Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam

Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Preliminary)

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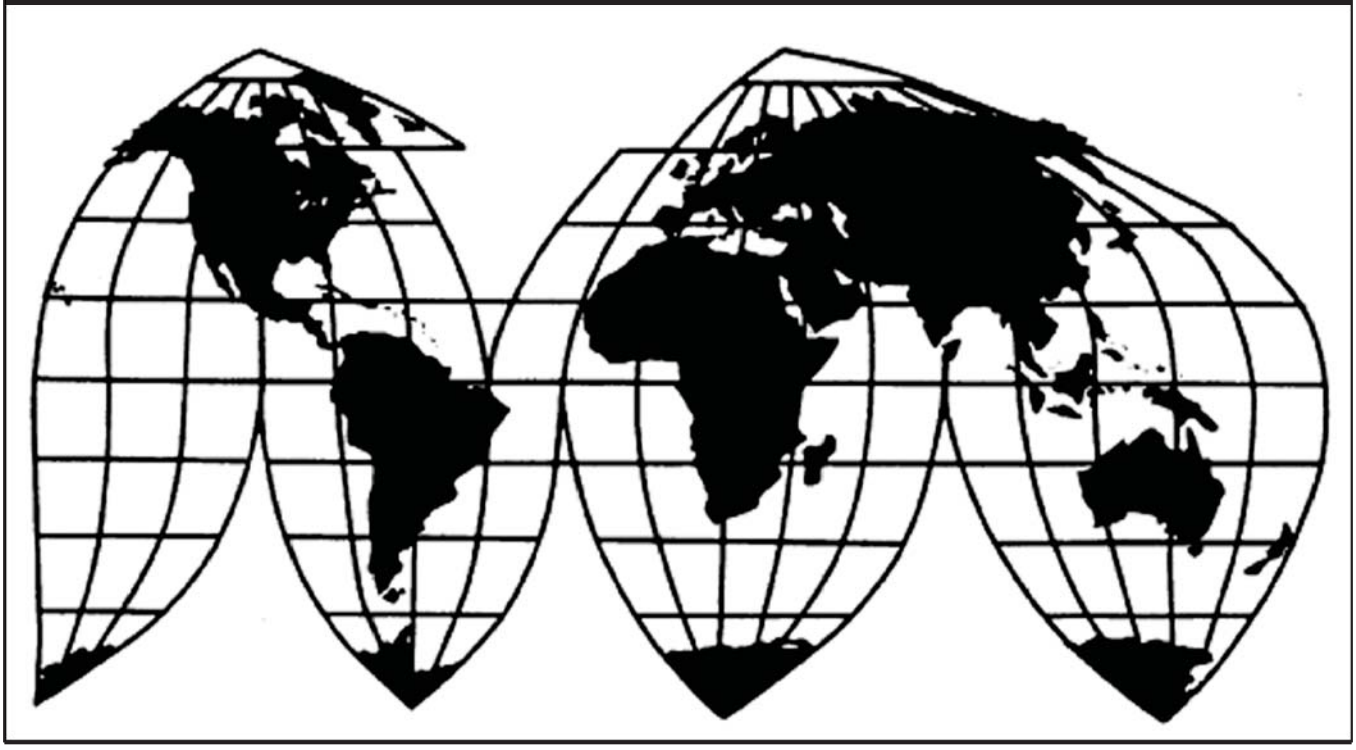
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-482-485 and 731-TA-1191-1194 (Preliminary)

CIRCULAR WELDED CARBON-QUALITY STEEL PIPE FROM INDIA, OMAN, THE UNITED ARAB EMIRATES, AND VIETNAM

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from India, Oman, the United Arab Emirates, and Vietnam of circular welded carbon-quality steel pipe, provided for in subheadings 7306.19, 7306.30, and 7306.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV) and subsidized by the Governments of India, Oman, the United Arab Emirates, and Vietnam.[2]

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On October 26, 2011, a petition was filed with the Commission and Commerce by Allied Tube and Conduit, Harvey, IL; JMC Steel Group, Chicago, IL; Wheatland Tube, Sharon, PA; and United States Steel Corporation, Pittsburgh, PA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of circular welded carbon-quality steel pipe from India, Oman, the United Arab Emirates, and Vietnam. Accordingly, effective October 26, 2011, the Commission instituted countervailing duty investigation Nos. 701-TA-482-485 and antidumping duty investigation Nos. 731-TA-1191-1194 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference 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 November 3, 2011 (76 F.R. 68208). The conference was held in Washington, DC, on November 16, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioner David S. Johanson not participating.

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of circular welded carbon-quality steel pipe ("CWP") from India, Oman, the United Arab Emirates ("UAE"), and Vietnam that are allegedly subsidized by the Governments of India, Oman, the UAE, and Vietnam, respectively, and sold in the United States at less than fair value ("LTFV").[1]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. BACKGROUND

A. In General

The petitions in these investigations were filed on October 26, 2011 by Allied Tube and Conduit ("Allied"), JMC Steel Group ("JMC"), Wheatland Tube ("Wheatland"), and United States Steel Corporation ("U.S. Steel") (collectively, the "Petitioners"), which are domestic producers accounting for approximately *** of reported domestic CWP production in 2010.[4] Respondents that participated in the staff conference and filed post-conference briefs include Universal Tube and Plastic Industries, Ltd. ("Universal"), a UAE producer and exporter, and Prime Metal Corp. USA ("Prime Metal"), an importer of subject merchandise from the UAE (collectively, the "UAE respondents"); and Zenith Birla (India) Limited ("Zenith Birla"), an Indian producer and exporter, and Zenith (USA) Inc. ("Zenith (USA)"), an importer of subject merchandise from India that is affiliated with Zenith Birla (collectively, the "Indian respondents").

The Commission received U.S. producers' questionnaire responses from 15 firms accounting for more than 90 percent of total U.S. production of CWP in 2010.[5] It received importers' questionnaire responses from 24 firms, accounting for approximately *** percent of subject imports from India,

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[1] Commissioner Johanson did not participate in these determinations.

[2] 19 U.S.C. § 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chem. Corp. v. United States, 20 CIT 353, 354-55 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

[3] American Lamb Co., 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Staff Report ("CR") at I-1; Public Staff Report ("PR") at I-1; CR/PR at Table III-1. The CR was issued as memorandum INV-JJ-125 (December 5, 2011) and revised by memorandum INV-JJ-127 (December 8, 2011). The PR was designated USITC Publication 4298 (December 2011).

[5] CR at I-4; PR at I-3.

virtually all subject imports from Oman and the UAE, and *** percent of subject imports from Vietnam.[6] It received foreign producers' questionnaire responses from four Indian producers reportedly accounting for an estimated *** percent of CWP exports from India to the United States;[7] one Omani producer reportedly accounting for an estimated *** percent of CWP exports from Oman to the United States;[8] and five UAE producers reportedly accounting for at least *** percent of CWP production in the UAE and *** percent of CWP exports from the UAE to the United States.[9] The sole responding Vietnamese producer, which is not believed to be a major producer or exporter of CWP, provided limited and incomplete data.[10]

B. Previous and Related Investigations[11]

The Commission has investigated CWP on numerous occasions over the past 25 years, including CWP from India.[12] In 1986, the Commission determined that an industry in the United States was

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[6] CR/PR at IV-1.

[7] CR at VII-2 & nn.5-8; PR at VII-1 & nn. 5-8. Zenith Birla reported that its exports to the United States accounted for an estimated *** percent of CWP exports from India to the United States in 2010, ***. Id. at VII-2 n.8; PR at VII-1 n.8. Two other responding Indian producers, Good Luck Steel and Technocraft, reported that their production accounted for an estimated *** percent of CWP production in India, and Good Luck Steel reported that its exports to the United States accounted for an estimated *** percent of CWP exports from India to the United States. CR at VII-2 nn.5-6; PR at VII-1 nn.5-6.

[8] CR at VII-7 & n.11; PR at VII-4 & n.11.

[9] CR at VII-10-11 & n.15; PR at VII-6 & n.15.

[10] CR at VII-15; PR at VII-9.

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

[12] See CR at I-4-7; PR at I-4-6; CR/PR at Table I-1. In addition to antidumping and countervailing duty investigations concerning CWP, in 2001, the Commission determined, in its investigation of Steel pursuant to section 201 *et seq*. of the Trade Act of 1974, 19 U.S.C. § 2251 *et seq.*, that carbon and certain alloy welded pipe other than oil country tubular goods (encompassing CWP) was being imported into the United States in such increased quantities as to be a substantial cause of the threat of serious injury to the domestic industries producing articles like or directly competitive with the imported article. Steel; Import Investigations, 66 Fed. Reg. 67304 (Dec. 28, 2001); Steel, Inv. No. TA-201-73, USITC Pub. 3479 at 157-170 (Dec. 2001). On March 5, 2002, the President announced safeguard measures, effective March 20, 2002, for a period of 3 years and 1 day. Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain

(continued...)

materially injured, or threatened with material injury, by reason of less than fair value ("LTFV") imports of CWP from India.[13] Because Commerce found no sales at LTFV by the Indian producers and exporters Zenith and Gujarat Steel Tubes Ltd., however, both companies were excluded from the antidumping duty order imposed on CWP from India.[14] Zenith is the only excluded company still known to exist.[15]

Since imposition of the antidumping duty order on CWP from India in 1986, the Commission has conducted two five-year reviews of the order and determined in each review that revocation of the order would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.[16] On July 1, 2011, the Commission instituted its third five-year review of the antidumping duty order on CWP from India,[17] and effective October 4, 2011, it determined to conduct a full review of the order.[18]

The circumstances of the current antidumping duty investigation of CWP from India are unusual in that imports of CWP from all Indian producers and exporters other than Zenith are already subject to an antidumping duty order. In light of these circumstances, Commerce indicated in its notice of initiation that because there is "an existing order on welded steel pipe and tube from India . . . the scope of this investigation covers merchandise manufactured and/or exported by Zenith Steel Pipes and Industries Ltd., and any successors in interest to that company, which is the only company excluded from the 1986 order known to exist."[19] Consequently, the Commission's analysis of CWP from India for purposes of the antidumping duty investigation is limited to subject imports from Zenith, although all imports of CWP from India are subject to the countervailing duty investigation.[20]

Antidumping duty orders are currently outstanding on CWP from Brazil, China, India, Korea, Mexico, Taiwan, Thailand, and Turkey, and countervailing duty orders are outstanding on CWP from China and Turkey.[21]

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[12] (...continued)
Steel Products, 67 Fed. Reg. 10553 (Mar. 7, 2002). Import relief relating to welded tubular products (other than OCTG and including CWP) consisted of an additional tariff of 15 percent ad valorem on imports in the first year, 12 percent in the second year, and 9 percent in the third year. Id. India, Oman, the UAE, and Vietnam were not among the countries excluded from the safeguard remedies. On December 4, 2003, the President terminated the safeguard measures. Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products, 68 Fed. Reg. 68483 (Dec. 8, 2003).

[13] Certain Welded Carbon Steel Pipes and Tubes from India, Taiwan, and Turkey, Inv. Nos. 731-TA-271-293 (Final), USITC Pub. 1839 (Apr. 1986) at 1.

[14] 51 Fed. Reg. 9089 (Mar. 17, 1986).

[15] CR at I-10 n.11; PR at I-9 n.11.

[16] Certain Pipe and Tube from Argentina, Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Inv. Nos. 701-TA-253, 731-TA-132, 252, 271, 273, 409, 410, 532-534, 536 (Second Review), USITC Pub. 3867 (July 2006); Certain Pipe and Tube from Argentina, Brazil, Canada, India, Korea, Mexico, Singapore, Taiwan, Thailand, Turkey, and Venezuela, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 276-277, 296, 409-410, 532-534 and 536-537 (Review), USITC Pub. 3316 (July 2000).

[17] 76 Fed. Reg. 38691 (July 1, 2011).

[18] 76 Fed. Reg. 65748 (Oct. 24, 2011).

[19] 76 Fed. Reg. 72164, 72171 (Nov. 22, 2011). For the same reason, Commerce selected Zenith as the only Indian producer and exporter that will receive an antidumping duty questionnaire. Id. at 72168.

[20] 76 Fed. Reg. 72173 (Nov. 22, 2011).

[21] See 49 Fed. Reg. 19369 (May 7, 1984) (Taiwan), 51 Fed. Reg. 17784 (May 15, 1986) (Turkey AD); 51 Fed. Reg. 17384 (May 12, 1986) (India); 51 Fed. Reg. 8341 (Mar. 11, 1986) (Thailand); 51 Fed. Reg. 7984 (Mar. 7, (continued...)

III. 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."[22] 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."[23] 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 ... ."[24]

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of the investigations as follows:

> These investigations cover welded carbon-quality steel pipes and tube, of circular cross-section, with an outside diameter ("O.D.") not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., American Society for Testing and Materials International ("ASTM"), proprietary, or other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term "carbon quality" includes products in which: (a) Iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated: (i) 1.80 percent of manganese; (ii) 2.25 percent of silicon; (iii) 1.00 percent of copper; (iv) 0.50 percent of aluminum; (v) 1.25 percent of chromium; (vi) 0.30 percent of cobalt; (vii) 0.40 percent of lead; (viii) 1.25 percent of nickel; (ix) 0.30 percent of tungsten; (x) 0.15 percent of molybdenum; (xi) 0.10 percent of niobium; (xii) 0.41 percent of titanium; (xiii) 0.15 percent of vanadium; (xiv) 0.15 percent of zirconium.
>
> Subject pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Sprinkler pipe is designed for

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[21] (...continued)
1986) (Turkey CVD); 57 Fed. Reg. 49453 (Nov. 2, 1992) (Brazil, Korea, Mexico, Taiwan); 74 Fed. Reg. 4136 (Jan. 23, 2009) (China AD); 74 Fed. Reg. 22515 (May 13, 2009 (China CVD); see also CR/PR at Table I-1.

[22] 19 U.S.C. § 1677(4)(A).

[23] 19 U.S.C. § 1677(4)(A).

[24] 19 U.S.C. § 1677(10).

sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications. These products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute ("API") API-5L specification, is also covered by the scope of these investigations when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in outside diameter; has a galvanized and/or painted (e.g., polyester coated) surface finish; or has a threaded and/or coupled end finish.

