

UNITED STATES INTERNATIONAL TRADE COMMISSION

CIRCULAR WELDED NON-ALLOY STEEL PIPE FROM CHINA

Investigation No. 731-TA-943 (Final)

DETERMINATION AND VIEWS OF THE COMMISSION

(USITC Publication No. 3523, July 2002)

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DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from China of circular welded non-alloy steel pipe, provided for in subheadings 7306.30.10 and 7306.30.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective May 24, 2001, following receipt of a petition filed with the Commission and Commerce on behalf of Allied Tube & Conduit Corp., Harvey, IL; IPSCO Tubulars, Inc., Camanche, IA; LTV Copperweld, Youngstown, OH; Northwest Pipe Co., Portland, OR; Western Tube & Conduit Corp., Long Beach, CA; Century Tube Corp., Pine Bluff, AR; Laclede Steel Co., St. Louis, MO; Maverick Tube Corp., Chesterfield, MO; Sharon Tube Co., Sharon, PA; Wheatland Tube Co., Wheatland, PA; and the United Steelworkers of America, AFL-CIO. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of circular welded non-alloy steel pipe from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 29, 2002 (67 FR 4283). The hearing was held in Washington, DC, on May 17, 2002, 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)).

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of circular welded non-alloy steel pipe (“standard pipe”) from China that are sold in the United States at less than fair value (“LTFV”).

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”¹ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”² In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation”³

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁴ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁵ The Commission looks for clear dividing lines among possible like products and disregards minor variations.⁶ Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise that has been found to be subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.⁷

¹ 19 U.S.C. §1677(4)(A).

² 19 U.S.C. § 1677(4)(A).

³ 19 U.S.C. § 1677(10).

⁴ See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

⁵ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

⁶ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

⁷ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at (continued...)

B. Product Description

Commerce's final determination defined the imported merchandise within the scope of this investigation as follows:

The products covered by this investigation are certain welded carbon-quality steel pipes and tubes, of circular cross-section, with an outside diameter of 0.372 inches (9.45 mm) or more, but not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (ASTM, proprietary, or other), generally known as standard pipe and structural pipe.⁸

⁷ (...continued)

748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

⁸ Notice of Final Determination of Sales at Less Than Fair Value: Certain Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China, 67 Fed. Reg. 36570 (May 24, 2002). Commerce provided this further description of the subject merchandise:

Standard pipes and tubes are intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It may also be used for light load-bearing and mechanical applications, such as for fence tubing, and for protection of electrical wiring, such as conduit shells, and for structural applications in general construction. It primarily is made to American Society for Testing and Materials (ASTM) A-53, A-135, and A-795 specifications, but can also be made to the British Standard (BS)-1387 specification.

Structural pipe is intended for use in the construction of bridges and buildings, and general structural applications. It also can be used for making steel scaffolding and for piling applications. It primarily is made to ASTM A-500 and A-252 specifications.

Hence, specifically included within the scope of this investigation are products stenciled to the ASTM standards A-53, A-135, A-795, A-120, A-500, A-252, or their equivalents. Standard and structural pipe products may also be produced to proprietary specifications rather than to industry standard. This is often the case with fence tubing, for example.

The scope does not include boiler tubes, pressure tubing, mechanical tubing, finished conduit, oil country tubular goods (OCTG), and line pipe. However, with regard to these excluded products, if petitioners or other interested parties provide to the Department reasonable grounds to believe or suspect that the products are being used in a standard or structural application, the Department may instruct the U.S. Customs Service to require end-use certifications. In addition, line pipe meeting the American Petroleum Institute (API) line pipe is excluded from the scope of this investigation, and any resultant antidumping duty order, if covered by the scope of another antidumping duty order from the same country.

The standard pipe products that are the subject of this investigation are currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7306.30.10 and 7306.30.50. This investigation also covers dual-certified A-53/API or single certified pipe that enters the United States if it is used in, or intended for use in, standard pipe or structural pipe applications. Such certified pipe may include API-5L or API-5L X-42 pipe. Although the HTSUS subheadings are provided for convenience and U.S. Customs purposes, the written description of the merchandise under investigation is dispositive.

Commerce defines the imported merchandise within the scope of its investigation generally to be welded, carbon-quality, steel pipes and tubes, of circular cross-section, not more than 16 inches in diameter, used in standard and structural pipe applications.

Standard pipe applications include: (1) the low-pressure conveyance of liquids and gasses in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and related uses that are not subject to application of external heat; (2) load-bearing applications in construction and residential and industrial fence systems; and (3) shells for the protection of wiring (conduit tubes).⁹ Structural pipe is employed in the construction of bridges and buildings, and general structural applications. It also can be used for making steel scaffolding and for piling applications.¹⁰

C. Domestic Like Product

In its preliminary determination the Commission defined the domestic like product as domestically produced articles coextensive with the scope of the investigations.¹¹ Petitioners¹² argued that the domestic like product should be so defined and respondents did not dispute the definition.

In this final phase, no party argued that the Commission should define the domestic like product more broadly than Commerce's scope of investigation, nor did any party submit evidence for the record supporting an alternative like product definition. Absent argument and information to the contrary, we again define the domestic like product coextensively with Commerce's scope of investigation.¹³

D. Domestic Industry

In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.¹⁴ Based on our definition of the domestic like product, we define the domestic industry as all domestic producers of standard pipe.¹⁵

II. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

In the final phase of antidumping duty and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under

⁹ Confidential Staff Report ("CR"), INV-Z-083, June 6, 2002, at I-5; Public Staff Report ("PR") at I-4.

