

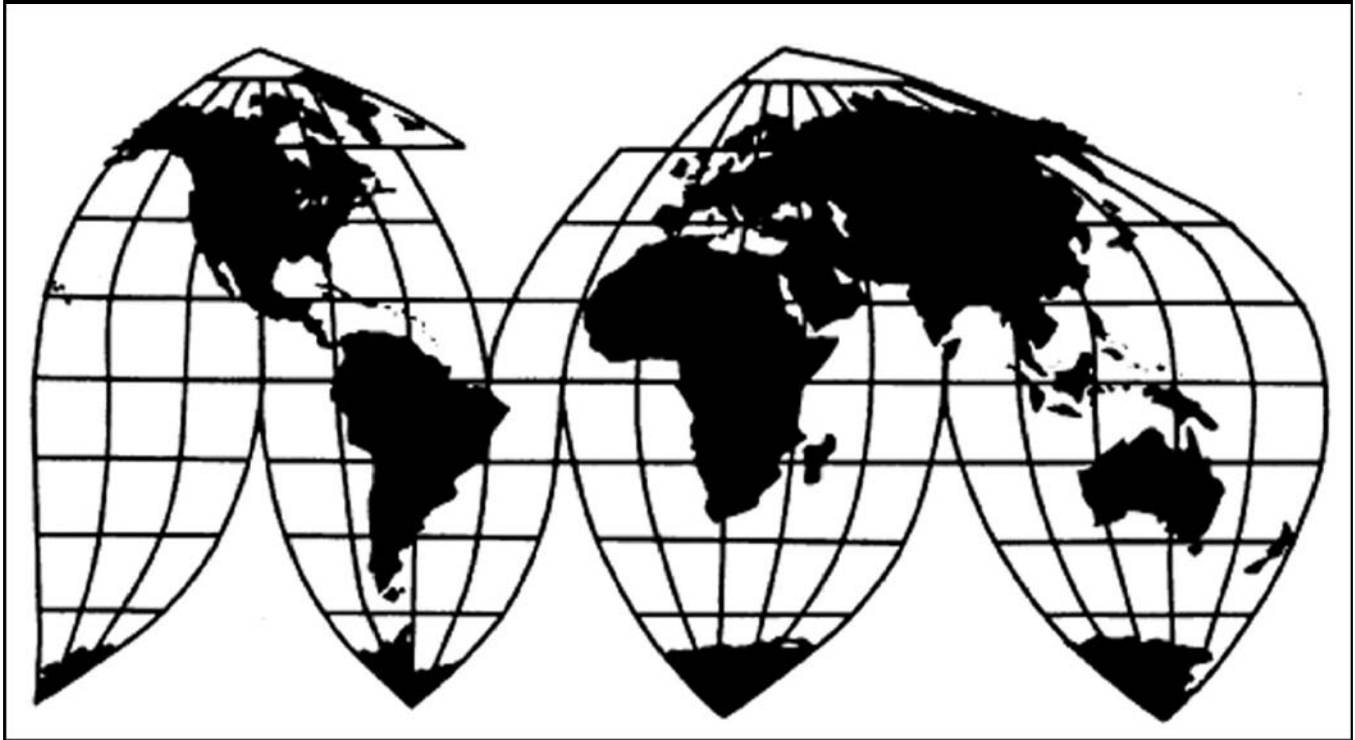
Welded Stainless Steel Pressure Pipe from China

Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)

Publication 4064

March 2009

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)

WELDED STAINLESS STEEL PRESSURE PIPE FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of welded stainless steel pressure pipe, provided for in subheadings 7306.40.50 and 7306.40.10 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be subsidized by the Government of China and sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted these investigations effective January 30, 2008, following receipt of a petition filed with the Commission and Commerce by Bristol Metals (Bristol, TN), Felker Brothers Corp. (Marshfield, WI), Marcegaglia USA, Inc. (Munhall, PA), Outokumpu Stainless Pipe, Inc. (Schaumburg, IL), and The United Steel Workers (Pittsburgh, PA).² The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of welded stainless steel pressure pipe from China were being subsidized by the Government of China and being sold at LTFV within the meaning of section 703(b) and 733(b) of the Act (19 U.S.C. § 1671b(b) and 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of October 6, 2008 (73 FR 58265). The hearing was held in Washington, DC, on January 13, 2009, 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 United Steel, Paper and Forestry, Rubber, Manufacturing Energy, Allied Industrial and Service Workers International Union.

VIEWS OF THE COMMISSION

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of certain welded stainless steel pressure pipe from the People's Republic of China ("China") that have been found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value and subsidized by the Government of China.

I. BACKGROUND

The petitions in these investigations were filed on January 30, 2008, by four of the eight known domestic producers of welded stainless steel pressure pipe: Bristol Metals of Bristol, TN ("Bristol Metals"); Felker Brothers Corp. of Marshfield, WI and Glasgow, KY ("Felker Brothers"); Marcegaglia USA, Inc. of Munhall, PA ("Marcegaglia"); and Outokumpu Stainless Pipe, Inc. of Wildwood, FL ("Outokumpu"). The United Steel, Paper and Forestry, Rubber, Manufacturing Energy, Allied Industrial and Service Workers International Union of Pittsburgh, PA (herein "USW") also joined petitioners.¹ Petitioners participated in the staff conference and hearing and submitted briefs. Petitioners as well as Webco Industries, Inc. ("Webco") of Mannford, OK, ***, provided complete questionnaire responses, and they collectively accounted for approximately *** percent of U.S. production in 2007.²

Although petitioners identified 23 possible producers in China,³ only Winner Stainless Steel Co., Ltd. ("Winner") provided a questionnaire response in the preliminary phase of these investigations. No producer or exporter of subject merchandise from China participated in the final phase of these investigations or provided responses to the Commission's data requests.⁴

At least 12 firms have imported WSS pressure pipe from China since January 1, 2005.⁵ The three largest importers – ***, ***, and *** – collectively accounted for almost *** percent of reported U.S. imports from China in 2007.⁶ A representative from Silbo, an importer ***, participated in the preliminary staff conference but did not otherwise participate as a party in these investigations.

¹ See, e.g., Confidential Staff Report, Mem. INV-GG-009 (Feb. 5, 2009), as amended by Mem. INV-GG-011 (Feb. 19, 2009) ("CR") at I-1, I-3; Welded Stainless Steel Pressure Pipe from China, Invs. Nos. 701-TA-454 and 731-TA-1144 (Final), USITC Pub. 4064 (Mar. 2009) ("PR") at I-1, I-3.

² See, e.g., CR at I-3; PR at I-3; CR/PR at Table III-1. The other three known U.S. producers, Alaskan Copper & Brass Co. ("Alaskan Copper"), RathGibson, Inc. ("RathGibson"), and Swepeco Tube ("Swepeco"), provided partial information. These companies provided their production quantities of WSS pressure pipe during the period for which questionnaire data were collected, January 1, 2005 through the first nine months of 2008 (herein "period of investigation"). These three companies did not provide other data on shipments and financial performance of their WSS pressure pipe operations during this period. Swepeco only submitted this information after the Commission issued an administrative subpoena to the company. See, e.g., CR at III-1 & n.1; PR at III-1 & n.1.

³ See, e.g., CR at I-3, VII-4; PR at I-3, VII-3 to VII-4.

⁴ See, e.g., CR at VII-4; PR at VII-3 to VII-4. Staff report data on the industry in China are based on Winner's questionnaire response as well as additional factual data gathered during these investigations. See, e.g., CR at VII-2 to VII-9; PR at VII-2 to VII-6.

⁵ See, e.g., CR at I-3; PR at I-3.

⁶ See, e.g., CR at I-3; PR at I-3.

II. DOMESTIC LIKE PRODUCT

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.”⁷ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁸ In turn, the Tariff 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”⁹

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.¹⁰ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹¹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹² Although the Commission must accept Commerce’s determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,¹³ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁴

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(4)(A).

⁹ 19 U.S.C. § 1677(10).

¹⁰ See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including the following: (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).

¹¹ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹² Nippon, 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.”).

¹³ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹⁴ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming the Commission’s determination defining six like products in investigations where Commerce found five classes or kinds).

B. Scope

Commerce defined the imported merchandise within the scope of these investigations as circular welded austenitic stainless steel pressure pipe

not greater than 14 inches in outside diameter. This merchandise includes, but is not limited to, the American Society for Testing and Materials (“ASTM”) A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications.¹⁵

“Pipes,” “tubes,” and “tubing” are terms that refer to hollow forms used to convey gases, liquids, and solids and for a variety of mechanical and structural purposes.¹⁶ Most stainless steel tubular products, including those certified to ASTM specifications A-312 and A-778 or equivalent, are produced from either of two common grades of austenitic stainless steel (American Iron and Steel Institute (“AISI”) types 304/304L or 316/316L).¹⁷ A-312 is the most common specification for stainless steel pipe and accounts for much of the WSS pressure pipe consumed in the United States.¹⁸ Welded A-312 pipe is designed for high temperatures and general corrosion-resistant service and must be annealed (heat treated) after welding. Major uses for A-312 pipe are digester lines, pharmaceutical production lines, petrochemical stock lines, automotive paint lines, and various processing lines such as those in breweries, paper mills, and general food-processing facilities.¹⁹ A-778 pipe is similar to A-312 but differs in the welding process and does not require post-weld annealing. A-778 pipe is most often used in the pulp and paper industry and for wastewater applications, and it is also used in corn-fermentation systems to produce ethanol and low-pressure fluid transfer systems.²⁰

¹⁵ Excluded from the scope are (1) welded stainless mechanical tubing meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications. The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (“HTSUS”). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. Commerce explained that the HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope is dispositive. *See, e.g.*, 74 Fed. Reg. 4936, 4937 (Jan. 28, 2009) (countervailing duty); 74 Fed. Reg. 4913, 4914 (Jan. 28, 2009) (antidumping duty).

¹⁶ *See, e.g.*, CR at I-8; PR at I-7.

¹⁷ *See, e.g.*, CR at I-10 to I-11; PR at I-8. As discussed below, some products meet specification ASTM A-358 for use in critical applications where failure of the weld might have serious consequences, such as in nuclear power plants and liquefied natural gas facilities. *See, e.g.*, CR at I-12; PR at I-9.

¹⁸ *See, e.g.*, CR at I-11; PR at I-9.

¹⁹ *See, e.g.*, CR at I-11; PR at I-9.

²⁰ *See, e.g.*, CR at I-12; PR I-9.

C. Background on Previous Investigations and Reviews Involving Similar Scopes

The Commission has conducted several prior investigations of welded stainless steel hollow products.²¹ Two antidumping duty orders are currently in effect regarding certain welded stainless steel pressure pipe imports from Korea and Taiwan, but the scope of those orders differs somewhat from the scope of the current investigations. The scope of those orders includes circular welded austenitic stainless pressure pipe made to ASTM A-312 specifications regardless of the outside diameter of the pipe, whereas, as indicated above, the scope of these investigations includes welded stainless steel meeting either ASTM A-312 or A-778 specifications, but not pressure pipes with an outside diameter greater than 14 inches.²² Pressure tubes are excluded from the scope of the Korean and Taiwan orders and from the scope of the current investigations.²³

D. Whether to Define the Domestic Like Product Broader than the Scope to Include Large-Diameter Pressure Pipes

The scope of these investigations includes ASTM A-312 and A-778 pipes but only if the outside diameters are not greater than 14 inches (“small-diameter pressure pipe” or “WSS pressure pipe”). In the preliminary determinations, at the request of importer Silbo,²⁴ the Commission considered whether to define the domestic like product more broadly than the scope to include large-diameter pressure pipes. No party had urged the Commission to distinguish between small-diameter and large-diameter pipes in any of the previous investigations or reviews involving welded stainless steel hollow products, and these investigations appeared to be the first instance in which the scope differentiated between small- and large-diameter welded stainless steel pressure pipes.

Based on the record in the preliminary phase of these investigations, which consisted primarily of evidence offered by petitioners, the Commission defined the domestic like product as WSS pressure pipe not greater than 14 inches in outside diameter, coextensive with the scope. The Commission indicated that it would revisit the issue in any final phase investigations.²⁵

²¹ See, e.g., CR/PR at Table I-1. In addition to the investigations of imports from Korea and Taiwan discussed below, there were two earlier investigations involving welded stainless steel pipes. In Welded Stainless Steel Pipe and Tube from Japan, Inv. No. AA1921-180, USITC Pub. 899 (Jul. 1978), the Commission made a negative determination. In Stainless Steel Pipes and Tubes from Sweden, the Commission made negative final determinations regarding welded stainless steel products in both the countervailing duty investigation, Inv. No. 701-TA-281 (Final), USITC Pub. 1966 (Apr. 1987), and the companion antidumping duty investigation, Inv. No. 731-TA-354 (Final), USITC Pub. 2033 (Nov. 1987).

²² See, e.g., Certain Welded Stainless Steel Pipe from Korea and Taiwan, Invs. Nos. 731-TA-540 and 541 (Second Review), USITC Pub. 3877 (Aug. 2006); Certain Welded Stainless Steel Pipe from Korea and Taiwan, Invs. Nos. 731-TA-540 and 541 (Review), USITC Pub. 3351 (Sept. 2000); Certain Welded Stainless Steel Pipe from Korea and Taiwan, Invs. Nos. 731-TA-540 and 541 (Final), USITC Pub. 2585 (Dec. 1992); Transcript of Feb. 21, 2008 Staff Conference (“Confer. Tr.”) at 52-53 (Schagrin for Petitioners).

²³ See, e.g., Confer. Tr. at 53 (Schagrin).

²⁴ Silbo argued that petitioners’ proposed domestic like product was a means to exclude the domestic pipe industry’s most profitable segment and its significant large-diameter pressure pipe exports. Silbo did not submit a postconference brief or other documentation to support its arguments and did not submit any briefs in the final phase of these investigations or participate in the hearing. See, e.g., Confer. Tr. at 96-97, 109-10 (Jakob for Silbo).

²⁵ See, e.g., Welded Stainless Steel Pressure Pipe from China, Invs. Nos. 701-TA-454 and 731-TA-1144 (Prelim.), USITC Pub. 3986 at 4-10 (Mar. 2008).

In the final phase of these investigations, petitioners asked the Commission to define a single domestic like product that is coextensive with the scope, consistent with their argument in the preliminary phase.²⁶ No party argued to the contrary.

Physical Characteristics and Uses. Small- and large-diameter pipes have similar shapes and are made to specific ASTM specifications such as ASTM A-312, A-778, and A-358.²⁷ Small- and large-diameter pipes differ in terms of wall thickness and outside diameter, and purchaser questionnaire responses were mixed about whether these are the primary distinctions between the two.²⁸ Small-diameter pipes are made to tighter tolerances and to more exacting physical specifications (such as specific ASTM specification gauge schedules), whereas larger sizes are made to a specific customer's requirements for less-stringent applications (such as for lower pressure uses).²⁹ Because small-diameter pipes generally are made from stainless steel coils of sheet, strip, or plate and large-diameter pipes are made from one or more stainless steel cut-to-length plates or sheets, there are also differences in the characteristics of small- and large-diameter pipes that are associated with differences in welding processes, as discussed below. To meet the requirements of ASTM specifications A-312 and A-778, small-diameter pipe can only have a single longitudinal seam (in the case of A-312 and A-778) or a spiral butt-weld seam (in the case of A-778). Large-diameter pipes are allowed to have a maximum of two or three longitudinal welded seams, and their weld-seams are more prevalent since they have not been cold-worked (planished).³⁰

Small- and large-diameter pressure pipes are often sold for different end uses, although there is some overlap.³¹ For example, small-diameter pipes commonly are used in chemical, petroleum, food, high-technology, aeration, ethanol, and pulp and paper applications.³² In contrast, large-diameter pipes generally are used for large-scale chemical, liquified natural gas, and waste-water treatment projects, in the mining industry, for scrubber systems for emissions control at coal-fired power plants, and in large air-duct systems or other lower-pressure uses.³³

Interchangeability. Differences in size, tolerances, and seams between small- and large-diameter pipe limit their interchangeability. End users specify the size they need, choosing specific pipe sizes for specific pressure and flow characteristics.³⁴ Unlike large-diameter pipes, small-diameter pressure pipes are produced to tighter tolerances and have been cold-worked, ironed, and/or planished.³⁵ Supplemental

²⁶ See, e.g., Petitioners' Prehearing Br. at 1, 3-6.

²⁷ See, e.g., CR at I-11 to I-12, I-19; PR at I-8 to I-9, I-13. A-358 pipe is used in critical applications where failure of the weld might have serious consequences, such as in nuclear power plants and liquified natural gas facilities. See, e.g., CR at I-12; PR at I-9. As indicated earlier, such pipe is only included in the scope of these investigations when produced to meet ASTM A-312 or ASTM A-778 specification.

²⁸ See, e.g., CR at I-18; PR at I-13.

²⁹ See, e.g., Confer. Tr. at 123 (Schagrin); Petitioners' Postconf. Br. at 8-9; CR at I-17 to I-18; PR at I-13, I-16; Transcript of Jan. 13, 2009 Hearing ("Hearing Tr.") at 41 (Henke for Felker Brothers).

³⁰ See, e.g., CR at I-9, I-18; PR at I-7, I-13.

³¹ See, e.g., CR at I-18 to I-19; PR at I-13; Hearing Tr. at 41 (Henke for Felker Brothers).

³² See, e.g., Petitions, Vol. I at 3-4; Petitioners' Postconf. Br. at 8-9; CR at I-17; PR at I-13.

³³ See, e.g., Confer. Tr. at 123 (Schagrin); Petitioners' Postconf. Br. at 8-9; CR at I-17 to I-18; PR at I-13; Hearing Tr. at 50-51 (Boling for Bristol Metals).

³⁴ See, e.g., CR at I-22; PR at I-16; Hearing Tr. at 51-52 (Henke for Felker Brothers, Carpenter for Outokumpu).

³⁵ See, e.g., CR at I-9, I-18; PR at I-7, I-13; Hearing Tr. at 41 (Henke for Felker Brothers).

requirements and testing (i.e., X-ray, eddy current, dye penetration, and corrosion testing) are common for large- but not for small-diameter pipes.³⁶

Channels of distribution. The vast majority of small-diameter pipe is sold on the spot market through distributors that maintain inventories, whereas the majority of large-diameter pipe is custom-made for individual projects for specific uses and sold either through distributors or directly to fabricators or end users.³⁷ Several purchasers of small-diameter pipes reported that they do not purchase large-diameter pipes,³⁸ although some purchasers reported buying both small- and large-diameter pipes.³⁹ Some master distributors do inventory small quantities of 16-, 18-, 20-, 24-, and 30-inch large-diameter pipes, but even then, these larger pipes appear destined for specific customers for specific projects.⁴⁰

Common Manufacturing Facilities, Production Processes, and Production Employees. Small-diameter pipes are usually made on different equipment using different production processes than large-diameter pipes. Small-diameter WSS pressure pipe is typically produced using a continuous welding process.⁴¹ Domestic producers have several different continuous weld mills and dedicate each mill to a limited range of pipe diameters based on the individual mill configuration and tooling.⁴²

Most domestic producers are unable to use a continuous welding process for sizes larger than 14 inches in outside diameter, although Bristol Metals is able to produce WSS pressure pipe measuring 16 inches in outside diameter in a continuous mill.⁴³ Instead, large-diameter pipes generally are made one

³⁶ See, e.g., CR at I-22 to I-23; PR at I-16.

³⁷ See, e.g., CR at I-24; PR at I-17; Hearing Tr. at 40-41 (Henke for Felker Brothers).

³⁸ See, e.g., CR at I-18; PR at I-13.

³⁹ See, e.g., CR at I-24; PR at I-17.

⁴⁰ See, e.g., Confer. Tr. at 12 (Boling for Bristol Metals), 112-13 (Jakob for Silbo); 122-23 (Schagrin); Petitioners' Postconf. Br. at 9-10; CR at I-18, I-24; PR at I-13, I-17.

⁴¹ See, e.g., CR at I-9, I-19 to I-21; PR at I-7, I-11; Hearing Tr. at 54 (Boling for Bristol Metals), 54-55 (Schagrin), 62 (Carpenter for Outokumpu). In general, to produce small-diameter pipes, coiled stainless steel flat-rolled products (sheet, strip, or plate of a width essentially corresponding to the outside diameter of the pipe to be produced) are put into an uncoiler and fed into a series of paired forming rolls. See, e.g., CR at I-14; PR at I-11. As the product progresses through the rolls, its cross-sectional profile is formed into a tubular shape with the butted edges welded along the seam. See, e.g., CR at I-14; PR at I-11. Welding is accomplished using the tungsten inert gas ("TIG") process, the plasma process, or the laser welding process. These methods allow welding without filler material, complete fusion of butted edges, and shielding of the weld area with inert gas to prevent oxidation. See, e.g., CR at I-15; PR at I-11 to I-12. After welding, the pipe proceeds through an in-line annealing furnace, if applicable, see, e.g., CR at I-11 to I-12; PR at I-12, is then straightened, and is finally cut to length. See, e.g., CR at I-15 to I-16; PR at I-12.

⁴² See, e.g., CR at I-14; PR at I-11; CR/PR at Table III-6. For example, Bristol Metals dedicates most of its eight continuous weld mills to producing only two or three specific sizes of WSS pressure pipe. See, e.g., Hearing Tr. at 22 (Boling for Bristol Metals); CR at I-14; PR at I-11. Marcegaglia manufactures pressure pipe on ***. See, e.g., CR at I-14; PR at I-11; Petitioners' Posthearing Br. at Exh. 11.

⁴³ See, e.g., CR at I-9, I-19 to I-21; PR at I-7, I-11 to I-12; CR/PR at Table III-6. Domestic producers testified that, due to limitations in available coil dimensions, the large expense associated with constructing and tooling a greenfield facility, and the limited and sporadic demand for specific large-diameter products, it is unlikely that they would produce pressure pipe of greater outside diameter than is already produced today in continuous mills. See, e.g., CR at I-20; PR at I-14; Hearing Tr. at 54 (Boling for Bristol Metals), 54-55 (Schagrin), 56-57 (Boling for Bristol Metals), 61-64 (Carpenter for Outokumpu), 65 (Henke for Felker Brothers). Indeed, in contrast to the more integrated U.S. carbon steel industry, WSS pressure pipe producers in the United States are dependent on flat-rolled stainless steel producers to supply them with products of the desired width because U.S. WSS pressure pipe

(continued...)

at a time in 10- or 20-foot lengths using a slower batch process on press-brake equipment that welds at a rate of inches per minute instead of thousands of inches per minute as can be done with small-diameter pipes.⁴⁴ Whereas continuous mills are dedicated to a narrow range of sizes (e.g., two to three products within a few inches), a press-brake mill is more flexible (e.g., producing pipes of between 48- and 72-inches on the same equipment).⁴⁵

Whereas the start-to-finish manufacturing process for small-diameter pipes may take one to two days on a continuous welding line, the process to produce large-diameter pipes may take one to two weeks.⁴⁶ In a press-brake process, semi-automatic welding is utilized, requiring constant operator intervention.⁴⁷ Because the press-brake process is so labor-intensive, this process is typically used to produce pipe with outside diameters of 16 inches or greater, although very limited production of smaller-diameter products using a press brake was reported.⁴⁸

Those domestic producers that make both small- and large-diameter pressure pipes produce predominantly one or the other, specializing in particular sizes.⁴⁹ Different employees generally are used to produce small- and large-diameter pipes, because additional training is needed before employees can be moved between the production processes. Production of large-diameter pipes is also more labor-intensive to the extent that it involves multiple blows to form the pipe and continuous operator monitoring and intervention during assembly by a semi-automatic seamer welding process.⁵⁰

Producer/Customer Perceptions. Some domestic producers and some purchasers viewed small- and large-diameter products as different products, with some purchasers reporting purchasing only one or

⁴³ (...continued)

producers do not produce or even cut their own coils. See, e.g., Hearing Tr. at 61-62 (Schagrin).

⁴⁴ See, e.g., CR at I-15; PR at I-11; Petitioners' Postconf. Br. at 7-8; Confer. Tr. at 31 (Schagrin); Hearing Tr. at 54 (Boling for Bristol Metals), 54-55 (Schagrin), 63 (Schagrin). The press-brake batch process begins with a cut-to-length sheet (or cut-to-length plate) of a width essentially corresponding to the outside diameter and a length equal to the length of the piece of pipe to be produced. Alternatively, two or three narrower pieces of cut-to-length steel can be pressed into the shape of a pipe with two or even three longitudinally welded seams. See, e.g., CR at I-15; PR at I-11. A press gradually bends the cut-to-length sheet into a cylindrical shape, and each length of pipe is individually welded, then annealed in a separate operation, and subsequently pickled in acid to yield a "bright" surface finish. See, e.g., Feb. 5, 2008, Supplement to the Petitions at Quest. 8; Confer. Tr. at 31, 122 (Schagrin); Petitioners' Postconf. Br. at 7 (citing USITC Pub. 3877 at I-16 to I-17); CR at I-16; PR at I-12. In some instances, a spiral welding process may be used wherein a steel strip is spiraled and welded along the spiral to produce pipes of any diameter. The looped weld running throughout the product rather than along a single straight line reportedly is a disadvantage in terms of weld refinement and potential end use. In addition, the spiral weld process cannot be used for welded A-312 products because the ASTM specification requires straight-seam welding. The spiral-weld process is used only for large-diameter pipes and requires a separate non-inline annealing step because of the non-linear weld. See, e.g., CR at I-9; PR at I-7; Feb. 5, 2008, Supplement to Petitions at 1.

⁴⁵ See, e.g., CR at I-15; PR at I-11; Hearing Tr. at 65-66 (Schagrin); CR/PR at Table III-6.

⁴⁶ See, e.g., Petitioners' Postconf. Br. at 8; Hearing Tr. at 63 (Schagrin).

⁴⁷ See, e.g., USITC Pub. 3986 at I-12 to I-13.

⁴⁸ See, e.g., CR at I-15; PR at I-11. *** reported the capability to produce small-diameter WSS pressure pipe on a press brake, but WSS pressure pipe is a very small portion of overall production for ***. See, e.g., CR at I-15 at n.57; PR at I-11 at n.57; CR/PR at Table III-5, Table III-6. *** reported that it has ***. See, e.g., CR at I-14 at n.53; PR at I-11 at n.53; CR/PR at Table III-6.

⁴⁹ See, e.g., CR at I-19; PR at I-14; CR/PR at Table III-5.

⁵⁰ See, e.g., Confer. Tr. at 122 (Schagrin); Petitioners' Postconf. Br. at 7-8 (citing USITC Pub. 3877 at I-16 to I-17); CR at I-20; PR at I-14 to I-15; CR/PR at Table III-5; Hearing Tr. at 40-41 (Henke for Felker Brothers).

the other. Some purchasers, however, did not see differences between the two products beyond wall thickness and diameter.⁵¹

Price. Large-diameter pipes have higher average unit values than small-diameter pipes.⁵² Small-diameter WSS pressure pipe is sold based on price lists from which discounts may be taken. In contrast, large-diameter pipes are sold at a markup from cost rather than based on a market list price, and price discounts are less common.⁵³

Conclusion: The evidentiary record compiled in the final phase of these investigations indicates that there are some similarities between small- and large-diameter pipes in that they are made in similar shapes to the same ASTM specifications. Differences in manufacturing processes, however, lead to different wall thicknesses and outside diameters, affect tolerances and seams, and limit interchangeability between the products. There is also limited overlap between the products in terms of manufacturers, manufacturing equipment, manufacturing time, and employees.⁵⁴ Small-diameter pipes are generally sold to distributors and inventoried, whereas large-diameter pipes are generally sold directly for different end uses to specific end users and/or for specific projects and sometimes require specialized testing. Prices and pricing practices also differ between small- and large-diameter pipe products.⁵⁵

In light of these facts, based on the current record, and in the absence of any contrary arguments, we define one domestic like product that is coextensive with the scope and that consists of small-diameter welded pressure pipe with an outside diameter not greater than 14 inches (hereinafter “WSS pressure pipe”).

III. DOMESTIC INDUSTRY

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁵⁶ In defining the domestic industry, the

⁵¹ See, e.g., CR at I-18, I-24; PR at I-15, I-16.

⁵² See, e.g., CR at I-25; PR at I-17. Although we approach comparisons of average unit values with caution, we note that U.S. producers and purchasers largely view large-diameter pipes as higher-priced than small-diameter pipes. See, e.g., CR at I-25, I-26; PR at I-17, I-18.

⁵³ See, e.g., CR at I-25 to I-26; PR at I-18; Hearing Tr. at 41 (Henke for Felker Brothers).

⁵⁴ The overlap includes *** and Bristol Metal’s production of 16-inch large-diameter pipes on continuous production equipment that is also used to make small-diameter pipes.

⁵⁵ In the preliminary phase of these investigations, the Commission declined to expand the domestic like product to include welded stainless steel pressure *tubes*. See, e.g., USITC Pub. 3986 at 6 n.21; see also *id.* at 10 at n.49 (Vice Chairman Pearson). Based on the current record, and in the absence of arguments in favor of including tubes, we again decide not to define a domestic like product broader than the scope that would include pressure tubes. Pressure pipes and pressure tubes differ significantly with respect to physical characteristics (specifications, dimensions, tolerances, finish, mechanical properties), end uses, channels of distribution, the producers and lines on which they are produced, and average unit values. See, e.g., CR at I-8 to I-9, I-13 to I-14, I-18 to I-19, I-21 to I-23 & nn.75-76, I-25, I-26; PR at I-7, I-10, I-15 & nn.75-76, I-16 to I-17, I-18; Hearing Tr. at 52 (Carpenter for Outokumpu); USITC Pub. 3877 at 5-11.

⁵⁶ 19 U.S.C. § 1677(4)(A).

Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.⁵⁷

Consistent with our definition of the domestic like product, we define the domestic industry as domestic producers of WSS pressure pipe. Based on the information reported in the final phase of these investigations, the industry consists of five companies, ***.⁵⁸

IV. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA⁵⁹

A. Legal Standards

In the final phase of antidumping or countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁶⁰ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁶¹ The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."⁶² 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.⁶³ 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."⁶⁴

⁵⁷ No party argues that any domestic producer is related to any producer, exporter, or importer of subject merchandise in China or that any domestic producer imported or purchased any subject merchandise from China. For those domestic producers providing complete questionnaire responses in these investigations, there is no record evidence indicating that any of them is affiliated with a foreign exporter or U.S. importer of the subject merchandise or imported or purchased any subject merchandise from China or is otherwise a related party as defined under 19 U.S.C. § 1677(4)(B). See, e.g., CR/PR at Table III-1; CR at III-13 to III-14; PR at III-9; Confer. Tr. at 56-57. ***, which produced small quantities of WSS pressure pipe in the United States, reported importing *** short tons of subject merchandise from China in ***. See, e.g., CR at III-13 at n.16; PR at III-9 at n.16. ***. See, e.g., CR at III-1 at n.1; PR at III-1 at n.1. ***.

⁵⁸ See, e.g., CR at I-4; PR at I-3.

⁵⁹ In these investigations, imports into the United States are based on official import statistics from Commerce, as modified to include WSS pressure pipe imported under broader HTSUS categories (based on questionnaire responses) and to exclude both pressure pipe over 14 inches in diameter (based on questionnaire responses) and mechanical tubing. See, e.g., CR at I-4; PR at I-3 to I-4. In computing total import volume, staff also excluded imports from Canada into the United States because the overwhelming majority of these imports consists of products that do not correspond to the scope of these investigations. See, e.g., CR at I-4 at n.7; PR at I-3 at n.7. Based on these data, subject imports from China accounted for 51.1 percent of total imports of the merchandise into the United States, by quantity, for the most recent 12-month period preceding the filing of the petitions for which data are available (calendar-year 2007). See, e.g., CR/PR at Table IV-2. There does not appear to be any question that subject imports from China were well above 3 percent of total imports for that period, and no party argues otherwise. Consequently, we conclude that subject imports from China are not negligible under 19 U.S.C. § 1677(24).

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

⁶¹ 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).

⁶² 19 U.S.C. § 1677(7)(A).

⁶³ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁴ 19 U.S.C. § 1677(7)(C)(iii).

While the statute requires the Commission to determine whether the domestic industry is “materially injured by reason of” unfairly traded imports,⁶⁵ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁶⁶ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation, under the “by reason of” standard, must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁶⁷

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include non-subject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁶⁸ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁶⁹ Nor does the

⁶⁵ 19 U.S.C. §§ 1671d(b), 1673d(b).

⁶⁶ Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), aff’g 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁶⁷ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006), where the court stated that the “causation requirement is met so long as the effects of dumping are not merely incidental, tangential, or trivial.” See also Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“to ensure that the subject imports are causing the injury, not simply contributing to the injury in a tangential or minimal way.”); Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (“the statute requires adequate evidence to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.”); Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008).

⁶⁸ Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

⁶⁹ SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Invs. Nos. 701-TA-414 and 731-TA-928

(continued...)

“by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as non-subject imports, which may be contributing to overall injury to an industry.⁷⁰ It is clear that the existence of injury caused by other factors does not compel a negative determination if the subject imports themselves are making more than a minimal or tangential contribution to injury.⁷¹

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”⁷² Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁷³

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive non-subject imports.⁷⁴ The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject

⁶⁹ (...continued)

(Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), *citing* Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁷⁰ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁷¹ See Nippon Steel Corp., 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury. As long as its effects are not merely incidental, tangential or trivial, the foreign product sold at less than fair value meets the causation standard.”).

⁷² Mittal Steel, 542 F.3d at 877-78; *see also id* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination {and has} broad discretion with respect to its choice of methodology.”) *citing* United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

⁷³ Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also* Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁷⁴ Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances, to undertake a particular kind of analysis of non-subject imports. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive, non-subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

imports.⁷⁵ The additional “replacement/benefit” test looked at whether non-subject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods,’” and requires that the Commission not attribute injury from non-subject imports or other factors to subject imports.⁷⁶ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive non-subject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration to the causation and non-attribution issues and adequately explain its analysis.^{77 78}

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard. Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.^{79 80}

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury or threat of material injury by reason of subject imports from China.

⁷⁵ Mittal Steel, 542 F.3d at 875-79.

⁷⁶ Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

⁷⁷ Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos. 731-TA-1131 to 1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

⁷⁸ To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final-phase investigations to producers in non-subject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large non-subject import suppliers). These requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States to provide a more complete record for its causation analysis. The Commission plans to continue utilizing published or requested information in final-phase investigations in which there are substantial levels of non-subject imports.

⁷⁹ Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

⁸⁰ We note that in these investigations, the majority of questionnaire respondents consider domestically produced WSS pressure pipe and imports from China to be “always” or “frequently” interchangeable with non-subject imports, non-subject imports account for a large share of the U.S. market relative to the domestic industry and subject imports, and non-subject imports are price-competitive with the domestic like product. We provide below in section IV.E regarding Impact a full non-attribution analysis of the role of non-subject imports and other factors in any injury experienced by the domestic industry.

1. Demand Conditions

WSS pressure pipe is used primarily as a conduit for liquids or gases, heat exchange, and other purposes in the chemical and petrochemical, food and beverage processing, power generation, and pulp and paper industries.⁸¹ Questionnaire respondents reported few substitutes for WSS pressure pipe⁸² and did not provide much information about the cost share of WSS pressure pipe in the products in which it is used.⁸³

Demand for WSS pressure pipe is derived from the demand of downstream industries and depends on the health of the overall U.S. economy.⁸⁴ Thus, in its preliminary determinations, the Commission did not find that the WSS pressure pipe market is characterized by a regular and measurable business cycle, but found that WSS pressure pipe producers respond to the individual business cycles of several different downstream industries.⁸⁵

Questionnaire respondents disagreed about whether demand for WSS pressure pipe had increased, decreased, fluctuated, or remained unchanged since January 1, 2005.⁸⁶ The record indicates that demand for WSS pressure pipe increased strongly between 2005 and 2007 as the chemical, refinery, petrochemical, energy, and ethanol industries either retrofitted or expanded in the midst of a growing U.S. economy, and the energy market strengthened.⁸⁷ During that time, petitioners assert, federal government policies favoring ethanol greatly expanded the use of WSS pressure pipe in ethanol production facilities.⁸⁸

⁸¹ See, e.g., CR at II-4; PR at II-3.

⁸² Three of the five responding domestic producers reported no substitutes. One producer reported that coated carbon steel pipe could be used for energy and petrochemical applications. Another producer reported that substitutes for WSS pressure pipe include fiberglass-reinforced plastics in water, pulp, and paper applications and carbon steel in pulp and paper applications. The majority of importers and purchasers did not list any substitutes. A few firms mentioned seamless stainless steel pressure pipe, which one purchaser noted is more expensive than welded pipe. See, e.g., CR at II-8; PR at II-6.

⁸³ Most responding domestic producers and importers of WSS pressure pipe are distributors or sell to distributors, and hence they were unable to provide useful information regarding the share of downstream product costs accounted for by WSS pressure pipe. The two firms that estimated the cost share, a domestic producer and an importer, both estimated that WSS pressure pipe accounts for a small portion of the cost of downstream products in which it is used. See, e.g., CR at II-8; PR at II-6.

⁸⁴ See, e.g., CR at II-4; PR at II-3. Petitioners view the domestic industry's business cycle as closely tied to the gross domestic product, "with a little extra emphasis from energy demand." See, e.g., Hearing Tr. at 31, 34-36 (Schagrin).

⁸⁵ See, e.g., USITC Pub. 3986 at 11 n.56.

⁸⁶ When asked if demand for WSS pressure pipe had changed since January 1, 2005, two domestic producers reported that demand had increased, one reported no change, one reported that demand fluctuated, and one reported that demand had decreased. Among responding importers, six reported that demand had increased, one reported no change, and three reported that demand had fluctuated. Some firms reporting an increase in demand attributed the increase to greater demand for oil, energy, and petrochemicals. Two firms reported that demand increased after January 1, 2005 but had decreased in more recent periods. Since most purchasers are distributors, they did not comment on changes in end-use demand. One end-user purchaser reported that demand had decreased. See, e.g., CR at II-7; PR at II-6.

⁸⁷ See, e.g., Hearing Tr. at 16-17 (Cornelius for Marcegaglia), 34-36 (Schagrin). Trends in U.S. real gross domestic product, U.S. pulp production, U.S. ethanol production, and U.S. ethanol plant construction and expansion are discussed in the staff report. See, e.g., CR at II-5; PR at II-3 to II-4; CR/PR at Figures II-1 to II-3.

⁸⁸ See, e.g., Hearing Tr. at 16-17 (Cornelius for Marcegaglia), 34-36 (Schagrin); CR at II-4; PR at II-3.

The record also reflects that WSS pressure pipe demand began plummeting in late 2007.⁸⁹ Petitioners argue that demand will continue to fall due to the recession, a decline in oil and gas prices (because demand for ethanol increases when oil and gas prices are high), and a slowdown in the construction of ethanol plants.⁹⁰

Demand, as measured by total apparent U.S. consumption (the sum of the domestic industry's U.S. shipments and imports from subject and non-subject sources of WSS pressure pipe), increased from *** short tons in 2005 to *** short tons in 2006 and *** short tons in 2007. In interim 2008, however, demand was lower (48,568 short tons) than in interim 2007 (69,301 short tons).⁹¹

2. Supply Conditions

There are three sources of supply in the U.S. market: imports of the subject merchandise from China, imports from non-subject sources, and domestic shipments.

a. Imports of Subject Merchandise from China

Petitioners identified 23 potential producers/exporters of WSS pressure pipe in China in their prehearing brief after listing nine possible producers/exporters in the petitions.⁹² In the final phase of these investigations, the Commission sent foreign producer questionnaires to 20 firms, received no completed questionnaires, and received one response from a firm that reported it does not produce the subject merchandise.⁹³ In the preliminary phase of these investigations, one foreign producer (Winner) submitted a questionnaire response. Winner estimated that it accounts for *** percent of total exports of WSS pressure pipe from China to the United States.⁹⁴ U.S. importers identified 12 Chinese producers as sources for their imports: ***.⁹⁵ The largest importer of WSS pressure pipe from China into the United States in 2007 was ***.⁹⁶

b. Non-Subject Imports

Four sources (Korea, Malaysia, Taiwan, and Thailand) consistently accounted for the large majority of non-subject imports into the United States during the period of investigation.⁹⁷ Imports from two of the four primary sources of non-subject imports into the United States (Korea and Taiwan) are subject to antidumping duty orders, except for imports from Taiwan producers Chang Tieh (now known as Chang Mien) and Ta Chen.⁹⁸

⁸⁹ See, e.g., CR/PR at Table IV-5.

⁹⁰ See, e.g., Hearing Tr. at 16-17 (Cornelius for Marcegaglia), 24 (Boling for Bristol Metals), 34-36 (Schagrin), 122 (Schagrin); Petitioners' Posthearing Br. at A-9 to A-10, Exh. 8.

⁹¹ See, e.g., CR/PR at Table IV-5.

⁹² See, e.g., Petitions at Exh. I-6; Petitioners' Prehearing Br. at Exh. 2.

⁹³ See, e.g., CR at VII-4; PR at VII-3.

⁹⁴ See, e.g., CR at VII-4; PR at VII-3 to VII-4.

⁹⁵ See, e.g., CR at VII-5; PR at VII-4.

⁹⁶ See, e.g., CR at IV-1; PR at IV-1; CR/PR at Table IV-1.

⁹⁷ See, e.g., CR at IV-3; PR at IV-4; CR/PR at Figure IV-1, Table IV-3.

⁹⁸ Imports from Chang Mien were excluded from the Taiwan order during the original investigations, and the order was revoked by Commerce with respect to Taiwan producer Ta Chen effective June 26, 2000, for merchandise entered after December 1998. See, e.g., CR/PR at Table I-1 at nn.2-3.

c. Domestic Shipments

Eight firms have produced at least limited quantities of WSS pressure pipe in the United States since January 1, 2005: Alaskan Copper, Bristol Metals, Felker Brothers, Marcegaglia, Outokumpu, RathGibson, Swepco, and Webco.⁹⁹ The five producers that submitted complete questionnaire responses accounted for approximately *** percent of U.S. production in 2007, while *** are believed to have accounted for the remainder.¹⁰⁰

Prior to and during the period of investigation, some U.S. production capacity was closed or consolidated. In the 1990s, Marcegaglia purchased the assets of Bishop Tube and Damascus Tube (two stainless pipe and tube producers in Pennsylvania) and then combined and consolidated some of these assets into former U.S. Steel buildings in Munhall, PA.¹⁰¹ Davis Pipe and Acme/Romac left the industry as a result of Chapter 7 liquidation in 2003.¹⁰² Trent Tube, which was one of the larger U.S. producers, closed its Carrollton, GA plant in 2004, and Outokumpu purchased production mills and equipment from this facility.¹⁰³ In 2007, Plymouth Tube purchased what was left of Trent Tube's facilities from Crucible Materials, but petitioners reported that the new, larger Plymouth Tube produces products not subject to these investigations.¹⁰⁴ Marcegaglia reported reducing its U.S. workforce by one-half over the last 10 years.¹⁰⁵ Thus, petitioners contend that, because of such industry consolidation, the remaining domestic producers should have had a greater ability to take advantage of increased demand during the period of investigation, but that subject imports from China prevented the domestic industry from doing so.¹⁰⁶

3. Raw Material Costs

The primary inputs used to produce WSS pressure pipe are flat-rolled austenitic stainless steel (AISI type 304/304L and AISI type 316/316L),¹⁰⁷ electricity, natural gas, and industrial gases such as argon, hydrogen, nitrogen, and helium.¹⁰⁸ Since 2005, raw material costs, particularly those for flat-rolled austenitic stainless steel, have accounted for the majority of the cost of production for WSS pressure

⁹⁹ See, e.g., CR at III-1; PR at III-1.