The scope of these investigations does not include: (a) Pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) finished electrical conduit; (c) finished scaffolding;(d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; (f) line pipe produced to only API specifications; and (g) mechanical tubing, whether or not cold-drawn. However, products certified to ASTM mechanical tubing specifications are not excluded as mechanical tubing if they otherwise meet the standard sizes (e.g., outside diameter and wall thickness) of standard, structural, fence and sprinkler pipe. Also, products made to the following outside diameter and wall thickness combinations, which are recognized by the industry as typical for fence tubing, would not be excluded from the scope based solely on their being certified to ASTM mechanical tubing specifications: 1.315 inch O.D. and 0.035 inch wall thickness (gage 20); 1.315 inch O.D. and 0.047 inch wall thickness (gage 18); 1.315 inch O.D. and 0.055 inch wall thickness (gage 17); 1.315 inch O.D. and 0.065 inch wall thickness (gage 16); 1.315 inch O.D. and 0.072 inch wall thickness (gage 15); 1.315 inch O.D. and 0.083 inch wall thickness (gage 14); 1.315 inch O.D. and 0.095 inch wall thickness (gage 13); 1.660 inch O.D. and 0.047 inch wall thickness (gage 18); 1.660 inch O.D. and 0.055 inch wall thickness (gage 17); 1.660 inch O.D. and 0.065 inch wall thickness (gage 16); 1.660 inch O.D. and 0.072 inch wall thickness (gage 15); 1.660 inch O.D. and 0.083 inch wall thickness (gage 14); 1.660 inch O.D. and 0.095 inch wall thickness (gage 13); 1.660 inch O.D. and 0.109 inch wall thickness (gage 12); 1.900 inch O.D. and 0.047 inch wall thickness (gage 18); 1.900 inch O.D. and 0.055 inch wall thickness (gage 17); 1.900 inch O.D. and 0.065 inch wall thickness (gage 16); 1.900 inch O.D. and 0.072 inch wall thickness (gage 15); 1.900 inch O.D. and 0.095 inch wall thickness (gage 13); 1.900 inch O.D. and 0.109 inch wall thickness (gage 12); 2.375 inch O.D. and 0.047 inch wall thickness (gage 18); 2.375 inch O.D. and 0.055 inch wall thickness (gage 17); 2.375 inch O.D. and 0.065 inch wall thickness (gage 16); 2.375 inch O.D. and 0.072 inch wall thickness (gage 15); 2.375 inch O.D. and 0.095 inch wall thickness (gage 13); 2.375 inch O.D. and 0.109 inch wall thickness (gage 12); 2.375 inch O.D. and 0.120 inch wall thickness (gage 11); 2.875 inch O.D. and 0.109 inch wall thickness (gage 12); 2.875 inch O.D. and 0.134 inch wall thickness (gage 10); 2.875 inch O.D. and 0.165 inch wall thickness (gage 8); 3.500 inch O.D. and 0.109 inch wall thickness (gage 12); 3.500 inch O.D. and 0.148 inch wall thickness (gage 9); 3.500 inch O.D. and 0.165 inch wall thickness (gage 8); 4.000 inch O.D. and 0.148 inch wall thickness (gage 9); 4.000 inch O.D. and 0.165 inch wall thickness (gage 8); 4.500 inch O.D. and 0.203 inch wall thickness (gage 7).

The pipe subject to these investigations are currently classifiable in Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers 7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5025,

7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, and 7306.50.5070. However, the product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States falls within the scope of the investigations.[25]

Standard pipe, the primary product within the scope of these investigations, is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses.[26] Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat.[27] It is made primarily to ASTM A53, A135, and A795 specifications, but can also be made to other specifications, such as British Standard 1387.[28]

Other standard applications for CWP include light load-bearing or mechanical applications, such as conduit shells, and structural applications in general construction.[29] Circular pipe used for above-ground structural purposes, including fence posts and structural members, is also included in this category.[30] These products may be manufactured to ASTM specifications (such as A500 or A252), as well as American Society of Mechanical Engineers ("ASME") specifications.[31]

Standard pipe is similar to line pipe, which is used in oil and gas pipelines and generally produced to American Petroleum Institute ("API") specifications.[32] Line pipe is typically marked or "stenciled" with paint on the outside surface by the manufacturer to indicate the specification to which it has been manufactured to conform.[33] Because line pipe meets the stricter API specifications regarding hydrostatic testing pressures and weight balances, line pipe that complies with the API specifications automatically meets the less demanding standard pipe ASTM specification and, therefore, can be dual or multiple stenciled to indicate that it can be used in either line pipe or standard pipe applications.[34]

[25] Circular Welded Carbon-Quality Steel Pipe From India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations 76 Fed. Reg. 72164, 72169-70 (Nov. 22, 2011).

[26] CR at I-13; PR at I-12.

[27] CR at I-13; PR at I-12.

[28] CR at I-13; PR at I-12.

[29] CR at I-14; PR at I-13.

[30] CR at I-14; PR at I-13.

[31] CR at I-15; PR at I-13. Fence tubing, however, may be produced without reference to an ASTM standard. CR at I-14; PR at I-13.

[32] CR at I-14 n.19; PR at I-12 n.19.

[33] CR at I-14 n.19; PR at I-12 n.19.

[34] CR at I-14 n.19; PR at I-12 n.19.

C. Parties' Arguments

Petitioners argue that the Commission should define a single domestic like product encompassing all CWP, coextensive with the scope of the investigations.[35] Respondents have raised no objection to Petitioners' proposed definition of the domestic like product.[36]

D. Analysis[37]

In the absence of any evidence of clear dividing lines between different CWP products, we find a single like product that is coextensive with Commerce's scope of the investigations. Standard pipe is used for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and related uses.[38] All CWP can be produced at the same facilities with the same workers. Although the same facilities can also be used to produce other types of pipe,[39] standard pipe is commonly produced to the ASTM specifications for standard pipe, while other types of pipe are commonly used for different purposes and produced to different specifications.[40] There is limited interchangeability between standard pipe and other types of pipe.[41] Dual stenciled pipe, which satisfies both ASTM specifications for standard pipe and API specifications for line pipe applications, is included within the scope only to the extent it has overlapping physical characteristics and, therefore, there are no limits on interchangeability between domestic dual-stenciled CWP used in standard pipe applications and other domestic standard pipe.[42] Channels of distribution for various types of standard pipe are the same, with the vast majority of U.S. producers' shipments being made through distributors and the remainder sold directly to end users.[43] On the basis of the foregoing, we define the domestic like product in these investigations as CWP that is coextensive with Commerce's scope.

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[35] Petition at 3; Postconference Brief of Allied, JMC, and Wheatland ("Allied Postconference Br.") at 3; Conference Tr. at 62 (Schagrin).

[36] Conference Tr. at 133 (Cameron), 133 (Mitchell).

[37] 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. 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).

[38] CR at I-13; PR at I-12.

[39] CR at I-15-18 & n.25; PR at I-14-15 & n.25.

[40] CR at I-13-15; PR at I-12-13.

[41] See CR at I-13-15; PR at I-12-13.

[42] See CR at I-12; PR at I-11.

[43] CR/PR at Table II-1.

IV. 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."[44] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our definition of the domestic like product, we define the domestic industry as all domestic producers of CWP.[45]

A. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[46] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[47] No party has commented on the related party issue in the preliminary phase of the investigations.

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[44] 19 U.S.C. § 1677(4)(A).

[45] Known domestic producers include Allied, American, Atlas, Bull Moose, California Steel, Hanna, Hannibal, Leavitt, Maruichi, Maverick, Northwest, Skyline, Texas Tubular, Tex-Tube, TKM IPSCO, U.S. Steel, Western Tube, and Wheatland. CR/PR at Table III-1.

[46] 19 U.S.C. § 1677(4)(B).

[47] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producer vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. These latter two considerations were cited as appropriate factors in Allied Mineral Products, Inc. v. United States, 28 CIT 1861, 1865 (2004) ("The most significant factor considered by the Commission in making the 'appropriate circumstances' determination is whether the domestic producer accrued a substantial benefit from its importation of the subject merchandise."); USEC, Inc. v. United States, 132 F. Supp. 2d 1, 12 (Ct. Int'l Trade 2001) ("the provision's purpose is to exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters."), aff'd, 34 Fed. Appx. 725 (Fed. Cir. 2002); S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) ("where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry").

We find that *** qualifies as a related party because it accounted for a predominant proportion of an importer's purchases and the importer's purchases were substantial.[48] Specifically, *** was among importer *** largest customers during the period examined, ***[49] *** reportedly accounted for *** percent of ***, and ***.[50] Nevertheless, we do not exclude *** from the domestic industry based on the following analysis.

*** primary interest was in domestic production rather than the importation of subject merchandise during the period examined, with a ratio of subject import purchases to domestic production of *** percent.[51] Notwithstanding ***, there is no evidence that such imports benefitted *** domestic production of CWP, and the financial performance of *** domestic operations was ***.[52] [53] [54] Moreover, because *** was the *** domestic producer in 2010, accounting for *** percent of total domestic production that year, its exclusion from the domestic industry would *** on the domestic industry's trade and financial data.[55] For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

V. CUMULATION

A. Legal Framework

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of the subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each

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[48] Although *** purchased *** short tons of CWP imported from *** in ***, CR at III-11; PR at III-8, we find that *** does not qualify as a related party because there is no evidence that *** was responsible for a predominant proportion of an importer's purchases and the importer's purchases were substantial. *** did not identify the importer from which it purchased subject imports, and its purchases were equivalent to only *** percent of subject imports from ***, by volume, during the period examined. CR/PR at Table V-2; CR at III-11; PR at III-8.

[49] Indian Respondents' Postconference Br. at 4-5.

[50] See Allied Postconference Br. at 20; Indian Respondents' Postconference Br. at 4-5.

[51] CR at III-11; PR at III-8.

[52] See CR/PR at Table VI-2.

[53] Consistent with her practice in past investigations and reviews, Commissioner Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

[54] For purposes of the preliminary phase of these investigations, Commissioner Pinkert does not rely upon the related party's financial performance as a factor in determining whether there are appropriate circumstances to exclude it from the domestic industry and relies instead on other information relevant to this issue. The present record is not sufficient to link the related party's profitability on U.S. operations to any specific benefit it receives or derives from importing. See Allied Mineral Products v. United States, 28 CIT 1861, 1865-67 (2004). For any final phase of the investigations, Commissioner Pinkert invites the parties to provide any information they may have with respect to such a link.

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

other and with domestic like products in the U.S. market.[56] In assessing whether subject imports compete with each other and with the domestic like product, the Commission has generally considered four factors:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[57]

Although no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[58] Only a "reasonable overlap" of competition is required.[59]

B. Discussion

The statutory threshold for cumulation is satisfied in these investigations because Petitioners filed the antidumping duty petitions and the countervailing duty petitions with respect to all four countries on the same day, October 26, 2011.[60] Indian respondents argue that the antidumping duty petition with respect to India was not filed on the same day as the antidumping duty petitions with respect to Oman, the UAE, and Vietnam because an antidumping duty petition was last filed with respect to India in 1985, whereas the current antidumping duty petition was filed only with respect to Zenith. Indian respondents argue that Zenith is not a country but rather a company within a country (India) already subject to an

[56] 19 U.S.C. § 1677(7)(G)(i).

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

[58] Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[59] The Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. No. 103-316, Vol. 1 at 848 (1994) ("SAA") expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." SAA at 848 (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988)), aff'd, 859 F.2d 915 (Fed. Cir. 1988). See Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082,1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[60] CR/PR at I-1. None of the statutory exceptions to cumulation is applicable.

antidumping duty order.[61] We are unpersuaded by this argument.[62] In its notice of initiation, Commerce stated that it had received antidumping duty petitions concerning CWP imported from India, Oman, the UAE, and Vietnam on October 26, 2011, and determined that each of the petitions satisfied the industry support and other statutory requirements so as to warrant the initiation of antidumping duty investigations.[63] We find Commerce's notice of initiation conclusive with respect to our determination of whether the antidumping duty petitions at issue were filed on the same day. Commerce's definition of the scope of the antidumping duty investigation of CWP from India as including only Zenith[64] has no relevance to the date on which the petition with respect to CWP from India was filed.

Based on the record of the preliminary phase of these investigations, we find a reasonable overlap of competition among subject imports from India, Oman, the UAE, and Vietnam and between subject imports from each source and the domestic like product. The record supports the Commission's findings in previous investigations that CWP is generally fungible regardless of the source, given that CWP from all sources satisfy the same ASTM specifications.[65] All responding domestic producers and a majority of importers reported that subject imports from India, Oman, the UAE, and Vietnam are "always" or "frequently" used interchangeably with each other and with the domestic like product.[66] When asked whether differences other than price are significant to purchasers in selecting a seller, the vast majority of domestic producers responded "sometimes" or "never."[67] Importers were more divided on this question, however, with a majority of importers responding "sometimes" or "never" with respect to purchasers' choice between subject imports from India, Oman, and the UAE and the domestic like product, but half responding "always" or "frequently" with respect to purchasers' choice between subject imports from Vietnam and the domestic like product.[68] On balance, however, the record indicates a substantial degree of substitutability between and among subject imports from each source and the domestic like product.

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[61] Indian Respondents' Postconference Br. at 2.

[62] We also are unpersuaded by the Indian respondents' argument that the Commission should not cross-cumulate CWP imports from India subject to the antidumping duty investigation with CWP imports from India subject to the countervailing duty investigation. Indian Respondents' Postconference Br. at 3. Although Indian respondents are correct that subject imports from India for purposes of the antidumping duty investigation are limited to CWP produced and exported by Zenith, while all imports of CWP from India are subject to the countervailing duty investigation, these facts have no bearing on our determination to cross-cumulate. See 76 Fed. Reg. 72173 (Nov. 22, 2011); 76 Fed. Reg. 72164, 72171 (Nov. 22, 2011). The Commission has determined that the statute requires the cross-cumulation of dumped and subsidized imports from the same country when the statutory cumulation requirements are otherwise met. See Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Final), USITC Pub. 3509 (May 2002) at 31-32 (citing Bingham & Taylor v. United States, 815 F.2d 1482 (Fed. Cir. 1987), aff'g 627 F. Supp. 793, 798 (Ct. Int'l Trade 1986) ; see also Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Final) (Remand), USITC Pub. 3658 (Dec. 2003). Because the statutory cumulation requirements are satisfied in this case, as further detailed below, all imports of CWP from India are subject imports for purposes of our cumulated injury analysis.

[63] 76 Fed. Reg. 72164 (Nov. 22, 2011).

[64] See 76 Fed. Reg. 72164, 72171 (Nov. 22, 2011).

[65] Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final), USITC Pub. 4019 (July 2008) at 12-13 (finding "a moderately high degree of substitutability between CWP produced domestically and that imported from China").

[66] CR/PR at Table II-2.

[67] See CR/PR at Table II-3.

[68] CR/PR at Table II-3.

The record also indicates that CWP from all sources served a nationwide market during the period examined. Subject imports from India, Oman, and the UAE entered the United States through multiple and geographically dispersed ports of entry, as did subject imports from Vietnam in January-September 2011, and both domestic producers and U.S. importers reported distributing CWP throughout the United States.[69] Thus, subject imports from all four sources and the domestic like product serve all regions of the United States.

In addition, subject imports from India, Oman, the UAE, and Vietnam and the domestic like product share the same channels of distribution. During the period examined, the vast majority of domestically produced CWP and subject imported CWP was shipped to distributors, with ***.[70]

Finally, subject imports from all sources were simultaneously present in the U.S. market, given that subject imports from India, the UAE, and Vietnam entered the United States in every month of the period examined, while subject imports from Oman entered the United States in all but two months of the period.[71]

In sum, because the relevant antidumping and countervailing duty petitions were filed on the same day, and the record indicates that there is a reasonable overlap of competition between and among subject imports and the domestic like product, we cumulate subject imports from India, Oman, the UAE, and Vietnam for our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

VI. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS[72]

A. Legal Standard

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[73] 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.[74] The statute defines "material injury" as "harm which is not

[69] CR at II-1, IV-11; PR at II-1, IV-9.