¹⁰ CR at I-6; PR at I-4.

¹¹ See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary) USITC Pub. 3439 (July 2001) at 5.

¹² The petitioners are Allied Tube & Conduit Corp., IPSCO Tubulars, Inc., LTV Copperweld, Northwest Pipe Co., Western Tube & Conduit Corp., Century Tube Corp., Laclede Steel Co., Maverick Tube Corp., Sharon Tube Co., Wheatland Tube Co., and the United Steelworkers of America, AFL-CIO.

¹³ Commissioner Bragg notes that she would have reached the same conclusion in this investigation had she defined the domestic like product to include multiple-stenciled pipe, as the Commission did in the 1996 investigations of standard pipe from Romania and South Africa. See Circular Welded Nonalloy Steel Pipe from Romania and South Africa, Inv. Nos. 731-TA-732 and 733 (Final), USITC Pub. 2973 (July 1996) at 4-5.

¹⁴ See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir.1996).

¹⁵ There are no related parties in this investigation.

investigation.¹⁶ In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.¹⁷ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”¹⁸ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.¹⁹ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”²⁰

For the reasons discussed below, we determine that the domestic industry is not materially injured by reason of subject imports of standard pipe from China found to be sold in the United States at LTFV.

A. Conditions of Competition

The following conditions of competition are relevant to our analysis in this final phase investigation.

The level of U.S. construction activity strongly influences demand for standard pipe in its various applications.²¹ Construction activity fluctuated between 1999 and 2001, rising sharply in 1999, dipping but then recovering in 2000 and into 2001, then softening in the second half of 2001.²² Standard pipe demand, as approximated by apparent U.S. consumption, increased by 15.4 percent in 2000 but then decreased by 9.2 percent in 2001.²³

Most domestic producers of standard pipe are non-integrated producers; they buy, rather than produce, the primary input for standard pipe, *i.e.* hot-rolled steel, on the spot market.²⁴ Raw materials, of which hot-rolled steel is the primary component, constitute more than two-thirds of the cost of production.²⁵ Galvanizing, (*i.e.* the coating of pipes with rust-resistant zinc), represents almost one-quarter of the cost of galvanized standard pipe (and zinc accounts for one-third or more of the cost of galvanizing).²⁶

The domestic industry is undergoing significant consolidation. In addition to the merger that formed LTV Copperweld and, later, the effective closure of Laclede Steel in late 2001,²⁷ Allied (the *** U.S. producer) acquired Century Tube in December 2001 and the parent company of Wheatland (the ***

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

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

¹⁸ 19 U.S.C. § 1677(7)(A).

¹⁹ 19 U.S.C. § 1677(7)(C)(iii).

²⁰ Id.

²¹ CR at II-1, II-4; PR at II-1, II-3

²² CR/PR at Fig. II-1; CR at II-5; PR at II-4.

²³ CR/PR at Table C-1.

²⁴ CR at V-4; PR at V-3.

²⁵ CR at II-2; PR at II-1.

²⁶ CR at II-2; PR at II-1; Petitioners’ Posthearing Brief at A-22.

²⁷ CR at III-1 to III-3; PR at III-1.

U.S. producer) acquired Sawhill Tubular (the *** U.S. producer) from AK Steel in April 2002.²⁸ The *** domestic producers accounted for *** percent of reported production in 2001.²⁹

Domestic production capacity for standard pipe³⁰ increased slightly from 1999 to 2000 and then decreased from 2000 to 2001.³¹ Domestic production and capacity utilization followed similar trends. Although the U.S. industry has the production capacity to supply the entire U.S. market,³² nonsubject imports supply more than one-quarter of the market.^{33 34 35} As of March 2002, however, imports of standard pipe, except those from Canada, Jordan, Israel, Mexico and certain developing countries, are subject to an additional 15 percent tariff as a result of the recent investigation under section 201 of the Trade Act of 1974. Imports of hot-rolled steel, a major input in producing standard pipe, are now also subject to an additional 30 percent tariff pursuant to the President's action following the section 201 investigation.³⁶

Standard pipe products, whether domestically produced or subject imports, generally are sold to distributors rather than end users.³⁷ Standard pipe is produced to several common standards regarding materials, dimensions, and testing,³⁸ and is considered a commodity product.³⁹ The subject imports and domestic standard pipe are interchangeable in most applications.⁴⁰ Standard pipe from China, however, is largely viewed as inferior to U.S. standard pipe in terms of availability, delivery time, and technical support/service.⁴¹ Moreover, "Buy American" policies reportedly account for 10-15 percent of sales in the U.S. market.⁴²

²⁸ CR at III-1 to III-4; PR at III-1 to III-4.

²⁹ See CR/PR at Table III-1.

³⁰ Standard pipe producers in the United States, as well as in China, use the same facilities and equipment to produce other types of pipe, including OCTG, line pipe, and mechanical pipe.

³¹ See CR/PR at Table III-2.

³² See CR/PR at Table IV-2 & Table III-2.

³³ In volume terms, nonsubject imports, including those from China, accounted for *** percent of apparent U.S. consumption in 1999, *** percent in 2000, and *** percent in 2001. See CR/PR at Table IV-2.

