Certain Welded Large Diameter Line Pipe From Japan and Mexico

Investigation Nos. 731-TA-919 and 920 (Review)

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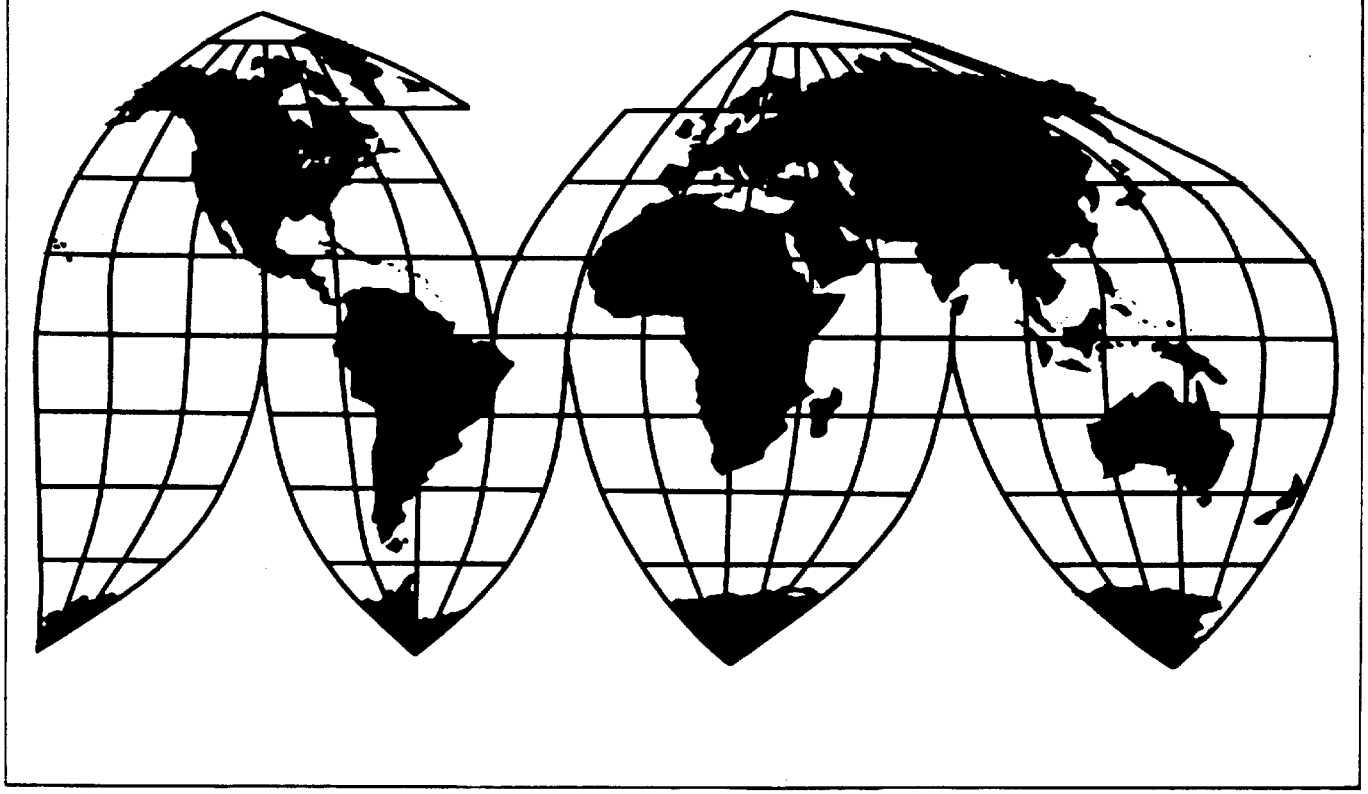
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

COMPANY GLOSSARY

Company name	Short form
American Steel Pipe Division of American Cast Iron Pipe Co.	American
Berg Steel Pipe Corporation.	Berg
Bethlehem Steel Corporation	Bethlehem
Camp-Hill Corporation.	Camp-Hill
Dura-Bond Pipe LLC	Dura-Bond
Evraz Oregon Steel Mills, Incorporated.	Oregon
JFE Steel Corporation.	JFE
Jindal SAW Pipes USA.	SAW Pipes
Kawasaki Steel Corporation	Kawasaki
Lone Star Technologies, Incorporated	Lone Star
Nippon Steel Corporation.	Nippon
NKK Corporation	NKK
Productora Mexicana de Tuberia S.A. de C.V.	PMT
Stupp Corporation.	Stupp
Sumitomo Metal Industries, Limited.	Sumitomo
Tubacero, S.A. de C.V.	Tubacero
Tuberia Laguna, S.A. de C.V.	Tuberia Laguna
Tuberias Procarsa, S.A. de C.V.	Procarsa
Tubesa S.A. de C.V.	Tubesa
United States Steel Corporation.	U.S. Steel

PRODUCT SHORT FORMS

Certain welded large diameter line pipe	CWLDLP
Electric resistance welded	ERW
Submerged arc welded	SAW
Double submerged arc welded	DSAW
Helical or spiral welded	HSAW
Longitudinally welded	LSAW

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-919 and 920 (Review)
Certain Welded Large Diameter Line Pipe from Japan and Mexico

DETERMINATION

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)), that revocation of the antidumping duty order on certain welded large diameter line 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[2] and that revocation of the antidumping duty order on certain welded large diameter line 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]

BACKGROUND

The Commission instituted these reviews on November 1, 2006 (71 F.R. 64294) and determined on February 5, 2007 that it would conduct full reviews (72 F.R. 6746, February 13, 2007). 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 March 1, 2007 (72 F.R. 9357); a revised schedule was published on June 4, 2007 (72 FR 30832). The hearing was held in Washington, DC, on July 25, 2007, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun dissenting with respect to Japan.

[3] Commissioner Charlotte R. Lane dissenting with respect to Mexico.

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 order covering certain welded large diameter line pipe ("CWLDLP") 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.[1] We also find that revocation of the antidumping duty order covering CWLDLP 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.[2]

I. BACKGROUND

On October 26, 2001, the Commission unanimously determined that an industry in the United States was materially injured by reason of imports of CWLDLP from Japan sold at less than fair value ("LTFV"), and the U.S. Department of Commerce ("Commerce") imposed an antidumping duty order on subject imports from Japan on December 6, 2001.[3] On February 19, 2002, the Commission unanimously determined that an industry in the United States was materially injured by reason of LTFV imports of CWLDLP from Mexico, and Commerce imposed an antidumping duty order on subject imports from Mexico on February 27, 2002.[4]

The Commission instituted these reviews of the antidumping duty orders on CWLDLP from Japan and Mexico on November 1, 2006.[5] The Commission found the domestic interested party group response to the notice of institution for each review adequate, the Japanese respondent interested party group response adequate, and the Mexican respondent interested party group response adequate.[6] The Commission therefore determined to conduct full reviews with respect to both countries.[7]

CWLDLP is used primarily in oil and gas pipelines.[8] There are three types of CWLDLP subject to the antidumping duty orders being reviewed, distinguished in part by their methods of production. CWLDLP produced using the electric resistance welding ("ERW") method, known as ERW line pipe, is produced from hot-rolled coil that is continually formed into a circular shape by shaped rollers before the

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[1] Chairman Pearson and Commissioner Okun determine that revocation of the antidumping duty order covering CWLDLP from Japan 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. See Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun. They join sections I, II, III.A. and D., IV, V, and VII of this opinion.

[2] Commissioner Lane determines that revocation of the antidumping duty order covering CWLDLP from 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.

[3] See Certain Welded Large Diameter Line Pipe from Japan, 66 Fed. Reg. 55204 (Nov. 1, 2001); Antidumping Duty Order: Welded Large Diameter Line Pipe from Japan, 66 Fed. Reg. 63368 (Dec. 6, 2001).

[4] See Certain Welded Large Diameter Line Pipe from Mexico, 67 Fed. Reg. 8556 (Feb. 25, 2002); Antidumping Duty Order: Welded Large Diameter Line Pipe from Mexico, 67 Fed. Reg. 8937 (Feb. 27, 2002).

[5] Welded Large Diameter Line Pipe from Japan and Mexico, 71 Fed. Reg. 64294.

[6] See Welded Large Diameter Line Pipe from Japan and Mexico, 72 Fed. Reg. 6746 (Feb. 13, 2007); see also Confidential Staff Report ("CR"); Public Staff Report ("PR") at Appendix A.

[7] See Welded Large Diameter Line Pipe from Japan and Mexico, 72 Fed. Reg. 6746 (Feb. 13, 2007); see also CR/PR at Appendix A.

[8] CR at I-31; PR at I-23.

edges are heated and mechanically pressed together to form a seam.[9] CWLDLP produced using the submerged-arc welding ("SAW") method, known as SAW line pipe, can be made using either longitudinal welds or spiral welds. Spiral-welded SAW line pipe, otherwise known as HSAW (i.e., helical SAW) line pipe, is produced from hot-rolled coil that is formed into a cylindrical hollow body, much as a cardboard strip is formed into a spiral configuration to form a paper towel roll, and then welded together by an automatic submerged arc process.[10] Longitudinally welded SAW line pipe, or LSAW (and sometimes double seam SAW line pipe or DSAW), is produced from cut-to-length plate shaped into a cylinder through either the pyramid rolling or the U-O-E method, and then welded using the submerged arc method.[11] All domestically produced SAW pipe considered in the original investigations was LSAW line pipe, as the first U.S. mill to produce HSAW line pipe for use in natural gas and oil pipelines began production in 2007.[12]

CWLDLP products are also distinguished by their grade, wall thickness, and outside diameter. CWLDLP is graded in part according to the chemical composition and strength of the cut-to-length plate or the hot-rolled coil out of which it is made, with higher grades (e.g., X-80) representing greater strength and pressure resistance than lower grades (e.g., X-42).[13] In terms of wall thickness, ERW and HSAW CWLDLP are produced with wall thicknesses of 1 inch and less, because they are made from hot-rolled coil, while LSAW CWLDLP can be produced with wall thicknesses of over 1 inch, because it is made from cut-to-length plate.[14] With respect to outside diameter, domestic producers manufacture ERW CWLDLP with outside diameters up to 24", LSAW CWLDLP with outside diameters of 18" and larger, and HSAW CWLDLP with outside diameters of 26" and larger.[15] Purchasers formulate the specifications for the CWLDLP they require based on the requirements of a given pipeline project.[16]

Seven domestic interested parties participated in these reviews by providing briefs and hearing testimony, including the American Steel Pipe Division of ACIPCO ("ASP"), Berg Steel Pipe Corporation ("Berg"), Dura-Bond Pipe LLC ("Dura-Bond"), Evraz Oregon Steel Mills ("OSM"), Stupp Corp. ("Stupp"), United States Steel Corporation ("U.S. Steel"), and Camp-Hill Corporation ("Camp-Hill") (collectively, the "domestic interested parties").[17] Also participating in these reviews were three Japanese respondent interested parties: JFE Steel Corporation ("JFE"), Nippon Steel Corporation ("Nippon Steel"), and Sumitomo Metal Industries, Ltd. ("SMI") (collectively, the "Japanese respondent interested parties"), and three Mexican respondent interested parties, Tubacero, S.A. de C.V. ("Tubacero"), Tuberia Laguna, S.A. de C.V. ("Tuberia Laguna"), and Tuberias Procarsa S.A. de C.V. ("Procarsa") (collectively,

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[9] CR at I-26; PR at I-20.

[10] CR at I-23; PR at I-17.

[11] CR at I-23-24; PR at I-17-18. The U-O-E method is so named because it involves sending plate into a U-press, where it is bent into a "U" shape, then an O-press, which forces the walls of the "U" together, and then finally, after the pipe has been welded along the joint axis, into an expander, which expands the pipe to the desired size. Id.

[12] See CR at I-34-35; PR at I-25; CR/PR at Table I-8.

[13] For purposes of these reviews, certain data were collected on CWLDLP in grade ranges, such as X-40-49, X-50-59, X-60-69, X-70-79, X-80-89, and X-100+. See, e.g., CR/PR at Table III-8.

[14] See CR/PR at Table I-4.

[15] CR at I-31; PR at I-23.

[16] See CR at V-8; PR at V-6-7.

[17] ASP, Berg, Dura-Bond, OSM, and Stupp are collectively referred to as the "ASP domestic interested parties" and U.S. Steel and Camp-Hill, which filed separate briefs, are collectively referred to as the "U.S. Steel domestic interested parties."

the "Mexican respondent interested parties"). In addition, the Interstate Natural Gas Association of America ("INGAA"), a trade organization representing CWLDLP purchasers, provided briefs and hearing testimony as a party to the reviews.[18]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."[19] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[20] The Act defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[21]

B. Product Description

In these five-year reviews, Commerce has defined the subject merchandise as follows:

> . . . certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute ("API") specifications, including Grades A25, A, B, and X grades ranging from X-42 to X-80, but can also be produced to other specifications.[22]

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[18] Although industrial users are not "interested parties" within the meaning of 19 U.S.C. § 1677(9), they may appear as parties in the Commission's five-year review proceedings under section 201.11(a) of the Commission's rules. 19 C.F.R. § 201.11(a).

[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. 96-249 at 90-91 (1979).

[21] 19 U.S.C. § 1677(4)(A).

[22] Certain Welded Large Diameter Line Pipe from Japan and Mexico: Notice of Final Results of Five-year ("Sunset") Reviews of Antidumping Duty Orders, 72 Fed. Reg. 10498, 10499 (Mar. 8, 2007). Commerce specifically excluded the following products from the scope of the antidumping duty orders under review:

> . . . American Water Works Association ("AWWA") specification water and sewage pipe and the following size/grade combinations of line pipe:
>
> - Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.
> - Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X-42, with wall thickness measuring greater than 0.750 inches in grades X-52 through X-56, and with wall thickness measuring greater than 0.688 inches in grades X-60 or greater.
> - Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X-42, with wall thickness measuring greater than 1.000 inches in grades X-52 through X-56, and with wall

(continued...)

C. Domestic Like Product

In the original investigations, the Commission examined whether CWLDLP produced using the ERW and SAW methods should be treated as separate like products.[23] The Commission found that ERW and SAW line pipe existed on a continuum of CWLDLP products because they were sold through similar channels of distribution; shared physical characteristics and end uses (namely the transmission of oil and gas); were perceived by producers and customers as suitable for the same general end uses; and were moderately interchangeable.[24] The Commission noted that, although ERW and SAW line pipe were produced in different facilities by different employees using different processes, this dividing line was blurred by the fact that similar distinctions existed between different types of SAW pipes.[25] The Commission also noted price differences between the two types of pipe, but noted that these differences narrowed toward the end of the period examined. Accordingly, the Commission found a single like product comprised of all CWLDLP.[26]

The domestic interested parties support the Commission's definition of the domestic like product from the original investigations, a single like product coextensive with the scope of the orders, and urge its adoption in these reviews.[27] The Japanese and Mexican respondent interested parties initially stated in their responses to the Commission's notice of institution that the Commission should revisit its like product definition from the original investigations and find either two domestic like products, ERW and

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[22] (...continued)

thickness measuring greater than 0.875 inches in grades X-60 or greater.

- Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X-42, with wall thickness measuring greater than 1.250 inches in grades X-52 through X-56, and with wall thickness measuring greater than 1.125 inches in grades X-60 or greater.
- Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X-42, with wall thickness measuring greater than 1.375 inches in grades X-52 through X-56, and with wall thickness measuring greater than 1.250 inches in grades X-60 or greater.
- Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X-80 or greater.
- Having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.90 inch or more in grade X-80, applicable to imports from Japan only.
- Having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more in grade X-100, applicable to imports from Japan only.

Notice of Final Results of Sunset Reviews, 72 Fed. Reg. at 10499.

[23] Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final), USITC Pub. 3464 (Nov. 2001) ("Original Views") at 5-6. In its views for Certain Welded Large Diameter Line Pipe from Mexico, the Commission adopted the views stated in Certain Welded Large Diameter Line Pipe from Japan in their entirety. Certain Welded Large Diameter Line Pipe from Mexico, Inv. No. 731-TA-920 (Final), USITC Pub. 3487 (Feb. 2002) at 3-4.

[24] See Original Views at 6-9.

[25] See Original Views at 8-10.

[26] Original Views at 9.

[27] See ASP Domestic Interested Parties Prehearing Brief at 3, 34-39. Domestic interested parties U.S. Steel and Camp-Hill did not address the issue of domestic like product.

SAW CWLDLP, or three domestic like products, ERW, LSAW, and HSAW CWLDLP.[28] These positions were all presented in a summary fashion, however, and no respondent interested party addressed the like product issue in their subsequent briefs or hearing testimony.

We find that the record of these reviews contains no information that would lead us to change our definition of the domestic like product. In fact, the growing market acceptance and recent initiation of domestic production of HSAW line pipe, which shares many attributes with ERW line pipe, lends additional support to our original finding of a single like product, as is evident from the following analysis.

Physical characteristics and uses: Domestic producers, importers, and purchasers of CWLDLP reported that ERW and SAW line pipe possess overlapping physical characteristics.[29] Both types of CWLDLP are produced from high-strength low-alloy steels, are manufactured to the requirements of API specification 5L, and are offered in outside diameters ("O.D.") that substantially overlap.[30]

Manufacturing facilities, production processes, and production employees: According to both U.S. producers and importers, ERW, LSAW, and HSAW line pipe are produced on different production equipment[31] and no domestic producer produces more than one type of line pipe in the same facility with the same employees.[32]

Interchangeability: U.S. producers, importers, and purchasers report that ERW and SAW line pipe, including HSAW and LSAW, are largely interchangeable when they overlap in size and pressure ranges.[33]

Customer and Producer Perceptions: Customers and producers perceive ERW and SAW line pipes as sharing similar sales and marketing practices in the U.S. market.[34]

Channels of Distribution: U.S. producers and importers reported that channels of distribution are the same for ERW and SAW line pipe.[35] Over the period examined in these reviews ("POR"), ERW

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[28] See Japanese Interested Parties Response to the Notice of Institution at 13-14; Procarsa Response to the Notice of Institution at 6-7; Tuberia Laguna Response to the Notice of Institution at 6-7 (each asserting that the Commission should define ERW and SAW CWLDLP as separate like products); see also Tubacero Response to the Notice of Institution at 7-8 (asserting that the Commission should define ERW, LSAW, and HSAW CWLDLP as separate like products).

[29] CR at I-30; PR at I-23.

[30] CR at I-31; PR at I-23. ERW line pipe and LSAW line pipe differ in that ERW line pipe is produced from steel coil and is used in less demanding applications, such as on-shore or shallow off-shore pipelines, while LSAW line pipe is produced from cut-to-length plate and is used in more demanding applications, such as deepwater pipelines. Id. However, HSAW line pipe, like ERW line pipe, is produced from steel coils and is used in less demanding applications than LSAW line pipe. CR at I-31-32; PR at I-23.

[31] CR at I-31; PR at I-23.

[32] CR at I-20; PR at I-15.

[33] CR at I-32; PR at I-24.

[34] CR at I-33; PR at I-24. On the other hand, customers and producers perceive ERW line pipe to be more readily available and cheaper than SAW line pipe and perceive SAW line pipe to be more reliable than ERW line pipe. CR at I-34; PR at I-25. Customers' and producers' perceptions of ERW line pipe and HSAW line pipe are similar, however, in that both types of line pipe are perceived as less reliable than LSAW line pipe, and therefore unsuitable for more demanding applications. Id.

[35] CR at I-34; PR at I-25.

and LSAW line pipe were sold to end users and distributors in similar proportions.[36] Domestic producer HSAW CWLDLP sales only began in 2007, and ***.[37]

Price: Historically, SAW line pipe tended to command higher prices than ERW line pipe, due to the higher cost of cut-to-length plate relative to hot-rolled coil and the more costly LSAW production process.[38] Prices for the two types of products have converged during periods of strong hot-rolled coil demand, however, and in the most demanding applications, ERW line pipe can cost more than SAW line pipe.[39]

Conclusion: ERW, LSAW, and HSAW line pipe share similar physical characteristics and end uses, a moderate degree of interchangeability, and similar channels of distribution, possess both similarities and differences in terms of customer and producer perceptions and price, and differ in terms of their manufacturing facilities, production processes, and production employees. On balance, we conclude that ERW and SAW line pipe, including both LSAW and HSAW, exist on a continuum of CWLDLP products with no clear dividing lines.[40] We therefore define the domestic like product as all CWLDLP, coextensive with the scope of the antidumping duty orders under review.

D. Domestic Industry

In the original investigations, the Commission defined the domestic industry as all domestic producers of CWLDLP.[41] In these reviews, no interested party addressed the definition of the domestic industry. We find that the record of these reviews contains no new information that would warrant reconsideration of our domestic industry definition from the original investigations. As in the original investigations, there are no related party issues.[42] We therefore define the domestic industry to include all domestic producers of CWLDLP: ASP, Berg, Camp-Hill/U.S. Steel, Dura-Bond, OSM, SAW Pipes, and Stupp.[43]

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[36] CR at I-34; PR at I-25; CR/PR at Table I-6.

[37] CR at I-35; PR at I-25; CR/PR at Table I-6.

[38] CR at I-35-36; PR at I-26; CR/PR at Table I-7.

[39] CR at I-35-36; PR at I-26; CR/PR at Table I-7.

[40] We also note that the record contains limited information on domestic HSAW line pipe production because there were no domestic shipments of HSAW line pipe before 2007. CR at I-35; PR at I-25.

[41] Original Views at 10. The Commission also noted that there were no related party issues in the investigations. Id. at 10 n.53.

[42] See CR at III-23; PR at III-12.

[43] CR/PR at Table I-8. During the POR, CWLDLP was produced for U.S. Steel under a toll processing agreement with Camp-Hill. See id. at Table I-8 & n.1.

III. CUMULATION[44]

A. Framework

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.[45]

Cumulation is therefore discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(I) of the Act.[46] Because of the prospective nature of five-year reviews and the Commission's discretion with respect to cumulation, we consider significant conditions of competition that are likely to prevail with respect to each subject country if the orders under review are terminated.[47] [48]

The Commission may exercise its discretion to cumulate, however, 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 Commission generally has

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[44] Chairman Pearson and Commissioner Okun note that while they consider the same issues discussed in this section in determining whether to exercise their discretion to cumulate the subject imports, their analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports that are likely to compete under similar conditions of competition, they next proceed to consider whether those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis they intend to exercise their discretion to cumulate one or more subject countries, they analyze whether they are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry. See Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Second Review), USITC Pub. 3895 (Dec. 2006) (Additional and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun). Because, as explained in section III.D., Chairman Pearson and Commissioner Okun have found that subject imports from Japan and Mexico are likely to compete under different conditions of competition in the U.S. market, they do not reach the issues of no discernible adverse impact and likely reasonable overlap of competition. Hence, they do not join sections III.B. or III.C. of this opinion.

[45] 19 U.S.C. § 1675a(a)(7).

[46] 19 U.S.C. § 1677(7)(G)(I).

[47] See, e.g., Allegheny Ludlum Corp. v. United States, Slip Op. 06-188 at 17 (Ct. Int'l Trade Dec. 22, 2006) (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews).

[48] Commissioner Pinkert does not join in this sentence or the discussion in section III.D. Where, in a five-year review, he does not find that the subject imports are likely to have no discernible adverse impact on the domestic industry and finds that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, he cumulates such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. In this case, because he finds that imports from Mexico are likely to have no discernible adverse impact on the domestic industry, it is unnecessary for him to make any additional findings with respect to cumulation.

considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[49] Only a "reasonable overlap" of competition is required.[50] In five-year reviews, the relevant inquiry is whether there likely would be competition after revocation of the orders, even if none currently exists. 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.[51] 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.[52] 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.

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied, as Commerce initiated both reviews on November 1, 2006.[53]

B. Likely Discernible Adverse Impact

We do not find that revocation of either of the individual antidumping duty orders on CWLDLP from Japan and Mexico would likely have no discernible adverse impact on the domestic industry.[54] With respect to Japan, we note that subject imports from Japan were present in the U.S. market throughout the period of review,[55] indicating that Japanese CWLDLP producers have the interest and ability to export CWLDLP to the U.S. market. We also note that the Japanese CWLDLP industry is highly export-oriented, possesses the ability to increase production from the levels prevailing at the end of the POR, and

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[49] 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 geographic 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 Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988); Mukand Ltd. v. United States, 937 F. Supp. 910, 915 (Ct. Int'l Trade 1996).

[50] See Mukand, 937 F. Supp. at 916; Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (Ct. Int'l Trade 1989) ("Completely overlapping markets are not required."); United States Steel Group, 873 F. Supp. at 685. 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 (Prelim.) and 731-TA-812-813 (Prelim.), USITC Pub. 3155 at 15 (Feb. 1999), aff'd, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 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).

[51] 19 U.S.C. § 1675a(a)(7).

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

[53] Notice of Initiation of Five-year ("Sunset") Reviews, 71 Fed. Reg. 64242 (November 1, 2006).

[54] Commissioner Pinkert finds that revocation of the antidumping duty orders on CWLDLP from Mexico would likely have no discernible adverse impact on the domestic industry and thus does not join the discussion of imports from Mexico in this section. See Concurring Views of Commissioner Dean A. Pinkert Regarding Cumulation.

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

experienced declining exports to several major third-country markets over the POR, particularly in Asia.[56] Given the ability and incentive for Japanese producers to increase subject import volume from Japan, and the bidding behavior of Japanese producers in the U.S. project market during the original period of investigation,[57] we do not find that revocation of the antidumping duty order on Japan would have no discernible adverse impact on the domestic industry.

We find that some increase in Mexican producers' exports to the U.S. market is likely upon revocation of the order. In this regard, we note that Mexican producers shipped a not insubstantial quantity of CWLDLP in the U.S. market before imposition of the order, including 31,570 short tons in 1999, developed few significant third-country export markets over the POR, and indicated their intention to reenter the U.S. market if the order is revoked.[58] The Mexican producers' return to the U.S. market would be facilitated by their proximity to the United States, and the presence of a major U.S. purchaser in Mexico.[59] Given the likelihood of some increase in subject import volume from Mexico, we do not find that revocation of the antidumping order on Mexico would have no discernible adverse impact on the domestic industry.

C. Likely Reasonable Overlap of Competition[60]

The Commission generally has considered whether subject imports compete with each other and with the domestic like products with reference to four factors: (1) fungibility; (2) sales or offers in the same geographic markets; (3) common or similar channels of distribution; and (4) simultaneous presence.[61] Based on these four factors, in the original investigations, the Commission found a reasonable overlap of competition between subject imports and the domestic like product, and analyzed subject imports on a cumulated basis.[62]

In these reviews, the record reflects the same moderate to high degree of fungibility among subject imports from Japan and Mexico, respectively, and the domestic like product. Domestic producers and importers reported disaggregated shipment data indicating that shipments of subject imports from Japan and the domestic like product overlapped significantly in terms of grade, size, and wall thickness

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[56] CR/PR at Table IV-15; CR at IV-31; PR at IV-20.

[57] See, e.g., CR at V-12, 27; PR at V-11-12 (underbidding by suppliers of Japanese CWLDLP at the time of the original investigations).

[58] CR/PR at Tables I-1, IV-24; Mexican Respondent Interested Parties Prehearing Brief at 6-7; Hearing Tr. at 324 (Winton).

[59] CR at V-3; PR at V-1 (transportation costs accounted for only 2.2 percent of the total cost of U.S. imports of CWLDLP from Mexico in 2006); Hearing Tr. at 308 (Fisher) (stating that El Paso, a major U.S. purchaser of CWLDLP, has an office in Mexico City through which CWLDLP purchases are made).

[60] Because he finds that revocation of the antidumping duty order on imports from Mexico would likely have no discernible adverse impact on the domestic industry, Commissioner Pinkert does not cumulate imports from Japan and Mexico on that basis and does not join this section of the opinion.

[61] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 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 (Ct. Int'l Trade 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 (Ct. Int'l Trade 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).

[62] See Original Views at 11-13.

over the POR.[63] Consistent with these data, all domestic producers, a majority of importers, and a majority of purchasers reported that domestic CWLDLP is "always" or "frequently" interchangeable with subject imports from Japan and Mexico, respectively, and that subject imports from Japan and Mexico are "always" or "frequently" interchangeable with each other.[64] Purchasers reported that subject imports from Japan and Mexico, and imports from both subject countries and the domestic like product, are generally comparable according to a wide range of factors relevant to their purchasing decisions, though few purchasers responded to this question.[65] All domestic producers reported that differences other than price are "sometimes" or "never" important when customers choose between the domestic like product and subject imports from Japan and Mexico, or between subject imports from Japan and Mexico.[66] Importers, however, were evenly divided on the importance of differences other than price when customers choose between the domestic like product and subject imports from Japan and Mexico, and a majority reported that such differences are "always" or "frequently" important when customers choose between subject imports from Japan and Mexico.[67] Nevertheless, most record information supports the Commission's original finding of a moderate to high degree of fungibility between CWLDLP from all three sources, even under the effects of the orders.

The record also indicates substantial overlap during the POR between subject imports from Japan and Mexico, and between imports from each subject country and the domestic like product, in terms of geographic markets, channels of distribution, and simultaneous presence. Subject imports from Japan and Mexico entered the U.S. market through the same regions over the POR.[68] Subject imports from Japan were shipped primarily to customers in the Central Southwest, while shipments of the domestic like product were made throughout the United States, including the Central Southwest.[69] Domestic producers and importers of CWLDLP reported selling CWLDLP to both end users and distributors in 2006.[70] Line pipe imports from Japan entered the United States during every month of the POR, while subject imports from Mexico were imported during a portion of each year of the POR, ranging from three to nine months.[71] For these reasons, we find that there would likely be a reasonable overlap of competition

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[63] See CR/PR at Tables IV-7-9. Data regarding the limited volume of subject imports from Mexico were not provided.

[64] CR at II-17; PR at II-12; CR/PR at Table II-5.

[65] CR/PR at Table II-8. Three purchasers compared subject imports from Japan with the domestic like product, two purchasers compared subject imports from Mexico with the domestic like product, and one purchaser compared subject imports from Japan and Mexico. Id.

[66] CR/PR at Table II-6.

[67] CR/PR at Table II-6. Specifically, four importers reported that differences other than price are "frequently" important when customers choose between subject imports from Japan and the domestic like product, two reported that such differences are "sometimes" important, and three reported that such differences are "never" important. Id. With respect to customers choosing between subject imports from Mexico and the domestic like product, two importers reported that such differences are "always" important, two reported that such differences are "frequently" important, three reported that such differences are "sometimes" important, and one reported that such differences are "never" important. Id.

[68] CR/PR at Tables IV-10, 11.

[69] CR at IV-18, V-4; PR at IV-12-13, V-3-4.

[70] CR at II-1; PR at II-1.

[71] CR/PR at Table IV-12. The magnitude of subject imports from Mexico differed greatly across months in which they were present in the U.S. market. Id. Though subject imports from Mexico declined to zero over the POR, the degree of competitive overlap between subject imports from Mexico, on the one hand, and subject imports from Japan and the domestic like product, on the other, would likely increase were the orders to be revoked. Any increase in subject imports from Mexico after revocation would likely occur through the same ports of entry and channels of

(continued...)

between subject imports and the domestic like product, as well as between subject imports from Japan and Mexico, were the orders to be revoked.

D. Other Factors[72] [73]

We have determined to exercise our discretion not to cumulate subject imports from Japan and Mexico in these reviews because we find that subject producers in Japan and Mexico would not be likely to compete under similar conditions of competition in the U.S. market. There are four particular areas in which we believe conditions of competition facing subject producers will likely diverge.

First, although there is a moderate to high degree of fungibility between CWLDLP products with the same specifications made by Mexican, Japanese, or domestic producers, Mexican producers generally produce and sell a different range of CWLDLP products than U.S. and Japanese producers. Since 2003, the Mexican industry has produced negligible quantities of CWLDLP of grades X-70 or above, while the Japanese and domestic industries have produced substantial quantities of these grades. While Mexican producers shipped *** of CWLDLP in grades X-70 or greater in 2006,[74] or less than *** percent of Mexican producer shipments, such grades accounted for *** percent of domestic producer shipments and *** percent of Japanese producer shipments in that year.[75] The Mexican producers' inability to supply significant quantities of CWLDLP in grades X-70 and above would likely limit severely their ability to compete with domestic and Japanese producers in the U.S. market, given the increasing importance of high-grade products in the U.S. market. The percentage of CWLDLP ordered by U.S. purchasers consisting of grades X-70 and above increased from 48.4 percent for 2007 deliveries to 62.3 percent for 2008 deliveries.[76] In short, while the Japanese and domestic industries have produced the full range of products demanded in the U.S. market, the Mexican industry has not, and shows no propensity to do so in the reasonably foreseeable future.

Second, the subject Japanese industry is highly export-oriented, with a relatively low level of home market shipments, whereas the subject Mexican industry is focused on its home market, with a relatively low level of export shipments. In 2006, Japanese producers exported 98.4 percent of their total shipments and made only 1.5 percent of their total shipments within Japan.[77] Conversely, in 2006, Mexican producers made *** percent of their total shipments within Mexico and exported only ***

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[71] (...continued)
distribution as those found in the reviews and the original investigations, and would likely serve the same geographic markets. Compare CR at II-1; PR at II-1; CR/PR at Table IV-11 with Original Views Staff Report at I-15, IV-12.

[72] Commissioner Lane does not join in this analysis of other considerations. Where, in a review, she finds that no discernible adverse impact is not likely for the countries in question and that the subject imports from those countries are likely to compete with each other and with the domestic like product in the U.S. market, she cumulates such imports unless there is a propensity limiting likely competition significantly such that cumulation is not warranted. Here, she finds there is no such propensity. CWLDLP is an essentially fungible product regardless of some differences in the range of products, and the industries in Japan and Mexico both have excess capacity which could be used to increase imports to the United States. Therefore, Commissioner Lane determines to exercise her discretion to cumulate the subject imports.

[73] Commissioner Pinkert does not join this section of the opinion.

[74] CR/PR at Table IV-26.

[75] CR/PR at Tables IV-7, 18. These figures are for all commercial shipments to all markets.

[76] CR/PR at Table II-2. As noted above, however, subject imports from Mexico in grades below X-70 are generally fungible with subject imports from Japan and domestic shipments for the same specifications.

[77] CR/PR at Table IV-15.

percent of their total shipments.[78] Thus, even though Japanese and Mexican producers have expressed interest in the U.S. market, Mexican producers are less likely to pursue export opportunities aggressively.

Third, the subject Japanese and Mexican industries exhibited divergent capacity trends over the POR. Japanese producers made no physical changes to their CWLDLP production capacity over the POR.[79] By contrast, in 2002, Mexico's *** producer and exporter to the United States over the original investigation period, Productora Mexicana de Tuberia ("PMT"), ceased production and shipped its equipment to Saudi Arabia, while other Mexican firms did not expand capacity.[80] Thus, the Mexican industry's capacity contracted significantly over the POR, unlike the Japanese industry's capacity, again reducing the need for Mexican producers to aggressively pursue export opportunities in the U.S. market.

Finally, Japanese producers maintained a presence in the U.S. market throughout the POR, while subject imports from Mexico declined to zero over the period.[81] All three subject Japanese producers possess affiliated importers in the United States through which they sell CWLDLP, enhancing their ability to serve the U.S. market.[82] That Japanese producers continued to supply customers in the U.S. market through the end of the POR, and ship their products through related U.S. importers, indicates that Japanese producers would likely be better positioned than Mexican producers to rapidly increase sales in the U.S. market if the orders were revoked.[83]

In light of these differences in conditions of competition likely to face Japanese and Mexican producers upon revocation, we decline to exercise our discretion to cumulate subject imports from Japan and Mexico in these reviews.

IV. LEGAL STANDARDS IN A FIVE-YEAR REVIEW

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 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."[84] 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

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[78] CR/PR at Table IV-24.

[79] See CR at IV-26-27; PR at IV-17.

[80] CR at IV-39; PR at IV-25-26.

[81] See CR/PR at Table C-1. Subject import volume from Japan declined from 29,795 short tons in 2001 to 3,376 short tons in 2003, increased to 25,232 short tons in 2005, then declined to 13,198 short tons in 2006, and was 7,356 short tons in the first half of 2007 compared with 10,483 short tons in the first half of 2006. Id. Subject import volume from Mexico declined from 13,265 short tons in 2001 to 6,245 short tons in 2002, increased to 8,302 short tons in 2003, declined to 35 short tons in 2005, increased to 125 short tons in 2006, and then was zero in the first half of 2007 compared with 101 short tons in the first half of 2006. Id.

[82] CR at I-42; PR at I-30.

[83] CR at I-42; PR at I-30; Hearing Tr. at 315 (Miki) (JFE uses affiliated trading company as "supply chain manager" in United States, but mill decides where to sell CWLDLP), 317 (Paul) (Japanese mills better positioned to offer requisite quality CWLDLP, as no Mexican mills qualified at present time), 317 (Fisher) (Japanese mills better positioned to supply needed CWLDLP over 24" in outside diameter, as only one Mexican mill can produce such pipe).

[84] 19 U.S.C. § 1675a(a).

effects on volumes and prices of imports."[85] Thus, the likelihood standard is prospective in nature.[86] 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.[87] [88] [89]

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."[90] 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."[91]

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."[92] 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

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[85] 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.

[86] 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.

[87] 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'").

[88] For a complete statement of Commissioner Okun's interpretation of the likely standard, see 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).

[89] 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.

[90] 19 U.S.C. § 1675a(a)(5).

[91] 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.

[92] 19 U.S.C. § 1675a(a)(1).

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).[93]

In evaluating the likely volume of subject imports were the orders to be 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.[94] 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.[95]

In evaluating the likely price effects of subject imports were the orders to be revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product 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 the domestic like product.[96]

In evaluating the likely impact of subject imports were the orders to be 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.[97] 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.[98] 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 orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.[99]

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[93] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. See Final Review Results, supra.

[94] 19 U.S.C. § 1675a(a)(2).

[95] 19 U.S.C. § 1675a(a)(2)(A-D).

[96] 19 U.S.C. § 1675a(a)(3).

[97] 19 U.S.C. § 1675a(a)(4).

[98] 19 U.S.C. § 1675a(a)(4).

[99] 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.

V. 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."[100]

In the original investigations, the Commission addressed several conditions of competition relevant to its analysis. The Commission found that CWLDLP is purchased by end users for use in pipeline projects and by distributors who resell the pipe to customers for use in the repair and maintenance of existing pipelines as well as for structural applications.[101] The Commission noted that each of these two market segments possesses distinctive characteristics. With respect to pipeline projects, oil and gas transmission companies formulate a technical plan, invite bids from qualified manufacturers, and select one or more suppliers based on compliance with technical specifications, price, and ability to meet project deadlines, with CWLDLP deliveries occurring six to twelve months later.[102] By contrast, CWLDLP sales to distributors typically involve spot sales.[103]

The Commission found that demand for CWLDLP depends upon oil and gas prices and activity in the energy sector, because most CWLDLP is primarily used in the transmission of oil and gas.[104] CWLDLP demand in the U.S. market fell sharply between 1998 and 2000, the Commission found, due to the completion of the major Alliance pipeline project in early 1999 and the consolidation of CWLDLP end users over the period.[105] It also noted that similar declines in CWLDLP demand occurred globally.[106] The Commission found that domestic producers were the largest suppliers of CWLDLP over the period examined, although their market share declined significantly in 2000.[107] Non-subject imports were also an important source of CWLDLP over the period.[108]

In these reviews, we find the following conditions of competition relevant to our determinations.

A. Demand Conditions

CWLDLP is sold into two market segments: the maintenance and repair market and the project market.[109] Domestic producers service the maintenance and repair market through distributors, which inventory and supply CWLDLP to end users for the repair and maintenance of existing oil and gas pipelines.[110] Domestic producers service the project market by selling CWLDLP directly to end users (oil and gas transmission companies) for the construction of new pipeline projects.[111] The record indicates

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[100] 19 U.S.C. § 1675a(a)(4).

[101] Original Views at 14.

[102] Original Views at 14.

[103] Original Views at 14.

[104] Original Views at 15.

[105] Original Views at 15.

[106] Original Views at 15.

[107] Original Views at 15.

[108] Original Views at 15.

[109] CR at II-1; PR at II-1.

[110] CR at I-28, II-1; PR at I-20, II-1.

[111] Id.

that CWLDLP demand in the project market is typically more volatile than demand in the repair and maintenance market.[112]

Although CWLDLP demand in the repair and maintenance market fluctuated within a narrow band over the POR, the project market collapsed between 2001 and 2003, resulting in a *** percent decline in apparent U.S. consumption of CWLDLP, from *** short tons in 2001 to *** short tons in 2003.[113] This precipitous decline in CWLDLP demand was caused by the financial collapse of Enron (once the nation's largest pipeline owner and CWLDLP purchaser) and the subsequent liquidation of its existing pipelines, which placed financial stress on remaining pipeline operators, along with general declines in the U.S. economy following the events of September 11, 2001.[114] Apparent U.S. consumption of CWLDLP remained depressed through 2005, when it stood at *** short tons, but recovered in 2006 to *** short tons and continued to strengthen when the interim periods are compared, from *** short tons in the first half of 2006 to *** short tons in the first half of 2007.[115] Domestic producers, importers, and purchasers reported that CWLDLP demand improved towards the end of the POR as increasing oil and gas prices spurred the planning and construction of large-scale pipeline projects.[116]

We find that CWLDLP demand is likely to continue to rise in 2008 and remain strong in 2009. We base this finding primarily on the Energy Information Agency's ("EIA") projection that natural gas pipeline construction will increase from 1,512 miles in 2006 to 2,696 miles in 2007 and 3,982 miles in 2008, before declining to 2,920 miles in 2009, a level still above that in 2006 and 2007.[117] We find these data particularly probative because CWLDLP market participants rely on information provided by the EIA, a federal agency created by Congress in 1977 to be the nation's "premier source of unbiased energy data," and because CWLDLP demand in the project market is derived primarily from natural gas pipeline construction.[118] Although the domestic interested parties question the reliability of these EIA projections,[119] they conceded at the hearing that demand will remain strong in 2008 and have not argued

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[112] See, e.g., CR at II-1-2; PR at II-1-2.

[113] CR at II-2; PR at II-1; CR/PR at Table I-10.

[114] See Hearing Tr. at 29-30 (Delie), 81 (Schagrin); CR at III-10; PR at III-7-8.

[115] CR/PR at Table I-10.

[116] CR at II-8; PR at II-5; CR/PR at Figure II-1; see also Hearing Tr. at 32-33 (Lawrence), 62, 74-75 (Delie), 180-82 (Santa).

[117] CR/PR at Table II-1. These EIA projections are consistent with applications filed with the Federal Energy Regulatory Commission ("FERC") for permission to construct natural gas pipelines over the 2007-09 period, given that applicants have historically constructed around 70 percent of the pipeline mileage for which applications were filed. CR at II-12-13; PR at II-8; CR/PR at Table IV-32; see also Japanese Respondent Interested Parties Responses to Commissioner Questions at 17. The EIA projections are also consistent with a report issued by the Congressional Research Service on November 2, 2006 titled "Alaska Natural Gas Pipelines: Interaction of the Natural Gas and Steel Markets," which projects strong CWLDLP demand through 2009-10. See INGAA Prehearing Brief at Exhibit 8.

[118] See Japanese Respondent Interested Parties Responses to Commissioner Questions at 8 (quoting from the EIA website, "Quick Facts about the Energy Information Administration," http://www.eia.doe.gov/neic/aboutEIA/quickfacts.html) ("'EIA's data and analysis are widely used by Federal and state agencies, industry, media, researchers, consumers, and educators.'"). CR at II-8; PR at II-5. The record indicates that broad trends in natural gas pipeline additions generally are consistent with trends reflected in prior EIA estimates; EIA estimates have shown no definite trend towards either overestimation or underestimation. CR/PR at Table II-1.

[119] See ASP Domestic Interested Parties Prehearing Brief at 20-21; ASP Domestic Interested Parties Posthearing Brief at 13; Hearing Tr. at 56-57 (Blecker).

consistently that demand will weaken significantly in 2009.[120] No demand projection placed on the record by any party forecasts a return to the weak demand conditions experienced in the 2003-2005 period.[121]

Global demand for CWLDLP displayed a trend similar to that of U.S. demand over the POR, with planned and constructed pipeline mileage declining from 68,230 miles in 2003 to 52,205 miles in 2005, before recovering to 81,593 miles in 2006 and 98,232 miles in 2007.[122] Significant third-country markets for CWLDLP, where major pipeline projects were constructed or planned over the POR, include China, Russia, and the Middle East.[123]

We note that the likely impact of global demand conditions on the U.S. market will depend in large part on the global balance of supply and demand. Currently, public data sources indicate that worldwide demand exceeds capacity, resulting in steadily rising prices.[124] Consequently, strong CWLDLP demand has spurred the construction and planning of substantial new CWLDLP production capacity in major third-country markets, which could add up to 3.85 million short tons to global CWLDLP production capacity through 2009.[125] In particular, the International Iron and Steel Institute ("IISI") reports that Chinese production of tubular pipe increased 145 percent between 2001 and 2005, and the Metal Bulletin Report ("MBR") reports that Chinese production of HSAW and DSAW products continued to increase in 2007.[126] Baosteel, China's largest steel producer, is leading a group of Chinese producers in an effort to produce CWLDLP in grade X-120.[127] Major additions to CWLDLP capacity

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[120] See Hearing Tr. at 76 (Delie) ("It's a good market right now . . . 2006 picked up. 2007, 2008 – 2009, I have a lot of questions . . . I'm not sure if 2008 is the peak . . . "), 79 (Lawrence) ("We have forecasted a reasonably stable marketplace through 2009."), 80 (Schagrin) ("But we think that demand in '07, '08, probably in '09, are going to be pretty god."), 82 (Delie) ("2009 I still think is a question mark. . . "), 174 (Schagrin) ("[W]ith the size of this market, which is presently about 1.6 million tons a year, which we think will grow, you know, slowly, probably peaking in 2008; maybe in the two or two and a quarter million mark, and then be declining . . ."); compare ASP Domestic Interested Parties Prehearing Brief at 16-17; U.S. Steel Domestic Interested Parties Prehearing Brief at 1 (demand likely to begin weakening in 2008). Domestic producer Berg also estimated that demand would increase *** percent between 2007 and 2008, decline slightly in 2009, and remain steady in 2010. CR at II-11; PR at II-8.

[121] See, e.g., Japanese Respondent Interested Parties Prehearing Brief at 21-22, Exhibit 17 (citing the Preston Special Market Study and a Credit Suisse Report); ASP Domestic Interested Parties Prehearing Brief, Exhibit 2 (Jacobs Consultancy, Ten-Year Assessment, prepared for INGAA). Although domestic producers and respondents disputed at length whether a number of specific pipeline projects would in fact be built within the reasonably foreseeable future, we do not view the undisputed fact that not all announced pipeline projects go forward on time, or ever, to be inconsistent with the record evidence that overall demand is likely to remain high through at least 2009.

[122] CR/PR at Table IV-33. Most domestic producers, importers, and purchasers reported that global demand for CWLDLP strengthened as increasing oil and gas prices spurred the construction of new pipeline products. CR at II-8; PR at II-5.

[123] CR at IV-60-61; PR at IV-34-35.

[124] CR at IV-58; PR at IV-32-33.

[125] See CR at IV-55-57; PR at IV-31-32; ASP Domestic Interested Parties Responses to Commissioner Questions at A-9, Exhibit 5.

[126] CR at IV-55; PR at IV-31. Several major new CWLDLP facilities in China are in the planning stages. See CR at IV-57; PR at IV-32. Consumption of CWLDLP is forecast to increase strongly in China, which currently has 45,000 miles of pipeline and is expected to construct another 25,000 miles by 2010. CR at IV-60; PR at IV-34.

[127] CR at IV-56; PR at IV-31.

have also been made, or are planned, in the Middle East, Russia, and the Commonwealth of Independent States ("CIS").[128]

B. Supply Conditions

Growing CWLDLP demand in the U.S. market toward the end of the POR resulted in increased order backlogs and longer order lead times at domestic mills. Domestic producer order backlogs declined from *** short tons in 2001 to a period low of *** short tons in 2004.[129] They increased moderately to *** short tons in 2005, and then sharply to *** short tons in 2006.[130] When the interim periods are compared, backlogs rose from *** short tons in the first half of 2006 to *** short tons in the first half of 2007.[131] At the hearing, domestic industry witnesses testified that a six-month order backlog is considered normal and desirable in the CWLDLP industry, while domestic producer order backlogs are currently running from six to 12 months.[132] Purchasers testifying on behalf of the respondent interested parties disagreed, however, testifying that lead times for some orders placed with domestic producers, normally three to nine months, have recently extended to 12 to 24 months,[133] although lead times for CWLDLP in smaller sizes (24" and under) are not as long.[134] A shortage of railcars also appears to be hampering the industry in meeting delivery times.[135]

Another condition of competition affecting, or potentially affecting, CWLDLP supply in the U.S. market is the recent construction and planned expansion of HSAW capacity in the United States, spurred in part by the increasing market acceptance of HSAW CWLDLP in applications formerly reserved for LSAW.[136] OSM closed its LSAW CWLDLP mill in Napa, CA, in 2004 and replaced it with a new, 150,000-short-ton HSAW CWLDLP mill in Portland, OR, that was commissioned in 2006 and began

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[128] See CR at IV-57; PR at IV-32. POSCO and the Gulf Investment Corp. plan to construct an HSAW mill in Oman with capacity of 250,000 short tons. Id. The Arabian Pipes Co. commissioned a new 180,000 short ton DSAW mill in Saudi Arabia in 2006, and PSL is planning to construct a 75,000 short ton HSAW mill in the United Arab Emirates and a 250,000 short ton HSAW mill in Oman for completion in 2008. ASP Domestic Interested Parties Posthearing Brief at 5-6, Exhibit 5. In the CIS, 220,000 short tons of new CWLDLP capacity is planned for Ukraine, and a new HSAW mill with 60,000 short tons of capacity recently began production in Kazakhstan. CR at IV-57; PR at IV-32. In addition, the OJSC Kartsyzsk Pipe Plant in Ukraine was commissioned in early 2007, with a capacity of 200,000-300,000 short tons, and two new Russian mills, with capacities of 600,000 short tons and 100,000 short tons, are scheduled for completion in 2008. ASP Domestic Interested Parties Posthearing Brief at 6 n.2, Exhibit 5.

[129] CR/PR at Table III-5.

[130] CR/PR at Table III-5.

[131] CR/PR at Table III-5. We are cautious in evaluating these data, however, in light of inconsistent reporting by two producers. See CR at III-14 n.48; PR at III-9 n.48.

[132] Hearing Tr. at 103, 107 (Delie) (six month backlog normal), 35 (Lawrence) (OSM booked through mid-2008), 66, 98 (Noland) (ASP's order backlog currently six to eight months), 66-67 (Stupp) (Stupp can take orders for delivery in the fourth quarter of 2007 and first quarter of 2008), 104, 108 (Norris) (Dura Pipe possesses the capacity to take additional major orders with a normal lead time).

[133] Hearing Tr. at 195 (Morse) (normal order lead time of three to five months has stretched to 12-24 months), 201 (Gillespie) (order lead times normally of six to nine months are now up to 18 months or more).

[134] Hearing Tr. at 266 (Fisher), 265-66 (Paul).

[135] CR at II-13; PR at III-9.

[136] See CR at I-34; PR at I-25; see also Hearing Tr. at 61, 73-75, 89-90 (Delie), 89 (Lawrence).

shipments in 2007.[137] Four additional U.S. HSAW mills are planned by Berg Steel; India's Welspun Group; a joint venture formed by U.S. Steel and two Korean pipe producers; and India's PSL Ltd., for completion in the 2008-2009 period. If completed, these four mills would have a combined capacity of 1.1 million short tons.[138] Berg has reportedly broken ground on its new HSAW mill, which will have a capacity of 180,000 short tons.[139] While the status of the other planned HSAW mills is unclear, there is no information on the record suggesting that any of these projects has been cancelled.[140]

Due to both strong demand and increasing market acceptance of HSAW CWLDLP, non-subject import volume increased significantly toward the end of the POR. Non-subject import volume initially declined from *** short tons in 2001, or *** percent of apparent U.S. consumption, to *** short tons in 2003, or *** percent of apparent U.S. consumption, but then increased steadily to 729,575 short tons in 2006, or *** percent of apparent U.S. consumption.[141] Non-subject import volume also increased when the interim periods are compared, from 262,679 short tons in the first half of 2006, or *** percent of apparent U.S. consumption, to 827,728 short tons in the first half of 2007, or *** percent of apparent U.S. consumption.[142] The proportion of non-subject import volume comprised of HSAW CWLDLP increased from *** percent in 2001 to 26.8 percent in 2006, and was 42.3 percent in the first half of 2007, compared to 23.8 percent in the first half of 2006.[143]

VI. REVOCATION OF THE ORDER ON CWLDLP FROM JAPAN WOULD LIKELY LEAD TO THE CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME[144] [145]

A. Likely Volume of Subject Imports

In the original investigations, the Commission found that cumulated subject imports increased significantly between 1999 and 2000, with subject import volume increasing from 173,525 short tons in 1999, or *** percent of apparent U.S. consumption, to 200,689 short tons in 2000, or *** percent of apparent U.S. consumption.[146] Although acknowledging that subject import volume and market share had declined between 1998 and 1999, and that absolute subject import volume in 2000 remained below 1998 levels, the Commission found the increase in subject import volume and market share in 2000 significant because much of the increase had come at the expense of domestic shipments to distributors, which were

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[137] CR/PR at Tables I-6, III-1; CR at I-35; PR at I-25.

[138] CR/PR at Table III-1; CR at III-3; PR at III-3.

[139] See Hearing Tr. at 121 (Delie); CR at III-7-8; PR at III-6.

[140] See Hearing Tr. at 121 (Delie) (stating that Berg has broken ground and that there is reason to believe that other new mills will go forward), 122 (Narkin), 122 (Stupp).

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

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

[143] CR/PR at Tables C-1, 5.

[144] Chairman Pearson and Commissioner Okun do not join this section of the opinion. See Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun.

[145] Commissioner Lane has exercised her discretion to cumulate subject imports from Japan and Mexico. She joins this section but has considered the effect of cumulated subject imports, as noted, and finds that revocation of the orders on Japan and Mexico would likely lead to a recurrence of material injury.

[146] Confidential Original Views at 23-25.

needed to compensate for the drop off in sales to end users.[147] The Commission discounted the significance of the decline in subject import volume and market share over the interim periods, from 126,665 short tons, or *** percent of the market, to 50,588 short tons, or *** percent of the market, as partly resulting from the filing of the petitions.[148]

In these reviews, we find that the likely subject import volume from Japan would be significant, either in absolute terms or relative to production or consumption in the United States, were the antidumping duty order on CWLDLP from Japan to be revoked. As an initial matter, we note that in the original investigation, subject import volume from Japan accounted for much of the significant increase in cumulated subject imports between 1999 and 2000, with subject imports from Japan increasing from 141,955 short tons in 1999, or 81.8 percent of cumulated subject imports, to 173,062 short tons in 2000, or 86.2 percent of cumulated subject imports.[149] Similarly, subject imports from Japan accounted for a disproportionate share of the increase in cumulated subject import shipments to distributors in 2000, which were found to be made at the expense of domestic producers.[150] When the project market declined during the original investigation period, Japanese producers demonstrated the ability to quickly increase their penetration of the distributor market.[151]

Subject imports from Japan maintained a presence in the U.S. market over the POR despite the imposition of the antidumping duty order, indicating that Japanese producers maintain both an interest in, and the ability to serve, U.S. customers. Subject imports from Japan declined from 29,795 short tons in 2001, or *** percent of apparent U.S. consumption, to 3,986 short tons in 2002, or *** percent of apparent U.S. consumption, and to 3,376 short ton in 2003, or *** percent of apparent U.S. consumption, but then increased to 7,594 short tons in 2004, or *** percent of apparent U.S. consumption, and to 25,232 short tons in 2005, or *** percent of apparent U.S. consumption.[152] Subject imports from Japan then declined to 13,198 short tons in 2006, or *** percent of apparent U.S. consumption, and from 10,483 short tons in the first half of 2006, or *** percent of apparent U.S. consumption, to 7,356 short tons in the first half of 2007, or *** percent of apparent U.S. consumption.[153] [154]

Other record information confirms that Japanese producers have the ability and interest to serve U.S. customers. All three subject Japanese producers possess affiliated importers in the United States through which they sell CWLDLP, enhancing their ability to serve the U.S. market.[155] As mentioned above, purchasers appearing on behalf of the respondent interested parties at the hearing testified that

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[147] Original Views at 16. In 1998, subject import volume was 241,691 short tons, or *** percent of apparent U.S. consumption. Confidential Original Views at 23.

[148] Confidential Original Views at 24-25.

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

[150] Original Views, Staff Report at Table I-4. The share of U.S. shipments of subject import from Japan made to distributors increased from 41.4 percent in 1998 to 57.4 percent in 1999 and 74.5 percent in 2000, whereas the share of U.S. shipments of subject imports from Mexico made to distributors declined from 100 percent in 1998 to 53.1 percent in 1999 and 49.2 percent in 2000, and were of a much lower magnitude in absolute terms. See id.

[151] See Original Views at 16.

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

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

[154] Commissioner Lane notes that subject imports from Mexico continued at significant levels in 2001 through 2003 but declined to de minimis levels in 2004 through interim 2007. Reported production capacity in Mexico exceeded *** short tons throughout the POR. Production increased to slightly over *** short tons in 2005 and 2006 but was significantly below *** short tons of the previous year of the POR. End-of-period inventories in Mexico increased substantially over the POR, exceeding *** short tons in 2005 and 2006.

[155] CR at I-42; PR at I-30.

Japanese producers are well positioned to satisfy their needs in terms of quality and product range, and one indicated that Japanese producers are already qualified to serve his company.[156] Indeed, subject Japanese producers were able to maintain their relationships with certain U.S. pipeline operators over the POR by exporting a significant quantity of large diameter line pipe products that are excluded from the order, ranging from a low of 50,302 short tons in 2001 to a high of 243,068 short tons in 2002.[157]

The Japanese CWLDLP industry's capacity and production remained significant throughout the POR. Though reporting no physical changes to their CWLDLP capacity over the POR, subject Japanese producers reported that their capacity fluctuated considerably over the period, increasing from a low of 815,830 short tons in 2001 to a high of 1,477,124 short tons in 2003, declining to 1,071,217 short tons in 2005, increasing to 1,086,984 short tons in 2006, and declining between the interim periods, from 566,589 short tons in the first half of 2006 to 424,901 short tons in the first half of 2007.[158] Because their reported production fluctuated with capacity in each year of the POR, subject Japanese producers reported capacity utilization rates in excess of 99 percent in every year but 2001 and 2004, when their rates of capacity utilization were 96.1 percent and 97.9 percent, respectively.[159] Japanese CWLDLP production increased from 783,746 short tons in 2001 to 1,462,527 short tons in 2003, declined to 1,063,726 short tons in 2005, increased slightly to 1,077,702 short tons in 2006, and declined between the interim periods, from 561,811 short tons in the first half of 2006 to 422,896 short tons in the first half of 2007.[160] [161]

We find that subject Japanese producers possess the ability to significantly increase their production of CWLDLP above the level prevailing at the end of the POR, notwithstanding their reported high capacity utilization rate. The Japanese CWLDLP industry's capacity utilization rate remained high throughout the POR not because production remained high and constant, but because reported capacity fluctuated in tandem with production, with reported capacity and production declining toward the end of the period. According to the Japanese interested parties, the Japanese CWLDLP industry's reported capacity in each year of the POR was dictated by the thickness and outside diameter of the CWLDLP produced in that year, with capacity increasing in years in which relatively heavier CWLDLP products were produced, with thicker walls and larger outside diameters, and declining in years in which relatively lighter CWLDLP products were produced.[162] As support, the Japanese respondent interested parties provided the Commission with what they described as "snapshots" -- a comparison of two months of production for JFE and two months of production for SMI when production volume was positively

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[156] Hearing Tr. at 317 (Paul) (Japanese mills are better positioned to offer requisite quality CWLDLP and "[t]o date we have not been able to qualify Mexican producers to the same standard"), 317 (Fisher) (Japanese mills are better positioned than Mexico to supply needed CWLDLP over 24" in outside diameter).

[157] CR/PR at Table IV-2. Japanese producer exports of excluded CWLDLP products to the United States were 108,125 short tons in 2006, 64,094 short tons in the first half of 2006, and 20,026 short tons in the first half of 2007. Id. Counsel to the domestic interested parties indicated at the hearing that excluded CWLDLP products are used in pipelines, but in thicknesses and for deep sea applications not served by domestic producers. See Hearing Tr. at 90, 96 (Schagrin).

[158] CR at IV-26-27; PR at IV-17; CR/PR at Table IV-15.

[159] CR/PR at Table IV-15.

[160] CR/PR at Table IV-15.

[161] Commissioner Lane notes that Mexican producers, likewise, have the ability, interest, and capacity to serve the U.S. market.

[162] See Hearing Tr. at 214-15 (Yamamoto), 216-20 (Miki); Japanese Respondent Interested Parties Responses to Commissioner Questions at 36-38.

related to wall thickness and outside diameter.[163] This explanation is not entirely consistent with the record of these reviews.

According to the Japanese interested parties' explanation, the 24.6 percent decline in Japanese CWLDLP capacity between 2004 and 2005 and the 23.5 percent decline between 2004 and 2006 should have coincided with a decline in the proportion of Japanese shipments comprised of CWLDLP products with thicker walls and larger outside diameters.[164] Yet, the proportion of Japanese CWLDLP industry shipments comprised of the thickest CWLDLP products (with a wall thickness ranging from over 0.625" to 1.0") increased from *** percent in 2004 to *** percent in 2005, and was *** percent in 2006, contradicting the Japanese interested parties' explanation.[165] Similarly, the proportion of Japanese CWLDLP industry shipments comprised of products with the largest outside diameters (greater than 30" to 64") declined only slightly from *** percent in 2004 to *** percent in 2005 and *** percent in 2006.[166] Moreover, the proportion of shipments comprised of CWLDLP products with the largest outside diameter range (greater than 42" to 64") increased from *** percent in 2004 to *** percent in 2005, the highest level of the period.[167] [168] We find these trends more persuasive than the isolated "snapshots" provided by the Japanese respondent interested parties. Because the record does not appear to corroborate the explanation provided by the Japanese respondent interested parties, we discount the high capacity utilization rates reported by the Japanese CWLDLP industry that might indicate an inability to increase production of CWLDLP.

Rather, we give more weight to other record evidence indicating that subject Japanese producers could likely produce CWLDLP at the peak levels achieved in the 2003-2004 period, around 1.4 million short tons annually, after revocation of the orders. We note that Japanese CWLDLP production tracked Japanese CWLDLP exports closely over the POR because exports comprised over 99 percent of total shipments in every year but 2006, when they accounted for 98.4 percent of total shipments.[169] In this regard, we note that the 384,825-short-ton decline in Japanese CWLDLP production between 2003 and 2006 coincided with a 299,381-short-ton decline in Japanese CWLDLP exports to China, from 302,915 short tons in 2003 to 3,534 short tons in 2006.[170] We find that this decline in Japanese CWLDLP exports to China, which was too large to be explained by changes in the thickness or outside diameter of exports to China, significantly contributed to the decline in Japanese CWLDLP production. By extension,

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[163] Japanese Respondent Interested Parties Responses to Commissioner Questions at 41-43.

[164] CR/PR at Table IV-15.

[165] See CR/PR at Table IV-18.

[166] See CR/PR at Table IV-18.

[167] See CR/PR at Table IV-18. The proportion of shipments comprised of CWLDLP products with the next largest outside diameter range, greater than 30" to 42", was *** percent in 2004, the second lowest proportion of the period, and peaked at *** percent in 2006. Id.

[168] Commissioner Lane notes that the data on Table IV-18 can be used to derive a weighted average diameter and a weighted average wall thickness for each year. Assuming a midpoint diameter range of 20, 27, 36, and 53 inches and a midpoint thickness of .375, .5625, and .8125 inches the largest average diameter and thickness (based on weighted average shipments) occurred in 2005 when the actual tonnage of reported capacity and production declined substantially from approximately 1.4 million tons to less than 1.1 million tons. Thus, the greatest volume of steel per foot of pipe production occurs in 2005. These data completely contradict the arguments of the Japanese respondent interested parties.

[169] CR/PR at Table IV-15.

[170] CR/PR at Table IV-15.

Japanese CWLDLP producers likely possess the capacity to replace this volume of lost exports to China with a similar volume of exports to other markets, such as the United States.[171]

Trends in reported downtime for Japanese CWLDLP mills over the POR also indicate that Japanese CWLDLP producers possessed the capacity to significantly increase CWLDLP production at the end of the POR. Subject Japanese producers reported that in 2005 and 2006, a *** percentage of the working hours in their mills were spent on maintenance, roll changes, and lunch, ranging from *** to *** percent for JFE, *** to *** percent for SMI, and *** to *** percent for NSC.[172] ***.[173] According to the domestic interested parties, CWLDLP mills can run for weeks without roll changes if working on orders for large projects, which can entail large production runs of CWLDLP made to a particular specification.[174] At the very least, we find that ***.