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

[71] CR at IV-11; PR at IV-9.

[72] Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. Based on official import statistics, during the most recent 12-month period preceding the filing of the petition for which data are available, subject imports from India accounted for 11.9 percent of all imports of CWP, subject imports from Oman accounted for 7.1 percent of all imports of CWP, subject imports from the UAE accounted for 11.8 percent of such imports, and subject imports from Vietnam accounted for 9.7 percent of such imports. CR at IV-10; PR at IV-9.

[73] 19 U.S.C. §§ 1671b(a), 1673b(a).

[74] 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).

inconsequential, immaterial, or unimportant."[75] In assessing whether there is a reasonable indication that 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.[76] 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."[77]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[78] 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.[79] 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.[80]

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 nonsubject 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.[81] In performing its examination, however, the Commission need not

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[75] 19 U.S.C. § 1677(7)(A).

[76] 19 U.S.C. § 1677(7)(C)(iii).

[77] 19 U.S.C. § 1677(7)(C)(iii).

[78] 19 U.S.C. §§ 1671b(a), 1673b(a).

[79] 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).

[80] 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 Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires 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.'" See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[81] 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

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isolate the injury caused by other factors from injury caused by unfairly traded imports.[82] Nor does the "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 nonsubject imports, which may be contributing to overall injury to an industry.[83] It is clear that the existence of injury caused by other factors does not compel a negative determination.[84]

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."[85] [86] Indeed, the

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[81] (...continued)
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.

[82] 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, Inv. Nos. 701-TA-414 and 731-TA-928 (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.").

[83] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[84] 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.").

[85] 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.

[86] Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006), and Mittal, held that the Commission is required, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of nonsubject imports, albeit without reliance on presumptions or rigid formulas. Mittal explains as follows:

> What Bratsk held is that "where commodity products are at issue and fairly traded, price-competitive, nonsubject 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 nonsubject 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

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Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[87]

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 nonsubject imports. 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 nonsubject imports.[88] The additional "replacement/benefit" test looked at whether nonsubject 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,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[89] 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 nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[90]

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.[91]

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[86] (...continued)
that factor.
542 F.3d at 878.

[87] 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.").

[88] Mittal Steel, 542 F.3d at 875-79.

[89] 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).

[90] 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 nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, 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. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of nonsubject imports.

[91] 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 (continued...)

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Demand for CWP is largely derived from non-residential construction activity and to a lesser extent from residential construction activity, which are, in turn, largely functions of general economic activity.[92] The U.S. economy suffered a severe downturn during 2008 and the first half of 2009 before recovering somewhat in late 2009, 2010, and 2011.[93] Consequently, U.S. non-residential construction spending declined sharply in 2009 before stabilizing in 2010 and 2011 at levels that were below those in 2008 and most of 2009.[94] Questionnaire respondents generally reported that U.S. demand for CWP has decreased or fluctuated since January 2008,[95] and many of these firms attributed such declines and fluctuations to similar patterns in the overall U.S. economy and non-residential construction activity.[96]

Apparent U.S. consumption of CWP during the period examined generally tracked macroeconomic conditions and nonresidential construction activity, decreasing sharply from 1,964,935 short tons in 2008 to 1,228,510 short tons in 2009 before increasing to 1,392,076 short tons in 2010, a level 29.2 percent lower than in 2008.[97] Apparent U.S. consumption of CWP was 1,112,495 short tons in January-September 2011, up 7.8 percent from 1,031,864 short tons in January-September 2010.[98]

The vast majority of domestic and subject imported CWP was sold through distributors.[99] Although the parties agree that "big-box" retailers such as Lowe's and Home Depot emerged during the period examined as significant purchasers of subject imported CWP, Petitioners contend that those firms remain an insignificant factor in the market compared to distributors.[100]

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[91] (...continued)
matter for the judgment of the ITC.").

[92] CR at II-1, 7; PR at II-1, 6; Conference Tr. at 14 (Seeger), 28-29 (Johnson), 89-90 (Young); UAE Respondents' Postconference Br. at 5.

[93] CR at II-7-8; PR at II-6; CR/PR at Figure II-1.

[94] CR at II-7-8; PR at II-6; CR/PR at Figure II-2 (illustrating data from the U.S. Census Bureau (Manufacturing, Mining and Construction Statistics: Construction Spending)).

[95] Ten of 14 responding producers and nine of 22 responding importers reported that U.S. demand for CWP had fallen since January 2008. Four of 14 responding producers and seven of 22 responding importers reported that U.S. demand for CWP had fluctuated since January 2008. CR at II-10; PR at II-6.

[96] CR at II-10; PR at II-6.

[97] CR/PR at Tables IV-5 and C-1.

[98] CR/PR at Tables IV-5 and C-1.

[99] CR/PR at II-1, Table II-1.

[100] CR/PR at I-3, II-1 n.1; Conference Tr. at 22 (Kurasz); UAE Respondents' Postconference Br. Exh. 10, Response to Staff Question 4; Allied Postconference Br. at 6. We intend to gather additional evidence on the importance of big box retailers in any final phase of these investigations.

2. Supply Conditions

During the period examined, the U.S. CWP market was supplied by the domestic industry, subject imports, and nonsubject imports, with the domestic industry consistently supplying around two-thirds of the market.[101] Of the 18 responding U.S. producers, *** was by far the largest, accounting for approximately *** percent of U.S. CWP production in 2010. Other major producers included ***.[102] Taken together, these *** companies accounted for approximately *** of reported 2010 U.S. CWP production.[103] The domestic industry's share of apparent U.S. consumption increased from 64.9 percent in 2008 to 71.0 percent in 2009 before declining to 65.3 percent in 2010, a level slightly higher than that in 2008.[104] The domestic industry's share of apparent U.S. consumption was 64.1 percent in January-September 2011, down from 65.9 percent in January-September 2010.[105]

Subject imports as a share of apparent U.S. consumption increased throughout the period examined, from 7.2 percent in 2008 to 8.7 percent in 2009, and again to 12.7 percent in 2010. Subject imports as a share of apparent U.S. consumption were 15.6 percent in January-September 2011, up from 13.1 percent in January-September 2010.

The major sources of nonsubject imports during the period examined, in descending order of 2010 volume, were Korea, Mexico, Turkey, Thailand, Taiwan, Canada, and Japan.[106] As addressed above, nonsubject imports from Korea, Mexico, Turkey, Thailand, and Taiwan are subject to existing antidumping duty orders, as are nonsubject imports from Brazil and China, which were not significant suppliers to the U.S. market during the period examined.[107] Nonsubject imports subject to antidumping duty orders comprised 58.5 percent of total U.S. CWP imports (73.8 percent of nonsubject CWP imports) in 2008 and 48.9 percent of total U.S. CWP imports (73.8 percent of nonsubject CWP imports) in 2010.[108] Nonsubject imports as a share of apparent U.S. consumption declined from 27.8 percent in 2008 to 20.3 percent in 2009 and then increased to 22.1 percent in 2010, a level still 5.7 percentage points lower than in 2008.[109] Nonsubject imports as a share of apparent U.S. consumption were 20.3 percent in January-September 2011, down from 21.1 percent in January-September 2010.[110]

China was by far the largest source of imported CWP prior to the imposition of antidumping and countervailing duty orders on CWP from China in 2008.[111] As a likely result of the orders, imports from China declined from 748,181 short tons in 2007 to 12,081 short tons in 2008 – a decline of 736,100 short tons – and then declined further to 2,105 short tons in 2009 and 3,196 short tons in 2010.[112] Imports from

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[101] CR/PR at Tables IV-5 and C-1.

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

[103] Derived from CR/PR at Table III-1.

[104] CR/PR at Table IV-5.

[105] CR/PR at Table IV-5.

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

[107] CR/PR at Tables I-1, IV-3.

[108] Derived from CR/PR at Tables IV-2, 3 and C-1.

[109] CR/PR at Table IV-5.

[110] CR/PR at Table IV-5.

[111] CR/PR at Table I-1; Circular Welded Carbon-Quality Steel Pipe from China, USITC Pub. 4019 at 12.

[112] CR at IV-6 n.3; PR at IV-5 n.3; CR/PR at Table IV-3.

China were 2,825 short tons in January-September 2011, down from 2,958 short tons in January-September 2010.[113]

3. Substitutability

As addressed in section V.B. above, the record indicates that CWP from all sources is generally substitutable.[114] Almost all responding domestic producers reported that subject imports are "always" used interchangeably with the domestic like product, and almost all domestic producers reported that nonsubject imports are "always" used interchangeably with the domestic like product and subject imports.[115] Most responding U.S. importers reported that subject imports are "always" or "frequently" used interchangeably with the domestic like product and nonsubject imports.[116] A majority of responding producers reported that differences in factors other than price between domestically produced CWP and subject imports are "never" significant in their sales, although a majority of responding importers reported that such factors are "sometimes" or "frequently" significant.[117]

On balance, we find that subject imports are generally interchangeable with the domestic like product and that price is a significant factor in the CWP market.

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[118]

We find that the volume of cumulated subject imports from India, Oman, the UAE, and Vietnam and the increase in that volume were significant, both absolutely and relative to apparent U.S. consumption and production, over the period examined.[119] Between 2008 and 2010, cumulated subject import volume increased by 23.9 percent, declining from 142,336 short tons in 2008 to 106,419 short tons

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

[114] CR at II-10; PR at II-8.

[115] CR at II-11; PR at II-8; CR/PR at Table II-2. One producer reported that subject imports from India are "frequently" used interchangeably with the domestic like product. Id.

[116] CR at II-11; PR at II-8; CR/PR at Table II-2. Importer *** reported that foreign-produced CWP can never totally replace domestically produced CWP products because there are certain projects for which foreign CWP cannot be used, but did not elaborate on what such projects are. ***. However, insofar as such projects include those subject to "Buy American" provisions, Petitioners reported that "Buy American" projects account for a very small percentage of their sales. CR at II-12 n.12; PR at II-9 n.5; Conference Tr. at 108 (Magno, Young).

[117] CR at II-12; PR at II-9; CR/PR at Table II-2.

[118] 19 U.S.C. § 1677(7)(C)(i).

[119] As noted in Section V.B. above, we have determined to cross-cumulate CWP imported from India that is subject to the antidumping duty investigation, which includes only CWP produced and exported by Zenith, with CWP imported from India that is subject to the countervailing duty investigation, which includes all CWP imported from India.

in 2009, before increasing to 176,314 short tons in 2010.[120] Subject import volume was 173,274 short tons in January-September 2011, up 28.4 percent from the level in January-September 2010 (134,992 short tons).[121] Subject imports as a share of apparent U.S. consumption, by quantity, increased from 7.2 percent in 2008 to 8.7 percent in 2009 and 12.7 percent in 2010, and were 15.6 percent in January-September 2011, up from 13.1 percent in January-September 2010.[122] The ratio of subject imports to U.S. production, by quantity, increased from 11.5 percent in 2008 to 12.1 percent in 2009 and 18.4 percent in 2010, and was 22.9 percent in January-September 2011, up from 18.5 percent in January-September 2010.[123]

It is noteworthy that subject imports as a share of apparent U.S. consumption increased throughout the period examined, regardless of whether apparent U.S. consumption increased or declined, and at the direct expense of the domestic industry after 2009.[124] Although cumulated subject imports gained 1.5 percentage points of market share at the expense of nonsubject imports between 2008 and 2009, they gained four percentage points of market share entirely at the expense of the domestic industry between 2009 and 2010.[125] Subject import market share was 2.5 percentage points higher in January-September 2011 than in January-September 2010, with the increase occurring predominantly at the expense of the domestic industry.[126]

Respondents argue that the increase in cumulated subject import volume during the period examined was not significant because the bulk of the increase occurred between 2007 and 2008, when the domestic industry performed well, and that subject imports have not come close to replacing the large reduction in nonsubject imports from China in 2008.[127] The statute, however, directs us to "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."[128] That the increase in subject import volume during the period examined was less than the decline in nonsubject import volume from China between 2007 and 2008 does not render the increase in subject import volume any less significant. Respondents' argument is further undermined by the fact that there was a significant decline in apparent U.S. consumption during the period and subject imports took market share from the domestic industry after 2009. We also consider it not relevant that subject import volume increased substantially between 2007 and 2008, as 2007 is outside the period examined in the preliminary phase of these investigations.

We conclude that the volume of cumulated subject imports and the increase in that volume are significant both in absolute terms and relative to consumption and production in the United States.

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[120] CR/PR at Tables IV-2 and C-1.

[121] CR/PR at Table IV-2.

[122] CR/PR at Table IV-5.

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

[124] CR/PR at Tables IV-5 and C-1.

[125] CR/PR at Tables IV-5 and C-1.

[126] CR/PR at Tables IV-5 and C-1.

[127] UAE Respondents' Postconference Br. at 9.

[128] 19 U.S.C. § 1677(7)(C)(i).

D. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports,

> the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[129]

As addressed in section VI.B.3 above, the record indicates that there is a moderate-to-high degree of substitutability between subject imports and the domestic like product and that price is an important consideration in purchasing decisions.

Twelve U.S. producers and 18 importers provided usable quarterly net U.S. f.o.b. selling price data for four products, although not all firms reported pricing for all products for all quarters.[130] Reported pricing data accounted for approximately 20.4 percent of U.S. producers' U.S. shipments of CWP, 60.0 percent of subject imports from India, 34.8 percent of subject imports from Oman, 38.8 percent of subject imports from the UAE, and 14.3 percent of subject imports from Vietnam in 2010, during the period examined.[131]

The sales price data on the record indicate that subject imports pervasively undersold the domestic like product during the period examined by significant margins. Between January 2008 and September 2011, subject imports undersold the domestic like product in 146 of 163 quarterly comparisons, or 89.6 percent of the time, at margins ranging from less than 1.0 percent to 45.6 percent.[132] Based on this evidence, and given the importance of price in purchasing decisions, we find that underselling by subject imports was significant during the period examined.

Based on the record in the preliminary phase of these investigations, we find no evidence that subject imports significantly depressed prices of the domestic like product because U.S. producer prices for sales of all four pricing products were higher in the third quarter of 2011 than in the first quarter of 2008.[133] We do find evidence, however, that subject imports suppressed the prices of the domestic like product.[134] Allied and Wheatland were increasingly unable to increase their CWP prices to cover increased raw material costs toward the end of the period examined.[135] Allied reportedly *** two announced price increases in 2010, *** of its four announced price increases in January and February

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[129] 19 U.S.C. § 1677(7)(C)(ii).

[130] CR at V-4; PR at V-3.

[131] CR at V-4; PR at V-3.

[132] CR/PR at Table V-6.

[133] CR/PR at Tables V-1, V-2, V-3, and V-4.

[134] Vice Chairman Williamson and Commissioner Aranoff does not join their colleagues' discussion of price suppression. They find that subject merchandise has undersold domestic production to a significant degree, allowing subject imports to win additional sales and gain market share at the expense of domestic production to a significant degree over the period examined.

[135] Hot-rolled steel is the primary raw material input in CWP production, and hot-rolled steel prices were volatile during the period examined. CR/PR at V-1, Figure V-1.