³⁴ Nonsubject imports, other than those from China, originated in 40 different countries or customs areas in 2001. The two largest sources of nonsubject import supply were Canada and Korea. See Staff worksheet dated May 16, 2002.

³⁵ Commissioner Bragg notes that, taken together, the volumes of nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, were equivalent to 2.7 percent of apparent U.S. consumption in 1999; 3.8 percent of apparent U.S. consumption in 2000; and 3.1 percent of apparent U.S. consumption in 2001. See CR/PR at Table IV-2 and official Commerce statistics. In addition, the volume of subject imports from China was equivalent to *** percent of apparent U.S. consumption in 1999; *** percent of apparent U.S. consumption in 2000; and *** percent of apparent U.S. consumption in 2001. See CR/PR at Table IV.

³⁶ See Presidential Proclamation 7529 and accompanying Annex, March 5, 2002. There are existing antidumping duty orders on imports of standard pipe from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, as well as a countervailing duty order on standard pipe imports from Turkey. CR at I-3; PR at I-2.

³⁷ CR at I-8, II-1; PR at I-6.

³⁸ CR at I-8; PR at I-6.

³⁹ CR at I-8; PR at I-6.

⁴⁰ CR at I-8; PR at I-6.

⁴¹ CR/PR at Table II-2.

⁴² CR at II-6; PR at II-3.

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁴³

The volume of subject imports from China increased from *** short tons in 1999 to *** short tons in 2000, but then decreased to *** short tons in 2001.⁴⁴ The market share of the subject imports in volume terms increased from *** percent in 1999 to *** percent in 2000, and then declined to *** percent in 2001.⁴⁵ Subject import volume relative to domestic production followed a similar trend.⁴⁶ This pattern mirrors the changes in apparent U.S. consumption, which increased from 2.4 million short tons in 1999 to 2.8 million short tons in 2000, then declined to 2.5 million short tons in 2001.⁴⁷

U.S. producers’ shipments were 1.7 million short tons in 1999 and 2000, and then declined to 1.5 million short tons in 2001.⁴⁸ While the U.S. producers lost 9.2 percentage points of market share between 1999 and 2001, nonsubject imports accounted for *** percentage points of this loss whereas subject imports’ market share increased by only *** percentage points during the same period.⁴⁹

In 2000, when apparent U.S. consumption of standard pipe peaked, subject imports increased by *** short tons while nonsubject imports increased by *** short tons.⁵⁰ Although subject imports gained *** percentage points of market share in 2000 versus 1999, nonsubject imports gained *** percentage points of market share.⁵¹ Therefore, it is clear that any significant increase in imports’ market share in 2000, when U.S. producers’ market share declined by 9.6 percentage points, was due to nonsubject imports rather than subject imports.

In 2001, domestic producers’ shipments declined by 144,281 short tons relative to 2000.⁵² However, the volume of subject imports fell by *** short tons in 2001 versus 2000 and nonsubject imports fell by *** short tons.⁵³ Between 2000 and 2001, the U.S. industry gained 0.4 percentage points of market share while subject imports lost *** percentage points of market share and nonsubject imports gained *** percentage points of market share.⁵⁴

⁴³ 19 U.S.C. § 1677(7)(C)(i).

⁴⁴ CR/PR at Table IV-2. The volume of subject imports is likely overstated. Volumes were derived by subtracting nonsubject imports from China as reported in importers’ questionnaire responses from total imports from China as reported in Commerce’s official import statistics. CR at IV-1; PR at IV-1; CR/PR at Table IV-1. ***. See ***’s Preliminary Foreign Producer Questionnaire Response at 5.

⁴⁵ CR/PR at Table IV-2. In terms of value, the trend was similar. Subject imports increased from *** percent in 1999 to *** percent in 2000, and then declined to *** percent in 2001. *Id.*

⁴⁶ Subject imports were equivalent to only *** percent of domestic production in 1999, *** percent in 2000, and *** percent in 2001. See CR/PR at Tables IV-1 and III-2.

⁴⁷ See CR/PR at Table IV-2.

⁴⁸ CR/PR at Table IV-2.

⁴⁹ See CR/PR at Table IV-2.

⁵⁰ CR/PR at Table IV-2.

⁵¹ See CR/PR at Table IV-2.

⁵² CR/PR at Table IV-2.

⁵³ CR/PR at Table IV-2.

⁵⁴ See CR/PR at Table IV-2. Petitioners argue that demand trends did not drive imports from China, which they contend increased massively in 2000 and through the first half of 2001. Petitioners argue that imports of standard

(continued...)

Based on the foregoing we find that the volume of subject imports and the increase in volume is neither significant in absolute terms nor relative to U.S. production or consumption of standard pipe.⁵⁵

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
- (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.⁵⁶

As noted above, standard pipe generally is a commodity product produced in accordance with several common standards and is used in a variety of applications. Purchasers listed price as one of the most important factors they consider when choosing a supplier of standard pipe.⁵⁷

The Commission gathered pricing data for three products in this investigation based on the categories proposed by the domestic industry. Reported prices for the three standard pipe products generally fluctuated narrowly during the period examined. The three products for which the Commission gathered pricing data are: a small diameter BPE (black plain end) pipe (product 1) and two galvanized pipes (products 2 and 3). The pricing data's coverage of U.S. producers' shipments and importers' shipments is limited,⁵⁸ likely reflecting the vast array of dimensions, finishes and other specifications available in the market. Despite relatively limited coverage, however, no party argued that the pricing products were unrepresentative. The Commission's pricing data show underselling in all 18 price comparisons with margins ranging from 17.1 to 32.6 percent.⁵⁹

⁵⁴ (...continued)

pipe from China were checked only by Commerce's preliminary margins and the section 201 investigation. See Petitioners' Prehearing Brief at 5-6. While it is possible that subject imports from China would have been higher in 2001 if the petition in this investigation had not been filed in May 2001, imports from countries other than China fell by a much greater percentage than those from China, suggesting that other factors, such as demand conditions, contributed to the decline in subject imports during 2001. See CR/PR at Table IV-2.

