 2004. Mittal Roman and Silcotub were by far the largest Romanian producers.[50]

Mittal Roman reported that it exported subject merchandise to the United States during the period of review and that its volume of shipments to other markets increased from *** short tons in 2000 to *** short tons in 2004. ***.[51]

Silcotub reported that during the review period, it exported subject merchandise to its *** These exports increased from *** short tons in 2000 to *** short tons in 2004. Its volume of shipments to other markets remained relatively steady at approximately *** short tons annually.[52]

Producers of small diameter CASSLP pipe in Romania reported an increase in capacity of *** percent from 2000 to 2004 (from *** short tons to *** short tons),[53] and a *** percent increase in production. Romanian producers' capacity utilization rates ranged from *** percent in 2000 to *** percent in January-September 2005.[54] In the original investigations, their market share was *** percent of apparent U.S. consumption in 1997, as measured by quantity, rising to *** percent in 1998 before

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[46] Original Staff Report at VII-9.

[47] CR at IV-17 n.16, PR at IV-7 n.16.

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

[49] Mittal Steel Roman was known as Petrotub, S.A. before its 2004 acquisition by Mittal Steel Co., N.V. CR at IV-17 n.17, PR at IV-7 n.17.

[50] CR at IV-17 & n.19, PR at IV-7 & n.19.

[51] CR at IV-17, PR at IV-7.

[52] CR at IV-18, PR at IV-7. Silcotub was acquired by the Tenaris Group in 2004, and is no longer affiliated with Duferco Steel. CR at IV-17 n.18, PR at IV-7 n.18.

[53] CR/PR at Table IV-9.

[54] CR at IV-18, PR at IV-7.

falling to *** percent in 1999.[55] The Romanian producers projected that their capacity will be *** short tons in 2006 and their capacity utilization would be *** percent in that year.[56]

Based on the current volume of subject imports from Romania and the production capacity of the producers in Romania, along with the facts that they have some unused capacity and are export-oriented, and the capacity, capacity utilization and export orientation of the Romanian producers in the original investigations, we do not find that subject imports from Romania would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Czech Republic. The petition, filed on June 30, 1999, cited three known producers/exporters of small diameter CASSLP pipe in the Czech Republic: Vitkovice, VT Dioss Chomutov and Nova Hut. Only the latter two producers responded to the Commission's request for information in the original investigations.[57] In the original investigations, producers in the Czech Republic had a reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, had reported production ranging from *** short tons in 1999 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999.[58] The volume of shipments of subject imports from the Czech Republic totaled *** short tons in 1997, rising to *** short tons in 1998, then falling to *** short tons in 1999. Their market share was *** percent of U.S. consumption in 1997, as measured by quantity, rising to *** percent in 1998 and further to *** percent in 1999.[59] After the order was imposed in August 2000, the volume of subject imports fell substantially. The volume totaled 310 short tons in 2000, 11 short tons in 2001, 367 short tons in 2002, 355 short tons in 2003, and 1 short ton in 2004.[60]

One firm, Mittal Steel Ostrava, responded to the Commission's request for information in these reviews.[61] It reported that it accounted for the majority of small diameter CASSLP pipe produced in the Czech Republic, ***, in 2004.[62] However, it did not export subject merchandise to the United States during the period examined. Its volume of shipments exported to other markets increased from *** short tons in 2000 to *** short tons in 2004 – an increase of *** percent.[63] Its reported capacity decreased from 2000 to 2003 (from *** short tons to *** short tons), then increased in 2004 (to *** short tons).[64] Capacity utilization was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004.[65] Mittal Steel Ostrava projected that its capacity will increase to *** short tons in 2006. It also projected that its capacity utilization would be *** percent in that year.[66]

Based on the actual and projected production capacity of Mittal Steel Ostrava, along with the fact that it currently has and is projected to have some unused capacity and is export-oriented, as well as the capacity, capacity utilization and export orientation of the Czech producers in the original investigations, we do not find that subject imports from the Czech Republic would likely have no discernible adverse impact on the domestic industry if the order were revoked.

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

[56] CR/PR at Table IV-10.

[57] Original Staff Report at VII-2.

[58] CR at IV-5 n.5, PR at IV-4 n.5.

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

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

[61] Mittal Steel Ostrava is the successor company to Nova Hut. CR at II-7 n.13, PR at II-4 n.13.

[62] CR at IV-5, PR at IV-4.

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

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

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

[66] CR/PR at Table IV-4.

South Africa. Petitioners reported that Iscor Limited was the only producer/exporter of subject merchandise in South Africa during the original investigations. [67] In the original investigations, the volume of shipments of subject imports from South Africa climbed from *** short tons in 1997 to *** short tons in 1998, then fell to *** short tons in 1999. After the order was imposed on these imports in June 2000, subject imports declined and were 442 short tons in 2000; there were no subject imports from South Africa in the remainder of the period of review.[68]

In the original investigations, Iscor had a reported capacity ranging from *** short tons in 1998 to *** short tons in 1999, had reported production ranging from *** short tons in 1999 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999.[69] Its market share was *** percent of apparent U.S. consumption in 1997, as measured by quantity, rising to *** percent in 1998 before falling to *** percent in 1999.[70]

In these reviews, the Commission received data from one firm, Mittal Steel (SA) Ltd., which accounted for all of the small diameter CASSLP pipe produced in South Africa in 2004.[71] It exported *** short tons of subject pipe to the United States since 2001. Its volume of shipments exported to other markets increased from *** short tons in 2001 to *** short tons in 2004. Its reported capacity and production increased *** percent, respectively, from 2001 to 2004 (with capacity growing from *** short tons to *** short tons).[72] Capacity utilization was *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004.[73] Mittal Steel (SA) projected that its capacity will be *** short tons in 2006 and its capacity utilization will be *** percent in that year.[74]

Based on the production capacity of the South African producer and its export orientation, as well as the record from the original investigations, we do not find that subject imports from South Africa would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Japan. The petition cited four producers/exporters of small diameter CASSLP pipe in Japan: Kawasaki Steel Corp., Nippon Steel Corp., NKK Corp., and Sumitomo Metal Industries.[75] Japanese producers in the original investigations had a reported capacity ranging from *** short tons in 1998 to *** short tons in 1999, had reported production ranging from *** short tons in 1997 to *** short tons in 1999, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999.[76] The volume of shipments of subject imports of small diameter CASSLP pipe from Japan increased from 14,999 short tons in 1997 to 34,059 short tons in 1998, then decreased to 18,709 short tons in 1999.[77] Their market share was 5.6 percent in 1997, 15.0 percent in 1998 and 12.3 percent in 1999. Japan had the largest market share of the four subject countries in both 1998 and 1999.[78] After the order was imposed in June 2000, subject imports from Japan decreased sharply. They totaled 1,914 short

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[67] Original Staff Report at VII-11.

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

[69] CR at IV-24 n.22, PR at IV-8 n.22.

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

[71] Mittal Steel acquired Iscor in 2004. CR at IV-24 n.23, PR at IV- 8 n.23.

[72] CR/PR at Table IV-12.

[73] CR/PR at Table IV-12. Mittal Steel reported no data for 2000. CR/PR at Table IV-12 n.1.

[74] CR/PR at Table IV-13.

[75] Original Staff Report at VII-4.

[76] CR at IV-11 n.9, PR at IV-5 n.9.

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

[78] See CR/PR at Table I-1. Romania had a larger market share in 1997: *** percent. CR/PR at Table I-1.

tons in 2000, then declined to 909 short tons in 2001, and were 408 short tons in 2002, 865 short tons in 2003 and 79 short tons in 2004.[79]

In these reviews, the Commission received data from one firm, NKK Tubes Corp., which reported that it accounted for approximately *** percent of small diameter CASSLP pipe produced in Japan in 2004. It reported ***. However, its volume of shipments exported to other markets increased from *** short tons in 2000 to *** short tons in 2004. Its reported capacity and production increased from 2000 to 2001. Capacity was stable between 2001 and 2004 at *** short tons, while production increased irregularly to *** short tons by 2004.[80] Its capacity utilization was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004.[81]

Based on the large production capacity of the producers in Japan as reported in the original investigations, the fact that they were the largest source of subject imports during the original investigations,[82] had considerable unused capacity, and were export-oriented, as well as the facts that NKK's capacity increased during the period of review and it has some excess capacity, we do not find that subject imports from Japan would likely have no discernible adverse impact on the domestic industry if the order were revoked.[83]

C. Likely Overlap of Competition

With regard to likely overlap of competition, we note that the relevant inquiry is whether there would likely be competition even if there are no current imports from a subject country.[84] Further, only a "reasonable overlap" of competition is required.[85]

Fungibility. The Commission found this factor satisfied in the original investigations, despite some distinctions between imports from individual subject countries and the domestic like product.[86]

The record in these reviews indicates that subject imports are moderately interchangeable with each other and with the domestic like product. All three responding U.S. producers reported that the domestic product and subject imports were always interchangeable. The one importer that provided information regarding interchangeability stated that for each of the combinations, the products were sometimes interchangeable. Nearly all purchasers reported that the products were at least sometimes interchangeable.[87] Reasons given by purchasers for non-interchangeability were related to quality; for example, that mills in Romania, South Africa and the Czech Republic are "not as acceptable" as those in the United States, Japan and Western Europe; that a mill or country that is not an approved source does not produce interchangeable products; and the inability of certain sources to meet quality and technical requirements.[88] In the original investigations, the Commission found that small diameter pipe from both

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

[80] CR/PR at Table IV-6. See also CR at IV-11 n.14, PR at IV-6 n.14.

[81] CR/PR at Table IV-6.

[82] See CR/PR at Table I-1.

[83] Chairman Koplan and Commissioner Lane do not join the remainder of part III. See their views.

[84] See generally Chefline Corp. v. United States, 219 F. Supp.2d 1313, 1314 (Ct. Int'l Trade 2002).

[85] See Mukand Ltd. v. United States, 937 F. Supp. 910, 917 (Ct. Int'l Trade 1996).

[86] USITC Pub. 3311 at 15.

[87] CR at II-23, PR at II-16, and CR/PR at Table II-5.

[88] CR at II-24, PR at II-16.

subject and domestic sources tends to be generally interchangeable,[89] and the record in these reviews indicates that subject imports are moderately substitutable with the domestic like product.[90]

Channels of Distribution. In the original investigations, the Commission found that the vast majority of shipments of both subject imports and the domestic like product were to distributors.[91]

In these reviews, U.S. producers still sell mainly to distributors but also to end users, while responding importers from Romania typically sell only to distributors. In 2004, U.S. producers reported that *** percent of their small diameter CASSLP pipe was sold to distributors and the remainder to end users. In the original investigations, domestic producers sold *** percent of their product through distributors. In 1999, U.S. importers of subject merchandise from *** sold *** percent of their product through distributors. U.S. importers of subject small diameter CASSLP pipe from Japan sold *** percent through distributors in 1999.[92]

Geographic Overlap. In the original investigations, the majority of domestic producers reported that they served the entire U.S. market. Japanese pipe was available in all geographic areas of the United States; Romanian pipe was present on the ***; Czech pipe was present in ***; and South African pipe was available on ***. The Commission found that at a minimum, the domestic like product and *** were present in the Gulf area.[93]

In these reviews, the three responding U.S. producers reported selling nationwide. Both responding importers only sold in various regions, including the Northeast, the Southwest, the Gulf Coast, and the West.[94] As in the original investigations, the U.S. producers and subject importers sold product in the Gulf Coast region.[95]

Simultaneous Presence in the Market. In the original investigations, subject imports from Japan occurred in every month during the period of investigation; subject imports from the Czech Republic occurred in 31 of the 36 months of the period; subject imports from Romania occurred in 30 of the 36 months; and subject imports from South Africa occurred in 28 of the 36 months.[96]

In these reviews, subject imports from Japan and Romania were present throughout the period of review, as were subject imports from the Czech Republic, albeit sporadically and in very modest quantities in some years. However, subject imports from South Africa were only present in 2000.[97] We note that the relevant inquiry before the Commission is whether subject imports from the subject countries are likely to compete against each other in the U.S. market if the orders are revoked, not whether imports from the subject countries are currently in the U.S. market.[98]

In view of the foregoing, we find that the subject imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa are fungible with each other and with the domestic like product, that there will likely be a reasonable overlap of geographic markets and channels of distribution if the orders are revoked, and that the subject imports would be simultaneously present.

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[89] USITC Pub. 3311 at 15.

[90] CR at II-16, PR at II-11.

[91] USITC Pub. 3311 at 15.

[92] CR at II-1, PR at II-1.

[93] USITC Pub. 3311 at 15.

[94] CR at II-2, PR at II-1.

[95] See CR at IV-4 - IV-5, PR at IV-4.

[96] USITC Pub. 3311 at 16.

[97] CR at IV-5, PR at IV-4; CR/PR at Table I-1.

[98] See Chefline Corp. v. United States, 219 F. Supp.2d at 1314 (Commission not required to find that subject imports currently compete in the U.S. market).

D. Other Considerations

Based on the record in these five-year reviews, we find that subject imports of small diameter CASSLP pipe from Romania would likely face different conditions of competition in the U.S. market than subject imports from the Czech Republic, Japan and South Africa. Thus, we decline to exercise our discretion to cumulate subject imports from Romania with those from the Czech Republic, Japan and South Africa. Similarly, we find that subject imports of small diameter CASSLP pipe from the Czech Republic and South Africa would likely face different conditions of competition in the U.S. market than subject imports from Japan and Romania. We therefore decline to exercise our discretion to cumulate subject imports from the Czech Republic and South Africa with those from Romania and Japan. However, we find that subject imports from the Czech Republic and South Africa are likely to face similar conditions of competition and, therefore, we exercise our discretion to cumulate subject imports from these two countries. Lastly, we find that small diameter CASSLP pipe from Japan would likely face different conditions of competition in the U.S. market than subject imports from the Czech Republic, Romania and South Africa. Therefore, we decline to exercise our discretion to cumulate subject imports from Japan.

Romania. The volume of subject imports of small diameter CASSLP pipe from Romania was already substantially larger than that of either the Czech Republic or South Africa at the outset of the original investigations, and remained higher throughout 1997-1999. Shipments of subject imports from Romania totaled *** short tons in 1997, *** short tons in 1998, and *** short tons in 1999. Shipments of subject imports from the Czech Republic totaled *** short tons in 1997, *** short tons in 1998, and *** short tons in 1999. Shipments of subject imports from South Africa totaled *** short tons in 1997, *** short tons in 1998, and *** short tons in 1999. [99] Shipments of subject imports from Japan totaled 14,999 short tons in 1997, 34,059 short tons in 1998, and 18,709 short tons in 1999.[100] While the volume of subject imports from Romania was quite large at the beginning of the period, it grew steadily smaller; indeed, the volume of subject imports from Romania declined each year of the period of investigation.[101] At the same time, subject imports from Japan grew larger, albeit irregularly.[102] Thus, in 1999, subject imports from Romania had a market share of *** percent compared to *** percent in 1997, while subject imports from Japan had a market share of 12.3 percent, compared to 5.6 percent in 1997; for the Czech Republic, the shares were *** percent in 1997 and *** percent in 1999; and for South Africa, *** percent in 1997 and *** percent in 1999.[103]

Unlike subject imports from the other countries, subject imports from Romania maintained a substantial presence in the U.S. market throughout the period of review, regardless of the presence or absence of dumping margins on shipments of such imports. Subject imports from Romania totaled 3,436 short tons in 2000, 16,573 short tons in 2001, 9,182 short tons in 2002, 11,562 short tons in 2003, and 18,718 short tons in 2004. They were 13,531 short tons in January-September 2004 and 1,811 short tons in January-September 2005.[104] In contrast, no other subject country had a subject import volume over 1,000 short tons throughout the period of review, except for Japan in 2000.[105]

Czech Republic and South Africa. We find that subject imports of small diameter CASSLP pipe from these two countries will compete under similar conditions in the U.S. market. The volume of

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

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

[101] See CR/PR at Table I-1.

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

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

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

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

subject imports from these countries was the lowest of the four countries during the original investigations. Shipments of subject imports from the Czech Republic totaled *** short tons in 1997, *** short tons in 1998, and *** short tons in 1999. Shipments of subject imports from South Africa totaled *** short tons in 1997, *** short tons in 1998, and *** short tons in 1999.[106] Their market shares were low.[107] The Czech Republic's share of apparent U.S. consumption, as measured by quantity, was *** percent in 1997, *** percent in 1998 and *** percent in 1999. South Africa's share of apparent U.S. consumption, as measured by quantity, was *** percent in 1997, *** percent in 1998 and *** percent in 1999. At no time did their respective market shares exceed even the lowest market share held by Romania (*** percent) or Japan (5.6 percent).[108] Production capacity in the Czech Republic and South Africa was lower than it was for Japan and (in the case of South Africa) Romania.[109] While data were lacking for one of the three Czech producers during the period of investigation,[110] there is no evidence that this producer had any interest in the U.S. market during the period of review. During the period of review, subject imports from the Czech Republic and South Africa were almost entirely absent from the U.S. market. Imports from the Czech Republic were only one ton in 2004 and only 130 short tons in January-September 2005, and there were no subject imports from South Africa after 2000.[111] As explained above, subject imports from Romania have maintained a steady presence in the U.S. market.

Japan. During the original investigations, the change in subject import volumes of small diameter pipe from Japan was much more significant than with respect to the other subject countries. The volume of shipments of subject imports from Japan increased from 14,999 short tons in 1997 to 34,059 short tons in 1998. Although it decreased to 18,709 short tons in 1999, compared to the volumes of shipments of subject imports from the other three countries it remained by far the largest subject import source in that year.[112] While the subject import volume for Romania was similar to that from Japan in the middle of the period of investigation, subject import volume from Japan was larger at the end, while imports from Romania declined significantly. Subject import volume from Japan was 34,059 short tons in 1998, and declined to 18,709 short tons in 1999. Subject import volume from Romania was *** short tons in 1998, and declined to *** short tons in 1999.[113]

The market share for subject imports from Japan was also more significant than for subject imports from the other countries. Subject imports from Japan had a market share of 12.3 percent in 1999, compared to market shares of *** percent for Romania, *** percent for the Czech Republic and *** percent for South Africa in that year.[114]

During the original investigations, the capacity of the industry in Japan increased from *** short tons in 1997 to *** short tons in 1999.[115] In contrast, the industry in the Czech Republic shrank, from a capacity of *** short tons in 1997 to *** short tons in 1999.[116] The industry in Romania also shrank,

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

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

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

[109] Compare CR at IV-5 n.5 with CR at IV-24 n.22, IV-11 n.9, and IV-17 n.16, PR at IV-4 n.5 with PR at IV-8 n.22, IV-5 n.9, and IV-7 n.16.

[110] Original Staff Report at VII-2.

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

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

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

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

[115] Original Staff Report at Table VII-2.

[116] Original Staff Report at Table VII-1.

from a capacity of *** short tons in 1997 to *** short tons in 1999.[117] The industry in South Africa was much smaller and grew only slightly, from a capacity of *** short tons in 1997 to *** short tons in 1999.[118] There is no indication in the record of these reviews that the industry in Japan is now any smaller than during the original investigations.

Purchasers view subject Japanese CASSLP pipe to be more interchangeable in terms of quality with the domestic like products than subject merchandise from the Czech Republic, Romania and South Africa.[119] In contrast to the other subject countries, Japan producers are on the approved manufacturer lists ("AMLs") maintained by key purchasers of small diameter CASSLP pipe[120] and respondent interested parties reported that the importance of AMLs has grown in the last few years.[121] A substantial minority of purchasers believe that AMLs are important, i.e. the major oil and gas firms such as ExxonMobil.[122] Finally, we note that Japan is subject to antidumping duty orders in the United States on large diameter CASSLP pipe and oil country tubular goods ("OCTG"), whereas the Czech Republic, Romania and South Africa are not.[123]

E. Summary of Cumulation Conclusions

As noted above, the information in the record regarding Japan consists primarily of information obtained during the original investigations. Unlike the other subject producers, most producers of small diameter CASSLP pipe from Japan declined to participate in these reviews. Accordingly, we must rely primarily on information obtained during the original investigations for Japan, while we have more current information obtained for the other subject countries as well as information from the original investigations. We also note that we have discretion to exercise our authority to cumulate subject imports during five-year reviews.[124]

Based on the information in the record, we do not find that subject imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked. We also find a likely reasonable overlap of competition among the subject imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa, and between the subject imports and the domestic like product. We find, however, significant differences in the conditions of competition with respect to the subject imports from Romania and the conditions of competition with respect to the subject imports from the Czech Republic, Japan and South Africa. We find, as well, significant differences in the

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[117] Original Staff Report at Table VII-5.

[118] Original Staff Report at Table VII-6.

[119] CR at II-23 - II-27, PR at II-16, II-18 - II-19; CR/PR at Table II-5.

[120] V&M Star's Posthearing Brief, Exh. 1; Tr. at 126 (Mr. Schagrin). As stated in the original determinations, AMLs are widely used, particularly in the energy business, and producers not on a purchaser's AML may face some limitations in ability to compete for sales. USITC Pub. 3311 at 15.

[121] CR at II-19 - II-20, PR at II-13. At the hearing, distributors reported that between 10 and 90 percent of their sales required that the producer be on an AML. CR at II-19, PR at II-13. Domestic producers estimated that AML sales accounted for 30 percent or less of their small diameter CASSLP pipe sales. See, e.g., Tr. at 133-34 (Messrs. Shoaff, Leland & Ramsey).

[122] See, e.g., CR at II-19, PR at II-13.

[123] Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Inv. Nos. 731-TA-847 and 850 (Final), USITC Pub. 3311 (June 2000); Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Inv. Nos. 701-TA-364 (Review), 731-TA-711 (Review) and 713-716 (Review), USITC Pub. 3434 (June 2001).

[124] See, e.g., Cogne Acciai Speciali S.P.A. v. United States, No. 04-00411, Slip Op. at 2, 26-27 (Ct. Int'l Trade Sept. 12, 2005).

conditions of competition with respect to the subject imports from Japan and the conditions of competition with respect to the subject imports from the Czech Republic, Romania and South Africa. Therefore, we do not exercise our discretion to cumulate the likely volume and price effects of subject imports from Romania or Japan with those for subject imports from the Czech Republic and South Africa. We do exercise our discretion to cumulate the likely volume and price effects of subject imports from the Czech Republic and South Africa.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS OF SMALL DIAMETER CASSLP PIPE FROM THE CZECH REPUBLIC, JAPAN AND SOUTH AFRICA IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED[125] [126]

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[127] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[128] Thus, the likelihood standard is prospective in nature.[129] The U.S. Court of International Trade has found that "likely," as used in the sunset review

[125] Chairman Koplan and Commissioner Lane do not join part IV. See their views.

[126] For the Commission's views regarding the antidumping duty order on small diameter CASSLP pipe imports from Romania, see Views of Chairman Stephen Koplan and Commissioner Charlotte R. Lane and Separate Views of Commissioner Shara L. Aranoff.

[127] 19 U.S.C. § 1675a(a).

[128] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[129] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[130] [131]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[132] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[133]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[134] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[135] [136]

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[130] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), aff'd without opinion, 05-1019 (Fed. Cir. Aug. 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[131] Vice Chairman Okun notes that, consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade's interpretation of "likely" to mean "probable." See Usinor Industeel, S.A. et. al. v. United States, No. 01-00006, Slip Op. 02-39 at 13 (Ct. Int'l Trade Apr. 29, 2002). However, she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue. See also Additional Views of Vice Chairman Deanna Tanner Okun Concerning the "Likely" Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

[132] 19 U.S.C. § 1675a(a)(5).

[133] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[134] 19 U.S.C. § 1675a(a)(1).

[135] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-12, PR at I-11 - I-12. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[136] Vice Chairman Okun notes that Section 776 of the Act authorizes the Commission to "use the facts otherwise available" in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in

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In evaluating the likely volume of imports of subject merchandise if the antidumping orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[137] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[138]

In evaluating the likely price effects of subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[139]

In evaluating the likely impact of imports of subject merchandise if the antidumping order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[140] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[141] As instructed by the statute, we

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[136] (...continued)
the time, form, or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(I) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 782(I) are applicable only to Commerce. 19 U.S.C. § 1677m(I). See Titanium Metals Corp., 155 F. Supp. 2d at 765 ("the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of a Commission investigation."). Vice Chairman Okun notes that such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. Vice Chairman Okun generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. In general, the Commission makes determinations by "weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive" (SAA at 869).

[137] 19 U.S.C. § 1675a(a)(2).

[138] 19 U.S.C. § 1675a(a)(2)(A-D).

[139] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[140] 19 U.S.C. § 1675a(a)(4).

[141] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6).
(continued...)

have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.[142]

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[143] The following conditions of competition are relevant to our determination.

Demand. U.S. demand for small diameter CASSLP pipe depends on the markets for its end uses. Small diameter CASSLP pipe is used in oil and gas transmission, in construction and repair of refining facilities, in the chemical industry, in power generation, and in mechanical applications for general construction. Because small diameter CASSLP pipe is used mainly in transmission and refining of gas and oil, the prices of gas and oil are important determinants of demand. Construction also plays an important role in demand.[144]

As measured by quantity, apparent U.S. consumption declined steadily over the original period of investigation. It was 267,927 short tons in 1997, 226,841 short tons in 1998, and 152,502 short tons in 1999.[145] By contrast, apparent U.S. consumption grew during the period of review, increasing irregularly from the beginning of the full-year period to the end. It was *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005.[146] The recent increases in consumption are driven primarily by increased prices and demand in the oil and gas sectors.[147]

Future demand for small diameter CASSLP pipe in large part depends on the future prices of oil and gas. Parties in these reviews reported differing projections of future demand conditions. Domestic interested parties reported that natural gas prices have already fallen significantly from their highest level and are expected to continue to fall, and that oil prices may not remain at their current high levels. They further reported that it is difficult to estimate future oil prices and estimates tend to be biased upward. In

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[141] (...continued)
The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce expedited its determinations in its reviews and found that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the following margins for small diameter CASSLP pipe: Czech Republic – Nova Hut (now Mittal Steel Ostrava), 39.93 percent and all others, 32.26 percent; Japan – Kawasaki, Nippon and Sumitomo Metal, 106.07 percent and all others, 70.43 percent; Romania – Metal Business International and S.C. Petrotub (now Mittal Steel Roman), 11.08 percent, S.C. Silcotub and Sota Communication, 15.15 percent, and all other others 13.06 percent; South Africa – Iscor (now Mittal Steel (SA)), 43.51 percent and all others, 40.17 percent. CR/PR at Table I-3.

[142] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[143] 19 U.S.C. § 1675a(a)(4).

[144] CR at II-9 - II-10 & n.19, PR at II-6 & n.19.

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

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

[147] See CR/PR at Table II-1.

addition, according to the domestic interested parties, the current high price of oil reflects a "speculative bubble" rather than underlying demand and supply.[148] In contrast, respondent interested parties report that the most recent predictions by the Energy Information Administration ("EIA") are for continued high prices for oil and natural gas.[149] In addition, the rig count, i.e. the number of exploration and development oil and gas rigs in place, which is another indicator of demand, has increased and there is no indication that it will decrease in the reasonably foreseeable future.[150]

We note that two of three responding domestic producers and two of three responding importers reported that they anticipated no changes in demand either in the U.S. market or in other markets. The other domestic producer reported that it expected demand to increase because of increased demand in the oil industry, while the other importer reported that it expected demand to increase due to the tightness of refinery capacity and the need to expand and rebuild capacity after hurricanes Katrina and Rita.[151] Further, CASSLP pipe purchasers, who buy subject merchandise based on market predictions, generally stated that they expected demand for oil and natural gas to increase in the near future.[152]

We recognize that predicting demand is a difficult task. Nonetheless, the industry relies on predictions, such as the EIA's, when making its investment decisions. The forecasts and expressed expectation of market participants contained in the record support a finding that oil and gas prices are likely to remain sufficiently high in the reasonably foreseeable future so as to continue to support strong demand for small diameter CASSLP pipe. In particular, many leading market observers, including the corporate parents of two domestic producers, rely on the EIA's forecasts or other generally optimistic forecasts to conclude that prices, although they may decline from recent high levels, will continue to support oil and gas exploration and, by extension, demand for small diameter CASSLP pipe.[153]

Supply. The U.S. market is supplied by domestically produced small diameter CASSLP pipe and such pipe imported from subject and nonsubject countries. U.S. producers' share of the U.S. market declined from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 as compared with *** percent in January-September 2005.[154]

Both domestic capacity and production increased over the period of review. Capacity increased irregularly from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005.[155] Production was *** short tons in 2000, increasing irregularly to *** short tons in 2004. It was *** short tons in January-September 2004 as compared with *** short tons in January-September 2005.[156]

Since the original investigations, the U.S. industry has experienced some consolidation and the exit of one U.S. producer of CASSLP pipe. During the original investigations, there were seven U.S. producers of small diameter CASSLP pipe: Gulf States Tube Co.; Koppel; Michigan Specialty; Sawhill Tubular, Inc.; Sharon; Timken; and U.S. Steel.[157] In 2000, the parent company of Gulf States, Vision Metals, Inc., filed for bankruptcy and closed its Rosenburg, TX CASSLP pipe production facility. In 2002, Michigan Seamless Tube, Inc. was created to purchase the Michigan Specialty Tube Division of the

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[148] CR at II-15, PR at II-8, II-10.

[149] CR at II-14, PR at II-8.

[150] See CR/PR at Table II-10; Tr. at 233 (Mr. Allen).

[151] CR at II-12, PR at II-8.

[152] CR/PR at Table II-1 and Purchaser Questionnaire Responses to Question III.11.

[153] See CR/PR at Table II-10.

[154] CR/PR at Table I-11.

[155] CR/PR at Table III-1.

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

[157] CR at I-37, PR at I-31.

defunct Vision Metals, Inc. Currently, Michigan Seamless is a part of Atlas Holdings, LLC, a private equity firm. Also in 2002, Wheatland Tube purchased Sawhill Tubular Inc., which was a division of AK Steel, Inc. Wheatland reported that it does not produce CASSLP pipe at the former Sawhill Tubular facilities.[158]

Total subject imports' share of apparent U.S. consumption rose irregularly from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 as compared with *** percent in January-September 2005.[159] The only subject imports present in the U.S. market in appreciable quantities during the period of review were those from Romania.[160] Nonsubject import market share was *** percent in 2000, and increased, albeit irregularly, to *** percent in 2004. It was *** percent in January-September 2004 as compared with *** percent in January-September 2005.[161] Nonsubject small diameter CASSLP pipe imports from China, in particular, more than doubled during the period of review: from 15,448 short tons in 2000 to 31,610 short tons in 2004. They were 21,273 short tons in January-September 2004 and 30,033 short tons in January-September 2005.[162]

As discussed above, AMLs are important to a substantial minority of purchasers, namely major oil and gas companies, and Japan is the only subject country whose small diameter CASSLP producers are on major purchasers' AMLs.[163] As noted, the recent increases in consumption are being driven primarily by increased demand in the oil and gas markets. The record indicates that AMLs are more important in these segments than in others that consume small diameter CASSLP pipe.[164] Therefore, the presence of the Japanese firms on the AMLs of the major oil and gas companies is particularly relevant in light of the nature of the increase in demand for small diameter CASSLP pipe.

C. Revocation of the Orders on Subject Imports of Small Diameter CASSLP from Japan Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Subject Imports

In the original investigations, the Commission found that the quantity of cumulated subject imports from all four countries rose from 59,017 short tons in 1997 to 83,228 short tons in 1998. The share of domestic consumption supplied by cumulated subject imports increased from 21.8 percent in 1997 to 35.8 percent in 1998. This increase in import market share came largely at the expense of the domestic industry, whose market share declined from 67.8 percent to 54.9 percent in the same period. In 1999, the quantity of cumulated subject imports fell to 35,683 short tons. The domestic industry's market share rose to 69.3 percent in 1999, but the Commission found that this was largely a result of significant decreases in domestic prices to meet the subject import prices. The Commission also found that cumulated subject imports declined in 1999 in part as a result of the filing of the petitions on June 30, 1999, as reflected in the significant decline in subject imports in the fourth quarter of 1999. Even after this decline from 1998 levels, the share of domestic consumption supplied by cumulated subject imports

[158] CR at I-38, PR at I-31.

[159] CR/PR at Table I-11.

[160] See CR/PR at Table I-11.

[161] CR/PR at Table I-11.

[162] CR/PR at Table F-1.

[163] V&M Star's Posthearing Brief, Exh. 1; Tr. at 126 (Mr. Schagrin).

[164] See, e.g., CR at II-19, PR at II-13.

in 1999 was 23.8 percent, which was higher than the 1997 import market share, and which the Commission found to be significant.[165]

In the original investigations, shipments of subject imports from Japan increased from 14,999 short tons in 1997 to 34,059 short tons in 1998, then decreased to 18,709 short tons in 1999. Japan's import market share increased from 5.6 percent in 1997 to 15.0 percent in 1998, then fell to 12.3 percent in 1999.[166]

As explained above, we have relied on the best information available in the record of these reviews with respect to Japan – primarily information from the original investigations. We note that the industry in Japan during that time was large. Japan's capacity to produce small diameter CASSLP pipe increased from *** short tons in 1997 to *** short tons in 1999. Its production increased from *** short tons in 1997 to *** short tons in 1999.[167] At the time of the original investigations, Japan was also export-oriented. Japan's total exports increased from *** percent of total shipments in 1997 to *** percent of total shipments in 1999.[168] Subject imports from Japan to the United States increased quickly, and at a much faster rate than the imports of small diameter CASSLP pipe from most of the other subject countries. Japan's shipments of subject small diameter CASSLP imports rose from 14,999 short tons in 1997 to 34,059 short tons in 1998 – more than doubling.[169] While shipments of subject imports from South Africa, for example, rose from *** short tons in 1997 to *** short tons in 1998, the quantity of shipments of subject imports from Japan was much larger.[170] In addition, there was significant excess capacity in Japan. Japan's small diameter CASSLP capacity utilization was *** percent in 1997 and in 1999.[171] Moreover, its small diameter CASSLP home market shipments declined over the period from *** percent of total shipments in 1997 to *** percent in 1999.[172]

The limited data provided by NKK support the Commission's earlier findings. NKK's capacity increased by more than *** percent during the period of review,[173] and its capacity utilization rate was only *** percent in January-September 2005[174] and is projected to be *** percent in 2006.[175] Public data available from the International Iron and Steel Institute show that total seamless tube production in Japan increased by 4.4 percent from 2000 to 2004.[176] Therefore, nothing in the current record indicates that Japanese producers will behave differently if the orders are lifted than they did during the original investigations. We also note that there are antidumping orders outstanding in Mexico and Venezuela on subject imports from Japan, as well as orders on large diameter CASSLP pipe and OCTG in the United States.[177] Therefore, in light of the Japanese producers' large production capacity, excess production

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[165] USITC Pub. 3311 at 17-18. Similarly, as noted in Table I-1, shipments of cumulated subject imports rose from 58,497 short tons in 1997 to 81,121 short tons in 1998, then fell to 36,270 short tons in 1999.

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

[167] Original Staff Report at Table VII-2.

[168] Original Staff Report at Table VII-2.

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

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

[171] Original Staff Report at Table VII-2.

[172] Original Staff Report at Table VII-2.

[173] CR/PR at Table IV-6.

[174] CR/PR at Table IV-6.

[175] CR/PR at Table IV-7.

[176] CR/PR at Table IV-28 n.2.

[177] CR at IV-56, PR at IV-19. While it was argued that Japan's facilities that are used to produce OCTG and other pipe products may be converted to the production of small diameter CASSLP pipe, see, e.g., Domestic

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capacity and the trends in import volumes in the original investigation, subject Japanese producers would be able to increase rapidly the volume of subject product exported to the U.S. market if the order were revoked.

Accordingly, we find that imports of small diameter CASSLP pipe from Japan into the United States would be likely to increase significantly in the reasonably foreseeable future if the antidumping duty order were revoked.

2. Likely Price Effects of the Subject Imports

In the original investigations, when evaluating the cumulated subject imports the Commission found that prices for domestically produced small diameter pipe declined ***. While the domestic producers' prices were stable in 1997 and 1998, those prices declined *** in 1999. Subject import prices also generally declined in 1999. In addition, there was significant underselling by cumulated subject imports. Average unit values ("AUVs") confirmed the pattern shown by the product-specific pricing data, although the Commission analyzed the AUVs with caution given product mix issues. The Commission found that the decline in demand did have an effect on prices, but did not fully explain the price declines evidenced in the record. Given the dramatic decline in price levels, along with pervasive and significant underselling and the substitutability of subject imports, the Commission found that the cumulated subject imports depressed domestic prices to a significant degree.[178]

Because of the lack of questionnaire responses from most producers in Japan no price comparison data for the period of review on U.S. imports from Japan are available. Accordingly, we rely principally on the information obtained during the original investigations.

With respect to underselling by the subject Japanese imports, we note that Japan's data are more mixed than that of other subject countries,[179] but there is evidence that underselling increased over the original period of investigation.[180] In addition, there were more instances of underselling as compared to overselling for almost every product.[181] Nothing in the record indicates that subject imports from Japan would behave differently upon revocation of the orders.

Because Japanese firms are the only subject country exporters listed on purchaser AMLs, those firms would have more immediate access to important purchasers in the segment of the end-use market in which demand would likely be strongest – the oil and gas industry. Similarly, because of the Japanese industry's unique presence on AMLs, imports from Japan are more likely to meet the quality standards required for use in the oil and gas market segments and competition between U.S. and subject product

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[177] (...continued)
Producers' Small Diameter Prehearing Brief at 39, we do not find it necessary to rely on such potential product shifting in light of Japan's already significant excess capacity. We note that other steel seamless tubing products that are produced on the same equipment as subject pipe include CASSLP pipe with outer diameter greater than 16 inches, mechanical tubing, pressure tubing, structural pipe and tubing, and coupling stock. CR at I-28, PR at I-25.

[178] USITC Pub. 3311 at 18-19.

[179] See Original Staff Report at Tables V-1 - V-6.

[180] For instance, Japan's margins of underselling for pricing product 1 as reported by producers and importers increased from *** percent in January-March 1997 to *** percent in October-December 1999. Original Staff Report at Table V-1. Japan's margins of underselling increased from *** percent in January-March 1997 to *** percent in October-December 1999 for product 1 as reported by end users and distributors. Id. at Table V-2. What was a margin of overselling for product 2 as reported by producers and importers, (***) percent in January-March 1997, became a margin of underselling in July-September 1997 and was a margin of underselling of *** percent in July-September 1999. Id. at Table V-3. See id. at Tables V-4 - V-6 for more instances of underselling.

[181] See Original Staff Report at Tables V-1 - V-6.

would be more direct. Therefore, upon revocation the price effects from subject imports from Japan are likely to be more direct and substantial as compared to those associated with other subject imports.

As noted above, we find that subject imports from Japan are likely to increase significantly in the reasonably foreseeable future if the antidumping duty order is revoked. At these likely volumes, the subject imports from Japan would be likely to have significant depressing or suppressing effects on the prices of the domestic like product. We therefore find that there likely would be underselling by the subject imports that, when combined with increased volumes of subject imports, would likely lead to significant adverse price effects.

3. Likely Impact of the Subject Imports

a. Lack of Vulnerability of Domestic Industry

In the original investigations, the Commission found that all of the industry's major economic and financial indicators declined significantly between 1997 and 1999. Operating income fell and five of the seven firms sustained operating losses in 1999, compared with none of the seven firms in 1997. In addition, during the period of investigation there were significant declines in production, shipments, net sales, capacity utilization, cash flow, productivity, number of production workers, hours worked, wages paid, and hourly wages. There were increases in ending inventories, unit labor costs and unit cost of goods sold. Capital expenditures increased during the period, but reflected capital decisions made before 1998 and before the decline in demand and the surge in subject imports sold at LTFV. While the declines in industry performance indicators were partly attributable to the decline in demand, they were also attributable to the price competition from subject imports. The cumulated subject imports exacerbated the effects of the decline in demand on the increasingly unprofitable and poorly performing industry.[182]

We conclude in these reviews that the domestic industry is not currently vulnerable to injury by reason of increased subject imports. In particular, the industry did not experience any financial losses during the period of review. Rather, the domestic industry was profitable in every year of the period of review and profits increased to very high levels. Operating income increased dramatically between 2000 and 2004, and continued its increase when the interim periods are compared. Operating income was $*** in 2000 and rose to $*** in 2004. It was $*** in January-September 2004 and $*** in January-September 2005.[183] Operating income as a percentage of net sales nearly doubled over the five-year period. The ratio of operating income to net sales increased from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005.[184]

Domestic producers alleged that the operating margins earned by the domestic industry between 1997 and September 2005 have been below the industry's weighted average cost of capital ("WACC").[185] We find that the usefulness of WACC in these proceedings is limited. While we can consider factors not explicitly required by statute, there is no reason why the Commission should consider WACC to be a

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[182] USITC Pub. 3311 at 19-20.

[183] CR/PR at Table III-6.

[184] CR/PR at Table III-6.

[185] Domestic Producers' Small Diameter Prehearing Brief at 49 & Exh. 5. The financing of capital for a firm is comprised of two sources: equity financing and debt financing. The cost of capital is the expected return to shareholders and/or creditors, depending upon the investment risk. The WACC is the weighted average cost of capital for a firm based on the combination of its capital; in other words, it represents the investors' opportunity cost of taking on the risk of investing in or lending money to a company. A project that has a rate of return (in this case, operating income) greater than the WACC generates additional cash flow and creates value, while a project that has a rate of return less than the WACC decreases value. CR at III-11 n.9, PR at III-4 n.9.

more dispositive indicator of the domestic industry's condition than any of the other indicia specified by the statute and/or typically used by the Commission. Further, the domestic producers' WACC was computed for the period between 1997 and September 2005, which includes three years prior to the period for which data were collected in these reviews (January 2000 to September 2005). Moreover, the calculation was based on the financial data of only one company (NS Group, Inc.), which is Koppel's parent company and which may not be representative of the domestic industry as a whole.[186] The Commission has gathered actual trade and financial data specific to the domestic CASSLP pipe producers, and the comparisons between these data and data for a much larger industry whose exact composition is unknown may not be conclusive.[187] [188] We also note that the WACC analysis initially submitted by the domestic industry is very sensitive to the time period used. For example, the same analysis performed on the period of review yields notably different results.[189] In light of the above, we do not find that the WACC analysis submitted by the domestic industry is more compelling than the other factors considered by the Commission and does not lead us to conclude that the domestic industry is vulnerable.

b. Analysis

In these reviews, domestic producers' small diameter CASSLP pipe capacity significantly increased over the period of review.[190] Production followed the same trend.[191] However, capacity utilization decreased over the period, albeit only slightly.[192]

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[186] In 2004, Koppel's share of U.S. production was *** percent, while U.S. Steel's share was *** percent in the same year. Hence, we do not view data from the NS Group as representative of the industry. CR/PR at Table I-6. Koppel also manufactures OCTG and mechanical tubing, while U.S. Steel also produces OCTG, mechanical tubing and coupling stock. CR at III-2 n.3, PR at III -1 n.3.

[187] CR at III-13, PR at III-5.

[188] See, e.g., Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1365, 1373 (Fed. Cir. 2002) (Commission "obligated to make active, reasonable efforts to obtain relevant data" especially when seeking to use product line provision); General Motors Corp. v. United States, 827 F. Supp. 774, 781 (Ct. Int'l Trade 1993) (Commission did not act unreasonably in not relying on data that were not comparable to those covering period of investigation).

[189] See CR at III-12, PR at III-5.

[190] Capacity increased from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-1.

[191] Production increased from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-1.

[192] Capacity utilization decreased from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table III-1. U.S. Steel, which reported an increase in capacity of *** percent from 2000 to 2004, stated that its capacity utilization figures are relatively low because it used only one production shift at its CASSLP pipe facility in Lorain out of a reportedly possible three production shifts during the period of review. Domestic Producers' Small Diameter Posthearing Brief, Exh. 1 at 39; Tr. at 108 (Mr. Broglie). We note that there is no indication that U.S. Steel operated more than one shift at its Lorain facility throughout the period of review.

U.S. shipments increased over the period of review[193] and inventories declined.[194] Net sales increased over the period.[195] U.S. producers' market share decreased from 2000 to 2004,[196] as nonsubject imports gained market share.[197] However, domestic producers' market share increased in January-September 2005 as compared with January-September 2004.[198]

The number of production and related workers fell over the period,[199] as did their hours worked.[200] However, wages paid increased,[201] as did productivity.[202] Both capital expenditures[203] and research and development expenses declined.[204]

We concluded above that revocation of the antidumping duty order with respect to Japan likely would lead to significant increases in the volume of subject imports that would undersell the domestic like product and significantly depress or suppress U.S. prices. In addition, although demand is projected to remain strong, the likely substantial volume and price effects of the subject imports from Japan would be sufficient to have a significant negative impact on the production, shipments, sales, market share, and revenues of the domestic industry, despite its lack of vulnerability. This reduction in the industry's production, shipments, sales, market share, and revenues would adversely affect the industry's profitability and ability to raise capital and maintain necessary capital investments.

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[193] U.S. shipments increased from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-3.

[194] Inventories fell from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-4.

[195] Net sales increased from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-6.

[196] U.S. producers' market share fell from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table C-1.

[197] Nonsubject import market share rose from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table C-1.

[198] Domestic producers' market share was*** percent in January-September 2005 as compared with *** percent in January-September 2004. CR/PR at Table C-1.

[199] The number of production and related workers decreased from *** in 2000 to *** in 2004. It was *** in January-September 2004 and *** in January-September 2005. CR/PR at Table III-5.

[200] Hours worked declined from *** in 2000 to *** in 2004. They were *** in January-September 2004 and *** in January-September 2005. CR/PR at Table III-5.

[201] Wages paid increased from $*** in 2000 to $*** in 2004. They were $*** in January-September 2004 and $*** in January-September 2005. CR/PR at Table III-5.

[202] Productivity increased from *** short tons per 1,000 hours in 2000 to *** in 2004. It was *** in January-September 2004 and *** in January-September 2005. CR/PR at Table III-5.

[203] Capital expenditures fell from $*** in 2000 to $*** in 2004. They were $*** in January-September 2004 and $*** in January-September 2005. *** reported capital expenditures. The majority were for carbon SSLP pipe, while there were minimal expenditures for alloy SSLP pipe. CR/PR at Table III-10 & n.1.

[204] Research and development expenses decreased from $***in 2000 to $*** in 2004. They were $*** in January-September 2004 and $*** in January-September 2005. *** reported research and development expenses, which were primarily for carbon SSLP pipe, with minimal expenses for alloy SSLP pipe. CR/PR at Table III-10 & n.2.

D. Revocation of the Orders on Subject Imports of Small Diameter CASSLP from the Czech Republic and South Africa Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Cumulated Subject Imports[205]

In the original investigation, the volume of subject imports of small diameter CASSLP pipe from the Czech Republic was small. Shipments of subject imports from the Czech Republic increased from *** short tons in 1997 to *** short tons in 1998, and then declined to *** short tons in 1999.[206] As the largest producer (Mittal Steel Ostrava) participated in both the original investigation and in this review,[207] the information available to the Commission accounts for a significant majority of the small diameter CASSLP pipe industry in the Czech Republic. Mittal Steel Ostrava reported that it accounted for *** percent of production in the Czech Republic in 2004.

Mittal Steel Ostrava's capacity to manufacture subject pipe decreased over the period of review[208] and its capacity utilization increased.[209] Total capacity is considerably less than it was during the original period of investigation.[210] Because Mittal Steel Ostrava accounted for the majority of the industry in the Czech Republic during the period of review and during the original investigation, it is apparent that total production capacity has also decreased. Mittal Steel Ostrava has operated at high rates of capacity utilization, reporting rates of *** percent in 2004 and *** percent in January-September 2005. It projects capacity utilization in 2006 to be *** percent.[211] Further, Mittal Steel Ostrava's capacity utilization rate for all small diameter seamless tubular products is high.[212]

Although Czech producers are export-oriented,[213] prices for subject pipe are higher in Western Europe and parts of Asia[214] than in the United States and, particularly now that Czech Republic is a member of the European Union ("EU"),[215] it is likely that Czech producers will direct their shipments to

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[205] We have described above in our discussion of our determination with respect to Japan the Commission's findings in the original determinations.

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

[207] The petition cited three known producers/exporters of small diameter CASSLP pipe in the Czech Republic: Vitkovice a.s., VT Dioss Chomutov a.s. and Nova Hut a.s. (now Mittal Steel Ostrava). Original Staff Report at VII-2 & n.1. Vitkovice did not participate in the Commission's original investigations and did not respond to the Commission's questionnaires in these reviews. Original Staff Report at VII-2, CR at IV-5 n.6, PR at IV-4 n.6. Chumotov did not respond to the Commission's questionnaires in these reviews. CR at IV-5 n.6, PR at IV-4 n.6.

[208] Capacity fell from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table IV-3.

[209] Capacity utilization increased from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table IV-3.

[210] Capacity of the Czech industry fell from *** short tons in 1997 to *** short tons in 1999. Original Staff Report at Table VII-1.

[211] CR/PR at Tables IV-3, IV-4.

[212] Mittal Steel Ostrava's overall capacity utilization rate was *** percent in 2004 and *** percent in January-September 2005. CR/PR at Table IV-5.

[213] Total export shipments rose from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table IV-3.

[214] CR/PR at Table IV-31.

[215] The Czech Republic became a member of the EU in 2004. CR at IV-56 n.1, PR at IV-19 n.1.

other markets rather than to the United States even if the order is revoked.[216] There are no outstanding antidumping duty orders in third-country markets with respect to subject pipe from the Czech Republic.[217] Czech producers have no inventory available from which to ship to other countries.[218] In the event of revocation, Mittal Steel Ostrava predicted exports to the United States of only *** short tons in 2006.[219]

The volume of subject pipe from South Africa was also small in the original investigations. Shipments of subject imports from South Africa increased from *** short tons in 1997 to *** short tons in 1998, then decreased to *** short tons in 1999.[220] There was only one producer/exporter from South Africa in both the original investigations and these reviews.[221] That producer, Mittal Steel (SA), formerly Iscor Ltd., increased its capacity to manufacture subject pipe over the period of review.[222] Evidence in the record of these reviews shows that Mittal Steel (SA)'s production of subject pipe increased.[223] Nonetheless, Mittal Steel (SA)'s capacity and production are quite small compared to the size of the U.S. market.[224] Additionally, Mittal Steel (SA) increased its home market shipments during this period[225] and is operating at a high rate of capacity utilization for small diameter CASSLP, [226] as well as for all small diameter seamless tube products.[227]

Although Mittal Steel (SA) is export-oriented,[228] prices for subject pipe are higher in Europe and parts of Asia than in the United States,[229] and it is likely that Mittal Steel (SA) will continue to direct its shipments to those markets even if the order is revoked. There are no outstanding antidumping duty orders in third-country markets on subject pipe from South Africa.[230] Mittal Steel (SA) predicted exports

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[216] Mittal Steel Ostrava states that it has ***. CR at IV-6, PR at IV-5.

[217] There was an outstanding antidumping duty order from the EU on subject pipe from the Czech Republic. However, because the Czech Republic became a member of the EU, it is no longer subject to the order. CR at IV-56 n.1, PR at IV-19 n.1.

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

[219] CR/PR at Table IV-4.

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

[221] Original Staff Report at VII-11, CR at IV-24, PR at IV-8.

[222] Capacity rose from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table IV-12.

[223] Production rose from *** short tons in 2001 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table IV-12.

[224] Mittal Steel (SA)'s capacity rose from *** short tons in 2000 to *** short tons in 2004. Its production increased from *** short tons in 2001 to *** short tons in 2004. CR/PR at Table IV-12. U.S. apparent consumption was *** short tons in 2000 and *** short tons in 2004. CR/PR at Table I-11.

[225] Mittal Steel (SA)'s home market shipments increased from *** short tons in 2001 to *** short tons in 2004. CR/PR at Table IV-12.

[226] Capacity utilization increased from *** percent in 2001 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table IV-12.

[227] Capacity utilization for all seamless pipe was *** percent in 2004 and *** percent in January-September 2005. CR/PR at Table IV-14.

[228] Total export shipments rose from *** short tons in 2001 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table IV-12.

[229] CR/PR at Figure IV-2 and Table IV-31.

[230] CR at IV-56, PR at IV-19.

to the United States of only *** short tons in 2006.[231] Although Mittal Steel (SA)'s reported inventories increased over the full-year period of review, they remain at relatively low levels.[232]

We also note that the producers in the Czech Republic and South Africa are not on major U.S. purchasers' AMLs for subject product. As discussed earlier, AMLs are important to a substantial minority of purchasers, namely major oil and gas companies, and the recent increases in demand are being driven primarily by the oil and gas markets.

We have considered whether either Czech or South African producers will likely re-direct production towards subject merchandise if the orders are revoked. The statute directs the Commission to consider the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[233] Subject producers' facilities in both the Czech Republic and South Africa are capable of producing other products besides the subject CASSLP pipe.[234] Thus, subject producers could engage in product shifting in order to increase the volume of subject CASSLP pipe exported to the U.S. market. Parties presented arguments to the Commission on this issue based on the Court of International Trade's opinion in Siderca, S.A.I.C. v. United States.[235]

We do not find product shifting to be likely by producers in either the Czech Republic or South Africa. While U.S. demand has increased during the period of review and U.S. prices for subject small diameter CASSLP pipe have increased, the record indicates that global demand is also strong and that prices for subject CASSLP pipe have increased in other markets as well.[236] Indeed, industry participants and publications report continued strong worldwide demand in oil and gas markets, which are the markets that drive demand for subject CASSLP pipe.[237] Further, available price data indicate that prices for subject CASSLP pipe in Western Europe and certain Asian markets are currently higher than in the United States.[238]

The strong demand in the oil and gas markets has also increased demand for other pipe and tube products, particularly OCTG. In both the Czech Republic and South Africa, OCTG is produced in the same facilities and uses the same equipment and employees as does subject CASSLP pipe.[239] A comparison of prices between OCTG and subject CASSLP pipe shows that OCTG prices have uniformly exceeded those for subject CASSLP pipe by a substantial margin. For example, in July 2005, prices for OCTG exceeded prices for subject CASSLP pipe by approximately $*** per ton.[240] Further, OCTG prices globally currently exceed subject CASSLP prices and, moreover, OCTG prices in Japan exceed OCTG prices in the U.S. market.[241] Therefore, based on relative prices, the record evidence does not support a finding that shifting production from OCTG to subject small diameter CASSLP pipe would be

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[231] CR/PR at Table IV-13.

[232] Mittal Steel (SA)'s inventories ranged from *** short tons in 2001 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table IV-12.

[233] 19 U.S.C. § 1675a(a)(2)(D).

[234] See CR at IV-6 n.7, PR at IV-5 n.7 (Czech Republic); CR at IV-24 n.25, PR at IV-8 n.25 (South Africa).

[235] Siderca, S.A.I.C. v. United States, 350 F.Supp.2d 1223 (Ct. Int'l Trade 2004), on remand 374 F. Supp.2d 1285 (Ct. Int'l Trade 2005).

[236] See CR at II-12, PR at II-8, CR/PR at Tables II-1, II-2, II-10, IV-31.

[237] CR/PR at Tables II-1, II-2, II-10; CR at II-12 - II-15, PR at II-8, II-10; CR at IV-60, PR at VI-21.

[238] CR/PR at Table IV-31.

[239] See, e.g., CR at IV-24 n.25, PR at IV-8 n.25; Mittal Steel Ostrava's and Mittal Steel (SA)'s Questionnaire responses, Responses to Questions II.6 - II.7.

[240] CR/PR at Figure IV-1.

[241] CR/PR at Figure IV-2.

economically rational for a foreign producer seeking to enter the U.S. market in the reasonably foreseeable future.

The domestic industry and respondents disagreed as to whether the higher OCTG prices translate to a more profitable product.[242] However, there is no evidence on the record that indicates CASSLP pipe production is more profitable than OCTG production. Nor is there any dispute that OCTG is a higher-valued product and that OCTG prices are uniformly higher than subject CASSLP pipe prices.[243] Therefore, in light of the strong global demand for CASSLP, which limits the relative attractiveness of the U.S. market, and the higher prices for non-subject products such as OCTG, the record evidence does not support a conclusion that shifting production from non-subject products to subject CASSLP is economically rational for subject producers. Therefore, we determine that subject producers are not likely to engage in product shifting in order to increase exports of subject CASSLP to the U.S. market.

Domestic producers also argue that because of the transnational affiliations of Mittal-owned firms in the Czech Republic, Romania and South Africa, revoking the orders on imports from one or two of the countries would quickly result in a re-direction of imports from any country still under an antidumping duty order, as the requisite mechanisms such as common channels of distribution are already in place.[244] In a previous review of antidumping duty orders concerning CASSLP pipe, the Commission noted the role that transnational affiliations may have on subject producers' behavior.[245] The Commission found that "the transnational corporate affiliations among many of the subject country producers also enhance their ability to resume exporting to the United States by providing a ready network for marketing, sales, and distribution."[246] While transnational affiliations among subject producers may facilitate their ability to export to the U.S. market if they choose to do so, such affiliations do not, in and of themselves, constitute evidence that subject producers are likely to increase exports to the U.S. market.[247] Before the impact of any transnational affiliations comes into play, subject producers must first have an economic incentive to export to the U.S. market. As discussed above, we do not find that the economic incentives that would induce a likely significant volume of subject imports currently exist or are likely to exist in the reasonably foreseeable future. In addition, the record indicates that Mittal Steel (SA) ships to the United States only through MacSteel,[248] not through the Mittal group, and that Mittal Ostrava and Mittal Roman produce complementary products.[249] Therefore, the presence of transnational affiliations among subject

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[242] See Tr. at 39-40 (Mr. Gurley), 41 (Mr. Gurley), 164 (Mr. Clark), 236 (Mr. Allen), 246 (Mr. Reilly), 254 (Mr. Daneo), 337-38 (Mr. Daneo).

[243] See CR/PR at Figure IV-1.

[244] See, e.g., Domestic Producers' Prehearing Small Diameter CASSLP Brief at 34.

[245] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Review), USITC Pub. 3429 (June 2001).

[246] USITC Pub. 3429 at 22.

[247] Commissioner Pearson notes that U.S. antitrust statutes are premised on the economic rationale that consolidation of companies within an industry holds the potential for reducing competition among firms, thus resulting in higher prices for the goods they produce. He sees no obvious reason why consolidation of formerly independent firms under a single corporate umbrella, but operating in more than one country, should not have a similar effect. He would expect such transnational consolidations to lead to less competition among various exporting countries for shipments to the United States and to make it more likely that those sales would be made at higher prices rather than lower ones.

[248] See CR at IV-24 n.24, PR at IV-8 n.24.

[249] See CR at IV-6 n.7, PR at IV-5 n.7, CR at IV-17 - IV-18 n.20, PR at IV-7 n.20.

producers does not provide substantial evidence that the likely volume of subject imports would be significant.[250]

On the basis of the small volumes shipped by the Czech and South African producers in the original investigations, declines in their capacity since the original period of investigation, lack of significant current excess capacity, the fact that they currently ship to other export markets, such as those in Europe and parts of Asia, that are more attractive based on their higher prices relative to those in the United States, and the fact that producers in these countries are not on major U.S. purchasers' AMLs, we find that the likely volume of subject imports of small diameter CASSLP pipe from the Czech Republic and South Africa would not be significant if the antidumping duty orders were revoked.

2. Likely Price Effects of the Cumulated Subject Imports[251]

Subject imports of small diameter CASSLP pipe from the Czech Republic and South Africa[252] significantly undersold domestic merchandise in the original investigations. However, as we have found that revocation of the antidumping duty orders on subject imports from the Czech Republic and South Africa will likely not result in significant increased volumes of subject CASSLP pipe to the United States, we do not find that any increased volumes will result in significant adverse price effects.[253]

In addition, while price is an important factor in purchasing decisions,[254] other factors can be more important, especially quality.[255] We note that there is evidence on the record in these reviews that indicates that the Czech and South African products either are or are perceived to be somewhat inferior in quality to other subject imports and the domestic like product.[256]

Notwithstanding the significant degree of underselling in the original investigations, we find that any limited increase in the volume of subject imports from the Czech Republic and South Africa is not likely to result in significant adverse price effects upon revocation of the orders.

3. Likely Impact of the Cumulated Subject Imports[257]

In line with our findings regarding the likely volume and price effects of subject imports from the Czech Republic and South Africa, we find that subject imports would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the orders were revoked. As demand is projected to remain strong, the small volume of subject imports that would be likely upon revocation would not be likely to have a significant adverse impact on the domestic industry. Therefore, we find that revocation of the antidumping duty orders on subject imports

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[250] See also Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom, Inv. Nos. 701-TA-380-382 and 731-TA-797-804, USITC Pub. 3788 at 19 n.146 (July 2000).

[251] We have described above in our discussion of our determination with respect to Japan the Commission's findings in the original determinations.

[252] See Original Staff Report at Tables V-1 - V-6.

[253] There are no price comparison data available for subject product from either country for the period of review due to their near absence from the U.S. market. See CR/PR at Table I-1.

[254] CR at II-17, PR at II-11, CR/PR at Tables II-3, II-4.

[255] CR at II-17, PR at II-11, CR/PR at Tables II-3, II-4.

[256] CR at II-25 n.37, PR at II-18 n.37, CR/PR at Table II-5.

[257] We have described above in our discussion of our determination with respect to Japan the Commission's findings in the original determinations. Further, we adopt our vulnerability analysis with respect to subject imports of small diameter CASSLP pipe from Japan, as well as our discussion of the impact factors presented in our analysis of the impact of subject imports from Japan.

from the Czech Republic and South Africa is not likely to lead to the continuation or recurrence of material injury to the U.S. small diameter CASSLP pipe industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we conclude that revocation of the antidumping duty order on small diameter CASSLP pipe from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We further conclude that revocation of the antidumping duty orders on small diameter CASSLP pipe from the Czech Republic and South Africa would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

V. CUMULATION OF SUBJECT IMPORTS OF LARGE DIAMETER CASSLP PIPE FROM JAPAN AND MEXICO

A. Overview

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[258]

Thus, cumulation is discretionary in five-year reviews. The Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[259] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[260] With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.[261]

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[258] 19 U.S.C. § 1675a(a)(7).

[259] 19 U.S.C. § 1675a(a)(7).

[260] SAA, H.R. Rep. No. 103-316, vol. I (1994).

[261] For a discussion of the analytical framework of Chairman Koplan and Commissioner Hillman regarding the application of the "no discernible adverse impact" provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review) USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplan's analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review) USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

We note that, in the original investigations, the Commission determined to cumulate imports from both subject countries with respect to large diameter CASSLP pipe. In the original investigations, in the present material injury context, cumulation was governed by section 771(7)(G)(I) of the Act,[262] which does not provide discretion to the Commission, in contrast to section 752(a), which governs in these reviews.

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as the Commission initiated all the reviews on May 2, 2005.[263]

The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[264] Only a "reasonable overlap" of competition is required.[265] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are terminated. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[266]

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[262] 19 U.S.C. § 1677(7)(G)(I).

[263] 70 Fed. Reg. 22,688 (May 2, 2005).

[264] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

[265] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[266] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

B. Likelihood of No Discernible Adverse Impact

Japan. Four Japanese producers manufactured large diameter CASSLP pipe during the original investigations.[267] In the original investigations, the volume of shipments of subject imports from Japan increased from 28,725 short tons in 1997 to 42,897 short tons in 1998, then increased further to 49,727 short tons in 1999. Their share of the U.S. market was 7.7 percent in 1997, 11.8 percent in 1998, and 17.0 percent in 1999.[268] The order was imposed in June 2000. Subsequently, subject shipments of imports from Japan declined drastically. They were *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004.[269]

In the original investigations, producers in Japan reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, reported production ranging from *** short tons in 1998 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999.[270]

In these reviews, only one firm, NKK, provided data to the Commission. It reported that it accounted for approximately *** percent of 2004 Japanese production of large diameter CASSLP pipe. It reported that *** percent of its total sales in the most recent fiscal year were sales of subject pipe. It reported ***. Its volume of shipments to other markets increased from *** short tons in 2000 to *** short tons in 2004.[271] For the full years for which NKK reported data, capacity was stable at *** short tons between 2001 and 2004, while production grew modestly, rising from *** short tons to *** short tons.[272] Capacity utilization was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004.[273]

Based on the large production capacity of the producers in Japan as reported in the original investigations, the fact that they have substantial unused capacity and are export-oriented, and the fact that they were the largest source of subject imports during the original investigations, especially at the end of the period,[274] we do not find that subject imports from Japan would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Mexico. Petitioners stated that there was one producer of large diameter CASSLP pipe in Mexico during the original investigations: Tubos de Acero de Mexico (TAMSA). Shipments of subject imports from Mexico rose from *** short tons in 1997 to *** short tons in 1998, but then declined to *** short tons in 1999. Their U.S. market share was *** percent in 1997, *** percent in 1998 and *** percent in

[267] Original Staff Report at VII-4.

[268] CR/PR at Table I-2.

[269] CR/PR at Table I-2. Commission staff derived these figures for U.S. imports of large diameter CASSLP pipe from Japan from ***; they may be understated. CR at IV-36 n.27, PR at IV-14 n.27. U.S. Steel contends that very few, if any of these imports from Japan are in fact subject imports. Tr. at 211-12 (Mr. Vaughn). For the purposes of our analysis and findings as detailed in the following sections, we consider U.S. imports of Japanese large diameter CASSLP pipe during the period of review as being very low to nonexistent. However, our analysis and findings would not differ whether subject imports from Japan are actually either at these very low calculated levels or are nonexistent.

[270] CR at IV-39 n.30, PR at IV-16 n.30.

[271] CR/PR at Table IV-19.

[272] CR/PR at Table IV-19.

[273] CR/PR at Table IV-19.

[274] See CR/PR at Table I-2.

1999.[275] The order was imposed in August 2000, and there were no shipments of subject imports from Mexico during the period of review.[276]

During the original investigations, TAMSA reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, reported production ranging from *** short tons in 1999 to *** short tons in 1997, and exported approximately *** to *** percent of its shipments to the United States from 1997 to 1999.[277]

During the period of review, TAMSA's volume of exports to other markets decreased from *** short tons in 2000 to *** short tons in 2004. Its reported capacity and production fluctuated between 2000 and 2004, but capacity decreased overall by *** percent (from *** short tons to *** short tons).[278] It ***.[279] Capacity utilization was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004.[280]

Based on TAMSA's production capacity, its export orientation and its level of exports to the United States during the original investigations, we do not find that subject imports from Mexico would likely have no discernible adverse impact on the domestic industry if the order were revoked.[281]

C. Likely Overlap of Competition

We note that the relevant inquiry is whether there would likely be competition even if there are no current imports from a subject country.[282] Further, only a "reasonable overlap" of competition is required.[283]

Fungibility. In the original investigations, after finding that the majority of the subject imports were commodity grade products, the Commission found that there were not any particular product characteristics of the commodity grade large diameter CASSLP pipe imports from Japan or Mexico that would significantly limit their fungibility with the domestic like product. Purchasers generally viewed Japanese and Mexican common grade product as interchangeable with the domestically produced product.[284]

The record in these reviews indicates that subject imports are generally interchangeable with each other and with the domestic like product. Both responding U.S. producers reported that the domestic product and subject imports were always interchangeable. Two importers responded and one reported that each country combination was frequently interchangeable, while the other reported that each combination was sometimes interchangeable (except for Japan versus Mexico, which was reported as frequently interchangeable). Nearly all purchasers reported that, for each country combination, the products were at least sometimes interchangeable.[285] In the original investigations, the Commission found

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[275] CR/PR at Table I-2.

[276] CR/PR at Table I-2.

[277] CR at IV-45 n.37, PR at IV-17 n.37.

[278] CR/PR at Table IV-22.

[279] CR at IV-45 n.40, PR at IV-17 n.40.

[280] CR/PR at Table IV-22.

[281] Chairman Koplan and Commissioner Lane do not join the remainder of part V. See their views.

[282] See generally Chefline Corp. v. United States, 219 F. Supp.2d 1313, 1314 (Ct. Int'l Trade 2002).

[283] See Mukand Ltd. v. United States, 937 F. Supp. 910, 917 (Ct. Int'l Trade 1996).

[284] USITC Pub. 3311 at 23.

[285] CR at II-51, PR at II-37, CR/PR at Table II-13.

that there was a moderately high and increasing level of substitutability between the domestic like product and subject imports,[286] and no available data indicate that this has changed.[287]

Channels of Distribution. In the original investigations, the Commission found a reasonable overlap of channels of distribution among the subject imports and between them and the domestic like product, despite a somewhat different distribution pattern for Mexico.[288]

In these reviews, both U.S. producers and U.S. importers sell to distributors and, to a lesser extent, end users. In the original investigations, domestic producers sold *** percent of their large diameter CASSLP pipe through distributors, while U.S. importers sold *** percent of Mexican large diameter CASSLP pipe and 77.2 percent of Japanese large diameter CASSLP pipe through distributors in 1999. In 2004, domestic producers sold *** percent of their large diameter CASSLP pipe to distributors. Subject imports were very small and not reported by any of the responding importers.[289]

Geographic Overlap. In the original investigations, four domestic producers served the entire United States. Japanese large diameter CASSLP pipe was present in all U.S. geographic regions. Mexican large diameter CASSLP pipe was available in the ***.[290]

In these reviews, two of the three responding U.S. producers reported selling nationwide. One producer and both responding importers reported only selling to various regions, including the Northeast, the Southwest, the Gulf Coast, and the West.[291] Although, as noted above, there were no reported imports of large diameter CASSLP pipe from Mexico during the period of review, the very small quantities of imports of large diameter CASSLP pipe from Japan entered the United States primarily in the Gulf Coast region during the period of review and to a lesser extent in the Northeast and the West.[292]

Simultaneous Presence. In the original investigations, subject imports from Japan and Mexico occurred in every month of the period of investigation.[293] In these reviews, subject imports from Japan were present throughout the period of review, except for one year (2004), albeit in very modest quantities. However, there were no reported subject imports from Mexico during the period of review.[294] We note that the relevant inquiry is whether subject imports from the subject countries are likely to compete against each other in the U.S. market if the orders are revoked, not whether imports from the subject countries are currently in the U.S. market.[295]

In view of the foregoing, we find that the subject imports of large diameter CASSLP pipe from Japan and Mexico are fungible with each other and with the domestic like product, that there will likely be a reasonable overlap of geographic markets and channels of distribution if the orders are revoked, and that the subject imports would be simultaneously present.

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[286] USITC Pub. 3311 at 25.

[287] CR at II-45, PR at II-32.

[288] USITC Pub. 3311 at 24.

[289] CR at II-30, PR at II-22.

[290] USITC Pub. 3311 at 23.

[291] CR at II-31, PR at II-22.

[292] See CR at IV-38 - IV-39, PR at IV-15.

[293] USITC Pub. 3311 at 24.

[294] CR/PR at Table I-2.

[295] See Chefline Corp. v. United States, 219 F. Supp.2d at 1314 (Commission not required to find that subject imports currently compete in the U.S. market).

D. Other Considerations

Based on the record in these five-year reviews, we find that subject imports of large diameter CASSLP pipe from Japan would likely face different conditions of competition in the U.S. market than the subject imports from Mexico. Accordingly, we decline to exercise our discretion to cumulate subject imports of large diameter CASSLP pipe from Japan with those from Mexico.

Subject imports exhibited distinctly different trends during the original period of investigation. Subject imports from Japan increased throughout the period, including 1999, even though the petition was filed on June 30 of that year. In contrast, subject Mexican CASSLP pipe imports decreased substantially over the original period of investigation as a whole. Shipments of subject imports from Japan totaled 28,725 short tons in 1997, 42,897 short tons in 1998 and 49,727 short tons in 1999. Shipments of subject imports from Mexico initially rose from *** short tons in 1997 to *** short tons in 1998, but then fell sharply to *** short tons in 1999.[296]

With respect to the period of review, NKK reported that its individual capacity and production increased from 2000 to 2001, by *** percent, respectively; capacity remained steady from 2001 through 2004.[297] In contrast, total production and capacity in Mexico have declined since the original period of investigation from *** short tons in 2000 to *** short tons in 2004.[298] TAMSA reported operating at *** percent capacity utilization in 2004 and January-September 2005;[299] in contrast, NKK's capacity utilization was *** percent in 2004 and *** percent in January-September 2005,[300] and the data from the original period of investigation (the only data for the Japanese industry as a whole) show that Japan's capacity utilization ranged from *** percent to *** percent between 1997 and 1999.[301]

A further difference in the conditions of competition faced by TAMSA as compared to Japanese producers involves related U.S. and third-country antidumping duty orders. TAMSA, which is not subject to a U.S. antidumping duty order on small diameter CASSLP pipe, exported very little of that product to the United States during the period of review,[302] indicating that product shifting may be less of a factor in TAMSA's business decisions because of its high capacity utilization rate. In contrast, Japanese producers are subject to small diameter and large diameter CASSLP pipe antidumping duty orders in the United States.[303] Japanese producers have orders against their exports of small diameter CASSLP pipe in

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[296] CR/PR at Table I-2.

[297] CR at IV-40, PR at IV-16. Although the sole responding Japanese producer, NKK, claims to account for *** percent of production in 2004, CR at IV-39, PR at IV-16, that assertion implies that the total production by the Japanese industry of large diameter CASSLP pipe would have been approximately *** short tons in 2004, which would represent a significant reduction from reported Japanese production during the original investigation, which ranged from *** short tons in 1998 to *** short tons in 1997. Original Staff Report at Table VII-3. As there is no other information in the record of these reviews indicating that the industry has shrunk, we do not place much weight on NKK's estimate of the industry's size. We also note that this decline in Japanese production of large diameter CASSLP pipe contrasts with public data from the International Iron and Steel Institute showing that total seamless tube production in Japan increased from 1.83 million short tons in 1999 to 2.11 million short tons in 2004. CR/PR at Tables IV-27 n.2, IV-28 n.2.

[298] CR/PR at Table IV-22.