¹⁰⁰ See, e.g., CR at I-3, III-1; PR at I-3, III-1.

¹⁰¹ See, e.g., Hearing Tr. at 15 (Cornelius for Marcegaglia), 28 (Conway for USW).

¹⁰² See, e.g., Hearing Tr. at 12 (Carpenter for Outokumpu), 27 (Conway for USW).

¹⁰³ See, e.g., CR at III-1; PR at III-1; Hearing Tr. at 12 (Carpenter for Outokumpu), 27 (Conway). Outokumpu used Trent Tube equipment that was better than its own to improve its own plant's efficiency, quality, and cost structure. See, e.g., Hearing Tr. at 12 (Carpenter for Outokumpu).

¹⁰⁴ See, e.g., Hearing Tr. at 12-13 (Carpenter for Outokumpu).

¹⁰⁵ See, e.g., Hearing Tr. at 14-15 (Cornelius for Marcegaglia).

¹⁰⁶ See, e.g., Hearing Tr. at 116-18 (Schagrin).

¹⁰⁷ See, e.g., CR at I-10; PR at I-8. Stainless steel is a general class of steel products that contain more than 10 percent of chromium (Cr) by weight. See, e.g., CR at I-9; PR at I-7. Chromium gives stainless steels their resistance to corrosion and good strength at high temperatures and pressure. See, e.g., CR at I-9; PR at I-7. For this reason, stainless steel is used in corrosive environments, under high temperature and pressure conditions, or when cleanliness and ease of maintenance are strictly required. See, e.g., CR at I-9 to I-10; PR at I-7 to I-8. Austenitic stainless steels comprise over 70 percent of total stainless steel production. See, e.g., CR at I-10; PR at I-8.

¹⁰⁸ See, e.g., Petitions, Vol. I at 8.

pipes.¹⁰⁹ Austenitic stainless steel contains a maximum of 0.15 percent carbon, a minimum of 16 percent chromium, and varying amounts of nickel, manganese, and molybdenum.¹¹⁰

Because of differences in alloying costs between types of stainless steel, many international flat-rolled stainless steel producers reportedly add a non-negotiable alloy surcharge for elements such as chromium, nickel, and molybdenum to their base stainless steel prices,¹¹¹ and petitioners argue that many non-Asian stainless pipe producers in turn pass these surcharges along in their prices.¹¹² Petitioners contend, however, that WSS pressure pipe producers in China do not use alloy surcharges, and that most Chinese flat-rolled stainless steel producers did not use alloy surcharges for their U.S. sales until recently.¹¹³

Between mid-2003 and mid-2007, prices of alloys and energy rose rapidly and substantially, and U.S. flat-rolled stainless steel producers reinstated and frequently raised surcharges for their products.¹¹⁴ In 2008, however, monthly surcharges fell dramatically as the prices of chromium, nickel, molybdenum, and energy fell.¹¹⁵ As petitioners note, prices for commodities traded daily in global markets have fluctuated widely, with average monthly nickel spot prices hovering around \$7 per pound in 2005 and early 2006 before increasing to a peak of \$28 per pound in April 2007, declining to \$15 per pound in July 2007, and fluctuating downward to \$5 per pound at the end of 2008.¹¹⁶ The monthly average price of molybdenum tripled from \$12 per pound in 2004 to \$37 per pound in mid-2005 before settling down in

¹⁰⁹ See, e.g., CR at V-1; PR at V-1; CR/PR at Figure V-1.

¹¹⁰ See, e.g., CR at I-10; PR at I-8. The nickel content ranges from 8 to 10 percent for AISI type 304 and from 10 to 14 percent for AISI type 316; the chromium content is 18 percent for type 304 and 16 percent for type 304. See, e.g., Petitions, Vol. I at 9, Exh. I-20; CR at I-11 & n.28; PR at I-8 & n.28. Type 316 also contains between 2 and 3 percent molybdenum, which is not contained in type 304 stainless steel. See, e.g., Petitions, Vol. I at 9, Exh. I-21; CR at I-11 at n.28; PR at I-8 & n.28. Nickel stabilizes the austenitic structure of iron, making stainless steels non-magnetic and less brittle at low temperatures, whereas molybdenum prevents specific forms of corrosion. See, e.g., Petitions, Vol. I at Exh. I-19 at 3, 5.

¹¹¹ See, e.g., Hearing Tr. at 18-19 (Cornelius for Marcegaglia).

¹¹² Petitioners report that flat-rolled stainless steel producers in Korea, Taiwan, Malaysia, and Thailand (such as POSCO, China Steel, Ta Chen, and Thainox) include surcharges in their quotes for the U.S. market, but that stainless steel pipe producers in these countries tend not to use separate surcharges in their pricing. Nevertheless, petitioners contend that these Asian stainless steel pipe producers quote a single price for their products that tends to be closer to the domestic price than products from China, so they assume that these Asian pipe producers must incorporate surcharges from their domestic suppliers into their stainless steel pipe pricing practices. See, e.g., Hearing Tr. at 96-97 (Boling for Bristol Metals and Cornelius for Marcegaglia); Petitioners' Posthearing Br. at A-8.

¹¹³ See, e.g., Hearing Tr. at 16 (Cornelius for Marcegaglia), 86-89 (Cornelius for Marcegaglia, Tidlow for Bristol Metals, Schagrin). Petitioners further assert that 70 to 80 percent of the world's molybdenum is located in China and that during the period of investigation, the Government of China imposed both export taxes and, in some instances, licensing quotas on exports of molybdenum, nickel, manganese, other ferroalloys, coking coal, coke, bauxite, silicon, fluorite, tungsten, zinc, and iron ore. Petitioners claim that the effects of these measures were to ensure that the Chinese producers had first access to these materials at below-market prices and to leave other potential buyers uncertain about whether they would get access to such raw materials. See, e.g., Confer. Tr. at 38-39 (Schagrin); Hearing Tr. at 19 (Henke for Felker Brothers), 46-47 (Schagrin), 137-38 (Schagrin); Petitioners' Posthearing Br. at A-3, Exhs. 7, 9.

¹¹⁴ See, e.g., Hearing Tr. at 18 (Henke for Felker Brothers). Petitioners testified that energy costs associated with natural gas and electricity, as well as health care costs, are significant and continue to escalate, but account for only a small percentage of actual costs. See, e.g., Confer. Tr. at 70-72 (Avento, Cornelius, Henke, Boling).

¹¹⁵ See, e.g., Hearing Tr. at 18 (Henke for Felker Brothers); Petitioners' Prehearing Br. at Exh. 7; see also CR at VI-5 at n.5; PR at VI-4 at n.5; CR/PR at Figures V-1 to V-3; Confer. Tr. at 7 (Schagrin), 15 (Cornelius for Marcegaglia), 72-78 (Henke, Schagrin, Cornelius for Petitioners).

¹¹⁶ See, e.g., CR/PR at Figure V-2.

the range of \$33 per pound until late 2008.¹¹⁷ The monthly average price of ferrochrome was approximately \$0.70 per pound between 2004 and the first half of 2007 but then escalated to about \$2.50 per pound in the third quarter of 2008 before declining thereafter.¹¹⁸

Raw material surcharges and inventories play an important role in this industry. Domestic producers book the cost of their stainless steel flat-rolled product inputs at the time those inputs are purchased, and these costs include the raw material surcharges prevailing at the time of purchase.¹¹⁹ Thereafter, it may take a month or two after the flat-rolled products are received before they are converted into WSS pressure pipe products.¹²⁰ Domestic producers use a finite number of pipe mills to produce a wide variety of diameter and wall thickness combinations from AISI type A-312 or A-778 austenitic stainless steel and then stock these commodity products.¹²¹ When surcharges are increasing, as was the case during much of the period of investigation, profits will tend to increase because domestic producers sell their WSS pressure pipe products based on the higher alloy surcharges in effect at the time of sale.¹²²

Petitioners assert that distributors and importers use the same data on globally traded alloys that they do, such as the London Metal Exchange prices of nickel, so that whatever happens with respect to prices in a given month affects whether these distributors and importers will buy WSS pressure pipe in the short term. They will build inventories if they believe that prices are going higher, but decrease their inventories if they believe that prices are going lower.¹²³

4. Substitutability

WSS pressure pipes vary depending on their ASTM specifications (generally A-312 or A-778), AISI steel type (i.e., 304/304L or 316/316L), gauge (or thickness) range, and outside diameter.¹²⁴ Whether domestically produced or imported into the U.S. market, the vast majority of WSS pressure pipe is sold to distributors and master distributors.¹²⁵ Of the 22 purchasers that responded to the Commission's questionnaires, 18 reported stocking WSS pressure pipe produced both in China and in the United States.¹²⁶ The majority of questionnaire respondents reported that WSS pressure pipe produced in China is "always" or "frequently" interchangeable with U.S.-produced products.¹²⁷ Based on the record in the

¹¹⁷ See, e.g., Petitioners' Prehearing Br. at Exh. 7.

¹¹⁸ See, e.g., Petitioners' Prehearing Br. at Exh. 7; see also, e.g., CR/PR at Figure V-3.

¹¹⁹ Marcegaglia uses average costing adjusted at year end to value its raw material inputs; Outokumpu uses average costing adjusted quarterly; Felker Brothers uses frozen costs for its monthly financials and standard costs for its salespeople; and Bristol Metals uses actual costs of raw materials plus production cost but averages the costs of its products in inventory. See, e.g., Hearing Tr. at 76-77 (Cornelius for Marcegaglia, Carpenter for Outokumpu, Henke for Felker Brothers, Boling for Bristol Metals), 81-82 (Boling for Bristol Metals).

¹²⁰ See, e.g., Hearing Tr. at 76 (Cornelius for Marcegaglia).

¹²¹ See, e.g., Hearing Tr. at 77-78 (Cornelius for Marcegaglia).

¹²² See, e.g., Petitioners' Prehearing Br. at 13; Hearing Tr. at 32, 47-48 (Schagrin); CR/PR at Table VI-2; CR at VI-4 to VI-9; PR at VI-3 to VI-6.

¹²³ See, e.g., Hearing Tr. at 110-11 (Carpenter for Outokumpu), 112-13 (Schagrin).

¹²⁴ See, e.g., CR at V-7 to V-8; PR at V-5 (description of pricing products).

¹²⁵ See, e.g., Hearing Tr. at 23 (Boling for Bristol Metals); CR/PR at Table II-1; CR at II-9; PR at II-7.

¹²⁶ See, e.g., CR at II-9; PR at II-7; see also, e.g., Confer. Tr. at 12 (Boling for Bristol Metals), 107 (Jakob for Silbo); Hearing Tr. at 23 (Boling for Bristol Metals) (contending that there are approximately 12 major distributors in the U.S. market).

¹²⁷ See, e.g., CR at II-13 to II-14; PR at II-10; CR/PR at Table II-7. When asked to compare products produced in the United States with WSS pressure pipe produced in China in terms of product differences other than price (such
(continued...)

final phase of these investigations, we find that WSS pressure pipe is a commodity product and that WSS pressure pipe from China is highly substitutable for U.S.-produced WSS pressure pipe because both are made to identical ASTM specifications, are sold in the same channels of distribution, and are purchased based on specification and price.¹²⁸ The record in the final phase of these investigations also reflects that the domestic industry did not have much of an advantage in delivery time over subject imports because domestic producers' inventories competed for sales to distributors and master distributors against inventories of subject imports held by importers and other distributors.¹²⁹

C. Volume of the Subject Imports from China

In evaluating the volume of subject imports, section 771(7)(C)(i) of the Tariff 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."¹³⁰

As discussed above, demand, as measured by total apparent U.S. consumption, increased substantially between 2005 and 2007 (by *** percent), but was 29.9 percent lower in interim 2008 than in interim 2007.¹³¹ The absolute volume of subject imports from China increased at a rate that outpaced demand gains. The volume of subject imports from China more than doubled, increasing from 14,394 short tons in 2005 to 23,712 short tons in 2006 and 30,371 short tons in 2007.¹³² The volume of subject imports from China in 2007 exceeded the domestic industry's production level in that year.¹³³ In terms of apparent U.S. consumption, subject imports from China increased their market share by quantity from

¹²⁷ (...continued)

as quality, availability, and product range), the majority of domestic producers reported that product differences between the two are "never" important, while the majority of importers reported that the differences are "always," "frequently," or "sometimes" important. See, e.g., CR at II-14 to II-15; PR at II-11; CR/PR at Table II-8. When asked to compare domestically produced WSS pressure pipe with products produced in China for selected characteristics, a majority of purchasers rated the domestically produced product superior to subject imports from China for availability, delivery time, and technical support/service. They rated subject imports from China superior to the domestic like product in terms of lower price. For all other categories, except delivery terms, a majority of purchasers reported both products as comparable. See, e.g., CR at II-15; PR at II-12; CR/PR at Table II-9.

One importer that rated WSS pressure pipe produced in the United States as only "sometimes" comparable with subject imports from China reported that imports from China are not on any oil company's approved manufacturers list ("AML"). See, e.g., CR at II-13 & n.14; PR at II-10 & n.14. Among petroleum companies, AMLs cover the full range of pipe sizes down to ½-inch outside diameter, and chemical companies also require that WSS pressure pipe have AML approval. See, e.g., CR at I-12; PR at I-9 to I-10. Petitioners contend, however, that some Chinese producers are on the lists and that the overall size of the AML market is relatively small. See, e.g., Hearing Tr. at 102-04 (Boling for Bristol Metals, Carpenter for Outokumpu). As they point out, ***. See, e.g., Petitioners' Posthearing Br. at A-11 to A-12.

¹²⁸ See, e.g., Petitions, Vol. I at 3, 14-15; Petitioners' Prehearing Br. at 10-11; Hearing Tr. at 23-24 (Boling for Bristol Metals), 42-43 (Schagrin).

¹²⁹ See, e.g., Hearing Tr. at 84-86 (Schagrin, Henke for Felker Brothers).

¹³⁰ 19 U.S.C. § 1677(7)(C)(i).

¹³¹ Demand in the U.S. market increased from *** short tons in 2005 to *** short tons in 2006 and *** short tons in 2007. In interim 2008, however, demand was considerably lower (48,568 short tons) than in interim 2007 (69,301). See, e.g., CR/PR at Table IV-5, Table C-1.

¹³² See, e.g., CR/PR at Table IV-2.

¹³³ When expressed as a ratio to U.S. production, the volume of subject imports from China increased from *** percent in 2005 to *** percent in 2006 and *** percent in 2007. See, e.g., CR/PR at Table IV-6.

*** percent in 2005 to *** percent in 2006 and *** percent in 2007, for an overall increase of *** percentage points.¹³⁴

The domestic industry's U.S. shipments increased from *** short tons in 2005 to *** short tons in 2006 before declining to *** short tons in 2007, a level that was lower than in 2005.¹³⁵

Correspondingly, the domestic industry's share of apparent U.S. consumption by quantity declined from *** percent in 2005 to *** percent in 2006 and *** percent in 2007, for an overall decline of *** percentage points.¹³⁶

Non-subject imports, which exceeded the volume of subject imports from China in 2005, were overtaken by subject imports in 2007. The volume of non-subject imports, by quantity, increased absolutely from 21,810 short tons in 2005 to 24,099 short tons in 2006 and 29,078 short tons in 2007. Unlike subject imports from China, non-subject imports held a relatively stable share of the U.S. market between 2005 and 2007. By quantity, non-subject imports' share of the U.S. market declined from *** percent in 2005 to *** percent in 2006 before increasing to *** percent in 2007 (a level relatively commensurate with their level in 2005).¹³⁷

Therefore, we conclude that during a time of booming demand between 2005 and 2007, subject imports gained market share in the United States almost entirely at the expense of the domestic industry. We also find that, overall, the domestic industry did not lose any meaningful market share at the expense of non-subject imports during this time.

More recently, the record shows that the volume of subject imports from China was lower in interim 2008 than in interim 2007, whether measured absolutely or relative to apparent U.S. consumption or production.¹³⁸ During this same period, the domestic industry's shipment volume was slightly higher and its market share returned to 2005 levels as the volume of subject imports and apparent U.S. consumption were lower. The domestic industry's share of apparent U.S. consumption was 29.2 percent in interim 2007 compared to 43.2 percent in interim 2008 (a difference of 14.0 percentage points).¹³⁹ We find that the pendency of these investigations helps to explain, at least in part,¹⁴⁰ the decline in subject imports from China, and we therefore accord less weight to the 2008 data in our analysis.¹⁴¹ Moreover,

¹³⁴ See, e.g., CR/PR at Table IV-5.

¹³⁵ See, e.g., CR/PR at Table IV-5.

¹³⁶ See, e.g., CR/PR at Table IV-5.

¹³⁷ See, e.g., CR/PR at Table IV-5.

¹³⁸ The volume of subject imports from China was lower in interim 2008 (6,700 short tons) than in interim 2007 (25,169 short tons), and subject imports' market share in interim 2008 (13.8 percent) was also lower than in interim 2007 (36.3 percent). See, e.g., CR/PR at Table IV-2, Table IV-5. When expressed as a ratio to U.S. production, the volume of subject imports from China was also lower in interim 2008 (30.4 percent) than in interim 2007 (112.3 percent). See, e.g., CR/PR at Table IV-6.

¹³⁹ See, e.g., CR/PR at Table C-1. The domestic industry's U.S. shipments were only slightly higher (3.6 percent) in interim 2008 (20,980 short tons) than in interim 2007 (20,253 short tons), consistent with the overall lower demand in interim 2008 (48,568 short tons) than in interim 2007 (69,301 short tons). See, e.g., CR/PR at Table C-1.

¹⁴⁰ In addition to these investigations, another factor that may explain fluctuations in the volume of WSS pressure pipe exported from China to the United States is changes to the export tax regime in China. Specifically, the Government of China imposed an export tax on most tubular products in early 2008, an action that some industry sources reported resulted in downward pressure on exports from China. The Government of China repealed the export tax in late 2008. See, e.g., CR at VII-7; PR at VII-4 (citing MBR, Welded Steel Tube and Pipe Monthly (Mar. 2008) at 12 and MBR, Welded Steel Tube and Pipe Monthly (Nov. 2008) at 12).

¹⁴¹ 19 U.S.C. § 1677(7)(I) indicates that "the Commission shall consider whether any change in the volume, price effects, or impact of imports ... is related to the pendency of the investigation and, if so, the Commission may reduce the weight accorded to the data for the period after the filing of the petition" See, e.g., Petitioners' Posthearing

(continued...)

although the volume of subject imports from China was lower in interim 2008 than in interim 2007, we find that the domestic industry continued to face competition from subject imports from China into 2008. During this period, distributor purchasers and U.S. importers sold large quantities of subject merchandise from China that they had previously held in inventory.¹⁴²

For all of these reasons, we find that the volume of subject imports and the increase in that volume are significant, both in absolute terms and relative to consumption and production in the United States. As discussed in more detail below, we find that subject imports from China were able to increase their presence in the U.S. market by significantly underselling the domestic like product.

D. Price Effects of Subject Imports from China

In evaluating the price effects of the subject imports, section 771(7)(C)(ii) of the Tariff Act provides that 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.¹⁴³

As we found above, when the products are made to the same ASTM specification, AISI steel grade, gauge, and outside diameter, there is a high degree of substitutability between the domestic like product and subject imports from China. WSS pressure pipes are commodity products that are most commonly sold on the spot market to distributors who stock them in inventory.¹⁴⁴ Purchasers reported that price, quality, and availability are the most important factors in their purchasing decisions.¹⁴⁵

¹⁴¹ (...continued)

Br. at A-1 to A-2 (discussing questionnaire responses of importers and purchasers). In the preliminary phase of these investigations, importer Silbo contended that monthly data showed that the volume of subject imports from China began to decline even prior to the January 30, 2008, filing of the petitions in these investigations. See, e.g., Confer. Tr. at 103-04 (Jakob for Silbo) (acknowledging that the decline might be related to inventory destocking). The available data, however, do not show any consistent decline in the volume of subject imports from China in the 12 months prior to the filing of the petitions. See, e.g., EDIS Doc. No. 318999.

¹⁴² See, e.g., Petitioners' Prehearing Br. at 15; Petitioners' Posthearing Br. at 1, A-1 to A-2, Exh. 6; Hearing Tr. at 22-23 (Boling for Bristol Metals), 36-37 (Schagrin); CR/PR at Table II-2 (purchasers' reported purchases by source), Table II-3 (purchasers' end-of-period inventories of subject imports from China declined from 3,301 short tons in 2007 to 1,265 short tons in interim 2008), Table VII-3 (importers' end-of-period inventories of subject merchandise from China declined from *** short tons in interim 2007 to *** short tons in interim 2008).

¹⁴³ 19 U.S.C. § 1677(7)(C)(ii).

¹⁴⁴ See, e.g., Hearing Tr. at 23 (Boling for Bristol Metals), 42-43 (Schagrin); CR at II-9, V-7; PR at II-7, V-4; CR/PR at Table II-1.

¹⁴⁵ See, e.g., CR at II-12; PR at II-8 to II-9; CR/PR at Table II-5 (ranking of factors used in purchasing decisions). When asked to rank specific factors as "very important," "somewhat important," or "not important" in their purchasing decisions, the factors that purchasers cited most often as "very important" were product consistency (21 firms), quality meeting industry standards (21 firms), and price (18 firms). Availability, delivery terms, delivery time, and reliability of supply were also cited as "very important" by the majority of purchasers. See, e.g., CR at II-12; PR at II-9; CR/PR at Table II-6 (importance of purchasing factors).

Nevertheless, purchasers reported that they often made their purchasing decisions based mainly on price.¹⁴⁶

In response to the Commission's questionnaires, five domestic producers and 10 importers of subject merchandise from China provided quarterly net U.S. f.o.b. weighted-average pricing data for six WSS pressure pipe products.¹⁴⁷ The pricing data collected for all six products show pervasive underselling (73 percent of comparisons) at large margins by subject imports from China during much of the period of investigation.¹⁴⁸ Moreover, when underselling is calculated based on weight rather than on the number of quarterly comparisons, subject imports from China undersold the domestic like product in transactions accounting for about 79 percent of the covered volume.¹⁴⁹

Although there was some overselling of the domestic like product by subject imports from China, instances of overselling were generally limited, generally occurring after the filing of the petitions and typically involving much smaller quantities than occurrences of underselling; moreover, underselling continued throughout the period of investigation.¹⁵⁰ Instances of overselling at the end of the period of investigation are also consistent with record evidence indicating that prices of subject imports from China generally were set at the time of the order rather than at the time of sale, meaning that producers in China did not adjust their U.S. prices downward to reflect the dramatic and rapid declines in alloy prices toward

¹⁴⁶ Regarding whether they made their purchasing decisions based mainly on price, one purchaser answered "always," 13 purchasers answered "usually," eight answered "sometimes," and none answered "never." See, e.g., CR at II-12; PR at II-9.

¹⁴⁷ These products are (1) ASTM A-312, welded, grade AISI 304/304L pipe, 1-inch schedule 40; (2) ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 40; (3) ASTM A-312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10; (4) ASTM A-312, welded, grade AISI 304/304L pipe, 6-inch schedule 10; (5) ASTM A-312, welded, grade AISI 316/316L pipe, 2-inch schedule 40; and (6) ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 10. See, e.g., CR at V-7 to V-8; PR at V-5.

¹⁴⁸ See, e.g., CR/PR at Tables V-1 to V-6. Subject imports from China undersold the domestic like product in 12 of 15 comparisons for product 1, with the margins of underselling ranging from 1.0 percent to 27.8 percent. See, e.g., CR/PR at Table V-1. For product 2, subject imports from China undersold the domestic like product in 11 of 15 comparisons, with the margins of underselling ranging from 4.0 to 30.4 percent. See, e.g., CR/PR at Table V-2. For product 3, subject imports from China undersold the domestic like product in 14 of 15 comparisons, with the margins of underselling ranging from *** to 46.3 percent. See, e.g., CR/PR at Table V-3. For product 4, subject imports from China undersold the domestic like product in 12 of 15 comparisons, with the margins of underselling ranging from *** to 26.0 percent. See, e.g., CR/PR at Table V-4. For product 5, subject imports from China undersold the domestic like product in nine of 15 comparisons, with the margins of underselling ranging from 4.6 to 20.7 percent. See, e.g., CR/PR at Table V-5. For product 6, subject imports from China undersold the domestic like product in eight of 15 comparisons, with the margins of underselling ranging from 0.7 to 24.0 percent. See, e.g., CR/PR at Table V-6.

¹⁴⁹ See, e.g., CR at V-19; PR at V-13.

¹⁵⁰ For product 1, subject imports from China oversold the domestic like product in three quarters, only one of which (fourth quarter 2007) occurred prior to the filing of the petitions. See, e.g., CR/PR at Table V-1. For product 2, subject imports from China oversold the domestic like product in four quarters, only two of which (third and fourth quarter 2007) occurred prior to the filing of the petitions. See, e.g., CR/PR at Table V-2. For product 3, subject imports from China oversold the domestic like product in one quarter (fourth quarter 2007). See, e.g., CR/PR at Table V-3. For product 4, subject imports from China oversold the domestic like product in three quarters, of which two (third and fourth quarter 2007) occurred prior to the filing of the petitions. See, e.g., CR/PR at Table V-4. For product 5, which involved relatively smaller quantities throughout the period of investigation, subject imports from China oversold the domestic like product in six quarters beginning with the second quarter of 2007. See, e.g., CR/PR at Table V-5. For product 6, subject imports oversold the domestic like product in seven quarters, of which four predated the filing of the petitions (fourth quarter 2005, first quarter 2006, and third and fourth quarters of 2007). See, e.g., CR/PR at Table V-6.

the end of 2007 or in 2008, whereas the domestic industry's prices reflected alloy prices that were contemporaneous with the sale.¹⁵¹

Given the large underselling margins and the widespread nature of the underselling, we find that there has been significant underselling of the domestic like product by subject imports from China.

We have also considered movements in WSS pressure pipe prices over the period of investigation.¹⁵² In general, prices of the domestic like product and subject imports trended upward in 2006 and the earlier portion of 2007 consistent with increased demand and then-rapidly escalating alloy prices; some of the products' prices had begun climbing in 2005, but others trended downward in 2005.¹⁵³ Prices of the domestic like product then trended downward in the latter portion of 2007 consistent with slowing demand and a reversal in the trend of alloy prices, whereas prices of subject imports from China generally continued to increase, although they remained at levels that generally undersold the domestic like product.¹⁵⁴ After the January 2008 filing of the petitions, prices of both the domestic like product and subject imports from China generally increased.¹⁵⁵

Although there were some declines in the domestic industry's prices, especially in the latter part of 2007, the industry's prices for the six pricing products increased overall between the first quarter of 2005 and the third quarter of 2008, and for some of the pricing products, prices nearly doubled over that period.¹⁵⁶ Given the general increases in the domestic industry's prices over the entire period of investigation, we do not find that subject imports from China significantly depressed prices of the domestic like product in the U.S. market.

We have also considered whether subject imports from China suppressed prices of the domestic like product to a significant degree. The domestic industry's average unit sales value increased from \$4,525 per short ton in 2005 to \$5,178 per short ton in 2006 and \$7,419 per short ton in 2007, an increase of 63.9 percent from 2005 to 2007.¹⁶⁸ The domestic industry's average unit cost of goods sold ("COGS") also increased, from \$4,318 per short ton in 2005 to \$4,630 per short ton in 2006 and \$6,520 per short ton in 2007, an increase of 51.0 percent between 2005 and 2007.¹⁶⁹ The domestic industry's COGS as a share of net sales declined from 95.4 percent in 2005 to 89.4 percent in 2006 and 87.9 percent in 2007.^{170 171 172}

¹⁵¹ For example, Silbo, an importer that accounted for *** percent of subject imports from China in 2007, negotiates non-revocable contracts with Chinese suppliers that set prices for deliveries made five to six months later, and Silbo concurrently negotiates non-revocable contracts with purchasers in the United States for delivery five to six months later. In contrast to producers in China, domestic producers sell their products at prices prevailing at the time of the sale, and these selling prices reflect any alloy surcharges prevailing at that time. See, e.g., Confer. Tr. at 99-101, 115-16 (Jakob for Silbo); Petitioners' Prehearing Br. at 11-12; Petitioners' Posthearing Br. at 1, 4-5; Hearing Tr. at 140-43 (Schagrin).

¹⁵² See, e.g., CR/PR at Tables V-1 to V-6.

¹⁵³ See, e.g., CR/PR at Tables V-1 to V-6.

¹⁵⁴ See, e.g., CR/PR at Tables V-1 to V-6.

¹⁵⁵ See, e.g., CR/PR at Tables V-1 to V-6.

¹⁵⁶ See, e.g., CR/PR at Tables V-1 to V-6.

¹⁶⁸ See, e.g., CR/PR at Table VI-1, Table C-1.

¹⁶⁹ See, e.g., CR/PR at Table VI-1, Table C-1.

¹⁷⁰ See, e.g., CR/PR at Table VI-1. The industry's unit sales value was lower and its unit COGS was higher in interim 2008 than in interim 2007, such that its COGS-to-net-sales ratio was higher in interim 2008 (94.6 percent) than in interim 2007 (83.5 percent). See, e.g., CR/PR at Table VI. As described above, we give the data for interim 2008 less weight in our analysis due to the pendency of these investigations.

¹⁷¹ Accordingly, because the industry did not experience a cost-price squeeze through 2007 based on the COGS-to-net sales ratio, which is a central element of the Commission's traditional analysis of price suppression, Chairman
(continued...)

As described above, subject imports from China undersold the domestic like product to a significant degree. Significant underselling of the domestic like product by subject imports from China took substantial market share from the domestic industry as noted above.¹⁷³ This conclusion is buttressed by extensive evidence of lost sales with purchasers widely confirming that they shifted from WSS pressure pipe produced domestically to WSS pressure pipe produced in China to secure lower prices.¹⁷⁴ Given our finding that WSS pressure pipe is a commodity product that is overwhelmingly sold on the spot market and through distributors, we find the extent of confirmed lost sales to be compelling evidence of the manner in which subject imports had adverse price effects on the domestic industry in these investigations.¹⁷⁵

¹⁷¹ (...continued)

Aranoff, Vice Chairman Pearson, and Commissioner Okun do not find that subject imports from China suppressed prices of the domestic like product.

¹⁷² Commissioner Lane, Commissioner Williamson, and Commissioner Pinkert note petitioners' argument that any increase in the domestic industry's prices over the period of investigation simply reflected the industry's ability to add surcharges to its prices in order to pass on increased surcharges on raw materials charged to domestic producers by their suppliers, and that the domestic industry's base prices (excluding surcharges) were suppressed. See, e.g., Petitioners' Prehearing Br. at 11-12; Petitioners' Posthearing Br. at 1, 3-4, 6-7, A-6, Exh. 4; Hearing Tr. at 69-72 (Schagrin). To evaluate the merits of this claim, the Commission asked the domestic industry to report pricing data for products 2 and 5 net of alloy surcharges. The domestic industry's "base prices" for these two pricing products were generally lower in 2007 than they were in 2005 and 2006, whether examined on a company-specific or industry-wide basis. See, e.g., Petitioners' Posthearing Br. at Exh. 4 (company-specific data); CR/PR at Appendix F (domestic industry data). Given the strength of the domestic market for WSS pressure pipe in 2007, base prices would not be expected to be lower in 2007 than in 2005 or 2006. Thus, they find that these lower base prices, which affected transaction prices, provide some evidence that subject imports from China suppressed prices of the domestic industry.

¹⁷³ As indicated elsewhere in this opinion, we have also considered the role of non-subject imports in the U.S. market during the period of investigation (including the volume and price trends and the composition of non-subject imports) to ensure that we do not attribute injury from other sources, such as non-subject imports, to the subject imports.

¹⁷⁴ See, e.g., Petitioners' Prehearing Br. at 12-13; see also CR at V-19 to V-24; PR at V-13 to V-14; CR/PR at Tables V-9 and V-10 (documenting \$*** in confirmed lost sales involving *** feet of WSS pressure pipe and \$*** in lost revenues involving *** feet, with the remainder of the unconfirmed lost revenues (\$*** involving *** feet of WSS pressure pipe) being associated with a single purchaser that declined to respond to multiple Commission staff inquiries).

¹⁷⁵ Moreover, as petitioners explain, their actual lost sales and lost revenues were even larger than what they could document because when prices of subject imports from China were as much as 40 percent below the domestic industry's prices, distributors were not inclined to call domestic producers to see if they would be willing to offer competitive prices. Instead, distributors contacted domestic producers only when a shipment of imported WSS pressure pipe arrived late or when the domestic industry's shorter lead times allowed them to meet a distributor's need for products for which it did not have sufficient inventory. See, e.g., Petitioners' Prehearing Br. at 12-13; Hearing Tr. at 20 (Henke for Felker Brothers). While we find petitioners' testimony on this point to be credible, it is not necessary to support our determination.

E. Impact of the Subject Imports from China on the Domestic Industry¹⁷⁶

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹⁷⁷ These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁷⁸

We have examined performance indicia for the domestic industry producing WSS pressure pipe. Overall, the record in these investigations indicates that production-related performance factors generally declined between 2005 and 2007, whereas financial-related performance factors improved during the same period but ***, as further explained below. After the January 2008 filing of the petitions in these investigations, the volume of subject imports from China declined, but in the face of declining demand and a reversal of trends in alloy prices, the domestic industry continued to face competitive pressure from subject imports from China as importers and distributors drew down their inventories of these products.

In terms of specific performance factors, the industry’s production of WSS pressure pipe increased from *** short tons in 2005 to *** short tons in 2006, but then declined to *** short tons in 2007 to a level lower than in 2005. The industry’s total U.S. shipments of WSS pressure pipe declined by *** percent between 2005 and 2007, with the loss between 2006 and 2007 reaching *** percent.¹⁷⁹ Correspondingly, the industry’s share of apparent U.S. consumption by quantity declined from *** percent in 2005 to *** percent in 2006 and *** percent in 2007, for an overall decline of *** percentage

¹⁷⁶ In its antidumping investigation concerning subject imports from China, Commerce found a 10.53 percent ad valorem antidumping margin for Zhejiang Jiuli Hi-Tech Metals, Co., Ltd. for products produced by that company and a 55.21 percent PRC-wide rate. See, e.g., 74 Fed. Reg. at 4916; CR at I-7; PR at I-6. In its countervailing duty investigation, Commerce found a 1.10 percent ad valorem subsidy rate for Winner Stainless Steel Tube Co. Ltd./Winner Steel Products (Guangzhou) Co., Ltd./Winner Machinery Enterprises Company Limited (Hong Kong), a 299.16 percent subsidy rate for Froch Enterprise Co. Ltd. (“Froch”) (also known as Zhangyuan Metal Industry Co. Ltd.), and a 1.10 percent subsidy rate for all others. See, e.g., 74 Fed. Reg. at 4937; CR at I-7; PR at I-5. Commerce found three countervailable subsidy programs for Winner: (1) provision of stainless steel coils for less than adequate remuneration, (2) import duty and value-added tax exemptions for imported equipment, and (3) a reduced income tax rate for foreign investment enterprises located in economic and technological development zones and other special economic zones. It applied adverse facts available to Froch because the company did not respond to Commerce’s initial questionnaire. See, e.g., CR at I-6; PR at I-5 (citing Commerce Decision Memorandum in Case No. C-570-931 from John M. Andersen to Ronald K. Lorentzen at 11-26 (Jan. 21, 2009), found at <http://ia.ita.doc.gov/frn/summary/prc/E9-1829-1.pdf>). Commerce did not make a finding concerning whether any of the subsidy programs is a subsidy described in Article 3 or 6.1 of the WTO Agreement on Subsidies and Countervailing Measures.

¹⁷⁷ 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.”).

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

¹⁷⁹ The domestic industry’s U.S. shipments of WSS pressure pipe increased from *** short tons in 2005 to *** short tons in 2006 and then declined to *** short tons in 2007. See, e.g., CR/PR at Table C-1. Exports, which were a *** share of the domestic industry’s total shipments, also declined by *** percent over this same period. U.S. export shipments of WSS pressure pipe declined from *** short tons in 2005 to *** short tons in 2006 and *** short tons in 2007. See, e.g., CR/PR at Table C-1.

points.¹⁸⁰ The domestic industry's end-of-period inventories of WSS pressure pipe increased by *** percent from 2005 through 2007.¹⁸¹

The domestic industry's average production capacity increased from *** short tons in 2005 to *** short tons in 2006 and *** short tons in 2007.¹⁸² Because of disparities among the capacity utilization levels reported by individual domestic producers,¹⁸³ we have placed more weight on trends in capacity utilization than on levels of capacity utilization. The domestic industry's capacity utilization increased from *** percent in 2005 to *** percent in 2006 and then declined to *** percent in 2007.¹⁸⁴ This decline of *** percentage points in capacity utilization between 2006 and 2007 is striking given the strong demand prevailing in the U.S. market at that time.

Thus, the domestic industry was able to increase its production and capacity between 2005 and 2006 in a time of increasing demand but still lost market share to low-priced subject imports from China. Between 2006 and 2007, the domestic industry lost additional market share to subject imports notwithstanding continued increases in demand and even had to cut its output.

With respect to employment factors, the industry's average number of production and related workers, hours worked, total wages, and productivity all increased between 2005 and 2006, then declined between 2006 and 2007. Overall, between 2005 and 2007 each of these indicators either declined or increased only marginally, despite a *** increase in domestic consumption between 2005 and 2007.¹⁸⁵

The domestic industry's average production capacity was higher in interim 2008 (49,041 short tons) than in interim 2007 (47,961 short tons), but its capacity utilization was lower (45.7 percent compared to 45.9 percent).¹⁸⁶ The domestic industry's production was lower at 22,010 short tons as compared to 22,421 short tons. Because of somewhat larger U.S. shipment quantities, however, the domestic industry was able to regain much of the market share that it previously lost to subject imports from China, with its market share reaching 43.2 percent in interim 2008 as compared to 29.2 percent in interim 2007 in what was then a shrinking U.S. market.¹⁸⁷ As discussed above, we give less weight to any apparent improvements in the domestic industry's volume-related performance indicia between interim 2007 and interim 2008 due to the pendency of these investigations.

¹⁸⁰ See, e.g., CR/PR at Table IV-5.

¹⁸¹ The domestic industry's end-of-period inventories of WSS pressure pipe increased from *** short tons in 2005 to *** short tons in 2006, and then increased again to *** short tons in 2007. See, e.g., CR/PR at Table C-1.

¹⁸² See, e.g., CR/PR at Table C-1. These data show an increase in production capacity of *** percent between 2005 and 2007. *** See, e.g., CR at III-3; PR at III-2.

¹⁸³ See, e.g., CR/PR at Table C-1. *** See, e.g., CR at III-4; PR at III-3.

¹⁸⁴ See, e.g., CR/PR at Table C-1. For example, Bristol Metals indicated that, beginning in mid-2007, it did not utilize four of its eight continuous-welding mills or only produced with limited shifts at those mills, because of declining orders due to increased imports of subject merchandise from China; as a result, the company cut back on its employees' work hours and suffered financial difficulties associated with lower capacity-utilization levels. See, e.g., Confer. Tr. at 10-11 (Boling for Bristol Metals); CR/PR at Table III-3.

¹⁸⁵ The average number of production and related workers increased from *** in 2005 to *** in 2006, before decreasing to *** in 2007. See, e.g., CR/PR at Table C-1. Productivity increased from *** short tons per 1,000 hours in 2005 to *** short tons per 1,000 hours in 2006, then declined to *** short tons per 1,000 hours in 2007. See, e.g., id.

¹⁸⁶ See, e.g., CR/PR at Table C-1. The domestic industry's exports were higher in interim 2008 (605 short tons) than in interim 2007 (223 short tons), although its end-of-period inventories were lower in interim 2008 (8,680 short tons) than in interim 2007 (10,485 short tons). See, e.g., id.

¹⁸⁷ See, e.g., CR/PR at Table C-1. The average number of production and related workers was higher in interim 2008 (348) than in interim 2007 (308), productivity was lower in interim 2008 (38.7 short tons per 1,000 hours) than in interim 2007 (41.5 short tons per 1,000 hours), and hourly wages were higher in interim 2008 (\$16.53) than in interim 2007 (\$16.11). See, e.g., CR/PR at Table C-1.

Record data reflect that the domestic industry's net sales increased by 9.2 percent between 2005 and 2006 but then declined by 19.0 percent between 2006 and 2007 when measured by quantity. When measured by value, however, the domestic industry's net sales increased by 24.9 percent between 2005 and 2006 and by 16.1 percent between 2006 and 2007.¹⁸⁸ Net sales quantities were higher in interim 2008 than in interim 2007 (by 5.3 percent), whereas net sales values were lower in interim 2008 than in interim 2007 (by 4.9 percent).¹⁸⁹ The observed trends in net sales quantities and net sales values between 2006 and 2007 and then between interim 2007 and interim 2008 are consistent with trends in alloy prices during this period and shifts in the domestic industry's product mix. The domestic industry sold less WSS pressure pipe between 2006 and 2007, but what it sold brought in higher prices due to increased surcharges, as discussed herein, and a shift in the composition of domestic producers' sales. Subject imports from China were competing most heavily for sales of smaller outside diameter ("OD") (less than 6 to 8 inches OD) WSS pressure pipes. Thus, a greater portion of the domestic industry's sales in 2007 consisted of larger OD WSS pressure pipes (10 to 14 inches OD). Both of these patterns reversed between interim 2007 and interim 2008.¹⁹⁰

As discussed previously, the domestic industry's COGS increased from \$4,318 per short ton in 2005 to \$4,630 per short ton in 2006 and \$6,520 per short ton in 2007, an increase of 51.0 percent between 2005 and 2007 and a 40.8 percent increase just between 2006 and 2007.¹⁹¹ The domestic industry's average unit COGS were 2.3 percent higher in interim 2008 (\$6,401) than in interim 2007 (\$6,256).¹⁹² The domestic industry's COGS as a share of net sales declined from 95.4 percent in 2005 to 89.4 percent in 2006 and 87.9 percent in 2007, although its COGS as a share of net sales was higher in interim 2008 (94.6 percent) than in interim 2007 (83.5 percent).¹⁹³ Thus, notwithstanding a significant increase in COGS associated with dramatic increases in the costs of energy and especially alloys, the

¹⁸⁸ See, e.g., CR/PR at Table C-1. Net sales measured by quantity increased from 29,688 short tons in 2005 to 32,410 short tons in 2006 and then declined to 26,259 short tons in 2007. See, e.g., CR/PR at Table C-1. Net sales measured by value increased from \$134.4 million in 2005 to \$167.8 million in 2006 and \$194.8 million in 2007. See, e.g., CR/PR at Table C-1.

¹⁸⁹ See, e.g., CR/PR at Table C-1.