⁵⁵ Commissioner Bragg notes that in the preliminary phase of this investigation, she rendered an affirmative determination finding a reasonable indication of present material injury by reason of cumulated subject imports from China, Indonesia, Malaysia, Romania, and South Africa. See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001) at 21-32. Imports from Indonesia, Malaysia, Romania, and South Africa, are now treated as nonsubject imports by virtue of the negative preliminary determination rendered by the Commission majority for these four countries. See USITC Pub. 3439 at 20. Having preliminarily attributed present material injury in part to what are now nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg determines that the volume of subject imports from China, standing alone, is not significant.

⁵⁶ 19 U.S.C. § 1677(7)(C)(ii).

⁵⁷ CR/PR at Table II-1. Price was listed most often as the first or second most important factor in purchasing decisions. Id.

⁵⁸ See CR at V-5; PR at V-4 (1.6 percent of U.S. producers' U.S. shipments and *** percent of U.S. shipments of imports from China). While the sample size is small, petitioners have not suggested that it is not representative of pricing behavior in the U.S. market. See Petitioners' Posthearing Brief at 5-8; CR at V-11; PR at V-4.

⁵⁹ CR at V-11; PR at V-4. Petitioners urge the Commission to look at the average unit values (AUVs) of the
(continued...)

U.S. prices for the small diameter BPE pipe peaked in 2000 and remained generally strong into the first half of 2001, but then declined markedly in the second half of 2001, when domestic prices dropped to their lowest levels of the period examined.⁶⁰ Subject import prices for product 1 likewise peaked in mid-2000, and declined unevenly thereafter. Subject imports from China, however, were concentrated in galvanized pipe according to the petitioners.⁶¹ Domestic prices for the two galvanized products (products 2 and 3), remained steady, and high, in 2000 and 2001 despite Chinese underselling. Indeed, U.S. prices for these galvanized products were at higher levels at the end of the period examined than at the beginning.⁶² Prices for Chinese galvanized pipe fluctuated, but firmed at the end of the period examined.

The domestic price trends broadly reflect trends in raw material costs for standard pipe, which initially increased but subsequently declined, over the period examined. The price of hot-rolled steel sheet increased markedly between the first quarter of 1999 and the second quarter of 2000, but then decreased even more substantially through the fourth quarter of 2001. Zinc prices (for galvanized pipe) rose from \$0.50 per pound in the first quarter of 1999 to \$0.58 per pound in the third quarter of 2000, but then fell steadily to \$0.38 per pound in the fourth quarter of 2001.⁶³

We do not find a significant correlation between subject import prices and U.S. prices over the period examined. While Chinese prices for product 3 were lower at the end of 2001 than at the beginning of 1999, U.S. prices in the same product category rose in the last quarter of 2001, as compared to the first quarter of 1999. U.S. prices for product 2 were also higher at the end of 2001 than at the beginning of 1999, and show little correlation with subject import prices. U.S. prices for product 1 were lower at the end of 2001 than at the beginning of 1999, but did not fall consistently over the period and peaked in 2000. Subject import prices for product 1 followed somewhat different trends.⁶⁴

The record does not indicate price suppression or depression due to any significant degree to subject imports despite the consistent underselling throughout the period examined. As noted above, prices were generally stable between 1999 and 2001.⁶⁵ Cost of goods sold relative to net sales rose from 83.9 percent in 1999 to 86.6 percent in 2001,⁶⁶ yet the unit value of net sales of the domestic industry increased in 2000 relative to 1999, the period for which the petitioners assert the effects of subject imports are most discernible.⁶⁷ Hearing testimony also indicated that domestic producers successfully increased at least

⁵⁹ (...continued)

subject imports as evidence of underselling and price effects from the subject imports. Petitioners' Posthearing Brief at 5, 6. They note that subject imports' AUVs were below those for domestic producers' shipments. Id. However, subject imports' AUVs rose by *** percent between 1999 and 2001, while the AUVs of domestic producers' U.S. shipments fell by 4.0 percent and the AUVs of nonsubject imports, excluding China, fell by 8.9 percent. CR/PR at Table C-1. Given the acknowledged differences in product mix, we do not base our finding on price effects on AUV data, but note that the data petitioners urge us to consider do not support a finding of significant price effects by the subject imports.

⁶⁰ CR/PR at Table V-2, CR at V-6.

⁶¹ Petitioners' Posthearing Brief at 5, 6, 8, A-22 & Exhibit 3.

⁶² CR/PR at Tables V-2 and V-3.

⁶³ CR/PR at Table V-1; CR at V-2; PR at V-1; Staff Worksheet of May 17, 2002.

⁶⁴ See CR/PR at Tables V-2, V-3, V-4; CR/PR at Figs V-1, V-2, V-3.

⁶⁵ CR/PR at Figs. V-1, V-2, V-3; CR at V-10; PR at V-4.