[299] CR/PR at Table IV-22.

[300] CR/PR at Table IV-19.

[301] Original Staff Report at Table VII-3.

[302] CR/PR at Table F-1.

[303] Certain Seamless Carbon and Alloy Standard, Line and Pressure Pipe from Japan and South Africa, Inv. Nos. 731-TA-847 and 850 (Final), USITC Pub. 3311 (June 2000).

Venezuela and Mexico,[304] whereas TAMSA is not subject to any third-country antidumping duty orders for small or large diameter CASSLP pipe, indicating that TAMSA has more available markets for its CASSLP pipe exports.

E. Summary of Cumulation Conclusions

As noted above, the information in the record regarding Japanese producers of large diameter CASSLP pipe consists primarily of information obtained during the original investigations. Unlike the Mexican subject producer, TAMSA, most producers of large diameter CASSLP pipe from Japan declined to participate in these reviews. Accordingly, we must rely primarily on information obtained during the original investigations for Japan, while we have more current information for Mexico as well as information from the original investigations. We also note that we have discretion to exercise our authority to cumulate subject imports during five-year reviews.[305] Based on the information in the record, we do not find that subject imports from Japan and Mexico would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked. We also find a reasonable overlap of competition between subject imports from Japan and from Mexico, and between the subject imports and the domestic like product. Nevertheless, we find significant differences in the conditions of competition with respect to the subject imports from Japan and the conditions of competition with respect to the subject imports from Mexico. Therefore, we do not exercise our discretion to cumulate likely volume and price effects of subject imports from Japan with those for subject imports from Mexico.

VI. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS OF LARGE DIAMETER CASSLP PIPE FROM JAPAN AND MEXICO IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED[306]

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[307] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[308] Thus, the likelihood standard is prospective in nature.[309] The U.S. Court of International Trade has found that "likely," as used in the sunset review

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[304] CR at IV-56, PR at IV-19.

[305] See, e.g., Cogne Acciai Speciali S.P.A. v. United States, No. 04-00411, Slip Op. at 2, 26-27 (Ct. Int'l Trade Sept. 12, 2005).

[306] Chairman Koplan and Commissioner Lane do not join part VI. See their views.

[307] 19 U.S.C. § 1675a(a).

[308] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[309] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed

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provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[310] [311]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[312] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[313]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[314] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[315] [316]

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[309] (...continued)
shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[310] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), aff'd without opinion, 05-1019 (Fed. Cir. Aug. 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[311] Vice Chairman Okun notes that, consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade's interpretation of "likely" to mean "probable." See Usinor Industeel, S.A. et. al. v. United States, No. 01-00006, Slip Op. 02-39 at 13 (Ct. Int'l Trade Apr. 29, 2002). However, she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue. See also Additional Views of Vice Chairman Deanna Tanner Okun Concerning the "Likely" Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

[312] 19 U.S.C. § 1675a(a)(5).

[313] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[314] 19 U.S.C. § 1675a(a)(1).

[315] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-13 - I-14, PR at I-10 - I-12. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one
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In evaluating the likely volume of imports of subject merchandise if the antidumping order is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[317] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[318]

In evaluating the likely price effects of cumulated subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

In evaluating the likely impact of cumulated imports of subject merchandise if the antidumping orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[319] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[320] As instructed by the statute, we

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[315] (...continued)
factor is necessarily dispositive. SAA at 886.

[316] Vice Chairman Okun notes that Section 776 of the Act authorizes the Commission to "use the facts otherwise available" in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in the time, form, or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(I) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 782(I) are applicable only to Commerce. 19 U.S.C. § 1677m(I). See Titanium Metals Corp., 155 F. Supp. 2d at 765 ("the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of a Commission investigation."). Vice Chairman Okun notes that such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. Vice Chairman Okun generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. In general, the Commission makes determinations by "weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive" (SAA at 869).

[317] 19 U.S.C. § 1675a(a)(2).

[318] 19 U.S.C. § 1675a(a)(2)(A-D).

[319] 19 U.S.C. § 1675a(a)(4).

[320] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6).
(continued...)

have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.[321]

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[322] The following conditions of competition are relevant to our determination.

Demand. U.S. demand for large diameter CASSLP pipe depends on the markets for its end uses. Large diameter CASSLP pipe is used mainly in collecting, transmitting and processing gas and oil. As a result, the prices of gas and oil are important determinants of demand. Large diameter CASSLP pipe is also used in refinery, petrochemical and processing plants; construction; mechanical contractors; fabrication; energy applications; shipbuilding; equipment production; and the manufacture of welded fittings.[323]

Apparent U.S. consumption declined markedly between 1997 and 1999, falling from 375,084 short tons in 1997 to 365,028 short tons in 1998 and then to 293,151 short tons in 1999.[324] By contrast, apparent U.S. consumption increased irregularly between 2000 and 2004 and into 2005, despite a substantial decline in 2002-2003. It was *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005.[325] The recent increases in consumption are driven primarily by increased prices and demand in the oil and gas sectors.[326]

Future demand for large diameter CASSLP pipe in large part depends on the future prices of oil and gas. Parties in these reviews reported differing projections of future demand conditions. Domestic interested parties reported that natural gas prices have already fallen significantly from their highest level and are expected to continue to fall, and that oil prices may not remain at their current high levels. They further reported that it is difficult to estimate future oil prices and estimates tend to be biased upward. In addition, according to the domestic interested parties, the current high price of oil reflects a "speculative

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[320] (...continued)
The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

For large diameter CASSLP pipe, Commerce found that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the following margins: Japan – Kawasaki, Nippon and Sumitomo Metal, 107.80 percent and all others, 68.88 percent; Mexico – TAMSA and all others, 15.05 percent. CR/PR at Table I-4.

[321] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[322] 19 U.S.C. § 1675a(a)(4).

[323] CR at II-35 - II-36, PR at II-25.

[324] CR/PR at Table I-2.

[325] CR/PR at Table C-4.

[326] See CR/PR at Table II-8.

bubble" rather than underlying demand and supply.[327] In contrast, respondent interested parties provided estimates by the EIA forecasting sustained high prices for oil and natural gas.[328] In addition, the rig count, i.e. the number of exploration and development oil and gas rigs in place, which is another indicator of demand, has increased and there is no indication that it will decrease in the reasonably foreseeable future.[329]

We note that both responding U.S. producers reported that they expected little change in demand; one anticipated no changes, while the other expected demand to remain at the 2005 level. Both responding importers expected continued growth in demand as a result of growth in pipelines or in the energy sector. Nine of 15 responding purchasers, who buy subject merchandise based on market predictions, expected increased demand in the future.[330]

We recognize that predicting demand is a difficult task. Nonetheless, the industry relies on predictions, such as the EIA's, when making its investment decisions. The forecasts and expressed expectation of market participants contained in the record support a finding that oil and gas prices are likely to remain sufficiently high in the reasonably foreseeable future so as to continue to support strong demand for large diameter CASSLP pipe. In particular, many leading market observers, including the corporate parents of two domestic producers, rely on the EIA's forecasts or other generally optimistic forecasts to conclude that prices, although they may decline from recent high levels, will continue to support oil and gas exploration and, by extension, demand for large diameter CASSLP pipe.[331]

Supply. The U.S. market is supplied by domestically produced large diameter CASSLP pipe and pipe imported from subject and nonsubject countries. U.S. producers' share of the U.S. market rose from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 as compared with *** percent in January-September 2005.[332]

Both the domestic producers' capacity and production increased over the period of review. Average capacity increased irregularly from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005.[333] Production was *** short tons in 2000, increasing irregularly to *** short tons in 2004. It was *** short tons in January-September 2004 as compared with *** short tons in January-September 2005.[334]

Since the original investigations, the U.S. industry has reorganized, but continues to consist of three producers. During the original investigations, the three U.S. producers of large diameter CASSLP pipe were North Star Steel, Timken and U.S. Steel.[335] In 2002, V&M Tubes acquired North Star's tubular division, then a wholly owned subsidiary of Cargill, Inc., and renamed the division V&M Star.[336]

Total subject imports' share of apparent U.S. consumption accounted for *** percent or less of apparent U.S. consumption throughout the review period.[337] Nonsubject import market share was *** percent in 2000, and decreased, albeit irregularly, to *** percent in 2004. It was *** percent in January-

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[327] CR at II-41, PR at II-27.

[328] CR at II-40, PR at II-27.

[329] See CR/PR at Table II-10; Tr. at 233 (Mr. Allen).

[330] CR at II-38, PR at II-26 - II-27; Purchaser Questionnaire Responses to Question III.11; CR/PR at Table II-8.

[331] See CR at II-41, PR at II-II-29, CR/PR at Table II-10.

[332] CR/PR at Table I-14.

[333] CR/PR at Table III-13.

[334] CR/PR at Table III-13.

[335] CR at I-37, PR at I-31.

[336] CR at I-38, PR at I-31.

[337] CR/PR at Table I-14.

September 2004 as compared with *** percent in January-September 2005.[338] Nonsubject large diameter CASSLP pipe imports from China, Romania and Ukraine rose substantially during the period of review.[339]

C. Revocation of the Orders on Subject Imports of Large Diameter CASSLP from Japan Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Subject Imports

In the original investigations, the Commission found that the quantity of cumulated subject imports rose from *** short tons in 1997 to *** short tons in 1998, then fell to *** short tons in 1999, increasing by *** percent between 1997 and 1999. Apparent U.S. consumption decreased by *** percent during the same period. The share of domestic consumption held by cumulated subject imports increased from *** percent in 1997 to *** percent in 1998, while the share held by domestic product declined from *** percent to *** percent. Although cumulated subject import market share declined *** to *** percent in 1999, this was still higher than the 1997 import market share. Cumulated subject import volume and market share of subject imports increased while domestic consumption was declining. Japanese respondents' argument that subject imports increased while demand was falling because of a lag in their response to the change in demand was not borne out by the record.[340]

In the original investigations, shipments of subject imports from Japan increased from 28,725 short tons in 1997 to 42,897 short tons in 1998, then increased further to 49,727 short tons in 1999. Japan's import market share increased from 7.7 percent in 1997 to 11.8 percent in 1998, then to 17.0 percent in 1999.[341]

As explained above, we have relied on the best information available in the record of these reviews with respect to Japan – primarily information from the original investigations. We note that the industry in Japan during that time was large[342] and export-oriented.[343] Imports from Japan to the United States increased rapidly.[344] In addition, there was significant excess capacity in Japan.[345] Moreover, its

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[338] CR/PR at Table I-14.

[339] Nonsubject imports from China rose from 7,002 short tons in 2000 to 11,626 short tons in 2004. Nonsubject imports from Romania increased from 4,562 short tons to 16,450 short tons during that period, and nonsubject imports from Ukraine rose from 6,348 to 13,767 short tons during that period as well. CR/PR at Table F-2.

[340] USITC Pub. 3311 at 25. Similarly, as noted in Table I-2, shipments of cumulated subject imports rose from *** short tons in 1997 to *** short tons in 1998, then fell to *** short tons in 1999.

[341] CR/PR at Table I-2.

[342] Japan's capacity to produce large diameter CASSLP pipe decreased from *** short tons in 1997 to *** short tons in 1999. Its production decreased from *** short tons in 1997 to *** short tons in 1999. Original Staff Report at Table VII-3.

[343] Japan's total exports increased from *** percent of total shipments in 1997 to *** percent of total shipments in 1999. Original Staff Report at Table VII-3.

[344] Japan's shipments of imports of subject large diameter CASSLP imports rose from 28,725 short tons in 1997 to 49,727 short tons in 1999. CR/PR at Table I-2. By contrast, shipments of subject imports from Mexico declined from *** short tons in 1997 to *** short tons in 1999. CR/PR at Table I-2.

[345] Japan's capacity utilization for large diameter CASSLP pipe was *** percent in 1997 and *** percent in 1999. Original Staff Report at Table VII-3.

home market shipments decreased over the period.[346] The data available from NKK indicate that its production capacity increased significantly during the period of review. NKK reports excess capacity in its large diameter CASSLP pipe operations. Its capacity utilization rate was *** percent in 2004 and only *** percent in January-September 2005.[347] Nothing in the current record indicates, therefore, that Japanese producers will behave differently if the order is lifted than they did during the original investigations.[348]

Accordingly, we find that the likely volume of imports of large diameter CASSLP pipe from Japan into the United States would be significant in the reasonably foreseeable future if the antidumping duty order were revoked.

2. Likely Price Effects of the Subject Imports

In the original investigations, when evaluating the cumulated subject imports the Commission found that domestic prices declined dramatically when demand was at its weakest in late 1998 and 1999 and there was significant underselling by subject imports of common grade large diameter CASSLP pipe. The decline in activity in the oil and gas industry contributed to the decline in the price of large diameter CASSLP pipe, but the Commission found that it did not fully explain the decline in price. Instead, it found that with demand weak, and cumulated subject imports entering the market in significant volumes at low and declining prices, domestic producers were forced to cut their prices to regain market share that had been lost to subject imports. The Commission also found that cumulated subject imports depressed domestic prices to a significant degree.[349]

Because of the lack of questionnaire responses from most producers in Japan, price comparison data for the period of review are not available. Accordingly, we rely on the information obtained during the original investigations. With respect to underselling by the subject Japanese imports, we note that the Japanese data were more mixed than those of Mexico,[350] but there is evidence of underselling increasing over the original period of investigation.[351] In addition, there were more instances of underselling as compared to overselling for pricing product 4 as reported by end users and distributors.[352] Nothing in the record indicates that subject imports from Japan would behave differently upon revocation of the orders.

As noted above, we find the likely volume of subject imports from Japan will be significant in the reasonably foreseeable future if the antidumping duty order is revoked. At these likely volumes, the

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[346] Japan's home market shipments of large diameter CASSLP pipe declined from *** percent of total shipments in 1997 to *** percent in 1999. Original Staff Report at Table VII-3.

[347] CR/PR at Table IV-19.

[348] While it was argued that Japan's facilities that are used to produce OCTG and other pipe products may be converted to the production of large diameter CASSLP pipe, see, e.g., Domestic Producers' Large Diameter Prehearing Brief at 28, we do not find it necessary to rely on such potential product shifting in light of Japan's already significant excess capacity. We note that other steel seamless tubing products that are produced on the same equipment as subject pipe include CASSLP pipe with outer diameter greater than 16 inches, mechanical tubing, pressure tubing, structural pipe and tubing, and coupling stock. CR at I-28 - I-29, PR at I-25.

[349] USITC Pub. 3311 at 26.

[350] See Original Staff Report at Tables V-7 - V-9.

[351] For instance, Japan's margins of underselling for pricing product 4 as reported by producers and importers increased from a margin of overselling of (***) percent in April-June 1997 to a margin of underselling of *** percent in October-December 1998, and there was a margin of underselling of *** percent in July-September 1999. Original Staff Report at Table V-7. For pricing product 4 as reported by end users and distributors, Japan's margin of overselling increased from (***) percent in January-March 1998 to a margin of underselling of *** percent in April-June 1998, and there was a margin of underselling of *** percent in July-September 1999. Id. at Table V-8.

[352] Original Staff Report at Table V-8.

subject imports from Japan would be likely to have significant depressing or suppressing effects on the prices of the domestic like product. We therefore find that there likely would be underselling by the subject imports that, when combined with increased volumes of subject imports, would likely lead to significant adverse price effects.

3. Likely Impact of the Subject Imports

a. Lack of Vulnerability of Domestic Industry

In the original investigations, the Commission found that all of the industry's major economic and financial indicators declined significantly during the period of investigation. Operating income declined, as did production, shipments, net sales, cash flow, capacity utilization, productivity, number of production workers, hours worked, wages paid, and productivity. There were increases in unit labor costs and unit cost of goods sold. While the declines were partly attributable to the decline in demand, the Commission found they were also attributable in significant part to the price competition from subject imports. The cumulated subject imports exacerbated the effects of the decline in demand on the increasingly unprofitable and poorly performing industry.[353]

We conclude in these reviews that the domestic industry is not currently vulnerable to injury by reason of increased subject imports. In particular, the industry was generally profitable during the period of review. It experienced losses in two years, but began and ended the period with substantial profits. A comparison of the interim periods shows extremely high profitability. Operating income was $*** in 2000 and rose to $*** in 2004. It was $*** in January-September 2004 and *** in January-September 2005.[354] The ratio of operating income to net sales was *** percent in 2000 and *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005.[355]

Domestic producers alleged that the operating margins earned by the domestic industry between 1997 and September 2005 have been below the industry's WACC.[356] We find that the usefulness of WACC in these proceedings is limited. While we can consider factors not explicitly required by statute, there is no reason why the Commission should consider WACC to be a more dispositive indicator of the domestic industry's condition than any of the other indicia specified by the statute and/or typically used by the Commission. Further, the domestic producers' WACC was computed for the period between 1997 and September 2005, which includes three years prior to the period for which data were collected in these reviews (January 2000 to September 2005). Moreover, the calculation was based on the financial data of only one company (NS Group, Inc.), which is the parent company of Koppel, a firm that does not even produce large diameter CASSLP pipe.[357] The Commission has gathered actual trade and financial data

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[353] USITC Pub. 3311 at 27.

[354] CR/PR at Table III-18.

[355] CR/PR at Table III-18.

[356] Domestic Producers' Large Diameter Prehearing Brief at 37 & Exh. 8. The financing of capital for a firm is comprised of two sources: equity financing and debt financing. The cost of capital is the expected return to shareholders and/or creditors, depending upon the investment risk. The WACC is the weighted average cost of capital for a firm based on the combination of its capital; in other words, it represents the investors' opportunity cost of taking on the risk of investing in or lending money to a company. A project that has a rate of return (in this case, operating income) greater than the WACC generates additional cash flow and creates value, while a project that has a rate of return less than the WACC decreases value. CR at III-11 n.9, PR at III-4 n.9.

[357] Koppel, a small diameter CASSLP pipe producer, also manufactures OCTG and mechanical tubing, while U.S. Steel produces small and large diameter CASSLP pipe, as well as OCTG, mechanical tubing and coupling stock.
(continued...)

specific to the domestic CASSLP pipe producers, and the comparisons between these data and data for a much larger industry whose exact composition is unknown may not be conclusive.[358] [359] We also note that the WACC analysis initially submitted by the domestic industry is very sensitive to the time period used. For example, the same analysis performed on the period of review reports notably different results.[360] In light of the above, we do not find that the WACC analysis submitted by the domestic industry is more dispositive than the other factors considered by the Commission and does not lead us to conclude that the domestic industry is vulnerable.

b. Analysis

In these reviews, domestic producers' large diameter CASSLP pipe capacity significantly increased over the period of review.[361] Production followed the same trend.[362] However, capacity utilization decreased over the period.[363]

U.S. shipments increased over the period of review[364] and inventories declined.[365] Net sales increased over the period.[366] U.S. producers' market share increased as well,[367] as nonsubject imports lost market share.[368] The domestic industry maintained profitability throughout most of the period of review.[369]

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[357] (...continued)
CR at III-2 n.3, PR at III -1 n.3.

[358] CR at III-13, PR at III-5.

[359] See, e.g., Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1365, 1373 (Fed. Cir. 2002) (Commission "obligated to make active, reasonable efforts to obtain relevant data" especially when seeking to use product line provision); General Motors Corp. v. United States, 827 F. Supp. 774, 781 (Ct. Int'l Trade 1993) (Commission did not act unreasonably in not relying on data that were not comparable to those covering period of investigation).

[360] See CR at III-12, PR at III-5.

[361] Capacity increased from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-13.

[362] Production increased from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-13.

[363] Capacity utilization decreased from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table III-13.

[364] U.S. shipments increased from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-15.

[365] Inventories fell from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-16.

[366] Net sales increased from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table III-18.

[367] U.S. producers' market share rose from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table C-4.

[368] Nonsubject import market share fell from *** percent in 2000 to *** percent in 2004. It was *** percent in January-September 2004 and *** percent in January-September 2005. CR/PR at Table C-4.

[369] For instance, operating income increased from $*** in 2000 to $*** in 2004, although the domestic industry sustained operating losses in 2002 and 2003. Operating income was $*** in January-September 2004. CR/PR at Table III-18.

The number of production and related workers fell over the period,[370] as did their hours worked.[371] However, wages paid increased,[372] as did productivity.[373] Both capital expenditures[374] and research and development expenses declined.[375]

We concluded above that revocation of the antidumping duty order with respect to Japan likely would lead to significant increases in the volume of subject imports that would undersell the domestic like product and significantly depress or suppress U.S. prices. In addition, although demand is projected to remain strong, the likely substantial volume and price effects of the subject imports would be sufficient to have a significant negative impact on the production, shipments, sales, market share, and revenues of the domestic industry, despite its lack of vulnerability. This reduction in the industry's production, shipments, sales, market share, and revenues would adversely impact the industry's profitability and ability to raise capital and maintain necessary capital investments.

Indeed, as stated above, in the original investigations the Commission found that the increasing volumes of imports that were underselling the domestic like product caused declines in the domestic industry's performance and material injury to the domestic industry. Based on the facts available in these reviews, we conclude that if the order were revoked, these circumstances would recur and there would be a significant adverse impact on the domestic industry.

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[370] The number of production and related workers decreased from *** in 2000 to *** in 2004. It was *** in January-September 2004 and *** in January-September 2005. CR/PR at Table III-17.

[371] Hours worked declined from *** in 2000 to *** in 2004. They were *** in January-September 2004 and *** in January-September 2005. CR/PR at Table III-17.

[372] Wages paid increased from $*** in 2000 to $*** in 2004. They were $*** in January-September 2004 and $*** in January-September 2005. CR/PR at Table III-17.

[373] Productivity increased from *** short tons per 1,000 hours in 2000 to *** in 2004. It was *** in January-September 2004 and *** in January-September 2005. CR/PR at Table III-17.

[374] Capital expenditures fell from $*** in 2000 to $*** in 2004. They were $*** in January-September 2004 and $*** in January-September 2005. All producers reported capital expenditures. The majority were for carbon SSLP pipe, while there were minimal expenditures for alloy SSLP pipe. CR/PR at Table III-2 & n.1.

[375] Research and development expenses decreased from $*** in 2000 to $*** in 2004. They were $*** in January-September 2004 and $*** in January-September 2005. *** reported research and development expenses, which were primarily for carbon SSLP pipe, with minimal expenses for alloy SSLP pipe. CR/PR at Table III-22 & n.2.

D. Revocation of the Order on Subject Imports of Large Diameter CASSLP from Mexico Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Subject Imports[376]

In the original investigation, the volume of subject imports of large diameter CASSLP pipe from Mexico decreased over the period. The volume of shipments of subject imports decreased from *** short tons in 1997 to *** short tons in 1999.[377] The sole producer in Mexico, TAMSA, participated in the Commission's investigation.[378] TAMSA's capacity to manufacture subject pipe decreased over the period of investigation, as did its production. Capacity decreased from *** short tons in 1997 to *** short tons in 1999. Production decreased from *** short tons to *** short tons during the same period.[379]

During the period of review, there have been no subject imports from Mexico.[380] TAMSA's capacity decreased from *** short tons in 2000 to *** short tons in 2004. It was *** short tons in January-September 2004 and *** short tons in January-September 2005.[381] Capacity utilization was *** percent for most of the period and was never lower than approximately *** percent.[382]

TAMSA was export-oriented during the original investigation[383] and remains so.[384] However, as TAMSA is operating at *** capacity, we do not find it likely that it will begin shipping significant volumes of subject merchandise to the United States in the reasonably foreseeable future. In particular, prices are higher in the EU and certain Asian markets, as well as its home market, as compared to the United States.[385] There are no outstanding antidumping duty orders in third-country markets with respect to subject pipe from Mexico.[386] Moreover, as U.S. imports of nonsubject small diameter CASSLP pipe from Mexico have been insignificant since 2000,[387] we do not find it likely that TAMSA will begin to ship significant volumes of subject large diameter pipe to the U.S. market when it is operating at *** capacity and is shipping substantial volumes to other lucrative markets.

We have considered whether TAMSA will likely re-direct production towards subject merchandise if the order is revoked. The statute directs the Commission to consider the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject

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[376] We have described above in our discussion of our determination with respect to Japan the Commission's findings in the original determinations.

[377] CR/PR at Table I-2.

[378] Original Staff Report at VII-7.

[379] Original Staff Report at Table VII-4.

[380] CR/PR at Table I-2.

[381] CR/PR at Table IV-22.

[382] CR/PR at Table IV-22.

[383] In the original investigation, its exports totaled *** short tons in 1997 and declined to *** short tons in 1999. Original Staff Report at Table VII-4.

[384] Total exports during the period of review fell from *** short tons in 2000 to *** short tons in 2004. They were *** short tons in January-September 2004 and *** short tons in January-September 2005. CR/PR at Table IV-22.

[385] CR/PR at Figure IV-2 and Table IV-31. We also note that TAMSA's home market shipments as a share of its total shipments declined from *** percent in 2000 to *** percent in 2001, then fell to *** percent in 2002 before rising to *** percent in 2003, and increased further to *** percent in 2004. CR/PR at Table IV-22.

[386] CR at IV-56, PR at IV-19.

[387] See CR/PR at Table F-1.

merchandise, are currently being used to produce other products.[388] TAMSA's facilities are capable of producing other products besides the subject CASSLP pipe.[389] Thus, TAMSA could engage in product shifting in order to increase the volume of subject CASSLP pipe exported to the U.S. market. Parties presented arguments to the Commission on this issue based on the Court of International Trade's opinion in Siderca, S.A.I.C. v. United States.[390]

We do not find product shifting to be likely by TAMSA. While U.S. demand has increased during the period of review and U.S. prices for subject large diameter CASSLP pipe have increased, the record indicates that global demand is also strong and that prices for subject large diameter CASSLP pipe have increased in other markets as well.[391] Indeed, industry participants and publications report continued strong worldwide demand in oil and gas markets, which are the markets that drive demand for subject large diameter CASSLP pipe.[392] Further, available price data indicate that prices for subject large diameter CASSLP pipe in Western Europe and certain Asian markets are currently higher than in the United States.[393]

The strong demand in the oil and gas markets has also increased demand for other pipe and tube products, particularly OCTG. TAMSA produces OCTG in the same facilities and uses the same equipment and employees as does subject CASSLP pipe.[394] A comparison of prices between OCTG and subject CASSLP pipe shows that OCTG prices have uniformly exceeded those for subject CASSLP by a substantial margin. For example, in July 2005, prices for OCTG exceeded prices for subject CASSLP pipe by approximately $*** per ton.[395] Further, OCTG prices globally currently exceed subject CASSLP prices and, moreover, OCTG prices in Japan exceed OCTG prices in the U.S. market.[396] Therefore, based on relative prices, the record evidence does not support a finding that shifting production from OCTG to subject large diameter CASSLP pipe would be economically rational for a foreign producer seeking to enter the U.S. market in the reasonably foreseeable future.

The domestic industry and respondents disagreed as to whether the higher OCTG prices translate to a more profitable product.[397] However, there is no evidence on the record that indicates CASSLP pipe production is more profitable than OCTG production. Nor is there any dispute that OCTG is a higher-valued product and that OCTG prices are uniformly higher than subject CASSLP pipe prices.[398] Therefore, in light of the strong global demand for large diameter CASSLP pipe, which limits the relative attractiveness of the U.S. market, and the higher prices for non-subject products such as OCTG, the record evidence does not support a conclusion that shifting production from non-subject products to large diameter CASSLP pipe is economically rational for TAMSA. Therefore, we determine that TAMSA is not likely to engage in product shifting in order to increase exports of subject large diameter CASSLP pipe to the U.S. market.

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[388] 19 U.S.C. § 1675a(a)(2)(D).

[389] See CR at IV-45 n.39, PR at IV-17 n.39.

[390] Siderca, S.A.I.C. v. United States, 350 F.Supp.2d 1223 (Ct. Int'l Trade 2004), on remand 374 F. Supp.2d 1285 (Ct. Int'l Trade 2005).

[391] See CR at II-38, PR at II-26 - II-27, CR/PR at Tables II-8, II-9, II-10, IV-31.

[392] CR/PR at Tables II-8 - II-10; CR at II-41, PR at II-27; CR at IV-60, PR at IV-21 - V-22.

[393] CR/PR at Table IV-31.

[394] See, e.g., CR at IV-45 n.39, PR at IV-17 n.39; TAMSA's Questionnaire responses to Questions II.6 - II.7.

[395] CR/PR at Figure IV-1.

[396] CR/PR at Figure IV-2.

[397] See Tr. at 39-40 (Mr. Gurley), 41 (Mr. Gurley), 164 (Mr. Clark), 236 (Mr. Allen), 246 (Mr. Reilly), 254 (Mr. Daneo), 337-38 (Mr. Daneo).

[398] See CR/PR at Figure IV-1.

Further, we note that TAMSA is not subject to the antidumping order on small diameter CASSLP pipe. Thus, TAMSA has had unfettered access to the U.S. market for small diameter CASSLP pipe during the period of review. However, notwithstanding the strong demand and increasing prices for small diameter CASSLP pipe in the U.S. market, the volume of imports from Mexico has been extremely small. During the period of review, U.S. imports of small diameter CASSLP pipe from Mexico peaked in 2003 at only 241 short tons. In 2004, there were no imports of small diameter CASSLP pipe from Mexico,[399] and in the January-September 2005 period, the United States imported only one short ton of small diameter CASSLP pipe from Mexico.[400] Therefore, TAMSA's actual behavior during the period of review supports our determination that it will not engage in product shifting in order to increase exports to the U.S. market.

Domestic producers argue that because of the transnational affiliations of TAMSA in Mexico with the Tenaris Group, upon revocation of the orders Tenaris will provide it with the same channels of distribution as it would provide NKK, also a member of the group.[401] In a previous review of antidumping duty orders concerning CASSLP pipe, the Commission noted the role that transnational affiliations may have on subject producers' behavior.[402] The Commission found that "the transnational corporate affiliations among many of the subject country producers also enhance their ability to resume exporting to the United States by providing a ready network for marketing, sales, and distribution."[403] While transnational affiliations among subject producers may facilitate their ability to export to the U.S. market if they choose to do so, such affiliations do not, in and of themselves, constitute evidence that subject producers are likely to increase exports to the U.S. market.[404] Before the impact of any transnational affiliations comes into play, subject producers must first have an economic incentive to export to the U.S. market. As discussed above, we do not find that the economic incentives that would induce a likely significant volume of subject imports currently exist or are likely to exist in the reasonably foreseeable future. Therefore, the presence of transnational affiliations among subject producers does not provide substantial evidence that the likely volume of subject imports would be significant.[405]

On the basis of TAMSA's decreased capacity and high capacity utilization as evidenced in this review, as well as the likelihood that any increased exports of subject merchandise will be shipped to more lucrative markets in Europe and parts of Asia, we find that the likely volume of subject imports of large diameter CASSLP pipe from Mexico would not be significant if the antidumping duty order were revoked.

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[399] CR/PR at Table F-1.

[400] CR/PR at Table F-1.

[401] See Domestic Producers' Prehearing Large Diameter CASSLP Pipe Brief at 23. Tenaris wholly owns or controls the following global companies that produce, or are able to produce, large diameter CASSLP pipe: Dalmine of Italy, Siderca of Argentina, Algoma Tubes of Canada, Tavsa of Venezuela, TAMSA of Mexico, Silcotub of Romania, and NKK of Japan. CR/PR at IV-45 n.38.

[402] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Review), USITC Pub. 3429 (June 2001).

[403] USITC Pub. 3429 at 22.

[404] Commissioner Pearson notes that U.S. antitrust statutes are premised on the economic rationale that consolidation of companies within an industry holds the potential for reducing competition among firms, thus resulting in higher prices for the goods they produce. He sees no obvious reason why consolidation of formerly independent firms under a single corporate umbrella, but operating in more than one country, should not have a similar effect. He would expect such transnational consolidations to lead to less competition among various exporting countries for shipments to the United States and to make it more likely that those sales would be made at higher prices rather than lower ones.

[405] See also Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom, Inv. Nos. 701-TA-380-382 and 731-TA-797-804, USITC Pub. 3788 at 19 n.146 (July 2000).

2. Likely Price Effects of the Subject Imports[406]

While there was underselling in the original investigation by subject large diameter CASSLP pipe from Mexico, there were more instances of overselling than underselling throughout the period.[407] As we have found that revocation of the antidumping duty order on subject imports from Mexico will likely not result in significant increased volumes of subject CASSLP pipe to the United States, we do not find that any increased volumes will result in significant adverse price effects.[408]

We recognize that price is an important factor in purchasing decisions,[409] although other factors are also important.[410] However, in view of our finding that subject import volume is not likely to be significant upon revocation of the antidumping duty order, in addition to the overselling in the original investigation, we do not find that any increased volumes of subject imports from Mexico will result in significant adverse price effects upon revocation of the order.

3. Likely Impact of the Subject Imports[411]

In line with our findings regarding the likely volume and price effects of subject imports from the Mexico, we find that subject imports would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the orders were revoked. As demand is projected to remain strong, the small volume of subject imports that would be likely upon revocation would not be likely to have a significant adverse impact on the domestic industry.[412] Therefore, we find that revocation of the antidumping duty order on subject imports from Mexico is not likely to lead to the continuation or recurrence of material injury to the U.S. large diameter CASSLP pipe industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we conclude that revocation of the antidumping duty order on large diameter CASSLP pipe from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We further conclude that revocation of the antidumping duty order on large diameter CASSLP pipe from Mexico would not be

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[406] We have described above in our discussion of our determination with respect to Japan the Commission's findings in the original determinations.

[407] See Original Staff Report at Tables V-7 - V-9.

[408] There are no price comparison data available for subject product from either country for the period of review due to their absence from the U.S. market. See CR/PR at Table I-1.

[409] CR at II-46, PR at II-33, CR/PR at Tables II-11, II-12.

[410] CR at II-46, PR at II-33, CR/PR at Tables II-11, II-12.

[411] We have described above in our discussion of our determination with respect to Japan the Commission's findings in the original determinations. We adopt our vulnerability analysis with respect to subject imports of large diameter CASSLP pipe from Japan, as well as our discussion of the impact factors presented in our analysis of the impact of subject imports from Japan.

[412] In fact, in the event of revocation, TAMSA predicted exports to the United States of *** short tons in 2006, CR/PR at Table IV-23.

likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

SEPARATE VIEWS OF COMMISSIONER SHARA L. ARANOFF CONCERNING SMALL DIAMETER CASSLP PIPE FROM ROMANIA

On the basis of the record developed in these reviews, I determine that revocation of the antidumping duty order on small diameter carbon and alloy seamless standard, line, and pressure pipe ("CASSLP pipe") from Romania would be likely to lead to continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time. I join the Commission's determinations regarding the antidumping duty orders on small diameter CASSLP pipe from the Czech Republic, Japan, and South Africa and on large diameter CASSLP pipe from Japan and Mexico. I write separately to explain my decision not to cumulate imports of small diameter CASSLP pipe from Romania with imports of small diameter CASSLP pipe from the Czech Republic, Japan, and South Africa and to explain my determination that revocation of the antidumping duty order on small diameter CASSLP pipe from Romania would likely lead to continuation or recurrence of material injury to the domestic small diameter CASSLP pipe industry within a reasonably foreseeable time.

I. CUMULATION

Section 752(a) of the Tariff Act of 1930, as amended, provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[1]

Thus, cumulation is discretionary in five-year reviews. The Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[2]

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as the Commission initiated all the reviews on May 2, 2005.[3] For the reasons detailed in the Views of the Commission, I join in the Commission's findings that subject imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa would not likely have no discernible adverse impact on the domestic industry if the antidumping duty orders were revoked. I also join the majority's finding that there is likely to be a reasonable overlap of competition between the domestic like product and subject imports of small diameter CASSLP pipe, as well as among such imports, if the orders are revoked. Nevertheless, I do not exercise my discretion to cumulate imports of small diameter CASSLP pipe from Romania with those from the other subject countries because I find that subject imports of small diameter CASSLP pipe from Romania would likely face different conditions of competition in the U.S. market than the subject imports from the Czech Republic, Japan, and South Africa if the orders were revoked.

In exercising my discretion not to cumulate imports from Romania, I have relied on the analysis

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[1] 19 U.S.C. § 1675a(a)(7).

[2] 19 U.S.C. § 1675a(a)(7).

[3] 70 Fed. Reg. 22,688 (May 2, 2005).

provided by the majority, as well as the additional reasons discussed below, which distinguish the conditions of competition under which Romanian imports are likely to compete in the U.S. market from those likely to face imports from the Czech Republic and South Africa.

The reported production capacity of the Romanian small diameter CASSLP pipe industry increased during the period of review from *** short tons in 2000 to *** short tons in 2004.[4] This reported capacity in 2004 was larger than the highest reported Romanian capacity during the original period of investigation (*** short tons in 1997). By contrast, the largest reported capacities for the Czech industry and the South African industry during the period of review were each smaller than or almost the same as any reported capacity during the original investigation.[5] The reported Romanian capacity in 2004 was equivalent to approximately *** percent of the U.S. small diameter CASSLP pipe market that year (*** short tons); on a cumulated basis, the Czech and South African industries had a reported capacity in 2004 equivalent to approximately *** percent of the U.S. market.[6]

In addition, the largest variances in the Romanian industry's reported capacity during the period of review occurred between 2003 and 2004 and between the January–September 2004 ("interim 2004") period and the January–September 2005 ("interim 2005") period. From 2003 to 2004, reported capacity increased from *** short tons to *** short tons, an increase of *** short tons, or *** percent.[7] The Romanian industry's reported capacity declined from *** short tons during the interim 2004 period to *** short tons during the interim 2005 period, a decrease of *** short tons, or *** percent.[8] Therefore, over a period of 21 months, the Romanian industry's reported capacity increased *** during the first year, then decreased *** during the next nine months. The Czech and South African industries did not experience this type of significant capacity swing.[9]

Allocations by the two largest responding Romanian small diameter CASSLP pipe producers of their total small diameter seamless pipe annual capacity to the production of subject pipe varied during the period of review between *** percent and *** percent, or by *** percentage points, for one company

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[4] CR/PR at Table IV-9 (as revised by memorandum INV-DD-041, March 30, 2006). All subsequent citations to the confidential report should be understood to incorporate the March 30, 2006, revisions.

[5] CR at IV-17 n.16, PR at IV-7 n.16. The Czech industry's reported capacity decreased over the period of review, from *** short tons in 2000 to *** short tons in 2004. It decreased from *** short tons during the interim 2004 period to *** short tons during the interim 2005 period. CR/PR at Table IV-3. The Czech industry's estimated total capacity in 2004 was approximately *** short tons, which was significantly lower than the lowest reported capacity during the original investigation (*** short tons). CR at IV-5 & n.5, PR at IV-4 & n.5 (from calculations based on the lone responding Czech producer's estimation that it accounts for *** percent of Czech small diameter CASSLP pipe production in 2004).

The South African industry's reported capacity increased over the period of review, from *** short tons in 2000 to *** short tons in 2004. It decreased from *** short tons during the interim 2004 period to *** short tons during the interim 2005 period. CR at Table IV-12. The South African industry's capacity in 2004 was almost *** the lowest reported capacity during the original investigation (*** short tons). CR at IV-24 n.22, PR at IV-8 n.22.

On a cumulated basis, in 2004 the industries of the Czech Republic and South Africa had a reported capacity of *** short tons, or approximately *** of the reported capacity of the Romanian industry.

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

[7] CR/PR at Table IV-9.

[8] CR/PR at Tables IV-9–IV-10.

[9] From 2003 to 2004, when the Romanian industry's capacity increased by *** short tons, the Czech industry's and the South African industry's capacity on a cumulated basis increased by *** short tons. From the interim 2004 period to the interim 2005 period, when the Romanian industry's capacity decreased by *** short tons, the Czech industry's and the South African industry's capacity on a cumulated basis decreased by *** short tons. CR/PR at Tables IV-3, IV-12.

and between *** percent and *** percent, or by *** percentage points, for the other.[10] The Czech and South African industries' allocations did not vary to this extent,[11] indicating their lesser propensity to shift production capacity between CASSLP pipe and other pipe products.

Capacity utilization for the Romanian small diameter CASSLP pipe industry increased from *** percent in 2000 to *** percent in 2004. In comparing the interim 2004 period with the interim 2005 period, capacity utilization rose from *** percent to *** percent.[12] The capacity utilization rates for the Czech and South African industries were consistently higher during the entire period of review.[13]

Export data reported by the Romanian industry indicate significant redirection of shipments of subject small diameter CASSLP pipe on a yearly basis among different regions of the world. From 2000 to 2004, as a share of total shipments, Romanian small diameter CASSLP pipe exports to the United States were *** percent in 2000 and *** percent in 2004; and to Asia, *** percent in 2000 and *** percent in 2004. Exports to the European Union (EU) remained fairly steady at *** percent of total shipments in 2000 and *** percent in 2004. However, between the interim 2004 and interim 2005 periods, as a share of total shipments, Romanian subject exports to the United States declined from *** percent to *** percent; to Asia, declined from *** percent to *** percent; and increased *** to the EU, from *** percent to *** percent.[14] Over the same time period and on a yearly basis, data for the Czech and South African industries did not demonstrate similarly wide shifts,[15] indicating that producers in these countries have more consistent, longer-term, and more established marketing patterns.

The export orientation of the Romanian industry as a whole also increased significantly during the period of review. As a share of total shipments, exports by the Romanian industry accounted for *** percent in 2000, rising to *** percent in 2004. Exports as a share of total Romanian shipments also rose from the interim 2004 period to the interim 2005 period, from *** percent to *** percent[16] The Czech

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[10] CR at IV-17–IV-18 nn.20–21, PR at IV-7 nn.20–21.

[11] Mittal Steel Roman, *** Romanian subject pipe producer, is approximately *** Silcotub. Mittal Steel Roman's foreign producer questionnaire response at Question II-16a; Silcotub's foreign producer questionnaire response at Question II-16a. Based on the relative sizes of these Romanian producers, allocations by the Romanian industry as a whole varied by *** percentage points. Allocations by the responding Czech producer varied between *** percent and *** percent, or by *** percentage points, and allocations by the South African producer varied between *** percent and *** percent, or by *** percentage points. CR at IV-6 n.7, IV-24 n.22, PR at IV-5 n.7, IV-8 n.22.

[12] CR/PR at Table IV-9.

[13] The capacity utilization rate for the Czech industry increased from *** percent in 2000 to *** percent in 2004. It declined from *** percent in the interim 2004 period to *** percent during the interim 2005 period. CR/PR at Table IV-3. The capacity utilization rate for the South African industry increased from *** percent in 2001 to *** percent in 2004. It declined from *** percent in the interim 2004 period to *** percent in the interim 2005 period. CR/PR at Table IV-12.

[14] CR/PR at Table IV-9.

[15] For the Czech industry, as a share of total shipments during the period of review, reported exports to the United States were ***, while reported exports to the EU were *** percent in 2000 and *** percent in 2004 and to Asia were *** percent in 2000 and *** percent in 2004. As a share of total shipments during the interim periods, Czech reported exports to the EU were *** percent during the interim 2004 period and *** percent during the interim 2005 period; and to Asia were *** percent during the interim 2004 period and *** percent during the interim 2005 period. CR/PR at Table IV-3. Similarly, for the South African industry during the period of review, reported exports to the United States were ***, while reported exports to the EU were *** percent in 2001 and *** percent in 2004 and to Asia were *** percent in 2001 and *** percent in 2004, ***. As a share of total shipments during the interim periods, South African reported exports to the EU were *** percent during the interim 2004 period and *** percent during the interim 2005 period and to Asia were *** percent during the interim 2004 period and *** percent during the interim 2005 period. CR/PR at Table IV-12.

[16] CR/PR at Table IV-9.

and South African industries' export orientation also increased over the period of review, but not as significantly as that of the Romanian industry or to the level of the Romanian industry.[17]

For all these reasons, as well as the reasons detailed in the Views of the Commission on this topic, I find significant differences in the competitive conditions applicable to the subject imports from Romania and those with respect to the subject imports from the Czech Republic and South Africa. Therefore, I do not exercise my discretion to cumulate subject imports from Romania with imports from the Czech Republic and South Africa for purposes of my determinations in these reviews.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS OF SMALL DIAMETER CASSLP PIPE FROM ROMANIA IF THE ANTIDUMPING DUTY ORDER IS REVOKED

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[18] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[19] Thus, the likelihood standard is prospective in nature.[20] The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[21]

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[17] As a share of total shipments, reported exports by the Czech industry accounted for *** percent during 2000, rising to *** percent in 2004. CR/PR at Table IV-3. As a share of total shipments, reported exports by the Czech industry accounted for *** percent of total shipments in the interim 2004 period, declining to *** in the interim 2005 period. CR/PR at Table IV-3. As a share of total shipments, reported exports by the South African industry accounted for *** percent during 2001, rising to *** percent in 2004. As a share of total shipments, reported exports by the South African industry accounted for *** percent of total shipments in the interim 2004 period, rising to *** in the interim 2005 period. CR/PR at Table IV-12.

[18] 19 U.S.C. § 1675a(a).

[19] SAA, H.R. Rep. No. 103-316, vol. I, at 883–884 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[20] Although the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[21] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd without opinion*, 05-1019 (Fed. Cir. August 3, 2005); *Nippon Steel Corp. v. United States*, Slip Op. 02-153 at 7–8 (Ct. Int'l Trade Dec. 24, 2002) (same); *Usinor Industeel, S.A. v. United States*, Slip Op. 02-152 at 4 n.3 & 5–6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, Slip Op. 02-70 at 43–44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[22] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[23]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[24] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[25]

In evaluating the likely volume of imports of subject merchandise if the antidumping orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[26] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[27]

In evaluating the likely price effects of subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[28]

In evaluating the likely impact of imports of subject merchandise if the antidumping order is

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to 'probable,' not merely 'possible'").

[22] 19 U.S.C. § 1675a(a)(5).

[23] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." *Id.*

[24] 19 U.S.C. § 1675a(a)(1).

[25] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the order under review. CR at I-12, PR at I-11–I-12. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[26] 19 U.S.C. § 1675a(a)(2).

[27] 19 U.S.C. § 1675a(a)(2)(A–D).

[28] 19 U.S.C. § 1675a(a)(3). The SAA states that, "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[29] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[30] As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.[31]

As the statute directs, I have considered all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry"[32] and join the Views of the Commission regarding the conditions of competition and the business cycle relevant to my determination.[33]

B. Analysis

1. Likely Volume of the Subject Imports

In the original investigations, the Commission found that the quantity of cumulated subject small diameter CASSLP pipe imports from all four countries rose from 59,017 short tons in 1997 to 83,228 short tons in 1998. The share of domestic consumption supplied by cumulated subject imports increased from 21.8 percent in 1997 to 35.8 percent in 1998. This increase in import market share came largely at the expense of the domestic industry, whose market share declined from 67.8 percent to 54.9 percent in the same period. In 1999, the quantity of cumulated subject imports fell to 35,683 short tons. The domestic industry's market share rose to 69.3 percent in 1999, but the Commission found that this was largely a result of significant decreases in domestic prices to meet the subject import prices. The Commission also found that cumulated subject imports declined in 1999 in part as a result of the filing of the petitions on June 30, 1999, as reflected in the significant decline in subject imports in the fourth quarter of 1999. Even after this decline from 1998 levels, however, the share of domestic consumption

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[29] 19 U.S.C. § 1675a(a)(4).

[30] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887.

Commerce expedited its determination in its review of this order and found that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the following margins for small diameter CASSLP pipe from Romania: Metal Business International and S.C. Petrotub (now Mittal Steel Roman), 11.08 percent, S.C. Silcotub and Sota Communication, 15.15 percent, and all other others 13.06 percent. CR/PR at Table I-3.

[31] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[32] 19 U.S.C. § 1675a(a)(4).

[33] This discussion can be found in section IV.B. of the Views of the Commission.

supplied by cumulated subject imports in 1999 was 23.8 percent, which was higher than in 1997 and which the Commission found to be significant.[34]

During the original investigations, the Romanian industry was the largest source among all countries of small diameter CASSLP pipe to the U.S. market in 1997 and the second-largest source in 1998 and 1999, behind Japan.[35] U.S. shipments of subject imports from Romania declined from *** short tons in 1997 to *** short tons in 1998 to *** short tons in 1999, with the decline in 1999 being due in part to the filing of the petition, as noted above.[36] The Romanian industry's U.S. market share increased from *** percent in 1997 to *** percent in 1998, then fell to *** percent in 1999.[37] Notably, during each year of the original period of investigation, the Romanian industry's market share was larger than the Czech industry's or the South African industry's market shares individually and, during the two full years of the original period of investigation not affected by the pendency of the petition, was larger than the U.S. market share of the Czech and South African industries combined.[38]

In the original investigation, all three Romanian small diameter CASSLP pipe producers identified responded to the Commission's questionnaire.[39] In this review, all three Romanian producers have responded to the questionnaire and account for all Romanian small diameter CASSLP pipe production.[40]

The Romanian industry's reported capacity declined during the first three years of the period of review, then increased significantly in the last full year[41] to a level higher than any recorded during the original investigation or this review. Data from the 2005 interim period suggests that the Romanian industry's reported capacity then declined significantly in 2005 as a whole[42] to a level lower than any recorded during the original investigation or this review. The Romanian industry's reported capacity for all small diameter seamless pipe production displayed similar trends as reported capacity for the subject product, but the annual capacity changes for all small diameter seamless pipe were not as pronounced as those for the subject product.[43] Notably, at the beginning of the period of review, the reported capacity for the subject product decreased while the reported capacity for all small diameter seamless pipe

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[34] USITC Pub. 3311 at 17–18. Similarly, as noted in CR/PR at Table I-1, shipments of cumulated subject imports rose from 58,497 short tons in 1997 to 81,121 short tons in 1998, then fell to 36,270 short tons in 1999.

[35] CR/PR at Tables I-1, F-1.

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

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

[38] During the original investigation, the Czech industry's import market share increased from *** percent in 1997 to *** percent in 1998 and to *** percent in 1999. The South African industry's import market share increased from *** percent in 1997 to *** percent in 1998, then fell to *** percent in 1999. CR/PR at Table I-1.

[39] CR at II-8, PR at II-5.

[40] CR at IV-17, PR at IV-7.

[41] The Romanian industry's reported capacity was *** short tons in 2000; *** short tons in 2001; *** short tons in 2002; *** short tons in 2003; and *** short tons in 2004. CR/PR at Table IV-9. By comparison, reported Romanian capacity in the original investigation ranged from *** short tons in 1999 to *** short tons in 1997. CR at IV-17 n.16, PR at IV-7 n.16.

[42] The Romanian industry's reported capacity was *** short tons during the 2004 interim period and *** short tons during the 2005 interim period. CR/PR at Table IV-9.

[43] Reported capacity for Romanian small diameter seamless pipe decreased from *** short tons in 2000 to *** short tons in 2003, similar in trend to decreases in reported capacity for the subject product. In 2004, reported capacity for Romanian small diameter seamless pipe increased to *** short tons, or by *** percent, as compared to the *** percent increase in reported capacity for the subject product from 2003 to 2004. From the interim 2004 period to the interim 2005 period, reported capacity for Romanian small diameter seamless pipe decreased from *** short tons to *** short tons, or by *** percent, as compared to the *** percent decline in reported capacity for the subject product during the interim periods. CR/PR at Table IV-11.

increased,[44] indicating further that Romanian capacity for production of the subject product is not directly related to overall Romanian seamless pipe production capacity.[45]

Allocations by the two largest responding Romanian small diameter CASSLP pipe producers of their total small diameter seamless pipe annual capacity to the production of subject pipe varied during the period of review between *** percent and *** percent for one company and between *** percent and *** percent for the other.[46] The Czech and South African industries' allocations did not vary to this extent,[47] indicating their lesser propensity to shift production capacity between CASSLP pipe and other pipe products.

The Romanian industry maintained significant excess capacity over the period of review. The Romanian industry's capacity utilization was *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004. The Romanian industry's capacity utilization increased from *** percent during the interim 2004 period to *** percent during the interim 2005 period.[48] The staff report characterized the Romanian industry's capacity utilization rates during the period of review as "low."[49] I note that these rates indicate that the Romanian industry possessed a significant amount of excess capacity, especially in comparison to the capacity utilization rates reported by the Czech and South African industries, reflecting conditions under which Romanian producers could increase subject pipe production and sales. The Romanian industry's capacity utilization rates for production of all small diameter seamless pipe were slightly lower than the comparable capacity utilization rates for the subject product during the first three years of the period of review and slightly higher during the last two years of the period of review. In comparing the interim 2004 period with the interim 2005 period, the variance was even larger.[50] Thus, the Romanian industry maintained capacity that could be shifted to the production of CASSLP pipe.

Inventory levels for the Romanian producers *** over the period of review, from *** short tons in 2000 to *** short tons in 2004. They declined between the interim 2004 period and the interim 2005

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[44] Reported capacity for Romanian small diameter seamless pipe increased from *** short tons in 2000 to *** short tons in 2001, for a total increase of *** short tons, while reported capacity for the subject product decreased during the same time period from *** short tons to *** short tons, for a total decrease of *** short tons. CR/PR at Tables IV-9, IV-11.

[45] Each of the two largest responding Romanian producers reported changes in their pipe production operations during the period of review. The smaller producer, ***, reported that ***. CR at IV-17, PR at IV-7. The larger producer, ***, reported that, ***. CR at IV-18, PR at IV-7.

I note that the ***. Mittal Steel Roman's foreign producer questionnaire response at Question II-16a; Silcotub's foreign producer questionnaire response at Question II-16a. I also note that ***. CR/PR at Table IV-9. These data indicate that *** did not result in an overall decline in the industry's capacity.

[46] CR at IV-17–IV-18 nn.20–21, PR at IV-7 nn.20–21.

[47] Mittal Steel Roman, *** Romanian subject pipe producer, is approximately *** Silcotub. Mittal Steel Roman's foreign producer questionnaire response at Question II-16a; Silcotub's foreign producer questionnaire response at Question II-16a. Based on the relative sizes of these Romanian producers, allocations by the Romanian industry as a whole varied by *** percentage points. Allocations by the responding Czech producer varied between *** percent and *** percent, or by *** percentage points, and allocations by the South African producer varied between *** percent and *** percent, or by *** percentage points. CR at IV-6 n.7, IV-24 n.22, PR at IV-5 n.7, IV-8 n.22.

[48] CR/PR at Table IV-9.

[49] CR at II-9, PR at II-5.

[50] The capacity utilization rates for all Romanian small diameter seamless pipe were *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004. In comparing the interim 2004 period with the interim 2005 period, capacity utilization rose from *** percent to *** percent. CR/PR at Table IV-11.

period, from *** short tons to *** short tons.[51]

The Romanian small diameter CASSLP pipe industry is highly export oriented. As a share of total shipments, exports by the Romanian industry accounted for *** percent during 2000, rising to *** percent in 2004. In comparing the interim period data, exports by the Romanian industry accounted for *** percent in the interim 2004 period, rising to *** in the interim 2005 period.[52]

In sum, the record in these reviews indicates that the Romanian seamless pipe industry's production capacity devoted to the subject product has varied widely from year to year, as have its production and shipments of the subject product. It has at all times had excess capacity to produce CASSLP pipe. As discussed above, the Romanian subject pipe industry is highly export oriented, and Romanian exports have historically been sold in multiple regions and countries, with no clear pattern to suggest established, long-term customer relationships.[53]

Respondents argue that these factors should not lead the Commission to find that the volume of subject imports is likely to be significant if the order is revoked because the two primary Romanian producers have been placed under new management with different marketing strategies from the previous owners and because global pricing trends have eliminated any incentive for these firms to serve the U.S. market. For the reasons discussed below, I find these arguments unpersuasive.

The *** producer of subject pipe in Romania during the period of review has been Silcotub,

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[51] CR/PR at Table IV-9.

[52] CR/PR at Table IV-9. By comparison, the export orientations of the Czech Republic and South Africa were significantly less. As a share of total shipments, exports by the Czech industry accounted for *** percent during 2000, rising to *** percent in 2004. As a share of total shipments, exports by the Czech industry accounted for *** percent of total shipments in the interim 2004 period, declining to *** in the interim 2005 period. CR/PR at Table IV-3. As a share of total shipments, exports by the South African industry accounted for *** percent during 2001, rising to *** percent in 2004. As a share of total shipments, exports by the South African industry accounted for *** percent of total shipments in the interim 2004 period, rising to *** in the interim 2005 period. CR/PR at Table IV-12.

[53] My findings on the issues of capacity allocation and export market restraints are further reflected in the U.S. import data for nonsubject large diameter CASSLP pipe, which include imports from the Czech Republic, Romania, and South Africa. During the period of review, imports of nonsubject large diameter CASSLP pipe from the Czech Republic were *** shorts tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004; imports from South Africa were *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004; and imports from Romania were *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004. CR/PR at Table F-2.

During these years, imports of nonsubject large diameter CASSLP pipe from the Czech Republic varied from *** short tons in 2001 to *** short tons in 2004; from South Africa, from *** short tons in 2001 to *** short tons in 2003; and from Romania, from *** short tons in 2000 to *** short tons in 2002. At its peak, the Romanian seamless pipe industry exported more nonsubject large diameter CASSLP pipe to the United States than the Czech and South African industries combined. Within a two-year period from 2001 to 2003, U.S. imports of Romanian large diameter CASSLP pipe *** from 2001 to 2002 and then declined by *** percent from 2002 to 2003. These swings in import amounts, which were larger on an absolute basis than any increase or decrease in U.S. imports from the Czech Republic or South Africa, contrast with U.S. imports of Romanian subject small diameter CASSLP pipe during these years. Those imports decreased by 45 percent from 2001 to 2002 (from 16,573 short tons to 9,182 short tons), then increased by 26 percent from 2002 to 2003 (to 11,562 short tons). CR/PR at Table I-1.

Notably, the swing in U.S. imports of Romanian CASSLP pipe from small diameter pipe to large diameter pipe in 2002 occurred during a reduction in Romanian reported capacity for small diameter CASSLP pipe, from *** short tons in 2001 to *** short tons in 2002, which would be consistent with a capacity allocation shift by the Romanian producers from small diameter CASSLP pipe, which was under order in the United States, to large diameter CASSLP pipe, which was not.

which has also accounted for *** subject imports during the period of review.[54] In 2004, Silcotub was purchased by the Tenaris Group, a producer and trader with CASSLP pipe operations in multiple countries, including Argentina, Canada, Italy, Japan, Mexico, and Venezuela.[55] At the Commission's hearing, Silcotub's representatives testified that Tenaris is refocusing Silcotub's production toward higher-value–added nonsubject merchandise. They also asserted that Silcotub plans to focus its future sales in the Romanian home market and Romania's regional markets in Europe and Central Asia, where the oil and gas industries are likely to provide substantial and growing demand.[56] Silcotub's representatives argue that several facts on the record in these reviews demonstrate that these marketing and production changes have occurred, including (1) the fact that Silcotub has not taken new orders for sales of the subject product to the United States since its change of ownership;[57] (2) ***; and (3) ***.[58]

Similarly, respondents argue that Mittal Steel Roman, the other significant Romanian producer, has reduced its capacity through *** and that its production has fallen in the interim 2005 period as compared to the interim 2004 period.[59]

Given the Romanian industry's historically wide, year-to-year swings in capacity, capacity allocation among pipe products, capacity utilization, production levels, and shipments to particular regions or countries, I do not find any shifts in Silcotub's or Mittal Steel Roman's capacity, allocation of capacity among products, or allocation of shipments among markets in 2005 to be evidence of a likely long-term trend. Despite testimony suggesting a large and growing oil and gas sector in Romania, the record indicates that Romanian shipments of subject pipe to the Romanian home market, as a share of total shipments, actually decreased over the period of review from *** percent in 2000 to *** percent in 2004. It also decreased during the interim 2005 period as compared to the interim 2004 period, from *** percent to *** percent.[60] Moreover, Silcotub concedes that although its marketing plans call for sales to

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[54] Silcotub's foreign producer questionnaire response at Question II-16a.

[55] CR at IV-17 n.18, PR at IV-7 n.18.

[56] "The interest of Romania can only strengthen demand for line pipe and non-subject pipe product they will produce, both in our home market and in the European market. Already, our home market and the European market represents almost two-thirds of our sales. Our home market continues to be strong and it is an important market for all of our pipe products, including our extremely profitable OCTG products." Hearing transcript at 254 (Mr. Daneo).

"Today, our marketing resource develop local and regional markets, I repeat it." Hearing transcript at 255 (Mr. Daneo).

"Romania is the largest oil producing region in southeastern Europe and there are some 7,000 producing rigs in Romania and a significant number of those rigs will require refurbishment. And that is going to require a significant portion of domestic Romanian output." Hearing transcript at 267 (Mr. Reilly).

"Romania is facing a big evolution, in terms of oil and gas market, because the only main player, Petrom, Romania has been acquired by a multinational -- it is planning to revamp a lot of the present drills, in order to bring back them to profitability. So, there is an extremely large plan of investment from Petrom in Romania to revamp wells." Hearing transcript at 267–268 (Mr. Daneo).

"So for the moment, {Kazakhstan, Tajikistan, and the other oil-producing countries of Central Asia are} a developing market. Our oil and gas market is the Romanian one and that's all." Hearing transcript at 325 (Mr. Daneo).

[57] Hearing transcript at 281 (Mr. Gurley).

[58] From the interim 2004 period to the interim 2005 period, Silcotub's production capacity ***. Silcotub's foreign producer questionnaire response at Question II-16a.

[59] Mittal Steel Roman's production capacity ***. Mittal Steel Roman's foreign producer questionnaire response at Question II-16a.

[60] CR/PR at Table IV-9.

oil- and gas-producing countries in Central Asia, sales to these markets remain speculative.[61]

Similarly, I find that the record does not support respondents' argument that higher prices in western Europe and Japan[62] are likely to eliminate any incentive for Romanian producers to serve the U.S. market in the future. First, although prices for CASSLP pipe have recently been higher in western Europe and parts of Asia, the price differences between U.S. and western European markets narrowed *** during 2005.[63] Although the record is clear that demand and pricing for CASSLP pipe are and are likely to remain robust for some time to come, I find no evidence to suggest European or Asian prices are likely to stay above U.S. prices for the reasonably foreseeable future.

In July 2004, the EU terminated an antidumping duty order on Romanian seamless pipe exports. A new EU antidumping investigation on Romanian seamless pipe exports began in March 2005.[64] The time period between these actions corresponds closely to the dramatic increase in Romanian small diameter CASSLP pipe exports to the EU and a significant decrease in Romanian subject pipe exports to the United States.[65] A corresponding explanation for the significant decrease in Romanian exports to the United States relates to the publication by Commerce of the results of an administrative review of this order on July 18, 2005, in which the duty rate for *** responding Romanian producers[66] was raised from 1.35 percent to 15.15 percent, on par with the All Others rate of 13.06 percent.[67] In other words, the shift in Romanian exports from the United States to the EU in late 2004 and in 2005 appears largely unrelated to relative prices or long-term corporate marketing strategies.[68]

In sum, the record makes clear that Romanian producers of small diameter CASSLP pipe have ample capacity and economic incentive to export substantial quantities of the subject product to multiple markets and regions, so long as no trade barriers are in place. In addition to the ongoing EU investigation[69] on seamless pipe from Romania, Brazil and Mexico have antidumping duty orders in place

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[61] Hearing transcript at 325, 328 (testimony by Mr. Daneo that sales in the geographic direction of Kazakhstan are "not so exciting").

[62] CR/PR at Table IV-31.

[63] CR/PR at Table IV-31 and Figure IV-2.

[64] CR at IV-56 n.1 (in tabulation), PR at IV-19 n.1 (in tabulation).

[65] During the last quarter of 2004 alone, reported Romanian subject pipe shipments to the EU were *** short tons. CR/PR at Table IV-9. Also in the last quarter of 2004, reported Romanian subject pipe shipments to the United States were *** short tons, compared with *** short tons for the first three quarters of 2004. CR/PR at Table IV-9.

[66] Mittal Steel Roman's foreign producer questionnaire response at Question II-16a; Silcotub's foreign producer questionnaire response at Question II-16a.

[67] CR at I-14, PR at I-13–I-14.

[68] Representatives of the Romanian producer Silcotub stated at the hearing that the drop in Silcotub's shipments to the U.S. market were a "business decision" and were not the result of the increase in the duty rate. Hearing transcript at 282 (Mr. Gurley). This testimony does not contradict my finding that Romanian producers of subject pipe have an economic incentive to export substantial quantities of the subject product to multiple markets, so long as no trade barriers are in place.

[69] The EU antidumping investigation on Romanian seamless pipe will end with Romania's accession to the EU, currently scheduled for January 1, 2007, and Romanian seamless pipe shipments will then enter the other EU countries free of duty. However, the current economic incentives that Romanian subject pipe producers have to ship subject product to the U.S. market will be in place until that time and beyond. If the U.S. antidumping duty order on Romanian small diameter CASSLP pipe were revoked following this review, the Romanian pipe industry would then have an added incentive to export subject pipe into the U.S. market unhindered by the antidumping duty order while another primary market remains under trade restraints for at least six months, assuming Romania's accession takes place as anticipated and is not delayed. As an example of Romanian producers' behavior under these conditions, as detailed above, when the EU removed its antidumping duty order on Romanian seamless pipe in 2004 and therefore became a market without trade restraints or the possibility of trade restraints for approximately eight months,

against Romanian exports of small diameter seamless pipe and small diameter seamless line pipe, respectively,[70] further encouraging Romanian exports of these products to markets in which no orders restrain their trade.[71]

Overall, I find, based on evidence on the record, that producers in Romania will ship significant volumes of small diameter CASSLP pipe into the U.S. market if the antidumping duty order is revoked. Accordingly, I find that the likely volume of imports of small diameter CASSLP pipe from Romania into the United States would be significant in the reasonably foreseeable future if the antidumping duty order were revoked.

2. Likely Price Effects of the Subject Imports

In the original investigations, the Commission found that prices for domestically produced small diameter CASSLP pipe declined ***. Although the domestic producers' prices were stable in 1997 and 1998, those prices declined *** in 1999. The Commission found that cumulated subject import prices also declined in 1999 and that there was significant underselling by such imports. The Commission found that the decline in demand did have an effect on prices, but did not fully explain the price declines evidenced in the record. Given the dramatic decline in price levels, along with pervasive and significant underselling and the substitutability of subject imports with the domestic like product, the Commission found that the cumulated subject imports depressed domestic prices to a significant degree.[72]

In the current review, the Commission received pricing information on U.S. and Romanian small diameter CASSLP pipe for each of the three pricing products requested and in each year during the period of review, except for 2005 for two of the pricing products, when no sales were reported.[73] Romanian prices were lower than U.S. prices for each product in every quarter during the period of review for which data were reported (34 out of 34 quarters), with average yearly margins of underselling of 28.2–37.7

Romanian exports to the EU increased dramatically in one three-month period alone (*** short tons). CR/PR at Table IV-9.

[70] CR at IV-56, PR at IV-19.

[71] Romanian producers argue that, because Romanian producers are not included on the approved manufacturers' lists (AMLs) maintained by small diameter CASSLP pipe purchasers, there is less demand for their product in the U.S. market, compared with subject producers, especially those in Japan, who are on the AMLs. Hearing transcript at 327 (Mr. Daneo). As noted in the Views of the Commission, a substantial minority of purchasers believe that AMLs are important, and respondent interested parties reported that the importance of AMLs has grown in the last few years. CR at II-19–II-20, PR at II-13. As stated in the original determinations, AMLs are widely used, particularly in the energy business, and product not on a purchaser's AML may face some limitations in ability to compete for sales. USITC Pub. 3311 at 15. Nevertheless, also as stated in the original determinations, a large number of purchasers do not use AMLs, and some purchasers may "deviate from those AMLs for certain purchases." *Id.* At the hearing, distributors reported that 10–90 percent of their sales required that the producer be on an AML. CR at II-19, PR at II-13. Domestic producers estimated that AML sales accounted for 30 percent or less of their small diameter CASSLP pipe sales. *See, e.g.*, hearing transcript at 133–134 (Messrs. Shoaff, Leland & Ramsey). Testimony at the hearing indicated that the share of sales requiring an AML has declined. Hearing transcript at 132–133 (Mr. Leland).

In light of the Romanian producers' continued and constant presence in the U.S. market for small diameter CASSLP pipe during the original period of investigation and this period of review, when AMLs were in place and a factor in the U.S. market, I find that, although AMLs may restrict some portion of U.S. sales for which the Romanian subject product would otherwise be suitable, that restriction is not such that it would prevent the likely volume of imports of small diameter CASSLP pipe from Romania from being significant in the reasonably foreseeable future if the antidumping duty order were revoked.

[72] USITC Pub. 3311 at 18–19.

[73] CR/PR at Tables V-2–V-4.

percent.[74]

Information on the three products for which pricing data were gathered reflects fairly small volumes during each reported quarter,[75] which may limit the information's use in predicting the likely price effects of Romanian imports on prices of the domestic product if the antidumping order were revoked. U.S. producer prices increased by *** to *** percent during the period for which data were collected, while prices for the Romanian subject product increased between *** and *** percent from 2000 to 2004.[76] The unit cost of goods sold (COGS) as a percentage of net sales decreased over the period of review, from *** percent in 2000 to *** percent in 2004; it decreased from *** percent during the interim 2004 period to *** percent during the interim 2005 period,[77] indicating that U.S. producers were able to raise prices more rapidly than the rise in unit costs. This information indicates that Romanian imports, which have been underselling domestic merchandise during the period of review, are not currently having price depressing or suppressing effects.

However, improvements in the condition of the U.S. industry are to be expected following the imposition of an antidumping order, such that a decreasing COGS to net sales ratio can be evidence of the effectiveness of the discipline imposed by an order. Notwithstanding the discipline imposed by the order on Romanian imports in this case, those imports continued to undersell the U.S. product by significant margins.[78] There is no evidence to suggest that such underselling would not continue in the event of revocation of the antidumping duty order.[79]

As discussed above, I find that the likely volume of subject imports from Romania will be significant in the reasonably foreseeable future if the antidumping duty order is revoked. At these likely

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[74] CR at V-7, PR at V-6. *See* CR/PR at Table V-6.

[75] The quarterly volumes of reported imports for all three products for which pricing information was gathered ranged from *** short tons to *** short tons. CR/PR at Tables V-2–V-4.

[76] CR at V-7, PR at V-6.

[77] CR/PR at Table III-6.

[78] In the original investigations, information on the three products for which pricing data were gathered reflected similar pervasiveness and margins of Romanian underselling as in the current reviews. From 1997 to 1999, for the quarters in which data were collected, Romanian small diameter pipe products undersold the U.S. product in *** quarters at margins ranging from *** percent to *** percent. Original staff report at Tables V-1, V-3, and V-5.

[79] A representative for Romanian subject producer Silcotub presented testimony regarding the change in business orientation for the Romanian pipe producers, stating that, now under private ownership, the Romanian producers are more profit oriented than in the past. Hearing transcript at 255 (Mr. Daneo).

However, I note that private ownership and profit orientation are not circumstances mutually exclusive of the occurrence of underselling. As such, the non–state-owned status of the two largest Romanian producers may not be evidence that suggests that such underselling, as discussed above, would not continue if the antidumping duty order is revoked.

The average unit values (AUVs) of Romanian subject exports to the U.S. market were $*** in 2000, $*** in 2001, $*** in 2002, $*** in 2003, and $*** in 2004. These AUVs were $*** during the interim 2004 period and $*** during the interim 2005 period. In comparison, the AUVs of Romanian subject exports to markets in Asia were $*** in 2000, $*** in 2001, $*** in 2002, $*** in 2003, and $*** in 2004. These AUVs were $*** during the interim 2004 period, and $*** during the interim 2005 period. CR/PR at Table IV-9. Although AUV data should be used with caution when there are potential differences in product mix, given the lack of price data for specific products in the U.S. market compared to prices in alternate markets, I rely on AUV data to the extent that it is the best information available.

I note that the reported AUV data of Romanian exports to the U.S. market in comparison to the reported AUV of Romanian exports to markets in Asia, where Romanian seamless pipe exports are not currently restricted by antidumping duty orders, indicates that the AUVs of exports to the U.S. market *** AUVs of exports to Asian markets in ***, indicating that Romanian producers can profit from sales at prices that undersell the U.S. market price and that such underselling would likely be significant.

volumes and likely levels of underselling, the subject imports from Romania would be likely to have significant depressing or suppressing effects on the prices of the domestic like product in the reasonably foreseeable future if the antidumping duty order were revoked.

3. Likely Impact of the Subject Imports

I join the Views of the Commission regarding the discussion of the domestic industry's lack of vulnerability.

In these reviews, domestic producers' small diameter CASSLP pipe capacity significantly increased over the period of review.[80] Production followed the same trend.[81] However, capacity utilization decreased over the period, albeit only slightly.[82]

U.S. shipments increased over the period of review[83] and inventories declined.[84] Net sales increased over the period.[85] U.S. producers' market share decreased from 2000 to 2004,[86] as nonsubject imports gained market share.[87] However, domestic producers' market share increased during the interim 2005 period, as compared with the interim 2004 period.[88]

The number of production and related workers fell over the period,[89] as did their hours worked.[90]

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[80] Capacity increased from *** short tons in 2000 to *** short tons in 2004. It was *** short tons and *** short tons during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-1.

[81] Production increased from *** short tons in 2000 to *** short tons in 2004. It was *** short tons and *** short tons during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-1.

[82] Capacity utilization decreased from *** percent in 2000 to *** percent in 2004. It was *** percent and *** percent during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-1. U.S. Steel, which reported an increase in capacity of *** percent from 2000 to 2004, reported that its reported capacity utilization figures are relatively low because it used only one production shift at its CASSLP pipe facility in Lorain out of a possible three production shifts during the period of review. Domestic Producers' Small Diameter Posthearing Brief at 39; Hearing transcript at 108 (Mr. Broglie). I note that there is no indication that U.S. Steel operated more than one shift at its Lorain facility throughout the period of review.

[83] U.S. shipments increased from *** short tons in 2000 to *** short tons in 2004. They were *** short tons and *** short tons during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-3.