¹⁹⁰ See, e.g., Conf. Tr. at 11, bottom of 63 to 66 (Mr. Boling of Bristol Metals testified that "The big hit for us, really, it comes in six inch and smaller or eight inch and smaller, in that size range." He continued, "we could probably do away with our six inch and smaller mills completely, because of the Chinese imports, unless we're making a special product run for somebody. But just on standard commodity in these size ranges, there's just no orders out there." Mr. Carpenter of Outokumpu testified that it was "fairly busy" in its north plant that makes the larger sizes, but that its "south plant, with six inch and down, is almost dark. We run it just sporadically; again, for the same reason. There are no orders out there because the distributors have simply given all of that business for the smaller pipe sizes, almost all of it, to the Chinese. So we run it sporadically. We maintain a small inventory. But there's just no business out there for the smaller sizes. Which again, that's the sizes that either are targeted by Chinese producers, or that seems to be where their interest is.") See also, e.g., Hearing Tr. at 22 (Boling for Bristol Metals); CR at III-3; PR at III-2 (showing product mix for the domestic industry in 2007 and interim 2008), CR at IV-3; PR at IV-4 (showing product mix for subject imports from China); CR/PR at Tables V-1 to V-6 (showing declining domestic industry sales of smaller-diameter WSS pressure pipes but rising volumes of subject imports from China); EDIS document 31588, EDIS document 31582 (e-mail exchanges with Commission staff discussing changes in domestic producers' product mix over the period of investigation). By contrast, Mr. Cornelius testified that Marcegaglia produces ½ -inch to 12-inch products but saw subject imports from China competing with the company's entire range of products. See, e.g., Confer. Tr. at 66 (Cornelius for Marcegaglia). Likewise, Mr. Henke testified that Felker Brothers saw competition from subject imports from China in the 2-inch to 12-inch dimensions. See, e.g., Confer. Tr. at 66-67 (Henke for Felker Brothers).

¹⁹¹ See, e.g., CR/PR at Table C-1.

¹⁹² See, e.g., CR/PR at Table C-1.

¹⁹³ See, e.g., CR/PR at Table C-1.

domestic industry was able to raise overall transaction prices as its costs increased, although it was able to do so only to a lesser degree at the end of the period of investigation.

The domestic industry's financial indicators improved during the period of investigation. The domestic industry turned a \$3.6 million operating loss in 2005 into \$7.0 million in operating profits in 2006 before further improving to a positive \$14.2 million in 2007.¹⁹⁴ The domestic industry's ratio of operating income to sales increased by 9.9 percentage points from 2005 to 2007.^{195 196 197}

The domestic industry's capital expenditures declined from \$2.7 million in 2005 to \$1.5 million in 2006, before increasing to \$3.8 million in 2007, and its capital expenditures were \$4.4 million in interim 2008 compared to \$2.8 million in interim 2007.¹⁹⁸

In summary, the domestic industry suffered from lower U.S. shipments, lower capacity utilization levels, and lost sales due to increasing volumes of low-priced subject imports from China between 2005 and 2007 during a period in which apparent U.S. consumption increased by *** percent. While the industry's operating income improved between 2005 and 2007, we give reduced weight to these data and do not view them as inconsistent with an industry that is materially injured. Given our findings of a significant volume and a significant increase in the volume of subject imports from China during a period of increasing apparent U.S. consumption, significant underselling by subject imports from China, significant volumes of sales that the domestic industry lost to subject imports from China, and declines in the domestic industry's performance during the period of investigation, we find for purposes of our final determinations in these investigations that subject imports from China are having a significant adverse impact on the domestic WSS pressure pipe industry.

In making this finding, because the majority of questionnaire respondents consider domestically produced WSS pressure pipe and imports from China "always" or "frequently" interchangeable with non-subject imports,¹⁹⁹ we have also examined market trends with respect to non-subject imports. On an

¹⁹⁴ See, e.g., CR/PR at Table C-1.

¹⁹⁵ The domestic industry's operating income margin improved from a 2.7 percent loss in 2005 to a 4.2 percent profit in 2006 and a 7.3 percent profit in 2007. See, e.g., CR/PR at Table C-1.

¹⁹⁶ Although the domestic industry's profitability improved between 2005 and 2007, Chairman Aranoff, Vice Chairman Pearson, and Commissioner Okun give reduced weight to these data for the following reasons. First, as discussed above, in the face of price-based competition from Chinese imports focused on the smaller sizes of WSS pressure pipe, domestic producers shifted their product mix notably toward larger WSS pressure pipe sizes, which tend to command higher unit prices. The result was more profitable sales but at the cost of reduced sales and production volumes. See, e.g., Conf. Tr. at 11, bottom of 63 to 66; Hearing Tr. at 22; CR at III-3, IV-3; PR at III-2, IV-4; CR/PR at Tables V-1 to V-6; EDIS document 31588; EDIS document 31582. Second, while profitability is one of the factors the Commission evaluates in examining the impact of subject imports, in the context of the conditions of competition distinctive to the WSS pressure pipe industry, we find that the other indicators we have discussed above, including production and shipment data, market share losses, and increased inventories more closely reflect the impact of subject imports.

¹⁹⁷ Commissioner Lane, Commissioner Williamson, and Commissioner Pinkert note that the domestic industry's improving financial results from 2005 to 2007 depended in large part on substantial increases in the major cost components of austenitic stainless steel, such as nickel, chromium, and/or molybdenum. As described above in the section on Conditions of Competition, domestic producers purchased stainless steel inputs at a given surcharge, then later sold finished pipe at a higher prevailing surcharge. In light of this market context, they find that the industry's rising (albeit relatively modest) profits, during a period of strong demand, are not inconsistent with a finding of material injury.

¹⁹⁸ See, e.g., CR/PR at Table C-1. *** research and development expenses. See, e.g., CR at VI-17; PR at VI-10.

¹⁹⁹ See, e.g., CR/PR at Table II-7. As discussed above, whether produced in the United States, China, or in non-subject countries, WSS pressure pipe is produced to industry standards and predominantly sold through distributors in the spot market. See, e.g., CR/PR at Table II-1; CR at V-7; PR at V-5. There was considerable overlap in terms

(continued...)

absolute basis, the volume of non-subject imports increased annually between 2005 and 2007, but was lower in interim 2008 than in interim 2007.²⁰⁰ By quantity, non-subject imports' share of the U.S. market declined from *** percent in 2005 to *** percent in 2006 before increasing to *** percent in 2007 (a level relatively commensurate with their level in 2005).²⁰¹ By quantity, non-subject imports' U.S. market share was higher in interim 2008 (43.0 percent) than it was in interim 2007 (34.5 percent).²⁰² Collectively, non-subject imports generally oversold subject imports from China (in *** of *** possible comparisons), and they mostly oversold the domestic like product (in *** of *** possible comparisons).²⁰³

As noted earlier, four countries (Korea, Malaysia, Taiwan, and Thailand) consistently accounted for the large majority of non-subject imports into the United States during the period of investigation.²⁰⁴ Imports from two of these non-subject sources (Korea and Taiwan) are subject to antidumping duty orders, except for imports from Taiwan producers Chang Mien and Ta Chen.²⁰⁵ Imports from Taiwan accounted for the largest share and greatest increase among non-subject sources. The volume of Taiwan imports, which was generally two to three times the volume of imports from Korea and even larger than the volume of those from Malaysia, increased between 2005 and 2007, but was lower in interim 2008 than in interim 2007.²⁰⁶

Taiwan imports *** subject imports from China *** and ***.²⁰⁷ Imports from Korea, which are subject to an antidumping duty order, ***, but declined between 2005 and 2007 and were lower in interim 2008 than in interim 2007.²⁰⁸ Imports from Malaysia, which are not subject to an antidumping duty order, *** subject imports from China and *** the domestic like product. Non-subject imports from Malaysia increased erratically between 2005 and 2007 and were higher in interim 2008 than in interim

¹⁹⁹ (...continued)

of purchasers of the domestic like product, subject imports from China, and non-subject imports. Of the 22 purchasers responding to the Commission's questionnaires, 15 purchased WSS pressure pipe produced in the United States, WSS pressure pipe imported from China, and WSS pressure pipe imported from non-subject sources. One purchased only products produced in the United States and in non-subject countries, one purchased only products produced in China and in non-subject countries, one purchaser reported purchasing only from China, and one purchaser reported purchasing only from non-subject countries. See, e.g., CR at II-9; PR at II-7; CR/PR at Table II-2.

²⁰⁰ See, e.g., CR/PR at Table IV-3.

²⁰¹ See, e.g., CR/PR at Table IV-5.

²⁰² See, e.g., CR/PR at Table IV-5. As subject imports declined after the petition was filed, domestic producers and non-subject imports had a higher market share in interim 2008 than in interim 2007. See, e.g., CR/PR at Table IV-5.

²⁰³ See, e.g., CR/PR at Tables V-1 to V-6.

²⁰⁴ See, e.g., CR at IV-3; PR at IV-4; CR/PR at Figure IV-1, Table IV-3.

²⁰⁵ Imports from Chang Mien were excluded from the Taiwan order during the original investigations, and the order was revoked by Commerce with respect to Taiwan producer Ta Chen effective June 26, 2000, for merchandise entered after December 1998. See, e.g., CR/PR at Table I-1 at nn.2-3.

²⁰⁶ See, e.g., CR/PR at Table IV-3. Taiwan's share of the U.S. market increased from *** percent in 2005 to *** percent in 2007 and was 22.8 percent in interim 2008 compared to 21.9 percent in interim 2007. Derived from CR/PR at Tables IV-3 and IV-5.

²⁰⁷ Non-subject imports from Taiwan *** subject imports from China in *** of *** possible comparisons. Taiwan imports *** (in *** of *** possible combinations). See, e.g., CR/PR at Tables V-1 to V-6, Appendix E.

²⁰⁸ In those instances in which sales overlapped for the same pricing products, imports from Korea *** subject imports from China (in *** of *** possible comparisons) and *** the domestic like product as well (in *** of *** possible comparisons), although there are no pricing data available for 2008 for non-subject imports from Korea. See, e.g., CR/PR at Tables V-1 to V-6, Appendix E.

2007, but were consistently smaller than those from Korea and Taiwan.²⁰⁹ Therefore, any injury we have found from subject imports from China cannot be attributed to non-subject imports.^{210 211}

We conclude that subject imports had a significant adverse impact on the condition of the domestic industry during the period of investigation. Although the domestic industry was profitable throughout much of the period of investigation, we do not view its profits as inconsistent with an industry that is materially injured. As discussed above, subject imports gained significant market share from the domestic industry by underselling the domestic product by significant margins. Although the domestic industry was able to increase its prices in response to rising costs, subject imports from China significantly affected the domestic industry's production, market share, capacity utilization, and profitability over the period of investigation.

²⁰⁹ Imports from Malaysia *** subject imports from China (in *** of *** possible comparisons) and *** the domestic like product (in *** of *** possible comparisons). *See, e.g.*, CR/PR at Tables V-1 to V-6, App. E. No pricing data were submitted by questionnaire respondents regarding non-subject imports from Thailand.

²¹⁰ With respect to the analysis required by the Federal Circuit in Bratsk and Mittal, Commissioner Pinkert finds that WSS pressure pipe is a commodity product. Whether produced in the United States, China, or non-subject countries, WSS pressure pipe is produced to industry standards and is predominantly sold through distributors in the spot market. The majority of questionnaire respondents consider domestically produced WSS pressure pipe, subject imports, and non-subject imports to be "always" or "frequently" interchangeable. CR/PR at Table II-1, Table II-7; CR at V-7; PR at V-4. Non-subject imports also are a significant factor in the U.S. market. As noted above, non-subject imports collectively accounted for more than *** percent of the U.S. market throughout the period of investigation. CR/PR at Table IV-5. Their market share was comparable to that of the subject imports and by the end of the period of investigation nearly reached the highest level attained by the domestic industry during the period. Non-subject imports also appear to be price-competitive with the domestic like product. With respect to pricing products 1 through 4 they undersold the domestic like product in *** of *** possible comparisons, although they did so only in *** of *** possible comparisons for all six pricing products. CR/PR at Tables V-1 to V-6.

Commissioner Pinkert finds, however, that the evidence of record is insufficient to show that non-subject imports would have replaced subject imports during the period of investigation without any beneficial effect on the domestic industry. It is true that non-subject imports increased substantially during most of 2008, as subject imports declined after the filing of the petition. CR/PR at Table IV-2, Figure IV-1. Nevertheless, information regarding the available capacity of the key non-subject producers to produce WSS pressure pipe is unavailable on the record of these investigations. Korea, Malaysia, Taiwan, and Thailand accounted for the overwhelming majority of non-subject imports. The evidence establishes a considerable level of capacity in those countries to produce a broad group of products (welded stainless steel tubes, pipes, and hollows), but it does not establish the extent of their capacity to produce WSS pressure pipe. *See* CR at VII-15 & n.33, VII-17, and VII-19; PR at VII-10 & n.33, VII-12; CR/PR at Tables VII-4, VII-5, and VII-7. The evidence thus does not warrant a finding that the producers in those countries had the ability to increase exports of WSS pressure pipe to the United States by an amount sufficient to replace imports from China.

Moreover, even assuming non-subject imports would have replaced subject imports, it appears that the domestic industry still would have benefitted. Collectively, non-subject imports oversold subject imports from China (in *** of *** possible comparisons), although this varied substantially among imports from different countries. CR/PR at Tables V-1 to V-6, Appendix E.

²¹¹ We have not identified, and no party has claimed that, any factors other than those already discussed have been injurious to the domestic industry during the period examined.

CONCLUSION

For the reasons stated above, we find that an industry in the United States is materially injured by reason of imports of WSS pressure pipe from China that have been found by Commerce to be sold at less than fair value and subsidized by the Government of China.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on January 30, 2008, by Bristol Metals (Bristol, TN), Felker Brothers Corp. (Marshfield, WI), Marcegaglia USA, Inc. (Munhall, PA), Outokumpu Stainless Pipe, Inc. (Schaumburg, IL), and The United Steel Workers (Pittsburgh, PA).¹ The petition alleges that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of welded stainless steel pressure pipe (“WSS pressure pipe”)² from China. Information relating to the background of the investigations is provided below.³

Effective date	Action
January 30, 2008	Petition filed with Commerce and the Commission; institution of Commission investigations
February 25, 2008 (CVD) February 26, 2008 (AD)	Commerce’s notices of initiation
March 17, 2008	Commission’s preliminary determinations
July 10, 2008 (CVD) September 5, 2008 (AD)	Commerce’s preliminary determinations, scheduling of final phase of Commission investigations (73 FR 58265, October 6, 2008)
January 13, 2009	Commission’s hearing ¹
January 28, 2009	Commerce’s final determinations (74 FR 4936, January 28, 2009 (CVD), 74 FR 4913, January 28, 2009 (AD))
February 18, 2009	Commission’s vote
March 11, 2009	Commission’s determinations transmitted to Commerce
¹ A list of witnesses appearing at the Commission’s hearing is presented in app. B.	

¹ United Steel, Paper and Forestry, Rubber, Manufacturing Energy, Allied Industrial and Service Workers International Union.

² As discussed in greater detail in the section of this chapter entitled “The Subject Merchandise,” for purposes of these investigations, the products covered are circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. These stainless pipes meet the ASTM A-312 or A-778 specifications or comparable specifications. These stainless steel pipes are generally used as a conduit for liquids or gases. Excluded from the scope are: (1) non-circular welded stainless pipe; (2) welded stainless mechanical tubing, such as ASTM A-554; and (3) boiler, heat exchanger, superheater and condenser tubing such as ASTM A-249, A-269, A-270, and A-688.

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

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

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

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

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

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

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

. . .

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

. . .

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

Organization of the Report

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

U.S. WSS PRESSURE PIPE MARKET SUMMARY

Trade for WSS pressure pipe totaled approximately *** (nearly *** short tons) in the U.S. market in 2007. Currently, at least eight firms produce WSS pressure pipe in the United States. Five of the producers – Bristol, Felker, Marcegaglia, Outokumpu, and Webco – accounted for approximately *** percent of estimated U.S. production in 2007. At least 12 firms have imported WSS pressure pipe from China since 2005. The three largest importers – *** – accounted for almost *** percent of reported U.S. imports from China in 2007. There is one large confirmed Chinese producer of WSS pressure pipe, Winner. Petitioners estimate there are 22 other producers in China.⁴

WSS pressure pipe generally is used as a conduit for liquids or gases, with applications including digester lines, blow lines, pharmaceutical lines, petrochemical lines, stock lines, brewery process and transport lines, general food processing lines, automotive paint lines, and paper process machines. The quantity of apparent U.S. consumption of WSS pressure pipe increased by nearly *** between 2005 and 2007, reflecting the growth in ethanol facilities.⁵ The value of apparent U.S. consumption almost ***, reflecting both rising demand and rapid increases in stainless steel prices generally. U.S. producers' U.S. shipments of WSS pressure pipe totaled *** short tons in 2007, and accounted for *** percent of apparent U.S. consumption by quantity. U.S. imports from China totaled 30,371 short tons in 2007, and accounted for *** percent of apparent U.S. consumption by quantity, while U.S. imports from all other sources combined totaled 29,078 short tons in 2007, and accounted for *** percent of apparent U.S. consumption by quantity. The largest sources of imported WSS pressure pipe are China and Taiwan. The quantity and value of apparent U.S. consumption were each nearly one-third lower in January-September 2008 than in January-September 2007.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, tables C-1 to C-4.⁶ Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for approximately *** percent of U.S. production of WSS pressure pipe during 2007. U.S. imports are based on official import statistics of Commerce, as modified to include WSS pressure pipe imported under broader HTS categories (based on questionnaire responses) and to exclude both WSS pressure pipe over

⁴ Petitioners' prehearing brief, exhibit 2, and posthearing brief, exhibit 5.

⁵ According to the Renewable Fuels Association, the number of new ethanol plants under construction in the United States was 16 as of January 2005, 31 as of January 2006, and 76 as of January 2007. Petitioner's post-hearing brief, p. A-9 and Exhibit 8.

⁶ Table C-2 is based on an expanded domestic like product that includes pressure pipe greater than 14 inches in diameter, table C-3 is based on an expanded domestic like product that includes pressure tube, and table C-4 presents data for all pressure pipe and tube.

14 inches in diameter (based on questionnaire responses) and mechanical tubing.⁷ Data regarding the Chinese industry are based on one foreign producer questionnaire response, while information with respect to other foreign industries is drawn from published sources. Finally, additional information on tariff treatment, nonsubject import prices, domestic “base” prices (excluding surcharges), and the alleged effects of imports appear in appendixes D through G.

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

The Commission has conducted several previous import relief investigations and two reviews on welded stainless steel pipe and tube, including ASTM A-312 pipe, a product that is both broader and narrower than WSS pressure pipe. Table I-1 presents data on previous and related Title VII investigations.

Table I-1
WSS pressure pipe: Previous and related Title VII investigations

Product	Inv. No.	Year of petition	Country	Original determination	Current status
Welded stainless steel pipe and tube	AA1921-180	1978	Japan	Negative	(¹)
Welded stainless steel pipe and tube excluding grade 409 pipe	701-TA-281	1986	Sweden	Negative	(¹)
	731-TA-354	1986	Sweden	Negative	(¹)
ASTM A-312 pipe	731-TA-540 ²	1991	Korea	Affirmative	Order in place.
	731-TA-541 ²	1991	Taiwan	Affirmative	Order in place. ³
¹ Not applicable. ² On July 1, 1999, the Commission instituted the first five-year review of the antidumping duty orders, and on September 22, 2000, the Commission made an affirmative determination. On September 1, 2005, the Commission instituted the second five-year review of the antidumping duty orders, and on August 16, 2006, the Commission made an affirmative determination. ³ Chang Tieh (later Chang Mien) was excluded from the original investigations, and the order for Ta Chen was revoked effective June 26, 2000, on merchandise entered after December 1998.					
Source: <i>Certain Welded Stainless Steel Pipe from Korea and Taiwan, Inv. Nos. 731-TA-540 and 541 (Second Review)</i> , USITC Publication 3877, August 2006, pp. I-1 - I-3.					

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

Following receipt of a request from the Office of the United States Trade Representative (“USTR”) on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974⁸ to determine whether certain steel products, including stainless steel welded tubular products,⁹ 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

⁷ As discussed in detail in Part IV, import data for Canada are not being used because the overwhelming majority of such imports consists of nonsubject product (mechanical tubing).

⁸ 19 U.S.C. § 2252.

⁹ Stainless steel welded tubular products were found to be a single ‘like or directly competitive’ product. *Steel, Inv. No. TA-201-73, Volume I: Determinations and Views of Commissioners*, USITC Publication 3479, December 2001, p. 16.

articles like or directly competitive with the imported article.¹⁰ On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate (“Senate Finance Committee” or “Committee”) requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.¹¹ 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-201-73.¹² On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission made a unanimous negative determination with respect to stainless steel welded tubular products.¹³

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On January 28, 2009, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of welded stainless steel pressure pipe from China. Table I-2 presents Commerce’s findings of subsidization of welded stainless steel pressure pipe in China. The following programs were determined to be countervailable by Commerce for Winner: *Provision of Stainless Steel Coil for Less Than Adequate Remuneration; Reduced Income Tax Rate for Foreign Investment Enterprises (FIEs) Located in Economic and Technological Development Zones and Other Special Economic Zones; and Import Duty and Value Added Tax Exemptions for Imported Equipment.*^{14 15}

Table I-2
WSS pressure pipe: Commerce’s final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy margin (<i>percent</i>)
Winner Stainless Steel Tube Co. Ltd. (Winner)/ Winner Steel Products (Guangzhou) Co., Ltd. (WSP)/ Winner Machinery Enterprises Company Limited (Winner HK) (Collectively the Winner Companies)	1.10
Froch Enterprise Co. Ltd. (Froch) (also known as Zhangyuan Metal Industry Co. Ltd.)	299.16
All others	1.10
Source: 74 FR 4936, January 28, 2009.	

¹⁰ *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.

¹¹ 19 U.S.C. § 2251.

¹² *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.

¹³ *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

¹⁴ Issues and Decision Memorandum for Final Determination, Countervailing Duty Investigation on Certain Welded Austenitic Stainless Pressure Pipe from the People’s Republic of China, January 21, 2009.

¹⁵ Froch received a final subsidy rate based on adverse facts available, as this company failed to cooperate.

Sales at LTFV

On January 28, 2009, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China.¹⁶ Table I-3 presents Commerce's dumping margins with respect to imports of welded stainless steel pressure pipe from China.

Table I-3

WSS pressure pipe: Commerce's final weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Final LTFV margin (percent)
Zhejiang Jiuli Hi-Tech Metals Co., Ltd.	Zhejiang Jiuli Hi-Tech Metals Co., Ltd.	10.53
PRC-wide rate		55.21
Source: 74 FR 4913, January 28, 2009.		

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the imported merchandise subject to these investigations as:

circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. This merchandise includes, but is not limited to, the American Society for Testing and Materials ("ASTM") A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. Excluded from the scope are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.¹⁷

Tariff Treatment

The subject imports normally are included under Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085.¹⁸ They also may be imported under HTSUS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090.¹⁹ As shown in appendix D, U.S. imports of WSS pressure pipe are free of duty under the general duty column.

¹⁶ *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 4913, January 28, 2009.

¹⁷ *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 4913, January 28, 2009.

¹⁸ These statistical reporting numbers are believed to include primarily subject products but also include modest quantities of nonsubject products.

¹⁹ *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 4913, January 28, 2009. Only two U.S. importers reported importing *** of subject imports under these HTS statistical reporting numbers.

THE DOMESTIC LIKE PRODUCT

Description and Applications²⁰

The term “WSS pipe” refers to welded pipe of austenitic stainless steel. The terms “pipe,” “tube,” and “tubing” designate hollow forms used for the conveyance of gases, liquids, and solids, and for a diversity of mechanical and structural purposes. “Pipe” is of circular cross-section, produced in relatively few standard sizes, designated by nominal diameter and wall thickness,²¹ and is designed for use with standard pipe fittings. By contrast, “tube” and “tubing” may be of any cross-sectional shape, including circular, and generally are produced to more exacting specifications than pipe in terms of their dimensions, finish, and mechanical properties. Tube sizes are defined by outside diameter (“O.D.”), which may be the same as that of a standard-size pipe, and by wall thickness. Generally, pipe produced in various grades (types) of stainless steel are distinguished by end uses as defined by the American Iron and Steel Institute (AISI). Most directly relevant in these investigations is pressure pipe, which is typically produced to specifications such as those of the American Society for Testing and Materials (“ASTM”) and used to convey fluids at high temperatures, high pressures, or both, and is suitable for heat applications.²² Distinctions between WSS pressure pipe not exceeding and that greater than 14 inches O.D. are in differences of the manufacturing processes utilized and the number of longitudinal welds permitted to meet ASTM specifications. As will be explained later in the section on “Manufacturing Processes,” WSS pipe not exceeding 14 inches O.D. is typically produced by a continuous welding process. By contrast, domestic producers reportedly are unable to use a continuous welding process for sizes larger than 14 inches O.D. (for Felker, Marcegaglia, and Outokumpu) or 16 inches in O.D. (Bristol).²³ For larger sizes, domestic producers use either the batch process or the spiral welding process for forming and welding.²⁴ ASTM specifications A-312 and A-778 allow for a maximum of two or three longitudinal welded seams, respectively, for pipe greater than 14 inches O.D., but allow for only a single longitudinal or spiral butt-weld seam for pipe not exceeding 14 inches O.D.²⁵

According to the AISI, stainless steel is a general class of steels that contains more than 10 percent of chromium (Cr) by weight. Chromium gives stainless steel its excellent resistance to corrosion and good strength at high temperatures and pressure. For these reasons, it is used in corrosive environments, under high temperature and pressure conditions, or when cleanliness and ease of maintenance are strictly required. Stainless steel equipment is widely used in automotive, food processing, medical and health equipment products, as well as in the petrochemical industry and the

²⁰ Information in this section is drawn largely from *Certain Welded Stainless Steel Pipe From Korea and Taiwan, Inv. Nos. 731-TA-540 and 541 (Second Review)*, USITC Publication 3877, August 2006, pp. I-17 to I-23.

²¹ The size of a pipe is defined by the nominal pipe size (“NPS”), a dimensionless designator that has been substituted for such traditional terms as “nominal diameter.” Nominal sizes of 1/8 to 12 are based on a standardized outside diameter (“O.D.”) that was originally selected so that a pipe having a wall thickness that was typical of the period would have an inside diameter in inches approximately equal to the nominal size. For pipe in nominal sizes of 14 and larger, the O.D. is equal in inches to the nominal size— i.e., a pipe of NPS 14 has an O.D. of 14 inches.

²² Other important types of pipe and tube which are defined by the AISI include standard pipe, line pipe, structural pipe and tubing, mechanical tubing, and oil country tubular goods. All are designed for specific applications and must meet appropriate engineering standards for those end uses.

²³ Hearing transcript, p. 40 (Henke) and p. 56 (Boling).

²⁴ Schagrin Associates, “*Response to the Department of Commerce’s Request for Clarification of the Petition for the Imposition of Antidumping Duties on U.S. Imports of Welded Stainless Pressure Pipe from the People’s Republic of China*,” February 5, 2008, p. 1.

²⁵ ASTM, “Standard Specification for Seamless and Welded Austenitic Stainless Steel Pipe,” *Annual Book of ASTM Standards 2000, Section I, Iron and Steel Products, vol. 01.01, Steel— Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, p. 178 and p. 560.

power generation industry. Other alloys, including nickel (Ni) and molybdenum (Mo), are added to obtain additional desirable characteristics for various types of stainless steels. Depending on their differing metallurgical microstructures and chemical compositions, stainless steels generally are classified as austenitic, ferritic, or martensitic. Most directly relevant in these investigations are the austenitic stainless steels, which comprise over 70 percent of all stainless steel production. They contain a maximum of 0.15 percent carbon, and a minimum of 16 percent chromium, together with varying amounts of nickel and manganese.²⁶

Most stainless steel tubular products are produced in either of two common grades (defined by chemical composition and physical requirements) of stainless steel, namely AISI types 304/304L or 316/316L that are austenitic chromium-nickel alloy (grade 300-series) stainless steels.²⁷ Type 304 is the most widely used austenitic stainless steel. It is resistant to food processing environments, except for high-temperature conditions involving high-acid and chloride contents, and is resistant to organic chemicals, dyestuffs, and a wide variety of inorganic chemicals. Type 316 is the second-most widely used austenitic stainless steel, most commonly in nuclear reprocessing plants and food, pharmaceutical, and surgical stainless-steel applications. It exhibits superior corrosion resistance to that of type 304 in many different corrosive chemical as well as marine atmospheres, and also has higher strength at elevated temperatures.²⁸

The term “WSS pressure pipe,” in this case, includes any welded pipe that is produced from austenitic stainless steel (typically AISI type 304 or 316) to meet ASTM stainless-steel specifications A-312²⁹ and A-778³⁰ or equivalent.³¹ ASTM A-312 is the most common specification for stainless steel

²⁶ Ferritic stainless steels (containing at minimum 11.5 percent chromium) are highly corrosion resistant, but much less durable than austenitic grades and cannot be hardened by heat treatment. Martensitic stainless steels (containing at minimum 11.5 percent chromium) are not as corrosion resistant as the other two grades, but are extremely durable as well as highly machinable, and can be hardened by heat treatment. Duplex stainless steels have a combined microstructure of austenite and ferrite. Duplex stainless steels have improved strength over austenitic stainless steels and also higher resistance to corrosion. For more details, see AISI, *Steel Glossary*, found at http://www.steel.org/AM/Template.cfm?Section=Steel_Glossary2&TEMPLATE=/CM/HTMLDisplay.cfm&CONTENTID=6426, retrieved February 22, 2008; Atlas Publishing Co., *Metal Reference and Encyclopedia*, p. 140, 1968; and <http://www.berkeleypoint.com/learning/stainless.html>, retrieved February 24, 2008.

²⁷ Other alloy series include 400 series (ferritic and martensitic chromium alloys), 500 series (heat-resisting chromium alloys), and 600 series (martensitic precipitation hardening alloys).

²⁸ In terms of differences in chemical compositions, the chromium content of type 316 is 16 percent compared to 18 percent for type 304. Type 316 contains a minimum of 2 percent of molybdenum (to enhance its corrosion resistance) and 10 percent of nickel, compared to no molybdenum and 8 percent of nickel in type 304. Both types 304 and 316 contain a maximum of 0.08 percent of carbon. Extra-low carbon grades, types 304L and 316L, containing a maximum of 0.03 percent carbon, are more suitable for applications involving welding. Welded pipe and tube are usually produced using steel that meets the requirements of both the regular grade and the extra-low carbon grade, designated as “304/304L” or “316/316L.” Iron & Steel Society, *Steel Products Manual: Stainless Steels, 1999*, pp. 86 and 114.

²⁹ ASTM, “A-312/A-312M-99, “Standard Specification for Seamless and Welded Austenitic Stainless Steel Pipe,” *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 177-185.

³⁰ ASTM, “A-778-98, Standard Specification for Welded, Unannealed Austenitic Stainless Steel Tubular Products,” *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 559-562.

³¹ In general, the descriptions of the uses for various types of welded stainless steel pipe and tube products are taken from *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Invs. Nos. 731-TA-540-541 (Review)*, USITC Publication 3351, September 2000, pp. I-10 and I-11; and *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Invs. Nos. 731-TA-540-541 (Second Review)*, USITC Publication 3877, August 2006, pp. I-15 to I-17, unless otherwise noted. The physical description of the various grades of WSS pressure pipe is compiled from the

(continued...)

pipe, and accounts for much of the WSS pipe consumed in the United States.³² Welded A-312 pipe is designed for high-temperature and general corrosive-resistance service, and must be annealed (heat treated) after welding.³³ Major uses for welded A-312 pipe includes digester lines, pharmaceutical production lines, petrochemical stock lines, automotive paint lines, and various processing lines such as those in breweries, paper mills, and general food-processing facilities.³⁴ A-778 pipe is similar to A-312, but differs in the welding process and in the absence of a requirement for post-weld annealing.³⁵ A-778 pipe is most often used in the pulp and paper industry and for wastewater applications, owing to its ability to withstand high temperatures and corrosive contact, albeit at somewhat lower levels than A-312 pipe. A-778 pipe is also used in corn fermentation systems to produce ethanol and low-pressure fluid transfer systems.³⁶ According to Commerce's scope, A-358 pipe³⁷ is only included when it is produced to meet ASTM A-312 or A-778 specifications. ASTM A-358 pipe is used in critical applications where failure of the weld might have serious consequences, such as in nuclear power plants and liquified natural-gas facilities.

Some major purchasing industries require that a producer's WSS pressure pipe be included on its approved manufacturers lists (AMLs). Among petroleum companies, AMLs cover the full range of pipe sizes down to ½ inch O.D.³⁸ Chemical companies also require that WSS pressure pipe have AML approval.³⁹ Nevertheless, a representative of Marcegaglia testified, and a representative of Outokumpu concurred, that requests for AML suppliers are relatively minor.⁴⁰

Although stainless steel tubular products as a group are defined by their anti-corrosive and high-strength characteristics, they are designed for a wide variety of applications under different operating conditions and made by different processes as specified by the ASTM. Consequently, certain other types of stainless steel products may be distinguished from WSS pressure pipe. Welded mechanical tubing produced to meet A-554 specifications⁴¹ is for mechanical applications that require the surface appearance, mechanical properties, or corrosion resistance of stainless steel; this specification covers

³¹ (...continued)

standards and specifications published by the ASTM.

³² *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Invs. Nos. 731-TA-540-541 (Second Review)*, USITC Publication 3877, August 2006, p. I-19.

³³ Annealing is a process in which the subject material is heated to a temperature of over 1,900 degrees Fahrenheit followed by controlled cooling. This specific heat treatment technique alters the metallurgical micro-structure of the subject material, causing changes in its physical properties such as strength and hardness.

³⁴ *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Invs. Nos. 731-TA-540-541 (Second Review)*, USITC Publication 3877, August 2006, p. I-15.

³⁵ ASTM A-778 is listed in the ASTM as having a diameter of 3" to 14". However, a note attached to the ASTM states that if the pipe meets the other ASTM specifications even though it is a non-included diameter, it can still be classified as A-778. *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Invs. Nos. 731-TA-540-541 (Second Review)*, USITC Publication 3877, August 2006, pp. I-19 to I-20.

³⁶ *Certain Welded Stainless Steel Pipes from Korea and Taiwan, Invs. Nos. 731-TA-540-541 (Second Review)*, USITC Publication 3877, August 2006, p. I-15.

³⁷ ASTM, A-358/A-358M-98, "Electric-Fusion-Welded, Austenitic Chromium-Nickel Alloy Pipe for High-Temperature Service," *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel—Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 225-230.

³⁸ Hearing transcript, p. 102 (Boling).

³⁹ Hearing transcript, p. 103 (Carpenter).

⁴⁰ Hearing transcript, p. 103 (Cornelius and Carpenter, respectively).

⁴¹ ASTM, "A-554-98, Standard Specification for Welded Stainless Steel Mechanical Tubing," *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel—Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 441-446.

mechanical tubing with wall thicknesses as thin as 0.020 inch and with nominal sizes up to 16 inches O.D. Another ASTM specification for welded stainless steel mechanical tubing, A-409,⁴² covers large-diameter (NPS 14 to 30), thin-walled pipe. This product is generally utilized in applications requiring resistance to corrosive or high-temperature conditions, such as automotive exhaust-converter systems and water well castings. In the preliminary phase of these investigations, petitioners stressed that most imports from Canada were of this grade.⁴³ Tubular products meeting ASTM A-249 (welded pressure tube),⁴⁴ A-269 (general-service tubing),⁴⁵ and A-688 (welded feedwater heater tube)⁴⁶ are used primarily in heating and cooling apparatuses. Among the industries using these types of tubing are producers of ethanol, pharmaceuticals, foods, and beverages.⁴⁷ Tubing meeting ASTM A-270 (sanitary tubing)⁴⁸ has a polished finish on either the inside or the outside of the tube, or both, and is intended for applications in the dairy and food industries. Generally, the market for WSS tubing ends at a maximum size of about 6 inches O.D.⁴⁹

Manufacturing Processes

Production of WSS pressure pipe is a two-stage process of forming the tubular shape followed by welding the product. Two common methods can be used to form the tubular shape of WSS pressure pipe, the continuous-mill process and the press-brake process. Both processes require stainless steel purchased from steel mills that is slit to the proper width to produce the intended size pipe.⁵⁰

The continuous-mill process, which is the principal method of producing WSS pressure pipe, begins with coils of stainless-steel sheet, strip, or plate. Coiled steel, of a width essentially corresponding with the outside diameter of the pipe to be produced, is mounted in an uncoiler and fed into a series of paired forming rolls. As the stainless steel progresses through the rolls, its cross-sectional profile is formed into a tubular shape with the butted edges along its length ready for (longitudinal) welding as described below. Petitioners report that domestic producers generally use this process for

⁴² ASTM, "A-409/A409M-95a, Standard Specification for Welded Large-Diameter Austenitic Steel Pipe for Corrosive or High-Temperature Service," *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 306-311.

⁴³ Conference transcript, p. 86 (Tidlow).

⁴⁴ ASTM, "A-249/A-249M-98, Standard Specification for Welded Austenitic Steel Boiler, Superheater, Heat-Exchanger, and Condenser Tubes," *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 139-145.

⁴⁵ ASTM, "A-269-98, Standard Specification for Seamless and Welded Austenitic Stainless Steel Tubing for General-Service," *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 166-170.

⁴⁶ ASTM, "A-688/A-688M-98, Standard Specification for Welded Austenitic Stainless Steel Feedwater Heater Tubes," *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 501-506.

⁴⁷ *Certain Welded Stainless Steel Pipe From Korea and Taiwan, Inv. Nos. 731-TA-540 and 541 (Second Review)*, USITC Publication 3877, August 2006, p. I-15.

⁴⁸ ASTM, "A-270-98a, Standard Specification for Seamless and Welded Austenitic Stainless Steel Sanitary Tubing," *Annual Book of ASTM Standards 2000, Section 1, Iron and Steel Products, vol. 01.01, Steel– Piping, Tubing, Fittings*, ASTM: West Conshohocken PA, 2000, pp. 171-175.

⁴⁹ *** staff telephone interview, November 20, 2008.

⁵⁰ None of the domestic producers cut the stainless steel in-house, unlike carbon-steel pipe producers, due to the hardness of stainless steel. Hearing transcript, p. 62 (Schagrín).

O.D. sizes between 2 and 14 inches,⁵¹ although Bristol uses this process for O.D. sizes up to 16 inches.⁵² Domestic producers' facilities include several continuous weld mills, with each dedicated to a limited range of pipe diameters based on the individual mill configuration and tooling. For example, Bristol dedicates most of its eight continuous weld mills to producing only two or three specific sizes of WSS pressure pipe.^{53 54}

The press-brake process⁵⁵ is another method of manufacturing welded stainless steel tubular products, but is a batch process in which a press gradually bends cut-to-length sheets, strips, or plates into a cylindrical shape with the butted edges ready for welding as described below.⁵⁶ The starting cut-to-length steel is of a width essentially corresponding with the outside diameter and a length equal to the length of the piece of pipe to be produced with a single longitudinally welded seam. Alternatively, two or three narrower-width pieces of cut-to-length steel can be pressed into the shape of a pipe with two or even three longitudinally welded seams. However, the press-brake process is labor-intensive, and is used primarily for the production of pipe with diameters typically above 16 inches, although limited production of smaller diameter tubular products has been reported.⁵⁷ According to counsel for petitioners, the size range possible on a press-break mill (e.g., from 48 to 72 inches on the same press) is much more flexible than the limited number (two to three) and range (few inches) of sizes on continuous weld mills.⁵⁸

In the welding stage, the butt edges are welded together by an automatic welding machine using either the tungsten-inert-gas ("TIG") welding process,⁵⁹ the plasma welding process, or the laser welding process. These methods allow welding without filler material,⁶⁰ complete fusion of butted edges, and shielding of the weld area with inert gas to prevent oxidation. In the TIG welding process, welding heat is provided by an electric arc between a tungsten electrode and the pipe edges. The plasma welding process is similar to the TIG process in that the (gaseous) plasma is heated as it passes through an arc torch, which is created by an electrode within a nozzle. In the laser welding process, a laser beam is directed to the weld butt joint, forming a deep-penetration fusion weld. The laser process is capable of a higher speed of operation than is the TIG process. For continuous welded pipe, the pipe continues after welding through an in-line annealing furnace in a non-oxidizing atmosphere,⁶¹ then through straightening equipment and, finally, cutting to length. By contrast, batch-welded pipe must be annealed in a separate operation, and subsequently pickled in acid to remove the oxide scale and yield a "bright" surface finish.

⁵¹ Conference transcript, p. 31 (Schagrin).

⁵² Hearing transcript, p. 56 (Boling).

⁵³ Hearing transcript, p. 22 (Boling). Bristol also has ***. For more details as to the sizes produced and capacity utilization for each mill, see Petitioners' posthearing brief, exhibit 11 and Table III-6 infra.

⁵⁴ In addition, Marcegaglia manufactures pressure pipe on ***. Petitioners' posthearing brief, exhibit 11.

⁵⁵ Also referred to as the "brake-bench press," "bench press," or "batch mill process." Hearing transcript, p. 17 (Cornelius) and pp. 40-41 (Henke).

⁵⁶ This is called a batch (rather than "continuous") process because each individual length of pipe is bent and welded individually.

⁵⁷ Hearing transcript, p. 55 (Schagrin). While Swepco indicated it can produce smaller WSS pressure pipe on a press-break, WSS pressure pipe is a small portion of its overall production.

⁵⁸ Hearing transcript, pp. 65-66 (Schagrin).

⁵⁹ Also known as the gas tungsten-arc welding ("GTAW") process.

⁶⁰ Although the TIG and plasma process can use filler metal, the laser process does not allow for the use of filler metal. WSS pressure pipe produced in accordance with the standard for ASTM A-312 cannot be made with filler metal.

⁶¹ In-line annealing is normally performed in a nonoxidizing atmosphere, a process known as "bright annealing." Product that is annealed by other than bright annealing must be pickled in acid to remove surface oxides and produce a "bright" finish.

DOMESTIC LIKE PRODUCT ISSUES

In the preliminary phase of these investigations, the petitioners contended that the Commission should find one domestic like product that is co-extensive with the scope of merchandise subject to the investigations as identified by Commerce.⁶² At the Commission's staff conference, U.S. importer Silbo argued that there is no basis for excluding pressure pipe greater than 14 inches in O.D. from the domestic like product.⁶³ In the preliminary phase of these investigations the Commission found one domestic like product that is coextensive with the scope and consists of small-diameter welded pressure pipe, but expressed its intention to revisit the issue in the final phase of these investigations.^{64 65} Accordingly, staff included questions on this issue in the producer and purchaser questionnaires. The responses to these questions are summarized as follows.

Physical Characteristics and Uses

Small and Large Diameter Pressure Pipe

Domestic producers reported different end-use markets for larger sizes (exceeding 14 inches O.D.) of WSS pressure pipe. According to ***, large-diameter WSS pressure pipe is utilized in large-scale chemical, liquified natural-gas (LNG), and waste-water treatment projects.⁶⁶ In addition to waste-water treatment plants, *** noted that these larger sizes are also typically utilized in large air-duct systems, and in the mining industry. Likewise, *** noted that more of the large-diameter WSS pressure pipes are sold to less-stringent specifications for lower pressures or uses such as duct works or other low-pressure service. By contrast, the typical end uses for smaller-diameter WSS pressure pipe, as cited by ***, include: chemical, petroleum, food, high-technology, aeration, ethanol, and pulp and paper,

⁶² Petitioners' postconference brief, p. 1.

⁶³ Conference transcript, pp. 96-98 (Jakob).