⁶⁶ CR/PR at Table VI-1.

⁶⁷ See CR/PR at Table VI-1; Petitioners' Posthearing Brief at 6 (arguing 2001 data affected by petition).

some prices.⁶⁸ The modest increase in cost of goods sold relative to net sales cannot be attributed to subject imports. Accordingly, we do not find that subject imports suppressed or depressed U.S. standard pipe prices to a significant degree.⁶⁹

We also have examined U.S. producers' lost sales and lost revenue allegations. Petitioners allege eight instances of lost sales valued at ***.⁷⁰ Although some allegations were confirmed, one large lost sale, equivalent to more than half the value of alleged lost sales, ***.⁷¹ Given the small and limited volume of the confirmed allegations concerning subject imports, we do not find that they indicate significant negative price effects by reason of the subject imports.⁷²

Accordingly, we conclude that the subject imports did not have significant negative effects on domestic prices during the period examined.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.⁷³ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive

⁶⁸ Transcript of Commission's Public Hearing, May 17, 2002, ("Tr.") at 98-99 (Mr. Bussiere).

⁶⁹ Commissioner Bragg notes that in the preliminary phase of this investigation, she rendered an affirmative determination finding a reasonable indication of present material injury by reason of cumulated subject imports from China, Indonesia, Malaysia, Romania, and South Africa. See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001) at 21-32. Imports from Indonesia, Malaysia, Romania, and South Africa, are now treated as nonsubject imports by virtue of the negative preliminary determination rendered by the Commission majority for these four countries. See USITC Pub. 3439 at 20. Having preliminarily attributed present material injury in part to what are now nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg determines that any negative price effects are not attributable to subject imports from China standing alone.

Although the probative value of average unit value ("AUV") data is limited by differences in product mix and changes in product mix over time, Commissioner Bragg notes that between 1999 and 2001, the AUVs of U.S. shipments by the domestic industry declined by 4 percent; in comparison, the AUVs of subject imports from China increased by *** percent and the AUVs of nonsubject imports (excluding China) declined by 8.9 percent during this period. CR/PR at Table C-1. Taken together, the AUVs of imports from Indonesia, Malaysia, Romania, and South Africa, declined by 1.3 percent between 1999 and 2001. Compiled from official Commerce statistics.

In addition, the record in the preliminary phase of the investigation indicated that imports from Indonesia, Malaysia, Romania, and South Africa, undersold the domestic like product in 43 out of 48 quarterly pricing comparisons, for a 90 percent incidence of underselling. See USITC Pub. 3439 at V-15. The record in this final phase investigation indicates that subject imports from China undersold the domestic like product in 18 out of 18 quarterly pricing comparisons. See CR/PR at Tables V-2, V-3, and V-4.

⁷⁰ CR/PR at Table V-5.

⁷¹ See CR/PR at Table V-5, V-13; INV-Z-087, June 12, 2002, at V-13.

⁷² See CR/PR at Tables V-5 & IV-2. Lost sales allegations were equivalent to only *** percent of U.S. producers' shipments in 2001. Id.

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

and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”^{74 75 76}

A number of the domestic industry’s indicators softened somewhat over the period, particularly in 2001 relative to 2000.⁷⁷ However, the trends in the U.S. industry’s indicators generally tracked changes in apparent U.S. consumption, which increased in 2000, and then fell in 2001.⁷⁸ The domestic industry increased its capacity from 2.86 million short tons in 1999 to 2.89 million short tons in 2000, before reducing its capacity to 2.66 million short tons in 2001.⁷⁹ The industry also increased production from 1.72 million short tons in 1999 to 1.77 million short tons in 2000 before reducing production to 1.54 million short tons in 2001.⁸⁰ The industry’s total net sales followed a similar pattern.⁸¹ Capacity utilization moved in a narrow range over the period.⁸²

Moreover, the domestic standard pipe industry was profitable throughout the period 1999-2001, although profits declined somewhat. The industry’s ratio of operating income to net sales was 8.5 percent in 1999, 7.3 percent in 2000, and 5.0 percent in 2001.⁸³ The number of producers reporting operating losses declined from nine in 1999 to five in 2001.⁸⁴ Capital expenditures fell over the period but exceeded depreciation in each year between 1999 and 2001, indicating that the industry was adding to its capital stock.⁸⁵ The number of workers and wages paid to workers also increased over the period.⁸⁶

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

⁷⁵ The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its final antidumping duty determination, Commerce calculated an antidumping duty margin of 3.87 percent to the following to producers in China: Shuang Jie, Tai Feng Qiao, ZhuHai, Pangang International, Jinzhou, and Walsall. Commerce calculated the all others rate to be 36.42 percent. Chinese producers Baosteel and Weifang had zero margins and thus their exports are considered nonsubject imports. 67 Fed. Reg. 36570, 36572 (May 24, 2002).

⁷⁶ Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

⁷⁷ Total operating income fell from \$81.8 million in 1999 to \$72.9 million in 2000 and then to \$41.8 million in 2001. CR/PR at Table VI-1. The industry’s cash flow likewise fell from \$88.5 million in 1999 to \$76.7 million in 2000 to \$48.3 million in 2001. CR/PR at Table VI-1.

⁷⁸ CR/PR at Table IV-2.

⁷⁹ CR/PR at Table III-2.