2011, and *** its announced attempted price increase in August 2011.[136] Despite "significant success" in realizing announced price increases in the late fall and winter of 2010 and 2011, Wheatland's two announced price hikes in August and September of 2011 reportedly ***.[137]

The domestic industry's ratio of cost of goods sold to net sales in 2010, at 89.5 percent, was higher than in 2008, at 76.5 percent, but lower than in 2009, at 104.9 percent, although the extent to which subject import competition influenced the domestic industry's ratio of cost of goods sold to net sales during the period is unclear.[138] The domestic industry's ratio of cost of goods sold to net sales was 89.2 percent in interim 2011, up slightly from 89.0 percent in interim 2010.[139] In any final phase of the investigations, we intend to examine further the extent to which subject imports suppressed domestic like product prices.

For the foregoing reasons, we find for purposes of the preliminary phase of these investigations that subject imports undersold the domestic like product to a significant degree during the period examined and that there is evidence that subject imports suppressed domestic like product prices.[140]

E. Impact of the Subject Imports[141]

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[142] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, 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."[143]

For purposes of the preliminary phase of these investigations, we analyze domestic industry performance in the context of the dramatic fluctuations in apparent U.S. consumption that occurred during

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[136] Allied Postconference Br. at Answers to Staff Questions, Statement of Gordon Hunter.

[137] Allied Postconference Br. at Answers to Staff Questions, Affidavit of Mark Magno.

[138] CR/PR at Table VI-1.

[139] CR/PR at Table VI-1.

[140] Petitioners have made no lost sales or lost revenue allegations in the preliminary phase of these investigations. CR at V-18; PR at V-6. Petitioners explained that the opaque nature of the distributor bidding process makes it essentially impossible to verify to whom a sale has been lost. Conference Tr. at 22 (Kurasz); CR at V-18; PR at V-6. They also claim that their customers are reluctant to provide them with such information so as not to lose the market advantage they possess by purchasing and selling dumped imports. Conference Tr. at 75-76 (Magno, Kaplan).

[141] Commerce initiated these antidumping duty investigations based on estimated dumping margins of 22.88 to 48.43 percent for CWP imported from India, 2.89 to 19.33 percent for CWP imported from Oman, 6.23 to 11.71 percent for CWP imported from the UAE, and 20.47 to 27.96 percent for CWP imported from Vietnam. CR at I-10; PR at I-9.

[142] 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.").

[143] 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 (Preliminary), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

the period examined.[144] We recognize that the domestic industry's declining performance between 2008 and 2009 was due largely to the economic downturn in 2009 and that the domestic industry's performance after 2009 was influenced by the weakness of the economic recovery and the weak recovery in nonresidential construction activity in particular.[145] We also recognize that the domestic industry's operating losses in 2009 were exacerbated to some extent by high-priced inventories of hot-rolled steel that were purchased in 2008, when hot-rolled steel prices were high, but that were used in the production of CWP in 2009, when CWP prices declined with the economic downturn.[146]

Most measures of the domestic industry's performance declined significantly between 2008 and 2010, although, as demand continued to recover, certain aspects of the domestic industry's condition improved somewhat in January-September 2011 relative to January-September 2010. Domestic industry capacity declined 3.0 percent between 2008 and 2010, from 2,007,557 short tons in 2008 to 1,974,464 short tons in 2009 and 1,946,840 short tons in 2010, but was slightly higher in January-September 2011, at 1,533,614 short tons, than in January-September 2010, at 1,476,876 short tons.[147] Domestic industry production declined from 1,240,062 short tons in 2008 to 879,018 short tons in 2009 before increasing slightly to 960,666 short tons in 2010, a level still 22.5 percent lower than in 2008.[148] Domestic industry production was 755,630 short tons in January-September 2011, up slightly from 729,381 short tons in January-September 2010.[149] Domestic industry capacity utilization followed a similar trend, declining from 61.8 percent in 2008 to 44.5 percent in 2009 before increasing to 49.3 percent in 2010, a level still 12.5 percentage points lower than in 2008.[150] Domestic industry capacity utilization was 49.3 percent in January-September 2011, down slightly from 49.4 percent in January-September 2010.[151]

The domestic industry's U.S. shipments, by quantity, declined from 1,276,089 short tons in 2008 to 872,853 short tons in 2009, before increasing to 908,401 short tons in 2010, a level 28.8 percent lower than in 2008.[152] The domestic industry's U.S. shipments were 713,457 short tons in January-September 2011, up from 679,631 short tons in January-September 2010.[153] Domestic industry employment declined from 1,922 production related workers ("PRWs") in 2008 to 1,629 PRWs in 2009 and 1,465 PRWs in

[144] CR/PR at Table IV-5.

[145] CR at II-7-8; PR at II-6; CR/PR at Figures II-1-2.

[146] CR at VI-12-13; PR at VI-4-5; see also CR/PR at Figure V-1.

[147] CR/PR at Tables III-3, C-1.

[148] CR/PR at Tables III-3, C-1.

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

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

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

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

[153] CR/PR at Table III-5. Domestic industry end-of-period inventories declined from 133,672 short tons in 2008, equivalent to 10.5 percent of U.S. shipments that year, to 105,021 short tons in 2009, equivalent to 12.0 percent of U.S. shipments that year, but increased to 114,079 short tons in 2010, equivalent to 12.6 percent of U.S. shipments that year. Id. at Table III-6. Domestic industry end-of-period inventories were 111,538 short tons in January-September 2011, equivalent to 11.7 percent of U.S. shipments during that time, down from 121,528 short tons in January-September 2010, equivalent to 13.4 percent of U.S. shipments during that time. Id.

2010, a level 23.8 percent lower than in 2008.[154] The number of PRWs in interim 2011 was 1,543, up from 1,465 in interim 2010.[155]

The domestic industry's financial performance also declined significantly during the period examined.[156] The industry's net sales value declined from $1.5 billion in 2008 to $850 million in 2009, before increasing to $901.5 million in 2010, a level 40.3 percent lower than in 2008.[157] It was $825.2 million in January-September 2011, up from $709.5 million in January-September 2010.[158] The domestic industry's operating income declined from $245.3 million in 2008, equivalent to 16.2 percent of net sales, to an operating loss of $132.6 million in 2009, equivalent to negative 15.6 percent of net sales, and then recovered to $17.5 million in 2010, equivalent to 1.9 percent of net sales.[159] The industry's operating income was $10.3 million in January-September 2011, equivalent to 1.3 percent of net sales, down from $25.3 million in January-September 2010, equivalent to 3.6 percent of net sales.[160]

Unlike most indices of domestic industry performance, the domestic industry's U.S. shipments as a share of apparent U.S. consumption increased slightly between 2008 and 2010.[161] The industry's market share increased from 64.9 percent in 2008 to 71.0 percent in 2009 before declining in 65.3 percent in 2010, a level still higher than in 2008.[162] However, its market share was lower in January-September 2011, at 64.1 percent, than in January-September 2010, at 65.9 percent.[163]

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[154] CR/PR at Table III-7

[155] CR/PR at Table III-7. Hours worked declined from 4.3 million in 2008 to 3.0 million in 2009, but increased to 3.1 million in 2010, a level still 27.5 percent lower than in 2008. Id. Such hours were 2.6 million in January-September 2011, up from 2.4 million in January-September 2010. Id. Productivity in short tons per 1,000 hours, however, increased between 2008 and 2010, from 286.3 in 2008 to 290.3 in 2009 and 306.1 in 2010, though productivity was lower in January-September 2011, at 288.4 short tons per 1,000 hours, than in January-September 2010, at 303.9. Id.

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

[157] CR/PR at Table VI-1. The domestic industry's net sales, by quantity, declined from 1,347,707 short tons in 2008 to 890,736 short tons in 2009, before increasing to 936,204 short tons in 2010, a level still 30.5 percent below that of 2008. Id. The domestic industry's net sales quantity was 755,523 short tons in interim 2011, up from 712,752 short tons in January-September 2010. Id.

[158] CR/PR at Table VI-1. The domestic industry's net sales value declined by more than its net sales volume because the average unit value of net sales declined 14.1 percent from 2008 to 2010, decreasing from $1,121 per short ton in 2008 to $954 per short ton in 2009 before increasing to $963 per short ton in 2010. The average unit value of the domestic industry's net sales was $1,092 per short ton in January-September 2011, up from $955 per short ton in January-September 2010. Id.

[159] CR/PR at Table VI-1.

[160] CR/PR at Table VI-1. We recognize that domestic industry operating income was lower in January-September 2011 than in January-September 2010 in part because ***. CR at VI-17-18 & n.19; PR at VI-7 & n.19. Even if ***. CR at VI-18 & n.21; PR at VI-7 & n.21.

[161] The domestic industry's capital expenditures also increased between 2008 and 2010, from $26.8 million in 2008 to $35.2 million in 2009 before falling slightly to $31.2 million in 2010, a level 16.5 percent higher than in 2009. CR/PR at Table VI-4. The domestic industry's capital expenditures were $24.4 million in January-September of both 2010 and 2011. Id. The industry's R&D expenditures during the period examined were not significant, increasing from $*** in 2008 to $*** in 2009 and $*** in 2010. Id. They were $*** in January-September 2011, up from $*** in January-September 2010. Id.

[162] CR/PR at Table IV-5.

[163] CR/PR at Table IV-5.

For purposes of the preliminary phase of these investigations, we find that there is a causal nexus between subject imports and the weak performance of the domestic industry toward the end of the period examined. As noted above, subject import volume increased at a faster rate than domestic industry U.S. shipments and growth in apparent U.S. consumption since 2009, resulting in an increase in subject import market share at the direct expense of the domestic industry. At the same time, there is some evidence that pervasive subject import underselling at significant margins suppressed domestic like product prices toward the end of the period, and particularly in January-September 2011.[164] In this way, subject imports contributed significantly to the domestic industry's inability to capitalize fully on recovering demand. The modest improvement in most measures of the domestic industry's performance between 2009 and 2010 was much weaker than the 13.3 percent increase in apparent U.S. consumption would suggest, and domestic industry capacity and employment continued to decline in 2010.[165] [166] Although the industry returned to profitability in 2010, its operating income as a share of net sales was lower in January-September 2011 than in January-September 2010 despite apparent U.S. consumption that was 7.8 percent higher.[167]

We have considered whether there are other factors that may have had an adverse impact on the domestic industry during the period examined in order to ensure that we are not attributing injury from such other factors to the subject imports.[168] As addressed above, the economic downturn in 2009 does not sever the causal nexus between subject imports and the domestic industry's weak performance because improvements in the domestic industry's performance significantly lagged the recovery in apparent U.S. consumption in 2010 and January-September 2011.

We find that competition from nonsubject imports does not sever the causal nexus between subject imports and the domestic industry's weak performance towards the end of the period examined.[169] Unlike subject imports, nonsubject imports declined during the period examined in terms of both volume and market share. Nonsubject import volume declined 43.8 percent between 2008 and 2010, from 546,510 short tons to 307,361 short tons, though nonsubject import volume was 3.9 percent higher in

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[164] Vice Chairman Williamson and Commissioner Aranoff find that subject imports prevented the domestic industry from realizing greater gains in the gradually recovering market.

[165] See CR/PR at Tables III-3, 7.

[166] Commissioner Pinkert notes that he does not generally expect performance improvements to bear a one-to-one relationship with percentage improvements in apparent consumption.

[167] CR/PR at Tables IV-5, VI-1, C-1.

[168] Indian respondents argue that *** contradict Petitioners' theory that every sale of subject imports represents a lost sale for the domestic industry. See Indian Respondents' Postconference Br. at 4-5. Even if we were to accept that ***, see Allied Postconference Br. at 21, ***. CR/PR at Table IV-1. Moreover, ***. Id. at Table III-1. Thus, *** purchases of subject imports from India, allegedly ***, would not have significantly attenuated competition between the domestic industry and subject imports from India.

[169] Based on the record evidence in the preliminary phase of these investigations, Commissioner Pinkert finds that price competitive, nonsubject imports of CWP were a significant factor in the U.S. market during the period examined in this investigation. He also finds, however, that, regardless of whether CWP is a commodity product, nonsubject imports would not have replaced the subject imports without benefit to the domestic industry had the subject imports exited the market during the period. Nonsubject imports declined significantly in terms of both volume and market share. CR/PR at Table C-1. Moreover, most of the large nonsubject sources of U.S. imports are subject to U.S. antidumping remedies. Id. at Table IV-3. Significantly, even if nonsubject imports had replaced the subject imports, they were generally sold at higher prices than the subject imports, meaning that there would have been a price benefit to the domestic industry. Id. at Appendix D.

January-September 2011, at 225,764 short tons, than in January-September 2010, at 217,242 short tons.[170] Nonsubject imports as a share of apparent U.S. consumption declined from 27.8 percent in 2008 to 22.1 percent in 2010 and were 20.3 percent in January-September 2011, lower than the 21.1 percent share held in January-September 2010.[171] In addition, pricing data indicate that nonsubject import prices were higher than subject import prices in 62 of 94 quarterly comparisons, or about two-thirds of the time.[172]

In sum, during the period examined, subject import volume and market share increased significantly and subject imports undersold the domestic like product to a significant degree. There also is evidence that after 2009, low priced subject import competition took market share from the domestic industry and suppressed domestic like product prices. As a consequence, the increase in subject imports adversely affected the domestic industry's weak and lagging performance toward the end of the period examined. For purposes of the preliminary phase of these investigations, we conclude that subject imports had a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, and based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports from India, Oman, the UAE, and Vietnam that are allegedly subsidized and sold at LTFV.

[170] CR/PR at Table IV-2.

[171] CR/PR at Table IV-5.

[172] CR/PR at Table D-1.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Allied Tube and Conduit, Harvey, IL; JMC Steel Group, Chicago, IL; Wheatland Tube, Sharon, PA; and United States Steel Corporation, Pittsburgh, PA, on October 26, 2011, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of circular welded carbon-quality steel pipe ("circular welded pipe")[1] from India, Oman, the United Arab Emirates ("the U.A.E."), and Vietnam. Information relating to the background of the investigations is provided below.[2]

Effective date	Action
October 26, 2011	Petition filed with Commerce and the Commission; institution of Commission investigations (76 FR 68208, November 3, 2011)
November 16, 2011	Commission's conference[1]
November 22, 2011	Commerce's notice of initiation of antidumping duty investigations (76 FR 72164)
	Commerce's notice of initiation of countervailing duty investigations (76 FR 72173)
December 9, 2011	Commission's vote
December 12, 2011	Commission's determination transmitted to Commerce
December 19, 2011	Commission's views transmitted to Commerce

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

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigations.