⁶⁴ *Certain Welded Stainless Steel Pressure Pipe From China, Inv. Nos. 701-TA-454 and 731-TA-1144 (Preliminary)*, USITC Publication 3986, March 2008, p. 10. In addition, then-Chairman Pearson noted that in the original 1991-92 investigations involving welded stainless steel pipes from Korea and Taiwan (where the scope was limited to ASTM A-312 pipes regardless of outside diameter), the Commission concluded that the domestic like product was not limited to products within the scope but consisted of **all** welded stainless steel pipes and tubes, except for grade 409 tubes and mechanical tubing. The Commission reaffirmed this finding in the first five-year reviews of those orders. In the second five-year reviews, however, the Commission decided to limit the domestic like product definition to ASTM A-312 and ASTM A-778 pipes (again, regardless of outside diameter), and did not include tubing in the domestic like product. While Chairman Pearson concurred with his colleagues in determining that, for purposes of the preliminary phase of these investigations, the domestic like product should be defined coextensive with the scope, he noted that this would be the third different domestic like product definition that the Commission has applied to what was essentially the same imported product. Accordingly, in any final phase of these investigations, Chairman Pearson stated his intention to revisit the issue of whether the domestic like product should be expanded beyond the scope to include not only welded stainless steel pressure pipes of greater than 14 inches in outside diameter but also welded stainless steel tubular products other than grade 409 tubes and mechanical tubing. *Ibid.* p. 10, n. 49.

⁶⁵ Petitioners continue to argue in favor of a domestic like product co-extensive with Commerce's scope, noting distinctive market applications, and customer orders, but placing particular emphasis on the different methods of manufacturing smaller pipe (14 inches or less in O.D.). Hearing transcript, pp. 54-55 (Schagrín).

⁶⁶ The LNG industry utilizes large-diameter pipe up to 30, 42, and 54 inches O.D. Wastewater treatment facilities utilize WSS pressure pipe up to 96 inches O.D. Further, some of the petroleum refineries also utilize some large-diameter pipe, as do electric power-generators at coal-fired power plants in their emission-control scrubber systems. Hearing testimony, pp. 50-51 (Boling).

among other such industrial applications. *** also reported that the similarities between these size categories are basically limited to shape and some common industry uses. According to ***, smaller-diameter WSS pressure pipe is produced to much tighter tolerances than is larger pressure pipe. Moreover, *** reported that production of larger-diameter WSS pressure pipe results in much more prevalent weld seams, which are not subsequently cold-worked (planished) as is common for smaller-diameter WSS pressure pipe. *** cited differences in diameters and wall thickness between the larger versus smaller sizes of WSS pressure pipe. Nevertheless, *** also noted some similar service and end-use applications despite differences in physical specifications, for both size ranges.

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires were mixed. Several firms noted the similar specifications and concluded that there were no specific differences other than those of wall thickness and diameter. Others, however, noted differences in their own purchasing patterns (e.g., noting that they did not purchase larger pipe sizes), engineering requirements by final customers, and a distinction between project applications (more typical for large diameter pipe) and non-project applications (typically smaller pipe that is stocked and sold through distribution).

Pressure Pipe and Pressure Tubing

Differences in end-use markets due to differences in physical characteristics were also reported by domestic producers for WSS pressure pipe versus WSS pressure tubing. These tubular products are typically utilized in what *** considered as different, non-related applications. More specifically, according to ***, WSS pressure pipe is utilized for lower-pressure applications, e.g., for fluid transmission and for chemical and paper processing. By contrast, WSS pressure tubing is most often utilized in heat exchangers, evaporators, boilers, and condensers. *** characterized WSS pressure pipe as usually being produced as a commodity product, with standard lengths, whereas WSS pressure tubing must be produced to the end user's specified lengths and therefore would not be readily inventoried. Both *** and *** also reported that the dimensional tolerances for diameters and wall thickness are tighter for A-249 and A-269 WSS pressure tubing than for A-312 and A-778 WSS pressure pipe.⁶⁷ *** reported that its WSS pressure pipe meets A-778 specifications with less testing requirements and no need for heat treatment, for use with lower pressures.

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires generally recognized differences between pressure pipe and pressure tubing. Some purchasers focused on their own product lines (noting that they did not distribute tubing); others focused on specific applications (noting for example that pressure tubing is frequently used as a heat exchanger, as opposed to the transport of fluid or other "industrial" uses more common to pressure pipe); and still others focused on dimensional differences (e.g., diameter, wall thickness).

Manufacturing Facilities, Employees, and Processes

Small and Large Diameter Pressure Pipe

Firms producing both welded ASTM A-312 and A-778 pipe can use the same facilities and workers to produce both grades (except that A-778 pipe does not require annealing).⁶⁸ Other WSS tubular products have been reported to be produced at the same facilities as welded A-312 and A-778

⁶⁷ ***, a producer of pressure and feedwater heating tubing, made a similar observation and further noted the additional surface finishes required for tubing used in specific industry applications.

⁶⁸ Conference transcript, p. 46 (Schagrin).

pipe.⁶⁹ However, domestic producers also typically specialize in certain size ranges. For example, *** generally manufactures products which are greater than 14 inches O.D. whereas *** produces pipes but only of sizes not exceeding 14 inch O.D. Outokumpu's south plant primarily produces pipe up to 6 inches in diameter whereas its north plant manufactures larger sizes.⁷⁰ That is because, as mentioned before, tubular products with diameters greater than 14 inches O.D. are typically produced by the press-brake method, a batch process, whereas the smaller sizes are generally manufactured by a continuous-mill process. According to counsel for the petitioners, the press-brake process is occasionally used for smaller-diameter products, but would be a very small fraction of the industry's output.⁷¹ Conversely, a hearing witness testified that, although a German firm reportedly produces pipe up to 30 or 36 inches O.D. from a continuous mill, Bristol cannot be foreseen as doing likewise, because of coil size availability and the limited demand for larger sizes.⁷² Likewise, the representative for Outokumpu testified that the firm has no plans either for continuous-mill production of pipe exceeding 14 inches O.D.⁷³

Moreover, these two manufacturing processes reportedly require different equipment and are operated by employees with different skills and training.⁷⁴ Several domestic producers reported that the vast majority of the larger-sized WSS pressure pipe is produced on a batch mill process, one piece at a time, versus a continuous mill process that is much more efficient in terms of costs and time. *** reported that costs can be *** percent more for the batch process and production cycles can be *** longer to achieve only a small fraction of the continuous mill production footage. *** noted that WSS pressure pipes not exceeding 14 inches O.D. are produced on continuous mills, from continuous coils rather than the individual pieces of cut-to-length plate fed into the press-break mill to make large-diameter pipe. The press-break process also requires multiple blows to form the pipe, and is much more labor intensive. *** also reported that in press-break operations, larger-sized WSS pressure pipe is assembled by a semi-automatic "seamer" welding process that requires continuous operator monitoring and intervention. By contrast, according to ***, continuous mill operations utilize automatic welding and cut-to-length features which require minimal operator intervention. Accordingly, the two operations require a different skill set and are not interchangeable without additional training.

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires were limited with respect to manufacturing practices. Of those companies that expressed a view, nearly all identified differences in the manufacturing process (continuous for smaller pipe, batch for larger pipe) or the related distinction between inputs (stainless steel in strip form for smaller pipe and in plate form for larger pipe).

Pressure Pipe and Pressure Tube

*** reported that it produces A-358 WSS pressure pipe, typically one at a time in a batch process at much higher costs per foot in comparison to its continuous-mill tubular products. Special testing on A-358 WSS pressure pipe also increases manufacturing costs. Although the manufacturing process itself is very similar (consisting of forming, welding, sizing, annealing, straightening, and cutting), *** noted that

⁶⁹ *Certain Welded Stainless Steel Pipe From Korea and Taiwan, Inv. Nos. 731-TA-540 and 541 (Second Review)*, USITC Publication 3877, August 2006, p. I- 22.

⁷⁰ Conference transcript, p. 65 (Avento). See also staff telephone interview with ***, February 21, 2008.

⁷¹ Hearing transcript, p. 55 (Schagrin).

⁷² Hearing transcript, pp. 56-57 (Boling).

⁷³ Hearing transcript, p. 57 (Carpenter).

⁷⁴ Conference transcript, p. 31 (Schagrin).

the tooling utilized to produce WSS pressure pipe is different than that to produce WSS pressure tubing.^{75 76}

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires were limited with respect to manufacturing practices. Of those companies that expressed a view, nearly all noted differences in tolerances and finishes (that is, that pressure tubing generally permits less tolerance from specifications and may require more demanding finishing, such as polishing). However, most purchasers also noted that the actual manufacturing process (cold-forming stainless steel coils) for pressure pipe and pressure tubing is similar.

Interchangeability and Customer and Producer Perceptions

Questionnaire respondents were asked to identify any tubular products that may be substituted for WSS pressure pipe not exceeding 14 inches O.D. None of the responding domestic producers identified larger-diameter pipe produced to ASTM specifications A-312 or A-778 as a substitute for smaller-sized WSS pressure pipe. Also, none of the responding domestic producers identified A-358 pipe (generally reserved for critical applications), pressure tube such as A-249, A-269, A-270, and A-688; or mechanical tubing as substitutes for WSS pressure pipe. Most purchasers identified no substitutes for WSS pressure pipe, although three indicated possible substitutes as seamless stainless- steel pipe either in the same or in most all end uses, and tubing meeting A-554 specifications for WSS mechanical tubing. Similarly, most importers identified no substitutes for WSS pressure pipe, although two indicated that welded pipe produced from other nickel/chromium alloys or from duplex stainless steel could substitute for WSS pressure pipe.

Small and Large Diameter Pressure Pipe

Several domestic producers reported little or no interchangeability between WSS pressure pipe above and below 14 inches O.D. *** noted that the sizes and gauges are for specific uses, and *** and *** elaborated that the size requirements are specified by the engineering firm for the specific end-use application. *** elaborated further that engineered systems are generally purpose-specific with pipe sizes chosen for pressure and flow characteristics, and similarly, *** cited volume requirements as limiting interchangeability among size ranges. *** further noted that both producers and customers perceive the WSS pressure pipe of greater than 14 inches O.D. as a different product than that of smaller sizes. In

⁷⁵ ASTM A-249 and A-269 specifications for pressure tube are similar to that for A-312 pipe in that the process of annealing is required after welding. Tubular products produced to A-249 specification must be cold worked (planished) in the "weld bead" (i.e., weld seam) before annealing. Cold working and planishing are finishing steps to assure a smooth surface, particularly in the area of the weld. Cold working is defined as "altering the shape or size of a metal by plastic deformation. Cold-working processes, include rolling, drawing, pressing, spinning, extruding and heading, are carried out below the recrystallisation point, usually at room temperature. Hardness and tensile strength are increased with the degree of cold work while ductility and impact values are lowered. The cold rolling and cold drawing of steel significantly improves surface finish." Planishing is defined as producing a smooth surface finish on metal by rapid succession of blows delivered by highly polished dies or by a hammer designed for the purpose, or by rolling in a planishing mill. Alternatively, and for tube too small in outside diameter to weld, the product tubing must be cold drawn from a larger size and subsequently annealed and pickled. The A-269 specification is similar to A-249 in that it requires post-weld annealing but A-269 products may or may not be cold worked, depending upon the outside diameter, wall thickness, and manufacturer's capabilities. For some products, the removal or smoothing of the interior weld bead is required prior to annealing.

⁷⁶ Likewise, ***, which does not produce WSS pressure pipe, noted that A-249, A-269, and A-270 tubing specifications all require additional processes to finish the weld bead, polish the outer diameter, or draw the tube. Also, the wall thickness is specified to tighter tolerances.

addition to differences in the manufacturing processes and distribution channels, most of the larger-size WSS pressure pipe is custom-made to the end user's specifications, gauges, and testing requirements. Moreover, X-ray, eddy current, dye-penetration, and corrosion testing are typical supplemental requirements for WSS pressure pipe greater than 14 inches O.D. that are seldom requested for the smaller sizes.

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires were nearly evenly divided regarding interchangeability. Whereas several purchasers indicated that they or their customers viewed the pipes as interchangeable, others indicated that engineering or design requirements, volume considerations, or space considerations would limit or preclude interchangeability.

Pressure Pipe and Pressure Tubing

In these investigations, *** elaborated that WSS pressure pipe is not interchangeable with WSS pressure tubing due to differences in diameter sizes, wall thicknesses, and pressure ratings. *** and *** concurred that the two tubular product categories are not interchangeable, with *** noting that end users purchase WSS pressure pipe only for use for piping purposes and they cannot substitute it into a tubing application.⁷⁷ Further, both customers and producers view WSS pressure pipe as a product made to standard diameter and wall specifications. By contrast, WSS pressure tubing is viewed as made-to-order and a more difficult product to manufacture due to the more stringent tolerances involved.⁷⁸

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires were nearly evenly divided regarding interchangeability. Whereas several purchasers indicated that they or their customers viewed pressure pipe and pressure tubing as interchangeable, others indicated that engineering or design requirements, dimensional considerations, tolerances, or finishes, would limit or preclude interchangeability. Several additional firms were unable to compare the products directly because they sold no, or virtually no, pressure tubing.

Channels of Distribution

Small and Large Diameter Pressure Pipe

The vast majority of U.S. shipments of WSS pressure pipe not exceeding 14 inches O.D. are sold through distributors. ***, ***, and *** reported that most of the WSS pressure pipe not exceeding 14 inches O.D. is shipped to master or stock distributors who maintain inventories from which they sell to their customers as needed.⁷⁹ By contrast, most of this product greater than 14 inches O.D. is not typically inventoried, but is rather sold for individual projects, either through distributors or directly to fabricators or end users.⁸⁰ *** elaborated upon distribution channels for larger pipes tending more toward direct marketing to users as fewer middlemen are involved on a regular basis. *** noted that certain master

⁷⁷ However, ***, which does not produce WSS pressure pipe, reported that A-312 pipe and similar size A-249 or A-269 tubing may be interchangeable in some low-tolerance applications such as brewery piping or clean-water piping.

⁷⁸ ***, which does not produce WSS pressure pipe, noted that customers perceive A-312 pipe to be of lower quality than A-249, A-269, or A-270 tube.

⁷⁹ In the preliminary phase of these investigations, *** reported that larger sizes are usually sold directly to the user or fabricator or as part of a package put together by a distributor including fittings, flanges, and other products. *Certain Welded Stainless Steel Pressure Pipe From China, Inv. Nos. 701-TA-454 and 731-TA-1144 (Preliminary)*, USITC Publication 3986, March 2008, p. I-13.

⁸⁰ In 2007, ***.

distributors stockpile small quantities of 16-, 18-, 20-, 24-, and 30-inch O.D. WSS pressure pipe, but sell the majority on a project-use basis.⁸¹ Even when *** sells WSS pressure pipe greater than 14 inches O.D. to a master distributor, most often this large-size product is ultimately destined to a specific customer for a specific project, rather than accumulated for inventory. By contrast, for its own sales, *** reports utilizing the same sales network to market its WSS pressure pipe in both size categories.

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires were mixed. Several firms reported the same or similar channels of distribution. Others, however, noted a greater prevalence of end-user sales for large-diameter pipe.

Pressure Pipe and Pressure Tubing

In contrast to WSS pressure pipe produced to A-312 or A-778 that is sold through distributors, *** noted that WSS pressure tubing produced to A-249 or A-269 specifications is sold through pipe service centers. By contrast, *** reported that the majority of pipe is sold through distributors or service centers, but that tubing is typically sold through engineering companies and fabricators of heat exchangers, condensers, and boilers.⁸²

Customer responses by U.S. purchasers (largely distributors) responding to the Commission's questionnaires were mixed. Several firms reported the same or similar channels of distribution. Others, however, noted a greater prevalence of end-user sales for pressure tubing.

Price

In aggregate, the average unit values for U.S. shipments of WSS pressure pipe not exceeding 14 inches O.D. were \$*** per short ton in 2005, \$*** in 2006, \$*** in 2007, and \$6,720 in January-September 2008. By comparison, the average unit values for WSS pressure pipe greater than 14 inches were higher: \$*** per short ton in 2005, \$*** in 2006, \$*** in 2007, and *** in January-September 2008. The average unit values for WSS pressure tubing were also higher: \$*** per short ton in 2005, \$*** in 2006, \$*** in 2007, and *** in January-September 2008. Pricing practices and prices reported for WSS pressure pipe in response to Commission questionnaires are presented in Part V of this report.

Small and Large Diameter Pressure Pipe

*** reported smaller-diameter pipe is typically priced as listed and discounted from price sheets. The larger diameter pipe is sold as cost plus a mark-up. *** also reported that, unlike for smaller pipe, there is no industry list price sheet for greater than 14 inch diameter pipe. Also, price discounting is far less prevalent when quoting greater than 14 inch pipe. *** reported that larger diameter pipe generally carries a greater price per pound because it is more labor intensive to produce. Moreover, *** noted that 12 inch and smaller diameter pipe is sold according to published price sheets with discounts; by contrast, pipe 14 inches and above in diameter is priced based according to end-use application.

Customer responses by U.S. purchasers (largely distributors) to the Commission's questionnaires were fairly consistent on the issue of price. With one exception, responding purchasers indicated that larger pipe was more expensive than small pipe. Several responding firms specifically linked the discussion of price with production methods (noting that batch production tended to be more costly than continuous production), and one indicated that pricing methods also differed (that is, smaller pipe was sold from a price list while larger pipe was sold according to application).

⁸¹ Hearing transcript, p. 58 (Schagrin).

⁸² In 2007, ***.

Pressure Pipe and Pressure Tubing

Among the domestic producers, *** reported that A-249 and A-269 pressure tubing is not sold off a list-price sheet, but rather by contract sales, and is not discounted based on sales volume and market conditions, as is A-312 and A-778 pressure pipe which is distributed via spot pricing and spot sales. *** was more specific in stating the price difference averaging some 20-percent higher for pressure tubing than for pressure pipe, a reflection of the greater degree of difficulty in manufacturing tubing compared to pipe. *** concurred that A-312 pricing is lower due to the fewer production steps needed to manufacture pressure pipe than pressure tubing. By contrast, *** claimed that A-312 pressure pipe is more expensive, barring the smallest sizes.

Customer responses by U.S. purchasers (largely distributors) to the Commission's questionnaires were nearly evenly divided on the issue of price. Among those firms that recognized price distinctions between pressure pipe and pressure tubing, most indicated that prices reflected applications, with more demanding or specialized applications requiring higher prices. Firms that specified a price difference indicated that pressure tubing was more costly than pressure pipe.

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

U.S. MARKET CHARACTERISTICS

The primary factors affecting WSS pressure pipe usage are capital investment projects by chemical and petrochemical plants, grain processing (ethanol plants), food and beverage processing plants, power generation plants, and pulp and paper mills.¹ The demand for WSS pressure pipe depends on demand for downstream products; important end users include the chemical and pharmaceutical industry, food and beverage industry, power generation industry, and pulp and paper industry.

U.S. mills and U.S. importers ship principally to distributors rather than end users. As shown in table II-1, shipments to distributors consistently accounted for the large majority of U.S. shipments of domestically-produced and imported WSS pressure pipe during 2005-07 and in January-September 2008.

Table II-1

WSS pressure pipe: U.S. producers' and importers' shares of reported U.S. shipments, by source and channel of distribution, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Share of reported shipments (percent)					
Domestic producers' U.S. shipments of WSS pressure pipe to:					
Distributors	95.5	95.4	93.1	94.4	95.1
End users	4.5	4.6	6.9	5.6	4.9
U.S. importers' U.S. shipments of WSS pressure pipe from China to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of WSS pressure pipe from all other countries to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S.- produced and imported WSS pressure pipe from China was sold in all areas of the continental United States during 2007. For the five responding U.S. producers, 15 percent of shipments were to the Northeast, 33 percent to the Midwest, 21 percent to the Southeast, 21 percent to the Central Southwest, 2 percent to the Mountain states, and 8 percent to the Pacific Coast. For imports from China, 19 percent of shipments were to the Northeast, 24 percent to the Midwest, 17 percent to the Southeast, 19 percent to the Central Southwest, 9 percent to the Mountain states, and 12 percent to the Pacific Coast.

Four of five responding U.S. producers reported that 50 percent or more of their sales are from inventory rather than produced to order, while a majority of responding importers (10 of 13) are more

¹ Questionnaire responses of U.S. producers, importers, and purchasers; hearing transcript, pp. 90-91 (Henke, Boling); and *Certain Welded Stainless Steel Pipe From Korea and Taiwan, Inv. Nos. 731-TA-540 and 541 (Second Review)*, USITC Publication 3877, August 2006, p. II-1.

likely to sell only items produced-to-order. Among producers, the lead times for delivery of items from inventory typically range from 2 to 10 days. For items that are produced-to-order, producers' lead times are as long as 35 days. Among importers that sell from inventory, delivery lead times typically range from 3 to 14 days. For items produced-to-order, import lead times generally range from 70 to 120 days.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic supply responsiveness depends upon such factors as the level of industry capacity utilization, the level of inventories, the availability of export markets, and the flexibility of shifting production equipment to other products. U.S. producers' capacity utilization rates ranged from a low of *** percent in 2007 to a high of *** percent in 2006. During January-September 2008, the capacity utilization rate was 45.9 percent. The ratio of U.S. producers' end-of-period inventories to their total shipments ranged from a low of *** percent in 2006 to a high of *** percent in 2007. During January-September 2008, the ratio was *** percent. U.S. producers' export shipments, as a share of total shipments, were relatively small, ranging between *** and *** percent during 2005-07. During January-September 2008, the ratio was *** percent.

All five of the responding U.S. producers reported that they produce other types of products on the equipment and machinery used to produce the subject products. These other products include pressure pipe greater than 14 inches in diameter, pressure tubing, mechanical tubing, and other kinds of stainless steel pipe.

Subject Imports

None of the Chinese producers submitted questionnaires in the final phase of these investigations. In the preliminary phase, one Chinese producer, Winner, submitted data. Winner estimated that it accounts for *** percent of the exports of WSS pressure pipe to the United States but it could not estimate its share of total production of the industry in China. Winner's response in the preliminary phase indicates that it may have potential for expanding exports to the United States due to its *** excess capacity, and relatively high inventories in relation to sales.

Winner reported a capacity-utilization rate of *** percent in 2005, *** percent in 2006, and *** percent in 2007. The projected capacity-utilization rate was *** percent for both 2008 and 2009. Winner's exports to the United States ranged between *** and *** percent of its total shipments during 2005-07. They were projected to account for *** percent in 2008 and *** percent in 2009. Winner's shipments to the home market and to export markets other than the United States consistently accounted for between *** and *** percent of its total shipments annually during 2005-07. These combined shipments were projected to account for about *** percent of the total annually in 2008 and about *** percent in 2009. Winner's inventories, relative to its total shipments were *** percent in 2005, *** percent in 2006, and *** percent in 2007. Ratios of inventories to shipments were projected to be *** percent in 2008 and *** percent in 2009. In addition to WSS pressure pipe, Winner produces ***.

U.S. Demand

Demand Characteristics

U.S. demand for WSS pressure pipe depends on the health of the overall U.S. economy and on the level of demand for downstream products using WSS pressure pipe.^{2 3} WSS pressure pipe is used primarily as a conduit for liquids or gasses, heat exchange, and other purposes in the chemical and petrochemical industry, food and beverage processing industry, power generation industry, and pulp and paper industry. Typical applications for WSS pressure pipe include digester lines, pharmaceutical production lines, petrochemical stock lines, automotive paint lines, and various other processing lines such as those in paper mills, breweries, and food processing facilities. In addition, during 2005-07 substantial growth in the ethanol industry also resulted in a large expansion in the use of WSS pressure pipe at the ethanol facilities.⁴ Since A-312 WSS pressure pipe is annealed, it can withstand very high heat and is corrosion resistant. A-778 pressure pipe is not annealed and therefore cannot withstand temperatures above 800 degrees Fahrenheit; accordingly it is used in less demanding applications such as paper manufacturing.⁵⁶ The overall demand for WSS pressure pipe, as measured by apparent U.S. consumption, increased from *** short tons in 2005 to *** short tons in 2007. During January-September 2008, apparent U.S. consumption was 48,568 short tons, a decrease from the level of 69,301 short tons in the same period in 2007.

Trends in certain factors affecting the demand for WSS pressure pipe including quarterly movements in the real U.S. gross domestic product, U.S. pulp production, and U.S. ethanol production are presented graphically in figures II-1 through II-3. As shown in figure II-1, the U.S. economy was consistently expanding during 2005, 2006, and the first three quarters of 2007 with positive quarterly annual growth rates throughout this period. However, during the fourth quarter of 2007, the economy decreased at an annual rate of 0.2 percent, followed by two quarters of lower growth. In the third quarter of 2008, the economy declined at an annual rate of 0.5 percent.⁷ U.S. pulp production capacity trended downward irregularly during 2005-08, as shown in figure II-2.⁸ Ethanol production increased during the period from January 2005 through October 2008, although it fluctuated from month to month during 2008 (figure II-3). Production capacity of ethanol grew rapidly between January 2005 and January 2008, increasing from 4.4 million gallons per year to a total of 13.4 million gallons in January 2008, counting

² Hearing transcript, pp. 31 (Schagrin), and 90-91 (Hence, Boling). *Certain Welded Stainless Steel Pipe From Korea and Taiwan, Inv. Nos. 731-TA-540 and 541 (Second Review)*, USITC Publication 3877, August 2006.

³ There is some evidence of seasonality in the demand for WSS pressure pipe. At the hearing, the petitioners stated that sales tend to be lower in the fourth quarter of the year as a result of a tendency for distributors to reduce their inventory stocks for tax reporting purposes. Hearing transcript, pp. 147-50 (Cornelius, Henke, Okun, Schagrin).

⁴ Hearing transcript, p. 35 (Schagrin).

⁵ In contrast, thicker-walled A-358 pipe is used in highly critical applications such as nuclear power plants or liquid gas facilities. WSS pressure pipe tubes such as A-269 or A-249 has a broader range of applications although many are used in heating and cooling applications. Tube products are normally ordered to meet customers' exact specifications, whereas pipe products are normally sold in standard sizes. No responding producer or importer reported changes in the end uses of WSS pressure pipe.

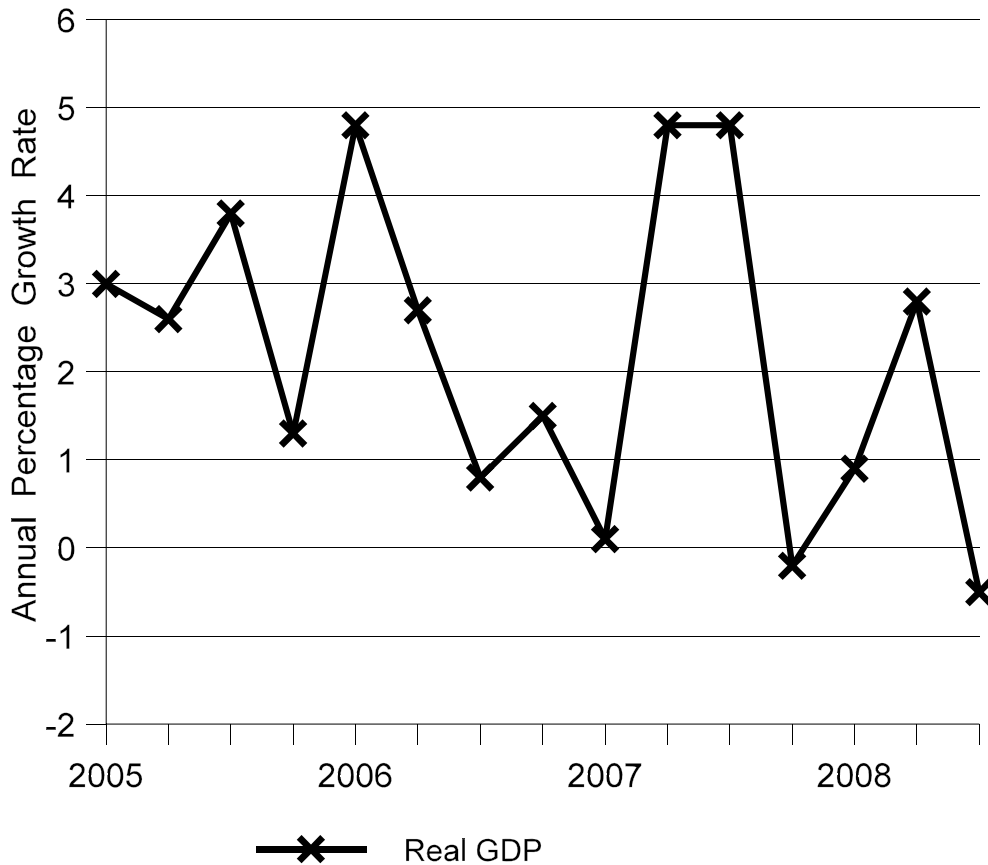
⁶ No responding producer or importer reported changes in the end uses of WSS pressure pipe.

⁷ Preliminary data show that the real gross domestic product declined at an annual rate of 3.8 percent in the fourth quarter of 2008. Bureau of Economic Analysis, *Gross Domestic Product: Fourth Quarter 2008 (Advance)*, news release BEA 09-02, issued January 30, 2009.

⁸ Actual pulp production increased from 58.4 million short tons in 2005 to 58.7 million in 2006 and to 58.9 million in 2007.

capacity coming online in that year.⁹ During 2008, however, existing ethanol operations began to struggle and new construction slowed.¹⁰

Figure II-1
Real gross domestic product: Annual growth rates, by quarters, January 2005-September 2008

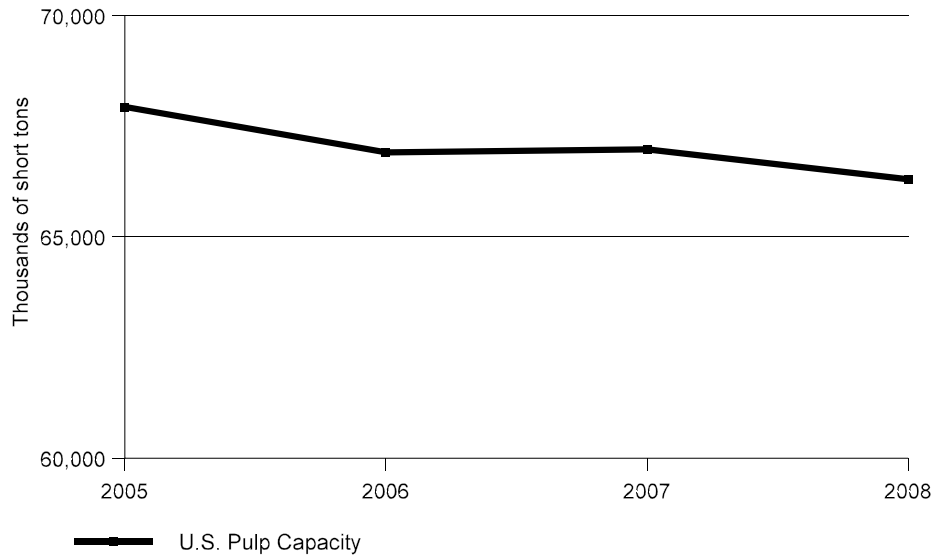


Source: WWW.BEA.gov/national/index.htm#gdp.

⁹ Renewable Fuels Association, *Annual Industry Outlook*, 2005 and 2008.

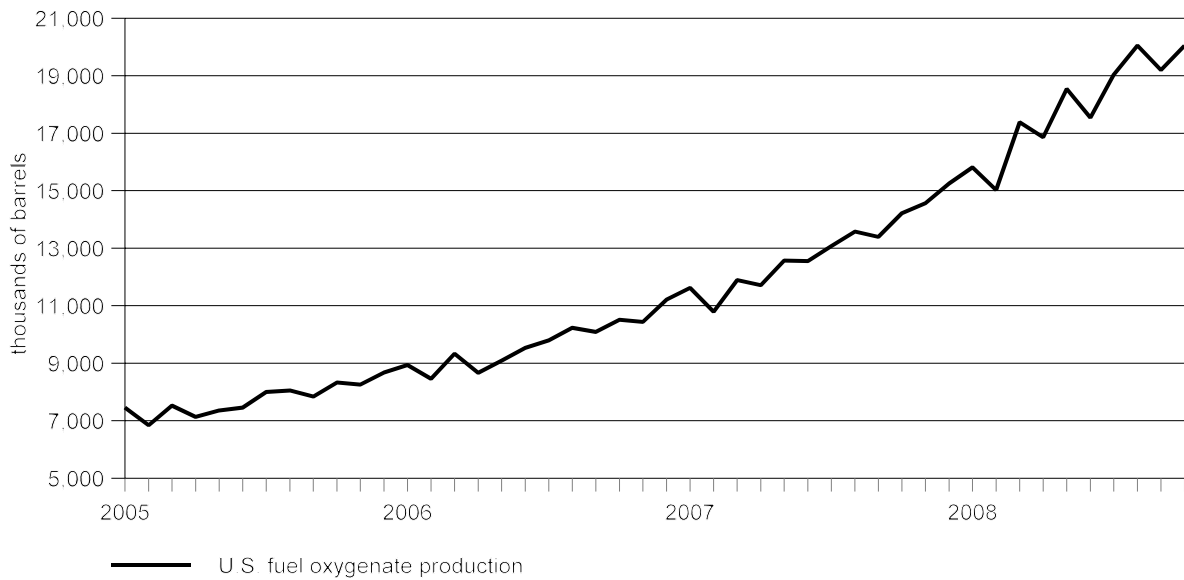
¹⁰ According to counsel for petitioners, large volumes of WSS pressure pipe were utilized in fuel ethanol facilities that underwent tremendous expansion between 2005 and 2007, and since then, expansion has slowed. According to the Renewable Fuels Association (RFA), only 23 new ethanol facilities were under construction in January 2009, which is approximately 70-percent fewer than the 76 new plants as of January 2007. In addition to delayed construction of new plants, the domestic ethanol industry is currently experiencing both shutdowns of existing production facilities and even corporate bankruptcies. An article in *The Wall Street Journal On-line* noted that “...Few sectors are struggling as much as ethanol...” Hearing transcript, p. 35 (Schagrin); and petitioner’s post-hearing brief, pp. A-9 - A-10, and Exhibit 8 (especially– RFA, “Biorefinery Locations;” U.S. Department of Energy, Energy Efficiency and Renewable Energy Biomass Program, “Corn Ethanol Producer VeraSun Files for Bankruptcy Protection,” November 5, 2008, Keith Johnson, “Fuel Fight, Ethanol Woes Presage a Scrum for Subsidies,” *The Wall Street Journal On-line*, January 12, 2009).

Figure II-2
U.S. pulp capacity: Annual production capacity, 2005-08



Source: American Forest & Paper 2008 Statistics, Paper, Paperboard & Wood Pulp, "United States Production of Wood Pulp," p. 52 and "United States Annual Capacity to Produce Wood Pulp" pp. 37-38.

Figure II-3
Ethanol: Monthly production of U.S. fuel ethanol oxygenate, January 2005-October 2008



Source: www.eia.doe.gov.

U.S. producers, importers, and purchasers were asked whether demand for WSS pressure pipe had increased, fluctuated, remained unchanged or decreased since January 1, 2005. Among five responding producers, two reported that demand had increased, one reported no change, one reported that demand had fluctuated, and one reported that demand had decreased. Among responding importers, six reported that demand had increased, one reported no change, and three reported that demand had fluctuated.¹¹ Some firms reporting an increase in demand attributed the increase to greater demand for oil, energy, and petrochemicals. Two firms reported that demand had increased after January 1, 2005, but has decreased in more recent periods. Since most purchasers are distributors, they did not comment on changes in demand. One end user purchaser reported that demand had decreased.

Substitute Products

U.S. producers, importers, and purchasers were asked to list any products that may be substituted for WSS pressure pipe not greater than 14 inches in diameter.¹² Three of the five responding U.S. producers reported that there are no substitutes. One producer reported that coated carbon steel pipe could be used as a substitute for energy and petrochemical applications. Another producer reported that substitutes for WSS pressure pipe not greater than 14 inches in diameter include fiberglass reinforced plastics in water, pulp, and paper applications and carbon steel in pulp and paper applications. The majority of importers and purchasers did not list any substitutes for WSS steel pressure pipe. A few firms mentioned seamless stainless steel pressure pipe, although one purchaser noted that it is more expensive than the welded pipe.

Cost Share

Most questionnaire respondents were unable to estimate the percentage of the total cost of end-use products accounted for by WSS pressure pipe since producers and importers sell mainly to distributors, and most of the responding purchasers operate only as distributors. However, one U.S. producer estimated that WSS pressure pipe not exceeding 14 inches in diameter accounts for 1 to 2 percent of the cost of brewery piping and 2 to 3 percent of the cost of water treatment. This firm also estimated that WSS pressure pipe greater than 14 inches in diameter accounts for 1 percent of end uses involving liquid natural gas and 1 percent of the cost of chemical plants. It also estimated that for other varieties of welded stainless steel tubular products, excluding mechanical tubing and grade 409 tubing, the cost share is 1 percent for petroleum and chemicals, 1 percent for liquid natural gas, and 2 to 3 percent for water and waste water. One importer estimated that WSS pressure pipe not exceeding 14 inches in diameter amounts to about 5 percent of the cost of petrochemical, gas and oil facilities.

¹¹ When asked how demand for WSS pressure pipe outside of the United States had changed since January 1, 2005, two of three responding producers reported that non-U.S. demand had increased and one reported that it had decreased. Among responding importers, five reported that demand outside of the United States had increased, two reported that it was unchanged, and two reported that it had fluctuated. Firms reporting an increase in demand attributed the increasing demand to general economic development, and increased demand for energy and petrochemicals.

¹² Questionnaire respondents were also asked to discuss substitutes for pressure pipe greater than 14 inches in diameter, and other varieties of welded stainless steel tubular products (excluding mechanical tubing and grade 409 tubing). Three of the five producers reported that there are no substitutes for these products. One producer reported that carbon steel can be substituted in waste and water applications. Another reported that coated carbon steel can be substituted in energy and petrochemical applications. Most importers and purchasers did not list any substitutes.

SUBSTITUTABILITY ISSUES

The degree of substitutability between domestic products and subject imports, between domestic products and nonsubject imports, and between subject and nonsubject imports, is discussed in this section. The information is based mainly on questionnaire responses of producers, importers, and purchasers.

Twenty-two purchasers provided responses to the Commission's questionnaires. Among those purchasers, 19 function solely as distributors, one is a distributor and also manufactures pipe nipples, another functions as a distributor and also manufactures butt-weld pipe fittings, and one is a master distributor (a distributor that sells to other distributors). During the period January 2005 through September 2008, 15 of the firms purchased WSS pressure pipe produced in the United States and imported from China and other countries; 3 purchased only U.S.-produced product and imports from China; 1 purchased only U.S.-produced products and imports from other countries; 1 purchased only imports from China and other countries; 1 purchased only imports from China; and 1 purchased only imports from other countries. The other countries included India, Italy, Korea, Malaysia, Mexico, Taiwan, and Thailand. The quantity of purchases by responding firms by source is presented in the table II-2 annually for 2005-07 and for January-September 2008.¹³ Purchasers were also asked to report their end-of-period inventories for the years 2005-07 and for the period January-September 2008. The results are shown in table II-3.

Table II-2

WSS pressure pipe: Quantity of purchases (in short tons) from U.S. producers and import sources, as reported by responding U.S. purchasers, 2005-07 and January-September 2008

Product source	Period			
	2005	2006	2007	Jan.-Sept. 2008
U.S. producers	7,580	7,956	7,196	5,731
China	2,496	4,729	7,756	2,300
Nonsubject countries	13,098	15,902	18,171	14,049
Source: Compiled from data submitted in response to Commission questionnaires.				

¹³ Thirteen of the 21 purchasers reported that they purchased pressure pipe exceeding 14 inches in diameter during 2007. The combined quantity of purchases of U.S.-produced product amounted to 2,187 short tons, and the combined quantity of purchases of imports amounted to 956 short tons. Purchases of the U.S.-produced product exceeding 14 inches were equivalent to 23 percent of the quantity of purchases of U.S.-produced WSS pressure pipe of 14 inches or less by the 13 purchasers. Purchases of imported product exceeding 14 inches amounted to 6 percent of the quantity of purchases of imported WSS pressure pipe of 14 inches or less. Nine of the 21 purchasers reported purchasing welded stainless steel tubing (including ASTM A-249, A-269, A-270, and A-688 pipe and tube but excluding mechanical and grade 409) in 2007. Purchases of the U.S.-produced tubing amounted to 4,953 short tons, an amount nearly equal to the purchases of 4,977 tons of WSS pressure pipe by these firms. Purchases of imported tubing amounted to 189 short tons, an amount equal to about 1 percent of the purchases of 18,220 short tons of imported WSS pressure pipe by these firms.

Table II-3

WSS pressure pipe: U.S. purchasers end-of-period inventories (in short tons) of WSS pressure pipe purchased from U.S. producers and import sources, as reported by responding U.S. purchasers, 2005-07 and January-September 2008

Inventory of WSS pressure pipe purchased from:	Period			
	2005	2006	2007	Jan.-Sept. 2008
U.S. producers	2,814	3,282	2,614	3,019
China	1,158	2,276	3,301	1,265
Nonsubject countries	3,023	2,935	4,086	3,957

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

Purchasers were asked to discuss trends in their purchases from different sources during the period from 2005 through January-September 2008, reporting whether their purchases had increased, decreased, remained constant or fluctuated, and to provide an explanation for the trend. The results by source are presented in table II-4. Purchasers reporting increased purchases of domestic pipe attributed the increases to increased demand and marketing efforts. Firms reporting decreased purchases attributed the decreases to price pressures and price competition from China and other import sources. Among purchasers of imports from China, firms reporting increased purchases cited such factors as price, availability, delivery, overall sales increases, and customer acceptance of the product. Firms reporting decreases in purchases from China cited reduced business, quality problems, and price. For Korea, firms reporting increased purchases cited increased sales, and price, availability and delivery considerations. Firms reporting lower purchases of Korean product cited long lead times, poor delivery performance, reduced demand, and higher prices. For Malaysia, firms reporting increases cited price, availability, and increases after imports from China left the market in 2008. Decreases in purchases from Malaysia were attributed to higher prices and reduced demand. Firms reporting an increase in purchases from Taiwan attributed the increase to increases in demand, marketing efforts, and prices. Decreased purchases from Taiwan were attributed to higher prices and reduced demand. Firms reporting an increase in purchases from Thailand attributed the increase to price, availability, and increased sales. Decreases in purchases from Thailand were attributed to higher prices and reduced demand. Among firms reporting increased purchases from all other countries, one reported purchasing specialized pipe from Italy; other factors cited were price, availability, delivery and increased sales. Decreases in purchases were attributed to higher prices and reduced demand.

Factors Affecting Purchasing Decisions

When asked to rank the three most important factors involved in purchasing decisions, the 21 purchasers that responded consistently reported price, quality, and availability as the most important factors (table II-5). Other factors mentioned included delivery time, product consistency, and reliability of supply.

Table II-4**WSS pressure pipe: Purchaser responses concerning trends in purchases from different sources during 2005-07 and January-September 2008**

Item	Increased	Fluctuated	Constant	Decreased	Total
United States	6	3	5	4	18
China	7 ¹	2	4	5 ²	18
Korea	4	2	2	4	12
Malaysia	5	2	2	3	12
Taiwan	7	1	4	2	14
Thailand	5	0	2	2	9
Other countries	4	2	1	3	10

¹ Two of the firms reporting an increase reported that purchases of imports from some sources in China had increased, but purchases from other sources had fluctuated.
² Two of the firms reporting a decrease reported that purchases of imports from some sources in China had decreased, but purchases from other sources had fluctuated.