[84] Inventories fell from *** short tons in 2000 to *** short tons in 2004. They were *** short tons and *** short tons during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-4.

[85] Net sales increased from *** short tons in 2000 to *** short tons in 2004. They were *** short tons and *** short tons during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-6.

[86] U.S. producers' market share fell from *** percent in 2000 to *** percent in 2004. It was *** percent and *** percent during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table I-11.

[87] Nonsubject import market share rose from *** percent in 2000 to *** percent in 2004. It was *** percent and *** percent during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table I-11.

[88] Domestic producers' market share was *** percent during the interim 2005 period, as compared with *** percent during the interim 2004 period. CR/PR at Table I-11.

[89] The number of production and related workers decreased from *** in 2000 to *** in 2004. It was *** and *** during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-5.

[90] Hours worked declined from *** in 2000 to *** in 2004. They were *** and *** during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-5.

However, wages paid increased,[91] as did productivity.[92] Both capital expenditures[93] and research and development expenses declined.[94]

I concluded above that revocation of the antidumping duty order with respect to Romania likely would lead to significant volumes of subject imports that would undersell the domestic like product and significantly depress or suppress U.S. prices. In addition, although demand is projected to remain strong, the likely substantial volume and price effects of the subject imports from Romania would be sufficient to have a significant negative impact on the production, shipments, sales, market share, employment, and revenues of the domestic industry, despite its lack of vulnerability. This reduction in the industry's production, shipments, sales, market share, and revenues would adversely affect the industry's profitability and ability to raise capital and maintain necessary capital investments.

CONCLUSION

For the foregoing reasons, I conclude that revocation of the antidumping duty order on small diameter CASSLP pipe from Romania would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[91] Wages paid increased from $*** in 2000 to $*** in 2004. They were $*** and $*** during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-5.

[92] Productivity increased from *** short tons per 1,000 hours in 2000 to *** in 2004. It was *** and *** during the interim 2004 and interim 2005 periods, respectively. CR/PR at Table III-5.

[93] Capital expenditures fell from $*** in 2000 to $*** in 2004. They were $*** and $*** during the interim 2004 and interim 2005 periods, respectively. *** reported capital expenditures. The majority were for carbon seamless standard, line, and pressure pipe ("SSLP pipe"), while there were minimal expenditures for alloy SSLP pipe. CR/PR at Table III-10 & n.1.

[94] Research and development expenses decreased from $*** in 2000 to $*** in 2004. They were $*** and $*** during the interim 2004 and interim 2005 periods, respectively. *** reported research and development expenses, which were primarily for carbon SSLP pipe, with minimal expenses for alloy SSLP pipe. CR/PR at Table III-10 & n.2.

VIEWS OF CHAIRMAN STEPHEN KOPLAN AND COMMISSIONER CHARLOTTE R. LANE

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders on small diameter carbon and alloy seamless standard, line, and pressure pipe ("CASSLP pipe") from the Czech Republic, Japan, Romania, and South Africa would be likely to lead to continuation or recurrence of material injury to an injury in the United States within a reasonably foreseeable time.

We also determine that revocation of the antidumping duty orders on large diameter CASSLP pipe from Mexico and Japan would be likely to lead to continuation or recurrence of material injury to an injury in the United States within a reasonably foreseeable time. We join parts I, II, III.A.-B. and V.A.-B. of the views of the majority. We write separately to explain our findings with regard to the likelihood of an overlap of competition, discretionary factors in cumulation, and the likelihood of the continuation or recurrence of material injury given our determinations on cumulation.

III. CUMULATION OF SUBJECT IMPORTS OF SMALL DIAMETER CASSLP PIPE FROM THE CZECH REPUBLIC, JAPAN, ROMANIA, AND SOUTH AFRICA

C. Likely Overlap of Competition

The Commission generally has considered four factors in determining whether the imports compete with each other and with the domestic like product: (1) fungibility; (2) sales or offers in the same geographic markets; (3) common or similar channels of distribution; and (4) simultaneous presence in the market. Based on these factors, we find a likely reasonable overlap of competition among the subject imports and between the subject imports and the domestic like product if the orders were to be revoked.

Fungibility. In the original determinations, the Commission considered these same four factors and determined that imports from each subject country generally competed with each other and with the domestic like product. In the current reviews, a majority of responding producers and purchasers characterized small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa as always or frequently interchangeable, in comparisons between products from different subject countries, and in comparisons between subject imports and the domestic like product.[1]

The bulk of small diameter CASSLP pipe is produced to specifications established by qualifying organizations such as the ASTM, ASME, and API, and is consequently viewed as largely interchangeable as long as the product meets the appropriate specification (generally referred to as a stencil). However, some end users require additional qualifications and will only purchase small diameter CASSLP pipe from producers on approved manufacturers' lists (AMLs). In the original investigations, it was argued that substitutability between domestic small diameter CASSLP pipe and imports from the Czech Republic, Romania, and South Africa was limited because these producers were not on the AMLs required by some domestic producers. The Commission pointed out that while product not on an AML may face some limitation in the ability to compete for some sales, a large number of purchasers did not require AMLs, and furthermore, that purchasers with AMLs may not require them for all purchases. Consequently, the Commission did not view the requirement of AMLs by some purchasers as preventing

[1] Confidential Staff Report ("CR")/Public Staff Report ("PR") at Table II-5. All citations to the staff report in these views refer to memorandum INV-DD-036 (Mar. 28, 2006) as revised by memorandum INV-DD-041 (Mar. 30, 2006).

a reasonable overlap of competition between these subject products and the domestic product.[2] In the current reviews, testimony from three pipe distributors on the share of sales requiring AMLs was mixed. For the three distributors that testified at the hearing, the share of sales that require being on an AML were; 15-20 percent, 50 percent, and 85-90 percent. According to testimony presented at the hearing, 30 percent or less of the sales of subject pipe requires being on an AML.[3] The share of sales requiring an AML has reportedly declined.[4] Further, while AML requirements may somewhat limit substitutability between the domestic like product and some pipe produced in the subject countries, taken as a whole, the subject countries compete in all segments of the U.S. market.[5]

Geographic Overlap. In these reviews an analysis of the overlap in geographic markets has been limited by the low volume of current imports, but there is nothing in the record to indicate that subject imports would not again be marketed so as to compete with the domestic product. Additionally, in these current reviews, many subject foreign producers of the subject product have been purchased in whole or in part by global firms with production and distribution ties that would be expected to facilitate distribution of subject product. NKK Tubes Corp. (the only responding small diameter CASSLP pipe producer in Japan) is a joint venture between Tenaris, S.A. and JFE Engineering Corp. Silcotub, a Romanian producer, was affiliated with U.S. importer Duferco Steel until 2004, when it became an affiliate of the Tenaris Group. Mittal Steel Ostrava, a.s. is a wholly owned subsidiary of Mittal Steel Co N.V. of Rotterdam the Netherlands, as are responding producers Mittal Romania and Mittal Steel South Africa.

Channels of Distribution. In the original investigations, the Commission noted that the vast majority of shipments of small diameter CASSLP pipe by both domestic producers and importers was to distributors.[6] In the current reviews, domestic producers reported that *** percent of sales were to distributors in 2004. Responding importers of small diameter CASSLP pipe typically sell only to distributors.[7]

Simultaneous Presence in the Market. In the original investigations, subject imports from Japan occurred in every month during the period of investigation; subject imports from the Czech Republic occurred in 31 of the 36 months of the period; subject imports from Romania occurred in 30 of the 36 months; and subject imports from South Africa occurred in 28 of the 36 months.[8]

In these reviews, subject imports from Japan and Romania were present throughout the period of review, as were subject imports from the Czech Republic, albeit sporadically and in very modest quantities in some years. Subject imports from South Africa were only present in 2000.[9] We note that the relevant inquiry before the Commission is whether subject imports from the subject countries are likely to compete against each other in the U.S. market if the orders are revoked, not whether imports from the subject countries are currently in the U.S. market.

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[2] Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Inv. Nos. 731-TA-847 and 850 (Final), USITC Pub 3311(June 2000), at 20; see also Certain Seamless Carbon and Ally Steel Standard, Line and Pressure Pipe from the Czech Republic, Mexico, and Romania, Inv. Nos. 731-TA-846, 848 and 849(Final), USITC Pub. 3325 (Aug. 2000).

[3] Tr. 133 Mr. Leland of U.S. Steel (attributed to Mr. Shoaf of Sooner Pipe), and Mr. Ramsey of Koppel Steel.

[4] Tr. 132-132, Mr. Leland.

[5] Tr. 130, Mr. Durham.

[6] USITC Pub. 3311 at 21.

[7] In the original investigations, *** percent of U.S. shipments by domestic producers, *** percent of U.S. imports from ***, and *** percent of imports from Japan were sold to distributors. CR/PR at II-1.

[8] USITC Pub. 3311 at 16.

[9] CR at IV-5, PR at IV-4; CR/PR at Table I-1.

In its initial determinations, the Commission found that there was a reasonable overlap in competition among imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa, and between subject imports and the domestic like product. There is no information on the record to indicate that the range of products produced in the subject countries has narrowed over the period of review. Nothing in the record suggests that, if the orders are revoked, subject imports from any of the subject countries would be so limited in product range, geographic presence, or simultaneous presence in the market as to prevent a reasonable overlap of competition among subject imports or between subject imports and the domestic like product.

D. Other Considerations

In determining whether to exercise our discretion to cumulate subject imports from subject countries, we assess whether the subject imports from each country are likely to compete under similar or different conditions of competition in the U.S. market.

In these reviews, Mittal has pointed to several considerations that it maintains support a conclusion that subject imports from various subject countries will likely compete under different conditions of competition. It first asserts that because subject imports from the Czech Republic and South Africa have been negligible or non-existent over the period of review despite increased U.S. demand and price increases, that producers in these countries are fully committed to producing small diameter CASSLP pipe for other markets. It asserts that the Czech Republic's accession to the European Union in 2004, allowing unfettered access to the EU market, also would limit exports from the Czech Republic in the event of revocation.[10]

Mittal Ostrava (accounting for an estimated *** percent of subject production in the Czech Republic) reported *** other products manufactured on the same equipment in interim 2005. Data from the original investigation show that producers in the Czech Republic have the ability to rapidly shift between alternate markets in response to relative price changes. In the original period of investigation, reported exports to the United States declined from *** tons in 1998 to *** tons in 1999 while shipments to alternate export markets increased from *** tons in 1998 to *** tons in 1999.[11] Over the current period of review, reported Czech exports to the European Union have generally increased from *** percent of total shipments in 2000 to *** percent in 2004, before declining slightly in the interim period. However, export shipments to "all other markets" outside of the United States, the European Union and Asia have also increased, from *** percent of shipments in 2000 to *** percent in 2004, and from *** percent in interim 2004 to *** percent in interim 2005.[12] [13] The reported average unit values (AUVs) of these shipments have been below those for exports to the European Union and below those for shipments to the Czech home market in each comparison since 2003,[14] and below those for domestic producers' sales in the U.S. market.[15] The volume of such shipments to "all other markets" in 2004 and in interim 2005 exceeded the highest annual volume of U.S. small diameter CASSLP imports from the Czech

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[10] Mittal Prehearing Brief at 37-38.

[11] INV-X-114 (May 25, 2000) ("Original Staff Report") at Table VII-1.

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

[13] From data presented by both domestic producers and Mittal, prices for API 5L B line pipe serve as the best proxy for prices of the subject seamless pipe. According to these confidential data, prices in the European Union, Japan, and the United States are currently higher than prices in China, India, Eastern Europe and Ukraine. CR/PR at Table IV-31.

[14] CR/PR at Table IV-3. Although the Commission uses AUV with caution when there are potential differences in product mix, given the lack of price data for specific products in the U.S. market compared to prices in alternate markets, AUV data were relied on as the best evidence available.

[15] CR/PR at Table III-3.

Republic in the original period of investigation.[16] It is likely that the shift from the U.S. market to alternate export markets was the result of the imposition of 39.93 percent antidumping duties on exports to the United States by Mittal Ostrava (formerly Nova Hut, A.S.), and that these shipments would be rapidly shifted back to the U.S. market in the event the orders are revoked. Also, although Mittal Ostrava is currently operating at relatively high capacity utilization of *** other pipe produced on the same equipment, there is some ability to increase production still further.[17]

Data from the original investigation shows that Mittal South Africa has the ability to shift between alternate markets and vary production levels in response to price changes. In the original investigation, Mittal South Africa operated at *** percent capacity utilization in 1998 and exported *** tons to the United States, and *** tons to other export markets. In 1999, Mittal South Africa exported only *** tons to the United States, *** tons to other export markets, and its capacity utilization dropped to *** percent.[18] Mittal South Africa did not provide data for 2000, but over the period of review, the South African home market accounted for *** in each year and in the interim period as well. Home market shipments reached a high of *** percent of shipments in 2002 and have generally declined as a share of shipments, to a low of *** percent of shipments in interim 2005. Export shipments to the European Union accounted for a declining share of all shipments; declining from *** percent of shipments in 2001 to *** percent in 2004, and *** percent of shipments in interim 2005, compared to *** percent in interim 2004. Shipments to Asia have increased over the period of review, from *** percent of shipments in 2001 to *** percent of shipments in 2004, and *** percent of shipments in interim 2005 compared to *** percent in interim 2004. The volume of such shipments to Asia in 2004 and in interim 2005 *** from South Africa over the original period of review.[19] The AUVs of Mittal South Africa's export shipments throughout the period of review have been below the reported AUVs for domestic producers' sales in the U.S. market, and below those reported for sales in the South African home market. It is likely that the shift from the U.S. market to alternate export markets was the result of the imposition of 43.51 percent antidumping duties on exports by Mittal South Africa (formerly Iscor, Ltd.) to the United States, and that these shipments would be rapidly shifted back to the U.S. market in the event the orders are revoked. Further, although Mittal South Africa reported capacity utilization of *** other products manufactured on the same equipment in interim 2005, it retains some ability to increase production of subject pipe still further.

Next, Mittal argues that shipments of CASSLP pipe from Romania to the United States "are expected to remain well below" the peak volume during the original period of investigation, "as they have for the past five years."[20] Mittal advances a series of arguments in support of this statement including: Silcotub's reported ***. Mittal claims that "The price of Romanian small diameter CASSLP pipe has increased in tandem with the price increases that U.S. producers have enjoyed." Mittal claims that capacity has declined and capacity utilization increased in Romania. Mittal asserts that producers in Romania have a viable Romanian home market and "very healthy export markets." Mittal asserts that Romania will be joining the EU in 2007 and that consequently any restraint on Romanian exports of CASSLP pipe to the EU will be removed. Mittal also cites the privatization of major producers Mittal Roman and Silcotub, causing these producers to operate to reduce costs and maximize profits as supporting a decision not to cumulate exports from Romania with those from the other subject countries.[21]

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[16] Compare CR/PR at Table IV-4 to Table I-1.

[17] CR/PR at Table IV-3 and Table IV-5.

[18] Original Staff Report at Table VII-6.

[19] Compare CR./PR at Table IV-12 to Table I-1.

[20] Mittal Prehearing Brief at 38.

[21] Mittal Prehearing Brief at 38.

First, imports over the period of review have been subject to the restraint of the orders. Evidence of shipment volumes during the period of review are of limited utility. In assessing the likelihood that shipments of CASSLP pipe from Romania to the U.S. market would significantly increase if the orders were revoked, we have considered the arguments raised by Mittal and find that we have limited information to assess the profitability of Silcotub's ***.[22]

Although prices for CASSLP pipe produced in Romania have increased over the period of review, they remain *** below prices prevailing in the U.S. market. In the interim period, the AUVs of Romanian producers' shipments to their primary export markets were less than *** percent of the AUVs of U.S. domestic producers' U.S. shipments in the same period. The notable exception was the AUVs for the *** exports from Romania to the United States in the interim period while subject to the restraint of the orders. The AUVs of these shipments was *** percent of the AUVs of U.S. domestic producers' U.S. shipments in the same period.[23]

Capacity to produce small diameter CASSLP pipe in Romania increased between 2000 and 2004, and declined *** between interim 2004 and interim 2005.[24] Although some of the decline is apparently due to the closure of some production facilities,[25] the majority of the decline in capacity is due to shifts in allocating existing capacity.[26] We lack sufficient data to determine the likelihood that some or all of this capacity would be shifted back to the subject product if the orders were revoked. Producers in Romania reported operating at only *** percent capacity utilization for subject pipe and *** percent capacity utilization for other products manufactured on the same equipment in interim 2005. This indicates some ability to shift unused capacity currently allocated to other products, to subject pipe without decreasing production of nonsubject products.

Shipments to the Romanian home market have declined over the period of review. Total exports increased between 2000 and 2004, before declining in interim 2005 compared to interim 2004. Export shipments to Asia by producers in Romania have generally increased over the period of review. Such exports increased from *** percent of all shipments in 2000 to *** percent of all shipments in 2004, but fell from *** percent of shipments in interim 2004 to *** percent of shipments in interim 2005. In interim 2005, the only market segment that experienced an increase in the volume of shipments over interim 2004 was export shipments to the EU. In July 2004, the EU removed 'price undertakings' and antidumping duties ranging from 9.8 percent to 38.2 percent on imports of seamless pipe and tube from Romania.[27] Exports of subject pipe from Romania to the EU increased from *** tons in the first 9 months of 2004 to *** tons in the first 9 months of 2005. In 2005, the AUV of these exports was $*** per ton; in comparison, the reported average price for API 5L B line pipe in the EU in October 2005 was $*** per ton.[28] The reported AUV for domestic producers' U.S. shipments in interim 2005 was $*** per ton.[29] It appears that exports to the EU surged in response to the removal of antidumping duties and other restrictions. This surge in response to the removal of duties illustrates the ability on the part of producers in Romania to respond to changes in relative prices, and their willingness to increase exports at prices below both prices in the Romanian home market and prevailing prices in the U.S. market.

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[22] Compare confidential data from Mittal's Posthearing Brief exhibit 1, tab O with that at CR/PR at Table IV-9.

[23] Compare CR/PR at Table IV-9 with Table III-3.

[24] CR/PR at Table IV-9.

[25] CR at IV-17.

[26] CR at IV-17-IV-18, n. 20. Also see CR/PR at Table IV-11.

[27] Mittal Posthearing Brief exhibit 1, tab L.

[28] Mittal Posthearing Brief exhibit 1, Tab O, converted from metric tonne to short ton. These are the most contemporaneous price data available to the Commission.

[29] CR/PR at Table III-3.

If Romania's accession to the EU does take place in January 2007, shipments to the EU might be expected to continue in large volumes.[30] On the other hand, if Romania does not qualify to join the EU as scheduled, the increase in shipments to the EU at the expense of alternate export markets might be expected to be reversed. The accession of Romania to the EU in January 2007 is by no means certain.[31] The EU has reportedly initiated another antidumping investigation of seamless pipe and tube from Romania.[32] Even if Romania eventually gains entry into the EU, until that time, particularly if the current orders under review were to be revoked while an antidumping investigation is underway in the EU (or if the EU investigation concludes with an affirmative result), we find that it is likely that producers in Romania would shift a significant volume of exports from the EU to the U.S. market.

Mittal argues that the privatization of Mittal Roman and Silcotub militates against cumulating Romania with other subject countries. While privatization does impose restraints on the behavior of these producers, there are rational economic reasons for a subject firm to resume dumping. Producers of small diameter CASSLP pipe in the other subject countries are also not state-owned. This change puts producers in Romania on the same footing as these other subject producers and thus does not provide a basis for us to decline to exercise our discretion to cumulate subject product from Romania with that from the other subject countries.

Japan was the largest source of subject imports in 1998 and 1999 during the original period of review, but imports from Japan have been minimal since 2000. In these reviews, the Commission received data from only one subject producer of small diameter CASSLP pipe in Japan, NKK, accounting for approximately *** percent of subject production in Japan. It has been argued by those in opposition to continuation of the antidumping duty orders that subject product from Japan should not be cumulated with that from the other subject countries because CASSLP pipe produced in Japan is more widely accepted than other subject imports, as producers in Japan are on many of the approved manufacturers' lists (AMLs) of major end users.[33] However, the Commission considered this argument in the original investigations and concluded that it did not preclude finding a reasonable overlap in competition among subject imports.[34] In the current reviews, the Commission heard testimony that the importance of AMLs has declined over the period of review.[35] The Commission also heard testimony that because producers in the other subject countries were now affiliated with large global producers Tenaris (Silcotub) and Mittal (Mittal Ostrava, Mittal Roman, and Mittal South Africa), that subject imports from these producers are now more widely accepted, and therefore compete more closely with both domestic product and imports from Japan than during the original investigation.[36] If the orders are revoked, it is likely that imports from Japan would compete with U.S. domestic producers and imports from the other subject countries for the roughly 70 percent of CASSLP pipe that is not subject to AMLs, and with domestic producers for the remaining 30 percent.[37]

In sum, we find that there would be a reasonable overlap of competition among subject imports from the Czech Republic, Japan, Romania, and South Africa, and between subject imports and the

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[30] Although the share of shipments from the Czech Republic to export markets outside of the EU increased between interim 2004 and interim 2005, despite the fact that the Czech Republic joined the EU in 2004. CR/PR at Table IV-3.

[31] See European Commission, *Romania: 2005 Comprehensive Monitoring Report*, COM (2005) 534 final (October 2005), cited in domestic producers' Posthearing Brief exhibit 1, page 6.

[32] EC 2005/C77/02 attached as exhibit 9 to domestic producers' Posthearing Brief.

[33] See, e.g., Mittal's Posthearing Brief, Response to Commission Questions at 2-6.

[34] USITC Pub. 3311 at 15.

[35] Tr. at 133-134, Mr. Leland.

[36] Tr. at 70-71, Mr. Durham and at 310, Mr. Daneo.

[37] CR at II-19.

domestic like product if the orders were to be revoked. Accordingly, we have exercised our discretion to cumulate the subject imports from subject imports from the Czech Republic, Japan, Romania, and South Africa for purposes of our injury analysis.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[38] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[39] Thus, the likelihood standard is prospective in nature.[40] The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[41] [42]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[43] According to

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[38] 19 U.S.C. § 1675a(a).

[39] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[40] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[41] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), aff'd without opinion, 05-1019 (Fed. Cir. August 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[42] Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade's interpretation of "likely," but she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

[43] 19 U.S.C. § 1675a(a)(5).

the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[44] [45]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[46] It directs the Commission to take into account its prior injury determination; whether any improvement in the state of the industry is related to the order or the suspension agreement under review; whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated; and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[47]

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[48] The following conditions of competition are relevant to our determination.

Demand. The subject pipes are widely used for the conveyance of water, steam, natural gas, and other liquids or gasses in a variety of systems. Seamless pipes are commonly produced to meet ASTM and API specifications. In order to avoid separate production runs on the part of manufacturers and separate inventories on the part of distributors, manufacturers typically triple or quadruple certify (stencil) seamless pipes to meet the requirements of the most common specifications.[49] The primary applications for small diameter CASSLP pipes are use in piping systems in refineries, petrochemical plants, and chemical plants, and in some oil field uses. Thus, demand is somewhat responsive to conditions in oil and gas exploration, and thus, oil and gas prices. Another important determinant of demand is the

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[44] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[45] In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

[46] 19 U.S.C. § 1675a(a)(1).

[47] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-13 - I-14, PR at I-10 - I-12. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[48] 19 U.S.C. § 1675a(a)(4).

[49] CR at I-20, PR at I-18-19.

expectation of distributors with respect to future prices. The vast majority of sales are to distributors.[50] Consequently, these distributors bear the risk of price fluctuations that would tend to increase or decrease the value of their inventories. As long as prices are anticipated to increase, distributors have an incentive to purchase additional inventory. As long as prices are increasing, distributors can be assured that additional purchases can be sold at a profit. Additionally, the value of pipe held in inventory, which can be considerable given the wide range of pipe sizes and grades, continues to increase. Any decline in price would erode the value of the inventory and make it difficult, if not impossible, to sell at a profit. Consequently, if prices are perceived to be falling, or are anticipated to decline, distributors will cut purchases and buy only for immediate sale or only if offered a still lower price. This of course, makes prices decline faster.[51]

The one distributor that reported inventory levels (***) stated that: "As prices rose during 2004, *** its inventory, which reached *** NT during the first quarter of 2005. Since that time, *** has *** its inventory, although it *** of inventory through February 2006".[52] At the hearing, another pipe distributor described that he would expect any increase in supply to lead to a decline in price.[53]

Apparent U.S. consumption in the original investigations declined from 267,927 tons in 1997 to 152,502 tons in 1999. Over the period of review, apparent U.S. consumption first increased to a relative maximum of *** tons in 2001, fell to a low of *** tons in 2002, then increased to *** tons in 2004. Consumption in interim 2005, at *** tons was lower than the interim 2004 figure of *** tons.

Supply. Fluctuations in demand have left domestic producers, intent on supplying the long-run needs of the U.S. market, reluctant to take advantage of short-term production opportunities. As Mr. Leland of U.S. Steel testified at the hearing; "this is such a cyclical business that the last thing that we want to do is start adding shifts and adding people knowing that two or three months from now we may well have to lay those people off."[54]

Further, domestic producers also are unwilling to increase supply because of the threat that an increase in supply would lead to a sell-off of inventories by distributors, leading to a rapid decline in both sales and prices. During the public hearing, Chairman Koplan asked domestic producer witnesses what change in price would be necessary to cause domestic producers to increase or decrease production in response.[55] The response, at pages 13-14 of the U.S. Steel Posthearing Brief, asserted that: "The record does show, however, that even a small decline in prices could cause distributors to cut their purchases by a significant volume."

This unwillingness on the part of domestic producers to take advantage of a short-run opportunity that could precipitate a sell-off of inventories held by distributors helps explain the behavior of these producers in a market with currently high prices. Throughout these investigations, Respondents have questioned the capacity utilization data reported by domestic producers. In its Prehearing Brief, Respondent Mittal asserts at 16 that "Were it to be anywhere near accurate as an indicator of the domestic industry's true production capability, it would render impossible the combination of declining shipments and explosively increasing prices observed during 2005." Similarly, at pages 3-4 of the Posthearing Brief Mittal questions how two profitable domestic producers, Koppel and U.S. Steel, can operate at such different levels of capacity utilization. The production capacity of the two firms and their relative ability to influence prices in the market explains their behavior. Koppel accounted for *** percent of domestic

[50] CR/PR at II-1.

[51] Tr. at 63-64 (Mr. Leland).

[52] U.S. Steel Posthearing brief, exhibit 1 at 10.

[53] Tr. at 109-110 and 122-123 (Mr. Durham).

[54] Tr. at 135.

[55] Tr. at 228.

production of small diameter CASSLP pipe in 2004, and U.S. Steel accounted for *** percent.[56] At the hearing, Mr. Durham of Dixie Pipe stated that:

> I would also have a little heartburn if U.S. Steel wanted to double their capacity as an example, because while we support U.S. Steel, and we buy a lot of pipe from U.S. Steel, if they made the decision to double their capacity, we are not going to be able to buy a lot more pipe.[57]

Over the period of review, U.S. producers' share of the U.S. market was highest at *** percent immediately following the imposition of the duties under review. The share held by domestic producers declined slightly in 2001 and 2002 as first nonsubject sources, and then *** took advantage of the absence of unfairly-traded subject imports in the U.S. market. However, domestic producers' market share fell to *** percent in 2004, and increased *** to *** percent in interim 2005, compared to *** percent in interim 2004.[58]

The market share of nonsubject imports irregularly increased over the period of review from *** percent in 2000 to *** percent in 2004, and *** percent in the interim period compared to *** percent in interim 2004.[59]

Since the original investigations there has been some consolidation in the domestic industry producing small diameter CASSLP pipe. Gulf States Tube Co. ceased production in 2000.[60] Michigan Specialty (now Michigan Seamless Tube LLC) which accounted for less than ***. Overall, domestic capacity has increased over the period of review, from *** tons in 2000 to *** tons in 2004, or *** percent, despite a steep decline in capacity in 2003. However, capacity then declined *** percent between the interim periods.[61]

Domestic producers Koppel and U.S. Steel reported the production of alternate products on the same equipment or with the same production workers used to produce the subject pipe.[62] Mr. Broglie of U.S. Steel explained at the hearing that the production of multiple products enables longer production runs, and that production of the subject pipe is necessary to operate the mills efficiently.[63] Domestic producers' overall capacity utilization in the production of small diameter seamless pipe fluctuated, but was higher in every period than capacity utilization for the subject pipe.[64]

The cost of seamless pipe depends largely on raw material costs.[65] Prices of raw materials dipped slightly in 2001, but generally increased from $*** per ton in 2000 to $*** per ton in 2004. Between interim 2004 and interim 2005, the reported price of domestic producers' raw materials increased from $*** per ton to $*** per ton.[66]

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

[57] Tr. at 110.

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

[59] CR/PR at Table C-1 at C-3.

[60] CR at I-38, PR at I-31.

[61] CR/PR at Table III-1.

[62] CR at III-2, n. 3, PR at III-1, n. 3.

[63] Tr. at 91.

[64] CR/PR at Table III-2.

[65] CR/PR at V-1.

[66] CR/PR at Table III-8.

Price is an important factor in small diameter CASSLP pipe purchasing decisions.[67] There is a high degree of substitution between domestic and subject pipe.[68] There are established industry standards for this product and, as already noted, a majority of producers and purchasers found all subject sources to be always or frequently interchangeable with other subject sources and the domestic product.[69]

C. Revocation of the Orders on Subject Imports from the Czech Republic, Japan, Romania, and South Africa Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Cumulated Subject Imports

In evaluating the likely volume of imports of subject merchandise if the current orders are revoked, the Commission is directed to consider whether it would be significant either in absolute terms or relative to production or consumption in the United States.[70] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[71]

In its original determinations, the Commission found that the market share of cumulated subject imports increased from 21.8 percent in 1997 to 35.8 percent in 1998, largely at the expense of the domestic industry, and that the domestic industry won back some market share in 1999 through price declines, and as a result of the filing of these petitions.[72] In 1999, the cumulated market penetration for the four subject countries, measured by quantity, was 23.8 percent.[73]

Subject import volumes almost disappeared following imposition of the orders under review. Cumulated subject import volume for the Czech Republic, Japan, Romania, and South Africa declined from 36,270 tons in 1999 to 6,102 tons in 2000. Since imposition of these orders, of all subject sources, only imports from Romania, have ever exceeded *** percent of annual apparent domestic consumption.[74]

Although the volume of cumulated subject imports is only a fraction of what it was during the original investigations, we must nevertheless determine whether that volume is likely to be at significant levels if the restraining effect of the antidumping duty orders is eliminated. For the following reasons, we find that a significant import volume is likely if the orders were revoked.

The industries in the subject countries possess substantial capacity to produce subject pipe.[75] As explained below, we find that producers in the subject countries are export oriented. We also find that

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[67] CR/PR at Table II-3 (12 of 15 purchasers reported price as "very important" in their purchasing decisions).

[68] CR at II-23, II-29, PR at II-16, II-21.

[69] CR/PR at Table II-5. The few responding importers all reported that pipe from subject sources was "sometimes" interchangeable with that from other subject sources and with the domestic product.

[70] 19 U.S.C. § 1675a(a)(2).

[71] 19 U.S.C. § 1675a(a)(2)(A-D).

[72] USITC Pub 3311 at 17-18.

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

[74] CR/PR at Table I-1. We note that official statistics covering imports from Japan are likely overstated because they include nonsubject product.

[75] Japanese producers did not provide data in the current reviews. Consequently, most data regarding capacity, production, inventories and exports for producers in Japan is drawn from the original investigations.

substantial capacity exists in subject countries with which to increase production for export. In addition, we also find that producers in subject countries have the ability to shift a significant volume of small diameter CASSLP pipe from alternate export markets to the United States based on the substantial level of their exports described below. Further, we find that subject producers have an incentive to shift exports to the U.S. market, as prices in the U.S. market are higher than subject producers' alternate export markets. Reported capacity in the subject countries totaled *** short tons in the latest full year for which data are available.[76] This quantity is *** the level of U.S. apparent consumption in 2004.[77]

The producers in the cumulated subject countries are export oriented. Exports accounted for approximately *** percent of total shipments in the last full year for which data are available, a total of *** tons of exports.[78] This quantity exceeds reported U.S. apparent consumption in 2004. Exports accounted for *** percent of reported shipments by producers in Japan in 1999, and *** percent, *** percent, and *** percent, respectively, of shipments by producers in the Czech Republic, Romania, and South Africa in 2004. Thus, each of the subject countries is focused on exports to a significant degree. Also, as noted above, producers in each of the subject countries have ties to multinational steel producers (Mittal and Tenaris), with production and distribution systems that would be expected to facilitate distribution of subject product in the U.S. market.[79]

Producers in the subject countries have substantial excess capacity which would enable them to increase exports. Reported cumulated excess capacity in the last full year for which data are available totaled *** tons.[80] This quantity is *** of apparent U.S. consumption in 2004.[81] Subject producers reported an additional *** tons of small diameter CASSLP pipe in inventory.[82] Further, subject producers have some ability to allocate unused capacity from other seamless pipe products to the subject product.[83]

As producers in the subject countries are export-oriented, they have the ability to shift a substantial volume of exports from alternate markets to the United States. As the subject pipe is produced to widely accepted standards, pipe can be substituted among producers. The fact that some subject producers are not on the AMLs of some end users does not detract from the general substitutability of the approximately 70 percent of U.S. purchases that are not subject to AMLs. Further, as noted above, the fact that many of the subject producers are now affiliated with global producers Mittal and Tenaris has reportedly made subject imports more acceptable in the U.S. market than during the original period of investigation.[84]

The U.S. market continues to be attractive to producers in the subject countries. According to confidential data *** at U.S. Steel's Posthearing Brief exhibit 3, U.S. prices for seamless line pipe in February 2006 were below prices in Western Europe and Japan, but above prices in China, India, Eastern Europe, and Ukraine. Also, according to data in the Staff Report, the AUVs of responding foreign producers' shipments to all markets were lower in interim 2005 (Jan.-Sep.) than reported AUVs for

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[76] See CR/PR at Tables IV-3, IV-9, and IV-12, Original Staff Report at Table VII-2.

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

[78] CR/PR at Tables IV-3, IV-9, and IV-12, Original Staff Report at Table VII-2.

[79] Tr. at 70-71, Mr. Durham and at 310, Mr. Daneo.

[80] CR/PR at Tables IV-3, IV-9, and IV-12, Original Staff Report at Table VII-2.

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

[82] CR/PR at Tables IV-3, IV-9, and IV-12, Original Staff Report at Table VII-2.

[83] Producers in the Czech Republic, Romania, and South Africa reported ***, ***, and ***, respectively, of additional unused capacity to produce small diameter seamless pipe in 2004. (Compare CR/PR at Tables IV-3, IV-5, and IV-12 to Tables IV-5, IV-11, and IV-14.) Comparable data regarding subject producers in Japan were not collected in the original investigations.

[84] Tr. at 70-71, Mr. Durham and at 310, Mr. Daneo.

domestic producers' U.S. shipments of small-diameter CASSLP pipe.[85] With an AUV of $***/ton in interim 2005, U.S. domestic prices were higher than the reported AUV for exports from Romania to the United States ($***). Even if this lower figure is an indication of the price that subject foreign producers can expect for their shipments to the U.S. market, it is higher than reported foreign producer AUVs for shipments to every other market. In addition, there are currently antidumping duty orders in place on subject exports from Romania to Brazil and Mexico, and on exports from Japan to Venezuela and Mexico.[86] As noted above, the European Union has reinstituted an antidumping investigation on exports from Romania, which is currently pending.

We find that the information on relative prices indicates that subject producers would have incentive to both increase production and shift more of their exports to the U.S. market if the orders are revoked. Accordingly, we find that subject imports of CASSLP pipe from subject countries into the United States would be likely to increase significantly in the reasonably foreseeable future.

2. Likely Price Effects of the Cumulated Subject Imports

In evaluating the likely price effects of cumulated subject imports if the orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[87]

In the original determinations, the Commission found widespread underselling by the cumulated subject imports. Further, the Commission found that the volume of subject imports increased substantially in 1998, during a period of time in which demand in the U.S. market was weak. Subject import prices led domestic prices down, and subject imports from Japan, the largest subject source during the original period of investigation, moved from a mixed pattern of underselling to consistent underselling. Consequently, the Commission found the underselling to be significant, and found that subject imports depressed domestic prices to a significant degree.[88]

In light of the significantly reduced volume of imports from all of the subject countries since the orders were issued, price comparison data for the current period of review are quite limited.[89] As discussed above in the section on Conditions of Competition, the U.S. small diameter CASSLP pipe market is fairly price competitive and the domestic like product and subject imports are generally substitutable. Because of this, if the orders were revoked the imports would need to be priced aggressively to regain market share. Thus, the pricing patterns observed in the original investigations are likely to recur and the subject imports would likely undersell the domestic like product so as to significantly depress or suppress domestic prices. As noted above, we find that subject imports from the

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[85] Compare CR/PR at Tables IV-3, IV-6, IV-9, and IV-12 to Table III-3.

[86] CR at IV-56, PR at IV-19.

[87] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[88] USITC Pub. 3311 at 18-19.

[89] Comparison data were available only with respect to relatively small volumes of product from Romania. Those data show that imports from Romania undersold the domestic like product in every comparison, at margins that were generally higher for smaller diameter product. CR at Tables V-2, V-3, and V-4. Because the available comparisons occurred under the discipline of the orders, and related only to small quantities of imports from Romania, we do not consider those comparisons particularly probative of likely pricing of the cumulated subject imports if the orders are revoked.

Czech Republic, Japan, Romania, and South Africa are likely to increase significantly in the reasonably foreseeable future if the orders are revoked. At these likely volumes, the subject imports from these countries would be likely to have significant depressing or suppressing effects on the prices of the domestic like product.

We therefore find that there likely would be underselling by the subject imports that, when combined with increased volumes of subject imports, would likely lead to significant adverse price effects.

3. Likely Impact of the Cumulated Subject Imports

In evaluating the likely impact of cumulated imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[90] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[91] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.[92]

We do not find the domestic industry currently vulnerable to injury by increased subject imports. Domestic producers have been able to increase prices to keep up with increases in raw material costs.[93] In the most recent period for which data were collected (interim 2005), domestic producers shifted some capacity from the subject product to other small diameter seamless pipe.[94] However, in this interim period, apparent U.S. consumption declined *** percent on a quantity basis compared to interim 2004.[95] Domestic distributors and producers have testified that any substantial increase in supply in the U.S. market would be likely to lead to declines in both prices and (at least in the short term) purchases.[96]

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[90] 19 U.S.C. § 1675a(a)(4).

[91] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce found the following dumping margins: Czech Republic 32.26 - 39.93 percent; Japan 70.43 - 106.07 percent; Romania 11.08 - 15.15 percent; South Africa 40.17 - 43.51 percent. CR/PR at Table I-3.

[92] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[93] CR/PR at Table III-9.

[94] CR/PR at Table III-1 and Table III-2.

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

[96] Tr. at 109-110 and 122-123, Mr. Durham, U.S. Steel's Posthearing Brief, exhibit 1 at 13-14.

Mittal argues that high prices for oil and natural gas will ensure high levels of demand for the subject pipe in the foreseeable future.[97] However, small diameter CASSLP pipe is not primarily used in direct exploration for oil and natural gas. The primary uses are in "pressure piping systems by refineries, petrochemical plants, and chemical plants."[98] As Mittal points out in its Prehearing Brief at page 20, small diameter CASSLP pipe competes with seamless OCTG for manufacturing resources and material inputs. Consequently, while the currently high oil and natural gas prices cited by parties in favor of revocation have led to increased prices for OCTG and indirectly for subject product, they have not led to an increase in consumption of small diameter CASSLP. Indeed, as noted above, U.S. apparent consumption of the subject product declined in the most recent period for which data are available, and U.S. apparent consumption in 2004 was below that reported in 1997.[99] Therefore subject imports in the volumes we find would be likely if the orders were revoked, would inevitably cause a resumption of material injury to the domestic producers.

Immediately following the imposition of these orders in 1999, the domestic industry's reported production, shipments, operating income and operating income as a share of sales all increased.[100] Given the ability of producers in the subject countries to significantly increase exports to the United States if the orders are revoked and the significant price depression found to exist during the original period of investigation, we conclude that if the orders were revoked, these circumstances would recur and there would be a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, we conclude that revocation of the antidumping duty orders on small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

V. CUMULATION OF SUBJECT IMPORTS OF LARGE DIAMETER CASSLP PIPE FROM JAPAN AND MEXICO

C. Likely Overlap of Competition

In determining whether to exercise our discretion to cumulate the subject imports, we next examine whether, upon revocation of the antidumping duty orders, the imports from Japan and Mexico would be likely to compete with each other and the domestic like product. The Commission has generally considered four factors in its analysis of overlap of competition: (1) fungibility; (2) geographic markets; (3) channels of distribution; and (4) simultaneous presence in the market.

Fungibility. The record in these reviews indicates that subject imports are generally interchangeable with each other and the domestic product. Purchasers, U.S. producers, and importers reported that large diameter CASSLP from Mexico and Japan were interchangeable, albeit in varying degrees, from "always" interchangeable to "at least sometimes" interchangeable with large diameter CASSLP from the United States. Out of 27 responses from U.S. producers, importers and purchasers regarding interchangeability of large diameter CASSLP pipe from the United States with pipe from Japan or Mexico, 9 indicated that the products were always interchangeable, 10 indicated that they were

[97] Mittal Prehearing Brief at 19-21 and Posthearing Brief at 7.

[98] CR at I-20, PR at 18-19.

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

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

frequently interchangeable, 7 indicated that they were sometimes interchangeable and only 1 indicated that they were never interchangeable.[101] In comparing large diameter CASSLP pipe from Japan and Mexico, out of 12 responses, 5 indicated that the products were always interchangeable, 5 indicated that they were frequently interchangeable, 2 indicated that they were sometimes interchangeable and none indicated that they were never interchangeable.[102] Further, in the original investigations, staff reported that there was believed to be a moderate degree of substitution between the domestic like product and subject imports.[103] We find no available data indicating that this has changed.

Geographic Overlap. In the original investigations, the Commission also found a reasonable overlap of geographic markets. The Commission found the domestic industry served the entire United States, that the Japanese subject product was present in all geographic regions of the U.S. and that the Mexican large diameter CASSLP was available in the ***.[104] Because subject imports have largely disappeared from the U.S. market since the orders were imposed, our findings from the original investigations remain the best available information with respect to this issue.[105]

Channels of Distribution. In the original investigations, the Commission found that approximately *** percent of imports from Japan were sold to distributors, as were approximately *** percent of Mexican imports and *** percent of U.S. producers' shipments.[106] There are no similar channels of distribution data for subject large diameter pipe in 2004; however, nonsubject importers reported *** percent of their sales were to distributors and *** percent were to end users.[107] Thus, there is no evidence in the record that the overlap in channels of distribution that existed at the time of our original investigations has changed significantly. Further, we find that Tenaris' acquisition of NKK Tubes in 2000[108], and the fact that both TAMSA and NKK Tubes are controlled by Tenaris[109], would likely lead to an even greater overlap in channels of distribution than in the original investigations.

Simultaneous Presence in the Market. In the original investigations, the Commission found that subject imports occurred in every month of the period examined.[110] There were no subject imports during the period of review.[111] Because subject imports have disappeared from the U.S. market since the orders were imposed, we base our finding in these reviews as that analysis remains the best available information with respect to this issue.

D. Conclusion

The record in these five-year reviews does not indicate any significant changes regarding overlap of competition between subject imports from Mexico and Japan and among the imports and the domestic like product, from the findings in the Commission's original investigations. We find that there would be reasonable overlap of competition among the products if the orders were revoked. Accordingly, we find that it is reasonable to cumulate subject imports from these countries for purposes of our injury analysis.

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[101] CR at II-51, PR at II-37 and CR/PR at Table II-13.

[102] CR/PR at Table II-13.

[103] CR at II-45, PR at 32.

[104] USITC Pub. 3311 at 15.

[105] Domestic Producers' Large Diameter CASSLP Prehearing Brief at 22.

[106] CR at II-30, PR at II-22.

[107] CR at II-30, PR at II-22.

[108] See CR at IV-40 n. 35, PR at IV-16 n. 35.

[109] CR at IV-39 n. 31, IV-45 n. 38, PR at IV-16 n. 31, IV-17 n. 38.

[110] USITC Pub. 3311 at 24.

[111] CR/PR at Table I-2.

VI. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[112] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[113] Thus, the likelihood standard is prospective in nature.[114] The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[115] [116]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[117] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis in original investigations."[118] [119]

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[112] 19 U.S.C. § 1675a(a).

[113] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[114] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[115] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), aff'd without opinion, 05-1019 (Fed. Cir. August 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[116] Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade's interpretation of "likely," but she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

[117] 19 U.S.C. § 1675a(a)(5).

[118] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts),

(continued...)

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[120] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[121]

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[122] The following conditions of competition are relevant to our determination.

Demand. Large diameter CASSLP is used in a wide variety of end-use products. It is used primarily for line applications such as oil, gas, or water pipeline, or utility distribution systems. It is sold in carbon steel grades and alloy steel grades. The vast majority consists of carbon steel pipe, generally used as line pipe, but typically produced to meet triple or quadruple certification (stencil) as standard, line and pressure pipe. Such carbon steel pipe accounted for *** percent to*** percent of apparent U.S. consumption of large diameter CASSLP during 2000-2004, and is generally considered a "commodity" grade pipe.[123] Both U.S. and foreign producers sell to distributors and to end users. In 2004, U.S. producers reported *** percent of large diameter CASSLP pipe was sold to distributors.[124] Imports of large diameter CASSLP pipe were very small during the period of review, however, as discussed earlier, evidence from our original investigation indicated that a large majority of imported large diameter CASSLP pipe was similarly sold to distributors. Distributors sell to oil and gas engineering companies,

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[118] (...continued)
and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[119] In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

[120] 19 U.S.C. § 1675a(a)(1).

[121] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-13 - I-14, PR at I-10 - I-12. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[122] 19 U.S.C. § 1675a(a)(4).

[123] CR at II-30, PR at II-22.

[124] CR at II-30, PR at II-22.

to firms that use CASSLP for pipe fabrication, mechanical contracts, pipe spool fabrication, ship building, and equipment for agricultural, construction, mining, petrochemical, and off road applications, as well as products used in the transmission and gathering of oil and gas.[125]

Apparent U.S. consumption in the original investigations decreased from a high of 375,084 short tons in 1997 to a low of 293,151 short tons in 1999. Apparent U.S. consumption fluctuated over the current period of review increasing from *** short tons in 2000, to *** short tons in 2001, then decreasing to *** short tons in 2002, and *** short tons in 2003, before rising to *** short tons in 2004.[126] Overall, apparent U.S. consumption in 2004 was *** percent higher than it had been in 2000.[127] Reasons cited by U.S. producers for the variations in consumption over the period include the a lack of investment in the United States and that demand was driven by a volatile oil/gas industry.[128]

Prices for seamless pipe have fluctuated but have increased recently. Prices are highest in Western Europe and lowest in China.[129]

Supply. The U.S. market is supplied by domestically produced large diameter CASSLP and by CASSLP imported from subject and non-subject countries. During the original investigation, U.S. producers' share of the U.S. market, by volume, declined from *** percent in 1997 to *** percent in 1998 but then increased to *** in 1999. After imposition of the orders, U.S. producers' share of the U.S. market fell to *** percent in 2000, and then rose in 2001 to *** percent before falling again to *** percent in 2002 and again to *** percent in 2003 before increasing slightly to *** percent in 2004.[130]

Subject imports' share of apparent U.S. consumption fell to nearly nothing over the review period.[131] The market share of non-subject imports initially gained from the drop in subject imports and remained fairly stable over the period of review from *** percent in 2000 to *** percent in 2004. Non-subject sources reported by purchasers included Argentina, Austria, Brazil, China, Czech Republic, France, Germany and Italy.[132]

There was a structural change in the domestic industry since the original investigations. During the original investigations there were three U.S. producers of large diameter CASSLP. These included North Star Steel ("North Star"); Timken; and U.S. Steel. In 2002, V&M Tubes acquired North Star's tubular division, then a wholly owned subsidiary of Cargill, Inc., and renamed the division V&M Star.[133]

Another significant change in recent years is the increase in global production of seamless pipe, with production growth in China outpacing other regions. China's share of world production increased from about 20 percent in 1995 to almost 46 percent in 2004.[134]

Raw material costs are an important component of the total cost of producing large diameter CASSLP. Large diameter CASSLP is produced from solid steel billets, which in turn are produced either by integrated mills from iron ore, with coke as a main fuel source, or in mills which melt steel scrap using electric arc furnaces. Natural gas and electricity are significant cost elements in the production of CASSLP. The price of scrap was reasonably level between 2000 and 2003, but has risen significantly

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[125] CR at II-31, PR at II-22.

[126] CR/PR at Table I-2.

[127] CR at II-36, PR at II-25.

[128] CR at II-36, PR at II-25.

[129] Mittal Posthearing Brief exh. 1, tab O; U.S. Steel Posthearing Brief at exh.3.

[130] CR/PR at Table I-2.

[131] CR/PR at Table I-2.

[132] CR at II-55, PR at II-40.

[133] CR at I-38, PR at I-31.

[134] CR at IV-57, PR at IV-19.

since then, doubling in price from 2003 to 2006.[135] In addition, the cost of electricity, natural gas, and iron ore have increased significantly from 2000 through 2005.[136] Of the raw material and energy inputs into CASSLP, only the cost of blast furnace coke has been reasonably stable.[137]

Price is the critical factor in large diameter CASSLP purchasing decisions because of the high degree of substitution between domestic and subject large diameter CASSLP.[138] Large diameter pipe is particularly price sensitive given that there are established industry standards for this product and the vast majority of sales are made to distributors, who actively seek the lowest prices.[139]

An additional condition of competition in the large diameter CASSLP pipe industry is a seemingly paradoxical response to price changes. This is due to the fact that most sales are to distributors and, therefore, the industry is subject to price swings due to distributors' anticipation of price changes. Both the supply and demand aspects of this industry are, to some extent, affected by the purchasing, or demand, responses of distributors to expected price changes. In a period of generally rising prices, distributors have incentive to increase inventories of pipe. Conversely, if distributors anticipate declining prices, they have an incentive to stop any further inventory buildups and to actually reduce purchases in order to sell off inventories.[140] This is an important consideration for producers who are considering increasing output in times of rising prices or to take advantage of favorable prices. Since distributors generally expect increased supply to be accompanied by declining prices, they may similarly respond to increasing supplies by reducing purchases and selling off inventories, which actions would tend to push prices down.

We consider the impact of revocation of the orders within the context of these conditions of competition.

C. Revocation of the Orders on Subject Imports from Mexico and Japan Are Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Cumulated Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping and countervailing duty orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[141] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[142]

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[135] CR/PR at Figure V-1 at V-2.

[136] CR/PR at Table V-1 at V-2.

[137] CR/PR at Table V-1 at V-2.

[138] V&M Star's Prehearing Brief at 11.

[139] V&M Star's Posthearing Brief at 3.

[140] Tr. at 63-64 (Mr. Leland) and 67-68 (Mr. Binder).

[141] 19 U.S.C. § 1675a(a)(2).

[142] 19 U.S.C. § 1675a(a)(2)(A-D).

In the original period of investigation, the volume of cumulated subject imports from Japan and Mexico was *** short tons in 1997, *** short tons in 1998, and *** short tons in 1999, the last full year before the orders went into effect.[143] These volumes of subject imports were significant, both in absolute terms and relative to production and consumption in the United States.[144]

With respect to Japan, we find that during the original investigations, the volume of subject imports from Japan increased from *** short tons in 1997 to *** short tons in 1998, then increased further to *** short tons in 1999.[145] The percentage of U.S. apparent consumption, measured by quantity, attributable to shipments of subject imports from Japan rose from *** percent in 1997, to *** percent in 1998, and *** percent in 1999.[146]

With respect to Mexico, subject imports were *** short tons in 1997 and *** short tons in 1998, the first two years of the original period of investigation.[147] Shipments of those imports represented a market share of *** percent in 1997 and *** percent in 1998.[148] Although this level of subject imports from Mexico dropped to *** short tons in the last year of the period of investigation,[149] the data clearly show the capability for Mexican producers to ship significant quantities of CASSLP to the United States. Furthermore, we note that the proximity of Mexican production, which should give such production a supply chain cost advantage, makes the United States a primary outlet for exports from Mexico.

Taken together, cumulated subject imports from Japan and Mexico accounted for *** percent of apparent U.S. consumption in 1997, increased to *** percent in 1998, and accounted for *** percent in 1999,[150] as U.S. apparent consumption declined. Relative to domestic production, cumulated subject imports were equivalent to *** percent of U.S. domestic production in 1997, increased to *** percent in 1998, and was equivalent to *** percent of U.S. production in 1999.[151]

Subject import volumes have fallen significantly since the original investigations. The volume of shipments of cumulated subject imports from Japan and Mexico declined from *** short tons in 2000 to *** short tons in 2004.[152] Although the volume of cumulated subject imports is only a fraction of what it was during the original investigations, we must nevertheless determine whether the volume is likely to be at significant levels if the restraining effect of the antidumping duty orders is eliminated. For the following reasons, we find that a significant import volume is likely if the orders were revoked.

The industries in the subject countries possess substantial capacity to produce large diameter CASSLP. The record from the original investigations indicates that producers in Japan had capacity for production of large diameter CASSLP of approximately *** tons per year. Actual reported production during the original period of investigation ranged from *** tons to *** tons. These data represent capacity utilization of approximately *** percent.[153] Compared to the relatively high level of U.S. consumption of *** short tons in 2004,[154] Japanese production capacity represents approximately *** percent of total U.S. consumption, and excess capacity in Japan as reported from the original

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[143] CR/PR at Table I-2, and Original Staff Report at Table IV-4.

[144] USITC Pub. 3311 at 25.

[145] Original Staff Report at Table IV-4.

[146] Original Staff Report at Table IV-8.

[147] Original Staff Report at Table IV-4.

[148] Original Staff Report at Table IV-8

[149] Original Staff Report at Table IV-4.

[150] Original Staff Report at Table IV-8.

[151] Original Staff Report at Table IV-8.

[152] CR/PR at Table I-2.

[153] Original Staff Report at Table VII-3.

[154] CR/PR at Table I-2.

investigation represents approximately *** percent of the U.S. market. For 2004, the one responding Japanese producer, NKK, reported production capacity of *** short tons,[155] which was reported to represent only an estimated *** percent of all Japanese production of large diameter CASSLP in 2004.[156] During the current period of review, utilization of capacity reported by NKK ranged from approximately *** percent in 2000 to *** percent in 2004.[157] Thus, based on the original investigation record as supplemented by the limited record for Japanese current production capability developed in this review, Japanese capability to increase production from existing capacity is significant.

The Commission received data from one Mexican firm, TAMSA, which accounted for all the large diameter CASSLP produced in Mexico in 2004. TAMSA reported production capacity ranging from *** short tons to *** short tons during the period of review. TAMSA further reported relatively high utilization of existing capacity, with a large majority of that production being exported.[158] Based on U.S. consumption in 2004, TAMSA's highest reported unutilized capacity represents approximately *** percent of the U.S. market. TAMSA's highest reported production capacity represents approximately *** percent of the U.S. market and its related exports equal approximately *** percent of the U.S. market.[159] Although TAMSA responded to the Commission's questionnaire, it did not submit briefs or elect to appear at the hearing to respond to the Commission's questions. Therefore the Commission could not inquire into its capability to expand reported production capacity either by activating existing facilities or product shifting, or into the reasons for the very high reported capacity utilization rates. TAMSA's production capacity in 2000 was *** short tons higher than in 2004.[160] Based on the best information available, we can only conclude that the Mexican producers could increase their production capability to the levels during the original period of investigation and respond to a revocation of the orders in a manner indicated by their market presence during the original investigation. Accordingly, we cannot conclude that the Mexican producers are without capability to respond to a revocation of the orders in a manner indicated by their market presence during the original investigation. Furthermore, we note that both NKK and TAMSA are owned by Tenaris, and Tenaris, as a recognizable brand name, facilitates the marketing and sales of CASSLP into new and existing markets[161] and that this name recognition could be used to reach purchasers in the U.S.

The large diameter CASSLP producers in Japan and Mexico are export oriented. Exports accounted for approximately *** percent of shipments of NKK Tubes, the sole responding Japanese producer, during interim 2005 and approximately *** percent of shipments of TAMSA during the same period.[162] Further, ***'s exports of large diameter CASSLP grew sharply over the period of review, from *** short tons in 2000 to *** short tons in 2004, a *** percent increase.[163] Mexican exports of large diameter CASSLP declined somewhat over the period, but were as high as *** short tons in 2002 and were still significant at *** short tons in 2004.[164] Even in the years of high capacity utilization, TAMSA was highly export oriented; selling from *** percent to *** of its production in its home market

[155] CR/PR at Table IV-19.

[156] CR at IV-39, PR at IV-16.

[157] CR/PR at Table IV-19.

[158] CR/PR at Table IV-22.

[159] CR/PR at Table IV-22.

[160] CR/PR at Table IV-22

[161] Tr. at 310 (Mr. Daneo).

[162] CR/PR at Tables IV-19, IV-22.

[163] CR/PR at Table IV-19.

[164] CR/PR at Table IV-22.

and exporting *** to *** percent of its production.[165] While we do not rely on AUVs because of product mix considerations, the data also indicate that TAMSA's exports sales are at AUVs that are significantly below their home market sale AUVs and significantly below the AUVs of domestic producers' U.S. shipments.[166] Thus, it is likely that TAMSA would have a strong economic incentive to shift its exports to the United States market.

The U.S. large diameter pipe market remains a large and attractive market for subject producers because there do not appear to be any significant structural or institutional constraints that would hinder reentry into the U.S. market in the event of revocation. Furthermore, it is important to note that trade from Mexico benefits from its close proximity to the United States, which provides it with lower transportation distance and potentially other supply chain advantages.

With respect to prices for large diameter CASSLP in the United States relative to other global markets, prices are mixed, with U.S. prices being higher than prices in some, but not all, other markets.[167] Global seamless pipe and tube prices for October 2005 through March 2006 as published by *** indicate that API 5L B pipe was priced highest in Western Europe and Japan and lowest in China and Ukraine.[168] We find that this mixed information on relative prices indicates that subject producers will have some incentive to produce and export more of their product to the United States in order to use more fully their available capacity, as well as to shift current exports into the U.S. market.

Given their significant production capacity, their export orientation and other evidence and incentives as discussed herein, if the orders were revoked, producers in these subject countries would have the ability and motivation to increase exports to the United States. Accordingly, we find that imports of large diameter CASSLP from these subject countries into the United States would be likely to increase significantly in the reasonably foreseeable future if the antidumping duty orders were revoked.

2. Likely Price Effects of the Cumulated Subject Imports

In evaluating the likely price effects of cumulated subject imports if the antidumping and countervailing duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[169]

As an initial matter, we note that the record indicates that price is an important factor in purchasing decisions and that there is a moderately high to high level of substitutability between the subject imports and the domestic product.[170] Accordingly, this indicates that subject imports are more likely to be able to have significant adverse effects on domestic prices through aggressive price competition. In the original determinations, the Commission found significant underselling by subject imports of common grade large diameter pipe.[171] The Commission determined that the decline in activity in the oil and gas industry contributed to the decline in the price of large diameter pipe, but that level of

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[165] CR/PR at Table IV-22.

[166] Compare CR/PR at Table IV-22 with Table II-15.

[167] Mittal Post-hearing Brief exh. 1, tab O and U.S. Steel Posthearing Brief exh. 3.

[168] CR at IV-64, PR at IV-23.

[169] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[170] CR at II-51, II-56, PR at II-37, II-40.

[171] USITC Pub. 3311 at 26.

activity did not fully explain the decline. Instead, it found that domestic producers were forced to cut their prices in response to subject imports.[172]

In light of the significantly reduced volume of imports from all of the subject countries since the orders were issued, and the absence of current pricing data for the large majority of the Japanese industry and for the Mexican industry producing large diameter CASSLP, we find that it is reasonable to conclude that data from the original investigation are sufficient evidence that imports from subject countries will compete against domestic production and again have a downward price effect on domestic sales.

We find that the pricing patterns observed in the original investigations are likely to recur and that the subject imports would likely undersell the domestic like product so as to significantly depress or suppress domestic prices. As noted above, we find that subject imports from both Japan and Mexico are likely to increase significantly in the reasonably foreseeable future if the antidumping duty orders are revoked. At these likely volumes, the subject imports from these countries would be likely to have significant depressing or suppressing effects on the prices of the domestic like product. Additionally, U.S. distributors testified at the hearing that an increase in subject imports if the orders were revoked, would be likely to lead to price declines due to a sell off of inventory.[173] This response of distributors to increased supply, as discussed earlier, will tend to magnify the impact of revoking the orders on domestic price.

3. Likely Impact of the Cumulated Subject Imports

In evaluating the likely impact of cumulated imports of subject merchandise if the antidumping orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[174] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[175] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.[176]

During the period of review, U.S. producers' struggled to maintain their market share. Although market share increased from *** percent in 2000 to *** percent in 2001, it fell to *** percent in 2002,

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[172] USITC Pub. 3311 at 26.

[173] Tr. at 67-68 (Mr. Binder).

[174] 19 U.S.C. § 1675a(a)(4).

[175] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce found the following dumping margins : Japan – Kawasaki, Nippon and Sumitomo Metal, 107.80 percent and all others, 68.88 percent.; Mexico – TAMSA and all others, 15.05 percent. CR/PR at Table I-4.

[176] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

and fell again in 2003 to ***, before slightly rising to *** in 2004.[177] Domestic producers' operating income steadily decreased to a loss over the first four years of the period of review from an income of $***and $*** in 2000 and 2001 respectively, to a loss of $*** in 2002, and a loss of $*** in 2003**.** In 2004, with an operating income of $***, the domestic industry was able to move back into a profitable financial position. However, the level of profit was only marginally sufficient to offset the previous two years of losses. Operating income as a percent of net sales decreased from *** percent in 2000 to *** percent in 2001, then declined further to a loss of *** percent and *** percent in 2002 and 2003 respectively, before rising in 2004.[178] The number of production workers in the industry fluctuated over the period of review, but ended with a net decrease, from *** workers in 2000 to *** workers in 2004.[179] Capital expenditures also declined significantly over the period, from *** in 2000 to *** in 2004. Research and development expenses fluctuated from $*** in 2000 to $*** and $*** in 2001 and 2002 respectively, before increasing in 2003 to $*** and then dropping to a low for the period of review to $*** in 2004.[180]

We find this improvement in the industry to be directly related to the orders and that the domestic industry could not have experienced this type of operating performance if the subject imports had been unrestrained by the antidumping orders. More importantly, we find that revocation of the orders will likely lead to significant increased subject import volumes and domestic product price declines that will negatively impact the domestic industry in terms of the indicators discussed above. We find that the significant volumes of cumulated subject imports are also likely to suppress the price increases necessary to compensate for the domestic industry's increasing costs. In fact, the only year the domestic industry has succeeded in increasing its average unit selling price by more than its increases in average cost of goods sold was 2004. Prior to that time, domestic producers were in a cost price squeeze, lowering prices while cost of goods sold were increasing.[181] If the orders were not in place, the competitive pressure from subject foreign producers would have prevented, or at least reduced, the ability to make up needed price increases in 2004 to offset the squeeze experienced in 2001, 2002 and 2003. In the event of revocation, this situation would likely recur and current prices would not be likely to be maintained due to increased volumes of dumped or subsidized imports.

We conclude that revocation of the antidumping duty orders with respect to Japan and Mexico would lead to significant increases in the volume of cumulated subject imports from those subject countries that would undersell the domestic like product and significantly depress or suppress U.S. prices. The volume and price effects of the cumulated subject imports would have a significant negative impact on the production, shipments, sales, market share, and revenues of the domestic industry. Further, we find that the reduction in these factors would adversely impact the industry's profitability and ability to raise capital and maintain necessary capital investments.

[177] CR/PR at Table III-18.

[178] CR/PR at Table III-18.

[179] CR/PR at Table III-17.

[180] CR/PR at Table III-22.

[181] See CR/PR at Table III-18.

CONCLUSION

For the foregoing reasons, we conclude that revocation of the antidumping duty orders on large diameter CASSLP from Japan and Mexico would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

DISSENTING VIEWS OF VICE CHAIRMAN DEANNA T. OKUN AND COMMISSIONERS JENNIFER A. HILLMAN AND DANIEL R. PEARSON REGARDING ROMANIA

Revocation of the Order on Subject Imports of Small Diameter CASSLP Pipe from Romania Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time[1]

A. Likely Volume of Subject Imports[2]

The three producers of subject merchandise in Romania provided questionnaire responses in the original investigation.[3] All three currently known producers in Romania provided questionnaire responses in this review;[4] thus, the Commission has comprehensive information on the industry in Romania.

In the original investigation, the volume of subject imports of small diameter CASSLP pipe from Romania declined in each year of the period of investigation. U.S. shipments of subject imports from Romania fell from *** short tons in 1997 to *** short tons in 1998, and then declined to *** short tons in 1999.[5] Their market share initially rose ***, from *** percent in 1997 to *** percent in 1998 (as apparent domestic consumption declined), but then fell ***, to *** percent in 1999, even as apparent domestic consumption *** fell sharply.[6]

Unlike the other subject countries in these reviews, subject imports from Romania remained in the U.S. market in appreciable volumes after the orders were put in place. While their market share by quantity fell to *** percent in 2000, it then ranged between *** and *** percent in the remaining full years of the period of review.[7] However, the market share declined in interim 2005 to *** percent.[8] This drop is explained by significant changes in the corporate ownership and operations of Silcotub, the *** Romanian producer and the source of nearly all subject exports to the United States; these changes are discussed below.

The Romanian industry's capacity to manufacture subject pipe fell each year from 2000, when it was *** short tons, to 2003, when it was *** short tons.[9] While capacity then increased to *** short tons in 2004, it again declined when the interim periods are compared, falling from *** short tons in interim 2004 to *** short tons in interim 2005.[10] Production showed a similar trend, decreasing irregularly between 2000 and 2003, then increasing in 2004 but falling sharply when the interim periods are

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[1] For our discussion of the legal standard and conditions of competition, see majority views on small diameter CASSLP pipe.

[2] For our discussion of the Commission's findings in the original determinations, see majority views on small diameter pipe from Japan.

[3] The petition cited three known producers/exporters of small diameter pipe in Romania: Silcotub SA, SC Republica, and Societ. Petrotub SA Roman. Original Report at VII-9.

[4] CR at IV-17, PR at IV-7.

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

[6] Id.

[7] CR/PR at Table I-11.

[8] Id.

[9] CR/PR at Table IV-9.

[10] Id. Capacity for all small diameter seamless pipe fell from *** short tons in interim 2004 to *** short tons in interim 2005. CR/PR at Table IV-11.

compared.[11] The industry's capacity utilization ranged between *** percent and *** percent in the full years of the period of review, but reached *** percent in interim 2005.[12]

Throughout the period of review, Silcotub has been *** in Romania, and the source of ***.[13] In the full years of the period of review, Silcotub's share of total production of subject product in Romania ranged from *** percent in 2000 to *** percent in 2004.[14] It accounted for *** Romanian subject exports to the United States except in 2002, when it accounted for *** percent of such exports.[15] Until 2004, Silcotub was affiliated with U.S. importer ***, which accounted for *** subject imports from Silcotub.[16] However, in July 2004, Silcotub became an affiliate of the Tenaris Group, and it is no longer affiliated with ***; ***.[17] Thus, the *** Romanian producer and the only one that had a substantial interest in the U.S. market during the period of review is no longer affiliated with its importer in the United States. Moreover, Silcotub has indicated that it is now focusing on producing higher value-added non-subject merchandise for the home and regional markets (Romania reportedly has ten of Southeastern Europe's eleven petroleum refineries), including ***.[18]

Silcotub's stated changes in operations are reflected in the data on the record, which show a sharp decline in Silcotub's capacity and production of subject product, and a sharp decline in subject exports to the United States.[19] Between interim 2004 and interim 2005, Silcotub's reported capacity for subject product fell from *** short tons to *** short tons, its production of subject product fell from *** short tons to *** short tons, and its subject exports to the United States fell from *** short tons to *** short tons.[20] Silcotub's exports to the EU accounted for *** percent of its total shipments in interim 2005, compared to *** percent in interim 2004.[21]

Mittal Steel Roman, the other large producer in Romania,[22] reported that ***.[23] Mittal Steel Roman produces only CASSLP pipe over 3 inches in outer diameter.[24] Mittal Steel Roman's capacity for, and production of, subject product has ***.[25]

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[11] CR/PR at Table IV-9. Production of all small diameter seamless pipe fell from *** short tons in interim 2004 to *** short tons in interim 2005. CR/PR at Table IV-11.

[12] CR/PR at Table IV-9. The capacity utilization rate for all small diameter seamless pipe reached a high of *** percent in interim 2005. CR/PR at Table IV-11.

[13] See Romanian Foreign Producer Questionnaire Responses.

[14] Id.

[15] Id.

[16] CR at IV-17 n.18, PR at IV-7 n.18; Silcotub's Foreign Producer Questionnaire Response.

[17] Id.

[18] Silcotub's Foreign Producer Questionnaire Response; Silcotub's Prehearing Brief at 5 and 6; Tr. at 255-57 (Mr. Daneo).

[19] Silcotub's Foreign Producer Questionnaire Response.

[20] Id. We also note that, when the interim periods are compared, Silcotub's capacity for all small diameter seamless pipe fell from *** short tons to *** short tons, and its production of such pipe fell from *** short tons to *** short tons.

[21] Silcotub's Foreign Producer Questionnaire Response.

[22] The third producer, Artrom, accounted for only *** percent of Romanian production of subject merchandise in 2004, and has *** to the United States over the period of review. CR at IV-17 n.19, PR at IV-7 n.19.

[23] CR at IV-17, PR at IV-7.

[24] Mittal's Posthearing Brief at Exh. 1 p.8.

[25] Mittal Steel Roman's Foreign Producer Questionnaire Response.

The industry in Romania as a whole is export-oriented.[26] However, the record shows that prices for subject pipe are higher in Western Europe and parts of Asia than in the United States[27] and it is likely that the industry will direct its shipments to those markets rather than to the United States if the order is revoked. Moreover, as discussed above, Silcotub is shifting its focus to the regional market. Indeed, in interim 2005, shipments to the EU accounted for *** percent of the industry's total shipments, as compared to *** percent in interim 2004.[28] While the EU is currently conducting an antidumping duty investigation on seamless pipe from Romania, Romania is scheduled to enter the EU in January 2007, at which time it will no longer be subject to antidumping proceedings in the EU.[29] [30] The Romanian industry forecasts exporting only *** short tons of subject merchandise to the United States if the order is revoked,[31] a level lower than that ***.[32]

We also note that the producers in Romania are not on major U.S. purchasers' AMLs for subject product. As discussed earlier, AMLs are important to a substantial minority of purchasers, namely major oil and gas companies, and the recent increase in demand is being driven primarily by the oil and gas markets.[33]

We have considered whether Romanian producers will likely re-direct production towards subject merchandise if the order is revoked. The statute directs the Commission to consider the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[34] Romanian producers' facilities are capable of producing other products besides the subject CASSLP pipe.[35] Thus, subject producers could engage in product shifting in order to increase the volume of subject CASSLP pipe exported to the U.S. market. Parties presented arguments on this issue to the Commission based on the ruling of the Court of International Trade in Siderca, S.A.I.C. v. United States.[36]

We do not find product shifting by Romanian producers to be likely. While U.S. demand has increased during the period of review and U.S. prices for subject small diameter CASSLP pipe have increased, the record indicates that global demand is also strong and that prices for subject CASSLP pipe have increased in other markets as well.[37] Indeed, industry participants and publications report continued strong worldwide demand in oil and gas markets, which are the markets that drive demand for subject

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[26] CR/PR at Table IV-9.

[27] CR/PR at Table IV-31.

[28] CR/PR at Table IV-9.

[29] Silcotub's Prehearing Brief at 7 and Exhibit 2. Domestic interested parties allege that Romania may not enter the EU on schedule. Domestic Producers' Posthearing Brief (Small Diameter) at Exh. 1 pp. 6-7. However, we do not find the sparse support offered for this allegation sufficient to outweigh the other evidence on the record, in particular the existence of the accession agreement.

[30] We note that both Brazil and Mexico have antidumping duty orders on small diameter seamless pipe from Romania. CR at IV-56, PR at IV-19. However, the Romanian industry's major export markets are Asia and the EU. CR/PR at Table IV-9.

[31] CR/PR at Table IV-10.

[32] See CR/PR at Table I-1.

[33] CR at II-19, PR at II-12 - II-13.

[34] 19 U.S.C. § 1675a(a)(2)(D).

[35] See CR at IV-17 - IV-18 nn.20, 21; PR at IV-7 nn.20, 21.

[36] 374 F. Supp.2d 1285, 1291-92 (Ct. Int'l Trade 2005).

[37] See CR at II-12, PR at II-8, CR/PR at Tables II-1, II-2, II-10, IV-31.

CASSLP pipe.[38] Further, available price data indicate that prices for subject CASSLP pipe in Western Europe and certain Asian markets are currently higher than in the United States.[39]

The strong demand in the oil and gas markets has also increased demand for other pipe and tube products, particularly OCTG. In Romania, OCTG is produced in the same facilities and using the same equipment and employees as subject CASSLP pipe.[40] A comparison of prices between OCTG and subject CASSLP pipe shows that OCTG prices have uniformly exceeded those for subject CASSLP pipe by a substantial margin. For example, in July 2005, prices for OCTG exceeded prices for subject CASSLP pipe by approximately $*** per ton.[41] Further, worldwide OCTG prices currently exceed subject CASSLP prices and, moreover, OCTG prices in Japan exceed OCTG prices in the U.S. market.[42] Therefore, based on relative prices, the record evidence does not support a finding that shifting production from OCTG to subject small diameter CASSLP pipe would be economically rational for a Romanian producer seeking to enter the U.S. market in the reasonably foreseeable future.