[2] *Federal Register* notices cited in the tabulation are presented in app. 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, alleged subsidy and dumping margins, and the 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 of subject imports and pricing of domestic and imported products, 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. MARKET SUMMARY

Circular welded pipe is used in a wide variety of applications, including plumbing applications, structural applications, and more specific applications (e.g., shells for electrical conduit, scaffolding components, and fencing). Currently, 18 firms are known to produce circular welded pipe in the United States. The leading U.S. producers of circular welded pipe are Wheatland and Allied (accounting for more than *** of reported U.S. production in 2010), followed by Atlas, Bull Moose, and TMK IPSCO (accounting for an additional *** of reported U.S. production). The leading producers/exporters of circular welded pipe outside the United States include Zenith Birla of India, Al Jazeera of Oman, and Universal of the U.A.E.; the industry in Vietnam reportedly consists of a number of smaller-scale producers. The leading responding U.S. importers of circular welded pipe include ***. The leading U.S. purchasers of circular welded pipe are national and regional plumbing and fencing distributors, although large scale retail operations (so-called "big box" companies) reportedly source circular welded pipe (frequently imported) in competition with the larger distributors.

Apparent U.S. consumption of circular welded pipe totaled approximately 1.4 million short tons ($1.3 billion) in 2010. U.S. producers' U.S. shipments of circular welded pipe totaled 908,401 short tons ($888.1 million) in 2010, and accounted for 65.3 percent of apparent U.S. consumption by quantity and 66.5 percent by value. U.S. imports from subject sources totaled 176,314 short tons ($150.0 million) in 2010 and accounted for 12.7 percent of apparent U.S. consumption by quantity and 11.2 percent by value. U.S. imports from nonsubject sources totaled 307,361 short tons ($297.0 million) in 2010 and accounted for 22.1 percent of apparent U.S. consumption by quantity and 22.2 percent by value. More than three-quarters of the 2010 U.S. imports from nonsubject sources were from countries already subject to U.S. countervailing and/or antidumping duties in circular welded pipe.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 15 firms that accounted for more than 90 percent of U.S. production of circular welded pipe during 2010. U.S. imports are based on official import statistics of Commerce, as modified to exclude mechanical tubing from Canada (based on *Statistics Canada* data).[3] Data regarding the industries in India, Oman, UAE, and Vietnam are based on

[3] *Part IV* of the report provides additional information regarding within-scope tubing produced to the mechanical tubing specification ASTM A513 (but in fence tubing dimensions) and pipe certified to both standard and line pipe specifications (but with distinctive standard pipe characteristics) derived from questionnaire responses. Staff also collected questionnaire data on circular welded pipe of micro-alloy steel. However, no imports of micro-alloy steel

(continued...)

foreign producer questionnaires, while information with respect to the global market is drawn from published sources.

PREVIOUS AND RELATED TITLE VII INVESTIGATIONS

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

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

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

Table continued on next page.

[3] (...continued)
were reported. Petitioners and respondents are not aware of any quantities of such imports entering the United States during 2008-11. Conference transcript, p. 56 (Schagrin) and p.129 (Cameron).

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

Product	Inv. No.	Year of petition	Country	Original determination	Current status of order
Circular welded pipe	731-TA-294	1986	Singapore	Negative	([1])
	701-TA-311	1991	Brazil	ITA Negative	([1])
	731-TA-532	1991	Brazil	Affirmative	Order in place.
	731-TA-533	1991	Korea	Affirmative	Order in place.
	731-TA-534	1991	Mexico	Affirmative	Order in place.
	731-TA-535	1991	Romania	Negative	([1])
	731-TA-536	1991	Taiwan	Affirmative	Order in place.
	731-TA-537	1991	Venezuela	Affirmative	ITC negative, 2000 review
	731-TA-732	1995	Romania	Negative	([1])
	731-TA-733	1995	South Africa	Negative	([1])
	731-TA-943	2001	China	Negative	([1])
	731-TA-944	2001	Indonesia	Negative (P)	([1])
	731-TA-945	2001	Malaysia	Negative (P)	([1])
	731-TA-946	2001	Romania	Negative (P)	([1])
	731-TA-947	2001	South Africa	Negative (P)	([1])
	701-TA-447	2007	China	Affirmative	Order in place.
	731-TA-1116	2007	China	Affirmative	Order in place.

[1] Not applicable.

Source: *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008.

PREVIOUS AND RELATED SAFEGUARD INVESTIGATIONS

In 2001, the Commission determined that certain carbon and alloy steel welded tubular products other than oil country tubular goods (including circular welded pipe as defined in the current proceeding) was being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing such articles, and recommended a tariff-rate quota decreasing from 20 percent to 11 percent over four years.[4] On March 5, 2002, President George W. Bush announced the implementation of steel safeguard measures. Import relief relating to welded tubular products (other than oil country tubular goods) consisted of an additional tariff for a period of three years and one day (15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year).[5] Following receipt of the Commission's mid-term monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, President Bush determined that the effectiveness of the action taken had been impaired by changed circumstances. Therefore, he terminated the U.S. measure with

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

[5] *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553, March 7, 2002. The President also instructed the Secretaries of Commerce and the Treasury to establish a system of import licensing to facilitate steel import monitoring.

respect to increased tariffs on December 4, 2003.[6] On March 21, 2005, the Commission instituted an investigation under section 204(d) of the Trade Act of 1974 for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of certain steel products. The Commission's report on the evaluation was transmitted to the President and the Congress on September 19, 2005.

In 2005, the Commission conducted a China-specific safeguard investigation on circular welded nonalloy steel pipe (Inv. No. TA-421-6). Following the Commission's affirmative determination of market disruption and remedy recommendations, the President issued a proclamation on December 30, 2005, determining not to impose temporary import relief.[7]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged Subsidies

On November 22, 2011, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigations on circular welded pipe from India, Oman, the U.A.E., and Vietnam.[8] Commerce indicated that it is including in its investigations the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise:

India

A. Export Oriented Unit Schemes
   1. Duty-free import of all types of goods, including capital goods and raw materials
   2. Reimbursement of Central Sales Tax ("CST") paid on goods manufactured in India
   3. Duty drawback on fuel procured from domestic oil companies
   4. Exemption from income tax under Section l0A and l0B of Income Tax Act
   5. Exemption from payment of Central Excise Duty on goods manufactured in India and procured from a Domestic Tariff Area
   6. Reimbursement of CST on goods manufactured in India and procured from a Domestic Tariff Area

B. Export Promotion Capital Goods Scheme
C. Duty Exemption/Remission Schemes
D. Pre-shipment and Post-shipment Export Financing
E. Market Development Assistance
F. Market Access Initiative
G. Government of India Loan Guarantees
H. Status Certificate Program
I. Steel Development Fund Loans

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[6] *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483, December 8, 2003. Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.

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

[8] *Circular Welded Carbon-Quality Steel Pipe from India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations*, 76 FR 72173, November 22, 2011.

J. Research and Technology Scheme Under Empowered Committee Mechanism with Steel Development Fund Support
K. Special Economic Zones ("SEZ") Programs
1. Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts and Packing Material
2. Exemption from Payment of CST on Purchases of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts and Packing Material
3. Exemption from Electricity Duty and Cess thereon on the Sale or Supply to the SEZ Unit
4. SEZ Income Tax Exemption Scheme (Section l0A)
5A. Discounted Land and Related Fees in an SEZ
5B. Land Provided at Less Than Adequate Remuneration in an SEZ
L. Input Programs
1. Provision of Hot-Rolled Steel by the Steel Authority of India For Less Than Adequate Remuneration ("LTAR")
2. Provision of Captive Mining Rights
3. Captive Mining Rights of Coal
4. Provision of High-Grade Ore for LTAR
M. State Government of Maharashtra ("SGOM") Programs
1. Sales Tax Program
2. Value-Added Tax Refunds under SGOM Package Scheme
3. Electricity Duty Scheme under Package Scheme Incentives 1993
4. Octroi Refunds
5. Octroi Loan Guarantees
6. Infrastructure Assistance for Mega Projects
7. Provision of Land for LTAR
8. Investment Subsidies

Oman[9]

A. Tariff Exemptions on Imported Equipment, Machinery, Raw Materials and Packaging Materials
B. Government Provision of Goods and Services for LTAR
1. Land and Buildings for LTAR
2. Electricity, Water, and Natural Gas for LTAR
C. Preferential Loans
1. Soft Loans for Industrial Projects
2. Post-Shipment Financing Loans
3. Pre-Shipment Export Credit Guarantees

[9] Commerce also indicated in its initiation notice that it is not including in its investigation the following programs alleged to benefit producers and exporters of the subject merchandise in Oman:

A. Profit/Income Tax Exemption
B. Export Credit Insurance

U.A.E.[10]

A. Profit Tax Exemptions
B. Tariff Exemptions on Imported Equipment, Spare Parts, and Building Materials
C. Government Provision of Goods and Services for LTAR
    1. Electricity for LTAR
    2. Water for LTAR
    3. Land and/or Buildings for LTAR
D. Preferential Lending
    1. Preferential Export Lending
    2. Dubai Commodity Receipts

Vietnam

A. Policy Lending
    1. Preferential Lending for Exporters
    2. Preferential Lending to the Steel Industry
B. Government Provision of Goods and Services for LTAR
    1. Land-Rent Reduction or Exemption for Exporters
    2. Land-Rent Reduction or Exemption for Foreign-Invested Enterprises ("FIEs")
    3. Land Preferences for Enterprises in Encouraged Industries or Industrial Zones
    4. Provision of Water LTAR in Industrial Zones
C. Grant Programs
    1. Export Promotion Program
    2. New Product Development Program
D. Tax Programs
    1. Import Duty Exemptions for Imported Raw Materials for Exported Goods
    2. Income Tax Preferences for Encouraged Industries
    3. Income Tax Preferences for FIEs
    4. Exemption of Import Duties on Imports of Fixed Assets, Spare Parts and Accessories for Industrial Zones
    5. Income Tax Preferences for Enterprises in Industrial Zones
    6. Tax Refund for Reinvestment by FIEs
    7. Import Duty Preferences for FIEs
    8. Duty Exemptions on Goods for the Creation of Fixed Assets for Encouraged Projects
    9. Income Tax Preferences for Exporters

[10] Commerce also indicated in its initiation notice that it is not including in its investigation the following program alleged to benefit producers and exporters of the subject merchandise in UAE:

A. Gas for LTAR

Alleged Sales at LTFV

On November 22, 2011, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on circular welded pipe from India,[11] Oman, UAE, and Vietnam.[12] Commerce has initiated antidumping duty investigations based on the following alleged dumping margins:

Country	Margin (*percent*)
India	22.88 - 48.43
Oman	2.89 - 19.33
UAE	6.23 - 11.71
Vietnam	20.47 - 27.96

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of these investigations as follows:[13]

> {W}elded carbon-quality steel pipes and tube, of circular cross-section, with an outside diameter ("O.D.") not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (e.g., black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (e.g., American Society for Testing and Materials International ("ASTM"), proprietary, or other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term "carbon quality" includes products in which: (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated: (i) 1.80 percent of manganese; (ii) 2.25 percent of silicon; (iii) 1.00 percent of copper; (iv) 0.50 percent of aluminum; (v) 1.25 percent of chromium; (vi) 0.30 percent of cobalt; (vii) 0.40 percent of lead; (viii) 1.25 percent of nickel; (ix) 0.30 percent of tungsten;

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[11] At the time of the petition filing for this case, there was an existing antidumping duty order on welded steel pipe and tube from India. See *Antidumping Duty Order; Certain Welded Carbon Steel Standard Pipes and Tubes from India*, 51 FR 17384, May 12, 1986. Therefore, the scope of the antidumping duty investigation covers merchandise manufactured and/or exported by Zenith Steel Pipes and Industries Ltd. ("Zenith"), and any successors-in-interest to that company, which is the only company excluded from the 1986 order known to exist. *Circular Welded Carbon-Quality Steel Pipe From India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 76 FR 72164, November 22, 2011.

[12] *Circular Welded Carbon-Quality Steel Pipe from India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 76 FR 72164, November 22, 2011.

[13] *Circular Welded Carbon-Quality Steel Pipe from India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 76 FR 72164; and *Circular Welded Carbon-Quality Steel Pipe from India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations*, 76 FR 72173, November 22, 2011.

(x) 0.15 percent of molybdenum; (xi) 0.10 percent of niobium; (xii) 0.41 percent of titanium; (xiii) 0.15 percent of vanadium; (xiv) 0.15 percent of zirconium.

Subject pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Sprinkler pipe is designed for sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications. These products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute ("API") API-5L specification, is also covered by the scope of these investigations when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in outside diameter; has a galvanized and/or painted (e.g., polyester coated) surface finish; or has a threaded and/or coupled end finish.

The scope of these investigations does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) finished electrical conduit; (c) finished scaffolding;[14] (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; (f) line pipe produced to only API specifications; and (g) mechanical tubing, whether or not cold-drawn. However, products certified to ASTM mechanical tubing specifications are not excluded as mechanical tubing if they otherwise meet the standard sizes (e.g., outside diameter and wall thickness) of standard, structural, fence and sprinkler pipe.[15]

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[14] Finished scaffolding is defined as component parts of a final, finished scaffolding that enters the United States unassembled as a "kit." A "kit" is understood to mean a packaged combination of component parts that contain, at the time of importation, all the necessary component parts to fully assemble a final, finished scaffolding.

[15] Also, products made to the following outside diameter and wall thickness combinations, which are recognized by the industry as typical for fence tubing, would not be excluded from the scope based solely on their being certified to ASTM mechanical tubing specifications: 1.315 inch O.D. and 0.035 inch wall thickness (gage 20); 1.315 inch O.D. and 0.047 inch wall thickness (gage 18); 1.315 inch O.D. and 0.055 inch wall thickness (gage 17); 1.315 inch O.D. and 0.065 inch wall thickness (gage 16); 1.315 inch O.D. and 0.072 inch wall thickness (gage 15); 1.315 inch O.D. and 0.083 inch wall thickness (gage 14); 1.315 inch O.D. and 0.095 inch wall thickness (gage 13); 1.660 inch O.D. and 0.047 inch wall thickness (gage 18); 1.660 inch O.D. and 0.055 inch wall thickness (gage 17); 1.660 inch O.D. and 0.065 inch wall thickness (gage 16); 1.660 inch O.D. and 0.072 inch wall thickness (gage 15); 1.660 inch O.D. and 0.083 inch wall thickness (gage 14); 1.660 inch O.D. and 0.095 inch wall thickness (gage 13); 1.660 inch O.D. and 0.109 inch wall thickness (gage 12); 1.900 inch O.D. and 0.047 inch wall thickness (gage 18); 1.900 inch O.D. and 0.055 inch wall thickness (gage 17); 1.900 inch O.D. and 0.065 inch wall thickness (gage 16); 1.900 inch O.D. and 0.072 inch wall thickness (gage 15); 1.900 inch O.D. and 0.095 inch wall thickness (gage 13); 1.900 inch O.D. and 0.109 inch wall thickness (gage 12); 2.375 inch O.D. and 0.047 inch wall thickness (gage 18); 2.375 inch O.D. and 0.055 inch wall thickness (gage 17); 2.375 inch O.D. and 0.065 inch wall thickness (gage 16); 2.375 inch O.D. and 0.072 inch wall thickness (gage 15); 2.375 inch O.D. and 0.095 inch wall thickness (gage 13); 2.375 inch O.D. and 0.109 inch wall thickness (gage 12); 2.375 inch O.D. and 0.120 inch wall thickness (gage 11); 2.875 inch O.D. and 0.109 inch wall thickness (gage 12); 2.875 inch O.D. and 0.134 inch wall thickness (gage 10); 2.875 inch O.D. and 0.165 inch wall thickness (gage 8); 3.500 inch O.D. and 0.109 inch wall thickness (gage 12); 3.500

(continued...)