Source: Compiled from purchaser questionnaire responses.

Table II-5**WSS pressure pipe: 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
Availability	2	7	2
Price	8	7	3
Quality	10	2	5
Other ¹	2	6	12

¹ Other factors include delivery time, reliability of supply, product consistency, and prearranged contracts.

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

In order to obtain more information on purchasing decisions, firms were asked whether purchasing decisions are based mainly on price. Purchasers were instructed to answer “always,” “usually,” “sometimes,” or “never.” One purchaser answered “always,” thirteen purchasers answered “usually,” and eight answered “sometimes.” None answered “never.”

Purchasers were also asked to report whether the factors shown in table II-6 are “very important,” “somewhat important,” or “not important” in their purchasing decisions. The factors firms cited most often as “very important” were product consistency (21 firms), quality meeting industry standards (21 firms), and price (18 firms). Availability, delivery terms, delivery time, and reliability of supply were also cited as “very important” by the majority of purchasers.

Table II-6**WSS pressure pipe: Importance of purchasing factors, as reported by U.S. purchasers**

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	14	7	1
Delivery terms	13	9	0
Delivery time	15	5	2
Discounts offered	11	5	6
Extension of credit	7	7	6
Minimum quantity requirements	3	11	8
Packaging	5	15	2
Price	18	4	0
Product consistency	21	1	0
Product range	9	13	0
Quality exceeds industry standard	6	12	4
Quality meets industry standard	21	1	0
Reliability of supply	15	7	0
Technical support/service	5	11	6
U.S. transportation costs	8	7	7

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

Comparisons of Domestic Products and Subject and Nonsubject Imports

To determine whether U.S.-produced WSS pressure pipe generally can be used in the same applications as imports from China and nonsubject sources, producers, importers, and purchasers were asked whether the product can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-7, the majority of questionnaire respondents reported that the U.S.-produced product and imports from China are always or frequently interchangeable. Similarly, the majority of questionnaire respondents consider U.S.-produced WSS pressure pipe and imports from China as always or frequently interchangeable with nonsubject imports. However, one importer that rated the U.S. and China as only “sometimes” comparable reported that imports from China are not on any oil company’s approved list.^{14 15} Another importer that rated the U.S. product and Chinese product as “sometimes” comparable reported that U.S. customers generally prefer the U.S.-produced product, although they may choose the imported product from China if its price is lower or the U.S.-produced product is in short supply. One purchaser reported that some customers prefer the domestic product over imports, but most do not care.

¹⁴ ***.

¹⁵ At the hearing, two U.S. producers reported that oil companies and chemical companies sometimes have approved lists that exclude imports from China. Hearing transcript p. 102 (Boling) and p. 103 (Conway). However, it was argued that these lists are not a major factor in the market.

Table II-7

WSS pressure pipe: Interchangeability of product from the United States and subject and nonsubject sources¹

Country comparison	U.S. producers				U.S. importers				Purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	5	0	0	0	5	5	3	0	10	6	1	0
U.S. vs. Korea	4	0	0	0	4	4	4	0	10	5	0	0
U.S. vs. Malaysia	4	0	0	0	4	3	3	0	11	4	0	0
U.S. vs. Taiwan	4	0	0	0	4	4	4	0	11	4	0	0
U.S. vs. Thailand	4	0	0	0	4	3	4	0	10	4	0	0
U.S. vs. Other countries	4	0	0	0	4	2	2	0	5	3	0	0
China vs. Korea	3	0	0	0	3	3	3	0	9	4	0	0
China vs. Malaysia	3	0	0	0	3	3	2	0	9	4	0	0
China vs. Taiwan	3	0	0	0	3	3	3	0	9	4	0	0
China vs. Thailand	3	0	0	0	3	3	2	0	8	3	0	0
China vs. Other countries	3	0	0	0	3	3	2	0	4	3	0	0

¹ Producers, importers, and purchasers were asked if WSS pressure pipe produced in the United States and in other countries are used interchangeably.

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

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

In addition to questions concerning interchangeability, producers and importers were also asked to compare U.S.-produced products with imports from China and nonsubject imports in terms of product differences other than price such as quality, availability, product range, and other characteristics, as a factor in their sales of WSS pressure pipe (table II-8). The majority of producers consistently reported that product differences are never important when comparing the U.S.-produced product with imports from China, while the majority of importers reported that the differences are always frequently, or sometimes important. One importer reported that any foreign mill is at a disadvantage in offering services or technical support. Another importer, that uses WSS pressure pipe in the production of downstream products, reported that quality problems caused it to completely stop using one U.S. pipe fabricator in 2007. It also reported that it has had consistent problems with tolerances with another U.S. pipe mill.¹⁶ It reported that these quality problems have not occurred with non-U.S.-based suppliers. This importer also reported that there have been some problems with U. S. pipe mills meeting delivery schedules.

¹⁶ These comments were provided by *** in its importer questionnaire. *** imports a *** quantity of WSS pressure pipe.

Table II-8

WSS pressure pipe: U.S. producers' and importers' perceived importance of factors other than price in sales of products produced in the United States and in other countries¹

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. China	1	0	0	4	4	2	6	1
U.S. vs. Korea	1	0	0	3	2	1	3	1
U.S. vs. Malaysia	1	0	0	3	1	1	2	1
U.S. vs. Taiwan	1	0	0	3	1	1	4	1
U.S. vs. Thailand	1	0	0	3	2	1	2	1
U.S. vs. Other countries	1	0	0	3	1	2	2	1
China vs. Korea	0	0	0	2	2	1	2	1
China vs. Malaysia	0	0	0	2	1	1	1	1
China vs. Taiwan	0	0	0	2	1	1	2	1
China vs. Thailand	0	0	0	2	1	1	2	1
China vs. Other countries	0	0	0	2	1	1	1	1

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

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

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

Purchasers also were asked to compare U.S.-produced WSS pressure pipe and subject pipe from China in 15 selected characteristics listed in table II-9, noting whether the domestic product was superior, comparable, or inferior to the imports. Sixteen purchasers provided comparisons for the selected categories. The U.S. product was rated superior to imports from China by a majority of purchasers for availability, delivery time, and technical support/service. The Chinese product was rated superior by a majority of purchasers in terms of price (i.e., lower price). In all other categories, except delivery terms, a majority of purchasers ranked the U.S. and Chinese products as comparable. When compared with nonsubject imports, the U.S. product was ranked superior in availability and delivery time by a majority of purchasers, and was ranked superior by a plurality of purchasers in product range. A plurality of purchasers rated the nonsubject imports superior to the U.S. product in price. The Chinese product was ranked comparable to nonsubject imports by a majority of purchasers in all categories.

Table II-9

WSS pressure pipe: Comparisons between U.S.-produced and subject imports from China, and subject and nonsubject products as reported by U.S. purchasers

Factor	U.S. vs. China			U.S. vs. nonsubject			China vs. nonsubject		
	S	C	I	S	C	I	S	C	I
	<i>Number of firms responding</i>								
Availability	10	6	0	8	3	0	1	6	0
Delivery terms	7	7	1	3	6	2	1	6	0
Delivery time	12	3	1	7	2	2	1	6	0
Discounts offered	3	8	3	2	8	1	1	5	1
Extension of credit	4	10	1	2	7	2	1	6	0
Lower price ¹	2	3	11	3	3	5	2	4	1
Lower U.S. transportation costs ¹	4	11	0	1	7	1	1	6	0
Minimum quantity requirements	5	11	0	2	9	0	0	7	0
Packaging	5	11	0	0	10	1	0	7	0
Product consistency	4	12	0	2	9	0	1	6	0
Product range	4	11	1	5	4	2	1	6	0
Quality exceeds industry standards	4	11	1	2	9	0	1	5	0
Quality meets industry standards	1	15	0	0	11	0	0	6	0
Reliability of supply	4	11	1	3	6	2	0	7	0
Technical support/service	9	5	1	3	6	0	1	6	

¹A rating of superior on price and U.S. transportation costs indicates that the first country generally has lower prices/U.S. transportation costs than the second country.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates in their briefs. However, no party submitted any comments.

U.S. Supply Elasticity¹⁷

The domestic supply elasticity for WSS pressure pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of WSS pressure pipe. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced WSS pressure pipe. Analysis of these factors, including the large amount of excess capacity and relatively high ratio of inventories to sales indicates that the elasticity is likely to be relatively high. A range of 5 to 10 is suggested.

¹⁷ A supply function is not defined in the case of a non-competitive market.

U.S. Demand Elasticity

The U.S. demand elasticity for WSS pressure pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of WSS pressure pipe. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of WSS pressure pipe in the production of any downstream products. Since the available information suggest that there are no close substitutes for this product, and that it accounts for a relatively small share of the cost of end-use products, the demand is likely to be relatively inelastic; a range of -0.3 to -0.7 is suggested.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.¹⁸ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced WSS pressure pipe and imported WSS pressure pipe is likely to be in the range of 3 to 6.

¹⁸ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margins of dumping and subsidies was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI.

U.S. PRODUCERS

The Commission sent producer questionnaires to all firms identified in the petition as domestic producers of WSS pressure pipe and to other domestic firms identified by public sources as producers of welded stainless steel tubular products. Eight firms reported at least limited production of WSS pressure pipe. Five firms that are estimated to account for approximately *** percent of U.S. production of WSS pressure pipe during 2007 provided complete responses to the Commission's producer questionnaire.¹

Presented in table III-1 is a list of current domestic producers of WSS pressure pipe and other stainless steel tubular products, each company's position on the petition, production locations, related and/or affiliated firms, and their shares of 2007 reported domestic production of WSS pressure pipe. In addition to the reporting active producers,² Crucible Materials Corp. closed its Trent Tube division's Carrollton, GA, pipe operations in June 2004, because the plant had lost market share and had suffered operating losses for the previous five years.³ Crucible blamed the plant's unprofitable performance on over-capacity in the U.S. industry and low-cost imports.⁴ Outokumpu purchased some of the production mills and equipment from the Carrollton plant and used it to increase efficiency, improve quality and reduce costs.⁵ Plymouth bought Crucible's East Troy plant in August 2007.⁶ Outokumpu acquired its Wildwood stainless steel pipe facility when it purchased Avesta Sheffield in 2005.⁷

¹ Alaskan Copper & Brass Co., Rath Gibson, and Swepco provided partial information, although the latter provided data only after the Commission issued an administrative subpoena. Valtimet, Associated Tube, and Plymouth are known to produce pressure tubing but are not known to produce pressure pipe.

² The assets of Bishop Tube and Damascus Tube were purchased and combined by Marcegaglia during the 1990s. Marcegaglia moved some of the combined firm's assets to one location in Munhall, PA, after purchasing buildings in what had been the U.S. Steel Homestead Works. The combined number of welding mills and the workforce were both much smaller than those of Bishop and Damascus at the time of purchase. More recently, Davis Pipe and Acme-Romac filed for Chapter 7 liquidation in 2003. Hearing transcript, p. 15 (Cornelius) and p. 12 (Carpenter).

³ "Trent Tube Unit In Carrollton To Close Doors," *American Metal Market*, April 6, 2004. "After Five Years Of High Hopes, Trent Pulls Out The Low-End Pipe," *American Metal Market*, April 12, 2004.

⁴ About 50 hourly workers and 12 salaried employees lost their jobs when the Carrollton plant closed 2004. *Ibid.*

⁵ Hearing transcript, p. 12 (Carpenter).

⁶ Found at <http://www.plymouth.com/tmp/PlymouthAcquiresTrentTubeAug07.pdf>, December 9, 2008.

⁷ Hearing transcript, p. 11 (Carpenter).

Table III-1

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

Firm name	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of 2007 production (percent)
Alaskan	***	Portland, OR Seattle, WA	Alco Investment Co.	***
Bristol	Support	Bristol, TN	Synalloy Corp. (United States) ¹	***
Felker	Support	Marshfield, WI Glasgow, KY	None.	***
Marcegaglia	Support	Munhall, PA	Marcegaglia (Italy) ¹	***
Outokumpu	Support	Wildwood, FL	Outokumpu (United States) Outokumpu (Finland) Outokumpu (Sweden)	***
Rath Gibson	***	Clarksville, AR Janesville, WI North Branch, NJ	DLJ Merchant Banking Partners and Affiliates (United States) *** Management of Rath Gibson ***	***
Swepco	***	Clifton, NJ	***	***
Webco	***	Mannford, OK	None.	***

¹ ***

Note.—Because of rounding, shares may not total 100.0 percent. Valtimet, Associated Tube, and Plymouth are known to produce pressure tubing but are not known to produce pressure pipe.

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

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

In 2007, *** percent of U.S. producers' production of WSS pressure pipe was ASTM A-312, *** percent was A-778, and *** percent was other pressure pipe. In January-September 2008, *** percent of U.S. producers' production of WSS pressure pipe was ASTM A-312, *** percent was A-778, and *** percent was other pressure pipe. By size, *** percent of their 2007 production was less than or equal to 6.625 inches in outside diameter, and *** percent was greater than 6.625 inches and less than or equal to 4.0 inches. In January-September 2008, *** percent of their production was less than or equal to 6.625 inches in outside diameter, and *** percent was greater than 6.625 inches and less than or equal to 14.0 inches.

Producers' capacity, production, and capacity-utilization data for WSS pressure pipe are presented in table III-2. These data show an increase in the capacity to produce WSS pressure pipe of *** percent from 2005 to 2007. *** and *** accounted for a majority of the increase in capacity. ***. Capacity was 2.2 percent lower in January-September 2008 than in January-September 2007 (*** accounted for the reduction). Production of WSS pressure pipe fell overall by *** percent from 2005 to

Table III-2

WSS pressure pipe: U.S. capacity, production, and capacity utilization, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Capacity (<i>short tons</i>)	***	***	***	49,041	47,961
Production (<i>short tons</i>)	***	***	***	22,421	22,010
Capacity utilization (<i>percent</i>)	***	***	***	45.7	45.9

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

2007,⁸ and was 1.8 percent lower in January-September 2008 than in January-September 2007.⁹ *** accounted for a majority of the decrease. Capacity utilization decreased by *** percentage points from 2005 to 2007, and remained stable from January-September 2007 to January-September 2008. ***.

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

Table III-3

WSS pressure pipe: U.S. producers’ comments concerning plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns

* * * * *

*** U.S. producers of WSS pressure pipe that responded to the Commission’s questionnaire reported the production of other products on the same equipment and machinery and using the same production and related workers employed in the production of WSS pressure pipe. Their responses are presented in tables III-4 and III-5. In the aggregate, the producers reported the following products that were produced using the same production and related workers employed to produce WSS pressure pipe and those products’ shares of total plant production in 2007: subject WSS pressure pipe (*** percent); welded stainless steel pressure pipe greater than 14 inches in outside diameter (*** percent); welded

⁸ In 2007, less than *** percent of Rath Gibson’s production was WSS pressure pipe 14 inches or less in diameter, and *** percent of its production was WSS pressure tubing. In 2007, *** percent of Swepeco’s production was of WSS pressure pipe 14 inches or less in diameter, and *** percent of its production was greater than 14 inches. Alaskan Copper ***.

⁹ At the request of Commissioner Lane, petitioners agreed to provide estimates of certain fourth quarter 2008 data, to the extent that such data were available (given the time requirements to finalize the data). Hearing transcript, pp. 124-125 (Lane, Schagrin). For the three companies able to provide data, fourth quarter 2008 production levels were *** short tons for Outokumpu; *** short tons for Bristol; and *** short tons for Felker Brothers. Petitioners’ posthearing brief, exhibit 3. Comparable data for the three companies for the fourth quarter of 2007 were *** short tons for Outokumpu; *** short tons for Bristol; and *** short tons for Felker Brothers (data calculated from calendar year and interim 2007 data provided in response to producers’ questionnaires). In the aggregate, estimated fourth quarter 2008 production levels were higher than those calculated for the fourth quarter of 2007.

stainless steel pressure tubing (***) percent); welded stainless steel mechanical tubing (***) percent); and other products (***) percent). Additional information, including the size ranges, specifications, grades, and end-use applications of the stainless steel tubular products manufactured by domestic producers, according to the *Simdex Steel Tube Manufacturers Worldwide Guide*, is presented in table III-6.

Table III-4
WSS pressure pipe and other tubular products: U.S. producers' products made on the shared equipment and machinery, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (short tons)					
Total plant capacity ¹	144,015	148,115	161,570	121,175	120,082
Production:					
Subject WSS pressure pipe ≤ 14" ²	***	***	***	22,631	22,142
Welded stainless steel pressure pipe >14"	***	***	***	8,952	7,762
Welded stainless steel pressure tubing ³	***	***	***	27,140	25,193
Welded stainless steel mechanical tubing ⁴	***	***	***	***	***
Other	***	***	***	***	***
Total production	80,721	93,411	84,724	67,863	63,994
Total plant capacity utilization (<i>percent</i>)	56.1	63.1	52.4	56.0	53.3
¹ ***. ² Data do not reconcile with Table III-2 due to the inclusion of production volumes by ***. ³ E.g., ASTM A-249, A-269, A-270, and A-688 pipes and tubes. ⁴ E.g., ASTM A-554 tubing.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-5
WSS pressure pipe and other tubular products: U.S. producers' products made using the same production and related workers, January 2005-September 2008

* * * * *

Table III-6

Welded austenitic stainless steel pipe and tube, with round cross-sections: U.S. producers and mill locations, size ranges and production processes, ASTM specifications, grades, and end-use applications

Firm name (mill location)	Size range O.D., production process	ASTM specifications	Stainless steel grades	End-use applications
Alaskan (Seattle, WA)	3.000" - 36.000" ***	A-312, A-778	304, 304L, 304H, 309S, 310S, 316, 316L, 316H, 317, 317L, 321, 321H, 347, 347H	Oil, gas, and chemicals line pipe Ornamental and furniture tubing Sanitary, food and beverage tube
Bristol (Bristol, TN)	0.840" - 16.000" continuous mill	A-312, A-778, A-790, A-813, A-814	304, 304L, 304H, 309S, 309H, 310S, 310H, 316, 316L, 316H, 317, 317LM, 317LMN, 321, 321H, 347	Oil, gas, and chemicals line pipe Sanitary, food and beverage tube
	10.750" - 120.000" batch mill	A-778		
Felker (Glasgow, KY) (Marshfield, WI)	2.375" - 12.750" continuous mill	A-312, A-778	304L, 316L, 317L, others	Oil, gas, and chemicals line pipe Heat exchanger and pressure tube
	2.875" - 6.625" continuous mill	A-249, A-269, A-778	304L, 316L, 317L	Heat exchanger and pressure tube
	14.000" - 24.000" batch mill	A-778	304L, 316L, 317L	Oil, gas, and chemicals line pipe
	14.000" - 96.000" rolled and welded			
Marcegaglia (Munhall, PA)	0.405" - 12.750" continuous mill	A-269, A-312	304, 304L, 304H, 309, 309S, 310, 310S, 316, 316L, 316Ti, 317, 317L, 347, 347H, 321	Oil, gas, and chemicals line pipe
	0.250" - 5.000" continuous mill	A-249	304, 304L, 304H, 309S, 310S, 316, 316H, 316L, 317L, 321	Heat exchanger and pressure tube
	0.625" - 5.000" continuous mill	A-554	(¹)	Mechanical and precision products
Outokumpu (Wildwood, FL)	8.625" - 14.000" continuous mill	A-249, A-269, A-312, A-358, A-778	304, 304L, 316, 316L, 317L, 321, 321H, 347, 347H 304, 304L, 316, 316L, 317L, 321, 321H, 347, 347H	Oil, gas, and chemicals line pipe Heat exchanger and pressure tube General service tubular products
	16.000" - 80.000" batch mill	A-249, A-269, A-312, A-358, A-490, A-778, A-789, A-790, A-928		
	up to 120.000" (¹)			
Rath Gibson (Clarksville, AR) ²	0.250" - 0.500" continuous mill	A-269	304, 316	General service tubular products
	0.125" - 1.000" continuous mill	A-269, A-312	316, 317, 321, 347	Oil, gas, and chemicals line pipe
	0.125" - 1.375" continuous mill	A-269, A-632	304, 310, 316, 317, 321, 347	Mechanical and precision products

Table continued on next page.

Table III-6–Continued

Welded austenitic stainless steel pipe and tube, with round cross-sections: U.S. producers and mill locations, size ranges and production processes, ASTM specifications, grades, and end-use applications

Firm name (mill location)	Size range O.D., production process	ASTM specifications	Stainless steel grades	End-use applications
Rath Gibson (Janesville, WI)	0.500" - 6.000" continuous mill	A-269, A-312	(¹)	Oil, gas, and chemicals line pipe
	0.500" - 4.000" continuous mill	A-270	(¹)	Sanitary, food and beverage tube
	0.500" - 4.000" continuous mill	A-249, A-269, A-312	304, 304L, 316, 316L, 317L, 309S, 310S, 321, 347	Pipe and tube for specific industries including paper, petroleum, and chemicals
	0.500" - 4.000" continuous mill	(¹)	304L, 316L	Tube for specific industries including semiconductors and pharmaceuticals
Rath Gibson (North Branch, NJ)	0.063" - 1.500" continuous mill	A-269	304, 304L, 316, 316L	Oil, gas, and chemicals line pipe
	0.188" - 1.500" continuous mill	A-249, A-688	304, 304L, 316, 316L, 317, 317L	Heat exchanger and pressure tube
	0.063" - 0.500" continuous mill	A-269, A-632	304, 304L, 316, 316L	Mechanical and precision products
	0.250" - 0.500" continuous mill	(¹)	304, 304L	Sanitary, food and beverage tube
Swepco (Clifton, NJ)	5.000" - 10.000" continuous mill	A-249, A-269, A-554	304, 304L	Heat exchanger and pressure tube Mechanical and precision products
	2.375" - 4.000" continuous mill	(¹)	(¹)	Oil, gas, and chemicals line pipe Heat exchanger and pressure tube Mechanical and precision products Sanitary, food and beverage tube Tube for various industries.
	2.375" - 36.000" continuous mill and batch mill	(¹)	(¹)	Oil, gas, and chemicals line pipe
	6.625" - 96.000" continuous mill, batch mill, and rolled and welded	(¹)	(¹)	Oil, gas, and chemicals line pipe Pressure vessel shell tube Mechanical and precision products Sanitary, food and beverage tube Non-commodity pipe for various industries.
Webco (Mannford, OK)	0.625" - 1.250" continuous mill	A-249, A-268	304, 304L, 309, 310, 316, 316L, 317, 321, 347	Oil, gas, and chemicals line pipe Heat exchanger and pressure tube Mechanical and precision products

¹ Not reported.

² Formerly Greenville Tube Co. (GTC), based in Greenville, PA, acquired by RathGibson in 2006.

Source: *Simdex Steel Tube Manufacturers Worldwide Guide (2007)*; company websites; hearing testimony; and Commission staff e-mail correspondence with representatives of domestic producers.

U.S. PRODUCERS' SHIPMENTS

Data on domestic producers' shipments of WSS pressure pipe are presented in table III-7. U.S. shipments accounted for *** percent of U.S. producers' total shipments of WSS pressure pipe in 2007, and commercial shipments alone accounted for *** percent. The quantity of U.S. shipments increased in 2006, then declined in 2007, for an overall decrease of *** percent, but were 3.6 percent higher in January-September 2008 than in January-September 2007.¹⁰ *** producers had increased shipments in 2006, decreased shipments in 2007, and decreased shipments in January-September 2008 compared to January-September 2007, with *** accounting for the vast majority of the reduction in shipments in 2007.¹¹ ***.¹² The domestic producers reported internal consumption ranged from *** to *** percent of total U.S. shipments during the period for which data were collected.¹³ The unit value of U.S. shipments increased *** percent from 2005 to 2007, but was 9.9 percent lower in January-September 2008 than in January-September 2007. This reflected in large part surcharges put in place by the stainless steel industry to cover changes in prices of their key raw materials such as chromium, nickel and molybdenum.¹⁴ All WSS pressure pipe producers reportedly passed those surcharges on to their customers. However, as a result of declining raw material costs, these surcharges have decreased substantially in 2008.¹⁵

Exports of WSS pressure pipe were reported by ***. These exports decreased steadily and accounted for less than *** percent of U.S. producers' total shipments during 2005-07, then increased in January-September 2008 compared to January-September 2007. The export markets listed included ***.

*** firm reported involvement in a toll agreement regarding the production of WSS pressure pipe. *** firm reported production of WSS pressure pipe in a Foreign Trade Zone.

¹⁰ At the request of Commissioner Lane, petitioners agreed to provide estimates of certain fourth quarter 2008 data, to the extent that such data were available (given the time requirements to finalize the data). Hearing transcript, pp. 124-125 (Lane, Schagrin). For the three companies able to provide data, fourth quarter 2008 shipment levels were *** short tons for Outokumpu; *** short tons for Bristol; and *** short tons for Felker Brothers. Petitioners' posthearing brief, exhibit 3. Comparable total shipment data for the three companies for the fourth quarter of 2007 were *** short tons for Outokumpu; *** short tons for Bristol; and *** short tons for Felker Brothers (data calculated from calendar year and interim 2007 data provided in response to producers' questionnaires). In the aggregate, estimated fourth quarter 2008 shipment levels were higher than those calculated for the fourth quarter of 2007.

¹¹ ***.

¹² Bristol further reported that WSS pressure pipe is basically sold through the distributors' spot market and there are approximately 12 major stocking distributors. All 12 major distributors stock both U.S. and Chinese WSS pressure pipe in the entire range of diameter and wall-thickness combinations, and end users purchase from the distributor who quotes the lowest price. Conference transcript, pp. 10-12 (Boling).

¹³ Internal consumption was reported by ***. At the Commission's conference Marcegaglia and Outokumpu reported they do not internally consume any WSS pressure pipe. Felker reported that "they do utilize some of the continuous pipe to bend and press elbow reducers, et cetera" and that they have a fabrication division that produces pipe spools. Conference transcript, p. 61 (Henke).

¹⁴ Hearing transcript, p. 16 (Cornelius) and p. 18 (Henke).

¹⁵ Hearing transcript, p. 18 (Henke).

Table III-7

WSS pressure pipe: U.S. producers' shipments, by types, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (short tons)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	20,253	20,980
Export shipments	***	***	***	223	605
Total shipments	***	***	***	20,476	21,585
Value (1,000 dollars)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	151,095	140,988
Export shipments	***	***	***	2,049	4,971
Total shipments	***	***	***	153,144	145,959
Unit value (per short ton)					
Commercial shipments	\$***	\$***	\$***	\$***	\$***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	7,460	6,720
Export shipments	***	***	***	9,188	8,217
Average shipments	***	***	***	7,479	6,762

Table continued on next page.

Table III-7--Continued

WSS pressure pipe: U.S. producers' shipments, by types, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Share of quantity (percent)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	98.9	97.2
Export shipments	***	***	***	1.1	2.8
Total shipments	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	98.7	96.6
Export shipments	***	***	***	1.3	3.4
Total shipments	100.0	100.0	100.0	100.0	100.0
¹ Not applicable. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. PRODUCERS' INVENTORIES

Data collected in these investigations on domestic producers' end-of-period inventories of WSS pressure pipe are presented in table III-8. Domestic producers' inventories increased from 2005 to 2007, then were lower in January-September 2008 than in January-September 2007. U.S. producers' inventories were equivalent to between *** and *** percent of U.S. producers' total shipments during 2005-07, and 30.2 percent in January-September 2008. *** firms accounted for *** percent of the inventories held in 2007, ***.

U.S. PRODUCERS' IMPORTS AND PURCHASES

*** U.S. producer, ***, reported direct imports of WSS pressure pipe during the period for which data were collected.¹⁶ In 2007, *** imported ***. *** U.S. producers reported purchases of WSS pressure pipe. In 2006, *** reported purchases from U.S. importers of ***, citing the need to fill a short-term need for certain sizes. *** reported purchases from domestic producers, ***, citing ***.

¹⁶ *** imported from China *** and from other sources ***, ***.

Table III-8**WSS pressure pipe: U.S. producers' end-of-period inventories, 2005-07, January-September 2007, and January-September 2008**

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Inventories (<i>short tons</i>)	***	***	***	10,485	8,680
Ratio of inventories to production (<i>percent</i>)	***	***	***	35.1	29.6
Ratio of inventories to U.S. shipments (<i>percent</i>)	***	***	***	38.8	31.0
Ratio of inventories to total shipments (<i>percent</i>)	***	***	***	38.4	30.2

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

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for WSS pressure pipe are presented in table III-9. In the aggregate, U.S. WSS pressure pipe producers reported an increase in the number of production and related workers employed in the manufacture of WSS pressure pipe from 2005 to 2006, and a decrease in 2007. This largely reflects ***. The number of production and related workers increased in January-September 2008 compared to January-September 2007; ***.¹⁷ Several of the companies, faced with a decline in demand, instead of laying off employees reportedly chose to reduce the hours worked in order to save jobs¹⁸ or to cross-train employees on other equipment.¹⁹ Job losses in the WSS pressure pipe industry had temporarily leveled off at the petitioning firms due to the earlier closure of plants at Trent Tube, Acme/Romac, and Davis.²⁰ Consistent with trends in output, productivity rose in 2006 then fell in 2007, for an overall decrease of *** percent (*** and *** accounted for a majority of the decrease). Falling productivity combined with a modest increase in wage rates resulted in higher unit labor costs in 2007, and in January-September 2008 compared to January-September 2007.

Table III-9**WSS pressure pipe: U.S. producers' employment-related indicators, 2005-07, January-September 2007, and January-September 2008**

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Production and related workers (PRWs)	***	***	***	308	348
Hours worked by PRWs (<i>1,000 hours</i>)	***	***	***	540	568
Wages paid to PRWs (<i>1,000 dollars</i>)	***	***	***	8,699	9,392
Hourly wages	***	***	***	\$16.11	\$16.53
Productivity (<i>short tons produced per 1,000 hours</i>)	***	***	***	41.5	38.7
Unit labor costs (<i>per short ton</i>)	***	***	***	\$387.98	\$426.72

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

¹⁷ The workers at Bristol, Marcegaglia, and Outokumpu are unionized, and Bristol and Outokumpu have profit sharing plans. Hearing transcript, pp. 38-39 (Conway, Carpenter, Boling, Cornelius).

¹⁸ Conference transcript, p. 28 (Hart).

¹⁹ Conference transcript, pp. 66-67 (Henke).

²⁰ Hearing transcript, p. 27 (Conway).

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

U.S. IMPORTERS

The Commission sent importer questionnaires to 42 firms believed to be importers of welded stainless steel tubular products, as well as to all U.S. producers of welded stainless steel tubular products.¹ Usable questionnaire responses were received from 14 companies that are believed to account for more than *** percent of the quantity of U.S. imports from China and more than *** percent of U.S. imports from other countries during the period for which data were collected.² The largest importer of WSS pressure pipe from China in 2007 was ***. Other major importers of WSS pressure pipe are ***. Table IV-1 presents the responding U.S. importers and 2007 coverage based on responses to Commission questionnaires.

U.S. IMPORTS

U.S. imports are based on official import statistics of Commerce,³ as modified to include WSS pressure pipe entering under broader HTS categories⁴ (based on questionnaire responses) and to exclude pressure pipe greater than 14 inches in diameter (based on questionnaire responses) and mechanical tubing from Canada.⁵ U.S. imports of WSS pressure pipe are presented in table IV-2 and figure IV-1.⁶ China is the largest foreign supplier of WSS pressure pipe to the United States, accounting for 51.1 percent of the quantity of total imports in 2007, and 49.4 percent of the value.⁷ From 2005 to 2007, the quantity and value of imports of WSS pressure pipe from China increased by 111.0 percent and 225.2 percent, respectively. The quantity and value of imports of WSS pressure pipe from China were 73.4 percent and 73.1 percent lower, respectively, in January-September 2008 than in January-September 2007. The unit value of imports of WSS pressure pipe from China increased by 54.1 percent from 2005 to 2007, and was 1.0 percent higher in January-September 2008 than in January-September 2007. The quantity and value of imports from other countries increased by 33.3 percent and by 107.0 percent, respectively, from 2005 to 2007, then decreased by 12.5 percent and 17.7 percent in January-September 2008 compared to January-September 2007.

¹ Twelve firms reported that they had not imported welded stainless steel tubular products during 2005-08.

² The Commission received incomplete questionnaire responses from ***, ***, and ***.

³ Imports of WSS pressure pipe are from official statistics under the HTS statistical reporting numbers 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085. Although certain larger diameter product may enter under these statistical reporting numbers, only *** reported such entries.

⁴ Some WSS pressure pipe may be imported under HTS statistical reporting numbers 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090, which are basket categories that predominantly include pressure tube. *** reported imports under these statistical reporting numbers (these imports were from ***).

⁵ Import data for Canada are not being used because the overwhelming majority consists of nonsubject mechanical tubing. ***. Commission staff requested export data from ***, but did not receive any. Staff telephone interview with ***, February 25, 2008.

⁶ Increased nonsubject imports in the latter part of 2008 were from Korea, Malaysia, Taiwan, and Thailand.

⁷ A majority of the remainder comes from Korea, Malaysia, Taiwan, and Thailand.

Table IV-1

WSS pressure pipe: U.S. importers, locations, related and/or affiliated firms, and shares of reported U.S. imports in 2007

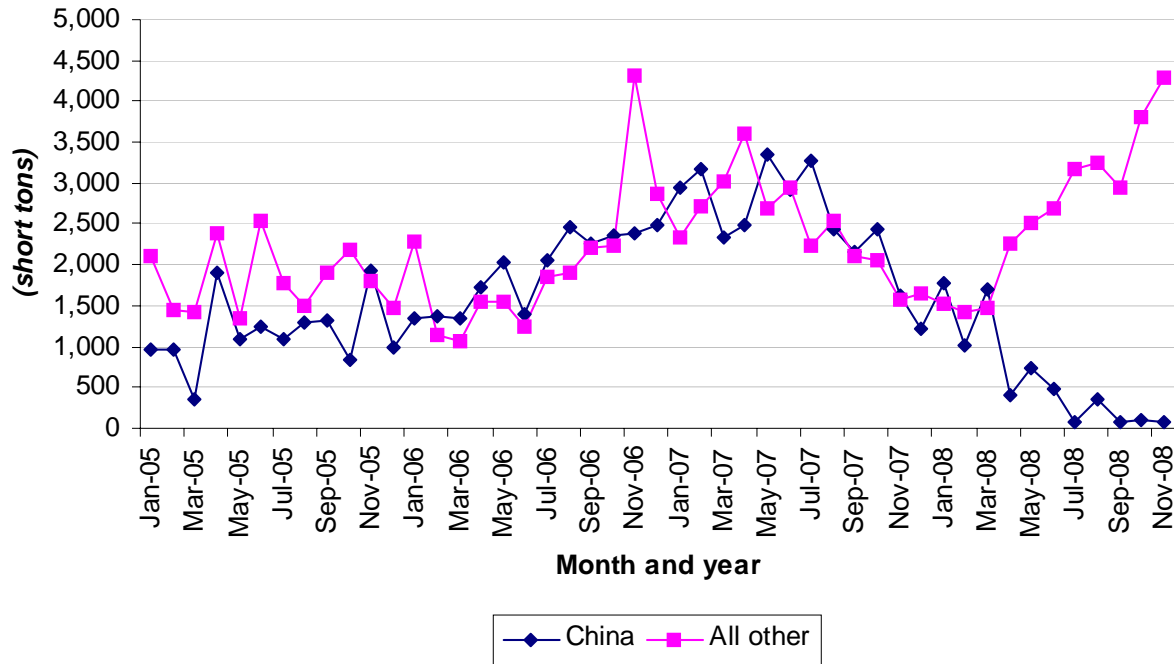
Firm name	Location	Related and/or affiliated firms	Share of 2007 reported U.S. imports from China (percent)	Share of 2007 reported total U.S. imports (percent)	Source of other imports
Alaskan Copper	Seattle, WA Portland, OR	Alco Investment Co. (United States)	***	***	***
Angstrom	Taylor, MI	None	***	***	***
Comprinox	Petaluma, CA	None	***	***	***
Coreco	Torrance, CA	None	***	***	***
Kurt Orban	Burlingame, CA	None	***	***	***
MC Tubular	Houston, TX	Metal One Holdings America, Inc. (United States)	***	***	***
Merit Brass	Cleveland, OH	None	***	***	***
Norca	Great Neck, NY	Norca Corp. (United States)	***	***	***
Outokumpu	Wildwood, FL	Outokumpu (United States) Outokumpu (Finland) Outokumpu (Sweden)	***	***	***
Primrose Alloys	Burlingame, CA	None	***	***	***
Prudential	Avenel, NJ	HK Management Partners (United States)	***	***	***
Robert Mitchell (Douglas Brothers Div)	Portland, ME	Marshall Barwick (Canada) Douglas Barwick (Canada)	***	***	***
Silbo	Montvale, NJ	None	***	***	***
Sumitomo	Houston, TX	Sumitomo (Japan)	***	***	***
Ta Chen	Long Beach, CA	Ta Chen Stainless Pipe Co. Ltd. (Taiwan)	***	***	***
Techlin	Somerset, NJ	None	***	***	***
Toyota Tsusho	Houston, TX	Toyota Tsusho (Japan)	***	***	***
Total			100.0	100.0	----
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table IV-2

WSS pressure pipe: U.S. imports, by sources, 2005-07, January-September 2007, and January-September 2008

Source	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (short tons)					
China	14,394	23,712	30,371	25,169	6,700
Nonsubject sources	21,810	24,099	29,078	23,879	20,888
Total	36,204	47,811	59,448	49,048	27,588
Value (1,000 dollars)¹					
China	47,607	79,360	154,833	124,975	33,592
Nonsubject sources	76,573	99,681	158,535	135,942	111,893
Total	124,180	179,041	313,368	260,917	145,485
Unit value (per short ton)¹					
China	\$3,307	\$3,347	\$5,098	\$4,965	\$5,014
Nonsubject sources	3,511	4,136	5,452	5,693	5,357
Average	3,430	3,745	5,271	5,320	5,274
Share of quantity (percent)					
China	39.8	49.6	51.1	51.3	24.3
Nonsubject sources	60.2	50.4	48.9	48.7	75.7
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	38.3	44.3	49.4	47.9	23.1
Nonsubject sources	61.7	55.7	50.6	52.1	76.9
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid.					
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from official Commerce statistics, as adjusted by questionnaire responses.					

Figure IV-1
WSS pressure pipe: Monthly U.S. imports, by sources, January 2005-November 2008



Source: Compiled from official Commerce statistics.

In 2007, *** percent of U.S. importers' imports of WSS pressure pipe from China was A-312, and *** percent was A-778. In addition, *** percent of their 2007 U.S. imports from China was less than or equal to 6.625 inches in outside diameter, and *** percent was greater than 6.625 inches and less than or equal to 14 inches. In 2007, *** percent of U.S. importers' imports of WSS pressure pipe from all other sources was A-312, and *** percent was A-778. In addition, *** percent of their 2007 U.S. imports from all other sources was less than or equal to 6.625 inches in outside diameter, and *** percent was greater than 6.625 inches and less than or equal to 14 inches.

Nonsubject imports of WSS pressure pipe are presented in table IV-3. Four countries - Korea, Malaysia, Taiwan, and Thailand - consistently accounted for the large majority of imports of WSS pressure pipe from nonsubject sources during the period for which data were collected.

Table IV-3

WSS pressure pipe: U.S. imports from nonsubject countries, by sources, 2005-07, January-September 2007, and January-September 2008

Source	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (short tons)					
Korea	5,715	4,506	4,526	4,346	2,693
Malaysia	3,408	2,993	3,860	2,925	4,294
Taiwan	9,840	14,216	18,341	15,186	11,064
Thailand	1,192	1,516	1,740	1,161	2,398
All other	1,719	1,033	1,010	577	793
Subtotal	21,874	24,264	29,478	24,196	21,241
Adjustments ¹	(64)	(165)	(400)	(317)	(353)
Total	21,810	24,099	29,078	23,879	20,888
Value (1,000 dollars)²					
Korea	17,573	14,178	19,270	18,239	12,341
Malaysia	10,956	9,501	19,444	14,471	20,002
Taiwan	37,588	66,279	106,301	95,382	63,051
Thailand	3,798	5,675	8,457	5,552	10,361
All other	6,883	4,731	7,244	4,104	8,029
Subtotal	76,798	100,363	160,716	137,746	113,784
Adjustments ¹	(225)	(682)	(2,181)	(1,805)	(1,891)
Total	76,573	99,681	158,535	135,942	111,893
Unit value (per short ton)²					
Korea	\$3,075	\$3,146	\$4,258	\$4,196	\$4,583
Malaysia	3,215	3,174	5,037	4,947	4,658
Taiwan	3,820	4,662	5,796	6,281	5,699
Thailand	3,187	3,744	4,860	4,780	4,321
All other	4,003	4,580	7,169	7,110	10,128
Average	3,511	4,136	5,452	5,693	5,357

¹ Adjusted to include WSS pressure pipe imported under HTS basket categories and to exclude pressure pipe greater than 14 inches. In addition to these adjustments, U.S. imports from Canada (largely or exclusively of mechanical tubing) are excluded in their entirety.

² Landed, duty-paid.

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

Source: Compiled from official Commerce statistics as adjusted by questionnaire responses.

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of WSS pressure pipe presented in table IV-4 are based on U.S. producers' U.S. shipments of WSS pressure pipe provided in response to Commission questionnaires and U.S. imports from official statistics as adjusted to include WSS pressure pipe imported under HTS basket categories and to exclude pressure pipe greater than 14 inches and imports of nonsubject mechanical tubing from Canada. Apparent U.S. consumption increased by *** percent from 2005 to 2007, but was 29.9 percent lower in January-September 2008 than in January-September 2007. A substantial portion of the increase in demand reportedly was a result of the expansion of ethanol facilities in the United States.⁸ However, by 2008, the rapid expansion of ethanol facilities had slowed.⁹

U.S. MARKET SHARES

U.S. market share data are presented in table IV-5. The quantity of the U.S. producers' market share decreased by *** percentage points from 2005 to 2007, but was 14.0 percentage points higher in January-September 2008 than in January-September 2007. In contrast, the share of subject imports from China increased by *** percentage points from 2005 to 2007, but was 22.5 percentage points lower in January-September 2008 compared to January-September 2007 (based on quantity). Nonsubject imports' market share decreased from 2005 to 2006, then increased in 2007, for an overall increase of *** percentage points, and was 8.6 percentage points higher in January-September 2008 than in January-September 2007.

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of subject imports to U.S. production of WSS pressure pipe is presented in table IV-6. Imports from China were equivalent to *** percent of U.S. production during 2005, increased to *** percent during 2006, and further to *** percent in 2007, but were 30.4 percent in January-September 2008.

⁸ Hearing transcript, p. 35 (Schagrin).

⁹ Hearing transcript, pp. 35 and 74 (Schagrin).