⁸⁰ CR/PR at Table III-2. The domestic industry’s inventories increased from 239,275 short tons in 1999 to 266,615 short tons in 2000 and then declined to 223,525 short tons in 2001. CR/PR at Table III-4.

⁸¹ The industry’s total net sales in dollar terms were \$960 million in 1999, \$994 million in 2000, and \$843 million in 2001. CR/PR at Table VI-1. In terms of volume, the industry’s total net sales were 1.74 million short tons in 1999 and 2000 and 1.58 million short tons in 2001. Id.

⁸² The industry’s utilization rate was 59.0 percent in 1999, 59.4 percent in 2000, and 56.5 percent in 2001. CR/PR at Table III-2.

⁸³ CR/PR at Table VI-1.

⁸⁴ CR/PR at Table VI-1. As noted earlier, the industry has consolidated through mergers and may also be healthier as a result of greater efficiencies in production.

⁸⁵ See CR/PR at Tables VI-5 and VI-1. The industry’s capital expenditures declined from \$26.4 million in 1999
(continued...)

As discussed earlier, the industry's market share fell between 1999 and 2000, and then stabilized in 2001.⁸⁷ The market share decline is primarily attributable to nonsubject imports, which gained *** percentage points of market share while subject imports' U.S. market share increased by only *** percentage points.⁸⁸ In addition, although subject imports undersold domestic standard pipe during the period, the subject imports have not depressed or suppressed domestic prices to any significant degree and are not materially responsible for any declines in revenue or operating income experienced by the domestic industry.⁸⁹

Based on the above, we find that subject imports from China have not had a significant adverse impact on the domestic industry producing standard pipe.⁹⁰

⁸⁵ (...continued)
to \$19.2 million in 2001. CR/PR at Table VI-5.

⁸⁶ CR/PR at Table III-5. The domestic industry's wages paid increased from \$99.1 million in 1999 to \$110.1 million in 2000 and then fell to \$102.7 million in 2001. Id. The industry's employment increased from 2,947 workers in 1999 to 3,172 workers in 2000, and then fell to 2,954 workers in 2001. Id. However, productivity fell from 264.8 tons per 1,000 hours in 1999 to 234.4 tons per 1,000 hours in 2001. Id.

⁸⁷ The industry's market share in terms of volume was 70.4 percent in 1999, 60.8 percent in 2000, and 61.2 percent in 2001. CR/PR at Table IV-2.

⁸⁸ See CR/PR at Table IV-2. The U.S. industry lost 9.2 percentage points of market share.

⁸⁹ Petitioners argue that the growth of subject imports is "especially significant" because they are concentrated in high-valued galvanized product. They point to the official import statistics (57 percent of imports from China are galvanized) and hearing testimony (50 percent or more of imports from China are for the fence market). They contend that the impact is concentrated on the important fence segment of the U.S. industry (20 percent of sales volume, 26 percent by value). They contend that, discounting American Pipe and Laclede, the greatest declines in operating income were experienced by domestic fence tubing producers: Allied, Wheatland, Century, Western, and Northwest. Petitioners' Posthearing Brief at 9 and exhibit 5.

We are unpersuaded by this company- and product-specific argumentation on several grounds. First, we assess the impact of the subject imports against the domestic industry as a whole, not individual producers or product lines. Second, ***. Petitioners' Posthearing Brief at exhibit 4. Third, ***; there is no indication that subject imports from China are a significant factor in the sprinkler market. Fourth, ***. Compare Petitioners' Posthearing Brief at exhibit 4 with CR/PR at Table VI-3 and CR/PR at VI-8.

⁹⁰ Commissioner Bragg notes that in the preliminary phase of this investigation, she rendered an affirmative determination finding a reasonable indication of present material injury by reason of cumulated subject imports from China, Indonesia, Malaysia, Romania, and South Africa. See Circular Welded Non-Alloy Steel Pipe from China, Indonesia, Malaysia, Romania, and South Africa, Inv. Nos. 731-TA-943-947 (Preliminary), USITC Pub. 3439 (July 2001) at 21-32. Imports from Indonesia, Malaysia, Romania, and South Africa, are now treated as nonsubject imports by virtue of the negative preliminary determination rendered by the Commission majority for these four countries. See USITC Pub. 3439 at 20. Having preliminarily attributed present material injury in part to what are now nonsubject imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg determines that any adverse impact is not attributable to subject imports from China standing alone.

Commissioner Bragg notes that although operating margins, capacity, and capacity utilization for the domestic industry each declined over the POI, while the ratio of COGS to sales increased somewhat during this period, the number of U.S. producers reporting operating losses declined from 9 out of 20 in 1999 to 7 out of 21 in 2000, and to 5 out of 21 in 2001. See CR/PR at Table VI-1 and Table C-1. In addition, inventory levels declined by 6.6 percent during the POI, while employment increased slightly. See CR/PR at Table C-1. Finally, although capital expenditures decreased steadily over the POI, in each year they remained greater than depreciation/amortization charges, thus indicating a net addition to the capital stock of the domestic industry throughout the POI. See CR/PR at Table VI-1 and VI-5. On balance, Commissioner Bragg does not find the domestic industry to be in a vulnerable condition.

III. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

Section 771(7)(F) of the Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”⁹¹ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole.”⁹² In making our determination, we have considered all factors that are relevant to this investigation.⁹³

Based on an evaluation of the relevant statutory factors, we find that an industry in the United States is not threatened with material injury by reason of imports of standard pipe from China that Commerce found to be sold in the U.S. market at less than fair value.