As additional support for our finding that Japanese CWLDLP producers could likely increase their production of CWLDLP after revocation of the order, we note that two of the three Japanese CWLDLP producers reported the ability to switch production between CWLDLP and other products at very little cost, in response to changes in the relative price of CWLDLP and other products.[175] As Japanese production of CWLDLP declined by 344,956 short tons between 2004 and 2006, for example, production of other products on the same equipment increased by 66,708 short tons.[176] Thus, the Japanese CWLDLP producers could increase their production of CWLDLP, if market conditions warranted, by reducing their production of other products on the same equipment.

For these reasons, we find that the Japanese CWLDLP industry likely possesses the capacity to increase production to the levels attained in 2003 and 2004, that is, by approximately 400,000 short tons, or one-third higher than production in 2006.[177] [178] We also note that the Japanese CWLDLP industry's

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[171] The Japanese respondent interested parties contend that so-called frame agreements between subject Japanese producers and certain major purchasers would limit their ability to serve new customers or markets. See Japanese Respondent Interested Parties Prehearing Brief at 35-38; Japanese Respondent Interested Parties Posthearing Brief at 11. We find this argument unpersuasive. Subject Japanese producers have entered into frame agreements with certain purchasers as a means of memorializing long-term customer relationships and anticipating these customers' long-range product and volume needs. See Japanese Respondent Interested Parties Posthearing Brief at 31-33, Exhibit 22; Hearing Tr. at 212 (Yamamoto), 216 (Miki). The contents of these agreements vary widely, with some specifying the quantities of CWLDLP to be delivered, while others do not. See Japanese Respondent Interested Parties Posthearing Brief at Exhibits 24-25, 36, 39; Hearing Tr. at 247 (Miki). In general, subject Japanese producers are not guaranteed orders from frame agreement customers, which may have frame agreements with multiple suppliers or the right to purchase CWLDLP from other suppliers. See Japanese Respondent Interested Parties Prehearing Brief at 38; Japanese Respondent Interested Parties Posthearing Brief at Exhibits 23, 25, and 36. Nor are parties to frame agreements generally entitled to damages for violations of agreement terms. See Japanese Respondent Interested Parties Posthearing Brief at 31-32, Exhibit 22.

[172] See Japanese Respondent Interested Parties Posthearing Brief at Exhibit 27.

[173] See Japanese Respondent Interested Parties Posthearing Brief at Exhibit 27.

[174] ASP Domestic Interested Parties Final Comments at 2.

[175] CR at IV-37; PR at IV-24.

[176] CR/PR at Table IV-21.

[177] We note that the Japanese CWLDLP industry's ratio of inventories to shipments fluctuated between a low of 8.1 percent in 2002 and a high of 13.3 percent in the first half of 2007. CR/PR at Table IV-15. No Japanese producer reported maintaining inventories of CWLDLP in the United States since 2001. CR at IV-32; PR at IV-21.

[178] Commissioner Lane notes that the combined available capacity of the Japanese and Mexican producers is an even larger number.

ability to increase production likely increased between the interim periods, as its production declined from 561,811 short tons in interim 2006 to 422,896 short tons in interim 2007.[179]

In addition, we find that Japanese CWLDLP producers have significant incentives to increase their exports to the U.S. market were the order revoked, both by increasing their CWLDLP production and by shifting exports from third-country markets to the U.S. market. As addressed in section V.A. above, strong global CWLDLP demand growth has been accompanied by the construction, and planned construction, of substantial CWLDLP capacity in major third-country CWLDLP markets, including China, Russia, the CIS, and the Middle East. Consequently, CWLDLP demand in these areas will increasingly be served by local CWLDLP producers, which would enjoy a substantial transportation cost advantage over foreign suppliers and, in certain cases, preferential treatment from government-owned pipeline companies.[180] In particular, as Chinese producers have aggressively expanded their CWLDLP production, Japanese CWLDLP exports to China declined from *** short tons in 2002, when China was the largest market for Japanese CWLDLP, to *** short tons in 2006, and such exports were *** in the first half of 2007.[181] We also note that Japanese CWLDLP producers did not report a significant increase in their order backlog over the POR, despite the significant strengthening of global CWLDLP demand toward the end of the period.[182] The Japanese respondent interested parties claim that additional capacity in major third-country markets is not a concern because Japanese CWLDLP producers concentrate on higher-grade CWLDLP products not produced elsewhere,[183] but the record indicates that a substantial proportion of Japanese shipments over the POR (*** percent in 2006) consisted of CWLDLP in grades X-60-69 and below.[184] Thus, Japanese CWLDLP producers would likely have an incentive to increase exports to the United States, which is among the world's largest CWLDLP markets,[185] to compensate for declining exports to third-country markets.[186]

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[179] CR/PR at Table IV-15.

[180] See CR at V-3; PR at V-1; see also Hearing Tr. at 140 (Delie) ("[T]ransporting large diameter pipe especially from overseas is expensive."), 194 (Morse) (stating that the transportation cost for CWLDLP imported from overseas can equal 15 to 35 percent of the price of the CWLDLP); ASP Domestic Interested Parties Final Comments at 13 n.7 (noting that Chinese CWLDLP producers received a private briefing, closed to foreign suppliers, by a Chinese-government owned pipeline company on an upcoming project).

[181] CR/PR at Table IV-15.

[182] The subject Japanese mills reported that their existing order backlog increased from *** short tons in 2001 to *** short tons in 2003, declined to *** short tons in 2004, increased to *** short tons in 2005, and declined to *** short tons in 2006. CR/PR at Table IV-19. Although the subject Japanese producers' order backlog increased over the interim periods, from *** short tons in the first half of 2006 to *** short tons in 2007, the fact that order backlogs were *** higher in June of 2006 than at the end of 2006 suggests that interim data may be influenced by seasonality.

[183] See Hearing Tr. at 313-14 (Miki), 315 (Yamamoto).

[184] CR/PR at Table IV-18. The percentage of Japanese producer shipments comprised of CWLDLP in grades X-60-69 and below was *** percent in 2001, *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, and *** percent in 2006. Id. The *** majority of Japanese CWLDLP shipments over the POR, from *** to *** percent, were in grades X-70-79 and lower. Id. In addition, we note that Baosteel is leading a group of steel companies in China in an effort to produce CWLDLP in grade X-120. CR at IV-56; PR at IV-31.

[185] In 2006, North America had the highest level of constructed and planned pipeline mileage of any region in the world, and U.S. consumption of CWLDLP represented about *** of CWLDLP consumption in North America that year. See CR/PR at Tables I-10, IV-24, 33; see also MBR, September 2007.

[186] We note that Japanese CWLDLP exports are subject to an 8 percent special tariff imposed by Russia on December 21, 2006, although Japanese producers claim that the tariff has had no effect on their exports to Russia. CR at IV-32; PR at IV-21. Japanese CWLDLP exports are subject to no other trade barriers or trade actions in third

(continued...)

Relatively high CWLDLP prices in the U.S. market would provide Japanese CWLDLP producers with an additional incentive to increase their exports to the United States after revocation of the order, by increasing their production and shifting exports from third-country markets. Data on price trends for certain CWLDLP products in the United States and third markets indicate that U.S. prices were generally higher than prices in other regional markets during 2006 and into 2007.[187] Pricing data submitted by the Japanese respondent interested parties themselves, netting out transportation costs from Japan, indicate that U.S. prices for DSAW CWLDLP in grade X-65 were significantly higher than prices in third-country markets throughout the February 2006-June 2007 period.[188] That subject Japanese producers would likely be interested in capitalizing on these higher prices is clear from the fact that in 2006, *** percent of their reported capacity was for the production of SAW pipe and *** percent of their shipments were in grades X-60-69.[189]

In sum, we find that Japanese producers possess the market presence, the capacity, and the incentive to significantly increase their exports to the United States, such that the likely volume of imports would be significant both in absolute terms and relative to production or consumption in the United States were the antidumping duty order revoked.[190] [191]

B. Likely Price Effects of Subject Imports

In the original investigations, the Commission found that cumulated subject imports pervasively undersold the domestic like product, depressing domestic prices to a significant degree.[192] As support, the Commission noted that subject imports undersold the domestic like product in 30 of 46 quarterly

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[186] (...continued)
country markets. Id.

[187] CR at IV-63; PR at IV-36; CR/PR at Tables IV-34-36. In September 2007, for example, MBR reports that the average F.O.B. price of DSAW CWLDLP was $*** per short ton in the United States, $*** per short ton for Japanese exports to all markets, $*** per short ton for Chinese exports to all markets, and $*** per short ton in the European Union. CR/PR at Table IV-35, as revised by Memorandum INV-EE-137 (September 24, 2007). We recognize that the probative value of these price comparisons is limited by potential differences in product mix, but rely on these data as available evidence of differing pricing levels. They are also consistent with the pricing data supplied by the Japanese respondent interested parties.

[188] Japanese Respondent Interested Parties Prehearing Brief at Exhibit 41.

[189] CR/PR at Tables IV-14,18. The Japanese respondent interested parties claim that Japanese producers would not be lured by higher U.S. prices for DSAW in grade X-65 because Japanese producers would have to compete with non-subject DSAW prices on the West Coast that are lower than U.S. DSAW prices ex mill. See Japanese Respondent Interested Parties Prehearing Brief at 40-41. Yet, the non-subject import price on the West Coast was only one dollar lower than the Japanese export price to other markets in May 2007, the end of the period examined. Moreover, lower non-subject import prices on the West Coast would not prevent Japanese producers from underselling domestic producers in the U.S. market. The Japanese respondent interested parties also claim that the new, lower-cost HSAW mills planned in the United States will make the U.S. market less attractive to Japanese producers, but only one such mill has been built thus far, by OSM, and it is booked through mid-2008. See Japanese Respondent Interested Parties Prehearing Brief at 40.

[190] Our conclusion is buttressed by the fact that 14 of 23 U.S. purchasers indicated that they would likely increase purchases of subject imports from Japan (or otherwise experience declining prices or inventory valuation) were the antidumping order on CWLDLP from Japan revoked. See CR/PR at Appendix D.

[191] Commissioner Lane finds that producers in Mexico also possess the capacity and incentive to increase their exports to the United States and notes that the combined capacity of the Japanese and Mexican producers indicates an even greater likelihood of increased subject imports if the orders are revoked.

[192] Original Views at 18.

comparisons at generally significant margins.[193] It also observed that trends in the average unit values of subject imports and the domestic like product were consistent with the trends observed in pricing product data and that the record contained evidence of significant confirmed lost sales and revenues.[194]

In these reviews, we find that subject imports from Japan and the domestic like product are highly substitutable[195] and that price is an important factor in purchasing decisions.[196] Purchasers ranked price as among the three most important factors in making purchasing decisions more frequently than any other factor, though generally as the second or third most important factor after quality and availability.[197] Nineteen of 22 purchasers also reported that price is a "very important" factor in their purchasing decisions.[198] When asked how often they purchase CWLDLP offered at the lowest price, sixteen of 23 purchasers reported "always" or "usually," and only seven reported "sometimes" or "never."[199] All domestic producers and a majority of importers reported that differences other than price between subject imports from Japan and the domestic like product are only "sometimes" or "never" important in their sales of CWLDLP in the U.S. market.[200]

Most CWLDLP sales in the project market were made pursuant to a standard bidding process initiated by end users.[201] At the Commission's hearing, purchasers testified that where CWLDLP producers bidding on a project offer an acceptable level of quality and availability, as would generally be the case with Japanese and domestic CWLDLP producers,[202] the project is awarded to the lowest bidder.[203] *** indicated in their questionnaire responses that they seek out "the lowest market price," or "the most competitive offer," through the bidding process.[204]

Based on the limited pricing data on the record of these reviews, we observe that Japanese CWLDLP shipments undersold the domestic like product in 26 of 31 quarterly comparisons over the POR at margins ranging from 2.0 to 22.8 percent.[205] Due to the limited usefulness of these data,[206] we place relatively more weight on pricing data from the original investigation, in which Japanese CWLDLP shipments undersold the domestic like product in 26 of 37 comparisons at margins ranging from 8.4

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[193] Original Views at 17-18.

[194] Original Views at 18. The Commission noted that it was mindful of the limited utility of average unit value ("AUV") data when analyzing a product like CWLDLP. Id.

[195] See CR at II-15; PR at II-10; section III.C., supra.

[196] See CR at II-15-16; PR at II-10-11; CR/PR at Tables II-3, 6, and 7.

[197] CR at II-15-16; PR at II-10-11; CR/PR at Table II-3.

[198] CR/PR at Table II-7.

[199] CR at II-16; PR at II-11 (one purchaser reported "always" and 15 reported "usually").

[200] CR/PR at Table II-6.

[201] CR at V-6; PR at V-5.

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

[203] Hearing Tr. at 208 (Gillespie) ("If both quality and availability are acceptable, the best valued pricing is awarded."), 288 (Fisher) (stating that unqualified suppliers are invited to bid on projects and, if their bids are "attractive," put through the qualification process after being awarded with tonnage).

[204] Purchasers Questionnaire Response of *** at Question III-26; Purchasers Questionnaire Response of *** at Question IV-5.

[205] CR at V-12; PR at V-11; CR/PR at Table V-13.

[206] We recognize that the probative value of the pricing comparisons in these reviews is limited by the fact that most U.S. sales were to end users, while most subject import sales were to distributors. See Japanese Respondent Interested Parties Prehearing Brief at 60.

percent to 29.4 percent.[207] Thus, Japanese producers have a demonstrated track record of underselling domestic producers to win sales, and a significant quantity of lost sales and revenues were confirmed in the original investigation.[208]

We find that Japanese CWLDLP producers would likely resume their underselling strategy from prior to the imposition of the antidumping duty order were the order revoked. Japanese producers have significant incentives to increase their exports to the United States, as addressed above, and their only means of doing so is by underbidding domestic producers and non-subject foreign CWLDLP producers, given the importance of price in the CWLDLP market and the comparability of Japanese and domestic CWLDLP. Two importers of CWLDLP from Japan, ***, reported in their questionnaire responses that they would seek to lower prices to win bids for their Japanese CWLDLP suppliers.[209]

We also find that the underselling of a significant volume of subject imports from Japan, at significant margins, would likely depress or suppress domestic CWLDLP prices to a significant degree. Subject import underselling would likely depress domestic prices, as in the original investigation, because domestic producers would have to lower their prices in response to avoid losing bids for the same major projects.[210] In addition, domestic producers would have every incentive to avoid losing major bids to Japanese producers, because the economics of the CWLDLP market are such that the loss of a few major projects can have a disproportionately adverse impact on a CWLDLP producer's financial performance.[211]

We note that the unit cost of goods sold ("COGS") for domestic producer shipments increased sharply over the POR, from $*** per short ton in 2001 to $*** per short ton in 2006, and from $*** per short ton in the first half of 2006 to $*** per short ton in the first half of 2007.[212] While we recognize that the ratio of domestic industry COGS to sales declined from a *** of *** percent in 2003 to *** percent in 2006, this ratio increased from *** percent in the first half of 2006 to *** percent in the first half of 2007, and the industry's continued ability to withstand historically high raw material prices will depend on its ability to maintain high and increasing prices for CWLDLP.[213] Pervasive subject import underselling that restrained necessary price increases in the bidding processes for major projects, therefore, would likely place domestic producers in a cost-price squeeze if the order was revoked.

We consequently conclude that revocation of the order on CWLDLP from Japan would likely result in significant adverse price effects.[214]

C. Likely Impact of Subject Imports

In the original investigations, the Commission determined that the domestic industry was materially injured by reason of subject imports. It found that the domestic industry's condition

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[207] CR at V-12, 27; PR at V-11-12.

[208] Original Views at 18.

[209] See Importers Questionnaire Response of *** at Questions III-B-8, III-B-7; Importers Questionnaire Response of *** at Question III-B-8.

[210] See Hearing Tr. at 32 (Delie) (additional bidders on major projects would force prices down), 37 (Lawrence) (Japanese would likely bid aggressively for projects of interest to OSM), 42 (Stupp) (pipeline companies would likely use lower Japanese prices in bidding process to force domestic prices down).

[211] See, e.g., Hearing Tr. at 41 (Stupp) ("In our industry, annual production levels can change in big chunks.")

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

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

[214] Commissioner Lane notes that similar significant adverse price effects are likely if the orders on Japan and Mexico are revoked.

deteriorated between 1999 and 2000 according to virtually every indicator, with modest improvements in the first half of 2001 attributable to the filing of the petitions.[215] In considering alternative explanations for these trends, the Commission found that declining exports were a contributing factor, but one largely confined to the 1998-1999 period, and that non-subject imports, although significant, had not targeted the distributor market where domestic producers lost the most sales and were sold at relatively higher prices than subject imports.[216] Thus, the Commission concluded that subject imports were having a significant adverse impact on the domestic industry, based on their significant volume and significant adverse price effects.[217]

In these reviews, we find at the outset that the domestic industry is not vulnerable to the recurrence of material injury. Although the domestic industry did poorly throughout much of the POR due to the Enron-related collapse in CWLDLP demand, suffering declining shipments and weak operating margins through 2005, the domestic industry's performance rebounded in 2006 due to a strong recovery in CWLDLP demand.[218]

Most indicators of the domestic industry's performance were positive toward the end of the POR.[219] Domestic industry net sales declined from *** short tons in 2001 to *** short tons in 2005, but increased to *** short tons in 2006 and increased again between the interim periods, from *** short tons in the first half of 2006 to *** short tons in the first half of 2007.[220] Domestic industry market share, however, increased from *** percent in 2001 to *** percent in 2003 before declining to *** percent in 2005, increasing to *** percent in 2006, and then declining again from *** percent in interim 2006 to *** percent in interim 2007.[221]

The value of domestic industry shipments declined from $*** in 2001 to $*** in 2003.[222] It remained relatively flat in 2004 and 2005, but then increased to $*** in 2006 and from $*** in interim 2006 to $*** in interim 2007.[223] Domestic industry operating income declined from $*** in 2001, or *** percent of sales, to an operating loss of $*** in 2003, or a negative *** percent of sales, returned to a positive $*** in 2004, or *** percent of sales, increased to $*** in 2005, or *** percent of sales, and then recovered to $*** in 2006, or *** percent of sales.[224] Domestic industry operating income also increased over the interim periods, from $*** in the first half of 2006 to $*** in the first half of 2007, although operating income as a percentage of sales declined slightly from *** percent to *** percent between the periods.[225] The domestic industry's return on investment declined from *** percent in 2001 to *** percent in 2003, before improving to *** percent in 2004, *** percent in 2005, and *** percent in

[215] Original Views at 19-20.

[216] Original Views at 21.

[217] Original Views at 21-22.

[218] See, generally, CR/PR at Table III-13; section IV.B.1., supra.

[219] See CR/PR at Table III-13.

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

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

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

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

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

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

2006.[226] The domestic industry's capital expenditures increased significantly toward the end of the POR, although R&D expenditures fluctuated within a narrow band.[227]

Domestic industry capacity declined from *** short tons in 2001 to *** short tons in 2005, due largely to OSM's closure of its Napa, CA mill, but increased to *** short tons in 2006 and from *** short tons in interim 2006 to *** short tons in interim 2007, with the opening of OSM's new mill in Portland, OR and the ramping up of Dura-Bond's mill in Steelton, PA.[228] Domestic industry production declined from *** short tons in 2001 to *** short tons in 2005, but increased to *** short tons in 2006 and from *** short tons in interim 2006 to *** short tons in interim 2007.[229] Domestic industry capacity utilization increased from *** percent in 2001 to *** percent in 2002, declined to under *** percent during the 2003-05 period, and then increased to *** percent in 2006 and from *** percent in interim 2006 to *** percent in interim 2007.[230] Domestic industry employment increased from *** employees in 2001 to *** employees in 2002, declined to *** employees in 2005, and then increased to *** employees in 2006 and from *** employees in interim 2006 to *** employees in interim 2007.[231] Our finding that the domestic industry is not vulnerable to the recurrence of material injury is bolstered by projections of strong CWLDLP demand in the U.S. market through 2009, as addressed in section V.A. above.[232]

We do find, however, that the domestic industry benefitted significantly from the antidumping order on CWLDLP from Japan. The pendency of the antidumping duty investigation and the imposition of the order in 2001 had an immediate effect on the volume and market share of subject imports from Japan, which declined from 173,062 short tons in 2000, or *** percent of apparent U.S. consumption, to 29,795 short tons in 2001, or *** percent of apparent U.S. consumption, despite the significant increase in apparent U.S. consumption that year.[233] Subject import volume from Japan fell further to 3,986 short tons, or *** percent of apparent U.S. consumption, in 2002, though apparent U.S. consumption remained well above 2000 levels.[234] Due to the apparent disciplining effect of the antidumping duty order over the

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[226] CR/PR at Table III-17.

[227] See CR/PR at Table III-16.

[228] CR/PR at Table III-3; CR at III-9; PR at III-7.

[229] CR/PR at Table III-3.

[230] CR/PR at Table III-3. Although the domestic industry's reported capacity utilization rate remained weak throughout the POR, we attach little weight to this information. Domestic producers could have increased their capacity utilization rates by increasing the working hours on their mills, which would ordinarily entail adding additional shifts of workers. See Hearing Tr. at 41 (Stupp), 65-66 (Delie), 93, 98-99 (Noland). That they did not add additional shifts during the recent period of strong demand suggests that domestic producers made a conscious choice not to run their mills near their full rated capacities if it meant taking on workers they might need to lay off in a future downturn in demand.

[231] CR/PR at Table III-12.

[232] We note that there are as many as five new planned CWLDLP operations in the United States, including two currently in various stages of construction. Hearing Tr. at 121 (Delie), 122 (Stupp), 133 (Fisher). However, U.S. Steel's plans and the other two anticipated facilities that have Indian backers have not progressed that far. As such, we decline to rely on the planned domestic industry expansions in our vulnerability analysis. See CR at III-7-9; PR at III-5-7. In addition, we recognize that information on the record tends to raise doubt regarding whether these new mills will commence production in commercial quantities within a reasonably foreseeable time, particularly given that the ramping up of OSM's new HSAW mill took longer than anticipated. See Hearing Tr. at 34 (Lawrence).

[233] CR/PR at Table I-1. In the original investigation, the Commission found that the pendency of the antidumping duty investigation had contributed to the declining volumes of subject imports in 2001. Original Views at 16.

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

POR, domestic producers were better positioned to weather the post-Enron decline in CWLDLP demand and to benefit from the recent CWLDLP demand recovery.[235]

We also find that if the order on CWLDLP from Japan were to be revoked, the likely significant increase in the volume of subject imports, coupled with their likely adverse price effects, would likely have a significant negative impact on the domestic industry in terms of output, sales, market share, profits, productivity, return on investments, utilization of capacity, cash flow, inventories, employment, wage growth, ability to raise capital, investment, and the industry's development and production efforts.[236]

Our conclusion in this regard is fully consistent with the significant presence of non-subject imports in the U.S. market over the POR, and particularly towards the end of the POR.[237] That domestic producers were able to increase their shipments and prices even as non-subject imports increased does not mean that subject imports from Japan could have no significant adverse impact on the domestic industry after revocation, as the Japanese respondent interested parties contend.[238] First, we have found that Japanese CWLDLP producers, motivated by falling production and lower exports to third-country markets, are likely to return to their strategy of underselling from the original investigation as a means of significantly increasing their penetration of the U.S. market at the expense of the domestic industry.[239]

Second, an increasing proportion of non-subject import volume consisted of HSAW CWLDLP toward the end of the POR, including *** percent of non-subject imports in the first half of 2007, which did not compete directly with a significant proportion of domestic shipments.[240] Non-subject imports of HSAW CWLDLP would not compete directly with domestic shipments of ERW CWLDLP, which represented *** percent of the domestic industry's U.S. shipments in 2006, because HSAW CWLDLP is produced only with an outside diameter of 26" and larger, whereas ERW CWLDLP is produced only with an outside diameter of 24" and smaller.[241] Non-subject imports of HSAW CWLDLP would compete with domestic shipments of LSAW CWLDLP, but not in critical applications or in sizes under 26" in

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[235] See, e.g., Hearing Tr. at 30 (Delie) (Berg could not have survived the downturn without the orders), 39 (Norris) (Dura-Bond's survival depends on orders), 47-48 (Fisher) (benefit from strong demand, investment in new capacity made possible by the orders).

[236] Commissioner Lane notes that if the orders on CWLDLP from Japan and Mexico were to be revoked, the likely significant increase in the volume of subject imports from both countries, coupled with their likely adverse price effects, would exacerbate the negative impact on the domestic industry found above with respect to subject imports from Japan alone.

[237] See section V.B., supra.

[238] See Japanese Respondent Interested Parties Prehearing Brief at 54; Hearing Tr. at 23-24 (Huey).

[239] Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" 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. In the final results of its expedited sunset reviews of the antidumping duty orders, Commerce determined that revocation of the order on CWLDLP from Japan would likely result in the continuation or recurrence of dumping at a weighted-average margin of 30.80 percent for Nippon, 30.80 percent for Kawasaki Steel Corporation, and 30.80 percent for all other Japanese producers. CR at I-14; PR at I-10.

[240] See sections II.C. and V.B., supra. OSM, the only current domestic producer of HSAW CWLDLP, only began shipments of HSAW CWLDLP in the first half of 2007. CR at I-35; PR at I-25. We also note that *** percent of the increase in non-subject import volume between the interim periods – *** short tons out of *** short tons – consisted of HSAW CWLDLP. CR/PR at Tables C-1, 5.

[241] CR at I-31, 34; PR at I-23, 25 (the largest ERW OD is 24", whereas the smallest HSAW OD is 26"), I-34; CR/PR at Tables C-1-2.

outside diameter.[242] The Japanese respondent interested parties themselves have emphasized that competition between HSAW and LSAW CWLDLP is limited.[243] Thus, the impact on domestic producers of the increase in non-subject import volume toward the end of the POR would have been mitigated by the fact that a significant proportion of non-subject imports did not compete with a significant proportion of domestic shipments.

Japanese producers possess no capacity to produce API-certified HSAW, however, and would likely compete directly with domestic producers after revocation of the orders.[244] Consequently, the likely significant increase in subject import volume and their likely adverse price effects would impact domestic producers to a greater extent than imports of non-subject merchandise.[245]

We conclude that, if the antidumping duty order on CWLDLP from Japan were revoked, subject imports from Japan would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

VII. REVOCATION OF THE ORDER ON CWLDLP FROM MEXICO WOULD NOT LIKELY LEAD TO THE CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME [246] [247]

A. Likely Volume of Subject Imports

A summary of the findings the Commission made concerning subject import volume in the original investigations, in which volume was analyzed on a cumulative basis, is provided in section VI.A. Subject import volume from Mexico accounted for a small percentage of cumulated subject import volume during the original period of investigation. The maximum quantity of subject imports from Mexico during the original period of investigation was 31,570 short tons in 1999, and the maximum share of apparent U.S. consumption was *** percent in 2000.[248] As explained further below, a substantial portion of the subject imports from Mexico during the original investigations were produced by PMT, whose production operations were shuttered in 2002.

Subject Mexican producers did not maintain a significant presence in the U.S. market over the POR and have had *** market share since 2004. Subject import volume from Mexico fell sharply after the original investigations. Subject imports from Mexico declined from 13,265 short tons in 2001, or *** percent of apparent U.S. consumption, to 6,245 short tons in 2002, or *** percent of apparent U.S. consumption, increased to 8,302 short tons in 2003, or *** percent of apparent U.S. consumption, and

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[242] CR at I-33-34; PR at I-25 (HSAW perceived as unsuitable for undersea or sour service applications); Hearing Tr. at 89 (Lawrence), 89-90, 169-70 (Delie) (Berg constructing HSAW mill to complement its DSAW mill); CR at I-31; PR at I-23 (DSAW produced in outside diameters of 18" and larger); see also CR/PR at Table F-2.

[243] See Japanese Respondent Interested Parties Prehearing Brief at 43-44; Hearing Tr. at 213 (Yamamoto) ("Sumitomo's high grade pipes will not compete with spiral-weld pipes for several reasons."), 278-79 (Miki) (only DSAW can be used off-shore and in sour service applications), 315 (Yamamoto).

[244] CR at IV-23-24; PR at IV-16-17; section III.C., supra.

[245] For the reasons detailed above in our vulnerability analysis, we decline to rely on the planned domestic industry expansions in our impact analysis. See footnote 232, supra.

[246] Commissioner Lane dissents from this section of the opinion. See the dissenting views of Commissioner Charlotte R. Lane noted throughout section VI.

[247] Commissioner Pinkert generally concurs with the findings in section VII, but makes his own separate findings in the course of his determination that revocation of the antidumping order on CWLDLP from Mexico would likely have no discernible adverse impact on the domestic industry. See Separate and Concurring Views of Commissioner Dean A. Pinkert Regarding Cumulation.

[248] CR/PR, Table I-1.

then dropped to negligible levels, under 200 short tons, throughout the rest of the period examined.[249] Subject imports from Mexico had their highest market share in 2003, when U.S. CWLDLP demand collapsed, and were zero in the first half of 2007, despite the strong recovery in CWLDLP demand that had occurred by that time.[250]

In these reviews, we find that the likely subject import volume from Mexico would not be significant, either in absolute terms or relative to production or consumption in the United States, were the antidumping duty order on CWLDLP from Mexico to be revoked. Subject Mexican producers are not export-oriented, and became less so over the POR as the ratio of exports to shipments declined from *** percent in 2001 to *** percent in 2002, increased to *** percent in 2003, declined to *** percent in both 2004 and 2005, and increased slightly to *** percent in 2006.[251] The Mexican CWLDLP industry's ratio of exports to shipments remained below the 2001 level when the interim periods are compared; this ratio was *** percent in the first half of 2007, compared to *** percent in the first half of 2006.[252] Despite strong global CWLDLP demand growth, subject Mexican producers did not increase their export orientation, but remained focused on serving their home market.[253]

We acknowledge that the current producers of subject merchandise in Mexico have stated that they intend to resume shipments to the United States upon revocation of the orders.[254] Nevertheless, the closure and liquidation of PMT in 2002 substantially reduces the likelihood that subject imports from Mexico would increase significantly after revocation of the order.[255] PMT was the *** exporter of CWLDLP to the United States during the period examined in the original investigations, and accounted for a large share of Mexican CWLDLP production.[256] It also was reportedly the most aggressive Mexican player in the U.S. market.[257] Given that none of the other Mexican CWLDLP producers reported increasing its capacity since the original investigations, PMT's elimination would have reduced Mexican CWLDLP capacity by a significant *** short tons, or *** percent.[258]

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[249] CR/PR at Tables I-10-11.

[250] CR/PR at Tables I-10-11.

[251] CR/PR at Table IV-24.

[252] CR/PR at Table IV-24.

[253] See Hearing Tr. at 269 (Gutierrez) (exports largely directed at the South and Central American markets).

[254] CR at D-20-21; PR at D-20-21.

[255] CR at IV-39; PR at IV-25-26. PMT's equipment was shipped to Saudi Arabia, where it was reassembled. Id.

[256] During the period examined in the original investigations, PMT accounted for *** short tons of reported Mexican CWLDLP exports to the United States; the four other Mexican producers accounted for *** short tons. See Original Staff Report at Table C-1; Original Investigation Foreign Producers' Questionnaire Response of PMT at 8. PMT's share of Mexican CWLDLP exports to the United States was *** percent in 1998, *** percent in 1999, *** percent in 2000, *** percent in the first half of 2000, and *** percent in the first half of 2001. Id.

PMT's share of Mexican CWLDLP production was *** percent in 1998, *** percent in 1999 and 2000, *** percent in the first half of 2000, and *** percent in the first half of 2001. See Original Staff Report at Table VII-7; Original Investigation Foreign Producers' Questionnaire Response of PMT at 8.

[257] See Hearing Tr. at 223-24 (Benitez) (PMT pursued an aggressive pricing strategy in both the U.S. and Mexican markets, reportedly undercutting domestic producers to win a major Enron pipeline project in Florida); see also Original Views at 18 n.108 (noting the major project awarded to a Mexican producer on the basis of a low bid).

[258] CR at IV-40; PR at IV-26. Mexican CWLDLP capacity was *** short tons in 2000. Original Investigation Staff Report at Table VII-7. Although subject Mexican producers reported a cumulative capacity of *** short tons in these reviews, their capacity only appears higher in the reviews than it was during the original investigations because the producers utilized a different methodology to calculate capacity in the reviews. CR/PR at Table IV-24; CR at IV-40; PR at IV-26.

We have not given authoritative weight to the capacity data reported by the Mexican CWLDLP industry. The current producers of subject merchandise in Mexico produced more CWLDLP in 2006 than in any other year since at least 1998.[259] Notwithstanding this, reported 2006 capacity utilization was only *** percent.[260] Based on the historical data in the record, we believe it is unlikely the Mexican industry could ever achieve full utilization of the nameplate capacity it has reported. The fact that Mexican CWLDLP production *** in 2006, coupled with the industry's significantly diminished capacity since the original period of investigation, indicates that it is unlikely Mexican producers would be able to increase their CWLDLP production significantly from current levels, so as to be able to compete effectively in the project market in the United States.[261]

The Mexican CWLDLP producers' limited product range would likely be another impediment to significant increases in exports to the U.S. market. Mexican CWLDLP producers reported few ERW shipments over the POR, and few ERW or SAW shipments in grades higher than X-60-69.[262] Mexican producers would not be likely to participate meaningfully in the substantial proportion of the U.S. market that consists of ERW CWLDLP and the large and growing proportion consisting of CWLDLP in grades X-70-79 and higher.[263]

We also find that Mexican CWLDLP producers lack incentives for increasing their exports to the United States by reducing their current focus on serving their home market. During the POR, the AUVs of Mexican CWLDLP shipments in their home market were significantly higher than the AUVs of domestic producer shipments in the U.S. market.[264] One domestic producer witness at the hearing testified that CWLDLP prices are "artificially higher" in Mexico because the Mexican market is "closed" to foreign competition by the Mexican government, which controls most CWLDLP purchases through PEMEX, the state-owned energy company.[265] In light of this, Mexican CWLDLP producers that enjoy preferential treatment and much higher prices in their home market would have little incentive to seek out business in the U.S. market to replace business in Mexico.

Moreover, we find that Mexican CWLDLP producers would likely remain focused on serving their home market after revocation of the order because CWLDLP demand in Mexico is projected to remain high relative to recent levels and stable through 2009. The Mexican CWLDLP industry's order backlog increased significantly towards the end of the POR, from a period low of *** short tons in 2003 to *** short tons in 2006, and was *** short tons in the first half of 2007, compared to *** short tons in the first half of 2006.[266] According to Mexican CWLDLP producers, strong Mexican CWLDLP demand will continue throughout 2007 and into 2008, with projected home market shipments of *** short tons in

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[259] Mexican CWLDLP production, excluding PMT, was *** short tons in 1998, *** short tons in 1999, *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, *** short tons in 2004, *** short tons in 2005, and *** short tons in 2006. See Original Staff Report at Table VII-6; Original Investigation Foreign Producers' Questionnaire Response of PMT at 8; CR/PR at Table IV-24.

[260] CR/PR at Table IV-24.

[261] Three of four Mexican CWLDLP producers reported that they lack the ability to product shift, while one reported the ability to shift between the production of CWLDLP and pipe made to AWWA and ASTM specifications, though not on the basis of price changes. CR at IV-53; PR at IV-29.

[262] See CR/PR at Tables G-7-8; see also section III.D., supra.

[263] CR/PR at Tables II-2, IV-7, C-2.

[264] Compare CR/PR at Table IV-24 with CR/PR at Table C-1. We recognize that AUV comparisons are of limited probative value for a product like CWLDLP due to potential differences in product mix.

[265] Hearing Tr. at 157 (Delie).

[266] CR/PR at Table IV-27. These data are understated because only two of four Mexican CWLDLP producers reported their order backlogs. CR at IV-49-50; PR at IV-28.

no slackening in Mexican CWLDLP demand in 2009.[267] Notwithstanding the domestic interested parties' assertion that PEMEX faces substantial financial challenges,[268] these trends in Mexican producer home market shipments indicate that PEMEX and other purchasers in the Mexican market significantly increased their consumption of CWLDLP towards the end of the POR.

Mexican producers' end-of-period inventories increased over the POR in absolute terms, from *** short tons in 2001 to *** short tons in 2006, and from *** short tons in interim 2006 to *** short tons in interim 2007.[269] The ratio of inventories to shipments, however, fluctuated between a low of *** percent in interim 2006 and a high of *** percent in 2001.[270] Mexican producers are subject to a 15 percent tariff imposed by Venezuela in November 2006, but are not subject to any trade-related investigation in countries other than the United States.[271] An examination of inventories and barriers to importation supports our conclusion that significant volumes of subject imports from Mexico are not likely upon revocation.

In sum, we find that the likely volume of subject imports from Mexico would not be significant, either in absolute terms or relative to production or consumption in the United States, were the antidumping duty order on CWLDLP from Mexico to be revoked.

B. Likely Price Effects of Subject Imports

We adopt by reference the description of the Commission's price findings from the original investigations contained in section VI.B, above.[272] In the original investigation, subject imports from Mexico oversold the domestic like product in five of nine quarterly comparisons.[273] Mexican producers *** of the eight bidding processes for which data were collected.[274]

In these reviews, we find that subject imports from Mexico would likely have no adverse effects on prices for the domestic like product after revocation of the order. Subject imports from Mexico did not undersell the domestic like product pervasively in the original investigation, and PMT, which reportedly pursued an aggressive pricing strategy and accounted for the largest share of Mexican CWLDLP exports to the United States over the original investigation period, was liquidated in 2002.[275] Consequently, we conclude that significant underselling is not likely upon revocation.

Moreover, we have found that the likely subject import volume from Mexico after revocation of the order would not be significant. Therefore, we find that there is not likely to be significant underselling of the subject imports as compared to the domestic like product and that subject imports are not likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product. We conclude that revocation of the order on CWLDLP from Mexico would likely result in no significant adverse price effects.

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[267] See also Government of Mexico Posthearing Brief.

[268] See Hearing Tr. at 132 (Schagrin).

[269] CR/PR at Table IV-24.

[270] CR/PR at Table IV-24.

[271] CR at IV-49; PR at IV-28.

[272] Chairman Pearson and Commissioner Okun did not join section VI.B. of this opinion. They incorporate by reference the discussion in section III of their Dissenting Views concerning the importance of price in purchasing decisions for CWLDLP.

[273] See Original Investigation Staff Report at V-8, 15.

[274] See Original Investigation Staff Report at V-16.

[275] See Hearing Tr. at 223-24 (Benitez); Original Staff Report at Table VII-6; Original Investigation Foreign Producers' Questionnaire Response of PMT at 8; CR at IV-39; PR at IV-25.

C. Likely Adverse Impact of the Subject Imports on the Domestic Industry

Vice Chairman Aranoff and Commissioner Williamson adopt by reference the description of the Commission's impact findings from the original investigations, as well as our findings with respect to domestic industry vulnerability, contained in section VI.C., above.

Chairman Pearson and Commissioner Okun adopt by reference their findings in Part IV of their Dissenting Views on the current condition of the domestic industry. They also adopt by reference their conclusions that: (1) recent improvements in the industry's condition are not significantly related to the imposition of the orders and (2) the domestic industry is not currently in a vulnerable state.

We conclude that were the order on CWLDLP from Mexico to be revoked, the likely subject import volume, coupled with the likely absence of significant price effects, would likely have no significant adverse impact on the domestic industry in terms of output, sales, market share, profits, productivity, return on investments, utilization of capacity, cash flow, inventories, employment, wage growth, ability to raise capital, investment, and the industry's development and production efforts.[276] This conclusion is bolstered by our findings that the domestic industry is not vulnerable to the recurrence of material injury.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order on CWLDLP from Japan would likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[277] We also determine that revocation of the antidumping duty order on CWLDLP from Mexico would not likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[278]

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[276] Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" 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. In the final results of its expedited sunset review of the antidumping duty order on CWLDLP from Mexico, Commerce determined that revocation of the order would likely result in the continuation or recurrence of dumping at a weighted-average margin of 49.86 percent for PMT-Tubacero and 49.86 percent for all other Mexican producers. CR at I-14; PR at I-11.

[277] Chairman Pearson and Commissioner Okun dissenting.

[278] Commissioner Lane dissenting.

SEPARATE AND CONCURRING VIEWS OF COMMISSIONER DEAN A. PINKERT REGARDING CUMULATION

Based on the record in these reviews, I conclude that, if the antidumping order on imports of CWLDLP from Mexico were revoked, such imports are likely to have no discernible adverse impact on the domestic industry. Consequently, I do not cumulate subject imports from Japan and Mexico in making my determinations with respect to whether revocation of the antidumping orders would be likely to result in continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[1]

The Mexican CWLDLP industry is relatively small, with a total capacity in 2006 of only *** short tons[2] and total production in 2006 of only *** short tons.[3] This capacity is aging[4] and has contracted significantly since the original investigations with the closing in 2002 of a significant Mexican producer, Productora Mexicana de Tuberia S.A. de C.V. ("PMT").[5] The record indicates that none of the remaining Mexican producers has added capacity since the imposition of the antidumping order.[6] Consequently, the Mexican industry's production capacity today is significantly less than at the time of the original investigations.

Although Mexican producers have capacity available that could potentially be used to increase production,[7] there is little reason to expect Mexican exports to the United States to increase substantially if the antidumping duty order is revoked. During the periods covered by the original investigations and these reviews, Mexican producers never achieved a level of production that was even close to the level of capacity they have reported to the Commission.[8]

In addition, the Mexican industry is not export-oriented. Mexican producers have never exported a large volume of CWLDLP to the United States or any other export market, either before or after

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[1] Because I have determined not to cumulate subject imports from Japan and Mexico on the threshold ground that imports from Mexico are likely to have no discernible adverse impact on the domestic industry, I have not considered whether imports from Japan and Mexico would be likely to compete with each other and with domestic like products in the United States market, as provided in 19 U.S.C. § 1675a(a)(7).

[2] CR/PR at Table IV-22. Like the production capacity of the domestic and Japanese industries, the capacity reported by Mexican producers in these reviews is problematic. The methodology used by Mexican producers to report their production capacity is different from, and more expansive than, that used in the original investigations. The level of capacity reported in these reviews by the Mexican industry substantially exceeds the level of production actually achieved by the industry either before or after the imposition of the antidumping order. CR at IV-39 and IV-40; PR at IV-25 and IV-26, and the original CR/PR Table VII-7; Mexican Respondents' Post-Hearing Brief at 7-8.

[3] CR/PR at Table IV-22. By contrast, the Japanese CWLDLP industry reported a capacity of 1,086,984 short tons and production of 1,077,702 short tons in 2006. Unlike the capacity reporting methodology used by Mexican producers, the methodology used by Japanese producers to report their production capacity closely tracks the annual level of production and exports and has fluctuated substantially from year to year. Compare CR/PR at Table IV-15 with CR/PR at Table IV-24.

[4] CR at IV-44 to IV-45; PR at IV-27; Hearing Tr. at 323 (Winton).

[5] CR at IV-39 to IV-40; PR at IV-25 to IV-26; Mexican Respondents' Post-Hearing Brief at 5.

[6] CR at IV-39 to IV-40, IV-44 to IV-45; PR at IV-25 to IV-27; Mexican Respondents' Post-Hearing Brief at 2.

[7] CR/PR at Table IV-22. Mexican producers' level of capacity utilization, however, is likely understated because, as discussed above, the reporting methodology used by Mexican producers to report their production capacity appears to overstate actual capacity.

[8] CR/PR at Table IV-24 and the original CR/PR at Table VII-7.

imposition of the order.[9] Prior to the order, subject imports from Mexico peaked at 31,570 short tons in 1999.[10] Since the order, imports from Mexico have declined significantly, falling to only 125 short tons in 2006 and zero short tons in the first half of 2007.[11] Mexican producers reported having no immediate plans to import CWLDLP into the United States.[12] Significantly, even after imposition of the antidumping order, Mexican producers have not exported substantial volumes of CWLDLP to other export markets. Total Mexican exports to non-U.S. markets have been irregular, but were greatest in 2003 at *** short tons. Such exports were only *** short tons in 2006 and *** short tons in the first half of 2007. In 2006, exports as a percentage of overall Mexican shipments were only *** percent.[13] Thus, Mexican producers have been focused primarily on sales in their home market.[14]

It is also significant that *** Mexican exports during the period covered by the original investigations (January 1998-June 2001) were from the now-defunct PMT. During that period, PMT reported exporting *** short tons to the United States, while the rest of the Mexican industry combined reported exporting *** short tons.[15] In fact, PMT accounted for a *** percent in the first half of 2001.[16] In 2002, subsequent to the imposition of the antidumping order, PMT was liquidated, and its manufacturing equipment was sold to a company in Saudi Arabia.[17] Thus, PMT's departure from the Mexican industry has not only greatly diminished the industry's production capacity, but also its likelihood of shipping a significant volume of low-priced CWLDLP to the United States.

In addition to their lack of export orientation, Mexican producers face significant limitations on their ability to ramp up exports to the United States in the event the order is revoked. Individual Mexican producers are handicapped by their relatively small available capacities in competing for sales of larger diameter SAW pipe that is frequently used in line pipe projects and accounts for the great majority of U.S. demand.[18] Moreover, the Mexican industry's production of both CWLDLP and other products was

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[9] Mexican producers' responses to the Commission's foreign producer questionnaire are consistent in indicating that, although they are likely to increase exports to the United States if the order is revoked, the volume of such exports is not expected to be large or, in any event, in excess of the volume those companies shipped to the United States prior to order. See CR at D-21-22, PR D-20-21 (comments of ***.

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

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

[12] CR at IV-45; PR at IV-27. In addition, no importers reported making arrangements for the importation of CWLDLP from Mexico for delivery in the future. CR at IV-13; PR at IV-11-12.

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

[14] Hearing Tr. at 306 (Winton) ("The export markets for this product are South America, Central America, but it's a relatively small quantity for each of the producers. [T]hey are really focused on the Mexican market.").

[15] PMT's foreign producer questionnaire and the original CR/PR at Table C-1.

[16] Id. As related in the Staff Report, the bulge in PMT's exports to the United States resulted from its winning a single contract to supply a major Enron pipeline project in Florida. CR at IV-39 n.45; PR at IV-26 n.45. See also Mexican Producers' Post–Hearing Brief at 4. According to testimony at the Commission's hearing, PMT had an aggressive pricing strategy, using underselling of U.S. producers' prices to win this project. Hearing Tr. at 223-24 (Benitez).

[17] CR at IV-39; PR at IV-26.

[18] Larger diameter pipe (SAW pipe) accounted for *** percent of the U.S. market in 2006. CR at Tables C-1, C-3. Other than sales by *** prior to the antidumping order, however, Mexican producers have a very limited history of selling CWLDLP in the U.S. project market. The original CR at I-18; the original PR at I-15. One Mexican producer noted that its exports to the United States in the event of revocation of the order would be largely devoted to ***. CR at D-21, PR at D-20 (***). Similarly, another Mexican producer stated that its *** Id. (***). See also Hearing Tr. at 324-25 (Winton) (Mexican producers will have opportunities to make sales where a purchaser needs the pipe quickly and Mexican producers can supply it).

at its peak in 2006, thus limiting its ability to produce and export additional subject products.[19] In addition, unlike the Japanese industry, Mexican producers do not have related U.S. importers to provide an infrastructure to facilitate imports and bids on major projects.[20]

Mexican producers also face other limitations on their ability to export additional CWLDLP to the United States. ***. During 2001-06, *** annually devoted only *** percent of its production to subject products, and *** devoted only *** percent of its production to subject products.[21] In the most recent fiscal year, subject products accounted for ***.[22] Moreover, a representative of a pipeline company testified that the bulk of his firm's projects in the foreseeable future would be constructed with CWLDLP of 24 inches or greater in outside diameter, and not all Mexican producers have the ability to produce CWLDLP with a greater than 24 inch diameter.[23] A representative of another pipeline company testified that her company has not been able to date to qualify Mexican producers for the quality of CWLDLP needed, unlike Japanese producers.[24]

I further note that U.S. market prices do not appear to provide any special incentive for Mexican producers to increase their exports to the United States.[25] The ***.[26] The ability of U.S. producers to compete successfully for certain sales in Mexico is consistent with this finding.[27]

Finally, the record indicates that U.S. demand for CWLDLP will likely continue to be strong for the reasonably foreseeable future. In the context of a market with strong demand, the relatively small volume of additional subject imports from Mexico that may enter the United States after revocation of the order is unlikely to result in any meaningful harm to the domestic industry.

For the above reasons, I conclude that subject imports from Mexico are likely to have no discernible adverse impact on the domestic industry if the antidumping order on such imports were revoked and therefore do not cumulate such imports with subject imports from Japan. In addition, based on this conclusion, I concur with the determination of the Commission's majority that revocation of the order on CWLDLP from Mexico would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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[19] CR at Table IV-29; PR at IV-27.

[20] See CR at I-42 and Table I-9; PR at I-30 and Table I-9.

[21] Foreign producer questionnaire responses of ***.

[22] CR at IV-46; PR at IV-27-28.

[23] Hearing Tr. at 317 (Fisher). See also CR/PR at Table I-4.

[24] Hearing Tr. at 317 (Paul).

[25] No data are available that allow a comparison of prices for U.S. and Mexican CWLDLP during the period of review. CR at V-11; PR at V-8. The limited information available for the period covered by the original investigations showed a mixed pattern of underselling and overselling. Id. at V-12, V-27, and PR at V-11 to V-12.

[26] Compare CR/PR at Tables C-2, C-3, with CR/PR at Tables G-5, G-6. Mexican Respondents' Final Comments at 4-5.

[27] At the Commission's hearing, representatives of U.S. pipeline companies testified that they constructed pipelines in Mexico as well as the United States and that they had purchased U.S.-manufactured CWLDLP for use in those projects despite competition from Mexican producers. Hearing Tr. at 307 (Morse), 308 (Fisher). In addition, a representative of the Mexican producers stated that a U.S. producer obtained a contract to supply CWLDLP to the Mexican Federal Electricity Commission for a gas pipeline. Id. at 285 (Winton). This testimony was not contradicted by the domestic industry.

DISSENTING VIEWS OF CHAIRMAN DANIEL R. PEARSON AND COMMISSIONER DEANNA TANNER OKUN CONCERNING SUBJECT IMPORTS FROM JAPAN

I. INTRODUCTION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty order on certain welded large diameter line pipe ("CWLDLP") from Japan 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.

We join the Views of the Commission concerning domestic like product, domestic industry, cumulation, the legal standard concerning five-year reviews, conditions of competition, and the negative determination on subject imports from Mexico. We write separately to provide the basis for our negative determination on subject imports from Japan.

II. LIKELY VOLUME OF SUBJECT IMPORTS

During the original investigation, the quantity of subject imports from Japan declined from 217,138 short tons in 1998 to 141,955 short tons in 1999, and then increased to 173,062 short tons in 2000. The 37,410 short tons of subject imports from Japan during January-June (interim) 2001 was less than the 103,769 short tons of subject imports during interim 2000. The market penetration of subject imports from Japan declined from *** percent in 1998 to *** percent in 1999 and then increased to *** percent in 2000. The market penetration of subject imports from Japan was lower in interim 2001, when it was *** percent, than it was in interim 2000, when it was *** percent.[1]

The quantity and market penetration of subject imports from Japan both declined dramatically after issuance of the antidumping duty order in December 2001. Since 2002, the annual quantity of subject imports from Japan has not exceeded 25,232 short tons, and annual market penetration has not exceeded *** percent. In 2006, there were 13,198 short tons of subject imports from Japan, accounting for *** percent of apparent U.S. consumption.[2]

Consequently, issuance of the order had an immediate restraining effect on the volume of subject imports from Japan. We cannot, however, simply assume that the conditions that prevailed during the original period of investigation will recur upon revocation, because the increase in market penetration of subject imports from Japan during the original investigation came during a period of declining U.S. and world demand for CWLDLP.[3] By contrast, both global and U.S. demand for CWLDLP increased during the latter portion of the period of review and are anticipated to remain strong in the reasonably foreseeable future. We therefore focus on the current and likely conditions of competition to ascertain whether a significant volume of subject imports is likely upon revocation of the antidumping duty order on CWLDLP from Japan.

The Japanese Industry's Ability to Increase Shipments. In analyzing the likely volume of subject imports from Japan upon revocation, we have focused first on whether the Japanese industry has the ability significantly to increase shipments of subject merchandise to the United States. The Japanese producers reported that they have no future plans to change their capacity for producing CWLDLP.[4] Additionally, the Japanese industry's available unused capacity is limited. In that regard, we have not

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[1] INV-Y-214, Table C-1 (Oct. 17, 2001).

[2] CR/PR, Table I-1. The quantity of subject imports from Japan in interim 2007 was 7,356 short tons, accounting for *** percent of apparent U.S. consumption. Id.

[3] See Original Views, USITC Pub. 3464 at 15.

[4] CR at IV-36; PR at IV-24.

given authoritative weight to the capacity or capacity utilization data that the Japanese producers reported.[5] Nevertheless, the data on order backlogs that the Japanese producers submitted, whose reliability have not been questioned, demonstrate that there have been high backlogs of CWLDLP orders relative to the industry's production levels throughout the period of review.[6] If the Japanese industry had substantial excess capacity, or if its capacity utilization fluctuated by large levels during the period of review, it would not have maintained such high backlogs on a consistent basis.

The backlogs also illustrate another factor that is likely to limit substantially the ability of the Japanese industry to increase shipments to the United States: customer commitments. The Japanese industry's existing order backlog of subject merchandise in June 2007 totaled *** short tons.[7] This figure *** the 1.1 million short tons of industry production in 2006, and *** the peak period production of 1.5 million short tons in 2004.[8] In light of historic production levels, the existing order backlog will prevent the industry from directing any substantial volume of shipments to the United States until well into 2008.

Moreover, the Japanese industry has substantial customer commitments extending past 2008 and through the end of the period we consider to be the reasonably foreseeable future. Individual Japanese producers participate in "frame agreements" with major purchasers in the pipeline project market. These agreements are designed to permit the producer to estimate demand in advance and provide the purchaser with an assured source of supply.[9] The agreements are ***.[10] In response to a request at the hearing, Japanese Respondents submitted to the Commission (after obtaining their purchasers' consent) copies of two frame agreements. One of the frame agreements submitted ***.[11] The other frame agreement submitted ***.[12] The capacity that Japanese producers will be required to commit to frame agreement customers is substantial, amounting to approximately *** short tons per year.[13] We acknowledge that not all frame agreement commitments lead to purchases, and the amount of tonnage committed under frame agreements is clearly less than any measure of the Japanese industry's capacity. Nevertheless, the fact that the agreements require the Japanese producers essentially to hold in reserve a very large quantity of productive capacity for purchasers in non-U.S. markets is a very serious constraint on their ability to direct a significant quantity of shipments to the U.S. market.

We have also examined whether product shifting can provide the Japanese producers with the ability to direct significant quantities of subject merchandise to the United States. Japanese producers produce several other tubular products on the equipment they use to produce CWLDLP, and they

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[5] The reported capacity data conform closely to the reported production data throughout the period of review, notwithstanding fluctuations in production. CR/PR, Table IV-15. These fluctuations do not, as the Japanese Respondents maintain, appear to be solely a function of changes in product mix. Moreover, the Japanese producers' capacity computations are based on estimates of downtime that appear to be excessive. See CR/PR, Tables IV-16-17.

[6] See CR/PR, Tables IV-15, IV-19. For example, in December 2005 and December 2006, the Japanese industry's order backlogs were respectively *** short tons. The December 2005 backlog amounted to *** percent of that year's production and the December 2006 backlog amounted to *** percent of that year's production. Id. The fact the backlogs were so close to annual production levels suggests operations at close to full capacity.

[7] CR/PR, Table IV-19.

[8] See CR/PR, Table IV-15.

[9] Tr. at 211-213 (Yamamoto).

[10] Japanese Respondents Posthearing Brief, ex. 24.

[11] Japanese Respondents Posthearing Brief, ex. 26.

[12] Japanese Respondents Posthearing Brief, ex. 25.

[13] See Japanese Respondents Posthearing Brief, ex. 24. This figure understates the capacity that Japanese producers may be required to commit as a practical matter, as there are other frame agreements ***. Id.

acknowledge they can shift production between these products.[14] Nevertheless, we find that significant product shifting is unlikely for three reasons. First, CWLDLP already accounts for the bulk of the Japanese producers' total production.[15] Second, the Japanese producers have continuing commitments to supply customers, such as long-term domestic customers, tubular products other than CWLDLP that are produced in the same facilities.[16] Third, there was no history of Japanese producers shifting production from nonsubject products to CWLDLP during the period of review. On the contrary, despite strong and increasing worldwide demand for CWLDLP during the latter portion of the period of review, from 2004 to 2006 the Japanese producers shifted reported capacity from CWLDLP to nonsubject products.[17]

Further, inventory levels of CWLDLP do not indicate that the Japanese industry possesses the ability to direct significant quantities of subject merchandise to the United States. Reported inventory levels of subject merchandise in Japan were relatively stable in relation to production and shipments throughout the period of review.[18] Reported U.S. inventories of subject imports from Japan have been *** since 2005.[19]

Consequently, we conclude that the ability of the Japanese industry to direct a significant quantity of subject imports to the United States within a reasonably foreseeable time will likely be extremely limited. Historical data concerning order backlogs indicate that the amount of unused capacity in the Japanese CWLDLP industry has been minimal throughout the period of review. Moreover, the industry's substantial current and future commitments to its customers are likely severely to constrain its ability to ship significant quantities of exports to the United States.

The Japanese Industry's Motivation to Increase Shipments. Even if the Japanese CWLDLP industry had the ability significantly to increase shipments to the United States, which it does not, we find that it would lack a substantial incentive to do so. While the U.S. market consumes large quantities of CWLDLP, the United States is not the predominant world market for the product at issue. Projections prepared by Simdex, a commercial service that maintains a database on future pipeline projects, indicate that North American pipeline projects will account for *** percent of estimated worldwide tonnage for pipeline projects in 2008, and *** percent of such tonnage in 2009.[20] By contrast, the world region with the largest anticipated demand for pipeline projects is Asia, whose projects are projected to account for *** percent of estimated worldwide tonnage for pipeline projects in 2008 and *** percent in 2009.[21] Simdex also projects substantial demand for pipeline projects in Europe, Latin America, and the Middle East.[22]

Throughout the period of review, Japanese producers exported CWLDLP to markets worldwide. This includes markets in North America, the Middle East, India, China, other Southeast Asian markets, and Europe. In 2006 and interim 2007, Japan's largest export markets were "all other markets" (which appear principally to be in the Middle East) and in Asian markets other than China.[23]

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[14] CR at IV-36-37; PR at IV-24.

[15] CR at IV-36; PR at IV-24; CR/PR, Table IV-21.

[16] See Japanese Respondents Posthearing Brief, ex. 23 (***).

[17] CR/PR, Table IV-21.

[18] CR/PR, Table IV-15.

[19] CR/PR, Table IV-13.

[20] Japanese Respondents Posthearing Brief, ex. 16. The North American figure includes major Canadian projects and hence overstates tonnage for U.S. projects.

[21] Japanese Respondents Posthearing Brief, ex. 16.

[22] Japanese Respondents Posthearing Brief, ex. 16.

[23] CR/PR, Table IV-15; see Japanese Respondents Prehearing Brief, ex. 34. The sole known barrier to importation of CWLDLP from Japan into countries other than the United States is an 8 percent safeguard that has

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The record does not indicate that the U.S. market offers appreciably higher prices than all other world markets for CWLDLP. During most of 2007, European prices for SAW closely tracked those reported for the United States, although U.S. prices did exceed reported export prices for Japan.[24]

We find that world market conditions in the reasonably foreseeable future are unlikely to provide Japanese CWLDLP producers the incentive to ship significant quantities of subject merchandise to the United States. Particularly because the Asian markets in which the Japanese producers currently export very large quantities of subject merchandise are projected to be larger and to experience more robust growth during the 2007-09 period than the United States,[25] the Japanese producers appear to lack a significant incentive to shift their exports from current markets, particularly when long-standing customer relationships exist in those markets, to increase their presence in the U.S. market.[26] In light of projected worldwide demand patterns, any likely price advantage the United States may possess over other export markets is not of sufficient magnitude to provide an incentive for the Japanese producers to shift significant quantities of subject merchandise from existing export markets to the United States.

Conclusion. We find that the Japanese industry has limited ability and incentive to increase shipments of subject merchandise to the United States significantly upon revocation. The industry's ability to increase shipments in the reasonably foreseeable future is severely constrained by limited unused capacity and the existence of substantial commitments to existing customers. The industry's incentive to switch any uncommitted production is limited by the Japanese industry's current substantial presence in export markets worldwide, particularly the large and growing Asian market. We consequently conclude that any increase in subject imports from Japan will not be significant either in absolute terms or relative to consumption or production in the United States.

III. LIKELY PRICE EFFECTS OF SUBJECT IMPORTS

In the original investigations, the Commission found that cumulated subject imports from Japan and Mexico pervasively undersold the domestic like product, depressing domestic prices to a significant degree.[27]

The record indicates that price plays a moderately important role in purchasing decisions. While 19 of 22 purchasers considered price to be a very important factor in purchasing decisions, price was less frequently named as a very important factor than availability, quality meeting industry standards, product consistency, delivery time, or reliability of supply.[28] Only two of 24 purchasers listed price as the most important factor in purchasing decisions.[29] Additionally, a substantial minority of purchasers (nine of 23)

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[23] (...continued)
been effective in Russia since December 2006. Japanese producers report that the safeguard has not affected their exports to Russia. CR at IV-32; PR at IV-21.

[24] CR/PR, Table IV-35. We relied principally on this table because Table IV-34 involves substantial quantities of nonsubject product and Table IV-36 concerns a product not produced in Japan.

[25] See Japanese Respondents Posthearing Brief, ex. 16 (Simdex data).

[26] We acknowledge that worldwide supply of CWLDLP is also likely to increase during the reasonably foreseeable future, as several new pipe mills are planned in locations such as China, Oman, Ukraine, and Kazakhstan. The planned facilities, however, are responsive to tight supply and increased demand conditions worldwide. See CR at IV-57-58; PR at IV-32-33. There is no indication in the record that growth in worldwide CWLDLP supply is likely to outpace growth in demand for the reasonably foreseeable future.

[27] Original Views, USITC Pub. 3464 at 18.

[28] CR/PR, Table II-7.

[29] CR/PR, Table II-3.

reported a preference for purchasing the domestic like product.[30] Purchaser witnesses testified at the hearing that they generally prefer to purchase from U.S. or Canadian sources, if other criteria are equal.[31] There was additional purchaser testimony that purchasing product produced overseas entailed relatively significant logistical costs; one purchaser indicated its willingness to pay a premium for domestically produced product to avoid the risks associated with the delivery of purchases from overseas.[32]

Subject imports from Japan undersold the domestic like product in the majority of quarterly pricing comparisons during the period of review.[33] Notwithstanding this underselling, subject imports from Japan did not have any significant price effects during the period of review in light of their small presence in a growing market. Prices for the domestic like product were markedly higher at the conclusion of the period of review than at its beginning; peak prices were observed in 2007 for two of the three domestically produced products for which 2007 pricing observations were available.[34] In 2006 the industry reported its most favorable ratio of cost of goods sold (COGS) to net sales values, meaning that during the period of review the industry was able to raise prices more than needed to recover increases in raw materials costs.[35] Similarly, the ratio of COGS to net sales values in interim 2007 was more favorable than that achieved during all but two of the six full calendar years during the period of review.[36] The domestic CWLDLP industry was able to obtain favorable ratios of COGS to net sales values during 2006 and interim 2007 notwithstanding sharp increases in imports from nonsubject sources.[37]

We have previously found that the volume of subject imports from Japan is not likely to be significant if the order is revoked. In light of the likely continuing growth in U.S. demand, and the preference of some customers for the domestic like product over subject imports from Japan due to delivery concerns, we find that any likely increase in subject imports from Japan will be too small to have likely price-suppressing or -depressing effects. We consequently conclude that the subject imports from Japan are not likely to have significant price effects.

IV. LIKELY IMPACT OF THE SUBJECT IMPORTS ON THE DOMESTIC INDUSTRY

In the original investigations, the Commission determined that the domestic industry was materially injured by reason of cumulated subject imports from Japan and Mexico. It found that the domestic industry's condition deteriorated between 1999 and 2000 according to virtually every indicator, with modest improvements in the first half of 2001 attributable to the filing of the petition.[38]

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[30] CR at II-14; PR at II-9.

[31] Tr. at 194 (Morse), 199 (Gillespie).

[32] Tr. at 263 (Paul); INGAA Posthearing Brief, ex. 14.

[33] There was underselling in 26 of 31 quarterly comparisons. CR/PR, Table V-13. This parallels the pattern observed in the original investigation, where subject imports from Japan undersold the domestic like product in 26 of 37 quarterly comparisons. CR at V-12, V-27; PR at V-11-12.