Tariff Treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the subject goods are imported under the following provisions of the 2011 Harmonized Tariff Schedule of the United States ("HTSUS"): 7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, and 7306.50.5070.[16] The scope definition of "carbon quality" extends to some "other alloy" products classified under the HTSUS within subheadings 7306.19 and 7306.50. In addition, pipe that is multiple-stenciled to a standard and/or structural specification and to any other specification, such as the American Petroleum Institute API-5L specification, is also covered by the scope of these investigations when it meets the physical description within the scope and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50 mm) in outside diameter; has a galvanized and/or painted surface finish; or has a threaded and/or coupled end finish. The column 1 - General (most-favored-nation) rate of duty for the tariff rate lines superior to these statistical reporting numbers, applicable to the circular welded pipe subject to these investigations, is free.

Description and Applications

Steel pipes and tubes[17] in general are produced in various grades of carbon, alloy, or stainless steel. Tubular products frequently are distinguished by the following six end uses as defined by the American Iron and Steel Institute ("AISI").

- *Standard pipe* is ordinarily used for low-pressure conveyance of air, steam, gas, water, oil, or other fluids for mechanical applications. It is used primarily in machinery, buildings, sprinkler systems, irrigation systems, and water wells rather than in pipe lines or utility distribution systems. It may carry fluids at elevated temperatures which are not subject to external heat applications. It is usually produced in standard diameters and wall thicknesses to ASTM specifications.

- *Line pipe* is used for transportation of gas, oil, or water generally in a pipeline or utility distribution system. It is produced to API-5L and American Water Works Association ("AWWA") specifications.

- *Structural pipe and tubing* is welded or seamless pipe and tubing generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes to ASTM specifications in round, square, rectangular, or other cross-sectional shapes.

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[15] (...continued)
inch O.D. and 0.148 inch wall thickness (gage 9); 3.500 inch O.D. and 0.165 inch wall thickness (gage 8); 4.000 inch O.D. and 0.148 inch wall thickness (gage 9); 4.000 inch O.D. and 0.165 inch wall thickness (gage 8); 4.500 inch O.D. and 0.203 inch wall thickness (gage 7).

[16] The product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States is included in the scope of the investigations.

[17] Pipe dimensions (*e.g.*, outside diameter ("O.D.") and wall thickness) are standardized while tube dimensions are design-specific. The HTSUS generally makes no distinction between pipes and tubes.

- *Mechanical tubing* is welded or seamless tubing produced in a large number of shapes of varied chemical composition. It is not normally produced to meet any specification other than that required to meet the end use. It is produced to meet exact O.D. and decimal wall thickness.

- *Pressure tubing* is used to convey fluids at elevated temperatures or pressures, or both, and is suitable to be subjected to heat applications. It is produced to exact O.D. and decimal wall thickness in sizes ½ inch to 6 inches O.D. inclusive, usually to specifications such as ASTM.

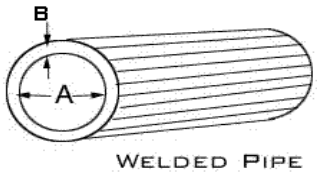
- *Oil country tubular goods* ("OCTG") are pipe produced to API specifications and used in wells in oil and gas industries:
  - *Casing* is the structural retainer for the walls of oil or gas wells and covers sizes 4½ to 20 inches O.D. inclusive.
  - *Tubing* is used within casing oil wells to convey oil to ground level and ordinarily includes sizes 1.050 to 4.500 inches O.D. inclusive.
  - *Drill pipe* is used to transmit power to a rotary drilling tool below ground level and covers sizes 2⅜ to 6¾ inches O.D., inclusive.

Standard pipe of non-alloy steel[18] is the primary product within the scope of these investigations (*see* figure I-1). Standard pipe is intended for the low-pressure conveyance of water, steam, natural gas, air, and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat. It is made primarily to ASTM A53, A135, and A795 specifications, but can also be made to other specifications, such as British Standard ("BS") 1387. Since these standards often specify required engineering characteristics that overlap, a pipe also can be dual stenciled, meaning that the pipe is stamped with monograms signifying compliance with two different specifications, such as ASTM A53 and API 5L.[19]

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

[19] Produced to API specifications, welded line pipe for use in oil and gas pipelines requires higher hydrostatic test pressures and more restrictive weight tolerances than standard pipe. Pipe that is in conformance with API specification 5L Grade B is automatically also in conformance with the less restrictive standard pipe specification of the American Society for Testing and Materials, ASTM A53 Grade B. As a consequence, manufacturers often mark such product with both specifications (so-called "dual stencil") so that it may be applied for either use. The API 5L specification also states that "products in compliance with multiple compatible standards may be marked with the name of each standard."

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



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

Other uses of circular welded pipe include light load-bearing and mechanical applications, such as for fence tubing; scaffolding components; and protection of electrical wiring, such as conduit shells. Fence tubing can be produced to ASTM specification F-1083, which covers hot-dipped galvanized welded steel pipe used for fence structures. However, fence tubing can also be produced without reference to an ASTM specification, or (as noted in the scope description) to a general specification such as ASTM A513.[20]

In addition, circular welded pipe is used for structural applications in general construction. Structural pipe is generally used for structural or load-bearing purposes above ground by the construction industry, as well as for structural members in ships, trailers, farm equipment, and other similar uses. It is produced in nominal wall thicknesses and sizes. These products also are manufactured primarily to standard ASTM specifications (such as A500 or A252),[21] as well as American Society of Mechanical Engineers ("ASME") specifications.

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

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[20] ASTM A513 mechanical tubing is designed and produced for a wide range of specific end-use including aircraft tubing, automotive tubing, furniture, tubes for bearing, and precision pump tubes. It covers welded tubing of any wall thickness, shape, heat treatment, chemical composition, and production method. It is not used for the conveyance of liquid and therefore hydrostatic testing is not usually required. Mechanical tubing may be produced from either cold- or hot-rolled steel. Cold-rolling may be specified for producing high-precision (or tight-tolerance) products because it provides stricter control of the dimension of the outside and inside diameters. Staff telephone interviews and e-mail communications with ***, and 2009 Annual Book of ASTM Standards, Volume 01.01, January 2009.

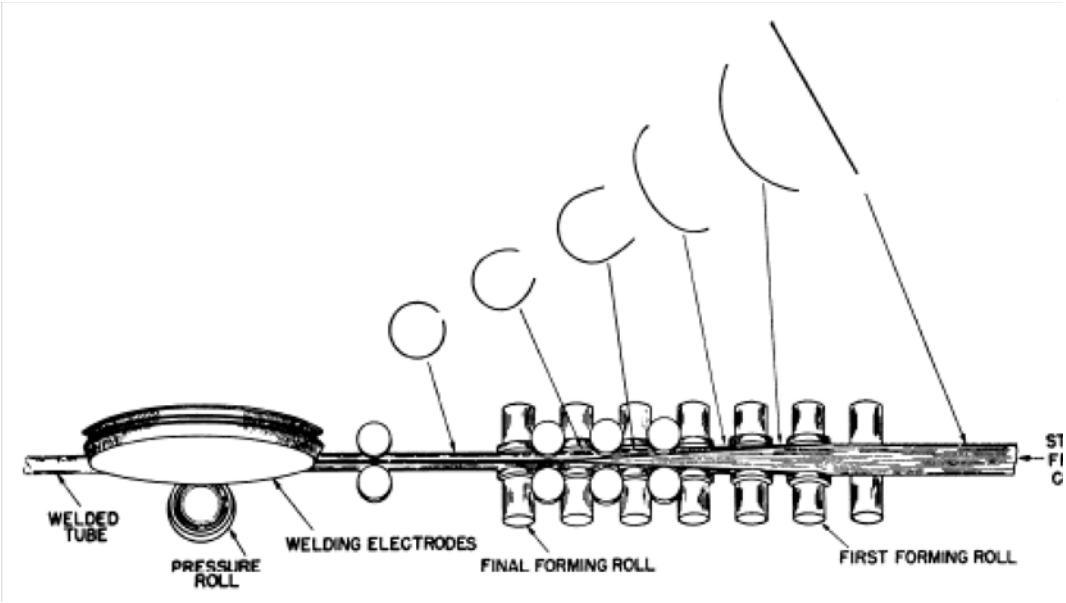
[21] ASTM specification A500 is applicable to common structural tubular products for above-ground use; because it is designed for load bearing applications, not for liquid conveyance, such tubing does not require hydrostatic testing. ASTM specification A252 applies to piling pipe (pipe that typically is filled with concrete and used as a permanent load-carrying member below ground in foundation work). See, e.g., *Circular Welded Non-Alloy Steel Pipe from China, Inv. No. TA-421-6*, USITC Publication 3807, October 2005, pp. I-7 through I-9.

In addition, ASTM specification A589 is the standard specification for water-well pipe (including water-well casing), although circular welded pipe produced to ASTM A53 and A500 frequently are used for this application. *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final)*, USITC Publication 4019, July 2008.

Manufacturing Facilities and Production Employees

Circular welded pipes of the sizes subject to these investigations are manufactured by either the electric resistance-welding ("ERW") process or the continuous-welding ("CW") process.[22] The ERW process is a cold-forming process. The raw material input is steel sheet which has been slit into strips of appropriate width that will be consistent with the diameter of the pipe to be welded. The strips, or "skelp," are formed into a tubular shape by passing it through a series of rollers, which provide the initial shaping into round form, as well as guidance into the welding section (figure I-2).

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



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

After the strips have been formed to a tubular shape, the edges are heated by electrical resistance[23] and welded by a combination of heat and pressure. The welding pressure causes some of the metal to be squeezed from the joint, forming a bead of metal on both the inside and outside of the tube. While still in the continuous processing line, the tube is then subjected to post-weld heat treatment, as required. This may involve heat treatment of the welded seam only, or treatment of the entire pipe. After heat treatment,

[22] Wheatland is the only remaining producer of CW circular welded pipe in the United States. Conference transcript, p. 100 (Seeger).

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

sizing rolls shape the tube to the correct diameter. The product is cooled and then cut at the end of the tube mill by a flying shear or saw, synchronized with the tube's movement so that it is not necessary to stop the process.[24] The ERW process can be used to cover the full range of standard pipe diameters pertinent to these investigations.[25]

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

Finishing operations on standard pipe and tube may include hydrostatic testing, oiling,[26] and galvanizing. The process of galvanizing involves the application of a zinc coating to steel pipe for protection from atmospheric corrosion. In a hot-dip process of galvanizing, cut lengths of steel pipe are dipped in a bath of molten zinc maintained at a temperature of 820 to 860 degrees Fahrenheit.[27] The combination of the temperature of both the zinc and the steel, as well as the immersion time within the zinc bath, determine the thickness of the coating.[28] The zinc coating may be applied to the outside only, or both the inside and outside of the steel pipe, depending on end-use application and industry specification (*e.g.*, ASTM). In a continuous galvanizing process, the zinc coating may be applied to the outside of the pipe before the steel pipe is cut to length by passing it through a bath of molten zinc.

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

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes one domestic like product co-extensive with the scope of merchandise subject to the investigations as identified by Commerce.[29] Respondents Universal and Prime Metal agree with the domestic like product definition.[30] In past investigations concerning circular welded pipe, the Commission has generally defined a single domestic like product, coextensive with the scope.

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

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

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

[27] Ibid.

[28] *See* "Zinc Coatings," American Galvanizers Association, found at http://www.galvanizeit.org/showContent,289,333.cfm, retrieved April 10, 2006.

[29] Petition, pp. I-9 and I-10; and conference transcript, p. 62 (Schagrin).

[30] Conference transcript, pp. 134-136 (Cameron).

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

MARKET CHARACTERISTICS

U.S. producers and importers generally sell circular welded pipe through distributors for use in construction applications, particularly in the non-residential sector. Specifically, circular welded pipe is used for the low-pressure conveyance of water, steam, natural gas, air and other liquids and gases in plumbing and heating systems, air conditioning units, automatic sprinkler systems, and other related uses. It is also used for light load-bearing and mechanical applications such as fence tubing, scaffolding, and as an intermediate product for the protection of electric wiring such as conduit shells.

CHANNELS OF DISTRIBUTION

The vast majority of domestic and subject imported circular welded pipe and tube is sold through distributors. Over 95 percent of U.S. producer shipments of circular welded pipe and *** of importer shipments from India consistently went to distributors during 2008-10 and January-September 2011 (table II-1). *** reported importer shipments from Oman, the U.A.E., and Vietnam went to distributors during this period.[1]

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers from the four subject countries sell circular welded pipe in all areas of the United States. Of the 15 responding U.S. producers, five sell throughout the continental United States plus Alaska, Hawaii, Puerto Rico, and the U.S. Virgin Islands; one sells throughout the United States plus Alaska; seven sell in all or most areas of the continental United States; and two sell only in specific regions including the Mountain States, the Central Southwest, and the Pacific Coast. Among 22 responding importers, one sells throughout the continental United States plus Alaska, Hawaii, Puerto Rico and the U.S. Virgin Islands; three sell throughout the continental United States, and the other 18 sell in one or more U.S. regions.

[1] Petitioners contend that big box stores such as Home Depot and Lowes compete with traditional distributors for sales to contractors, but state that their market share is still small. Petitioners' postconference brief, p. 6.

Table II-1
Circular welded pipe: U.S. producers' and importers' shares of reported U.S. shipments, by source and channel of distribution, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Share of reported shipments *(percent)*				
Domestic producers' U.S. shipments of circular welded pipe:					
Distributors	95.8	95.5	95.5	95.4	95.6
End users	4.2	4.5	4.5	4.6	4.4
U.S. importers' U.S. shipments of circular welded pipe from India:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of circular welded pipe from Oman:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of circular welded pipe from the U.A.E.:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of circular welded pipe from Vietnam:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of circular welded pipe from all other sources:					
Distributors	100.0	100.0	100.0	100.0	100.0
End users	0.0	0.0	0.0	0.0	0.0
Source: Compiled from data submitted in response to Commission questionnaires.					

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. producers have the ability to respond to changes in demand with large changes in the quantity of shipments of circular welded pipe to the U.S. market. The main contributing factors to this degree of responsiveness of supply are substantial excess capacity and moderate inventory levels.

Industry capacity

U.S. producers' average annual production capacity declined from 2.0 million pounds in 2008 to 1.9 million in 2010 and was 1.5 million short tons in both interim 2011 and interim 2010. During 2008-10, capacity utilization rates ranged from a low of 44.5 percent in 2009 to a high of 61.8 percent in 2008. During January-September 2011, the capacity utilization rate was 49.3 percent as compared to 49.4 percent in January-September 2010.

Alternative markets

During 2008-10, exports as a share of total U.S. shipments ranged from a low of 3.0 percent in 2008 to a high of 5.3 percent in 2010. During January-September 2011, exports were equivalent to 5.6 percent of total U.S. shipments as compared to 4.6 percent in January-September 2010.