As described above, the U.S. industry is currently profitable, generating an operating margin of 5.0 percent in 2001. The number of profitable firms and the industry’s employment of production workers increased over the period examined.⁹⁴ Though the domestic industry’s profitability declined somewhat between 1999 and 2001, there is no evidence that subject imports were responsible to any material extent for the decline in profitability, which the record indicates reflects weakening demand and competition from nonsubject imports.

The Commission collected data from Chinese producers that represented over *** of subject imports in 2001.⁹⁵ The United States accounted for considerably less than half of shipments by the subject Chinese producers during the period examined. The share of the foreign producers’ shipments that was exported to the United States was 35.1 percent in 1999, 39.6 percent in 2000, and 30.6 percent in 2001, yet the share of apparent U.S. consumption held by subject imports remained *** percent or less.⁹⁶ The Chinese home market accounted for half of the subject Chinese producers’ shipments in two of the three years between 1999 and 2001.⁹⁷

The record does not indicate that substantially increased imports in the imminent future are likely. The evidence indicates that unused production capacity is not significant relative to apparent U.S.

⁹¹ 19 U.S.C. §§ 1673d(b)(1), 1677(7)(F)(ii).

⁹² 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon “positive evidence tending to show an intention to increase the levels of importation.” Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int’l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int’l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

⁹³ 19 U.S.C. § 1677(7)(F)(i). Factor VII regarding raw and processed agriculture products is inapplicable in this investigation as is Factor I concerning countervailable subsidies. See 19 U.S.C. § 1677(7)(F)(i).

⁹⁴ CR/PR at Tables III-5 and VI-1.

⁹⁵ CR at VII-1; PR at VII-1. We base our determination on data from those Chinese producers currently shipping to the United States. While Chinese producers not currently exporting to the United States could begin doing so, there is nothing on the record indicating that this is likely or imminent. It would also be inappropriate to take adverse inferences against the Chinese industry as a whole, as suggested by petitioners, given the response from the Chinese producers that are currently exporting to the United States. See Petitioners’ Final Comments at 3-4.

⁹⁶ CR/PR at Table VII-1.

⁹⁷ CR/PR at Table VII-1.

consumption.⁹⁸ The capacity utilization of the Chinese producers exceeded 80 percent in every year of the period examined.⁹⁹ Nor is there evidence of an imminent, substantial increase in production capacity among the foreign producers. The capacity of the foreign producers increased by less than 3 percent between 1999 and 2001,¹⁰⁰ and is projected to remain flat in 2002.¹⁰¹

There was not a significant rate of increase in the volume or market penetration of subject imports during the period 1999-2001 that would indicate the likelihood of substantially increased imports in the imminent future. As discussed above, the quantity of subject imports increased in absolute terms from 1999 to 2000 by *** short tons, a volume equivalent to less than *** percent of apparent U.S. consumption in 2001.¹⁰² Moreover, while subject imports increased by *** percent in 2000 as compared to 1999, subject imports declined by *** percent in 2001 versus 2000.¹⁰³ Throughout the period 1999-2001, market penetration of the subject imports remained low, and thus the absolute increase was not significant.

Most of the reporting Chinese producers produce other products on the same equipment used to produce standard pipe.¹⁰⁴ Petitioners allege that subject producers can switch from production of hot-rolled steel, which is covered by antidumping duties in excess of 64 percent,¹⁰⁵ to standard pipe.¹⁰⁶ These facts and allegations, however, do not lead us to conclude that further dumped imports are imminent because of product-shifting by the subject producers of standard pipe in China. To the contrary, the recent imposition of 15 percent duties on welded pipe other than OCTG (and smaller diameter line pipe) suggests that alternative markets and products are now relatively more accessible to Chinese producers than the U.S. market for standard pipe.

Inventories held by the foreign producers declined over the period and were equivalent to less than one percent of apparent U.S. consumption in 2001.¹⁰⁷ Importers' inventories were even smaller relative to the U.S. market.¹⁰⁸ Taking these factors into account, we conclude that the record does not indicate that a likelihood of substantially increased imports is imminent.

We also find no evidence in the record that the subject imports are likely to enter the United States at prices likely to have a significant depressing or suppressing effect on domestic prices. The subject

⁹⁸ Reported excess capacity was *** short tons in 2001. See CR/PR at Table VII-1. However, the largest reporting subject Chinese producer did not report its capacity. See CR/PR at Table VII-1 n.1. That producer reported *** short tons of production in 2001. See *** Foreign Producer Questionnaire at 5. Assuming that producer was operating at the same rate of capacity utilization, 81.4 percent, as the subject producers who reported capacity and production, we can estimate total excess capacity of the reporting subject producers at *** short tons. This amount is equivalent to less than *** percent of U.S. apparent consumption for 2001. See CR/PR at Table IV-2.

⁹⁹ CR/PR at Table VII-1.

¹⁰⁰ CR/PR at Table VII-1.

¹⁰¹ CR/PR at Table VII-1.

¹⁰² See CR/PR at Table IV-2.

¹⁰³ See CR at Table IV-2.

¹⁰⁴ CR at VII-1 to VII-3; PR at VII-1.

¹⁰⁵ See Hot-Rolled Steel Products from China, India, Indonesia, Kazakhstan, Netherlands, Romania, South Africa, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-404-408 (Final) and 731-TA-899-904 and 906-908 (Final) USITC Pub. 3468 (November 2001).