[34] CR/PR, Tables V-3, V-6, V-10. For those products with sufficient observations, prices for subject imports from Japan were also higher at the conclusion of the period of the review than at its beginning. CR/PR, Tables V-5, V-10, V-12.

[35] CR/PR, Table III-13.

[36] CR/PR, Table III-13.

[37] CR/PR, Table IV-1.

[38] Original Views, USITC Pub. 3464 at 19-20. In the final results of its expedited sunset reviews of the antidumping duty orders, the Department of Commerce determined that revocation of the order on CWLDLP from Japan would likely result in the continuation or recurrence of dumping at a weighted-average margin of 30.80 percent for Nippon Steel, 30.80 percent for Kawasaki Steel Corporation, and 30.80 percent for all other Japanese

(continued...)

As previously discussed in the section of the Views of the Commission concerning conditions of competition, U.S. demand for CWLDLP was generally declining or stagnant from 2001 to 2005 due to the combined effects of the Enron collapse and the general economic slowdown following the events of September 11, 2001. During this period of declining to flat demand, industry performance was poor to mediocre, notwithstanding the existence of the orders. The domestic industry's production, shipments, and employment were all lower in 2005 than they were in 2001.[39] Financial performance was at best lackluster: the industry's highest operating margin during the period from 2001 to 2005 was *** percent, and during three of these five years the industry has an operating margin that was under *** percent.[40]

Domestic industry performance improved markedly when U.S. demand increased sharply in 2006. In 2006, production rose by *** percent, the quantity of domestic shipments rose by *** percent, reported capacity utilization increased by *** percentage points, employment rose by *** percent, and the operating margin reached *** percent.[41] During interim 2007, U.S. demand continued to increase. The domestic industry's production, shipments, reported capacity utilization, and employment were all higher in interim 2007 than in interim 2006.[42] The domestic industry's operating margin in interim 2007 was *** percent.[43]

The domestic industry's positive operating performance during 2006 and interim 2007 is particularly noteworthy for two reasons. First, the overall industry results include two producers whose mills were still in their start-up phases and which ***. Dura-Bond, which resumed operations at its mill in 2005, ***. Oregon Steel, which began production at its new HSAW mill in 2007, *** during interim 2007. By contrast, the operating margin for those producers that did not have start-up operations (i.e., all producers other than Dura-Bond and Oregon Steel) was ***.[44]

Second, the positive operating performance in 2006 and interim 2007 coincided with sharp increases in total import volume and market penetration. The quantity of nonsubject imports rose by 72.9 percent from 2005 to 2006 and was 215.1 percent higher in interim 2007 than in interim 2006.[45] The domestic industry's *** percent share of apparent U.S. consumption in 2006 was lower than that during all but one other calendar year during the period of review, and the domestic industry's *** percent share of apparent U.S. consumption during 2007 was lower than that of any calendar year or interim period during the period of review or the original period of investigation.[46]

We find that the domestic industry's improved performance during 2006 and interim 2007 was a function of increased demand and was not to any significant degree related to the antidumping duty orders. We further find that the domestic industry's ability to post strong operating performance during the latter portion of the period of review notwithstanding sharply increasing nonsubject imports and *** by new industry entrants indicates that the domestic industry is not in a vulnerable condition.

Consistent with our findings that the likely volume and likely price effects of subject imports from Japan would not be significant, we find that subject imports from Japan would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share or return on investment

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[38] (...continued)
producers. CR at I-14; PR at I-10.

[39] CR/PR, Tables III-3, III-7, III–12.

[40] CR/PR, Table III-13.

[41] CR/PR, Table C-1.

[42] CR/PR, Tables III-3, III-7, III-12.

[43] CR/PR, Table III-13.

[44] CR/PR, Table III-14 n.2.

[45] CR/PR, Table C-1.

[46] CR/PR, Table I-1.

if the order was revoked.[47] While some additional volume of subject imports from Japan is likely upon revocation, this additional volume is unlikely to have a significant adverse impact in light of continued forecasts of strong demand in the U.S. market, and the domestic industry's large and growing backlog of orders.[48]

V. CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping duty order on CWLDLP from Japan is not 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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[47] The domestic producers submitted an economic analysis purporting to show that the domestic industry will incur large revenue declines upon revocation. As the Commission staff observes, this economic analysis is predicated on several unrealistic assumptions, the most egregious of which is an assumption that there will be no likely growth in demand in the U.S. market. CR at II-23 n.49; PR at II-16 n. 49. We consequently have accorded no weight to this economic analysis.

[48] We acknowledge that some growth in U.S. productive capacity, which potentially could be substantial, is likely by the end of 2009. See CR at III-7-9; PR at III-6-7. Nevertheless, decisions to invest in new mill capacity presumably reflect business decisions that such investments are warranted because of current or projected increases in demand. As discussed in the section of the Views of the Commission on conditions of competition, U.S. demand for CWLDLP is projected to remain strong for the reasonably foreseeable future.

During these reviews, the Commission made numerous attempts to obtain estimates of market demand which domestic producers would have considered in making decisions to invest in new mill facilities. This included a question in the producers' questionnaire asking for production of business plans, follow-up requests made by Commission staff, and requests made at the Commission hearing. See Tr. at 138-39. Two domestic producers which actively participated in these reviews and were represented by counsel– Dura-Bond and Oregon Steel – either opened or re-opened mills during the period of review. CR/PR, Table III-1. Two other domestic producers which actively participated in these reviews and were represented by counsel – Berg and U.S. Steel – have begun or announced the construction of new mills. CR at III-7-8; PR at III-6-7. Nevertheless, of these four producers, only Berg provided any information prepared by the firm or on the firm's behalf concerning likely supply and demand. Berg submitted a ***. Berg Producer Questionnaire Response. U.S. Steel submitted ***, but no market surveys concerning CWLDLP prepared by or for it in connection with the HSAW pipe mill it plans to construct in a joint venture with POSCO and SeAH, notwithstanding that U.S. Steel ***. See Letter from John J. Mangan to Dana Lofgren (June 8, 2007), at 2, Attachments B, C (EDIS Doc. 277688); see also CR at III-8, PR at III-7. Counsel for other domestic producers, including Oregon Steel, whose new mill cost $35 million, stated flatly that the producers had no such documents. CR/PR at III-1 n.1, Table III-1.

We are extremely doubtful that competently managed businesses would invest tens of millions of dollars in new production facilities without performing any prior market research. Nevertheless, we observe that the sole market analysis in the record performed by or for a domestic producer – that commissioned by Berg – supports our conclusion that anticipated increases in U.S. capacity for CWLDLP simply reflect anticipated increases in U.S. demand.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On November 1, 2006, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930 ("the Act"), that it had instituted reviews to determine whether revocation of the antidumping duty orders on certain welded large diameter line pipe ("CWLDLP")[1] from Japan and Mexico would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective February 5, 2007, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the following tabulation.[2]

Effective date	Action
December 6, 2001	Commerce's antidumping duty order on Japan (66 FR 63368)
February 27, 2002	Commerce's antidumping duty order on Mexico (67 FR 8937)
November 1, 2006	Commission's institution of reviews (71 FR 64294)
February 5, 2007	Commission's decision to conduct full reviews (72 FR 6746, February 13, 2007)
February 22, 2007	Commission's scheduling of the reviews (72 FR 9357, March 1, 2007)
March 8, 2007	Commerce's final results of expedited reviews (72 FR 10498)
July 25, 2007	Commission's hearing[1] (*see* *Notice of Revised Schedule*, 72 FR 30832, June 4, 2007)
October 2, 2007	Commission's vote
October 16, 2007	Commission's determinations transmitted to Commerce

[1] A list of witnesses appearing at the hearing is presented in app. B.

The Original Investigations

On January 10, 2001, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of less-than-fair-value (LTFV) imports of CWLDLP from Japan and Mexico.[3] On September 11, 2001, Commerce made a final affirmative dumping determination with respect to Japan, with margins as follows:

[1] The product covered by these reviews is certain welded carbon and alloy steel line pipe, of circular cross section and with an outside diameter ("O.D.") greater than 16 inches (406.4 mm), but less than 64 inches (1,625.6 mm), whether or not stenciled. The product is provided for in subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 of the Harmonized Tariff Schedule of the United States ("HTS"). A complete description of the imported product subject to review is presented in the section of this report entitled *The Subject Merchandise*.

[2] 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.

[3] The petition was filed by Berg Steel Pipe Corp. ("Berg"), Panama City, FL; American Steel Pipe Division of American Cast Iron Pipe Co. ("American"), Birmingham, AL; and Stupp Corp. ("Stupp"), Baton Rouge, LA.

Manufacturer/producer/exporter	Weighted-average margin (*percent*)[4]
Nippon Steel Corporation	30.80
Kawasaki Steel Corporation	30.80
All others	30.80

The Commission made its final affirmative injury determination with respect to Japan on October 26, 2001, and Commerce issued an antidumping duty order on Japan on December 6, 2001.[5]

On January 4, 2002, Commerce made a final affirmative dumping determination with respect to Mexico, with margins as follows:

Manufacturer/producer/exporter	Weighted-average margin (*percent*)[6]
PMT-Tubacero[7]	49.86
All others	49.86

The Commission made its final affirmative injury determination with respect to Mexico on February 19, 2002, and Commerce issued an antidumping duty order on Mexico on February 27, 2002.[8]

Summary Data

U.S. industry data are based on questionnaire responses of seven firms that accounted for the vast majority of U.S. production of CWLDLP during 2006.[9] U.S. import data for Mexico are based on official Commerce statistics and U.S. import data for nonsubject sources are based on official Commerce statistics as revised to exclude ***,[10] while U.S. import data for Japan are based on questionnaire data provided by importers.[11] Table I-1 presents a summary of data from the original investigations and from these reviews. Figure I-1 shows U.S. imports of CWLDLP from Japan and Mexico since 1998.

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[4] *Notice of Final Determination of Sales at Less than Fair Value: Welded Large Diameter Line Pipe from Japan*, 66 FR 47172, September 11, 2001.

[5] *Certain Welded Large Diameter Line Pipe From Japan*, 66 FR 55204, November 1, 2001, *Antidumping Duty Order: Welded Large Diameter Line Pipe From Japan*, 66 FR 63368, December 6, 2001.

[6] *Notice of Final Determination of Sales at Less than Fair Value: Welded Large Diameter Line Pipe from Mexico*, 67 FR 566, January 4, 2002.

[7] In June 2002, PMT was liquidated and its assets sold abroad. *See* "The Industry in Mexico" in Part IV of this report.

[8] *Certain Welded Large Diameter Line Pipe From Mexico*, 67 FR 8556, February 25, 2002, *Antidumping Duty Order: Welded Large Diameter Line Pipe from Mexico*, 67 FR 8937, February 27, 2002.

[9] U.S. industry data are confidential because of the late submission of SAW Pipes' domestic producer questionnaire response after the issuance of the prehearing staff report (which treated the aggregate U.S. industry data as public information). Staff contacted SAW Pipes repeatedly to obtain a questionnaire response. Contact efforts include more than 20 telephone calls and 15 pieces of written correspondence. SAW Pipes eventually provided a partial questionnaire response but without 2001-02 trade and financial data and without any pricing information. To minimize the impact on the data presented in this report, staff used SAW Pipes' domestic producer questionnaire response, with permission, from the original investigations for partial (January-June) 2001 trade data.

[10] This adjustment was also made in the original investigations *** to avoid double-counting. *Certain Welded Large Diameter Line Pipe From Japan and Mexico, Inv. Nos. 731-TA-919 and 920 (Final)*, INV-Y-214, October 17, 2001, table IV-1. *See also* 55 FR 23955, June 13, 1990.

[11] As discussed in greater detail in the section of this report entitled "The Subject Merchandise," the scope of the subject orders reflects numerous exclusions. Because relatively large volumes of imports from Japan consist of these excluded products, official Commerce statistics substantially overstate the quantity and value of subject CWLDLP from Japan.

Table I-1
CWLDLP: Summary data from the original investigations and the current reviews, 1998-2000 and 2001-06, January-June 2006, and January-June 2007
(Quantity=*short tons*; Value=*$1,000*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan.-June 2006	Jan.-June 2007
U.S. consumption quantity: Amount	***	***	***	***	***	***	***	***	***	***	***
Producers' share[1]	***	***	***	***	***	***	***	***	***	***	***
Importer's share: Japan[1]	***	***	***	***	***	***	***	***	***	***	***
Mexico[1]	***	***	***	***	***	***	***	***	***	***	***
Subject[1]	***	***	***	***	***	***	***	***	***	***	***
All other countries[1]	***	***	***	***	***	***	***	***	***	***	***
Total imports[1]	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value: Amount	***	***	***	***	***	***	***	***	***	***	***
Producers' share[1]	***	***	***	***	***	***	***	***	***	***	***
Importer's share: Japan[1]	***	***	***	***	***	***	***	***	***	***	***
Mexico[1]	***	***	***	***	***	***	***	***	***	***	***
Subject[1]	***	***	***	***	***	***	***	***	***	***	***
All other countries[1]	***	***	***	***	***	***	***	***	***	***	***
Total imports[1]	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from-- Japan:											
Quantity	217,138	141,955	173,062	29,795	3,986	3,376	7,594	25,232	13,198	10,483	7,356
Value	152,754	67,209	78,065	16,549	1,969	1,710	5,030	28,323	13,693	10,880	14,661
Unit value	$703	$473	$451	$555	$494	$507	$662	$1,123	$1,038	$1,038	$1,993

Table continued on next page.

Table I-1--*Continued*

CWLDLP: Summary data from the original investigations and the current reviews, 1998-2000 and 2001-06, January-June 2006, and January-June 2007

(Quantity=*short tons*; Value=*$1,000*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan.-June 2006	Jan.-June 2007
U.S. imports from-- Mexico:[3]											
Quantity	24,553	31,570	27,627	13,265	6,245	8,302	159	35	125	101	0
Value	13,063	14,193	12,615	6,624	4,229	5,486	111	59	190	142	0
Unit value	$532	$450	$457	$499	$677	$661	$696	$1,692	$1,518	$1,415	0
Total subject imports--											
Quantity	241,691	173,525	200,689	43,060	10,231	11,678	7,753	25,267	13,323	10,584	7,356
Value	165,817	81,402	90,680	23,173	6,198	7,196	5,141	28,382	13,883	11,022	14,661
Unit value	$686	$469	$452	$538	$606	$616	$663	$1,123	$1,042	$1,041	$1,993
All other countries:[5]											
Quantity	***	***	***	***	***	***	***	422,023	729,575	262,679	827,728
Value	***	***	***	***	***	***	***	428,421	753,567	269,889	1,002,845
Unit value	$***	$***	$***	$***	$***	$***	$***	$1,015	$1,033	$1,027	$1,212
All countries:											
Quantity	***	***	***	***	***	***	***	447,289	742,898	273,262	835,084
Value	***	***	***	***	***	***	***	456,803	767,449	280,912	1,017,506
Unit value	$***	$***	$***	$***	$***	$***	$***	$1,021	$1,033	$1,028	$1,218
U.S. producers'-- Capacity quantity	2,371,246	2,333,217	2,317,620	***	***	***	***	***	***	***	***
Production quantity	1,209,835	901,760	320,425	***	***	***	***	***	***	***	***
Capacity utilization[1]	51.0	38.6	13.8	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*

CWLDLP: Summary data from the original investigations and the current reviews, 1998-2000 and 2001-06, January-June 2006, and January-June 2007

(Quantity=*short tons*; Value=*$1,000*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	Jan.-June 2006	Jan.-June 2007
U.S. shipments: Quantity	862,663	897,870	312,593	***	***	***	***	***	***	***	***
Value	568,660	575,557	176,889	***	***	***	***	***	***	***	***
Unit value	$659	$641	$566	$***	$***	$***	$***	$***	$***	$***	$***
Ending inventory qty.	97,803	53,662	54,331	***	***	***	***	***	***	***	***
Inventories/total shipments[1]	8.3	5.6	16.8	***	***	***	***	***	***	***	***
PRWs	1,318	979	520	***	***	***	***	***	***	***	***
Hours worked (*1,000 hours*)	2,714	1,869	899	***	***	***	***	***	***	***	***
Productivity (*tons/1,000 hours*)	445.7	482.4	356.5	***	***	***	***	***	***	***	***
Net sales: Quantity	1,143,435	967,880	323,850	***	***	***	***	***	***	***	***
Value	758,831	638,986	189,647	***	***	***	***	***	***	***	***
Unit value	$664	$660	$586	$***	$***	$***	$***	$***	$***	$***	$***
Cost of goods sold	676,419	540,980	192,182	***	***	***	***	***	***	***	***
Gross profit or (loss)	82,412	98,006	(2,535)	***	***	***	***	***	***	***	***
SG&A expenses	25,662	35,852	19,663	***	***	***	***	***	***	***	***
Operating income or (loss)	56,750	62,154	(22,198)	***	***	***	***	***	***	***	***
Unit cost of goods sold	$592	$559	$593	$***	$***	$***	$***	$***	$***	$***	$***
Unit operating income or (loss)	$49	$64	($68)	$***	$***	$***	$***	$***	$***	$***	$***
Cost of goods sold/sales[1]	89.1	84.7	101.3	***	***	***	***	***	***	***	***
Operating income or (loss)/sales[1]	7.5	9.7	(11.7)	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
CWLDLP: Summary data from the original investigations and the current reviews, 1998-2000 and 2001-06, January-June 2006, and January-June 2007

[1] In percent.
[2] Less than 0.05 percent.
[3] Imports from Mexico in 2001 were largely from producer *** which was ***. As a result, data on imports from Mexico in 2001, which are based on official import statistics, are greater than the reported 2001 Mexican exports of CWLDLP to the United States presented in part IV of this report.
[4] Not applicable.
[5] U.S. import data for all other sources have been adjusted to exclude imports from *** of cut-to-length plate by *** that were ***.

Note.–Because of rounding, figures may not add to the totals shown. One domestic producer, SAW Pipes, that was included in data from the original investigations and that accounted for *** percent of total CWLDLP production in 2000, did not provide complete data for 2001 and 2002. Data for January-June 2001 collected in the original investigations were used for U.S. industry data to reduce distortion in trends whereas such data were not used for that purpose in the financial data. Accordingly, domestic producer industry data are understated for July-December 2001 and full year 2002. For this reason, comparisons of 2001-02 data with other years in the review period should be made with caution.

Source: Data from the original investigations (1998-2000) were taken from *Certain Welded Large Diameter Line Pipe from Japan and Mexico, Inv. No. 731-TA-919 and 920 (Review)*, confidential staff report, INV-Y-214, October 17, 2001, Table C-1. Data for the current reviews, 2001-06, were compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Figure I-1
CWLDLP: U.S. imports from Japan, Mexico, all other sources, and total imports, 1998-2006, January-June 2006, and January-June 2007

* * * * * * *

PREVIOUS AND RELATED TITLE VII AND SAFEGUARD INVESTIGATIONS

Welded large diameter line pipe has been the subject of two Commission Title VII investigations. In addition to the original investigations that form the basis of the current reviews, in 1984, the Commission conducted antidumping duty investigation No. 731-TA-183 (Preliminary), *Large Diameter Carbon Steel Welded Pipes from Brazil*.[12] The Commission terminated the final investigation in that case after the petitioner (Berg Steel Pipe) withdrew its petition.[13]

In addition, following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974[14] to determine whether certain steel products, including welded large diameter line pipe, of carbon and alloy (other than stainless) steel, were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported article.[15] On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate ("Senate Finance Committee" or "Committee") requesting that the Commission

[12] USITC Publication 1524, May 1984.

[13] *Large-Diameter Carbon Steel Welded Pipes From Brazil, Termination of investigation,* 50 FR 10118, March 13, 1985.

[14] 19 U.S.C. § 2252.

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

investigate certain steel imports under section 201 of the Trade Act of 1974.[16] Consistent with the Senate Finance Committee's resolution, the Commission consolidated the investigation requested by the Committee with the Commission's previously instituted investigation No. TA-201-73.[17] On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission reached an affirmative determination with respect to welded tubular products (including welded large diameter line pipe) other than oil country tubular goods ("OCTG").[18]

On March 5, 2002, following determinations regarding serious injury or threat of serious injury by the Commission under section 202 of the Trade Act of 1974, the President announced the safeguard measures that he planned to implement to facilitate efforts by various domestic steel industries and their workers to make a positive adjustment to import competition with respect to certain steel products. The safeguard measures encompassed 10 different product categories for which the Commission made affirmative determinations or was evenly divided. Presidential Proclamation 7529 implemented the safeguard measures, principally in the form of tariffs and tariff-rate quotas, effective March 20, 2002, for a period of three years and one day. Import relief relating to welded tubular products (other than OCTG) consisted of an additional tariff of 15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year.[19] [20] The President also instructed the Secretary of the Treasury and the Secretary of Commerce to establish a system of import licensing to facilitate the monitoring of imports of certain steel products.[21]

The safeguard measures applied to imports of subject steel products from all countries except Canada, Israel, Jordan, and Mexico, which had entered into free trade agreements with the United States, and most developing countries that were members of the World Trade Organization.[22] The President's initial proclamation also excluded numerous specific products from the measures, and was followed by subsequent additional exclusions.

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[16] 19 U.S.C. § 2251.

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

[18] *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

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

[20] The increased duties were reduced from 15 percent to 12 percent on March 20, 2003.

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

[22] Safeguard measures were not applied to imports from the following countries: Albania, Angola, Antigua and Barbuda, Argentina, Bahrain, Bangladesh, Barbados, Belize, Benin, Bolivia, Botswana, Bulgaria, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Kinshasa), Costa Rica, Cote d'Ivoire, Croatia, Czech Republic, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Fiji, Gabon, the Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea Bissau, Guyana, Haiti, Honduras, Hungary, Indonesia, Jamaica, Jordan, Kenya, Kyrgyzstan, Latvia, Lesotho, Lithuania, Macedonia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mongolia, Morocco, Mozambique, Namibia, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sierra Leone, Slovakia, Solomon Islands, South Africa, Sri Lanka, Suriname, Swaziland, Tanzania, Togo, Trinidad and Tobago, Tunisia, Uganda, Uruguay, Zambia, and Zimbabwe.

In addition, safeguard measures were applied to certain products, but not welded pipe, from the following countries: Brazil, India, Moldova, Romania, Turkey, and Venezuela. Imports of welded pipe from Thailand, however, were subject to the U.S. safeguard measures, notwithstanding that country's designation as a developing country WTO member.

On September 19, 2003, the Commission submitted a mid-term report to the President and the Congress on the results of its monitoring of developments in the steel industry, as required by section 204(a)(2) of the Trade Act of 1974.[23] The Commission's monitoring report noted that, since the safeguard measures were instituted, the U.S. industry producing certain carbon and alloy welded pipe and tube had increased its market share to 62.9 percent from 57.3 percent, that the total quantity of imports from subject sources had declined, and that demand for welded pipe and tube during the relief period also had declined. The review also noted that because of declining demand, the industry's output-related indicators were mixed.[24]

On December 4, 2003, President Bush terminated the U.S. measure with respect to increased tariffs, following receipt of the Commission's mid-point monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, having determined that the effectiveness of the action taken had been impaired by changed circumstances.[25] Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.[26]

On March 21, 2005, the Commission instituted an investigation under section 204(d) of the Trade Act of 1974 for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of certain steel products. The Commission's report on the evaluation was transmitted to the President and the Congress on September 19, 2005.[27]

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

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*

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[23] *Steel: Monitoring Developments in the Domestic Industry, Inv. No. TA-204-9*, USITC Publication 3632, September 2003.

[24] Ibid. at Volume I, p. xvi.

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

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

[27] *Steel: Evaluation of the Effectiveness of Import Relief, Inv. No. TA-204-12*, USITC Publication 3797, September 2005.

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."

Organization of the Report

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C.[28] Responses by U.S. producers, importers, and purchasers of CWLDLP and producers of CWLDLP in Japan and Mexico 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. Comments by U.S. producers, importers, and purchasers of CWLDLP regarding the comparability of electric resistance welded and submerged arc welded CWLDLP and the comparability of helical welded and longitudinal welded CWLDLP are presented in appendix E. Additional data on U.S. producers' shipments of CWLDLP by grade, size, and wall thickness are presented in appendix F. Additional information on production and shipments of CWLDLP by producers in Japan and Mexico is presented in appendix G.

COMMERCE'S REVIEWS

Administrative Reviews

Commerce has completed no administrative reviews of the subject orders.

Commerce's Results of Expedited Five-Year Reviews

On March 8, 2007, Commerce found that revocation of the antidumping duty order on CWLDLP from Japan would likely lead to continuation or recurrence of dumping with margins as follows:

Manufacturer/producer/exporter	Weighted-average margin (*percent*)[29]
Nippon Steel Corporation	30.80
Kawasaki Steel Corporation	30.80
All Others	30.80

[28] Appendix C contains tables depicting the data separated by method of manufacture (table C-1 shows data related to CWLDLP; table C-2 shows data related to CWLDLP produced by the ERW production method; table C-3 shows data related to CWLDLP produced by the SAW method; table C-4 shows data related to CWLDLP produced by the LSAW method; and table C-5 shows data related to CWLDLP produced by the HSAW method).

[29] *Certain Welded Large Diameter Line Pipe from Japan and Mexico: Notice of Final Results of Five-year ("Sunset") Reviews of Antidumping Duty Orders*, 72 FR 10498, March 8, 2007.

On the same date, Commerce found that revocation of the antidumping duty order on CWLDLP from Mexico would likely lead to continuation or recurrence of dumping with margins as follows:

Manufacturer/producer/exporter	Weighted-average margin (*percent*)[30]
PMT-Tubacero	49.86
All Others	49.86

Commerce has not issued a duty absorption determination with respect to these orders.

Commerce's Changed Circumstances Reviews

Commerce completed two changed circumstances reviews on the antidumping duty order on subject imports from Japan. In the first changed circumstances review, the U.S. importer requested, and having received no comments from domestic parties opposing the partial revocation of the order, Commerce made an affirmative determination, that the order on imports from Japan be revoked with respect to imports meeting the following specifications and sizes: in American Petroleum Institute ("API") grades X-80 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.90 inch or more; and, in API grades X-100 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more.[31] In the second changed circumstances review, U.S. importer BP America requested an exclusion and the domestic interested parties consented to the request.[32] Therefore Commerce made an affirmative determination, that large diameter line pipe with an API grade X-80 having an outside diameter of 21 inches and wall thickness of 0.625 inch or more be excluded from the order on Japan.[33]

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA") (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.[34] During the review period, qualified U.S. producers of CWLDLP were eligible to receive disbursements from the U.S. Customs and Border Protection ("Customs") under CDSOA relating to the two antidumping duty orders on the subject merchandise beginning in Federal fiscal year 2002.[35] Tables I-2 and I-3 present CDSOA disbursements and claims for Federal fiscal years (October 1-September 30) 2002-06, by source and by firm, respectively.

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[30] Ibid.

[31] *Certain Welded Large Diameter Line Pipe from Japan: Final Results of Changed Circumstances Review*, 67 FR 64870, October 22, 2002.

[32] American, Berg, and Stupp filed a letter with Commerce on May 21, 2002, fully consenting to the exclusion of these sizes from the antidumping duty order on imports from Japan. Ibid.

[33] *Final Results of Changed Circumstances Review: Certain Welded Large Diameter Line Pipe from Japan*, 71 FR 62584, October 26, 2006.

[34] Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675c) (repealed 2006).

[35] 19 CFR 159.64 (g).

Table I-2
CWLDLP: CDSOA disbursements, by source, Federal fiscal years 2002-06

Source	Federal fiscal year				
	2002	2003	2004	2005	2006
	Disbursements (*$1,000*)				
Japan	0	1,331	64	732	2,276
Mexico	0	0	0	0	0
Total	0	1,331	64	732	2,276

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.

Table I-3
CWLDLP: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2002-06

Firm	Federal fiscal year				
	2002	2003	2004	2005	2006
	Disbursements (*$1,000*)				
American Steel Pipe	0	259	15	198	582
Berg Steel Pipe Corp.	0	485	24	261	922
Stupp Corp.	0	508	23	250	697
U.S. Steel	0	79	3	23	74
Total	0	1,331	64	732	2,276
	Claims (*$1,000*)				
Total	12,818	570,597	422,095	1,395,557	1,130,645

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

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the imported product subject to the scope of these reviews as:

> *. . . certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute ("API") specifications, including grades A25, A, B, and X grades ranging from X-42 to X-80, but can also be produced to other specifications.*
>
> *Specifically not included within the scope of these investigations is American Water Works Association ("AWWA") specification water and sewage pipe and the following size/grade combinations of line pipe:*
> - *Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.*

- *Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X-42, with wall thickness measuring greater than 0.750 inches in grades X-52 through X-56, and with wall thickness measuring greater than 0.688 inches in grades X-60 or greater.*
- *Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X-42, with wall thickness measuring greater than 1.000 inches in grades X-52 through X-56, and with wall thickness measuring greater than 0.875 inches in grades X-60 or greater.*
- *Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X-42, with wall thickness measuring greater than 1.250 inches in grades X-52 through X-56, and with wall thickness measuring greater than 1.125 inches in grades X-60 or greater.*
- *Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X-42, with wall thickness measuring greater than 1.375 inches in grades X-52 through X-56, and with wall thicknesses measuring greater than 1.250 inches in grades X-60 or greater.*
- *Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X-80 or greater.*
- *Having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.90 inch or more in grade X-80- applicable to imports from Japan only.*
- *Having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more in grade X-100- applicable to imports from Japan only.*[36]

U.S. Tariff Treatment

Subject CWLDLP is currently covered by statistical reporting numbers 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, and 7305.19.5000 of the Harmonized Tariff Schedule of the United States ("HTS").[37] CWLDLP enters the United States free of duty under column 1, or at a column 2 rate of 5.5 to 10 percent.

[36] In addition, on October 26, 2006, Commerce determined that large diameter line pipe of an API grade of X-80, with an outside diameter of 21 inches and wall thickness of 0.625 inches was excluded from the scope of the antidumping duty order on CWLDLP from Japan. *Certain Welded Large Diameter Line Pipe from Japan and Mexico: Notice of Final Results of Five-year ("Sunset") Reviews of Antidumping Duty Orders*, 72 FR 10498, March 8, 2007.

[37] The HTS numbers are provided for convenience and customs purposes. The written description of the merchandise covered by the orders is dispositive.

THE DOMESTIC LIKE PRODUCT

Description and Applications[38]

Steel pipes and tubes are made in circular, rectangular, or other cross sections and can be divided into two general categories according to the method of manufacture – welded or seamless.[39] AISI has defined six end-use categories: line pipe, standard pipe, structural pipe and tubing, mechanical tubing, pressure tubing, and OCTG.[40] AISI specifically defines line pipe as follows:

> *Line pipe*.– Used for transportation of gas, oil or water generally in a pipeline or utility distribution system. It is produced to American Petroleum Institute (API) and American Water Works Association (AWWA) specifications.[41]

The API designates standards for different classes and grades of line pipe according to types, sizes, and strengths. API specification 5L provides standards for "pipe suitable for use in conveying gas, water, and oil in both the oil and natural gas industries."[42] CWLDLP is line pipe with an outside diameter greater than 16 inches but less than 64 inches (excluding water pipe as specified by the AWWA and certain size/grade combinations of line pipe).

CWLDLP is produced by one of two major manufacturing methods. The first method, submerged arc welding ("SAW"), encompasses both helical (or spiral) welding ("HSAW") and longitudinal welding ("LSAW"). The second method is electric resistance welding ("ERW"). These manufacturing methods all use high strength low alloy steels but differ in several respects. First, HSAW and ERW pipe are both made from steel coils whereas LSAW is made from steel plates.[43] Because of the helical wrap of the steel HSAW pipe size is not limited by the coil width and is generally used for larger diameter projects. ERW is limited by the coil width and is accordingly suitable for thinner walled and smaller diameter pipes.[44] The manufacturing of HSAW and ERW is a continuous forming process that is completed in one step versus the multi-step, piece-by-piece production of LSAW. HSAW and ERW pipe are generally used in less demanding applications, while LSAW is preferred in more demanding

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[38] The content of this section is largely drawn from the report issued in the original investigations, *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919,* USITC Publication 3464, November 2001, pp. I-6-I-11.

[39] Welded pipe is more commonly used to transport liquids at or near atmospheric pressure. Seamless pipe is more commonly used in demanding applications that require exceptional strength, high pressure containment, and a great degree of reliability. Ibid., p. I-6.

[40] Standard, line, and pressure pipe are generally intended to convey substances and are typically tested and rated for their ability to withstand internal hydrostatic pressure. Structural pipe and tubing is used for construction and load-bearing purposes. Mechanical tubing is used in specific mechanical applications typically in the aircraft, automotive, and furniture industries. Ibid., p. I-6. OCTG are tubular steel products used in oil and gas wells and include casing, tubing, and drill pipe. *Oil Country Tubular Goods From Argentina, Italy, Japan, Korea, and Mexico, Inv. Nos. 731-TA-711 and 713-716 (Second Review*), June 2007, p. I-26.

[41] Ibid., p. I-6, and *Instructions for Reporting Steel Shipment Statistics*, AISI, January 1988.

[42] The specification covers seamless and welded steel line pipe. *Specifications for Line Pipe,* API Specification 5L, 43rd edition, March 2004, p. 1.

[43] LSAW pipe is the more traditional form of SAW pipe and can be made with a single weld (if one steel plate is used) or double weld (if two steel plates are used).

[44] United States Steel, *The Making, Shaping and Treating of Steel*, 10th Edition, p. 1029.

applications because of its weld strength. Typically LSAW is the more expensive form of CWLDLP. Each type of CWLDLP is described in greater detail below.

The National Association of Steel Pipe Distributors ("NASPD") reports that SAW pipe is:

- produced in sizes from 16 inches through 72 inches O.D. and from 0.250 inch through 1.5 inches in wall thickness;
- used in high pressure gas and oil transmission lines (both onshore and offshore), structural members, and pipe piles;[45] and
- purchased by liquid and gas transmission companies, hammer companies, construction contractors, platform fabricators, and pipe distributors.

According to NASPD, ERW pipe is:

- normally produced in sizes from 2-3/8 inches through 24 inches O.D.;
- primarily used as API line pipe for the transmission of gas and oil, and is also used for the transmission of water, under AWWA specifications, as piling and slurry pipe and in mechanical applications; and
- purchased by oil companies, steel fabricators, piling contractors, dredging contractors, pipe distributors, and pipe line companies.[46]

Manufacturing Processes[47]

The API 5L specification provides for a number of line pipe manufacturing processes with and without filler metal and permits both ERW and SAW processes in all grades and classes of large diameter line pipe.[48] Because of different equipment and procedures, domestic producers manufacture CWLDLP using either the HSAW, LSAW, or ERW process, but not any two side by side.[49] However, one of the four known producers/exporters in Mexico produces the subject products using both SAW and ERW processes and likewise two of the three known producers/exporters in Japan use both processes. Table I-4 presents available information relating to domestic and foreign producers' production capabilities.

[45] Ibid., p. 6. NASPD also reports that "(w)ith the development of the SAW process, the production of large hot rolled coils of sufficient width and the development of dependable non-destructive testing methods, it is now possible to produce spiral weld pipe for high pressure service." Ibid., p. 7.

[46] *Tubular Products Manual*, NASPD, 1996, pp. 5-7.

[47] The content of this section is largely drawn from the report issued in the original investigations, *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919,* USITC Publication 3464, November 2001, pp. I-7-I-11.

[48] *Specification for Line Pipe*, API Specification 5L, 42nd edition, January 2000, pp. 5-6, and *Specification for Line Pipe*, API Specification 5L, 43rd edition, March 2004, table 1, p. 34.

[49] Berg is building a new HSAW mill in Alabama and U.S. Steel has a joint venture with Korean pipe producers SeAH Steel Corp. and POSCO Ltd., to construct an HSAW manufacturing facility in Pittsburg, California.

Table I-4
CWLDLP: Producers' production process and capabilities, by country and specifications

Country and firm	Production process	Size (*inches O.D.*)	Wall thickness (*inches*)	Length (*feet*)	API line pipe specifications/ grades
UNITED STATES:					
American	ERW	***	***	***	5L B through X-80-PSL 2
Berg	LSAW	***	***	***	B, X-42, X-52, X-56, X-60, X-65, X-70, X-80[1]
Camp-Hill/U.S. Steel[2]	ERW	***	***	***	5L B, X-42, X-46, X-52, X-56, X-65, X-70
Dura-Bond	LSAW	***	***	***	X-42 to X-80, PSL 1 and PSL 2
Oregon	HSAW	***	***	***	API 5L B to X-80[3]
SAW Pipes	LSAW	***	***	***	API 5L B to X-80[4]
Stupp	ERW	***	***	***	API-5L, all grades through X-80[5]
JAPAN:					
JFE Steel	ERW	***	***	***	5L B to X-100
	LSAW	***	***	***	5L B to X-100
Nippon	LSAW	***	***	***	5L B to X-80
	ERW	***	***	***	5L B to X-70
Sumitomo	LSAW	***	***	***	A 25 to X-120
MEXICO:					
Tubacero	ERW	***	***	***	5L A to 5L X-80
	LSAW	***	***	***	5L A to 5L X-80
Tuberia Laguna	ERW	***	***	***	5L B to X-52
Tuberias Procarsa	ERW	***	***	***	5L B to X-65
Tubesa	HSAW	***	***	***	5L B to X-65

[1] Berg also produces pipe to ASTM standards.
[2] During the review period, the subject products were produced for U.S. Steel under a toll processing agreement with Camp-Hill Corp. in McKeesport, PA.
[3] Oregon also produces pipe to ASTM A252 standards.
[4] SAW Pipes also produces pipe in ASTM A252 grades 2 and 3.
[5] Stupp also produces pipe to ASTM, ASME, and AWWA standards.

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

Pipe manufacturing refers to how the individual pieces of pipe are made in a pipe mill; it does not refer to how the pieces are connected in the field to form a continuous pipeline. Each piece of pipe produced by a pipe mill is called a joint or a length (regardless of its measured length). In some cases, pipe is shipped to the pipeline construction site as a "double joint," where two pieces of pipe are pre-welded together to save time.[50]

CWLDLP is produced from steel of weldable quality. Carbon and alloy steels[51] are the most common materials used because of their high strength and moderate costs. All CWLDLP production includes forming, welding, and finishing operations but the details of these steps differ by production method as described below.

SAW Pipe

The API 5L specification provides for a number of SAW pipes as follows:

(1) Helical SAW pipe ("HSAW") – Pipe that has one helical seam produced by the automatic SAW process. (This type of pipe is also known as spiral weld pipe).

(2) Longitudinal SAW pipe ("LSAW") – Pipe that has one longitudinal seam produced by the automatic SAW process. At least one pass shall be on the inside and at least one pass shall be on the outside.

(3) Double seam SAW pipe ("DSAW") – Pipe that has two longitudinal seams produced by the automatic SAW process.[52]

Forming stage

HSAW pipe is produced by a process of spiral welding in which a coiled steel strip is loaded on the decoiler of the spiral pipe machine. The strip is straightened and edges are milled to the desired joint geometry. The strip is guided into a forming station, where it is formed to produce a cylindrical hollow body at a predetermined forming angle, ensuring a proper welding gap between the abutting edges. Inside, and later, outside welding is performed by an automatic submerged arc process.[53]

LSAW and DSAW pipes are produced from cut-to-length steel plate. Each individual plate proceeds through various steps including (a) shearing and edge planing to ensure that the plate is flat and

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[50] GE Energy, "The Four Methods of Manufacturing Pipes," found at http://www.gepower.com/prod_serv/serv/pipeline/en/about_pipelines/pipe_mfg.htm, retrieved August 23, 2007.

[51] The AISI defines *carbon steels* as all ferrous materials other than alloy and stainless steel which are usefully malleable and which contain by weight 2 percent or less of carbon. Small quantities of certain residual elements, such as copper and nickel, are considered as incidental. It defines *alloy steels* as steels which do not comply with the definition of stainless steel and contain specific shares, by weight, of a variety of elements including aluminum, boron, chromium, cobalt, copper, lead, manganese, molybdenum, nickel, niobium, and silicon. These elements serve to improve the hardenability and toughness of the steel. It further defines *stainless steels* as alloy steels containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium with a minimum of 50 percent of iron. *Instructions for Reporting Steel Shipment Statistics*, AISI, January 1988.

[52] *Specification for Line Pipe*, API Specification 5L, 43rd edition, March 2004, p. 7.

[53] The spiral weld forming process allows large diameter pipe to be produced from narrower plates. Crescent Steel and Allied Product Ltd., found at http://www.crescent.com.pk/spiral_welded_steel_pipes.htm, retrieved June 13, 2007.

aligned so that the two edges of the steel plate are parallel and square with the ends, (b) crimping or bending of the plate edges in order to avoid a flat surface along the seam of the pipe, and (c) bending the plate to the desired form.

The two primary methods of shaping line pipe in the SAW process are the pyramid rolling and the U-O-E methods. The pyramid rolling machine consists of an elongated three-roll bending apparatus with the two bottom rolls fixed and the top roll movable along a vertical plane. The steel plate moves into position beneath the top roll and, through the proper combination of force and counterpressure, is shaped into a cylinder around the top roll. The edges of the pipe are formed by a continuous crimping machine, which prepares the edges for welding. When this is accomplished, the pipe is welded along the joint axis. Finally, the pipe is sized to ensure that it meets specifications on roundness and diameter at the ends. The sizing machine consists of a top and bottom roll shaped to the desired configuration of the pipe. Pressure is applied on the top roll to exert a force on the pipe as it is passed between the two rolls.

In the U-O-E method, the plate is crimped by bending the edges upward; it then enters the U-press, where a die bends it into a "U" shape. Next, the "U" enters the O-press, where the walls of the "U" are forced together, resulting in an "O" shaped pipe. The pipe is then welded along the joint axis. In order to round the pipe and to ensure proper yield strength (which may be reduced in the O-press), two methods of expansion are utilized, mechanical and hydraulic. In the mechanical expander, the pipe is moved over a head mechanism with symmetrical segments that can exert force on the inside of the pipe, thereby causing it to expand. In the hydraulic expander, the pipe is closed at both ends, filled with water and then pressurized. Under high pressure, the pipe expands to fill outside dies of the desired size. The pipe is then tested and inspected.

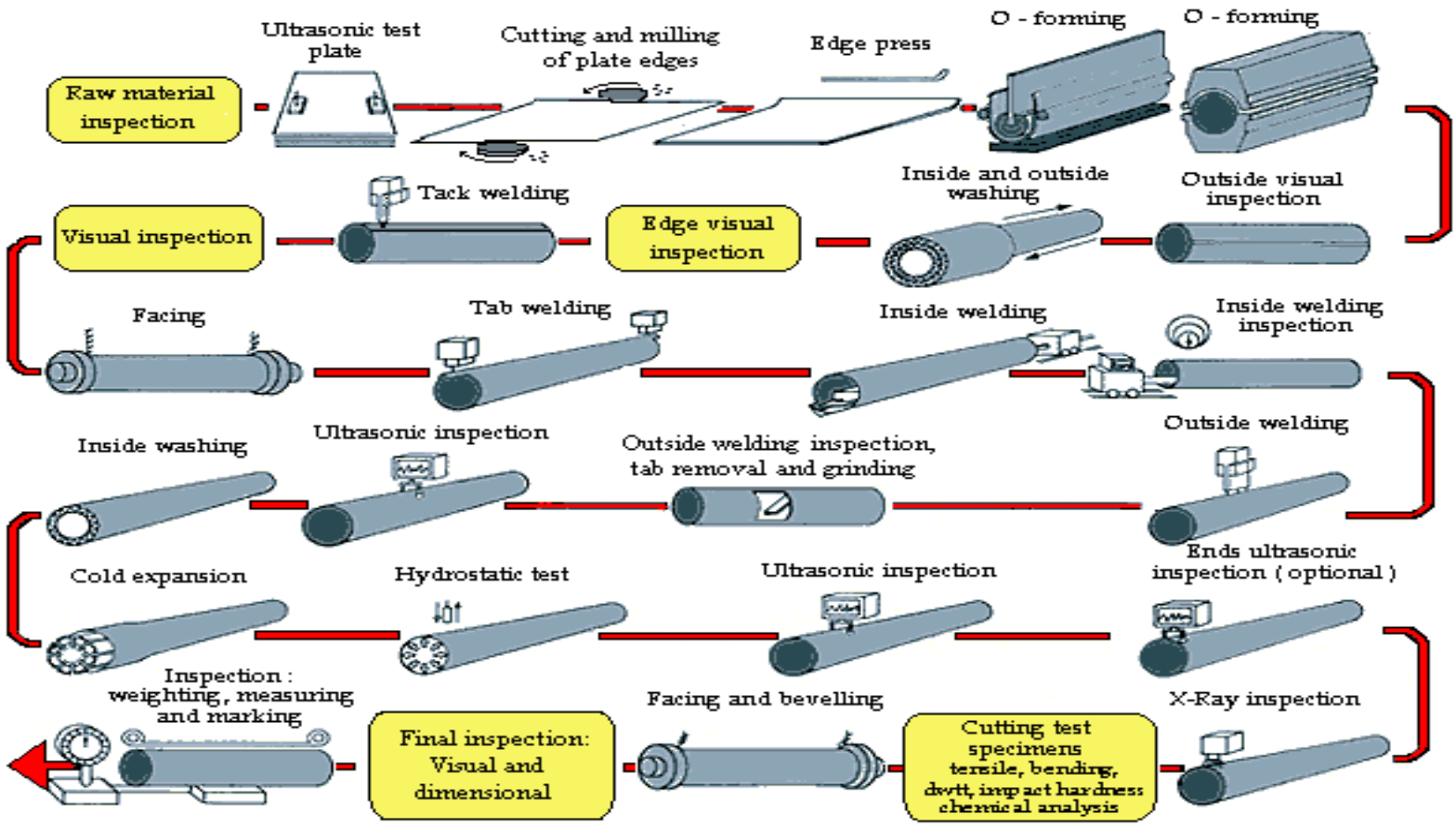
SAW pipe (other than HSAW) is welded with the metal edges heated with an electric arc between the edges and a consumable electrode or electrodes which provide the filler metal. The weld is blanketed by a shield of granular, fusible flux to protect the hot weld from chemically reacting with the surrounding air. Pipes usually are welded on both the outside and the inside of the same seam.

Following the welding process, the scaly deposit left from the flux must be scraped away and the pipe cleaned. The weld is then inspected to correct any defects. Specific heat treatments can be performed to achieve the desired physical properties for the weld section.

Sizing or expanding, testing, and finishing stage

Subsequent to the welding stage, the final diameter for the pipe is obtained by means of a hydraulic press that forces the pipe shell against an outside retaining jacket. Alternatively, expansion can also be achieved mechanically by inserting a mandrel inside the pipe. Following this stage, the pipe may be subject to various tests including hydrostatic testing and X-ray examination of the weld in order to detect any defects and, if necessary, would undergo finishing of the pipe ends including beveling. Figure 1-2 illustrates the SAW manufacturing process.

Figure I-2
CWLDLP: SAW manufacturing process



Source: www.ultrasonic.de/article/wcndt00/papers/idn331/fig1.gif, retrieved June 12, 2007.

ERW Pipe

ERW pipe is formed from hot-rolled coil produced on a hot-strip mill. The forming stage of ERW pipe begins with a single-width strip, sometimes referred to as "skelp." The width of the strip is equal to the perimeter of the pipe to be welded but the edges may be sheared to pre-specified widths. The lead end of each coil is squared for threading into the mill. The cold strip is continuously formed into a circular shape by shaped rolls. In the welding stage, the as-yet unwelded pipe is heated by electric resistance or electric induction to the desired temperature, then the formed edges are mechanically pressed together to form a seam. This welding process does not need a filler metal. Instead, the welding pressure causes some of the metal to be squeezed from the joint, forming a bead of metal on the inside and the outside of the tube. This bead, or welding flash, is usually trimmed from both the inside and the outside surfaces. Operators examine and adjust the weld parameters, including temperature and inside and outside diameters through computerized monitors during this stage.[54] The pipe is then cut to length and final testing and finishing are highly similar to those of the SAW production process. Figure 1-3 illustrates the ERW manufacturing process.

Marketing

Commercial sales of CWLDLP are made to end users as well as to distributors. CWLDLP is sold to distributors that supply pipe for repair and maintenance of existing pipelines, and pipe for non-contract gas transmission companies, contractors, fabricators, and other distributors. End users of CWLDLP include oil and gas companies that purchase pipe for pipeline projects.[55] Table I-5 presents data on U.S. producers' and importers' shipments of CWLDLP by channel of distribution. Both U.S. producers' and importers' shipments of CWLDLP are predominantly to end users.

Table I-5
CWLDLP: U.S. producers' and U.S. importers' channels of distribution, 2001-06, January-June 2006, and January-June 2007

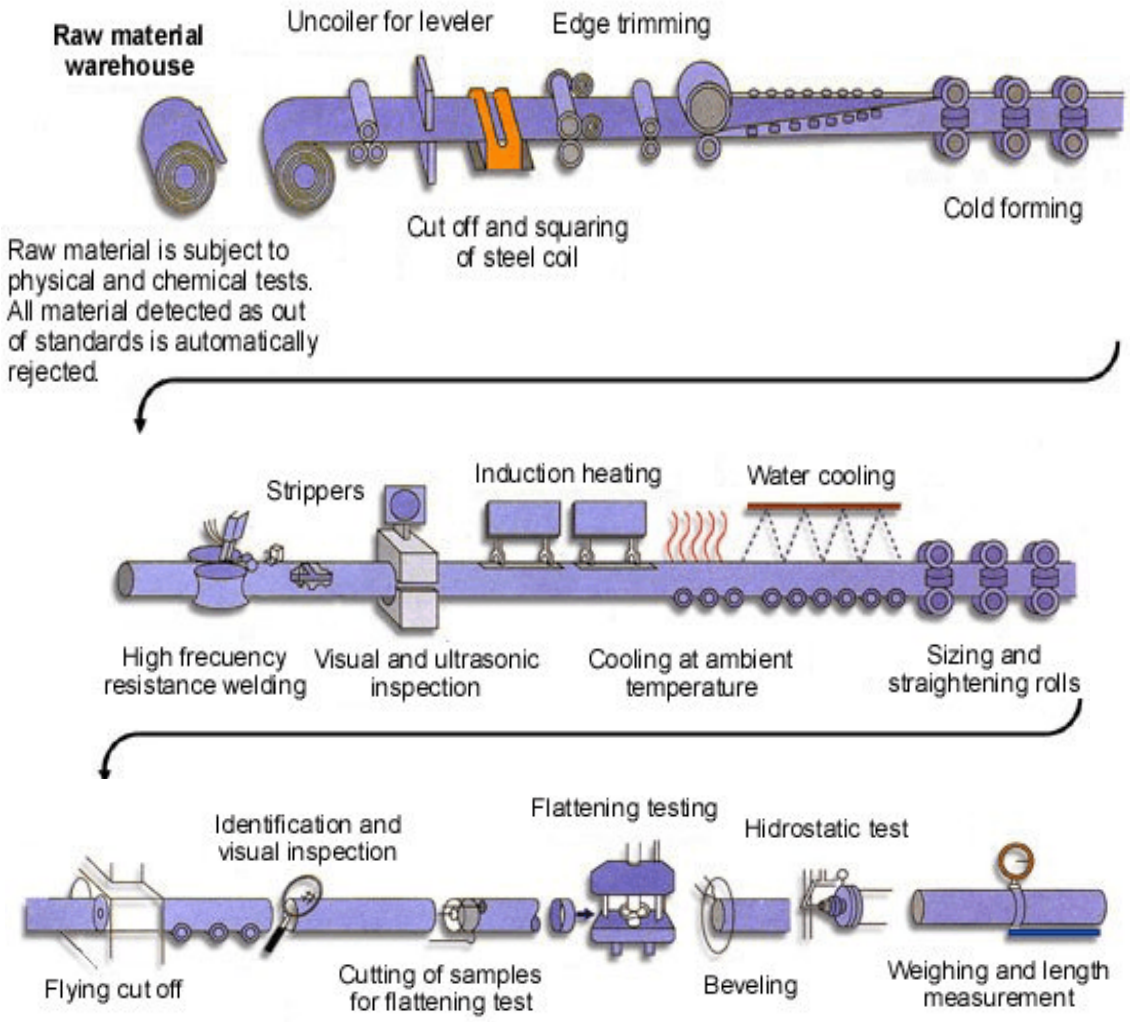
Item	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Share (*percent*)							
Share of U.S. producers' U.S. shipments--								
To distributors	***	***	***	***	***	***	***	***
To end users	***	***	***	***	***	***	***	***
Share of U.S. importers' U.S. shipments--								
To distributors	13.7	20.7	13.1	4.4	20.5	9.5	13.4	8.8
To end users	86.3	79.3	86.9	95.6	79.5	90.5	86.6	91.2

Source: Compiled from data submitted in response to Commission domestic producer and importer questionnaires.

[54] "American," *American Steel Pipe*, ASP-11/02-2M, Manufacturing, pp. 1-7-1-9.

[55] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final*), USITC Publication 3464, November 2001, I-15.

Figure I-3
CWLDLP: ERW manufacturing process



Source: Tuberia Laguna website, www.tuberialaguna.com, retrieved June 12, 2007.

DOMESTIC LIKE PRODUCT ISSUES

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 processes, and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.[56]

[56] Appendix E contains comments by U.S. producers, importers, and purchasers regarding the comparability of ERW and SAW CWLDLP and the comparability of spiral-welded and other longitudinally-welded CWLDLP.

In its original determinations, the Commission found the appropriate domestic like product to be coextensive with Commerce's scope after examining whether CWLDLP made by the ERW process and by the SAW process should be treated as separate domestic like products.[57] The Commission reached its finding of a single like product because both ERW and SAW line pipe are sold through similar channels of distribution, share the same general physical characteristics, and are used primarily for the same general purpose, namely the transmission of oil and gas. The Commission found a moderate degree of interchangeability between ERW and SAW line pipe and noted that the two products are typically perceived as meeting overlapping needs in the transmission of oil and gas and in structural applications. The price differential between the types declined sharply at the end of the period examined. Finally, although ERW and SAW line pipe were found not to share common manufacturing facilities, employees or methods in the United States, the Commission observed that similar distinctions also exist among various SAW manufacturing methods, thus blurring the significance of dividing lines with respect to this factor.[58]

In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution, respondent interested parties urged the Commission to revisit its prior definition. The Japanese producers advocated dividing the like product into separate categories for ERW and SAW pipe. They argued that there is little competitive overlap in the market because ERW line pipe is usually smaller than SAW pipe (in terms of outside diameter), customers view them differently, use them for different applications, and specify which type they require when ordering.[59] Two of the Mexican producers, Tuberia Laguna, S.A. de C.V. ("Tuberia Laguna") and Tuberias Procarsa de S.A. de C.V. ("Procarsa"), argued for a separate like product distinction between ERW and SAW pipe because ERW and SAW pipe have "significantly different physical characteristics and uses," "are not generally interchangeable," "are sold through different channels of distribution," customers recognize the differences between the two types, they are made using different equipment, raw materials and employees, and the prices are "significantly different."[60] A third Mexican producer, Tubacero, S.A. de C.V. ("Tubacero"), argued for three separate like products, based on the same purported differences listed above, comprising ERW, LSAW, and HSAW.[61] In its comments, the Interstate Natural Gas Association of America ("INGAA") urged the Commission to find a separate like product for SAW pipe or, in the alternative, to recognize the product distinctions between ERW and DSAW in its analysis of the conditions of competition.[62] The domestic interested parties did not address this issue in their comments.

In its prehearing brief filed in these reviews, the domestic interested parties urged the Commission once again to define a single domestic like product corresponding to the scope of the reviews.[63] The Japanese respondents, the Mexican respondents, and INGAA did not address the issue in

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[57] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final),* USITC Publication 3464, November 2001, p. 6.

[58] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final),* USITC Publication 3464, November 2001, pp. 9-10.

[59] Japanese producers' response to the notice of institution, pp. 13-14.

[60] Tuberia Laguna's response to the notice of institution, pp. 6-7; Procarsa's response, pp. 6-7.

[61] Tubacero's response to the notice of institution, pp. 7-8.

[62] The Interstate Natural Gas Association of America's response to the notice of institution, pp. 14-15.

[63] Domestic producers' public prehearing brief, p. 3. Counsel on behalf of U.S. Steel did not address the issue of the domestic like product in its prehearing brief.

their prehearing briefs, nor did any party address the issue at the hearing held in connection with these reviews or in their posthearing briefs.[64]

Physical Characteristics and Uses

In questionnaire responses, U.S. producers, importers, and purchasers of CWLDLP generally reported that ERW and SAW CWLDLP exhibit overlapping physical characteristics. Both products are manufactured to the requirements of API specification 5L and share common or similar physical and metallurgical specifications. Both forms of CWLDLP use high-strength, low-alloy steels. However, because ERW pipe is made from steel coils, its diameter is limited by available coil widths. SAW pipe is generally made from steel plates and does not have the same diameter limitations. There is some overlap in pipe size: the largest diameter of ERW pipe produced in the United States is 24" (610 mm) while SAW pipe is made in diameters of 18" (406 mm) and larger. Spiral-welded (or HSAW) pipe typically is manufactured in diameters of 26" (660 mm) and larger. In general, both ERW and SAW CWLDLP are used primarily for the transmission of oil and gas. ERW pipe is commonly used in onshore or shallow offshore applications while SAW pipe can be used for high pressure, deepwater, and critical applications.

In questionnaire responses, U.S. producers, importers, and purchasers of CWLDLP indicated that the general physical characteristics and uses of spiral-welded and longitudinally-welded CWLDLP are similar, and both are manufactured to the requirements of API specification 5L. Spiral-welded CWLDLP is made from steel coils and as a result can be produced in lengths reaching 80 feet. Longitudinally-welded CWLDLP made from steel plates is limited to 40-foot lengths. Both are used in similar applications, the transmission of oil and gas. However, offshore applications may require longitudinally-welded pipe. According to some questionnaire respondents, spiral-welded pipe is more commonly accepted outside of the United States.

Manufacturing Facilities and Production Employees

In their questionnaire responses, the U.S. producers and importers of CWLDLP described the manufacturing of ERW and SAW CWLDLP and stated that there is very little interchangeability between the production equipment used in either process. SAW pipe is welded by the submerged arc welding process, which involves two weld passes and requires a flux material. The faster ERW method employs electric resistance welding to which no filler metal is added. According to questionnaire respondents, the ERW production method is faster because it begins with a hot-rolled coil that undergoes a continuous forming process while SAW production is slower and done in a piece-by-piece process because of joint length capabilities. Although the forming and welding of these pipes differ, similar processes are used in the finishing, inspection, and testing of both types. ERW and SAW pipe both require skilled workers, although one producer stated that SAW production requires a more highly skilled workforce.

Spiral CWLDLP is made from steel coils whereas longitudinal CWLDLP is made from steel plates. Both types have full-penetration welds, require filler metal during the welding process, and undergo the same testing. In the spiral process, the coiled steel strip is passed through roller-bending machinery that wraps the strip to form a cylindrical pipe. In some spiral processes, a tack weld[65] is applied, while in other processes, the pipe proceeds immediately into the submerged arc weld without the benefit of tack-welding. The weld seam is closed using SAW techniques similar to those used for DSAW

[64] However, the Japanese respondent interested parties did assert that the increased acceptance of HSAW pipe has fundamentally changed the conditions of competition. Japanese respondent interested parties' public posthearing brief, p. 9.

[65] A tack weld is used for holding metal parts in position temporarily and is made by welding at isolated points.

pipe. At least one submerged arc welding pass is made on the inside of the pipe, and at least one pass is made on the outside surface of the pipe. Spiral-welded pipe has a larger amount of weld area than a longitudinally-welded pipe.

In the longitudinal process, the single steel plate is formed into rounds. The opening is tack-welded closed and then the final weld closure is made using submerged-arc welding methods. In this welding method, at least one submerged arc welding pass is made on the inside of the pipe, and at least one pass is made on the outside surface of the pipe. The metal from the outside pass fuses through the deposited tack weld and into the metal deposited during the inside pass, thus creating a full-penetration weld.

Interchangeability

In commenting on the interchangeability of ERW and SAW CWLDLP, U.S. producers, importers, and purchasers stated that they are largely interchangeable where they overlap in size and pressure ranges. According to respondents who commented on this factor, SAW can be used in most ERW applications and ERW users will accept SAW. However, some SAW users will not accept ERW, because it is deemed less reliable in critical applications. One producer commented that because of its more economical manufacturing, ERW is preferred within the overlapping dimensions up to 24". Both products are used in pipeline product conveyance and structural/building applications. Several respondents reported that ERW and SAW pipe do not typically compete with each other directly, because there is very little size overlap, but that they complement one another because of their size differences.

U.S. producers', importers', and purchasers' comments on the interchangeability of spiral- and longitudinally-welded pipe echoed those made regarding ERW and SAW pipe. According to respondents, where the types overlap for a given diameter, wall thickness and grade, there can be broad interchangeability. Still, longitudinally-welded pipe is preferred over spiral pipe for certain offshore applications and sour service requirements.[66] One importer stated that some customers believe that spiral-welded pipe has less weld seam toughness than longitudinally-welded pipe. Another remarked that spiral-welded pipe is gaining wider acceptance for severe conditions.

Customer and Producer Perceptions

In commenting on customer and producer perceptions, U.S. producers, importers, and purchasers stated that there are essentially no differences in sales and marketing practices between ERW and SAW CWLDLP. ERW is typically priced lower than SAW because of its lower cost of production. According to respondents, customer perceptions are based on specific weld quality and SAW is perceived as being of higher quality and stronger than ERW, and thus is more desirable for high-pressure and offshore applications. Customers perceive ERW as more readily available but less reliable with respect to weld toughness and therefore better suited to lower-pressure onshore and/or shallow-water applications.

In commenting on customer and producer perceptions, U.S. producers, importers, and purchasers stated that longitudinally-welded pipe is widely considered to be more reliable and of a higher quality than spiral-welded pipe. In part this perception stems from the inherent potential for geometric variation in spiral-welded pipe. For these reasons, longitudinally-welded pipe enjoys greater acceptance and is preferred for critical service applications where reliability is essential. According to respondents, customers that use pipe for piling fear that spiral-welded pipe will break at the weld seam when it is

[66] Sour service requirements are those where hydrogen sulfide (H_2S) is present. When H_2S reacts with carbon steel, corrosion of the carbon steel pipe can occur. "Recommended Practice for Sour-Service Piping Components," *Pipeline Research Council International*, found at http://www.prci.com/publications/L51789e.cfm, retrieved June 29, 2007.

driven into the ground. However, spiral-welded pipe reportedly is gaining acceptance among consumers, in part because of the lower price (resulting from the lower-cost steel coil input and the continuous production process). According to purchasers, spiral-welded CWLDLP was not previously marketed in the United States for gas pipeline use, because domestic mills did not make the product. Until recently, longitudinally-welded pipe was the only domestic choice available. Recently, spiral-welded pipe has achieved acceptance in onshore applications, but offshore use of spiral-welded pipe is currently very limited.

Channels of Distribution

U.S. producers and importers reported that distribution channels are the same for ERW and SAW pipe. Both types of CWLDLP are marketed directly to end users and also sold through distributors. Sales that are made directly to end users usually are project-related or sales of non-standard line pipe. Distributors also purchase ERW and SAW line pipe in the larger quantities required by the steel mills and break them into the smaller lots required by some end users. Some distributors handle only a specific pipe product; some cater to the oil and gas market, and still others serve the structural and building market. Distributors typically maintain inventory for sales of small quantities of pipe and sometimes maintain stocking programs for end users. Both ERW and SAW pipe are sold to the same customers for the same applications. Table I-6 presents data on U.S. shipments of ERW and SAW CWLDLP by channel of distribution.

Table I-6
CWLDLP: U.S. producers' channels of distribution, by weld type, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Responding producers and importers characterized the channels of distribution of spiral-welded and longitudinally-welded CWLDLP as being essentially identical, though longitudinally-welded CWLDLP was characterized as more project-oriented and usually sold directly to end users. Both types of CWLDLP are sold primarily to end users. As with ERW and SAW pipe, sales to end users are usually for a specific project. In general, however, both types of line pipe reportedly are sold to the same customers for the same applications in the United States. There were no sales of domestically produced spiral-welded CWLDLP prior to 2007.

Price

In commenting on the pricing of ERW and SAW CWLDLP, U.S. producers, importers, and purchasers reported that ERW line pipe is typically priced lower than SAW line pipe. The lower pricing of ERW is attributed to the lower price of steel coils versus steel plate, fewer length restrictions, and the faster production speed, thus making its manufacture less expensive. Though ERW typically is priced lower than SAW, its price may be higher in certain specific applications, particularly for sub-sea applications. When demand for steel coils has been high, the price of ERW line pipe has been much closer to that of SAW line pipe. Table I-7 presents the average unit value of U.S. producers' U.S. shipments of ERW and SAW CWLDLP, based on questionnaire data.