Inventory levels

During 2008-10, the ratio of inventories to total shipments ranged from a low of 10.2 percent in 2008 to 11.9 percent in 2010. During January-September 2011, the ratio was 11.1 percent as compared to 12.8 percent in January-September 2010.

Production alternatives

Virtually all U.S. producers have the ability to produce other products on the machinery and equipment used to produce circular welded pipe. The other products include line pipe, mechanical tubing, OCTG, and structural tubing.

Subject Imports from India

Based on available information, the four responding Indian producers have the ability to respond to changes in demand with moderate to large changes in the quantity of circular welded pipe shipped to the U.S. market. The main contributing factor to this degree of responsiveness of supply is ***.

Industry capacity

Responding Indian producers reported an annual production capacity of 335,000 short tons during 2008-10. During 2008-10, their annual capacity utilization rates ranged from a low of 54.4 percent in 2008 to a high of 64.7 percent in 2010. Their capacity utilization rate was 62.5 percent in

January-September 2011 as compared to 66.3 percent in January-September 2010. They project that their capacity utilization rate will be 60.1 percent for full-year 2011 and 65.7 percent in 2012.

Alternative markets

The majority of Indian producers'shipments are to their home market. During 2008-10, Their home market commercial shipments ranged from a low of *** percent of total shipments in 2008 to a high of *** percent in 2010, while their exports to markets other than the United States ranged from a low of *** percent of total shipments in 2010 to a high of *** percent in 2009. For full-year 2011 and 2012, their combined commercial shipments to its home market and to markets other than the United States are projected to approach or exceed *** percent of its total shipments.

Inventory levels

During 2008-10, the responding Indian producers' ratio of inventories to total shipments ranged from a low of *** percent in 2008 to a high *** percent in 2009. During interim 2011, it was *** percent as compared to *** percent in interim 2010. The ratio is projected to be *** percent for full-year 2011 and *** percent for 2012.

Production alternatives

Two of the four Indian producers reported that they produce *** on the manufacturing equipment used to make circular welded pipe.

Subject Imports from Oman

Based on available information, the responding Oman producer, Al Jazeera, has the ability to respond to changes in demand with moderate to large changes in the quantity of shipments circular welded pipe to the U.S. market. The main contributing factors to this degree of responsiveness of supply are ***.

Industry capacity

Al Jazeera's annual production capacity was *** short tons during 2008-10. During 2008-10, its annual capacity utilization rates ranged from a low of *** percent in 2009 to a high of *** percent in 2008. Al Jazeera's capacity utilization rate was *** percent in January-September 2011 as compared to *** percent in January-September 2010. The capacity utilization rate is projected to be *** percent for full-year 2011[2] and for 2012.

Alternative markets

The majority of Al Jazeera's shipments are to ***. During 2008-10, Al Jazeera's home market shipments ranged from a low of *** percent of total shipments in 2008 to a high of *** percent in 2009, while its exports to markets other than the United States ranged from a low of *** percent in 2010 to a high of *** percent in 2009. For full-year 2011 and 2012, Al Jazeera's combined shipments to its home

[2] A rate that is inconsistent with the capacity utilization reported for January-September 2011.

market and to markets other than the United States are projected to exceed *** percent of its total shipments.

Inventory levels

During 2008-10, the ratio of inventories to total shipments ranged from a low of *** percent in 2010 to a high of *** percent in both 2008 and 2009. During interim 2011 the ratio was *** percent as compared to *** percent in interim 2010. The ratio is projected to be *** percent for full-year 2011 and *** percent for 2012.

Production alternatives

Al Jazeera reported that it produces other products (***) on the machinery and equipment used to make circular welded pipe.

Subject Imports from the U.A.E.

Based on available information, the five U.A.E. producers have the ability to respond to changes in demand with moderate to large changes in the quantity of shipments circular welded pipe to the U.S. market. The main contributing factor to this degree of responsiveness of supply is ***.[3]

Industry capacity

U.A.E. producers' average annual capacity to produce circular welded pipe increased from 280,400 short tons in 2008 to 317,600 in 2010. During 2008-10, their annual capacity utilization rates ranged from a low of 44.7 percent in 2009 to a high of 55.0 percent in 2008. Their capacity utilization rate was 52.6 percent in January-September 2011 as compared to 53.7 percent in January-September 2010. The rate is projected to be 63.3 percent for full-year 2011 and 59.8 percent for 2012.

Alternative markets

During 2008-10, the U.A.E. producers' home market shipments ranged from a low of *** percent of total shipments in 2010 to a high of *** percent in 2009, while their exports to markets other than the United States ranged from a low of *** percent in 2009 to a high *** percent in 2010. For full-year 2011 and 2012, the U.A.E. producers' combined shipments to its home market and to markets other than the United States are projected to exceed *** percent of its total shipments.

Inventory levels

During 2008-10, the ratio of inventories to total shipments ranged from a low of *** percent in 2009 to a high *** percent in 2010. During interim 2011, the ratio was *** percent as compared to *** percent in interim 2010. The ratio is projected to be *** percent for full-year 2011 and *** percent for 2012.

[3] Exports to the United States from the U.A.E are projected to increase from *** short tons to *** short tons in 2011 and to *** short tons in 2012.

Production alternatives

U.A.E. producers reported that they produce OCTG, and squares and rectangular angles on the machinery and equipment used to produce circular welded pipe.

Subject Imports from Vietnam

Available data on the circular welded pipe industry in Vietnam are extremely limited and inconsistent. Only one Vietnamese producer submitted a foreign producer questionnaire response (see *Part VII* of this report).

U.S. Demand

The overall U.S. demand for circular welded pipe is driven by the U.S. economy and by nonresidential construction spending and, to a lesser extent, residential construction spending.[4] The aggregate U.S. economy, as measured by percentage changes in the gross domestic product declined during 2008 and the first two quarters of 2009 and then increased in all quarters from July-September 2009 through January-March 2011, although growth has been slow during the first three quarters of 2011 (figure II-1). Monthly nonresidential construction spending declined sharply from 2008 levels throughout 2009 and then stabilized at levels throughout 2010 and 2011 that were lower than those in 2008 and most of 2009 (figure II-2).

When asked whether the industry is subject to business cycles, 8 of 15 producers answered "yes," and 7 answered "no." Among 23 responding importers, 12 answered "yes" and 11 answered "no." Firms answering "yes" frequently reported that the construction industry is seasonal, with the highest levels of demand during the spring and summer. Some firms that consider the industry to be seasonal or cyclical reported that the overall cycle has changed since January 2008 due to the sharp decrease in construction activity.

Apparent Consumption

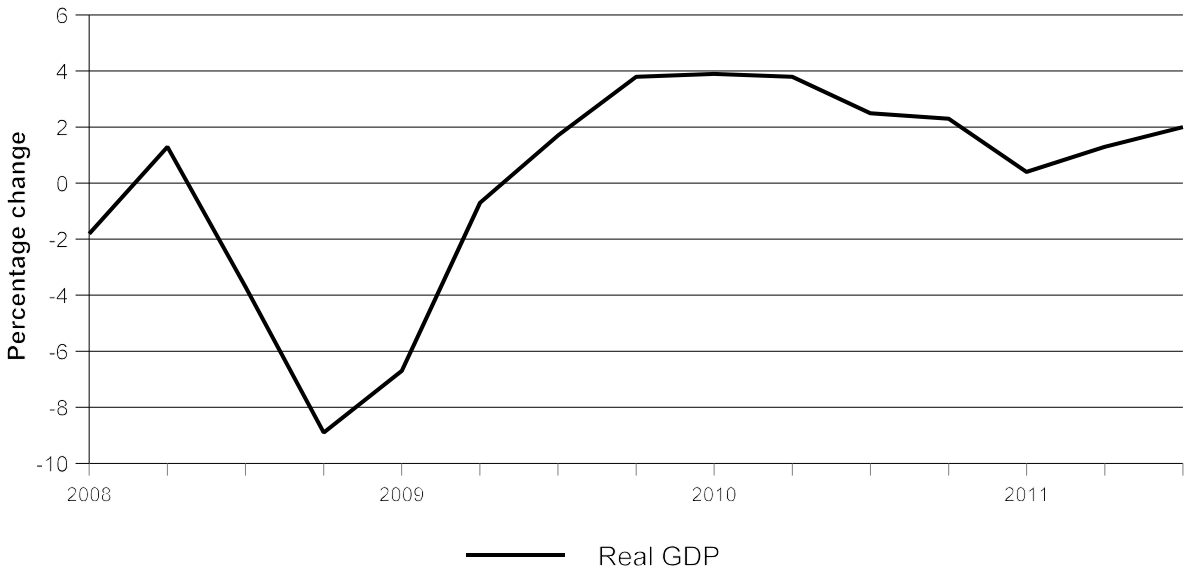
Apparent U.S. consumption of circular welded pipe decreased from 2.0 million short tons in 2008 to 1.2 million short tons in 2009, and then recovered somewhat to 1.4 million short tons in 2010. During January-September 2011, apparent U.S. consumption was 1.1 million short tons as compared with 1.0 million short tons in January-September 2010.

Demand Perceptions

A majority of producers and importers reported that U.S. demand for circular welded pipe has decreased or fluctuated since January 2008. Among the 14 responding producers, 10 reported that demand has decreased and 4 reported that it has fluctuated. Among 22 responding importers, 9 reported that demand has decreased, 7 reported that it has fluctuated, 5 reported that it has increased, and one reported that there has been no change. Firms reporting decreases or fluctuations in demand generally reported that the changes are related to decreases or fluctuations in nonresidential construction and in the general economy.

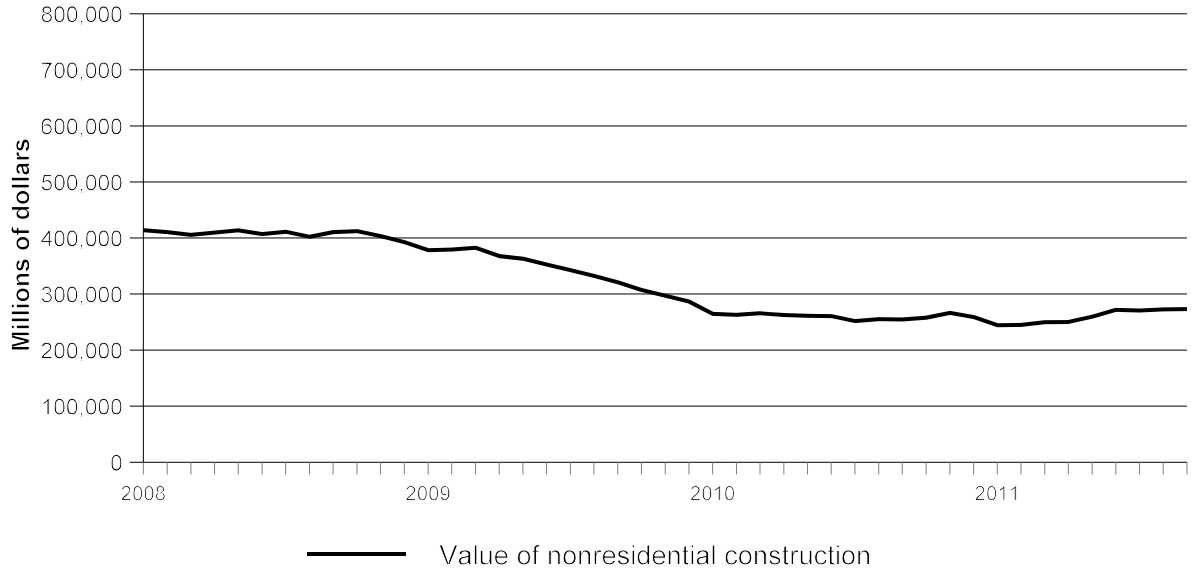
[4] Conference transcript, p. 12 (Cameron), p. 14 (Seeder), p. 70 (Schagrin).

Figure II-1
Percent changes in real gross domestic product (GDP) growth and real personal consumption expenditures, by quarters, January 2008-September 2011



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Figure II-2
Private nonresidential construction spending: Value seasonally adjusted, monthly, January 2008-September 2011



Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending. http://www.census.gov/const.

Substitute Products

U.S. producers and importers listed a variety of substitutes for circular welded pipe, but most did not believe that changes in the prices of these substitutes affect the price of circular welded pipe. Wood, plastic and square tubes were cited as substitutes in fencing applications, and plastic and copper pipe were mentioned as substitutes for low-pressure conveyance of liquids and for sprinkler systems. Seamless and stainless steel pipes were also mentioned as substitutes for some applications.

Cost Share

Estimates by questionnaire respondents of the cost of circular welded pipe as a share of end-use applications varied. Estimates for fencing applications ranged from 20 to 70 percent, and estimates for sprinkler systems ranged from 20 to 65 percent. One U.S. producer estimated that circular welded pipe accounted for 6 percent of the cost of construction and 4 percent of the cost of water wells.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported circular welded pipe depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). The evidence indicates that imports from both subject and nonsubject countries are fairly substitutable with the U.S.-produced products.

Lead Times

U.S.-producers sell circular welded pipe both from inventories and produced to order. Nine of the 15 U.S. producers reported that 70 to 100 percent of their sales were from inventory. Producer lead times generally ranged from 1 to 7 days for items sold from inventories and from 5 days to as much as 90 days for items produced to order.

In contrast to U.S. producers, most sales of imports are produced to order. Thirteen of 18 responding importers reported that all are produced to order and 2 others reported that 90 percent or more are produced to order. Lead times for items produced to order ranged from 90 to 180 days. For items sold from U.S. inventories, lead times ranged from 2 to 7 days. One firm reported selling from a foreign manufacturer's inventory with a lead time of 30 days.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Responding U.S. producers consider imports from the four subject countries to be "always" interchangeable with U.S.-produced circular welded pipe in practically all comparisons, while a majority of importers consider the products to be "always" or "frequently" interchangeable (table II-2). One importer ***, reported that ***.

Table II-2
Circular welded pipe: Perceived degree of interchangeability of product produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. India	9	1	0	0	5	4	2	0
U.S. vs. Oman	10	0	0	0	3	3	1	0
U.S. vs. U.A.E.	10	0	0	0	4	3	2	0
U.S. vs. Vietnam	10	0	0	0	3	3	2	0
U.S. vs. nonsubject	10	0	1	0	3	3	2	0
India vs. Oman	10	0	0	0	4	2	1	0
India vs. U.A.E.	10	0	0	0	4	2	1	0
India vs. Vietnam	10	0	0	0	4	3	1	0
India vs. nonsubject	10	0	1	0	4	3	1	0
Oman vs. U.A.E.	10	0	0	0	4	2	1	0
Oman vs. Vietnam	10	0	0	0	4	2	2	0
Oman vs. nonsubject	10	0	0	0	4	3	1	0
U.A.E. vs. Vietnam	10	0	0	0	4	2	2	0
U.A.E. vs. nonsubject	10	0	0	0	4	3	1	0
Vietnam vs. nonsubject	10	0	0	0	4	2	1	0

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

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

A majority of producers reported that the differences in factors other than price between U.S.-produced and imported products are “never” significant in their sales of circular welded pipe (table II-3). In contrast, a majority of importers reported that such factors are “sometimes” or “frequently” significant. *** stated that the foreign products cannot completely replace U.S.-produced circular welded pipe, since there are certain projects where foreign-produced circular welded pipe cannot be used.[5]

[5] At the conference, domestic producers reported that “Buy America” provisions account for a very small percentage of sales. Conference transcript, p.108, (Magno, Young).