Table IV-4

WSS pressure pipe: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (short tons)					
U.S. producers' U.S. shipments	***	***	***	20,253	20,980
U.S. imports from--					
China	14,394	23,712	30,371	25,169	6,700
Nonsubject	21,810	24,099	29,078	23,879	20,888
Total imports	36,204	47,811	59,448	49,048	27,588
Apparent U.S. consumption	***	***	***	69,301	48,568
Value (1,000 dollars)					
U.S. producers' U.S. shipments ¹	***	***	***	151,095	140,988
U.S. imports from--					
China ²	47,607	79,360	154,833	124,975	33,592
Nonsubject ²	76,573	99,681	158,535	135,942	111,893
Total imports ²	124,180	179,041	313,368	260,917	145,485
Apparent U.S. consumption	***	***	***	412,012	286,473
¹ F.o.b. U.S. mill. ² Landed, duty-paid.					
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

Table IV-5

WSS pressure pipe: Apparent U.S. consumption and market shares, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (short tons)					
Apparent U.S. consumption	***	***	***	69,301	48,568
Value (1,000 dollars)					
Apparent U.S. consumption	***	***	***	412,012	286,473
Share of quantity (short tons)					
U.S. producers' U.S. shipments	***	***	***	29.2	43.2
U.S. imports from--					
China	***	***	***	36.3	13.8
Nonsubject	***	***	***	34.5	43.0
Total imports	***	***	***	70.8	56.8
Share of value (1,000 dollars)					
U.S. producers' U.S. shipments	***	***	***	36.7	49.2
U.S. imports from--					
China	***	***	***	30.3	11.7
Nonsubject	***	***	***	33.0	39.1
Total imports	***	***	***	63.3	50.8
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

Table IV-6

WSS pressure pipe: Ratio of U.S. imports to U.S. production, by sources, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (short tons)					
U.S. production	***	***	***	22,421	22,010
Ratio of U.S. imports to production (percent)					
China	***	***	***	112.3	30.4
Nonsubject sources	***	***	***	106.5	94.9
All countries	***	***	***	218.8	125.3
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs account for a substantial part of the final cost of WSS pressure pipe. On an annual basis during 2005-07, raw materials ranged from a low of 71 percent of the costs of goods sold in 2006 to a high of 76 percent in 2008. During January-September 2008 raw materials accounted for about 80 percent of the cost of goods sold.

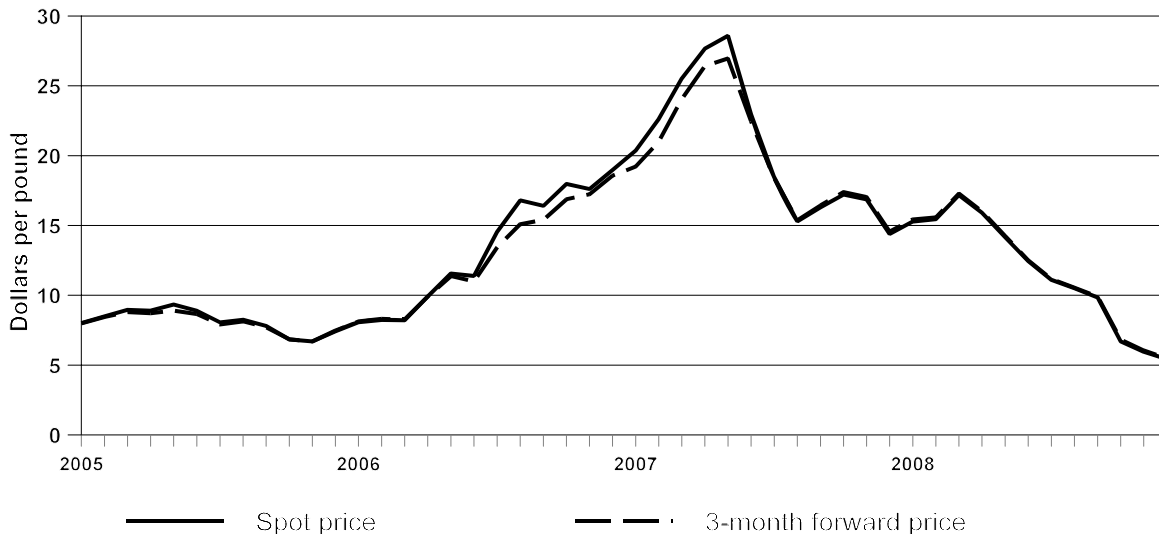
Prices of hot-rolled stainless steel and major alloys such as nickel and hi-carbon ferrochrome used in the production of WSS pressure pipe are presented in figures V-1, V-2, and V-3 on a monthly basis for 2005-08. As shown in figure V-1, prices of stainless steel rose irregularly to peak levels in June 2007 before declining irregularly in the following months. The price of nickel rose to a peak in July 2007 before declining in later months (figure V-2). The price of hi-carbon ferrochrome rose irregularly to a peak of \$249 per cwt in May 2008 and then declined overall during the remainder of the year (figure V-3).

As a result of rising costs, many stainless steel sheet producers have instituted raw material surcharges. These surcharges have been passed along by producers of WSS pressure pipe. According to hearing testimony, monthly surcharge amounts increased substantially from mid-2003 to mid-2007, but in 2008 they fell by more than half due to declining raw material costs.¹

Figure V-1
Hot-rolled coil: Grades 304 and 316 prices, monthly average, 2005-08

* * * * *

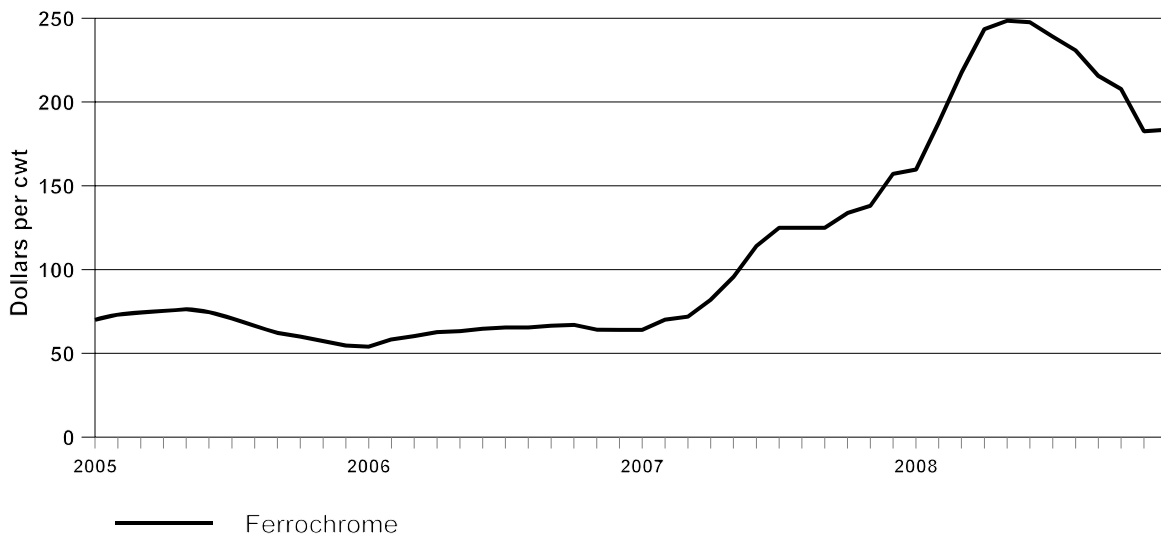
Figure V-2
Nickel: spot prices and 3-month forward prices, monthly averages, 2005-08



Source: London Metal Exchange.

¹ Hearing transcript, p. 18 (Henke) and staff telephone interviews with ***, December 17, 2008.

Figure V-3
Ferrochrome: High-carbon AMM free-market price, monthly, 2005-08



Source: American Metal Market.

Exchange Rate

The nominal exchange rate for the Chinese yuan in relation to the U.S. dollar is shown on a quarterly basis in figure V-4 for the period January-March 2005 through July-September 2008. The data show that the yuan has appreciated relative to the dollar since 2005. A real exchange rate could not be computed because of the lack of producer price indices for China.²

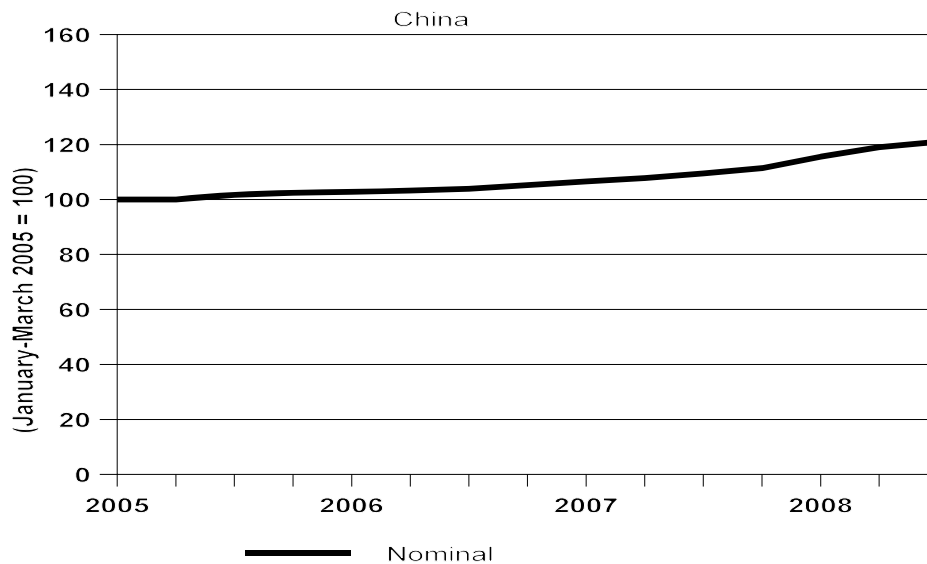
Transportation Costs to the U.S. Market

Ocean transportation costs for WSS pressure pipe shipped from China to the United States (excluding U.S. inland costs) averaged 6.5 percent of the customs value of these imports in 2005, 5.6 percent in 2006, 4.4 percent in 2007, and 4.2 percent during January-November 2008.³ These estimates are derived from official import data and represent the transportation and other charges on imports.

² A real exchange rate is calculated by adjusting the nominal rate for movements in producer prices in the United States and other countries.

³ The estimated cost was obtained by subtracting the customs value from the c.i.f. value of the imports in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, 7306.40.5085, for 2005, 2006, 2007, and January-September 2008 and then dividing by the customs value in 2005, 2006, 2007, and January-September 2008.

Figure V-4
Exchange rates: Indexes of the nominal rate of the Chinese yuan relative to the U.S. dollar, by
quarters, January-March 2005-July-September 2008



Source: International Monetary Fund, *International Financial Statistics*, December 2008 and earlier issues.

U.S. Inland Transportation Costs

Transportation costs on U.S. inland shipments of WSS pressure pipe generally accounted for a small share of the delivered price of these products during 2007. The five responding U.S. producers reported that these costs ranged between 1 and 4 percent of the delivered price. The weighted average for these producers was 2 percent. Among importers of product from China, these costs ranged from 1 to 5 percent. The weighted average cost for these importers was 1 percent.

U.S. inland shipping distances on sales of U.S.-produced WSS pressure pipes were compared with those for imports from China during 2007. For U.S. producers, 4 percent of their U.S. sales occurred within 100 miles of their storage or production facility, 75 percent were within distances of 101 to 1,000 miles, and 20 percent occurred at distances of more than 1,000 miles from their facilities. For imports from China, an average of 82 percent of sales occur within 100 miles of importers' storage facilities, about 18 percent were within 101 to 1,000 miles, and a very small percentage of shipments involved distances of more than 1,000 miles.

PRICING PRACTICES

U.S. producers and importers employ a variety of methods to arrive at prices of WSS pressure pipe. Among the five responding producers, one reported that it relies entirely upon transaction-by-transaction negotiations, and one makes use of a set price list. Among the other three firms, methods included combinations of transaction-by-transaction negotiations, contracts, and prices based upon

surcharges for raw materials.⁴ Among importers, 11 of 16 firms reported that prices are determined by transaction-by-transaction negotiations. Other methods reported by importers included set price lists and surcharges for raw materials.

Among firms that specifically reflect raw materials surcharges in their prices, the methods varied by firm. One U.S. producer reported that the alloy surcharges are added to the transaction price. These alloy surcharges are invoiced to the producer by the coil producer each month. The pipe producer adds yield loss to the surcharge and invoices the customer. Another U.S. producer reported that price lists are published monthly based on the surcharge published by raw materials suppliers. A third producer reported that the raw material surcharge is added at the time of shipment. Two importers including one importer of Chinese product and another importer of product from *** reported that they add a surcharge to their base price. At the hearing, petitioners stated that Chinese producers generally do not make use of surcharges. Therefore, quotes on U.S. imports of WSS pressure pipe from China involve only one transaction price rather than a base price plus a surcharge.⁵

Discounting is more commonly used in sales of WSS pressure pipe by U.S. producers than by importers. Among the five responding producers, four reported that they provide quantity discounts for the sale of WSS pressure pipe; four reported that they offer annual total volume discounts; one reported that it provides quarterly volume discounts; and one reported that it provides discounts to selected customers based upon volume thresholds established at the beginning of the year. In addition, three of the five producers also reported that they provide discounts of 0.5 to 1 percent for early payment of accounts. Among responding importers, 10 firms reported that they do not provide discounts, three reported that they provide quantity discounts, one provides annual total volume discounts, and three reported that discounts are based upon negotiations with customers. Two importers also reported that they provide a 0.5 percent discount for early payments of accounts.

Some U.S. producers and importers quote exclusively on an f.o.b. basis while others quote on a delivered basis. One importer reported that it quotes on both an f.o.b. and a delivered basis. All five of the responding U.S. producers reported that they arrange transportation for their customers. Among 15 responding importers, 10 reported that they arrange transportation, while 5 reported that their customers arrange transportation. None of the responding producers reported that they sell over the internet. Most importers also reported that they do not sell over the internet. One importer reported that it uses the internet for inquiries and communication, but the actual sale is generally by direct contact.

WSS pressure pipe is most commonly sold on a spot basis. For the five responding U.S. producers, 83 percent of sales are on a spot basis, and 17 percent are on a short-term contract of up to 12 months in duration. Among importers from China, 84 percent of sales are on a spot basis, and 16 percent are under short-term contracts. None of the producers or importers reported the use of contracts for periods of more than one year. Among producers that make use of short-term contracts, contract periods range in duration from 3 to 12 months. Prices and, in some cases, quantities are fixed during the contract period. Meet-or-release provisions do not apply. Among importers from China, contract periods range from 1 month to 1 year. In some cases, both prices and quantities are fixed during the contract period, and in some contracts meet-or-release provisions apply.

⁴ Purchasers were asked whether importers of WSS pressure pipe from China have the same surcharge mechanisms to increase or decrease prices to reflect changes in the costs of alloys (such as nickel, molybdenum, chromium) and energy. Of the 15 purchasers responding to the question, 5 answered yes and 10 answered no. The responses indicated that several purchasers were familiar with details of surcharges by domestic producers, but none described details of surcharges by importers from China. In follow-up requests for additional information from purchasers that answered yes, the evidence indicated that surcharges are generally included in the price rather than quoted separately. One purchaser *** reported that in some cases importers of product from China quote a base price and a separate surcharge.

⁵ Hearing transcript, p. 97 (Boling).

PRICE DATA

The Commission asked U.S. producers and importers of WSS pressure pipe to provide quarterly data for the total quantity and value of this product that was shipped to unrelated customers in the U.S. market for the period January-March 2005 through July-September 2008. The products for which pricing data were requested are as follows:⁶

Product 1--ASTM A-312, welded, grade AISI 304/304L pipe, 1-inch schedule 40

Product 2--ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 40

Product 3--ASTM A-312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10

Product 4--ASTM A-312, welded, grade AISI 304/304L pipe, 6-inch schedule 10

Product 5--ASTM A-312, welded, grade AISI 316/316L pipe, 2-inch schedule 40⁷

Product 6--ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 10

Sixteen firms provided usable pricing data for sales of the requested products including five U.S. producers, 10 importers of product from China, and five importers from nonsubject countries, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately 8.1 percent of the value of U.S. producers' shipments of WSS pressure pipe, 13.1 percent of the value of U.S. shipments of subject imports from China, and 10.8 percent of the value of U.S. shipments of nonsubject imports during January 2005 through September 2008.

Price Trends

Quarterly weighted-average prices for products 1 through 6 for the United States, China, and nonsubject countries⁸ are presented in tables V-1 through V-6 and figure V-5 for the period 2005-07 and January-September 2008. Prices for U.S. products 1, 2, 3, 4, and 6 all increased irregularly from the first quarter of 2005 to the second quarter of 2007, and then decreased irregularly in later quarters. The price of U.S. product 5 reached a peak in the second quarter of 2008. Except for product 3, prices of U.S. products increased overall during the period from January-March 2005 to July-September 2008 (table V-7).⁹ Prices of imports from China increased for all six products during this period.

⁶ In the preliminary phase of the investigations, only the first five product categories were included. As a result of consultation with the parties, an additional product 6 was added to increase coverage.

⁷ Grade AISI 316 stainless steel has corrosion resistance superior to that of grade AISI 304 (which is more widely used in the production of welded A-312 pipes). Grade AISI 316 also has higher strength at elevated temperatures than does AISI 304. These properties are due principally to the higher nickel content of AISI 316 as well as the addition of molybdenum to the steel. Iron & Steel Society, *Steel Products Manual: Stainless Steels*, 1999, pp. 86, 114.

⁸ The nonsubject import price data in these tables consist principally of data for imports from Korea, Malaysia and Taiwan as well as a small amount of data from "all other" countries. Separate price data by product category for Korea (from the preliminary phase of the investigations), Malaysia, and Taiwan appear in appendix E.

⁹ In addition to standard price data, estimates of a weighted-average of base prices with surcharges excluded for products 2 and 5 for the four petitioning U.S. producers are presented on a quarterly basis in appendix F. The results show a general downward trend in base prices for both products.

Table V-1

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,¹ and margins of (overselling)/underselling by quarters, January 2005-September 2008

Period	United States		China			Nonsubject	
	Price (per 1,000 feet)	Quantity (1,000 feet)	Price (per 1,000 feet)	Quantity (1,000 feet)	Margin (percent)	Price (per 1,000 feet)	Quantity (1,000 feet)
2005:							
Jan.-Mar.	\$2,945	166	\$2,296	103	22.0	\$***	***
Apr.-June	3,049	89	2,526	110	17.2	***	***
July-Sept.	2,911	123	2,464	123	15.3	***	***
Oct.-Dec.	2,706	88	2,345	71	13.3	***	***
2006:							
Jan.-Mar.	2,638	122	2,275	106	13.8	***	***
Apr.-June	3,074	128	2,326	159	24.3	***	***
July-Sept.	3,618	129	2,614	225	27.8	***	***
Oct.-Dec.	4,226	69	3,172	263	24.9	***	***
2007:							
Jan.-Mar.	4,812	68	3,564	315	25.9	***	***
Apr.-June	5,354	71	3,967	238	25.9	***	***
July-Sept.	4,462	83	4,416	234	1.0	***	***
Oct.-Dec.	4,042	46	4,310	125	(6.6)	***	***
2008:							
Jan.-Mar.	4,274	100	***	***	***	***	***
Apr.-June	4,447	90	***	***	***	***	***
July-Sept.	4,297	73	***	***	***	***	***

¹ ASTM A-312, welded, grade AISI 304/304L pipe, 1-inch schedule 40.

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

Table V-2

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,¹ and margins of (overselling)/underselling by quarters, January 2005-September 2008

Period	United States		China			Nonsubject	
	Price (per 1,000 feet)	Quantity (1,000 feet)	Price (per 1,000 feet)	Quantity (1,000 feet)	Margin (percent)	Price (per 1,000 feet)	Quantity (1,000 feet)
2005:							
Jan.-Mar.	\$5,892	148	\$5,294	68	10.1	\$***	***
Apr.-June	6,180	72	5,395	65	12.7	***	***
July-Sept.	5,785	79	5,299	69	8.4	***	***
Oct.-Dec.	5,396	114	5,183	48	4.0	***	***
2006:							
Jan.-Mar.	5,365	139	4,786	103	10.8	***	***
Apr.-June	5,830	102	4,910	130	15.8	***	***
July-Sept.	7,808	111	5,989	167	23.3	***	***
Oct.-Dec.	9,403	80	6,544	180	30.4	***	***
2007:							
Jan.-Mar.	9,172	109	7,420	207	19.1	***	***
Apr.-June	10,536	67	8,552	172	18.8	***	***
July-Sept.	8,937	53	8,950	158	(0.2)	***	***
Oct.-Dec.	***	***	***	***	***	***	***
2008:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***

¹ ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 40.

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

Table V-3

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,¹ and margins of (overselling)/underselling by quarters, January 2005-September 2008

Period	United States		China			Nonsubject	
	Price (per 1,000 feet)	Quantity (1,000 feet)	Price (per 1,000 feet)	Quantity (1,000 feet)	Margin (percent)	Price (per 1,000 feet)	Quantity (1,000 feet)
2005:							
Jan.-Mar.	\$1,466	28	\$787	6	46.3	\$***	***
Apr.-June	***	***	954	2	***	***	***
July-Sept.	1251	26	1,062	5	15.1	***	***
Oct.-Dec.	1,242	16	984	7	20.8	***	***
2006:							
Jan.-Mar.	1,344	9	834	11	38.0	***	***
Apr.-June	1,383	16	1,001	6	27.6	***	***
July-Sept.	1,961	10	1,176	9	40.0	***	***
Oct.-Dec.	***	***	1,154	12	***	***	***
2007:							
Jan.-Mar.	2,163	10	1,592	27	26.4	***	***
Apr.-June	2,243	9	1,499	12	33.2	***	***
July-Sept.	1,911	26	1,640	18	14.2	***	***
Oct.-Dec.	1,533	22	1,577	10	(2.9)	***	***
2008:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***

¹ ASTM A-312, welded, grade AISI 304/304L pipe, 0.5-inch schedule 10.

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

Table V-4

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,¹ and margins of (overselling)/underselling by quarters, January 2005-September 2008

Period	United States		China			Nonsubject	
	Price (per 1,000 feet)	Quantity (1,000 feet)	Price (per 1,000 feet)	Quantity (1,000 feet)	Margin (percent)	Price (per 1,000 feet)	Quantity (1,000 feet)
2005:							
Jan.-Mar.	\$15,170	61	\$12,793	17	15.7	\$***	***
Apr.-June	15,464	49	13,262	7	14.2	***	***
July-Sept.	15,267	59	12,838	21	15.9	***	***
Oct.-Dec.	13,671	75	12,697	12	7.1	***	***
2006:							
Jan.-Mar.	13,769	77	11,938	30	13.3	***	***
Apr.-June	15,723	68	12,636	50	19.6	***	***
July-Sept.	19,252	100	16,669	41	13.4	***	***
Oct.-Dec.	22,610	143	16,724	72	26.0	***	***
2007:							
Jan.-Mar.	25,140	55	19,997	139	20.5	***	***
Apr.-June	25,424	51	21,187	109	16.7	***	***
July-Sept.	21,802	41	22,905	76	(5.1)	***	***
Oct.-Dec.	22,528	26	***	***	***	***	***
2008:							
Jan.-Mar.	23,067	43	***	***	***	***	***
Apr.-June	24,563	43	***	***	***	***	***
July-Sept.	22,087	75	***	***	***	***	***

¹ ASTM A-312, welded, grade AISI 304/304L pipe, 6-inch schedule 10.

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

Table V-5

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 5,¹ and margins of (overselling)/underselling by quarters, January 2005-September 2008

Period	United States		China			Nonsubject	
	Price (per 1,000 feet)	Quantity (1,000 feet)	Price (per 1,000 feet)	Quantity (1,000 feet)	Margin (percent)	Price (per 1,000 feet)	Quantity (1,000 feet)
2005:							
Jan.-Mar.	\$9,847	49	\$8,358	10	15.1	\$***	***
Apr.-June	10,261	62	8,633	40	15.9	***	***
July-Sept.	10,237	48	9,015	42	11.9	***	***
Oct.-Dec.	9,605	56	9,159	22	4.6	***	***
2006:							
Jan.-Mar.	9,129	55	8,512	26	6.7	***	***
Apr.-June	9,607	57	8,621	43	10.3	***	***
July-Sept.	12,098	65	9,746	50	19.4	***	***
Oct.-Dec.	13,572	54	10,759	64	20.7	***	***
2007:							
Jan.-Mar.	13,091	35	12,456	49	4.9	***	***
Apr.-June	12,901	39	13,376	49	(3.7)	***	***
July-Sept.	13,706	32	14,257	24	(4.0)	***	***
Oct.-Dec.	12,519	23	***	***	***	***	***
2008:							
Jan.-Mar.	12,676	42	***	***	***	***	***
Apr.-June	13,843	54	***	***	***	***	***
July-Sept.	13,517	35	***	***	***	***	***
¹ ASTM A-312, welded, grade AISI 316/316L pipe, 2-inch schedule 40.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-6

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 6,¹ and margins of (overselling)/underselling by quarters, January 2005-September 2008

Period	United States		China			Nonsubject	
	Price (per 1,000 feet)	Quantity (1,000 feet)	Price (per 1,000 feet)	Quantity (1,000 feet)	Margin (percent)	Price (per 1,000 feet)	Quantity (1,000 feet)
2005:							
Jan.-Mar.	\$4,090	132	\$4,061	17	0.7	\$***	***
Apr.-June	4,055	105	3,888	43	4.1	***	***
July-Sept.	4,124	81	3,704	22	10.2	***	***
Oct.-Dec.	3,520	91	3,703	43	(5.2)	***	***
2006:							
Jan.-Mar.	3,362	127	3,501	54	(4.1)	***	***
Apr.-June	3,833	126	3,777	45	1.5	***	***
July-Sept.	5,234	112	3,980	76	24.0	***	***
Oct.-Dec.	5,782	140	4,756	79	17.7	***	***
2007:							
Jan.-Mar.	5,960	85	5,427	138	9.0	***	***
Apr.-June	6,811	105	6,015	162	11.7	***	***
July-Sept.	5,664	93	6,552	124	(15.7)	***	***
Oct.-Dec.	4,653	62	6,586	84	(41.6)	***	***
2008:							
Jan.-Mar.	5,927	84	***	***	***	***	***
Apr.-June	6,569	73	***	***	***	***	***
July-Sept.	5,992	85	***	***	***	***	***
¹ ASTM A-312, welded, grade AISI 304/304L pipe, 2-inch schedule 10.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Figure V-5

WSS pressure pipe: Weighted-average f.o.b. prices of products 1-6 sold by U.S. producers and by importers, by quarter, January-March 2005 to July-September 2008

* * * * *

A summary of maximum and minimum prices for each product for the United States and for China is presented in table V-7. The table also shows percentage changes in the price for each product from January-March 2005 to July-September 2008.

Table V-7

WSS pressure pipe: Summary of weighted-average f.o.b. prices for products 1 through 6, by countries

Source	Number of quarters	Highest price	Lowest price	Percentage increase (decrease) in price
		<i>Per 1,000 feet</i>	<i>Per 1,000 feet</i>	<i>Percent</i>
Product 1				
U.S. producers	15	\$5,354	\$2,638	45.9
China	15	***	2,275	***
Product 2				
U.S. producers	15	10,536	5,365	***
China	15	***	4,786	***
Product 3				
U.S. producers	15	2,243	1,242	***
China	15	***	787	***
Product 4				
U.S. producers	15	25,424	13,671	45.6
China	15	***	11,938	***
Product 5				
U.S. producers	15	13,843	9,129	37.3
China	15	***	8,358	***
Product 6				
U.S. producers	15	6,811	3,362	46.5
China	15	***	3,501	***
Source: Compiled from data submitted in response to Commission questionnaires.				

Price Comparisons

In the 90 quarterly price comparisons between U.S.-produced and imported WSS pressure pipe products, prices for the Chinese products were lower in 66 quarters and higher in 24 quarters. Margins of underselling ranged from 0.7 percent to 46.3 percent and margins of overselling ranged from 0.2 percent to 41.6 percent (table V-8).

Table V-8
WSS pressure pipe: Instances of underselling/overselling and the range and average of margins for products 1-6, January 2005-September 2008

Country	Number of instances underselling	Range underselling (percent)	Simple average margin underselling (percent)	Number of instances overselling	Range overselling (percent)	Simple average margin overselling (percent)
China	66	0.7 to 46.3	17.5	24	0.2 to 41.6	10.7

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

At the hearing, converting price data from feet to pounds was discussed as an alternative method of measuring underselling.¹⁰ When measuring underselling and overselling on the basis of product weight by converting thousand of feet into tons, the results continue to show that underselling was predominant during the period January 2005-September 2008. Overall during this period for all six products in all quarters, 7,968 short tons of Chinese material were priced lower than comparable domestic products on average, while 2,073 short tons of the Chinese product were priced higher than the domestic product. During the first three quarters of 2008, imports of WSS pressure pipe from China were priced higher than domestic product in 11 of 18 quarterly comparisons for the six products. However, imports of these products from China amounted to just 631 tons during 2008, an amount far smaller than the tonnages sold in each of the previous three years. Overall for the six products for the entire period, about 79 percent of the imports from China undersold the domestic product on a weight basis.

LOST SALES AND LOST REVENUES

In the preliminary and final phases of these investigations, the Commission requested U.S. producers of WSS pressure pipe to report any instances of lost sales and/or lost revenues they experienced due to competition from imports of pressure pipe from China since January 2005. In the preliminary phase, one petitioner, *** provided a list of 40 alleged lost sales or lost revenues to Chinese competitors. *** reported *** lost sales allegations totaling *** and involving *** feet of WSS pressure pipe and *** lost revenues allegations totaling *** and involving *** feet of the subject pipe. In the final phase, *** reported *** lost sales allegations totaling *** and involving *** feet of the subject pipe. Staff contacted the listed purchasers, and a summary of the information obtained is presented in tables V-9 and V-10 and is discussed below in detail. *** named *** in *** lost revenue allegations concerning imports of the subject product from China.

¹⁰ Hearing transcript, p. 129 (Cornelius) and pp. 142-143 (Schagrín). In their posthearing brief, the petitioners calculated underselling for each product on a weight basis (see Exh. 2). The conversion factors were 1.679 pounds per foot for product 1, 3.653 pounds per foot for product 2, .671 pounds for product 3, 9.289 pounds for product 4, 3.653 pounds for product 5, and 2.638 pounds for product 6.

Table V-9
WSS pressure pipe: U.S. producers' lost sales allegations

* * * * *

*** agreed with the allegations. *** named *** in *** lost sales allegations and *** lost revenue allegations. *** agreed with the lost sales allegations stating that ***. *** agreed with *** lost revenue allegations noting that ***. *** indicated that during the period examined his company switched from WSS pressure pipe produced in the United States to pipe produced in China, Thailand, and Taiwan.

*** named *** in *** lost sales allegations concerning imports of the subject product from China. *** agreed with all of the allegations. It did not make any additional comments.

Table V-10
WSS pressure pipe: U.S. producers' lost revenues allegations

* * * * *

PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

BACKGROUND

Bristol, Felker, Marcegaglia, Outokumpu, and Webco, which together accounted for approximately *** percent of the U.S. production of WSS pressure pipe during the period for which data were collected, supplied financial data on their WSS pressure pipe operations. Webco's fiscal year ends July 31, while the fiscal year for the other producers ends December 31. Bristol, Marcegaglia, and Outokumpu are subsidiaries of larger entities, while Felker and Webco are independent producers. All five domestic producers manufacture other products (most notably other stainless and alloy steel pipes and tubes) at the establishments where WSS pressure pipe was produced. *** reported internal consumption of WSS pressure pipe, and these sales accounted for approximately *** percent of the industry's 2007 sales values. No firms reported any transfers to related parties. The unit sales values of *** product were lower than the unit sales values of its commercial sales between 2005 and 2007 and in January-September (interim) 2007, but higher in interim 2008.

The questionnaire data of Outokumpu were verified with company records at its corporate facilities.¹ All verification adjustments were incorporated into this report. The financial data of Outokumpu were revised for all periods to ***. The revisions resulted in ***.

OPERATIONS ON WSS PRESSURE PIPE

Aggregate income-and-loss data for the U.S. producers are presented in table VI-1. To summarize, the overall financial condition of the domestic WSS pressure pipe industry improved between 2005 and 2007, from an operating loss of \$3.6 million to an operating income of \$14.2 million in 2007, due mainly to the increased unit sales prices over the period, especially in 2007. Most of the improvement occurred from 2005 to 2006, as sales quantity, sales value, and profitability all improved, and the operating loss became a moderate operating profit. Increases in unit sales prices (\$653 per short ton) more than doubled increases in unit total costs, i.e., COGS and selling, general, and administrative ("SG&A") expenses combined (\$317 per short ton, primarily resulting from higher COGS). From 2006 to 2007, even as sales quantities declined and costs increased sharply, increases in unit sales prices (\$2,241 per short ton) continued to exceed increases in unit total costs (\$1,916, primarily raw materials). Three producers reported operating losses in 2005, compared to one in 2006 and none in 2007.

While net sales quantity was higher in interim 2008 than interim 2007, net sales value and especially operating income were both noticeably lower (\$0.6 million operating loss compared to the operating income of \$17.8 million in interim 2007), due mainly to lower per-unit sales value and higher per-unit total costs/expenses, especially raw materials cost and SG&A expenses. As a result, the operating income margin, which reached 11.7 percent in interim 2007, was negative (0.4) percent in interim 2008. Two producers incurred operating losses in interim 2008, whereas no producers reported operating losses in interim 2007.

¹ Commission staff conducted a verification of Outokumpu's questionnaire response on January 6-7, 2009.

Table VI-1

WSS pressure pipe: Results of operations of U.S. producers, fiscal years 2005-07, January-September 2007, and January-September 2008

Item	Fiscal year			January-September	
	2005	2006	2007	2007	2008
Net sales:	Quantity (short tons)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	0	0	0	0	0
Total net sales	29,688	32,410	26,259	20,394	21,465
Net sales:	Value (\$1,000)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	0	0	0	0	0
Total net sales	134,353	167,817	194,820	152,722	145,260
COGS	128,183	150,065	171,200	127,593	137,392
Gross profit	6,170	17,752	23,620	25,129	7,868
SG&A expenses	9,731	10,752	9,416	7,320	8,450
Operating income (loss)	(3,561)	7,000	14,204	17,809	(582)
Interest expense	1,836	1,572	2,021	1,575	853
Other expense	2,053	2,254	1,663	997	1,411
Other income	0	0	0	0	36
Net income (loss)	(7,450)	3,174	10,520	15,237	(2,810)
Depreciation/amortization	3,594	3,127	3,258	2,443	2,781
Cash flow	(3,856)	6,301	13,778	17,680	(29)

Table continued on next page.

Table VI-1--Continued

WSS pressure pipe: Results of operations of U.S. producers, fiscal years 2005-07, January-September 2007, and January-September 2008

Item	Fiscal year			January-September	
	2005	2006	2007	2007	2008
	Unit value (per short ton)				
Net sales	\$4,525	\$5,178	\$7,419	\$7,489	\$6,767
COGS	4,318	4,630	6,520	6,256	6,401
Gross profit	208	548	900	1,232	367
SG&A expenses	328	332	359	359	394
Operating income (loss)	(120)	216	541	873	(27)
	Ratio to net sales (percent)				
COGS	95.4	89.4	87.9	83.5	94.6
Gross profit	4.6	10.6	12.1	16.5	5.4
SG&A expenses	7.2	6.4	4.8	4.8	5.8
Operating income (loss)	(2.7)	4.2	7.3	11.7	(0.4)
	Number of firms reporting				
Operating losses	3	1	0	0	2
Data	5	5	5	5	5
Source: Compiled from data submitted in response to Commission questionnaires.					

The domestic industry has argued that the apparent improvement in its financial condition in 2006/2007 was the result of surcharge gains caused by rising prices for nickel and molybdenum, and that this presents a unique condition of competition that the Commission should factor into its analysis in these investigations.² That is, U.S. producers of flat-rolled stainless steel (the input used to produce WSS pressure pipe) employ monthly surcharges to counterbalance large price swings in the major cost components of stainless steel (nickel, chromium, molybdenum, vanadium, manganese, iron, titanium, and energy).³ While there were marked fluctuations from month to month, these surcharges generally increased, often by large amounts, from 2005 to 2007. Since there is an approximate two- to four-month time lag between the time the flat-rolled steel is ordered and the time the finished pipe is shipped, the cost of pipe shipped at any point in time is based upon surcharge amounts in effect several months previous. Lastly, since pipe producers bill their customers the surcharge amount in effect when the finished pipe is

² Hearing transcript, pp. 6, 32, and 47-48 (Schagrin).

³ Surcharges are a widely-accepted method of transparently and quickly accommodating changes in specific costs. Absent surcharges, which are in addition to some base price, buyers and sellers would have to continually renegotiate or otherwise reset the base price. From an accounting point of view, however, there is no distinction between revenues earned through either surcharges or base prices, and there is no distinction between costs incurred through either surcharges or base prices. Thus, if a company sells 1 ton of WSS pressure pipe and charges a base price of \$4,000 per ton and a surcharge amount of \$2,000 per ton, the revenue it reports in its financial statements is \$6,000. Similarly, if that same company buys 1 ton of hot-rolled stainless steel and pays a base price of \$4,000 per ton and a surcharge amount of \$2,000 per ton, the cost it reports in its financial statements is \$6,000.

shipped, if surcharges are increasing (as they generally did from 2005 through 2007), an important component of reported profits can be the difference between higher surcharges in effect when the finished pipe is shipped and lower surcharges imbedded in the cost of the pipe. If surcharges decline (as they generally did in 2008), then the reverse will be true, and pipe producers will be charging lower prices for finished pipe that has higher costs.⁴

In an effort to quantify the monthly effect of the surcharges, the Commission staff has prepared (in table VI-2) an estimate of the revenue, cost, and resulting profit or (loss) reflecting the monthly stainless steel surcharges reported by Allegheny Ludlum and AK Steel, two major suppliers of flat-rolled stainless steel.⁵ The revenue data are the simple average of the grade 304 and grade 316 surcharges in effect by the two producers for the given month, while the cost data are the simple average of the grade 304 and grade 316 surcharges in effect by the two producers for the periods three, four, and five months previous.⁶ Using July 2007 as an example, the revenue data (\$5,754 per short ton) is the simple average of the grade 304 and grade 316 surcharges reported by Allegheny Ludlum and AK Steel for the month of July 2007, while the cost data (\$4,007 per short ton) is the simple average of the grade 304 and grade 316 surcharges reported by Allegheny Ludlum and AK Steel for the months of February, March, and April 2007.⁷ The data demonstrate both the extent of the surcharges (a low of \$1,650 per short ton in March 2006 to a high of \$5,754 per short ton in July 2007) and the fact that domestic producers' profitability benefitted from increasing surcharges (second half of 2006, mid 2007, and second quarter of 2008) and suffered when surcharges were declining (late 2005/early 2006 and again in late 2007 and late 2008).⁸

⁴ Hearing transcript pp. 19-21 (Henke) and 78, 87 (Cornelius); conference transcript, pp. 75-76 (Henke), 76-77 (Cornelius), and 77-79 (Schagrin).

⁵ The surcharges were provided by *** in the preliminary phase of the investigations; *see* EDIS document number 294176. Additional updated information was provided *** in the final phase of the investigations. *See also* http://www.aksteel.com/markets_products/stainless_surcharges.asp and <http://www.alleghenyludlum.com/ludlum/pages/surchargecalculator/surchargefront.asp?type=stainless%20steel>. Although domestic WSS pressure pipe producers probably also sourced some of their hot-rolled stainless steel from North American Stainless, there is no publicly available surcharge information available for that company for periods prior to April 2007.

⁶ This three month period is an estimate of the effect of the two- to four-month lag between the time the flat-rolled stainless steel is ordered and the time it is received and converted into pipe, plus any amount in inventory.

⁷ The estimate in table VI-2 only takes surcharges into account; it does not take other items (essentially the base price), estimated to approximate \$*** per short ton per period, into account. Thus, changes in profitability in table VI-2 are not exactly comparable to changes in profitability in table VI-1.

⁸ Staff notes that the use of simple averages can mask certain changes in product mix, such as a shift in the relative use of grade 316 and grade 304 stainless steel. In addition, annual and interim data based on simple averages do not fully capture shifts in volume that take place month-by-month, since all months within a period are weighted equally.

Table VI-2

WSS pressure pipe: Estimated unit revenues, costs, and resulting profits or losses as a result of stainless steel surcharges, by month, 2005-08

Date	Revenue	Cost	Gross profit	Gross profit
	Unit value (per short ton)			(percent)
January 2005	\$1,771	\$1,520	\$251	14.2
February 2005	1,881	1,555	326	17.3
March 2005	1,947	1,599	349	17.9
April 2005	1,897	1,671	226	11.9
May 2005	2,104	1,791	313	14.9
June 2005	2,098	1,866	232	11.1
July 2005	2,237	1,908	328	14.7
August 2005	2,105	1,983	122	5.8
September 2005	1,793	2,033	(240)	(13.4)
October 2005	1,820	2,146	(327)	(18.0)
November 2005	1,922	2,147	(224)	(11.7)
December 2005	1,703	2,045	(342)	(20.1)
January 2006	1,672	1,906	(234)	(14.0)
February 2006	1,658	1,845	(187)	(11.3)
March 2006	1,650	1,815	(165)	(10.0)
April 2006	1,725	1,766	(41)	(2.4)
May 2006	1,712	1,678	35	2.0
June 2006	2,035	1,660	375	18.4
July 2006	2,420	1,678	743	30.7
August 2006	2,390	1,696	694	29.0
September 2006	2,943	1,824	1,119	38.0
October 2006	3,365	2,056	1,309	38.9
November 2006	3,312	2,282	1,030	31.1
December 2006	3,505	2,584	921	26.3
January 2007	3,454	2,899	554	16.1
February 2007	3,690	3,206	483	13.1
March 2007	3,922	3,394	528	13.5
April 2007	4,411	3,423	987	22.4
May 2007	5,065	3,549	1,515	29.9
June 2007	5,500	3,688	1,812	32.9
July 2007	5,754	4,007	1,747	30.4
August 2007	4,877	4,466	411	8.4
September 2007	4,039	4,992	(953)	(23.6)
October 2007	3,451	5,440	(1,989)	(57.6)
November 2007	3,661	5,377	(1,716)	(46.9)
December 2007	3,878	4,890	(1,013)	(26.1)

Table continued on next page.

Table VI-2--Continued

WSS pressure pipe: Estimated unit revenues, costs, and resulting profits or losses as a result of stainless steel surcharges, by month, 2005-08

Date	Revenue	Cost	Gross profit	Gross profit
	Unit value (per short ton)			(percent)
January 2008	3,920	4,122	(202)	(5.2)
February 2008	3,506	3,717	(212)	(6.0)
March 2008	3,764	3,663	100	2.7
April 2008	3,891	3,820	72	1.8
May 2008	4,354	3,768	587	13.5
June 2008	4,275	3,730	546	12.8
July 2008	4,071	3,720	351	8.6
August 2008	3,829	4,003	(174)	(4.6)
September 2008	3,673	4,174	(501)	(13.6)
October 2008	3,429	4,234	(804)	(23.5)
November 2008	3,057	4,058	(1,001)	(32.7)
December 2008	2,014	3,858	(1,844)	(91.5)
Annual 2005	1,940	1,855	84	4.4
Annual 2006	2,366	1,899	467	19.7
Annual 2007	4,308	4,111	197	4.6
Annual 2008	3,649	3,906	(257)	(7.0)
Jan-Sept 2007	4,523	3,736	787	17.4
Jan-Sept 2008	3,920	3,857	63	1.6

Source: ***; AK Steel and Allegheny Ludlum are the source of the underlying surcharge data.