Table I-7
CWLDLP: Unit values of U.S. producers' U.S. shipments, by weld type, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Domestic producers, importers, and purchasers reported that the price of spiral-welded CWLDLP is lower than that of longitudinally-welded CWLDLP, for several reasons. Spiral-welded pipe is generally less expensive to produce because it uses steel coils, can be produced more quickly, and requires less labor. By contrast, a longitudinal mill is more capital intensive to build, uses steel plate (which is more expensive than coil), requires more labor, and has a slower manufacturing process.

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations, seven firms, representing all known production of CWLDLP in the United States, provided the Commission with data on their line pipe operations.[67] In the current reviews, the Commission mailed questionnaires to 12 mills believed to produce large diameter welded line pipe or other transmission pipe. Eight firms, representing all known production of CWLDLP in the United States, provided the Commission with at least partial information on their line pipe operations.[68] Six firms, representing *** percent of 2006 production, have filed notices of appearance in these reviews. One firm, SAW Pipes, only recently provided relatively complete trade data and reports that it *** the continuation of the orders.

Reported U.S. production of CWLDLP is concentrated in the Gulf region (four mills), with two smaller producers in Pennsylvania and one in Oregon. No domestic producer reported production of the subject product in a foreign trade zone.[69] *** reported that since January 1, 2001, they have been involved in a toll agreement regarding the production of certain welded large diameter line pipe.[70] Details regarding each firm's mill location, production method, share of 2006 and interim 2007 production, parent company, and position on the orders are presented in table I-8.

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[67] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final)*, USITC Publication 3464, November 2001, p. III-1.

[68] Four firms reported that they do not produce the subject products in the United States: ***. ***. The eight firms that responded to the Commission's producer questionnaire included toll processor Camp-Hill Corporation ("Camp-Hill") that did not provide trade data. Camp-Hill's trade information was supplied by the tollee, U.S. Steel Corporation ("U.S. Steel").

[69] All domestic producer's questionnaire responses, II-15.

[70] *** has been involved in a toll agreement with ***, Camp-Hill Corp. has had such an agreement with U.S. Steel Corp., and *** has been involved in a toll agreement with ***. *** domestic producer questionnaire responses, II-14.

Table I-8
CWLDLP: U.S. mills, locations, production methods, shares of production, parent companies, and positions on the orders

Firm	Mill location	Type of production (SAW, ERW, or HSAW)	Share of production (percent)		Parent company	Position on orders
			2006	Jan.-June 2007		
American Steel Pipe	Birmingham, AL	ERW	***	***	American Cast Iron Pipe Co. (U.S.)	***
Berg Steel Pipe Corp.	Panama City, FL	SAW	***	***	Europipe GmbH, 100% (Germany)	***
Camp-Hill/U.S. Steel Corp.[1]	McKeesport, PA	ERW	***	***	Camp-Hill (U.S.)	***
Dura-Bond Pipe, LLC	Steelton, PA	SAW	***	***	Dura-Bond Industries, 100% (U.S.)	***
Evraz Oregon Steel Mills, Inc.	Portland, OR	LSAW[2] HSAW[2]	***	***	Evraz Group S.A., 100% (Luxembourg)	***
SAW Pipes	Baytown, TX	SAW	***	***	Jindal SAW Ltd., 100% (India)	***
Stupp Corp.	Baton Rouge, LA	ERW	***	***	Stupp Bros., Inc., 100% (U.S.)	***

[1] During the review period, the subject products were produced for U.S. Steel under a toll processing agreement with Camp-Hill Corp. in McKeesport, PA.
[2] Oregon produced LSAW from 2001-04, stopped production of LSAW in 2004, and began production at its new HSAW mill in 2007.

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

The domestic CWLDLP industry has experienced several changes in operations and ownership since the original investigations. In 2003, Dura-Bond Pipe, LLC ("Dura-Bond"), which operated as a pipe-coater and fabricator, purchased the idled large-diameter line pipe mill of Bethlehem Steel Corp. as part of Bethlehem's bankruptcy proceedings.[71] Dura-Bond did not resume production of CWLDLP on these assets until 2005.[72] In addition, in December 2004, Oregon Steel Mills announced the closure of its large-diameter line pipe mill located in Napa, CA.[73] The land and the pipe plant were sold, with the

[71] Balcerek, Tom, "Ex-Bethlehem pipe mill sold, restart on tap," *American Metal Market*, June 26, 2003, found at http://findarticles.com/p/articles/mi_mMKT/is_24-1_111/ai_117321849, retrieved June 11, 2007.

[72] Domestic producers' response to the notice of institution, December 20, 2006, p. 3.

[73] Securities and Exchange Commission, 8-K, Press Release on Closure of Napa Pipe Mill, December 14, 2004, found at www.secinfo.com/dPapr.12w.d.htm, retrieved June 11, 2007.

production facility going to China.[74] Newly named Evraz Oregon Steel Mills, Inc. ("Oregon") constructed a new HSAW pipe making facility at its Portland, OR, rolling mill.[75] In addition, as described in detail in Part III, four new HSAW mills are scheduled to come online over the next two years and a fifth mill is under evaluation.

There are several corporate affiliations between U.S. producers and nonsubject foreign companies. Berg Steel Pipe Corp. ("Berg") is wholly owned by Europipe GmbH, a German company, which in turn is ***-percent owned by Salzgitter Mannesmann GmbH, also of Germany. Since 2001, both Europipe and Salzgitter have produced CWLDLP and have either imported *** into the United States or have exported *** to the United States.[76] Oregon is wholly owned by the Evraz Group S.A. of Luxembourg and through this ownership is related to CWLDLP producer OSM Tubular of Canada.[77] SAW Pipes is an affiliate of Jindal SAW Ltd. of India.[78] Finally, domestic producer U.S. Steel Corp. ("U.S. Steel") has a subsidiary CWLDLP producer located in Slovakia, U.S. Steel Kosice s.r.o.[79]

In response to the Commission's question as to whether any U.S. producers jointly bid with a related foreign company on an order for the U.S. market for CWLDLP or whether any U.S. producers have outsourced or subcontracted to such related firms any portion of an order they received for the U.S. CWLDLP market, three firms reported doing so. *** reported that in 2001 the company bid *** net tons and outsourced/subcontracted *** in ***.[80] *** reported that in 2002 it outsourced/subcontracted a bid of *** tons to *** of ***.[81] *** reported that in 2005 the company bid *** net tons and approximately *** net tons were outsourced/subcontracted to *** of ***. In 2006 *** had two joint bids, one for *** net tons for which it outsourced *** net tons to *** and a second bid for *** net tons. *** jointly bid *** net tons as part of that transaction.[82]

U.S. Importers

The original investigations identified 22 firms that imported CWLDLP between January 1998 and June 2001. In response to Commission importers' questionnaires issued in these reviews, 21 firms supplied usable data and 28 firms indicated that they had not imported the product since 2001.[83] Reporting U.S. importers of CWLDLP are concentrated in Texas, with 12 importers headquartered in the state. The next largest concentration of CWLDLP importers is located in Illinois with four importers. The six remaining responding importers are scattered throughout the United States. Table I-9 presents a summary of information regarding U.S. importers of CWLDLP.

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[74] Domestic producers' response to the notice of institution, December 20, 2006, p. 3.

[75] Securities and Exchange Commission, 8-K, Press Release on Closure of Napa Pipe Mill, December 14, 2004, found at www.secinfo.com/dPapr.12w.d.htm, retrieved June 11, 2007, and domestic producers' response to the notice of institution, December 20, 2006, p. 3.

[76] Berg's domestic producer questionnaire response, I-6 and I-7.

[77] Oregon's domestic producer questionnaire response, I-4 and I-7a.

[78] SAW Pipe's domestic producer questionnaire response, I-4.

[79] U.S. Steel's domestic producer questionnaire response, I-7a.

[80] *** domestic producer questionnaire response, I-7b.

[81] *** domestic producer questionnaire response, I-7b.

[82] *** domestic producer questionnaire response, I-7b.

[83] *** has provided a partially complete questionnaire response.

Table I-9
CWLDLP: U.S. importers, sources of imports, headquarters, and parent companies

Firm	Source of imports	Headquarters	Parent company
Ameripipe Supply	***	San Antonio, TX	None
Berg Steel Pipe Corp.	***	Panama City, FL	Europipe GmbH, ***% (Germany)
BP America, Inc.	***	Warrenville, IL	BP Co., N.A., ***% (U.S.)
Corpac Steel Products Corp.	***	Aventura, FL	None
Corus America Inc.	***	Schaumburg, IL	Corus Group plc, ***% (England)
CPW America Co.	***	Houston, TX	Corinth Pipeworks, ***% (Greece)
ILVA America, Inc.	***	Norfolk, VA	ILVA Int'l, ***% (Luxembourg)
IPSCO Enterprises Inc.	***	Lisle, IL	IPSCO Inc., ***% (Canada)
JFE Shoji Trade America Inc.	***	New York, NY	JFE Shoji Trade Corp. ***% (Japan)
Kiewit Offshore Services Inc.	***	Ingleside, TX	Kiewit Corp. ***% (U.S.)
Man Ferrostaal Inc.	***	Houston, TX	Man Capital Corp., ***% (U.S.)
Marubeni-Itochu Tubulars America, Inc.	***	Houston, TX	Marubeni-Itochu Steel Inc., ***% (Japan)
Mayfair Enterprises	***	Baytown, TX	None
MC Tubular Products, Inc.	***	Houston, TX	Metal One Holdings America, Inc., ***% (U.S.)
Mitsui Tubular Products, LLC	***	Houston, TX	Mitsui Steel Holdings, ***% (U.S.) (owned by Mitsui & Co., Ltd. of Japan)
Mittal Steel N.A., Inc.	***	Chicago, IL	Mittal Steel Co., ***% (Netherlands)
Nippon Steel Trading America, Inc.	***	Los Angeles, CA	Nippon Steel Trading, ***% (Japan)
SDB Trade International, L.P.	***	Pasadena, TX	SDB Trade LLC, ***% (U.S.)
Sumitomo Corp. of America	***	Houston, TX	Sumitomo Corp., ***% (Japan)
Telko Trading Co. of Texas, Inc.	***	Houston, TX	None
Texas Pipe & Supply Co.	***	Houston, TX	None
ThyssenKrupp Materials N.A., Inc.	***	Southfield, MI	Tkusa Inc., ***% (U.S.) (owned by ThyssenKrupp of Germany)

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

There are several business affiliations between U.S. importers and companies in Japan. Importer *** is a subsidiary of Japanese CWLDLP producer and exporter ***. *** is wholly owned by *** of Japan. *** is related to exporter *** of Japan through its parent company *** of the United States. ***, wholly owned by *** of Japan, is a part owner of CWLDLP producer ***, also of Japan.[84] *** is wholly owned by exporter *** of Japan.[85]

In addition to affiliations with Japan, several importers reported having corporate ties to nonsubject country companies. *** is wholly owned by ***, a CWLDLP producer that is in turn *** percent owned by *** producer and exporter ***.[86] *** is wholly owned by the *** of *** and through this ownership is related to CWLDLP producer *** of the ***. *** is wholly owned by *** pipe producer ***. Importer *** is wholly owned by *** of *** and is consequently related to pipe producer *** of ***. Through its parent company, ***, importer *** is a sister company to importer/exporter *** of ***. *** is wholly owned by *** and through its parent is affiliated with pipe importer/exporter *** and *** CWLDLP producers in *** and ***.[87] Finally, importer *** owns *** percent of ***, a firm that receives, inventories, holds, ships, and/or processes CWLDLP.[88]

U.S. Purchasers

In response to Commission purchaser questionnaires issued in these reviews, 24 purchasers supplied usable data, and 5 reported that they had not purchased CWLDLP during the period for which data were collected in these reviews. One trade group representing CWLDLP purchasers, INGAA, filed a notice of appearance in these reviews. All purchasers reported buying domestically produced CWLDLP during the review period. Additionally, seven purchased imported CWLDLP from Canada, five from Greece and India, four from Brazil and Italy, three from Germany, two from South Korea, and one from South Africa. Though responses were received from purchasers located throughout the United States, 10 of the 24 responding purchasers are located in Texas, and two each are located in Oklahoma, Utah, and West Virginia. Responding purchasers are also located in: Alabama, California, Connecticut, Kentucky, Missouri, Nebraska, and New York. One purchaser noted that it has subsidiaries that are located in various geographic regions of the United States. Responding purchasers were concentrated in the end-user category; 20 of 24 were end users and four were distributors.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Apparent U.S. Consumption

Table I-10 presents U.S. shipments, imports, and apparent U.S. consumption of CWLDLP for the period for which data were collected in these reviews.

[84] *** importer questionnaire response, I-3 and I-7.

[85] *** importer questionnaire response, I-3 and I-4.

[86] *** importer questionnaire response, I-3, I-5, and I-7.

[87] Ibid.

[88] *** importer questionnaire response, I-6.

Table I-10
CWLDLP: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2001-06, January-June 2006, and January-June 2007[1]

	Calendar year						January - June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (***short tons***)								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from--								
Japan	29,795	3,986	3,376	7,594	25,232	13,198	10,483	7,356
Mexico[1]	13,265	6,245	8,302	159	35	125	101	0
Subtotal (subject)	43,060	10,231	11,678	7,753	25,267	13,323	10,584	7,356
All other sources[2]	***	***	***	***	422,023	729,575	262,679	827,728
Total imports	***	***	***	***	447,289	742,898	273,262	835,084
Apparent U.S. consumption	***	***	***	***	***	***	***	***
Value (***$1,000***)								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from--								
Japan	16,549	1,969	1,710	5,030	28,323	13,693	10,880	14,661
Mexico[1]	6,624	4,229	5,486	111	59	190	142	0
Subtotal (subject)	23,173	6,198	7,196	5,141	28,382	13,883	11,022	14,661
All other sources[2]	***	***	***	***	428,421	753,567	269,889	1,002,845
Total imports	***	***	***	***	456,803	767,449	280,912	1,017,506
Apparent U.S. consumption	***	***	***	***	***	***	***	***

[1] Imports from Mexico in 2001 were largely from producer *** which was ***. As a result, data on imports from Mexico in 2001, which are based on official import statistics, are larger than the reported 2001 Mexican exports of CWLDLP to the United States presented in part IV of this report.

[2] U.S. import data for all other sources have been adjusted to exclude imports from *** of cut-to-length plate by *** that were ***.

Note:– U.S. producers' shipments are understated for 2001-02 because the shipment data of SAW Pipes for July 2001- December 2002 are not available. For this reason, comparisons of 2001-02 data with other years in the review period should be made with caution. U.S. import data for Mexico are based on official Commerce statistics and U.S. import data for nonsubject sources are based on official Commerce statistics as revised to exclude ***, while U.S. import data for Japan are based on foreign producer questionnaire data.

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

Market Shares

Table I-11 presents U.S. market shares for 2001-06, January-June 2006, and January-June 2007.

Table I-11
CWLDLP: U.S. market shares, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

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

CHANNELS OF DISTRIBUTION

In the U.S. market, domestic and imported CWLDLP is sold to both distributors and end users. Available data for 2006 indicate that the majority of sales by U.S. producers and imports of subject CWLDLP were made to end users, primarily oil and gas transmission companies. During 2006, data reported by U.S. producers indicate that *** percent of their domestic CWLDLP shipments went to distributors and *** percent went to end users. In contrast, combined data from subject importers indicate that a larger share (*** percent) of their subject CWLDLP shipments went to distributors, and *** percent went to end users.[1] The *** of Japanese subject imports went to distributors in the first half of 2007 (*** percent). Four of 22 responding purchasers buy 100 percent of their CWLDLP indirectly, either through distributors, pipe brokers, or other means. The other 18 responding purchasers purchase an average of 87.5 percent of their CWLDLP direct from the mill.

U.S. MARKET CHARACTERISTICS

In the original investigations, petitioners identified a maintenance and repair market and a project market. The maintenance and repair market is typically serviced via distributors, and has experienced relatively stable demand within a certain range. The project market typically involves sales directly to end users for new pipeline projects, and it experiences greater demand volatility.[2] Both maintenance and repair and project applications continue to comprise the overall CWLDLP market, although producers, importers, and purchasers described an increase in project applications resulting from growing demand in oil and gas exploration and transmission lines.

Repair volume fluctuated during the period of review, but has not displayed consistent signs of growing or shrinking. Purchasers were requested to provide their quantities of CWLDLP actually or expected to be used for repair in 2001 to 2008 (estimated). Details from the data submitted in response to Commission questionnaires appear in the following tabulation:

Item	2001	2002	2003	2004	2005	2006	2007(e)	2008(e)
Quantity (*short tons*)	27,720	18,898	15,812	20,694	29,703	16,481	24,602	16,800

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Available information indicates that U.S. CWLDLP producers presently have the ability to respond to changes in demand with small to moderate changes in the quantity of shipments of U.S.-produced CWLDLP to the U.S. market. The main factors contributing to this degree of responsiveness

[1] The statistics on U.S. shipments of subject imports were exclusively for shipments of CWLDLP from Japan. In contrast, almost all (*** percent) of nonsubject imports were shipped directly to end users in 2006.

[2] *Certain Welded Line Pipe from Japan (Final)*, Inv. No. 731-TA-919, USITC Publication 3464, November 2001, p. II-1.

are an increasingly-utilized capacity, a generally low stock of end-of-period inventories available for sale in the spot market, and currently low but variable exports. These factors are detailed below.

Industry Capacity

Data reported by U.S. producers indicate that there is some capacity with which to expand production in the event of price changes. Domestic capacity utilization decreased irregularly from *** percent in 2001 to *** percent in 2004, but has since recovered to *** percent in 2006.[3] Capacity utilization during the first half of 2007 reached *** percent, compared with *** percent in January-June 2006. Producers typically need four to six months of lead time to secure the steel (coil or plate), transportation, and other necessities to produce a large order.[4] Witnesses for domestic producers made repeated references to the availability of capacity in the industry during their testimony at the hearing.[5]

Other market sources, however, view recent supply conditions somewhat differently than U.S. producers. Purchaser *** reported that ***. However, it is reported that there is ***.[6] *** describes domestic ERW mills running at 80 to 90 percent of capacity, with hot band coil supplies "good" and plate availability "expanding." *** describes DSAW pipe mills as running at capacity and large projects "continue to keep DSAW mills booked out 12 to 18 months."[7] At the hearing, a representative from TransCanada stated that "lead times to first delivery have ballooned from historical levels of three to five months to periods of 12 to 24 months."[8] A representative of El Paso echoed these sentiments, estimating that historical lead times of 9 months have increased to more than 18 months.[9] Substrate availability in the SAW market is reportedly tight in the short term, though will ease in time as plate capacity expansions and HSAW mills come on line,[10] as four producers have announced plans to build more spiral-weld CWLDLP capacity in the United States in 2008-09. These perspectives suggest that in the short term, U.S. producers have limited ability to use excess capacity as a means of increasing shipments to the U.S. market.

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[3] The trend of the percentages might be more indicative than the level of the percentages. Capacity utilization increased noticeably in 2006 compared with 2005, despite a reported increase in capacity of nearly *** short tons, or *** percent, due to ***. Actual production quantity increased by nearly *** short tons, or *** percent between 2005 and 2006. With respect to the level of capacity utilization, *** uses an adjustment of 75 percent utilization of capacity to analyze demand vs. capacity. This may indicate that 100 percent utilization of rated capacity is difficult to attain. Further, because pipe has been typically produced on a per-piece basis in 40-foot or 80-foot lengths, the size, grade, and wall thickness will affect the actual tonnage output. If not producing pipe of the greatest thickness that the mill is rated to produce, production levels may be reduced. Japanese respondent parties submitted a presentation based on the Gulfstream Project large diameter pipe needs demonstrating that the tons of CWLDLP varied per foot of pipe based on size, grade, and wall thickness of the pipe required. Hearing transcript, pp. 218-221 (Miki).

[4] Hearing transcript, pp. 107-8 (Delie).

[5] Hearing transcript, p. 30 (Delie), p. 35 (Lawrence), p. 39 (Norris), and pp. 41 and 42 (Stupp).

[6] ***.

[7] ***.

[8] Hearing transcript, p. 195 (Paul).

[9] Hearing transcript, p. 201 (Gillespie).

[10] Welded Steel Tube & Pipe Monthly, Metal Bulletin Research, May 2007, p. 3 and June 2007, pp. 1 and 4.

Inventory Levels

U.S. producers' end-of-period inventories of CWLDLP, as a ratio to total shipments, decreased irregularly from *** percent in 2001 to *** percent in 2006.[11] Inventories in the first half of 2007 were equivalent to only *** percent of total shipments (on an annualized basis), compared with *** percent in January-June 2006. The lowest level of inventories was recorded in 2004 at the same time as actual production was near its period-of-review low, which occurred in 2005. Inventories increased in 2006, along with production and shipment levels, but remained well below the levels recorded in 2001-03. Most domestic producers manufacture CWLDLP for specific projects rather than inventories.[12] As such, due to the nature of the product and the fact that each project has its own specifications, the trend in inventories moved somewhat in tandem with production. In its questionnaire response, purchaser *** which states that for ERW pipe, "Inventories of 16" - 42" O.D. have improved but remain, overall, in short supply."[13] These data indicate that U.S. producers have limited ability to use warehoused inventories as a means of quickly increasing shipments to the U.S. market.

Export Markets

Exports accounted for a small and fluctuating portion of total shipments between 2001 and 2006. The ratio of exports as a percentage of total shipments reached a period low of *** percent in 2004, and a period high of *** percent in 2003 (down considerably from 26.8 percent of total shipments in 1998). Exports were *** percent of interim shipments in the first half of 2007, compared with *** percent in the first half of 2006. The variance of these numbers suggests that U.S. producers may have some ability to divert shipments to or from alternate markets in response to changes in the price of CWLDLP, although current export levels are relatively low.

Subject Imports

Based on available information, Japanese and Mexican producers are likely to respond to changes in demand with moderate to large changes in the quantity of shipments of CWLDLP to the U.S. market. The main factors contributing to this degree of supply responsiveness are, for Japanese producers, the existence of substantial alternative markets and, for Mexican producers, the existence of ample excess capacity and end-of-period inventories.

Industry Capacity

According to available information, capacity utilization for Japanese producers was 96.1 percent in 2001 and increased irregularly to 99.1 percent in 2006.[14] Capacity utilization was higher in the first half of 2007 (99.5 percent), compared with data from January-June 2006 (99.2 percent). Actual capacity increased irregularly from 815,830 short tons in 2001 to 1,086,984 short tons in 2006, with a peak of

[11] In 2006, this ratio was *** percent and *** percent for SAW and ERW, respectively.

[12] Three of five responding producers with sales in 2006 sold *** percent of their CWLDLP on a made-to-order basis, and *** percent from inventory. Of the remaining two producers, one made *** percent and the other made *** percent of their sales on a made-to-order basis.

[13] ***.

[14] Japanese ERW production was reported to be *** throughout the period under review.

1,477,124 short tons in 2003. Capacity declined between the first half of 2006 and the first half of 2007 - from 566,589 short tons to 424,901 short tons.[15]

Capacity utilization for Mexican producers increased steadily from *** percent in 2001 to *** percent in 2006, while actual capacity *** throughout the period under review. Capacity utilization was *** percent in the first half of 2007, compared with *** percent in the same period in 2006, and actual capacity ***.

The three Japanese producers reported in their questionnaire responses that they do not anticipate any changes in the availability of Japanese CWLDLP. Two of three responding Mexican foreign producers, however, expect an increase in the availability of CWLDLP from Mexico in the future.

Inventory Levels

Available data indicate that inventories for Japanese producers were equivalent to 11.8 percent of annual shipments in 2006, a slight decrease from the 12.9 percent in 2001. Actual inventories were nearly identical for the first half of 2006 and the first half of 2007, but this represents an increase in the ratio to (annualized) total shipments to 13.3 percent. In contrast, inventories for Mexican producers were equivalent to *** percent of annual shipments in 2001 and decreased irregularly to *** percent in 2006. Inventories of Mexican CWLDLP in the first half of 2006 were equivalent to *** percent of shipments, compared with *** percent in the first half of 2007.

Alternative Markets

Available data indicate that Japanese producers' annual exports of CWLDLP represented 98.4 to 99.9 percent of total annual shipments during 2001-06, with no more than *** percent of shipments exported to the United States in any full year.[16] Shipments to the United States increased from *** percent to *** percent between the first half of 2006 and the first half of 2007. Mexican producers' yearly exports of CWLDLP represented *** to *** percent of total shipments during 2001-06, with between *** and *** percent of shipments exported to the United States.[17] Mexico continued to export *** to the United States over the interim periods, though their exports to all other markets, most notably Latin America, were higher in the first half of 2007 (*** percent) than in the first half of 2006 (*** percent).

Nonsubject Imports[18]

Imports of CWLDLP from nonsubject countries followed a trend similar to domestic production, decreasing steadily from *** short tons in 2001 to *** short tons in 2003, before increasing to 729,575 short tons in 2006, based on Commerce statistics as adjusted. The largest nonsubject suppliers of CWLDLP to the U.S. market in 2006 were Canada (319,745 short tons, up from 172,772 short tons in 2005 and 116,752 short tons in 2001), Brazil (89,413 short tons, up from 10,506 short tons in 2005 and

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[15] Japanese producers argued that a large portion of their capacity is dedicated to their definition of certain high-end types of pipe or part of a package that includes high-end pipe or is made to a long-term customer. Based on order or shipment levels, ***. Japanese respondent interested parties' posthearing brief, exhibit 41.

[16] The *** percent figure represents the percent shipped to the United States in 2006.

[17] The *** percent figure is for 2001, and may involve quantities shipped to the United States before the order was put in place. Discounting this year, the maximum shipped to the United States was *** percent in 2003, after which *** was shipped to the United States.

[18] For more detailed information on global markets, *see* Part IV.

63,315 short tons in 2001), Korea (86,528 short tons, up from 51,119 short tons in 2005 and 61,787 short tons in 2001), and China (61,287 short tons, up from 8,169 short tons in 2005 and 365 short tons in 2001).[19]

In the first half of 2007, Canada was still the largest supplier of CWLDLP to the United States (273,791 short tons, up from 113,981 short tons in the first half of 2006), followed by India (154,226 short tons, up from 666 short tons), Greece (78,976 short tons, up from 4,395 short tons), and Italy (76,359 short tons, up from 26,604 short tons). In all, imports of CWLDLP from nonsubject countries increased by 215 percent between the first half of 2006 and the first half or 2007, or from 262,679 short tons to 827,728 short tons.

U.S. Demand

Based on available information, the overall demand for CWLDLP is unlikely to change significantly in response to changes in price. The main factors contributing to the low degree of price sensitivity is the lack of practical substitute products and the way pipeline operators include the price of construction of the pipeline into the cost of the liquid that flows through it.

Demand Characteristics

Since CWLDLP is used as a factor of production, CWLDLP demand depends on the price and productivity of the end product in which it is used. Since most CWLDLP is used in the transmission of oil and gas, including liquefied natural gas (LNG), demand for CWLDLP is sensitive to changes in oil and gas prices. Figure II-1 shows actual prices since 2003 and predicted prices through 2008 for crude oil and natural gas.

Producers, importers, and purchasers almost universally agreed that overall demand for large diameter line pipe in the United States and the rest of the world increased during the period for which data were collected.[20] [21] Available information indicates that U.S. consumption of CWLDLP fell from *** short tons in 2001 to *** short tons in 2003, then rose to *** short tons in 2006. Apparent consumption was *** percent higher in the first half of 2007 compared with the first half of 2006, (*** short tons compared with *** short tons). According to industry participants' questionnaire responses, the increase in demand was reportedly due to rising oil and gas prices leading to large-scale pipeline projects. With current high gas and oil prices, large pipeline projects such as the Kern River expansion, the Rockies Express (REX) pipeline, and the Alaska Highway Pipeline Project are either being planned, or have started or completed construction.[22] In 2006, the U. S. Energy Information Administration ("EIA") reported that U.S. pipeline mileage in the lower 48 states totaled 300,291 miles. Of this total,

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[19] One purchaser, however, noted that China's pricing is the lowest in the world - that the market is basically China competing on price versus the rest of the world. Staff telephone interview with ***.

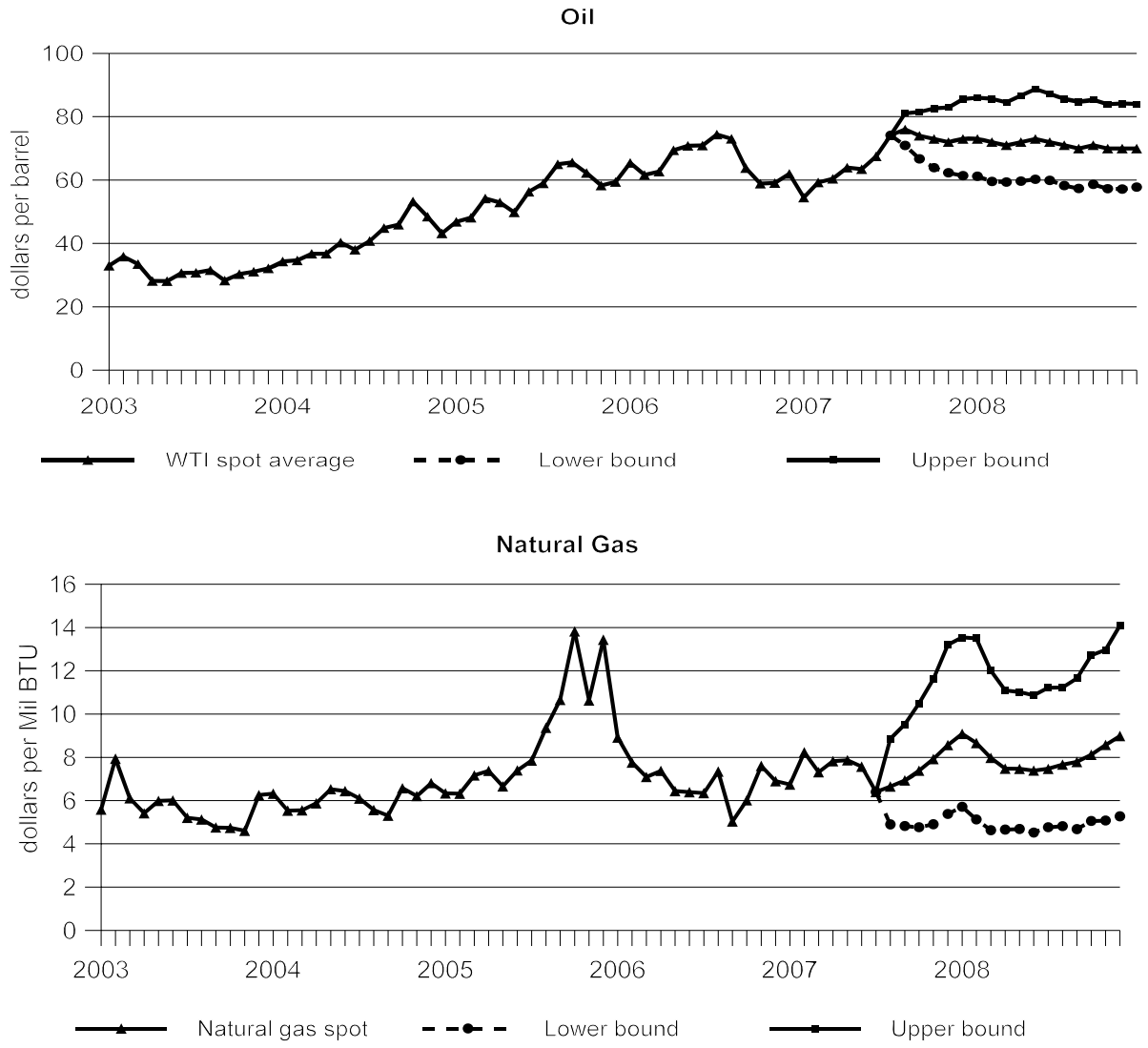
[20] One purchaser, ***, reported that demand was up in 2001-03, fell through 2005, and has been increasing since that point.

[21] Fifteen of 17 responding purchasers replied that demand for their final end-use goods incorporating CWLDLP has increased since 2001. The remaining two noted unchanged or declining demand, respectively, for their end-use products.

[22] *See, e.g., Major Pipeline Projects on the Horizon*, June 2007, Federal Energy Regulatory Commission, retrieved from http://www.ferc.gov/industries/gas/gen-info/horizon-pipe.pdf, last visited June 15, 2007, which reports that 4,248 miles of pipeline are on the horizon, and *Commission Approves Rockies East-West Pipeline; Project Will Supply Growing Demand East of Rockies*, April 17, 2007, retrieved from http://www.ferc.gov/press-room/press-releases/2007/2007-2/04-19-07-C-1.pdf, last visited June 15, 2007.

approximately 61.3 percent of the pipeline are of 16" O.D. or greater.[23] Table II-1 displays recent and proposed regional natural gas pipeline additions.[24] It also displays the EIA's forecasts of

Figure II-1
Oil and gas: Short term actual and predicted monthly West Texas crude oil prices and Henry Hub spot prices of natural gas, January 2003 to December 2008 base case and 95 percent confidence intervals



Source: U.S. EIA, http://www.eia.doe.gov/emeu/steo/pub/steo-gallery.ppt, retrieved August 21, 2007.

[23] "Estimated Natural Gas Pipeline Mileage in the Lower 48 States, 2006," Energy Information Administration, U.S. DOE, http://www.eia.doe.gov/pub/oil_gas/natural_gas/analysis_publications/ngpipeline/mileage.html, retrieved June 26, 2007.

[24] This table relates only to pipelines for natural gas, not oil or LNG pipelines.

Table II-1
Natural gas pipeline additions: Actual and potential U.S. mileage and cost, 1998-2009

	Actual							Potential		
	1998-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Mileage	6,766	2,391	3,571	2,243	1,459	1,152	1,512			
Forecasted	--	2,700[1]	3,079[1]	2,911[2]	2,763[2] 1,033[3]	2,763[2] 974[4]	1,851[4] 1,580[5]	2,237[4] 3,196[5] 2,696[6]	4,761[5] 3,982[6]	2,920[6]
Estimated cost ($ million)	$6,681	$1,677	$4,370	$3,565	$2,128	$1,275	$2,221			
Forecasted	--	--	--	4,026[2]	2,728[2] 1,645[3]	2,728[2] 1,378[4]	2,725[4] 2,601[5]	$3,157[4] 6,261[5] 6,420[6]	$8,286[5] 10,121[6]	$6,097[6]

[1] Forecasted in 2001.
[2] Forecasted in 2003.
[3] Forecasted in 2004.
[4] Forecasted in 2005.
[5] Forecasted in 2006.
[6] Forecasted in 2007.

Note.–The 2004 and 2005 forecasts were combined in 2003. The estimates presented are split equally amongst the two years. For forecasts that are made in the same year as the actual pipeline, EIA forecasts are of proposed/scheduled pipelines, rather than just proposed pipelines.

Source: EIA, DOE, Office of Oil and Gas, including "Additions to Capacity on the U.S. Natural Gas Pipeline Network: 2005,"EIA, Office of Oil and Gas, August 2006, and "Recent and Proposed Regional Natural Gas Pipeline Additions and Expansions, 1998 - 2009" (Preliminary), EIA, Office of Oil and Gas, August 2007.

proposed and scheduled natural gas pipelines, which shows that the EIA predicted too much mileage of pipeline additions in some years, and too little in others. Though 2005 had a smaller increase in pipeline mileage than previous years, unscheduled maintenance and reconstruction due to natural disasters such as Hurricanes Katrina and Rita was substantial.[25] Also, during 2003 to 2004 and possibly as early as 2001 and as late as 2005, the effects of the Enron bankruptcy reportedly were being felt in the pipeline industry,[26] causing depressed demand.

Currently, though, demand in the United States is expected to continue to increase due to continuing proposals and approvals for pipeline projects. According to a presentation before the INGAA Foundation in April 2007, the projected workload is 20 or more "mainline spreads"[27] in 2007, not counting small- or medium-sized jobs or pipeline integrity work.[28] According to questionnaire responses, however, three of six producers believe demand will remain the same, two believe it will decrease, and one believes it will first remain the same and then decrease. ***, which estimates that demand in North America will increase 49.0 percent between 2007 and 2008, then decrease 16.4 percent between 2008

[25] "Additions to Capacity on the U.S. Natural Gas Pipeline Network: 2005," EIA, Office of Oil and Gas, August 2006.

[26] Hearing transcript, p. 29 (Delie) and p. 206 (Klett).

[27] A mainline spread is a large diameter main line to transport gas/oil, and could be inter- or intra-state.

[28] ***.

and 2009, and remain at the same level in 2010.[29] The majority of importers (9 of 17), in contrast, believe demand in the United States will continue to increase, while six more believe demand will remain the same.

At the hearing, Mr. Delie of Berg Steel reported that Berg produces about 95 percent of its CWLDLP for natural gas pipelines.[30] Mr. Lawrence of Oregon Steel Mills did not estimate a percentage, but classified natural gas pipelines as comprising "the vast majority" of its demand.[31] Domestic producers also pointed out that demand for natural gas has decreased from 2001 to 2006 by 1.9 percent.[32] Japanese respondent interested parties contend, however, that despite an average annual decrease in consumption, the fact that pipelines are immobile means that when one natural gas field is depleted and a new one takes its place, a new pipeline must be built.[33] Other witnesses at the hearing stated that they believe oil and LNG pipelines are likely to become a more important part of the market for CWLDLP.[34] Also, as LNG imports are predicted to increase over the next few years, LNG terminals and pipelines are going to need to be built to handle the increased load.[35] According to a January 2007 Credit Suisse report, almost 30 percent of the proposed capacity increases over the next three years are for LNG terminal take-away capacity.[36]

Domestic producers warned that all estimates of proposed capacity expansions should be evaluated with caution, as not all proposals are completed, often because proposals compete against each other. Domestic producers estimated that only one-third of proposals actually get built.[37] They noted that the Mackenzie Project and Alaska Pipeline, which one of the submitted demand projections (the Jacobs report from 2002) relies upon for large cyclical increases in demand, have both been delayed "beyond the foreseeable future."[38] [39] With respect to another submitted forecast (the Preston report), economic consultant Dr. Blecker noted that the report should have applied a 70 percent figure to Federal Energy Regulatory Commission (FERC) applications, not 100 percent, for forecasting any supply and demand imbalances.[40] Domestic producers submitted an analysis of the twenty largest (by mileage) gas projects for 2008, and found that, for the named projects, 39 percent have either been postponed or

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[29] ***. Also, in estimating specific projects for 2008-11, ***.

[30] Hearing transcript, p. 64 (Delie).

[31] Ibid., p. 65 (Lawrence).

[32] Natural gas consumption in the first 5 months of 2007 is 8 percent higher than in the first 5 months of 2006, but still 1 percent below consumption in the first 5 months of 2001. EIA Natural Gas Monthly, August 2007. Monthly variability of consumption can be due to changing weather patterns, as colder weather creates more consumption.

[33] Japanese respondent interested parties' posthearing brief, p. 3. A witness for INGAA reported that natural gas consumption is predicted to increase 1.1 percent between 2007 and 2008, which, while modest, masks larger demand in areas which need increased infrastructure is needed due to new sources of supply or demand such as a new natural-gas fired power plant. Hearing transcript, p. 181-182 (Santa).

[34] "Proposals are on the table for as much as 21,000 new miles of oil pipeline, associated with Canada's oil sands, to be potentially installed over the 2007 to 2011 period." Hearing transcript, pp. 185-186 (Santa).

[35] Hearing transcript, pp. 293-295 (Santa).

[36] Respondent INGAA prehearing brief, exh. 6, pp. 6-7.

[37] Hearing transcript, p. 348 (Schagrin).

[38] Hearing transcript, pp. 55-56 (Blecker).

[39] The Alaska Pipeline is still in the conceptual state. It is not be likely to be completed before 2015. Email from ***, sent September 13, 2007. The target completion date for the Mackenzie pipeline has been pushed back to 2014, according to the Natural Gas Institute. NGI Daily Gas Price Index, September 10, 2007.

[40] Hearing transcript, p. 56 (Blecker).

cancelled.[41] Japanese producers analyzed the FERC application data, concluded that the 70 percent figure used by the Preston report is in line with historical averages, and calculated that 88 percent of projects go forward once FERC approval has been granted.[42] FERC has received applications for natural gas pipelines totaling 4,175 miles in 2007, 6,099 miles in 2008, and 4,679 miles in 2009. More information on FERC application mileage can be found in table IV-32.

With respect to demand outside the United States, 11 of 17 importers believe that demand will continue to rise, and four believe it will remain the same. One producer believes demand will continue to increase, one believes it will decrease, two believe it will remain the same, and one believes that it will remain the same and then decrease. Five of six responding foreign producers foresee demand increasing in both the United States and the rest of the world in the future.

Thirteen of 19 responding purchasers believe that demand will continue to change in the future, with 12 of these 13 noting continued strong demand in the CWLDLP market. Thirteen of twenty responding purchasers noted a cyclical nature to demand for CWLDLP, with a plurality noting that the cycles coincide with oil and gas projects. ***.[43] One purchaser, *** reported, however, that the cycles are generally 4 to 5 years at most. Given the high demand for pipe, various purchasers were not able to purchase CWLDLP in the desired quantities and/or time frames from domestic mills during the period under review. Specifically, five of 23 purchasers had their orders denied, five had their orders delayed, three had their volumes limited, and three had producers fail to meet their volume requirements under existing orders.

A few producers and importers noted the increased acceptance of HSAW and increased usage of X-80 material in CWLDLP market since 2000. Importer *** also described the introduction of X-100/X-120 grade CWLDLP into the market, and anticipates its increasing acceptance in the marketplace in the future. Purchasers were asked to provide data with respect to the grade specification of the pipe that they have ordered for delivery in 2007 and 2008. Table II-2 shows a decrease in the average percentage of purchasers' orders for pipe of grade less than X-70 with a commensurate increase in demand for pipe of grade X-70 and above.

Table II-2
CWLDLP: Purchasers' average reported percentages of grade of product ordered, 2007-08

Year	X-40 - X-49	X-50 - X-59	X-60 - X-69	X-70 - X-79	X-80 - X-99	X-100+
	(In percent)					
2007	12.5	22.6	16.6	45.3	3.1	0.0
2008	8.6	13.2	16.0	50.5	11.8	0.0

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

Nine of 23 purchasers prefer to purchase from one source over another. All nine of these purchasers reported a preference for domestic CWLDLP.[44] Some of these purchasers also reported a preference for CWLDLP from Japan, "North America," and from countries other than China. The

[41] Domestic producers' posthearing brief, exh. 16.

[42] Japanese respondents' posthearing brief, pp. 18, 20, and exh. 15. *See also* correspondence from ***, September 13, 2007, confirming the historical rate of 70 percent and ***.

[43] ***.

[44] *See also*, hearing transcript, p. 194 (Paul).

majority of purchasers reported buying CWLDLP from one source rather than another, lower-priced source due to availability, reliability, quality, terms and conditions, reputation, quality assurance, delivery time, and customer acceptance. Eleven purchasers each reported that domestically produced CWLDLP "always" or "usually" meets minimum quality specifications. Subject imports meet the minimum quality specifications less often, with five responding "always," ten responding "usually," and four responding "sometimes."[45]

Substitute Products

Questionnaire responses from U.S. producers, importers, and purchasers indicate that the vast majority of responding firms believe there are no practical substitutes for CWLDLP. Although several firms cited seamless pipe as a potential substitute, seamless pipe is not considered an economically viable substitute because of its significantly higher costs. No producer, importer, foreign producer, or purchaser reported a change in substitutes since 2001, nor did any expect a change in the future.

Cost Share

According to the majority of responding U.S. producers and importers, the CWLDLP that they sell in the U.S. market is used in oil and gas transmission lines, with one producer also indicating transmission of slurry or water as other possible end uses. A few importers also noted various uses such as general construction. Two producers and one importer estimated that CWLDLP accounts for 25 to 30 percent of the total cost of downstream uses of line pipe. Purchasers responding to this question with useable data also estimated the total end use cost of CWLDLP ranged between 20 and 50 percent, with a simple average of 34.7 percent.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported CWLDLP depends upon such factors as relative prices, quality, and conditions of sale. Based on data provided in questionnaire responses, staff believes that, given identical specifications and weld type, there is a high degree of substitution between domestic CWLDLP and subject imports from Japan and Mexico.[46]

Factors Affecting Purchasing Decisions

Table II-3 summarizes purchasers' responses concerning their top three factors in purchase decisions. As indicated in the table, quality was cited most frequently as purchasers' primary deciding factor in purchasing decisions, while availability was the second-most common factor. Price was the factor most frequently cited overall among the top three factors, but frequently as the third most important factor.

[45] One purchaser, ***, responded that subject imports usually meet the minimum quality specifications, but imports from Japan always do.

[46] According to some importers, substitutability may be limited by the perception that subject imports are, in some instances, of lower quality than U.S. products.

Table II-3
CWLDLP: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Quality	9	3	3
Availability	6	6	4
Price	2	7	13
Product or quality meets specifications	3	2	-
Traditional/customer approved supplier	2	-	-
Delivery/schedule/ availability of mill space	2	5	2
Other[1]	-	-	2

[1] Other factors include location and one firm responded both availability and domestic first. Both have been included in the table.

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

When asked how often their firm purchases CWLDLP that is offered at the lowest price, one of 23 purchasers indicated "always;" 15 "usually;" 5 "sometimes;" and 2 "never." Questions concerning purchasers' awareness of the country of origin (whether U.S.-produced or imported) and the supplier of CWLDLP suggest that both of these factors are of varying importance in purchasing decisions, which is a change from the initial investigations wherein all 12 purchasers answered both questions with responses of "always." In these reviews, when asked about the importance of the firm producing the CWLDLP, 7 purchasers replied that their decisions "always" depend on the firm, 4 "usually," 8 stated "sometimes," and 3 "never." Similarly, country of origin of the CWLDLP is "always" part of the purchasing decision for 8 purchasers, "usually" for 3 purchasers, "sometimes" for 6 purchasers, and "never" for 5 purchasers. Purchaser responses also revealed that the firm producing and the country of origin matter much less to the next firm down the supply chain than to the purchasers themselves. Purchasers often compile lists of approved manufacturer from which they prefer to purchase. Further details are summarized in table II-4.

Table II-4
CWLDLP: Importance of producer and country of origin in purchaser and downstream customers' purchasing decisions

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	7	4	8	3
Purchaser's customer makes decision based on producer	0	2	4	8
Purchaser makes decision based on country	8	3	6	5
Purchaser's customer makes decision based on country	0	3	3	6

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

Comparison of Domestic Products, Subject Imports, and Nonsubject Imports

U.S. producers and importers reported somewhat comparable views regarding the issue of interchangeability of CWLDLP from various sources. In general, U.S. producers were more unified in their responses, answering that in most cases, CWLDLP from different countries is "always" or "frequently" interchangeable. Importers' responses, though not as uniform, reveal that they perceive CWLDLP for most country combinations is "always," "frequently," or "sometimes" interchangeable (table II-5). Data submitted by purchasers reveal that CWLDLP from all sources is generally used in the same applications.

Table II-5
CWLDLP: Perceived degree of interchangeability of CWLDLP produced in the United States and in other countries

Country pair	Number of U.S. producers reporting					Number of U.S. importers reporting					Number of U.S. purchasers reporting				
	A	F	S	N	O	A	F	S	N	O	A	F	S	N	O
U.S. vs. Japan	6	0	0	0	0	6	3	3	0	2	9	4	1	0	7
U.S. vs. Mexico	6	0	0	0	0	6	1	2	0	5	6	3	1	0	12
U.S. vs. Other	5	1	0	0	0	4	2	4	0	4	6	5	2	0	9
Japan vs. Mexico	5	0	0	0	1	6	1	1	1	5	6	3	1	0	12
Japan vs. Other	5	0	0	0	1	6	1	2	1	4	6	4	1	0	11
Mexico vs. Other	5	0	0	0	1	5	1	1	0	5	6	3	1	0	12

A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity

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

Questionnaire responses indicate that, in general, U.S. producers believe differences other than price between products from various supplying countries are "sometimes" or "never" significant factors in their sales of CWLDLP in the U.S. market. By contrast, a majority of importers reported that differences other than price are more frequently significant factors in their sales of CWLDLP than producers believe (table II-6).

Purchasers were asked to rate the importance of a number of factors, such as availability, delivery time, discounts, price, product consistency, product quality, product range, and reliability of supply in their purchasing decisions (table II-7). Availability and quality meeting industry standards were ranked as "very important" by all responding purchasers. Also ranked as very important were, in decreasing order of frequency, product consistency, reliability of supply and delivery time, price, and technical support/service. Purchasers were also asked to compare domestically produced CWLDLP with CWLDLP imported from subject and nonsubject countries using the same factors (table II-8). The limited number of responses to this question reveal that the U.S.-produced pipe is generally considered comparable or superior to subject imports from Japan in all categories with the exception of price.

Table II-6
CWLDLP: Perceived importance of differences in factors other than price between CWLDLP produced in the United States and in other countries in sales of CWLDLP in the U.S. market

Country pair	Number of U.S. producers reporting					Number of U.S. importers reporting				
	A	F	S	N	O	A	F	S	N	O
U.S. vs. Japan	0	0	2	3	1	0	4	2	3	4
U.S. vs. Mexico	0	0	3	2	1	2	2	3	1	6
U.S. vs. Other	0	0	2	3	1	0	1	4	2	6
Japan vs. Mexico	0	0	1	2	3	3	1	1	1	7
Japan vs. Other	0	0	1	2	3	1	2	2	1	7
Mexico vs. Other	0	0	1	2	3	0	1	3	2	6

A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity

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

Table II-7
CWLDLP: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	22	0	0
Delivery terms	16	6	0
Delivery time	20	2	0
Discounts offered	9	10	3
Extension of credit	7	7	8
Price	19	3	0
Minimum quantity requirement	6	12	4
Packaging	6	11	5
Product consistency	21	1	0
Quality meets industry standards	22	0	0
Quality exceeds industry standards	12	8	2
Product range	7	12	3
Reliability of supply	20	2	0
Technical support/service	18	4	0
U.S. transportation costs	15	7	0

Note.--Not all firms responded for all questions.

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

Table II-8
CWLDLP: Comparisons of U.S. product and subject imported product with subject and nonsubject product, as reported by purchasers

Factor	U.S. vs Japan			U.S. vs Mexico			Japan vs Mexico			Japan vs other			Mexico vs other			U.S. vs China		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	0	3	0	0	2	0	0	1	0	0	1	0	0	1	0	1	1	0
Delivery terms	1	2	0	0	2	0	0	1	0	0	1	0	0	1	0	0	2	0
Delivery time	2	1	0	0	2	0	0	1	0	0	1	0	1	0	0	1	1	0
Discounts offered	0	3	0	0	2	0	0	1	0	0	1	0	0	1	0	0	1	1
Extension of credit	0	3	0	0	2	0	0	1	0	0	1	0	0	1	0	1	1	0
Price[1]	1	1	1	1	1	0	0	1	0	1	0	0	1	0	0	0	1	1
Minimum quantity requirement	1	2	0	0	2	0	0	1	0	0	1	0	1	0	0	0	2	0
Packaging	0	3	0	0	2	0	0	1	0	0	1	0	0	1	0	0	2	0
Product consistency	0	3	0	0	2	0	0	1	0	0	1	0	0	1	0	1	1	0
Quality meets industry standards	0	3	0	0	2	0	0	1	0	0	1	0	0	1	0	0	2	0
Quality exceeds industry standards	0	3	0	0	2	0	0	1	0	0	1	0	0	1	0	1	1	0
Product range	0	2	0	0	2	0	0	1	0	0	1	0	1	0	0	0	2	0
Reliability of supply	1	2	0	0	2	0	0	1	0	0	1	0	0	1	0	1	1	0
Technical support/service	1	2	0	0	2	0	0	1	0	0	1	0	0	1	0	2	0	0
U.S. transportation costs	1	1	0	0	1	0	0	1	0	0	0	0	0	0	0	1	1	0

Table continued on next page.

Table II-8--*Continued*
CWLDLP: Comparisons of U.S. product and subject imported product with subject and nonsubject product, as reported by purchasers

Factor	U.S. vs Canada			U.S. vs Germany			U.S. vs Greece			U.S. vs India			U.S. vs Italy			U.S. vs Korea			U.S. vs others[2]		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	0	3	0	0	1	0	0	3	1	0	2	1	0	1	1	2	0	0	0	2	0
Delivery terms	0	3	0	0	2	0	2	2	0	0	3	0	1	1	0	1	1	0	0	2	0
Delivery time	0	3	0	0	2	0	1	2	1	0	3	0	0	1	1	2	0	0	0	2	0
Discounts offered	0	2	1	0	2	0	0	3	1	0	2	1	0	1	1	1	1	0	0	2	0
Extension of credit	0	3	0	0	2	0	0	4	0	1	1	1	0	2	0	1	1	0	0	2	0
Price[1]	0	3	0	0	2	0	0	2	2	0	2	1	0	1	1	0	0	2	0	2	0
Minimum quantity requirement	0	3	0	0	2	0	0	4	0	0	3	0	0	2	0	1	1	0	0	2	0
Packaging	0	3	0	0	2	0	0	4	0	0	3	0	0	2	0	0	2	0	0	2	0
Product consistency	0	3	0	0	2	0	0	4	0	1	2	0	0	2	0	0	2	0	0	2	0
Quality meets industry standards	0	3	0	0	2	0	0	4	0	1	2	0	0	2	0	0	2	0	0	2	0
Quality exceeds industry standards	0	3	0	0	2	0	0	4	0	1	2	0	0	2	0	1	1	0	0	2	0
Product range	0	3	0	0	2	0	0	4	0	1	2	0	0	2	0	0	2	0	0	2	0
Reliability of supply	0	3	0	0	2	0	1	3	0	1	2	0	0	2	0	1	1	0	0	2	0
Technical support/service	1	2	0	0	2	0	2	1	1	2	1	0	1	0	1	1	1	0	1	1	0
U.S. transportation costs	1	2	0	0	2	0	3	1	0	2	1	0	2	0	0	0	2	0	1	1	0

[1] 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.
[2] Other includes one firm responding for Brazil and one for Turkey.

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.

In addition, two purchasers rated domestically produced CWLDLP against subject imports from Mexico. According to these purchasers, the U.S.-produced product is considered comparable to subject

imports from Mexico in all categories except lowest price. Five of 21 responding purchasers noted that there are certain types of CWLDLP that are only available from certain countries, and three cited Japan as a supplier of such products.[47]

One purchaser compared imported subject product from Japan and Mexico, and product from each of the subject countries to Canada. Subject imports from Japan and Mexico were rated as comparable in all categories. CWLDLP from Japan was considered by this purchaser to be generally lower-priced than that from Canada, and CWLDLP from Mexico was considered to have a lower price, better delivery time, minimum quantity requirement, and product range. Additionally, a number of purchasers compared domestically produced CWLDLP with nonsubject imports from Brazil, Canada, China, Germany, Greece, India, Italy, Korea, and Turkey. Further details about these comparisons can also be found in table II-8.

Nineteen of 23 purchasers require their vendors to become qualified before supplying CWLDLP. Among the factors considered by purchasers in the qualification process are: quality of the product, specification compliance, product consistency, reliability of supply, competitiveness, financial viability, customer base, mill inspections, environmental factors, traceability of product, testing certification, quality control processes, and the technology employed in production. In all, since 2001, five purchasers have rejected suppliers during the qualification process. SAW Pipes was mentioned by three of these purchasers.

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for CWLDLP measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for CWLDLP. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced CWLDLP. Previous analysis of these factors indicates that the U.S. industry is unlikely to be able to significantly increase or decrease shipments to the U.S. market in the short term. An estimate in the range of 2 to 5 is suggested.[48] The economist for domestic producers believe that the supply elasticity should be closer to the upper end of this range due to the domestic industry's large reported excess capacities and the future additions of HSAW capacity that is scheduled for construction.[49]

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[47] *** noted in *** that its commercial policy is to concentrate on types of CWLDLP that other producers (except for some other Japanese or European mills) cannot produce. In certain sizes, high grade CWLDLP, such as X-100 and greater, are excluded products.

[48] Within the range, there may be differences in terms of the domestic industry's ability to increase or decrease shipments of ERW, LSAW, and HSAW.

[49] Domestic producers' posthearing brief, exh. 21, p. 2. In performing an analysis using the COMPAS model in its posthearing submission, the economist for domestic producers noted that he believes that nonsubject import supply is likely in the same range, but also near the upper end. Further he assumed a higher range for elasticity of subject import supply (5 to 10), due to large variations in exports for Japan and a belief that excess capacity in Japan and Mexico would be directed toward the United States. This analysis also used a "zero growth" scenario to predict future declines in the domestic industry's profitability, rather than growth estimates that are more likely to occur, and have already begun to be apparent in the first half of 2007. The analysis also assumes subject market shares from the lowest point in the original period of investigation, when duties were not present, combines them with 2006 domestic market share, and reduces the present market share of nonsubject imports to the remainder, disregarding their large increases. It then analyzes what would occur in the market if the duties were lifted under this hypothetical scenario. The author stated that the smaller price effects derived by the model are not realistic.

U.S. Demand Elasticity

The U.S. demand elasticity for CWLDLP measures the sensitivity of the overall quantity demanded to a change in the U.S. market price for CWLDLP. This estimate depends on the factors discussed earlier, such as the existence, availability, and commercial viability of substitute products, as well as the component cost share of CWLDLP in the production of downstream products. As noted earlier, there are few, if any, substitutes for CWLDLP. In addition, the cost component of CWLDLP in most end uses appears to be significant. Based on available information, the aggregate demand for CWLDLP is likely to be inelastic. An estimate in the range of -0.25 to -0.50 is suggested. The economist for domestic producers suggested that the actual elasticity is in the lower portion of this range because the price of CWLDLP plays a small role in purchasers' decisions of whether or not to build a pipeline.[50]

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced CWLDLP and CWLDLP from all subject countries is likely to be in the range of 3 to 5. The economist for domestic producers suggested that the elasticity is in the higher portion of this range because supplies of domestic and nonsubject imports have responded elastically to changing demand conditions in the last 5 years.[51]

[50] Domestic producers' posthearing brief, exh. 21, p. 2.

[51] Ibid., p. 3.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires. Seven mills, which together accounted for all known U.S. production of CWLDLP in 2006 and 2007, supplied information on their operations.[1] Table III-1 summarizes important industry events that have occurred since 2002.

Table III-1
CWLDLP: Important industry events, 2002-07

Year	Company	Development
2002	Industry-wide	**Safeguard:** U.S. safeguard measure on certain steel products enters into effect and continues into 2003. This action increases tariffs on many line pipe imports.
2002	Oregon Steel Mills	**Plant shutdown:** Oregon Steel Mills temporarily shuts down its Portland, OR steel mill and rolling facility.
2003	Oregon Steel Mills	**Layoff:** Oregon Steel Mills lays off 300 employees because of low demand.
2003	Dura-Bond Industries	**Acquisition:** Dura-Bond Industries purchases the idled (former Bethlehem) large diameter pipe plant in Steelton, PA, with a capacity of 300,000 short tons, from ISG for $1.8 million.
2003	Stupp Corp.	**Joint venture:** Stupp Corp. forms a North American joint sales company with Mannesmann Line Pipe called Stupp & Mannesmann Line Pipe LLC (Houston, TX) to supply ERW/HFI line pipe products from 8 5/8" through 24", in grades up to X-80. This partnership was dissolved as of December 31, 2006.
2004	Oregon Steel Mills	**Plant closing:** Oregon Steel Mills closes its large-diameter line pipe mill located in Napa, CA, and sells the real estate and most of the pipe mill assets.
2004	Oregon Steel Mills	**Investment:** Oregon Steel Mills announces plans to build an HSAW (24" to 60" O.D.) pipe plant near its Portland, OR rolling mill. The new plant will have two pipe mills with a capacity of 150,000 short tons per year at a cost of $35 million.

Table continued on next page.

[1] The Commission's questionnaires directed foreign and domestic producers to provide business plans or internal documents, reports, or studies, relating to future CWLDLP market conditions. U.S. producer Berg provided, with its questionnaire response, a published report on the pipeline market, several public articles on new capacity, and internal company documents that describe the pipeline market, Berg's production, and steel surcharges. Counsel on behalf of Camp-Hill/U.S. Steel provided the portion of U.S. Steel's business plan that relates to welded standard, line, and pressure pipe, documents related to U.S. Steel's joint venture with POSCO and SeAH, press releases related to U.S. Steel's proposed acquisition of Lone Star and Lone Star's joint venture with Welspun, an article on Berg's potential new mill, and a market study prepared by a consulting firm. Counsel on behalf of the remaining four U.S. producers that responded to the questionnaire stated that they do not have any such documentation. Staff telephone interview with ***, June 5, 2007.

Table III-1--*Continued*
CWLDLP: Important industry events, 2002-07

Year	Company	Development
2005	Oregon Steel Mills	**Acquisition:** Oregon Steel Mills purchases Camrose Pipe Company (a Stelco affiliate). Camrose is a producer of large pipe (DSAW and ERW) in Alberta, Canada with a capacity of 200,000 short tons per year.
2006	Oregon Steel Mills	**Investment:** Oregon Steel Mills contracts to build a pipe coating facility adjacent to its large diameter line pipe mill under construction in Portland, OR.
2007	Evraz S.A. (Luxembourg)	**Acquisition:** Evraz S.A. purchases Oregon Steel Mills, Inc., for $2.3 billion.
2007	U.S. Steel, Posco (Korea) and SeAH (Korea)	**Joint venture:** U.S. Steel, Posco (Korea), and SeAH (Korea) form United Spiral Pipe, LLC, a $93-million joint venture, to build a spiral pipe mill on land adjacent to the USS-Posco Industries facility in Pittsburg, CA. The mill is expected to begin production of 24"-64" O.D. spiral line pipe in 2008 and to have a capacity of 300,000 short tons per year.
2007	Welspun (India)	**Investment:** India-based Welspun-Gujarat Stahl Rohren Ltd. announces plans to build a $100-million spiral-weld pipe mill in Little Rock, AK. Plant capacity is expected to be 300,000 short tons per year of 24"-64" O.D. spiral line pipe. Commercial production is expected to begin by spring 2008 with 300 workers.
2007	Berg	**Investment:** Berg selects Mobile, AL, as the site for its new spiral-welded line pipe manufacturing plant. The plant will cost $75 million and is expected to have 100 employees. Commercial operation is planned for mid-2008 with a capacity of 180,000 short tons per year.
2007	PSL (India)	**Investment:** PSL of India forms a joint venture with A&L Group (Lexana, KS) to create PSL North America, a greenfield pipeline mill with a capacity of 300,000 short tons per year, 24"-60" O.D. spiral line pipe mill in Bay St. Louis, MS. The cost of this project is approximately $20 million.
2007	SAW Pipes and JSW Steel (India)	**Acquisition:** JSW Steel Ltd., of India, announces that it will spend $900 million to acquire a 90 percent stake in the assets of Jindal United Steel Corp., SAW Pipes, and Jindal Enterprises LLC, all based in Baytown, TX. The three businesses will be merged into a single company doing business in the United States.

Source: Companies' financial reports, news releases, and websites, monthly issues of the Preston Pipe Report, Metal Bulletin Reports, and "Welspun Ends U.S. Deal, Goes It Alone on Mill," American Metal Market, July 3, 2007.

Background

During the original investigations, seven firms, representing all known production of CWLDLP in the United States, provided the Commission with data on their line pipe operations.[2] Today the domestic CWLDLP industry is comprised of six of the original producers and one new entrant, Dura-Bond Industries, Inc. ("Dura-Bond"). Bethlehem Steel Corporation ("Bethlehem") filed for Chapter 11

[2] *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final),* USITC Publication 3464, November 2001, p. III-1.

bankruptcy in October 2001.[3] Bethlehem's large diameter pipe mill in Steelton, PA, remained idle for years until it was purchased in 2003 by Dura-Bond, a pipe coating company.[4] Dura-Bond restarted line pipe production at the mill in 2005. In December 2004, Oregon announced that it would close its large-diameter line pipe mill located in Napa, CA. The mill assets and 152 acres of real estate were later sold, however, Oregon has resumed U.S. production in its new Portland, OR, HSAW mill.[5]

Existing Operations

Table III-2 presents comparative information available from the last year of the original investigations and the last full year of the review period. Since 2000, capacity has decreased even as production has more than doubled overall, resulting in a higher 2006 capacity utilization rate. The large decrease in SAW specific capacity can be partially attributed to the 2004 closure of Oregon's SAW pipe mill.

Seven domestic mills currently produce CWLDLP. Of those seven, only three produce their own steel input materials. Even with internal raw steel production, these pipe producers may require more input material than they themselves can produce and consequently may purchase input materials from other sources. The Jindal United Steel mill produces steel plates for use by its SAW Pipes mill that manufactures CWLDLP. Both mills are located in Baytown, TX.[6] Oregon produces steel plate at its rolling mill in Portland, OR, for use by its line pipe mill at the same location.[7] Because Oregon uses a combination Steckel mill it has the flexibility to make steel plate or coils.[8] U.S. Steel produces hot-rolled steel coils at *** for use in CWLDLP production by Camp-Hill.[9] Because they lack internal raw steel production, American, Berg, Dura-Bond, and Stupp must purchase their raw materials from other sources.