The domestic industry and respondents disagreed as to whether the higher OCTG prices translate to a more profitable product.[43] However, there is no evidence on the record that indicates CASSLP pipe production is more profitable than OCTG production. Nor is there any dispute that OCTG is a higher-valued product and that OCTG prices are uniformly higher than subject CASSLP pipe prices.[44] Therefore, in light of the strong global demand for CASSLP, which limits the relative attractiveness of the U.S. market, and the higher prices for non-subject products such as OCTG, the record evidence does not support a conclusion that shifting production from non-subject products to subject CASSLP is economically rational for Romanian producers. Therefore, we determine that Romanian producers are not likely to engage in product shifting in order to increase exports of subject CASSLP to the U.S. market.

Domestic producers also argue that because of the transnational affiliations of Mittal-owned producers in the Czech Republic, Romania and South Africa, and Tenaris-owned producers in Japan and Romania, revoking the orders on imports from one or two of the countries would quickly result in a re-direction of import from any country still under an antidumping duty order, as the requisite mechanisms, such as common channels of distribution, are already in place.[45] In a previous review of antidumping duty orders concerning CASSLP pipe, the Commission noted the role that transnational affiliations may have on subject producers' behavior.[46] The Commission found that "the transnational corporate affiliations among many of the subject country producers also enhance their ability to resume exporting to the United States by providing a ready network for marketing, sales, and distribution."[47] While transnational affiliations among subject producers may facilitate their ability to export to the U.S. market if they choose to do so, such affiliations do not, in and of themselves, constitute evidence that subject

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[38] CR/PR at Tables II-1, II-2, and II-10; CR at II-12 - II-15, PR at II-8 - II-10; CR at IV-60, PR at IV-21.

[39] CR/PR at Table IV-31.

[40] See, e.g., CR at IV-17 - IV-18 nn.20 & 21; PR at IV-7 nn.20 & 21.

[41] CR/PR at Figure IV-1.

[42] CR/PR at Figure IV-2.

[43] See Tr. at 39-40 (Mr. Gurley), 41 (Mr. Gurley), 164 (Mr. Clark), 236 (Mr. Allen), 246 (Mr. Reilly), 254 (Mr. Daneo), 337-38 (Mr. Daneo).

[44] See CR/PR at Figure IV-1.

[45] See, e.g., Domestic Producers' Prehearing Small Diameter CASSLP Brief at 34.

[46] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Review), USITC Pub. No. 3429, June 2001.

[47] USITC Pub. No. 3429 at 22.

producers are likely to increase exports to the U.S. market.[48] Before the impact of any transnational affiliations comes into play, subject producers must first have an economic incentive to export to the U.S. market. As discussed above, we do not find that the economic incentives that would induce a likely significant volume of subject imports exist. Our analysis is supported by the actual behavior of Tenaris-affiliated producers in third countries. There are Tenaris-affiliated producers in Canada, Mexico, and Italy that produce small diameter CASSLP pipe and are not subject to antidumping duty orders in the United States. Notwithstanding the strong U.S. demand and rising U.S. prices for small diameter CASSLP pipe, these producers shipped only *** short tons to the United States in 2005.[49] Therefore, the presence of transnational affiliations among subject producers does not provide substantial evidence that the likely volume of subject imports would be significant.[50]

Therefore, on the basis of the recent declines in the Romanian industry's capacity and production, the change in Silcotub's corporate affiliation and production and export strategies, and the industry's significant focus on other export markets, such as those in Europe and parts of Asia, that are more attractive based on their higher prices relative to those in the United States, as well as the fact that Romanian producers are not on major U.S. purchasers' AMLs, we find that the likely volume of subject imports of small diameter CASSLP pipe from Romania would not be significant if the antidumping duty order were revoked.

B. Likely Price Effects of Subject Imports[51]

Subject imports of small diameter CASSLP pipe from Romania significantly undersold domestic merchandise in the original investigations.[52] Similarly, in these reviews, subject imports from Romania undersold domestic product in every available price comparison.[53] Notwithstanding the consistent underselling by subject imports from Romania, U.S. prices have increased over the period of review. U.S. prices for products 1, 2, and 3 (products for which subject imports from Romania consistently undersold the U.S. product) increased by *** percent, *** percent, and *** percent, respectively.[54] Nor has the underselling by subject imports from Romania had any price suppressing effect. Although the domestic industry's unit value of cost of goods sold ("COGS") increased from *** per short ton in 2000 to *** per short ton in 2004, the ratio of COGS to sales declined from *** percent to *** percent in 2004 as average unit values increased more rapidly than unit costs.[55] The COGS/sales ratio declined further in

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[48] Commissioner Pearson notes that U.S. antitrust statutes are premised on the economic rationale that consolidation of companies within an industry holds the potential for reducing competition among firms, thus resulting in higher prices for the goods they produce. He sees no obvious reason why consolidation of formerly independent firms under a single corporate umbrella, but operating in more than one country, should not have a similar effect. He would expect such transnational consolidations to lead to less competition among various exporting countries for shipments to the United States and to make it more likely that those sales would be made at higher prices rather than lower ones.

[49] Mittal's Posthearing Brief at Exh. 1, p. 21.

[50] See also Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom, Inv. Nos. 701-TA-380-382 and 731-TA-797-804, USITC Pub. 3788 at 19 n.146 (July 2000).

[51] For our discussion of the Commission's findings in the original determinations, see majority views on small diameter pipe from Japan.

[52] See Original Report at Tables V-1 - V-6.

[53] CR/PR at Tables V-2 - V-4.

[54] CR/PR at Table V-7.

[55] See CR/PR at Table III-6.

the interim periods from *** percent.[56] In addition, while price is an important factor in purchasing decisions, other factors are more important, especially quality.[57] We note that there is evidence on the record in these reviews that indicates that the Romanian products are somewhat inferior in quality to other subject imports and the domestic like product.[58]

Based on the significant increases in U.S. prices over the period of review, which have not been negatively impacted by the presence of subject imports that undersell the U.S. product, as well as our finding that revocation of the antidumping duty order on subject imports from Romania will likely not result in significant increased volumes of subject CASSLP pipe to the United States, we find that any limited increase in volume of subject imports from Romania upon revocation is not likely to result in significant adverse price effects.

C. Likely Impact of Subject Imports[59]

In line with our findings regarding the likely volume and price effects of subject imports from Romania, we find that subject imports would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the order were revoked. As demand is projected to remain strong, the small volume of subject imports that would be likely upon revocation would not be likely to have a significant adverse impact on the domestic industry. Therefore, we find that revocation of the antidumping duty order on subject imports from Romania is not likely to lead to the continuation or recurrence of material injury to the U.S. small diameter CASSLP pipe industry within a reasonably foreseeable time.[60]

CONCLUSION

For the foregoing reasons, we conclude that revocation of the antidumping duty order on small diameter CASSLP pipe from Romania would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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[56] Id.

[57] CR at II-17, PR at II-12, CR/PR at Tables II-3, II-4.

[58] CR at II-24 and II-25 n.37, PR at II-18 n.37, CR/PR at Table II-5.

[59] For our discussion of the Commission's findings in the original determinations, see majority views on small diameter pipe from Japan. We also adopt, from those majority views, the vulnerability analysis and the discussion of the impact factors.

[60] We note that Romania is currently a substantial import source for large diameter CASSLP pipe. U.S. imports of large diameter CASSLP pipe from Romania were *** short tons in 2004, equivalent to *** percent of total imports. CR/PR at Table F-2. However, as noted above, we do not find that the economic incentives exist to encourage Romanian producers to shift from production of large diameter CASSLP pipe to small diameter CASSLP pipe. Further, imports of large diameter CASSLP pipe from Romania have not resulted in any declines in U.S. prices of large diameter CASSLP pipe or the profitability of domestic large diameter CASSLP pipe producers. There is no evidence to suggest that, upon revocation of the antidumping duty order, the impact on the domestic small diameter CASSLP pipe industry would be different.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On May 2, 2005, the U.S. International Trade Commission ("Commission") gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted five-year reviews to determine whether revocation of the antidumping duty orders on carbon and alloy seamless standard, line, and pressure pipe ("CASSLP pipe")[1] from the Czech Republic, Japan, Mexico, Romania, and South Africa would likely lead to the continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time. Effective August 5, 2005, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[2] Information relating to the background and schedule of the reviews is provided in the following tabulation.[3]

[1] A complete description of the imported products subject to these reviews is presented in the "Subject Products" section of this part of the report. The antidumping duty orders cover small diameter (less than or equal to 4.5 inches in outside diameter) carbon and alloy seamless standard, line, and pressure pipe from the Czech Republic, Japan, Romania, and South Africa and large diameter (greater than 4.5 inches in outside diameter) pipe from Japan and Mexico.

[2] The Commission received adequate responses from three U.S. producers, which accounted for a substantial portion of U.S. production of small diameter CASSLP pipe and all U.S. production of large diameter CASSLP pipe, and therefore determined that the domestic industry response was adequate. The Commission received adequate responses from foreign producers in the Czech Republic, Mexico, Romania, and South Africa and therefore determined that the respondent interested group responses for those countries were adequate. With regard to Japan, the Commission determined that the respondent interested party group response was inadequate, but determined to conduct a full review to promote administrative efficiency. *See Explanation of Commission Determination on Adequacy*, app. A.

[3] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site.

Effective date	Action
Small diameter carbon and alloy seamless, standard, line, and pressure pipe	
June 26, 2000	U.S. Department of Commerce ("Commerce")'s antidumping duty order with respect to imports from Japan and South Africa (65 FR 39360)
August 10, 2000	Commerce's antidumping duty order with respect to imports from Romania (65 FR 48963)
August 14, 2000	Commerce's antidumping duty order with respect to imports from the Czech Republic (65 FR 49539)
May 2, 2005	Commission's institution of five-year reviews (70 FR 22688)
August 5, 2005	Commission's decision to conduct full five-year reviews (70 FR 49680, August 24, 2005)
September 7, 2005	Commerce's final results of expedited five-year reviews (70 FR 53151)
September 12, 2005	Commission's scheduling of five-year reviews (70 FR 55917, September 23, 2005); revised effective February 10, 2006 (71 FR 8311, February 16, 2006)
March 2, 2006	Commission's hearing[1]
April 6, 2006	Commission's vote
April 26, 2006	Commission's determinations sent to Commerce
Large diameter carbon and alloy seamless, standard, line, and pressure pipe	
June 26, 2000	Commerce's antidumping duty order with respect to imports from Japan (65 FR 39360)
August 11, 2000	Commerce's antidumping duty order with respect to imports from Mexico (65 FR 49227)
May 2, 2005	Commission's institution of five-year reviews (70 FR 22688)
August 5, 2005	Commission's decision to conduct full five-year reviews (70 FR 49680, August 24, 2005)
September 7, 2005	Commerce's final results of expedited five-year reviews (70 FR 53159)
September 12, 2005	Commission's scheduling of five-year reviews (70 FR 55917, September 23, 2005); revised effective February 10, 2006 (71 FR 8311, February 16, 2006)
March 2, 2006	Commission's hearing[1]
April 6, 2006	Commission's vote
April 26, 2006	Commission's determinations sent to Commerce

[1] App. B contains a list of witnesses who appeared at the hearing.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
>
> *(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*
>
> *(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*
>
> *(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy." Information obtained during the course of these reviews that relates to the above factors is presented throughout this report.

SUMMARY DATA

A summary of data collected in the reviews is presented in appendix C.[4] U.S. industry data are based on questionnaire responses of five firms that accounted for virtually all of known U.S. production of CASSLP pipe during the review period (January 2000-September 2005). U.S. import data are based on adjusted official Commerce statistics.[5] Responses by U.S. producers, importers, and purchasers of

[4] Appendix C contains tables depicting the data separated by diameter size (tables C-1 through C-3 show data related to small diameter CASSLP pipe; tables C-4 through C-6 show data related to large diameter CASSLP pipe) and by chemistry (tables C-2 and C-3 show small diameter carbon and alloy pipe separated; tables C-5 and C-6 show large diameter carbon and alloy pipe separated).

[5] U.S. import data for small diameter CASSLP pipe are based on official Commerce statistics covered by the following HTS statistical reporting numbers: 7304.10.1020, 7304.10.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015. This list of HTS statistical reporting numbers is a subset of those listed in the scope definition issued by Commerce. The complete list of HTS statistical reporting numbers issued by Commerce in its scope language contains product largely outside of the scope definition, or specifically excluded from the scope, such as mechanical tubing. *See, infra, Part I, The Subject Products*. U.S. producers, U.S. Steel and Koppel, in consultation with the American Iron and Steel Institute ("AISI"), claim that imports covered by the statistical reporting numbers in the above subset are predominately product within the scope of these reviews. *See* U.S. Steel, Koppel Steel, and V&M Star's response to notice of institution, June 21, 2005, exh. 1.

For the same reasons, U.S. import data for large diameter CASSLP pipe from nonsubject countries are based on official Commerce statistics covered by the following subset of HTS statistical reporting numbers: 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062,

(continued...)

CASSLP pipe and producers of CASSLP pipe in the Czech Republic, Japan, Mexico, Romania, and South Africa to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation are presented in appendix D. Table I-1 presents a summary of data from the original investigations and from these reviews regarding small diameter CASSLP pipe.[6] Table I-2 presents a summary of data from the original investigations and from these reviews regarding large diameter CASSLP pipe.

[5] (...continued)
7304.59.8030, 7304.59.8045, and 7304.59.8060. *See* U.S. Steel, Koppel Steel, and V&M Star's response to notice of institution, June 21, 2005, exh. 13.

U.S. imports of large diameter CASSLP pipe from Mexico from August 2000 through July 2004 have been reduced to zero after Commerce, during its four administrative reviews, determined that TAMSA, the sole producer of large diameter CASSLP pipe in Mexico, did not ship any subject product to the United States. *See Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Mexico*, 68 FR 81, January 2, 2003; 68 FR 40627, July 8, 2003; 69 FR 32495, June 10, 2004; 70 FR 54017, September 13, 2005. The foreign producer's questionnaire response from TAMSA confirmed that the company did not export large diameter CASSLP pipe to the United States during the period of review.

U.S. imports from Japan are based on proprietary data obtained from ***. Although these data may understate U.S. imports from Japan, they are consistent with revenue reported under the Continued Dumping and Subsidy Offset Act and with the limited data provided by one Japanese producer. Moreover, U.S. Steel contends that "almost all of this tonnage consists of nonsubject product that has been excluded from the scope of these reviews." U.S. Steel's prehearing brief, February 21, 2006, p. 21 and fn. 68; *see also* hearing transcript, March 2, 2006, pp. 211-212 (Vaughn)("Our belief is that very, very little, if any of the imports you're seeing from Japan and Mexico are the subject product.").

As there were a number of specific exclusions in the Commerce scope definition of large diameter CASSLP pipe, adjusted Commerce data used in this section depicting U.S. imports from nonsubject countries may be overstated.

[6] Domestic industry data are believed to be modestly understated, particularly for calendar year 2000, due to the absence of information from Michigan Specialty (*** percent of U.S. production in 1999) and Gulf States (now closed, formerly *** percent of U.S. production in 1999).

Table I-1
Small diameter CASSLP pipe: Summary data from the original investigations and current reviews, 1997-2004

Item	1997	1998	1999	2000	2001	2002	2003	2004
(Quantity=*short tons*; value=*$1,000*; unit values, unit labor costs, and unit financial data are *per short ton*)								
U.S. consumption quantity: Amount	267,927	226,841	152,502	***	***	***	***	***
Producers' share[1]	67.8	54.9	69.3	***	***	***	***	***
Importer's share:[1]								
Czech Republic	***	***	***	***	***	***	***	***
Japan	5.6	15.0	12.3	***	***	***	***	***
Romania	***	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***	***
Subtotal	21.8	35.8	23.8	***	***	***	***	***
All other countries	10.4	9.4	6.9	***	***	***	***	***
Total imports	32.2	45.1	30.7	***	***	***	***	***
U.S. import quantity from–[2]								
Czech Republic	***	***	***	310	11	367	355	1
Japan	14,999	34,059	18,709	1,914	909	408	865	79
Romania	***	***	***	3,436	16,573	9,182	11,562	18,718
South Africa	***	***	***	442	0	0	0	0
Subtotal	58,497	81,121	36,270	6,102	17,492	9,957	12,782	18,798
Other sources	27,903	21,272	10,586	89,194	85,959	77,021	88,235	124,607
All sources	86,400	102,393	46,856	95,296	103,451	86,977	101,017	143,405

Table continued on next page.

Table I-1--*Continued*
Small diameter CASSLP pipe: Summary data from the original investigations and current reviews, 1997-2004

Item	1997	1998	1999	2000	2001	2002	2003	2004
(Quantity=*short tons*; value=*$1,000*; unit values, unit labor costs, and unit financial data are *per short ton*)								
U.S. producers'--								
Capacity	***	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***	***
Capacity utilization[1]	***	***	***	***	***	***	***	***
U.S. shipments								
Quantity	181,527	124,448	105,646	***	***	***	***	***
Value	136,424	98,243	76,392	***	***	***	***	***
Unit value	$752	$789	$723	***	***	***	***	***
Production and related workers	354	288	303	***	***	***	***	***
Hours worked *(1,000)*	711	537	587	***	***	***	***	***
Net sales	$137,275	$100,616	$76,835	$***	$***	$***	$***	$***
Operating income	$14,601	$6,872	($10,792)	$***	$***	$***	$***	$***
Operating income to net sales[1]	10.6	6.8	(14.0)	***	***	***	***	***

[1] In percent.

[2] In the original investigations, U.S. import data were based on U.S. importer questionnaire responses which staff believed understated U.S. imports from nonsubject countries. Confidential staff report, May 25, 2000, INV-X-114, p. IV-1, fn. 1. Data for 1997-99 presented in this table represent U.S. shipments of imports, which were used to calculate market shares in the original investigations.

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

Source: Data for 1997 through 1999 are compiled from information collected in the Commission's original antidumping duty investigations. *See* Confidential staff report, May 25, 2000, INV-X-114*; see also Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final)*, USITC Publication 3311, June 2000 and *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from the Czech Republic, Mexico, and Romania, Invs. Nos. 731-TA-846, 848, and 849 (Final)*, USITC Publication 3325, August 2000. Data for 1999-2004 are compiled from data submitted in response to Commission questionnaires in the present reviews and from adjusted official Commerce statistics.

Table I-2
Large diameter CASSLP pipe: Summary data from the original investigations and current reviews, 1997-2004

Item	1997	1998	1999	2000	2001	2002	2003	2004
(Quantity=*short tons*; value=*$1,000*; unit values, unit labor costs, and unit financial data are *per short ton*)								
U.S. consumption quantity: Amount	375,084	365,028	293,151	***	***	***	***	***
Producers' share[1]	***	***	***	***	***	***	***	***
Importer's share:[1]								
Japan	7.7	11.8	17.0	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
All other countries	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. import quantity from–[3]								
Japan	28,725	42,897	49,727	***	***	***	***	***
Mexico	***	***	***	0	0	0	0	0
Subtotal	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***
All sources	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-2--*Continued*
Large diameter CASSLP pipe: Summary data from the original investigations and current reviews, 1997-2004

Item	1997	1998	1999	2000	2001	2002	2003	2004
	(Quantity=*short tons*; value=*$1,000*; unit values, unit labor costs, and unit financial data are *per short ton*)							
U.S. producers'-- Capacity	***	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***	***
Capacity utilization[1]	***	***	***	***	***	***	***	***
U.S. shipments Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Production and related workers	***	***	***	***	***	***	***	***
Hours worked *(1,000)*	***	***	***	***	***	***	***	***
Net sales	***	***	***	***	***	***	***	***
Operating income	***	***	***	***	***	***	***	***
Operating income to net sales[1]	***	***	***	***	***	***	***	***

[1] In percent.
[2] Less than 0.05 percent.
[3] In the original investigations, U.S. import data were based on U.S. importer questionnaire responses which staff believed understated U.S. imports from nonsubject countries. Confidential staff report, May 25, 2000, INV-X-114, p. IV-1, fn. 1. Data for 1997-99 presented in this table represent U.S. shipments of imports, which were used to calculate market shares in the original investigations.

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

Source: Data for 1997 through 1999 are compiled from information collected in the Commission's original antidumping duty investigations. *See* Confidential staff report, May 25, 2000, INV-X-114*; see also Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final)*, USITC Publication 3311, June 2000 and *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from the Czech Republic, Mexico, and Romania, Invs. Nos. 731-TA-846, 848, and 849 (Final)*, USITC Publication 3325, August 2000. Data for 1999-2004 are compiled from data submitted in response to Commission questionnaires in the present reviews and from adjusted official Commerce statistics.

THE ORIGINAL INVESTIGATIONS

The original investigations resulted from petitions filed on June 30, 1999, by Koppel Steel Corp. ("Koppel"); Sharon Tube Co. ("Sharon"); U.S. Steel Group ("U.S. Steel"); and Vision Metals' Gulf States Tube Division ("Gulf States"). The petitions alleged that industries in the United States were materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of small diameter seamless carbon and alloy steel standard, line, and pressure pipe ("small diameter CASSLP pipe") from the Czech Republic, Japan, Romania, and South Africa, and by LTFV imports of large diameter seamless carbon and alloy steel standard, line, and pressure pipe ("large diameter CASSLP pipe") from Japan and Mexico. In June 2000, the Commission completed its original investigations for small diameter CASSLP pipe from Japan and South Africa and for large diameter CASSLP pipe from Japan (invs. nos. 731-TA-847 and 850) and determined that an industry in the United States was materially injured by reason of LTFV imports of small diameter CASSLP pipe from Japan and South Africa and by LTFV imports of large diameter CASSLP pipe from Japan.[7] Subsequently, in August 2000, the Commission made an affirmative material injury determination regarding imports of small diameter CASSLP pipe from the Czech Republic and Romania and large diameter CASSLP pipe from Mexico (invs. nos. 731-TA-846, 848, and 849).[8]

In 2000, Commerce issued antidumping duty orders on imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa.[9] Also in 2000, it issued antidumping duty orders on imports of large diameter CASSLP pipe from Japan and Mexico.[10]

RELATED INVESTIGATIONS

Title VII Investigations

Small and large diameter CASSLP pipe have been the subject of several Commission investigations. A listing of these investigations is presented in the following tabulation.

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[7] *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final)*, USITC Publication 3311, June 2000, p. 1.

[8] *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from the Czech Republic, Mexico, and Romania, Invs. Nos. 731-TA-846, 848, and 849 (Final)*, USITC Publication 3325, August 2000, p. 1.

[9] *Notice of Antidumping Duty Orders: Certain Large Diameter Carbon and Alloy Seamless, Standard, and Pressure Pipe from Japan; and Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan and South Africa*, 65 FR 39360, June 26, 2000; *Notice of Amended Final Determination of Sales at Less than Fair Value and Antidumping Duty Order: Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Romania*, 65 FR 48963, August 10, 2000; *Notice of Antidumping Duty Order: Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from the Czech Republic*, 65 FR 49539, August 14, 2000.

[10] *Notice of Antidumping Duty Orders: Certain Large Diameter Carbon and Alloy Seamless, Standard, and Pressure Pipe from Japan; and Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan and South Africa*, 65 FR 39360, June 26, 2000; *Notice of Amended Final Determinations of Sales at Less than Fair Value and Antidumping Duty Order: Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Mexico*, 65 FR 49227, August 11, 2000.

Investigation/source	Inv. No.	Date of Inv.	Pub. No.	Action/status
Pipes and tubes of iron or steel from Japan[1]	731-TA-87 (P)	1982	USITC 1224	Affirmative/Negative[2]
Pipes and tubes of iron or steel from Japan	731-TA-87 (F)	1983	USITC 1347	Affirmative (Order date: 3/1/83) (Revocation date: 10/29/85)
Seamless carbon and alloy steel standard, line, and pressure pipe from: **CVD**--Italy	701-TA-362 (F)	1995	USITC 2910	Affirmative (Order date: 8/9/95) (Revocation date: 8/8/2000)[3]
AD--Argentina, Brazil, Germany, and Italy	731-TA-707-710 (F)	1995	USITC 2910	Affirmative (Order date: 8/3/95) (Continuation date: 7/16/2001) (Revocation date–Italy: 8/3/2000)[3]

[1] Seamless heat-resisting and seamless stainless steel pipe were included within the scope of the investigation.
[2] The Commission made an affirmative determination with respect to seamless heat-resisting and seamless stainless pipes and tubes, and a negative determination with respect to seamless "other alloy" pipes and tubes.
[3] In five-year reviews completed in 2001, the Commission determined that the revocation of the antidumping and countervailing duty orders on U.S. imports of the subject product from Italy would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Invs. Nos. 701-TA-362 and 731-TA-707-710 (Review)*, USITC Publication 3429, June 2001, p. 1.

Source: Compiled from U.S. International Trade Commission publications.

Safeguard Investigations

In 2001, the Commission conducted a global safeguard investigation of steel products (Inv. No. TA-201-73) that included a category of carbon and alloy steel products referred to as "seamless pipe other than oil country tubular goods ("OCTG")," which included CASSLP pipe.[11] With regard to this product category, the Commission made a negative determination and found that the U.S. seamless pipe industry was not seriously injured by increased U.S. imports, citing the profitability of the U.S. industry during the period examined.[12]

COMMERCE'S RESULTS OF EXPEDITED REVIEWS

On September 7, 2005, Commerce published its findings that revocation of the antidumping duty orders on small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa and revocation of the antidumping duty orders on large diameter CASSLP pipe from Japan and Mexico would likely lead to continuation or recurrence of dumping.[13] Commerce has not conducted any changed

[11] *Steel*, Inv. No. TA-201-73, USITC Publication 3479, volume 1, December 2001, p. 155.

[12] Ibid., p. 188 ("In summary, the data present a mixed picture as to whether the domestic industry is seriously injured. There were annual fluctuations in many of the factors examined. . . Nevertheless, one facet of domestic industry performance remained consistent throughout the period examined: profitability. The domestic industry maintained strong operating margins throughout the period, other than in 1999.")

[13] *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Under 4.5 inches) from the Czech Republic, Japan, Romania, and South Africa; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 70 FR 53151, September 7, 2005; *Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure*
(continued...)

circumstances reviews nor issued any duty absorption determinations with respect to these orders. The weighted-average dumping margins (in percent *ad valorem*), as reported by Commerce, for the original investigations and the five-year reviews for small diameter CASSLP are presented in the table I-3. The weighted-average dumping margins for large diameter CASSLP are presented in the table I-4.

Table I-3
Small diameter CASSLP pipe: Weighted-average dumping margins, as reported by Commerce, for the original investigations and the five-year reviews, by country and firm

Country	Producer/exporter	Margin percentage (*ad valorem*)	
		Original investigations	Reviews
Czech Republic	Nova Hut, A.S.	39.93	39.93
	All others	32.26	32.26
Japan	Kawasaki Steel Corp.	106.07	106.07
	Nippon Steel Corp.	106.07	106.07
	Sumitomo Metal Ind., Ltd.	106.07	106.07
	All others	70.43	70.43
Romania	Metal Business Int'l., S.R.L.	11.08	11.08
	S.C. Petrotub, S.A.	(1)	11.08
	S.C. Silcotub, S.A.	(1)	15.15
	Sota Communication	15.15	15.15
	All others	13.06	13.06
South Africa	Iscor, Ltd.	43.51	43.51
	All others	40.17	40.17

[1] No original margin issued by Commerce.

Source: Compiled from *Federal Register* notices of the U.S. Department of Commerce.

[13] (...continued)
Pipe from Japan and Mexico; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders, 70 FR 53159, September 7, 2005.

Table I-4
Large diameter CASSLP pipe: Weighted-average dumping margins, as reported by Commerce, for the original investigations and the five-year reviews, by country and firm

Country	Producer/exporter	Margin percentage (*ad valorem*)	
		Original investigations	Reviews
Japan	Kawasaki Steel Corp.	107.80	107.80
	Nippon Steel Corp.	107.80	107.80
	Sumitomo Metal Ind., Ltd.	107.80	107.80
	All others	68.88	68.88
Mexico	TAMSA	15.05	15.05
	All others	15.05	15.05

Source: Compiled from *Federal Register* notices of the U.S. Department of Commerce.

COMMERCE'S ADMINISTRATIVE REVIEWS

Small Diameter CASSLP Pipe

The Czech Republic, Japan, and South Africa

Commerce has not conducted any administrative reviews of the antidumping duty orders on small diameter CASSLP pipe from the Czech Republic, Japan,[14] or South Africa since the imposition of the antidumping orders.

Romania

Commerce has conducted five administrative reviews of the antidumping duty order on small diameter CASSLP pipe from Romania, as shown in the following tabulation:

[14] Commerce did initiate an administrative review with respect to imports of small diameter CASSLP from Japan on July 24, 2002 to review the second administrative period of June 1, 2001 though May 31, 2002, but later rescinded the review after U.S. Steel withdrew its request for the review. *Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan: Notice of Rescission of Antidumping Duty Administrative Reviews*, 67 FR 70403, November 22, 2002.

Period of review	Date results published	Exporter	Margins (*percent*)
February 4, 2000 to July 31, 2001	March 17, 2003 (68 FR 12672)	S.C. Silcotub, S.A.	0.04
		All others	13.06
August 1, 2001 to July 31, 2002	September 17, 2003 (68 FR 54418)	S.C. Silcotub, S.A.	0
		All others	13.06
August 1, 2002 to July 31, 2003	March 23, 2005 (70 FR 14648)	S.C. Silcotub, S.A.	1.35
		All others	13.06
August 1, 2003 to July 31, 2004	July 18, 2005 (70 FR 41206)	S.C. Silcotub, S.A.	15.15
		All others	13.06
August 1, 2004 to July 31, 2005	March 22, 2006 (71 FR 14501)	S.C. Silcotub, S.A.	15.15
		All others	13.06

Large Diameter CASSLP Pipe

Japan and Mexico

Commerce has not conducted any administrative reviews of the antidumping duty orders on large diameter CASSLP from Japan or Mexico since the imposition of the antidumping orders.[15]

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

Under the provisions of the Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA"), commonly known as the "Byrd Amendment," duties assessed pursuant to an antidumping or countervailing duty order are distributed on an annual basis by the U.S. Customs and Border Protection ("Customs") to "affected domestic firms."[16] Among the antidumping orders imposed on small diameter CASSLP pipe, those from Japan and Romania generated the majority of revenue.[17] With regard to large

[15] Commerce did initiate four administrative reviews with respect to large diameter CASSLP from Japan, but later rescinded all four reviews. *Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan: Notice of Rescission of Antidumping Duty Administrative Reviews*, 67 FR 70403, November 22, 2002; 69 FR 627, January 6, 2004; 69 FR 61638, October 20, 2004; 70 FR 61252, October 21, 2005.

Commerce also initiated four administrative reviews with respect to large diameter CASSLP from Mexico. These reviews were also all rescinded. *Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Mexico: Notice of Rescission of Antidumping Duty Administrative Reviews*, 68 FR 61, January 2, 2003; 68 FR 40627, July 8, 2003; 69 FR 32495, November 10, 2004; 70 FR 54017, September 13, 2005.

[16] Under the provisions of the CDSOA (19 U.S.C. 1675(c)), the term "affected domestic producer" refers to any producer or worker representative that (1) was a petitioner or interested party in support of the petition leading to imposition of an antidumping or countervailing duty order, or antidumping finding, and (2) remains in operation.

[17] According to Customs, between 2001 and 2005, the outstanding orders on small diameter CASSLP pipe resulted in the following revenue disbursements: Czech Republic, $0; Japan, $273,382; Romania, $287,316; South Africa, $206.

diameter CASSLP pipe, the order on Japan generated the majority of the revenue collected.[18] Since enactment of the CDSOA, the following U.S. producers of CASSLP pipe have received the following disbursements:

Domestic firm	U.S. dollars *(actual)*				
	2001	2002	2003	2004	2005
Small diameter CASSLP pipe					
Koppel Steel	$109	$0	$22,076	$13,443	$0
Sharon Tube	307	33,943	39,162	29,019	(7,249)
U.S. Steel	0	96,606	116,510	66,760	(25,705)
United Steelworkers	0	252	442	338	0
V&M[1]	1,048	114,496	0	81,934	(23,262)
Vision Metals	675	0	0	0	0
Large diameter CASSLP pipe					
U.S. Steel	0	59,324	107,496	15,327	10,365
United Steel Workers	187	289	297	12	0
V&M	63	38,413	0	8,754	7,196

[1] V&M Star, presently a U.S. producer solely of large diameter CASSLP pipe, collected disbursements related to small diameter pipe production of the predecessor company, North Star Tubular, which V&M acquired during the period of review.

Note: Negative disbursement amounts are the result of refunds to importers as a result of liquidations or court cases.

Source: Compiled from Customs CDSOA Annual Reports at www.cbp.gov/xp/cgov/import/add-cvd/, retrieved on January 11, 2006.

[18] According to Customs, between 2001 and 2005, the outstanding orders on large diameter CASSLP pipe resulted in the following revenue disbursements: Japan, $220,524, and Mexico, $27,199.

THE SUBJECT PRODUCTS

Definition of the Subject Products

The imported products subject to these reviews are (1) large diameter (greater than 4.5 inches {114 mm} and not over 16 inches {406 mm} in outside diameter ("OD")) seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes ("large diameter pipes"), and (2) small diameter (not over 4.5 inches {114 mm} in OD) seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes and redraw hollows ("small diameter pipes"), the foregoing regardless of wall thickness, manufacturing process (hot-finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish. The subject products were further defined by Commerce as follows:[19]

Large diameter pipe

For purposes of the large diameter seamless pipe investigation, the products covered are large diameter seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes produced, or equivalent, to the American Society for Testing and Materials (ASTM) A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, and the American Petroleum Institute (API) 5L specifications and meeting the physical parameters described below, regardless of application. The scope of these investigations also includes all other products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification, with the exception of the exclusions discussed below. Specifically included within the scope of these investigations are seamless pipes greater than 4.5 inches (114.3 mm) up to and including 16 inches (406.4 mm) in outside diameter, regardless of wall-thickness, manufacturing process (hot finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.[20]
Specifications, Characteristics, and Uses: Large diameter seamless pipe is used primarily for line applications such as oil, gas, or water pipeline, or utility distribution systems. Seamless pressure pipes are intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas and other liquids and gasses in industrial piping systems. They may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat. Seamless carbon steel pressure pipe meeting the ASTM A-106 standard may be used in temperatures of up to 1,000 degrees Fahrenheit, at various American Society of Mechanical Engineers (ASME) code stress levels. Alloy pipes made to ASTM A-335 standard

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[19] *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Under 4.5 inches) from the Czech Republic, Japan, Romania, and South Africa; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders,* 70 FR 53151, September 7, 2005; *Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Japan and Mexico; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders,* 70 FR 53159, September 7, 2005.

[20] The large diameter seamless pipes subject to these investigations are currently reported under statistical reporting numbers 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.31.6050, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5060, 7304.59.6000, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070 of the Harmonized Tariff Schedule of the United States (HTS). Although the HTS statistical reporting numbers are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

The column 1-general (normal trade relations) rates of duty for the subject products are duty-free.

must be used if temperatures and stress levels exceed those allowed for ASTM A-106. Seamless pressure pipes sold in the United States are commonly produced to the ASTM A-106 standard.

Seamless standard pipes are most commonly produced to the ASTM A-53 specification and generally are not intended for high temperature service. They are intended for the low temperature and pressure conveyance of water, steam, natural gas, air and other liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipes (depending on type and code) may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A-333 or ASTM A-334 specifications.

Seamless line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Seamless line pipes are produced to the API 5L specification.

Seamless water well pipe (ASTM A-589) and seamless galvanized pipe for fire protection uses (ASTM A-795) are used for the conveyance of water.

Seamless pipes are commonly produced and certified to meet ASTM A-106, ASTM A-53, API 5L-B, and API 5L-X42 specifications. To avoid maintaining separate production runs and separate inventories, manufacturers typically triple or quadruple certify the pipes by meeting the metallurgical requirements and performing the required tests pursuant to the respective specifications. Since distributors sell the vast majority of this product, they can thereby maintain a single inventory to service all customers.

The primary application of ASTM A-106 pressure pipes and triple or quadruple certified pipes in large diameters is for use as oil and gas distribution lines for commercial applications. A more minor application for large diameter seamless pipes is for use in pressure piping systems by refineries, petrochemical plants, and chemical plants, as well as in power generation plants and in some oil field uses (on shore and off shore) such as for separator lines, gathering lines and metering runs. These applications constitute the majority of the market for the subject seamless pipes. However, ASTM A-106 pipes may be used in some boiler applications.

The scope of these investigations includes all seamless pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, with the exception of the exclusions discussed below, whether or not also certified to a non-covered specification. Standard, line, and pressure applications and the above-listed specifications are defining characteristics of the scope of these investigations. Therefore, seamless pipes meeting the physical description above, but not produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, and API 5L specifications shall be covered if used in a standard, line, or pressure application, with the exception of the specific exclusions discussed below.

For example, there are certain other ASTM specifications of pipe which, because of overlapping characteristics, could potentially be used in ASTM A-106 applications. These specifications generally include ASTM A-161, ASTM A-192, ASTM A-210, ASTM A-252, ASTM A-501, ASTM A-523, ASTM A-524, and ASTM A-618. When such pipes are used in a standard, line, or pressure pipe application, such products are covered by the scope of these investigations.

Specifically excluded from the scope of these investigations are:

A. Boiler tubing and mechanical tubing, if such products are not produced to ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, and API 5L specifications and are not used in standard, line, or pressure pipe applications.

B. Finished and unfinished oil country tubular goods (OCTG), if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG order, finished and unfinished OCTG are included in this scope when used in standard, line or pressure applications.

C. Products produced to the A-335 specification unless they are used in an application that would normally utilize ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, and API 5L specifications.

D. Line and riser pipe for deepwater application, i.e., line and riser pipe that is (1) used in a deepwater application, which means for use in water depths of 1,500 feet or more; (2) intended for use in and is actually used for a specific deepwater project; (3) rated for a specified minimum yield strength of not less than 60,000 psi; and (4) not identified or certified through the use of a monogram, stencil, or otherwise marked with an API specification (e.g., "API 5L").

Small diameter pipe

For purposes of the small diameter seamless pipe investigations, the products covered are seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes and redraw hollows produced, or equivalent, to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and the American Petroleum Institute (API) 5L specifications and meeting the physical parameters described below, regardless of application. The scope of these investigations also includes all products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification. Specifically included within the scope of these investigations are seamless pipes and redraw hollows, less than or equal to 4.5 inches (114.3 mm) in outside diameter, regardless of wall-thickness, manufacturing process (hot finished or cold-drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.[21]

Specifications, Characteristics, and Uses: Seamless pressure pipes are intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas and other liquids and gasses in industrial piping systems. They may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat. Seamless carbon steel pressure pipe meeting the ASTM A-106 standard may be used in temperatures of up to 1,000 degrees Fahrenheit, at various ASME code stress levels. Alloy pipes made to ASTM A-335 standard must be used if temperatures and stress levels exceed those allowed for ASTM A-106.

[21] The small diameter seamless pipes subject to these investigations are currently covered by statistical reporting numbers 7304.10.1020, 7304.10.5020, 7304.31.3000, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, and 7304.59.8025 of the HTS. Although the HTS statistical reporting numbers are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

The column 1-general (normal trade relations) rates of duty for the subject products are duty-free.

Seamless pressure pipes sold in the United States are commonly produced to the ASTM A-106 standard.

Seamless standard pipes are most commonly produced to the ASTM A-53 specification and generally are not intended for high temperature service. They are intended for the low temperature and pressure conveyance of water, steam, natural gas, air and other liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipes (depending on type and code) may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A-333 or ASTM A-334 specifications.

Seamless line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Seamless line pipes are produced to the API 5L specification.

Seamless water well pipe (ASTM A-589) and seamless galvanized pipe for fire protection uses (ASTM A-795) are used for the conveyance of water.

Seamless pipes are commonly produced and certified to meet ASTM A-106, ASTM A-53, API 5L-B, and API 5L-X42 specifications. To avoid maintaining separate production runs and separate inventories, manufacturers typically triple or quadruple certify the pipes by meeting the metallurgical requirements and performing the required tests pursuant to the respective specifications. Since distributors sell the vast majority of this product, they can thereby maintain a single inventory to service all customers.

The primary application of ASTM A-106 pressure pipes and triple or quadruple certified pipes is in pressure piping systems by refineries, petrochemical plants, and chemical plants. Other applications are in power generation plants (electrical-fossil fuel or nuclear), and in some oil field uses (on shore and off shore) such as for separator lines, gathering lines and metering runs. A minor application of this product is for use as oil and gas distribution lines for commercial applications. These applications constitute the majority of the market for the subject seamless pipes. However, ASTM A-106 pipes may be used in some boiler applications.

Redraw hollows are any unfinished pipe or “hollow profiles” of carbon or alloy steel transformed by hot rolling or cold drawing/hydrostatic testing or other methods to enable the material to be sold under ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications.

The scope of these investigations includes all seamless pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, with the exception of the specific exclusions discussed below, and whether or not also certified to a non-covered specification. Standard, line, and pressure applications and the above-listed specifications are defining characteristics of the scope of these investigations. Therefore, seamless pipes meeting the physical description above, but not produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications shall be covered if used in a standard, line, or pressure application, with the exception of the specific exclusions discussed below.

For example, there are certain other ASTM specifications of pipe which, because of overlapping characteristics, could potentially be used in ASTM A-106 applications. These specifications

generally include ASTM A-161, ASTM A-192, ASTM A-210, ASTM A-252, ASTM A-501, ASTM A-523, ASTM A-524, and ASTM A-618. When such pipes are used in a standard, line, or pressure pipe application, with the exception of the specific exclusions discussed below, such products are covered by the scope of these investigations.

Specifically excluded from the scope of these investigations are boiler tubing and mechanical tubing, if such products are not produced to ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-335, ASTM A-589, ASTM A-795, and API 5L specifications and are not used in standard, line, or pressure pipe applications. In addition, finished and unfinished OCTG are excluded from the scope of these investigations, if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG order, finished and unfinished OCTG are included in this scope when used in standard, line or pressure applications.

Description and End Uses[22]

Steel pipes and tubes are made in circular, rectangular, or other cross sections, and are generally manufactured by either the welded or seamless production process.[23] Steel pipe and tube manufactured through either process can be further categorized by the grades of steel–particularly carbon and alloy grades–used in steel production. Included in alloy are heat-resisting, stainless, and "other" alloy grades. Additionally, steel pipes and tubes can be further categorized by end use. The American Iron and Steel Institute (AISI) has defined six such end-use categories, which are standard pipe, line pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and oil country tubular goods (OCTG).[24] Subject products are defined as CASSLP pipe.

Steel pipes and tubes are generally produced according to standards and specifications published by a number of organizations, including the ASTM, the American Society of Mechanical Engineers (ASME), and the API. Comparable organizations in the United Kingdom, Japan, Russia, and other countries also have developed standard specifications for steel pipes and tubes.[25]

Seamless standard pipe is most commonly produced to American Society for Testing and Materials (ASTM) A-53 specification, and is generally 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 sprinklers, and other related uses.

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[22] The information in this section of the report is derived from the original investigations. *See Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Inv. Nos. 731-TA-847 and 850 (Final)*, USITC Publication 3311, June 2000; and *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from the Czech Republic, Mexico, and Romania, Inv. Nos. 731-TA-846, 848, and 849 (Final)*, USITC Publication 3325, August 2000.

[23] Seamless pipes and tubes commonly are used in demanding applications that require exceptional strength, high pressure containment, and a great degree of reliability. Welded pipes and tubes more commonly are used to transport liquids at or near atmospheric pressure. For a further discussion of the comparison of certain seamless pipe and welded pipe, *see* the *Interchangeability* subheading of this section of the report.

[24] Standard, line, and pressure pipe is generally intended to convey liquids and is typically tested and rated for its ability to withstand hydrostatic pressure. Structural pipe and tubing is used for load-bearing purposes and construction, although only small amounts of seamless pipe are used in structural applications. Seamless mechanical tubing is typically a custom-designed product employed within the automotive industry and by equipment manufacturers. OCTG are steel pipes and tubes used in the drilling of oil and gas wells and in the conveying of oil and gas from within the well to ground level.

[25] Particular specifications to which pipe products are produced are commonly marked on each pipe and are referred to as a "stencil."

Seamless line pipe is produced to the American Petroleum Institute (API) 5L specification, and is intended for the conveyance of oil and natural gas and other fluids in pipe lines.

Seamless pressure pipe is commonly produced to ASTM A-106 specification, and is intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gases in industrial piping systems.[26]

Seamless pipe is commonly produced and certified to meet multiple specifications which reduces the need for separate production runs and inventories for pipe sold in different markets.[27] Manufacturers often quadruple certify pipe made to ASTM A-106, ASTM A-53, API 5L Grade B, and API 5L X-42 specifications,[28] thus allowing distributors to maintain a single inventory of quad stenciled pipe for use in multiple applications.[29] Small and, to a somewhat lesser extent, large diameter CASSLP pipe are commonly produced and certified to the quad stencil specification.[30]

Small vs. Large Pipe

Pipe diameter is the distinguishing characteristic that differentiates between subject small and large diameter pipe. Small diameter subject pipe is less than or equal to 4.5 inches (114.3 mm) in outside diameter (OD), whereas large diameter pipe is greater than 4.5 inches (114.3 mm) up to and including 16 inches (406.4 mm) in OD. Small diameter pipe is frequently used in petrochemical and other non-pipeline applications. Small diameter pipe ranging from 0.5 to 1.5 inches OD may be used for high pressure construction applications–for example, in refineries or chemical plants.[31] Small diameter pipe in sizes ranging from 2 to 3 inches in outside diameter is typically pressure pipe used for high pressure

[26] Seamless carbon steel ASTM A-106 B pressure pipe may be used in temperatures of up to 1,000 degrees Fahrenheit, at various ASME code stress levels. Alloy piping made to ASTM standard A-335 (excluded from Commerce's scope for large diameter CASSLP pipe) must be used if temperature and stress levels exceed those allowed for ASTM A-106 and ASME codes.

[27] Hearing transcript, pp. 104-05 (Leland).

[28] Quadruple certification is referred to as a "quad stencil," whereby manufacturers put four stencils, or markings, on the pipe to show that it has been produced to meet the requirements and tests pursuant to the respective specifications.

[29] Hearing transcript, p. 105 (Leland).

[30] USITC staff e-mail correspondence with ***, March 20, 2005; hearing transcript, pp. 105-106 (Leland).

[31] Hearing transcript, p. 159 (Binder).

applications.[32] Pipe with larger outside diameters (especially pipe with an OD greater than 4.5 inches (corresponding to a nominal pipe size of 4)) is typically line pipe used in gas transmission,[33] as well as in pipeline construction.

Carbon Steel vs. Alloy Steel Pipe

Most steel products, including those subject to these reviews, are produced from carbon steel, which contains controlled amounts of carbon and manganese.[34] Alloy steels, which provide physical properties not achievable to the same degree with carbon steels,[35] contain controlled amounts of alloying elements–usually, nickel, chromium, and molybdenum.[36] ASTM specifications that include alloy steel and that are referred to in these reviews are ASTM A-333 and A-334 (covering carbon and alloy seamless pipe and tube for low temperature service),[37] and ASTM A-335 (covering alloy steel pipe for high temperature service).[38]

The distinguishing characteristics of alloy steel pipe are its physical properties, which make the alloy steel pipe suitable for application in high temperature or low temperature service. Uses can differ from those of carbon steel pipe, based upon the service requirements and temperature and pressure requirements of the ASME Boiler and Pressure Code.

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[32] Ibid., p. 159.

[33] Ibid., p. 160. Pipe with as outside diameter of less than 4.5 inches is used on occasion in line pipe applications. USITC staff e-mail correspondence with ***, March 20, 2006.

[34] Manganese primarily increases tensile strength and hardness, while reducing ductility and weldability. USITC staff e-mail correspondence with ***, March 20, 2006.

[35] Alloy steels achieve a high degree of strength and toughness while maintaining weldability–attributes that can be achieved with carbon steels, though not always to the same degree. USITC staff e-mail correspondence with ***, March 20, 2006

[36] Nickel primarily increases toughness, especially at lower temperatures, as well as increases tensile strength and hardness, while slightly reducing weldability. Chromium primarily increases tensile strength and hardness, and reduces weldability. Higher concentrations of chromium can improve corrosion and abrasion resistance. Molybdenum primarily increases tensile strength and hardness, but reduces weldability. USITC staff e-mail correspondence with ***, March 20, 2006.

[37] ASTM A-333 and A-334 cover several grades of steel used for low temperature applications. Grade 1, 6, and 10 are carbon steel grades. Grades 3, 4, 7, 8, 9, and 11 are alloy steel grades containing nickel and additional alloying elements. The most common alloy steel grade is grade 3, which contains about 3.5 percent nickel. *See 2000 Annual Book of ASTM standards, Section 1, Iron and Steel Products, Vol. .01.01, Steel–Piping, Tubing, and Fittings* (West Conshohocken, PA), pp. 194-207.

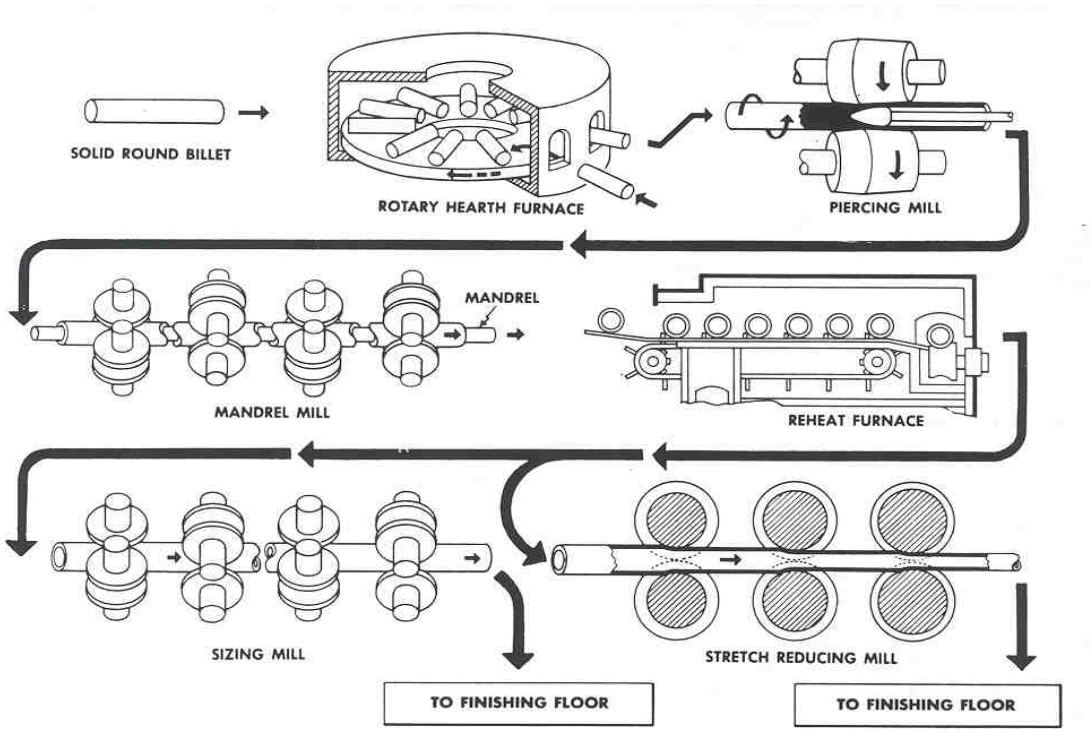
[38] Excluded from Commerce's scope for large diameter CASSLP pipe. ASTM A-335 covers 12 different alloy compositions for high temperature service. All contain molybdenum in sufficient amount to be considered alloy steel. *See 2000 Annual Book of ASTM standards, Section 1, Iron and Steel Products, Vol. .01.01, Steel–Piping, Tubing, and Fittings* (West Conshohocken, PA), pp. 208-215.

Manufacturing Process

In the United States, steel used to produce CASSLP pipe is made by either the basic-oxygen process, in which scrap is added to molten pig iron and alloying materials to convert into molten steel, or by the electric-arc furnace (EAF) process, in which steel scrap, direct-reduced iron, cold pig iron, and alloying materials are melted and converted into molten steel. The chemical composition of steel, including the level of carbon, manganese, and any alloying elements, such as nickel, chromium, and molybdenum, is controlled in the melting process. Molten steel produced by either steelmaking process is continuously cast into either round or square billets. CASSLP pipe producers that do not maintain steelmaking operations use purchased billets or redraw hollows as their raw material.

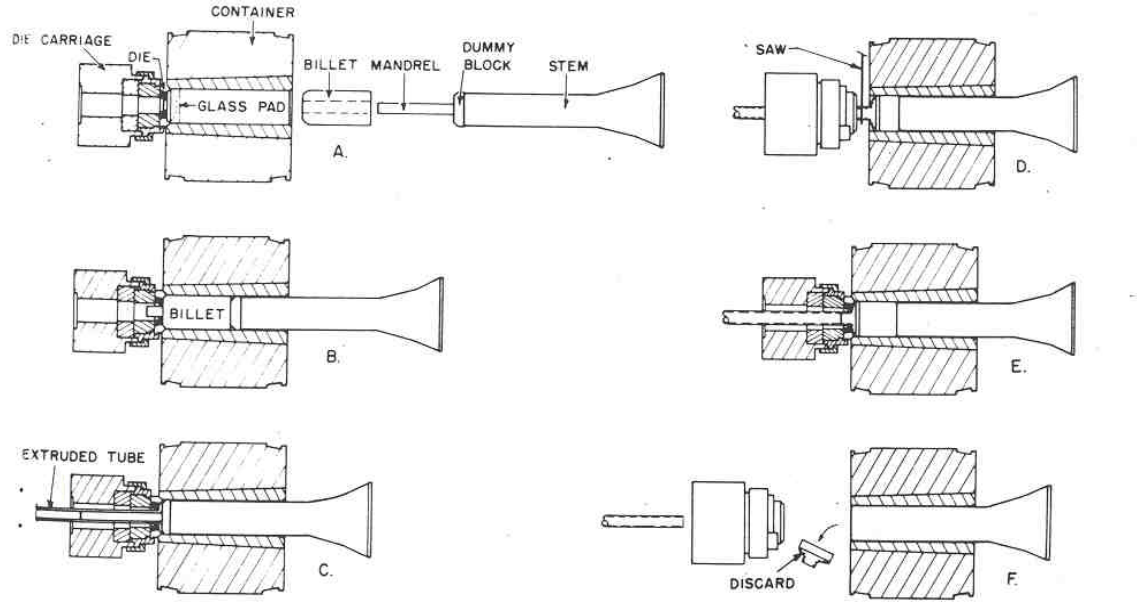
CASSLP pipe is manufactured by either of two high temperature processes to form a central cavity in a solid steel billet. In the rotary piercing process, a heated billet is gripped by angled rolls, which cause the billet to rotate and advance over a piercer point, forming a hole through its length (figure I-1). In the extrusion process, the billet is hot punch-pierced and then extruded axially through a die and over a mandrel, forming a hollow shell (figure I-2). The hollow shell produced by either process is then rolled with either a fixed plug or a continuous mandrel inside the shell to reduce the wall thickness and increase the length. The shell is then rolled in a sizing mill or a stretch reduction mill where it is formed in a true round and sized to the required diameter.

Figure I-1
Sequence of operations used to produce seamless pipe products by piercing and rolling



Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products,* October 1980, p. 17.

Figure I-2
Cycle of operations in the production of an extruded tubular section



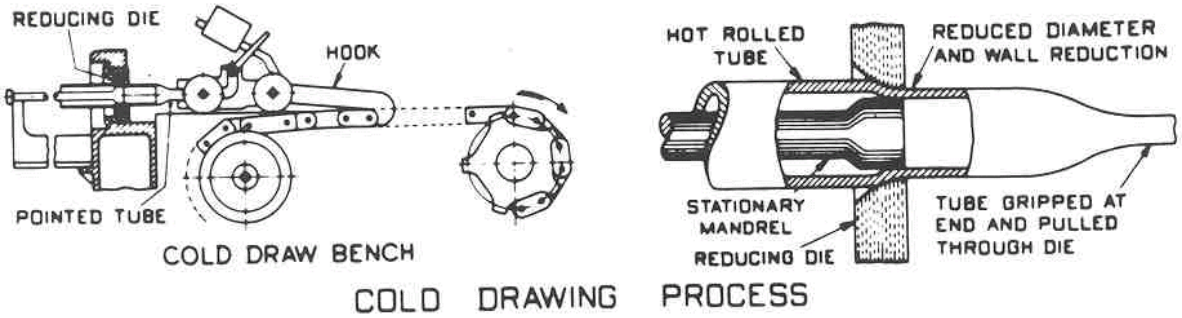
Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products,* October 1980, p. 19.

Whereas CASSLP pipe is normally furnished hot-finished, small diameter pipe of less than two inches in outside diameter is often cold drawn because hot-rolling of small diameter pipe is often not possible, although the minimum diameter for hot rolling differs from producer to producer because of differences in equipment capabilities.[39] Pipe also may be cold drawn in order to provide a surface finish smoother than that which can be produced by hot finishing. When pipe is to be cold drawn, seamless hollows (called redraw hollows) are first pickled in acid to remove scale and oxides from both the outside and inside surfaces. Redraw hollows are then rinsed in water and coated with a lubricant for cold drawing. The hollow is pulled through a die and over an internal mandrel, which reduces the outside diameter and increases the length (figure I-3). The mandrel inside the hollow controls the inside diameter and the wall thickness. Following cold drawing, the hollows are annealed (heat treated).[40]

[39] ***. USITC telephone interview with ***, March 13, 2006.

[40] Some alloy steel pipe and some carbon steel pipe may require heat treating, which may involve one or more heating cycles in either a continuous furnace or a batch furnace, with controlled rates of cooling. Specific heat treating requirements are dependent upon the grade of steel being processed and the specification to which the steel pipe is produced.

Figure I-3
Diagram of the cold drawing process



Source: AISI, *Steel Products Manual: Steel Specialty Tubular Products,* October 1980, p. 25.

Finishing operations on subject CASSLP pipe include straightening, cutting to length, inspection, testing, end finishing (e.g., beveling or threading), and coating. Pipes may be furnished galvanized (hot-dip zinc coated) and may be threaded and coupled.

Other steel seamless tubing products that are produced on the same equipment as subject CASSLP pipe include CASSLP pipe with OD greater than 16 inches, mechanical tubing, pressure tubing, structural pipe and tubing, OCTG, and coupling stock. Table I-5 shows the quantity of shipments in the United States of all seamless tubular products during 2000-05, as reported by the AISI. These data may not include shipments of all producers; are not available according to small and large diameter products; and include production of CASSLP pipe in diameters over 16 inches. However, they indicate that during the period of review, CASSLP pipe declined as a share of seamless tubular products by reporting companies, but still accounted for approximately 17 percent of shipments in 2005.

Table I-5
Seamless carbon and alloy steel tubular products: Net shipments by U.S. producers, 2000-05

Product	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
CASSLP pipe	393,078	415,199	299,515	265,092	380,471	375,591
Oil country tubular goods	992,327	986,392	706,672	915,796	1,264,137	1,353,799
Mechanical tubing	429,984	383,217	333,766	311,004	378,919	393,776
Pressure tubing	35,148	29,326	(1)	(1)	34,110	41,931
Structural pipe and tubing, pipe for piling	15,393	7,946	35,853	38,451	20,355	18,494
Total	1,865,930	1,822,080	1,375,806	1,530,343	2,077,992	2,183,591

[1] None reported.

Note.--Data include shipments of pipe with outside diameters greater than 16 inches.

Source: AISI, 10P Report, 2000-05.

Interchangeability

In general, because of engineering design and specifications, there is limited interchangeability between pipe of different sizes, between pipe made from different manufacturing processes (i.e., seamless vs. welded), and between carbon and alloy steel pipe. Whereas small diameter CASSLP pipe frequently is used in petrochemical and other standard applications such as the conveyance of water, steam, chemicals, natural gases, and other liquids and gases in industrial piping systems, in addition to oil and gas pipelines, large diameter CASSLP pipe is used primarily in pipeline construction for oil, gas, or water, or utility distribution systems.

Seamless and welded pipe are produced in different manufacturing facilities and produced using different equipment.[41] Seamless pipe can generally be substituted for welded pipe, but not vice versa. The substitution of seamless pipe for welded pipe would generally be economically prohibitive because of the higher price of seamless pipe. Additionally, seamless pipe is generally perceived to be a stronger, more reliable product, due to the absence of a longitudinal weld, in which failures could occur.

Alloy seamless standard, line, and pressure (SSLP) pipe may be used in all seamless carbon SSLP pipe applications according to end-use design, but generally not vice versa. Alloy steels provide added strength and toughness (while maintaining weldability), which can be achieved with carbon steels, though not always to the same degree.[42] Carbon SSLP pipe may therefore be subject to physical limitations based on engineering design specifications and requirements, which alloy seamless SSLP pipe may meet.

DOMESTIC LIKE PRODUCT ISSUES

This section presents information related to the Commission's "domestic like product" determination.[43] In its original determinations regarding imports of small and large diameter CASSLP pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa, the Commission found that small diameter and large diameter CASSLP pipe, corresponding to Commerce's scope definitions, constituted separate domestic like products.[44]

In the original investigations, the Commission examined two separate domestic like product issues. First, as addressed above, the Commission examined whether small and large diameter CASSLP pipe constituted one or two domestic like products.[45] Second, the Commission examined whether carbon

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[41] Whereas seamless pipe is produced from billets, which are rotary pierced or extruded and hot rolled on a plug mill or mandrel mill, or redraw hollows, which are cold drawn, welded pipe is produced from flat rolled sheet, which is rolled on hot-strip mills. The sheet is then formed into tubular shape by a series of rollers. Once in tubular form, the edges of the sheet are joined together by various welding processes to form a pipe or tube.

[42] USITC staff e-mail correspondence with ***, March 20, 2006.

[43] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities, production process, and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

[44] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final)*, USITC Publication 3311, June 2000, p. 11; *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Czech Republic, Mexico, and Romania, Invs. Nos. 731-TA-846, 848, and 849 (Final)*, USITC Publication 3325, August 2000, pp. 3-4.

[45] The Commission determined that it "generally has not drawn lines based on size, and has looked for other points of distinction before finding separate like products. However, in addition to the size difference, we find other important differences between large diameter and small diameter pipe. Small and large diameter pipe have somewhat different end uses and limited interchangeability, are priced differently, are perceived as different products by producers and customers, and (with few exceptions) are manufactured in different mills with different

(continued...)

and alloy pipe constituted one or separate domestic like products. With regard to the second issue, the Commission majority concluded that carbon and alloy pipe constitute a single domestic like product.[46]

In their submissions to the Commission in the course of these reviews, the domestic interested parties stated that they support the Commission's definition of the domestic like product made in the original investigations.[47] Respondent interested parties have not raised any issues regarding the Commission's original domestic like product determination.[48]

Carbon and Alloy SSLP

In the current reviews, the Commission asked U.S. producers to comment on factors traditionally used by the Commission to aid in its domestic like product finding including (1) physical characteristics and uses; (2) common manufacturing facilities, production process, and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. A summary of the information gathered in these reviews follows.[49]

Physical Characteristics and Uses

Carbon SSLP pipe and alloy SSLP pipe are both circular and seamless and share many of the same chemical elements, and both may be heat treated.[50] Carbon steel, however, contains controlled amounts of carbon and manganese, while alloy steels contain controlled amounts of alloying elements, such as nickel, chromium, and molybdenum, and provide physical properties and strength not achievable with carbon steel. In response to the Commission's questionnaire, *** noted that differences in physical characteristics are limited to the chemical properties of the steel grade. Wall measurements do not differ between carbon and alloy SSLP pipe.

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[45] (...continued)
equipment." *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final)*, USITC Publication 3311, June 2000, pp. 8-9.

[46] The Commission majority found that "carbon pipe and alloy pipe comprise a continuum of seamless pipe products. While there are a number of differences between carbon and alloy pipe, we find those differences to be less significant than their similarities. Seamless alloy pipe varies in chemical composition and is used in more extreme environments than seamless carbon pipe, but these differences are not controlling, particularly in the context of the characteristics and uses shared by seamless pipe products in general. . . Carbon and alloy pipe are manufactured in the same facilities with the same equipment and the same workers. The carbon/alloy price differential, customer perceptions of alloy pipe as a specialty product, and the smaller, more specialized alloy distribution network are consistent with alloy pipe's small niche within the larger seamless carbon and alloy pipe market." Ibid., p 11.

Commissioners Askey and Hillman dissented, determining that carbon and alloy seamless CASSLP pipe exhibited differences in physical characteristics, end uses, interchangeability, and price to an extent to constitute two separate domestic like products. Ibid., pp. 30 and 40-41.

[47] U.S. Steel, Koppel Steel, and V&M Star's response to notice of institution, June 21, 2005, p. 33; U.S. Steel and Koppel's prehearing brief, February 21, 2006, p. 13; V&M Star's prehearing brief, February 21, 2006, p. 3; U.S. Steel's prehearing brief, February 21, 2006, p. 10.

[48] Mittal respondents' response to notice of institution, June 21, 2005, p. 15; NKK Tube's response to the notice of institution, June 21, 2005, p. 7; Silcotub's response to notice of institution, June 21, 2005, p. 12; Mittal's prehearing brief, February 21, 2006, p. 2; Silcotub's prehearing brief, February 21, 2006, p. 1.

[49] A compilation of questionnaire responses by producers and customers is contained in app. E.

[50] The same process and equipment is used to heat treat carbon and alloy steel SSLP pipe. There are no additional processes that alloy steel SSLP pipe must undergo compared to carbon steel SSLP pipe. USITC staff e-mail correspondence with ***, March 20, 2006.

The distinguishing physical characteristic of alloy steel pipe is that its physical properties make it suitable for use in more demanding applications and environments, such as high pressure applications, and high temperature or low temperature service. In response to the Commission's questionnaire, ***, a U.S. purchaser, noted that for CASSLP pipe used in oil transmission, carbon SSLP is used for normal sweet (lower amounts of hydrogen sulfide gas) service conditions, whereas alloy SSLP pipe is commonly applied to sour (higher amounts of hydrogen sulfide gas) service applications and/or applications where temperatures and flow requirements would be unsuitable for carbon SSLP.

Interchangeability

Because of engineering design and specifications, there is limited interchangeability between carbon and alloy pipe. Both seamless carbon and alloy SSLP pipe are used to transport liquids and gases in demanding applications. Large diameter carbon and alloy SSLP pipe are both used to carry oil and gas volumes over long distances in challenging environments. However, alloy SSLP pipe is used in higher temperature and higher pressure applications, or both, for which carbon SSLP pipe may not be suitable. U.S. purchaser *** noted that in most cases, carbon SSLP pipe and alloy SSLP pipe are not interchangeable because of the performance and characteristics required of the products. U.S. purchaser *** noted that if there are no extreme temperatures or severe pressures, then interchangeability is possible, albeit, limited. Two U.S. purchasers, ***, noted that alloy SSLP pipe can be used in most carbon SSLP pipe applications, although *** noted that the price of alloy SSLP pipe is higher than that of carbon SSLP pipe. Interchangeability is discussed in further detail in Part II of this report.

Channels of Distribution

Domestic producers sell both carbon and alloy SSLP pipe primarily to distributors. According to questionnaire responses, *** percent of U.S. producers' 2004 U.S. shipments of small diameter carbon SSLP pipe were to distributors, while *** percent of their U.S. shipments of small diameter alloy SSLP pipe were to distributors. With respect to large diameter carbon SSLP pipe, *** percent of U.S. producers' 2004 U.S. shipments were to distributors, while *** percent of their U.S. shipments of large diameter alloy SSLP pipe were to distributors.

As discussed in Part II of this report, alloy SSLP pipe usually is distributed through a smaller group of distributors than is carbon SSLP pipe. The overall volume of alloy SSLP pipe, however, whether in small diameter or larger diameter sizes, is substantially smaller than the volume of carbon SSLP pipe.

Common Manufacturing Facilities, Employees, and Methods

One of the five responding producers of the seamless pipe subject to these reviews, U.S. Steel, produces alloy SSLP pipe, in both small and large diameters. U.S. Steel produces carbon SSLP pipe as well, also in both small and large diameters, and accounts for *** of 2004 small diameter CASSLP pipe production in the United States as well as *** of 2004 large diameter CASSLP production. In general, the same manufacturing facilities and production employees are used to produce both carbon and alloy SSLP pipe. In response to the Commission's questionnaire, *** noted that carbon SSLP pipe is produced using the same manufacturing processes and employees, as well as produced on the same equipment as alloy SSLP pipe.[51]

[51] *** producer questionnaire response. *** nonetheless reported that the manufacturing processes for carbon and alloy SSLP pipe are fully interchangeable. ***, a purchaser of CASSLP pipe, noted that for alloy SSLP pipe, (continued...)

Producer and Customer Perceptions

*** noted that domestic producers and customers perceive carbon and alloy SSLP pipe as a continuum of seamless pipe products that are used in demanding applications. *** noted that customer perceptions are based on particular temperature and pressure requirements as demanded in a given application. However, *** noted that there are generally no differences in customer/producer perceptions between carbon and alloy SSLP pipe if the carbon and alloy steels are made within the same steel grade.

U.S. purchasers generally noted that carbon and alloy SSLP pipe are perceived differently based on factors such as level of specialization (alloy SSLP pipe generally perceived as somewhat more specialized), end use application, availability, and price. *** noted that there are generally no differences in producer and customer perceptions between carbon and alloy SSLP pipe, except that purchasers of alloy SSLP pipe are more perceptive to specification differences. *** noted that alloy SSLP pipe is more specialized than carbon SSLP and that carbon SSLP pipe is easier to procure because of more capacity availability allotted to the production of carbon SSLP pipe. *** also noted that alloy SSLP pipe is not readily available.

Price

Sales of domestically produced alloy SSLP pipe in the United States are extremely limited. However, producers and purchasers noted that alloy grades of SSLP pipe are generally more expensive than carbon grades of SSLP pipe because additional alloying materials and manufacturing steps increase the manufacturing cost. With respect to small diameter alloy SSLP pipe, the reported average unit value for 2004, $***, was moderately higher than the reported average unit value for small diameter carbon SSLP pipe ($***). However, as shown in appendix C, the average unit values for small diameter carbon SSLP pipe were frequently moderately higher than the average unit values for small diameter alloy SSLP pipe.[52] For large diameter SSLP pipe, the average unit value of alloy pipe was $*** per short ton in 2004, compared to an average unit value of $*** for carbon pipe. The higher average unit value for alloy products was observable throughout the period for which data were collected.[53] Additional information on the prices of specific carbon and alloy SSLP pipe products appears in Part V of this report.

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[51] (...continued)
additional skills are required for heat treating.

[52] *Compare* tables C-2 and C-3; The record in these reviews suggests that differences in average unit values between small diameter carbon and alloy steel SSLP pipe are less pronounced than during the original investigations. In part, this reflects the absence of the now-closed Gulf States and the much smaller Michigan Seamless Tube (formerly Michigan Specialty). In addition to small diameter carbon steel SSLP pipe, both companies produced relatively specialized alloy pipe. *Compare* Original Report table C-4 *with* Original Report table E-3 (***). In addition, as discussed previously, both companies produced alloy pipe in size ranges that typically required cold-finishing. In contrast, U.S. Steel, which reported no production of small diameter alloy steel SSLP pipe during the original investigations, was the only reporting producer of such pipe during the current reviews. However, much of U.S. Steel's small diameter alloy steel SSLP pipe consists of alloy steel grades that are *** in chemical composition to carbon steel grades. USITC staff telephone interview with ***. Moreover, U.S. Steel produces small diameter alloy steel SSLP pipe in sizes that are at the high end of the small diameter size range and which do not require cold finishing. *See, e.g.*, table V-5 in Part V of this report (presenting data for seamless pipe stenciled to meet API 5L Grade X-52 specifications, 4.5 inches in outside diameter).

[53] *Compare* tables C-5 and C-6.

U.S. MARKET PARTICIPANTS

U.S. Producers

The Commission sent producers' questionnaires to seven firms identified as U.S. producers of CASSLP pipe. Five firms provided the Commission with responses: (1) Koppel Steel Corp. ("Koppel"); (2) Sharon Tube Co. ("Sharon"); (3) The Timken Co. ("Timken"); (4) U.S. Steel Corp. ("U.S. Steel"); and (5) V&M Star, L.P. ("V&M Star").[54] Table I-6 presents the list of responding U.S. producers of small diameter CASSLP pipe with each company's U.S. production location, share of reported U.S. production in 2004, and position on the continuation of the antidumping duty orders. Table I-7 presents the list of responding U.S. producers of large diameter CASSLP pipe with each company's U.S. production location, share of reported U.S. production in 2004, and position on the continuation of the antidumping duty orders.

Table I-6
Small diameter CASSLP pipe: U.S. producers, U.S. production locations, shares of reported U.S. production in 2004, and positions on the continuation of the antidumping duty orders

Firm	Production location	Share of production (*percent*)[1]	Position on continuation of the orders[2]
Koppel[3]	Beaver Falls, PA	***	Support[4]
Sharon	Sharon, PA	***	***
Timken	Canton, OH	***	***
U.S. Steel	Fairfield, AL Lorain, OH	***	Support

[1] Production of small diameter alloy SSLP pipe accounted for *** percent of total 2004 production. *** U.S. producer to report production of small diameter SSLP pipe during the period of review.
[2] Unless otherwise noted, firms stated as supporting the continuation of the antidumping orders do so for the orders on all countries.
[3] Koppel is a wholly owned subsidiary of NS Group, Inc. of Newport, KY.
[4] Koppel takes no position regarding the continuation of the antidumping duty orders on large diameter CASSLP pipe from Japan and Mexico.