The annual and interim period data at the bottom of table VI-2 agree with the financial data reported in table VI-1 – the cost increase from 2005 to 2006 was moderate when compared to the cost increase from 2006 to 2007, and costs were moderately higher in interim 2008 compared to interim 2007. At the same time, the increase in profitability was much larger from 2005 to 2006 than from 2006 to 2007, and profitability was considerably lower in interim 2008 compared to interim 2007. Thus, the data are consistent with the argument that the profitability reported by the domestic WSS pressure pipe producers is linked, in part, to changes in cost surcharges.

Selected company-by-company data are presented in table VI-3. Total net sales (quantities and values), per-unit values (sales, COGS, SG&A, and operating income), operating income, and the ratio of operating income (loss) to net sales are presented in this table on a firm-by-firm basis. Virtually every company reported the same experience – from 2005 to 2007 sales quantities decreased (except for ***), while sales values (except for ***), unit sales values, and unit costs all increased, and, except for ***, profitability increased. All producers reported large increases in raw material costs (\$1,725 to \$2,741 per short ton), a reflection of the increase in raw material surcharges detailed in table VI-2. With the exception of *** (whose direct labor costs and other factory costs combined were higher (due to product

mix)⁹ than any other producer except for *** and ***,¹⁰ direct labor costs for all producers were within a relatively narrow band, and overall increases were moderate. Other factory costs were not as contained, largely because of cost increases reported by *** (increased health insurance and energy costs)¹¹ and *** (increased profit sharing, pension, and outside processing costs).¹² In the aggregate, the industry's other factory costs increased by approximately \$6.6 million (31 percent) from 2005 to 2007 while the sales quantities decreased by 11.6 percent). The unit operating income for every producer was higher in 2007 than in 2005, meaning that every producer was able to raise their unit revenues by an amount in excess of increased unit costs. The unit operating income for every producer, except ***, was much lower in interim 2008 compared to interim 2007.¹³

Table VI-3
WSS pressure pipe: Results of operations of U.S. producers, by firm, fiscal years 2005-07, January-September 2007, and January-September 2008

* * * * *

⁹ December 11, 2008 e-mail from ***.

¹⁰ December 11, 2008 e-mail from ***.

¹¹ February 25, 2008 e-mail from ***.

¹² February 26, 2008 e-mail from ***.

¹³ At the request of Commissioner Lane, petitioners agreed to provide estimates of certain fourth quarter 2008 data, to the extent that such data were available (given the time requirements to finalize the data). Hearing transcript, pp. 124-125 (Lane, Schagrin). For the three companies (Bristol, Felker, and Outokumpu) able to provide data fourth quarter combined net sales revenue was \$*** while the combined operating loss was \$***. However, these estimated data should be used with caution because the data are estimated, not verified or verifiable, and may not include end-of-year adjustments, if any. Even if the estimated fourth quarter data did reflect end-of-year adjustments, they might distort the fourth quarter results because the adjustments should be reflected for the entire year, not just for one quarter. Marcegaglia was unable to estimate fourth quarter results. Outokumpu's estimated data may not be comparable to the financial data presented in this section because these data were not ***. Furthermore, as described above and in footnotes 7 and 8 in this section, quarterly data are largely affected by product mix. Therefore, quarterly data may not be truly reflective of market conditions. Please refer to Exhibit 3 in petitioners' posthearing brief dated January 23, 2009 for the estimated fourth quarter financial data for three producers.

Selected aggregate per-short ton cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table VI-4. Overall per-short ton COGS and total cost (which includes SG&A expenses) increased substantially from 2006 to 2007, driven mainly by changes in raw material costs (i.e., reflecting changes in the cost of hot-rolled stainless steel coils) and fabrication costs (labor and factory overhead). Per-short ton COGS were slightly higher in interim 2008 than in interim 2007, again due to the increases in the costs of raw materials. The ratio of total COGS to net sales decreased continuously over the full-year periods, but was higher in interim 2008 than in interim 2007.

Table VI-4
WSS pressure pipe: Average unit costs of U.S. producers, fiscal years 2005-07, January-September 2007, and January-September 2008

Item	Fiscal year			January-September	
	2005	2006	2007	2007	2008
COGS:	<i>Value (per short ton)</i>				
Raw materials	\$3,140	\$3,304	\$4,964	\$4,967	\$5,129
Direct labor	459	484	492	407	404
Factory overhead	719	841	1,064	882	868
Total COGS	4,318	4,630	6,520	6,256	6,401
SG&A expenses	328	332	359	359	394
Total cost	4,645	4,962	6,878	6,615	6,794
Source: Compiled from data submitted in response to Commission questionnaires.					

The variance analysis showing the effects of prices and volume on the producers' sales of WSS pressure pipe, and of costs and volume on their total cost, is shown in table VI-5. The analysis confirms that the increase in profitability from year to year and from 2005 to 2007 was the result of per-unit prices increasing faster than costs and expenses. The summary at the bottom of the table illustrates that from 2005 to 2007 the positive effect of increased prices (\$76.0 million) was more than the negative effect of increased costs and expenses (\$58.6 million). The analysis also confirms that even though the magnitude of the change in prices, costs, and expenses was less from 2005 to 2006 than from 2006 to 2007, the impact was greater from 2005 to 2006 than from 2006 to 2007. Between the two interim periods, the variance analysis indicates that the decrease in operating income of \$18.4 million resulted from the combined negative effect of decreased price (\$15.5 million) and increased costs/expenses (\$3.9 million), despite minor increases of volume variance (\$0.9 million).

Table VI-5
WSS pressure pipe: Variance analysis of operations of U.S. producers, fiscal years 2005-07,
January-September 2007, and January-September 2008

Item	Between fiscal years			January-September
	2005-07	2005-06	2006-07	2007-08
	Value (\$1,000)			
Net sales:				
Price variance	75,985	21,146	58,853	(15,482)
Volume variance	(15,518)	12,318	(31,850)	8,020
Total net sales variance	60,467	33,464	27,003	(7,462)
Cost of sales:				
Cost variance	(57,822)	(10,129)	(49,615)	(3,098)
Volume variance	14,805	(11,753)	28,480	(6,701)
Total cost variance	(43,017)	(21,882)	(21,135)	(9,799)
Gross profit variance	17,450	11,582	5,868	(17,261)
SG&A expenses:				
Expense variance	(809)	(129)	(705)	(746)
Volume variance	1,124	(892)	2,041	(384)
Total SG&A variance	315	(1,021)	1,336	(1,130)
Operating income variance	17,765	10,561	7,204	(18,391)
Summarized as:				
Price variance	75,985	21,146	58,853	(15,482)
Net cost/expense variance	(58,631)	(10,258)	(50,320)	(3,844)
Net volume variance	411	(326)	(1,329)	935
<p>Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>				

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are presented in table VI-6. Even though all U.S. producers reported capital expenditures, only two producers, ***, incurred substantial amounts of capital expenditures during the period for which data were collected. Capital expenditures were *** for the domestic industry (table VI-1), an indication that the domestic industry is ***. *** reported R&D expenses. While capital expenditures decreased from 2005 to 2006, and then increased from 2006 to 2007, R&D expenses increased throughout this period, but remained relatively low. Both capital expenditures and R&D expenses were higher in January-September 2008 relative to January-September 2007. Data for capital expenditures on a firm-by-firm basis are shown in table VI-7.

Table VI-6
WSS pressure pipe: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2005-07, January-September 2007, and January-September 2008

Item	Fiscal year			January-September	
	2005	2006	2007	2007	2008
	Value (\$1,000)				
Capital expenditures ¹	2,681	1,474	3,808	2,786	4,410
R&D expenses ²	***	***	***	***	***
¹ All companies reported capital expenditures. ² Only *** reported R&D expenses.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table VI-7
WSS pressure pipe: Capital expenditures by U.S. producers, by firms, fiscal years 2005-07, January-September 2007, and January-September 2008

* * * * *

ASSETS AND RETURN ON INVESTMENT

U.S. producers were requested to provide data on their assets used in the production and sales of WSS pressure pipe during the period for which data were collected to assess their return on investment ("ROI"). The increase in the total value of assets from 2005 to 2006 was the result of increased accounts receivable and inventories. At the same time, the return on the assets turned from negative to positive from 2005 to 2006 as operating income increased and continuously improved from 2006 to 2007.

The value of both the original cost of property, plant, and equipment ("PPE") and net book value of PPE decreased continuously over the period examined, because there was no substantial capital acquisition (no major expansion or improving productive facilities) during the same period.¹⁴ The trend of ROI over the period was the same as the trend of the operating income margin shown in table VI-1.

¹⁴ Other variations and changes in the value of PPE may be attributable to the allocated assets based on the sales value of the subject merchandise compared to the total sales.

Table VI-8

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

Item	Fiscal year		
	2005	2006	2007
Value of assets	Value (\$1,000)		
1. Current assets:			
A. Cash and equivalents	2,021	277	2,471
B. Trade receivables (net)	21,120	32,121	22,314
C. Inventories	44,151	66,302	63,697
D. All other current	194	265	220
Total current	67,486	98,965	88,702
2. Non-current assets:			
A. Productive facilities ¹	74,228	67,636	67,301
B. Productive facilities ²	24,981	20,310	19,975
C. Other non-current	971	823	1,043
Total non-current	25,952	21,133	21,018
Total assets	93,438	120,098	109,720
	Value (\$1,000)		
Operating income	(3,561)	7,000	14,204
	Ratio of operating income to total assets (percent)		
Return on investment	(3.8)	5.8	12.9
¹ Original cost of property, plant, and equipment (PPE). ² Net book value of PPE (original cost less accumulated depreciation).			
Source: Compiled from data submitted in response to Commission questionnaires.			

CAPITAL AND INVESTMENT

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

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) 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,

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of 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 under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²

Information on the nature of the subsidies and sales at less than fair value was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" and dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries and the global market.

THE INDUSTRY IN CHINA

Overview

China's stainless steel tubular products industry likely benefits to a degree from upstream Chinese industries, particularly domestic production of molybdenum, a key alloying metal for stainless steel. China holds the greatest share of the world's total molybdenum reserves, estimated at some 3.6 million short tons or 38.4 percent of total global reserves in 2007.³ China ranks tenth in the world in terms of the size of its nickel reserves, estimated at 1.2 million short tons in 2007,⁴ although, due to insufficient domestic mine production, it relies upon imports of nickel in the forms of ores, mattes, ferroalloys, and refined metal to meet a substantial portion of its domestic nickel consumption needs.⁵ China is not a

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

³ World total molybdenum reserves in 2007 were estimated at nearly 9.5 million short tons. Michael J. Magyar, "Molybdenum," *Mineral Commodity Summaries*, U.S. Geological Survey, January 2008, p. 113.

⁴ China's nickel reserves are 1.6 percent of the world total of 73.9 million short tons in 2007. Peter H. Kuck, "Nickel," *Mineral Commodity Summaries*, U.S. Geological Survey, January 2008, p. 115.

⁵ China's 2006 net import reliance of 57.7 percent is calculated from the ratio of net imports (imports less exports) to apparent domestic consumption. China's net imports of nickel ores, mattes, ferroalloys, and refined metal (continued...)

major global producer of chromium,⁶ the main alloying metal in stainless steel, hence its industries are highly reliant upon imports of chromite (chromium ore), ferrochromium, and refined chromium metal (with net import reliance in 2005 estimated at 93.6 percent)⁷ to meet Chinese domestic chromium consumption needs.⁸

According to a report for 2005 by the U.S. Geological Survey, Chinese companies have expanded their stainless steel capacity substantially over the past several years,⁹ consistent with the country's rapid growth in stainless steel consumption.¹⁰ In 2006, China surpassed Japan as the world's largest stainless steel producer. In 2007, according to the Stainless Steel Council of China Special Steel Enterprises Association, China remained the leading stainless steel producer in the world with total production of 7.9 million tons.¹¹

As with stainless steel generally, China has continued to expand its stainless steel tubular production capacity. Recently reported activities include Baofeng Steel Corp.,¹² which plans to begin production at a 5,500 ton facility in June 2008, producing welded stainless tubular products with diameter larger than 4.5 inches.¹³ Tingshan, China's leading private stainless steel producer, has formed a joint venture with Spain's Irstal Group to install a welded stainless tubular plant with a capacity of 55,000 tons.¹⁴ In December 2007, ArcelorMittal and Hunan Valin jointly expanded production of several value-added products, including welded stainless steel tubular products.¹⁵

The petition in these investigations identified nine producers and/or exporters of WSS pressure pipe in China¹⁶ and petitioners listed 23 possible producers and/or exporters in their prehearing brief that were identified by Simdex.¹⁷ Petitioners estimate that Chinese subject producers have a minimum of

⁵ (...continued)

(totaling 123,000 short tons, nickel content) was calculated from the difference between Chinese domestic consumption of 214,000 short tons of nickel metal, less domestic production of nickel ores (90,000 short tons, nickel content), as reported by the U.S. Geological Survey. Pui Kwan Tse, "The Mineral Industry of China," *2006 Minerals Yearbook*, U.S. Geological Survey, February 2008, pp. 8.10 and 8.14.

⁶ China produced 76,000 short tons of chromite ore (chromium content) in 2005, or 1.2 percent of the global total amounting to 6.5 million short tons in that year. John F. Papp, "Chromium," *2006 Minerals Yearbook*, U.S. Geological Survey, April 2008, p. 17.20.

⁷ Net import reliance is calculated from the ratio of net imports (imports less exports) to apparent domestic consumption. China's apparent domestic consumption of nearly 1.2 million short tons of chromium metal for 2005 was calculated by the U.S. Geological Survey from Chinese domestic production of chromite (76,000 short tons, chromium content) plus net imports into China of chromite, ferrochromium, and refined chromium metal (totaling 1.1 million short tons, chromium content). *Ibid.*

⁸ *Ibid.*, p. 17.3.

⁹ Pui Kwan Tse, "The Mineral Industry of China," *2005 Minerals Yearbook*, U.S. Geological Survey, June 2007, p. 9.8.

¹⁰ Zhou Zhijiang, Jiuli Group, "Basic Introduction of Production, Consumption and Demand of Stainless Steel Pipes in China." Second Asian Stainless Steel Conference, May 22-23, 2006, Shanghai, China. Petitioners' postconference brief, Exhibit 5.

¹¹ SteelGuru, "China remains largest SS producer in world 2007," February 18, 2008, found at http://www.steelguru.com/news/index/2008/02/18/MzCWnjc%3D/China_remains_largest_SS_producer_in_world_2007.html, retrieved on February 27, 2008.

¹² Baofeng Steel Corp. is an affiliate of Baofeng Steel Group.

¹³ Capacity was reported as 5,000 metric tons with diameter of more than 114 mm. MBR, *Welded Steel Tube and Pipe Monthly*, February 2008, pp. 2, 12.

¹⁴ MBR, *Welded Steel Tube and Pipe Monthly*, January 2008, pp. 11-12.

¹⁵ MBR, *Welded Steel Tube and Pipe Monthly*, December 2007, p. 10.

¹⁶ Petition, exh. I-6.

¹⁷ Petitioners' prehearing brief, exhibit 2.

453,000 tons of capacity.¹⁸ The Commission sent foreign producer questionnaires to 20 firms, received no completed questionnaires, and received one response indicating that the firm does not produce the subject product.¹⁹ In the preliminary phase of the investigations, however, Winner Stainless Steel Tube Co., Ltd. (“Winner”), returned a completed questionnaire. Winner estimated that it accounts for *** percent of total exports of WSS pressure pipe from China to the United States.²⁰ In the most recent fiscal year, Winner estimated that the share of its total sales represented by sales of WSS pressure pipe is *** percent, based on quantity. U.S. importers identified the following Chinese producers as sources for their imports: ***.²¹

WSS Pressure Pipe Operations

Information on Winner’s WSS pressure pipe operations is presented in table VII-1. Capacity remained steady during the period, while production and capacity utilization increased in 2006 and decreased in 2007. Projections for 2008-09 included a ***.²² Winner’s capacity was based on operating *** hours per week, *** weeks per year. Winner reported *** of WSS pipe. Home market sales *** of Winner’s shipments, and declined during 2005-07 as a share of total shipments, while the share held by total exports increased during the same period. As a share of total shipments, exports destined for the United States *** during 2005-07. Projections for 2008 and 2009 forecast that exports to the United States and exports to all other markets would ***.²³ Winner’s other major export markets are ***. Inventories held by Winner decreased steadily between December 2005 and December 2007, and are projected to ***. Winner *** inventories of WSS pressure pipe in the United States, and ***. Winner reported *** plans to add, expand, curtail, or shut down production capacity and/or production of WSS pressure pipe in China. However, U.S. importer *** reported that “a few new plants have opened in China” since January 1, 2005. Witnesses testifying at the Commission’s staff conference also reported new production capacity in China.²⁴

Table VII-1
WSS pressure pipe: Winner’s production capacity, production, shipments, and inventories, 2005-07, and projected 2008-09

* * * * *

¹⁸ Petitioners’ prehearing brief, p. 17.

¹⁹ The Commission received a response from *** indicating it does not produce WSS pressure pipe.

²⁰ The firm’s estimate of its share of exports of the subject merchandise to the United States is consistent with reported import and export data. Winner, however, could not estimate the percentage of total production of WSS pipe in China for which it accounts.

²¹ As reported in either the preliminary phase and/or the final phase of the investigation.

²² Winner’s projections are based on ***.

²³ China’s imposition of an export tax on most tubular products in early 2008 is believed by some sources to have resulted in downward pressure on exports. *See, e.g., MBR, Welded Steel Tube and Pipe Monthly*, March 2008, p. 12. Conversely, the export tax was repealed in late 2008, leading some sources to forecast a recovery in exports. *MBR, Welded Steel Tube and Pipe Monthly*, November 2008, p. 12.

²⁴ According to one domestic producer, “(M)ost of this investment (in WSS pressure pipe productive facilities) has been made since the turn of the century. Most of these facilities have been built in the last five to seven years, and they continually expand, year on year.” Conference transcript, p. 45 (Tidlow).

Alternative Products

In addition to WSS pressure pipe, Winner produces *** on the same equipment and machinery used to produce WSS pressure pipe.

U.S. IMPORTS SUBSEQUENT TO SEPTEMBER 30, 2008

Four U.S. importers reported that they had placed orders for WSS pressure pipe from China for delivery into the United States after September 30, 2008.²⁵ This information is presented in table VII-2.

Table VII-2
WSS pressure pipe: U.S. importers' orders after September 30, 2008

* * * * *

U.S. IMPORTERS' INVENTORIES

Two U.S. importers reported inventories of imports of WSS pressure pipe from China during the period for which data were collected, and two firms reported inventories from other countries.²⁶ Data collected in these investigations on U.S. importers' end-of-period inventories of WSS pressure pipe are presented in table VII-3. Inventory from China decreased over the period. The ratio of inventory to imports and the ratios of inventory to U.S. and total shipments fell *** from 2005 to 2007. The ratio of inventory to imports fell from *** percent in 2005 to *** percent in 2007, but increased from *** percent in January-September 2007 to *** percent in January-September 2008. The ratio of inventory to U.S. shipments fell from *** percent in 2005 to *** percent in 2007, but increased from *** percent in January-September 2007 to *** percent in January-September 2008. The ratio of inventory to total shipments fell from *** percent in 2005 to *** percent in 2007, but increased from *** percent in January-September 2007 to *** percent in January-September 2008.

Table VII-3
WSS pressure pipe: U.S. importers' end-of-period inventories of imports, 2005-07, January-September 2007, and January-September 2008

* * * * *

ANTIDUMPING AND COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, WSS pressure pipe from China has been the subject of import relief investigations in Argentina²⁷ and South Africa.²⁸ In the United States, there are two antidumping

²⁵ Those firms were ***. Five firms, ***, reported orders of WSS pressure pipe from other sources after September 30, 2008.

²⁶ *** reported inventories from China. *** reported inventories from other sources.

²⁷ Final affirmative determination with dumping margin of 63.02 percent through May 2012. Found at <http://tpwebapp.hktcd.com/alert/us0712h.htm>, on February 4, 2009

²⁸ Terminated September 2006. *Government Gazette (South Africa) No. 29224*, September 2006, p. 63.

orders in effect on ASTM A-312 pipe, a product that is both broader and narrower than the scope of these investigations, from Korea and Taiwan.²⁹

INFORMATION ON NONSUBJECT SOURCES AND THE GLOBAL MARKET

Nonsubject Source Information

In assessing whether the domestic industry is materially injured or threatened with material injury “by reason of subject imports,” the legislative history states “that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) ‘to ensure that it is not attributing injury from other sources to the subject imports.’”³⁰

During the final phase of these investigations, the Commission sought pricing data from U.S. importers of WSS pressure pipe from China, Taiwan, Korea, Malaysia, Thailand, and all other foreign sources. Those data are presented in appendix E of this report. With respect to foreign nonsubject sources of supply, the Commission sought publicly available information regarding international suppliers of WSS pressure pipe since 2005 from national import and export statistics, from conference testimony, and from interviews with industry sources.

Overview

As discussed in Part IV of this report, the leading nonsubject source of WSS pressure pipe is Taiwan; other major nonsubject sources include Korea and Malaysia, followed by Thailand.³¹ Imports from all nonsubject sources combined accounted for approximately 60 percent of total imports in 2005 but, by 2007, had decreased as a share of total imports to below 50 percent. Figure VII-1 shows the volume of subject and nonsubject imports for the period for which data were collected, while figure VII-2 shows the respective average unit values of such imports during the same period.

Global Exports of Circular Welded Tubes, Pipes, and Hollow Profiles of Stainless Steel

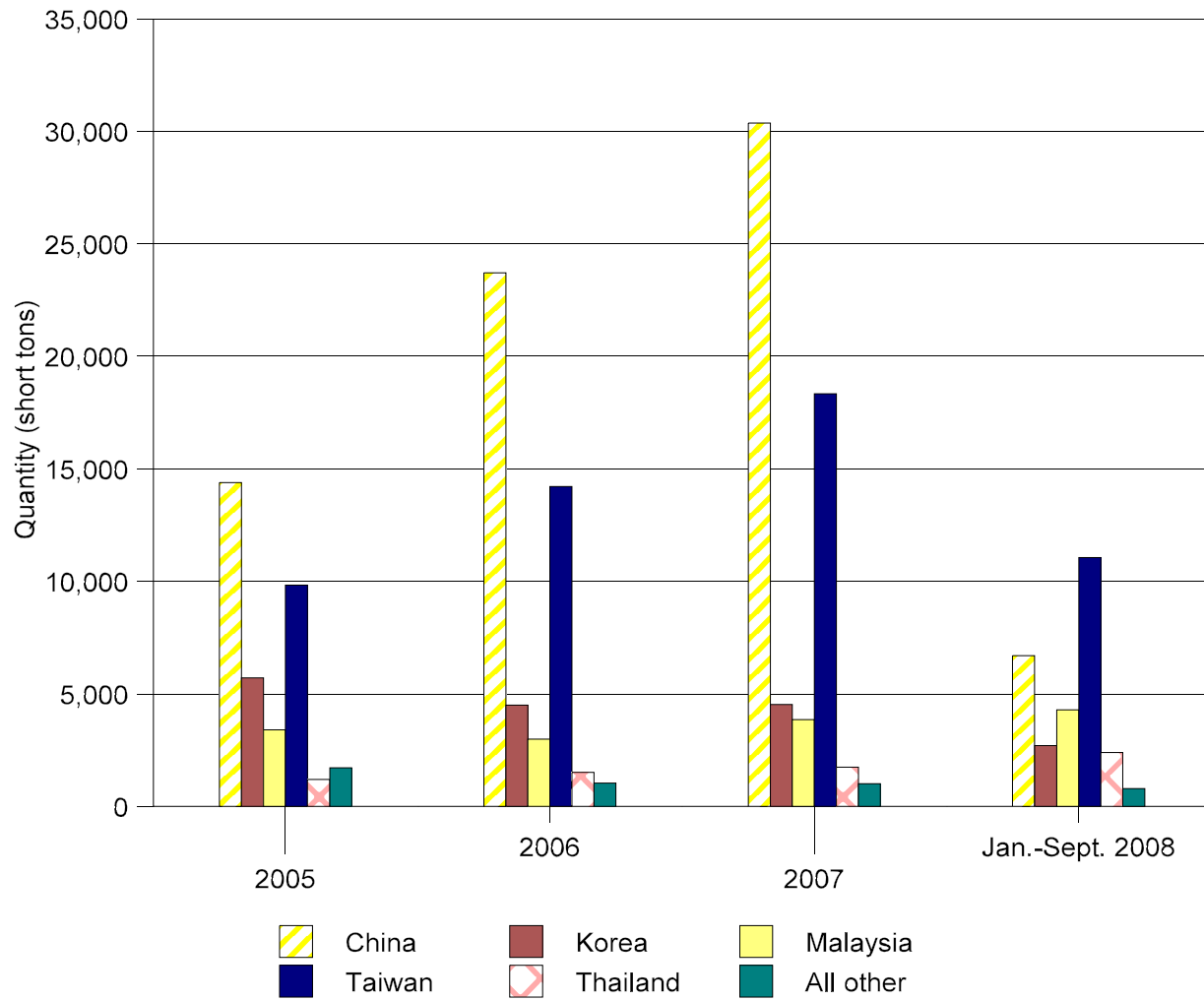
Table VII-4 presents information on global exports of circular welded tubes, pipes, and hollow profiles of stainless steel (HTS 7306.40) during 2005-07 (the most recent full-year period available) as reported by *Global Trade Atlas*. Circular welded tubes, pipes, and hollow profiles of stainless steel encompass a significantly larger commodity category, at the 6-digit international harmonization level, than subject WSS pressure pipe not exceeding 14 inches O.D.— e.g., including also larger pipe sizes, mechanical tubing, pressure tubing, and other specialized tubing.

²⁹ *Certain Welded Stainless Steel Pipe From Korea and Taiwan, Inv. Nos. 731-TA-540-541 (Second Review)*, USITC Publication 3877 (August 2006). Imports of subject merchandise from two Taiwan producers are not subject to antidumping duties. In the original investigations, imports of subject merchandise by Chang Tieh Industry were determined to have a 0.00 percent dumping margin and thus no order was imposed. *Ibid.*, p. I-2. After administrative reviews with *de minimis* dumping margins, Commerce revoked the order regarding imports of subject merchandise by Ta Chen as of December 1, 1998. *Ibid.*, p. I-9.

³⁰ *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also *Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

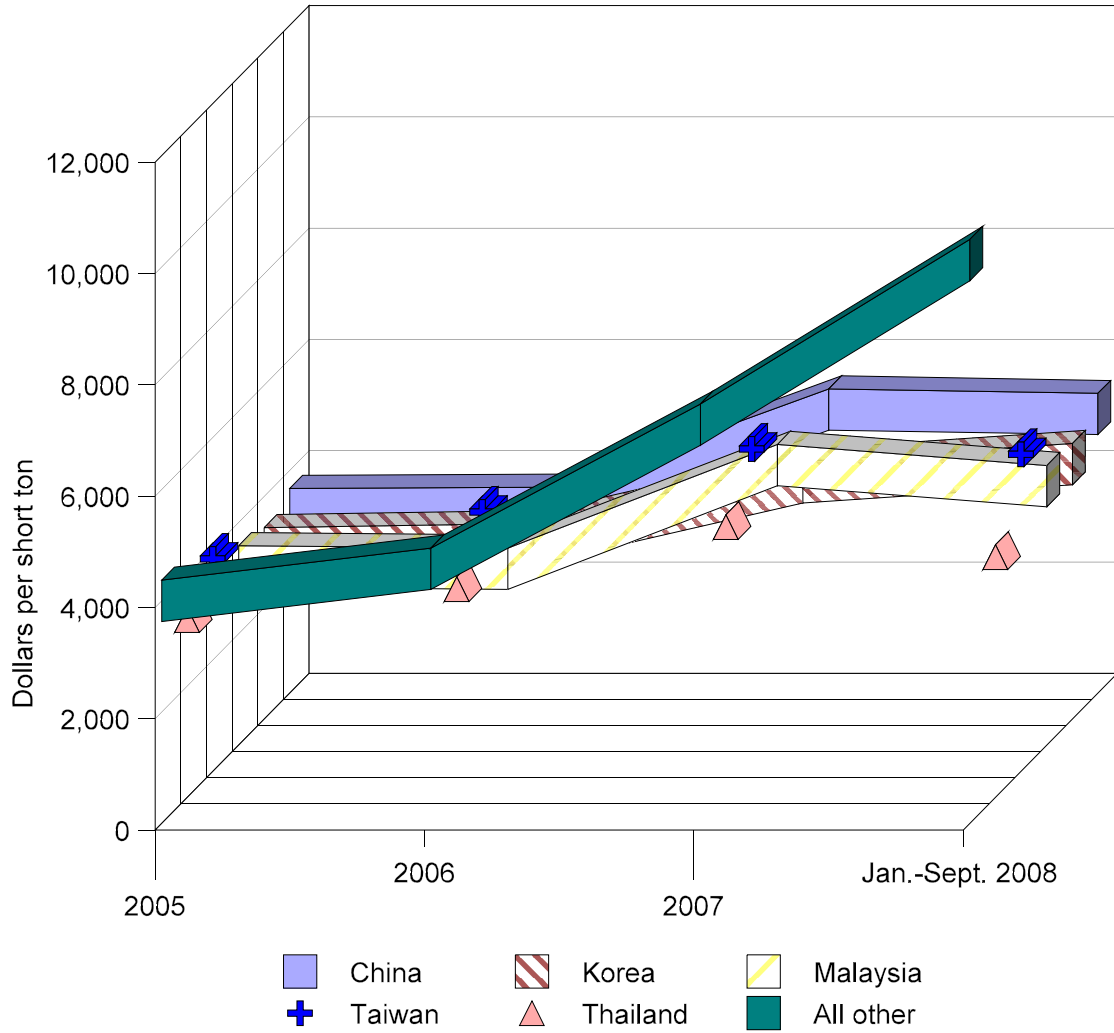
³¹ U.S. imports from Taiwan grew from 45 percent of the quantity of WSS pressure pipe imports from nonsubject countries in 2005 to 62 percent in 2007, and were 52 percent in January-September 2008.

Figure VII-1
WSS pressure pipe: Quantity of U.S. imports, by sources, 2005-07 and January-September 2008



Source: Tables IV-2 and IV-3.

Figure VII-2
WSS pressure pipe: Average unit values of U.S. imports, by sources, 2005-07, January-September
2008



Source: Tables IV-2 and IV-3.

Table VII-4
Circular welded tubes, pipes, and hollow profiles of stainless steel: Global exports by leading sources, by quantity and average unit value, 2005-07

Leading sources	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>U.S. dollars per short ton</i>)		
Italy	236,791	272,338	262,752	3,366	4,081	5,616
Taiwan	102,339	136,443	155,412	3,115	3,620	5,099
China	49,694	95,999	116,646	2,758	3,151	3,692
Germany	83,820	98,283	100,845	5,252	5,936	8,618
Malaysia	10,895	16,201	94,033	2,716	1,799	423
United States	43,366	66,507	33,322	3,118	2,438	4,798
Netherlands	14,496	13,575	32,426	5,835	6,944	4,158
Sweden	29,136	40,583	30,695	4,915	5,580	8,274
Korea	26,573	27,043	24,905	3,131	3,886	4,812
France	27,537	32,323	20,679	5,079	4,941	11,280
Czech Republic	12,187	18,791	20,283	2,624	2,380	2,740
Finland	23,563	23,370	18,788	4,098	4,832	7,612
Belgium	16,719	15,140	16,648	2,280	3,308	3,573
Canada	16,408	16,831	15,983	4,986	5,882	6,969
Switzerland	34,058	23,563	15,572	2,971	3,391	5,569
Uruguay	5,867	8,206	11,227	1,910	2,073	2,284
Japan	7,806	9,000	10,153	4,713	5,404	6,564
Spain	8,436	10,284	9,872	2,888	3,545	5,012
Singapore	7,512	6,302	9,619	2,432	4,133	2,623
Thailand	7,035	8,833	7,637	3,243	5,394	5,214
All other	49,789	43,042	49,253	3,109	4,378	5,119
World	814,026	982,656	1,056,749	3,595	4,090	5,133

Note.— Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

Source: Compiled from *Global Trade Atlas*.

Korea

In 2007, Korea was the third-largest supplier of imported WSS pressure pipe to the United States. U.S. imports of ASTM A-312 pipe from Korea currently are subject to antidumping duties of up to 7.92 percent.³² Nonetheless, as shown in table VII-5, the United States remains the leading market for exports of circular welded tubes, pipes, and hollow profiles of stainless steel from Korea. As reported by Simdex, Korea has seven manufacturers of WSS tubular products, with a total combined annual production capacity exceeding 2.4 million short tons.³³ These companies also produce other types of stainless steel products. The two largest companies are Hyundai Steel Pipe Co. (HYSCO) (with annual production capacity of 1.1 million short tons) and SeAH Steel Corp. (annual production capacity of 1.3 million tons). These two manufacturers, along with another smaller firm, reportedly produce WSS pressure pipe meeting ASTM's A-312 specification.³⁴

Malaysia

Malaysia ranked behind Korea as a supplier of WSS pressure pipe to the United States during 2005-07. As shown in tables VII-4 (above) and VII-6 (below), Malaysia is one of the leading global exporters of circular welded tubes, pipes, and hollow profiles of stainless steel, and the United States is one of Malaysia's leading markets for its exports of such products. Simdex reports that, in Malaysia, there are seven manufacturers of WSS tubular products with total combined annual production capacity of approximately 420,000 short tons.³⁵ These companies also produce several other types of stainless steel products. Two firms that are reported to produce WSS pressure pipe meeting ASTM's A-312, A-778, or both specifications have only some 20,000 short tons of total combined annual production capacity.³⁶

³² 71 FR 96, January 3, 2006.

³³ The *Simdex Steel Tube Manufacturers Worldwide Guide* (2007). Some companies do not report data on capacity to Simdex and some do not specifically identify their stainless steel types or product specifications.

³⁴ A second small firm is reported to produce seamless (but not welded) stainless steel pipe that meets ASTM's A-312 specification. *Ibid.*

³⁵ As noted previously, some companies do not provide data on capacity to Simdex and some do not specifically identify their stainless steel types or product specifications.

³⁶ *Ibid.*

Table VII-5
Circular welded tubes, pipes, and hollow profiles of stainless steel: Korea's exports, by quantity and average unit value, 2005-07

Export markets	2005	2006	2007	2005	2006	2007
	Exports (short tons)			Unit value (U.S. dollars per short ton)		
United States	11,533	11,740	8,639	3,318	3,759	4,990
India	2,430	2,448	3,531	1,898	2,181	3,170
China	2,794	3,470	3,047	3,967	5,250	6,918
Japan	2,459	1,341	1,610	2,815	3,262	4,800
Iran	449	285	1,324	1,556	9,759	2,938
Indonesia	1,413	404	1,251	1,649	3,326	2,035
Singapore	656	474	992	3,200	3,692	6,005
Saudi Arabia	12	1,524	651	5,814	3,796	6,467
Canada	724	1,192	617	2,696	3,181	3,720
Thailand	1,035	961	569	2,802	2,981	4,867
Chile	7	14	472	4,197	4,248	1,434
Mexico	338	334	421	3,693	4,454	5,537
Philippines	4	176	316	2,511	3,973	5,411
Australia	520	146	267	3,732	4,947	3,759
Turkey	40	65	120	6,557	6,007	6,099
Hong Kong	248	98	119	4,988	5,308	6,933
Croatia	232	147	117	5,157	5,644	5,439
Germany	43	113	96	10,110	5,148	9,625
Russia	68	67	95	1,448	3,565	5,497
Malaysia	20	65	93	3,650	5,204	5,816
United Arab Emirates	30	42	68	6,597	6,653	5,799
Pakistan	296	200	61	2,053	2,162	2,472
Taiwan	239	14	47	2,204	13,279	12,085
All other	981	1,722	383	4,485	4,606	10,575
World	26,573	27,043	24,905	3,131	3,886	4,812

Note.— Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

Source: Compiled from *Global Trade Atlas*.

Table VII-6
Circular welded tubes, pipes, and hollow profiles of stainless steel: Malaysia's exports, by
quantity and average unit value, 2005-07

Export markets ¹	2005	2006	2007	2005	2006	2007
	Exports (short tons)			Unit value (U.S. dollars per short ton)		
United States	3,533	3,059	3,730	2,944	3,082	4,678
United Kingdom	1,847	1,459	2,157	3,639	3,593	4,123
Singapore	724	513	1,781	2,565	2,627	996
South Africa	582	222	240	3,193	3,475	4,634
Sri Lanka	293	216	190	1,975	2,997	3,990
Canada	1,068	1,019	188	3,100	3,255	4,902
Vietnam	263	17	115	542	2,095	1,973
Italy	0	20	88	0	4,102	6,154
All other	2,584	9,677	85,543	1,825	855	95
World	10,895	16,201	94,033	2,716	1,799	423

¹ Data for Brunei, Germany, India, Indonesia, and Thailand were placed in the "all other" category due to substantial inconsistencies in reporting.

Note.— Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

Source: Compiled from *Global Trade Atlas*.

Taiwan

In 2005, China replaced Taiwan as the largest supplier of WSS pressure pipe to the U.S. market, although Taiwan remains the second-largest supplier. U.S. imports of ASTM A-312 pipe from Taiwan are generally subject to antidumping duties of up to 31.90 percent,³⁷ but imports of such pipe from Taiwan producers Chang Tieh Industry and, since 1998, Ta Chen, are not covered. Despite the antidumping duty order on ASTM A-312 pipe, the United States remains the largest export market for circular welded tubes, pipes, and hollow profiles of stainless steel from Taiwan, as shown in table VII-7. According to Simdex, there are 11 producers of WSS tubular products in Taiwan, with total combined production capacity exceeding 451,000 short tons, of which 6 are recorded as producing WSS pipe meeting ASTM's A-312, A-778, or both specifications.³⁸ These firms also produce other types of stainless steel tubular products. The largest firm is Yieh Hsing Enterprise with annual production capacity of 220,000 short tons.³⁹ Ta Chen reported that in 2007, ***.

³⁷ 71 FR 96, January 3, 2006.

³⁸ As noted previously, some companies do not report data on capacity to Simdex and some do not specifically identify their stainless steel types or product specifications.

³⁹ Yieh Hsing is reported by Simdex to produce WSS pressure pipe meeting ASTM's A-312 specification.

Table VII-7
Circular welded tubes, pipes, and hollow profiles of stainless steel: Taiwan's exports, by quantity and average unit value, 2005-07

Export markets	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>U.S. dollars per short ton</i>)		
United States	20,797	29,251	29,524	3,235	4,243	5,465
China	11,598	18,264	19,533	3,037	3,351	5,008
Australia	8,711	9,917	9,781	3,095	3,562	5,288
Brazil	3,516	2,917	7,209	2,860	2,883	4,544
Canada	5,019	4,062	6,748	3,338	3,552	5,184
Singapore	3,185	4,749	6,080	3,112	3,503	5,074
Indonesia	3,850	4,873	5,676	2,487	2,926	4,162
Estonia	1,057	2,550	5,129	2,515	3,205	4,474
United Kingdom	3,829	4,837	5,046	3,399	3,752	5,384
Netherlands	1,618	5,995	4,901	3,833	4,097	5,357
Belgium	1,840	3,245	4,459	3,558	3,830	5,042
South Africa	2,507	4,401	4,427	3,165	3,628	5,357
Turkey	2,463	5,392	3,887	3,083	3,356	5,140
Hong Kong	2,844	3,778	3,115	3,146	3,240	4,769
Spain	1,615	1,558	3,084	3,687	4,140	5,661
United Arab Emirates	1,956	1,845	2,889	3,347	3,681	5,468
Mexico	746	1,414	2,360	2,893	3,224	4,747
Thailand	817	1,058	2,252	3,221	3,019	4,795
Philippines	1,850	2,184	2,212	2,549	2,703	4,526
Colombia	1,521	1,533	1,978	2,734	2,891	4,581
Chile	1,466	2,517	1,879	3,038	3,420	5,210
Iran	1,156	1,313	1,808	2,951	3,268	4,859
All other	18,378	18,790	21,435	3,054	3,496	5,084
Total	102,339	136,443	155,412	3,115	3,620	5,099

Note.— Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

Source: Compiled from *Global Trade Atlas*.

Thailand

Thailand ranks behind Taiwan, Korea, and Malaysia as a supplier of WSS pressure pipe to the United States. Nonetheless, as shown in table VII-8, the United States is a leading market for exports of circular welded tubes, pipes, and hollow profiles of stainless steel from Thailand. Simdex reported two Thai producers of stainless steel tubular products, with combined annual production capacity of 25,000 short tons. However, only Thai-German Products Public Co. Ltd. (TGPRO), with annual production capacity of 15,000 short tons, reportedly produces WSS pressure pipe meeting ASTM A-312 specification.⁴⁰

Table VII-8
Circular welded tubes, pipes, and hollow profiles of stainless steel: Thailand's exports, by quantity and average unit value, 2005-07

Export markets	2005	2006	2007	2005	2006	2007
	Exports (<i>short tons</i>)			Unit value (<i>U.S. dollars per short ton</i>)		
United States	1,053	1,652	1,724	3,506	3,787	4,972
Japan	1,551	1,826	1,612	3,267	13,709	5,445
India	900	1,089	1,090	1,910	2,037	4,623
Vietnam	456	596	1,021	4,525	4,818	5,280
Indonesia	76	440	386	4,454	3,136	5,146
Hong Kong	318	344	297	2,361	2,785	7,736
Singapore	769	413	296	4,860	3,173	4,219
Malaysia	182	756	271	2,323	2,627	5,959
China	214	124	148	2,993	3,296	4,285
United Arab Emirates	0	0	115	---	---	7,400
Philippines	62	98	92	3,111	4,418	2,523
Pakistan	652	427	77	3,199	3,598	5,423
Peru	72	91	67	2,425	3,320	5,477
Korea	3	0	60	3,049	---	8,743
Laos	63	136	57	611	604	1,019
Australia	10	13	54	3,999	4,218	7,238
Saudi Arabia	37	166	52	2,655	3,595	4,597
Nicaragua	0	0	26	---	---	4,149
Turkey	0	10	23	---	3,554	4,743
Taiwan	7	40	22	5,106	3,263	4,530
Iran	403	107	21	2,307	3,918	3,992
Guatemala	58	44	19	2,646	3,188	5,472
All other	149	462	105	4,165	3,241	6,318
Total	7,035	8,833	7,637	3,243	5,394	5,214

Note.- Data were compiled from HS 7306.40, which covers WSS pressure pipe as well as other forms of circular welded tubes, pipes, and hollow profiles of stainless steel.

Source: Compiled from *Global Trade Atlas*.

⁴⁰ As previously noted, some companies do not provide data on capacity to Simdex, and some do not specifically identify their stainless steel types or product specifications.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION**

[Investigation Nos. 701-TA-454 and 731-TA-1144 (Final)]

**Welded Stainless Steel Pressure Pipe
From China**

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty investigation No. 701-TA-454 (Final) under section 705(b) of the Tariff Act of

1930 (19 U.S.C. 1671d(b)) (the Act) and the final phase of antidumping investigation No. 731-TA-1144 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of subsidized and less-than-fair-value imports from China of welded stainless steel pressure pipe, provided for in subheadings 7306.40.50 and 7306.40.10 of the Harmonized Tariff Schedule of the United States.¹

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

DATES: *Effective Date:* September 2, 2008.