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[3] Isidore, Chris, "Bethlehem Steel in Chapter 11," *CNNMoney* online, found at www.cnnmoney.com/2001/10/15/companies/bethsteel/index.htm, retrieved June 12, 2007.

[4] Dura-Bond Industries, *News*, "Dura-Bond Receives API Certification for DSAW Pipe Manufacture," found at www.dura-bond.com/news.html, retrieved June 22, 2007, and Balcerek, Tom, "Ex-Bethlehem pipe mill sold, restart on tap," *American Metal Markets*, found at www.findarticles.com/p/articles/mi_m3MKT/is_24-1_111/ai_117321849, retrieved June 12, 2007.

[5] Securities and Exchange Commission EX-99, "Press Release on Closure of Napa Pipe Mill," found at www.secinfo.com/dPapr.12w.d.htm, retrieved June 12, 2007.

[6] Jindal USA company website, "Texas Works," found at www.jindalusa.com/aboutus.html, retrieved June 13, 2007.

[7] Oregon Steel Mills' company website, found at www.osm.com/LocationsFacilities/OSMTubularPortland/tabid/68/Default.aspx, retrieved June 13, 2007.

[8] "Oregon Steel Mills: A Systems Approach to Mill Drive Modernization Engineered Reliability," *AISTech 2006 Proceedings- Volume II*, p. 689, found at http://library.aist.org/ISSStore/PDF.nsf/OnePage_by_Name/PR-349-175/$FILE/PR-349-175.pdf?OpenElement, retrieved August 27, 2007.

[9] *** domestic producer questionnaire response, I-2.

Table III-2
CWLDLP: Comparison of select domestic producer data, 2000 and 2006

Item	2000	2006
	Capacity (*short tons*)	
ERW	***	***
SAW	***	***
All CWLDLP	2,317,620	***
	Production (*short tons*)	
ERW	***	***
SAW	***	***
All CWLDLP	320,425	***
	Capacity utilization (*percent*)	
ERW	***	***
SAW	***	***
All CWLDLP	13.8	***
	Exports/shipments (*percent*)	
ERW	***	***
SAW	***	***
All CWLDLP	3.1	***
	Inventories/total shipments (*percent*)	
ERW	***	***
SAW	***	***
All CWLDLP	16.8	***

Source: Confidential 2000 data were taken from tables III-2, III-4, and III-5 of the confidential original report (INV-Y-214, October 17, 2001), and public 2000 data were taken from the same tables in *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final),* USITC Publication 3464, November 2001. 2006 data were from data submitted in response to Commission domestic producer questionnaires.

Anticipated Changes in Existing Operations

The Commission asked domestic producers to report anticipated changes in their CWLDLP operations. *** report anticipating no changes.[10] Berg Steel is currently finalizing plans for a new spiral SAW pipe mill to be located in Mobile, AL.[11] U.S. Steel *** will occur to its existing CWLDLP operations during 2007 and 2008. Two other developments, however, had the potential to affect U.S. Steel's capacity to make the subject product. In March 2007, U.S. Steel announced a $2.1 billion deal to

[10] *** domestic producer questionnaire responses, II-3.

[11] *** domestic producer questionnaire response, II-3 and Wilkinson, Kaija, "Gov. Riley, local officials sign deal with Berg Pipe," *Press-Register*, found at www.al.com, retrieved June 13, 2007.

acquire Lone Star, which had previously entered into a joint venture with Welspun to build a spiral mill in the United States.[12] The Lone Star acquisition was completed in June 2007, and Lone Star's operations were brought into U.S. Steel's Tubular Division.[13] Subsequently, Welspun canceled its planned joint venture, announcing that it will proceed alone with the planned spiral mill to be built in Arkansas.[14] Secondly, U.S. Steel has agreed to a joint venture with two South Korean companies to build a spiral-welded tubular pipe plant in California.[15] For a more detailed description of these new mill projects, please see the subsection entitled "Potential New Operations" in this section of the report. Finally, *** commented on potential changes to its existing operations. The *** from its *** mill has been retained to provide *** opportunities as market requirements dictate, but at present *** has no plans to install this capacity. In addition, *** has the capability of *** to its *** facility, although, no near term plans to do so have been formulated.[16]

Potential New Operations

There are four potential new CWLDLP operations in the United States and there are indications that a fifth site is being evaluated.[17] All four of the potential mills are expected to be HSAW or spiral mills. Historically, HSAW line pipe has faced questions regarding dimensional accuracy, roundness at the pipe ends, and fit-up during field girth welding. For these reasons spiral-welded pipe was considered suitable only for low pressure applications such as water pipe. However, spiral-welded line pipe reportedly is gaining global acceptance for oil and gas applications and is being used increasingly in the United States, Canada, Europe, the Commonwealth of Independent States, and the Middle East for onshore pipelines.[18] Some business sources claim that modern spiral line pipe from a premium quality

[12] Cowden, Michael, "U.S. Steel forms tubing venture with Korea duo," *American Metal Market*, April 4, 2007, found at www.amm.com/2007-04-04_19-28-24, retrieved June 13, 2007.

[13] U.S. Steel company website, Press Releases, "U.S. Steel Completes Purchase of Lone Star Technologies," June 14, 2007, found at http://uss.mediaroom.com/index.php?s=43&item=466&printable, retrieved August 27, 2007.

[14] "Welspun Ends U.S. Deal, Goes It Alone on Mill," *American Metal Market*, July 3, 2007, found at http://www.amm/2007-07-03_15-25-35.html.com, retrieved August 27, 2007.

[15] Ibid.

[16] *** domestic producer questionnaire response, II-3.

[17] A 300,000-ton LSAW mill is being evaluated by Man Industries Ltd. of India. Nair, Suresh, "India's Man Industries considering 300,000T/year pipe plant in Texas," *American Metal Market*, September 17, 2007, found at www.amm.com/2007-09-17_20-01-27.html, retrieved September 18, 2007. In addition, IPSCO Inc. of Canada, has plans to spend $52.5 million to expand large-diameter pipe capacity at its Regina, Saskatchewan mill. The project involves the addition of a pipe forming mill and finishing equipment that are expected to increase capacity by about 125,000 short tons. This expansion is scheduled to come online in early 2008. Kusic, Sam, "Ipsco earmarks $52.5 M to lift large-diameter pipe output by 125,000T," *American Metal Market*, January 26, 2007, found at www.amm.com/2007-01-26_22-07-24, retrieved June 13, 2007.

[18] Leppold, Kimberly, "Steel industry update and outlook for the global linepipe and OCTG markets," *Metal Bulletin Research*, found at http://pvf.org/images4asp/PVFRoundtableKimLeppoldMBROctober2006.pdf, retrieved June 27, 2007.

supplier is of a quality equivalent to straight seam welded pipe.[19] In addition, the lower installation costs of an HSAW mill, compared with an LSAW mill, make it an attractive investment.[20]

The first new operation will be Berg's spiral pipe mill in Mobile, AL. A new company and wholly owned subsidiary of Berg Steel, Berg Spiral Pipe Corp., has been formed to run the planned mill.[21] The company has signed a project agreement with city and state officials in Alabama, and construction was expected to begin in June 2007 with completion scheduled for the second half of 2008.[22] However, as of June 2007 the start date for construction had shifted to the end of 2007.[23] This new facility will give Berg production capabilities in both LSAW and HSAW pipe, thus giving the company the ability to make pipe from either steel plate or coil, theoretically making it a more cost-effective producer.[24] The mill will be a spiral, double submerged arc-weld facility consisting of a single pipe forming line and three off-line welding stations. It reportedly will be able to produce 180,000 short tons of pipe ranging in diameter from 24 to 64 inches and in lengths up to 80 feet.[25] Berg itself projects that the mill will produce *** short tons when it becomes operational in 2008.[26]

The second planned operation, initially announced in December 2006 as a joint venture between Lone Star and India's Welspun Group,[27] consists of a spiral-weld line pipe mill in Little Rock, AR. This project has a planned start-up date of early 2008, and is expected to produce 300,000 short tons of HSAW pipe annually, ranging from 24 to 60 inches in diameter. It will also have coating facilities on-site.[28]

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[19] GE Infrastructure, Pipe Manufacturing, Spiral Welded Pipe, found at http://www.gepower.com/prod_serv/pipeline/en/about_pipelines/pipe_mfg.htm, retrieved June 27, 2007, and "The Four Methods of Manufacturing Pipes," *Metals International Limited*, found at http://www.klsteel.diytrade.com/sdp/229183/7/cp-1029278.html, retrieved June 12, 2007.

[20] According to Metal Bulletin Research this lower cost of installation could account for the fact that emerging markets account for 81 percent of global HSAW production. Leppold, Kimberly, "Steel industry update and outlook for the global linepipe and OCTG markets," *Metal Bulletin Research*, found at http://pvf.org/images4asp/PVFRoundtableKimLeppoldMBROctober2006.pdf, retrieved June 27, 2007.

[21] Wilkinson, Kaija, "Gov. Riley, local officials sign deal with Berg Pipe," *Press-Register*, found at www.al.com, retrieved June 13, 2007.

[22] Wilkinson, Kaija, "Berg Pipe inks deal with city, state," *Press-Register*, May 30, 2007, found at www.al.com, retrieved June 13, 2007.

[23] "Alabama Beats Louisiana for $3.7 Billion ThyssenKrupp Steel Facility Expected to Create 2,700 Jobs," *Southern Business Development*, News Updates, June 15, 2007, found at http://www.sb-d.com/issues/spring2007/news/061507.asp, retrieved September 5, 2007.

[24] Kusic, Sam, "Berg planning to build 180,000T large-diameter welded pipe mill," *American Metal Market*, found at www.amm.com/2006-07-26_19-49-23, retrieved June 13, 2007.

[25] Kusic, Sam, "Berg planning to build 180,000T large-diameter welded pipe mill," *American Metal Market*, found at www.amm.com/2006-07-26_19-49-23, retrieved June 13, 2007.

[26] *** domestic producer questionnaire response, II-3.

[27] In July 2007 Welspun cancelled the joint venture with Lone Star without offering a public explanation. U.S. Steel stated that Welspun chose to exercise the agreement's cancellation option, but would not comment on the justification. Nair, Suresh, "Welspun ends U.S. deal; goes it alone on mill," *American Metal Markets*, July 3, 2007, found at www.amm.com/2007-07-03_15-25-35,html, retrieved August 24, 2007.

[28] Kusic, Sam, "Lone Star, Welspun in line pipe venture," December 21, 2006, *American Metal Market*, found at www.amm.com/2006-12-21_17-07.html, retrieved December 21, 2006.

Another joint venture, between U.S. Steel and Korean pipe producers SeAH Steel Corp. and POSCO Ltd., will construct a manufacturing facility in Pittsburg, CA, to produce HSAW products.[29] Called United Spiral Pipe LLC, the operation will be owned 35 percent each by U.S. Steel and POSCO Ltd. and 30 percent by SeAH Steel Corp. Plans for the mill call for a capacity of 300,000 short tons of spiral-welded tubular products in the 24 to 64 inch outside diameter range. Construction is expected to begin in 2008. The joint venture will be responsible for marketing the finished products.[30]

Finally, PSL Ltd. ("PSL"), India's second-largest pipe maker by volume, last year incorporated a wholly-owned subsidiary, PSL USA, in Delaware, to set up a spiral-weld pipe mill either by itself or through an associate or joint venture company. The mill is to be located near Bay St. Louis, MS. Expected capacity is 300,000 short tons and production is scheduled to begin in the second quarter of 2008. According to the company's managing director, the company will source raw materials locally or globally and make the pipes in the United States to avoid high freight costs.[31]

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' CWLDLP capacity, production, and capacity utilization, by weld type, are presented in table III-3 and figure III-1. The Commission requested information on total CWLDLP capacity and production from pipe producers. The capacity and production figures for 2001 and 2002 are understated because one producer, SAW Pipes, did not provide the Commission with a complete questionnaire response. As shown in the table, aggregate U.S. producers' CWLDLP capacity shifted annually with a period high in 2001 of *** tons and a period low in 2005 of *** tons. Production capacity in January-June 2007 was *** percent higher than such capacity in January-June 2006, in part because of the start-up of Oregon's spiral mill in 2007. Because the capacity of three major producers *** during the period, changes in capacity were predominantly the result of the closure of Oregon's Napa, CA, mill in 2004, which resulted in the elimination of *** short tons of capacity in 2005 and 2006.[32] Dura-Bond's restarting of the Bethlehem mill, which had been idled in 2001, added *** short tons of capacity in 2004 (with *** production), *** short tons in 2005, and *** additional short tons in 2006.[33] Production decreased in each year from 2001-05 but experienced a sizable increase in 2006. Overall, however, 2006 U.S. CWLDLP production was almost *** short tons lower than 2001 production. Capacity utilization was at its highest, *** percent in 2002, and its lowest, *** percent, in 2004. In January-June 2007, however, U.S. producers reported substantially higher levels of capacity and production, relative to the same period in 2006, and capacity utilization reached *** percent.

Most responding producers experienced declining production between 2001 and 2005, due in part to the events of September 11, 2001, and the collapse of Enron, formerly a major CWLDLP

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[29] This collaboration will give U.S. Steel direct entry into the large-diameter line pipe market in North America which the company characterized as a rapidly growing market. "U.S. Steel, POSCO, and SeAH Steel Corporation Form Joint Venture to Produce Spiral Welded Pipe in the United States," *U.S. Steel Press Releases*, April 4, found at http://uss.mediaroom.com/index, retrieved June 22, 2007.

[30] Cowden, Michael, "U.S. Steel forms tubing venture with Korea duo," *American Metal Market*, April 4, 2007, found at www.amm.com/2007-04-04_19-28-24, retrieved June 13, 2007.

[31] Japanese producer's supplemental response to the foreign producer questionnaire, June 11, 2007, exhibit 14; "India's PSL plans pipe-making unit in U.S.", *Alexander's Gas & Oil Connection*, Vol. 12, Issue 7, April 11, 2007; and "PSL-North America Locating New Pipe Manufacturing Facility in Hancock County," *Gulf Coast News*, May 3, 2007, found at http://www.gulfcoastnews.com/GCNewsNewPipePlantHancock.htm, retrieved June 29, 2007.

[32] Domestic producers that experienced no changes in CWLDLP capacity between 2001 and 2006 were: ***. *** domestic producer questionnaire response, II-10a.

[33] *** domestic producer questionnaire response, II-10a.

purchaser.[34] In addition to the loss of Enron as a CWLDLP purchaser, the company's collapse heralded a four-year hold on new pipeline construction. Projects were put on hold as companies organized their own books by shifting revenue to debt reduction and selling assets to avoid bankruptcy.[35]

Three of the responding domestic firms produce ERW line pipe and four produce SAW line pipe. None produce both types. As shown in table III-3 and figure III-1, for the majority of the period, SAW production dominated CWLDLP production until the closure of Oregon's mill in 2004 when ERW production was briefly greater in terms of quantity. However, by 2006 SAW production was again the predominant form of total CWLDLP production.

Table III-3
CWLDLP: U.S. producers' capacity, production, and capacity utilization, by weld types, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Figure III-1
CWLDLP: U.S. production, by weld types, 2001-06, January-June 2006, and January-June 2007

***** ***** ***** ***** ***** ***** *****

The Commission requested information on the basis of production capacity calculations. Data on U.S. producers' CWLDLP production capacity calculations are presented in table III-4.

Table III-4
CWLDLP: U.S. producers' basis of reported production capacity

* * * * * * *

Constraints on Capacity

Three firms reported experiencing changes to their CWLDLP operations since 2001.[36] Arguably the most significant change in operations occurred when Oregon idled its Napa, CA, line pipe operations in June 2004.[37] This facility had a 2004 CWLDLP capacity of *** short tons and pre-closure full year 2003 production of *** short tons.[38] Production was never restarted and the land and majority of the

[34] *** domestic producer questionnaire response, II-17.

[35] Kusic, Sam, "A big backlog and even bigger potential in large-diameter pipe," *American Metal Market*, found at http://www.amm.com/2006-09-08_18-47-24.html, retrieved June 13, 2007, and Japanese Producers' supplemental response to the foreign producer questionnaire, June 1, 2007, exhibit A, "Special Market Study, Line Pipe Market, 2006-2009," p. 1.

[36] Firms reporting that they did not experience such changes include: ***. Domestic producer questionnaire responses, II-2.

[37] "Oregon Steel to sell off Napa mill's assets," *Portland Business Journal*, December 15, 2004, found at www.bizjournals.com/portland/stories/2004/12/13/daily22.html, retrieved June 13, 2007.

[38] *** domestic producer questionnaire response, II-10a. In the press, the justification given for closing the Napa operations was that Oregon was shifting its main profit driver to "a resurgent plate market from the pipe sector." In 2004 there was tight supply in the steel plate market and Oregon's President, James Declusin stated that "in this tight steel market, we do not believe the operating margin opportunities in large-diameter pipe justify the allocation of steel plate from our Portland plate mill for conversion into large-diameter pipe." Haflich, Frank, "Oregon to shut pipe mill; focus on shifting to plate," *American Metal Market*, June 24, 2004, found at www.amm.com/2004-06-

(continued...)

equipment were later sold. In 2004, Oregon's board approved the construction of an HSAW welded line pipe facility to be built in Portland, OR, with an approved budget of $35 million.[39] According to the company's CEO, the new mill will make Oregon a "much more cost effective producer of line pipe."[40] The completed mill began production in early 2007.

*** reported two conditions that have prevented its operations from expanding to more shifts. First, a constant problem since late 2003 has been a shortage of rail cars. According to ***, imports, including pipes, destined for transport by rail, are arriving at U.S. ports in such quantities that they have created a shortage of available rail cars.[41] Secondly, *** has experienced shortages of API-grade steel plate.[42] Similarly, *** reported that a lack of hot-rolled steel availability forced the company to layoff employees in February 2004.[43]

The declining availability of steel feedstock reflects rising capacity utilization at U.S. plate mills (reaching 72.0 percent in 2005 and 81.8 percent in the first half of 2006).[44] Indeed, in June 2006, Metal Bulletin Research reported on the unusually tight plate market. Typically, "the U.S. supply of plate is available from very few producers, compared with the supply of coil" but in 2006 several unscheduled outages reduced plate supply even further.[45] By September 2006 the plate market was extremely tight due to strong demand from energy, heavy equipment, and infrastructure construction, which pushed domestic capacity utilization to historic highs.[46] The tight plate market persisted through the spring of 2007 with Metal Bulletin Research reporting that "there is no slack in the global plate supply to produce API-grade LSAW linepipe and lead times and prices for linepipe reflect the tight conditions for plate."[47] By May of 2007 average plate prices for the year had increased overall because of the tight supply situation.

U.S. producers were asked to provide their backlog of orders for CWLDLP as of December of each year for the 2001-06 period, and as of June in 2006 and 2007. Data based on the responses of six U.S. producers are presented below.[48]

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[38] (...continued)
24_01-15-00, retrieved June 13, 2007.

[39] "Oregon Steel Mills Announces Construction of New Pipe Mill," *Business Wire*, July 14, 2004, found at http://findarticles.com/p/articles/mi_m0EIN/is_2004_July_14/ai_n6105962, retrieved June 13, 2007.

[40] Ibid.

[41] *** as submitted in *** supplemental domestic producer's questionnaire response.

[42] *** domestic producer questionnaire response, II-2.

[43] *** domestic producer questionnaire response, II-2.

[44] *Certain Carbon Steel Products From Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom*, Inv. Nos. AA1921-197 (Second Review); 701-TA-319, 320, 325-327, 348, and 350 (Second Review); and 731-TA-573, 574, 576, 578, 582-587, 612, and 614-618 (Second Review), Volume II: Information Obtained in the Reviews, USITC Publication 3899, January 2007, table CTL-III-3.

[45] In 2006 domestic steel plate production was reduced because Mittal Steel's Conshohoken, PA plate mill experienced motor problems and Mittal's Sparrow's Point blast furnace was damaged by a lightning strike. Metal Bulletin Research, "*Welded Steel Tube & Pipe Monthly*," Issue 30, July 2006, p. 3.

[46] Metal Bulletin Research, "*Welded Steel Tube & Pipe Monthly*," Issue 32, September 2006, p. 4.

[47] Metal Bulletin Research, "*Welded Steel Tube & Pipe Monthly*," Issue 39, April 2007, p. 3.

[48] *** did not provide backlog data and explained that "due to ***, it is not possible to provide the order backlog data." Two additional producers provided incomplete data. *** provided data for 2001, June 2006, and June 2007 only, and *** provided backlog data for December 2006 only, stating that there are no data available for earlier periods. *** domestic producer questionnaire responses, II-7c.

Table III-5
CWLDLP: U.S. producers' order backlogs by product type, as of December 31, 2001-06, June 30, 2006, and June 30, 2007

* * * * * * *

Alternative Products

Domestic producers of CWLDLP used the same equipment and/or employees to produce a range of other steel products, including standard pipe, structural pipe, oil country tubular goods, and other line pipe. Still, CWLDLP accounts for the bulk of U.S. producers' total production. Data regarding U.S. CWLDLP producers' total steel capacity and production of other products are presented in table III-6**.** The data reported below are for *** because *** reported that they have not produced other products on the same equipment and machinery used in the production of CWLDLP and/or using the same production and related workers employed to produce CWLDLP.[49] While responding producers' production is concentrated on CWLDLP, other line pipe and structural pipe comprise a sizable portion of their alternative production.

Table III-6
CWLDLP: U.S. producers' total welded steel pipe capacity, and production by product types, 2001-06

* * * * * * *

The Commission asked domestic producers if they are able to switch production between CWLDLP and other products in response to changes in the relative price of CWLDLP and other products using the same equipment and labor. Five producers reported that they are unable to switch production between products.[50] *** reported that it is able to switch production between CWLDLP and *** and standard or structural pipe of *** in outside diameter. According to ***, switching between wall sizes and/or products takes an average of *** and incurs a cost of about ***.[51] *** can switch production between line pipe up to 16 inches in outside diameter, standard pipe, and oil country tubular goods. Because *** never used all of its welded pipe capacity over the review period, it never had to switch production from one product to another.[52]

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

Data on U.S. producers' shipments of CWLDLP are presented in table III-7. U.S. CWLDLP producers reported no internal consumption and no transfers to related firms during the period for which data were collected in these reviews. As shown in the table, U.S. CWLDLP shipment quantity declined from *** short tons in 2001 to *** short tons in 2005, before increasing to *** short tons in 2006, for a *** percent decline over the period. The value of U.S. CWLDLP shipments, however, increased after 2004 at a greater rate than shipment quantity, ending 2006 *** percent higher than in 2001. The quantity

[49] All domestic producer questionnaire responses, II-6. Their individual mill capacity to produce CWLDLP was as follows in 2006: *** short tons; *** short tons; and ***.

[50] Firms responding no were: ***. Domestic producer questionnaire responses, II-5.

[51] *** domestic producer questionnaire response, II-5.

[52] *** domestic producer questionnaire response, II-5.

and value of U.S. producers' export shipments increased by *** and *** percent, respectively, between 2001 and 2006.[53] The average unit values of U.S. producers' U.S. shipments increased over the review period and were higher in January-June 2007 than in January-June 2006, although in part this reflects product mix. The average unit values of U.S. producers' export shipments fluctuated between 2001 and 2006, but ended 2006 *** percent higher.

Table III-7
CWLDLP: U.S. producers' shipments, by types, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Data on U.S. producers' shipments of CWLDLP by grade, size, and wall thickness are presented in table III-8. Appendix F contains data on U.S. producers' shipments of CWLDLP by weld type (ERW and SAW). The most common grades shipped were those in the middle bands, X-60-69 and X-70-79. Mid-sized CWLDLP, between 24 and 42 inches in outside diameter, was shipped in greater quantities than smaller and larger-sized pipe in every year between 2001 and 2006, except 2005, and in the interim periods of January-June. CWLDLP in the thinnest wall thickness, less than 0.500 inch, was shipped in substantially greater volumes than thicker walled pipes, although the gap narrowed noticeably in 2006.

Table III-8
CWLDLP: U.S. shipments by grade, size, and wall thickness, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' inventories of CWLDLP are presented in table III-9. These data show that U.S. producers' inventories of CWLDLP at year-end 2006 were *** percent lower than inventories held at year-end 2001, in volume terms. The ratio of inventories to production and the ratio of inventories to total shipments decreased by *** and *** percentage points, respectively, between 2001 and 2006. Inventories on hand in June 2007 were lower still in both absolute and relative terms.

Inventories of both ERW and SAW line pipe generally declined between 2001 and 2004 before increasing through 2006 to levels still well below those in 2001. U.S. producers' inventories of ERW large diameter line pipe decreased by *** percent between 2001 and 2006, in volume terms. U.S. producers' inventories of SAW large diameter line pipe decreased by a greater amount, *** percent, between 2001 and 2006, in volume terms.

[53] The three producers that reported their principal export markets cited only Canada: ***. All domestic producer questionnaire responses, II-10a and II-10b.

Table III-9
CWLDLP: U.S. producers' end-of-period inventories, by type, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

U.S. PRODUCERS' DIRECT IMPORTS AND PURCHASES

Data concerning U.S. producers' imports of CWLDLP are shown in table III-10. One domestic producer reported importing CWLDLP during the period for which data were collected in these reviews. *** imported CWLDLP, specifically SAW line pipe, from *** in 2001.

Table III-10
CWLDLP: * direct imports of SAW large diameter line pipe, 2001-06, January-June 2006, and January-June 2007**

* * * * * * *

The Commission asked domestic producers to report purchases, other than direct imports, of CWLDLP since 2001. Six domestic producers reported no purchases of CWLDLP during the period for which data were collected in these reviews.[54] Only *** reported purchasing CWLDLP produced by both the ERW and SAW welding methods, all from other (domestic) sources. Table III-11 summarizes the quantity and value of *** ERW and SAW purchases.

Table III-11
CWLDLP: * purchases of ERW and SAW large diameter line pipe, 2001-06, January-June 2006, and January-June 2007**

* * * * * * *

*** purchased ERW and SAW large diameter line pipe from ***. The reason given for these purchases was that the "pipe was used for projects within ***. We needed small volumes of pipe of an outside diameter that could not be produced in-house."[55]

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' employment data for CWLDLP by type of production method are presented in table III-12. The number of production and related workers (PRWs) employed by U.S. CWLDLP producers increased between 2001 and 2002, decreased in each year between 2002 and 2005, then increased in the final year of the period. This increasing trend continued in the first half of 2007 as that period's employment was *** percent higher than employment in January-June 2006. Hourly wages fluctuated over the period but increased by *** percent between 2001 and 2006.

[54] The producers that reported no CWLDLP purchases were: ***. Domestic producer questionnaire responses, II-13a and II-13b.

[55] *** domestic producer questionnaire response, II-13a and II-13b.

Table III-12
CWLDLP: U.S. producers' employment-related indicators, by types, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Productivity fluctuated broadly between a low of *** tons per hour in 2003 and a high of nearly *** tons per hour in 2001. The decreases in productivity during the review period despite reductions in employment can be attributed to three factors. First, decreased productivity can be partially explained by the domestic industry's practice of retaining employees that are not needed immediately when the operation changes from a three or two shift operation to a single shift. Berg and Stupp, for example, both retained employees while producing on a one shift basis so that they would be immediately available when the company returned to two shifts either because they were specialized employees, required lengthy training, or the company was trying to protect its workers.[56] A second factor cited by producers as a cause of lower productivity was the criticality of safety specifications required by the pipeline companies. According to Oregon, because of advances in technology, there are new tests that must be conducted, which slow the production process down. For example, customers may require different hydrotesting times, from 10 to 30 seconds, and these changes can dramatically slow productivity.[57] Finally, lower productivity during 2004 and 2005 for Berg was in part due to the fact that the company was producing CWLDLP for distributors in small lot orders, which required several changeovers, thus decreasing productivity.[58] The increase in unit labor costs of *** percent from 2001 to 2006 reflected the increase in hourly wages without corresponding gains in productivity over the period.

Employment in the production of SAW pipe declined *** due to the closure of Oregon's Napa mill in 2004. Prior to the mill's closure, its employment decreased from a high of *** in 2002, to *** in 2003, to *** in 2004, and finally *** in 2005.[59] These job losses were partially offset by the reopening of the former Bethlehem mill by Dura-Bond which added *** workers in 2005 to SAW production and another *** workers in 2006.[60] Berg's spiral pipe mill that is being constructed in Mobile, AL, is expected to create at least 100 full-time jobs initially. The facility could ultimately employ about 150 workers. Berg expects the jobs to pay between $12.00 and $18.00 per hour.[61]

[56] Hearing transcript, pp. 86-87 (Delie).

[57] Hearing transcript, pp. 88-89 (Lawrence).

[58] Hearing transcript, pp. 89-90 (Delie).

[59] *** domestic producer questionnaire response, II-10a. *** noted that its operating hours fluctuated depending on projects that were being completed.

[60] *** domestic producer questionnaire response, II-10a.

[61] Wilkinson, Kaija, "Berg Pipe inks deal with city, state," *Press-Register*, found at www.al.com, retrieved June 13, 2007.

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Background

Seven U.S. producers (***) provided usable financial data on their operations on CWLDLP.[62] These data are believed to account for the large majority of U.S. production of CWLDLP in 2006. Three firms (American, Stupp, and U.S. Steel) reported operations on ERW large diameter line pipe, while the other four firms (Berg, Dura-Bond, Oregon, and SAW Pipes) reported operations on SAW large diameter line pipe. All firms *** reported a fiscal year end of December 31.[63] Oregon idled its Napa, CA, mill in July 2004 and permanently closed the facility in December 2004. Dura-Bond is a start-up operation that began production in 2005. Accordingly, Oregon reported no data for 2005 and 2006, and Dura-Bond reported no data prior to 2005. SAW Pipes did not provide financial data prior to 2003; therefore, analyses of data trends during the period of review should be considered with caution.

Operations on CWLDLP

Income-and-loss data for U.S. producers on their operations on CWLDLP are presented in table III-13. Selected financial data, by firm, are presented in table III-14. The domestic industry experienced a sharp decline in operating income from 2001 to 2002 and an operating loss in 2003 before returning to profitability in 2004. Operating income notably increased in 2005 and 2006 by $*** and $***, respectively, and was $*** greater in January-June 2007 than in January-June 2006.

Table III-13
CWLDLP: Results of operations of U.S. producers, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Table III-14
CWLDLP: Results of operations of U.S. producers, by firm, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Despite large increases in sales quantities and values in January-June 2007 as compared to January-June 2006, the operating margin declined. The decrease in the operating margin was due to the ***. Absent the effects of ***, the industry reported an operating margin of *** percent in January-June 2007.

While the industry was profitable in both the beginning and end of the period for which data were collected, operating income for 2005 and 2006 combined was higher than that reported for 2001 and 2002.[64] Net sales quantities steadily declined from 2001 to 2005 by almost *** percent, largely as a result of *** and sharp decreases in sales by ***. Such quantities increased in 2006 as well as in the first half of 2007 (as compared to the first half of 2006). All four of the U.S. producers operating continuously from 2001 to 2006 reported improved operating profitability in 2006 as compared to 2001, and five of the

[62] The company records underlying the financial data for *** were reviewed at Commission offices. Adjustments resulting from the office review have been incorporated in this final report. ***.

[63] *** reported a fiscal year end of March 31 and *** reported a fiscal year end of June 30. Both producers reported their financial data on a calendar-year basis.

[64] If data for *** are excluded because of the lack of data for 2001and 2002, this statement would still be true.

six mills that reported interim financial data for both 2006 and 2007 reported improved profitability in January-June 2007 as compared to January-June 2006.

On a per-unit basis, operating income was higher in 2006 than in 2001 as the increase in per-unit net sales values ($*** per short ton) was greater than the combined effects of an increase in the unit cost of goods sold ("COGS") ($*** per short ton) and a decline in selling, general, and administrative ("SG&A") expenses ($*** per short ton). Between the interim periods, the increase in per-unit net sales values ($*** per short ton) was slightly greater than the increase in per-unit COGS ($*** per short ton), resulting in a slight increase in per-unit operating income in January-June 2007 as compared to January-June 2006.[65]

The results of operations by production process (shown in table III-14 and app. C) reveal that operating margins for ERW producers tended to be higher than for SAW producers during the period 2001-06; however, both sets of producers experienced a general decline in profitability from 2001 to 2003, and improved profitability from 2004 to 2006. In January-June 2007, ERW producers continued to experience increased profitability as compared to January-June 2006 whereas SAW producers collectively experienced a decline in profitability between the interim periods.[66]

A variance analysis for CWLDLP is presented in table III-15. The information for this variance analysis is derived from table III-13. The variance analysis provides an assessment of changes in profitability as it relates to changes in pricing, cost, and volume. The analysis shows that the improvement in operating income from 2001 to 2006 was attributable to the higher favorable price variance despite an increased unfavorable net cost/expense variance (i.e., prices rose higher than costs and expenses). The analysis also shows that the decrease in operating income in January-June 2007 as compared to January-June 2006 was the result of an unfavorable net cost/expense variance more than offsetting favorable price and volume variances (i.e., even though sales volume increased, costs still increased more than prices).

Table III-15
CWLDLP: Variance analysis on operations of U.S. producers, 2001-06, and January-June 2006 to January-June 2007

* * * * * * *

Capital Expenditures and Research and Development Expenses

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are shown in table III-16. While aggregate R&D expenses declined irregularly from 2001 to 2006, aggregate capital expenditures increased from 2001 to 2003, declined in 2004, then increased sharply in 2005 and 2006. Data for January-June 2007 indicate that aggregate capital expenditures declined while R&D expenses slightly increased as compared to January-June 2006. While no firm accounted for the majority of reported capital expenditures over the entire review period, *** accounted for the vast majority of capital expenditures in 2005 and 2006 ***.[67] Not included in the totals are expenditures related to Berg's $75 million plant in Mobile, AL, the PSL North America $20 million

[65] If interim data for *** are excluded because of the unusual circumstances discussed in footnotes to tables III-13 and III-14, per-unit operating income improved between the interim periods as per-unit net sales values increased by $*** per short ton while per-unit costs and expenses increased by $*** per short ton in January-June 2007 as compared to January-June 2006.

[66] If interim data for *** are excluded because of the unusual circumstances discussed in footnotes to tables III-13 and III-14, the operating margin for the SAW producers during January-June 2007 would be *** percent, and would thus show improved profitability in January-June 2007 as compared to January-June 2006.

[67] Correspondence from ***, June 26, 2007.

joint venture, the U.S. Steel/Posco/SeAH $93 million joint venture, or the Welspun $66 million spiral weld joint venture. In total, all firms except *** reported capital expenditures, and two firms (both *** producers) reported R&D expenses.

Table III-16
CWLDLP: Capital expenditures and research and development expenses of U.S. producers, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Assets and Return on Investment

Data on the U.S. CWLDLP producers' total assets and their ROI are presented in table III-17. The total assets utilized in the production, warehousing, and sale of CWLDLP increased from $*** in 2001 to $*** in 2006, with the decrease in long-term assets from 2003 to 2004 due primarily to ***, and most of the increase in current assets from 2005 to 2006 due to increases in the prices and costs for CWLDLP. The ROI trend was similar to the operating income trend, declining after 2001 to negative levels in 2003 and 2004 before increasing in 2005 and 2006.

Table III-17
CWLDLP: Value of assets and return on investment of U.S. producers, 2001-06

* * * * * * *

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

The Commission sent importer questionnaires to 87 firms believed to have imported CWLDLP between January 2001 and May 2007, and received usable data from 21 firms.[1] During the original investigations, 22 firms provided the Commission with data on their U.S. imports of CWLDLP. Compared to Japanese subject exports, firms responding to the Commission's questionnaire accounted for essentially all subject exports from Japan between January 2001 and June 2007, but less than one percent of subject imports from Mexico (compared to official Commerce statistics) during that period. Import data in this report for Japan are drawn from questionnaire responses and account for numerous product exclusions. Import data for Mexico are based on official Commerce statistics and import data for nonsubject sources are based on official Commerce statistics as revised to exclude ***.

One importer reported importing the subject product through an FTZ, in the port of ***.[2] One importer reported entering or withdrawing CWLDLP from U.S. bonded warehouses in ***.[3] Three importers reported importing CWLDLP under the temporary importation under bond program.[4]

Data regarding imports of CWLDLP from both of the subject countries and from all nonsubject countries during the review period appear in table IV-1. The combined imports from the subject countries decreased overall by two-thirds from 2001 to 2006 and were lower in interim (January-June) 2006 than in interim 2007.

Between 2001 and 2006 subject imports fluctuated yearly and the quantity of such imports from Japan and Mexico moved in opposite directions. Between 2001 and 2006, the quantity of U.S. imports of CWLDLP from all sources increased by *** percent while the value increased by *** percent. The average unit value of all CWLDLP imports combined reached a full year high in 2006, although the average unit values for subject imports from Japan and Mexico were actually higher in 2005 than in 2006. Still, the average unit value for subject imports increased overall from 2001-06 by 93.6 percent while that of nonsubject imports increased overall by *** percent. The average unit values of imports from both subject (Japan only) and nonsubject sources were highest in the most recent period, January-June 2007.

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[1] One firm provided incomplete data, 28 firms reported that they did not import CWLDLP during the period for which data were collected, and 38 firms did not respond to the Commission's questionnaire.

[2] *** importer questionnaire response, I-10.

[3] *** importer questionnaire response, I-10.

[4] *** importer questionnaire responses, I-11.

Table IV-1
CWLDLP: U.S. imports, by sources, 2001-06, January-June 2006, and January-June 2007[1]

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (***short tons***)								
Japan	29,795	3,986	3,376	7,594	25,232	13,198	10,483	7,356
Mexico	13,265	6,245	8,302	159	35	125	101	0
Subtotal subject	43,060	10,231	11,678	7,753	25,267	13,323	10,584	7,356
All other sources	***	***	***	***	422,023	729,575	262,679	827,728
Total	***	***	***	***	447,289	742,898	273,262	835,084
	Value (***$1,000***)[2]							
Japan	16,549	1,969	1,710	5,030	28,323	13,693	10,880	14,661
Mexico	6,624	4,229	5,486	111	59	190	142	0
Subtotal subject	23,173	6,198	7,196	5,141	28,382	13,883	11,022	14,661
All other sources	***	***	***	***	428,421	753,567	269,889	1,002,845
Total	***	***	***	***	456,803	767,449	280,912	1,017,506
Unit value (***per short ton***)								
Japan	$555	$494	$507	$662	$1,123	$1,038	$1,038	$1,993
Mexico	499	677	661	696	1,692	1,518	1,415	(3)
Subtotal subject	538	606	616	663	1,123	1,042	1,041	1,993
All other sources	***	***	***	***	1,015	1,033	1,027	1,212
Average	***	***	***	***	1,021	1,033	1,028	1,218
Share of quantity (***percent***)								
Japan	***	***	***	***	5.6	1.8	3.8	0.9
Mexico	***	***	***	***	(3)	(3)	(3)	(3)
Subtotal subject	***	***	***	***	5.6	1.8	3.9	0.9
All other sources	***	***	***	***	94.4	98.2	96.1	99.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-1--*Continued*
CWLDLP: U.S. imports, by sources, 2001-06, January-June 2006, and January-June 2007[1]

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Share of value (***percent***)								
Japan	***	***	***	***	6.2	1.8	3.9	1.4
Mexico	***	***	***	***	(3)	(3)	0.1	(3)
Subtotal subject	***	***	***	***	6.2	1.8	3.9	1.4
All other sources	***	***	***	***	93.8	98.2	96.1	98.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of import quantity to U.S. production (***percent***)								
Japan	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

[1] U.S. import data for Japan are based on questionnaire responses to account for U.S. importers' reported imports of excluded welded large diameter line pipe. U.S. import data for Mexico and all other sources are based on official Commerce statistics. U.S. import data for all other sources have been adjusted to exclude imports from *** of cut-to-length plate by *** that were ***.
[2] Landed, duty-paid.
[3] Less than 0.05 percent.

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

There are numerous exclusions from the antidumping duty order under review for specific line pipe specifications produced in Japan (*see* Part I). The following table presents information on the quantity and value of U.S. imports of CWLDLP from Japan that are excluded from the order. Imports of excluded SAW products have constituted the majority of such imports since 2004.

Table IV-2
CWLDLP: Japan's exports of excluded products to the United States, 2001-06, January-June 2006, and January-June 2007

Product	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Quantity (***short tons***)							
SAW	***	***	***	***	***	***	***	***
ERW	***	***	***	***	***	***	***	***
Total	50,302	243,068	75,640	84,378	106,078	108,125	64,094	20,026

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

During the period for which data were collected, in addition to the two subject countries, the United States imported CWLDLP from numerous other countries. The leading 18 nonsubject suppliers are shown in table IV-3.[5] The total quantity of CWLDLP imports from all nonsubject sources increased from 2001 to 2006 by *** percent. Nonsubject imports decreased in each year from 2001 through 2003 and then reversed this trend during 2004-06. Nonsubject import volume increased by 565,049 short tons, or 215.1 percent, between interim 2006 and interim 2007. The largest sources of nonsubject imports during the review period were Canada, Germany, and Korea. In addition to these sources, the first half of 2007 saw increased imports from several other countries including (in order of quantity) India, Greece, Italy, and China. Domestic CWLDLP producers are related to producers of subject line pipe in both Canada (OSM Tubular) and Germany (Europipe GmbH).

Data on U.S. imports of ERW large diameter line pipe are presented in table IV-4. The Commission asked importers to provide information on the maximum length of ERW line pipe imported without two or more sections of pipe being joined. Importers reported importing pipe from Japan up to 66" in length and from all other sources up to 59" in length, without two sections or more of pipe being joined. No information on such imports from Mexico was reported in response to the Commission's importer questionnaires.

Data on U.S. imports of SAW large diameter line pipe are presented in table IV-5. The Commission asked importers to provide information on the maximum length of SAW line pipe imported without two or more sections of pipe being joined. Importers reported importing pipe from Japan up to 60" in length and from all other sources up to 59" in length, without two sections or more of pipe being joined. No information on such imports from Mexico was reported in response to the Commission's importer questionnaires.

[5] The data in this table are based on official import statistics of Commerce for CWLDLP under HTS subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50. U.S. import data for nonsubject sources are based on official Commerce statistics as revised to exclude ***.

Table IV-3
CWLDLP: U.S. imports from leading nonsubject sources, 2001-06, January-June 2006, and January-June 2007

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Quantity (*short tons*)							
Argentina	0	538	4,785	1,133	563	0	0	0
Brazil	63,315	28,600	11,560	23,329	10,506	89,413	34,592	22,689
Canada	116,752	187,709	57,499	190,025	172,772	319,745	113,981	273,791
China	365	2,287	2,100	1,413	8,169	61,287	9,485	45,704
France	0	0	641	1,415	1,582	439	435	36
Germany	***	***	***	***	8,589	36,217	16,449	61,254
Greece	5,363	1,969	0	53,709	9,449	17,385	4,395	78,976
India	12,212	21,304	32,180	18,793	106,493	19,724	666	154,226
Indonesia	9,377	8,482	7,221	7,837	0	0	0	0
Italy	30,038	14,749	5	1,091	14,702	45,677	26,604	76,359
Korea	61,787	70,418	43,603	48,468	51,119	86,528	31,745	61,025
Netherlands	5,718	1,065	0	0	0	55	0	0
Romania	0	1,338	6,248	19,775	20,899	27,731	14,304	13,611
Russia	0	1,087	0	675	2,119	4,641	2,477	504
South Africa	1,506	0	85	414	4,353	1,790	749	0
Taiwan	1,578	3,329	2,412	230	1,219	2,729	1,998	422
Ukraine	3,467	1,046	1,963	545	3,979	9,009	2,388	5,366
United Kingdom	27,444	60,465	51,271	6,209	5,237	7,142	2,352	33,743
All others[2]	1,673	673	174	1,222	273	62	57	20
Total	***	***	***	***	422,023	729,575	262,679	827,728

Table continued on next page.

Table IV-3--*Continued*
CWLDLP: U.S. imports from leading nonsubject sources, 2001-06, January-June 2006, and January-June 2007

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Value (***$1,000***)[3]							
Argentina	0	198	2,156	644	350	0	0	0
Brazil	39,351	16,991	6,986	15,673	9,333	103,069	39,910	30,314
Canada	73,434	120,389	31,644	117,561	186,415	367,277	125,097	343,002
China	193	1,073	1,150	892	6,537	42,632	7,735	35,858
France	0	0	523	590	713	224	214	122
Germany[1]	***	***	***	***	12,951	49,356	22,187	87,290
Greece	2,430	904	0	32,696	7,863	15,342	3,765	101,763
India	6,459	10,523	15,600	12,963	115,186	13,785	556	194,653
Indonesia	2,958	2,369	2,700	3,153	0	0	0	0
Italy	14,862	7,871	30	967	12,736	45,419	26,748	80,425
Korea	23,271	28,351	20,235	27,737	44,932	71,494	25,066	55,000
Netherlands	2,947	300	0	0	0	41	0	0
Romania	0	551	3,168	10,733	17,214	22,154	11,301	13,227
Russia	0	446	0	560	1,707	2,925	1,538	391
South Africa	818	0	35	214	3,328	1,338	572	0
Taiwan	554	1,327	960	145	919	1,712	1,196	309
Ukraine	1,418	503	946	367	3,146	7,868	2,038	5,024
United Kingdom	18,575	45,440	38,429	3,955	4,888	8,756	1,800	55,449
All others[2]	599	94	419	876	203	176	169	17
Total	***	***	***	***	428,421	753,567	269,889	1,002,845

Table continued on next page.

Table IV-3--*Continued*
CWLDLP: U.S. imports from leading nonsubject sources, 2001-06, January-June 2006, and January-June 2007

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Unit value (***per short ton***)							
Argentina	([4])	$368	$451	$568	$622	([4])	([4])	([4])
Brazil	$622	594	604	672	888	$1,153	$1,154	$1,336
Canada	629	641	550	619	1,079	1,149	1,098	1,253
China	528	469	548	631	800	696	815	785
France	([4])	([4])	817	417	451	511	491	3,364
Germany[1]	***	***	***	***	1,508	1,363	1,349	1,425
Greece	453	459	([4])	609	832	882	857	1,289
India	529	494	485	690	1,082	699	835	1,262
Indonesia	315	279	374	402	([4])	([4])	([4])	([4])
Italy	495	534	5,495	886	866	994	1,005	1,053
Korea	377	403	464	572	879	826	790	901
Netherlands	515	281	([4])	([4])	([4])	753	([4])	([4])
Romania	([4])	412	507	543	824	799	790	972
Russia	([4])	410	([4])	831	806	630	621	776
South Africa	544	([4])	408	518	765	747	763	([4])
Taiwan	351	398	398	631	754	628	599	733
Ukraine	409	481	482	673	791	873	853	936
United Kingdom	677	752	750	637	933	1,226	765	1,643
All others[2]	358	139	2,410	717	745	2,845	2,952	817
Average	***	***	***	***	1,015	1,033	1,027	1,212

[1] U.S. import data for Germany have been adjusted to exclude imports of cut-to-length plate by *** that were ***.
[2] All others includes imports from Algeria, Australia, Belgium, the Czech Republic, Denmark, Macedonia, Malaysia, New Zealand, Sweden, Switzerland, and Venezuela.
[3] Landed, duty paid.
[4] Not applicable.

Source: Compiled from official Commerce statistics under HTS subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 and ***, used with permission.

Table IV-4
CWLDLP: U.S. imports of ERW-CWLDLP, by sources, 2001-06, January-June 2006, and January-June 2007 [1]

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (***short tons***)								
Japan	***	***	***	***	***	***	***	***
Mexico	87	0	8,294	0	19	0	0	0
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	95,976	86,553	79,253	80,290	73,729	122,959	45,971	105,326
Total	***	***	***	***	***	***	***	***
Value (***$1,000***)[2]								
Japan	***	***	***	***	***	***	***	***
Mexico	39	0	5,481	0	18	0	0	0
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	38,072	36,043	36,085	44,332	65,495	100,005	34,571	109,155
Total	***	***	***	***	***	***	***	***
Unit value (***per short ton***)								
Japan	$***	$***	$***	$***	$***	$***	$***	$***
Mexico	$449	([3])	$661	([3])	902	([3])	([3])	([3])
Average	***	***	***	***	***	***	***	***
All other sources	397	416	455	552	888	813	752	1,036
Average	***	***	***	***	***	***	***	***
Share of quantity (***percent***)								
Japan	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Average	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-4--*Continued*
CWLDLP: U.S. imports of ERW-CWLDLP, by sources, 2001-06, January-June 2006, and January-June 2007 [1]

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Share of value (*percent*)								
Japan	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of import quantity to U.S. production (***percent***)								
Japan	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

[1] U.S. import data for Japan are based on questionnaire responses and account for U.S. importers' reported U.S. shipments of excluded welded large diameter line pipe. U.S. import data for Mexico and all other sources are based on official Commerce statistics.
[2] Landed, duty-paid.
[3] Not applicable.

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

Table IV-5
CWLDLP: U.S. imports of SAW-CWLDLP, by sources, 2001-06 January-June 2006, and January-June 2007 [1]

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Quantity (***short tons***)								
Japan	***	***	***	***	***	***	***	***
Mexico	13,178	6,245	8	159	15	125	101	0
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	348,294	606,616	216,708	722,401
Total	***	***	***	***	***	***	***	***
Value (***$1,000***)[2]								
Japan	***	***	***	***	***	***	***	***
Mexico	6,585	4,229	5	111	41	190	142	0
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	362,927	653,561	235,319	893,690
Total	***	***	***	***	***	***	***	***
Unit value (***per short ton***)								
Japan	$***	$***	$***	$***	$***	$***	$***	$***
Mexico	500	677	603	696	2,696	1,518	1,415	([3])
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	1,042	1,077	1,086	1,237
Total	***	***	***	***	***	***	***	***
Share of quantity (***percent***)								
Japan	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-5--*Continued*
CWLDLP: U.S. imports of SAW-CWLDLP, by sources, 2001-06, January-June 2006, and January-June 2007 [1]

Source	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
Share of value (***percent***)								
Japan	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of import quantity to U.S. production (***percent***)								
Japan	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***
Subtotal subject	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

[1] U.S. import data for Japan are based on questionnaire responses and account for U.S. importers' reported U.S. shipments of excluded welded large diameter line pipe. U.S. import data for Mexico and all other sources are based on official Commerce statistics. U.S. import data for all other sources have been adjusted to exclude imports of cut-to-length plate *** by *** that were ***.
[2] Landed, duty-paid.
[3] Not applicable.

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

The Commission asked importers whether they had experienced any changes in the character of their operations or organization relating to the importation of CWLDLP since 2001. *** responded that it had not experienced any of these types of changes but that it did experience a significant shutdown associated with a line pipe failure in *** in 2006.[6] *** cited a shortage of rail equipment such as cars and power to move the cars, as a persistent problem since late 2003. According to ***, this rail car shortage is due in large part to imported pipes and other imports that arrive in port and are moved by rail to their final destinations.[7]

The Commission asked importers to describe any anticipated changes in the character of their operations relating to the importation of CWLDLP in the future. No importers reported anticipating such changes with the exception of ***. *** responded that it is primarily *** but will import pipe in sizes, grades, and volumes that the company ***.[8]

Several importers reported arrangements for the importation of CWLDLP from Japan and other sources for delivery in the future. No future orders for importation of CWLDLP from Mexico were

[6] *** importer questionnaire response, II-2.

[7] *** importer questionnaire response, II-2.

[8] *** importer questionnaire response, II-3 and II-6.

reported. Data relating to U.S. importers' orders for importation of CWLDLP from Japan and all sources other than Mexico, for delivery after June 30, 2007, are presented in table IV-6.

Table IV-6
CWLDLP: U.S. importers' orders for importation from Japan and all other sources (excluding Mexico) for delivery after June 30, 2007

* * * * * * *

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Parts I and II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

U.S. producers and importers of CWLDLP were asked to provide data concerning their U.S. (commercial) shipments of CWLDLP by grade, size, and wall thickness. These data are presented in tables IV-7 through IV-9.

Table IV-7
CWLDLP: U.S. producers' and importers' commercial shipments, by grade, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Table IV-8
CWLDLP: U.S. producers' and importers' commercial shipments, by size, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Table IV-9
CWLDLP: U.S. producers' and importers' commercial shipments, by wall thickness, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Geographic Markets

As noted previously, CWLDLP products produced in the United States are shipped nationally. Imports of CWLDLP products are predominantly shipped nationally but are also shipped regionally. Information summarizing the shipments of CWLDLP is presented in Part V of this report. Table IV-10

presents imports from Japan by Customs districts from 2001 through 2006[9] while table IV-11 presents imports from Mexico by Customs districts for the same period. As shown in the tables, the majority of subject imports arrived via ports in the southern United States.

Table IV-10
CWLDLP: U.S. imports from Japan, by Customs districts, 2001-06 and January-June 2007[1]

District	2001	2002	2003	2004	2005	2006	Jan.-June 2007	Total
	Quantity (***short tons***)							
Houston-Galveston, TX	40,681	48,781	41,455	53,196	100,706	104,594	31,086	420,499
New Orleans, LA	35,561	17,687	27,199	33,444	33,448	63,315	14,993	225,647
Mobile, AL	15,304	170,423	24,486	4,608	0	0	0	214,822
Los Angeles, CA	636	305	255	309	11	3,345	2,552	7,411
Anchorage, AK	0	0	0	4,617	2,387	0	0	7,004
Port Arthur, TX	3,335	1,091	0	0	0	0	0	4,426
Seattle, WA	589	805	159	34	3	82	62	1,734
Savannah, GA	0	0	0	103	111	86	0	301
Great Falls, MT	0	0	0	35	20	0	39	94
Philadelphia, PA	0	23	22	0	0	23	0	67
Laredo, TX	0	0	0	0	16	0	22	38
Minneapolis, MN	0	0	0	0	12	0	0	12
Ogdensburg, NY	11	0	0	0	0	0	0	11
Pembina, ND	0	0	0	0	6	0	0	6
Chicago, IL	0	4	0	0	0	1	0	5
Total	96,117	239,118	93,575	96,347	136,721	171,445	48,754	882,077

[1] These data are substantially overstated as official import statistics include products that are excluded from the antidumping duty orders.

Source: Compiled from official statistics of Commerce.

[9] Because data from official statistics include imports of merchandise excluded from the scopes of the antidumping duty orders, imports presented for Japan are overstated. *See* Table IV-2 in this section of the report for information on imports of CWLDLP from Japan that are excluded from the scope of the order.

Table IV-11
CWLDLP: U.S. imports from Mexico, by Customs districts, 2001-06 and January-June 2007

District	2001	2002	2003	2004	2005	2006	Jan.-June 2007	Total
	Quantity (***short tons***)							
Laredo, TX	13,243	16	8,294	159	35	125	0	21,871
Houston-Galveston, TX	0	6,229	0	0	0	0	0	6,229
Seattle, WA	23	0	8	0	0	0	0	31
Total	13,265	6,245	8,302	159	35	125	0	28,132

Source: Compiled from official statistics of Commerce.

Presence in the Market

Welded large diameter line pipe products produced in Japan and Mexico were present throughout the period for which data were collected. Table IV-12 presents monthly import entries into the United States by sources. Based on Commerce statistics, imports of CWLDLP from Japan entered the United States in each month between January 2001 and December 2006,[10] while imports from Mexico entered in fewer months, ranging from three to nine months per year during that time.

Table IV-12
CWLDLP: U.S. imports, monthly entries into the United States, by sources, 2001-06 and January-June 2007

Source	Calendar year						Jan.-June
	2001	2002	2003	2004	2005	2006	2007
Japan	12	12	12	12	12	12	6
Mexico	9	3	3	5	5	6	0
All others	12	12	12	12	12	12	6

Source: Compiled from official statistics of Commerce.

U.S. IMPORTERS' INVENTORIES

Data relating to U.S. importers' inventories of CWLDLP are presented in table IV-13. Inventories of subject imports from Japan and nonsubject imports were reported in each year of the period for which data were collected in these reviews. No imports of subject CWLDLP from Mexico were reported by questionnaire respondents. 2004 marked the highest level of subject Japanese inventories for the period. Nonsubject inventories were highest in 2002 and 2003 but by 2006 had reached their lowest full year level, *** short tons. Total reported importer inventories were at their lowest level (in terms of quantity) in 2001 and 2006.

[10] Because data from official statistics include imports of merchandise excluded from the scopes of the antidumping duty orders, imports presented for Japan are overstated. *See* Table IV-2 in this section of the report for information on imports of CWLDLP from Japan that are excluded from the scope of the order.

Table IV-13
CWLDLP: U.S. importers' end-of-period inventories of imports, by source, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Relative to import quantity, inventories of total imports ranged from *** percent to *** percent of imports between 2001 and 2006. As a ratio to U.S. shipments of imports, inventories of total imports in this period ranged from *** percent to *** percent.

THE INDUSTRY IN JAPAN

Overview

In their responses to the Commission's notice of institution in the current five-year reviews, counsel on behalf of respondents identified three known producers of CWLDLP in Japan.[11] The Commission issued questionnaires to each of these companies as well as to three potential producers/exporters identified through further research.[12] Counsel on behalf of three Japanese respondents provided complete data and no response was obtained from the three potential producers. Accordingly, the data presented in this section of the report are for JFE Steel Corp. ("JFE"), Nippon Steel Corp. ("Nippon"), and Sumitomo Metal Industries, Inc. ("Sumitomo").[13]

In the original investigations, four producers in Japan provided the Commission with complete data: Kawasaki Steel Corp. ("Kawasaki"), Nippon, NKK Corp. ("NKK"), and Sumitomo. In 2003, JFE was created as a result of the merger of Kawasaki and NKK. JFE operates the CWLDLP production facilities of the former Kawasaki and NKK. Therefore the foreign industry coverage in these reviews is the same as in the original investigations.[14]

Table IV-14 presents comparative information available from the original investigations and the current reviews.

[11] The Japanese producers identified were: JFE Steel Corp., Nippon Steel Corp., and Sumitomo Metal Industries, Ltd.

[12] Maruichi Steel Tube Ltd., Nisimura Koki, and Osaka Tokushu Kokan.

[13] The Commission's questionnaires directed foreign and domestic producers to provide business plans or internal documents, reports, or studies, relating to future CWLDLP market conditions. Japanese producer JFE provided with its questionnaire response, a company line pipe publication. In a later submission, through counsel, JFE provided 5 documents including a market study of the welded line pipe market and Nippon provided a company-generated chart of current and future global large diameter pipeline projects. Additional documentation was submitted through counsel by all three producers of CWLDLP in Japan. The producers provided 16 documents that address global or North American demand for welded line pipe or refer to specific producers' expected demand for welded line pipe. The Japanese respondent interested parties' prehearing brief included two market studies and numerous articles and company press releases relating to future CWLDLP market conditions. The Japanese respondent interested parties' posthearing brief included company orders and numerous documents related to future demand for CWLDLP for pipeline and natural gas projects.

[14] Japanese producers' response to the notice of institution, p. 9.

Table IV-14
CWLDLP: Comparison of select Japanese producer data, 2000 and 2006

Item	2000	2006
	Capacity (*short tons*)	
ERW	***	***
SAW	***	***
All CWLDLP	616,248	1,086,984
	Production (*short tons*)	
ERW	***	***
SAW	***	***
All CWLDLP	536,677	1,077,702
	Capacity utilization (*percent*)	
ERW	***	***
SAW	***	***
All CWLDLP	87.1	99.1
	Exports/shipments (*percent*)	
ERW	***	***
SAW	***	***
All CWLDLP	***	98.4
	Inventories/shipments (*percent*)	
ERW	***	***
SAW	***	***
All CWLDLP	***	11.8

Source: Confidential 2000 data were taken from tables VII-2, VII-3, and VII-4 of the confidential original report (INV-Y-214, October 17, 2001), public 2000 data were taken from the same tables in *Certain Welded Large Diameter Line Pipe from Japan, Inv. No. 731-TA-919 (Final),* USITC Publication 3464, November 2001. 2006 data are from questionnaire responses.

Two of the responding firms, JFE and Nippon, produce ERW and SAW line pipe whereas Sumitomo produces only SAW pipe.[15] None reported producing API-certified CWLDLP that is spiral-

[15] The Commission asked foreign producers to describe the production technology and inputs used in the manufacture of CWLDLP. *** reported that because its CWLDLP target market is non-conventional material, it has introduced new production technology to make high-end material. The company introduced ***. By this process, *** can make pipe with better mechanical properties for critical applications such as high strength, sour service, and heavy wall thicknesses. *** pipe mill upgraded its *** production operation to make heavy wall thickness *** pipe. *** produces pipe using the *** and reported no significant changes in production technology since 2001, but is investing in technological improvements to produce commercially feasible quantities of high-strength line pipes. Because ***, it makes CWLDLP from ***. With regard to changes in production technology, *** reported that it

(continued...)

welded.[16] Because production doubled and capacity nearly doubled since 2000, capacity utilization was higher in 2006 than in 2000. These increases were driven by increases in SAW capacity and production. Export shipments continue to account for nearly all shipments by producers of CWLDLP in Japan.

CWLDLP Operations

Data on Japan's total CWLDLP capacity, production, inventories, and shipments are presented in table IV-15. Between 2001 and 2006, Japanese CWLDLP capacity and production increased by 33.2 and 37.5 percent, respectively, but fluctuated noticeably over the period for which data were collected.[17] Capacity utilization remained above 96 percent in each year and was highest at 99.5 percent in January-June 2007.

In response to the Commission's question on changes in capacity, *** reported that after ***, it shut down *** with a total capacity of *** tons per year, and shut down *** which had a theoretical annual capacity of *** short tons. Since then, the company has not expanded capacity to produce CWLDLP but has instead upgraded its ability to produce high-end products.[18]

In response to the Commission's question regarding limitations on the quantity of CWLDLP that each firm is capable of producing, *** cited the availability of steel plate as a limiting constraint.[19] At ***, ***. When *** receives an order for high-grade pipe, ensuring a supply of high-grade steel plates is critical because they are not as widely available as plates for lower-grade SAW pipes.[20] For *** and ***, profitability and market considerations are major limitations on production. At *** when rolling capacity exceeds steel making capacity, if the profitability and efficiency of CWLDLP is inferior to other products, the allocation of the input materials will be mainly directed to those other products.[21] Available skilled labor is a production limitation for ***, which reported that it is not easy to recruit highly capable operators, training is time-intensive, and currently all operators are working at full capacity. *** also strives to meet the needs of its existing customers. Because of its customer relationships, *** supplies *** instead of assigning capacity exclusively to the production of CWLDLP.[22]

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[15] (...continued)
has developed higher grade steel plates for *** grade CWLDLP. *** foreign producer questionnaire responses, II-5.

[16] ***. *** foreign producer questionnaire response, II-3. The Domestic Interested Parties' posthearing brief criticized JFE and Sumitomo for ***. According to the domestic interested parties, JFE ***. In addition, Sumitomo ***. Domestic interested parties' posthearing brief, pp. 1-2. ***. Response of the Japanese Producers to Staff Questions, September 12, 2007.

[17] Counsel on behalf of the responding producers in Japan explained that they reported capacity based upon the mix of production, not theoretical machine capacity. Therefore, capacity closely tracks production and for *** capacity matches production in each year of the period. Staff telephone interview with ***, July 2, 2007.

[18] *** foreign producer questionnaire response, II-1.

[19] *** foreign producer questionnaire responses, II-6(a).

[20] *** foreign producer questionnaire response, II-6(b).

[21] *** foreign producer questionnaire response, II-6(a).

[22] *** foreign producer questionnaire response, II-6(b).

Table IV-15
CWLDLP: Japan's capacity, production, inventories, and shipments, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Quantity (***short tons***)							
Capacity	815,830	1,290,893	1,477,124	1,421,559	1,071,217	1,086,984	566,589	424,901
Production	783,746	1,281,045	1,462,527	1,391,183	1,063,726	1,077,702	561,811	422,896
End-of-period inventories	105,605	103,686	163,841	133,360	112,327	125,957	116,296	116,481
Shipments:								
Internal consumption/transfers	***	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***	***
Exports to:								
United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
All other markets	349,335	335,050	794,367	828,227	684,305	754,538	427,139	279,490
Total exports	819,233	1,277,901	1,400,742	1,408,516	1,074,311	1,047,110	555,072	429,430
Total shipments	821,150	1,282,962	1,402,370	1,421,664	1,084,758	1,064,071	562,885	437,960
	Ratios and shares (***percent***)							
Capacity utilization	96.1	99.2	99.0	97.9	99.3	99.1	99.2	99.5
Inventories/production	13.5	8.1	11.2	9.6	10.6	11.7	10.4	13.8
Inventories/shipments	12.9	8.1	11.7	9.4	10.4	11.8	10.3	13.3
Share of total shipments:								
Internal consumption/transfers	***	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***	***
Exports to:								
United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
All other markets	42.5	26.1	56.6	58.3	63.1	70.9	75.9	63.8
Total exports	99.8	99.6	99.9	99.1	99.0	98.4	98.6	98.1

Table continued on next page.