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

[54] Wheatland Tube Co. reported that it did not produce CASSLP pipe during the period examined. Michigan Seamless Tube, LLC, believed to produce CASSLP pipe during the period examined, did not provide the Commission with a questionnaire response. In the original investigations, Michigan Specialty (now Michigan Seamless Tube, LLC) produced small diameter CASSLP pipe and accounted for less than *** percent of U.S. CASSLP pipe production in 1999.

Table I-7
Large diameter CASSLP pipe: U.S. producers, U.S. production locations, shares of reported U.S. production in 2004, and positions on the continuation of the antidumping duty orders

Firm	Production location	Share of production (*percent*)[1]	Position on continuation of the orders[2]
Timken	Canton, OH	***	***
U.S. Steel	Fairfield, AL Lorain, OH	***	Support
V&M Star[3]	Houston, TX Youngstown, OH	***	Support[4]

[1] Production of large diameter alloy SSLP pipe accounted for *** percent of total 2004 production. *** U.S. producer to report production of large diameter SSLP pipe during the period of review.
[2] Unless otherwise noted, firms stated as supporting the continuation of the antidumping orders do so for the orders on all countries.
[3] V&M Star is a joint venture between V&M Tubes, S.A., a producer of CASSLP pipe in Boulogne, France (*** percent interest) and Sumitomo Corp. of Houston, TX (*** percent interest), a wholly owned subsidiary of Sumitomo Corp. of Tokyo, Japan.
[4] V&M Star takes no position regarding the continuation of the antidumping duty orders on small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa.

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

Since the original investigations, the U.S. industry has experienced consolidation and the exit of a number of U.S. producers of CASSLP pipe. During the Commission's original investigations, there were eight U.S. producers of small and/or large diameter CASSLP pipe. These companies included: (1) Gulf States Tube Co. ("Gulf States"); (2) Koppel; (3) Michigan Specialty; (4) North Star Steel ("North Star"); (5) Sawhill Tubular, Inc.;[55] (6) Sharon; (7) Timken; and (8) U.S. Steel. Of these U.S. producers, all produced small diameter CASSLP pipe with the exception of North Star. North Star, Timken, and U.S. Steel produced large diameter CASSLP pipe.

In 2000, the parent company of Gulf States, Vision Metals, Inc., filed for bankruptcy and closed its Rosenburg, TX, CASSLP pipe production facility. Presently, the production facilities are idle. In 2002, Michigan Seamless Tube, Inc. was created to purchase the Michigan Specialty Tube Division of the defunct Vison Metals, Inc. Presently, Michigan Seamless is a part of Atlas Holdings, LLC, a private equity firm. In 2002, V&M Tubes acquired North Star's tubular division, then a wholly owned subsidiary of Cargill, Inc., and renamed the division V&M Star. Also in 2002, Wheatland Tube purchased the Sawhill Tubular Division from AK Steel, Inc. Wheatland reported that it does not produce CASSLP pipe at the former Sawhill Tubular facilities.

[55] In the original investigations, Sawhill Tubular initially identified itself as a domestic producer owing to ***. In response to the Commission's questionnaire in the final phase of the investigations, Sawhill no longer claimed to be a domestic producer. According to Sawhill, it ***. *See* *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa,* Staff Report to the Commission on Investigations Nos. 731-TA-846-850 (Final), May 25, 2000.

U.S. Importers

The Commission sent importer questionnaires to 38 firms believed to be importers of CASSLP pipe from subject and nonsubject countries, as well as to all U.S. producers.[56] Questionnaire responses containing data were received from four companies. Fourteen companies reported that they did not import CASSLP pipe during the review period.[57] Many companies that reported U.S. imports from the subject countries in the original investigations reported that they no longer import CASSLP pipe.[58] Table I-8 presents the responding U.S. importers of small diameter CASSLP pipe, their locations, and imports, by source, of small diameter CASSLP pipe in 2004. Table I-9 presents the responding U.S. importers of large diameter CASSLP pipe, their locations, and imports, by source, of large diameter CASSLP pipe in 2004.

Table I-8
Small diameter CASSLP pipe: Reported U.S. imports, by importer and by source of imports, 2004

* * * * * * *

Table I-9
Large diameter CASSLP pipe: Reported U.S. imports, by importer and by source of imports, 2004

* * * * * * *

U.S. Purchasers

The Commission received information from 15 U.S. purchasers of small diameter CASSLP pipe, 13 of which also purchased large diameter CASSLP pipe. Five of these purchasers were based in Texas, four were based in other southern states including Alabama, Oklahoma, Missouri, and Louisiana, four were based in eastern states including Virginia, West Virginia, and Pennsylvania, and one each was based in Illinois and California. All 14 purchasers that reported the quantity of small diameter CASSLP pipe they purchased reported U.S.-produced product and all purchased small diameter carbon SSLP pipe. Only two purchasers reported purchasing small diameter alloy SSLP pipe, ***. Two purchasers, ***, were by far the largest purchasers. *** reported purchases of small diameter CASSLP pipe from Romania, reporting purchases in ***; *** reported purchases of small diameter CASSLP pipe from South Africa, although only in ***; and nine purchasers reported purchases of small diameter CASSLP pipe from nonsubject countries.

Fifteen purchasers of large diameter CASSLP pipe responded to the questionnaire. Seven of these purchasers were based in Texas, four were based in other southern states including Alabama, Oklahoma, Missouri, and Louisiana, two were based in eastern states including West Virginia and Pennsylvania, and one each was based in Illinois and California. All 14 purchasers that reported the quantity or value of large diameter CASSLP pipe they purchased reported purchasing large diameter carbon SSLP pipe, and 13 reported purchasing U.S.-produced product. Only three purchasers reported purchasing large diameter alloy SSLP pipe, ***. ***, were by far the largest purchasers. *** reported purchasing large diameter CASSLP pipe from Japan; *** in each year. *** reported purchasing large

[56] The Commission sent questionnaires to those firms identified in the original investigations, along with firms that, based on a review of proprietary data provided by Customs, may have imported CASSLP pipe since 2000.

[57] These companies included: ***.

[58] These companies included: ***.

diameter CASSLP pipe from Mexico in *** respectively; and eight purchasers reported purchasing large diameter CASSLP pipe from nonsubject countries.

APPARENT U.S. CONSUMPTION, MARKET SHARES, AND RATIO TO U.S. PRODUCTION

Table I-10 presents apparent U.S. consumption, table I-11 presents U.S. market shares, and table I-12 presents U.S. production and the ratio of subject imports to U.S. production of small diameter CASSLP pipe during the review period. Table I-13 presents apparent U.S. consumption, table I-14 presents U.S. market shares, and table I-15 presents U.S. production and the ratio of subject imports to U.S. production of large diameter CASSLP pipe during the review period.

Table I-10
Small diameter CASSLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2000-04, January-September 2004, and January-September 2005

Item	2000	2001	2002	2003	2004	Jan.-Sept. 2004	Jan.-Sept. 2005
				Quantity (*short tons*)			
U.S. producers' U.S. shipments	***	***	***	***	***	***	***
U.S. imports from--							
Czech Republic	310	11	367	355	1	1	130
Japan	1,914	909	408	865	79	67	221
Romania	3,436	16,573	9,182	11,562	18,718	13,531	1,611
South Africa	442	0	0	0	0	0	0
Subtotal	6,102	17,492	9,957	12,782	18,798	13,598	1,961
Other sources	89,194	85,959	77,021	88,235	124,607	93,852	96,258
Total imports	95,296	103,451	86,977	101,017	143,405	107,451	98,219
Apparent consumption	***	***	***	***	***	***	***
				Value (*$1,000*)			
U.S. producers' U.S. shipments	***	***	***	***	***	***	***
U.S. imports from--							
Czech Republic	142	71	359	2,008	3	3	115
Japan	3,553	1,018	1,205	2,872	513	401	531
Romania	1,722	8,122	4,627	6,102	12,996	8,966	1,971
South Africa	191	0	0	0	0	0	0
Subtotal	5,608	9,211	6,191	10,983	13,511	9,370	2,618
Other sources	63,994	61,022	55,627	63,866	93,355	67,965	101,949
Total imports	69,601	70,233	61,818	74,849	106,866	77,335	104,566
Apparent consumption	***	***	***	***	***	***	***

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

Table I-11
Small diameter CASSLP pipe: U.S. market shares, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table I-12
Small diameter CASSLP pipe: U.S. production and ratio of imports to U.S. production, 2000-04, January-September 2004, and January-September 2005

Item	2000	2001	2002	2003	2004	Jan.-Sept. 2004	Jan.-Sept. 2005
Quantity *(short tons)*							
U.S. production	***	***	***	***	***	***	***
U.S. imports from--							
Czech Republic	310	11	367	355	1	1	130
Japan	1,914	909	408	865	79	67	221
Romania	3,436	16,573	9,182	11,562	18,718	13,531	1,611
South Africa	442	0	0	0	0	0	0
Subtotal	6,102	17,492	9,957	12,782	18,798	13,598	1,961
All other sources	89,194	85,959	77,021	88,235	124,607	93,852	96,258
Total	95,296	103,451	86,977	101,017	143,405	107,451	98,219
Ratio of imports to U.S. production *(percent)*							
Czech Republic	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***
Romania	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

[1]Less than 0.05 percent.

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

Table I-13
Large diameter CASSLP pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table I-14
Large diameter CASSLP pipe: U.S. market shares, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table I-15
Large diameter CASSLP pipe: U.S. production and ratio of imports to U.S. production, 2000-04, January-September 2004, and January-September 2005

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

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

SMALL DIAMETER CASSLP PIPE MARKET CHARACTERISTICS

Small diameter CASSLP pipe is produced and sold in both carbon steel grades and alloy steel grades. Carbon steel pipe is produced to triple and quadruple certification as standard, line, and pressure pipe. In 2000-04 carbon steel pipe comprised *** to *** percent of total shipments of small diameter CASSLP pipe in the U.S. market including, *** to *** percent of U.S. producers' shipments, by quantity.

In the original investigations, the Japanese respondents argued that small diameter CASSLP pipe should be divided into two segments. One segment was the carbon steel or "commodity" segment, and the second segment was alloy pipe or pressure pipe such as ASTM A333 grade 3 pipe. This latter product can be used to convey fluids at elevated temperatures or pressures. Petitioners agreed that these variations in pipe existed, but contended that carbon and alloy pipe were not separate like products. However, in the current reviews, no party has argued that carbon and alloy small diameter SSLP pipe constitute separate products.

U.S. producers sell mainly to distributors but also to end users, while responding importers of CASSLP from Romania and nonsubject countries typically sell *** to distributors. In 2004, U.S. producers reported that *** percent of their small diameter CASSLP pipe was sold to distributors and the remainder to end users. In the original investigations, domestic producers sold *** percent of their product through distributors; U.S. importers of CASSLP from *** sold *** percent through distributors; and U.S. importers of CASSLP from Japan sold *** percent through distributors in 1999.

Eleven of the 15 responding purchasers of small diameter CASSLP pipe were distributors, while four were end users.[1] Two end users reported that they made welded fittings, one reported that it processed small diameter CASSLP pipe to meet ASTM standards, and one reported that it was an energy producer. Five of the distributors reported that their customers included the oil and gas industry and five reported that their customers included other distributors or resellers. Distributors also reported selling to firms that used small diameter CASSLP for pipe fabrication, mechanical contracts, ship building, equipment manufacturing, commercial, industrial, processing industries, and transmission and/or gathering (generally of oil and gas). All 15 responding purchasers reported purchasing small diameter carbon steel pipe, but only two firms (both distributors) reported purchasing small diameter alloy steel pipe.

The three responding U.S. producers reported selling nationwide whereas both responding importers only sold in various regions including the Northeast, the Southwest, the Gulf Coast, and the West. Three of the four responding producers reported that they arranged transportation to their purchasers, while one producer and all three responding importers reported that their customers arranged transportation. Producers and importers were also asked to estimate the share of their small diameter CASSLP pipe sales that occurred within certain distance ranges. Three of the four U.S. producers sold some product (ranging from 2 to 15 percent of the product sold) to locations under 100 miles from their facilities; three sold most of their product to locations between 101 and 1,000 miles from their facilities; and one sold most of its product to locations more than 1,000 miles from its facilities. No importers answered this question.

[1] *** reported that it was ***. This company has been included with the other end users.

SUPPLY AND DEMAND CONSIDERATIONS FOR SMALL DIAMETER CASSLP PIPE

U.S. Supply

Domestic Supply

Based on available information, staff believes that U.S. small diameter CASSLP pipe producers are likely to respond to changes in demand with small to moderate changes in shipments of U.S.-produced small diameter CASSLP pipe to the U.S. market. Factors contributing to this degree of responsiveness are discussed below.

Industry capacity

Domestic capacity for producing small diameter CASSLP pipe increased irregularly from *** short tons in 2000 to *** short tons in 2004. U.S. producers' reported capacity utilization for small diameter CASSLP pipe changed relatively little from 2000 to 2004, decreasing from *** percent in 2000 to *** percent in 2004, although it fell as low as *** percent in 2002.

U.S. Steel reported that one of its facilities that produced small diameter CASSLP pipe was running only one shift per day, and as a result, it could easily expand production. In addition, it reported that its other facilities had room to expand production.[2] Increasing production by adding an additional shift would be expected to increase production substantially and would require some added fixed costs, including the hiring of a whole new shift of workers. ***.[3] If this is typical of the type of expansion needed to increase production of small diameter CASSLP pipe, then U.S. production of small diameter CASSLP pipe could not easily expand or contract production to respond to small and or temporary changes in demand.[4]

Typically, this low level of capacity utilization of U.S. producers of small diameter CASSLP pipe would indicate that they have available capacity with which they could increase (or decrease) production of small diameter CASSLP pipe in the event of a price change. However, if changing levels of production requires major changes such as addition of new shifts, then the flexibility of the U.S. producers is much lower that these capacity utilization figures normally would suggest.

Lead times

Three of the four responding U.S. producers sell all of the small diameter CASSLP pipe they produce to order. The other U.S. producer, ***, reported that *** percent of its sales are from inventories. Times reported by the three producers for sales to order ranged from 2 to 8 weeks. *** did not report its lead times for sales from inventories. All three responding importers reported selling small diameter CASSLP pipe only on a "to order" basis. They reported lead times of 3 to 6 months.

Parties opposing continuation of the order reported that differences in lead times were an important difference between U.S. and imported product. They reported that the short lead times

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[2] Hearing transcript, p. 108 (Broglie).

[3] U.S. Steel and Koppel Steel's posthearing brief (small diameter), exhibit 1, p. 39 and exhibit 11.

[4] "You can't increase production by going to two shifts a day by a little. You have to increase production by a lot because you've effectively doubled your capacity to put product out the door and you've incurred a substantial increase in labor costs." Hearing transcript, p. 309 (Reilly), quoted in U.S. Steel and Koppel Steel's posthearing brief, exhibit 1, p. 40.

resulting from U.S. Steel's 30-day production cycle were important to the distributors.[5] The longer lead times of imported products not only tie up capital, but also reduced the distributors ability to adjust inventories to demand. As a result, they reported that shorter lead times contributed to the price premiums for U.S. product.[6]

Alternative markets

Domestic producers' exports, as a percentage of total shipments, increased irregularly between 2000 and 2004, although it varied from year to year. Exports accounted for between *** percent of total shipments (in 2001) and *** percent of total shipments (in 2004). The relatively low level of exports during the period indicates that domestic small diameter CASSLP pipe producers are likely to be somewhat constrained in their ability to shift shipments between the United States and other markets in response to price changes. Two of the four responding U.S. producers reported that it was difficult to shift to export shipments because of low prices outside the United States; one firm reported that ***; and one producer reported that it could not shift, but it did not elaborate.

Inventory levels

Since most sales are on a to-order basis, inventories would be expected to be relatively low. U.S. producers' inventories, as a share of U.S. producers' total shipments, declined irregularly from *** percent in 2000 to *** percent in 2004; inventories accounted for the highest share of total U.S. producers' shipments at *** percent in 2002. These moderate inventory levels suggest that U.S. producers have a relatively limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

U.S. producers report that distributors, rather than producers, tend to "maintain inventories on hand so that they may respond immediately to customer requirements."[7] This relieves both the producers and end users of the need to maintain sizeable inventories, but it exposes distributors to the risk of falling inventory values when prices decline.[8]

According to a survey conducted by staff, two of the six responding distributors valued their inventories on a first in first out (FIFO) basis, two reported valuing their inventories on a last in first out (LIFO) basis, one reported using both FIFO and LIFO valuation, and one reported other methods of valuing inventories. Distributors were also asked to characterize their inventories of small diameter CASSLP pipe as high, low, or moderate. Five of the eight responding distributors reported moderate inventories, the other three reported high inventories. They were also asked to compare current inventories to those in March 2005 and to compare the current ratio of inventories to shipments to the ratio in March 2005. Four of the eight responding distributors reported that inventories had increased relative to March 2005 inventories by more than 5 percent, two reported they had increased by less than 5 percent, one reported unchanged inventories, and one reported inventories had decreased by more than 5 percent. The ratio of inventories to shipments were also reported to have increased more than 5 percent by three of the eight responding distributors, while one distributor reported that inventories had increased by less than 5 percent, two distributors reported that this was unchanged, and two reported that inventories relative to shipments had decreased by more than 5 percent between 2005 and 2006.

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[5] Hearing transcript, pp. 236-237 (Allen).

[6] Hearing transcript, pp. 286-287 (Reilly).

[7] Hearing transcript, p. 63 (Leland).

[8] Hearing transcript, pp. 63-64 (Leland).

Production alternatives

Three of the four responding producers stated that they could switch production from small diameter CASSLP pipe to other products. Three firms stated that they could switch to other forms of tube, and one firm also reported that it could switch to "semifinished products."

Domestic interested parties reported that U.S. producers did not tend to shift production between OCTG and small diameter CASSLP pipe.[9] In contrast, the respondent interested parties reported that the increase in production of (more profitable) OCTG both in the United States and overseas limited firms' ability to supply small diameter CASSLP pipe to the U.S. market, and that this had contributed to the increase in the price of small diameter CASSLP pipe.[10] The respondent interested parties also reported that U.S. producers have distributors on allocation for OCTG,[11] a contention that certain producers and purchasers dispute.[12]

Supply of Subject Imports to the U.S. Market

Czech Republic

Data on the Czech industry were available from Mittal Steel, which reported that it accounted for *** percent of Czech production.[13] Its capacity fell from *** short tons in 2000 to *** short tons in 2002 and then rose to *** short tons in 2004.[14] Its capacity utilization rate ranged from a high of *** percent in 2001 to a low of *** percent in 2002, before rising to *** percent in 2004. Mittal Steel reported *** and *** exports to United States. Export share to other countries, notably those of the European Union, increased from *** percent in 2000 to *** percent in 2004.

Both high capacity utilization and low inventories reduce the ability of this Czech producer to increase shipments to the United States, while rising exports to other countries and rising total capacity may indicate a greater ability to shift sales to the U.S. market.

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[9] Hearing transcript, pp. 91-92 (Broglie and Lindgren).

[10] Hearing transcript, pp. 245-246 (Reilly).

[11] Hearing transcript, p. 288 (Allen).

[12] U.S. Steel and Koppel's posthearing brief, March 13, 2006 (small diameter), exhibits, 30 and 31, Declarations of ***.

[13] However, Mittal reported that it was the only Czech producer that had sold product in the United States at the time of the original investigations, and Mittal did not expect that the other Czech producer would enter the U.S. market in the foreseeable future. Hearing transcript, pp. 296-297 (Gurley). At the time of the initial investigations, the petitioners identified three Czech producers, Chomutov, Nova Hut, and Vitkovice. Chomutov reported that it ***. Nova Hut exported to the United States in the original investigations and is now Mittal Ostrava. Vitkovice did not respond to the questionnaire either the investigations or these reviews.

[14] The changes in capacity ***.

Japan

Data on the Japanese industry were only available from NKK Tubes, which reported that it accounted for *** percent of Japanese production. Its capacity for each of the full years for which the company reported remained at *** short tons through 2004. Capacity utilization rose irregularly from a low of *** percent in 2000 to a high of *** percent in 2004. Inventories relative to total shipments fell from *** percent in 2000 to *** percent in 2003. The company's export share to the United States was *** percent in 2000 and *** percent in 2001; NKK did not export to the United States after 2001. The export share to other countries fell from *** percent in 2000 to *** percent in 2001, rose to *** percent in 2003, and then fell to *** percent in 2004.

NKK Tubes' relatively moderate capacity utilization rate and high and apparently flexible exports to other countries indicate that it has some ability to shift product sales to the U.S. market. This is somewhat reduced by the declining level of inventories. The small share of all Japanese production represented by NKK Tubes limits the usefulness of these data in determining overall Japanese ability to shift to the U.S. market.

Romania

Data on the Romanian industry were available from Mittal, Artrom, and Silcotub which reported that their production accounted for Romanian production of subject product.[15] Their Romanian capacity fell steadily from *** short tons in 2000 to *** short tons in 2003, and then rose to *** short tons in 2004.[16] Capacity utilization was at its lowest in 2000 at *** percent, rose to *** percent in 2002, then fell to *** percent in 2004, before rising to *** percent in January through September 2005. Inventories to total shipments rose from a low of *** percent in 2000 to a high of *** percent in 2003 and then fell to *** percent in 2004. The producers' export share to the U.S. market rose irregularly from *** percent in 2000 to *** percent in 2004. Exports to other countries, as a share of total shipments, ranged from a low of *** percent in 2003 to a high of *** percent in 2004. Silcotub reported that with its purchase by Tenaris in December of 2004, it has shifted its focusing to production of higher value added product not covered by these investigations and on its regional market, increasing sales to Romania, the EU, and nearby countries.[17] Romania expects to join the EU 2007,[18] increasing its integration with this region.

The Romanian producers' relatively large capacity, low capacity utilization, and rising exports to the United States and to other countries, all indicate an ability to increase shipments to the United States relatively rapidly. The recent reduction in inventories would somewhat decrease this ability.

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[15] All three Romanian producers, Silcotub, Republica, and Petrotub, that were identified by the petitioners in the original investigations, responded to the foreign producer questionnaires in those investigations. Respondent interested parties report that Republica is currently out of business. Petrotub, now Mittal Roman, Silcotub, and Artrom responded to the foreign producer's questionnaires in these reviews. These were reported to be all the Romanian producers of the subject product. Hearing transcript, pp. 295-296 (Gurley).

[16] The changes in capacity ***.

[17] Hearing transcript, pp. 255-256 (Daneo).

[18] Hearing transcript, p. 40 (Gurley).

South Africa

Data on the South African industry were available from Mittal, which reported that it accounted for *** of South African production of subject product. Mittal's reported capacity increased from *** short tons in 2000 to *** short tons in 2004. Capacity utilization rose from a low of *** percent in 2001 to a high of *** percent in 2004. Inventories as a share of total shipments ranged from a low of *** percent in 2001 to a high of *** percent in 2002. South Africa had virtually no exports to the United States during the period for which data were collected. Export to other countries, as a share of total shipments, ranged from a low of *** percent in 2002 to a high of *** percent in 2004.

South Africa's increasing capacity, moderate inventories, and large share of shipments sold to markets outside the United States all point to flexibility to shift shipments into the U.S. market. However, the rising capacity utilization rate may offset this flexibility.

U.S. Demand

U.S. demand for small diameter CASSLP pipe depends on its end use markets. Carbon SSLP pipe is used in oil and gas transmission, in construction and repair of refining facilities, the chemical industry, in power generation, and in mechanical applications for general construction. Alloy SSLP pipe was reported to be used in oil and gas transmission, in construction, and repair of refining facilities.[19] Because small diameter CASSLP pipe is used mainly in transmission and refining of gas and oil, demand is influenced by the price of gas and oil. High current gas and oil prices and oil future prices (figure II-1) are reflected in relatively high current demand. For small diameter CASSLP pipe, construction also plays an important role in demand. GDP levels (figure II-2) reflect both construction and underlying demand for energy.

Price changes for small diameter CASSLP pipe will likely have only a small effect on consumption. First, the substitutes for small diameter CASSLP pipe are limited to a few applications and those in which the substitutes are specially engineered. Second, although the cost share of small diameter CASSLP pipe tends to be high in most intermediate products such as welded fittings, the cost share of small diameter CASSLP pipe in oil or gas is small. In addition, it is unlikely that there are many viable substitutes for the end products that use small diameter CASSLP pipe.

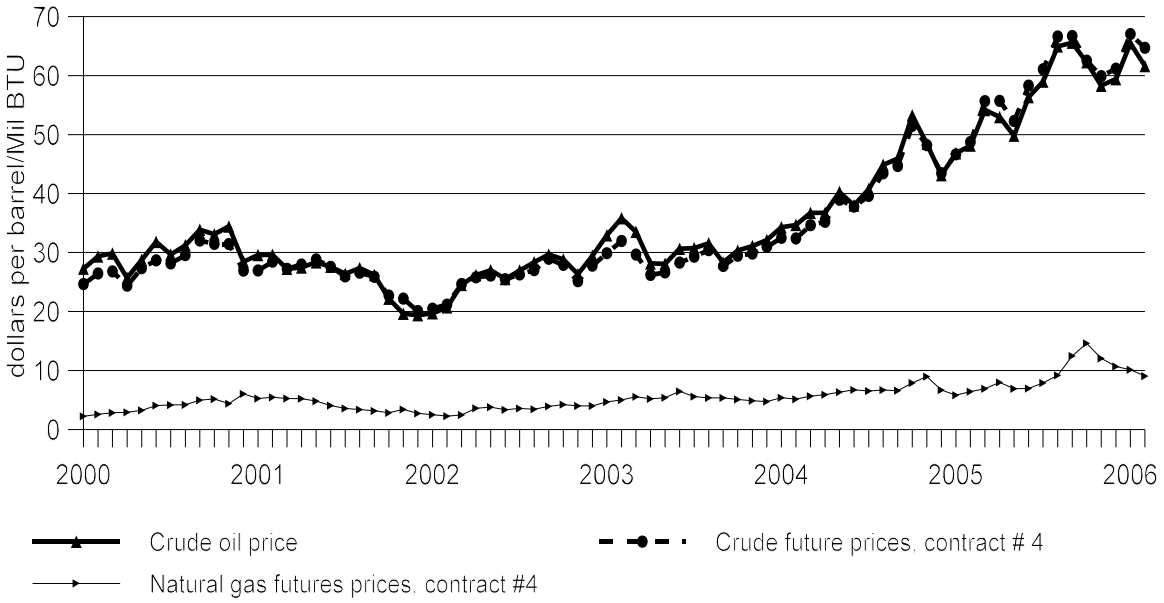
Demand Characteristics

Available data indicate that apparent U.S. consumption of small diameter CASSLP pipe increased irregularly from *** short tons in 2000 to *** short tons in 2004, with apparent U.S. consumption reaching its lowest level, *** short tons, in 2002. Overall, apparent U.S. consumption in 2004 was *** percent higher than in 2000 and *** percent higher than in 2002.

Producers, importers, and purchasers were asked to discuss trends in demand in the United States since 2000. Two of the three responding U.S. producers, one of the two responding importers, and six of the 12 responding purchasers reported that demand within the United States had not changed. One producer reported that demand had fluctuated with demand for oil and gas uses and for construction, and one of the producers that reported that demand was unchanged reported it was beginning to change

[19] The only U.S. producer that reported sales of alloy pipe identified the same end uses for alloy pipe as for carbon pipe. The end uses for CASSLP pipe were reported by U.S. producers; no importers provided information regarding end uses.

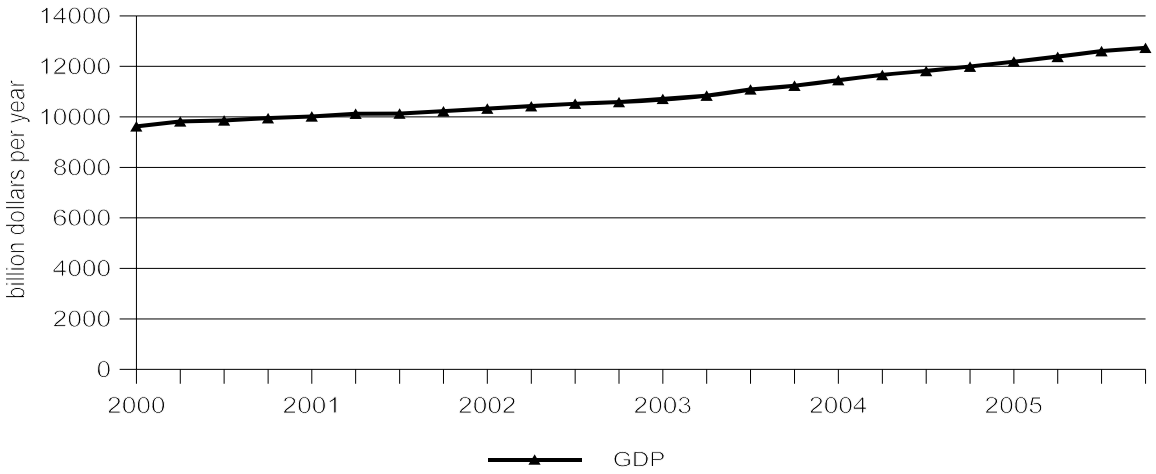
Figure II-1
Oil and gas: Monthly crude oil prices and future crude oil prices for Cushing OK crude, and future prices of natural gas,[1] January 2000 to February 2006



[1] Gas future prices are the price for the first reported day of the month.

Source: U.S. Energy Information Administration, http://www.eia.doe.gov.

Figure II-2
Gross Domestic Product: Quarterly GDP, first quarter 2000 to fourth quarter 2005



Source: International Financial Statistics, http://ifs.apdi.net/imf/logon.aspx.

because of demand in the oil and gas industries. One importer reported that demand had increased recently but decreased in 2002; it reported that demand for small diameter CASSLP pipe changed in response to fluctuations in investment by the oil and gas industries. Three purchasers reported that demand had increased and three reported that it had decreased. Of the three purchasers reporting demand growth, two reported increased demand in the gas and oil/energy sector, and one reported generally increased applications. Only one of the purchasers that reported that demand had decreased provided details; it reported a lack of investment in the petrochemical and refinery industries.

Purchasers that were end users of small diameter CASSLP pipe were asked if demand for their final products had changed since 2000. Two purchasers reported that demand was unchanged, one reported that demand had increased, and one reported that demand had decreased. Both firms reporting that demand for their products had changed also reported that this had affected their demand for small diameter CASSLP pipe.

Firms were also asked about changes in demand outside of the United States. Only one producer responded; it reported that demand had fluctuated with demand in the oil and gas industries. The only responding importer reported that demand had increased as a result of development in China. Three of the five responding foreign producers reported that demand had increased (due to increased demand in the oil and gas sectors), and two foreign producers reported that demand was unchanged (both these referred only to demand in their countries). No purchasers responded to this question.

Predictions of Future Demand

Producers, importers, purchasers, and foreign producers were also asked if they anticipated changes in demand in the future either in the U.S. market or in other markets (tables II-1 and II-2). Two of the three responding producers and two of three responding importers reported that they anticipated no changes. The other producer reported that it expected demand to increase with increased demand by the oil industry and the other importer reported that it expected demand to increase due to the tightness of refinery capacity and the need to expand and rebuild capacity after hurricanes Katrina and Rita.

Domestic interested parties contend that demand for small diameter CASSLP pipe can rise or fall by 20 percent in one year and that this instability in demand makes the industry particularly vulnerable.[20] Respondent interested parties contend that U.S. producers have moderated the increases in consumption caused by the increases in demand by increasing prices.[21]

Future demand in large part depends on the future price of oil and gas. Respondent interested parties report that the most recent predicted price of oil in 2006 and 2007 provided by the Energy Information Administration, is expected to remain high, as is the price of natural gas. The price of West Texas Intermediate crude oil is predicted to average $64 per barrel in 2006 and $61 per barrel in 2007, compared to $42 per barrel at the start of 2005 and $70 per barrel in early September 2006. The price of natural gas is predicted to be $8.11 per Mcf in 2006 and $8.74 in 2007. In 2005 the price of natural gas ranged from an average of $5.52 per Mcf in January of 2005 to a high of $10.97 in October with an annual average of price of $7.51 per Mcf for 2005.[22]

Domestic interested parties report that natural gas prices have already fallen significantly from their high and are expected to continue to fall and oil prices may not remain at their current high levels. Domestic interested parties report that it is difficult to estimate future oil prices and estimates tend to be

[20] Hearing transcript, p. 52 (Broglie).

[21] Hearing transcript, pp. 239-240 (Reilly).

[22] Mittal's posthearing brief, app. 5, *Energy Information Administration/Short-Term Energy Outlook*, March 7, 2006. p. 1, "A Primer on Gasoline Prices" U.S. Energy Information Administration, http://www.eia.doe.gov; p. 2, and U.S. Energy Information Administration, http://www.eia.doe.gov.

Table II-1
Small diameter CASSLP pipe: Anticipated changes in demand reported by producers, importers, and purchasers,

Do you anticipate any future changes in small diameter CASSLP pipe demand in the United States and, if known, the rest of the world?
Producers
***: "It should pick up a little due to the oil patch demand increase."
: (reported that it expected no change in demand, but also noted) "While we do not currently anticipate any changes in demand, it should be noted that this market can change very quickly. It is very difficult to forecast for small diameter CASSLP pipe more than 6 months in advance."
Importers
***: "While we have not been actively involved in the small diameter CASSLP U.S. market, *** is aware that demand has increased in the last several years in the U.S. market. The U.S. and global refinery capacity is very tight and investments to expand this capacity (as well as rebuild in the United States after last year's hurricanes) are going to continue to drive up the demand for small diameter CASSLP in the United States and worldwide."
Purchasers
***: "The applications for these products is energy driven. The high price of natural gas and oil will demand additional construction of facilities that use these products."
***: "Global increases in demand for oil and gas will drive demand for line and pressure pipe required to increase production required to meet the increased demand."
***: "Demand will continue to grow over the next 3-5 years as the domestic economy strengthens and the demand from the power sector grows."
***: "Anticipate further declines in the U.S. as more domestic manufacturing moves offshore."
***: "More demand for oil and natural gas will require more pipelines to move product to the needed areas."
***: "We expect investment in refining to increase in the U.S. in 2006."
Note.--Two producers, two importers, and eight purchasers reported that they expected no change in demand. Source: Compiled from data submitted in response to Commission questionnaires.

Table II-2
Small diameter CASSLP pipe: Anticipated changes in demand reported by foreign producers

Do you anticipate any future changes in subject pipe demand in your home market and the United States and, if known, the rest of the world?
***: "Domestic market–Demand is anticipated to be stable. U.S. market–Increases in demand due to growth in oil & gas sector, high drilling activity and high oil price."
***: "The demand in our home market will remain constant, but with opportunities of increase depending on potential new governmental or private projects. Also, our domestic market will be stimulated towards growth as a result of ***."
: (anticipates no changes in demand, but also noted) "*** is focused on high-end non-line pipe products, we do not have much information regarding CASSLP pipe. *** knows that worldwide demand for CASSLP pipe, as well as specialized products where *** is focused is strong and will remain strong resulting from investments by oil companies that will reach U.S. $238 billion in year 2006, an increase of 15% compared with 2005. There is also predicted to be significant investments (greater than U.S.$12 billion) in off-shore high-end line pipe products, further spurring demand."
***: "Global demand for seamless pipes remain strong, led by higher drilling activity in the oil and gas industry. The international count of active drilling rigs, as published by Baker Hughes, averaged 911 during the 3rd quarter of 2005, an increase of 8% compared to the same quarter of the previous year. The corresponding percentage rig count increases in the Canadian and U.S. markets, which are more sensitive to natural gas prices, were 53% and 16% respectively. Strong demand for our seamless pipe products from the energy sector, particularly for the high-end pipes in which we increasingly specialize. We expect market conditions, particularly demand for our products and services for oil and gas customers, to remain favorable in the 4th quarter of 2005 and through the 1st half of 2006 and that any further cost increases will be offset by higher selling prices. The constant search for new oil and gas reserves has led to an increasing focus in deepwater activity--developments which occur at a minimum of 1,500 ft- particularly in areas such as the Gulf of Mexico, offshore Brazil, and offshore W. Africa. The exploitation of these reserves has been facilitated by the development of new technology. Activity in shallow water operations in the North Sea region was depressed during the year. However, several fields have been passed from the majors to independent operators, so in the coming years, we can expect more activity with their participation."
Note.--Two foreign producers reported that they expected no change in demand. Source: Compiled from data submitted in response to Commission questionnaires.

biased upward. In addition, the current high price of oil reflect a speculative bubble rather than underlying demand and supply. Demand growth is slowing, the rate of growth in Chinese oil consumption is falling, and there are sufficient oil supplies and inventories. Indeed, some predict that the price of oil could fall to $40-45 per barrel or lower in the next few years.[23] [24]

Substitute Products

Substitutes for small diameter CASSLP pipe are limited, three producers, one importer, and four foreign producers reported substitutes including, welded pipe and nonmetal pipes. Substitution was reported to be possible in limited applications where less strength was needed, or when the substitute product had been engineered to a particularly high strength. Substitutes were reported to be less common for higher end products than for low end products. Three purchasers reported substitutes for small

[23] U.S. Steel and Koppel's posthearing brief, March 13, 2006, exhibits 24, 25, 26, 12, 14, 16, 18, 15, 16, 22, and 23.

[24] Additional views on trends in the oil and gas sectors appear in the discussion of demand for large diameter CASSLP pipe.

diameter CASSLP pipe, including welded pipe such as HFI-EW line pipe and ERW pipe, and nonmetal pipe including fiberglass line pipe, and polyethylene pipe. These could reportedly be used in oil and gas pipe lines and production of pipe nipples, and purchasers reported that substitution was an engineering decision. None of the U.S. producers or importers and only one purchaser reported that changes in relative prices of substitutes can affect the price of small diameter CASSLP pipe.[25]

Cost Share

Small diameter CASSLP pipe's share of the total costs of intermediate products tends to be relatively high. Purchasers were asked for the cost share of small diameter CASSLP pipe in the products they produced. Three of the four purchasers that were end users responded. *** reported that small diameter CASSLP pipe accounted for 100 percent of the cost of pipe flow lines and pipe lines and the other two responding purchasers reported that the cost of small diameter CASSLP pipe was between 45 and 66 percent of the cost of the elbows, tees, and reducers that they produced.

Substitutability Issues

The degree of substitution between domestic and imported small diameter CASSLP pipe depends on factors such as specifications of the product that is produced in each country, product quality, consistency, relative price, and on conditions of sale such as reliability of supply, reliability of delivery, payment terms, and delivery/lead time. In the original investigations, staff reported that there was believed to be a moderate degree of substitution between domestic small diameter CASSLP pipe and that imported from Czech Republic, Japan, Romania, and South Africa. No available data indicate that this has changed.

In the original investigations, petitioners and respondents generally agreed that imported small diameter CASSLP pipe competed directly with the U.S.-produced product and that both were sold through similar channels of distribution to similar markets. According to the report in the original investigations, sales representatives typically carried a range of small diameter CASSLP pipe. As noted in the original investigations report, small diameter CASSLP pipe could be substituted among producers with a fair amount of ease, since for most end users it is essential that it meet industry set standards. However, some purchasers require other qualifications, the most important of which are "approved manufacturers lists" (AMLs).

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase small diameter CASSLP pipe (table II-3). Quality was reported by the largest number of purchasers (six firms) as the most important factor and as the second most important factor (four firms). Price was reported most frequently as the third most important factor (five firms). Other factors listed among the top three factors by more than one purchaser were availability, traditional supplier, meeting specifications, and schedule/on-time delivery.

[25] This purchaser stated that increased costs had caused it to increase its prices; thus, the changes it was describing had nothing to do with the cost of substitutes.

Table II-3
Small diameter CASSLP pipe: Most important factors in selecting a supplier, as reported by purchasers

Factor	First[1]	Second[2]	Third[3]
Quality	6	4	3
Availability	4	1	2
Price	3	3	5
Traditional supplier	2	1	0
Meet specifications	1	1	0
Schedule/on-time delivery	0	2	3
Other[4]	0	2	1

[1] One purchaser reported both quality and availability as the most important factor. Two firms reported only the most important factor.
[2] One purchaser reported both quality and service as the second most important factor.
[3] One purchaser reported both acceptability and price as the third most important factor.
[4] "Other" includes service and consistency as the second most important factors, and acceptability as the third most important factor.

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 small diameter CASSLP pipe. Purchasers reported numerous factors including: meeting specifications including API, ASTM, ASME, NACE, and ISO certification; lab tests and mill test reports; shape such as dimension tolerances, straightness, roundness, appearance, and surface condition; physical characteristics such as mechanical properties and chemistry; and characteristics not specific to the product such as packaging and bill of lading.

Certification/Qualification Issues

Purchasers were asked if they require prequalification of their suppliers. Twelve of the 15 responding purchasers reported that they required prequalification for all of their purchases. The other three purchasers reported that they did not require prequalification.[26] Purchasers were also asked if, since 2000, any domestic or foreign producer failed in its attempts to certify or qualify its small diameter CASSLP pipe with their firm or if any producer lost its approved status. Only one of the 15 responding purchasers reported that at least one supplier had failed; it reported that Siderca of Argentina had failed because of quality issues.

Purchasers were also asked what factors they consider in qualifying a supplier. Factors purchasers considered included: product characteristics such as quality/consistent quality, meeting specifications, and formability; delivery characteristics such as reliability, availability, and delivery; price; and characteristics of the producers such as shop floor/manufacture practice, financial strength, safety, overall integrity, and reputation/customer acceptance. Six purchasers reported the time it took to qualify product. Responses ranged from 2 days to 1 year, with three of these firms reporting one to three months.

[26] One of these firms reported that it toured the production facility but did not require prequalification.

Both the domestic and the respondent interested parties report that approved manufacturers lists are important, particularly for the major oil and gas firms such as ExxonMobil.[27] At the hearing distributors reported that between 10 and 90 percent of their sales required that the producer be on an AML.[28]

Domestic interested parties contend that subject producers are more likely than nonsubject producers to be on these approved manufacturers lists, reporting that the Japanese producers are "all on the approved lists."[29] As a result they argue that subject producers, if allowed in the market, would compete more head to head with U.S. producers and therefore are more likely to cause prices to fall than are nonsubject producers.[30] Furthermore, only about 30 percent of the product sold by U.S. Steel and V&M Star is reportedly to firms requiring approved manufacturers.[31] Thus, even if importers were not approved manufacturers, their product would compete with most of the product produced in the United States.

The respondent interested parties report that subject producers are frequently not on the AMLs of the major oil companies. Mittal's plants in Czech Republic, Romania, and South Africa were reported to not be on any of the major oil producers' AMLs.[32] In addition, respondent interested parties reported that being placed on an AML of one of the major oil companies was a long, drawn-out process;[33] that one-third to one-half of the seamless line pipe market is covered by AMLs, and the importance of AMLs has increased in the last few years.[34] It takes much longer for a producer to be added to an AML than the times firms reported for qualification or certification. As a result, they expect that any imports from these subject countries resulting from the revocation of the orders would have no more effect on the price or demand for U.S.-produced product than do the imports of nonsubject producers who were also not on AMLs.

Specific Sources

Purchasers were also asked whether they or their customers specifically ordered small diameter CASSLP pipe from one country in particular over other sources of supply. Six of the 15 responding purchasers reported ordering by country.[35] Four of the six firms reported ordering specifically U.S. product; one reporting purchasing U.S. product or Ukrainian carbon product by country; and one reported purchasing U.S. or imported material as driven by customer specifications.

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[27] The U.S. producers report that some minor oil and gas firms such as Anadarco and Devon Oil and Gas do not use AMLs. Hearing transcript, pp. 126, 132, and 232 (Schagrin, Leland, and Gurley).

[28] Hearing transcript, pp. 129, 131, and 132 (Blinder, Durham, and Shoaff).

[29] Hearing transcript, pp. 126, 186-187 (Schagrin). V&M Star's posthearing brief provides ***. Exhibit 1, V&M Star's posthearing brief, March 13, 2006. The ALMs did not distinguish between large and small diameter CASSLP pipe.

[30] Hearing transcript, pp. 126 (Schagrin).

[31] Hearing transcript, p. 133 (Shoaff and Clark).

[32] Hearing transcript, pp. 236-237 (Allen).

[33] Hearing transcript, pp. 284-285 (Allen). "We believe it would take at least 1 to 2 years to be listed on the AMLs of large energy companies. However, we are not confident that our pipe would be approved..." Mittal's Posthearing brief, exhibits C and D.

[34] Mittal's posthearing brief, exhibit. B.

[35] One of these purchasers reported that it did not purchase by country of origin, but always purchased U.S.-produced product; as a result, it has been included in the firms purchasing product by country of origin.

Purchasers were asked if certain grades of small diameter CASSLP pipe were available from only a single source. Two of the 14 responding purchasers reported that Sharon Tube was the only source for some smaller sizes of tube.

Purchases of the Lowest-Priced Product

Purchasers were asked if they always, usually, sometimes, or never purchase the lowest-priced product when buying small diameter CASSLP pipe. None of the firms always purchased the lowest-priced product, eight usually purchased the lowest-priced product, five sometimes purchased the lowest-priced product, and two never purchased the lowest-priced product. Thus, all purchasers had other factors that were more important than price in determining from whom they purchased.

Purchases from Higher-Priced Sources

Purchasers were also asked if they purchased small diameter CASSLP pipe from one source although a comparable product was available at a lower price from another source. Ten purchasers responded. Two firms reported that when quality is the same, purchases are based on price. Two firms reported a preference for U.S. product. Other reasons reported by purchasers included: delivery/ logistics, reliability of delivery, stock U.S. product separately from import product, customer acceptance, quality, cannot risk unknown or marginal quality, and availability.

Importance of Specified Purchase Factors

Purchasers rateed the importance of 15 factors in their purchasing decisions (table II-4). The factors listed as very important were quality meets industry standards (15 firms), product consistency (14 firms), price (12 firms), availability (11 firms), approved supplier (10 firms), and delivery time (8 firms). No other factor was reported as very important by half or more of the responding purchasers.

Changes in Purchasing Patterns

Purchasers were asked a number of questions about whether their purchasing patterns for small diameter CASSLP pipe from subject and nonsubject sources had changed since 2000. Seven out of 15 responding purchasers reported that they had purchased small diameter CASSLP pipe from subject countries before 2000; *** purchased Czech product, *** purchased Japanese product, *** purchased Romanian product, and *** purchased South African product. ***. All seven of the firms that had purchased from the subject countries before 2000 reported that they had discontinued purchases, although one of these reported it had discontinued its purchases from *** but it had only reduced its imports of small diameter CASSLP pipe from ***. When asked about purchases from nonsubject countries, three firms reported that they had not purchased product from nonsubject countries either before or after the antidumping duty orders; five reported that their purchases from nonsubject countries were unchanged; four reported increasing purchases from nonsubject countries because of the orders; and three reported shifting patterns of purchases from nonsubject countries for reasons other than the orders. The other reasons for changing patterns of purchases were responses to changes in availability and market conditions, Slovakia was a new source, increased purchases of nonsubject product because domestics were unable to supply or went out of business, and purchased only a sample from Argentina.

Table II-4
Small diameter CASSLP pipe: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	11	4	0
Delivery terms	3	12	0
Delivery time	8	7	0
Discounts offered	2	10	3
Extension of credit	6	5	3
Price	12	3	0
Minimum quantity requirement	4	5	6
Packaging	3	7	5
Product consistency	14	1	0
Quality meets industry standards	15	0	0
Quality exceeds industry standards	3	9	3
Product range	4	9	2
Technical support/service	5	8	2
Approved supplier	10	4	1
U.S. transportation costs	2	9	4

Note: Not all firms responded for all questions.

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

Purchases from Specific Producers and Countries

Purchasers were asked how frequently they and their customers purchased small diameter CASSLP pipe from specific producers and from specific countries. The following tabulation summarizes the responses.

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	10	2	2	1
Purchaser's customer makes decision based on producer	0	6	5	2
Purchaser makes decision based on country	5	1	7	2
Purchaser's customer makes decision based on country	0	2	8	3

Most (10 of 15) purchasers reported that they always make purchasing decisions based on the producer of the small diameter CASSLP pipe, but less often based on the country of origin. Their customers are less likely to make decisions based on either the producer or the country of origin, although these are reportedly at least sometimes important. Of those purchasers that reported that they always

make decisions based on the manufacturer, reasons cited included quality of product, ability to meet specifications, approved manufacturers, mill warranties, availability, delivery, and price. Some firms also reported that they distribute only domestically produced pipe.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Interchangeability

Producers, importers, and purchasers were asked to report how frequently small diameter CASSLP pipe from different countries was interchangeable (table II-5). All three responding U.S. producers reported that the domestic product and product imported from subject and nonsubject countries were always interchangeable. Only one importer responded regarding the interchangeability between U.S. product and subject product and between subject product from the various countries (although not for the Czech product); it reported that for each of the combinations the products were sometimes interchangeable. This same firm also reported that U.S. product and subject countries' (except Czech Republic) product were "sometimes" interchangeable with product from nonsubject countries. Another importer responded only regarding comparisons to nonsubject countries, reporting that U.S. product and subject countries' (except South Africa) products were "always" interchangeable. Purchasers' responses varied, but for each country combination nearly all purchasers reported that the products were at least sometimes interchangeable.

Reasons for Non-Interchangeability

Firms were asked to explain why products from country pairs were not interchangeable. The one importer that responded reported that interchangeability depends on the specific customer's qualification of mills. Purchasers that responded reported the following reasons: quality; that mills in Romania, South Africa, and Czech Republic are "not as acceptable" as those in the United States, Japan, and Western Europe; products are not interchangeable if a mill or country is not an approved source; and ability to meet quality and technical requirements.

Significance of Differences Other Than Price

Producers and importers were asked to assess how often differences other than price were significant in sales of small diameter CASSLP pipe (table II-6). Two importers and three producers answered this question. Firms were asked to report any differences other than price; no firms provided any information.

Comparisons of Country Sources

Purchasers were also asked to compare domestically produced small diameter CASSLP pipe and small diameter CASSLP pipe produced in subject and nonsubject countries, for all country pairs for which they had actual experience. Respondents were asked to rate small diameter CASSLP pipe produced in one country as superior, comparable, or inferior to that from another country with respect to 15 different attributes. The most common comparison was between U.S. product and nonsubject product, with five purchasers providing comparisons;[36] three purchasers compared U.S. and Japanese

[36] Some of the purchasers compared U.S. product with product from a number of nonsubject countries; each of these comparisons was counted if responses differed between different nonsubject countries, otherwise the response is included only once.

Table II-5
Small diameter CASSLP pipe: U.S. firms' perceived degree of interchangeability of products produced in the United States, subject, and nonsubject countries[1]

	U.S. producers				U.S. importers				U.S. purchasers			
Country comparison	**A**	**F**	**S**	**N**	**A**	**F**	**S**	**N**	**A**	**F**	**S**	**N**
U.S. vs. Czech Republic	3	0	0	0	0	0	0	0	2	2	2	1
U.S. vs. Japan	3	0	0	0	0	0	1	0	4	5	2	0
U.S. vs. Romania	3	0	0	0	0	0	1	0	2	2	2	1
U.S. vs. South Africa	3	0	0	0	0	0	0	0	2	3	2	1
Czech Republic vs. Japan	2	0	0	0	0	0	0	0	2	2	1	1
Czech Republic vs. Romania	2	0	0	0	0	0	0	0	2	2	1	1
Czech Republic vs. South Africa	2	0	0	0	0	0	0	0	2	2	1	1
Japan vs. Romania	2	0	0	0	0	0	1	0	3	2	0	1
Japan vs. South Africa	2	0	0	0	0	0	1	0	3	3	0	1
Romania vs South Africa	2	0	0	0	0	0	1	0	2	2	1	1
U.S. vs. nonsubject	2	0	0	0	1	0	1	0	2	4	3	0
Czech Republic vs. nonsubject	2	0	0	0	1	0	0	0	1	3	0	1
Japan vs. nonsubject	2	0	0	0	1	0	1	0	1	4	2	0
Romania vs. nonsubject	2	0	0	0	1	0	1	0	1	3	1	0
South Africa vs. nonsubject	2	0	0	0	0	0	1	0	1	4	1	0

[1] Producers, importers, and purchasers were asked if small diameter CASSLP pipe produced in the United States and in other countries is used interchangeably.

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

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

Table II-6
Small diameter CASSLP pipe: U.S. firms' perceived significance of differences other than price between U.S.-produced and imported product[1]

	U.S. producers				U.S. importers			
Country comparison	A	F	S	N	A	F	S	N
U.S. vs. Czech Republic	0	0	0	3	0	0	0	0
U.S. vs. Japan	0	0	0	3	0	0	1	0
U.S. vs. Romania	0	0	0	3	0	0	1	0
U.S. vs. South Africa	0	0	0	3	0	0	0	0
Czech Republic vs. Japan	0	0	0	2	0	0	0	0
Czech Republic vs. Romania	0	0	0	2	0	0	0	0
Czech Republic vs. South Africa	0	0	0	2	0	0	0	0
Japan vs. Romania	0	0	0	2	0	0	1	0
Japan vs. South Africa	0	0	0	2	0	0	1	0
Romania vs South Africa	0	0	0	2	0	0	1	0
U.S. vs. nonsubject	0	0	0	2	0	0	1	0
Czech Republic vs. nonsubject	0	0	0	2	1	0	0	0
Japan vs. nonsubject	0	0	0	2	1	0	1	0
Romania vs. nonsubject	0	0	0	2	0	0	2	0
South Africa vs. nonsubject	0	0	0	2	0	0	0	0

[1] Producers and importers were asked if differences other than price between small diameter CASSLP pipe produced in the United States and in other countries were a significant factor in their sales of the products.

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

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

product; one purchaser compared U.S. and Czech product, U.S. and Romanian product, and U.S. and South African product. Comparisons between each subject country and between each subject country and nonsubject countries were provided by, at most, one purchaser.[37] Comparisons between small diameter

[37] Only one firm compared product from the subject countries to product from other countries. In comparing Czech product to Romanian and South African product, it rated them "comparable" for all factors. In comparing Czech product to nonsubject product, it rated them comparable regarding all factors except price in which Czech product was rated "superior" and availability, packaging, and product range in which Czech product was rated "inferior." In comparing Czech product to Japanese product, it rated them comparable for all factors except price in which Czech product was rated "superior" and approved supplier, packaging, product consistency, product range, quality exceeds industry standards, quality meets industry standards, and technical support in which Czech product was rated "inferior."

In comparing Japanese product to Romanian product, it rated them "comparable" for all factors except price

(continued...)

CASSLP pipe that is domestically produced with that produced in subject countries and nonsubject countries are reported in table II-7, and country comparisons for which more than one purchaser responded are discussed below.

The three purchasers comparing U.S. and Japanese product generally reported that they were comparable for most factors except availability, delivery time, and product range for which two of three firms reported that the U.S. product was superior; price for which two of three firms reported that the U.S. product was inferior; and approved supplier and technical support for which one firm reported "superior," one reported "comparable," and one reported "inferior." In comparing the U.S. product and product from nonsubject countries, the majority of firms responding rated the products comparable for most factors except availability and delivery time for which five of six firms rated the U.S. product as superior; price for which five of six firms rated the U.S. product as inferior; approved supplier for which three rated the U.S. product as superior and three rated the products as comparable; and product range for which one rated the U.S. product as superior, two rated it as inferior, and one rated the products as comparable.

Awareness of Country Sources

Purchasers were asked to identify the sources of small diameter CASSLP pipe of which they were aware. All 14 responding purchasers were aware of the U.S.-produced product. Four reported knowing of product from subject sources including one for Czech product, four for Japanese product, two for Romanian product, and one for South African product. Other sources of imports reported by purchasers included Austria, China, France, Germany, Italy, Slovakia, Spain, and Ukraine. Of the three importers providing questionnaires, one imported from Romania, one imported from China, and one imported from both Italy and Canada.

ELASTICITY ESTIMATES FOR SMALL DIAMETER CASSLP PIPE

This section discusses elasticity estimates. Parties were requested to provide comments in their prehearing briefs. None of the parties commented on these elasticity estimates.

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[37] (...continued)
in which Japanese product was rated "inferior" and approved supplier, packaging, product consistency, product range, quality exceeds industry standards, quality meets industry standards, and technical support in which Japanese product was rated "superior." In comparing Japanese product to South African product, it rated them comparable for all factors except price in which Japanese product was rated "inferior"and packaging, product consistency, product range, quality exceeds industry standards, quality meets industry standards, and technical support in which Japanese product was rated "superior." In comparing Japanese product to nonsubject product, it rated them comparable for all factors except price in which Japanese product was rated "inferior" and approved supplier, availability, packaging, product consistency, product range, quality exceeds industry standards, quality meets industry standards, and technical support, and U.S. transportation costs in which Japanese product was rated "superior."

In comparing Romanian product to South African product, it rated them "comparable" for all factors. In comparing Romanian product to nonsubject product, it rated them comparable for all factors except price in which Romanian product was rated "superior" and availability, packaging, and product range, in which Romanian product was rated "inferior."

Finally, in comparing South African product to nonsubject product, it rated them comparable for all factors except price in which South African product was rated "superior" and availability, packaging, and product range, in which South African product was rated "inferior."

Table II-7
Small diameter CASSLP pipe: Comparisons of imported and U.S. product, as reported by purchasers

Factor	U.S. vs Czech Republic			U.S. vs Japan			U.S. vs Romania			U.S. vs South Africa			U.S. vs nonsubject[1]		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Approved supplier	1	0	0	1	1	1	1	0	0	1	0	0	3	3	0
Availability	1	0	0	2	1	0	1	0	0	1	0	0	5	1	0
Delivery terms	1	0	0	1	2	0	1	0	0	1	0	0	2	4	0
Delivery time	1	0	0	2	1	0	1	0	0	1	0	0	5	1	0
Discounts offered	1	0	0	1	2	0	1	0	0	1	0	0	1	5	0
Extension of credit	0	1	0	0	2	0	1	0	0	0	1	0	0	6	0
Minimum quantity requirements	1	0	0	0	2	0	1	0	0	1	0	0	0	5	1
Packaging	0	1	0	0	2	1	0	1	0	0	1	0	0	6	0
Price[2]	0	0	1	0	1	2	0	0	1	0	0	1	0	1	5
Product consistency	1	0	0	0	2	1	1	0	0	1	0	0	2	4	0
Product range	1	0	0	2	1	0	1	0	0	1	0	0	1	3	2
Quality exceeds industry standards	1	0	0	0	2	1	1	0	0	1	0	0	1	4	1
Quality meets industry standards	1	0	0	0	2	1	1	0	0	1	0	0	1	5	0
Technical support/service	1	0	0	1	1	1	1	0	0	1	0	0	1	5	0
U.S. transportation costs	1	0	0	1	2	0	1	0	0	1	0	0	2	4	0

[1] Some firms reported answers for multiple nonsubject countries. When these answers differed among the different nonsubject countries, all answers have been reported.

[2] A rating of superior means that the price is generally lower. For example, if a firm reported "U.S. superior," it meant that the price of the 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. Not all companies gave responses for all factors.

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

U.S. Supply Elasticity[38]

The domestic supply elasticity for small diameter CASSLP pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of small diameter CASSLP pipe. The elasticity of domestic supply depends on factors such as the level of excess capacity, the existence of inventories, and the availability of alternate markets for domestically produced small diameter CASSLP pipe. Analysis of these factors in the initial investigations indicated that the U.S. industry had a moderate capacity to increase domestic shipments in response to moderate price increases. In 2000, the supply elasticity was estimated to be in the range of 2 to 4. No major changes are apparent in supply and it is expected that it is unchanged.

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

U.S. Demand Elasticity

The U.S. demand elasticity for small diameter CASSLP pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of small diameter CASSLP pipe. This sensitivity depends on the availability and viability of substitute products as well as on the component share of small diameter CASSLP pipe in the production of downstream products. There are few products that can be successfully substituted for small diameter CASSLP pipe. Small diameter CASSLP pipe is typically used to extract, transport, and process petroleum products. Thus, its cost share's significance is less than that in many products where the product is ultimately used in a consumer product. In the original investigations, demand was estimated to be moderately elastic with elasticities in a range of -1 to -2. Staff believes these estimates are high, demand is currently less elastic and is likely to be in the -0.5 to -1.0 range.

Substitution Elasticity

The elasticity of substitution depends on the extent of product differentiation between the domestic and imported products. Product differentiation depends on factors such as the range of products produced, quality, availability, and reliability of supply. In the original investigations, the elasticity of substitution was estimated to be in the range of 4-8; staff believes that the substitution elasticity is still likely to be in that range.

LARGE DIAMETER CASSLP PIPE MARKET CHARACTERISTICS

Like its small diameter counterpart, large diameter CASSLP pipe is produced and sold in both carbon steel grades and alloy steel grades. Carbon steel pipe generally is used as line pipe, but can be produced to triple and quadruple certification as standard, line, and pressure pipe, carbon SSLP accounted for *** percent to *** percent of U.S. consumption of large diameter CASSLP pipe during 2000-04. Carbon steel SSLP accounted for between *** and *** percent of U.S. producers' U.S. shipments, by quantity, during 2000-04.

In the original investigations, respondents distinguished between "commodity" carbon steel pipe, alloy pipe or pressure pipe classified as A333 grade 3 (used to convey fluids at elevated temperatures or pressures), and high strength line pipe.[39] Petitioners agreed that these variations in pipe existed, but contend that carbon and alloy pipe were not separate like products. In the current reviews, no party has argued that large diameter carbon and alloy steel SSLP pipe constitute separate products.

Both U.S. producers and U.S. importers sell to distributors, and to a lesser extent, end users. In 2004, U.S. producers reported that the vast majority, *** percent, of their large diameter CASSLP pipe was sold to distributors and the remainder to end users. In the original investigations, domestic producers sold *** percent of their large diameter CASSLP pipe through distributors, while U.S. importers sold *** percent of Mexican and 77.2 percent of Japanese large diameter CASSLP pipe through distributors in 1999. In 2004, imports of large diameter CASSLP pipe were very small and were not reported by any of the responding importers. Nonsubject importers, however, sold *** percent to distributors and *** percent to end users. Hearing testimony suggested that Tenaris, which has production facilities in a number of countries, sells product directly for big projects.[40] *** *** Tenaris reported selling *** percent of its large diameter CASSLP pipe directly to end users.

Eleven of the 15 responding purchasers of large diameter CASSLP pipe were distributors while four were end users.[41] Two end users reported that they made welded fittings, and the other two used large diameter CASSLP pipe for petroleum and gas lines. Seven of the distributors reported that some of their customers were in the oil and gas industry and three reported that their customers included other distributors. Distributors also reported selling to firms in the pipe and pipe spool fabricators, mechanical contractors, engineering companies, shipbuilders, and manufacturers of equipment for agricultural, construction, mining, petrochemical, and off-road applications, as well as products for used in transmission, gathering, gas flow measurement, power, exploration, and processing. All 15 responding purchasers reported purchasing carbon large diameter pipe but only three firms (two distributors and one end user) also reported purchasing alloy large diameter pipe.

Two of the three responding U.S. producers reported selling nationwide, and one producer and both responding importers reported only selling to various regions including the Northeast, the Southwest, the Gulf Coast, and the West. Two of the three responding producers reported that they arranged transportation to their purchasers, while one producer and all three responding importers reported that their customers arranged transportation from their facilities. Producers and importers were also asked to estimate the share of their large diameter CASSLP pipe sales that occurred within certain distance ranges. Both responding importers reported selling all their product within 100 miles of their facilities. All three responding U.S. producers reported selling only 1 to 7 percent of their product to locations under 100 miles from their facilities, two sold most to locations between 101 and 1,000 miles from their facilities, and the other sold most to locations more than 1,000 miles from its facilities.

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[39] However, as noted in Part I, certain line pipe for deepwater applications was excluded from Commerce's scope.

[40] Hearing transcript, p. 86 (Durham). Later the witness clarified that he meant through defined distribution channels, not necessarily direct to end users. Hearing transcript, pp. 225-226 (Durham).

[41] *** reported that it was ***. This company has been included with the other end users.

SUPPLY AND DEMAND CONSIDERATIONS FOR LARGE DIAMETER CASSLP PIPE

U.S. Supply

Domestic Supply

Based on available information, staff believes that U.S. large diameter CASSLP pipe producers are likely to respond to changes in demand with moderate changes in shipments of U.S.-produced large diameter CASSLP pipe to the U.S. market. Factors contributing to this degree of responsiveness are discussed below.

Industry capacity

Domestic capacity for producing large diameter CASSLP pipe increased from *** short tons in 2000 to *** short tons in 2001 and then steadily declined to *** short tons in 2004, reflecting a shift in production to OCTG. U.S. producers' reported capacity utilization for large diameter CASSLP pipe declined from *** percent in 2000 to only *** percent in 2003 before rising to *** percent in 2004. This current moderate level of capacity utilization suggests that U.S. producers of large diameter CASSLP pipe may have available some limited capacity with which they could increase production of large diameter CASSLP pipe in the event of a price change. The year-to-year fluctuations in both capacity and capacity utilization may indicate that producers can readily reduce or increase production.

Lead times

U.S. producers reported selling most product to order with two of the three responding producers selling all to order and the other selling 90 percent to order. Lead times reported by the producers for sales to order ranged from 6 to 11 weeks, while lead times from inventories ranged from 7 to 10 days. All three of the responding importers sold all their large diameter CASSLP pipe to order. Importers reported lead times ranging from 3 to 6 months.

Respondent interested parties contended that differences in lead times are an important difference between U.S.-produced and imported CASSLP pipe. Respondent interested parties reported the short lead times that resulted from U.S. Steel's 30-day production cycle were important to the distributors.[42] The longer lead times of imported product not only tie up capital, but also reduce the distributors' ability to adjust inventories to demand. According to the respondent interested parties, shorter lead times contribute to the price premiums for U.S. product.[43]

Alternative markets

Domestic producers' exports, as a percentage of total shipments, ranged between *** percent in 2001 and *** percent in 2002. The moderate level of exports during the period indicates that domestic large diameter CASSLP pipe producers are likely to be somewhat constrained in their ability to shift shipments between the United States and other markets in response to price changes. Two of the three responding U.S. producers reported on the difficult of shifting from the U.S. market to other markets; one firm reported that it was difficult to export product other than high value added products to Canada because prices tended to be low in other markets; the other producer reported that *** and world over capacity limited exports. The other U.S. producer reported that ***.

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[42] Hearing transcript, pp. 236-237 (Allen).

[43] Hearing transcript, pp. 286-287 (Reilly).

Inventory levels

Since most sales are on a to-order basis, inventories would be expected to be relatively low. U.S. producers' inventories, as a share of U.S. producers' total shipments, fell from *** percent in 2000, to a low of *** percent in 2001, then increased to *** percent in 2003 before falling to *** percent in 2004. These relatively low inventory levels suggest that U.S. producers have little ability to respond to changes in demand with changes in the quantity shipped from inventories. U.S. producers report that distributors tend to "maintain inventories on hand so that they may respond immediately to customer requirements."[44] This relieves both the producers and end users of the need to maintain sizeable inventories, but it exposes distributors to the risk of falling inventory values when prices decline.[45]

According to a survey conducted by staff, two of the six responding distributors valued their inventories on a FIFO basis, two reported valuing their inventories on a LIFO basis, one reported using both FIFO and LIFO valuation, and one reported other methods of valuing inventories. Distributors also were asked to characterize their inventories of large diameter CASSLP pipe as high, low, or moderate. Five of the seven responding distributors reported moderate inventories, the other two reported high inventories. They were also asked to compare current inventories to those in March 2005 and to compare the current ratio of inventories to shipments to the ratio in March 2005. Three of the seven responding distributors reported that inventories had increased relative to March 2005 inventories by more than 5 percent, one reported inventories had increased by less than 5 percent, one reported unchanged inventories, and two reported that inventories had decreased by more than 5 percent. The ratio of inventories to shipments were also reported to have increased more than 5 percent by three of the seven responding distributors, two distributors reported that this was unchanged, and two distributors reported that it had fallen by more than 5 percent.

Production alternatives

All three of the responding producers stated that they could switch production from large diameter CASSLP pipe to other tubular products. Two of these producers also reported that their ability to make this switch was limited.

Supply of Subject Imports to the U.S. Market

Japan

Data on the Japanese industry were reported by NKK Tubes which reported that it represents *** percent of Japanese production of subject large diameter CASSLP pipe. This firm's Japanese capacity rose from *** short tons in 2002 to *** short tons in each of the following years. Capacity utilization rate rose from a low of *** percent in 2000 to *** percent in 2001 before falling to *** percent in 2002 and then rising to *** percent in 2004. Inventories as a share of total shipments fell from *** percent in 2000 to *** percent in 2004. Exports to the U.S. market were minor in 2000 and 2001, and ceased entirely thereafter. Export share to other countries was highest in 2003 at *** percent and lowest in 2004 at *** percent.

Moderate capacity utilization and high export share increase this Japanese producer's ability to shift product to the United States, while falling inventories offset these effects. The low share of Japanese production included in these data reduce their representativeness.

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[44] Hearing transcript, p. 63 (Leland).

[45] Hearing transcript, pp. 63-64 (Leland).

Mexico

Data on the Mexican industry were reported by TAMSA, the sole Mexican producer. Mexican capacity fluctuated from year to year, peaking in 2002 at *** short tons and reaching its nadir in 2004 at *** short tons. Capacity utilization rate was *** percent in 2000, 2001, and 2004; it was at its lowest in 2003 at *** percent. Inventories as a share of total shipments fell from *** percent in 2000 to *** percent in 2001, and then rose steadily to *** percent in 2004. There were no reported shipments to the United States, while shipments to other markets ranged from *** percent of total shipments in 2000 to *** percent in 2002.

Fluctuating capacity, rising inventories, and high shipments to other markets increase Mexican ability to shift sales to the U.S. market, while high capacity utilization in most years limit Mexican ability to shift sales to the United States.

U.S. Demand

U.S. demand for large diameter CASSLP pipe depends on demand in end use markets. Large diameter CASSLP pipe is used mainly in collecting, transmission, and processing of gas and oil. As a result demand is influenced by the price of gas and oil. High current gas and oil prices are reflected in relatively high current demand (see figure II-1 for price of oil and gas, figure II-2 for GDP, and figure II-3 for the number of rigs currently operating in the United States).

Price changes for large diameter CASSLP pipe will likely have only a small effect on consumption. First, the substitutes for large diameter CASSLP pipe are limited to a few applications. Second, although the cost share of large diameter CASSLP pipe tends to be high in most intermediate products, the cost of large diameter CASSLP pipe as compared to the oil or gas that the pipe is used to process is small. In addition, it is unlikely that there are many viable substitutes for the end products that use large diameter CASSLP pipe.

Large diameter carbon SSLP pipe was reported to be used in oil and gas transmission; collection lines; refinery, petrochemical, and processing plants; construction; mechanical contractors; fabrication; energy applications; shipbuilding; equipment production; and in manufacture of welded fittings. Both carbon and alloy pipe were reported to be used in oil and gas lines and in construction.[46]

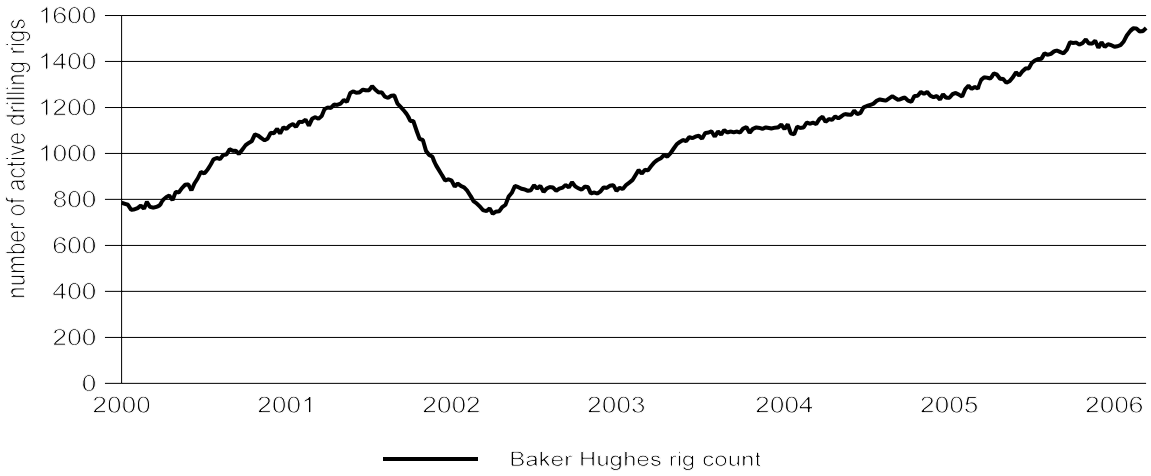
Demand Characteristics

Available data indicate that apparent U.S. consumption of large diameter CASSLP pipe increased from *** short tons in 2000 to *** short tons in 2001, then fell to *** short tons by 2003 before rising to *** short tons by 2004. Overall, apparent U.S. consumption in 2004 was *** percent higher than it had been in 2000.

Producers, importers, and purchasers were asked to discuss trends in demand in the United States Since 2000. Both responding U.S. producers reported that demand had fluctuated since 2000, one of these reported a downward trend in addition to the fluctuations due to lack of investment in the United States, and the other reported that demand was driven by a volatile oil/gas industry. In contrast, both

[46] The only U.S. producer that reported sales of alloy pipe identified the same end uses for alloy pipe as for carbon pipe. No importers provided information regarding end use. Fifteen purchasers reported end uses, but did not respond separately for carbon and alloy pipe.

Figure II-3
Weekly number of drilling rigs actively exploring for or developing oil or gas in the United States, January 1, 2000 to March 18, 2006



Source: Baker Hughes Corp., www.bakerhughesdirect.com; March 20, 2006.

responding importers reported that demand had increased, one reporting an overall increase in demand, and the other reported demand declined in 2000, but rose more recently with increased demand by the oil and gas industry. Nine of the 13 responding purchasers reported that demand had increased and four reported demand was unchanged. Of the purchasers reporting demand growth, seven reported increased demand in the gas and oil/energy sector, one reported generally increased applications, and the other two did not explain the changes.