FOR FURTHER INFORMATION CONTACT:

Elizabeth Haines (202-205-3200), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. The final phase of these investigations is being scheduled as a

result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in China of welded stainless steel pressure pipe, and that such products are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on January 30, 2008, by Bristol Metals (Bristol, TN), Felker Brothers Corp. (Marshfield, WI), Marcegaglia USA Inc. (Munhall, PA), Outokumpu Stainless Pipe, Inc. (Schaumburg, IL), and the United Steel Workers of America (Pittsburgh, PA).

Participation in the investigations and public service list. Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations. *Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.*

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report. The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on December 18, 2008, and a public version will be issued

thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing. The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on January 13, 2009, 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 January 7, 2009. 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 January 9, 2009, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony in *camera* no later than 7 business days prior to the date of the hearing.

Written submissions. Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is January 6, 2009. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is January 23, 2009; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before January 23, 2009. On February 11, 2009, 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 February 13, 2009, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of

¹ For purposes of these investigations, the Department of Commerce has defined the subject merchandise as circular welded austenitic stainless steel pressure pipe not greater than 14 inches in outside diameter. This merchandise includes, but is not limited to, the American Society for Testing and Materials ("ASTM") A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. Excluded from the scope are: (1) Welded stainless steel mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.

sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: September 30, 2008.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8-23457 Filed 10-3-08; 8:45 am]

BILLING CODE 7020-02-P

Notices

Federal Register

Vol. 74, No. 17

Wednesday, January 28, 2009

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF AGRICULTURE

Submission for OMB Review; Comment Request; Correction

January 23, 2009.

The Department of Agriculture has submitted the following information collection requirement(s) to OMB for review and clearance under the Paperwork Reduction Act of 1995, Public Law 104-13. Comments regarding (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of burden including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology should be addressed to: Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), OIRA_Submission@OMB.EOP.GOV or fax (202) 395-5806 and to Departmental Clearance Office, USDA, OCIO, Mail Stop 7602, Washington, DC 20250-7602. Comments regarding these information collections are best assured of having their full effect if received within 30 days of this notification. Copies of the submission(s) may be obtained by calling (202) 720-8958.

An agency may not conduct or sponsor a collection of information unless the collection of information displays a currently valid OMB control number and the agency informs potential persons who are to respond to the collection of information that such persons are not required to respond to

the collection of information unless it displays a currently valid OMB control number.

The following notice that was published in the **Federal Register** on Friday, January 23, 2009 (Volume 74, No. 14, page 4134) contained an error in the OMB Control Number. The correct OMB Control Number should be 0579-0281, this number replaces 0579-New that was originally published in the notice.

Animal and Plant Health Inspection Service

Title: Treatment of Fruits and Vegetables.

OMB Control Number: 0579-0281.

Ruth Brown,

Departmental Information Collection Clearance Officer.

[FR Doc. E9-1812 Filed 1-27-09; 8:45 am]

BILLING CODE 3410-34-M

DEPARTMENT OF COMMERCE

International Trade Administration

A-570-930

Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value

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

EFFECTIVE DATE: January 28, 2009.

SUMMARY: The Department of Commerce (the Department) has determined that circular welded austenitic stainless pressure pipe from the People's Republic of China (PRC) is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Tariff Act of 1930, as amended (the Act). The final dumping margins for this investigation are listed in the "Final Determination Margins" section of this notice.

FOR FURTHER INFORMATION CONTACT: Melissa Blackledge or Howard Smith; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3518 and (202) 482-5193, respectively.

SUPPLEMENTARY INFORMATION:

Background

On September 5, 2008, the Department published in the **Federal Register** its preliminary determination that circular welded austenitic stainless pressure pipe from the PRC is being, or is likely to be, sold in the United States at LTFV, as provided in the Act. *See Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 73 FR 51788 (September 5, 2008) (*Preliminary Determination*). For the *Preliminary Determination*, the Department calculated a 22.03 percent dumping margin for mandatory respondent Winner Machinery Enterprise Co., Ltd. (Winner) and assigned that dumping margin to the PRC-wide entity and Zhejiang Jiuli Hi-Tech Metals Co., Ltd. (Jiuli), a separate rate applicant.

The Department began its verification of Winner's information on September 22, 2008. The verification was scheduled for September 22, 2008 through September 26, 2008. On September 25, 2008, Winner terminated verification, requested that the verifiers not take copies of any of the documents that were reviewed or presented at verification, and submitted a letter to the Department stating that Winner "hereby withdraws from this antidumping investigation and does not wish to further participate." *See* Winner's September 25, 2008 letter to the Department. The Department documented the events that occurred at verification in a memorandum to the file dated October 3, 2008.

Petitioners¹ and Winner submitted case briefs on October 22, 2008, and rebuttal briefs on October 27, 2008.

Winner filed submissions containing new factual information on October 16, 2008, November 28, 2008, and December 2, 2008. The Department rejected Winner's November 28, 2008, and December 2, 2008 submissions on December 2, 2008 and December 4, 2008, respectively, as untimely filed.

¹ Petitioners in this investigation are Bristol Metals, L.P., Felker Brothers Corp., Marcegaglia USA, Inc., Outokumpu Stainless Pipe Inc., and the United Steel Workers of America (collectively, Petitioners).

Period of Investigation

The period of investigation (POI) is July 1, 2007, through December 31, 2007. This period comprises the two most recently completed fiscal quarters as of the month preceding the month in which the petition was filed (*i.e.*, January 2008). See 19 CFR 351.204(b)(1).

Scope of the Investigation

The merchandise covered by this investigation is circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. Excluded from the scope are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.

The subject imports are normally classified in subheadings 7306.40.5005; 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also enter under HTSUS subheadings 7306.40.1010; 7306.40.1015; 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are provided for convenience and customs purposes only, the written description of the scope of this investigation is dispositive.

Changes since the Preliminary Determination

We have made the following changes to our analysis and the dumping margins assigned in the *Preliminary Determination*:

1. We considered Winner to be part of the PRC-wide entity, and revised the dumping margin that was assigned to the PRC-wide entity as total adverse facts available (AFA).
2. We assigned Jiuli a separate rate based on an average of the dumping margins used in the initiation of this investigation.

For a detailed discussion of the dumping margin assigned to the PRC-wide entity as AFA, see "Issues and Decision Memorandum for the Final Determination in the Antidumping Duty Investigation of Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China," dated January 21, 2009 (Decision Memorandum) which is hereby adopted by this notice. For a detailed discussion of Jiuli's dumping margin, see the "Separate Rates" section below.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this proceeding, and to which we have responded, are addressed in the Decision Memorandum. Appendix I to this notice contains a list of the issues that are addressed in the Issues and Decision Memorandum. Parties can find a complete discussion of the issues and corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, Room 1117 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://www.ia.ita.doc.gov/frn>. The paper copy and electronic version are identical in content.

Non-Market Economy Treatment

In the *Preliminary Determination*, the Department considered the PRC to be a non-market economy (NME) country. See *Preliminary Determination*, 73 FR at 51789. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results of 2001-2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500 (February 14, 2003), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of 2001-2002 Administrative Review and Partial Rescission of Review*, 68 FR 70488 (December 18, 2003). No party has commented on the Department's classification of the PRC as an NME country. Therefore, for the final determination, we continue to consider the PRC to be an NME country.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the country are

subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994), and 19 CFR 351.107(d).

In the *Preliminary Determination*, we found that Jiuli and Winner demonstrated their eligibility for separate-rate status. See *Preliminary Determination*, 73 FR at 51792. Since the publication of the *Preliminary Determination*, no parties commented on the separate rate determinations. We continue to find that the evidence placed on the record of this investigation by Jiuli demonstrates both a *de jure* and *de facto* absence of government control with respect to its exports of the merchandise under investigation. Thus, we continue to find that Jiuli is eligible for separate-rate status. However, as explained below, we have determined that it is appropriate to apply total AFA to Winner and deny the company a separate rate.

Normally the dumping margin for separate rate companies is determined based on the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding *de minimis* margins or margins based entirely on AFA. See section 735(c)(5)(A) of the Act. In the *Preliminary Determination* we assigned Jiuli the dumping margin established for Winner, *i.e.*, 22.03 percent. See *Preliminary Determination*, 73 FR at 51792 and 51795. Since Winner is no longer receiving a separate rate, this methodology is not appropriate. In cases where the estimated weighted-average dumping margins for all individually investigated respondents are zero, *de minimis*, or based entirely on AFA, the Department may use any reasonable method to assign a rate to the separate rate companies. See section 735(c)(5)(B) of the Act. In this case, where there are no mandatory respondents receiving a calculated rate, we find that applying the simple average of the initiation rates to Jiuli is both reasonable and reliable for purposes of establishing a separate rate. See *Final Determination of Sales at Less Than Fair Value: Sodium*

Hexametaphosphate From the People's Republic of China, 73 FR 6479 (February 4, 2008) and the accompanying Issues and Decision Memorandum at Comment 2. Therefore, the Department will assign a separate rate to Jiuli using the average of the initiation margins, pursuant to its practice.

The average initiation margin assigned to Jiuli is based on secondary information. According to section 776 (c) of the Act, when the Department relies on secondary information, it shall, to the extent practicable, corroborate that information. During our pre-initiation analysis of the petition, we examined the information used in the petition as the basis of export price and normal value (NV) and, where appropriate, revised the calculations used to derive the petition dumping margins in determining the initiation dumping margins. Also, during our pre-initiation analysis, we examined information from various independent sources provided either in the petition or, based on our requests, in supplements to the petition, which corroborated various elements of the export price and NV information. For this final determination, we compared the average of the initiation margins to Winner's highest CONNUM-specific margin and found that the average of the initiation margins does not exceed this margin. No other information was available for corroboration purposes. Based on the foregoing, we have concluded that the average of the initiation dumping margins is reliable and has probative value and, therefore, we consider this average dumping margin to be corroborated, to the extent practicable.

Section 776(a)(2) of the Act provides that, if an interested party or any other person (A) withholds information that has been requested by the administering authority, (B) fails to provide such information by the deadlines for the submission of the information or in the form and manner requested, subject to subsections (c)(1) and (e) of section 782, (C) significantly impedes a proceeding under this title, or (D) provides such information but the information cannot be verified as provided in section 782(i), the administering authority shall, subject to section 782(d), use the facts otherwise available in reaching the applicable determination. Because Winner withdrew from this proceeding during verification, we determine that the use of facts otherwise available is warranted with respect to Winner. See the Decision Memorandum at Comment 1.

Section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may draw an inference that is adverse to the interests of that party in selecting information from the petition, the final determination from the investigation, a previous administrative review, or any information placed on the record. The Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, Vol. 1 (1994) at 870, reflects the Department's practice that it may employ an adverse inference "to ensure that the party does not obtain a more favorable result by failing to cooperate fully." It also instructs the Department to consider, in employing adverse inferences, "the extent to which a party may benefit from its own lack of cooperation." *Id.*

By withdrawing from verification, Winner has failed to cooperate to the best of its ability. Therefore, we find it appropriate to use an inference that is adverse to Winner's interest in selecting from among facts otherwise available. By doing so, we ensure that Winner will not obtain a more favorable rate by failing to cooperate. For a complete discussion of our analysis, see the Decision Memorandum at Comment 1.

Moreover, because Winner withdrew from verification and prevented the Department from verifying its responses with regard to separate rate status, the Department has no basis upon which to grant Winner a separate rate. Thus, although Winner remains a mandatory respondent, the Department, as AFA, is considering Winner to be part of the PRC-wide entity.

The PRC-Wide Rate

In the *Preliminary Determination*, the Department found that certain companies did not respond to our requests for information. See *Preliminary Determination*, 73 FR at 51788. We treated these PRC producers/exporters as part of the PRC-wide entity because they did not demonstrate that they operate free of government control over their export activities. *Id.* No additional information was placed on the record with respect to any of these companies after the *Preliminary Determination*. Moreover, for the reasons noted above, we also consider Winner to be part of the PRC-wide entity.

As noted above, section 776(a)(2) of the Act provides that, if an interested party or any other person withholds information that has been requested by

the administering authority, significantly impedes a proceeding under this title, or provides such information but the information cannot be verified as provided in section 782(i), the administering authority shall, subject to section 782(d), use the facts otherwise available in reaching the applicable determination. Since companies within the PRC-wide entity withheld information requested by the Department, and Winner, which is part of the PRC-wide entity, did not allow its information to be verified, pursuant to sections 776(a)(2)(A), (C), and (D) of the Act, we determine, as in the *Preliminary Determination*, that the use of facts otherwise available is appropriate to determine the PRC-wide rate.

As stated above, section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation*, 65 FR 5510, 5518 (February 4, 2000). See also SAA at 870 (1994). We determine that, because the PRC-wide entity did not respond to our requests for information, and Winner prevented the Department from verifying its information, the PRC-wide entity has failed to cooperate to the best of its ability. Therefore, the Department finds that, in selecting a dumping margin from among the facts otherwise available, an adverse inference is appropriate for the PRC-wide entity.

In this final determination, we have assigned to the PRC-wide entity the highest CONNUM-specific calculated dumping margin, *i.e.*, 55.21 percent. See Decision Memorandum. No corroboration of this rate is necessary because we are relying on information obtained in the course of this investigation, rather than secondary information.

Since we begin with the presumption that all companies within an NME country are subject to government control, and because only Jiuli has overcome that presumption, we are applying the single antidumping rate (*i.e.*, the PRC-wide entity rate) identified above to all entries of subject merchandise, except for entries from Jiuli. Other than Jiuli, none of the other exporters of subject merchandise from the PRC demonstrated entitlement to a separate rate. See, *e.g.*, *Synthetic Indigo From the People's Republic of China*:

Notice of Final Determination of Sales at Less Than Fair Value, 65 FR 25706 (May 3, 2000).

Combination Rates

In *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 10221 (February 26, 2008) (*Initiation Notice*), the Department stated that it would calculate combination rates for respondents that are eligible for a separate rate in this investigation. See *Initiation Notice*. This change in practice is described in Policy Bulletin 05.1, available at <http://ia.ita.doc.gov/>. Policy Bulletin 05.1, states:

While continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

See Policy Bulletin 05.1, "Separate Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries."

Final Determination Margins

We determine that the following percentage dumping margins exist for the POI:

Manufacturer/Exporter	Margin (Percent)
Zhejiang Jiuli Hi-Tech Metals Co., Ltd. Produced by: Zhejiang Jiuli Hi-Tech Metals Co., Ltd.	10.53%
PRC-Wide Rate	55.21%

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of circular welded austenitic stainless pressure pipe from the PRC, as described in the "Scope of Investigation" section, entered, or withdrawn from warehouse, for consumption on or after September 5, 2008, the date of publication of the *Preliminary Determination* in the **Federal Register**. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average dumping margin amount by which the NV exceeds U.S. price, as follows: (1) The rate for the exporter/producer combination listed in the chart above will be the rate we have determined in this final determination; (2) for all PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the PRC-wide entity rate; and (3) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter. These suspension-of-liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

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

Dated: January 21, 2009.

Ronald K. Lorentzen,
Acting Assistant Secretary for Import Administration.

Appendix I

List of Issues

Comment 1: Whether, as Adverse Facts Available for the PRC-Wide Entity, the Department Should Use the Petition, Initiation, or Preliminary Determination Margins, and Whether Those Margins Should be Adjusted Using Thai, Instead of Indian, Surrogate Values

[FR Doc. E9-1827 Filed 1-27-09; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-890]

Amended Final Results of Antidumping Duty Administrative Review: Wooden Bedroom Furniture From the People's Republic of China

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

SUMMARY: On August 20, 2008, the Department of Commerce ("Department") published in the **Federal Register** the final results of the second administrative review and concurrent new shipper review of the antidumping duty order on wooden bedroom furniture from the People's Republic of China ("PRC"). See *Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review*, 73 FR 49162 (August 20, 2008) ("*Final Results*") and accompanying Issues and Decision Memorandum (August 8, 2007) ("*Issues and Decision Memo*"). The period of review ("POR") covered January 1, 2006, through December 31, 2006. We are amending our *Final*

is materially injured, or threatened with material injury, by reason of imports of lawn groomers, or sales (or the likelihood of sales) for importation, of the subject merchandise within 45 days of our final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than seven days after the date the final verification report is issued in this proceeding and rebuttal briefs, limited to issues raised in case briefs, no later than five days after the deadline for submitting case briefs. See 19 CFR 351.309(c)(1)(i) and 19 CFR 351.309(d)(1) and (2). A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes. See 19 CFR 351.309(c)(2) and 19 CFR 351.309(d)(2).

In accordance with section 774(a)(1) of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. If a request for a hearing is made, we intend to hold the hearing three days after the deadline of submission of rebuttal briefs at the U.S. Department of Commerce, 14th Street and Constitution Ave, NW, Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Interested parties that wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days after the date of publication of this notice. See 19 CFR 351.310(c). Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief and may make rebuttal presentations only on arguments included in that party's rebuttal brief. See 19 CFR 351.310(c).

Postponement of Final Determination

Pursuant to section 735(a)(2) of the Act, on December 18, 2008, and December 23, 2008, Princeway and Superpower, respectively, requested that in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination by 60 days. At

the same time, Princeway and Superpower agreed that the Department may extend the application of the provisional measures prescribed under 19 CFR 351.210(e)(2) from a 4-month period to a 6-month period. In accordance with section 733(d) of the Act and 19 CFR 351.210(b)(2)(ii), we are granting the request and are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register** because: (1) our preliminary determination is affirmative, (2) the requesting exporters account for a significant proportion of exports of the subject merchandise (see Respondent Selection Memorandum), and (3) no compelling reasons for denial exist. Suspension of liquidation will be extended accordingly.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Dated: January 16, 2009.

Ronald K. Lorentzen,

Acting Assistant Secretary for Import Administration.

[FR Doc. E9-1721 Filed 1-28-09; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

(C-570-931)

Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (the Department) has made a final determination that countervailable subsidies are being provided to producers and exporters of circular welded austenitic stainless pressure pipe (CWASPP) from the People's Republic of China (PRC). For information on the estimated subsidy rates, see the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: January 28, 2009.

FOR FURTHER INFORMATION CONTACT: Robert Copyak, IA Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: 202-482-2209.

SUPPLEMENTARY INFORMATION:

Petitioner

The petitioners in this investigation are Bristol Metals LLP, Felker Brothers Corp., Marcegaglia U.S.A., Inc., Outokumpu Stainless Pipe, Inc., and the United Steelworkers (petitioners).

Period of Investigation

The period for which we are measuring subsidies, or period of investigation (POI), is January 1, 2007, through December 31, 2007.

Case History

On July 10, 2008, we published in the **Federal Register** the preliminary determination that countervailable subsidies are being provided to producers and exporters of CWASPP from the PRC, as provided under section 703 of the Tariff Act of 1930, as amended (the Act). See *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 73 FR 39657 (July 10, 2008) (*Preliminary Determination*). On July 15, 2008, the Winner Companies filed timely allegations of significant ministerial errors contained in the Department's *Preliminary Determination*. After reviewing the allegations, we determined that the *Preliminary Determination* included significant ministerial errors as described under 19 CFR 351.224(g). Therefore, in accordance with 19 CFR 351.224(e), we made changes to the *Preliminary Determination*. On August 7, 2008, we published in the **Federal Register** the amended preliminary determination. See *Circular Welded Austenitic Stainless Pressure Pipe From the People's Republic of China: Notice of Amended Preliminary Countervailing Duty Determination* 73 FR 45954 (August 7, 2008) (*Amended Preliminary Determination*).

On August 8, 2008, the GOC requested a hearing. On August 11, 2008, petitioners requested a hearing.

On December 16, 2008, we received case briefs regarding the *Preliminary Determination* from the Government of the People's Republic of China (GOC), petitioners, and Winner Stainless Tube Co., Ltd. (Winner), Winner Steel Products (Guangzhou)(WSP), and Winner Machinery Enterprise Company Limited (Winner HK) (collectively the Winner Companies). On December 17, 2008, the GOC filed a letter correcting inadvertent errors its case brief. On December 22, 2008, the GOC, petitioners, and the Winner Companies submitted rebuttal briefs.

On January 7, 2009, the Department issued a post-preliminary determination decision memorandum regarding the new subsidy allegations that were filed by petitioners on May 30, 2008. On January 12, 2009, we received case briefs regarding this post-preliminary determination decision memorandum from GOC, petitioners, and the Winner Companies. On 14, 2009, the GOC, petitioners, and the Winner Companies submitted rebuttal briefs on this decision memorandum.

The GOC and petitioners withdrew their requests for a hearing on January 8, 2009.

Scope of Investigation

The merchandise covered by this investigation is circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications.

Excluded from the scope are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.

The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States. They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope is dispositive.

Scope Comments

Interested parties submitted comments on the scope of investigation. Those comments are fully addressed in the preliminary determination of the companion AD investigation. See *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Preliminary*

Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 73 FR 51788, 51789 (September 5, 2008).

Injury Test

Because the PRC is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the International Trade Commission (ITC) must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to a U.S. industry. On March 25, 2008, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from the PRC of subject merchandise. See *Welded Stainless Steel Pressure Pipe from China*, USITC Pub. 3986, Inv. Nos. 701-TA-454 and 731-TA-1144 (Preliminary) (March 2008); and *Welded Stainless Pressure Pipe from China*, 73 FR 16911 (Preliminary)(March 31, 2008).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the accompanying January 21, 2008, memorandum to Ronald K. Lorentzen, Acting Assistant Secretary for Import Administration from John M. Andersen, Acting Deputy Assistant Secretary for Antidumping Duty/Countervailing Duty Operations, which is titled Issues and Decision Memorandum for Final Determination (Decision Memorandum) and is on file in Central Records Unit (CRU), room 1117 of the main Commerce building. Attached to this notice as an Appendix is a list of the issues that parties raised and to which we have responded in the Decision Memorandum. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Department's CRU. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Application of Facts Available, Including the Application of Adverse Inferences

For purposes of this final determination, we have relied on facts available and have used adverse

inferences to determine the countervailable subsidy rates for Froch, which is one of the two mandatory respondents, in accordance with sections 776(a) and (b) of the Act. A full discussion of our decision to apply adverse facts available (AFA) is presented in the Decision Memorandum in the section "Application of Facts Available and Use of Adverse Inferences" and in "Analysis of Comments" at Comment 11.

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated an individual rate for the companies under investigation, the Winner Companies and Froch Enterprise Co. Ltd. (Froch). With respect to the all-others rate, section 705(c)(5)(A)(i) of the Act provides that the all others rate is to be the weighted average of the rates established for respondents individually investigated, excluding zero or *de minimis* rates or rates based entirely on facts available. Based on the facts and circumstances of this investigation, we find that section 705(c)(5)(A)(i) is applicable in determining the all others rate. In this case, the Department selected two mandatory respondents as representative of all producers/exporters of CWASPP from the PRC. One of the two company respondents, Froch, did not respond to the questionnaire, and thus we have determined its countervailable subsidy rates based entirely on adverse facts available. Because the Winner Companies' rate is not *de minimis* and is not based entirely on facts available, we determine the Winner Companies' rate to be the all others rate.

Exporter/Manufacturer	Net Subsidy Rate
Winner Stainless Steel Tube Co. Ltd. (Winner)/ Winner Steel Products (Guangzhou) Co., Ltd. (WSP)/ Winner Machinery Enterprises Company Limited (Winner HK) (Collectively the Winner Companies)	1.10 percent <i>ad valorem</i>
Froch Enterprise Co. Ltd. (Froch) (also known as Zhangyuan Metal Industry Co. Ltd.)	299.16 percent <i>ad valorem</i>
All Others	1.10 percent <i>ad valorem</i>

As a result of our *Preliminary Determination* and pursuant to section

703(d) of the Act, we instructed the U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of CWASPP from the PRC which were entered or withdrawn from warehouse, for consumption on or after July 10, 2008, the date of the publication of the *Preliminary Determination* in the **Federal Register**. In accordance with sections 703(d) of the Act, we will be issuing instructions to CBP to discontinue the suspension of liquidation for countervailing duty purposes for subject merchandise entered, or withdrawn from warehouse, on or after November 7, 2008, but to continue the suspension of liquidation of all entries from July 10, 2008 through November 6, 2008.

We will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act if the ITC issues a final affirmative injury determination, and will require a cash deposit of estimated countervailing duties for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an APO, without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: January 21, 2009.

Ronald K. Lorentzen,

Acting Assistant Secretary for Import Administration.

APPENDIX

List of Comments and Issues in the Decision Memorandum

Comment 1: Whether the Department Reasonably Treated China as a Developed Country for CVD *De Minimis* Purposes

Comment 2: Whether Winner HK Should be Treated as a PRC Entity for Purposes of Attribution

Comment 3: Whether the Total Sales Figure Used as the Denominator in the *Preliminary Determination* and Interim Decision Memorandum is Correct

Comment 4: Whether the Department Has the Legal Authority to Apply the CVD Law to the PRC While Simultaneously Treating the PRC as an NME in Parallel Antidumping Investigations

Comment 5: Whether the Provision of SSC to SOEs Constitutes the Provision of a Good by a Government Authority

Comment 6: Whether the Sale of HRS from Privately-Held Trading Companies Constitutes a Financial Contribution Under the Act

Comment 7: Whether the Provision of SSC is Specific and the Applicability of the Department's Use of AFA in its Determination of *De Facto* Specificity

Comment 8: Whether the Department Should Countervail the Provision of Land

Comment 9: Whether the Department Should Countervail FIE Tax Programs that are Industry, Regionally, or Export/Domestic Use Neutral

Comment 10: Whether the Department's Prevailing Interest Rate Methodology Should be Used to Calculate any Subsidy in this Case

Comment 11: Whether the Department's Choice of Adverse Facts Applied to the Non-Cooperating Respondent is Contrary to Law

Comment 12: Whether the Department's Methodology for Determining the All-Others rate in its Amended Preliminary Results is Unreasonable

[FR Doc. E9-1829 Filed 1-27-09; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

[C-489-806]

Notice of Initiation of Countervailing Duty Changed Circumstances Review: Certain Pasta from Turkey

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

SUMMARY: In response to a request from Marsan Gida Sanayi ve Ticaret A.S. ("Marsan") pursuant to section 751(b)(1) of the Tariff Act of 1930, as amended ("the Act") and 19 CFR 351.216 and 351.221(c)(3), the Department of Commerce ("the Department") is initiating a changed circumstances review of the countervailing duty ("CVD") order on certain pasta ("Pasta") from Turkey. Marsan, a producer of pasta, claims that Gidas Sabanci Gida Sanayi ve Ticaret A.S. ("Gidas") changed its corporate name to Marsan and, therefore, Marsan should be entitled to the same cash deposit rate as its predecessor company, Gidas.

EFFECTIVE DATE: January 28, 2009.

FOR FURTHER INFORMATION CONTACT: Shelly Atkinson, Office of AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0116.

SUPPLEMENTARY INFORMATION:

Background

On July 24, 1996, the Department published in the **Federal Register** the CVD order on Pasta from Turkey. *See Notice of Countervailing Duty Order: Certain Pasta ("Pasta") From Turkey*, 61 FR 38546 (July 24, 1996). Since then, the Department has completed two administrative reviews of this CVD order but is not currently conducting an administrative review. *See Certain Pasta From Turkey: Final Results of Countervailing Duty Administrative Review*, 66 FR 64398 (December 13, 2001); *Certain Pasta from Turkey: Final Results of Countervailing Duty Administrative Review*, 71 FR 52774 (September 7, 2006) ("*Pasta from Turkey: Results of Administrative Review*"). Also, with respect to Gidas, in July 2003, the Department determined that Gidas was the successor-in-interest to Maktas Makarnacilik ve Ticaret A.S. ("Maktas") and that Gidas was entitled to the cash deposit rate assigned to Maktas in the most recently completed CVD administrative review. *See Notice of*

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Welded Stainless Steel Pressure Pipe from China
Inv. Nos.: 701-TA-454 and 731-TA-1144 (Final)
Date and Time: January 13, 2009 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS:

Petitioner (**Roger B. Schagrin**, Schagrin Associates)

In Support of the Imposition of Countervailing and Antidumping Duties:

Schagrin Associates
Washington, D.C.
on behalf of

Bristol Metals LLC
Felker Brothers Corporation
Marcegaglia USA., Inc.
Outokumpu Stainless Pipe, Inc.

Michael Boling, President, Bristol Metals LLC

John Tidlow, Vice President, Purchasing &
Planning, Bristol Metals LLC

Thomas Henke, President, Felker Brothers
Corporation

David Cornelius, President, Marcegaglia USA, Inc.

**In Support of the Imposition of
Countervailing and Antidumping Duties (continued):**

Rob Yespen, Sales Manager, Marcegaglia USA, Inc.

Paul Carpenter, Executive Vice President,
Outokumpu Stainless Pipe, Inc.

Thomas M. Conway, International Vice President
(Administration), United Steel, Paper and
Forestry, Rubber, Manufacturing Energy,
Allied Industrial and Service Workers
International Union, United Steel Workers

Roger B. Schagrin)
) – OF COUNSEL
John W. Bohn)

CLOSING REMARKS:

Petitioner (**Roger B. Schagrin**, Schagrin Associates)

APPENDIX C
SUMMARY DATA

Table C-1

WSS pressure pipe (<= 14"): Summary data concerning the U.S. market, 2005-07, January-September 2007, and January-September 2008

Item	(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				
	2005	2006	2007	January-September		2005-07	2005-06	2006-07	Jan.-Sept.	
			2007	2007	2008				2007-08	
U.S. consumption quantity:										
Amount	*****	*****	*****	69,301	48,568	*****	*****	*****		-29.9
Producers' share (1)	*****	*****	*****	29.2	43.2	*****	*****	*****		14.0
Importers' share (1):										
China	*****	*****	*****	36.3	13.8	*****	*****	*****		-22.5
All other sources	*****	*****	*****	34.5	43.0	*****	*****	*****		8.6
Total imports	*****	*****	*****	70.8	56.8	*****	*****	*****		-14.0
U.S. consumption value:										
Amount	*****	*****	*****	412,012	286,473	*****	*****	*****		-30.5
Producers' share (1)	*****	*****	*****	36.7	49.2	*****	*****	*****		12.5
Importers' share (1):										
China	*****	*****	*****	30.3	11.7	*****	*****	*****		-18.6
All other sources	*****	*****	*****	33.0	39.1	*****	*****	*****		6.1
Total imports	*****	*****	*****	63.3	50.8	*****	*****	*****		-12.5
U.S. imports from:										
China:										
Quantity	14,394	23,712	30,371	25,169	6,700	111.0	64.7	28.1		-73.4
Value	47,607	79,360	154,833	124,975	33,592	225.2	66.7	95.1		-73.1
Unit value	\$3,307	\$3,347	\$5,098	\$4,965	\$5,014	54.1	1.2	52.3		1.0
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****		*****
All other sources:										
Quantity	21,810	24,099	29,078	23,879	20,888	33.3	10.5	20.7		-12.5
Value	76,573	99,681	158,535	135,942	111,893	107.0	30.2	59.0		-17.7
Unit value	\$3,511	\$4,136	\$5,452	\$5,693	\$5,357	55.3	17.8	31.8		-5.9
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****		*****
All sources:										
Quantity	36,204	47,811	59,448	49,048	27,588	64.2	32.1	24.3		-43.8
Value	124,180	179,041	313,368	260,917	145,485	152.3	44.2	75.0		-44.2
Unit value	\$3,430	\$3,745	\$5,271	\$5,320	\$5,274	53.7	9.2	40.8		-0.9
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****		*****
U.S. producers:										
Average capacity quantity	*****	*****	*****	49,041	47,961	*****	*****	*****		-2.2
Production quantity	*****	*****	*****	22,421	22,010	*****	*****	*****		-1.8
Capacity utilization (1)	*****	*****	*****	45.7	45.9	*****	*****	*****		0.2
U.S. shipments:										
Quantity	*****	*****	*****	20,253	20,980	*****	*****	*****		3.6
Value	*****	*****	*****	151,095	140,988	*****	*****	*****		-6.7
Unit value	*****	*****	*****	\$7,460	\$6,720	*****	*****	*****		-9.9
Export shipments:										
Quantity	*****	*****	*****	223	605	*****	*****	*****		171.3
Value	*****	*****	*****	2,049	4,971	*****	*****	*****		142.6
Unit value	*****	*****	*****	\$9,188	\$8,217	*****	*****	*****		-10.6
Ending inventory quantity	*****	*****	*****	10,485	8,680	*****	*****	*****		-17.2
Inventories/total shipments (1)	*****	*****	*****	38.4	30.2	*****	*****	*****		-8.2
Production workers	*****	*****	*****	308	348	*****	*****	*****		13.0
Hours worked (1,000s)	*****	*****	*****	540	568	*****	*****	*****		5.3
Wages paid (\$1,000s)	*****	*****	*****	8,699	9,392	*****	*****	*****		8.0
Hourly wages	*****	*****	*****	\$16.11	\$16.53	*****	*****	*****		2.6
Productivity (tons/1,000 hours)	*****	*****	*****	41.5	38.7	*****	*****	*****		-6.7
Unit labor costs	*****	*****	*****	\$387.98	\$426.72	*****	*****	*****		10.0
Net sales:										
Quantity	29,688	32,410	26,259	20,394	21,465	-11.6	9.2	-19.0		5.3
Value	134,353	167,817	194,820	152,722	145,260	45.0	24.9	16.1		-4.9
Unit value	\$4,525	\$5,178	\$7,419	\$7,489	\$6,767	63.9	14.4	43.3		-9.6
Cost of goods sold (COGS)	128,183	150,065	171,200	127,593	137,392	33.6	17.1	14.1		7.7
Gross profit or (loss)	6,170	17,752	23,620	25,129	7,868	282.8	187.7	33.1		-68.7
SG&A expenses	9,731	10,752	9,416	7,320	8,450	-3.2	10.5	-12.4		15.4
Operating income or (loss)	(3,561)	7,000	14,204	17,809	(582)	(2)	(2)	102.9		(2)
Capital expenditures	2,681	1,474	3,808	2,786	4,410	42.0	-45.0	158.4		58.3
Unit COGS	\$4,318	\$4,630	\$6,520	\$6,256	\$6,401	51.0	7.2	40.8		2.3
Unit SG&A expenses	\$328	\$332	\$359	\$359	\$394	9.4	1.2	8.1		9.7
Unit operating income or (loss)	(\$120)	\$216	\$541	\$873	(\$27)	(2)	(2)	150.4		(2)
COGS/sales (1)	95.4	89.4	87.9	83.5	94.6	-7.5	-6.0	-1.5		11.0
Operating income or (loss)/ sales (1)	(2.7)	4.2	7.3	11.7	(0.4)	9.9	6.8	3.1		-12.1

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

(2) 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

WSS pressure pipe (all diameters): Summary data concerning the U.S. market, 2005-07, January-September 2007, and January-September 2008

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

Item	Reported data					Period changes			
	2005	2006	2007	January-September 2007	2008	2005-07	2005-06	2006-07	Jan.-Sept. 2007-08
U.S. consumption quantity:									
Amount	*****	*****	*****	*****	*****	*****	*****	*****	*****
Producers' share (1)	*****	*****	*****	*****	*****	*****	*****	*****	*****
Importers' share (1):									
China (subject)	*****	*****	*****	*****	*****	*****	*****	*****	*****
All other sources	*****	*****	*****	*****	*****	*****	*****	*****	*****
Total imports	*****	*****	*****	*****	*****	*****	*****	*****	*****
U.S. consumption value:									
Amount	*****	*****	*****	*****	*****	*****	*****	*****	*****
Producers' share (1)	*****	*****	*****	*****	*****	*****	*****	*****	*****
Importers' share (1):									
China (subject)	*****	*****	*****	*****	*****	*****	*****	*****	*****
All other sources	*****	*****	*****	*****	*****	*****	*****	*****	*****
Total imports	*****	*****	*****	*****	*****	*****	*****	*****	*****
U.S. imports from:									
China (subject):									
Quantity	14,394	23,712	30,371	25,169	6,700	111.0	64.7	28.1	-73.4
Value	47,607	79,360	154,833	124,975	33,592	225.2	66.7	95.1	-73.1
Unit value	\$3,307	\$3,347	\$5,098	\$4,965	\$5,014	54.1	1.2	52.3	1.0
All other sources:									
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****
All sources:									
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****
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.

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

WSS pressure pipe and pressure tubing: Summary data concerning the U.S. market, 2005-07, January-September 2007, and January-September 2008

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

Item	Reported data					Period changes			
	2005	2006	2007	January-September 2007	2008	2005-07	2005-06	2006-07	Jan.-Sept. 2007-08
U.S. consumption quantity:									
Amount	****	****	****	****	****	****	****	****	****
Producers' share (1)	****	****	****	****	****	****	****	****	****
Importers' share (1):									
China (subject)	****	****	****	****	****	****	****	****	****
All other sources	****	****	****	****	****	****	****	****	****
Total imports	****	****	****	****	****	****	****	****	****
U.S. consumption value:									
Amount	****	****	****	****	****	****	****	****	****
Producers' share (1)	****	****	****	****	****	****	****	****	****
Importers' share (1):									
China (subject)	****	****	****	****	****	****	****	****	****
All other sources	****	****	****	****	****	****	****	****	****
Total imports	****	****	****	****	****	****	****	****	****
U.S. imports from:									
China (subject):									
Quantity	14,394	23,712	30,371	25,169	6,700	111.0	64.7	28.1	-73.4
Value	47,607	79,360	154,833	124,975	33,592	225.2	66.7	95.1	-73.1
Unit value	\$3,307	\$3,347	\$5,098	\$4,965	\$5,014	54.1	1.2	52.3	1.0
All other sources:									
Quantity	****	****	****	****	****	****	****	****	****
Value	****	****	****	****	****	****	****	****	****
Unit value	****	****	****	****	****	****	****	****	****
All sources:									
Quantity	****	****	****	****	****	****	****	****	****
Value	****	****	****	****	****	****	****	****	****
Unit value	****	****	****	****	****	****	****	****	****
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.

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.

Note.--U.S.-producers' and importers' data regarding pressure tubing are believed to be understated, primarily due to the absence of data from ***, and from incomplete importer reporting.

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

Table C-4

WSS tubular products: Summary data concerning the U.S. market (including pipe > 14" diameter and pressure tubing), 2005-07, January-September 2007, and January-September 2008

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

Item	Reported data					Period changes			
	2005	2006	2007	January-September		2005-07	2005-06	2006-07	Jan.-Sept. 2007-08
				2007	2008				
U.S. consumption quantity:									
Amount	****	****	****	****	****	****	****	****	****
Producers' share (1)	****	****	****	****	****	****	****	****	****
Importers' share (1):									
China (subject)	****	****	****	****	****	****	****	****	****
All other sources	****	****	****	****	****	****	****	****	****
Total imports	****	****	****	****	****	****	****	****	****
U.S. consumption value:									
Amount	****	****	****	****	****	****	****	****	****
Producers' share (1)	****	****	****	****	****	****	****	****	****
Importers' share (1):									
China (subject)	****	****	****	****	****	****	****	****	****
All other sources	****	****	****	****	****	****	****	****	****
Total imports	****	****	****	****	****	****	****	****	****
U.S. imports from:									
China (subject):									
Quantity	14,394	23,712	30,371	25,169	6,700	111.0	64.7	28.1	-73.4
Value	47,607	79,360	154,833	124,975	33,592	225.2	66.7	95.1	-73.1
Unit value	\$3,307	\$3,347	\$5,098	\$4,965	\$5,014	54.1	1.2	52.3	1.0
All other sources:									
Quantity	****	****	****	****	****	****	****	****	****
Value	****	****	****	****	****	****	****	****	****
Unit value	****	****	****	****	****	****	****	****	****
All sources:									
Quantity	****	****	****	****	****	****	****	****	****
Value	****	****	****	****	****	****	****	****	****
Unit value	****	****	****	****	****	****	****	****	****
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.

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.

Note.--U.S.-producers' and importers' data regarding large diameter pressure pipe and pressure tubing are believed to be understated, primarily due to the absence of data from ***, and from incomplete importer reporting.

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

APPENDIX D
TARIFF TREATMENT

**Table D-1
WSS pressure pipe: Tariff treatment, 2008**

HTS provision	Stat Suffix	Article description	General ¹	Column 2 ²
			Rates (percent ad valorem)	
7306		Other tubes, pipes, and hollow profiles (for example, open seamed or welded, riveted or similarly closed), of iron or steel:		
7306.40 7306.40.10	10	Other, welded, of circular cross section, of stainless steel: Having a wall thickness of less than 1.65 mm. Containing more than 0.5 percent by weight of nickel Containing more than 1.5 percent but less than 5 percent by weight of molybdenum	Free	36%
	15 90	Other Other		
7306.40.50	05	Having a wall thickness of 1.65 mm or more. Of high-nickel alloy steel	Free	11%
	15	Other: Suitable for use in boilers, superheaters, heat-exchangers condensers, refining furnaces and feedwater heaters, whether or not cold- drawn		
	40	Other, cold-drawn or cold-rolled (cold-reduced): Containing more than 0.5 percent but less than 24 percent by weight of nickel		
	42	Other: Containing less than 15 percent by weight of chromium		
	44	Other		
	62	Other: With an outside diameter not exceeding 114.3 mm: Containing more than 0.5 percent but less than 24 percent by weight of nickel: Containing more than 1.5 percent but less than 5 percent by weight of molybdenum		
	64 80	Other Other		
	85	With an outside diameter exceeding 114.3 mm but not exceeding 406.4 mm: Containing more than 0.5 percent but less than 24 percent by weight of nickel		
	90	Other		

¹ Normal trade relations, formerly known as the most-favored-nation duty rate applicable to imports from China.

² Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

Source: Harmonized Tariff Schedule of the United States (2008).

APPENDIX E
ADDITIONAL PRICE DATA FOR KOREA, MALAYSIA, AND TAIWAN

Table E-1

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of imported product 1, by quarters, January 2005-September 2008

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Table E-2

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of imported product 2, by quarters, January 2005-September 2008

* * * * *

Table E-3

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of imported product 3, by quarters, January 2005-September 2008

* * * * *

Table E-4

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of imported product 4, by quarters, January 2005-September 2008

* * * * *

Table E-5

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of imported product 5, by quarters, January 2005-September 2008

* * * * *

Table E-6

WSS pressure pipe: Weighted-average f.o.b. prices and quantities of imported product 6, by quarters, January 2005-September 2008

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APPENDIX F
ESTIMATED BASE PRICES WITH SURCHARGES EXCLUDED

Table F-1

WSS pressure pipe: Estimated weighted-average prices for petitioning domestic producers for products 2 and 5, by quarters, January 2005-September 2008

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APPENDIX G

**ALLEGED EFFECTS OF IMPORTS ON U.S. PRODUCERS' EXISTING
DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT,
AND ABILITY TO RAISE CAPITAL**

The Commission requested U.S. processors to describe any actual or potential negative effects since January 1, 2005, on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of WSS pressure pipe from China. Their responses are as follows:

Actual Negative Effects

Bristol.—***

Felker.—***

Marcegaglia.—***

Outokumpu.—***

Webco.—***

Anticipated Negative Effects

Bristol.—***

Felker.—***

Marcegaglia.—***

Outokumpu.—***

Webco.—***