Table IV-15--*Continued*
CWLDLP: Japan's capacity, production, inventories, and shipments, 2001-06, January-June 2006, and January-June 2007

Item	Calendar year						Jan.-June	
	2001	2002	2003	2004	2005	2006	2006	2007
	Value (***$1,000***)							
Commercial shipments:								
Home market	***	***	***	***	***	***	***	***
Exports to:								
United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
All other markets	158,001	140,190	354,623	392,593	439,407	603,753	337,806	232,141
Total exports	371,681	545,206	626,170	689,940	732,081	826,618	442,243	353,470
Total commercial shipments	371,990	547,996	627,500	697,565	737,909	839,628	446,950	358,577
	Unit value (***per short ton***)							
Commercial shipments:								
Home market	$***	$***	$***	$***	$***	$***	$***	$***
Exports to:								
United States	***	***	***	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Other Asia	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***
All other markets	452	418	446	474	642	800	791	831
Total exports	454	427	447	490	681	789	797	823
Total commercial shipments	453	427	447	491	680	789	794	819

[1] Not applicable.

Note.--Because of rounding, figures may not add to the totals shown. Ratios and shares are calculated from unrounded figures.

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

The Commission requested information on the basis of production capacity calculations made by the producers in Japan. Data on Japanese producers' CWLDLP production capacity calculations are presented in table IV-16.

Table IV-16
CWLDLP: Japan's basis of reported production capacity

* * * * * * *

During the hearing held in connection with these reviews, the Japanese producers were asked to provide information on their mill's nameplate or theoretical machine capacity. This information was provided by the three Japanese producers of CWLDLP in their posthearing brief and is presented below in table IV-17.

Table IV-17
CWLDLP: Japan's theoretical mill capacity

* * * * * * *

Sales of CWLDLP accounted for a small share of total sales by responding producers in Japan. In their most recent fiscal year, *** and *** had the highest percentage of CWLDLP sales with *** percent, followed by *** with *** percent.[23] During the period for which data were collected, the Japanese industry's internal consumption and home market shipments of CWLDLP increased by *** and *** percent, respectively. Despite these increases, internal consumption and home market shipments accounted for only *** and *** percent of total shipments in 2006. Also during this period, exports increased by nearly 28 percent. In 2006, exports accounted for 98.4 percent of the Japanese industry's total CWLDLP shipments.

Data on shipments by producers in Japan by grade, diameter, and wall thickness of CWLDLP are presented in table IV-18. During the review period shipments of CWLDLP produced in Japan were predominantly in the ***. Shipments by diameter were *** but were generally highest in diameters greater than *** inches and less than or equal to *** inches. In every year except *** with wall thicknesses between *** accounted for the largest share of CWLDLP shipments.

Table IV-18
CWLDLP: Japan's shipments by grade, diameter, and wall thickness, 2001-06

* * * * * * *

Between 2001 and 2006 exports to the European Union, China, and other markets in Asia decreased while exports to the United States and all other markets increased overall.[24] Exports to all markets in January-June 2007 were nearly 150,000 short tons less than such exports in January-June 2006. Exports accounted for more than 98.0 percent of total shipments in every full and partial year for which data were collected even as home market shipments increased. Unit values of exports to the United States and the European Union reached a peak of *** and ***, respectively, in January-June 2007. The unit values of exports to "all other markets" were also at their highest in January-June 2007, at $831 per short ton, $40 more per short ton than such export values in January-June 2006.

Producers in Japan provided details on the export markets that they have developed since 2001. While each listed a variety of export markets that they have developed since 2001, common to all three were *** and ***. *** has developed export markets in ***.[25] *** has developed export markets through ***. The development of these markets was reportedly unrelated to the antidumping duty orders

[23] *** foreign producer questionnaire responses, II-9.

[24] "All other markets" identified by CWLDLP producers in Japan were: ***.

[25] *** foreign producer questionnaire response, II-12.

under review. *** main export markets and the average percentage of total products sold[26] to them from 2001 through 2006 are as follows: ***. *** reported that large, near-term projects are planned in each of these markets and as a result sales are expected to increase.[27] *** reported that since there were several big pipeline projects underway in *** from 2002 through 2005, *** has increased exports to these countries.[28]

Japanese exports of SAW large diameter line pipe (with outside diameters greater than 20 inches) are currently subject to an 8 percent special tariff imposed by Russia on December 21, 2006. The Japanese producers unanimously reported that there have been no negative effects on their sales to Russia as a result of the tariff because they export products not made in Russia and Russian customers are willing to pay the duty. According to the responding producers, their exports of CWLDLP are not subject to any current investigations in any countries other than the United States.[29]

No producers in Japan reported maintaining inventories of CWLDLP in the United States since 2001.[30] The Commission asked producers in Japan whether they have imported or have plans to import CWLDLP into the United States. *** and *** responded in the negative but *** explained that it is related to *** which does import steel products into the United States.[31] *** responded "yes" because it holds a minority share of importer *** which operates as an independent company. Only *** reported the capability to produce CWLDLP in countries other than Japan. *** has two foreign operations: *** in *** and the *** in ***. According to ***, these related firms have not exported CWLDLP to the United States.

The Commission requested producers in Japan to report their existing backlog or order book volume at the end of each year of the review period.[32] These data are presented in table IV-19. These figures represent the volume each firm is committed to produce.

Table IV-19
CWLDLP: Japan's existing order backlog, December 2001-06, June 2006, and June 2007

* * * * * * *

Data on Japan's projected total CWLDLP capacity, production, inventories, and shipments in 2007 and 2008 are presented in table IV-20. Projections are based on the orders remaining in effect.

[26] Based on tonnage, not value.

[27] *** foreign producer questionnaire response, II-12.

[28] *** foreign producer questionnaire response, II-12.

[29] *** foreign producer questionnaire responses, II-13.

[30] *** foreign producer questionnaire responses, II-11.

[31] *** foreign producer questionnaire responses, I-6. *** reported imports of ERW line pipe from ***, produced by *** in 2005 of *** short tons and *** short tons in 2006. *** importer questionnaire response, II-9a.

[32] The Commission's foreign producer questionnaire, II-6(c).

Table IV-20
CWLDLP: Japan's projected total capacity, production, inventories, and shipments, 2007-08

	Projected	
Item	**2007**	**2008**
	Quantity (*short tons*)	
Capacity	1,072,878	1,309,315
Production	1,069,086	1,302,844
End-of-period inventories	67,350	67,350
Shipments:		
Internal consumption/transfers	***	***
Home market	***	***
Exports to:		
United States	***	***
European Union	***	***
China	***	***
Other Asia	***	***
All other markets	742,792	737,440
Total exports	1,123,697	1,287,854
Total shipments	1,138,688	1,302,845
	Ratios and shares (*percent*)	
Capacity utilization	99.6	99.5
Inventories/production	6.3	5.2
Inventories/shipments	5.9	5.2
Share of total shipments:		
Internal consumption/transfers	***	***
Home market	***	***
Exports to:		
United States	***	***
European Union	***	***
China	***	***
Other Asia	***	***
All other markets	65.2	56.6
Total exports	98.7	98.8

Table continued on next page.

Table IV-20--*Continued*
CWLDLP: Japan's projected total capacity, production, inventories, and shipments, 2007-08

Item	2007	2008
	Value (*$1,000*)	
Commercial shipments:		
Home market	***	***
Exports to:		
United States	***	***
European Union	***	***
China	***	***
Other Asia	***	***
All other markets	608,123	649,637
Total exports	911,412	1,119,842
Total commercial shipments	921,992	1,130,422
	Unit value (*per short ton*)	
Commercial shipments:		
Home market	$***	$***
Exports to:		
United States	***	***
European Union	***	***
China	***	***
Other Asia	***	***
All other markets	819	881
Total exports	811	870
Total commercial shipments	810	868

Note.--Because of rounding, figures may not add to the totals shown. Ratios and shares are calculated from unrounded figures. Projections are based on the orders remaining in place. Foreign producers in Japan were asked whether any projected figures would be different if the orders were revoked and *** responded that their figures would not change if revocation occurred.

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

The Commission asked producers in Japan to report anticipated changes in their operations. *** reported that it does not anticipate any such changes.[33] *** also responded "no" but explained that ***.

[33] *** foreign producer questionnaire response, II-2.

Construction of this facility is scheduled for completion in *** with production to begin in ***. This investment does not include additions to the pipe mill, but will ***.[34] *** business plan calls for ***.[35] *** estimates that it will export to world markets *** short tons of CWLDLP and *** short tons of excluded products in 2007. In 2008, *** projects total exports of *** short tons of subject merchandise and *** short tons of excluded product.[36]

Producers in Japan were asked to describe any plans to add, expand, or curtail their production capacity in the future. All producers in Japan responded that they have no plans to change their capacity.[37] *** qualified this statement by explaining that the company will start commercial production of ***. However, this will not cause an increase in *** overall production capacity for CWLDLP.[38]

Alternative Products

In addition to CWLDLP, firms in Japan produce a range of other steel products, including standard pipe, structural pipe, oil country tubular goods, and other line pipe, though CWLDLP accounts for the bulk of Japanese producers' total production. Data regarding all three Japanese CWLDLP producers' total steel capacity and production for all other products are presented in table IV-21.[39] As presented in table IV-21, CWLDLP accounted for the most production but standard pipe, structural pipe, and other line pipe were also produced in significant quantities. As shown in the table, the product mix remained relatively consistent throughout the period.

The Commission asked producers in Japan if they are able to switch production between CWLDLP and other products in response to a change in the price of CWLDLP relative to the prices of other products, using the same equipment and machinery. *** and *** responded that they are able to switch production at very little cost. *** uses the same facility to produce CWLDLP, *** and reports that switching between these products is neither costly nor time intensive.[40] *** is able to switch production between subject and *** using the same equipment and labor at almost no cost.[41] *** explained that it is commercially impractical to switch ***. With respect to spiral-welded products, ***.[42]

---

[34] *** foreign producer questionnaire response, II-2.

[35] Sumitomo will invest $83 million in upgrading its plate and pipe-making facilities at its Kashima Steel Works. The upgrades are being made in part to for the commercial production of pipes with extremely high tensile strengths, such as X-100 and higher. Hearing testimony, p. 213 (Yamamoto).

[36] *** foreign producer questionnaire response, II-2.

[37] *** foreign producer questionnaire responses, II-4.

[38] *** foreign producer questionnaire response, II-4.

[39] *** foreign producer questionnaire responses, II-7.

[40] *** foreign producer questionnaire response, II-10.

[41] *** foreign producer questionnaire response, II-10.

[42] *** reported that the production of line pipe for overseas markets currently accounts for *** percent of the total production of line pipe and other tubing products for fiscal year 2006 (April 1, 2006 through March 31, 2007). *** foreign producer questionnaire response, II-10.

Table IV-21
CWLDLP: Japan's total steel capacity and production, by product types, 2001-06

Item	Calendar year					
	2001	2002	2003	2004	2005	2006
Capacity for all products (*short tons*)	1,885,085	2,348,311	2,237,109	2,436,555	2,194,585	2,154,337
Production (*short tons*):						
Subject products	1,002,453	1,438,422	1,590,485	1,607,991	1,296,126	1,263,035
Standard pipe[1]	263,317	270,590	276,258	321,122	334,234	323,875
Structural pipe	132,231	177,379	122,130	125,499	122,304	133,831
OCTG	***	***	***	***	***	***
Other line pipe[2]	230,296	207,573	91,875	218,921	189,704	169,711
Other	***	***	***	***	***	***
All products	1,800,910	2,320,601	2,213,401	2,415,668	2,178,934	2,137,420
Capacity utilization for all products (*percent)*	95.5	98.8	98.9	99.1	99.3	99.2

[1] Used for low-pressure conveyance of air, steam, gas, water, oil or other fluids and for mechanical applications.
[2] Welded line pipe 16 inches O.D. or less and/or 64 inches O.D. or greater.

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

THE INDUSTRY IN MEXICO

Overview

In their responses to the Commission's notice of institution in the current five-year reviews, counsel on behalf of respondents in Mexico identified three known producers of CWLDLP in Mexico and counsel on behalf of respondents in Japan identified a fourth potential Mexican producer.[43] The Commission issued questionnaires to each of these companies. Counsel on behalf of three Mexican respondents provided complete data and the fourth company provided data independently. Accordingly, the data presented in this section of the report are for Tubacero, S.A. de C.V. ("Tubacero"), Tuberia Laguna, S.A. de C.V. ("Tuberia Laguna"), Tuberias Procarsa, S.A. de C.V. ("Procarsa"), and Tubesa S.A. de C.V. ("Tubesa").[44]

In the preliminary phase of the original investigations, five producers from Mexico provided the Commission with data: Productora Mexicana de Tuberia S.A. de C.V. ("PMT"), Procarsa, Tubacero, Tuberia Laguna, and Tubesa. During the original investigations U.S. imports of CWLDLP from Mexico were largely produced by PMT. In June 2002, after the imposition of the antidumping duty order on

[43] The potential Mexican producers identified were: Tubacero, S.A. de C.V., Tuberia Laguna, S.A. de C.V., Tuberias Procarsa, S.A. de C.V., and Tubesa S.A. de C.V.

[44] The Commission's questionnaires directed foreign and domestic producers to provide business plans or internal documents, reports, or studies, relating to future CWLDLP market conditions. Counsel on behalf of responding producers in Mexico stated that they do not have business plans specific to the subject products because their business documents do not separate large and small diameter line pipe. Because they deemed their documents unresponsive to the Commission's request, they were not submitted. Staff telephone interview with ***, June 8, 2007.

imports of CWLDLP from Mexico, Ispat, which was the majority shareholder of PMT, liquidated PMT and sold off its manufacturing equipment to a firm located in Saudi Arabia.[45]

Table IV-22 presents comparative information available from the preliminary investigations and the current reviews. The data are comparable in that both captured information from all producers of CWLDLP in Mexico (five in 2000 and four in 2006 because of the closure of PMT). However, the companies responding in these reviews calculated capacity differently from the preliminary investigations.[46] Therefore, despite the fact that installed capacity has not increased since the early 1980s,[47] and the closure of one producer with 2000 capacity of *** tons, capacity in 2006 is reportedly higher. This represents differences in reporting methodology, rather than in equipment or machinery.

One of these responding firms, ***, produces both ERW and SAW line pipe while *** and *** produce exclusively ERW pipe. *** produces exclusively spiral-welded pipe.[48] Producers in Mexico were able to increase production by *** percent from 2000 to 2006 because capacity utilization in 2000 was only *** percent. By 2006 capacity utilization had reached *** percent.

Table IV-22
CWLDLP: Comparison of select Mexican producer data, 2000 and 2006

* * * * * * *

To better illustrate the differences in reported capacity between the original investigations and the current reviews, a company by company presentation of capacity is presented in table IV-23. As stated above, no producer in Mexico reported adding production capacity since 2000.

Table IV-23
CWLDLP: Comparison of select Mexican producer capacity and production data, 2000 and 2006

*** * * * * * ***

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[45] Tubacero's response to the notice of institution, p. 7. During the period examined in the original investigations PMT won a contract to supply a major Enron pipeline project in Florida that resulted in an increase in exports from Mexico to supply the project. Mexican producers' posthearing brief, p. 4, hearing transcript, pp. 223-224 (Benitez), and *Certain Welded Large Diameter Line Pipe from Japan and Mexico, Inv. Nos. 731-TA-919 and 920* (Final), Staff Report, INV-Y-214, October 17, 2001, pp. V-16-V-17.

[46] The production capacity of CWLDLP producers in Mexico reportedly has not changed since the original investigations but the basis on which that capacity was reported has changed. According to Mexican respondent interested parties, they reported different capacities in these reviews because of changes in their reading of the questionnaire instructions. They read the instructions in the original investigations to require production capacity that could be reasonably expected under normal operating conditions and the instructions in these reviews to require theoretical machine capacity. Staff telephone interview with *** and ***.

[47] Mexican producers' posthearing brief, p. 2.

[48] The Commission asked foreign producers to describe the production technology and inputs used in their manufacture of CWLDLP. The producers in Mexico reported no significant changes in production technology since 2001 but did describe their production processes. ***'s mills one and two produce SAW pipe by a continuous rolling process (cage forming process), using ERW as a tack welding. Further down the line, the pipe is longitudinally submerged-arc welded, expanded, beveled, and hydrostatically and ultrasonically tested. *** mill number two also produces ERW pipe using a continuous rolling process and electric resistance welding by contacts from 18" to 30" outside diameter. *** manufactures pipe with a Torrance mill using an ERW-high frequency process. *** reported that it has been using the same mill since 1977 to process pipe with longitudinal, ERW Torrance, and Thermatool welds. The *** producer, *** reported that its production technology has not changed since 2001 and that its main production inputs are steel coils, welding wire and welding flux. *** foreign producer questionnaire responses, II-5.

CWLDLP Operations

Data on Mexico's total CWLDLP capacity, production, inventories, and shipments are presented in table IV-24. Because PMT closed in 2002 and did not provide data for 2001-02, the data presented are understated for those years. During the period for which data were collected in these reviews, Mexican CWLDLP capacity remained constant while production increased by *** percent between 2001 and 2006. Capacity utilization increased over this period by *** percentage points. Home market shipments increased overall by *** percent. In January-June 2007, however, home market shipments were *** of their January-June 2006 level. Exports to all other markets *** but *** after 2003. As a share of production, exports were highest in *** at *** percent and were less than *** percent in every period thereafter.

Table IV-24
CWLDLP: Mexico's capacity, production, inventories, and shipments, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

In response to the Commission's question on changes in capacity and plans to add, expand, or curtail their production capacity in the future, all responding producers in Mexico replied in the negative. They reported neither changes in their capacity nor plans to change their capacity.[49] In addition, all producers reported that they do not anticipate changes in their operations.[50] None of the producers in Mexico have the capability to produce CWLDLP in countries other than Mexico.[51] The Commission asked producers in Mexico whether they have imported or have plans to import CWLDLP into the United States and all responded in the negative.[52]

In response to the Commission's question on limitations on CWLDLP that each firm is capable of producing, neither *** nor *** answered. *** explained that there are no constraints, only those imposed by the product specifications.

The Commission requested information on the basis of production capacity calculations made by the producers in Mexico. Data on Mexican producers' CWLDLP production capacity calculations are presented in table IV-25.

Table IV-25
CWLDLP: Mexico's basis of reported production capacity

* * * * * * *

Sales of CWLDLP accounted for varying shares of total sales by responding producers in Mexico. In the most recent fiscal year, *** had the highest percentage of CWLDLP sales with *** percent. *** had the second highest percentage of such sales with *** percent. In contrast, *** percent

[49] *** foreign producer questionnaire responses, II-4 and II-1.

[50] *** foreign producer questionnaire responses, II-2.

[51] *** foreign producer questionnaire responses, I-5.

[52] *** foreign producer questionnaire responses, I-6.

of *** sales and only *** percent of *** total sales were sales of CWLDLP.[53] During the period for which data were collected, the Mexican industry's internal consumption and home market shipments of CWLDLP increased by *** and *** percent, respectively, though the former remained quite small. Also during this period, total exports decreased by more than *** percent. At no time during the period did producers in Mexico report exporting CWLDLP to the European Union, China, or other markets in Asia. Exports accounted for the highest portion of shipments in 2001 at *** percent, and the lowest in 2004 and 2005, at *** percent. The unit values of exports to all other markets were highest in 2006, at $***.

Data on shipments by producers in Mexico by grade, diameter, and wall thickness of CWLDLP are presented in table IV-26. During the period for which data were collected shipments of CWLDLP produced in Mexico were predominantly in the *** and there were ***. Shipments by diameter were *** but were frequently highest in diameters between *** inches or between *** inches. In the *** CWLDLP shipments were predominantly of *** with wall thicknesses between ***.

Table IV-26
CWLDLP: Mexico's shipments by grade, diameter, and wall thickness, 2001-06

* * * * * * *

The Commission requested details on the export markets that producers in Mexico have developed or where they have increased their sales of CWLDLP since 2001. *** reported that it has not developed export markets, or increased its sales of CWLDLP since 2001, and *** did not respond to the question. *** explained that since 2001 it has exported to Central and South America, to countries that either do not produce steel pipes or that demand more pipe than their domestic industries can supply.[54] *** detailed its sales to specific export markets developed since 2001, presented in the tabulation below.[55]

* * * * * * *

Mexican exports of steel line pipe are currently subject to a 15 percent tariff imposed by Venezuela in November 2006.[56] According to the responding producers, their exports of CWLDLP are not subject to any current investigations in any countries other than the United States.[57]

No producers in Mexico reported maintaining inventories of CWLDLP in the United States since 2001.[58]

The Commission requested producers in Mexico to report their existing backlog or order book volume at year-end. These data are presented in table IV-27. These figures represent only the data of *** and *** because the other producers did not respond.[59] These figures represent the volume each firm is committed to produce.

Table IV-27
CWLDLP: * and *** existing order backlog, December 2001-06, June 2006, and June 2007**

*** * * * * * ***

[53] *** foreign producer questionnaire responses, II-9.

[54] *** foreign producer questionnaire response, II-12.

[55] *** foreign producer questionnaire response, II-12.

[56] *** foreign producer questionnaire response, II-13.

[57] *** foreign producer questionnaire responses, II-13b.

[58] *** foreign producer questionnaire responses, II-11.

[59] *** foreign producer questionnaire responses, II-6c.

Data on Mexico's projected total CWLDLP capacity, production, inventories, and shipments in 2007 and 2008 are presented in table IV-28. Projections are based on the orders remaining in effect.

Table IV-28
CWLDLP: Mexico's projected capacity, production, inventories, and shipments, 2007-08

* * * * * * *

Alternative Products

In addition to subject large diameter line pipe, Mexican firms produce a range of other steel products, including standard pipe, structural pipe, oil country tubular goods, and other line pipe. CWLDLP accounted for the second largest share of Mexican producers' total production. Data regarding Mexican CWLDLP producers' total steel capacity and production of all products are presented in table IV-29**.** The data reported below are for all four responding producers.[60] As presented in table IV-29, the production capacity for all steel products remained constant. The subject product and other line pipe constituted the bulk of production in Mexico between 2001 and 2006.

The Commission asked producers in Mexico if they are able to switch production between CWLDLP and other products in response to a change in the price of CWLDLP relative to the prices of other products, using the same equipment and machinery. Three producers responded that they lack such a capability while *** reported that it switches production between CWLDLP and pipe made to AWWA and ASTM specifications based on project demand, not price changes.[61]

Table IV-29
CWLDLP: Mexico's total steel capacity, and production by product types, 2001-06

* * * * * * *

GLOBAL MARKET

Production

Although figures for global CWLDLP production are not generally available, the International Iron and Steel Institute ("IISI") publishes data on the global production of a broader product grouping, of all welded pipe and tube.[62] Tables IV-30 and IV-31 present data for global welded pipe and tube production by region for 1995-2000 and 2001-05, respectively. During the 11-year period from 1995 to 2005, total global pipe and tube production increased irregularly by 14.5 percent, rising by over 6.4 million tons.

[60] *** foreign producer questionnaire responses, II-7.

[61] *** foreign producer questionnaire responses, II-10.

[62] IISI, *Steel Statistical Yearbooks 2005* and *2006*. Global and regional production data as published by IISI refer to welded tube (including, for example, OCTG and standard pipe), and are therefore substantially broader than the subject merchandise, certain welded large diameter line pipe. As such, global and regional production data represent general trends and are for illustrative purposes only.

Table IV-30
CWLDLP: Global welded tube and pipe production, by region, 1995-2000

Region	Calendar year					
	1995	1996	1997	1998	1999	2000
	Quantity (***1,000 short tons***)					
North America[1]	5,814	6,591	7,587	6,972	6,748	6,914
European Union (15)	9,808	9,478	10,408	10,535	10,445	10,059
Asia, excluding China[2]	15,301	16,132	17,661	14,786	14,897	15,503
China	5,465	4,740	6,325	4,967	5,495	5,754
CIS[3]	2,747	3,179	3,135	2,264	2,292	2,791
South America	1,655	2,015	2,459	2,584	1,609	1,258
Other	3,440	2,964	3,802	3,403	3,187	1,334
Total	44,230	45,099	51,378	45,511	44,673	43,612

[1] Between 1995 and 2000, welded tube production in Mexico increased by 44 percent from 389 thousand short tons to 561 thousand short tons.
[2] Between 1995 and 2000, welded tube production in Japan increased by 9 percent from 7,294 thousand short tons to 7,927 thousand short tons.
[3] Commonwealth of Independent States (CIS) consists of 11 republics of the former Soviet Union.

Note.–The data presented in this table are for all welded tubes, and so are substantially overstated with respect to CWLDLP subject to these reviews. In addition, the relatively low volume beginning in 2000 reflects the absence of reported Argentine and Turkish production beginning in that year. Original data were 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* and *Steel Statistical Yearbook 2006*.

Table IV-31
CWLDLP: Global welded tube and pipe production, by region, 2001-05

Region	Calendar year				
	2001	2002	2003	2004	2005
	Quantity (***1,000 short tons***)				
North America[1]	4,001	6,340	6,196	4,892	6,662
European Union (15)[2]	10,567	10,364	9,916	10,049	9,984
Asia, excluding China	14,644	14,176	14,315	15,200	14,601
China	7,059	7,729	11,363	14,344	17,274
CIS[3]	3,332	3,048	3,891	--	--
South America	1,803	--	--	--	--
Other	1,278	1,398	1,362	2,088	2,146
Total	42,685	43,055	47,043	46,573	50,668

[1] Between 2001 and 2005, welded tube production in Mexico increased by 7 percent from 595 thousand short tons to 639 thousand short tons.
[2] Between 2001 and 2005, welded tube production in Japan increased by 3 percent from 6,887 thousand short tons to 7,081 thousand short tons.
[3] Commonwealth of Independent States (CIS) consists of 11 republics of the former Soviet Union.

Note.–The data presented in this table are for all welded tubes, and so are substantially overstated with respect to the CWLDLP subject to these reviews. Reporting of Brazilian and Thai production ceased after 2001 and Canadian production was not reported in that year. Original data were 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.

Note.--Data not published for the CIS in 2004-05 or for South America in 2002-05.

Source: International Iron and Steel Institute, *Steel Statistical Yearbook 2005* and *Steel Statistical Yearbook 2006*.

China's emergence as one of the world's leading suppliers of steel, and in particular pipe and tube products, has been an important development in the global industry since 1995. According to the IISI, China overtook Japan in 2001 as the world's top producer of welded tubular products. IISI reports that during 2001-05, China's welded tubular pipe production increased by 145 percent, or by 10 million short tons, to over 17 million short tons. Metal Bulletin Report ("MBR")[63] reports that spiral- and longitudinal-welded line pipe processing in China continued to increase in volume in April 2007.[64] MBR further reports that while China's export rebate for most steel products has been eliminated, the rebate for tubular exports remains unchanged for API pipe and tube at 13 percent.[65]

Despite the Chinese industry's impressive industry growth, its products still suffer from a perception of poor quality. The Preston Pipe and Tube Report ("Preston")[66] contends that most Chinese pipe are substandard[67] and it has been reportedly advised that Chinese products not be used in some projects in Iraq, Saudi Arabia, and even in China.[68] MBR reported that buyers remain skeptical regarding the quality of API products from all but the top-tier Chinese producers.[69] Recently, however, Baosteel, China's largest integrated steel producer, appears to be leading a group of Chinese producers to produce high grade API pipeline. Baosteel has recently successfully tested its X-120 linepipe.[70]

Though China may have surpassed Japan as the world's top producer of welded tubular products, Japan remains a leading global supplier of high end steel pipes. Producers in Japan have recently won key contracts to provide very high quality, sour service line pipe to Canada (210,000 short tons), India, and Algeria, and have been active in Russia.[71]

India is another significant line pipe producer. According to MBR, U.S. imports from India have become increasingly important since the end of 2006.[72] Having won major contracts from large energy companies in industrialized countries, Indian line pipe producers have gained increasing acceptance and market share as exporters of high quality products.[73] Exports of line pipe from India enjoy a geographic advantage over exports from China and Europe because of India's proximity to the Middle East, which is an increasingly important line pipe market.[74] Currently, India has only a single plate producer, SAIL's Bhihai plant, and therefore must rely on imported steel inputs, primarily from China.[75] India's plate capacity is expected to increase by about 4 million short tons per year by 2009

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[63] MBR is a London-based marketing and research company focused on the global tube and pipe industry.

[64] *Welded Steel Tube & Pipe Monthly*, May 2007, p. 7.

[65] There is some uncertainty regarding the decision of the Government of China regarding the rebate. There is speculation is that a change is pending. MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 5; and August 2007.

[66] Preston is a Houston-based marketing and research company serving the tube and pipe industry.

[67] MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 7 and Preston, April 2007, p.1.

[68] MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 7.

[69] Ibid.

[70] Ibid.

[71] *But see* Domestic Interested Parties' posthearing brief, exh. 5, regarding capacity expansions in Russia and Ukraine. MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 7, May 2007, p. 7, and July 2006, p. 12.

[72] MBR, *Welded Steel Tube & Pipe Monthly*, May 2007, p. 5.

[73] MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 7.

[74] Ibid. *But see* MBR, *Welded Steel Tube & Pipe Monthly*, September 2007, pp. 8-9 (indicating that the Middle East "aims to replace imports" and identifying 2006-07 mill start-ups in the United Arab Emirates (PSL and Adipco) and Saudi Arabia (Arabian Pipe)).

[75] Ibid.

however, when Jindal and Welspun are scheduled to open new plate facilities.[76] In the United States, Indian companies have recently formed several joint ventures with U.S. companies to produce large-diameter line pipe.

Other developments that have directly influenced the global supply of welded large diameter line pipe include expansions, consolidations, mergers, and alliances among producers and distributors worldwide. Notable examples include the plans of Hengshu Jinghua Pipe, one of China's largest welded pipe makers, to build a 5 million short tons per year ERW, spiral, and galvanized welded pipe mill in Hebei. Also in Hebei, Malaysia's UMW recently formed a joint venture with China and has begun construction of a welded pipe mill with a capacity of about 1 million short tons per year.[77] Also in Asia, PSL, of India, plans to form a joint venture with China's Wuhan Iron and Steel to complete a mill with a production capacity of 100,000 short tons per year.[78] In the Middle East, POSCO, of Korea, and the Gulf Investment Corp. plan to build a spiral pipe mill in Oman with a capacity of 250,000 short tons per year. In Europe, the Ukrainian industry plans to expand its line pipe production capacity by over 220,000 short tons per year. Also in Europe, Arcelor-Mittal's eleventh tube and pipe mill, the $33 million Mittal Aktau plant in western Kazakhstan, has begun spiral pipe production, with a capacity of 60,000 short tons per year. Equipment for the mill was supplied mainly by PSL of India.[79] In North America, Marubeni-Itochu of Japan plans to form a joint venture with Canada's Inuvialuit Development Corp. and Northern Transportation Co. to supply large diameter line pipe.[80] In addition to expanding its Regina spiral mill, IPSCO plans to expand its large diameter capacity through greenfield operations.[81] U.S. producers have announced capacity expansions of over 1 million short tons per year for large diameter line pipe (*see* table III-1 and the section entitled "Potential New Operations" in Part III of this report).

Consumption

Overall, MBR reports that demand for welded large diameter line pipe continues to surpass current capacity, and price increases are expected to continue until 2008.[82] On the supply side, production costs for line pipe are rising because of the short supply, and rising prices, of high quality inputs.[83] Lead times for some projects in the United States reportedly have been increased to a year.[84]

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[76] Ibid.

[77] MBR, *Welded Steel Tube & Pipe Monthly*, January 2007, p. 12. *See also American Metal Market*, "SMS Meer awarded China pipe mill contract," September 4, 2007, found at http://amm.com/2007-09-04__15-57-13.html, retrieved on September 21, 2007.

[78] MBR, *Welded Steel Tube & Pipe Monthly*, July 2006, p. 12.

[79] MBR, *Welded Steel Tube & Pipe Monthly*, July 2006, p. 12.

[80] MBR, *Welded Steel Tube & Pipe Monthly*, July 2006, p. 12.

[81] MBR, *Welded Steel Tube & Pipe Monthly*, May 2006, p. 12.

[82] MBR, *Welded Steel Tube & Pipe Monthly*, May 2007, p. 1; August 2007, p. 1.

[83] Prices of U.S. line pipe have risen to a level higher than previously expected and line pipe in larger sizes and higher strengths commands an extra price premium. MBR, *Welded Steel Tube & Pipe Monthly*, August 2007, p. 2.

[84] Lead time is typically from 9-10 months for delivery. MBR, *Welded Steel Tube & Pipe Monthly*, August 2007, p. 2.

MBR estimates that, in the European Union, the order backlog for German and Greek SAW manufacturers is about three months.[85] In the CIS,[86] MBR reported that line pipe prices have risen in 2006 and have increased considerably throughout 2007.[87]

However, tight supply has spurred capacity additions worldwide.[88] In the Americas, for example, companies have undertaken several investment projects in new capacity. High demand has also attracted imports, especially from China where a 13 percent export tax rebate remains in place with respect to line pipe, although it has been rescinded with respect to other forms of welded pipe.[89]

Preston stresses that in 2006, line pipe was the "individual standout" registering an increase in total shipments of 3.6 million short tons over 2005. This "unprecedented spike" in line pipe shipments, according to Preston, came predominantly from sizes over 16".[90]

According to the Department of Energy, applications for projects requiring line pipe remain relatively high through 2010, with additional applications through 2015. Table IV-32 shows natural gas pipeline project applications in the United States that have been submitted and, in many cases, approved.

Table IV-32
CWLDLP: Applications for future natural gas projects, 2007-15[1]

Year	Line pipe applications (*miles*)
2007	4,175
2008	6,099
2009	4,679
2010	3,056
2011	578
2012	2,305
2013	([2])
2014	([2])
2015	1,561
Total	22,453

[1] These natural gas pipeline projects have been submitted to the Federal Energy Regulatory Commission and some have been approved.
[2] None reported.

Source: James Tobin, Natural Gas Industry Analyst, Energy Information Administration, U.S. Department of Energy, June 2007.

According to the Pipeline & Gas Journal ("P&GJ"), "unprecedented" investment opportunities for pipeline construction have continued to develop worldwide. Globally, 98,232 miles of new and

[85] Ibid.

[86] The CIS or Commonwealth of Independent States includes 11 republics of the former Soviet Union.

[87] MBR, *Welded Steel Tube & Pipe Monthly*, August 2007, p. 9.

[88] MBR, *Welded Steel Tube & Pipe Monthly*, August 2007, p. 1.

[89] MBR, *Welded Steel Tube & Pipe Monthly*, May 2007, p. 1.

[90] Preston, March 2007, p. 1.

planned oil and gas pipelines are under construction, or in the planning stages, including 40,210 miles in North America.[91] Indeed, the Energy Information Administration's *Annual Energy Outlook 2007* projects that U.S. natural gas consumption will rise from 22 trillion cubic feet (Tcf) in 2005 to 26.1 Tcf in 2030.[92]

China reportedly plans to extend its current 40,000-km of energy pipelines by adding approximately 25,000-km of pipelines by 2010 to meet rising energy demand.[93] These additions include many major gas pipeline projects, including the 1,674-km pipeline linking the Sichuan province to Shanghai and the 842-km pipeline to the Henan and Shandong provinces as reported by MBR. These pipeline projects are estimated to require a total of nearly 300,000 short tons of LSAW line pipe.[94] Global pipeline construction activities have also intensified in India, Japan, Central and South America, Africa, the Asia Pacific Region, and Russia, as indicated in table IV-33. Projects in the Asia Pacific Region include Malaysia's Sabah-Sarawak gas pipeline requiring 100,000 short tons of X-70, 28-inch outside diameter line pipe for sour service[95] and the 500,000 short ton Kallimantan-Java project in Indonesia (which will be supplied by Indonesian producers).[96] In the Middle East, Saudi Arabia is constructing its Manifa field which will require 300,000 short tons of line pipe to be supplied by mills in India (Jindal SAW specifically), Japan, and Saudi Arabia.[97] According to the Pipeline & Gas Journal, Russia's Sakhalin I and II projects are the most significant projects under construction in the world.[98] Russia is

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[91] The Pipeline & Gas Journal is a Houston, TX, based trade journal in the pipeline construction and large civil pipeline industry. Found at http://www.pipelineandgasjournal.com/PGJ/pgj_archive/Jan07/pipereport1-07.pdf, retrieved June 25, 2007. *See also* Cowden, Michael, "Pipeline projects gushing as energy tags rise," *American Metal Markets*, September 12, 2007, found at www.amm.com, retrieved on September 13, 2007.

The time frames of pipeline planning can be highly speculative and are subject to extensive regulatory approvals. For example, the Mackenzie Valley project, a proposed 760-mile natural gas pipeline system along Canada's Northwest Territories to connect northern on-shore gas fields with North American markets may be postponed because of high line pipe prices and regulatory delays. Cowden, Michael, "High steel costs could shelve pipeline project," *American Metal Markets*, June 4, 2007, found at www.amm.com, retrieved June 5, 2007. Pipeline operators can now apply for a waiver of the design factor strength requirement (permitting the use of thinner-walled pipe) if they also take greater safety measures. Projects such as the Kinder Morgan Louisiana and the Rockies Express pipelines reportedly are taking advantage of the waiver. MBR, *Welded Steel Tube & Pipe Monthly*, September 2007, p. 3.

[92] Energy Information Administration, U.S. Department of Energy, found at http://www.eia.doe.gov/oiaf/aeo/index.html, retrieved September 2007; Pipeline & Gas Journal's 2007 Worldwide Pipeline Construction Report. The Pipeline & Gas Journal is a Houston, TX, based trade journal in the pipeline construction and large civil pipeline industry. Found at http://www.pipelineandgasjournal.com/PGJ/pgj_archive/Jan07/pipereport1-07.pdf, retrieved June 25, 2007.

[93] "Boom seen for China's energy pipelines," China Institute, February 26, 2007 as submitted in the Japanese producer's supplemental response to the foreign producer questionnaire, June 11, 2007, exhibit 7.

[94] Chinese export price is approximately $780 per metric ton FOB. *See* MBR, *Welded Steel Tube & Pipe Monthly*, May 2007, p. 7.

[95] MBR, *Welded Steel Tube & Pipe Monthly*, August 2007, p. 7.

[96] MBR, *Welded Steel Tube & Pipe Monthly*, August 2007, p. 7.

[97] Ibid.

[98] "P&GJ's 2007 Worldwide Pipeline Construction Report," Pipeline & Gas Journal, January 2007, pp. 17-20, as submitted in the Japanese producers' supplemental response to the foreign producer questionnaire, June 11, 2007, exhibit 6.

also planning construction of a 4,100-km pipeline from Siberia to the Pacific coast to supply oil to Asian countries. This project could be completed in three to four years according to Russian government officials.[99]

Table IV-33
CWLDLP: Global current and planned pipeline construction, by region, 2003-07

Region	Calendar year				
	2003	2004	2005	2006	2007
	Construction and planned mileage[1] (*miles*)				
North America	21,040	12,111	14,296	28,314	40,210
International[2]	47,190	41,704	37,909	53,279	58,022
South and Central America	4,155	2,848	6,707	8,957	10,855
Africa	8,179	4,319	3,870	10,848	8,004
Asia Pacific	21,394	19,099	15,156	13,212	23,248
Former Soviet Union and Eastern Europe	7,963	9,698	10,626	15,161	11,319
Middle East	3,235	968	669	3,941	3,146
Western Europe and EU countries	2,264	4,772	881	1,160	1,450
Total	68,230	53,815	52,205	81,593	98,232

[1]All data were obtained from survey results issued in January of the year unless otherwise stated.
[2]All international data for 2003 were issued in August 2003.

Source: "P&GJ's Worldwide Pipeline Construction Report," *Pipeline & Gas Journal, 2003-2007*, found at http://www.pipelineandgasjournal.com/PGJ/pgjarchv.htm, retrieved June 25, 2007.

Prices

MBR notes that although Chinese imports are priced about $190 a ton lower than comparable U.S. products, high demand in the U.S. line pipe market tends to mitigate the significance of this large price differential.[100] MBR expects that the current U.S. market conditions for large-diameter line pipe, namely, short supply, high order volume, and long lead times, will persist through 2007.[101] Rising energy and raw material costs have also reportedly exerted upward pressure on prices. MBR notes that, in response to a plate price increase of $20-40 per ton, API 5L X-65 LSAW line pipe has been priced, on average, at $1,450-1,470 a ton in 2007.[102]

[99] "Russia laying infrastructure to sell more oil to Asia," Alexander's Gas & Oil Connection, Vol. 12, Issues 10, May 31, 2007, as submitted in the Japanese producers' supplemental response to the foreign producer questionnaire, June 11, 2007, exhibit 12.

[100] API 5L X-42 line pipe is sold at between $885-900 per ton in Houston while similar Chinese product imported in Houston costs about $770-785 per metric ton. See MBR, *Welded Steel Tube & Pipe Monthly*, May 2007, p. 2.

[101] MBR, *Welded Steel Tube & Pipe Monthly*, May 2007, p. 3.

[102] Ibid.

MBR reports that the tight market for line pipe is a global phenomenon. In Brazil, for example line pipe demand is so high that producers are operating at full capacity, and prices continue to rise.[103] MBR expects that market fundamentals of the line pipe business, including high market demand, the high cost of steel plate, and high energy costs, will push prices even higher in the coming year, especially for high-quality ERW line pipe.[104] Thereafter, MBR expects that new capacity and capacity expansions will permit supplies to catch up with rising demand, easing upward pressure on line pipe prices.

MBR stresses that it does not expect China's domestic line pipe prices to continue rising at their current rate through the end of 2007. In China, MBR maintains that substrate price increases have exerted upward pressure on domestic pipe and tube prices, but that actual price increases are expected to be modest. MBR expects Chinese low-cost exports to continue to exert downward pressure on global prices during the second and third quarters of 2007.

Tables IV-34, IV-35, and IV-36 show price trends for several types of line pipe in the United States and other countries between February 2006 and September 2007. These data, however, are collected based on different product categories, timing, and commercial considerations, and are distinct from the pricing data presented in part V of this report, which are collected directly from U.S. producers and importers according to precise product definitions. These data indicate that monthly prices in the U.S. market remained higher than prices in other regional markets during 2006 and into 2007. However, the recent weakening of the dollar has lowered the current relative prices of U.S. domestic product somewhat, resulting in a lowering of U.S. domestic prices for ERW 5L X-42 below those of Japan and the European Union since February 2007;[105] lower prices also have prevailed in the United States (relative to the European Union) for spiral-welded X-65 pipe during 2007.[106] LSAW pipe prices, however, remained higher in the United States than in other regions.

Table IV-34
CWLDLP: Global pricing for ERW line pipe, grade X-42

* * * * * * *

Table IV-35
CWLDLP: Global pricing for line pipe produced by the U-O-E manufacturing process

* * * * * * *

Table IV-36
CWLDLP: Global pricing for spiral DSAW (X-65)

* * * * * * *

[103] MBR, *Welded Steel Tube & Pipe Monthly*, May 2007, p. 3.

[104] MBR, *Welded Steel Tube & Pipe Monthly*, April 2007, p. 6 and May 2007, p. 3.

[105] According to MBR, the February 2007 U.S. price decline shown in table IV-34 reflects trends related to nonsubject ERW line pipe. Specifically, MBR's market intelligence indicated that ERW line pipe prices were "strong" in sizes greater than 16 inches in outside diameter but had come under pressure in the smaller size range. Presented U.S. prices beginning in February 2007 are more indicative of ERW line pipe in sizes up to 16 inches in outside diameter. *See* correspondence from *** dated September 12, 2007. *See also* MBR, *Welded Steel Tube & Pipe Monthly*, September 2007, p. 2.

[106] MBR, *Welded Steel Tube & Pipe Monthly*, March 2006 - September 2007.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The primary raw material used in the production of CWLDLP differs according to the method of production. For ERW pipe, hot-rolled steel coil is the principal raw material. For SAW pipe, the principal raw materials are cut-to-length plate (for LSAW) or hot-rolled steel coil (for HSAW). The significance of raw material costs in the overall cost structure varies among U.S. producers, but such costs accounted for an average of *** percent of the total 2006 cost of goods sold for CWLDLP production (*** percent in the first half of 2007), compared with *** percent in 2000.[1] The relatively high proportion of cost accounted for by raw materials has been sustained by the near doubling of the price of steel plate and steel coil in 2003-05. The prices of hot-rolled coil and cut-to-length plate increased during 2004 and have remained relatively stable (within $50 per short ton) since 2004 (*see* figure V-1) . The cost of coal, scrap, and iron ore (for integrated producers) has risen as well. The price of scrap has fluctuated at historically high levels since the beginning of 2004, and increased noticeably in early 2007, before falling slightly in mid-2007 (figure V-2). In addition, electricity, natural gas, iron ore, and blast furnace coke costs have all increased since 2004 (table V-1).[2]

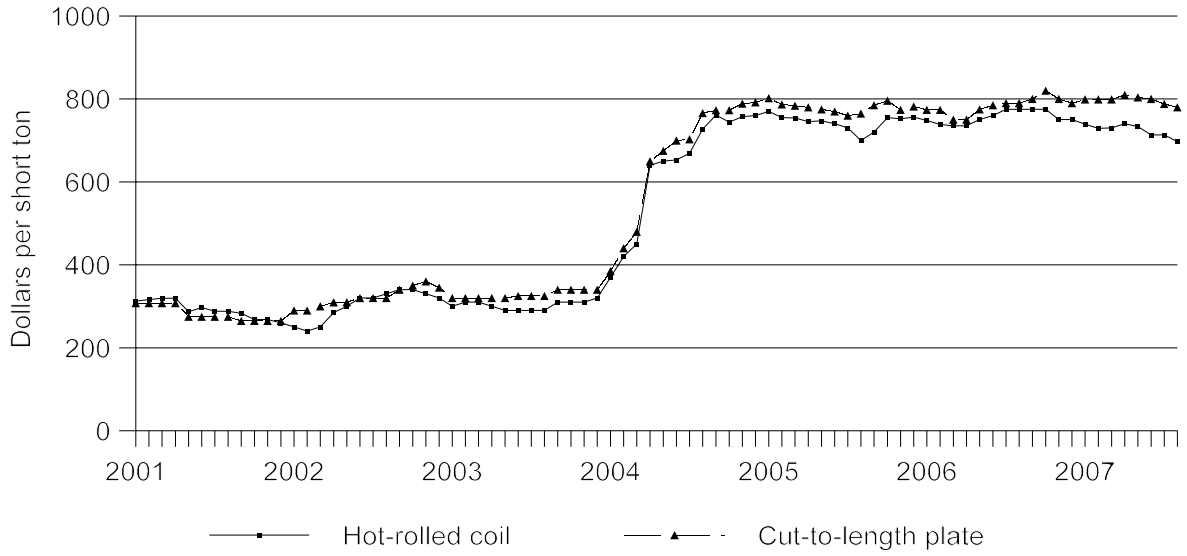
Transportation Costs to the U.S. Market

Transportation costs for CWLDLP from Japan and Mexico to the United States (excluding U.S. inland costs) are estimated to be 9.5 and 2.2 percent, respectively, of the total cost of the CWLDLP. These estimates are derived from 2006 official import data for HTS subheadings 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50 and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

[1] ERW raw material costs as a percentage of total COGS were *** percent in 2001, *** percent in 2006, and *** percent in the first half of 2007. SAW raw material costs as a percentage of total COGS were *** percent in 2001 and *** percent in 2006. In the first half of 2007, HSAW raw material costs as a percentage of COGS was *** percent, compared with *** percent for LSAW. Berg was the only SAW producer in the financial data to operate continuously during the review period, and its raw material costs as a percentage of total COGS were *** percent in 2001 and *** percent in 2006.

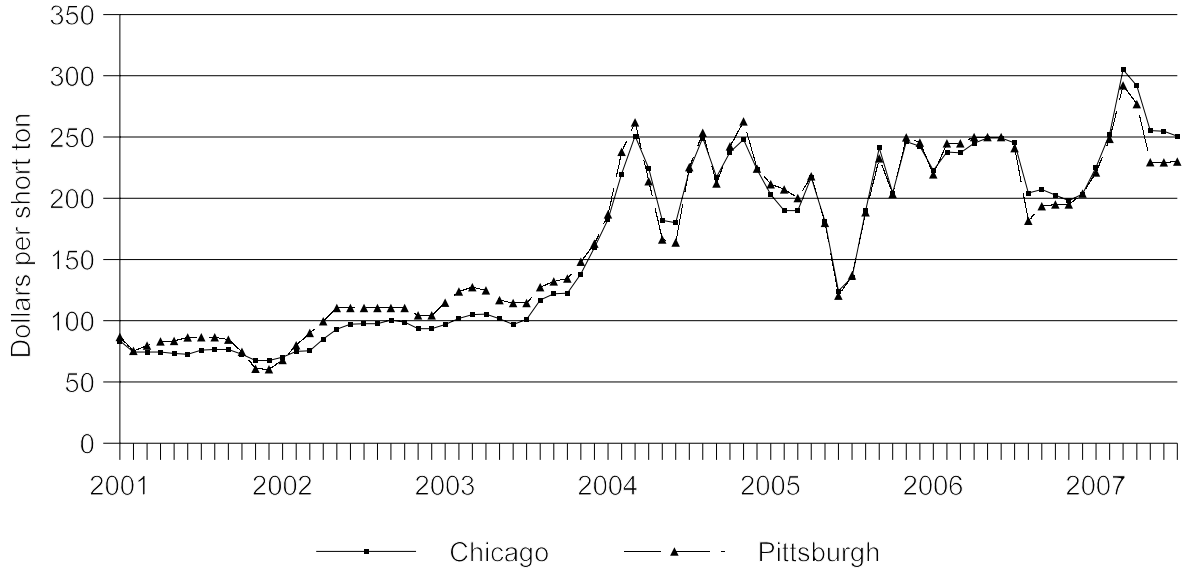
[2] "Most analysts are tipping iron ore prices will rise for 2008 - with some forecasting a jump of at least 25 per cent next year as demand outpaces global supply." "Rio hints at iron ore price rise," *The Australian*, September 4, 2007, downloaded from http://www.theaustralian.news.com.au/story/0,25197,22361897-643,00.html, last accessed September 5, 2007.

Figure V-1
Hot-rolled coil and cut-to-length plate prices: *Purchasing* magazine prices, monthly, January 2001-August 2007



Source: *Purchasing* magazine.

Figure V-2
Ferrous scrap prices: No. 1 heavy melt, Chicago and Pittsburgh average consumer prices, monthly, January 2001-July 2007



Source: American Metal Market LLC.

Table V-1
U.S. natural gas, electricity, iron ore, and blast furnace coke prices, 2001-07 (year-to-date)

Item	2001	2002	2003	2004	2005	2006	2007 (ytd)
U.S. natural gas industrial price[1]	$5.24	$4.02	$5.89	$6.56	$8.46	$7.89	$8.07
Electricity industrial price[2]	5.05	4.88	5.11	5.25	5.73	5.79	6.18
Iron ore (per metric ton)	23.87	26.04	32.30	37.92	44.00	52.00	56.00
Blast furnace coke (per metric ton)	120.00	120.00	121.00	122.00	123.00	135.00	([3])

[1] Price to industrial users in dollars per thousand cubic feet.
[2] Price to industrial users in cents per kilowatt-hour.
[3] Not available.

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/feoremcs06.pdf, http://minerals.usgs.gov/minerals/pubs/commodity/iron_ore/feoremcs07.pdf, and USGS estimates.

U.S. Inland Transportation Costs

Transportation costs of CWLDLP for delivery within the United States vary from firm to firm but tend to account for a relatively small percentage of the total cost of the product. For the six U.S. producers that responded to this question,[3] these costs reportedly accounted for between 4 and 10 percent of the total cost of CWLDLP, with an average of 8.1 percent. For the nine importers that provided usable responses to this question, these costs accounted for between 2 and 10 percent of the total cost of the product, with an average of 5.0 percent.[4]

All six responding U.S. producers reported a geographic market area encompassing the continental United States, with two of the six responding firms reporting that their market area extends to cover Alaska or all of North America. All but one[5] of the 14 responding importers reported selling to the Central Southwest region, and one reported a market area encompassing the entire continental United States.[6] [7] Other geographic regions were reportedly served by fewer responding importers: five each served the Midwest and the Southeast, three served the Northeast, and two each served the Mountain and Pacific Coast regions.

Producers and importers were also asked to provide estimates of the percentages of their shipments that were made within specified distance ranges during 2000-06. Among the six U.S. producers that provided usable responses to this question, an average of 5.0 percent of shipments occurred within 100 miles of their production facility, 63.3 percent occurred within 101 to 1,000 miles, and 31.7 percent occurred at distances over 1,000 miles. Among the 14 importers that provided usable responses to this question, six shipped CWLDLP solely within 100 miles of the port or warehouses they use, two shipped all or nearly all of their imported CWLDLP between 101 and 1,000 miles, and three

[3] SAW Pipes provided no price-related information in these reviews.

[4] Eight of 14 responding purchasers noted that the purchasers arrange for transportation once inside the United States.

[5] ***, which imports CWLDLP for use in barbecue pits.

[6] This importer, ***.

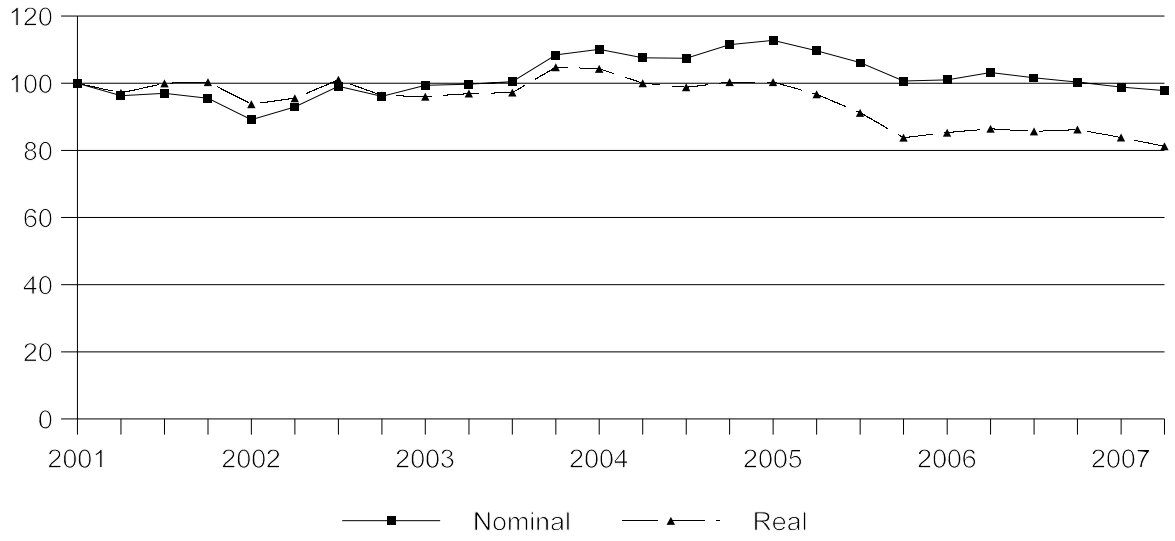
[7] The six responding importers of subject CWLDLP reported only selling CWLDLP in the Central Southwest.

shipped solely distances of over 1,000 miles. The remaining three importers made shipments that were to more than one distance range.[8]

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the real value of the Japanese yen depreciated somewhat until the beginning of 2002, but appreciated irregularly through the end of 2003, and subsequently depreciated to within 0.3 percent of its relative value to the U.S. dollar in the first quarter of 2005, as compared with the first quarter of 2001. In 2005, however, the real value of the Japanese yen relative to the U.S. dollar depreciated further (by approximately 16.2 percent) and remained at about that level (within three percent) through the second quarter of 2007. The real value began to diverge from the nominal value to a larger degree in 2004 (figure V-3). The real value of the Mexican peso relative to the U.S. dollar appreciated by approximately 17.2 percent between the first quarters of 2001 and 2002, then depreciated through 2003 to a value approximately 1.2 percent higher in the second quarter of 2006 than in the first quarter of 2001. Since that time, the real value of the Mexican peso has been nearly on par with the U.S. dollar, and in the second quarter of 2007 was approximately 2.9 percent higher relative to the U.S. dollar than in the first quarter of 2001. The real and nominal values of the Mexican peso diverged through the first two years of the period of review, but have retained approximately the same differential since that time (figure V-4).

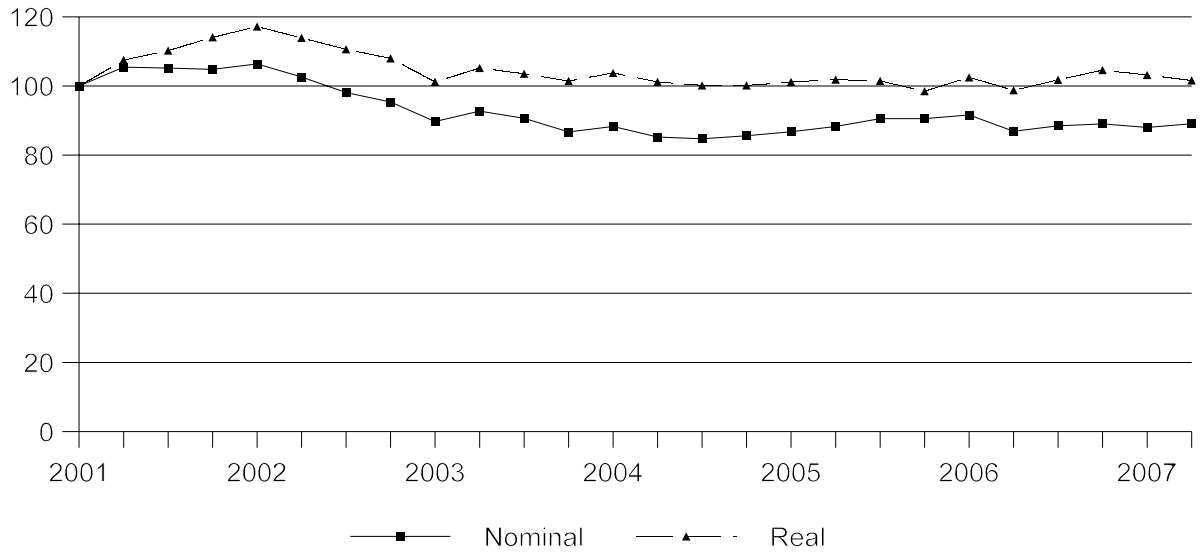
Figure V-3
Exchange rates: Indices of the nominal and real values of the Japanese yen relative to the U.S. dollar, by quarters, January 2001-June 2007



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

[8] Of the six responding subject importers, four responded to this question. Three ship *** percent of their subject imports within 100 miles of the port or warehouses they use, while the other firm ships *** percent between 100 and 1,000 miles, and *** percent over 1,000 miles.

Figure V-4
Exchange rates: Indices of the nominal and real values of the Mexican peso relative to the U.S. dollar, by quarters, January 2001-June 2007



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

PRICING PRACTICES

Pricing Methods

Questionnaire responses reveal that most sales of CWLDLP in the United States are made on a transaction-by-transaction basis, with project business typically involving a standard bidding process initiated by end users, and maintenance, repair, and other business typically involving spot sales to distributors. Few firms reported that they either buy or sell via the internet. Whereas on-line reverse auctions were becoming increasingly common in the CWLDLP market during the original investigations,[9] this trend has apparently ceased.[10]

Pricing in the project market is regularly established a project-specific basis, either through long- or short-term contracts, or via spot market sales. In 2006, one producer sold exclusively via long-term contracts, two sold exclusively via short-term contracts, and three sold strictly on the spot market. Six of seven responding importers sell 100 percent of their imported CWLDLP on the spot market, with *** being the exception, which made 90 percent of its sales in 2006 via short-term contracts.[11] Only *** changed the way it sold CWLDLP since 2001, increasing its percentage sold via long-term contracts to *** percent.

[9] *Certain Welded Line Pipe from Japan (Final)*, Inv. No. 731-TA-919, USITC Publication 3464, November 2001, p. V-4.

[10] No producers, and only one importer and purchaser, noted buying or selling CWLDLP over the internet. This purchaser uses software for procurement rather than online reverse auctions.

[11] Importer *** noted that its sales were 100 percent on the spot market, but within project contracts.

Some contracts over the period being reviewed contain clauses that gave the mill the right of first refusal or reserved mill capacity for deliveries at a later date (i.e., contained reservation agreements), as summarized in table V-2.

Table V-2
CWLDLP: Purchasers reporting right of first refusal and reservation agreements and coverage by year, 2001-06

Item	2001	2002	2003	2004	2005	2006
Right of first refusal (only)[1]						
Number reporting	2	3	1	3	2	3
Average percent reported by these firms	53	59	97	61	37	73
Reservation agreements (only)[1]						
Number reporting	1	1	1	1	1	2
Average percent reported by these firms	100	100	100	100	100	70
Neither						
Number reporting "100 percent"	14	13	15	14	14	13

[1] None of the purchasers reported both right of first refusal and reservation agreements.

Note.--Not all firms responded for all questions.

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

Standard Bidding Process

The standard bidding process has not changed substantially since 2001. Based on questionnaire responses from U.S. producers and importers, CWLDLP sales generally involve a closed bidding process.[12] Purchasers, typically oil and gas transmission companies, initiate the process by formulating a plan covering technical specifications, terms, and timing requirements associated with the welded large diameter line pipe necessary for a particular project. This plan then serves as the basis for the Request for Quotation ("RFQ") issued by purchasers to approved CWLDLP manufacturers, which in turn determine their bids on the basis of estimated costs, available capacity, competition, location, specifications, coating, freight, and, in the case of some foreign bids, changes in exchange rates. In their questionnaire responses, purchasers reported contacting between one and 18 suppliers before entering into an agreement to purchase CWLDLP.[13] CWLDLP manufacturers are given approximately 2 to 3 weeks to submit their bids. Though purchasers do not typically reveal the identities of competing bidders to other bidders, it is generally common knowledge across suppliers, according to questionnaire responses. One producer replied that purchasers sometimes reveal a few specifics about competing bids, but not the price or which firm made the offer. Nine of 11 responding importers noted that there is only one chance in bidding on a

[12] Five of six producers and nine of 12 responding importers noted that bidding is a closed process. Two importers, ***, noted that bidding is an open process, while the remaining producer (***) and importer (***) noted that bidding is both closed and open.

[13] The majority of purchasers also indicated having changed suppliers since 2001, either adding or dropping one or more suppliers from their qualified vendors. Specific pipeline project needs may require specific timelines that are not able to be fulfilled by a traditional supplier.

particular project, whereas four of six producers stated that they typically receive more than one chance to bid on a particular project. Two of these producers reported, however, that initial bids/estimates are provided mostly for budgetary reasons, but, according to ***, once the customer requests firm pricing, there is typically not another chance to bid. Often projects get delayed, and firm price quotes must be sought again.

The entire process, from mailing the RFQ to selecting a supplier, generally takes 1 to 2 months. Negotiations conclude with the award of a purchase order,[14] but manufacturing and delivery generally take an additional 6 to 12 months. Payment is typically due 30 days after delivery.

Though this is a general outline of bidding practices, each firm may operate its bidding process any way it chooses. At the hearing, a representative of El Paso stated that it had previously only opened bidding to prequalified mills, but due to the 18-month or greater lead times it is currently experiencing, if a non-prequalified supplier places a competitive bid, El Paso will start the qualification process, which takes four to eight weeks (for domestic and overseas suppliers, respectively).[15] El Paso may talk to short-listed bidders about details of production and logistics, but it is a one bid process.[16] A witness for TransCanada reported using a multiple-step bidding process recently in order to "understand the market's capability and willingness to produce the pipe we required for the project," though it, too, has opened up bidding to non-prequalified suppliers.[17] Its recent negotiations have reportedly focused on obtaining access to more capacity in certain time frames to meet project requirements.[18] Part of the ongoing nature of the bidding negotiations is also reportedly due to the changing needs of the project since the bidding process has recently had to start well in advance of actual construction.[19]

Sales Terms and Discounts

The vast majority of CWLDLP producers and importers did not report having fixed discount policies. However, some firms reported that volume discounts may be granted during negotiations with individual customers. U.S. producers and importers showed near unanimity on the issue of payment terms, with most firms reporting that payment is required within 30 days. U.S. producers and importers were somewhat mixed with regard to how prices are quoted in the CWLDLP market. Among U.S. producers, the majority reported that price quotes occur on an f.o.b. basis, but a minority reported that price quotes occur on both an f.o.b. and a delivered basis. Among importers, a majority reported that port-of-entry is the usual basis on which prices are quoted.

PRICE DATA

The Commission requested U.S. producers, importers, and purchasers to provide quarterly data for the total quantity and value of shipments of five CWLDLP products, by weld type. These data were used to determine the weighted-average price of each product and weld type combination in each quarter.

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[14] At the original investigations' hearing, David Delie of Berg Steel Pipe explained that end users issue a letter of intent prior to the purchase order in order to reserve mill space with a selected supplier. Letters of intent are not payment commitments by the purchaser, thus mills will not begin pipe production until a letter of intent is converted to a purchase order. *Certain Welded Line Pipe from Japan (Final)*, Inv. No. 731-TA-919, USITC Publication 3464, November 2001, p. V-5.