One of the two responding U.S. producers reported demand outside the United States was unchanged and the other reported that demand fluctuated with demand in the oil and gas industries. Both responding importers reported demand outside the United States had increased, one reported that global demand for pipe consumption increased demand, and the other reported that recent demand in the energy sector had increased demand for subject product, but in 2002 lower investment in the energy sector had reduced demand. One of the two responding foreign producers, ***, reported that demand had declined in 2002, but had increased since then as a result of investments in the oil and gas industries. The other, ***, reported that *** demand was unchanged but did not report on demand outside ***. None of the purchasers reported on demand outside the United States.

End users of large diameter CASSLP pipe were asked if demand for their final products had changed since 2000. Two responding end users, ***, reported demand was unchanged; one, a producer of ***, reported that demand had decreased; and one, ***, reported demand had increased. One of these end users stated that demand for the *** it produced from large diameter CASSLP pipe had fallen as imports of *** increased and resulting in its purchasing less large diameter CASSLP pipe.

Predictions of Future Demand

Firms were asked about changes they anticipated in demand in the United States or other markets. Both responding producers reported expecting little change, one anticipated no changes, the other expected demand to remain at the 2005 level. Both responding importers expected continued growth in demand as a result of growth in pipe lines or in the energy sector. Nine of 15 responding purchasers

expected increased demand in the future; six of these expected increased demand because of demand in the energy sector, one reported it expected demand to increase because of high demand for tubular products, one expected demand to increase because demand had been weak for quite a while, and one expected price to continue to increase due to constraints on steel inputs.[47] Only one foreign producer reported the changes in demand it anticipated; it expected strong demand from the energy sector, particularly for high end product. Table II-8 provides questionnaire responses to predictions of future demand for large diameter CASSLP pipe by the purchasers, producers, and importers. Table II-9 provides the responses of foreign producers.

Domestic interested parties contend that demand for large diameter CASSLP pipe can rise or fall by 20 percent in one year and that this instability in demand makes the industry particularly vulnerable.[48] Respondent interested parties contend that U.S. producers have moderated the increases in consumption caused by the increases in demand by increasing prices.[49]

Future demand depends, in large part, on the future price of oil and gas. Respondent interested parties reported that the most recent predicted price of oil in 2006 and 2007 provided by the Energy Information Administration is expected to remain high, as is the price of natural gas. The price of West Texas Intermediate crude oil is predicted to average $64 per barrel in 2006 and $61 per barrel in 2007 compared to $42 per barrel at the start of 2005 and the high of $70 per barrel in early September 2006. The price of natural gas is predicted to be $8.11 per Mcf in 2006 and $8.74 in 2007. In 2005 the price of natural gas ranged from an average of $5.52 per Mcf in January of 2005 to a high of $10.97 in October with an annual average of price of $7.51 per Mcf for 2005.[50] The high predicted demand for energy is expected to increase worldwide pipeline construction, and there are more pipeline projects projected now than there were in the beginning of 2005.[51] Oil and natural gas pipeline construction work is expected to "surge" in the United States.[52]

Domestic interested parties reported that natural gas prices have already fallen significantly from their high and are expected to continue to fall, and that oil prices may not remain at their current high levels. Domestic interested parties report that it is difficult to estimate future oil prices and estimates tend to be biased upward. In addition, the current high price of oil reflect a speculative bubble rather than underlying demand and supply. Demand growth is slowing, the rate of growth in Chinese oil consumption is falling, and there are sufficient oil supplies and inventories. Indeed, some predict that the price of oil could fall to $40-45 per barrel or lower in the next few years.[53]

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[47] Six purchasers expected demand to be unchanged.

[48] Hearing transcript, p. 52 (Broglie).

[49] Hearing transcript, pp. 239-240 (Reilly).

[50] Mittal's posthearing brief, app. 5, *Energy Information Administration/Short-Term Energy Outlook*, March 7, 2006. p. 1, "A Primer on Gasoline Prices" U.S. Energy Information Administration, http://www.eia.doe.gov; p. 2, and U.S. Energy Information Administration, http://www.eia.doe.gov.

[51] "Special Report, Worldwide Pipeline Construction" Christopher E. Smith, *Oil and Gas Journal*, February 13, 2006, p. 57. "As 2006 began, operators had announced plans to build nearly 62,000 miles of crude oil, product and natural gas pipelines this year and extending into the next decade... This represents a moderate increase over data reported last year... in this report. The vast majority (nearly 74%) of these plans is for natural gas pipelines..."

[52] "Special Report, Worldwide Pipeline Construction" Christopher E. Smith, *Oil and Gas Journal*, February 13, 2006, p. 58.

[53] U.S. Steel's posthearing brief, March 13, 2006, exhibits 15, 16, 17, 2, 5, 7, 9, 6, 13, and 10.

Table II-8
Large diameter CASSLP pipe: Anticipated changes in demand reported by producers, importers, and purchasers

Do you anticipate any future changes in large diameter CASSLP pipe demand in the United States and, if known, the rest of the world?
Producers
***: "Based on information we have today, we expect U.S. demand levels to remain flat compared to 2005 levels."
Importers
***: "Continued slow growth of consumption of line pipe."
*** "The U.S. and global refinery capacity is very tight and investment to expand this capacity will continue to drive demand of large diameter CASSLP in the United States and worldwide. Also, increased investment in LNG plants, gas processing plants and pipeline projects is expected to continue pushing up demand for large product world wide."
Purchasers
***: "The application for these products is energy driven. The high price of natural gas and oil will demand additional construction of facilities."
***: "Do not develop forecast however in {illegible} prices continue to increase due to availability of steel and supply."
***: "Global increases in demand for oil and gas will drive demand for line and pressure pipe required to increase production required to meet the increase in demand."
***: "Usage will remain strong relative to domestic drilling activity for oil/gas."
***: "Demand will continue to grow over the next 3-5 years as the domestic economy strengthens and the demand from the power sector grows."
***: "Expect demand to increase as long as energy exploration increases."
***: "More demand for oil and natural gas will require more pipelines to move product to the needed areas."
***: "At some point, we expect an increase in demand since, for the last few years, demand has been relatively weak or unchanged."
***: "Industry sources and trade publications indicate demand for tubular products will be significant for the next several years."
Note.--One producer and six purchasers reported that they expected no change in demand. Source: Compiled from data submitted in response to Commission questionnaires.

Table II-9
Large diameter CASSLP pipe: Anticipated changes in demand reported by foreign producers

Do you anticipate any future changes in subject pipe demand in your home market and the United States and, if known, the rest of the world?
: (anticipates no changes in demand, but also noted) "*** is focused on high-end non-line pipe products, we do not have much information regarding CASSLP pipe. *** knows that worldwide demand for CASSLP pipe, as well as specialized products where *** is focused is strong and will remain strong resulting from investments by oil companies that will reach U.S. $238 billion in year 2006, an increase of 15% compared with 2005. There is also predicted to be significant investments (greater than U.S.$12 billion) in off-shore high-end line pipe products, further spurring demand."
: " expects strong demand for its seamless pipe products from the energy sector, particularly for the high-end pipes in which *** increasingly specializes. We expect market conditions, particularly demand for our products and services from oil and gas customers, to remain favorable in the 4th quarter of 2005 and at least through the first half of 2006, and that any further cost increases will be offset by higher selling prices." "Global demand for seamless pipes remains strong led by higher drilling activity in the oil and gas industry. The constant search for new oil and gas reserves has led to an increasing focus in deepwater activity--developments which occur at a minimum of 1,500 feet- particularly in areas such as the Gulf of Mexico, offshore Brazil, and offshore West Africa. The exploitation of these reserves has been facilitated by the development of new technology. While activity in shallow water operations in the North Sea region was depressed during 2005, several fields have been passed from the majors to independent operators, so in the coming years, we can expect more activity with their participation."
Note.--One foreign producer reported that it expected no change in demand. Source: Compiled from data submitted in response to Commission questionnaires.

Both domestic and respondent interested parties address demand predictions with reference to published projections by the Energy Information Administration. In addition to party submissions, Staff reviewed forward-looking statements by leading participants in other industries that follow trends in the oil and natural gas markets. As shown in table II-10, several issues raised by the interested parties are reflected in the cited statements. Demand for oil and gas was generally projected to be strong, and prices were expected to remain at sufficiently high levels to sustain increased exploration and production levels, with a corresponding impact on pipeline operations. Several market participants, however, observed that price volatility was an important risk factor, and several noted the recent decline in natural gas prices from previous high levels.

Substitute Products

Substitutes for large diameter CASSLP pipe are limited, although both responding producers and one importer reported some substitutes, including, welded pipe and nonmetal pipes. Substitutes were reportedly possible either in limited applications where less strength was needed or depending on building codes and user specifications. Three purchasers reported substitutes for large diameter CASSLP pipe including welded pipe (such as HFI-EW line pipe or ERW pipe) and nonmetal pipe, including polyethylene pipe. They reported that these could be used in oil and gas pipe lines, flow lines, fabrication, and that substitution was an engineering decision. One of these purchasers reported that the price of substitutes had influenced the price of large diameter CASSLP pipe stating that the price of welded price was lower than large diameter CASSLP pipe. The other two purchasers commented that increasing costs had increased the price of large diameter CASSLP pipe. One U.S. producer reported that changes in relative prices of substitutes can affect the price of large diameter CASSLP pipe. The other producer and one responding importer reported that changes in price of substitutes do not affect the price of large diameter CASSLP pipe.

Table II-10
Oil and gas: Demand and price forecasts, 2006 and beyond

Demand and Price Forecasts	Source
Oilfield Service Providers	
"Our outlook for 2006 and 2007 remains very positive. The worldwide economy has grown despite high energy prices, and we expect that it will continue to grow through 2006 and beyond. To satisfy the global demand for oil and gas, our customers have increased their E&P budgets in 2006 and we expect continued strength through 2007."	Baker Hughes Inc.: "Baker Hughes Announces Record Fourth Quarter Results," News Release, February 16, 2006.
"Some of the more significant barometers of current and future spending levels of oil and gas companies are oil and gas prices, exploration and production spending by international and national oil companies, the world economy, and global stability, which together drive worldwide drilling activity." In the United States, the EIA "forecasts prices for crude oil, petroleum products, and natural gas to remain high through 2006 ... Despite adequate gas storage, high natural gas prices are expected to persist through 2006 according to Spears and Associates .. In December 2005, Spears and Associates predicted that the average rig count in 2006 will increase 13% over 2005." Globally, "the outlook for world oil demand continues to remain strong, with China and North America accounting for approximately 45% of the expected demand growth in 2006."	Haliburton Corp.: *Annual Report 2005*, filed March 13, 2006.
Rigcount increases will be largely limited to onshore work. Shortages of people and equipment are expected, along with an increased need technology to increase productivity. Finally, "exploration activity .. will show a large increase in 2006, and this will continue for a number of years."	Schlumberger Limited: "Schlumberger Announces Fourth-Quarter and Full Year 2005 Results," News Release, January 20, 2006.
The company "had a strong finish to 2005" and "even better" prospects for 2006, citing "the higher level of planned investment by exploration and production companies" and Smith's exposure to "some of the fastest growing segments in the oilfield service market."	Smith International, Inc.: "Smith International, Inc., Reports 57 Percent Year-Over-Year Increase in Earnings," News Release, January 30, 2006.
"We are currently forecasting that the average rig count will increase approximately 8% to 10% from last year." (News release) "When forecasting our results for 2006, we relied on assumptions about the market, customers and suppliers, and we considered the Company's backlog ... and past results. All these indicators point to increased performance in 2006. More recently, however, U.S. natural gas prices have decreased over 50% from their peak in December 2005. Despite this decline, we have not yet seen any significant changes in our customers' spending plans. Therefore, we expect a continuation of strong worldwide drilling activity levels throughout 2006." Risks, however, include changes in the stability and sustainability of oil and gas prices, which have been "subject to significant fluctuation in recent years." (Annual report)	Grant Prideco: "Grant Prideco Reports Fourth Quarter Diluted EPS of $0.59, Including $0.04 Tax Reversal," News Release, February 8, 2006; Grant Prideco: *Annual Report 2005*, filed March 7, 2006.

Table continued on the following page.

Table II-10–*Continued*
Oil and gas: Demand and price forecasts, 2006 and beyond

Regulatory Agency	
(Natural gas) prices have declined with a better supply demand relationship (following hurricanes Katrina and Rita); (natural gas) prices have declined to early 2005 levels; storage is "very strong" compared to history. However, "futures markets are clearly assigning some possibility to price increases as 2006 continues." Also, the is no guarantee that next winter will be mild winter; under cold winter weather conditions, "prices can rise explosively." Nonetheless, "prospects for more moderate prices than those experienced last fall are quite good in 2006."	Federal Energy Regulatory Commission: "Winter 2005-2006 Energy Market Update," issued March 16, 2006.
Gas Pipelines	
"Burgeoning activity in the worldwide construction of oil and natural gas pipelines looked set to continue this year and beyond as 2006 began, based on reports from the world's pipeline operating companies and data collected by Oil & Gas Journal." The article cites growth in the United States (due to "sustained strength" in natural gas prices and expectations of continuing demand growth) and the Middle East, while much European work is considered already completed and work in Canada, Latin America, and Asia-Pacific is stable.	*Oil & Gas Journal*, "Special Report: Worldwide Pipeline Construction," February 13, 2006.
Producers of Energy Tubular Products (Welded and/or Seamless OCTG and Line Pipe)	
"Demand for line pipe is only partially dependent on oil and natural gas drilling activities. Line pipe demand is also dependent on factors such as the level of pipeline construction activity, line pipe replacement requirements, new residential construction, and gas utility purchasing programs." (Page 4) "Based on current settlement prices for natural gas futures, economists' forecasts of real GDP growth in 2006, as well as other factors, we estimate the rig count will average 1,550 in 2006. The rig count as of March 3, 2006, was 1,531." (Page 24). However, the first risk factor identified by NS Group was fluctuations in natural gas and oil prices. (Page 9)	NS Group: *Annual Report 2005*, filed March 10, 2006.
The company "expects continued strength in the energy markets served by our Tubular Segment." In addition, "(s)hipments and average realized prices for the Tubular segment in the first quarter of 2006 are expected to be in line with the fourth quarter (of 2005)." (Page 63)	United States Steel Corporation: *Annual Report 2005*, filed February 28, 2006.
"Based on industry reports, we expect demand for our oilfield products to continue to remain strong throughout 2006 as both crude oil prices and natural gas prices are expected to sustain the number of active drilling rigs. The U.S. Energy Information Agency ("EIA") has projected that the average West Texas Intermediate crude oil price should increase to levels experienced at the end of 2005 to average in the low- to mid-$60's per barrel range throughout 2006 and 2007. The EIA expects U.S. petroleum demand to grow at an approximate growth rate average of 1.7% and 1.9% in 2006 and 2007, respectively. U.S. natural gas spot prices averaged around $9 per thousand cubic feet ("mcf") during 2005. The EIA expects natural gas spot prices to range from $7.51 - $11.25 per mcf during 2006 and 2007 due to high crude oil prices and a relatively tight natural gas supply coupled with increasing demand. We believe that these are positive indicators of increasing and sustainable demand for our oilfield products in 2006." (Page 24)	Lone Star Technologies Inc.: *Annual Report 2005*, filed March 6, 2006.

Table continued on the following page.

Table II-10–*Continued*
Oil and gas: Demand and price forecasts, 2006 and beyond

Producers of Energy Tubular Products (Welded and/or Seamless OCTG and Line Pipe), cont.	
"We believe the rig count published by Baker Hughes Incorporated, which reports the number of active oil and natural gas drilling rigs, is widely accepted within the energy industry and is a reliable indicator of drilling activity levels. The level of drilling activity and the amount of resources our end-users commit to the exploration for and production of, oil and natural gas is largely a function of current prices for oil and natural gas and the industry's future price expectations. High oil and natural gas prices in 2005 caused exploration and production companies to increase the number of active oil and natural gas drilling rigs throughout the world. We believe that increasing demand for oil and natural gas, along with tight supplies, will continue to support high prices for these natural resources. This, in turn, should continue to support a high level of drilling activity in 2006." (Page 17) Specifically addressing (welded) line pipe, Maverick noted that "line pipe is used to transport primarily natural gas from the well site to gathering or storage facilities. Accordingly, new natural gas well completions is a key driver of our line pipe business. However, because line pipe is used later in the energy cycle, the impact to our line pipe business lags 6 to 12 months behind drilling activity changes. Similar to OCTG, we analyze the demand for our line pipe products by focusing on the Baker Hughes rig count, the impact of changes in the price of oil and natural gas, and the effect of imports and industry inventory levels. In addition to the OCTG drivers and factors, our line pipe revenues are also influenced by general economic activity, the level of pipe line construction activity, and line pipe replacement requirements. (Pages 18-19) Maverick's first-listed risk factor is "our energy business is highly cyclical." (Page 8)	Maverick Tube Corp.: *Annual Report 2005*, filed March 14, 2006.
Source: Compiled from cited publications.	

Cost Share

Large diameter CASSLP pipe's share of the total costs of intermediate products tends to be relatively high. Purchasers were asked for the cost share of large diameter CASSLP pipe in the products they produced. All of the four purchasers that were end users responded. Two reported that large diameter CASSLP pipe accounted for *** percent of the cost of pipe flow lines and pipe lines in which it was used. The other two responding purchasers reported that the cost of large diameter CASSLP pipe was between 50 and 80 percent of the cost of the elbows, tees, and reducers they produced.

Substitutability Issues

The degree of substitution between domestic and imported large diameter CASSLP pipe depends on factors such as specifications of the product that is produced in each country, product quality, consistency, relative price, and on conditions of sale such as reliability of supply, reliability of delivery, payment terms, and delivery/lead time. In the original investigations, staff reported that there was believed to be a moderate degree of substitution between domestic large diameter CASSLP pipe and that imported from Japan and Mexico. There are no data to indicate that this has changed.

In the original investigations, petitioners and respondents generally agreed that imported large diameter CASSLP pipe competed directly with the U.S.-produced product and that both were sold through similar channels of distribution to similar markets. According to the report in the original investigations, sales representatives typically carried a range of large diameter CASSLP pipe. As noted in the original investigations report, large diameter CASSLP pipe could be substituted among producers with a fair amount of ease, since for most end users it is essential that it meet set industry standards.

However, some purchasers may require other qualification. Differences between sources therefore are typically not in meeting standards, but in other types of quality measures, availability, preference for U.S. product, and lead times.

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase large diameter CASSLP pipe (table II-11). Price was reported by the largest number of purchasers (six firms) as the most important factor and the third most important factor (five firms). Quality was reported most frequently as the second most important factor (five firms). Other factors listed among the top three factors by more than one purchaser were meeting specifications/ meeting certification/acceptability, availability traditional supplier/approved supplier, and schedule/lead time/delivery.

Factors Determining Quality

Purchasers were asked to identify the factors that determine the quality of large diameter CASSLP pipe. Purchasers reported numerous factors including: meeting specifications including API, API5L, ASTM, ASME, and ISO certification; lab tests and industry/national standards; shape, including length, dimension, surface condition, surface coating; physical characteristics such as mechanical properties and chemistry; consistency; stenciling; and characteristics not specific to the product such as past history and deliveries.

Certification/Qualification Issues

Purchasers were asked if they require prequalification of their suppliers. Eleven of the 15 responding purchasers reported that they required prequalification for all of their purchases. The other four purchasers reported that they did not require prequalification.[54] Purchasers were also asked if, since 2000, any domestic or foreign producer failed in its attempts to certify or qualify its large diameter CASSLP pipe with their firm or if any producer lost its approved status. Only one of the 15 responding purchasers reported that one supplier had failed; it reported that Tamsa Mexico had failed because of quality issues.

Purchasers were also asked what factors they consider in qualifying a supplier. Factors purchasers considered included: product characteristics such as quality/consistent quality, meeting specifications, and formability; delivery characteristics such as reliability of deliveries, and availability; price; mill warranty; and characteristics of the producers such as shop floor/manufacture practice, financial strength, safety, overall integrity, reliability, production history, and reputation/customer acceptance. Six purchasers reported the time it took to qualify product. Responses ranged from 1 week to 1 year, with three of the firms reporting one to three months.

[54] One reported that it only required ASTM, API5L, and/or ISO certification; a second reported that it toured the production facility but did not require prequalification; and a third reported that the suppliers were already certified or qualified and therefor required no qualification by the purchaser itself.

Table II-11
Large diameter CASSLP pipe: Most important factors in selecting a supplier, as reported by purchasers

Factor	First[1]	Second[2]	Third[3]
Price	6	2	5
Quality	4	5	2
Meeting specifications/meeting certification/acceptability	3	0	1
Availability	2	4	1
Traditional supplier/approved supplier	1	0	1
Schedule/lead time/delivery	0	2	3
Other[4]	0	2	2

[1] Two firms reported two factors as the most important factor, both reported quality and either acceptability or meeting certification.
[2] Two firms reported two factors as the second most important factors, both reported quality and one reported service and the other availability.
[3] One firm reported two factors as the third most important factors, reporting quality and reputation.
[4] "Other" includes for second factor service and product consistency, for third factor reputation and product line.
Source: Compiled from data submitted in response to Commission questionnaires.

Both the domestic and the respondent interested parties reported that approved manufacturers lists are important, particularly for some of the major oil and gas firms.[55] At the hearing, distributors reported that between 10 and 90 percent of their sales required that the producer be on an AML.[56]

Domestic interested parties contend that subject producers are more likely than nonsubject producers to be on these approved manufacturers lists, reporting that the Mexican and Japanese producers are "all on the approved lists."[57] As a result they argued that subject producers, if allowed in the market, would compete more head to head with U.S. producers and therefore are more likely to cause prices to fall than are nonsubject producers.[58] Furthermore, only about 30 percent of the product sold by U.S. Steel and V&M Star is reportedly to firms requiring approved manufacturers.[59] Thus, even if the subject producers were not approved manufacturers, their product would compete with most of the product produced in the United States.

Specific Sources

Purchasers were also asked whether they or their customers specifically ordered large diameter CASSLP pipe from one country in particular over other sources of supply. Eight of the 14 responding purchasers reported ordering by country.[60] Six of the eight reported ordering specifically U.S. product; in addition, one reported purchasing U.S. or imported material as driven by the customer specifications, and one reported it preferred offshore product with diameters of 6 5/8 inches through 10 3/4 inches.

[55] Hearing transcript, pp. 126 and 232 (Schagrin and Gurley).

[56] Hearing transcript, pp. 129, 131, and 132 (Blinder, Durham, and Shoaff).

[57] Hearing transcript, pp. 126, 186-187 (Schagrin). ***. V&M Star posthearing brief, March 13, 2006, exhibit 1.

[58] Hearing transcript, p. 126 (Schagrin).

[59] Hearing transcript, p. 133 (Shoaff and Clark).

[60] One of these purchasers reported that it did not purchase by country of origin but always purchased U.S.-produced product, as a result it has been included in the firms purchasing product by country of origin.

Purchasers were asked if certain grades of large diameter CASSLP pipe were available from only a single source. One of the 14 responding purchasers responded yes, reporting that not all producers produce the whole range of product.

Purchases of the Lowest-Priced Product

Purchasers were asked if they always, usually, sometimes, or never purchase the lowest-priced product when buying large diameter CASSLP pipe. None of the firms always purchased the lowest-priced product, eight usually purchased the lowest-priced product, five sometimes purchased the lowest-priced product, and one never purchased the lowest-priced product. Thus, all purchasers had other factors that could be more important than price in determining from whom they purchased.

Purchases from Higher-Priced Sources

Purchasers were also asked if they purchased large diameter CASSLP pipe from one source although a comparable product was available at a lower price from another source. Ten purchasers responded. One firm reported that when quality is the same, purchases are based on price. One reported a preference for U.S. product. The other reasons purchasers reported for using a more expensive source included; delivery time and reliability, logistics, customer acceptance, unwillingness to risk unknown or marginal quality, domestic requirements, brand loyalty, quality, and availability.

Importance of Specified Purchase Factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-12). The factors listed as very important were quality meets industry standards (15 firms), product consistency (14 firms), price and availability (12 firms), and approved supplier and delivery time (11 firms). No other factor was reported as very important by half or more of the responding purchasers.

Changes in Purchasing Patterns

Purchasers were asked a number of questions about whether their purchasing patterns for large diameter CASSLP pipe from subject and nonsubject sources had changed since 2000. Seven out of 14 responding purchasers reported that they had purchased large diameter CASSLP pipe from subject countries before 2000; all seven purchased Japanese product, three of these also purchased Mexican product. Six of the seven firms reported that it had discontinued purchases of subject large diameter CASSLP pipe since 2000 because of the antidumping duty orders; the other reported that it had changed its patterns for purchasing Japanese product because of the availability and price of the domestic product. When asked about purchases from nonsubject countries, three firms reported that they had not purchased product from nonsubject countries either before or after the antidumping duty orders; six reported that their purchases from nonsubject countries were unchanged; four reported increasing purchases of nonsubject product because of the orders; and one reported shifting because of availability and changes in market conditions.

Table II-12
Large diameter CASSLP pipe: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	12	3	0
Delivery terms	6	9	0
Delivery time	11	4	0
Discounts offered	6	9	0
Extension of credit	4	8	3
Price	12	3	0
Minimum quantity requirement	4	7	4
Packaging	3	8	4
Product consistency	14	1	0
Quality meets industry standards	15	0	0
Quality exceeds industry standards	4	8	3
Product range	4	9	2
Technical support/service	6	8	1
Approved supplier	11	3	1
U.S. transportation costs	2	9	4

Note: Not all firms responded for all questions.

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

Purchases from Specific Producers and Countries

Purchasers were asked how frequently they and their customers purchased large diameter CASSLP pipe from specific producers and from specific countries. The following tabulation summarizes the responses.

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	10	2	2	1
Purchaser's customer makes decision based on producer	0	8	5	3
Purchaser makes decision based on country	7	0	5	2
Purchaser's customer makes decision based on country	0	3	6	3

Most (10 of 15) purchasers reported that they always make purchasing decisions based on the producer of the large diameter CASSLP pipe, but less often based on the country of origin. Their customers are less likely to make decisions based on either the producer or the country of origin, although these are reportedly at least sometimes important. Of those purchasers that reported that they always

make decisions based on the manufacturer, reasons cited included quality of product, ability to meet specifications, approved manufacturers, mill warranties, availability, delivery, and price. Some firms also reported that they distribute only domestically produced pipe.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Interchangeability

Producers, importers, and purchasers were asked to report how frequently large diameter CASSLP pipe from different countries was interchangeable (table II-13). Both responding U.S. producers reported that the domestic product and product imported from subject and nonsubject countries were always interchangeable. Two importers responded; one reported that each country combination was "frequently" interchangeable, and the other reported that each combination was "sometimes" interchangeable except for Japan versus Mexico (which it reported as "frequently" interchangeable). Purchasers' responses varied, but for each country combination nearly all purchasers reported that the products were at least sometimes interchangeable.

Reasons for Non-Interchangeability

Firms were asked to explain why products from country pairs were not interchangeable. The one importer that responded reported that interchangeability depends on the specific customers qualification of mills. Purchasers that responded reported the following reasons: quality; product from Mexico is not as acceptable as that from other sources, products are not interchangeable if a mill or country is not an approved source; and ability to meet quality and technical requirements.

Significance of Differences Other Than Price

Producers and importers were asked to assess how often differences other than price were significant in sales of large diameter CASSLP pipe (table II-14). Two importers and two producers answered this question. Firms were asked to report any differences other than price; no firms provided any information.

Comparisons of Country Sources

Purchasers were also asked to compare domestically produced large diameter CASSLP pipe and large diameter CASSLP pipe produced in subject and nonsubject countries, for all country pairs for which they had actual experience. Respondents were asked to rate large diameter CASSLP pipe produced in one country as superior, comparable, or inferior to that from another country with respect to 15 different attributes. The most common comparison was between U.S. product and nonsubject product, with five purchasers providing comparisons;[61] one purchaser compared U.S. and Japanese product; one purchaser compared U.S. and Mexican product; two purchasers compared Japanese and nonsubject product; one purchaser compared Mexican and nonsubject product; and two purchasers compared Japanese with Mexican product. Comparisons between large diameter CASSLP pipe that is domestically produced, produced in subject countries, and produced in nonsubject countries are reported in table II-15, and

[61] Some of the purchasers compared U.S. product with product from a number of nonsubject countries; each of these comparisons was counted if responses differed between different nonsubject countries, otherwise the response is included only once.

Table II-13
Large diameter CASSLP pipe: U.S. firms' perceived degree of interchangeability of products produced in the United States, subject, and nonsubject countries[1]

Country comparison	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Japan	2	0	0	0	0	1	1	0	3	5	2	0
U.S. vs. Mexico	2	0	0	0	0	1	1	0	2	3	3	1
Japan vs. Mexico	2	0	0	0	0	2	0	0	3	3	2	0
U.S. vs. nonsubject	2	0	0	0	0	1	1	0	2	4	1	1
Japan vs. nonsubject	2	0	0	0	0	1	1	0	3	3	1	0
Mexico vs. nonsubject	2	0	0	0	0	1	1	0	2	3	2	0

[1] Producers, importers, and purchasers were asked if large diameter CASSLP pipe produced in the United States and in other countries is used interchangeably.

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

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

Table II-14
Large diameter CASSLP pipe: U.S. firms' perceived significance of differences other than price between U.S.-produced and imported product[1]

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. Japan	0	0	0	2	0	0	2	0
U.S. vs. Mexico	0	0	0	2	0	0	2	0
Japan vs. Mexico	0	0	0	2	0	0	2	0
U.S. vs. nonsubject	0	0	0	2	0	0	2	0
Japan vs. nonsubject	0	0	0	2	0	0	2	0
Mexico vs. nonsubject	0	0	0	2	0	0	2	0

[1] Producers and importers were asked if differences other than price between large diameter CASSLP pipe produced in the United States and in other countries were a significant factor in their sales of the products.

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

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

country comparisons for which more than one purchaser responded are discussed below.

In comparing U.S. product with that from nonsubject countries, the majority of responding purchasers rated the products as comparable for most factors except availability for which five of nine purchasers rated the U.S. product as superior, three rated it as inferior, and one rated the products as comparable; delivery time for which five of nine firms rated the U.S. product as superior; price for which six of nine firms rated the U.S. product as inferior; and product range for which two firms rated the U.S.

Table II-15
Large diameter CASSLP pipe: Comparisons of imported and U.S. product, as reported by purchasers

Factor	U.S. vs Japan			U.S. vs Mexico			U.S. vs nonsubject[1]			Japan vs Mexico			Japan vs nonsubject			Mexico vs nonsubject		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Approved supplier	0	1	0	1	0	0	4	5	0	2	0	0	1	2	0	1	0	0
Availability	1	0	0	1	0	0	5	1	3	0	1	1	0	3	0	1	0	0
Delivery terms	1	0	0	1	0	0	3	6	0	0	2	0	0	3	0	0	1	0
Delivery time	1	0	0	1	0	0	5	4	0	0	1	1	0	3	0	1	0	0
Discounts offered	1	0	0	1	0	0	3	5	1	0	2	0	0	3	0	0	1	0
Extension of credit	0	1	0	0	1	0	1	8	0	0	1	0	0	2	0	0	1	0
Minimum quantity requirements	0	1	0	0	1	0	2	6	1	0	2	0	0	3	0	0	1	0
Packaging	0	0	1	0	1	0	0	8	1	1	1	0	0	3	0	0	1	0
Price[2]	0	1	0	0	0	1	0	3	6	0	1	1	1	1	1	1	0	0
Product consistency	0	1	0	1	0	0	3	6	0	2	0	0	1	2	0	0	0	1
Product range	1	0	0	1	0	0	2	4	3	1	1	0	0	3	0	0	0	1
Quality exceeds industry standards	0	1	0	1	0	0	2	5	2	2	0	0	1	2	0	0	0	1
Quality meets industry standards	0	1	0	1	0	0	2	7	0	2	0	0	1	2	0	0	0	1
Technical support/service	0	1	0	0	1	0	2	7	0	2	0	0	1	2	0	0	1	0
U.S. transportation costs	1	0	0	0	1	0	3	5	1	0	2	0	0	3	0	0	0	1

[1] Some firms reported answers for multiple nonsubject countries. When these answers differed among the different nonsubject countries, all answers have been reported.

[2] A rating of superior means that the price is generally lower. For example, if a firm reported "U.S. superior," it meant that the price of the 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. Not all companies gave responses for all factors.

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

product as superior, four rated the products as comparable; and three rated the U.S. product as inferior. In comparing product from Japan with that from Mexico, the two responding purchasers rated the Japanese product as superior for a number of factors including approved supplier, product consistency, quality meets industry standards, quality exceeds industry standards, and technical support. Regarding availability, delivery time, and price, one firm rated the Japanese product and Mexican product as comparable and one firm rated the Mexican product as superior. Regarding packaging and product range, one firm rated the Japanese product and Mexican product as comparable and one firm rated the Japanese product as superior. Finally, in comparing Japanese product and product from nonsubject countries, the majority of purchasers rated the products as comparable for each factor except for price in regard to which one firm rated the Japanese product as superior, one firm rated the products as comparable, and one firm rated the Japanese product as inferior.

Awareness of Country Sources

Purchasers were asked to identify the sources of large diameter CASSLP pipe of which they were aware. All 14 responding firms were aware of the U.S.-produced product. Two reported knowing of product from subject sources. One of these knew product from both Japan and Mexico and the other knew of product from Japan. Five purchasers reported information on large diameter CASSLP pipe from nonsubject countries. Nonsubject sources reported by these purchasers included Argentina, Austria, Brazil, China, Czech Republic, France, Germany, and Italy. Of the three importers providing questionnaires, one imported from Romania, one from South Africa, and one from Italy and Argentina.

ELASTICITY ESTIMATES FOR LARGE DIAMETER CASSLP PIPE

This section discusses elasticity estimates. Parties were requested to provide comments in their prehearing briefs. None of the parties commented on these elasticity estimates.

U.S. Supply Elasticity[62]

The domestic supply elasticity for large diameter CASSLP pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of large diameter CASSLP pipe. The elasticity of domestic supply depends on factors such as the level of excess capacity, the existence of inventories, and the availability of alternate markets for domestically produced large diameter CASSLP pipe. Analysis of these factors in the initial investigations indicated that the U.S. industry had a moderate capacity to increase domestic shipments in response to moderate price increases. In 2000, the supply elasticity was estimated to be in the range of 2 to 4. Other than increasing inventories, no major changes are apparent in supply and elasticity of supply is expected to essentially remain unchanged.

U.S. Demand Elasticity

The U.S. demand elasticity for large diameter CASSLP pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of large diameter CASSLP pipe. This sensitivity depends on the availability and viability of substitute products as well as on the component share of large diameter CASSLP pipe in the production of downstream products. There are few products that can be successfully substituted for large diameter CASSLP pipe. Large diameter CASSLP pipe is typically used to extract, transport, and process petroleum products. Thus, its cost share's significance is less than that in many products where the product is ultimately used in a consumer product. In the original investigations, demand was estimated to be moderately elastic with elasticities in a range of -1 to -2. Staff believes these estimates are high, demand is currently less elastic and is likely to be in the -0.5 to -1.0 range.

Substitution Elasticity

The elasticity of substitution depends on the extent of product differentiation between the domestic and imported products. Product differentiation depends on factors such as the range of products produced, quality, availability, and reliability of supply. In the original investigations, the elasticity of substitution was estimated to be highly elastic in the range of 2 to 6; staff believes that the substitution elasticity is still likely to be in that range.

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

PART III: CONDITION OF THE U.S. INDUSTRY

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION FOR SMALL DIAMETER CASSLP PIPE

Data on U.S. producers' capacity, production, and capacity utilization of small diameter CASSLP pipe are presented in table III-1. Reported U.S. capacity increased from 2000 to 2004 by *** percent, after recovering from a steep decline in 2003. Production also increased from 2000 to 2004, rising by *** percent, despite decreasing production levels in 2002 and 2003. Annual capacity utilization rates ranged from *** percent in 2002 to *** percent in 2001.

Table III-1
Small diameter CASSLP pipe: U.S. producers' capacity, production, and capacity utilization, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Koppel and Sharon reported steady overall capacity throughout the period reviewed.[1] U.S. Steel reported an increase in capacity from 2000 to 2004 of *** percent.[2] Timken reported an increase in capacity from 2000 to 2004 of *** percent, ***.

Koppel and U.S. Steel reported that they produce other products using the same manufacturing equipment and/or production related employees employed to produce small diameter CASSLP pipe. These products include ***.[3] Timken reported that it produces *** using the same manufacturing equipment and/or production related employees employed to produce small diameter CASSLP pipe.[4] Table III-2 presents data for the U.S. industry's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing small diameter CASSLP pipe and other products. Reported overall capacity remained relatively stable over the period for which data were collected. Aggregate capacity utilization fluctuated, consistent with overall production levels, but was consistently higher than small diameter CASSLP pipe capacity utilization.

Table III-2
Small diameter seamless pipe: U.S. producers' overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

[1] ***. Koppel's producer's questionnaire response, p. 5.

[2] U.S. Steel's producer's questionnaire response, p. 4. U.S. Steel reported that ***. U.S. Steel and Koppel's posthearing brief, March 13, 2006, p. 39.

[3] U.S. Steel reported that ***. U.S. Steel's producer's questionnaire response, p. 5.
Koppel reported that ***. Koppel's producer's questionnaire response, p. 5.

[4] Timken's producer's questionnaire response, p. 5. Timken reported that ***. Ibid.

U.S. PRODUCERS' DOMESTIC SHIPMENTS, AND EXPORT SHIPMENTS OF SMALL DIAMETER CASSLP PIPE

As shown in table III-3, the quantity of U.S. shipments of small diameter CASSLP pipe fluctuated, but increased overall by *** percent from 2000 to 2004. However, the value of U.S. shipments increased by a substantially greater rate (*** percent) during this period, and the average unit value of U.S. shipments rose by *** percent. No U.S. producer reported internal consumption or shipments to related firms of small diameter CASSLP pipe. ***.

Table III-3
Small diameter CASSLP pipe: U.S. producers' shipments, by type, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

U.S. PRODUCERS' INVENTORIES OF SMALL DIAMETER CASSLP PIPE

Data on end-of-period inventories of small diameter CASSLP pipe for the review period are presented in table III-4.

Table III-4
Small diameter CASSLP pipe: U.S. producers' end-of-period inventories, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS OF SMALL DIAMETER CASSLP PIPE

*** reported direct imports or purchases of imports of the subject product during the review period from any of the subject countries. *** reported purchases of small diameter CASSLP pipe from nonsubject countries and other domestic producers.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY OF SMALL DIAMETER CASSLP PIPE

Data provided by U.S. producers on the number of production and related workers (PRWs) engaged in the production of small diameter CASSLP pipe and the total hours worked by and wages paid to such PRWs during the period for which data were collected in these reviews are presented in table III-5. From 2000 to 2004, the number of PRWs decreased from *** workers in 2000 to *** workers in 2004, a *** percent decrease. Hours worked by PRWs decreased by *** percent during this period, but hourly wages increased by *** percent. Productivity increased by *** percent during 2000-04.

Table III-5
Small diameter CASSLP pipe: Average number of production and related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS OF SMALL DIAMETER CASSLP PIPE

Background

Four U.S. producers of small diameter CASSLP pipe provided financial data--Koppel, Sharon, Timken, and U.S. Steel.[5] No production of small diameter CASSLP pipe was either internally consumed or transferred to related companies. Responding U.S. producers are believed to account for the majority of the domestic industry's net sales during the period for which data were collected.

Operations on Small Diameter CASSLP Pipe

The results of the responding U.S. producers' small diameter CASSLP pipe sales are presented in table III-6.[6] Net sales quantity, value, and operating income fluctuated in a generally downward trend between 2000 and 2003, before increasing substantially in 2004. Net sales value as well as operating income increased noticeably from 2003 to 2004 in conjunction with sales quantity for the same period, due mainly to a substantial increase in per-short-ton selling price (from $*** to $*** per short ton). An operating income of less than $*** in 2003 changed to an operating income of almost $*** in 2004 and per-unit profitability increased substantially for the same period (from $*** to $*** per short ton). The ratio of the domestic industry's operating income to net sales in 2004 was *** percent, while its operating income ratio in 2003 was less than *** percent. Per-short-ton net sales values increased in 2004 (by $***) from 2003, while per-unit total costs (cost of goods sold (COGS) plus selling, general, and administrative (SG&A) expenses) also increased by $***, resulting in an operating income of $*** per short ton in 2004, a net increase of $*** per short ton compared to an operating income of $*** in 2003.

The pattern of the financial results between January-September 2004 (interim 2004) and January-September 2005 (interim 2005) is similar to the pattern between 2003 and 2004, despite lower net sales quantity in interim 2005. However, the magnitude of the per-unit profitability between the two interim periods is even greater than between 2003 and 2004 (an increase of operating income of $*** per short ton from interim 2004 to interim 2005, reflecting an increase in the per-short-ton selling price of $*** for the same period).

The results of operations by firm are presented in table III-7. All producers' profitability, i.e., operating income and operating income ratio to net sales, improved from 2003 to 2004 and between two interim periods.[7] ***.

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[5] All producers' fiscal years end on December 31.

[6] ***. Since Timken did not provide financial data for the two interim periods, the interim data were prorated for the first nine months based on the data submitted for 2004 and 2005.

[7] Based on U.S. Steel's Form 10-K submitted to the Securities and Exchange Commission (SEC) for 2005 and Form 10-Q submitted to SEC for the third quarter and the first nine months of 2005 ended September 30, 2005, U.S. Steel has three reportable segments: Flat-rolled Products (Flat-rolled), U.S. Steel Europe (USSE), and Tubular Products (Tubular). Based on U.S. Steel's Historical Segment Financial and Operational Data on December 31, 2005, for the Tubular Products Segment, average price per net ton increased from $863 in 2004 to $1,326 in 2005, income from operations increased from $197 million in 2004 to $528 million in 2005, and finally, income from operations per ton increased from $180 in 2004 to $457 in 2005 while the calculated costs per ton also increased from $683 to $869 from 2004 to 2005. U.S. Steel states in its Form 10-K, "Tubular segment income of $528 million in 2005 reflected an improvement of $331 million compared to 2004. The increase resulted mainly from higher prices, partially offset by higher costs for steel rounds.... Tubular recorded segment income of $197 million in 2004, compared to a segment loss of $25 million in 2003. The improvement resulted primarily from higher average realized prices." Income from the operations of Tubular segment was $379 million for the first nine months of 2005 compared to $83 million for the first nine months of 2004. During the third quarter of 2005, income from operations

(continued...)

Table III-6
Small diameter CASSLP pipe: Results of operations of U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table III-7
Small diameter CASSLP pipe: Results of operations of U.S. producers (by firms), fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Selected cost data of the producers on their operations for the subject products are presented in table III-8. Total unit cost increased continuously over the period. Unit raw materials cost and SG&A expenses generally increased during the same period.

Table III-8
Small diameter CASSLP pipe: Operating costs of U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Domestic interested parties alleged in their prehearing brief[8] that the operating margins earned by the domestic industry during the period between 1997 and September 2005 have been below the industry's weighted average cost of capital ("WACC").[9] While the WACC is a useful tool in certain applications, its usefulness in these proceedings might be limited. First, the domestic interested parties' WACC was computed for the period between 1997 and September 2005, including three years prior to

[7] (...continued)
of the Tubular segment increased markedly from the third quarter of 2004, compared to the Flat-rolled and USSE segments which actually decreased significantly during the same periods. Income from the operations of Tubular segment was $379 million for the first nine months of 2005 compared to $83 million for the first nine months of 2004. U.S. Steel explains that total operating expenses for the entire company in the third quarter of 2005 increased from the third quarter of 2004 due to higher unit production costs which resulted mainly from inefficiencies related to blast furnace outages and curtailed operating levels, and from higher energy costs and increased cost related to profit-based union payments which were included in cost of sales. It further states that segment income for Tubular in the third quarter and first nine months of 2005 increased by 125 percent and 357 percent, respectively, from the comparable 2004 periods. The substantial improvements in the 2005 periods mainly resulted from higher average realized prices, partially offset by higher costs for tube rounds. During 2005, the cost to produce tube rounds has increased dramatically and the transfer price for tube rounds supplied by Flat-rolled also increased substantially.

[8] Prehearing brief of the domestic interested parties, p. 49 and exhibit 5.

[9] The financing of capital for a firm is comprised of two sources: equity financing and debt financing. The cost of capital is the expected return to shareholders and/or creditors, depending upon the investment risk. The WACC is the weighted average cost of capital for a firm based on the combination of its capital; in other words, it represents the investors' opportunity cost of taking on the risk of investing in or lending money to a company. A project that has a rate of return (in this case, operating income) greater than the WACC generates additional cash flow and creates value, while a project that has a rate of return less than the WACC decreases value.

the period for which data were collected in these reviews (January 2000-September 2005) and based on the financial data of only one company, NS Group, Inc., which is Koppel's parent company. Although NS Group is a pipe manufacturer, staff is not sure it is a reasonable proxy for the domestic CASSLP pipe industry. Specifically, the NS Group posted large operating losses every year from 2000 to 2003, with operating loss margins ranging from negative 5.2 percent to negative 17.7 percent. At the same time the small diameter CASSLP pipe industry was profitable in every period, and the domestic large diameter CASSLP pipe industry was profitable in two of the years. Profitability affects shareholders' equity, and therefore has a bearing upon any WACC calculation. Therefore, the Commission requested domestic interested parties to compute WACC based on the period January 2000-September 2005, utilizing both Standard Industrial Classification (SIC) 331 and SIC 3312, with the financial data of two domestic producers, U.S. Steel and Koppel.

In response to the Commission staff's request, domestic interested parties submitted WACC based on SIC 331 and SIC 3312 with the financial data of three small diameter CASSLP pipe producers (Koppel, Sharon, and U.S. Steel) and of two large diameter CASSLP pipe producers (U.S. Steel and V&M Star) for the period January 2000-September 2005. The return on assets ("ROA") of three small diameter CASSLP pipe producers for the period January 2000-September 2005 exceeded WACC with SIC 331 by *** percent and WACC with SIC 3312 by *** percent. For large diameter producers, WACC with SIC 331 exceeded ROA of two producers for the period January 2000-September 2005 by *** percent and WACC with 3312 by *** percent.[10]

SIC 331 may not be representative of the domestic small diameter CASSLP pipe industry. SIC 331 is much broader and diverse and includes steel works, blast furnaces, and rolling mills, coke ovens, electrometallurgical products, steel wiredrawing and steel nails, and spikes; cold-rolled steel sheet, strip, and bars; and steel pipe and tubes. A smaller subset, SIC 3312, includes establishments primarily engaged in manufacturing hot metal, pig iron, and silvery pig iron from iron ore and steel scrap; converting pig iron, scrap iron, and scrap steel into steel; and, in hot-rolling iron and steel into basic shapes, such as plates, sheets, strips, rods, bars, and tubing. SIC 3312 also includes stainless steel and specialty steel producers.

In most periods, net sales values for companies within SIC 331 were over $30 billion, compared to approximately $300 million of the combined net sales values reported by the both small and large diameter CASSLP pipe producers. Given this, it might not be reasonable to draw parallels between financial data for either SIC 331 or SIC 3312 and the domestic small and large diameter CASSLP pipe industry, which is a much smaller subset. The Commission has gathered actual trade and financial data specific to the domestic CASSLP pipe producers, and the comparisons between these data and data for a much larger industry whose exact composition is unknown may not be conclusive and should be viewed with caution.

A variance analysis showing the effects of prices and volume on the producers' net trade sales of small diameter CASSLP pipe, and of costs and volume on their total cost, is shown in table III-9. The analysis is summarized at the bottom of the table. Operating income increased by more than $*** between 2000 and 2004. The increase in operating income between 2000 and 2004 resulted mainly from higher average prices ($***) which were partially offset by the negative effect of increasing costs/expenses ($***).

[10] Posthearing brief supplement of the domestic interested parties dated March 13, 2006.

Table III-9
Small diameter CASSLP pipe: Variance analysis of operations of U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Capital Expenditures and Research and Development Expenses

The U.S. producers' capital expenditures and research and development (R&D) expenses are presented in table III-10. Capital expenditures decreased substantially from 2000 to 2001 and remained below $*** thereafter. R&D expenses decreased markedly from 2000 to 2001 and remained below $*** annually thereafter. Capital expenditures by individual firms are presented in table III-11.

Table III-10
Small diameter CASSLP pipe: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table III-11
Small diameter CASSLP pipe: Capital expenditures by U.S. producers (by firms), fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Assets and Return on Investment

U.S. producers were requested to provide data on their assets used in the production and sales of small diameter CASSLP pipe during the period for which data were collected to assess their return on investments (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 sale of small diameter CASSLP pipe. Data on the U.S. producers' total assets and their ROI are presented in table III-12.[11]

Total assets utilized by the U.S. producers in their operations decreased between 2000 and 2003, and then increased in 2004. Since the U.S. producers' operating income increased considerably from 2003 to 2004, their ROI increased from a ratio of *** percent in 2003 to a ratio of *** percent in 2004. The trend of ROI over the period was generally the same as the trend of the operating income margin to net sales in table III-6 over the same period.

Table III-12
Small diameter CASSLP pipe: Value of assets and return on investment of U.S. producers, fiscal years 2000-04

* * * * * * *

[11] ***.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION FOR LARGE DIAMETER CASSLP PIPE

Data on U.S. producers' capacity, production, and capacity utilization are presented in table III-13. Reported U.S. capacity to produce large diameter CASSLP pipe fluctuated during the period of review, but increased overall by *** percent from 2000 to 2004. Production also fluctuated, but increased overall by *** percent from 2000 to 2004. Annual capacity utilization rates ranged from *** percent in 2003 to *** percent in 2000.

Table III-13
Large diameter CASSLP pipe: U.S. producers' capacity, production, and capacity utilization, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

V&M Star reported steady capacity throughout the period reviewed. U.S. Steel reported it installed a $85 million quench and temper facility at its Lorain, OH, production facilities, ***.[12] Timken reported an increase in capacity from 2000 to 2004 of *** percent.

U.S. Steel and V&M Star reported that they produce other products using the same manufacturing equipment and/or production related employees employed to produce large diameter CASSLP pipe. These products include ***.[13] Timken reported that it produces *** on the same manufacturing equipment and/or production related employees employed to produce small diameter CASSLP pipe.[14] Table III-14 presents data for the U.S. industry's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing large diameter CASSLP pipe and other products. Overall capacity, production, and aggregate capacity utilization fluctuated over the period for which data were collected. Aggregate capacity utilization was frequently, but not always, higher than large diameter CASSLP pipe capacity utilization.

Table III-14
Large diameter seamless pipe: U.S. producers' overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

[12] U.S. Steel's producer's questionnaire response, p. 4; Hearing transcript, March 2, 2006, p. 51 (Broglie).

[13] U.S. Steel reported that ***. U.S. Steel's producer's questionnaire response, p. 5.
V&M Star reported that ***. V&M Star's producer's questionnaire response, p. 5.

[14] Timken's producer's questionnaire response, p. 5. Timken reported that ***. Ibid.

U.S. PRODUCERS' DOMESTIC SHIPMENTS, AND EXPORT SHIPMENTS OF LARGE DIAMETER CASSLP PIPE

As shown in table III-15, the quantity of U.S. shipments of large diameter CASSLP pipe increased by *** percent from 2000 to 2004. The value of U.S. shipments also increased, by *** percent, during this period, as did the average unit value of U.S. shipments, by *** percent. No U.S. producer reported internal consumption or shipments to related firms of large diameter CASSLP pipe. ***.

Table III-15
Large diameter CASSLP pipe: U.S. producers' shipments, by type, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

U.S. PRODUCERS' INVENTORIES OF LARGE DIAMETER CASSLP PIPE

Data on end-of-period inventories of large diameter CASSLP pipe for the review period are presented in table III-16.

Table III-16
Large diameter CASSLP pipe: U.S. producers' end-of-period inventories, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS OF LARGE DIAMETER CASSLP PIPE

*** reported direct imports or purchases of imports of the subject product during the review period from any of the subject countries. *** reported purchases of large diameter CASSLP pipe from nonsubject countries or other domestic producers.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY OF LARGE DIAMETER CASSLP PIPE

Data provided by U.S. producers on the number of production and related workers (PRWs) engaged in the production of large diameter CASSLP pipe and the total hours worked by and wages paid to such PRWs during the period for which data were collected in these reviews, are presented in table III-17. From 2000 to 2004, the number of PRWs decreased by *** percent and hours worked decreased by *** percent, while hourly wages increased by *** percent. Productivity increased by *** percent from 2000 to 2004.

Table III-17
Large diameter CASSLP pipe: Average number of production and related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS OF LARGE DIAMETER CASSLP PIPE

Background

Three U.S. producers of large diameter CASSLP pipe provided financial data–Timken, U.S. Steel, and V&M Star.[15] No production of large diameter CASSLP pipe was either internally consumed or transferred to related companies. These three U.S. producers are believed to account for all of the domestic industry's net sales during the period for which data were collected.[16]

Operations on Large Diameter CASSLP Pipe

The results of the U.S. producers' large diameter CASSLP pipe operations are presented in table III-18. Net sales quantity, value, and operating income all fluctuated between 2000 and 2004. However, net sales value as well as operating income increased markedly from 2003 to 2004, due mainly to a substantial increase in per-short-ton selling price (from $*** per short ton to $*** per short ton). The operating loss in 2003 changed to operating income in 2004 and per-unit profitability increased noticeably for the same period. The domestic industry's operating income ratio to net sales in 2004 was more than *** percent while its operating loss ratio in 2003 was more than *** percent. Per-short-ton net sales value increased in 2004 (by $***) from 2003, while per-unit total cost increased by $***, resulting in operating income of $*** per short ton in 2004 compared to an operating loss of $*** in 2003, an increase of $*** per short ton.

Per-short-ton net sales were markedly higher in interim 2005 than in interim 2004 (an increase of $*** per short ton), while per-short-ton total cost also increased by $***, which resulted in an increase in operating income of $*** per short ton from interim 2004 to interim 2005, while sales quantity for interim 2005 was less than *** short tons higher than in interim 2004.

Table III-18
Large diameter CASSLP pipe: Results of operations of U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

The results of operations by firm are presented in table III-19. All producers experienced operating income in 2004 and the two interim periods, while all had operating losses in 2003, which resulted from the combined effects of lower sales volume and prices as well as higher per-unit total cost. U.S. Steel produced both carbon and alloy SSLP pipe while Timken and V&M Star produced only carbon SSLP pipe.

Table III-19
Large diameter CASSLP pipe: Results of operations of U.S. producers (by firms), fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

[15] All producers' fiscal years end on December 31.

[16] ***. Since Timken's late response did not provide financial data for the two interim periods, the interim data were prorated for the first nine months based on the data submitted for 2004 and 2005.

Selected cost data of the producers on their operations for the subject products are presented in table III-20. Total unit costs increased over the period, reflecting increases in raw material costs and factory overhead. Unit SG&A expenses increased continuously from 2000 to 2003, but then decreased from 2003 to 2004, and were lower in interim 2005 than in interim 2004.

Table III-20
Large diameter CASSLP pipe: Operating costs of U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

* * * * * * *

A variance analysis showing the effects of prices and volume on the producers' net trade sales of large diameter CASSLP pipe, and of costs and volume on their total cost, is shown in table III-21. The analysis is summarized at the bottom of the table. Operating income increased by $*** between 2000 and 2004. After unfavorable (negative) variances between 2000 and 2003, operating income increased by $*** between 2003 and 2004, and was $*** higher in interim 2005 than in interim 2004, due mainly to higher average selling prices.

Table III-21
Large diameter CASSLP pipe: Variance analysis of operations of U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

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Capital Expenditures and Research and Development Expenses

The U.S. producers' capital expenditures and R&D expenses are presented in table III-22. Capital expenditures increased substantially from 2000 to 2002 and then decreased from 2002 through 2004. R&D expenses remained relatively small over the period. Capital expenditures by individual firms are presented in table III-23.

Table III-22
Large diameter CASSLP pipe: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2000-04, January-September 2004, and January-September 2005

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Table III-23
Large diameter CASSLP pipe: Capital expenditures by U.S. producers (by firms), fiscal years 2000-04, January-September 2004, and January-September 2005

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Assets and Return on Investment

U.S. producers were requested to provide data on their assets used in the production and sales of large diameter CASSLP pipe during the period for which data were collected to assess their return on investments (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 sale of large diameter CASSLP pipe. Data on the U.S. producers' total assets and their ROI are presented in table III-

24.

Total assets utilized by the U.S. producers in their operations increased between 2000 and 2002,[17] then decreased in 2003 and increased again in 2004. Since the U.S. producers' operating income increased *** from 2003 to 2004, their ROI increased from a loss ratio of *** percent in 2003 to a positive ratio of *** percent in 2004.

Table III-24
Large diameter CASSLP pipe: Value of assets and return on investment of U.S. producers, fiscal years 2000-04

* * * * * * *

[17] ***.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS OF SMALL DIAMETER CASSLP PIPE

Data regarding U.S. imports of small diameter CASSLP pipe, based on adjusted official Commerce statistics,[1] are presented in table IV-1. Generally, U.S. imports from the Czech Republic and South Africa have been minimal or, in the case of South Africa since 2000, nonexistent. U.S. imports from Japan decreased by 95.9 percent from 2000 to 2004, while U.S. imports from Romania increased 444.7 percent during this period. U.S. imports from nonsubject sources increased by 39.7 percent from 2000 to 2004.[2]

[1] U.S. import data for small diameter CASSLP pipe are based on official Commerce statistics covered by the following HTS statistical reporting numbers: 7304.10.1020, 7304.10.5020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, and 7304.59.8015. This list of HTS statistical reporting numbers is a subset of those listed in the scope definition issued by Commerce. The complete list of HTS statistical reporting numbers issued by Commerce in its scope language contains product largely outside of the scope definition, or specifically excluded from the scope, such as mechanical tubing. *See Part I, The Subject Products.* U.S. producers, U.S. Steel and V&M Star, in consultation with the AISI, claim that imports covered by the statistical reporting numbers in the above subset are predominately product within the scope of these reviews. *See* U.S. Steel, Koppel Steel, and V&M Star's response to notice of institution, June 21, 2005, exh. 1.

Respondent interested parties, Mittal Steel and Silcotub, have indicated that they have no objections to the use of adjusted Commerce statistics, as presented in this report, to depict U.S. imports from subject and nonsubject countries.

[2] According to adjusted Commerce data, U.S. imports from nonsubject countries included the following countries, in order of volume in 2004: (1) China, (2) Ukraine, (3) France, (4) Spain, (5) Austria, and (6) Germany. These countries accounted for approximately 82 percent of U.S. imports from nonsubject countries in 2004. U.S. imports from China alone accounted for approximately 26 percent of U.S. imports from nonsubject countries in 2004. *See* appendix F, table F-1 which shows quantities of U.S. imports of small diameter CASSLP pipe by nonsubject country for the period of review.

Table IV-1
Small diameter CASSLP pipe: U.S. imports, by sources, 2000-04, January-September 2004, and January-September 2005

Source	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
				Quantity *(short tons)*			
Czech Republic	310	11	367	355	1	1	130
Japan	1,914	909	408	865	79	67	221
Romania	3,436	16,573	9,182	11,562	18,718	13,531	1,611
South Africa	442	0	0	0	0	0	0
Subtotal	6,102	17,492	9,957	12,782	18,798	13,598	1,961
All other sources	89,194	85,959	77,021	88,235	124,607	93,852	96,258
Total	95,296	103,451	86,977	101,017	143,405	107,451	98,219
				Landed, duty-paid value (*$1,000*)			
Czech Republic	142	71	359	2,008	3	3	115
Japan	3,553	1,018	1,205	2,872	513	401	531
Romania	1,722	8,122	4,627	6,102	12,996	8,966	1,971
South Africa	191	0	0	0	0	0	0
Subtotal	5,608	9,211	6,191	10,983	13,511	9,370	2,618
All other sources	63,994	61,022	55,627	63,866	93,355	67,965	101,949
Total	69,601	70,233	61,818	74,849	106,866	77,335	104,566
				Unit value (*per short ton*)			
Czech Republic	$456.83	$6,595.08	$979.53	$5,662.86	$3,290.03	$3,290.03	$889.12
Japan	1,856.64	1,120.79	2,956.27	3,319.53	6,498.03	6,017.74	2,407.86
Romania	501.06	490.10	503.87	527.76	694.27	662.66	1,224.13
South Africa	431.65	(1)	(1)	(1)	(1)	(1)	(1)
Subtotal	918.94	526.60	621.81	859.21	718.75	689.04	1,335.17
All other sources	717.47	709.90	722.24	723.82	749.19	724.17	1,059.11
Average	730.37	678.90	710.74	740.95	745.20	719.73	1,064.62

Table continued on next page.

Table IV-1--*Continued*
Small diameter CASSLP pipe: U.S. imports, by sources, 2000-04, January-September 2004, and January-September 2005

Source	Calendar year					January-September	
	2000	2001	2002	2003	2004	2004	2005
				Share of quantity (*percent*)			
Czech Republic	0.3	[2]	0.4	0.4	[2]	[2]	0.1
Japan	2.0	0.9	0.5	0.9	0.1	0.1	0.2
Romania	3.6	16.0	10.6	11.4	13.1	12.6	1.6
South Africa	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	6.4	16.9	11.4	12.7	13.1	12.7	2.0
All other sources	93.6	83.1	88.6	87.3	86.9	87.3	98.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
				Share of value (*percent*)			
Czech Republic	0.2	0.1	0.6	2.7	[2]	[2]	0.1
Japan	5.1	1.4	1.9	3.8	0.5	0.5	0.5
Romania	2.5	11.6	7.5	8.2	12.2	11.6	1.9
South Africa	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	8.1	13.1	10.0	14.7	12.6	12.1	2.5
All other sources	91.9	86.9	90.0	85.3	87.4	87.9	97.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not applicable.
[2] Less than 0.05 percent.

Source: Compiled from adjusted Commerce statistics. *See* p. IV-1 fn. 1.

U.S. IMPORTERS' INVENTORIES OF SMALL DIAMETER CASSLP PIPE

End-of-period inventories were reported only by U.S. importers of the subject product from Romania and are shown in table IV-2. U.S. importers did not report any end-of-period inventories for U.S. imports from the Czech Republic, Japan, South Africa, or nonsubject countries.

Table IV-2
Small diameter CASSLP pipe: U.S. importers' end-of-period inventories of imports, by source, 2000-04, January-September 2004, and January-September 2005

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CUMULATION CONSIDERATIONS FOR SMALL DIAMETER CASSLP PIPE

In assessing whether imports will likely compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical market, (3) common or similar channels of distribution, and (4) simultaneous presence in the market.[3] Issues concerning fungibility and channels of distribution are addressed in Part II of this report. Geographical markets and presence in the market are discussed below.

Based on adjusted official Commerce statistics, U.S. imports of small diameter CASSLP pipe were generally dispersed geographically throughout the United States during the period of review. Reported U.S. Customs districts of entry for U.S. imports of small diameter CASSLP pipe from the Czech Republic, Japan, and Romania were predominately Buffalo, NY; Detroit, MI; Houston, TX; Los Angeles, CA; Mobile, AL; New Orleans, LA. The principal U.S. Customs district of entry by far for U.S. imports from Romania (the subject country with the largest import volume) during this period was Houston, TX. There were no reported U.S. imports of small diameter CASSLP pipe from South Africa after 2000.

Small quantities of small diameter CASSLP pipe entered the United States from the Czech Republic sporadically, with adjusted U.S. import statistics showing many months during which the product did not enter the United States. Small diameter CASSLP pipe entered into the United States from Japan during almost every month during the period examined except March 2001, May 2003, December 2003, January 2004, April 2005, and August 2005. U.S. imports of the subject product from Romania entered the United States during almost every month during the period examined except March 2000, June 2000, and November 2003.[4] Once again, there were no reported U.S. imports of small diameter CASSLP pipe from South Africa after 2000.

THE INDUSTRY IN THE CZECH REPUBLIC

Table IV-3 presents data for reported capacity, production, and shipments of small diameter CASSLP pipe for the Czech Republic.[5] The Commission received data from one firm, Mittal Steel Ostrava, a.s. ("Mittal Czech Republic"), which accounted for the majority of small diameter CASSLP pipe produced in the Czech Republic (*** percent) in 2004.[6]

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[3] In the original investigations, the Commission found it appropriate to cumulate U.S. imports from all four subject sources. *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final),* USITC Publication 3311, June 2000, p. 16.

[4] Respondents argue that U.S. imports from the Czech Republic, Romania, and South Africa should not be cumulated with U.S. imports from any subject country because U.S. imports from the Czech Republic, Romania, and South Africa have had no discernable adverse impact on the domestic industry. Silcotub's prehearing brief, pp. 3-11; Mittal's prehearing brief, pp. 27-37.

[5] According to data obtained by the Commission in the original investigations, producers in the Czech Republic had a reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, production ranging from *** short tons in 1999 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999. Investigations Nos. 731-TA-777-779 (Final): *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa,* Confidential Staff Report, May 25, 2000, INV-X-114, table VII-1.

[6] The Commission also sent questionnaires to two other potential producers of small diameter CASSLP pipe in the Czech Republic, Valcovny Trub Chomutov, a.s. and VVT-Vitkovice Valcovna Trub, a.s., but did not receive a response from either firm. Mittal Czech Republic is a wholly owned subsidiary of Mittal Steel Co. N.V. of Rotterdam, the Netherlands and is affiliated with other CASSLP pipe producers, Mittal South Africa and Mittal Romania.

Mittal Czech Republic reported that *** percent of its total sales in the most recent fiscal year were sales of small diameter CASSLP pipe. Mittal Czech Republic did not export small diameter CASSLP pipe to the United States during the period examined. Its volume of shipments exported to other world markets, however, increased from *** short tons in 2000 to *** short tons in 2004, an increase of *** percent. Mittal Czech Republic's reported capacity decreased from 2000 to 2003, then increased in 2004.[7] The firm stated that it had ***.[8]

Table IV-4 presents data for projected capacity, production, and shipments of small diameter CASSLP pipe for the Czech Republic for full years 2005 and 2006. Mittal Czech Republic reported projections for these periods that were *** its reported 2004 levels.

Table IV-5 presents data for Mittal Czech Republic's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing small diameter CASSLP pipe and other products.

Table IV-3
Small diameter CASSLP pipe: Mittal Czech Republic's reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

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Table IV-4
Small diameter CASSLP pipe: Mittal Czech Republic's reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

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Table IV-5
Small diameter seamless pipe: Mittal Czech Republic's overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

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THE INDUSTRY IN JAPAN

Table IV-6 presents data for reported capacity, production, and shipments of small diameter CASSLP pipe for Japan.[9] The Commission received data from one firm, NKK Tubes Corp. ("NKK"),[10]

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[7] Mittal Czech Republic reported that ***. Mittal Czech Republic's foreign producer's questionnaire response, p. 6.

[8] Mittal Czech Republic's foreign producer questionnaire response, pp. 7 and 9.

[9] According to data obtained by the Commission in the original investigations, producers in Japan had a reported capacity ranging from *** short tons in 1998 to *** short tons in 1999, production ranging from *** short tons in 1997 to *** short tons in 1999, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999. Investigations Nos. 731-TA-777-779 (Final): *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa*, Confidential Staff Report, May 25, 2000, INV-X-114, table VII-2.

[10] NKK is a joint venture between Tenaris, S.A. (*** percent equity interest) and JFE Engineering Corp. (*** percent equity interest). Tenaris wholly owns or controls the following global companies which produce or are able to produce small diameter CASSLP pipe: (1) Dalmine of Bergamo, Italy; (2) Siderca of Buenos Aires, Argentina; (3) Algoma Tubes of Alberta, Canada; (4) Tavsa of Bolivar, Venezuela; (5) TAMSA of Veracruz, Mexico; (6) Silcotub of Zalau, Romania; and (7) NKK of Tokyo, Japan.

which accounted for approximately *** percent of small diameter CASSLP pipe produced in Japan in 2004.[11]

NKK reported that *** percent of its total sales in the most recent fiscal year were sales of CASSLP pipe. NKK reported ***.[12] Its volume of shipments exported to other world markets, however, increased from *** short tons in 2000 to *** short tons in 2004, an increase of *** percent. NKK reported capacity[13] and production increased from 2000 to 2001, by *** percent, respectively, while both subsequently remained stable from 2001 through 2004.[14] The firm stated that it ***.[15]

Table IV-7 presents data for projected capacity, production, and shipments of small diameter CASSLP pipe for Japan for full years 2005 and 2006. NKK reported projections for 2005 that were *** its reported 2004 levels and for *** in capacity, production, and shipments of small diameter CASSLP pipe (whether or not the antidumping duty orders are revoked) in 2006.

Table IV-8 presents data for NKK's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing small diameter CASSLP pipe and other products.

Table IV-6
Small diameter CASSLP pipe: NKK's reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

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Table IV-7
Small diameter CASSLP pipe: NKK's reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

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Table IV-8
Small diameter seamless pipe: NKK's overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

[11] The Commission also sent questionnaires to four other potential producers of small diameter CASSLP pipe in Japan, JFE Steel Corp., Haneda Pipe Works Co., Ltd., Nippon Steel Corp., and Sumitomo Metal Industries. Three firms did not submit a response to the Commission. Nippon Steel Corp. reported that it did not produce small diameter CASSLP pipe during the period examined.

[12] NKK's U.S. affiliate, Tenaris USA, did report ***.

[13] NKK reported that ***. NKK's foreign producer's questionnaire response, pp. 5-6.

[14] ***. NKK's foreign producer questionnaire response, p. 3.

[15] NKK's foreign producer questionnaire response, p. 4.

THE INDUSTRY IN ROMANIA

Table IV-9 presents data for reported capacity, production, and shipments of small diameter CASSLP pipe for Romania.[16] The Commission received data from three firms, Mittal Steel Roman, S.A. ("Mittal Romania"),[17] SC Silcotub, S.A. ("Silcotub"),[18] and Artrom, S.A. ("Artrom"),[19] which accounted for all small diameter CASSLP pipe produced in Romania.

Mittal Romania reported that *** percent of its total sales in the most recent fiscal year were sales of small diameter CASSLP pipe. Mittal Romania did export small diameter CASSLP pipe to the United States during the period examined. Its volume of shipments exported to other world markets increased from *** short tons in 2000 to *** short tons in 2004. ***.[20]

Silcotub reported that *** percent of its total sales in the most recent fiscal year were sales of small diameter CASSLP pipe. During the period examined, Silcotub exported subject product to its ***. These exports of small diameter CASSLP pipe increased from *** short tons in 2000 to *** short tons in 2004, an increase of *** percent. Its volume of shipments exported to other world markets remained relatively steady at approximately *** short tons annually. ***.[21]

Cumulatively, producers of small diameter CASSLP pipe in Romania reported an increase in capacity of *** percent from 2000 to 2004, a *** percent increase in production, and a *** percent increase in export shipments to the United States. They also reported an increase in export shipments to Europe (*** percent) and Asia (*** percent) during the same period. During the period examined, capacity utilization rates ranged from *** percent in 2000 to *** percent in January-September 2005.

Table IV-10 presents data for projected capacity, production, and shipments of small diameter CASSLP pipe for Romania for full years 2005 and 2006. The reported projections for these periods show capacity, production, and exports to the United States of small diameter CASSLP pipe from Romania *** the reported 2004 levels.

Table IV-11 presents data for Artrom, Mittal Romania and Silcotub's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing small diameter CASSLP pipe and other products.

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[16] According to data obtained by the Commission in the original investigations, producers in Romania had a reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, production ranging from *** short tons in 1999 to *** short tons in 1998, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999. Investigations Nos. 731-TA-777-779 (Final): *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa,* Confidential Staff Report, May 25, 2000, INV-X-114, table VII-5.

[17] Mittal Romania is a wholly owned subsidiary of Mittal Steel Co. N.V. of Rotterdam, the Netherlands and is affiliated with other CASSLP pipe producers, Mittal Czech Republic and Mittal South Africa. Prior to its 2004 acquisition by Mittal Steel Co., N.V., the company was known as Petrotub, S.A.

[18] Until 2004, Silcotub was affiliated with U.S. importer Duferco Steel, Inc. (which reported *** during the period of review). This affiliation ended in 2004, however, when Silcotub became an affiliate of the Tenaris Group which includes Dalmine of Bergamo, Italy; Siderca of Buenos Aires, Argentina; Algoma Tubes of Alberta, Canada; Tavsa of Bolivar, Venezuela; TAMSA of Veracruz, Mexico; Silcotub of Zalau, Romania; and NKK Tubes of Tokyo, Japan.

[19] Artrom accounted for *** percent of Romanian production of small diameter CASSLP pipe in 2004. Also, it reported *** during the period of review and projected *** with or without revocation of the antidumping duty order on Romania.

[20] Mittal Romania reported that ***. Mittal Romania's foreign producer response, pp. 5-6 and 9-10.

[21] Silcotub reported that ***. Silcotub's foreign producer response, pp. 4-5, and 9-11; *see also* Mittal's posthearing brief, March 13, 2006, exh. 1, tab F. (***); Silcotub's posthearing brief, March 13, 2006, p. 10 ("Romanian oil and gas sector is just at the beginning of a widely anticipated robust growth period.").