¹⁰⁶ See Petitioners' Postconference Brief at A-12, A-19.

¹⁰⁷ See CR/PR at Tables VII-1 and IV-2.

¹⁰⁸ See CR/PR at Tables VII-2 and IV-2. Inventories of subject merchandise held by importers were only equivalent to *** percent of apparent U.S. consumption in 2001.

imports were priced lower than domestic standard pipe, yet there was no evidence that subject imports were depressing or suppressing U.S. prices to any significant degree. Further, despite reported underselling, the prices of the subject imports have not significantly increased demand for the subject product over the period, and we see no likelihood that they would do so in the imminent future. Indeed, U.S. prices rose for the two galvanized products that the petitioners argue comprise the largest share of subject imports.¹⁰⁹ Nor does the record indicate a likely and imminent decline in the price of the subject imports.¹¹⁰ To the contrary, the recent imposition of 15 percent duties on standard pipe and other welded pipe is likely to put upward pressure on the prices of subject imports, as well as those of other covered imports. Given that the subject import volumes are not likely to increase substantially in the imminent future and the lack of price effects during the period examined, we do not find that the subject imports are likely to have significant depressing or suppressing price effects in the U.S. market.

The record does not indicate actual or potential negative effects from the subject imports on the existing development and production efforts of the domestic industry. Though some producers reported negative effects from the subject imports, a substantial number reported that no ill effects could be traced to the subject imports.¹¹¹

We have considered whether there are any other demonstrable adverse trends that indicate the probability of likely material injury by reason of imports of the subject merchandise. In this regard, petitioners argue that the industry faces a cost/price squeeze due to the increases in the prices of hot-rolled steel.¹¹² Despite possible increases in raw material costs, the evidence does not indicate that the domestic industry will be rendered vulnerable in the imminent future.¹¹³ There also are no known dumping findings or antidumping remedies in third-country markets against the subject imports.¹¹⁴

Given the lack of likely volume and price effects of subject imports and the present condition of the domestic industry, we find that material injury by reason of subject imports of standard pipe from China is not imminent.

Based on an evaluation of all the relevant statutory factors, we do not find that further dumped subject imports from China are imminent or that material injury by reason of such imports would occur absent an antidumping duty order. Accordingly, we do not find that an industry in the United States is threatened with material injury by reason of subject imports from China that Commerce found to be sold in the United States at less than fair value.¹¹⁵

¹⁰⁹ CR/PR at Figs. V-2, and V-3; Petitioners' Posthearing Brief at 5, 6, 8, A-22 & Exhibit 3.

¹¹⁰ See CR at Figs. V-1, V-2, and V-3 (prices for subject imports moving in a narrow range and rising at end of period for all three products).

¹¹¹ CR/PR at App. D; Tr. at 105.

¹¹² Petitioners' Postconference Brief at 14.

¹¹³ We note in this regard that industry consolidation increases the ability of large producers to bargain for raw material inputs. Such bargaining power has contributed to the consistent *** operating margin reported by Allied. Petitioners' Posthearing Brief at A21-A22.

¹¹⁴ CR at VII-3; PR at VII-3.

¹¹⁵ Having preliminarily attributed present material injury in part to imports from Indonesia, Malaysia, Romania, and South Africa, Commissioner Bragg did not reach the question of threat of material injury in the preliminary phase of the investigations. See USITC Pub. 3439 at 21-32.

Based upon the increase in the ratio of COGS to sales evidenced over the POI, coupled with recent increases in the price for hot-rolled steel (which accounts for over two-thirds of the cost of goods sold for U.S. standard pipe), Commissioner Bragg gives credence to the petitioners' claim that the domestic industry confronts an imminent cost/price squeeze. See CR/PR at V-1 to V-2 and Table C-1. Commissioner Bragg further finds that
(continued...)

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of standard pipe from China that Commerce found to be sold in the United States at less than fair value.

¹¹⁵ (...continued)

imports of standard pipe threaten to exacerbate this cost/price squeeze in the imminent future; however, Commissioner Bragg attributes this threat primarily to nonsubject imports (including imports from Indonesia, Malaysia, Romania, and South Africa), and not to subject imports from China standing alone.

Specifically, Commissioner Bragg notes that the record in the preliminary phase of the investigations indicated that imports of standard pipe from Indonesia, Malaysia, Romania, and South Africa, predominantly undersold the domestic like product by substantial margins. See USITC Pub. 3439 at V-15. Moreover, Commissioner Bragg notes that a comparison of semiannual data for the first six months versus the latter six months of 2001 indicates that the volume of imports of standard pipe from Indonesia, Malaysia, Romania, and South Africa, increased by over six percent. See official Commerce statistics. In particular, the volume of imports from Indonesia increased by over 28 percent and the volume of imports from Romania increased by over 60 percent. See id. Commissioner Bragg further notes that the average unit value of subject imports from Indonesia, Malaysia, Romania, and South Africa, declined by over five percent from 2000 to 2001, to a level lower than the AUV evidenced for 1999. See id.

The recent surge in low-priced import volumes from these two countries, as well as the overall increase in import volumes for these four countries taken together, coincides with the Commission majority's negative preliminary determination rendered in July 2001. USITC Pub. 3439 at 3. Based upon all the foregoing, Commissioner Bragg finds that subject imports from China alone do not pose an imminent threat of material injury to the domestic industry.