[15] Hearing transcript, pp. 199-200 (Gillespie).

[16] Hearing transcript, p. 288 (Fisher).

[17] Hearing transcript, p. 289 (Paul).

[18] Ibid.

[19] Hearing transcript, p. 290 (Paul).

Data were requested for the period January 2001 through June 2007. The products for which pricing data were requested are as follows:

> ***Product 1*.–Line pipe, 18 - 24 in. OD, 0.375 - 0.500 in. wall, API 5 LB X-42 - X-56, regardless of length**
>
> ***Product 2*.–Line pipe, 18 - 24 in. OD, greater than 0.375 - 0.625 in. wall, API 5 LB X-70 - X-79, regardless of length**
>
> ***Product 3.*–Line pipe, 16 < OD ≤ 20 in., 0.625 - 0.749 in. wall, API 5L X-70 - X-80, regardless of length**
>
> ***Product 4*.–Line pipe, 26 - 36 in. OD, 0.625 - 1.000 in. wall, API 5 LB X-42 - X-52, regardless of length**
>
> ***Product 5*.–Line pipe, 30 - 42 in. OD, greater than 0.625 - 1.000 in. wall, API 5 LB X-60 - X-70, regardless of length**

Six U.S. producers and six importers provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters. No responding producer or importer reported sales of product 3 of any weld type (ERW, HSAW, or LSAW), nor was any data supplied for imports from Mexico. Additionally, 22 purchasers reported their purchases of CWLDLP during 2001 to 2008 (expected). Pricing data reported by U.S. producers and importers accounted for *** percent of the 2006 value of U.S. producers' domestic commercial shipments of CWLDLP, as well as 7.4 and 0.0 percent of the 2006 landed, duty-paid value of imports of CWLDLP from Japan and Mexico, respectively.[20]

Price Trends

Data on f.o.b. selling prices and quantities of products 1, 2, 4, and 5 produced using each of three weld types (ERW, LSAW (single seam), and LSAW (double seam) ("DSAW")),[21] sold by U.S. producers and importers of Japanese CWLDLP are shown in tables V-3 through V-12, and figures V-5 through V-12, respectively. No importers reported shipping CWLDLP from Mexico during the period for which data were requested. Across all products for which price trends are evident, prices for U.S.-produced and Japanese-produced CWLDLP increased. The largest increase in prices occurred during 2004, possibly reflecting increases in raw material costs. Pricing for product 1 - both domestic ERW and Japanese DSAW - decreased between 2005 and the second quarter of 2006, but have increased thereafter. Prices for domestically produced product 4 (DSAW) also increased during 2006, whereas prices for domestically produced product 2 (ERW) have been relatively stable since the beginning of 2005.

[20] Price data reported by purchasers accounted for 37.0 percent of the 2006 quantity of U.S. producers' commercial shipments of CWLDLP, as well as 0.6 and 0.0 percent of the 2006 landed, duty-paid value of imports of CWLDLP from Japan and Mexico, respectively. ***. Due to the extremely small quantity of imports from Japan reported by purchasers (for every year after the antidumping order was put in place, the ratio of the quantity of Japanese CWLDLP purchased to domestically produced CWLDLP purchased never rose above 0.07 percent), purchaser price data are not shown in this report.

[21] Domestic producers and importers of subject CWLDLP reported no U.S. shipments of HSAW pipe that met these specifications during January 2001-June 2007.

Table V-3
CWLDLP: Weighted-average f.o.b. prices and quantities of product 1 produced using ERW technology, as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-4
CWLDLP: Weighted-average f.o.b. prices and quantities of product 1 produced using LSAW (single seam) technology, as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-5
CWLDLP: Weighted-average f.o.b. prices and quantities of product 1 produced using DSAW technology, as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-6
CWLDLP: Weighted-average f.o.b. prices and quantities of product 2 produced using ERW technology as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-7
CWLDLP: Weighted-average f.o.b. prices and quantities of product 2 produced using DSAW technology as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-8
CWLDLP: Weighted-average f.o.b. prices and quantities of product 4 produced using ERW technology as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-9
CWLDLP: Weighted-average f.o.b. prices and quantities of product 4 produced using LSAW (single seam) technology as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-10
CWLDLP: Weighted-average f.o.b. prices and quantities of product 4 produced using DSAW technology as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-11
CWLDLP: Weighted-average f.o.b. prices and quantities of product 5 produced using LSAW (single seam) technology as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Table V-12
CWLDLP: Weighted-average f.o.b. prices and quantities of product 5 produced using DSAW technology as reported by U.S. producers and importers, and margins of underselling/ (overselling), by quarters, January 2001-June 2007

* * * * * * *

Figure V-5
Weighted-average f.o.b. prices for product 1 produced using ERW technology, as reported by U.S. producers and importers, by quarters, January 2001-June 2007

* * * * * * *

Figure V-6
Weighted-average f.o.b. prices for product 1 produced using DSAW and LSAW (single seam) technology, as reported by U.S. producers and importers, by quarters, January 2001-June 2007

* * * * * * *

Figure V-7
Weighted-average f.o.b. prices for product 2 produced using ERW technology, as reported by U.S. producers and importers, by quarters, January 2001-June 2007

* * * * * * *

Figure V-8
Weighted-average f.o.b. prices for product 2 produced using DSAW technology, as reported by U.S. producers, by quarters, January 2001-June 2007

* * * * * * *

Figure V-9
Weighted-average f.o.b. prices for product 4 produced using ERW technology, as reported by U.S. importers, by quarters, January 2001-June 2007

* * * * * * *

Figure V-10
Weighted-average f.o.b. prices for product 4 produced using DSAW and LSAW (single seam) technology, as reported by U.S. producers and importers, by quarters, January 2001-June 2007

* * * * * * *

Figure V-11
Weighted-average f.o.b. prices for product 5 produced using DSAW and LSAW (single seam) technology, as reported by U.S. producers and importers, by quarters, January 2001-June 2007

* * * * * * *

Price Comparisons

Comparisons from Current Reviews

Due to the relatively sparse and/or sporadic nature of purchases and the wide variety of CWLDLP sold, the number of quarters for comparison are relatively small (31). Comparisons of domestic and imported Japanese CWLDLP are presented in table V-13. As a point of comparison, the margins of overselling and underselling from the original investigation are also discussed below.

Across the 31 quarters of comparison across products and weld types, imported Japanese products undersold domestic products in 26 of the 31 quarters. Average margins of underselling ranged between 2.0 and 23.6 percent. With respect to the five quarters of overselling by imported Japanese CWLDLP, the average margins of overselling ranged between 1.0 and 25.2 percent.

Japanese producers cautioned that these price comparisons do not reflect true head-to-head pricing situations, contending that they reflect ***.[22]

Table V-13
CWLDLP: Number of quarters, and highest, lowest, and average margins of underselling and (overselling), by product and technology type

* * * * * * *

Comparisons from Original Investigations

In the original investigations, products were not separated via weld type. Subject imports from Japan of product 1 (line pipe, 18 - 24 in. OD, 0.375 - 0.500 in. wall, API 5 LB X-42 - X-56, regardless of length) undersold domestic CWLDLP in all 14 quarters where comparisons were possible, with an average margin of 13.4 percent. For subject imports from Mexico, the Mexican product undersold U.S.-produced product 1 in two of three possible quarters of comparison, with margins of *** and *** percent. For the other quarter, imports from Mexico oversold domestically produced product 1 by *** percent.

Three quarters of comparison were also possible for imported Japanese product 2 (line pipe, 18 - 24 in. OD, greater than 0.375 - 0.625 in. wall, API 5 LB X-70 - X-79, regardless of length), in which the imported product oversold domestic product twice (by *** and *** percent), and undersold domestic product 2 once (by *** percent). In the one possible comparison of domestic and imported Mexican product 2, the Mexican product oversold the U.S. product by *** percent.

For product 3 (product 4 in these reviews; line pipe, 26 - 36 in. OD, 0.625 - 1.000 in. wall, API 5 LB X-42 - X-52, regardless of length), comparisons with imported Japanese CWLDLP were possible in 13 quarters. Imported Japanese product 3 oversold domestically produced product 3 in four quarters, by an average of 15.9 percent. Underselling of Japanese imported product 3 occurred in the other nine quarters by an average of 8.4 percent. Comparisons between U.S. and imported Mexican product 3 were possible in three quarters, with overselling by the Mexican imports in two (by *** and *** percent) and underselling in the other quarter (by *** percent).

[22] Japanese respondent interested parties' prehearing brief, pp. 59-61.

Seven quarters of comparisons were possible for imported Japanese product 4 (product 5 in these reviews; line pipe, 30 - 42 in. OD, greater than 0.625 - 1.000 in. wall, API 5 LB X-60 - X-70, regardless of length) in the original investigations, wherein the imported Japanese CWLDLP oversold domestic product in 5 quarters, averaging 9.5 percent, and undersold domestic product by an average of *** percent in the other two quarters. Mexican product 4 oversold domestic product 4 by *** percent in one quarter, and undersold domestic product 4 by *** percent in another.

During the original investigations, 50 contracts for CWLDLP were reported by U.S. producers and importers. In total, they involved 1.8 million short tons valued at $1.5 billion (in final bid values). More than *** of these were awarded to U.S. firms, *** percent to suppliers of Japanese imports, and *** percent to imports from Mexico (including part of the Florida Gas Phase IV pipeline in December 1998 supplied by ***).[23]

[23] *Certain Welded Line Pipe from Japan (Final)*, Inv. No. 731-TA-919, USITC Publication 3464, November 2001, pp. V-16-18.

APPENDIX A

FEDERAL REGISTER NOTICES AND ADEQUACY STATEMENT

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–919 and 920 (Review)]

Welded Large Diameter Line Pipe From Japan and Mexico

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on welded large diameter line pipe from Japan and Mexico.

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 welded large diameter line pipe from Japan and Mexico 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 December 21, 2006. Comments on the adequacy of responses may be filed with the Commission by January 16, 2007. 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:* November 1, 2006.

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 December 6, 2001, the Department of Commerce issued an antidumping duty order on imports of welded large diameter line pipe from Japan (66 FR 63368). On February 27, 2002, the Department of Commerce issued an antidumping duty order on imports of welded large diameter line pipe from Mexico (67 FR 8937). The Commission is conducting reviews to determine whether revocation of the orders 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 Japan and Mexico.

(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 a single *Domestic Like Product* consisting of certain welded large diameter line pipe, coextensive with Commerce's scope.

(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 a single *Domestic Industry* consisting of all domestic producers of certain welded large diameter line pipe.

(5) The *Order Dates* are the dates that the antidumping duty orders under review became effective. In these reviews, the *Order Dates* are December 6, 2001 (Japan) and February 27, 2002 (Mexico).

(6) An *Importer* is any person or firm engaged, either directly or through a 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

[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. 07–5–163, expiration date June 30, 2008. 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.

specified below. The deadline for filing such responses is December 21, 2006. 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 January 16, 2007. 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: 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 Product*, 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 Industry* 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 Industry.*

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product.* 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 Product*, provide the following information on your firm's operations on that product during calendar year 2005 (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 Product* accounted for by your firm's(s') production;

(b) The quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* 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 the *Subject Country(ies)*, provide the following information on your firm's(s') operations on that product during calendar year 2005 (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 Country(ies)*, provide the following information on your firm's(s') operations on that product during calendar year 2005 (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 Product* that have occurred in the United States or in the

market for the *Subject Merchandise* in each *Subject Country* 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 Product* produced in the United States, *Subject Merchandise* produced in each *Subject Country*, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry*; 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.

By order of the Commission.

Issued: October 25, 2006.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6–18311 Filed 10–31–06; 8:45 am]

BILLING CODE 7020–02–P

EFFECTIVE DATE: February 5, 2007.

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 February 5, 2007, 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. The Commission found that both the domestic and respondent interested party group responses to its notice of institution (71 FR 64294, November 1, 2006) were adequate. 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 § 207.62 of the Commission's rules.

By order of the Commission.

Issued: February 7, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–2456 Filed 2–12–07; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–919 and 920 (Review)]

Welded Large Diameter Line Pipe From Japan And Mexico

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on welded large diameter line pipe from Japan and Mexico.

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 welded large diameter line pipe from Japan and Mexico 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).

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–919 and 920 (Review)]

Welded Large Diameter Line Pipe From Japan and Mexico

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on welded large diameter line pipe from Japan and Mexico.

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 welded large diameter line pipe from Japan and Mexico 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).

DATES: *Effective Date:* February 22, 2007.

FOR FURTHER INFORMATION CONTACT: Dana Lofgren (202–205–3185), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. 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 February 5, 2007, the Commission determined that both the domestic interested party group response and the respondent group

response to its notice of institution (71 FR 64294, November 1, 2006) of the subject five-year reviews were adequate. Accordingly, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act (72 FR 6746, February 13, 2007). 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 these reviews will be placed in the nonpublic record on July 9, 2007, 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 July 26, 2007, 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 July 18, 2007. 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 July 23, 2007, 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 July 18, 2007. 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 August 21, 2007; 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 August 21, 2007. On September 24, 2007, 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 September 26, 2007, 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.

Issued: February 23, 2007.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–3542 Filed 2–28–07; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–857, A–201–828]

Certain Welded Large Diameter Line Pipe from Japan and Mexico; Notice of Final Results of Five-year (''Sunset'') Reviews of Antidumping Duty Orders

AGENCY: Import Administration, International Trade Administration, Commerce.

SUMMARY: On November 1, 2006, the Department of Commerce (''the Department'') initiated the first sunset reviews of the antidumping duty orders on certain welded large diameter line pipe (''welded large diameter pipe'') from Japan and Mexico, pursuant to section 751(c) of the Tariff Act of 1930, as amended, (''the Act''). On the basis of notices of intent to participate and adequate substantive responses filed on behalf of the domestic interested parties and no response from respondent interested parties, the Department has conducted expedited sunset reviews of these antidumping duty orders. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the level indicated in the ''Final Results of Reviews'' section of this notice.

EFFECTIVE DATE: March 8, 2007.

FOR FURTHER INFORMATION CONTACT: Dena Crossland or Dana Mermelstein, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC, 20230; telephone: (202) 482–3362 or (202) 482–1391, respectively.

SUPPLEMENTARY INFORMATION:

Background

On November 1, 2006, the Department initiated the first sunset reviews of the antidumping duty orders on welded large diameter pipe from Japan and Mexico, pursuant to section 751(c) of the Act. *See Initiation of Five-year (''Sunset'') Reviews*, 71 FR 64242 (November 1, 2006). The Department received a Notice of Intent to Participate from American Steel Pipe Division of ACIPCO, Berg Steel Pipe Corporation, Dura–Bond Pipe LLC, Oregon Steel Mills, and Stupp Corp. (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 subject merchandise.

We received complete substantive responses to the notice of initiation from the domestic interested parties within the 30-day deadline specified in section 351.218(d)(3)(i) of the Department's regulations. We received no responses from the respondent interested parties to these proceedings. 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 Department conducted expedited sunset reviews of these orders.

Scope of the Orders

Japan

The product covered by this antidumping order is certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stencilled. This product is normally produced according to American Petroleum Institute (''API'') specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. Specifically not included within the scope of this investigation is American Water Works Association (''AWWA'') specification water and sewage pipe and the following size/grade combinations; of line pipe:

-Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.

-Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.

-Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater.

-Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater.

-Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater.

-Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X–80 or greater.

-Having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.90 inch or more in grade X–80.

-Having an outsides diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more in grade X100.

Scope Clarification: On October 26, 2006, the Department determined that large diameter line pipe with an API grade X–80 having an outside diameter of 21 inches and wall thickness of 0.625 inches was excluded from the scope of the antidumping duty order on welded large diameter pipe from Japan. *See Final Results of Changed Circumstances Review: Certain Welded Large Diameter Line Pipe from Japan*, 71 FR 62584 (October 26, 2006).

The product currently is classified under U.S. Harmonized Tariff Schedule (''HTSUS'') item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30. 7305.19.10.60, and 7305.19.50.00. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope is dispositive.

Mexico

The product covered by this order is certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute (''API'') specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. Specifically not included within the scope of this investigation is American Water Works Association (''AWWA'') specification water and sewage pipe, and the following size/grade combinations of line pipe:

-Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade.

-Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater.

-Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater.

-Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater.

-Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater.

-Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X–80 or greater.

The product currently is classified under U.S. Harmonized Tariff Schedule

(''HTSUS'') item numbers 7305.11.10.30, 7305.11.10.60, 7305.11.50.00, 7305.12.10.30, 7305.12.10.60, 7305.12.50.00, 7305.19.10.30, 7305.19.10.60, and 7305.19.50.00. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description of the scope is dispositive.

Analysis of Comments Received

All issues raised in these cases are addressed in the Issues and Decision Memorandum for the Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders on Certain Welded Large Diameter Line Pipe from Japan and Mexico, from Stephen Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated March 1, 2007 (''Decision Memo''), 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 revoked. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendations in this public memo, 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/index.html, under the heading ''March 2007.'' 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 welded large diameter pipe from Japan and Mexico would likely 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	30.80
Kawasaki Steel Corporation	30.80
All Others	30.80
Mexico.	
PMT–Tubacero	49.86
All Others	49.86

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 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: March 1, 2007.

David M. Spooner,

Assistant Secretaryfor Import Administration.

[FR Doc. E7–4164 Filed 3–7–07; 8:45 am]

BILLING CODE 3510–DS–S

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–919 and 920 (Review)]

Welded Large Diameter Line Pipe From Japan and Mexico

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject five-year reviews.

DATES: *Effective Date:* Date of Commission action.

FOR FURTHER INFORMATION CONTACT: Dana Lofgren (202–205–3185), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. 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 February 22, 2007, the Commission established a schedule for the conduct of the subject reviews (72 FR 9357, March 1, 2007). Due to a subsequent scheduling conflict, however, the Commission is revising its schedule. Under the Commission's new schedule for the reviews, the hearing will be held at the U.S. International Trade Commission building at 9:30 a.m. on July 25, 2007. The Commission's original schedule is otherwise unchanged.

For further information concerning the conduct of these reviews and rules of general application, 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 five-year 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.

Issued: May 29, 2007.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–10685 Filed 6–1–07; 8:45 am]

BILLING CODE 7020–02–P

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY
in
Welded Large Diameter Line Pipe from Japan and Mexico
Inv. Nos. 731-TA-919 and 920 (Review)

On February 5, 2007, the Commission determined that it should proceed to full reviews 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 determined that the five domestic producer responses to its notice of institution, filed jointly by American Steel Pipe Division of ACIPCO, Berg Steel Pipe Corp., Dura-Bond Pipe LLC, Oregon Steel Mills, and Stupp Corp., were individually adequate. Because the five producers that filed adequate responses accounted for a majority of domestic welded large diameter line pipe production in 2005, the Commission further determined that the domestic interested party group response was adequate.

The Commission determined that the responses to its notice of institution received from three Japanese producers and exporters, filed jointly by JFE Steel Corp., Nippon Steel Corp., and Sumitomo Metal Industries, Ltd., were individually adequate. Because these Japanese producers and exporters accounted for a majority of Japanese welded large diameter line pipe production and exports in 2005, the Commission further determined that the Japanese interested party group response was adequate. Accordingly, the Commission determined to proceed to a full review in *Welded Large Diameter Line Pipe from Japan*.

The Commission determined that the responses to its notice of institution received from Mexican producer Tubacero, S.A. de C.V. and from Mexican producers and exporters Tuberia Laguna, S.A. de C.V. and Tuberias Procarsa S.A. de C.V. were individually adequate. Because these Mexican producers and exporters accounted for a majority of Mexican welded large diameter line pipe production and exports in 2005, the Commission further determined that the Mexican interested party group response was adequate. Accordingly, the Commission determined to proceed to a full review in *Welded Large Diameter Line Pipe from Mexico*.

A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (http://www.usitc.gov).

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Certain Welded Large Diameter Line Pipe from Japan and Mexico

Inv. Nos.: 731-TA-919 and 920 (Review)

Date and Time: July 25, 2007 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room, 500 E Street (room 101), SW, Washington, D.C.

EMBASSY APPEARANCE:

Embassy of Mexico
Washington, D.C.

Salvador Behar, Legal Counsel for International Trade

Adriana Diaz, Director of International Assistance for Mexican Exporters, at the Unit for International Trade Practices, Ministry of Economy

OPENING REMARKS:

In Support of Continuation of Orders (**Roger B. Schagrin**, Schagrin Associates)
In Opposition to Continuation of Orders (**Robert H. Huey**, Hunton & Williams LLP)

In Support of Continuation of
Antidumping Duty Orders:

Schagrin Associates
Washington, D.C.
on behalf of

American Steel Pipe Division of ACIPCO
Berg Steel Pipe Corporation
Dura-Bond Pipe LLC
Oregon Steel Mills
Stupp Corporation

Jon Noland, Division Manager, American Steel Pipe Division, ACIPCO

Mike O'Brien, Vice President, ACIPCO

Dave Delie, President and CEO, Berg Steel Pipe Corporation

Ron Williamson, Vice President, Sales and Logistics, Berg Steel Pipe Corporation

Wayne Norris, President, Dura-Bond Pipe LLC

Jason Norris, Vice President, Sales, Dura-Bond Pipe LLC

Larry Lawrence, Vice President, Tubular Product Sales, Evraz Oregon Steel Mills

John Stupp, CEO, Stupp Corporation

Don Bohach, Vice President, Marketing and Sales, Stupp Corporation

Dr. Robert Blecker, Schagrin Associates, Professor of Economics, American University

Roger B. Schagrin) – OF COUNSEL

In Support of Continuation of
Antidumping Duty Orders (continued):

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

United States Steel Corporation ("U.S. Steel")
Camp-Hill Corporation

Scott Robertson, ERW Business Manager, U.S. Steel

Rusty Fisher, Vice President, Line Pipe Sales, Lone Star Steel Company L.P., a subsidiary of U.S. Steel

Stephen J. Narkin) – OF COUNSEL

In Opposition to Continuation of
Antidumping Duty Orders:

Hunton & Williams LLP
Washington, D.C.
on behalf of

JFE Steel Corporation
Nippon Steel Corporation
Sumitomo Metal Industries, Ltd.

Heiki Miki, Section Manager, Line Pipe Section, Pipe & Tube Export Department, JFE Steel Corporation

Mitsuru Kimura, Chief Representative, Houston Office, JFE Steel Corporation

Hirofumi Yamamoto, President, Sumitomo Metal USA, Inc.

Daniel W. Klett, Economist, Capital Trade, Inc.

Robert H. Huey)
Steven F. Hill) – OF COUNSEL
Richard P. Ferrin)

In Opposition to Continuation of
Antidumping Duty Orders (continued):

Vinson & Elkins
Washington, D.C.
on behalf of

Interstate Natural Gas Association of America ("INGAA")

Donald F. Santa, Jr., President, INGAA

John J. Gillespie, Vice President, Supply Chain Management, El Paso Corporation Pipeline Group

David A. Fisher, Principal Procurement Specialist, Supply Chain Management, El Paso Corporation Pipeline Group

Catherine Paul, Manager, Supply Chain Projects, TransCanada Pipelines

Henry P. Morse, Jr., Director, Project Development, Gas Transmission Northwest and North Baja Pipeline

Kenneth J. Pierce)
Matthew P. McCullough)– OF COUNSEL

McKenna Long & Aldridge LLP
Washington, D.C.
on behalf of

Tubacero, S.A. de C.V.
Tuberia Laguna, S.A. de C.V.
Tuberias Procarsa, S.A. de C.V.

Alfonso Benitez, Administrative Director, Tubacero, S.A. de C.V.

Jesus Gutierrez, International Sales Manager, Tuberia Laguna, S.A. de C.V.

In Opposition to Continuation of
Antidumping Duty Orders (continued):

Kenneth Stalter, Summer Associate, McKenna
Long & Aldridge LLP

Jeffrey M. Winton) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Roger B. Schagrin**,
Schagrin Associates)
In Opposition to Continuation of Orders (**Robert H. Huey**,
Hunton & Williams LLP)

APPENDIX C

SUMMARY DATA

Table C-1
CWLDLP: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

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

	Reported data								Period changes						
							January-June								Jan.-June
Item	2001	2002	2003	2004	2005	2006	2006	2007	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Imports from:															
Japan:															
Quantity	29,795	3,986	3,376	7,594	25,232	13,198	10,483	7,356	-55.7	-86.6	-15.3	124.9	232.3	-47.7	-29.8
Value	16,549	1,969	1,710	5,030	28,323	13,693	10,880	14,661	-17.3	-88.1	-13.2	194.2	463.1	-51.7	34.8
Unit value	$555	$494	$507	$662	$1,123	$1,038	$1,038	$1,993	86.8	-11.1	2.5	30.8	69.5	-7.6	92.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:															
Quantity	13,265	6,245	8,302	159	35	125	101	0	-99.1	-52.9	32.9	-98.1	-78.2	260.1	-100.0
Value	6,624	4,229	5,486	111	59	190	142	0	-97.1	-36.2	29.7	-98.0	-47.1	223.1	-100.0
Unit value	$499	$677	$661	$696	$1,692	$1,518	$1,415	(2)	203.9	35.6	-2.4	5.4	142.9	-10.3	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:															
Quantity	43,060	10,231	11,678	7,753	25,267	13,323	10,584	7,356	-69.1	-76.2	14.1	-33.6	225.9	-47.3	-30.5
Value	23,173	6,198	7,196	5,141	28,382	13,883	11,022	14,661	-40.1	-73.3	16.1	-28.6	452.1	-51.1	33.0
Unit value	$538	$606	$616	$663	$1,123	$1,042	$1,041	$1,993	93.6	12.6	1.7	7.6	69.4	-7.2	91.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	***	***	***	***	422,023	729,575	262,679	827,728	***	***	***	***	***	72.9	215.1
Value	***	***	***	***	428,421	753,567	269,889	1,002,845	***	***	***	***	***	75.9	271.6
Unit value	***	***	***	***	$1,015	$1,033	$1,027	$1,212	***	***	***	***	***	1.7	17.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	***	***	***	***	447,289	742,898	273,262	835,084	***	***	***	***	***	66.1	205.6
Value	***	***	***	***	456,803	767,449	280,912	1,017,506	***	***	***	***	***	68.0	262.2
Unit value	***	***	***	***	$1,021	$1,033	$1,028	$1,218	***	***	***	***	***	1.2	18.5
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 ($1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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) Not applicable.
(3) Undefined.

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.

Table C-2
ERW CWLDLP: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

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

	Reported data								Period changes						
							January-June								Jan.-June
Item	2001	2002	2003	2004	2005	2006	2006	2007	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Imports from:															
Japan:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:															
Quantity	13,178	6,245	8	159	15	125	0	0	-99.1	-52.6	-99.9	1827.7	-90.4	718.1	(2)
Value	6,585	4,229	5	111	41	190	0	0	-97.1	-35.8	-99.9	2125.2	-62.9	360.5	(2)
Unit value	$500	$677	$603	$696	$2,696	$1,518	(2)	(2)	203.7	35.5	-10.9	15.4	287.1	-43.7	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	748,841	382,260	217,782	317,019	348,294	606,616	45,971	105,326	-19.0	-49.0	-43.0	45.6	9.9	74.2	129.1
Value	426,674	239,397	127,929	198,255	362,927	653,561	34,571	109,155	53.2	-43.9	-46.6	55.0	83.1	80.1	215.7
Unit value	$570	$626	$587	$625	$1,042	$1,077	$752	$1,036	89.1	9.9	-6.2	6.5	66.6	3.4	37.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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 ($1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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) Not applicable.

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.

Table C-3
SAW CWLDLP: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

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

	Reported data								Period changes						
							January-June								Jan.-June
Item	2001	2002	2003	2004	2005	2006	2006	2007	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Imports from:															
Japan:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:															
Quantity	13,178	6,245	8	159	15	125	101	0	-99.1	-52.6	-99.9	1,827.7	-90.4	718.1	-100.0
Value	6,585	4,229	5	111	41	190	142	0	-97.1	-35.8	-99.9	2,125.2	-62.9	360.5	-100.0
Unit value	$500	$677	$603	$696	$2,696	$1,518	$1,415	(2)	203.7	35.5	-10.9	15.4	287.1	-43.7	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	***	***	***	***	355,841	615,827	216,708	722,401	***	***	***	***	***	74.2	233.4
Value	***	***	***	***	370,579	663,334	235,319	893,690	***	***	***	***	***	80.1	279.8
Unit value	***	***	***	***	$1,041	$1,077	$1,086	$1,237	***	***	***	***	***	3.4	13.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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 ($1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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) Not applicable.

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.

Table C-4
LSAW: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

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

	Reported data								Period changes						
							January-June								Jan.-June
Item	2001	2002	2003	2004	2005	2006	2006	2007	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Imports from:															
Japan:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:															
Quantity	12,725	6,245	8	149	15	116	92	0	-99.1	-50.9	-99.9	1699.1	-89.7	661.8	-100.0
Value	6,377	4,229	5	102	41	177	129	0	-97.2	-33.7	-99.9	1949.3	-59.7	329.0	-100.0
Unit value	$501	$677	$603	$687	$2,696	$1,518	$1,406	(2)	202.9	35.1	-10.9	13.9	292.3	-43.7	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	***	***	***	***	150,188	410,996	154,282	371,998	***	***	***	***	***	173.7	141.1
Value	***	***	***	***	161,461	458,814	177,027	468,523	***	***	***	***	***	184.2	164.7
Unit value	***	***	***	***	$1,075	$1,116	$1,147	$1,259	***	***	***	***	***	3.8	9.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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 ($1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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) Not applicable.

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.

Table C-5
HSAW: Summary data concerning the U.S. market, 2001-06, January-June 2006, and January-June 2007

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

	Reported data								Period changes						
							January-June								Jan.-June
Item	2001	2002	2003	2004	2005	2006	2006	2007	2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	-0.0
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	-8.9
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	-8.9
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Imports from:															
Japan:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mexico:															
Quantity	453	0	0	11	0	9	9	0	-98.1	-100.0	(2)	(2)	-100.0	(2)	-100.0
Value	208	0	0	9	0	13	13	0	-93.8	-100.0	(2)	(2)	-100.0	(2)	-100.0
Unit value	$460	(2)	(2)	$825	(2)	$1,510	$1,510	(2)	228.1	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	88,602	88,561	28,889	228,516	198,106	195,620	62,426	350,404	120.8	-0.0	-67.4	691.0	-13.3	-1.3	461.3
Value	56,541	48,363	17,478	141,839	201,465	194,748	58,291	425,167	244.4	-14.5	-63.9	711.5	42.0	-3.3	629.4
Unit value	$638	$546	$605	$621	$1,017	$996	$934	$1,213	56.0	-14.4	10.8	2.6	63.8	-2.1	29.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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 ($1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
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) Not applicable.

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.

APPENDIX D

COMMENTS BY U.S. PRODUCERS, IMPORTERS, PURCHASERS, AND FOREIGN PRODUCERS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational and Organizational Changes If The Orders Were To Be Revoked

The Commission requested U.S. producers to describe any anticipated changes in the character of their operations or organization relating to the production of CWLDLP in the future if the antidumping duty orders on CWLDLP from Japan and Mexico were to be revoked. Their responses are as follows:

***

"Yes. An increased supply to domestic markets, which will reduce our ability to serve our market share."

***

"Yes. Were the subject antidumping duty orders to be revoked, and assuming that Japan and Mexico would begin importing large volumes of low-priced line pipe into the U.S., *** would anticipate the following changes in the character of its operations:

Loss of orders to low-priced imports of line pipe from Japan and Mexico could result in reduced schedules and/or extended shutdowns due to lack of orders. Extended periods without sufficient orders could result in plant closures or relocations.

Market pricing would be driven downward by the proliferation of low-priced imported pipe."

***

"No. The competition will increase. These countries might start dumping pipe, lower than market price."

***

"Yes. Additional tonnage in the market would most likely be at a lower price and demand resulting in a layoff of production personnel."

***

"Yes. We would expect that dumped imports from the subject countries would cause *** to lose sales and market share. As a result, *** demand for *** would decline."

***

" Yes. We expect reductions of hours of operation and corresponding output. We also anticipate possible cancellation of planned capital expenditures in 2008."

***

"If the orders are revoked, we would expect unfairly-traded imports from Japan and Mexico to quickly enter this market in significant volumes. These imports would compete directly with our production, and would likely be sold at prices below our current prices. Under these circumstances, we would be forced to either reduce prices or lose sales. Indeed, it is likely that we would lose sales even if we reduced prices. These developments would have a severe impact on our operations."

***

"Yes. Historically Japan and Mexico have demonstrated predatory pricing into the U.S. market. To sustain operations and retain skilled employees, *** would be forced to follow the inevitable downward pressure on price to meet the Japanese and Mexican offers. Inevitably long term contracts would be at risk to provide profitable margins to *** pipe manufacturing facilities."

Significance of Existing Orders In Terms of Trade and Related Data

The Commission requested U.S. producers to describe the significance of the existing antidumping duty orders covering imports of CWLDLP from Japan and Mexico in terms of their effect on production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. Their responses are as follows:

***

No response was given.

***

"The absence of a high volume of low-priced line pipe being imported into the U.S. from Japan and Mexico resulting from the subject antidumping duty orders has resulted in the following:

***. Based on the current backlog of orders, this level of production is expected to continue into 2008. Current employment stands at *** full time employees with numerous other positions being filled by temporary employees. Employment levels at *** are based on the production requirements (i.e. order backlog) for a given time period. In part, the antidumping duty orders placed on Japan and Mexico have allowed *** to book sufficient business to maintain this level of production.

Prior to the current upswing in line pipe demand, a period of very low demand existed for 2004 and 2005. Tons shipped for these two years were ***, and *** respectively. This is in contrast to the *** net tons shipped for 2006. During this period, *** was forced to reduce production to a ***. Despite the limited order volumes, *** was able to remain ***. The ability of *** to remain *** during these depressed conditions can be directly attributable to the lack of low-priced, oversupplied pipe from Mexico and Japan in the U.S. market. This allowed *** to continue booking orders to survive this cycle.

Profit margins resulting from the current state of the line pipe market have allowed *** to invest in many research and development opportunities that allow the company to keep pace with the changing line pipe market. One example of this is the development of grade ***, a high strength steel pipe grade that is currently being specified by many pipeline companies, ***. *** currently has an order for *** net tons of pipe in this grade, scheduled for production in ***. Development of this new grade took several years and substantial cost outlays from ***."

***

"The antidumping duty orders provide a marketplace that permits the commitment of dollars to upgrade facilities and a stable workforce."

***

"By restricting dumped imports from Japan and Mexico, the orders have allowed *** to make additional sales of the subject product, thus increasing demand for ***."

***

"Although we experienced a significant drop in demand in late 2001 due to the U.S. economy downturn and the effects of September 11th and Enron, our situation would have been much worse had

the antidumping duty order not existed. The order facilitated a much quicker return to profitability in 2004 and 2005."

***

"By preventing unfairly-traded imports from these countries, the orders have enabled us to consistently perform better on virtually all of these measures - including, among others, production, shipments, employment, revenues, profits, and cash flow - than we otherwise would have. This has enabled us to better weather several downturns in demand, and to enjoy the benefits of the upturns in demand that have occurred since the orders went into effect. For example, demand turned up in 2006, and our profitability significantly improved. Were it not for the orders, it is highly likely that imports from the subject countries would have surged into the U.S. market, thus depriving us of the opportunity to earn a reasonable profit even when demand is relatively good."

***

"The existing antidumping duty orders against Mexico and Japan were instituted during a period when major U.S. LDP projects were in decline. In prior years, predatory pricing that was demonstrated from Mexico and Japan forced market prices lower for what little business was available and severely impacted cost/price ratios for U.S. producers to the negative. Despite softening demand for LDP in North America in the early 2000 period, *** executive management and board of directors believed that with the demonstrated governmental recognition and imposing antidumping duties on dumped LDP products, that action would provide us with sufficient certainty that a level competitive field could be realized. Thus ***.

Because we are an *** producer with the ability to ***, the antidumping duty orders against Mexico and Japan provided and will provide *** with a greater opportunity to keep our order books full and retain pipe mill and steel rolling mill employees on a profitable basis."

Anticipated Changes in Trade and Related Data If The Orders Were To Be Revoked

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures or asset values relating to the production of CWLDLP in the future if the antidumping duty orders on CWLDLP from Japan and Mexico were to be revoked. Their responses are as follows:

***

"Yes. Currently we are booked through 2007 ***. We are open for orders after ***. The bulk of recent orders have been filled by foreign sources, namely Ilva, Confab, Corinth, and Welspun. Only due to current demand do we have orders. In a normal market, we would be closed. Opening the market to Japan and Mexico would exacerbate the problem."

***

"Yes. Assumptions: Japan and Mexico would re-enter the U.S. with large volumes of low-priced line pipe that would depress pricing and oversupply the market.

Changes: Once pipeline companies started purchasing the low-priced line pipe imported into the U.S. by Japan and Mexico, order backlogs on the domestic pipe mills would decrease and tonnage produced on a per-year basis would decrease.

As the order tonnages were decreased and backlogs became shorter, layoffs and workforce reductions would be likely. Extended mill shutdowns due to lack of orders and the layoffs associated with them would also become possible.

Gross income would be reduced as the order tonnages produced were decreased.

Profit margins would have to be reduced in order to compete with the low-priced pipe being imported from Japan and Mexico. As a result of the lower margins and decreased volume, overall profits would shrink or possibly turn into losses.

As cash flow became more restricted, and credit ratings were downgraded, operating lines of credit would be held at higher interest rates, along with higher commitment fees.

Purchases of new equipment and the raw materials required for the production of line pipe would decrease based on the lower production volumes. This would have a ripple effect on the many vendors currently supplying *** with goods and services, as their sales would be impacted adversely.

Planned expansion projects could be cancelled or rejected. Capital expenditures would be lessened or cancelled altogether. The lessening or ending of expenditures on newer and more efficient technologies would make *** less able to compete for future business.

Research and development projects would likely be minimized or cancelled. The U.S. line pipe market is in a constant state of evolution toward higher strength, lighter gauge products with greater physical and chemical requirements. The inability to develop production capabilities in these grades would lessen ***'s ability to compete for future business."

***

"Yes. It would be likely that our steel purchases would be reduced equal to the amount of pipe business that would be lost to dumped imports. Additionally, lost bookings on our mill would force a layoff of production personnel."

***

"Yes. Without the orders, *** will lose sales and market share to dumped imports from Japan and Mexico. As a result, *** demand for *** will decline. Such a development will cause financial harm to *** and its workers."

***

"Yes. Our planned capital expenditure to expand our capacity would be in jeopardy."

***

"Yes. If the orders are revoked, low-priced imports from the subject countries would surge into the U.S. market. The past behavior of the producers in these countries shows that they have a strong propensity to dump welded pipe into the U.S. market. Nothing has occurred since the orders went into effect that would make it less likely that they would do so. Indeed, the emergence of a major, export-oriented industry in China makes it all the more likely that they would do so. Chinese exports are a significant presence in other markets to which these producers are currently exporting, and are, in many cases, a significant presence in their home markets as well. This means that these producers would have a very strong incentive to divert their production and exports to the United States. The fact that prices for this product are higher in the United States than in other markets that might theoretically be available to these producers would also provide a strong incentive for such behavior. In so doing, it would have a very serious effect on our operations."

***

"It has been *** painful experience that if left unchecked, the Mexican and Japanese LDP DSAW mills will aggressively lower their offering prices until they secure an order in the U.S. despite

their internal price structures. This downward pressure on U.S. market pricing has, and will have, the inevitable effect of *** losing business on "dumped" products and force reductions or closure of operations ***. As a result many highly skilled employees would be lost, efficiencies would plummet, operating costs would skyrocket and competitiveness would be severely eroded which would translate to a major loss of revenue, a serious negative adjustment in cash flows and inevitable downward spiral in profitability."

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational or Organizational Changes If The Orders Were To Be Revoked

The Commission requested importers to describe any anticipated changes in the character of their operations or organization relating to the importation of CWLDLP in the future if the antidumping duty orders on CWLDLP from Japan and Mexico were to be revoked. Their responses are as follows:

***

"No."

***

"We would try to shift some of the current imports from other countries to Mexico and/or Japan."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"Yes. *** expects that the revocation of the orders will result in a resumption of dumping by the named countries in order to regain market share. These activities will lower market prices and restrict *** participation in the market."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"Yes. Were the subject antidumping duty orders to be revoked, and assuming that Japan and Mexico would begin importing large volumes of low-priced line pipe into the U.S., ***."

***

"No."

***

"Yes. No data available as we *** only."

***

"No."

***

"Yes. Revocation of the antidumping duty order against Mexico would likely result in diminished levels in USA Gulf market. Mexican flat-rolled mills have a history of predatory market behavior in this region."

***

"Yes. If the pricing was competitive and deliveries were acceptable we would resume purchases from Mexico and Japan."

Significance of Existing Orders In Terms of Trade and Related Data

The Commission requested U.S. importers to describe the significance of the existing antidumping duty order covering imports of CWLDLP from Japan and Mexico in terms of their effect on their imports, U.S. shipments of imports, and inventories. Their responses are as follows:

***

"Not significant."

***

"Our company has had to shift sourcing to alternative countries. This was due to unavailability by domestics in SAW and ERW materials. It is almost impossible to buy domestic SAW and ERW. Industry perception is that domestic mills are booked for many quarters."

***

"We lost many chances to sell Japanese pipes and our business on Japanese pipes had been getting limited. We have now missed such chances, even in the situation that domestic pipe mills have been fully booked and U.S. customers have purchased from overseas pipe mills."

***

"Keeps us from bringing any API line pipe into the U.S."

***

"There does not appear to be enough domestic supply of this material."

***

"We are not in this market anymore."

***

"After 2001, we almost lost all of our business of welded large diameter line pipe here in the U.S."

***

"No change."

***

"As *** has not qualified any mills in Mexico who manufacture welded large diameter line pipe, the existing antidumping duty order for this material has had no impact to ***. The existing antidumping order covering imports of welded large diameter line pipe from Japan limited our purchases from Japan to those items which are excluded from the antidumping duty order and could not be manufactured by the U.S. mills. In general, *** has obtained any required line pipe from the U.S. manufacturers, but in recent years, we have seen lead-times from U.S. line pipe mills become very long."

***

"Imported material from Mexico could be cheaper for the U.S. industry, compared with the imports from ***."

***

"The orders have added a degree of stability to the market that has allowed domestic producers to return to production and pricing levels that provide an adequate return on investment."

***

"Due to 30.8 percent antidumping duties, *** mills became not competitive in the U.S. market and did not participate in any tender aggressively. We lost may business opportunities. Even though

other countries pipe mills enjoy huge export business to U.S. because of much more demand than local mill's ability to supply."

***

"No effect."

***

"*** is not affected by existing anti-dumping orders."

***

"The antidumping duty orders have significantly affected imports, causing *** to deal in smaller volumes, mainly of pipes outside the scope of the antidumping duty orders. *** has declined to bid for various pipeline projects where the required pipe size was subject to the antidumping duty order."

***

"None."

***

"The absence of a high volume of low-priced line pipe being imported into the U.S. from Japan and Mexico resulting from the subject antidumping duty orders has resulted in the following:

***

***

***."

***

No response was given.

***

"No comment."

***

"Frankly speaking there is no significance of the existing antidumping duty any more. The market has been dramatically changed compared to 5-6 years ago. Now the production situation of the mill is so tight, and the mill *** is concentrating on producing pipe with higher grades (not the antidumping duty size and grade). Regardless of the existing antidumping duty order, the mill cannot supply more pipe."

***

"Presently the antidumping orders against Japan and Mexico allow for controlled inventory levels and keep order in the market."

***

"The orders have had no effect on our business. This product represents a very small (less than *** percent) portion of our total revenues."

Anticipated Changes in Trade and Related Data If The Orders Were To Be Revoked

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of CWLDLP in the future if the antidumping duty orders on CWLDLP from Japan and Mexico were to be revoked. Their responses are as follows:

***

No response was given.

***

"I believe we would try to shift sourcing to Mexico and Japan from other countries of import."

***

"Yes. We expect there will be much demand on line pipes in the U.S. for the coming few years, particularly pipeline projects, and U.S. customers would have to import because domestic pipe mills have been fully booked. We therefore would try to promote and import Japanese pipes, particularly while domestic pipe mills will be keeping busy."

***

"Yes. Would be able to bring more large OD pipe in from Mexico."

***

"No."

***

No response was given.

***

"No. Because of tight capacity of suppliers in Japan and a cheap market here in the U.S., we do not see any reasons for a volume increase."

***

"No."

***

"No. Even with revocation of the antidumping order, we will continue to purchase products from U.S. mills when they can meet the delivery and quality requirements."

***

"Yes. Distributors would be interested in a product of similar quality at a better price. No more projections available at this time."

***

"Producers from the named countries will resume dumping in order to regain market share. *** imports will be reduced as will shipments and production by domestic producers."

***

"No."

***

No response was given.

***

"No. *** mills do not depend on the U.S. market, but rather shift to the Middle East/West Africa/China/Russia, etc... So we do not think our business volume will change drastically, but probably will increase slightly."

***

"No."

***

"No. If the antidumping duty order were revoked, the main market for the Japanese mills would continue to be conductor pipe/drilling riser pipe, which are not subject to the antidumping duty order. While there is significant demand for line pipe, Japanese mills have a large price disadvantage due to high ocean freight costs, and it will be difficult for Japanese mills to compete with U.S. mills, even without antidumping duties."

***

"No."

***

"Yes. Assumptions: Japan and Mexico would re-enter the U.S. with large volumes of low-priced line pipe that would depress pricing and oversupply the market.

Changes: Once pipeline companies started purchasing the low-priced line pipe imported into the U.S. by Japan and Mexico, order backlogs on the domestic pipe mills would decrease and tonnage produced on a per-year basis would decrease."

***

"Yes. We anticipate that transaction prices might go down because of additional mills being able to offer quantities - especially with the new mill being built in the U.S."

***

"Yes. My company does not have a long history but any additional supply source is going to change the market, mainly Japan for high grades and Mexico for low grades."

***

"No."

***

"Yes. Large diameter pipe is a specialized market. The U.S. market has historically been the most lucrative for any foreign producer due to the size of the market as well as U.S. dollar payment terms. Revocation of the order would likely draw Mexico and Japan back to the U.S. in large volumes. Revocation of the order could result in diminished price levels in the USA Gulf market."

***

"No. Our inventories would not change but if the product from Japan and Mexico was competitive and deliveries met our requirements, we would purchase material from them."

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Effects on Future Activities of the Firms and the U.S. Market as a Whole

The Commission requested purchasers to comment on the likely effects of revocation of the antidumping duty orders for imports of CWLDLP from Japan and Mexico on (1) the future activities of their firms and (2) the U.S. market as a whole. Their responses are as follows:

(1) The future activities of their firms:

***

"None. 2007-2010."

***

"None."

***

"None."

***

"We will likely be forced to buy Japanese pipe due to price and quality."

***

"Availability of distributor inventories would improve; increasing availability of supply, Period - Next 5 years. Country - Japan."

***

"Foreign mills would have to overcome the domestic mill advantages for total cost of ownership. A few of our requirements may be placed with Japanese mills if their price can counteract the savings in transportation we would see with domestic mills. We do not foresee Mexican mills having an impact. Since tariffs were imposed on Japan, their market has changed. They have found new markets around the world as global demand has increased. They may only be interested in supply for the most specialized grades of pipe, X-70+."

***

"Don't know."

***

"Not known."

***

"None - not well enough versed on market to address."

***

"We will have new sourcing flexibility in a tight market for steel line pipe to bid for our work in the next 3-5 years."

***

"For our firm's needs, the revocation of the antidumping duties will lead to a wider choice of subject pipe that will more closely meet our requirements for quality, price, and delivery."

***

"Quality of pipe may decrease. May be difficult to find off-the-shelf pipe that meets *** specifications."

***

"It would expand the potential supplier base to quote on our pipe orders."

***

"*** will continue to operate in the same manner. Large capital pipeline projects will be competitively bid using both domestic and international sources. The revocation of the antidumping duty order creates additional supply options for our future expansion projects. We currently do not have any subject mills from Mexico on our approved manufacturers list. Revocation would allow *** to pursue and add qualified mills."

***

"*** does not have sufficient information to respond to this question."

***

"If the antidumping orders were removed, imports for certain welded large diameter line pipe of the next five years may increase somewhat for our firm, since we would include the trading companies representing a few of the Japan manufacturers in competitive bid inquiries for expansion project mill quantities of pipe."

***

"No impact."

***

"To the extent a quality competitive product is offered we would consider purchasing if approved by customer base."

***

"Initially it would discount our inventory, because subject mills would want to regain market share. To do this they would use price to gain market share."

***

"If foreign pipe sets the domestic market price and can meet company specifications, we would evaluate it for use on our system."

***

"Couple of potential projects - might lower available price for a little while - 2008."

***

"1. Duty revocation would open up pipe supply options to pipeline projects. 2. Duty revocation would aid in alleviating the serious supply constraints for near term projects. 3. Duty revocation would open up the possibility of looking at higher grade pipe technology options. 4. Duty revocation could

potentially allow for projects to remain on schedule, thus helping to meet demand requirements of the marketplace."

***

"Revocation might relax supply pressures."

(2) The U.S. market as a whole:

***

"None. 2007-2010."

***

"It appears three (3) additional pipe mills will be operational in mid 2008. As such, there could be an 'over supply' situation with or without the Japanese or Mexican pipe mills."

***

"Don't know."

***

"Availability of distributor inventories would improve; increasing availability of supply, Period - Next 5 years. Country - Japan."

***

"Cannot speculate."

***

"Unknown."

***

"Not known."

***

"*** does not have sufficient information to respond to this question."

***

"For the U.S. market the revocation should make the domestic suppliers more competitive and help meet the demand for infrastructure build out that is needed in the next 5-10 years."

***

"We will likely be forced to buy Japanese pipe due to price and quality."

***

"To the extent a quality competitive product is offered we would consider purchasing if approved by customer base."

***

"This is an interesting question for several reasons. In 2004 Oregon Steel announced its intention to build a new spiral-weld double submerged arc welded pipe mill in Portland, Oregon. This facility is now complete and producing pipe for the "Rockies Express" project. This new facility adds

approximately 150k tons of domestic capacity. Since that announcement Berg Steel Pipe, United States Steel (jointly with two Korean steel producers), and Welspun (jointly with Lone Star Steel) have announced plans to build spiral-welded large diameter pipe mills. These mills are scheduled to come online in 2008 and 2009. This brings an additional 780k tons into the large diameter pipe market. At this point no announcements have been made regarding the Welspun/Lone Star Steel joint venture since Lone Star is now owned by United States Steel."

***

"The U.S. market will benefit by having additional sources of steel products to choose from."

***

"None - not well enough versed on market to address."

***

"None."

***

"If the antidumping orders were removed, we do not expect Japan to become a major supplier for subject line pipe. Japan has traditionally preferred to focus subject pipe sales for projects closer to their country and only focused on the U.S. market when the opportunity was not available in the Asia-Pacific region. The outlook for international demand in the Asia-Pacific region continues to be robust."

***

"Unknown."

***

"Larger inventory of lower grade pipe."

***

"All the subject mills here have to offer over domestic mills is price. This is why the original orders went in place. There will be no change if the orders are lifted."

***

"U.S. market still has major projects to build and finish."

***

"U.S. demand for large diameter pipe is currently at unprecedented levels and demand is projected to remain strong. From mills qualified by ***, virtually no capacity exists for 2007 and Q1 2008 for DSAW or spiral production. ERW capacity is less constrained, but demand remains very strong. Various external and internal market analysis suggest peak levels may come in either 2008 or 2009. The demand picture becomes less clear after 2009, but the expectation is for continued strong demand. Revocation of antidumping duty orders is likely to have little effect on demand from US manufacturers.

Revocation of antidumping duties would allow for higher grade pipe technology into the US market. Japan is a leader in higher grade materials that cannot currently be obtained in the US. Specifically, X-100 and X-120 technology is not available in the U.S. market. Further, X-80 technology is relatively new to the U.S. market and therefore, more sources of supply would help to bolster supply.

New higher grade pipe manufacturing technology from Japan would also help accelerate the development of higher grade pipe manufacturing technology in the U.S. by exposing the market to high grade manufactures.

The Japanese have communicated to *** that they are not typically interested in manufacturing thinner wall pipe with a wall thickness under half of an inch. This is especially true for small to medium sized projects and for lower grades (<X-70). Thinner wall pipe is used more in the U.S. and Canada than anywhere else in the world, meaning U.S. pipe manufacturers will have limited exposure to the additional Japanese supply should the antidumping duty revocation occur.

A record number of imports are currently needed to meet U.S. demand. This trend is expected to continue through 2008 and beyond. However, overseas demand for large diameter pipe is also very strong and supply is constrained.

Constrained supply and escalation in prices in both the U.S. and overseas markets have and will continue to delay projects or cancel projects. Revocation of antidumping duty orders will help to alleviate the supply constraints in the U.S., allowing projects to move ahead, meet schedules, and meet demand for energy infrastructure requirements. There is some concern that if the antidumping duties are upheld and global supply constraints remain, strong U.S. demand could require the importation of pipe from Japan and/or Mexico since non-duty countries may not be able to supply sufficient quantities. This would result in the marginal cost of pipe being set by the cost of Japanese or Mexican pipe plus anti-dumping duties.

U.S. suppliers typically provide large diameter pipe to final destination at a lower overall cost than that of overseas suppliers. This is primarily due to the reduced logistical and handling requirements of the domestic mills. Revocation of anti-dumping duties will not reduce the added logistical and handling charges.

Ownership of UOE and spiral mills in the U.S. and Canada are predominantly held by foreign investors.

Current mills:

- Berg Pipe: Owned by Europipe (Germany)
- Oregon Steel Mills: Owned by Evraz (Russia)
- Ipsco: To be owned by SAAB (Sweden)
- Jindal USA: Owned by Jindal (India)
- Dura-Bond: U.S. Owned

Potential new market entrants:

- Berg Pipe Spiral Facility: Owned by Europipe (Germany)
- Welspun: Owned by Welspun India
- PSL: Owned by PSL India

Mexican pipe is generally not competitively priced for U.S. and Canadian projects. We do not foresee the revocation of anti-dumping duties affecting the current foreign ownership of pipe mills in the U.S."

****

"May not change significantly due to overall global demand."

FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Changes in Trade and Related Data If The Orders Were To Be Revoked

The Commission requested foreign producers to describe any anticipated changes in the character of their operations or organization relating to the production of CWLDLP in the future if the antidumping duty orders on CWLDLP from Japan and Mexico were to be revoked. Their responses are as follows:

****

"No."

****

"No."

****

"No."

****

"No. *** target market is the high-end market such as *** as described in our business plan. Those products are basically non-subject merchandise and are beyond the ability of the U.S. mills (including mills with new spiral-weld technology) to produce. Revocation of the order would not affect *** operations.

*** has an obligation to supply welded large-diameter line pipe to non-U.S. customers and is currently operating its production facilities at full capacity. *** does not have the capability to increase its imports to the United States in the foreseeable future if the order is revoked, and revocation of the order would not affect *** product system or structure.

During the period of review, *** had a very limited quantity of exports of subject merchandise to the United States. These exports were to a select few customers within the U.S. distribution market segment with whom *** has had long-term relationships pre-dating the order.

*** overall strategy for all steel products is to aim for the high-end portion of the market. The recent *** has not changed our production and export strategy with respect to those products. This will also apply to the case of welded large-diameter line pipe."

****

"No."

****

"No. With respect to ERW and SAW line pipe, *** policy for the global line pipe market is to concentrate on production and sales of high quality products with specific or combined properties such as high-strength, heavy wall thickness, and sour service, using ***. *** has no interest in becoming an exporter of line pipe products that domestic mills can produce or commodity-grade line pipe products. This policy would remain unchanged if the order were to be revoked.

***."

****

"No."

Significance of the Orders In Terms of Trade and Related Data

The Commission requested foreign producers to describe the significance of the existing antidumping duty orders on CWLDLP from Japan and Mexico, in terms of their effect on the firms' production capacity, production, home market shipments, exports to the United States and other markets, and inventories. Their responses are as follows:

****

"The antidumping duty was imposed in consequence of an antidumping claim against an export sale made by ***. The antidumping orders have had a negative effect on *** exports to the United States. Prior to the imposition of antidumping duties, *** was able to export a small volume of subject merchandise to the United States (ranging from roughly *** tons per year in the mid-1990's to roughly *** in 1999 and *** tons in 2000). However, since the antidumping duties were imposed, we have ceased all exports to the United States."

****

"Demand for *** welded line pipes for delivery to customers outside the United States has exceeded *** ability to supply ***. Because *** existing business is so strong, its *** operations are presently very profitable and are certainly more profitable than they were before the imposition of the antidumping duty order on certain welded large diameter line pipe from Japan. *** has limited its welded line pipe exports to the United States to excluded products. As noted elsewhere in the questionnaire response, *** is operating at full capacity and *** has no plan or capability to increase exports of subject products to the United States in the foreseeable future."

****

"Very small variation in production capacity due to lack of exports into the United States. *** in general has *** pipe to the United States. ***."

****

"*** facilities for production of welded large diameter line pipe have been operating at full capacity. There is no additional capacity for exporting to the U.S. market. Hence, the existing antidumping duty orders do not make any impact on ***."

****

"Because of the antidumping duty of *** percent applied to imports of welded large diameter line pipe from ***, we have not been able to export large outside diameter products to the United States. We have therefore focused on sales of smaller diameter products and other markets."

****

"*** policy for the global line pipe market is to concentrate on production and sales of high quality products that other mills (excepting some Japanese mills and European mills) cannot produce or do not have the capacity to produce, using *** advantage of integrated production process from the blast furnace process. *** has no interest in becoming an exporter of line pipe products that domestic mills can produce or commodity-grade products. The existing antidumping duty order has little influence on this policy. However, some U.S. domestic customers of high quality products or products that are not available in the United States have been forced to increase purchasing costs due to the antidumping order to the extent which the products are subject to the order."

****

No response was given.

Anticipated Changes in Trade and Related Data If The Orders Were To Be Revoked

The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of CWLDLP in the future if the antidumping duty orders on CWLDLP from Japan and Mexico were to be revoked. Their responses are as follows:

****

"Yes. *** anticipates just to recover its normal sales export level that it had before the imposition of the orders."

****

"No."

****

"Yes. Only change in exports to the United States, but our only interest would be in supplying pipe to the USA, if a client requires pipe with certain urgency that local suppliers cannot supply on time."

****

"No. Revocation of the order would not cause *** to change its production or shipment strategy for welded large diameter line pipe production or shipments. *** does not have excess capacity to supply additional products to either the United States or any other market at this time, and does not expect to have excess capacity for the foreseeable future. As noted previously, *** is committed to production for major pipeline projects in other countries for the foreseeable future and therefore would not change its plans in response to revocation of the order. *** has been exporting a very limited quantity of welded large diameter line pipe for a few customers within the distribution market of the United States that cannot get sufficient supply from the U.S. producers and to whom *** was making sales prior to imposition of the order. *** would expect to continue making these very limited sales to these U.S. distribution market customers if the order is revoked, but no further sales than that except products that are beyond the production capability of the U.S. producers."

****

"Yes. If the antidumping duty is revoked, we would expect to be able to resume sales of large outside diameter products to the United States. Given current market conditions, we do not expect to compete for large projects or for most spot sales, but we believe there may be opportunities to make some spot sales on a profitable basis when other suppliers do not have material available. We see this potential market as around *** tons per year under current conditions."

****

"No. *** policy noted in the response to question II-14 (above) would remain unchanged if the order were to be revoked. For the anticipated future large projects of line pipe, *** will concentrate on the project that meets *** sales policy and needs high quality products available in the country due to the difficulty in the quality requirements or domestic mill's production ability."

***

"We do not have plans to increase our capacity if the antidumping duty is revoked. We anticipate increasing production and sales to the United States if there are no antidumping duties. Based on past experience, we believe our exports might reach up to *** tons per year within the first few years after the duty is eliminated."

APPENDIX E

COMMENTS BY U.S. PRODUCERS, IMPORTERS, AND PURCHASERS REGARDING THE COMPARABILITY OF ERW AND SAW, AND THE COMPARABILITY OF SPIRAL-WELDED AND LONGITUDINALLY WELDED CERTAIN WELDED LARGE DIAMETER LINE PIPE

U.S. PRODUCERS' COMMENTS REGARDING COMPARABILITY

Comparability of ERW and SAW (including spiral-welded) certain welded large diameter line pipe

The Commission requested U.S. producers to describe the differences and similarities between ERW and SAW certain welded large diameter line pipe with respect to the following factors: characteristics and uses, interchangeability, manufacturing processes, channels of distribution, customer and producer perceptions, and price. Their responses are as follows:

Characteristics and uses

****

"Both ERW and SAW utilize high strength, low alloy steels used in high pressure pipeline applications. ERW originates from hot-rolled coils whereas SAW is made from steel plate. Each product can be supplied by similar steel manufacturers as physical/metallurgical properties are very similar."

****

"ERW and DSAW (both longitudinally welded and spiral-welded) line pipe are manufactured to the requirements of API specification 5L. ERW pipe is manufactured from coiled steel rather than plates, therefore the pipe diameter is limited by available coil widths. Spiral-welded pipe is also made from coiled steel. But, due to the helical wrap of the steel, the pipe size is not limited by the coil width. DSAW pipe is made from single-length plates. Welding techniques for longitudinally welded DSAW pipe and for spiral-welded pipe are similar, but welding techniques for ERW pipe are significantly different. The largest diameter for ERW pipe in the U.S. is 24" in diameter (610 mm) and internationally the largest ERW pipe is 26" (660 mm) in diameter. DSAW pipe is manufactured in diameters of 16" (406 mm) and larger. Spiral-welded pipe is typically manufactured in diameters of 26" (660 mm) and larger."

****

"ERW's size range is 24" and below. SAW is 20" and greater. SAW is welded by the ARC method and ERW by resistance welding. Both are line pipe, but SAW is used more for transmission and high pressures."

****

"ERW pipe is typically smaller in diameter than SAW pipe. The diameters available max out at 24" outside diameter. ERW pipe does not have the weld reinforcement that SAW pipe possesses, therefore, it is less tolerant of welding defects."

****

"The general characteristics/uses of ERW and SAW line pipe are the same. Specifically, the ERW weld has no added metal in the welding process whereas SAW does."

****

"*** is not a SAW producer. To the best of our knowledge both ERW and SAW can be made to A25, A, B, and X grades ranging from X-42-X-80. Both products are used primarily in the transmission of gas."

Interchangeability

****

"Common items and interchangeability are realized in 16", 18", 20", 22", and 24" diameters."

****

"ERW pipe is manufactured in the diameter range up to 26" inclusive in typical wall thicknesses of 0.188" (4.8 mm) through 0.750" (19.1 mm). Spiral-welded pipe is manufactured in diameters of 26" (660 mm) and larger in wall thicknesses from 0.250" (6.4 mm) through 0.750" (19.1 mm). DSAW pipe is manufactured in diameters of 16" and larger in wall thicknesses from 0.312" (7.9 mm) through 1.5" (38 mm) although some wall thicknesses for some mills can exceed 2" (50 mm). Where overlap of products occurs there can be interchangeability within those sizes. However, DSAW longitudinally-welded pipe is preferred over spiral pipe and ERW for certain offshore applications and sour service requirements."

****

"Only in the duplicate size ranges and pressure ranges."

****

"ERW pipe is not typically available beyond wall thicknesses of 0.500." Given this restraint and that of diameter, SAW is the product of choice above 24" and beyond 0.500." Due to more economical manufacturing costs, ERW is the choice within those dimensions."

****

"For a given diameter/wall/grade these are interchangeable for line pipe."

****

"Determined by customer."

Manufacturing processes

****

"There is little interchangeability in the production equipment utilized for the two products. Processing equipment such as hydrostatic testing, beveling, and ultrasonic units are somewhat similar. Both processes require skilled labor work forces. Due to manufacturing process, SAW production rates are slower and limited due to joint length capabilities."

****

"DSAW pipe is manufactured by forming single plates into rounds. The opening is tack-welded closed and then the final weld closure is made using submerged-arc welding methods. In this welding method, at least one submerged arc welding pass is made on the inside of the pipe and at least one pass is made on the outside surface of the pipe. The metal from the outside pass fuses through the deposited tack weld and into the metal deposited during the inside pass creating a full-penetration weld. For each pass, multiple wires deposit filler metal which can be selected to enhance the mechanical properties of the weld seam. The use of multiple weld passes creates redundancy in sealing the weld joint. Due to the use of multiple arcs and multiple passes, the material thickness is not limited by the welding process.

Spiral-welded pipe is made by passing coiled steel strip through the roller-bending machinery which wraps the strip to form a cylindrical pipe. In some spiral processes a tack weld is applied and in some processes the pipe proceeds immediately into the submerged arc weld without the benefit of tack-welding. The weld seam is closed using SAW techniques similar to that used for DSAW pipe with at

least one submerged arc welding pass made on the inside of the pipe and at least one pass made on the outside surface of the pipe. The upper wall thickness limit for spiral-welded pipe is generally limited to 0.750" (19.1 mm). Due to potential for geometric variation in spiral-welded pipe, care must be taken to assure symmetry of the weld passes and ability to perform adequate inspections and tests on the helical seam.