Table IV-9
Small diameter CASSLP pipe: Artrom, Mittal Romania, and Silcotub's reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

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Table IV-10
Small diameter CASSLP pipe: Artrom, Mittal Romania, and Silcotub's reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

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Table IV-11
Small diameter seamless pipe: Artrom, Mittal Romania, and Silcotub's overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

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THE INDUSTRY IN SOUTH AFRICA

Table IV-12 presents data for reported capacity, production, and shipments of small diameter CASSLP pipe for South Africa.[22] The Commission received data from one firm, Mittal Steel (SA), Ltd. ("Mittal South Africa"), which accounted for all of the small diameter CASSLP pipe produced in South Africa in 2004.[23]

Mittal South Africa reported that *** percent of its total sales in the most recent fiscal year were sales of small diameter CASSLP pipe. Mittal South Africa exported *** short tons in *** of small diameter CASSLP pipe to the United States during the period examined.[24] Its volume of shipments exported to other world markets, however, increased from *** short tons in 2001 to *** short tons in 2004, an increase of *** percent. Mittal South Africa's reported capacity[25] and production have steadily increased from 2001 to 2004, increasing *** percent, respectively, from 2001 to 2004. The firm stated that it has ***.[26]

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[22] According to data obtained by the Commission in the original investigations, South Africa had a reported capacity ranging from *** short tons in 1998 to *** short tons in 1999, production ranging from *** short tons in 1999 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999. Investigations Nos. 731-TA-777-779 (Final): *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa*, Confidential Staff Report, May 25, 2000, INV-X-114, table VII-6.

[23] In 2004, Mittal Steel acquired Iscor, Ltd., the sole producer of small diameter CASSLP in South Africa during the Commission's original investigations. Mittal South Africa is a wholly owned subsidiary of Mittal Steel Co. N.V. of Rotterdam, the Netherlands and is affiliated with other CASSLP pipe producers, Mittal Czech Republic and Mittal Romania. Mittal South Africa stated that although a subsidiary of Mittal Steel Co. N.V., the individual Mittal production plants are operated as separate business entities. Mittal South Africa's foreign producer questionnaire response, p. 4.

[24] Mittal Steel South Africa is affiliated with U.S. importer, MacSteel, which did report ***.

[25] Mittal South Africa reported that ***. Mittal South Africa's foreign producer's questionnaire response, pp. 7-8.

[26] Mittal South Africa's foreign producer questionnaire response, p. 5.

Table IV-13 presents data for projected capacity, production, and shipments of small diameter CASSLP pipe for South Africa for full years 2005 and 2006. Mittal South Africa reported projections for these periods that were *** its reported 2004 levels.

Table IV-14 presents data for Mittal South Africa's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing small diameter CASSLP pipe and other products.

Table IV-12
Small diameter CASSLP pipe: Mittal South Africa's reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

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Table IV-13
Small diameter CASSLP pipe: Mittal South Africa's reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

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Table IV-14
Small diameter seamless pipe: Mittal South Africa's overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

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THE INDUSTRY IN ALL SUBJECT COUNTRIES

Table IV-15 presents data for reported capacity, production, and shipments of small diameter CASSLP pipe for the Czech Republic, Japan, Romania, and South Africa combined. Table IV-16 presents data for projected capacity, production, and shipments of small diameter CASSLP pipe for the Czech Republic, Japan, Romania, and South Africa combined for full years 2005 and 2006.

Table IV-15
Small diameter CASSLP pipe: All subject countries' reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					Jan.-Sept.	
	2000[1]	2001	2002	2003	2004	2004	2005
	Quantity (*short tons*)						
Capacity	338,151	328,607	309,140	298,212	384,250	302,636	187,932
Production	200,754	261,847	224,246	233,820	302,896	235,718	156,913
End of period inventories	10,496	26,532	28,186	33,979	24,622	144,624	13,501
Shipments:							
Internal consumption	140	250	294	609	3,281	1,642	397
Home market	103,691	125,547	97,607	97,459	103,412	81,467	52,783
Exports to--							
The United States	5,263	10,903	10,080	9,566	15,334	14,676	772
European Union	46,485	48,030	41,442	48,777	71,887	47,201	58,770
Asia	19,303	40,971	52,664	41,693	85,113	71,458	32,008
All other markets	26,518	29,122	20,700	29,135	32,824	26,222	24,203
Total exports	97,569	129,026	124,886	129,171	205,158	159,557	115,753
Total shipments	201,400	254,823	222,787	227,239	311,851	242,666	168,933
	Value *($1,000)*						
Shipments to home market	44,826	60,169	50,914	55,307	76,858	57,699	47,348
Exports to--							
The United States	2,376	4,808	3,921	4,431	8,960	8,540	900
European Union	15,045	17,326	14,854	20,923	45,633	27,895	44,828
Asia	8,634	17,278	21,153	16,108	40,035	30,909	23,101
All other markets	10,400	11,447	8,039	12,216	18,666	14,249	18,934
Total exports	36,455	50,859	47,967	53,678	113,294	81,593	87,763
Total shipments	81,281	111,028	98,881	108,985	190,152	139,292	135,111
	Unit value *(per short ton)*						
Shipments to home market	$432	$479	$522	$567	$743	$708	$897
Exports to--							
The United States	451	441	389	463	584	582	1,166
European Union	324	361	358	429	635	591	763
Asia	447	422	402	386	470	433	722
All other markets	392	393	388	419	569	543	782
Total exports	374	394	384	416	552	511	758
Total shipments	404	436	444	481	616	578	802

Table continued on next page

Table IV-15--*Continued*
Small diameter CASSLP pipe: All subject countries' reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

Item	Calendar year					Jan.-Sept.	
	2000	2001	2002	2003	2004	2004	2005
	Ratios and shares (*percent*)						
Capacity utilization	59.4	79.7	72.5	78.4	78.8	77.9	83.5
Inventories to production	5.2	10.1	12.6	14.5	8.1	46.0	6.5
Inventories to total shipments	5.2	10.4	12.7	15.0	7.9	44.7	6.0
Shares of total quantity of shipments:							
Internal consumption	0.1	0.1	0.1	0.3	1.1	0.7	0.2
Home market	51.5	49.3	43.8	42.9	33.2	33.6	31.2
Exports to--							
The United States	2.6	4.3	4.5	4.2	4.9	6.0	0.5
European Union	23.1	18.8	18.6	21.5	23.1	19.5	34.8
Asia	9.6	16.1	23.6	18.3	27.3	29.4	18.9
All other markets	13.2	11.4	9.3	12.8	10.5	10.8	14.3
Total exports	48.4	50.6	56.1	56.8	65.8	65.8	68.5

[1] Mittal South Africa did not report data for 2000.

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

Table IV-16
Small diameter CASSLP pipe: All subject countries' reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

Item	2005	If the orders: remain in effect 2006	If the orders: are revoked 2006
		Quantity (*short tons*)	
Capacity	246,100	249,400	249,400
Production	206,540	224,915	228,709
End of period inventories	18,739	16,551	16,551
Shipments:			
Internal consumption	435	150	150
Home market	68,424	77,421	77,421
Exports to--			
The United States	1,156	3,438	11,200
European Union	73,112	75,538	75,538
Asia	39,826	36,199	36,199
All other markets	30,510	29,882	25,914
Total exports	144,604	145,057	148,851
Total shipments	213,463	222,628	226,422
		Value *($1,000)*	
Shipments to home market	56,734	64,862	64,862
Exports to--			
The United States	70	2,642	9,458
European Union	33,403	34,684	34,684
Asia	27,840	24,054	24,058
All other markets	21,115	21,390	18,321
Total exports	82,428	82,770	86,521
Total shipments	139,162	147,632	151,383
		Unit value *(per short ton)*	
Shipments to home market	$829	$838	$838
Exports to--			
The United States	769	768	844
European Union	457	459	459
Asia	699	664	665
All other markets	692	716	707
Total exports	570	571	581
Total shipments	652	663	669

Table continued on next page

Table IV-16–*Continued*
Small diameter CASSLP pipe: All subject countries' reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

Item	2005	If the orders: remain in effect 2006	If the orders: are revoked 2006
	Ratios and shares (*percent*)		
Capacity utilization	83.9	90.2	91.7
Inventories to production	9.1	7.4	7.2
Inventories to total shipments	8.8	7.4	7.3
Shares of total quantity of shipments:			
Internal consumption	0.2	0.1	0.1
Home market	32.1	34.8	34.2
Exports to--			
The United States	0.5	1.5	4.9
European Union	34.3	33.9	33.4
Asia	18.7	16.3	16.0
All other markets	14.3	13.4	11.4
Total exports	67.7	65.2	65.7

[1] Not applicable.

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

U.S. IMPORTERS' CURRENT ORDERS OF SMALL DIAMETER CASSLP PIPE

U.S. importers were requested to indicate whether their firm imported or arranged for the importation of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa for delivery after September 30, 2005. None of the responding importers indicated that they arranged for importation of the subject product after September 30, 2005.

U.S. IMPORTS OF LARGE DIAMETER CASSLP PIPE

Data regarding U.S. imports of large diameter CASSLP pipe, based on adjusted official Commerce statistics,[27] are presented in table IV-17. The quantity of U.S. imports from Japan went from *** short tons in 2000 to *** in 2004. U.S. imports from Mexico were nonexistent during the period of review. U.S. imports from nonsubject sources remained relatively steady and increased 6.1 percent from 2000 to 2004.[28]

Table IV-17
Large diameter CASSLP pipe: U.S. imports, by sources, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

[27] U.S. import data for large diameter CASSLP pipe from nonsubject countries are based on official Commerce statistics covered by the following subset of HTS statistical reporting numbers: 7304.10.1030, 7304.10.1045, 7304.10.1060, 7304.10.5050, 7304.39.0036, 7304.39.0048, 7304.39.0062, 7304.59.8030, 7304.59.8045, 7304.59.8060. This list of HTS statistical reporting numbers is a subset of those listed in the scope definition issued by Commerce. The complete list of HTS statistical reporting numbers issued by Commerce in its scope language contains product largely outside of the scope definition, or specifically excluded from the scope, such as mechanical tubing. *See Part I, The Subject Products*. U.S. producers, U.S. Steel and V&M Star, in consultation with the AISI, claim that imports covered by the statistical reporting numbers in the above subset are predominately product within the scope of these reviews. *See* U.S. Steel, Koppel Steel, and V&M Star's response to notice of institution, June 21, 2005, exh. 1.

U.S. imports of large diameter CASSLP pipe from Mexico from August 2000 through July 2004 have been reduced to zero after Commerce, during its four administrative reviews, determined that TAMSA, the sole producer of large diameter CASSLP pipe in Mexico, did not ship any subject product to the United States. *See Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Mexico*, 68 FR 81, January 2, 2003; 68 FR 40627, July 8, 2003; 69 FR 32495, June 10, 2004; 70 FR 54017, September 13, 2005.

As there were a number of specific exclusions in the Commerce scope definition of large diameter CASSLP pipe, adjusted Commerce data used in this section depicting U.S. imports from nonsubject countries may be overstated.

U.S. imports from Japan are derived from ***. Although these data may understate U.S. imports from Japan, they are consistent with CDSOA reported revenue and with the limited data provided by one Japanese producer. U.S. Steel contends that "almost all of this (large diameter seamless pipe) tonnage consists of nonsubject product that has been excluded from the scope of these reviews. U.S. Steel's prehearing brief, February 21, 2006, p. 21 and fn. 68; *see also* hearing transcript, March 2, 2006, pp. 211-212 (Vaughn)("Our belief is that very, very little, if any of the imports you're seeing from Japan and Mexico are the subject product.").

[28] According to adjusted Commerce data, U.S. imports from nonsubject countries included the following countries, in order of volume in 2004: (1) Argentina, (2) Italy, (3) the Czech Republic, (4) Romania, (5) Ukraine, and (6) China. These countries accounted for approximately 84 percent of U.S. imports from nonsubject countries in 2004. U.S. imports from Argentina and Italy alone accounted for approximately 20.8 and 19.5 percent, respectively, of U.S. imports from nonsubject countries in 2004. *See* appendix F, table F-2 which shows quantities of U.S. imports of large diameter CASSLP pipe by nonsubject country for the period of review.

U.S. IMPORTERS' INVENTORIES OF LARGE DIAMETER CASSLP PIPE

End-of-period inventories were reported only by U.S. importers of the subject product from *** (a nonsubject country) and are shown in table IV-18. U.S. importers did not report any end-of-period inventories for imports from Japan, Mexico, or any other nonsubject countries.

Table IV-18
Large diameter CASSLP pipe: U.S. importers' end-of-period inventories of imports, by source, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

CUMULATION CONSIDERATIONS FOR LARGE DIAMETER CASSLP PIPE

In assessing whether imports will likely compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical market, (3) common or similar channels of distribution, and (4) simultaneous presence in the market.[29] Issues concerning fungibility and channels of distribution are addressed in Part II of this report. Geographical markets and presence in the market are discussed below.

The small quantities of U.S. imports of large diameter CASSLP pipe from Japan generally entered the United States in a geographic area concentrated in the Gulf Coast region during the period of review. Reported U.S. Customs districts of entry for U.S. imports of large diameter CASSLP pipe from Japan were predominately ***. Other U.S. Customs districts of entry included: ***. There were no reported U.S. imports of large diameter CASSLP pipe from Mexico.

Large diameter CASSLP pipe from Japan entered the United States in ***. In 2000, U.S. imports from Japan entered the United States in ***; in 2001, ***; in 2002, ***; in 2003, ***; and in 2005, ***. Once again, there were no reported U.S. imports of large diameter CASSLP pipe from Mexico.

[29] In the original investigations, the Commission found it appropriate to cumulate U.S. imports from Japan and Mexico. *Certain Seamless Carbon and Alloy Standard, Line, and Pressure Pipe from Japan and South Africa, Invs. Nos. 731-TA-847 and 850 (Final),* USITC Publication 3311, June 2000, p. 24.

THE INDUSTRY IN JAPAN

Table IV-19 presents data for reported capacity, production, and shipments of large diameter CASSLP pipe for Japan.[30] The Commission received data from one firm, NKK,[31] which accounted for approximately *** percent of large diameter CASSLP pipe produced in Japan in 2004.[32]

NKK reported that *** percent of its total sales in the most recent fiscal year were sales of CASSLP pipe. NKK reported ***.[33] Its volume of shipments exported to other world markets, however, increased from *** short tons in 2000 to *** short tons in 2004, an increase of *** percent. NKK reported capacity[34] and production increased from 2000 to 2001, by *** percent, respectively, while both subsequently remained stable from 2001 through 2004.[35] The firm stated that it ***.[36]

Table IV-20 presents data for projected capacity, production, and shipments of large diameter CASSLP pipe for Japan for full years 2005 and 2006. NKK reported projections for 2005 that were *** its reported 2004 levels and for *** in capacity, production, and shipments of large diameter CASSLP pipe (whether or not the antidumping duty orders are revoked) in 2006.

Table IV-21 presents data for NKK's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing large diameter CASSLP pipe and other products.

Table IV-19
Large diameter CASSLP pipe: NKK's reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

[30] According to data obtained by the Commission in the original investigations, producers in Japan had a reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, production ranging from *** short tons in 1998 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999. Investigations Nos. 731-TA-777-779 (Final): *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa*, Confidential Staff Report, May 25, 2000, INV-X-114, table VII-3.

[31] NKK is a joint venture between Tenaris, S.A. (*** percent equity) and JFE Engineering Corp. (*** percent equity stake). Tenaris wholly owns or controls the following global companies which produce or are able to produce large diameter CASSLP pipe: (1) Dalmine of Bergamo, Italy; (2) Siderca of Buenos Aires, Argentina; (3) Algoma Tubes of Alberta, Canada; (4) Tavsa of Bolivar, Venezuela; (5) TAMSA of Veracruz, Mexico; (6) Silcotub of Zalau, Romania; and (7) NKK of Tokyo, Japan.

[32] The Commission also sent questionnaires to four other potential producers of large diameter CASSLP pipe in Japan, JFE Steel Corp., Haneda Pipe Works Co., Ltd., Nippon Steel Corp., and Sumitomo Metal Industries. Three firms did not submit a response to the Commission. Nippon Steel Corp. reported that it did not produce large diameter CASSLP pipe during the period examined.

[33] NKK's U.S. affiliate, Tenaris USA, did report ***.

[34] NKK reported that ***. NKK's foreign producer's questionnaire response, pp. 5-6.

[35] ***. NKK's foreign producer questionnaire response, p. 3.

[36] NKK's foreign producer questionnaire response, p. 4.

Table IV-20
Large diameter CASSLP pipe: NKK's reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

* * * * * * *

Table IV-21
Large diameter seamless pipe: NKK's overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

THE INDUSTRY IN MEXICO

Table IV-22 presents data for reported capacity, production, and shipments of large diameter CASSLP pipe for Mexico.[37] The Commission received data from one firm, Tubos de Acero de Mexico, S.A. ("TAMSA"),[38] which accounted for all the large diameter CASSLP pipe produced in Mexico in 2004.

TAMSA reported that *** percent of its total sales in the most recent fiscal year were sales of large diameter CASSLP pipe. TAMSA did not export large diameter CASSLP pipe to the United States during the period examined. Its volume of shipments exported to other world markets decreased from *** short tons in 2000 to *** short tons in 2004, a decrease of *** percent. TAMSA reported capacity[39] and production fluctuated during the 2000 to 2004 time period, but both decreased overall by *** percent.[40] The firm stated that it had ***.[41]

Table IV-23 presents data for projected capacity, production, and shipments of large diameter CASSLP pipe for Mexico for full year 2005 and 2006. TAMSA reported projections for these periods that were *** its reported 2004 levels.

Table IV-24 presents data for TAMSA's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing large diameter CASSLP pipe and other products.

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[37] According to data obtained by the Commission in the original investigations, the producer in Mexico had a reported capacity ranging from *** short tons in 1999 to *** short tons in 1997, production ranging from *** short tons in 1999 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1997 to 1999. Investigations Nos. 731-TA-777-779 (Final): *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa*, Confidential Staff Report, May 25, 2000, INV-X-114, table VII-4.

[38] TAMSA is affiliated with the Tenaris Group. Tenaris wholly owns or controls the following global companies which produce or are able to produce large diameter CASSLP pipe: (1) Dalmine of Bergamo, Italy; (2) Siderca of Buenos Aires, Argentina; (3) Algoma Tubes of Alberta, Canada; (4) Tavsa of Bolivar, Venezuela; (5) TAMSA of Veracruz, Mexico; (6) Silcotub of Zalau, Romania; and (7) NKK of Tokyo, Japan.

[39] TAMSA reported that ***. TAMSA's foreign producer's questionnaire response, p. 6.

[40] TAMSA reported that ***. TAMSA's foreign producer questionnaire response, p. 3.

[41] TAMSA's foreign producer questionnaire response, pp. 3-4.

Table IV-22
Large diameter CASSLP pipe: TAMSA's reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table IV-23
Large diameter CASSLP pipe: TAMSA's reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

* * * * * * *

Table IV-24
Large diameter seamless pipe: TAMSA's overall capacity, production, and aggregate capacity utilization, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

THE INDUSTRY IN ALL SUBJECT COUNTRIES

Table IV-25 presents data for reported capacity, production, and shipments of large diameter CASSLP pipe for Japan and Mexico combined. Table IV-26 presents data for projected capacity, production, and shipments of large diameter CASSLP pipe for Japan and Mexico combined for full years 2005 and 2006.

Table IV-25
Large diameter CASSLP pipe: All subject countries' reported production capacity, production, shipments, and inventories, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table IV-26
Large diameter CASSLP pipe: All subject countries' reported production capacity, production, shipments, and inventories, projections for 2005 and 2006

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS OF LARGE DIAMETER CASSLP PIPE

U.S. importers were requested to indicate whether their firm imported or arranged for the importation of large diameter CASSLP pipe from Japan and Mexico for delivery after September 30, 2005. None of the responding importers indicated that they arranged for importation of the subject product after September 30, 2005.

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS ON CASSLP PIPE

The tabulation below shows antidumping duty investigations on CASSLP pipe conducted in third-country markets, the subject countries, the product, and the action taken.

Market	Subject country(ies)	Product	Action
European Union	Czech Republic and Romania	Seamless pipe	Antidumping order (effective November 1997 to July 2004)[1]
Brazil	Romania	Small diameter seamless pipe	Antidumping order (effective 2000)
Venezuela	Japan	Small diameter seamless line pipe	Antidumping order (effective 2000)
Mexico	Japan and Romania	Small diameter seamless line pipe	Antidumping order (effective 2000, Japan; 2004, Romania)

[1] The Czech Republic joined the EU as a Member State on May 1, 2004 and therefore is no longer subject to antidumping duties imposed by the EU. There is also an ongoing investigation, initiated in March 2005, on seamless pipe and tubes from Romania. Mittal Romania stated that it believes Romania will also be a Member State of the EU in January 2007 and, therefore, would be exempt from such duties in the event they are imposed.

Source: Responses to the Commission's foreign producers' questionnaire.

GLOBAL MARKET

Supply

Although figures for global production of CASSLP pipe are generally not published, the International Iron and Steel Institute (IISI) publishes data on the global production of seamless pipe and tube.[42] As illustrated in tables IV-27 and IV-28, global production of seamless pipe and tube has increased in recent years, despite declines in 1998 and 1999. China's production growth of seamless pipe and tube has outpaced all other regions, with China's share of world seamless pipe and tube production increasing from approximately 20 percent in 1995 to almost 46 percent in 2004. One reputable source, Metal Bulletin Research ("MBR"), notes that seamless pipe and tube production in China is forecasted to surpass *** metric tons (*** short tons) per month in 2006, although exports account for a small proportion of overall production. Additionally, as noted by MBR, although China has experienced initial signs of oversupply in early 2006, MBR expects the rate of expansion of seamless pipe and tube production to decrease.[43]

[42] International Iron and Steel Institute, *Steel Statistical Yearbook 2005*. Global and regional production data as published by IISI refer to seamless tube, and are therefore substantially broader than the subject merchandise, including, for example, OCTG. As such, global and regional production data represent general trends and are for illustrative purposes only.

[43] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, Issue 6 (March 2006).

Table IV-27
Seamless pipe and tube: Global and regional production, 1995-99

Region	1995	1996	1997	1998	1999
	Quantity (*thousands of shorts tons*)				
North America[1]	2,655	2,946	3,166	2,658	1,896
European Union (15)	3,804	3,642	4,004	4,039	3,018
Asia, excluding China[2]	2,405	2,287	2,271	2,308	1,849
China	3,605	3,682	3,974	3,822	3,897
CIS	3,127	2,950	2,832	2,556	2,592
South America	1,145	1,263	1,308	1,034	872
Other[3 4 5]	1,442	1,488	1,387	1,372	989
Total	18,185	18,259	18,942	17,788	15,110

[1] Between 1995 and 1999, seamless tube production in Mexico decreased by 9.6 percent from 495 thousand short tons to 448 thousand short tons.

[2] Between 1995 and 1999, seamless tube production in Japan decreased by 19.4 percent from 2,272 thousand short tons to 1,831 thousand short tons.

[3] Between 1995 and 1999, seamless tube production in the Czech Republic decreased by 32 percent from 466 thousand short tons to 317 thousand short tons.

[4] Between 1995 and 1999, seamless tube production in Romania decreased by 29.3 percent from 369 thousand short tons to 261 thousand short tons.

[5] Seamless tube production in South Africa was not reported between 1997 and 1999.

Note.--Data as reported by the IISI include seamless pipe and tube beyond the scope of the review. Original data published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown.

Source: International Iron and Steel Institute, *Steel Statistical Yearbook, 2005.*

Table IV-28
Seamless pipe and tube: Global and regional production, 2000-04

Region	2000	2001	2002	2003	2004
	Quantity *(thousands of short tons)*				
North America[1]	2,738	2,747	2,237	2,359	2,820
European Union (15)	3,780	4,106	3,590	3,471	4,091
Asia, excluding China[2]	2,034	2,154	1,910	1,887	2,124
China	4,586	5,653	6,705	8,082	10,012
CIS	2,586	2,625	2,592	2,835	n/a
South America	1,299	1,392	1,240	1,348	1,540
Other[3 4 5]	1,187	701	1,035	945	1,321
Total	18,210	19,376	19,310	20,927	21,907

[1] Between 2000 and 2004, seamless tube production in Mexico increased by 12.6 percent from 659 thousand short tons to 742 thousand short tons.

[2] Between 2000 and 2004, seamless tube production in Japan increased by 4.4 percent from 2,016 thousand short tons to 2,105 thousand short tons.

[3] Between 2000 and 2004, seamless tube production in the Czech Republic increased by 17.6 percent from 403 thousand short tons to 474 thousand short tons.

[4] Between 2000 and 2004, seamless tube production in Romania increased by 44.2 percent from 346 thousand short tons to 499 thousand short tons.

[5] Seamless tube production in South Africa was not reported between 2000 and 2004.

Note.–Data as reported by the International Iron and Steel Institute (IISI) include seamless pipe and tube beyond the scope of the review. Original data published in metric tons, which were converted to short tons by multiplying by 1.102311. Because of rounding, figures may not add to the totals shown.

Source: International Iron and Steel Institute, *Steel Statistical Yearbook, 2005.*

Demand

Demand for line pipe is largely influenced by energy prices and increased drilling activity in new areas that require additional gathering lines.[44] According to published sources, demand for large diameter line pipe is dependent on the number of large pipeline projects–demand may increase during periods of high activity and decrease during periods in which there are no projects requiring large diameter line pipe.[45] Global seamless pipe and tube producer Tenaris estimates that seamless tubular products other than OCTG contributed to an overall 12-percent increase in worldwide apparent consumption of seamless tubular products in 2004.[46] MBR forecasts strong demand for seamless pipe and tubular products in 2006 owing to increased energy and infrastructure investments.[47]

In the United States, there have been fewer projects requiring oil or gas transmission pipe, although forecasts of higher natural gas prices, possible shortages of natural gas in storage, and aging pipeline infrastructure may increase demand for line pipe.[48] The Interstate Natural Gas Association of America estimates that $19 billion will be needed to maintain existing pipeline capacity, and another $42 billion for new pipeline and storage infrastructure in the United States and Canada as domestic natural gas consumption is expected to increase from 22 trillion cubic feet in 2003 to 30 trillion cubic feet in 2015.[49] MBR notes that seamless line pipe may witness increased competition from such substitutable products as electric resistance-welded line pipe.[50]

According to MBR, seamless line pipe demand in other markets was strong in 2005, due to the construction of a major pipeline from Azerbaijan to the Mediterranean Sea, generating demand for seamless line pipe. Higher energy demand growth, declining production rates from developed reserves, and high energy prices in 2004 prompted increased crude oil exploration and production activity.[51] Looking forward, Tenaris expects activity to increase in the Middle East, Venezuela, and the Caspian region, as well as increased development of gas reserves associated with major liquefied natural gas projects.[52] Other observers, however, focus on growth in pipeline construction in the United States and the Middle East.[53]

Because seamless pipe is used in gathering lines and in oil and gas transportation, demand for CASSLP pipe is influenced by drilling activity, although not as directly and predictably as demand for OCTG. As shown in tables IV-29 and IV-30, worldwide drilling increased between 1995 and 1997, then

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[44] Metal Bulletin Research, Seamless Steel Tube and Pipe Monthly, Issue 1 (October 2005).

[45] Tom Stundza, "Insiders Expect Drill Tube, Line Pipe Mart to Re-energize," *Purchasing Magazine*, March 4, 2004, found at http://www.purchasing.com/index.asp?layout=articlePrint&articleID=CA388189, retrieved January 27, 2006.

[46] Tenaris, Annual Report 2004, p. 15.

[47] Metal Bulletin Research, Seamless Steel Tube and Pipe Monthly, Issue 6 (March 2006).

[48] Tom Stundza, "Insiders Expect Drill Tube, Line Pipe Mart to Re-energize," *Purchasing Magazine*, March 4, 2004, found at http://www.purchasing.com/index.asp?layout=articlePrint&articleID=CA388189, retrieved January 27, 2006; *see also Oil and Gas Journal*, "Special Report: Worldwide Pipeline Construction," February 13, 2006, pp. 57, 58, and 62.

[49] Energy and Environmental Analysis, Inc, "An Updated Assessment of Pipeline and Storage Infrastructure for the North American Gas Market: Adverse Consequences of Delays in the Construction of Natural Gas Infrastructure," prepared for the Interstate Natural Gas Association of America, pp. 7-8; and Tom Stundza, "Insiders Expect Drill Tube, Line Pipe Mart to Re-energize," *Purchasing Magazine*, March 4, 2004, found at http://www.purchasing.com/index.asp?layout=articlePrint&articleID=CA388189, retrieved January 27, 2006.

[50] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, Issue 5 (February 2006).

[51] Tenaris, Annual Report 2004, p. 15.

[52] Tenaris, Annual Report 2004, p. 15.

[53] *Oil and Gas Journal*, "Special Report: Worldwide Pipeline Construction," February 13, 2006, pp. 57, 58, and 62.

decreased sharply in 1998 and 1999. Drilling rates increased in 2000 and 2001, before declining again in 2002. Drilling activity has increased markedly since 2002.

Table IV-29
Worldwide rig count: Global and regional annual averages of operating rigs, 1995-99

Region	1995	1996	1997	1998	1999
	Quantity (*number of rigs*)				
Latin America	272	282	277	243	187
Europe	112	120	113	99	81
Africa	66	79	80	74	42
Middle East	128	136	159	166	140
Far East	181	176	180	173	139
Canada	230	271	375	260	246
United States	724	777	944	829	622
Total	1,713	1,841	2,128	1,843	1,457

Source: Baker Hughes Inc., *Worldwide Rig Count, 3/17/2006.*

Table IV-30
Worldwide rig count: Global and regional annual averages of operating rigs, 2000-05

Region	2000	2001	2002	2003	2004	2005
	Quantity (*number of rigs*)					
Latin America	227	262	214	244	290	316
Europe	83	95	88	83	70	70
Africa	46	53	58	54	48	50
Middle East	156	179	201	211	230	248
Far East	140	157	171	177	197	225
Canada	344	342	266	372	369	458
United States	916	1,155	831	1,032	1,190	1,380
Total	1,913	2,242	1,829	2,174	2,395	2,746

Note.–For the period January-February 2006, the worldwide rig count averaged 1,503 rigs in the United States, 688 rigs in Canada, and 895 rigs in the other specified regions, resulting in a worldwide rig count of 3,086 rigs.

Source: Baker Hughes Inc., *Worldwide Rig Count, 3/17/2006.*

Prices

The Commission requested U.S. producers and importers to compare market prices of small diameter CASSLP pipe in U.S. and non-U.S. markets. Both responding U.S. producers indicated that U.S. prices were higher than prices in other markets. Only one importer responded, reporting that prices were comparable worldwide. Foreign producers were also asked to compare prices in their home market with prices in the United States and other country markets. Four foreign producers responded, although not all of these knew about prices in the U.S. market. One reported that its average f.o.b. prices were $*** per metric ton in the United States, $*** in Asia, $*** in EU, and $*** in other markets; one reported that the prices of products did not vary greatly worldwide; one reported prices in its home market were $*** ex works per short ton, $*** in EU, $*** in the Middle East; and one reported prices of $*** per metric ton in its home market, $*** in EU, and $*** in the Middle East.

The Commission also requested U.S. producers and importers to compare market prices of large diameter CASSLP pipe in U.S. and non-U.S. markets. One of the two responding U.S. producers indicated that U.S. prices were higher than prices in other markets; the other reported that U.S. prices were "attractive." Only one importer responded, reporting that prices were comparable worldwide although subject to a variety of factors such as logistics and exchange rate fluctuations. Foreign producers were also asked to compare prices in their home market with prices in the United States and other country markets. Two foreign producers responded, reporting that the prices of products did not vary greatly worldwide.

Published price data are available from one reputable source by subscription only and cannot be reproduced without consent of their publisher. These data are distinct from the pricing data presented in Part V of this report, which are collected directly from U.S. producers and U.S. importers according to precise product definitions. Figure IV-1 illustrates U.S. prices for OCTG, line pipe, and mechanical tubing, as published by MBR.[54] U.S. prices for seamless line pipe fluctuated between January 2004 and the second quarter of 2005, but exhibited an upward price trend similar to that of OCTG and mechanical tubing before flattening out during the second half of 2005 and into 2006. Figure IV-2 illustrates global prices for seamless OCTG from the United States and Japan, as well as seamless line pipe from the United States and Western Europe, also published by MBR.[55] Between May 2004 and February 2006, line pipe was priced higher in Western Europe than in the United States, although the price differential started to decrease in May 2005. Line pipe prices are forecasted to remain relatively constant through May 2006.

Figure IV-1
U.S. seamless OCTG, line pipe, and mechanical tube prices

* * * * * * *

Figure IV-2
Global seamless base prices

* * * * * * *

Global seamless pipe and tube prices for October 2005 through March 2006 as published by MBR indicate that API 5L B line pipe was priced highest in Western Europe and Japan and lowest in China and Ukraine. MBR notes that although Chinese-produced API 5L B has been entering the U.S. market at lower prices than those of U.S.-produced product, if the pipe is not from an approved Chinese mill, then additional testing is carried out in the United States, thereby increasing the cost of the pipe to the end-user.[56] As shown in table IV-31, with the exception of Eastern Europe, most markets show an overall increase in prices for seamless pipe.

Table IV-31
Seamless pipe: Global prices, October 2005 - March 2006

* * * * * * *

[54] Metal Bulletin Research, *Seamless Steel Tube and Pipe Monthly*, Issue 5 (Feb. 2006).

[55] Ibid.

[56] Ibid.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING SMALL DIAMETER CASSLP PRICES

The cost of small diameter CASSLP pipe depends largely on the costs of its inputs and processing. Small diameter CASSLP pipe is produced from solid steel billets, which in turn are produced from either iron ore with coke as a main fuel source by integrated mills or from scrap in mini mills using electric arc furnaces, using electricity and natural gas as main fuels. The price of scrap has fluctuated since the beginning of 2004 but typically at a much higher level than before 2004 (figure V-1). In addition, the cost of electricity, natural gas, and iron ore have increased while the price of blast furnace coke has been reasonably stable (table V-1).

Transportation Costs to the U.S. Market

Transportation costs as a percentage of customs value for small diameter CASSLP pipe from subject countries to the United States (excluding U.S. inland costs) in 2005 were equivalent to 0.6 percent for the Czech Republic,[1] 6.6 percent for Japan, 6.3 percent for Romania, and 4.1 percent for South Africa. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

Three U.S. producers reported their U.S. inland transportation costs for small diameter CASSLP pipe; reporting that such costs accounted for *** percent of the total delivered cost of the product. The three responding importers reported that they were not responsible for transportation of small diameter CASSLP pipe to their customers' location and did not provide data on inland transportation costs.

Exchange Rates

Quarterly real and nominal exchange rates reported by the International Monetary Fund for the currencies of the Czech Republic, Japan, Romania, and South Africa relative to the U.S. dollar during the period January 2000 to December 2005 are shown in figure V-2.

PRICING PRACTICES

Two of the four responding U.S. producers reported that they used price lists; the other producers reported transaction-by-transaction pricing (one of these companies also reported contract prices). Both of the U.S. producers that reported price lists and the firm reporting transaction by transaction and contract pricing also reported some discount based on quantity or order size; the other producer did not offer discounts. Two of the three responding importers reported transaction by transaction prices, while the other importer reported that pricing was set based on the manufacturer's price. All three responding importers either did not give discounts or did not have a discount policy.

[1] The value of the product imported from the Czech Republic in 2004 is so low that it is probable that this transportation rate is incorrect.

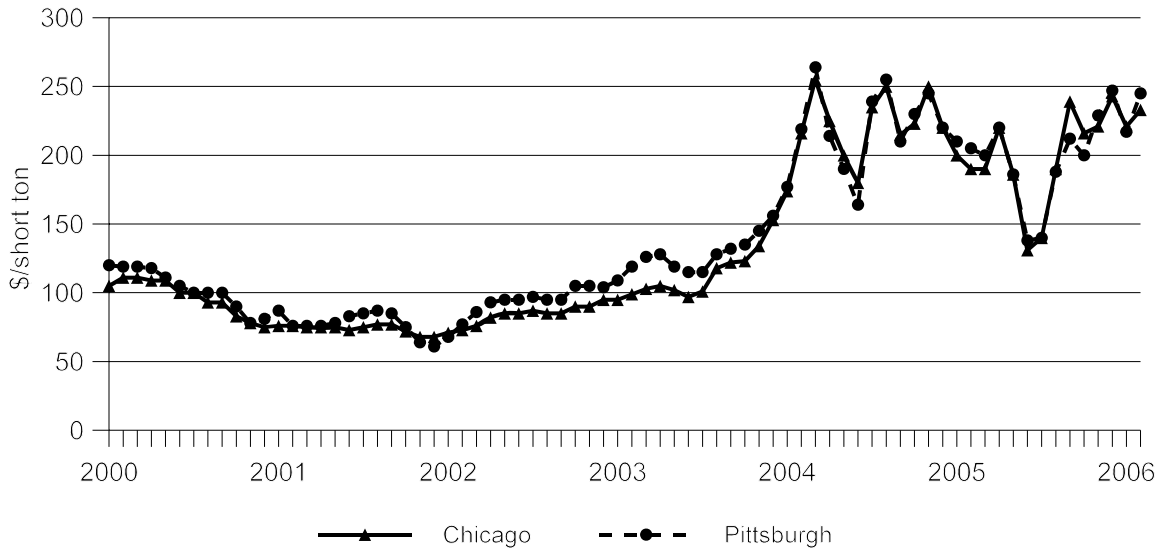
Table V-1
U.S. natural gas, electricity, iron ore, and blast furnace coke prices, 2000-05

Item	2000	2001	2002	2003	2004	2005[1]
U.S. natural gas industrial price[2]	$4.45	$5.24	$4.02	$5.89	$6.56	$8.47
Electricity industrial price[3]	4.64	4.98	4.91	5.12	5.27	5.54
Iron ore (per metric ton)	25.57	23.87	26.04	26.86	31.00	37.92
Blast furnace coke (per metric ton)	122.00	120.00	120.00	121.00	122.00	123.00

[1] Monthly average for January through October for electricity, full year estimate for natural gas, iron ore, and coke.
[2] Price to industrial users in dollars per thousand cubic feet.
[3] Price to industrial users in cents per kilowatt-hour.

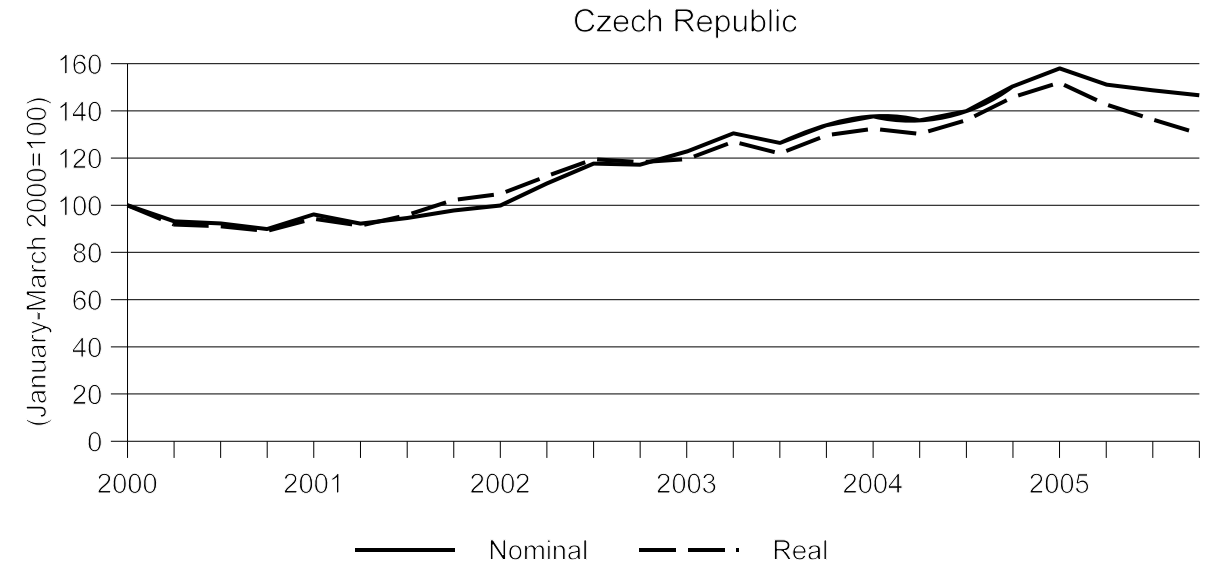
Sources: U.S. Energy Information Administration, http://www.eia.doe.gov, official statistics of the U.S. Department of Energy, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs05.pdf, and USGS estimate.

Figure V-1
Ferrous scrap prices: No. 1 heavy melt, Chicago and Pittsburgh average consumer prices, monthly, January 2000 to February 2006



Source: American Metal Market LLC.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates between the currencies of the Czech Republic, Japan, Romania, and South Africa relative to the U.S. dollar, by quarters, January 2000-December 2005



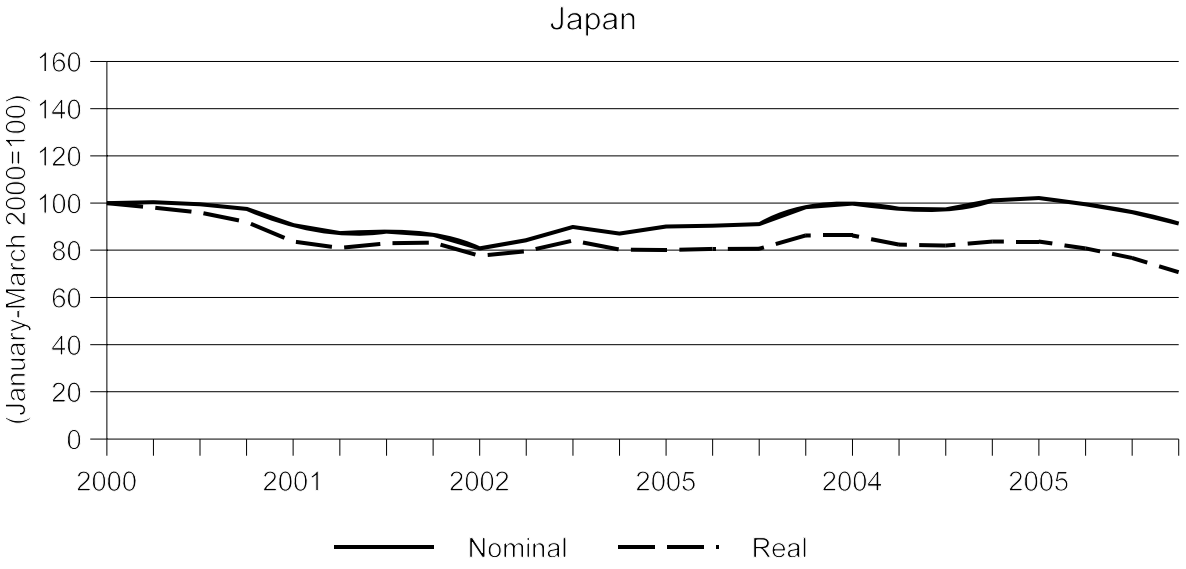
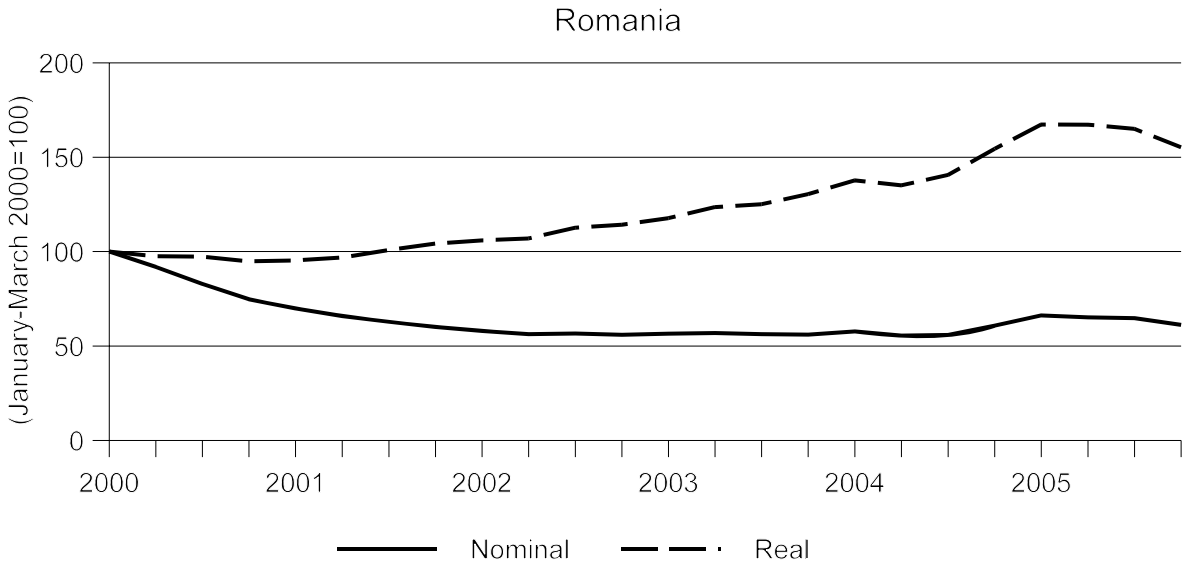
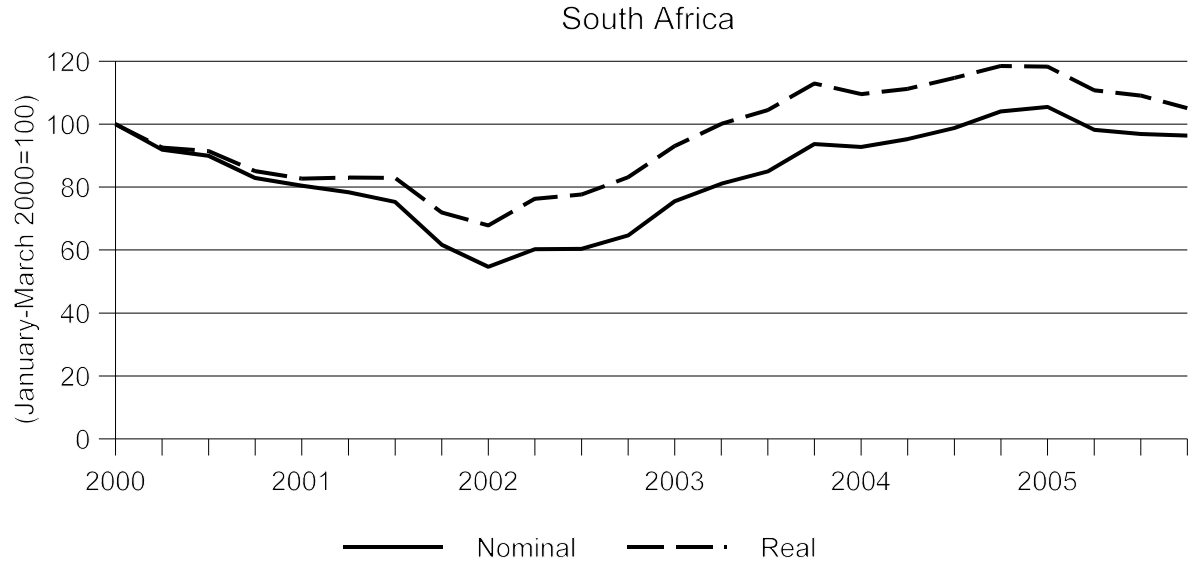


Figure continued.

Figure V-2--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the currencies of the Czech Republic, Japan, Romania, and South Africa relative to the U.S. dollar, by quarters, January 2000-December 2005





Source: International Monetary Fund, *International Financial Statistics*, http://ifs.apdi.net/imf/ifsbrowser.aspx?branch=ROOT retrieved March 10, 2006.

Purchasers were asked if there were any price leaders; ten purchasers listed one or more price leaders. Eight of the ten purchasers listed U.S. Steel, five listed Sharon Steel, two listed Koppal Steel, one listed V&M Tube, and one listed Heng Yang (a Chinese firm). All three firms reporting only U.S. Steel as the price leader reported that U.S. Steel announced price increases.

Pricing Methods

Three of the four U.S. producers reported that nearly all of their sales of small diameter CASSLP pipe were on a spot basis.[2] The other U.S. producer, *** sold *** percent through short term contracts. The only responding importer reported that all of its sales were spot sales.

Sales Terms

Two U.S. producers reported selling on an f.o.b. basis, one reported selling on a delivered basis, and one reported selling on an ex-works basis. Both responding importers reported selling on an f.o.b. port-of-entry basis. Two of four responding U.S. producers reported sales terms of net 60 days; the other two U.S. producers and both responding importers reporting sales terms of net 30.

PRICE DATA

The Commission requested U.S. producers and importers of small diameter CASSLP pipe to provide quarterly data for the total quantity and f.o.b. value of small diameter CASSLP pipe products that were shipped to unrelated customers in the U.S. market during January 2000-September 2005. The products for which pricing data were requested were as follows:

> ***Product 1:*** Seamless pipe single-, double-, or triple-stenciled to meet ASTM A-106 Grade B, ASTM A-53 Grade B, and API 5L Grade B specifications; 1" nominal size (1.315" OD X 0.179" wall thickness); plain ends; schedule 80;
>
> ***Product 2:*** Seamless pipe triple-stenciled (or more) to meet ASTM A-106 Grade B, ASTM A-53 Grade B, and API 5L Grade B specifications; 4" nominal size (4.5" OD X 0.337" wall thickness); plain ends; schedule 80;
>
> ***Product 3:*** Seamless pipe triple-stenciled (or more) to meet ASTM-A-106 Grade B, ASTM-A-53 Grade B, and API 5L Grade B specifications; 3" nominal size (3.5" OD X 0.3" wall thickness); plain ends; schedule 80; and
>
> ***Product 8:*** Seamless pipe stenciled to meet API 5L Grade X-52 specifications; 4.5" OD X 0.531" wall thickness; plain ends.[3]

Three U.S. producers (U.S. Steel, Koppel Steel, and Sharon Tube) and one importer of Romanian small diameter CASSLP pipe *** provided usable pricing data for sales of the requested products,

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[2] Only one of three responding producers reported selling any product with contracts. This firm reported that 5 percent of its sales were on a short term contract basis, however when asked about the details of its contract sales in another question, it reported that it did not sell on contract.

[3] This product was not included in the initial questionnaire, but was added after consultation with *** to obtain pricing on an alloy product.

although not all firms reported pricing for all products for all quarters. No importer provided price data for products from Czech Republic, Japan, or South Africa. By quantity, pricing data reported by responding firms for January 2000-September 2005 accounted for 21.5 percent of reported U.S. producers' shipments of small diameter CASSLP pipe and for 10.5 percent of reported U.S. shipments of subject imports from Romania. Data on prices, quantities, and margins of underselling (overselling) of products 1-3 and 8 are presented in tables V-2 through V-5. Prices of products 1-3 (carbon steel SSLP pipe) and 8 (alloy steel SSLP pipe) are presented in figure V-3.[4]

Table V-2
Small diameter CASSLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2000-September 2005

* * * * * * *

Table V-3
Small diameter CASSLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2000-September 2005

* * * * * * *

Table V-4
Small diameter CASSLP pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2000-September 2005

* * * * * * *

Table V-5
Small diameter CASSLP pipe: Weighted-average f.o.b. prices and quantities of domestic product 8 by quarters, January 2000-September 2005

* * * * * * *

Figure V-3
Small diameter CASSLP pipe: Weighted-average f.o.b. prices of domestic and imported products 1-3 and 8, January 2000-September 2005

* * * * * * *

[4] These alloy products, however, are similar in chemical composition to carbon steel grades. Staff telephone interview with ***, March 27, 2006.

Price Trends and Comparisons

A summary of price trends and comparisons is shown in tables V-6-V-7. U.S. producer prices increased by *** to *** percent during the period for which data were collected, with most of the increase in 2004 and 2005. Prices for imports from Romania increased between *** and *** percent from 2000 to 2004. Prices for these imports did not vary significantly from 2000 to 2003 and then increased in 2004; no sales of products 1-3 were reported for 2005. Prices of products 1-3 imported from Romania were consistently lower than prices of U.S.-produced product, with average yearly margins of underselling of *** to *** percent. Romanian product 1 underselling margins were much larger than for products 2 and 3. Product 1 was ***, ***.[5]

Purchasers were asked if there has there been a change in the price of small diameter CASSLP pipe since 2000, and if so, whether the price of U.S.-produced small diameter CASSLP pipe changed more or less than the price of imported small diameter CASSLP pipe from subject countries and from nonsubject countries. Five of the eight responding purchasers indicated that prices had changed by the same amount; one indicated that there had been no change in price; one indicated that U.S.-produced small CASSLP pipe had changed relative to the price of products from each of the four subject countries; and one indicated that U.S.-produced product had changed relative to the three subject countries other than Japan.

Table V-6
Small diameter CASSLP pipe: Summary of underselling/overselling

Country/period	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/ (overselling)
Romania			
2000	3	0	***
2001	10	0	***
2002	5	0	***
2003	8	0	***
2004	8	0	***
2005 (January-September)	0	0	-

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

[5] Staff telephone interviews with ***, March 17, 2006, and ***, March 21, 2006.

Table V-7
Small diameter CASSLP pipe: Summary of weighted-average f.o.b. prices for products 1-3 and 8, by country

Country	Number of quarters	Highest price	Lowest price	Percentage change in price[1]
		Per short ton	*Per short ton*	*Percent*
	Product 1			
United States	23	***	***	***
Romania	14	***	***	***
	Product 2			
United States	23	***	***	***
Romania	10	***	***	***
	Product 3			
United States	23	***	***	***
Romania	10	***	***	***
	Product 8			
United States	8	***	***	***

[1] Percentage change from the first quarter in which price data were available to the last quarter in which price data were available.

Note: Only countries where price data were reported are listed.

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

FACTORS AFFECTING LARGE DIAMETER CASSLP PIPE PRICES

The cost of large diameter CASSLP pipe depends largely on the costs of its inputs and processing. Large diameter CASSLP pipe is produced from solid steel billets, which in turn are produced either in integrated mills from iron ore with coke as main fuel source or in mini mills using electric arc furnaces, from scrap with electricity and natural gas as main fuels. Prices of the major inputs are discussed in the "SMALL DIAMETER" section of part V of this report.

Transportation Costs to the U.S. Market

Transportation costs as a percentage of customs value for large diameter CASSLP pipe from subject countries to the United States (excluding U.S. inland costs) in 2005 were equivalent to 7.4 percent for Japan and 2.8 percent for Mexico. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

Three U.S. producers reported their U.S. inland transportation costs for large diameter CASSLP pipe; transportation costs ranged from 3 to 7 percent the total delivered cost of the product. The three responding importers reported that they were not responsible for transportation of large diameter CASSLP pipe to their customers' location and therefore did not provide data regarding inland transportation costs.

Exchange Rates

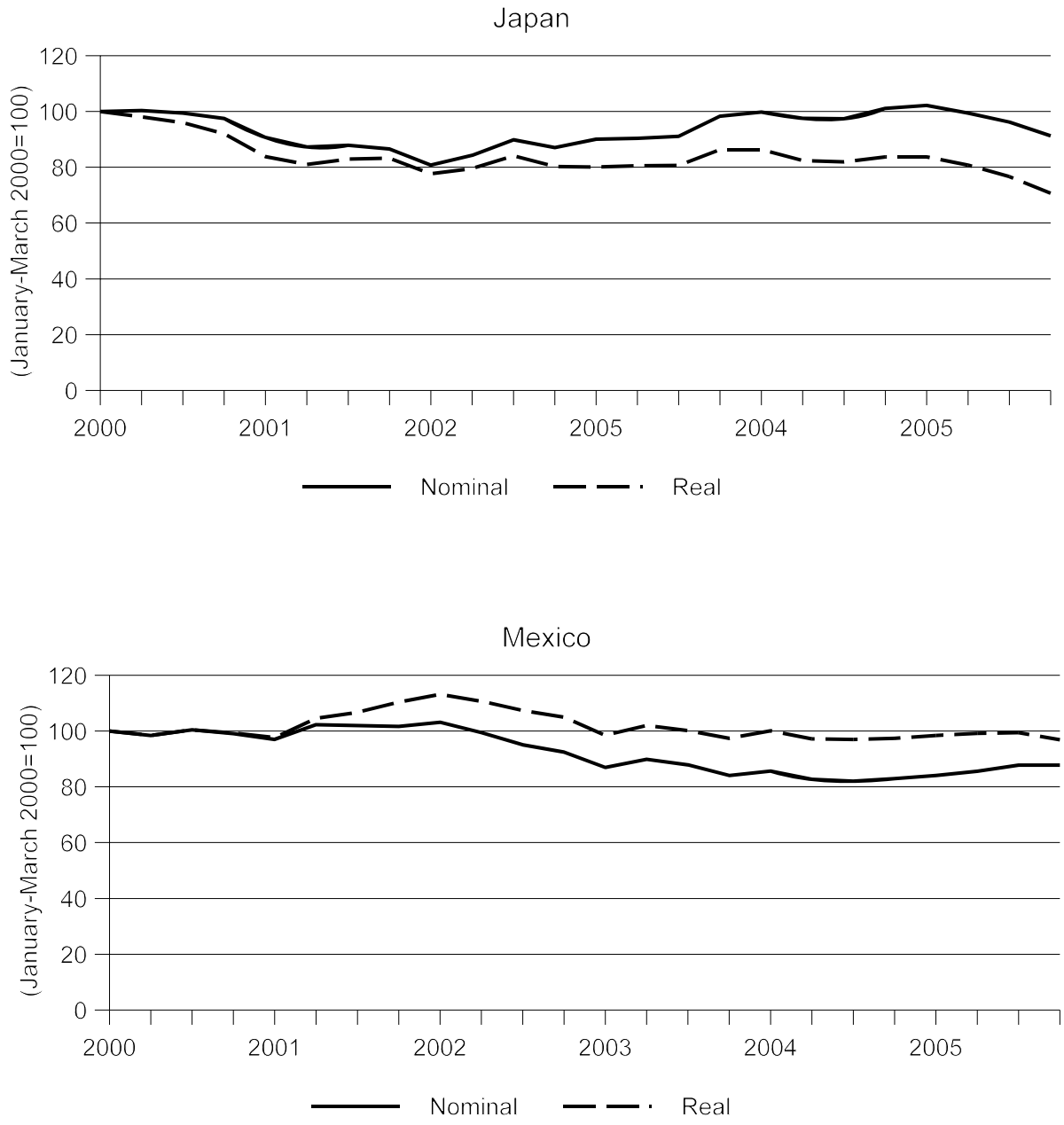
Quarterly real and nominal exchange rates reported by the International Monetary Fund for the currencies of the Japan and Mexico relative to the U.S. dollar during January 2000 to December 2005 are shown in figure V-4.

PRICING PRACTICES

Two of the three responding U.S. producers reported that they used price lists. The other producer reported selling using contracts for multiple shipments and transaction-by-transaction pricing. Two producers reported that offering quantity discounts, while the other producer did not offer discounts. One of the two responding importers reported transaction by transaction prices, while the other importer reported that it used "market band pricing due to current issues." Both importers reported that they either did not give discounts or did not have a discount policy. Two of the three responding U.S. producers and the one responding importer reported that all of their sales of large diameter CASSLP pipe were on a spot basis. The other U.S. producer, ***, reported selling *** percent on contract, using short term contracts, and *** percent in spot sales.

Purchasers were asked if there were any price leaders; ten purchasers listed one or more price leaders. Nine of these firms listed U.S. Steel, four listed V&M Star, two listed Dalmine-Tenaris and one reported V&M Tube. Six firms reported only U.S. Steel as the price leader, four of these reported that U.S. Steel announced price increases, one reported that U.S. Steel recognized supply and demand and acted on these, and the other reported that U.S. Steel dominated the market with its size, capacity, and product range.

Figure V-4
Exchange rates: Indices of the nominal and real exchange rates between the currencies of Japan and Mexico relative to the U.S. dollar, by quarters, January 2000-December 2005



Source: International Monetary Fund, *International Financial Statistics*, http://ifs.apdi.net/imf/ifsbrowser.aspx?branch=ROOT retrieved March 10, 2006.

PRICING METHODS AND SALES TERMS

One U.S. producer reported that *** percent of its sales were on a delivered basis while *** percent were on an f.o.b. mill basis, one producer reported selling on an ex works basis, and one sold f.o.b.. Both responding importers reported selling on an f.o.b. port of entry basis. *** reported sales terms of 2/10 net 60 days, *** sold net 30. One importer reported sales terms of net 30 while the other importer reported terms of 2/10 net 30 days.

PRICE DATA

The Commission requested U.S. producers and importers of large diameter CASSLP pipe to provide quarterly data for the total quantity and f.o.b. value of large diameter CASSLP pipe products that were shipped to unrelated customers in the U.S. market during January 2000-September 2005. The products for which pricing data were requested are as follows:

Product 4: Seamless pipe triple-stenciled (or more) to meet ASTM-A-106 Grade B, ASTM-A-53 Grade B, and API 5L Grade B specifications; 6.625" OD X 0.432" wall thickness; plain ends; and

Product 5: Seamless pipe stenciled to meet API 5L Grade X-52 specifications; 12" OD X 0.500" wall thickness; plain ends.[6]

Two U.S. producers (U.S. Steel and V&M Star) provided usable pricing data for sales of the requested products. *** reported prices for product 4 and 5 and *** reported prices for product 4. Also, no importers of product from Japan or Mexico provided data. By quantity, pricing data reported by responding firms for 2000-September 2005 accounted for approximately 10.9 percent of reported U.S. producers' shipments of large diameter CASSLP pipe. Data on prices, quantities, of products 4 and 5 are presented in table V-8. Prices of products 4 (carbon steel SSLP pipe) and 5 (alloy steel SSLP pipe) are presented in figure V-5.[7]

Table V-8
Large diameter CASSLP pipe: Weighted-average f.o.b. prices and quantities of domestic products 4 and 5, by quarters, January 2000-September 2005

* * * * * * *

Figure V-5
Large diameter CASSLP pipe: Weighted-average f.o.b. prices of domestic products 4-5, January 2000-September 2005

* * * * * * *

[6] In addition, the Commission requested two other products for which no firms provided pricing data. These were Product 6: Seamless pipe stenciled to meet API 5L Grade X-70 specifications; 8.625" OD X 0.875" wall thickness; plain ends; and Product 7: Seamless pipe 12.75" OD x 0.875" wall thickness; API 5L Grade X-65 specifications; produced with a chemistry of low carbon (0.07 min carbon to 0.11 max).

[7] These alloy products, however, are similar in chemical composition to carbon steel grades. Staff telephone interview with ***, March 27, 2006.

Price Trends and Comparisons

The price of product 4 increased by *** percent and the price of product 5 increased by *** percent during the period for which price data were collected. Prices of product 4, by far the larger volume product of the two, did not vary significantly from 2000 to 2003, and then increased from *** per ton in the fourth quarter of 2003 to *** in the third quarter of 2005.

Purchasers were asked if there has there been a change in the price of large diameter CASSLP pipe since 2000, and if so, whether the price of U.S.-produced large diameter CASSLP pipe changed relative to the price of imported large diameter CASSLP pipe from subject countries and from nonsubject countries. Four of the eight responding purchasers indicated that prices had changed by the same amount; one indicated that there had been no change in prices; one indicated that U.S. product was now relatively higher priced compared to that from Japan and Mexico; one firm indicated that prices of U.S. product had changed relative to that from Japan and Mexico but did not indicate whether they were now relatively higher or lower; and one firm indicated that prices of product from Japan had changed by the same amount as domestic prices but that prices of product from Mexico had changed relative to domestic prices and did not indicate whether they were now relatively higher or lower.

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

U.S.C. 188(i)(2) and 43 CFR 3108.2–3(f) included a request for reduced rental and royalty.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, Pamela J. Lewis, Chief, Fluid Minerals Adjudication, at (307) 775–6176.

SUPPLEMENTARY INFORMATION: The lessee has agreed to the amended lease terms for rental and royalty at rates of $10.00 per acre or fraction of an acre per year and 16⅔ percent, respectively. However, this office is of the opinion that the lessees request for reduced rental and royalty rates contains sufficient evidence to determine that in the absence of granting a reduction of the rental and royalty rates to that of the original lease terms, undue economic hardship will occur and that it is equitable to do so. Therefore, upon reinstatement the rental and royalty rates for lease WYW145711 will remain at $2.00 per acre or fraction of an acre per year and 12½ percent, respectively. The lessee has paid the required $500 administrative fee and $166 to reimburse the Department for the cost of this **Federal Register** notice. The lessee has met all the requirements for reinstatement of the lease as set out in Section 31(d) and (e) of the Mineral Lands Leasing Act of 1920 (30 U.S.C. 188), and the Bureau of Land Management is proposing to reinstate lease WYW145711 effective August 1, 2003, under the original terms and conditions of the lease, rates cited above. BLM has not issued a valid lease affecting the lands.

Pamela J. Lewis,

Chief, Fluid Minerals Adjudication.

[FR Doc. 05–8637 Filed 4–29–05; 8:45 am]

BILLING CODE 4310–22–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[WY–920–1310–01; WYW145710]

Notice of Proposed Reinstatement of Terminated Oil and Gas Lease

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of proposed reinstatement and rental/royalty reduction of terminated oil and gas lease.

SUMMARY: Under the provisions of 30 U.S.C. 188(d) and (e), and 43 CFR 3108.2–3(a), the Bureau of Land Management (BLM) received a petition for reinstatement of oil and gas lease WYW145710 for lands in Big Horn County, Wyoming. The petition was filed on time, was accompanied by all the rentals due since the date the lease terminated and, in accordance with 30 U.S.C. 188(i)(2) and 43 CFR 3108.2–3(f) included a request for reduced rental and royalty.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, Pamela J. Lewis, Chief, Fluid Minerals Adjudication, at (307) 775–6176.

SUPPLEMENTARY INFORMATION: The lessee has agreed to the amended lease terms for rental and royalty at rates of $10.00 per acre or fraction of an acre per year and 16⅔ percent, respectively. However, this office is of the opinion that the lessees request for reduced rental and royalty rates contains sufficient evidence to determine that in the absence of granting a reduction of the rental and royalty rates to that of the original lease terms, undue economic hardship will occur and that it is equitable to do so. Therefore, upon reinstatement the rental and royalty rates for lease WYW145710 will remain at $2.00 per acre or fraction of an acre per year and 12½ percent, respectively. The lessee has paid the required $500 administrative fee and $166 to reimburse the Department for the cost of this **Federal Register** notice. The lessee has met all the requirements for reinstatement of the lease as set out in Section 31(d) and (e) of the Mineral Lands Leasing Act of 1920 (30 U.S.C. 188), and the Bureau of Land Management is proposing to reinstate lease WYW145710 effective August 1, 2003, under the original terms and conditions of the lease, rates cited above. BLM has not issued a valid lease affecting the lands.

Pamela J. Lewis,

Chief, Fluid Minerals Adjudication.

[FR Doc. 05–8638 Filed 4–29–05; 8:45 am]

BILLING CODE 4310–22–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[WY–920–1310–01; WYW145709]

Notice of Proposed Reinstatement of Terminated Oil and Gas Lease

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of proposed reinstatement and rental/royalty reduction of terminated oil and gas lease.

SUMMARY: Under the provisions of 30 U.S.C. 188(d) and (e), and 43 CFR 3108.2–3(a), the Bureau of Land Management (BLM) received a petition for reinstatement of oil and gas lease WYW145709 for lands in Big Horn County, Wyoming. The petition was filed on time, was accompanied by all the rentals due since the date the lease terminated and, in accordance with 30 U.S.C. 188(i)(2) and 43 CFR 3108.2–3(f) included a request for reduced rental and royalty.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, Pamela J. Lewis, Chief, Fluid Minerals Adjudication, at (307) 775–6176.

SUPPLEMENTARY INFORMATION: The lessee has agreed to the amended lease terms for rental and royalty at rates of $10.00 per acre or fraction of an acre per year and 16⅔ percent, respectively. However, this office is of the opinion that the lessees request for reduced rental and royalty rates contains sufficient evidence to determine that in the absence of granting a reduction of the rental and royalty rates to that of the original lease terms, undue economic hardship will occur and that it is equitable to do so. Therefore, upon reinstatement the rental and royalty rates for lease WYW145709 will remain at $2.00 per acre or fraction of an acre per year and 12½ percent, respectively. The lessee has paid the required $500 administrative fee and $166 to reimburse the Department for the cost of this **Federal Register** notice. The lessee has met all the requirements for reinstatement of the lease as set out in Section 31(d) and (e) of the Mineral Lands Leasing Act of 1920 (30 U.S.C. 188), and the Bureau of Land Management is proposing to reinstate lease WYW145709 effective August 1, 2003, under the original terms and conditions of the lease, rates cited above. BLM has not issued a valid lease affecting the lands.

Pamela J. Lewis,

Chief, Fluid Minerals Adjudication.

[FR Doc. 05–8639 Filed 4–29–05; 8:45 am]

BILLING CODE 4310–22–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–846–850 (Review)]

Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From Czech Republic, Japan, Mexico, Romania, and South Africa

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on carbon and alloy seamless standard,

line, and pressure pipe from Czech Republic, Japan, Mexico, Romania, and South Africa.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on carbon and alloy seamless standard, line, and pressure pipe from Czech Republic, Japan, Mexico, Romania, and South Africa would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is June 21, 2005. Comments on the adequacy of responses may be filed with the Commission by July 15, 2005. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* May 2, 2005.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

*Background.*On the dates listed below, the Department of Commerce issued antidumping duty orders on the subject imports of small diameter carbon and alloy seamless standard, line, and pressure pipe:

Order date	Country	Invoice No.	Federal Register citation
6/26/2000	Japan	731–TA–847	65 FR 39360
6/26/2000	South Africa	731–TA–850	65 FR 39360
8/10/2000	Romania	731–TA–849	65 FR 48963
8/14/2000	Czech Republic	731–TA–846	65 FR 49539

On the dates listed below, the Department of Commerce issued antidumping duty orders on the subject imports of large diameter carbon and alloy seamless standard, line, and pressure pipe:

Order date	Country	Invoice No.	Federal Register citation
6/26/2000	Japan	731–TA–847	65 FR 39360
8/11/2000	Mexico	731–TA–848	65 FR 49227

The Commission is conducting reviews to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Czech Republic, Japan, Mexico, Romania, and South Africa.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, the Commission found two Domestic Like Products corresponding to the two scopes of the investigations: Small diameter carbon and alloy seamless standard, line, and pressure pipe and large diameter carbon and alloy seamless standard, line, and pressure pipe. Certain Commissioners defined the Domestic Like Product differently.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations, the Commission found two Domestic Industries: A small diameter carbon and alloy seamless standard, line, and pressure pipe industry and a large diameter carbon and alloy seamless standard, line, and pressure pipe industry, encompassing all domestic producers of those products, respectively. Certain Commissioners defined the Domestic Industry differently.

(5) The Order Date is the date that the antidumping duty orders under review became effective. In the reviews concerning Japan and South Africa, the Order Date is June 26, 2000; in the review concerning Romania, the Order Date is August 10, 2000; in the review concerning Mexico, the Order Date is August 11, 2000; and in the review concerning the Czech Republic, the Order Date is August 14, 2000.

(6) An Importer is any person or firm engaged, either directly or through a

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 05–5–120, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews 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 reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the ''same particular matter'' as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was ''personal and substantial.'' However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list. Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. § 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification. Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions. Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is June 21, 2005. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is July 15, 2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information. Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution: Please provide the requested information separately for each Domestic Like Product, as defined by the Commission in its original determinations, and for each of the products identified by Commerce as Subject Merchandise. If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term ''firm'' includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Products, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on the Domestic Industries in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industries.

(5) A list of all known and currently operating U.S. producers of the

Domestic Like Products. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in each Subject Country that currently export or have exported Subject Merchandise to the United States or other countries since the Order Dates.

(7) If you are a U.S. producer of the Domestic Like Products, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Products accounted for by your firm's(s') production;

(b) The quantity and value of U.S. commercial shipments of the Domestic Like Products produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of the Domestic Like Products produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from each Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from each Subject Country accounted for by your firm's(s') imports;

(b) The quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of Subject Merchandise imported from each Subject Country; and

(c) The quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from each Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in each Subject Country accounted for by your firm's(s') production; and

(b) The quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from each Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Products that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries since the Order Dates, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Products produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

(11) (*Optional*) A statement of whether you agree with the above definitions of the Domestic Like Products and Domestic Industries; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: April 20, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–8717 Filed 4–29–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–429 (Second Review)]

Mechanical Transfer Presses From Japan

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on mechanical transfer presses from Japan.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on mechanical transfer presses from Japan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;[1] to be assured of consideration, the deadline for responses is June 21, 2005. Comments on the adequacy of responses may be filed with the Commission by July 15, 2005. For further information concerning the conduct of this review 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, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* May 2, 2005.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 05–5–121, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the office of investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

Antidumping Duty Proceeding	Period
A–791–805	5/1/04—4/30/05
TAIWAN: Certain Circular Welded Carbon Steel Pipe & Tubes.	
A–583–008	5/1/04—4/30/05
TAIWAN: Polyester Staple Fiber.	
A–583–833	5/1/04—4/30/05
TAIWAN: Stainless Steel Plate in Coils.	
A–583–830	5/1/04—4/30/05
THE PEOPLE'S REPUBLIC OF CHINA: Iron Construction Castings.	
A–570–502	5/1/04—4/30/05
THE PEOPLE'S REPUBLIC OF CHINA: Pure Magnesium.	
A–570–832	5/1/04—4/30/05
THE UNITED KINGDOM:Antifriction Bearings, Ball.	
A–412–801	5/1/04—4/30/05
TURKEY: Welded Carbon Steel Pipe and Tube.	
A–489–501	5/1/04—4/30/05
VENEZUELA: Silicomanganese.	
A–307–820	5/1/04—4/30/05
Countervailing Duty Proceedings.	
BELGIUM: Stainless Steel Plate in Coils.	
C–423–809	1/1/04—12/31/04
BRAZIL: Iron Construction Castings.	
C–351–504	1/1/04—12/31/04
CANADA: Softwood Lumber.	
C–122–839	1/1/04—12/31/04
ITALY: Stainless Steel Plate in Coils.	
C–475–823	1/1/04—12/31/04
SOUTH AFRICA: Stainless Steel Plate in Coils.	
C–791–806	1/1/04—12/31/04
Suspension Agreements.	
None..	