ERW pipe is manufactured by electric resistance or electric induction welding. In this process, the steel is formed through a series of forming stands and the edges of the strip are pressed together under high pressure. The heat for welding is generated by the resistance to the flow of the electrical current. No filler metal is added and the welds are completed in a single pass, therefore ERW welds do not have the redundancy of multiple-pass welds. The ERW process is typically limited to maximum wall thicknesses of 0.625" (15.9 mm) or 0.750" (19.1 mm).

While forming and welding methods differ for each type of pipe, similar processes are used in the finishing, inspection and testing of all pipe types."

***

"ERW is faster and uses roll form with electric resistance welding, and uses coils for feedstock. Longitudinal-SAW uses plate for feedstock and is formed then ARC welded."

***

"ERW pipe is made from hot strip. So it has a starting material of economy similar to spiral pipe, but cheaper than long seam SAW. Equipment is typically less capital intensive while it has higher outputs, hence the economy of manufacturing. The skill level of the work force is generally not as high as in the SAW processes."

***

"ERW uses coiled steel that is unwound, formed into a tubular shape, welded, and cut from the overall length. Heat treatment of the body or weld seam is also normally performed. The SAW process uses plates of steel that are formed individually into tubular shape. The edges are welded with a filler metal. Subsequent steps, including inspection are similar. Key inputs are coil steel for ERW and plate steel for SAW. Plate cannot be used for the ERW process. Coiled steel can be secondarily processed in a cut-to-length operation to make plate for SAW."

***

"ERW and spiral-welded begin with a hot-rolled coil that is made into welded pipe through a continuous forming process. SAW pipe other than spiral-welded begins with cut-to-length plate that is formed and welded into pipe through a piece-by-piece process that is not continuous."

Channels of distribution

***

"Both products are marketed directly to end users and also sold through authorized distributors."

***

"For all types of pipe, distribution can occur via shipments to distribution companies or direct to end users. Distribution companies typically maintain inventory for purchase of small quantities of pipe or in some cases distributors maintain stocking programs for end-users. Shipments directly to end-users are usually project-related with the pipe manufactured both to API specifications as well as to the proprietary standards of the particular end-user."

***

"ERW is sold directly to end users and a large percentage through distributors. Longitudinal-SAW is more project oriented and usually sold directly to end users."

***

"Both ERW and DSAW pipe are sold to the same customers for the same applications in the U.S. Pipe is sold to either end users or distributors."

***

"Line pipe, whether ERW or SAW, is primarily used in the transport of oil/gas or other "fluids." Customers included in the distribution and market segments are mostly the same."

***

"We believe the channels of distribution for ERW pipe and SAW pipe are the same, but we cannot be certain because ***."

Customer and producer perceptions

***

"There are essentially no differences in sales/marketing practices."

***

"Both DSAW and spiral-welded pipe are considered to have a more reliable weld seam than ERW pipe due to the multiple-pass welding techniques used. Due to the potential for geometric variation, longitudinally-welded DSAW pipe is considered to have greater reliability for assuring weld symmetry and ability to track the weld to assure adequate nondestructive testing. DSAW pipe is made from discreet plates which have greater potential for metallurgical transformations than coiled steel used for spiral-welded and ERW pipe. Longitudinally-welded DSAW pipe is generally preferred for critical service applications (i.e. offshore, sour gas service, low temperature service) where reliability is essential."

***

"SAW is a more labor intense product to manufacture and is of a higher quality; therefore, more desirable for high pressure and offshore application."

***

"The customer's specification details would remain the same for ERW and DSAW and yield similar results."

***

"For line pipe, perceptions are based more on a specific weld quality."

***

"We don't have enough information to answer this question, given that ***."

Price

****

"Due to the manufacturing process of SAW (slow production rates and length restrictions), ERW is typically priced lower due to lower cost except in certain applications such as sub-sea."

****

"Due to the lower cost-per-ton of coiled steel as compared to discreet plate, the pricing of both ERW and spiral-welded SAW pipe is less per ton than longitudinally-welded DSAW pipe of the same diameter and wall thickness."

****

"LSAW is more expensive since the product requires more labor and plate costs versus coil costs are higher."

****

"Due to the increased capital expenditures to build a DSAW mill versus an ERW mill, the costs of the steel substrate used for each mill (coil) ERW and (plate) DSAW, additional labor needs for DSAW than ERW, typical sales prices of ERW are typically less than DSAW."

****

"Pricing for SAW is usually higher due to key input costs and conversions."

****

"We don't have enough information to answer this question."

Comparability of spiral-welded and longitudinally-welded certain welded large diameter line pipe

The Commission requested U.S. producers to describe the differences and similarities between spiral-welded and longitudinally-welded certain welded large diameter line pipe with respect to the following factors: characteristics and uses, interchangeability, manufacturing processes, channels of distribution, customer and producer perceptions, and price. Their responses are as follows:

Characteristics and uses

****

"Both longitudinally-welded and spiral-welded line pipe are manufactured to the requirements of API specification 5L. Spiral-welded pipe is made from coiled steel whereas longitudinally-welded DSAW pipe is made from single-length plates. Welding techniques for longitudinally welded DSAW pipe and for spiral-welded pipe are similar with both having full-penetration welds with filler metal added during the welding process. Due to the limitations of plate length and/or pipe forming equipment, longitudinally-welded DSAW pipe is typically supplied in 40-ft nominal lengths with longer lengths being achieved by joining pipe sections by a circumferential weld. The length of spiral-welded pipe is not limited by plate length or forming equipment, but rather by the length of the steel strip. Therefore it is not uncommon for spiral-welded pipe to be supplied in lengths up to 80-feet without the need for a circumferential weld."

***

"Both are used for transmission of oil and gas; however, offshore usually requires longitudinally-welded pipe."

***

"Spiral-welded pipe is generally straighter and less oval, as formed, than longitudinal-welded pipe (correction for ovality is possible). When put through identical inspection/testing sequences, these two products can be used in similar applications."

***

"General characteristics are very similar, including filler metal usage in the weld. Spiral material has limited acceptance in offshore applications. Spiral has a helical seam down the pipe compared to the longitudinal seam for SAW."

Interchangeability

***

"Spiral-welded pipe is manufactured in the diameters of 26" (660 mm) and larger in wall thicknesses from 0.250" (6.4 mm) through 0.750" (19.1 mm). DSAW pipe is manufactured in diameters of 16" and larger in wall thicknesses from 0.312" (7.9 mm) through 1.5" (38 mm) although some wall thicknesses for some mills can exceed 2" (50 mm). Where overlap of products occurs there can be interchangeability within those sizes. However, DSAW longitudinally-welded pipe is preferred over spiral pipe and ERW for certain offshore applications and sour service requirements."

***

"Both can be used for the same purpose."

***

"These two products are fully interchangeable as mentioned above. There is no significant difference in their applicability to any end use if the appropriate quality level has been applied."

***

"For a given diameter/wall/grade these are interchangeable for line pipe."

Manufacturing processes

***

"DSAW pipe is manufactured by forming single plates into rounds. The opening is tack-welded closed and then the final weld closure is made using submerged-arc welding methods. In this welding method, at least one submerged arc welding pass is made on the inside of the pipe and at least one pass is made on the outside surface of the pipe. The metal from the outside pass fuses through the deposited tack weld and into the metal deposited during the inside pass creating a full-penetration weld. For each pass, multiple wires deposit filler metal which can be selected to enhance the mechanical properties of the weld seam. The use of multiple weld passes creates redundancy in sealing the weld joint. Due to the use of multiple arcs and multiple passes, the material thickness is not limited by the welding process.

Spiral-welded pipe is made by passing coiled steel strip through the roller-bending machinery which wraps the strip to form a cylindrical pipe. In some spiral processes a tack weld is applied and in some processes the pipe proceeds immediately into the submerged arc weld without the benefit of tack-welding. The weld seam is closed using SAW techniques similar to that used for DSAW pipe with at

least one submerged arc welding pass made on the inside of the pipe and at least one pass made on the outside surface of the pipe. The upper wall thickness limit for spiral-welded pipe is generally limited to 0.750" (19.1 mm). Due to potential for geometric variation in spiral-welded pipe, care must be taken to assure symmetry of the weld passes and ability to perform adequate inspections and tests on the helical seam."

***

"LSAW is formed then welded from plate stock. Spiral is made from coil stock. Spiral has a longer amount of welded area."

***

"Since spiral pipe is made from hot strip, while long seam is made from discrete plate, the starting material is more economical without compromising quality. The forming and welding of spiral pipe is done in one step while long seam pipe is a multi step process. There is a slightly higher cost for welding consumables with spiral as there is more weld per foot of pipe."

***

"The spiral process uses coiled steel that is unwound, formed into tubular shapes, welded and then cut-to-length. This first welding may be tack welding followed by a secondary weld stage. The SAW process uses plates of steel that are formed individually into tubular shapes. The edges are welded with a filler metal. Subsequent steps including inspection are similar. Key inputs are coil steel for the spiral process and plate steel for the SAW process."

Channels of distribution

***

"For both longitudinally welded and spiral-welded pipe, distribution can occur via shipments to distribution companies or direct to end users. Distribution companies typically maintain inventory for purchase of small quantities of pipe or in some cases distributors maintain stocking programs for end-users. Shipments directly to end-users are usually project-related with the pipe manufactured both to API specifications as well as to the proprietary standards of the particular end-user."

***

"Both are sold to end users, usually for a specific project, with a smaller portion sold through distribution."

***

"Both spiral DSAW and longitudinal DSAW pipe are sold to the same customers for the same applications in the U.S. Pipe is sold to either end users or distributors."

***

"Line pipe, whether SAW or spiral, is primarily used in the transport of oil/gas or other "fluids." Customers included in the distribution and market segments are mostly the same."

Customer and producer perceptions

***

"Due to the potential for geometric variation in spiral-welded pipe, longitudinally-welded DSAW pipe is considered to have greater reliability for assuring weld symmetry and ability to track the weld to

assure adequate nondestructive testing. DSAW pipe is made from discreet plates which have greater potential for metallurgical transformations than coiled steel used for spiral-welded pipe. Longitudinally-welded DSAW pipe is generally preferred for critical service applications (i.e. offshore, sour gas service, low temperature service, etc.) where reliability is essential."

***

"Spiral, in the past year, was never considered equal to longitudinal-SAW, but lately has gained acceptance due to its lower price."

***

"The customer's specification details would remain the same for spiral DSAW and longitudinal DSAW and yield similar results."

***

"Historically, spiral has been seen in the U.S. as weaker and low quality. In the recent past, spiral has achieved onshore acceptance. Offshore use of spiral is currently very limited."

Price

***

"Due to the lower cost per ton of coiled steel as compared to plate, the pricing of spiral-welded pipe is less per ton than longitudinally-welded DSAW pipe of comparable diameter and wall thickness."

***

"Spiral is less expensive due to lower costs of coil versus plate."

***

"Due to the increased capital expenditures to build a longitudinal DSAW mill versus a spiral DSAW mill, the costs of the steel substrate used for each mill (coil) spiral and (plate) DSAW, additional labor needs for longitudinal DSAW than spiral DSAW, sales prices of spiral DSAW are typically less than longitudinal DSAW."

***

"Spiral can be slightly less expensive, but mostly based on demand and key input prices."

U.S. IMPORTERS' COMMENTS REGARDING COMPARABILITY

Comparability of ERW and SAW (including spiral-welded) certain welded large diameter line pipe

The Commission requested importers to describe the differences and similarities between ERW and SAW certain welded large diameter line pipe with respect to the following factors: characteristics and uses, interchangeability, manufacturing processes, channels of distribution, customer and producer perceptions, and price. Their responses are as follows:

Characteristics and uses

***

"Transmission lines for oil and gas, construction, water lines, offshore fabrication."

***

"Similarities: both are welded pipe. Differences: SAW uses more advanced technology, thus more reliable, can be used for severe applications. SAW cannot make pipes with outside diameters smaller than 18", ERW cannot make pipes bigger than 24". SAW can make bigger pipe, heavier wall thicknesses than ERW."

***

"ERW is perceived to be an inferior product to SAW."

***

"ERW and DSAW (both LSAW and HSAW) line pipe are manufactured to the requirements of API specification 5L. ERW pipe is manufactured from coiled steel rather than plates, therefore the pipe diameter is limited by available coil widths. Spiral-welded pipe is also made from coiled steel. But, due to the helical wrap of the steel, the pipe size is not limited by the coil width. DSAW pipe is made from single-length plates. Welding techniques for longitudinally-welded DSAW pipe and for spiral-welded pipe are similar, but welding techniques for ERW pipe are significantly different. The largest diameter for ERW pipe in the United States is 24" in diameter (610 mm) and internationally the largest ERW pipe is 26" (660 mm) in diameter. DSAW pipe is manufactured in diameters of 16" (406 mm) and larger. Spiral-welded pipe is typically manufactured in diameters of 26" (660 mm) and larger."

***

"The definitions in the questionnaire document detail the characteristics of ERW and SAW line pipe. Typically ERW line pipe is utilized in onshore or shallow offshore applications up to 24", while SAW or DSAW is utilized in either larger outside diameter onshore "trunkline" or offshore applications."

***

"Our SAW is used in deepwater applications, beyond depths deemed prudent for ERW. ERW has outside diameter and wall thickness limitations."

***

"Same for oil and gas."

***

"Identical."

***

"ERW: O.D. 18-26", thinner wall thickness, low pressure use, mainly on-shore use. SAW: O.D. 18-60", heavier wall thickness, high pressure use, both on-land and off-shore use."

***

"SAW is manufactured using filler metal. ERW is not. Both products are manufactured with a weld seam. SAW pipe is made from plate versus coils for ERW."

***

"SAW: long distance truck line and offshore structural pipe usage. ERW: lateral line, gathering line. SAW is considered more reliable."

***

"ERW and SAW usage is designed by the engineering companies. SAW is for more critical applications and offshore applications."

***

"Both types of pipe have a weld seam in their formation. SAW pipes are generally formed in an outside diameter range of 20"-60" and ERW generally has an outside diameter of 1"-24". Wall thicknesses of SAW pipes can be in excess of 3" while ERW is limited to a maximum of around 1"."

***

"DSAW uses: conductor pipe (DSAW with longitudinal seam); drilling riser pipe; and line pipe (including offshore uses). ERW uses: conductor pipe; and line pipe (non-offshore uses). The seams of ERW are not tough enough to withstand drilling riser pipe usage."

***

"ERW is made from hot-rolled coil and DSAW is made from hot-rolled plate. ERW and DSAW are produced in the same grades, used for construction pipelines, etc."

***

"ERW- 1/8" to 26" outside diameter, SAW- 16" to 144" outside diameter."

Interchangeability

***

"Determined by end users."

***

"Can be interchanged for applications that are not severe (i.e. water pipe, online low pressure pipe, construction). SAW can apply for most ERW applications but not vice versa."

***

"ERW may be replaced by SAW. SAW is seldom allowed to be replaced by ERW if at all."

***

"ERW pipe is manufactured in the diameter range up to 26" inclusive in typical wall thicknesses of 0.188" (4.8 mm) through 0.750" (19.1 mm). Spiral-welded pipe is manufactured in diameters of 26" (660 mm) and larger in wall thicknesses from 0.250" (6.4 mm) through 0.750" (19.1 mm). DSAW pipe is manufactured in diameters of 16" and larger in wall thicknesses from 0.312" (7.9 mm) through 1.5" (38 mm) although some wall thicknesses for some mills can exceed 2" (50 mm). Where overlap of products occurs there can be interchangeability within those sizes. However, DSAW longitudinally-welded pipe is preferred over spiral pipe and ERW for certain offshore applications and sour service requirements."

***

"For certain applications and size ranges, there is the opportunity for interchangeability. For example, a 24" onshore pipeline. In deepwater Gulf of Mexico, however, DSAW is typically required as the dual weld process is preferred. In addition, ERW line pipe has a wall thickness limitation which is less than that of DSAW, thus for certain applications ERW line pipe is not suitable."

***

"Can be interchanged in many situations depending on wall thickness and outside diameter required."

***

"Same for oil and gas."

***

"100 percent."

***

"Interchangeability is not so high, because characteristics of ERW and SAW are different and reliability of SAW's weld seam quality is much higher than ERW."

***

"Both products are used in pipe line product conveyance, structural/building applications."

***

"ERW users can accept SAW. But some of the SAW users do not accept ERW due to less reliability in critical applications."

***

"Not much interchangeability- it is design issues and engineering."

***

"Since size ranges for SAW and ERW pipes do not overlap a lot they generally complement each other as opposed to competing with each other. Both types of pipes can be used in the transmission of oil, gas, water, and other materials."

***

"For conductor pipe usage, there is no difference in ERW pipe and DSAW (longitudinal seam) pipe. For drilling riser pipe usage, ERW pipe is not considered to have sufficient seam toughness. For line pipe usage, both ERW and DSAW can be used, however, it is not common to use ERW for offshore purposes."

***

"Very little interchangeability, ERW ranges in outside diameter sizes of 1/2" to 30", DSAW ranges in sizes from 18" to 48"."

***

"SAW picks up towards the end (maximum diameter) of ERW pipes."

Manufacturing processes

***

"Two different processes, not able to adequately comment on the merits of either process."

***

"ERW: from coil and different weld technology. SAW: from plate (UOE) and coil (spiral) different weld technology."

***

"While I am not an expert in manufacturing, ERW is a faster production process while SAW is slower. Different welding techniques used. Also, raw material for ERW is typically coil while SAW uses plate."

***

"DSAW pipe is manufactured by forming single plates into rounds. The opening is tack-welded closed and then the final weld closure is made using submerged-arc welding methods. In this welding method, at least one submerged arc welding pass is made on the inside of the pipe and at least one pass is made on the outside surface of the pipe. The metal from the outside pass fuses through the deposited tack weld and into the metal deposited during the inside pass creating a full-penetration weld. For each pass, multiple wires deposit filler metal which can be selected to enhance the mechanical properties of the weld seam. The use of multiple weld passes creates redundancy in sealing the weld joint. Due to the use of multiple arcs and multiple passes, the material thickness is not limited by the welding process.

Spiral-welded pipe is made by passing coiled steel strip through the roller-bending machinery which wraps the strip to form a cylindrical pipe. In some spiral processes a tack weld is applied and in some processes the pipe proceeds immediately into the submerged arc weld without the benefit of tack-welding. The weld seam is closed using SAW techniques similar to that used for DSAW pipe with at least one submerged arc welding pass made on the inside of the pipe and at least one pass made on the outside surface of the pipe. The upper wall thickness limit for spiral-welded pipe is generally limited to 0.750" (19.1 mm). Due to potential for geometric variation in spiral-welded pipe, care must be taken to assure symmetry of the weld passes and ability to perform adequate inspections and tests on the helical seam.

ERW pipe is manufactured by electric resistance or electric induction welding. In this process, the steel is formed through a series of forming stands and the edges of the strip are pressed together under high pressure. The heat for welding is generated by the resistance to the flow of the electrical current. No filler metal is added and the welds are completed in a single pass, therefore ERW welds do not have the redundancy of multiple-pass welds. The ERW process is typically limited to maximum wall thicknesses of 0.625" (15.9 mm) or 0.750" (19.1 mm).

While forming and welding methods differ for each type of pipe, similar processes are used in the finishing, inspection and testing of all pipe types."

***

"Information concerning these two processes are very well detailed in the instructions to the questionnaire."

***

"ERW is made from coils with one weld on the outside diameter. DSAW is made from plates with an outside and inside weld."

***

"ERW uses the induction of an electric current to heat the edges of the pipe as it is formed. The heating and squeezing together of the pipe welds the edges together without the addition of welding material. SAW uses welding wire (under a layer of inert welding flux) to heat the weld area and add

welding material to the joint in order to fuse the edges together. The two processes are not interchangeable in terms of production equipment."

***

"Manufacturing processes are completely different on rolling method and welding method of seam portion. There is no interchangeability between ERW and SAW from the point of view of machinery, equipment, and skilled labor."

***

"SAW uses filler metals; ERW does not. Manufacturing machinery is not interchangeable."

***

"Both are totally different processes for manufacturing, there is hardly any common equipment except testing (UT, hydrotest, marking, etc.)."

***

"ERW pipes use a coiled strip to form the pipe. The strip is fed into a set of forming rolls which consist of horizontal and vertical rollers. Each set of rollers is gradually smaller and in turn gradually bends the strip into a circular tube. This tube is then passed by the welding electrodes. When the welding electrodes come in contact with each side of the strip seam, the temperature is raised to the welding point. At that point the pipe is formed. In ERW no outside welding material is added to the pipe. SAW on the other hand uses a weld material to connect the edges of the coil/plate in the forming of the pipe. There are several ways to form SAW pipes (UOE, JCO, spiral, bending roll, etc.) but all use an outside welding material. So, this means that a welding rod is heated and melted in the seam of the plate/coil and builds up to close the seam. The welding process takes place under a granular flux material to decrease the chance for contamination and this is why it is called submerged arc welding."

***

"DSAW is made from plates using a submerged arc welding process. ERW is made from hot-rolled coils using an electric resistance welding process."

***

"DSAW is manufactured using the double submerged arc welded process meaning two weld passes. ERW electric resistance process is a one weld pass."

***

"ERW- no weld or flux used. Edge of plate joined together by electric resistance for ERW. SAW needs weld and flux."

Channels of distribution

***

"ERW and SAW are sold through distribution and direct to end users. This is normally determined by the size of the product."

***

"Depending on distributors, most handle both, some handle only a specific product."

***

"Both share similar channels of distribution."

***

"For all types of pipe, distribution can occur via shipments to distribution companies or direct to end users. Distribution companies typically maintain inventory for purchase of small quantities of pipe or in some cases distributors maintain stocking programs for end-users. Shipments directly to end-users are usually project-related with the pipe manufactured both to API specifications as well as to the proprietary standards of the particular end-user."

***

"Typically, both products are sold in "smaller" amounts via the use of United States based distributors, usually out of the distributor's inventory. For larger projects, or for projects requiring non-standard line pipe, the line pipe is purchased direct from the line pipe mill in many cases."

***

"Can be sold through distributors or directly to customers. We sell our project tonnage directly to the end user."

***

"Same."

***

"As far as our business is concerned, channels of distribution are the same."

***

"Both products are used, depending on the specific grade, by the oil and gas industry, as well as the construction market. Many distributors who cater to the oil and gas market do not participate in the structural/building segment."

***

"Not much difference about channels of distribution."

***

"ERW is most commonly traded; most distributors stock it and it is 15 to 20 percent cheaper in price."

***

"ERW and SAW pipes are produced in different mills. Some producers can produce both ERW and SAW pipes. ERW and SAW are purchased from the producers by traders, gas transmission companies, refineries, oil and gas companies, distributors/stockists, fabricators, and a variety of other companies. Pipes can be supplied according to manufacturing standards such as API or ASTM or can be as per the end user's custom specifications. Traders source pipe from the mill for their customers and handle negotiation issues, logistics, and claims for the purchaser. Customers may often buy directly from a mill as well for large requirements. Distributors buy large quantities required by the mill as minimum order quantities and break them up into smaller lots required by some end users."

***

"No specific difference in distribution channels."

***

"All pipe is sold through stocking distributors for further distribution to fabricators, end users, etc."

***

"Same."

Customer and producer perceptions

***

"Our customers assume ERW is a less expensive and more readily available product."

***

"Depending on the market segment, the application and preference are different."

***

"Customers perceive SAW to be superior to ERW, especially for critical applications."

***

"Both DSAW and spiral-welded pipe are considered to have a more reliable weld seam than ERW pipe due to the multiple-pass welding techniques used. Due to the potential for geometric variation, longitudinally-welded DSAW pipe is considered to have greater reliability for assuring weld symmetry and ability to track the weld to assure adequate nondestructive testing. DSAW pipe is made from discreet plates which have greater potential for metallurgical transformations than coiled steel used for spiral-welded and ERW pipe. Longitudinally-welded DSAW pipe is generally preferred for critical service applications (i.e. offshore, sour gas service, low temperature service) where reliability is essential."

***

"The main differences between the two products are the methods of manufacturing."

***

"ERW is for lower pressure, smaller diameter, or shallow water applications. DSAW is for larger diameter or deepwater pipelines."

***

"No different."

***

"Same as above."

***

"Based on limited availability from manufacturers, SAW is marketed at a higher profit margin by the distribution market."

***

"Customers and producers perceive SAW as more reliable than ERW."

***

"DSAW has limited application and technically ERW ≤ 24" outside diameter any less than the 0.625" wall, DSAW 24" and higher wall."

***

"Customers know that ERW is cheaper than SAW. SAW is seen as stronger and is preferred in applications such as sub-sea operations. Producers like ERW because it is much more efficient to produce. They like SAW because it commands a higher price per ton and since outside diameters and wall thicknesses are generally larger than with ERW, the total cost of a SAW pipe is significantly higher than an ERW pipe. Both customers and producers realize that shipping costs are generally higher for SAW pipes due to their larger outside diameters. They know that they are shipping a lot of air inside the pipe."

***

"ERW is cheaper, however, it is less reliable in weld toughness."

***

"DSAW is stronger and better suited for oil and gas pipelines, ERW is used more for gas pipelines."

***

"SAW manufactured pipes are stronger than ERW on diameters of 24" and above."

Price

***

"ERW is less expensive than SAW."

***

"ERW is cheaper."

***

"ERW is generally cheaper than SAW."

***

"SAW tends to be higher priced than ERW."

***

"Due to the lower cost per ton of coiled steel as compared to discreet plate, the pricing of both ERW and spiral-welded SAW pipe is less per ton than longitudinally-welded DSAW pipe of the same diameter and wall thickness."

***

"In general, the ERW manufacturing process is less expensive than the SAW/DSAW process, but the majority of the cost of the final product is associated with either the hot-rolled coil, or plates. These costs are variable depending on the demand of other associated products made by the hot-rolled coil or plate manufacturers, thus the costs of the products vary as well. For instance, typically, ERW is lower in cost than DSAW, but in past years there have been times when demand for hot-rolled coil was very high and thus the cost of ERW line pipe was much closer, or surpassed that of SAW/DSAW."

***

"ERW is usually 20 percent to 30 percent less expensive than DSAW."

***

"ERW process, higher production rate with reduced production costs."

***

"Competitive."

***

"Generally the price of SAW is 10-15 percent higher than that of ERW."

***

"24" x .750" API-5L/B: SAW $*** net ton, ERW $*** net ton."

***

"X-52/X-56 24" DSAW price should be higher than ERW by U.S. $150-200 per metric ton."

***

"Price depends on quantity, grade, outside diameter, wall, etc... i.e. DSAW = +$*** CIF port U.S./net ton versus ERW=+$*** CIF port U.S./net ton."

***

"The price level for ERW pipe is generally lower than that of SAW due to production rates. ERW can be produced at a relatively high speed while all SAW pipe forming methods are relatively time consuming."

***

"ERW may be about $100-300/metric ton cheaper than DSAW."

***

"With respect to ***, ERW pricing is presently at *** delivered duty paid. DSAW pricing is presently at *** delivered duty paid."

***

"ERW pipes are cheaper, easier to produce than SAW. ERW comes from coiled plates of steel. SAW comes from flat plates."

Comparability of spiral-welded and longitudinally-welded certain welded large diameter line pipe

The Commission requested importers to describe the differences and similarities between spiral-welded and longitudinally-welded certain welded large diameter line pipe with respect to the following factors: characteristics and uses, interchangeability, manufacturing processes, channels of distribution, customer and producer perceptions, and price. Their responses are as follows:

Characteristics and uses

***

"The welding is straight in one and spiral in the other one."

***

"Spiral is close to ERW, produced from coil, not too heavy in wall thickness. Longitudinally-welded SAW is more reliable (less weld)."

***

"Spiral-welded has typically been perceived to be inferior to SAW and ERW. As of late, I believe that spiral is gaining acceptability in the United States for onshore pipelines due to pricing benefits as well as perceived quality improvements made recently."

***

"Both longitudinally-welded and spiral-welded line pipe are manufactured to the requirements of API specification 5L. Spiral-welded pipe is made from coiled steel whereas longitudinally-welded DSAW pipe is made from single-length plates. Welding techniques for longitudinally-welded DSAW pipe and for spiral-welded pipe are similar with both having full-penetration welds with filler metal added during the welding process. Due to the limitations of plate length and/or pipe forming equipment, longitudinally-welded DSAW pipe is typically supplied in 40-ft nominal lengths with longer lengths being achieved by joining pipe sections by a circumferential weld. The length of spiral-welded pipe is not limited by plate length or forming equipment, but rather by the length of the steel strip. Therefore it is not uncommon for spiral-welded pipe to be supplied in lengths up to 80-feet without the need for a circumferential weld."

***

"Both products are utilized in large outside diameter pipelines for the transfer of either oil or natural gas products from one location to the other."

***

"Same for oil and gas."

***

"Identical."

***

"Spiral weld, as the name implies is manufactured spirally versus longitudinal weld. Longitudinal-SAW utilizes filler metal where spiral material does not. Longitudinal weld is for high pressure, spiral is for construction."

***

"Depends on design and engineering company. Spiral maximum wall 1", DSAW can have any wall. On land DSAW, spiral and long are used, offshore only longitudinal."

***

"Both spiral and longitudinally-welded pipes can be used in the transmission of water, gas, oil, slurry, and other materials. In the past only L-SAW pipes would be used in gas transmission applications and sub-sea applications, but spirally-welded pipe is becoming more acceptable due to its greater availability."

***

"Spiral-weld pipe is typically used in structural applications. However, spiral-weld pipe is becoming popular in gas pipeline applications."

***

"Spiral-weld runs on the entire length of the pipe in a spiral form. Longitudinal-weld runs straight, not spiral, through the length of the pipe."

Interchangeability

***

"Spiral is less resistant, so it is not interchangeable."

***

"Spiral is getting wider application in more severe conditions almost like longitudinal-SAW."

***

"It seems that pipelines are allowing for interchangeability for spiral and SAW in large pipelines that appear to be onshore."

***

"Spiral-welded pipe is manufactured in the diameters of 26" (660 mm) and larger in wall thicknesses from 0.250" (6.4 mm) through 0.750" (19.1 mm). DSAW pipe is manufactured in diameters of 16" and larger in wall thicknesses from 0.312" (7.9 mm) through 1.5" (38 mm) although some wall thicknesses for some mills can exceed 2" (50 mm). Where overlap of products occurs there can be interchangeability within those sizes. However, DSAW longitudinally-welded pipe is preferred over spiral pipe and ERW for certain offshore applications and sour service requirements."

***

"Depending on the manufacturing mill's capabilities, for many uses, the two products can be considered interchangeable. Typically, the spiral-welded line pipe has a wall thickness limitation which is less than that of DSAW, thus for certain applications spiral-welded line pipe is not suitable."

***

"Same for oil and gas."

***

"100 percent."

***

"Both products can be used for structural applications."

***

"Same overlap, different applications, not 100 percent interchangeability."

***

"For most applications, either L-SAW or spiral pipe can be used. The defects that occur in spiral pipes are similar to those in L-SAW pipe as they are both forms of SAW. In the past, dimensional accuracy in spiral pipe was not as good as L-SAW so issues such as roundness at the pipe ends arose which can lead to fit-up issues. This caused companies to stray away from spiral pipe for applications other than for water pipe. New manufacturing techniques have done a lot to level the playing field and now a good spiral mill can compete with L-SAW mills for quality and can produce pipes for high pressure use such as in gas pipelines."

***

"Spiral-welded pipe and longitudinal-weld pipe are basically interchangeable. Some customers feel that spiral-weld pipe has less weld seam toughness compared to longitudinal-weld pipe."

***

"Yes."

Manufacturing processes

***

"Unable to evaluate."

***

"Spiral: from coil. Longitudinal-SAW: from plate."

***

"Spiral is formed and welded differently than SAW or ERW. Coil is usually the raw material of choice and more weld is employed during production of spiral, creating more weld failure risk as there is more weld per foot of pipe."

***

"DSAW pipe is manufactured by forming single plates into rounds. The opening is tack-welded closed and then the final weld closure is made using submerged-arc welding methods. In this welding method, at least one submerged arc welding pass is made on the inside of the pipe and at least one pass is made on the outside surface of the pipe. The metal from the outside pass fuses through the deposited tack weld and into the metal deposited during the inside pass creating a full-penetration weld. For each pass, multiple wires deposit filler metal which can be selected to enhance the mechanical properties of the weld seam. The use of multiple weld passes creates redundancy in sealing the weld joint. Due to the use of multiple arcs and multiple passes, the material thickness is not limited by the welding process.

Spiral-welded pipe is made by passing coiled steel strip through the roller-bending machinery which wraps the strip to form a cylindrical pipe. In some spiral processes a tack weld is applied and in some processes the pipe proceeds immediately into the submerged are weld without the benefit of tack-welding. The weld seam is closed using SAW techniques similar to that used for DSAW pipe with at least one submerged arc welding pass made on the inside of the pipe and at least one pass made on the outside surface of the pipe. The upper wall thickness limit for spiral-welded pipe is generally limited to 0.750" (19.1 mm). Due to potential for geometric variation in spiral-welded pipe, care must be taken to assure symmetry of the weld passes and ability to perform adequate inspections and tests on the helical seam."

***

"The information in the questionnaire instruction document provides very detailed information concerning the manufacturing processes."

***

"Assuming that these are both SAW processes the only difference is in the forming of the pipe. With spiral weld the pipe is formed into a tubular shape by spiraling it through a set of forming rolls and the weld follows a spiral pattern around the pipe. In the longitudinal process the pipe is formed by the U and O method or by running the skep through a set of calendering rolls after which the edges are welded in one straight seam along the length of the pipe."

***

"Longitudinal needs more process, equipment, spiral has different manufacturing. The testing is the same, hydrotest, UT, x-ray."

***

"SAW pipe uses external weld metal in their welding process as well as a flux to keep out impurities. Longitudinally-welded SAW pipe is made out of flat plates that are bent into a circular shape to prepare them for welding. Most commonly this welding is done with a two pass welding method; one on the outside diameter of the pipe and one on the inside diameter. After the pipe is welded it goes through an expansion process in order to control the outside diameter of the pipe and its roundness. Spirally-welded pipes allow large outside diameter pipe to be produced from narrower plates than L-SAW pipes. Spiral pipe can also be produced from coil. The plate/coil is rolled diagonally in a spiral fashion and the weld seam is diagonal to the direction of the pipe. The seam is welded both on the inside and the outside of the pipe."

***

"Spiral-weld pipe is produced from hot-rolled coil with a helical seam. Longitudinal-weld pipe is produced from plate with a single longitudinal weld."

***

"Same."

Channels of distribution

***

"Unable to evaluate."

***

"Depending on distributors, most handle both, some handle only a specific product."

***

"Spiral seems to be brought in for projects only. Distributors tend to stock ERW and/or SAW. They rarely stock line pipe in spiral."

***

"For both longitudinally-welded and spiral-welded pipe, distribution can occur via shipments to distribution companies or direct to end users. Distribution companies typically maintain inventory for purchase of small quantities of pipe or in some cases distributors maintain stocking programs for end-users. Shipments directly to end-users are usually project-related with the pipe manufactured both to API specifications as well as to the proprietary standards of the particular end-user."

***

"Typically, small amounts of "standard" line pipe are purchased from distributors out of their stock. Large project or non-typical requirements are many times purchased direct from line pipe mills."

***

"Same."

***

"Spiral-welded primarily is handled by distributors for piling and structural markets. Longitudinal-welded to the oil and gas industry."

***

"Spiral does not have much of a distribution channel."

***

"Spiral and L-SAW pipes are produced in different mills. Some producers can produce both spiral and L-SAW pipes but this is not very common. L-SAW pipes are purchased from the producers by traders, gas transmission companies, refineries, oil and gas companies, distributors/stockists, fabricators, and a variety of other companies. Spiral pipes are currently purchased for project work almost exclusively. This is mainly for onshore transmission projects. Both spiral and L-SAW pipes can be supplied according to manufacturing standards such as API or ASTM or can be as per the end users custom specifications for both types of pipe. Traders source pipe from the mill for their customers, and handle negotiation issues, logistics, and claims for the purchaser. Customers may often buy directly from a mill as well for large requirements. Generally distributors do not handle spiral pipes in their inventory but they do stock large quantities of L-SAW pipes."

***

"No specific differences in distribution channels."

***

"Same."

Customer and producer perceptions

***

"Unable to evaluate."

***

"Depending on the market segment, the application and preference are different."

***

"I believe that customers perceive SAW to be superior to spiral. ERW seems to be more desirable in sizes in which spiral and ERW overlap."

***

"Due to the potential for geometric variation in spiral-welded pipe, longitudinally-welded DSAW pipe is considered to have greater reliability for assuring weld symmetry and ability to track the weld to assure adequate nondestructive testing. DSAW pipe is made from discreet plates which have greater potential for metallurgical transformations than coiled steel used for spiral-welded pipe. Longitudinally-welded DSAW pipe is generally preferred for critical service applications (i.e. offshore, sour gas service, low temperature service, etc.) where reliability is essential."

***

"The main differences between the products are the manufacturing processes."

***

"Longitudinally is more commonly accepted."

***

"No different."

***

"Spiral-welded is ordered as per requirements."

***

"Customer perception is that L-SAW pipe is of better quality than spiral pipe. Historically spiral pipes were seen as only used for water transmission while currently both L-SAW and spiral pipes are used to transport other materials including gas. Customers that use pipe for piling have a greater fear that spiral pipe will break at the weld seam when it is driven as opposed to L-SAW. L-SAW pipe is used for subsea applications while spiral is not. Producers contend that standards such as API 5L are the same for spiral and L-SAW, so they are equivalent substitutes for one another."

***

"Spiral-weld pipe is cheaper and the weld toughness is less reliable."

***

"Same."

Price

***

"Spiral is cheaper."

***

"Spiral is generally cheaper than longitudinal SAW."

***

"Spiral seems to be cheaper than SAW. Spiral seems to be comparably priced to ERW on overlapping sizes."

***

"Due to the lower cost per ton of coiled steel as compared to plate, the pricing of spiral-welded pipe is less per ton than longitudinally welded DSAW pipe of comparable diameter and wall thickness."

***

"Due to its usage of coil and quicker manufacturing process, typically spiral-welded line pipe is lower in cost than DSAW line pipe which uses plate."

***

"Spiral produced from coil, limitations on wall thickness; longitudinal produced from plate, available in heavier walls, spiral production costs slightly less."

***

"Competitive."

***

"Spiral-weld is 20-22 percent cheaper (it is due to raw material, coil versus plate)."

***

"Spiral pipes tend to be less expensive than L-SAW pipes. This is due to their higher rate of production."

***

"Spiral-weld pipe is approximately $100-200/metric ton cheaper than longitudinal weld pipe."

***

"Same."

U.S. PURCHASERS' COMMENTS REGARDING COMPARABILITY

Comparability of ERW and SAW (including spiral-welded) certain welded large diameter line pipe

The Commission requested purchasers to describe the differences and similarities between ERW and SAW certain welded large diameter line pipe with respect to the following factors: characteristics and uses, interchangeability, perceived differences, and price. Their responses are as follows:

Characteristics and uses

***

"ERW pipe is formed from hot-rolled coil and longitudinal seam SAW (L-SAW) pipe is made using rolled plate. The major difference between longitudinal seam ERW and SAW pipe is the welding process. The longitudinal seam in ERW pipe is made without the addition of filler metal using an electric resistance welding process to heat the edges to be welded and mechanically pressing the heated edges together to form the seam. The seam in SAW (submerged arc welded) pipe is formed with the addition of filler metal by arc welding to melt electrodes under a blanket of flux with at least one pass on the inside and at least one pass on the outside of the pipe. Longitudinal seam ERW pipe is typically manufactured in diameters 24" O.D. and smaller. There is one mill, in Mexico, which may be capable of making larger diameter ERW; but we are not aware of it having been made commercially. There are two mills in Japan that can make 26" O.D. ERW pipe. The largest diameter ERW made by mills in North America is 24". In comparison longitudinal seam SAW pipe can be manufactured in sizes 16" to 64" O.D.. The largest diameter longitudinal seam SAW pipe made in North America is 48". Typically longitudinal seam SAW pipe is made in diameters larger than 24" because it cannot compete with ERW in sizes 24" and lower. The maximum wall thickness for ERW pipe ranges from 0.500" to 0.750" compared with maximum wall thickness of 1.0" to 1.750" for longitudinal seam SAW. Longitudinal seam ERW pipe joints can be furnished in forty foot lengths, sixty foot lengths or eighty foot lengths compared with forty foot lengths for longitudinal seam SAW pipe made in the USA. Some overseas mills can make sixty foot, straight seam, SAW pipe. Both ERW and SAW pipe can be made in grades B through X-80. The end uses for both longitudinal seam products are similar.

Spiral (helical) seam SAW (HSAW) pipe is formed from hot rolled coil or from plate welded end to end (one mill). The strip is helically formed with mill equipment and submerged arc welded along the helix to make the pipe. Helical (spiral) seam pipe can be made in diameters of 16" to 80" and is usually made in sizes greater than 24". It is typically made in diameters larger than 24" because it cannot compete with ERW pipe in sizes 24" and smaller. Spiral seam pipe can be furnished in forty, sixty or

eighty foot lengths and this is an advantage when compared with longitudinal seam SAW. Also the price of the helical seam pipe can be somewhat lower than the same size and grade of straight seam SAW pipe."

***

"ERW is made in sizes up to 24" O.D. Generally speaking, it is lower cost than SAW or SMLS. This is due to the single step process of manufacture through several stationary sets of rollers that take flat skelp and gradually bend it into an oval for welding into pipe.

ERW can be made in lengths up to 80± feet long. It is limited by wall thickness requirements above approximately 1 inch (rollers will not handle large wall thicknesses). No other limitation is known.

SAW pipe is made in all sizes from 16" to 60" (although not usually below 24" unless the wall thickness requirement exceeds 1"). SAW pipe is generally made in length up to 42 feet long. Double jointing is required for longer lengths. This is generally the most expensive commercial pipe. The three step process (edge crimp, v-crimp, and U-ing) to bring plate to an oval for welding requires larger capital investment than ERW and also requires more energy.

SAW pipe can be with greater wall thicknesses but even this has its limitations. Heavier wall thickness are made from thick plate rolled into halves of a circle and then welded into pipe called Double Seam SAW pipe (This is the same process used for vessel manufacture). No other limitations are known.

Spiral-weld SAW pipe is generally priced between ERW and SAW pipe. This is due to the one step process to manufacture much like ERW. Spiral-weld SAW pipe can be made in length up to 81 feet long. There are restrictions on wall thicknesses for various diameters (generally this will occur around 1" to 1 ¼" wall thicknesses. Only known limitation is in field bending, which according to CRC Evans is limited to 75 percent of what the same wall thickness and diameter of SAW pipe can be bent."

***

"For our use in *** there the only difference in end uses for our company is that we currently only use L-SAW or HFI type pipe for deep water pipelines. As far as physical characteristics, the differences are: - The type of weld (non-filler metal for ERW and HFI; filler metal for HSAW and L-SAW). - Diameter range: ERW only goes up to 24" O.D. max. L-SAW goes from about 20" to 48". HSAW starts at about 16" and can range up to and larger than 60". - ERW is faster (per linear foot) to produce than HSAW or L-SAW. The similarities are: - Both ERW and HSAW are made using steel coils as a starting material. L-SAW is generally made using steel plate as a starting material. - ERW and HSAW can be made in roughly the same wall thickness and grades. HSAW can be made in slightly thicker wall thicknesses than ERW. L-SAW can be made in much thicker wall thickness than either ERW or HSAW. - In general, both ERW and HSAW are less expensive than similar sizes of L-SAW."

***

"*** typically uses ERW pipe for projects sized for diameters 24-inch and smaller. Most DSAW pipe mill production size range starts at 24-inch and commonly ends at 48-inch with some mills having capabilities to manufacture up to 60-inch. Typically larger diameter natural gas pipelines max out at 48-inch. The biggest difference between the two is the method of manufacture, ERW using coil and DSAW using plate. In the case of *** both are used for natural gas service."

***

"In either process, Electric-Resistance Welding (ERW) or Submerged-Arc Welding (SAW), flat plates known as skelp are bent and formed into tubes whose edges are welded together to form pipe. In the ERW process, the edges to be welded are mechanically pressed together and the heat for welding is generated either by resistance to the flow of electric current through the pipe material, or more commonly, by high frequency induction heating (HFI). Filler metal is not used in the ERW/HFI process. ERW/HFI produces a longitudinal seam weld."

The SAW process produces coalescence of metals by heating them with an arc between bare metal consumable electrodes and the edges to be welded. The electrodes are not in actual contact with the pipe. The current passes through one electrode through a granular flux and across the gap between the pipe edges to the second electrode. Pressure is not used, and part or all of the filler metal is obtained from the electrodes. SAW can be used to produce either longitudinal or helical seam welds. Helical seam SAW pipe is also known as spiral-welded pipe.

Either manufacturing process may be used to produce pipe that meets common specifications such as API 5L *Specification for Line Pipe.* For diameters above 36", double seam welded pipe, with two longitudinal seams generated by the SAW process and separated by 180^{o}, may be used as an alternative."

***

"Differences in DSAW and ERW: ERW pipe is generally 24" and smaller in O.D.. DSAW is generally larger than 24" O.D.. Double Submerged Arc Welded (DSAW) steel pipe is available in straight and spiral-welded formats and used in a variety of applications. The submerged welding process protects the steel from contamination of impurities in the air. Both inside and outside welds are performed.

DSAW pipe can be specified in very large diameter and to exact inside or outside dimensions. Spiral-welded steel pipe is distinguished by the manufacturing process that results in a spiral DSAW seam the length of the pipe to lengths of 155 feet.

The most popular process for large diameter pipe uses a longitudinal seam weld. Double submerged arc welded (DSAW) pipe is welded pipe whose longitudinal butt joint is welded in at least two passes, one of which is on the inside of the pipe; the welds are made by heating with an electric arc between the bare metal electrode. Pressure is not used. Filler metal for the welds is obtained from the electrodes. For diameters above 36 inches, double seam welded pipe is specified as an alternative in API 5L. This has two longitudinal seams 180° apart, formed by the SAW process. Finished pipes are normally 40 feet (12 m) and occasionally 60 feet (18 m) long, depending on the capacity of the pipe mill and the ease of transport to the pipeline.

Similarities in DSAW and ERW: Both welding processes are acceptable to ***.

Differences in SSAW and ERW: SAW - Submerged Arc Welded

This process is used for pipes from 24" to 36". Flat plate is first pressed into U and later O shape. The O shape is placed in an automatic welder and backed up on the inside by a water cooled copper shoe. Two electrodes in close proximity are used. The electrodes are not in actual contact with the pipe. The current passes from on electrode through a granular flux and across the gap in the pipe to the second electrode. The high temperature of the arc heats the edges of the plate, a welding rod placed just over the seam is thereby melted and metal is deposited in the groove. After the outside weld has been made, the pipe is conveyed to an inside welder where a similar operation is carried on, except that no backup shoe is need.

ERW - Originally this type of pipe, which contains a solid phase butt weld, was produced using resistance heating to make the longitudinal weld (ERW), but most pipe mills now use high frequency induction heating (HFI) for better control and consistency. However, the product is still often referred to as ERW pipe, even though the weld may have been produced by the HFI process.

The defects that can occur in ERW/HFI pipe are those associated with strip production, such as laminations and defects at the narrow weld line. Lack of fusion due to insufficient heat and pressure is the principal defect, although hook cracks can also form due to realignment of non metallic inclusions at the weld interface. Because the weld line is not visible after trimming, and the nature of the solid phase welding process, considerable lengths of weld with poor fusion can be produced if the welding parameters fall outside the set limits. In addition, early ERW pipe was subject to pressure reversals, a problem that results in failure in service at a lower stress than that seen in the pre-service pressure test. This problem is caused by crack growth during the pressure test hold period, which in the case of early ERW pipe was due to a combination of low weld line toughness and lack of fusion defects. Similarities in DSAW and S-SAW: Both use the submerged arc welding process."

***

"SAW pipe is welded pipe whose longitudinal butt joint is welded in at least two passes, one of which is on the inside of the pipe; the welds are made by heating with an electric arc between the bare metal electrode. Pressure is not used. Filler metal for the welds is obtained from the electrodes.

ERW Electric Resistance Welded (ERW) and High Frequency Induction (HFI) Welded Pipe contains a solid phase butt weld, produced by using resistance heating to make the longitudinal weld (ERW), but most pipe mills now use high frequency induction heating (HFI) for better control and consistency. End use is the same."

***

"ERW pipe is produced from steel coils that are processed through rollers to make a tube that is high frequency fused to form the weld. SAW pipe is produced from steel plate that is formed into tubes. The edges of the plate are welded using filler metal. It is a much slower process. ERW mills have a smaller size range than SAW mills, usually 24" and below for ERW and 20" and above for SAW. End use applications are similar between the two, mainly the transmission of fluids or gas."

***

"Historically, the pipeline industry has regarded seamless (SMLS) and DSAW (longitudinal seam) pipe to be in a tier above ERW pipe. There are numerous examples in design and repair standards where DSAW longitudinal seams are treated as if they were pipe base metal and ERW longitudinal seams are treated with some restrictions.

*** has normally purchased DSAW (longitudinal seam) pipe in the sizes in which it was available. When the Napa Pipe mill was in operation, sizes 16" and larger DSAW pipe were readily available. After Napa Pipe closed, we needed to move *** from DSAW to ERW. More recently we needed to move *** from DSAW to ERW, due to the lack of readily available *** DSAW pipe. We have seen a general trend in recent years for DSAW pipe mills to increase the minimum size they are willing to make. This may partially be a response to the current high demand for line pipe, where they have more orders than they can fill. The assumption being that the larger the diameter, the higher the profit, so why make smaller diameter pipe if you don't need to."

***

"Usually sizes 24" and below are more cost competitive to utilize ERW manufactured pipe than SAW line pipe."

***

"Similarities: both types of pipe are used in natural gas transmission service; safety regulations (CFR 149 part 192) treat them the same from a design/pressure rating perspective, in general installation

techniques and contractor skills are similar, both use the same steel for pipe making: ERW and SAW are included as acceptable processes of manufacture for line pipe produced under API Specification 5L."

***

"Both ERW and SAW pipe offer acceptable roundness, weld-ability, bend-ability and hoop strength for natural gas transmission service."

***

"Seam weld of ERW and SAW performed by vastly different process. ERW and Spiral SAW pipe is manufactured from steel coils while L-SAW pipe is manufactured from steel plate. Pipe diameter between ERW and SAW differs - ERW pipe is generally smaller outside diameter (2" thru 26"), SAW pipe is generally larger outside diameter (16" thru 60" or larger). Pipe wall thickness share similar characteristics as pipe diameter. ERW and Spiral SAW can be produced to 80 ft lengths (pipe mill dependent) while Long Seam SAW is restricted to 40 ft length (plate length). Uses for ERW and SAW could be very similar - just limited by size. Some very specific requirements might preference the selection of one over the other."

Interchangeability

***

"Where the diameters, wall thicknesses and grades are the same, longitudinal-seam ERW and SAW can be used interchangeably. Likewise the spiral (helical) seam pipe can be used interchangeably with longitudinal seam ERW and SAW pipe."

***

"For onshore and shallow water uses, the only difference in interchangeability has to do with the diameter and wall thickness characteristics outlined above."

***

"From *** standpoint ERW and DSAW are interchangeable in all onshore non-compressor station natural gas applications. *** has specifications that address non-compressor and compressor station applications. The major driver for ERW use with *** is the size limitation of 24-inch. In past years *** routinely installed 26-inch diameter ERW line pipe on capital projects. There is no production currently in the United States for 26-inch ERW. All 26-inch ERW pipe used in the past was purchased internationally. *** would install ERW in sizes above 24-inch if there was a required application. ***."

***

"Interchangeability of the two products is dependent on the end-use application, and is subject to the design criteria and inspection/testing requirements of the applicable design code."

***

"*** sees no issue with interchangeability in the end use with the exception of the pipe size availability between ERW and DSAW/SSAW. As stated before, ERW is generally not available above 24" in diameter."

***

"The two types are interchangeable in the size range they share."

****

"Interchangeability is restricted by the available size of each process (see above). Similar applications apply to both processes."

****

"Examples where *** currently applies limits to ERW pipe, compared to DSAW and SMLS pipe: Limits the maximum test pressure for ERW pipe to 95 percent of SMLS. The maximum test pressure for DSAW and SMLS pipe is 100 percent of SMLS. Recommends that ERW pipe not to be installed using the Horizontal Directional Drilling (HDD) method, especially when the installed pipe will be deep and/or inaccessible (river crossings, etc). We use DSAW or SMLS pipe when they are available. Allows corrosion on DSAW seams to be evaluated and repaired following the same rules as those applicable to corrosion on pipe base metal. Not so with ERW pipe. Does not allow ERW pipe to be used on bridges. We use SMLS or DSAW pipe. Does not normally allow ERW pipe to be used in stations, preferring to use SMLS pipe when available and DSAW pipe when SMLS pipe is not available."

****

"*** utilizes ERW and SAW for subject line pipe gas transmission interchangeably."

****

"In natural gas transmission service both ERW and SAW pipe can be satisfactorily used - the selection of which process may be based on such factors as size (diameter, wall thickness), availability from pipe mills, and price."

****

"Items with the same, O.D., wall, and grade could be interchangeable under the same conditions, but you've got to understand that cost differential is the driver. On ERW products the maximum O.D. and wall limits are less than SAW and Spiral-weld."

****

"Both types of pipe are suitable for use in natural gas transmission."

****

"Interchangeability would be determined by the use, which in turn would be controlled by the pipe diameter."

Perceived differences

****

"Until recently HSAW was not marketed in the U.S. for gas pipeline use as no U.S. mills made HSAW for gas pipeline use. IPSCO in Canada made HSAW but was usually booked with domestic Canadian business. - The use of HSAW is fairly new to domestic gas pipeline end users due mostly to the fact that in these size ranges LSAW was the only domestic choice available. There are currently more domestic suppliers of ERW and LSAW than of HSAW."

****

"The only differences from a sales and marketing standard point would be current mill space availability, production speed, and cost. ERW currently having the advantage over DSAW in all categories listed."

***

"ERW is typically used for small to medium size pipe ranging in outer diameter from 2 inches to 24 inches. End-use applications that require larger diameter pipe (up to 60 inches) utilize SAW."

***

"No perceived differences in sales or marketing practices. The ERW pipe had issues in the past with QA/QC. I believe it is pre-1973 ERW pipe that was in question. Therefore, the ERW pipe is always associated with this problem. I believe most of the industry now accepts the ERW pipe."

***

"None." ***

"The manufacturing process of SAW is slower, resulting in higher costs per ton. There are fewer manufacturers of SAW which offers opportunities for higher margins."

***

"Larger diameter DSAW pipe (especially in large quantities) is typically purchased by reserving mill space for a project, whereas ERW pipe is typically purchased by distributors who aggregate orders from end users."

***

"We do not perceive any sales or marketing differences between the two manufacturing techniques."

***

"Differences in the two products are due to different processes of manufacture, pipe mill location, costs, quality of product from the mill, ability of the mill to meet pipe purchaser's specifications."

***

"ERW is perceived to be better suited for lower pressure applications than SAW. SAW is only available and preferred for large diameter applications."

***

"The only difference for sales/marketing practices is an end user's application requirement."

Price

***

"Due to the differences in size ranges between ERW and HSAW or L-SAW it is hard to compare prices. We normally bid anything 24" and smaller to ERW mills. Anything larger than 24" to HSAW and L-SAW mills. We do not have a long history of this but it appears that HSAW is slightly less expensive than L-SAW. ERW and HSAW are made from coil which is less expensive per ton than plate which is used for L-SAW."

***

"There is generally a cost difference equaling several hundred dollars per ton between ERW and DSAW, ERW being the cheaper of the two. Price examples would be from a distributor standpoint for 24-inch ERW vs. 24-inch DSAW and that comparison would be skewed. Generally on ERW vs. DSAW for mill order the price difference is a minimum of several hundred dollars per ton. Typically the only

overlap size for ERW and DSAW is 24-inch. There are a few DSAW mills that manufacture diameters in sizes under 24-inch, but that is more the exception than the rule."

***

"SAW pipe pricing is typically 10 - 15 percent higher than ERW. In the first quarter of this year, SAW line pipe was quoted at $*** per ton and ERW line pipe was quoted at $*** per ton."

***

"All things being equal, ERW is usually around 5 percent more expensive than DSAW on a per ton basis."

***

"ERW pipe is inherently less expensive due to the raw material and the process – Current price: SAW $***/Ton ERW $***/ton."

***

"There is very little dimensional overlap between ERW and SAW. Pricing examples I could offer for recent purchases are:
24" .375W API-5L Gr B ERW at $*** per ton
30" .375W API-5L Gr B SAW at $*** per ton."

***

"*** has not performed any recent analyses comparing the costs of ERW and DSAW pipe."

***

"ERW has manufacturing efficiencies that generally translate to lower costs for the end user. The average price advantage of ERW over DSAW for the period 2001 through 2006 for 16" – 26" was $*** per pound."

***

"The general trend is that ERW is less costly than SAW."

***

"Traditionally the pricing for SAW and spiral-weld pipe is higher than ERW due to the extra processing. The pricing of the pipe is based on total tons required, size, wall, grade, requirement time, and market conditions."

***

"ERW is typically priced less per ton than SAW."

***

"The production of steel coil is cheaper than the production of steel plate. Current estimated price for bare ERW pipe at the mill is $***/ton, while SAW pipe is currently estimated to be $***/ton."

Comparability of spiral-welded and longitudinally-welded certain welded large diameter line pipe

The Commission requested purchasers to describe the differences and similarities between spiral-welded and longitudinally-welded certain welded large diameter line pipe with respect to the following factors: characteristics and uses, interchangeability, perceived differences, and price. Their responses are as follows:

Characteristics and uses

****

"For our use in *** there the only difference in end uses for our company is that we currently only use L-SAW or HFI type pipe for deep water pipelines. As far as physical characteristics, SIMILARITIES - Both used for our uses which is pipe for cross-country gas transmission pipelines. - Both have a filler metal weld (Submerged Arc Welded ***). - Both have a similar O.D. size range: L-SAW - 24" to 48" and HSAW - 24" to 60". DIFFERENCES - HSAW is per foot less expensive since it is made from coil, where L-SAW is made from plate. - L-SAW can be supplied in thicker wall thicknesses. - HSAW has faster production speeds than L-SAW - HSAW is more commonly accepted in the rest of the world than in the U.S.. HSAW for API Line pipe is relatively new to U.S. pipelines."

****

"*** has no experience with the installation of spiral weld pipe for any of our natural gas pipeline projects. For a number of years *** has had one mill approved, projects bid, but no purchases made. Several more spiral weld mills have been audited and added to our approved manufactures list in the past year. A *** purchase has been made since these approvals were finalized. That purchase was made from ***."

****

"Longitudinally-welded SAW pipe (pipe manufactured with a weld) is a tubular product made out of flat plates, known as skelp, that are formed, bent and prepared for welding. The most popular process for large diameter pipe uses a longitudinal seam weld. Double submerged arc welded (DSAW) pipe is welded pipe whose longitudinal butt joint is welded in at least two passes, one of which is on the inside of the pipe; the welds are made by heating with an electric arc between the bare metal electrode. Pressure is not used. Filler metal for the welds is obtained from the electrodes.

Spiral-welded Pipe- As an alternative process, spiral-weld construction allows large diameter pipe to be produced from narrower plates or skelp. The defects that occur in spiral-welded pipe are mainly those associated with the SAW weld, and are similar in nature to those for longitudinally welded SAW pipe. An additional problem with early spiral-welded pipe was poor dimensional accuracy, particularly out of roundness at the pipe ends. This led to problems of poor fit-up during field girth welding. Spiral line pipe gained a poor reputation in some companies as a result of these early experiences, and it was considered suitable only for low pressure applications such as water pipe. However, modern spiral line pipe from a premium quality supplier is of a quality equivalent to straight seam welded pipe, and it has been used extensively in Canada and Europe for high pressure gas pipelines in grades up to API X-70."

****

"Spiral-welded pipe, until recently has been considered for less critical applications than longitudinally welded pipe, due to the additional welding area compared to straight seam pipe. Spiral-weld has been used for low pressure water lines or piling that is used as wall supports for concrete

construction projects. Longitudinally welded pipe has been used for higher pressures and more critical applications. Recent technological advances and availability of straight seam pipe have made spiral-weld pipe more acceptable to end users."

***

"Manufacturing process between Spiral-welded and Longitudinally welded pipe is different. Spiral pipe is produced from a coil of steel while longitudinally welded pipe is produced from a piece of steel plate. The welding process (SAW) is the same, but the application (the means) between the two is very different. Spiral pipe spins while it is being welded where as the longitudinal-welded pipe moves under the weld head in a straight line. Spiral-welded pipe can be produced up to 80 ft lengths while longitudinally-welded pipe is restricted to 40 ft lengths."

Interchangeability

***

"For onshore and shallow water uses, the only difference in interchangeability has to do with the diameter and wall thickness characteristics outlined above."

***

"As far as *** is concerned spiral weld pipe would be interchangeable with DSAW in all applications. API recognizes spiral weld as a DSAW process with a spiral weld. Offshore would probably be the only application that *** would not consider spiral weld pipe."

***

"The two types are interchangeable although L-SAW is preferred for fabrication and bending."

***

"Except for pipe that requires induction bending, spiral and longitudinal seam pipe are interchangeable.

***

"Application use for both would be similar."

Perceived differences

***

"Until recently HSAW was not marketed in the U.S. for gas pipeline use as no U.S. mills made HSAW for gas pipeline use. IPSCO in Canada made HSAW but was usually booked with domestic Canadian business. The use of HSAW is fairly new to domestic gas pipeline end users due mostly to the fact that in these size ranges L-SAW was the only domestic choice available. There are currently more domestic suppliers of L-SAW than of HSAW."

***

"The perceived differences or advantages of spiral over DSAW from a sales and marketing standpoint would be availability of coil vs. plate, availability of longer joint lengths during production which eliminates double jointing and associated costs, and a larger size range for producing mills. Most spiral weld mills have heavy wall thickness and high yield strength capabilities."

****

"None."

****

"We do not perceive any sales or marketing differences between the two manufacturing techniques."

Price

****

"We normally bid anything 24" and smaller to ERW mills. Anything larger than 24" to HSAW and L-SAW mills. We do not have a long history of this but it appears that HSAW is slightly less expensive than L-SAW. HSAW are made from coil which is less expensive per ton than plate which is used for L-SAW."

****

"*** solicited bids for a major capital expansion project in 2006 for pipe deliveries in 2007. Both DSAW and spiral weld mills were requested to bid for this *** ton requirement. The price per ton was comparable for 30-inch, but there was a least a $*** per ton difference for the 36-inch spiral weld over DSAW"

****

"Since spirally-welded pipe uses a coil instead of a plate as the base material it is inherently less expensive to produce."

"L-SAW- $***/ton S-SAW - $***/ton."

****

"At times the spiral manufactured pipe has manufacturing automation efficiencies requiring less manpower that may translate to a lower final cost to ***. Spiral manufactured pipe may also translate to a lower cost because coil is the raw material for multiple manufacturing processes, whereas the X-grade steel plate has a specific line pipe application. Thus steel mills may find that they would make a better return on investment to manufacture steel plate for applications such as ship building unless the price of X-grade plate is increased, or mills may only be allocated a certain amount of X-grade plate."

APPENDIX F

ADDITIONAL U.S. PRODUCER SHIPMENT DATA

Table F-1
CWLDLP: U.S. shipments of ERW line pipe by grade, size, and wall thickness, 2001-06

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Table F-2
CWLDLP: U.S. shipments of SAW line pipe by grade, size, and wall thickness, 2001-06

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APPENDIX G

ADDITIONAL FOREIGN INDUSTRY DATA

Table G-1
ERW LDLP: Data for producers in Japan, 2001-06, January-June 2006, January-June 2007, and projected 2007-08

* * * * * * *

Table G-2
SAW LDLP: Data for producers in Japan, 2001-06, January-June 2006, January-June 2007, and projected 2007-08

* * * * * * *

Table G-3
ERW LDLP: Japan's shipments of ERW line pipe by size, grade, and wall thickness, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Table G-4
SAW LDLP: Japan's shipments of SAW line pipe by size, grade, and wall thickness, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Table G-5
ERW LDLP: Data for producers in Mexico, 2001-06, January-June 2006, January-June 2007, and projected 2007-08

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Table G-6
SAW LDLP: Data for producers in Mexico, 2001-06, January-June 2006, January-June 2007, and projected 2007-08

* * * * * * *

Table G-7
ERW LDLP: Mexico's shipments of ERW line pipe by size, grade, and wall thickness, 2001-06, January-June 2006, and January-June 2007

* * * * * * *

Table G-8
SAW LDLP: Mexico's shipments of SAW line pipe by size, grade, and wall thickness, 2001-06, January-June 2006, and January-June 2007

* * * * * * *