In accordance with section 351.213(b) of the regulations, an interested party as defined by section 771(9) of the Act may request in writing that the Secretary conduct an administrative review. For both antidumping and countervailing duty reviews, the interested party must specify the individual producers or exporters covered by an antidumping finding or an antidumping or countervailing duty order or suspension agreement for which it is requesting a review, and the requesting party must state why it desires the Secretary to review those particular producers or exporters. If the interested party intends for the Secretary to review sales of merchandise by an exporter (or a producer if that producer also exports merchandise from other suppliers) which were produced in more than one country of origin and each country of origin is subject to a separate order, then the interested party must state specifically, on an order–by-order basis, which exporter(s) the request is intended to cover.

As explained in Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties, 69 FR 23954 (May 6, 2003), the Department has clarified its practice with respect to the collection of final antidumping duties on imports of merchandise where intermediate firms are involved. The public should be aware of this clarification in determining whether to request an administrative review of merchandise subject to antidumping findings and orders. See also the Import Administration web site at http://ia.ita.doc.gov.

Six copies of the request should be submitted to the Assistant Secretary for Import Administration, International Trade Administration, Room 1870, U.S. Department of Commerce, 14th Street & Constitution Avenue, N.W., Washington, D.C. 20230. The Department also asks parties to serve a copy of their requests to the Office of Antidumping/Countervailing Operations, Attention: Sheila Forbes, in room 3065 of the main Commerce Building. Further, in accordance with section 351.303(f)(l)(i) of the regulations, a copy of each request must be served on every party on the Department's service list.

The Department will publish in the **Federal Register** a notice of ''Initiation of Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation'' for requests received by the last day of May 2005. If the Department does not receive, by the last day of May 2005, a request for review of entries covered by an order, finding, or suspended investigation listed in this notice and for the period identified above, the Department will instruct Customs and Border Protection to assess antidumping or countervailing duties on those entries at a rate equal to the cash deposit of (or bond for) estimated antidumping or countervailing duties required on those entries at the time of entry, or withdrawal from warehouse, for consumption and to continue to collect the cash deposit previously ordered.

This notice is not required by statute but is published as a service to the international trading community.

Dated: April 26, 2005.

Holly A. Kuga,

Senior Office Director, AD/CVD Operations, Office 4, for Import Administration.

[FR Doc. E5–2095 Filed 4–29–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-Year (''Sunset'') Reviews

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

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended (''the Act''), the Department of Commerce (''the Department'') is automatically initiating five-year (''sunset'') reviews of certain antidumping and countervailing duty orders. The International Trade

Commission (''the Commission'') is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers these same orders.

DATES: *Effective Date:* May 2, 2005.

FOR FURTHER INFORMATION CONTACT: Zev Primor, Office 4, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce at (202) 482–4114, or Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of sunset reviews are set forth in 19 CFR 351.218. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-Year (''Sunset'') Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin,* 63 FR 18871 (April 16, 1998) (''*Sunset Policy Bulletin*'').

Initiation of Reviews

In accordance with 19 CFR 351.218(c), we are initiating the sunset reviews of the following antidumping and countervailing duty orders and suspended investigation:

DOC case No.	ITC case No.	Country	Product
A–570–855	731–TA–841	PRC	Non-Frozen Apple Juice Concentrate.
A–851–802	731–TA–846	Czech Republic	Small Diameter, Carbon & Alloy Seamless Standard, Line, & Pressure Pipe.
A–588–851	731–TA–847	Japan	Small Diameter, Carbon & Alloy Seamless Standard, Line, & Pressure Pipe.
A–485–805	731–TA–849	Romania	Small Diameter, Carbon & Alloy Seamless Standard, Line, & Pressure Pipe.
A–791–808	731–TA–850	South Africa	Small Diameter, Carbon & Alloy Seamless Standard, Line, & Pressure Pipe.
A–588–850	731–TA–847	Japan	Large Diameter, Carbon & Alloy Seamless Standard, Line, & Pressure Pipe.
A–201–827	731–TA–848	Mexico	Large Diameter, Carbon & Alloy Seamless Standard, Line, & Pressure Pipe.
A–588–810	731–TA–429	Japan	Mechanical Transfer Presses.
A–588–852	731–TA–853	Japan	Structural Steel Beams.
A–580–841	731–TA–854	South Korea	Structural Steel Beams.
C–580–842	701–TA–401	South Korea	Structural Steel Beams.
A–533–806	731–TA–561	India	Sulfanilic Acid.
C–533–807	701–TA–318	India	Sulfanilic Acid.
A–570–815	731–TA–538	PRC	Sulfanilic Acid.
A–570–856	731–TA–851	PRC	Synthetic Indigo.

Filing Information

As a courtesy, we are making information related to sunset proceedings, including copies of the Department's regulations regarding sunset reviews (19 CFR 351.218) and *Sunset Policy Bulletin,* the Department's schedule of sunset reviews, case history information (*i.e.*, previous margins, duty absorption determinations, scope language, import volumes), and service lists available to the public on the Department's sunset Internet website at the following address: ''*http://ia.ita.doc.gov/sunset/.*''

All submissions in these sunset reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303. Also, we suggest that parties check the Department's sunset website for any updates to the service list before filing any submissions. The Department will make additions to and/or deletions from the service list provided on the sunset website based on notifications from parties and participation in these reviews. Specifically, the Department will delete from the service list all parties that do not submit a substantive response to the notice of initiation.

Because deadlines in a sunset review can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order (''APO'') immediately following publication in the **Federal Register** of the notice of initiation of the sunset review. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

Information Required From Interested Parties

Domestic interested parties (defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in these sunset reviews must respond not later than 15 days after the date of publication in the **Federal Register** of the notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the orders without further review. *See* 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that all parties wishing to participate in the sunset review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of the notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's conduct of sunset reviews.[1] Please

[1] In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to

Continued

consult the Department's regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

Dated: April 25, 2005.

Holly A. Kuga,

Senior Office Director, AD/CVD Operations, Office 4 for Import Administration.

[FR Doc. E5–2096 Filed 4–29–05; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

A–274–804

Notice of Initiation and Preliminary Results of Changed Circumstances Antidumping Duty Administrative Review: Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago

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

SUMMARY: The Department of Commerce (''the Department'') is initiating a changed circumstances administrative review of the antidumping duty order of carbon and certain alloy steel wire rod (''steel wire rod'') from Trinidad and Tobago[1] in response to a request from the petitioners[2] and respondent, Caribbean Ispat Limited (''CIL''). Both parties have requested that the Department conduct a changed circumstances review to determine whether Mittal Steel Point Lisas Limited (''Mittal'') is the successor–in-interest to CIL, and, as such, is entitled to receive the same antidumping duty treatment accorded CIL.

EFFECTIVE DATE: May 2, 2005.

FOR FURTHER INFORMATION CONTACT:

Dennis McClure or Victoria Cho at (202) 482–5973 or (202) 482–5075, respectively; AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background:

On October 29, 2002, the Department published in the **Federal Register** an antidumping duty order on steel wire rod from Trinidad and Tobago. *See Antidumping Order.* The current scope of the merchandise subject to this order was published in the *Notice of Final Results of Antidumping Duty Administrative Review: Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* 70 FR 12648 (March 15, 2005). One of the companies subject to the investigation was CIL. On March 3, 2005, CIL notified the Department of its name change and stated that on January 31, 2005, CIL legally changed its name to Mittal. *See* March 3, 2005, letter from CIL to the Secretary of Commerce. On March 21, 2005, the petitioners requested that the Department conduct a changed circumstances review to determine whether Mittal is the successor–in-interest to CIL. *See* March 21, 2005, letter from the petitioners to the Secretary of Commerce. On April 6, 2005, CIL requested that the Department initiate and conduct an expedited changed circumstances review to determine for purposes of the antidumping law whether Mittal is the successor–in-interest to CIL. The Department has determined to conduct the review on an expedited basis and preliminarily finds that Mittal is the successor–in-interest to CIL.

Initiation of Changed Circumstances Review

Pursuant to section 751(b)(1) of the Tariff Act of 1930, as amended (''the Act'), the Department will conduct a changed circumstances review upon request from an interested party or receipt of information concerning an antidumping duty order, when either of these shows changed circumstances sufficient to warrant a review of the order. In this case, the Department finds that the information submitted by the petitioners and respondent provides sufficient evidence of changed circumstances to warrant a review to determine whether Mittal is the successor–in-interest to CIL. Thus, in accordance with section 751(b) of the Act, the Department is initiating a changed circumstances review to determine whether Mittal is the successor–in-interest to CIL for purposes of determining antidumping duty liability with respect to imports of steel wire rod from Trinidad and Tobago produced and exported by CIL and whether the order as applied to CIL should apply to subject merchandise manufactured and exported by Mittal.

Furthermore, 19 CFR 351.221(c)(3)(ii) permits the Department to combine the notice of initiation of a changed circumstances review and the notice of preliminary results in a single notice, if the Department concludes that expedited action is warranted. In this case, the Department finds that the information submitted provides sufficient evidence of changed circumstances to warrant a review. Furthermore, we determine that expedited action is warranted and we preliminarily find that Mittal is the successor–in-interest to CIL. Because we have concluded that expedited action is warranted, we are combining these notices of initiation and preliminary results.

Preliminary Results

In making a successor–in-interest determination, the Department examines several factors including, but not limited to, changes in: (1) Management; (2) production facilities; (3) supplier relationships; and (4) customer base. *See, e.g.*, Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review: Polychloroprene Rubber From Japan, 67 FR 58 (Jan. 2, 2002); *Brass Sheet and Strip from Canada: Final Results of Antidumping Duty Administrative Review*, 57 FR 20460, 20462 (May 13, 1992). While no single factor or combination of factors will necessarily provide a dispositive indication of a successor–in-interest relationship, the Department will generally consider the new company to be the successor to the previous company if the new company's resulting operation is not materially dissimilar to that of its predecessor. *See*, *e.g.*, Fresh and Chilled Atlantic Salmon from Norway; Final Results of Changed Circumstances Antidumping Duty Administrative Review, 64 FR 9979 (March 1, 1999); *Industrial Phosphoric Acid from Israel; Final Results of Changed Circumstances Review*, 59 FR 6944 (February 14, 1994). Thus, if the evidence demonstrates that, with respect to the production and sale of the subject merchandise, the new company operates as the same business entity as the former company, the Department will accord the new company the same antidumping treatment as its predecessor.

In accordance with 19 CFR 351.221(c)(3)(ii), we preliminarily determine that Mittal is the successor–

substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests for extension of that five-day deadline based upon a showing of good cause.

[1] *See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago*, 67 FR 65944 (October 29, 2002) (''*Antidumping Order*)

[2] Gerdau Ameristeel U.S. Inc., ISG Georgetown Inc., Keystone Consolidated Industries, Inc., and North Star Steel Texas, Inc.

as representatives or officials of organizations or businesses, available for public disclosure in their entirety.

Dated: July 29, 2005.

Frank Michny,

Regional Environmental Officer, Mid-Pacific Region.

[FR Doc. 05–16821 Filed 8–23–05; 8:45 am]

BILLING CODE 4310–MN–P

DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

Announcement to Extend Comment Period on the Preparation of an Environmental Impact Statement on Excess Spoil Generation and Disposal and Stream Buffer Zone Rulemaking

AGENCY: Office of Surface Mining Reclamation and Enforcement, Interior.

ACTION: Extension of comment period.

SUMMARY: We, the Office of Surface Mining Reclamation and Enforcement (OSM), are allowing additional time for the public to submit suggestions on significant issues and specific alternatives that we should consider in the planning and preparation on an environmental impact statement on the excess spoil generation and disposal and stream buffer zone rulemaking. We received multiple requests to extend the comment period by a week beyond the last public scoping meeting in order for the meeting participants to fully consider discussions within the meeting. We believe that this is reasonable request and are granting an extension of public comment period.

DATES: *Electronic or written comments:* We must receive your written comments by 4 p.m. eastern standard time on September 1, 2005, to ensure consideration in the preparation of the draft EIS.

ADDRESSES: You may mail or hand carry comments to: ''EIS Scoping SBZ Rulemaking Comments'' c/o OSM Appalachian Region, 3 Parkway Center, Pittsburgh, Pennsylvania 15220, or you may send comments via electronic mail to: *SBZ-EIS@osmre.gov*.

FOR FURTHER INFORMATION CONTACT: David G. Hartos, Office of Surface Mining Reclamation and Enforcement, U.S. Department of the Interior, 3 Parkway Center, Pittsburgh, PA 15220; Telephone: 412–937–2909. E-mail address: *DHARTOS@OSMRE.GOV*.

SUPPLEMENTARY INFORMATION: On June 16, 2005 (70 FR 35112), we published a notice of our intent to prepare an environmental impact statement (EIS) to analyze the effects of possibly revising our regulations pertaining to excess spoil generation and disposal, and stream buffer zones. We determined that the preparation of an EIS would be an appropriate mechanism to fully access alternative approaches and potential impacts of the changes proposed in the **Federal Register** on January 7, 2004 (69 FR 1036). We asked for the public's assistance in identifying significant issues and specific alternatives related to the proposed action. The original comment period was scheduled to close on August 15, 2005, but we are extending the comment period to the time and date list under **DATES**.

Dated: August 16, 2005.

Michael K. Robinson,

Acting Regional Director, Appalachian Region, Office of Surface Mining Reclamation and Enforcement.

[FR Doc. 05–16802 Filed 8–23–05; 8:45 am]

BILLING CODE 4310–05–M

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–846–850 (Review)]

Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from Czech Republic, Japan, Mexico, Romania, and South Africa

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the antidumping duty orders on carbon and alloy seamless standard, line, and pressure pipe from Czech Republic, Japan, Mexico, Romania, and South Africa.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on carbon and alloy seamless standard, line, and pressure pipe from Czech Republic, Japan, Mexico, Romania, and South Africa would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: August 5, 2005.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION: On August 5, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act.[1] The Commission found that the domestic interested party group response to its notice of institution (70 FR 22688, May 2, 2005) was adequate, and that the respondent interested party group responses with respect to the Czech Republic, Mexico, Romania, and South Africa were adequate, but found that the respondent interested party group response with respect to Japan was inadequate. However, the Commission determined to conduct a full review concerning subject imports from Japan to promote administrative efficiency in light of its decision to conduct full reviews with respect to subject imports from the Czech Republic, Mexico, Romania, and South Africa. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: August 18, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–16836 Filed 8–23–05; 8:45 am]

BILLING CODE 7020–02–P

[1] Commissioner Marcia E. Miller did not participate in these determinations.

17, 2004 and were considered in the Draft Plan/EIS.

Notices of availability were published in the **Federal Register** for the Gold Camp Road Draft Plan/EIS by the Forest Service (70 FR 2605, January 14, 2005) and the EPA (70 FR 4119, January 28, 2005). Comments were accepted on the Draft Plan/EIS through March 29, 2005. Comments were considered and the Final Plan/EIS was prepared based on agency and public input. The Final Plan/EIS contains a new preferred alternative that incorporates elements of three of the other action alternatives.

A ROD accompanies the Final Plan/EIS. The ROD accompanying the Final Plan/EIS is subject to appeal pursuant to 36 CFR 215.

Reviewers are obligated to structure their participation in the National Environmental Policy Act process so that it is meaningful and alerts the agency to the reviewer's position and contentions, [*Vermont Yankee Nuclear Power Corp.* v. *NRDS.* 435 U.S. 519, 553, (1978)]. Environmental objections that could have been raised at the draft stage may be waived if not raised until after completing the Final EIS [*City of Angoon* v. *Hodel* (9th Circuit 1986) and *Wisconsin Heritages Inc.* v. *Harris* 490 F. Suppl. 1334, 1338 (E.D. Wis. 1980)].

This notice is provided pursuant to federal regulations implementing the National Environmental Policy Act (40 CFR 1506.6).

Dated: August 30, 2005.

Robert J. Leaverton,

Forest Supervisor.

[FR Doc. 05–17711 Filed 9–6–05; 8:45 am]

BILLING CODE 3410–11–P

COMMISSION ON CIVIL RIGHTS

Agenda and Notice of Public Meeting of the Alaska Advisory Committee

Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights, that a conference call of the Alaska State Advisory Committee in the Western Region will convene at 10 a.m. (PDT) and adjourn at 11 a.m., Thursday, September 29, 2005. The purpose of the conference call is to discuss ongoing projects and plan future activities.

This conference call is available to the public through the following call-in number: 1–800–473–8694, access code number 44001081. Any interested member of the public may call this number and listen to the meeting. Callers can expect to incur charges for calls not initiated using the provided call-in number or over wireless lines and the Commission will not refund any incurred charges. Callers will incur no charge for calls using the call-in number over land-line connections. Persons with hearing impairments may also follow the proceedings by first calling the Federal Relay Service at 1–800–977–8339 and providing the Service with the conference call number and access code.

To ensure that the Commission secures an appropriate number of lines for the public, persons are asked to register by contacting Thomas Pilla of the Western Regional Office, (213) 894–3437, by 3 p.m. on Wednesday, September 28, 2005.

The meeting will be conducted pursuant to the provisions of the rules and regulations of the Commission.

Dated at Washington, DC, August 31, 2005.

Ivy L. Davis,

Acting Chief, Regional Programs Coordination Unit.

[FR Doc. 05–17702 Filed 9–6–05; 8:45 am]

BILLING CODE 6335–01–P

COMMISSION ON CIVIL RIGHTS

Agenda and Notice of Public Meeting of the Hawaii Advisory Committee

Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights, that a conference call of the Hawaii State Advisory Committee in the Western Region will convene at 2 p.m. (PDT) and adjourn at 3 p.m., Friday, September 30, 2005. The purpose of the conference call is to discuss on-going projects and plan future activities.

This conference call is available to the public through the following call-in number: 1–800–473–7796, access code number 44001094. Any interested member of the public may call this number and listen to the meeting. Callers can expect to incur charges for calls not initiated using the provided call-in number or over wireless lines and the Commission will not refund any incurred charges. Callers will incur no charge for calls using the call-in number over land-line connections. Persons with hearing impairments may also follow the proceedings by first calling the Federal Relay Service at 1–800–977–8339 and providing the Service with the conference call number and access code.

To ensure that the Commission secures an appropriate number of lines for the public, persons are asked to register by contacting Thomas Pilla of the Western Regional Office, (213) 894–3437, by 3 p.m. on Thursday, September 29, 2005.

The meeting will be conducted pursuant to the provisions of the rules and regulations of the Commission.

Dated at Washington, DC, August 31, 2005.

Ivy L. Davis,

Acting Chief, Regional Programs Coordination Unit.

[FR Doc. 05–17703 Filed 9–6–05; 8:45 am]

BILLING CODE 6335–01–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–851–802, A–485 805, A–588–851, A–791–808]

Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Under 4 ½ inches) from the Czech Republic, Japan, Romania, and South Africa; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On May 2, 2005, the Department of Commerce (the Department) initiated sunset reviews of the antidumping duty orders on certain carbon and alloy seamless standard, line, and pressure pipe (under 4 ½ inches) (seamless pipe) from the Czech Republic, Japan, Romania, and South Africa pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). On the basis of a notice of intent to participate and adequate substantive responses filed on behalf of domestic interested parties and no response from respondent interested parties, the Department conducted expedited (120-day) sunset reviews. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would likely lead to the continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

EFFECTIVE DATE: September 7, 2005.

FOR FURTHER INFORMATION Dana Mermelstein, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, telephone (202) 482–1391.

SUPPLEMENTARY INFORMATION:

Background

On May 2, 2005, the Department initiated sunset reviews of the antidumping duty orders on seamless pipe from the Czech Republic, Japan,

Romania, and South Africa pursuant to section 751(c) of the Act. *See Initiation of Five-year (''Sunset'') Reviews*, 70 FR 22632 (May 2, 2005). The Department received notices of intent to participate from two domestic interested parties, United States Steel Corporation (U.S. Steel) and Koppel Steel Corporation (Koppel Steel) (collectively, domestic interested parties), within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations. Domestic interested parties claimed interested party status under section 771(9)(C) of the Act as U.S. producers of the domestic like product. We received complete substantive responses from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). However, we did not receive any response from any respondent interested parties. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted expedited sunset reviews of these orders.

Scope of the Orders

The products covered by the orders are seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes and redraw hollows produced, or equivalent, to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, and the API 5L specifications and meeting the physical parameters described below, regardless of application. The scope of the orders also includes all products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification. Specifically included within the scope of the orders are seamless pipes and redraw hollows, less than or equal to 4.5 inches (114.3 mm) in outside diameter, regardless of wall–thickness, manufacturing process (hot finished or cold–drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.

The seamless pipes subject to the orders are currently classifiable under the subheadings 7304.10.10.20, 7304.10.50.20, 7304.31.30.00, 7304.31.60.50, 7304.39.00.16, 7304.39.00.20, 7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.51.50.05, 7304.51.50.60, 7304.59.60.00, 7304.59.80.10, 7304.59.80.15, 7304.59.80.20, and 7304.59.80.25 of the Harmonized Tariff Schedule of the United States (HTSUS).

Specifications, Characteristics, and Uses: Seamless pressure pipes are intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas and other liquids and gases in industrial piping systems. They may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat. Seamless carbon steel pressure pipe meeting the ASTM A–106 standard may be used in temperatures of up to 1000 degrees Fahrenheit, at various ASME code stress levels. Alloy pipes made to ASTM A–335 standard must be used if temperatures and stress levels exceed those allowed for ASTM A–106. Seamless pressure pipes sold in the United States are commonly produced to the ASTM A–106 standard.

Seamless standard pipes are most commonly produced to the ASTM A–53 specification and generally are not intended for high temperature service. They are intended for the low temperature and 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 pipes (depending on type and code) may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A–333 or ASTM A–334 specifications.

Seamless line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Seamless line pipes are produced to the API 5L specification.

Seamless water well pipe (ASTM A–589) and seamless galvanized pipe for fire protection uses (ASTM A–795) are used for the conveyance of water.

Seamless pipes are commonly produced and certified to meet ASTM A–106, ASTM A–53, API 5L–B, and API 5L–X42 specifications. To avoid maintaining separate production runs and separate inventories, manufacturers typically triple or quadruple certify the pipes by meeting the metallurgical requirements and performing the required tests pursuant to the respective specifications. Since distributors sell the vast majority of this product, they can thereby maintain a single inventory to service all customers.

The primary application of ASTM A–106 pressure pipes and triple or quadruple certified pipes is use in pressure piping systems by refineries, petrochemical plants, and chemical plants. Other applications are in power generation plants (electrical–fossil fuel or nuclear), and in some oil field uses (on shore and off shore) such as for separator lines, gathering lines and metering runs. A minor application of this product is for use as oil and gas distribution lines for commercial applications. These applications constitute the majority of the market for the subject seamless pipes. However, ASTM A–106 pipes may be used in some boiler applications.

Redraw hollows are any unfinished pipe or ''hollow profiles'' of carbon or alloy steel transformed by hot rolling or cold drawing/ hydrostatic testing or other methods to enable the material to be sold under ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, and API 5L specifications.

The scope of the orders includes all seamless pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, with the exception of the specific exclusions discussed below, and whether or not also certified to a non–covered specification. Standard, line, and pressure applications and the above–listed specifications are defining characteristics of the scope of the orders. Therefore, seamless pipes meeting the physical description above, but not produced to the ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, and API 5L specifications shall be covered if used in a standard, line, or pressure application, with the exception of the specific exclusions discussed below. For example, there are certain other ASTM specifications of pipe which, because of overlapping characteristics, could potentially be used in ASTM A–106 applications. These specifications generally include ASTM A–161, ASTM A–192, ASTM A–210, ASTM A–252, ASTM A–501, ASTM A–523, ASTM A–524, and ASTM A–618. When such pipes are used in a standard, line, or pressure pipe application, with the exception of the specific exclusions discussed below, such products are covered by the scope of the orders.

Specifically excluded from the scope of the orders are boiler tubing and mechanical tubing, if such products are not produced to ASTM A–53, ASTM A–106, ASTM A–333, ASTM A–334, ASTM A–335, ASTM A–589, ASTM A–795, and API 5L specifications and are not used in standard, line, or pressure pipe applications. In addition, finished and unfinished oil country tubular goods (OCTG) are excluded from the scope of the orders, if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG order, finished and unfinished OCTG are

included in this scope when used in standard, line or pressure applications.

With regard to the excluded products listed above, the Department will not instruct U.S. Customs and Border Protection (CBP) to require end–use certification until such time as petitioner or other interested parties provide to the Department a reasonable basis to believe or suspect that the products are being used in a covered application. If such information is provided, we will require end–use certification only for the product(s) (or specification(s)) for which evidence is provided that such products are being used in covered applications as described above. For example, if, based on evidence provided by petitioner, the Department finds a reasonable basis to believe or suspect that seamless pipe produced to the A–161 specification is being used in a standard, line or pressure application, we will require end–use certifications for imports of that specification. Normally we will require only the importer of record to certify to the end use of the imported merchandise. If it later proves necessary for adequate implementation, we may also require producers who export such products to the United States to provide such certification on invoices accompanying shipments to the United States.

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the merchandise subject to this scope is dispositive.

Analysis of Comments Received

All issues raised in these cases are addressed in the ''Issues and Decision Memorandum'' from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated August 30, 2005, (Decision Memorandum), which is hereby adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the orders are revoked. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendations in this public memorandum, which is on file in room B–099 of the main Department building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at http://ia.ita.doc.gov, under the heading ''September 2005.'' The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on pipe fittings from the Czech Republic, Japan, Romania, and South Africa would likely lead to continuation or recurrence of dumping at the following percentage weighted–average margins:

Manufacturers/Exporters/Producers	Weighted–Average Margin (Percent)
Czech Republic.	
Nova Hut, A.S.	39.93
All Others	32.26
Japan.	
Nippon Steel Corporation	106.07
Kawasaki Steel Corporation	106.07
Sumitomo Metal Industries, Ltd.	106.07
All Others	70.43
Romania.	
Metal Business International S.R.L.	11.08
S.C. Petrotub S.A.	11.08
S.C. Silcotub S.A.	15.15
Sota Communication Company	15.15
All Others	13.06
South Africa.	
Iscor Ltd.	43.51
All Others	40.17

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or 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.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: August 30, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–4868 Filed 9–6–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

(A–580–816)

Certain Corrosion–Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review

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

SUMMARY: In response to requests from petitioners, the Department of Commerce (the Department) is conducting the eleventh administrative review of the antidumping order on corrosion–resistant carbon steel flat products (CORE) from Korea.[1] This review covers five manufacturers and exporters (collectively, the respondents) of the subject merchandise: Dongshin Special Steel Co., Ltd., (Dongshin); Dongbu Steel Co., Ltd. (Dongbu); Hyundai HYSCO (HYSCO); Pohang Iron & Steel Company, Ltd. and Pohang Coated Steel Co., Ltd. (POCOS), and Pohang Steel Industries Co., Ltd. (PSI) (collectively, the POSCO Group); and Union Steel Manufacturing Co., Ltd. (Union). The period of review (POR) for this review is August 1, 2003, through July 31, 2004. We preliminarily determine that during the POR, Dongbu, the POSCO Group, and Union made sales of subject merchandise at less than normal value (NV). However, we preliminary determine that HYSCO did not make sales of subject merchandise at less than NV (*i.e.*, sales were made at ''zero'' or *de minimis* dumping margins). If these preliminary results are adopted in the final results of this administrative review, we will instruct U.S. Customs and Border Protection (CBP) to assess HYSCO's appropriate entries at an antidumping liability of zero percent of the entered value and instruct CBP to assess Dongbu, Dongshin, the POSCO Group, and Union at the rates referenced in the ''Preliminary Results of the Review'' section of this notice.

Furthermore, we are rescinding the request for review of the antidumping order for SeAH Steel Corporation (SeAH) because SeAH and its affiliates did not have exports or sales in the United States of subject merchandise manufactured or produced by SeAH during the POR. Because Dongshin failed to respond to the Department's questionnaire, we preliminarily

[1] Petitioners are the Mittal Steel USA ISG, Inc., United States Steel Corporation, and Nucor Corporation.

entries by applying the assessment rate to the entered value of the merchandise. For assessment purposes, we calculated importer–specific assessment rates for the subject merchandise by aggregating the dumping margins for all U.S. sales to each importer and dividing the amount by the total entered value of the sales to that importer. In instances where entered value was not reported, we calculated importer–specific assessment rates by aggregating the dumping margins calculated for all of the U.S. sales examined and dividing this amount by the total quantity of the sales examined. To determine whether the duty assessment rates were *de minimis*, in accordance with the requirement set forth in 19 CFR 351.106 (c)(2), we calculated importer–specific *ad valorem* ratios based on export prices. The Department will issue appropriate assessment instructions directly to CBP within 15 days of publication of the final results of review.

Cash Deposit Requirements

To calculate the cash deposit rate for each producer and/or exporter included in this administrative review, we divided the total dumping margins for each company by the total net value for that company's sales during the review period.

The following deposit rates will be effective upon publication of the final results of this administrative review for all shipments of CORE for Korea entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(2)(C) of the Act: (1) The cash deposit rates for the companies listed above will be the rates established in the final results of these reviews, except if the rate is less than 0.5 percent and, therefore, *de minimis*, the cash deposit will be zero; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company–specific rate published for the most recent final results in which that manufacturer or exporter participated; (3) if the exporter is not a firm covered in these reviews, a prior review, or the original less than fair value investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent final results for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in these or any previous review conducted by the Department, the cash deposit rate will be 17.70 percent, the ''All Others'' rate established in the underlying investigation. *See Orders on Certain Steel from Korea*. These cash deposit requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Importers

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review is issued and published in accordance with sections 751(a)(1) and 777(I)(1) of the Act.

Dated: August 31, 2005.

Barbara E. Tillman,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–4867 Filed 9–6–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

(A–588–850, A–201–827)

Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe from Japan and Mexico; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On May 2, 2005, the Department of Commerce (the Department) initiated sunset reviews of the antidumping duty orders on certain large diameter carbon and alloy seamless standard, line and pressure pipe (Large Diameter SSLPP) from Japan and Mexico pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of domestic interested parties and no response from respondent interested parties, the Department conducted expedited (120-day) sunset reviews for these orders. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Reviews* section of this notice.

EFFECTIVE DATE: September 7, 2005.

FOR FURTHER INFORMATION Saliha Loucif or David Goldberger, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–1779 and (202) 482–4136, respectively.

SUPPLEMENTARY INFORMATION:

Background:

On May 2, 2005, the Department published the notice of initiation of the sunset reviews of the antidumping duty orders on Large Diameter SSLPP from Japan and Mexico, pursuant to section 751(c) of the Act. *See Initiation of Five-year (Sunset) Reviews*, 70 FR 22632 (May 2, 2005). *See also Procedures for Conducting Five-year (Sunset) Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516, 13522 (March 20, 1998). On May 17, 2005, the Department received the Notice of Intent to Participate from United States Steel Corporation (U.S. Steel) (the domestic interested party), within the deadline specified in section 351.218(d)(1)(i) of the Department's Regulations. The domestic interested party claimed interested party status under section 771(9)(c) of the Act, as a manufacturer, producer, or wholesaler of the subject merchandise in the United States.

On June 1, 2005, we received complete substantive responses from the domestic interested party within the 30-day deadline specified in section 351.218(d)(3)(i) of the Department's Regulations. On the same day, Tubos de Aceros de Mexico, S.A. (TAMSA), the sole respondent in the investigation of Large Diameter SSLPP from Mexico, and the only known producer of subject merchandise in Mexico, submitted a waiver of participation.[1] In the sunset reviews of Large Diameter SSLPP from Mexico and Japan, the Department has not received any notice of intent to participate nor substantive response from any respondent interested party. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(c)(2) of the Department's Regulations, the

[1] During the course of its investigation, the Department determined that Tubos de Aceros de Mexico, S.A. (TAMSA) was the sole producer of Large Diameter SSLPP in Mexico. *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe From Mexico*, 65 FR 5587 (February 4, 2000).

Department conducted expedited (120-day) sunset reviews of these orders.

Scope of the Orders

The products covered by this order are large diameter seamless carbon and alloy (other than stainless) steel standard, line, and pressure pipes produced, or equivalent, to the American Society for Testing and Materials (ASTM) A53, ASTM A106, ASTM A333, ASTM A334, ASTM A589, ASTM A795, and the American Petroleum Institute (API) 5L specifications and meeting the physical parameters described below, regardless of application, with the exception of the exclusions discussed below. The scope of this order also includes all other products used in standard, line, or pressure pipe applications and meeting the physical parameters described below, regardless of specification, with the exception of the exclusions discussed below.

Specifically included within the scope of this order are seamless pipes greater than 4.5 inches (114.3 mm) up to and including 16 inches (406.4 mm) in outside diameter, regardless of wall–thickness, manufacturing process (hot finished or cold–drawn), end finish (plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish.

The seamless pipes subject to this order are currently classifiable under the subheadings 7304.10.10.30, 7304.10.10.45, 7304.10.10.60, 7304.10.50.50, 7304.31.60.50, 7304.39.00.36, 7304.39.00.40, 7304.39.00.44, 7304.39.00.48, 7304.39.00.52, 7304.39.00.56, 7304.39.00.62, 7304.39.00.68, 7304.39.00.72, 7304.51.50.60, 7304.59.60.00, 7304.59.80.30, 7304.59.80.35, 7304.59.80.40, 7304.59.80.45, 7304.59.80.50, 7304.59.80.55, 7304.59.80.60, 7304.59.80.65, and 7304.59.80.70 of the Harmonized Tariff Schedule of the United States (HTSUS).

Specifications, Characteristics, and Uses: Large diameter seamless pipe is used primarily for line applications such as oil, gas, or water pipeline, or utility distribution systems. Seamless pressure pipes are intended for the conveyance of water, steam, petrochemicals, chemicals, oil products, natural gas, and other liquids and gasses in industrial piping systems. They may carry these substances at elevated pressures and temperatures and may be subject to the application of external heat. Seamless carbon steel pressure pipe meeting the ASTM A106 standard may be used in temperatures of up to 1000 degrees Fahrenheit, at various American Society of Mechanical Engineers (ASME) code stress levels. Alloy pipes made to ASTM A335 standard must be used if temperatures and stress levels exceed those allowed for ASTM A106. Seamless pressure pipes sold in the United States are commonly produced to the ASTM A106 standard.

Seamless standard pipes are most commonly produced to the ASTM A53 specification and generally are not intended for high temperature service. They are intended for the low temperature and pressure conveyance of water, steam, natural gas, air and other liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipes (depending on type and code) may carry liquids at elevated temperatures but must not exceed relevant ASME code requirements. If exceptionally low temperature uses or conditions are anticipated, standard pipe may be manufactured to ASTM A333 or ASTM A334 specifications.

Seamless line pipes are intended for the conveyance of oil and natural gas or other fluids in pipe lines. Seamless line pipes are produced to the API 5L specification. Seamless water well pipe (ASTM A589) and seamless galvanized pipe for fire protection uses (ASTM A795) are used for the conveyance of water. Seamless pipes are commonly produced and certified to meet ASTM A106, ASTM A53, API 5L–B, and API 5L–X42 specifications. To avoid maintaining separate production runs and separate inventories, manufacturers typically triple or quadruple certify the pipes by meeting the metallurgical requirements and performing the required tests pursuant to the respective specifications. Since distributors sell the vast majority of this product, they can thereby maintain a single inventory to service all customers. The primary application of ASTM A106 pressure pipes and triple or quadruple certified pipes in large diameters is for use as oil and gas distribution lines for commercial applications. A more minor application for large diameter seamless pipes is for use in pressure piping systems by refineries, petrochemical plants, and chemical plants, as well as in power generation plants and in some oil field uses (on shore and off shore) such as for separator lines, gathering lines and metering runs. These applications constitute the majority of the market for the subject seamless pipes. However, ASTM A106 pipes may be used in some boiler applications.

The scope of this order includes all seamless pipe meeting the physical parameters described above and produced to one of the specifications listed above, regardless of application, with the exception of the exclusions discussed below, whether or not also certified to a non–covered specification. Standard, line, and pressure applications and the above–listed specifications are defining characteristics of the scope of this order. Therefore, seamless pipes meeting the physical description above, but not produced to the ASTM A53, ASTM A106, ASTM A333, ASTM A334, ASTM A589, ASTM A795, and API 5L specifications shall be covered if used in a standard, line, or pressure application, with the exception of the specific exclusions discussed below.

For example, there are certain other ASTM specifications of pipe which, because of overlapping characteristics, could potentially be used in ASTM A106 applications. These specifications generally include ASTM A161, ASTM A192, ASTM A210, ASTM A252, ASTM A501, ASTM A523, ASTM A524, and ASTM A618. When such pipes are used in a standard, line, or pressure pipe application, such products are covered by the scope of this order.

Specifically excluded from the scope of this order are:

A. Boiler tubing and mechanical tubing, if such products are not produced to ASTM A53, ASTM A106, ASTM A333, ASTM A334, ASTM A589, ASTM A795, and API 5L specifications and are not used in standard, line, or pressure pipe applications.

B. Finished and unfinished oil country tubular goods (OCTG), if covered by the scope of another antidumping duty order from the same country. If not covered by such an OCTG order, finished and unfinished OCTG are included in this scope when used in standard, line or pressure applications.

C. Products produced to the A335 specification unless they are used in an application that would normally utilize ASTM A53, ASTM A106, ASTM A333, ASTM A334, ASTM A589, ASTM A795, and API 5L specifications.

D. Line and riser pipe for deepwater application, i.e., line and riser pipe that is (1) used in a deepwater application, which means for use in water depths of 1,500 feet or more; (2) intended for use in and is actually used for a specific deepwater project; (3) rated for a specified minimum yield strength of not less than 60,000 psi; and (4) not identified or certified through the use of a monogram, stencil, or otherwise marked with an API specification (*e.g.*, API 5L). With regard to the excluded products listed above, the Department

will not instruct U.S. Customs and Border Protection (CBP) to require end–use certification until such time as petitioner or other interested parties provide to the Department a reasonable basis to believe or suspect that the products are being utilized in a covered application. If such information is provided, the Department will require end–use certification only for the product(s) (or specification(s)) for which evidence is provided that such products are being used in a covered application as described above. For example, if, based on evidence provided by the petitioner, the Department finds a reasonable basis to believe or suspect that seamless pipe produced to the A–335 specification is being used in an A–106 application, it will require end–use certifications for imports of that specification. Normally the Department will require only the importer of record to certify to the end–use of the imported merchandise. If it later proves necessary for adequate implementation, the Department may also require producers who export such products to the United States to provide such certification on invoices accompanying shipments to the United States. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to this order is dispositive.

Analysis of Comments Received

All issues raised in these reviews are addressed in the *Issues and Decision Memorandum for the Expedited Sunset Reviews of the Antidumping Duty Orders on Certain Large Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe from Japan and Mexico; Final Results* (Decision Memo) from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated August 30, 2005, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were to be revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in room B–099 of the main Commerce building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at http://ia.ita.doc.gov/frn, under the heading ''September 2005.'' The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on Large Diameter SSLPP from Japan and Mexico would be likely to lead to continuation or recurrence of dumping at the following weighted–average percentage margins:

Manufacturers/Exporters/ Producers	Weighted Average Margin (percent)
Japan.	
Nippon Steel Corporation	107.80
Kawasaki Steel Corporation	107.80
Sumitomo Metal Industries, Ltd. (SMI)	107.80
All Others	68.80
Mexico.	
TAMSA	15.05
All Others	15.05

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with section 351.305 of the Department's Regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation, which is subject to sanction.

We are issuing and publishing these results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: August 30, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–4847 Filed 9–6–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

A–588–835

Oil Country Tubular Goods from Japan: Preliminary Results of Antidumping Duty Administrative Review and Partial Recission of Review

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

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on Oil Country Tubular Goods (OCTG) from Japan in response to requests by the United States Steel Corporation, a petitioner in the original investigation (petitioner). United States Steel Corporation requested administrative reviews of JFE Steel Corporation (JFE), Nippon Steel Corporation (Nippon), NKK Tubes (NKK) and Sumitomo Metal Industries, Ltd. (SMI). This review covers sales of subject merchandise to the United States during the period of August 1, 2003 through July 31, 2004.

We have preliminarily determined that NKK and SMI had no reviewable sales of subject merchandise during the period of review (POR) and that the review of these two companies should be rescinded. We have also preliminarily determined that adverse facts available should be applied to the remaining respondents, neither of which participated in this administrative review. Interested parties are invited to comment on these preliminary results. *See* the *Preliminary Results of Review* section of this notice.

EFFECTIVE DATE: September 7, 2005.

FOR FURTHER INFORMATION CONTACT: Mark Hoadley or Kimberley Hunt, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3148 or (202) 482–1272, respectively.

SUPPLEMENTARY INFORMATION:

BACKGROUND

On August 11, 1995, the Department published the antidumping duty order on OCTG from Japan in the **Federal Register** (60 FR 41058). On August 3, 2004, the Department published a notice of opportunity to request an administrative review of this order (69 FR 46496). On August 31, 2004, the Department received a timely request for review from petitioner covering JFE, Nippon, NKK and SMI.[1] On September 22, 2004, we published a notice initiating an administrative review of the antidumping order on OCTG from Japan. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 69 FR 56745.

The Department issued Sections A, B and C of its original questionnaire on November 12, 2004.[2] On November 18,

[1] The Department found SMI and Sumitomo Corporation (SC) to be affiliated in a previous review. *See Oil Country Tubular Goods From Japan; Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review*, 64 FR 48589, 48591 (September 7, 1999). Neither SMI nor SC has placed information on the record of this review suggesting that the basis for this finding has changed.

[2] Section A of the questionnaire requests general information concerning a company's corporate

Continued

identified historical data. Consequently, a PHA cannot receive an award in excess of the amount predetermined for its size. The formulaic nature of the allocation process makes it irrelevant that a PHA may inadvertently or otherwise apply for an amount larger than HUD decided to award. HUD will not exceed the respective award limits for the different sizes of PHAs.

Accordingly, in the Public Housing Graduation Incentive Bonus Program, HUD will remove paragraph III.C.2. entitled Excess Funding Requests.

Dated: September 15, 2005.

Paula O. Blunt,

General Deputy Assistant Secretary for Public and Indian Housing.

[FR Doc. 05–18986 Filed 9–22–05; 8:45 am]

BILLING CODE 4210–33–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[CA–668–1040–AA]

Santa Rosa and San Jacinto Mountains National Monument Advisory Committee—Notice of Renewal

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of renewal.

SUMMARY: This notice is published in accordance with section 9(a)(2) of the Federal Advisory Committee Act of 1972 (Pub. L. 92–463). Notice is hereby given that the Secretary of the Interior and the Secretary of Agriculture have renewed the Bureau of Land Management's Santa Rosa and San Jacinto Mountains National Monument Advisory Committee.

The purpose of the Committee is to advise the Secretaries with respect to the preparation and implementation of the Santa Rosa and San Jacinto Mountains National Monument Management Plan.

Certification Statement

I hereby certify that the renewal of the Santa Rosa and San Jacinto Mountains National Monument Advisory Committee is necessary and in the public interest in connection with the Secretary of the Interior's and the Secretary of Agriculture's responsibilities to manage the lands, resources, and facilities administered by the Bureau of Land Management and the Forest Service.

FOR FURTHER INFORMATION CONTACT: Maggie Langlas, National Landscape Conservation System (WO–170), Bureau of Land Management, 1849 C Street, NW., Room 301 LS, Washington, DC 20240–9998, telephone (202) 452–7787.

Gale A. Norton,

Secretary of the Interior.

[FR Doc. 05–19057 Filed 9–22–05; 8:45 am]

BILLING CODE 4310–40–P

INTERNATIONAL TRADE COMMISSION

[Inv. Nos. 731–TA–846–850 (Review)]

Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From the CZECH Republic, Japan, Mexico, Romania, and South Africa

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on carbon and alloy seamless standard, line, and pressure pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on carbon and alloy seamless standard, line, and pressure pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: September 12, 2005.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202–708–5408), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On August 18, 2005, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (70 FR 49680, August 24, 2005). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the reviews 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 these reviews 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, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews 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 reviews will be placed in the nonpublic record on February 10, 2006, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on March 2, 2006, 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 February 23, 2006. 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 February 27, 2006, 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), 207.24, and 207.66 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 to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is February 21, 2006. 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 207.67 of the Commission's rules. The deadline for filing posthearing briefs is March 13, 2006; 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 reviews may submit a written statement of information pertinent to the subject of the reviews on or before March 13, 2006. On April 4, 2006, 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 on or before April 6, 2006, but such final comments must not contain new factual information and must otherwise comply with section 207.68 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 reviews must be served on all other parties to the reviews (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 reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: September 19, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–18988 Filed 9–22–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 751–TA–28–29]

Certain Frozen Warmwater Shrimp and Prawns From India and Thailand

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigations.

EFFECTIVE DATE: September 16, 2005.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202–205–3191), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On May 5, 2005, the Commission published notice (70 FR 23884) of its institution of and schedule for investigations to be conducted pursuant to section 751(b) of the Tariff Act of 1930 (19 U.S.C. 1675(b)) (the Act) to review its determinations in investigation Nos. 731–TA–1066–1067 (Final). In that notice, the Commission found good cause existed to waive rule 207.45(c), concerning the time for completion of changed circumstances review investigations, and established a completion deadline of October 31, 2005. The Commission has now found that good cause exists to extend further the completion date for these review investigations, and has set a deadline for completion of these reviews of November 21, 2005.

The Commission's new schedule for the investigations is as follows: The deadline for filing posthearing briefs is October 5, 2005; the Commission will make its final release of information on October 25, 2005; and final party comments are due on October 28, 2005.

For further information concerning these investigations see the Commission's notice cited above and 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).

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: September 16, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–18989 Filed 9–22–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–550]

In the Matter of Certain Modified Vaccinia Ankara (''MVA'') Viruses and Vaccines and Pharmaceutical Compositions Based Thereon; Notice of Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Institution of investigation pursuant to 19 U.S.C. 1337.

SUMMARY: Notice is hereby given that a complaint was filed with the U.S. International Trade Commission on

Basin Water Storage Feasibility Study and associated Environmental Impact Statement that will address options for supplying additional water storage for the Yakima River Basin. Currently, site-specific recreation-related information is unavailable for the primary reservoirs and rivers. In order to accurately assess the current recreation and recreation-related economic environment within the Yakima River Basin, additional information must be collected from the recreationists who visit the reservoirs and rivers within the basin. Further, the survey information will allow Reclamation to adequately assess the recreation impacts that different options may have on the environment and the local economy.

Description of Respondents: Yakima River Basin reservoir and river recreationists come from the cities of Yakima and Ellensburg, Washington, as well as the smaller communities within the basin. A large number of visitors also come from western Washington, in particular the Puget Sound communities of Seattle and Tacoma. A smaller portion of recreationists within the basin are out-of-state visitors.

Frequency: This is a one-time voluntary survey.

Estimated Completion Time: An average of 20 minutes per respondent.

Estimated Total Annual Responses: 3,216.

Number of Responses per Respondent: 1.0.

Estimated Total Annual Burden Hours: 1,072.

Estimate of Burden for Each Form:

Form No.	Burden estimate per form (in minutes)	Number of respondents	Annual burden on respondents (in hours)
(Rivers)	20	1,340	447
(Reservoirs)	20	1,876	625

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

Dated: February 7, 2006.

Jerry Kelso,

Area Manager, Upper Columbia Area Office, Pacific Northwest Region.

[FR Doc. E6–2211 Filed 2–15–06; 8:45 am]

BILLING CODE 4310–MN–P

INTERNATIONAL TRADE COMMISSION

[Inv. Nos. 731–TA–846–850 (Review)]

Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From the Czech Republic, Japan, Mexico, Romania, and South Africa

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject reviews.

DATES: *Effective Date:* February 10, 2006.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202–708–5408 or e-mail at *chris.cassise@usitc.gov*), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION: On September 12, 2005, the Commission established a schedule for the conduct of the full five-year reviews on carbon and alloy seamless standard, line, and pressure pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa (70 FR 55917, September 23, 2005). The Commission is revising its schedule.

The Commission's new schedule for the subject reviews is as follows: The closing of the record and the Commission's final release of information is scheduled for March 31, 2006 and final party comments are due on April 4, 2006.

For further information concerning these reviews see the Commission's notice cited above and 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).

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: February 13, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6–2277 Filed 2–15–06; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–540 and 541 (Second Review)]

Certain Welded Stainless Steel Pipe From Korea and Taiwan

AGENCY: International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on certain welded stainless steel pipe from Korea and Taiwan.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on certain welded stainless steel pipe from Korea and Taiwan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa, Inv. Nos. 731-TA-846-850 (Review)

On August 5, 2005, the Commission unanimously determined that it should proceed to a full review in the subject five-year reviews pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. §1675(c)(3)(B).

The Commission unanimously determined[1] that the domestic interested party group response to the notice of institution was adequate. The Commission received an adequate response filed jointly on behalf of three producers: United States Steel Corp., Koppel Steel Corp. and V&M STAR. Because the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production of small diameter pipe and all of the production of large diameter pipe, the Commission determined that the domestic interested party group response was adequate.

With respect to the reviews pertaining to the Czech Republic, Mexico, Romania, and South Africa, the Commission unanimously determined[2] that the respondent interested party group responses were adequate and determined to conduct full reviews. Foreign producers of small diameter subject pipe, Mittal Steel Ostrava, Mittal Steel Roman and Mittal Steel South Africa, filed an adequate joint response on behalf of respondents from the Czech Republic, Romania and South Africa. S.C. Silcotub S.A., a producer and exporter of small diameter pipe in Romania, also submitted an adequate response. These producers account for a majority of the production of small diameter pipe in the Czech Republic and Romania, and all of the production of small diameter pipe in South Africa. Tubos de Acero de Mexico S.A., a producer of large diameter pipe in Mexico that accounts for all Mexican production, submitted an adequate response as well.

As pertains to the review regarding Japan, only NKK Tubes, a producer of small and large diameter pipe in Japan that accounts for a minority of production of both small and large diameter Japanese pipe, filed a response. The Commission unanimously determined that the respondent interested party group response was inadequate.[3] However, the Commission determined to conduct a full review in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to carbon and alloy seamless standard, line, and pressure pipe from the Czech Republic, Mexico, Romania, and South Africa.

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.

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[1]Commissioner Miller did not participate.

[2]Commissioner Miller did not participate.

[3]Commissioner Miller did not participate.

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa

Inv. Nos.: 731-TA-846-850 (Review)

Date and Time: March 2, 2006 - 9:30 a.m.

Session were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

CONGRESSIONAL APPEARANCES:

The Honorable Melissa A. Hart, U.S. Congresswoman, U.S. House of Representatives, 4th District, Pennsylvania

The Honorable Artur Davis, U.S. Congressman, U.S. House of Representatives, 7th District, Alabama

The Honorable Tim Ryan, U.S. Congressman, U.S. House of Representatives, 17th District, Ohio

STATE GOVERNMENT APPEARANCES:

The Honorable Craig Foltin, Mayor, City of Lorain, Ohio

The Honorable Larry P. Langford, President and Commissioner of Finance and General Services, Jefferson County Commission, Alabama

OPENING REMARKS:

In Support of Continuation of Orders (**James C. Hecht**, Skadden, Arps, Slate, Meagher & Flom LLP)
In Opposition to Continuation of Orders (**John M. Gurley**, Arent Fox PLLC)

In Support of Continuation of
Antidumping Duty Orders:

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

Unites States Steel Corporation ("U.S. Steel")
Koppel Steel Corporation ("Koppel Steel')

Leslie J. Broglie, General Manager, Tubular Products, U.S. Steel

Martin Leland, National Sales Manager, U.S. Steel

William Buono, Marketing Manager, Tubular Products, U.S. Steel

Thomas Verellen, Manager, Tubular Sales, U.S. Steel

Michael Ramsey, Product Manager, Seamless Tubular Products, Koppel Steel

James Durham, Chief Executive Officer, Dixie Pipe Sales, LP

John Shoaff, Vice President, Marketing and Alliances, Sooner Pipe, LP

Larry Binder, Manager, Tubular Products, Red Man Pipe and Supply

Seth T. Kaplan, Vice President, Charles River Associates

Robert E. Lighthizer)
John J. Mangan)
Stephen J. Narkin) – OF COUNSEL
James C. Hecht)
Stephen P. Vaughn)

In Support of Continuation of
Antidumping Duty Orders (continued):

Schagrin Associates
Washington, D.C.
on behalf of

V&M Star LP

Roger Lindgren, President and Chief Executive Officer, V&M Star LP

Ronny R. Clark, General Manager, Sales and Marketing, V&M Star LP

Roger B. Schagrin) – OF COUNSEL

In Opposition to Continuation of
Antidumping Duty Orders:

Arent Fox PLLC
Washington, D.C.
on behalf of

Mittal Steel Roman
Mittal Steel Ostrava
Mittal Steel South Africa Ltd.
S.C. Silcotub SA

George Allen, Manager, North America Energy Tubular Sales, Mittal Steel North America

Alessandro Daneo, Economic and Financial Planning Manager, S.C. Silcotub SA

John Reilly, Economist, Nathan Associates Inc.

John M. Gurley)
) – OF COUNSEL
Nancy A. Noonan)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Stephen Vaughn**, Skadden, Arps, Slate, Meagher & Flom LLP; *and* Roger **B. Schagrin**, Schagrin Associates)
In Opposition to Continuation of Orders (**John M. Gurley**, Arent Fox PLLC)

APPENDIX C

SUMMARY DATA

Table C-1
Small diameter CASSLP pipe: Summary data concerning the U.S. market, 2000-04, January-September 2004, and January-September 2005

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

	Reported data							Period changes					
						January-September							Jan.-Sept.
Item	2000	2001	2002	2003	2004	2004	2005	2000-04	2000-01	2001-02	2002-03	2003-04	2004-05
U.S. consumption quantity:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):													
Czech Republic	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):													
Czech Republic	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:													
Czech Republic:													
Quantity	310	11	367	355	1	1	130	-99.7	-96.5	3324.0	-3.3	-99.8	14929.0
Value	142	71	359	2,008	3	3	115	-98.0	-50.1	408.6	458.8	-99.9	3961.5
Unit value	$456.83	$6,595.08	$979.53	$5,662.86	$3,290.03	$3,290.03	$889.12	620.2	1343.7	-85.1	478.1	-41.9	-73.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan:													
Quantity	1,914	909	408	865	79	67	221	-95.9	-52.5	-55.1	112.3	-90.9	231.4
Value	3,553	1,018	1,205	2,872	513	401	531	-85.6	-71.3	18.3	138.3	-82.1	32.6
Unit value	$1,856.64	$1,120.79	$2,956.27	$3,319.53	$6,498.03	$6,017.74	$2,407.86	250.0	-39.6	163.8	12.3	95.8	-60.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania:													
Quantity	3,436	16,573	9,182	11,562	18,718	13,531	1,611	444.7	382.3	-44.6	25.9	61.9	-88.1
Value	1,722	8,122	4,627	6,102	12,996	8,966	1,971	654.8	371.7	-43.0	31.9	113.0	-78.0
Unit value	$501.06	$490.10	$503.87	$527.76	$694.27	$662.66	$1,224.13	38.6	-2.2	2.8	4.7	31.5	84.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa:													
Quantity	442	0	0	0	0	0	0	-100.0	-100.0	(3)	(3)	(3)	(3)
Value	191	0	0	0	0	0	0	-100.0	-100.0	(3)	(3)	(3)	(3)
Unit value	$431.65	(3)	(3)	(3)	(3)	(3)	(3)	-100.0	-100.0	(3)	(3)	(3)	(3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:													
Quantity	6,102	17,492	9,957	12,782	18,798	13,598	1,961	208.0	186.6	-43.1	28.4	47.1	-85.6
Value	5,608	9,211	6,191	10,983	13,511	9,370	2,618	140.9	64.3	-32.8	77.4	23.0	-72.1
Unit value	$918.94	$526.60	$621.81	$859.21	$718.75	$689.04	$1,335.17	-21.8	-42.7	18.1	38.2	-16.3	93.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:													
Quantity	89,194	85,959	77,021	88,235	124,607	93,852	96,258	39.7	-3.6	-10.4	14.6	41.2	2.6
Value	63,994	61,022	55,627	63,866	93,355	67,965	101,949	45.9	-4.6	-8.8	14.8	46.2	50.0
Unit value	$717.47	$709.90	$722.24	$723.82	$749.19	$724.17	$1,059.11	4.4	-1.1	1.7	0.2	3.5	46.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:													
Quantity	95,296	103,451	86,977	101,017	143,405	107,451	98,219	50.5	8.6	-15.9	16.1	42.0	-8.6
Value	69,601	70,233	61,818	74,849	106,866	77,335	104,566	53.5	0.9	-12.0	21.1	42.8	35.2
Unit value	$730.37	$678.90	$710.74	$740.95	$745.20	$719.73	$1,064.62	2.0	-7.0	4.7	4.3	0.6	47.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers':													
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***
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.
(2) Less than 0.05 percent.
(3) Not appliable.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics (HTS statistical reporting numbers 7304.10.1020, 7304.39.0016, 7304.39.0024, 7304.59.8010, 7304.59.8015, 7304.39.0020, 7304.10.

Table C-2
Small diameter CSSLP pipe: Summary data concerning the U.S. market, 2000-04, January-September 2004, and January-September 2005

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

	Reported data							Period changes					
						January-September							Jan.-Sept.
Item	2000	2001	2002	2003	2004	2004	2005	2000-04	2000-01	2001-02	2002-03	2003-04	2004-05
U.S. consumption quantity:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):													
Czech Republic	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):													
Czech Republic	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:													
Czech Republic:													
Quantity	310	11	367	355	1	1	130	-99.7	-96.5	3324.0	-3.3	-99.8	14929.0
Value	142	71	359	2,008	3	3	115	-98.0	-50.1	408.6	458.8	-99.9	3961.5
Unit value	$456.83	$6,595.08	$979.53	$5,662.86	$3,290.03	$3,290.03	$889.12	620.2	1343.7	-85.1	478.1	-41.9	-73.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan:													
Quantity	1,858	907	259	865	73	67	221	-96.1	-51.2	-71.5	234.3	-91.5	231.4
Value	3,360	1,012	363	2,866	496	401	531	-85.2	-69.9	-64.1	689.6	-82.7	32.6
Unit value	$1,808.71	$1,115.81	$1,402.77	$3,313.68	$6,764.76	$6,017.74	$2,407.86	274.0	-38.3	25.7	136.2	104.1	-60.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania:													
Quantity	3,436	16,573	9,182	11,562	18,718	13,531	1,611	444.7	382.3	-44.6	25.9	61.9	-88.1
Value	1,722	8,122	4,627	6,102	12,996	8,966	1,971	654.8	371.7	-43.0	31.9	113.0	-78.0
Unit value	$501.06	$490.10	$503.87	$527.76	$694.27	$662.66	$1,224.13	38.6	-2.2	2.8	4.7	31.5	84.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa:													
Quantity	442	0	0	0	0	0	0	-100.0	-100.0	(3)	(3)	(3)	(3)
Value	191	0	0	0	0	0	0	-100.0	-100.0	(3)	(3)	(3)	(3)
Unit value	$431.65	(3)	(3)	(3)	(3)	(3)	(3)	-100.0	-100.0	(3)	(3)	(3)	(3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:													
Quantity	6,046	17,490	9,808	12,782	18,793	13,598	1,961	210.8	189.3	-43.9	30.3	47.0	-85.6
Value	5,414	9,205	5,349	10,976	13,494	9,370	2,618	149.2	70.0	-41.9	105.2	22.9	-72.1
Unit value	$895.49	$526.27	$545.38	$858.74	$718.05	$689.04	$1,335.17	-19.8	-41.2	3.6	57.5	-16.4	93.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:													
Quantity	88,849	85,853	76,226	66,690	124,466	93,734	95,317	40.1	-3.4	-11.2	-12.5	86.6	1.7
Value	63,413	60,774	55,002	49,911	93,219	67,852	100,915	47.0	-4.2	-9.5	-9.3	86.8	48.7
Unit value	$713.72	$707.89	$721.57	$748.40	$748.95	$723.88	$1,058.73	4.9	-0.8	1.9	3.7	0.1	46.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:													
Quantity	94,895	103,343	86,034	79,472	143,258	107,332	97,278	51.0	8.9	-16.7	-7.6	80.3	-9.4
Value	68,827	69,979	60,351	60,888	106,713	77,222	103,533	55.0	1.7	-13.8	0.9	75.3	34.1
Unit value	$725.30	$677.15	$701.48	$766.15	$744.90	$719.47	$1,064.30	2.7	-6.6	3.6	9.2	-2.8	47.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers':													
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***
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.
(2) Less than 0.05 percent.
(3) Not appliable.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics (HTS statistical reporting numbers 7304.10.1020, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.59.8010, 7304.59

Table C-3
Small diameter ASSLP pipe: Summary data concerning the U.S. market, 2000-04, January-September 2004, and January-September 2005

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

	Reported data							Period changes					
						January-September							Jan.-Sept.
Item	2000	2001	2002	2003	2004	2004	2005	2000-04	2000-01	2001-02	2002-03	2003-04	2004-05
U.S. consumption quantity:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):													
Czech Republic	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):													
Czech Republic	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:													
Czech Republic:													
Quantity	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Value	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Unit value	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Japan:													
Quantity	56	2	149	0.4	6	0	0	-89.9	-96.6	7628.7	-99.7	1399.7	(3)
Value	193	7	842	6	17	0	0	-91.1	-96.6	12525.2	-99.3	172.3	(3)
Unit value	$3,440.92	$3,462.18	$5,655.62	$16,751.26	$3,041.20	(3)	(3)	-11.6	0.6	63.4	196.2	-81.8	(3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Romania:													
Quantity	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Value	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Unit value	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
South Africa:													
Quantity	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Value	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)
Unit value	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:													
Quantity	56	2	149	0	6	0	0	-89.9	-96.6	7628.7	-99.7	1399.7	(3)
Value	193	7	842	6	17	0	0	-91.1	-96.6	12525.2	-99.3	172.3	(3)
Unit value	$3,440.92	$3,462.18	$5,655.62	$16,751.26	$3,041.20	(3)	(3)	-11.6	0.6	63.4	196.2	-81.8	(3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:													
Quantity	345	106	795	21,545	141	118	941	-59.1	-69.3	649.6	2610.6	-99.3	694.9
Value	581	248	625	13,955	136	113	1,034	-76.7	-57.3	151.9	2133.2	-99.0	815.4
Unit value	$1,683.38	$2,339.47	$786.20	$647.72	$959.98	$953.44	$1,097.91	-43.0	39.0	-66.4	-17.6	48.2	15.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:													
Quantity	401	108	944	21,545	147	118	941	-63.4	-73.1	774.2	2182.9	-99.3	694.9
Value	774	255	1,467	13,961	153	113	1,034	-80.3	-67.1	476.0	851.6	-98.9	815.4
Unit value	$1,929.50	$2,359.51	$1,554.58	$648.00	$1,040.12	$953.44	$1,097.91	-46.1	22.3	-34.1	-58.3	60.5	15.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers':													
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***
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.
(2) Less than 0.05 percent.
(3) Not appliable.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics (HTS statistical reporting number 7304.10.5020).

Table C-4
Large diameter CASSLP pipe: Summary data concerning the U.S. market, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

Table C-5
Large diameter CSSLP pipe: Summary data concerning the U.S. market, 2000-04, January-September 2004, and January-September 2005

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Table C-6
Large diameter ASSLP pipe: Summary data concerning the U.S. market, 2000-04, January-September 2004, and January-September 2005

* * * * * * *

APPENDIX D

U.S. PRODUCERS', U.S. IMPORTERS', U.S. PURCHASERS', AND FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of CASSLP pipe in the future if the antidumping orders were to be revoked. (Question II-4). Their responses were as follows:

* * * * * * *

U.S. producers were asked whether they anticipated any changes in their production capacity, production, U.S. shipments, purchases, or employment relating to the production of CASSLP pipe in the future if the antidumping orders were to be revoked. (Question II-16). Their responses were as follows:

* * * * * * *

U.S. producers were asked to describe the significance of the existing antidumping orders covering CASSLP pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa in terms of their effects on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-15). Their responses were as follows:

* * * * * * *

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. importers were asked whether they anticipated any changes in the character of their operations or organization relating to the importation of CASSLP pipe in the future if the antidumping orders were to be revoked. (Question II-4). Their responses were as follows:

* * * * * * *

U.S. importers were asked whether they anticipated any changes in their imports, U.S. shipments of imports, or inventories of CASSLP pipe in the future if the antidumping orders were to be revoked. (Question II-9). Their responses were as follows:

* * * * * * *

U.S. importers were asked to describe the significance of the existing antidumping orders covering CASSLP pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa in terms of their effects on their imports, U.S. shipments of imports, and inventories. (Question II-8). Their responses were as follows:

* * * * * * *

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. purchasers were asked to describe the likely effects of any revocation of the antidumping orders covering imports of small diameter CASSLP pipe from the Czech Republic, Japan, Romania, and South Africa and imports of large diameter CASSLP pipe from Japan and Mexico in terms of (1) its future activities and (2) the U.S. market as a whole. (Question III-35). Their responses were as follows:

* * * * * * *

FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Foreign producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of CASSLP pipe in the future if the antidumping orders were to be revoked. (Question II-3) Their responses were as follows:

* * * * * * *

Foreign producers were asked whether they anticipated any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of CASSLP pipe in the future if the antidumping orders were to be revoked. (Question II-15) Their responses were as follows:

* * * * * * *

Foreign producers were asked to describe the significance of the existing antidumping orders covering imports of CASSLP pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa in terms of their effects on their production capacity, production, home market shipments, exports to the United States and other markets, or inventories. (Question II-14) Their responses were as follows:

* * * * * * *

APPENDIX E

SELECTED COMMENTS REGARDING COMPARABILITY OF CARBON AND ALLOY SEAMLESS STANDARD, LINE, AND PRESSURE PIPE

In its questionnaires, the Commission requested U.S. producers, U.S. importers, and U.S. purchasers to compare and contrast certain aspects of carbon steel and alloy steel SSLP. The selected responses are as follows:[1]

PRODUCERS OF SMALL DIAMETER PIPE

Characteristics and uses

* * * * * * *

Interchangeability

* * * * * * *

Manufacturing processes

* * * * * * *

Channels of distribution

* * * * * * *

Customer & Producer Perceptions

* * * * * * *

Price

* * * * * * *

PURCHASERS OF SMALL DIAMETER PIPE

Characteristics and uses

* * * * * * *

Interchangeability

* * * * * * *

[1] Companies that did not provide a response to these questions or which indicated a lack of knowledge regarding similarities or differences between the products (e.g., U.S. importers ***) are excluded from this appendix. Also excluded are companies that did not answer the question as presented (e.g., ***).

* * * * * * *

Manufacturing processes

* * * * * * *

Channels of distribution

* * * * * * *

Customer & Producer Perceptions

* * * * * * *

Price

IMPORTERS OF SMALL DIAMETER PIPE

Characteristics and uses

* * * * * * *

Interchangeability

* * * * * * *

Manufacturing processes

* * * * * * *

Channels of distribution

* * * * * * *

Customer & Producer Perceptions

* * * * * * *

Price

* * * * * * *

PRODUCERS OF LARGE DIAMETER PIPE

Characteristics and uses

* * * * * * *

Interchangeability

* * * * * * *

Manufacturing processes

* * * * * * *

Channels of distribution

* * * * * * *

Customer & Producer Perceptions

* * * * * * *

Price

* * * * * * *

PURCHASERS OF LARGE DIAMETER PIPE

Characteristics and uses

* * * * * * *

Interchangeability

* * * * * * *

Manufacturing processes

* * * * * * *

Channels of distribution

* * * * * * *

Customer & Producer Perceptions

* * * * * * *

IMPORTERS OF LARGE DIAMETER PIPE

Characteristics and uses

* * * * * * *

Interchangeability

* * * * * * *

Manufacturing processes

* * * * * * *

Channels of distribution

* * * * * * *

Customer & Producer Perceptions

* * * * * * *

Price

* * * * * * *

APPENDIX F

U.S. IMPORT DATA FOR NONSUBJECT COUNTRIES

Table F-1
Small diameter CASSLP pipe: U.S. imports, by source, 1997-2004 and January-September 2004-05

COUNTRY	1997	1998	1999
	Quantity (short tons)		
Czech Republic	3,699	7,070	5,242
Japan	14,554	32,314	24,645
Romania	42,922	37,848	13,013
South Africa	3,947	10,422	3,851
Subtotal	65,123	87,653	46,751
All other	34,519	48,466	35,792
Total	99,642	136,119	82,543
Argentina	2,074	2,569	1,687
Australia	0	0	0
Austria	1,517	5,322	4,789
Belgium	380	159	78
Brazil	1,837	2,179	747
Canada	7,791	9,588	5,029
China	784	3,384	2,064
Colombia	0	0	25
Denmark	1	0	0
France	11,266	6,179	4,800
Germany	5,286	9,060	7,326
Hong Kong	1	0	2
India	37	0	212
Israel	0	0	0
Italy	91	134	869
Korea	24	133	123
Luxembourg	1	0	3
Mexico	106	491	178
Netherlands	37	140	23
New Zealand	0	0	0
Norway	0	18	1,102
Pakistan	0	0	0
Poland	459	1	0
Russia	0	21	124
Singapore	3	0	45
Slovak Republic	413	296	552
Slovenia	0	0	256
Spain	1,391	3,081	5,267
Sweden	25	22	15
Switzerland	0	0	25
Taiwan	31	40	44
Turkey	884	0	0
Ukraine	0	5,557	159
United Kingdom	78	91	248
Venezuela	0	0	2

Table F-1--*Continued*
Small diameter CASSLP pipe: U.S. imports, by source, 1997-2004 and Jan.-Sept. 2004-05

Country	2000	2001	2002	2003	2004	Jan.-Sept. 2004	Jan.-Sept. 2005
				Quantity *(short tons)*			
Czech Republic	310	11	367	355	1	1	130
Japan	1,914	909	408	865	79	67	221
Romania	3,436	16,573	9,182	11,562	18,718	13,531	1,611
South Africa	442	0	0	0	0	0	0
Subtotal	6,102	17,492	9,957	12,782	18,798	13,598	1,961
All other	89,194	85,959	77,021	88,235	124,607	93,852	96,258
Total	95,296	103,451	86,977	101,017	143,405	107,451	98,219
Argentina	1,053	2,239	944	1,720	3,163	1,950	1,065
Australia	0	0	0	0	0	0	0
Austria	12,767	9,609	7,936	8,141	10,600	8,492	10,479
Belgium	114	3	2	0	0	0	0
Brazil	2,329	8	42	44	1,234	1,233	48
Canada	8,081	12,110	15,079	30,352	2,178	2,074	3,453
China	15,448	25,983	13,313	13,633	31,610	21,273	30,033
Costa Rica	0	0	0	0	3	0	0
Denmark	0	14	0	5	3	3	1
Finland	0	0	0	0	0	0	0
France	22,472	12,290	9,090	3,910	16,659	14,020	8,661
Germany	6,067	4,536	6,386	7,852	9,158	6,692	6,087
Hong Kong	1	0	0	0	3	0	0
Hungary	0	0	0	0	0	0	0
India	247	136	585	158	3,713	2,525	1,937
Indonesia	0	0	72	0	0	0	0
Israel	0	0	0	8	0	0	0
Italy	1,795	485	4,128	2,687	3,379	3,009	3,726
Korea	26	3	25	691	546	445	1,188
Latvia	0	0	0	0	0	0	0
Mexico	189	100	56	241	0	0	1
Netherlands	33	0	18	6	0	0	0
Norway	0	8	5	55	3	3	37
Pakistan	882	0	0	0	0	0	0
Poland	641	0	13	0	0	0	0
Russia	100	0	0	203	1,397	648	1,952
Singapore	1	0	0	0	0	0	5
Slovak Republic	4,051	6,816	7,257	6,152	6,848	6,121	5,391
Slovenia	5	0	0	0	0	0	0
Spain	11,928	8,989	2,989	6,943	13,980	11,544	6,393
Sweden	9	5	11	150	59	48	64
Switzerland	12	1	0	0	0	0	0
Taiwan	29	40	128	176	42	29	45
Thailand	0	0	0	5	0	0	16
Turkey	0	0	22	16	1	0	0
Ukraine	810	1,932	8,634	4,817	19,717	13,487	15,583
United Arab Em	0	0	48	0	0	0	0
United Kingdom	97	653	235	267	114	59	94
Venezuela	7	0	0	0	194	194	0

Source: Official Commerce statistics.

Table F-2
Large diameter CASSLP pipe: U.S. imports, by source, 1997-2004 and January-September 2004-05

COUNTRY	1997	1998	1999
	Quantity (short tons)		
Japan	36,105	69,771	58,133
Mexico	28,164	52,775	6,882
Subtotal	64,269	122,546	65,014
All other	55,465	67,667	48,472
Total	119,734	190,214	113,486
Total	119,734	190,214	113,486
Algeria	0	0	0
Argentina	197	633	3,941
Australia	19	0	0
Austria	54	1,112	1,643
Belgium	320	0	6
Brazil	18,161	13,377	7,428
Canada	366	519	5,494
China	276	1,108	2,118
Croatia	1,152	5,205	32
Czech Republic	9,260	13,501	5,682
France	4,477	3,476	635
Germany	9,862	13,767	12,228
India	0	46	0
Italy	340	954	2,887
Korea	10	26	433
Latvia	0	0	0
Netherlands	2,204	1,332	60
New Zealand	1,323	0	0
Norway	0	243	238
Pakistan	0	0	0
Poland	583	0	0
Romania	3,317	6,491	572
Russia	0	323	1,114
Singapore	0	3	0
Slovak Republic	0	0	0
South Africa	755	4,862	1,026
Spain	112	5	2,076
Sweden	0	0	6
Switzerland	0	2	46
Taiwan	0	11	8
Turkey	2,295	0	0
Ukraine	0	591	719
United Kingdom	382	83	78

Table F-2--*Continued*
Large diameter CASSLP pipe: U.S. imports, by source, 1997-2004 and January-September 2004-05

* * * * * * *