Table II-3
Circular welded pipe: Perceived importance of factors other than price between product produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. India	0	1	4	8	0	4	6	2
U.S. vs. Oman	0	1	3	8	0	3	3	1
U.S. vs. U.A.E.	0	1	3	8	1	3	4	1
U.S. vs. Vietnam	0	2	2	8	1	3	3	1
U.S. vs. nonsubject	0	2	2	8	1	3	3	1
India vs. Oman	0	0	2	7	1	2	3	1
India vs. U.A.E.	0	0	2	7	1	2	3	1
India vs. Vietnam	0	1	1	7	1	2	4	1
India vs. nonsubject	0	1	2	7	1	2	4	1
Oman vs. U.A.E.	0	0	2	7	1	2	3	1
Oman vs. Vietnam	0	1	1	7	1	2	4	1
Oman vs. nonsubject	0	1	1	7	1	2	4	1
U.A.E. vs. Vietnam	0	1	1	7	1	2	4	1
U.A.E. vs. nonsubject	0	0	1	3	1	2	4	1
Vietnam vs. nonsubject	0	1	1	7	1	2	3	1

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

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

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 alleged margins of dumping were 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 and (except as noted) is based on the questionnaire responses of 15 firms that accounted for more than 90 percent of U.S. production of circular welded pipe during 2010.

U.S. PRODUCERS

The petition identified 17 U.S. producers of circular welded pipe.[1] The Commission received completed questionnaire responses from the four petitioners, from 8 of the other 13 firms identified in the petition, and from three producers identified from a previous investigation. The Commission also received partial information from three additional producers. Table III-1 presents the responding U.S. producers' positions on the petition, ownership, plant locations, and shares of total reported U.S. production in 2010. Eleven producers support the petition, none oppose it, and four take no position. Producers accounting for *** percent of reported U.S. production in 2010 support the petition, while producers accounting for *** percent take no position. *** and *** were the largest producers in 2010 (accounting for more than *** of reported U.S. production), followed by ***, ***, and *** (accounting for an additional *** of reported U.S. production). Table III-2 presents important industry events during 2008-11.

[1] Petition, pp. 1-2 and exh. I-1. Seventeen other firms, identified during a previous investigation, were sent questionnaires. In addition, ***, was identified by its parent company ***, and was sent a questionnaire.

Table III-1
Circular welded pipe: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Position on petition	U.S. plant location(s)	Parent company	Share of production (*percent*)
Allied	***	Harvey, IL Philadelphia, PA Phoenix, AZ Morrisville, PA	***% Clayton Dubilier & Rice LLC (US) ***% Tyco International (US)	***
American	***	Birmingham, AL	None	***
Atlas[1]	***	Chicago, IL Plymouth, MI Blytheville, AR	JMC Steel Group	***
Bull Moose[2]	***	Gerald, MO Chicago Heights, IL Trenton, GA Masury, OH Casa Grande, AZ	Caparo Holdings Ltd. (UK)	***
California Steel	***	Fontana, CA	***% JFE Steel (Japan) ***% Vale S.A.(Brazil)	***
Hanna	***	Fairfield, AL Tuscaloosa, AL Pekin, IL	Hanna Holdings, Inc. (US)	***
Hannibal	***	Stockton, CA	--	***
Leavitt[4]	***	Chicago, IL	***% MKK USA, Inc. (US) ***% Sumitomo Corp. of America (US) ***% Summit Steel LV Holding (US)	***
Maruichi[4]	***	Santa Fe Springs, CA	***% Maruichi Steel Tube (Japan) ***% Metal One Corp. (Japan) ***% Japanese Banks	***
Maverick	***	Houston, TX	--	***
Northwest	***	Atchison, KS Houston, TX Bossier City, LA	None	***
Skyline	***	Parsippany, NJ	--	***
Texas Tubular	***	Lone Star, TX	Friedman Industries (US)	***

Table continued on next page.

Table III-1--*Continued*
Circular welded pipe: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Position on petition	U.S. plant location(s)	Parent company	Share of production (*percent*)
Tex-Tube[7]	***	Houston, TX	***% Visteel (US) ***% Vi Capital (US)	***
TMK IPSCO[8]	***	Blytheville, AR Camanche, IA Wilder, KY	OAO TMK (Russia)	***
U.S. Steel[9]	***	McKeesport, PA Lone Star, TX Bellville, TX[10]	None	***
Western Tube[11]	***	Long Beach, CA	***% Sumitomo Metals (Japan) ***% Sumikin Bussan Int'l (US) ***% Sumitomo Pipe & Tube (Japan) ***% Sumitomo Corp. of America ***% Sumitomo Corp. (Japan)	***
Wheatland[1]	***	Sharon,PA Wheatland, PA Warren, OH	***% JMC Steel Group ***% DBO Holdings	***

[1] Atlas and Wheatland are sister companies.
[2] Bull Moose is related by common management and ownership to foreign producer Bull Moose Tube Ltd. (Canada). The company is also related by common ownership to foreign producers Caparo Tubes (UK) and Caparo Tubes India.
[3] Hannibal produces approximately *** tons of subject structural pipe per year.
[4] Leavitt is related to U.S. producer Maruichi American Corp., and both are related to foreign exporter Sun Steel Joint Stock Co. (Vietnam), and foreign producer Maruichi Steel Tube (Japan, Indonesia, China, Vietnam). Leavitt's ultimate parent is Maruichi Steel Tube (Japan).
[5] Although Maverick did not provide a producer questionnaire response, the company reported ***. E-mail from ***, November 9, 2011.
[6] Although Skyline Steel did not provide a producer questionnaire response, the company reported ***. E-mail from ***, November 18, 2011.
[7] Tex-Tube has two related sister companies: U.S. importer S&P Steel Products and foreign producer Tuberia Nacional (Mexico).
[8] TMK IPSCO is a sister company of foreign producer Seversky Tube Works (Russia).
[9] U.S. Steel is related to foreign producer Apolo Tubulars S.A. (Brazil). It is a *** joint venture between U.S. Steel Tubular Products and Grupo Peixoto de Castro Group.
[10] U.S. Steel also produces hot-rolled steel used to make welded standard pipe at the following facilities: Gary Works, Gary, IN; Mon Valley Works, Dravosburg, PA; and Granite City Steel Division, Granite City, IL.
[11] Western's parent company, Sumitomo Metal Industries, Ltd. (Japan) is a foreign exporter of subject merchandise.

Note.–Because of rounding, shares may not total to 100.0 percent.

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

As indicated in table III-1, seven U.S. producers are related to foreign producers of circular welded pipe (three of the seven are related to subject foreign producers of the subject merchandise); two U.S. producers are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, no U.S. producers directly import the subject merchandise, although two have purchased the subject merchandise from U.S. importers.

Table III-2
Circular welded pipe: Important industry events, 2008-11

Year	Company	Events
2008	Evraz Group SA (Russia)	***Purchase***: Evraz purchases IPSCO's tubular business from SSAB for $4 billion.[1]
2008	OAO TMK (Russia)	***Purchase***: OAO TMK purchases the U.S. portions of IPSCO's tubular business from Evraz for $1.2 billion.[1]
2008	NLMK (Russia)	***Purchase***: NLMK, a Russian steel maker, plans to purchase John Maneely Co. from Washington-based investment firm Carlyle Group for $3.5 billion. The purchase includes Wheatland Tube and Sharon Tube in Pennsylvania, among others. Carlyle Group later files a lawsuit against NLMK for failing to complete the purchase.[2]
2008	Allied Tube and Conduit (TYCO)	***Plant closing***: Allied permanently closes down pipe mills in Pine Bluff (Arkansas), and temporarily halts pipe production at Phoenix (Arizona). The Phoenix mill is operating at only one shift in 2011.[3]
2008	Maruichi Steel Tube	***Purchase***: Maruichi Steel Tube of Osaka, Japan, spends $90 million to purchase 60-percent interest in Leavitt Tube (Chicago) from a group of private investors. Sumitomo Corp. of America maintains its 40-percent interest in the company.[4]
2009	Wheatland Tube	***Plant closing***: Wheatland Tube closes its plant in Sharon, PA due to decreasing demand.[5]
2009	Allied Tube and Conduit (TYCO)	***Purchase***: Allied Tube and Conduit, a subsidiary of TYCO, purchases Novamerica's pipe mill in Philadelphia. This facility produces standard pipe as well as mechanical and structural tubing.[3]
2011	TMK-IPSCO	***Expansion***: TMK-IPSCO plans to upgrade its 2 pipe-making production lines in Wilder, KY, especially the installation of a new threading shop. Wilder currently sends pipe to another TMK-IPSCO mill to be threaded.[6]
2011	Wheatland Tube	***Labor contract***: Wheatland enters into a new five-year contract with its local USW.[7]

[1] AMM, September 22, 2011 and November 24, 2008.
[2] AMM, March 11, 2008.
[3] Conference transcript, p. 18 (Kurasz).
[4] AMM, March 07, 2011.
[5] ***, staff telephone interview, November 29, 2011.
[6] AMM, November 2011.
[7] Conference transcript, p. 16 (Seeger).

Source: Compiled from cited testimony, interviews, and publications.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION[2]

U.S. producers' capacity, production, and capacity utilization data for circular welded pipe are presented in table III-3.[3] U.S. capacity allocated to circular welded pipe decreased by 3.0 percent between 2008 and 2010. Production fell by 22.5 percent over the same period, while the capacity utilization rate declined from 61.8 percent in 2008 to 49.3 percent in 2010. Production dropped in 2009, when compared with 2008, then recovered in 2010. Petitioners attribute the drop in 2009 to the economic recession.[4] Capacity and production was higher in January-September 2011 than in January-September 2010, by 3.8 percent and 3.6 percent respectively, but capacity utilization remained below 50 percent. U.S. producers' capacity exceeded apparent U.S. consumption in each full and partial year during the period.

Table III-3
Circular welded pipe: U.S. capacity, production, and capacity utilization, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September--	
	2008	2009	2010	2010	2011
Capacity[1] (*short tons*)	2,007,557	1,974,464	1,946,840	1,476,876	1,533,614
Production (*short tons*)	1,240,062	879,018	960,666	729,381	755,630
Capacity utilization (*percent*)	61.8	44.5	49.3	49.4	49.3

[1] ***.

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

Reported constraints in the manufacturing process for U.S. producers include physical limitations relating to mill size and capability, product mix, and downtime (for maintenance, change-overs, etc.). Market conditions also impact production constraints.

Ten of the 15 U.S. producers reported changes in capacity due to acquisitions, relocations, production curtailments, and/or plant closures. The tabulation below lists these events that have occurred since 2008.

* * * * * * *

Fourteen of the responding 15 U.S. producers reported producing other products using the same manufacturing equipment and/or production employees that were used to produce circular welded pipe.[5] Shifting of production from subject circular welded pipe and other products is usually determined by market demand. When switching between products, one company, ***, reports that downtime can range from several hours to days when switching between products.

In the aggregate, the producers reported that the following products were produced using the same manufacturing equipment and/or production employees and those products' shares of total plant

[2] Staff allocated subject circular welded pipe capacity for ***, ***, and ***.

[3] ***. Questionnaire response of ***.

[4] Conference transcript, pp. 48-49 (Schagrin).

[5] *** was the only U.S. producer that reported not producing other products on the same manufacturing equipment and/or production employees.

production between 2008 and September 2011: subject circular welded pipe (24.9 percent); small/medium line pipe (14.1 percent); large diameter line pipe (3.5 percent); mechanical tubing (9.2 percent); OCTG (20.1 percent); and other products (28.1 percent). Other products include square and rectangular structural tubing, electrical conduit (EMT), slurry pipe, coupling stock, and strut. Aggregate data for the firms are presented in table III-4.

Table III-4
Circular welded pipe: U.S. producers' total plant capacity and production, by products, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Quantity (*short tons*)				
Total plant capacity	7,124,567	7,021,567	7,083,489	5,328,891	5,388,698
Production:					
Subject circular welded pipe	1,228,109	869,119	953,346	723,374	749,791
Small/medium line pipe[1]	726,363	199,347	607,617	462,092	608,017
Large diameter line pipe[2]	232,089	68,263	126,451	81,258	108,999
Mechanical tubing	460,624	307,625	358,143	277,503	282,654
OCTG	1,079,504	221,229	954,716	711,586	811,599
Other[3]	1,392,565	910,760	1,091,314	830,351	885,773
Total, all products	5,119,254	2,576,343	4,091,587	3,086,164	3,446,833
Total plant capacity utilization (*percent*)	71.9	36.7	57.8	57.9	64.0

[1] Welded line pipe 16 inches or less in outside diameter (excluding dual-stenciled pipe with one or more of the following characteristics: 32 feet in length or less; less than 2 inches in outside diameter; galvanized and/or painted surface finish; or threaded and/or coupled end finish used in standard/structural applications).
[2] Welded line pipe greater than 16 inches in outside diameter.
[3] Other products include the following: square and rectangular structural tubing, electrical conduit (EMT), slurry pipe, coupling stock, and strut.

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

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of circular welded pipe are presented in table III-5. Six U.S. producers reported exporting circular welded pipe, which accounted for less than six percent of the quantity of U.S. producers' shipments of circular welded pipe during the period examined.[6] U.S. producers' commercial shipments decreased by 28.9 percent by quantity from 2008 to 2010, and total U.S. shipments fell by 28.8 percent. Commercial shipments recovered in January-September 2011 by 5.4 percent, when compared to January-September 2010, and U.S. shipments followed a similar trend.

[6] U.S. producers of circular welded pipe reported exporting to Canada and Mexico.

Table III-5
Circular welded pipe: U.S. producers' shipments, by types, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
			Quantity (*short tons*)		
Commercial shipments	1,204,265	818,849	856,525	640,672	675,475
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	1,276,089	872,853	908,401	679,631	713,457
Export shipments	39,394	39,331	50,650	32,755	41,997
Total shipments	1,315,483	912,184	959,051	712,386	755,454
			Value (*1,000 dollars*)		
Commercial shipments	1,352,468	733,924	835,815	640,356	739,574
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	1,435,854	782,866	888,126	679,710	781,880
Export shipments	49,036	33,416	42,215	30,815	44,606
Total shipments	1,484,890	816,282	930,341	710,525	826,486
			Unit value (*dollars per short ton*)		
Commercial shipments	1,123	896	976	1,000	1,095
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	1,125	897	978	1,000	1,096
Export shipments	1,245	850	833	941	1,062
Total shipments	1,129	895	970	997	1,094
			Share of quantity (*percent*)		
Commercial shipments	91.5	89.8	89.3	89.9	89.4
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	97.0	95.7	94.7	95.4	94.4
Export shipments	3.0	4.3	5.3	4.6	5.6
Total shipments	100.0	100.0	100.0	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.

U.S. PRODUCERS' INVENTORIES

Table III-6, which presents end-of-period inventories for circular welded pipe, shows that inventories declined absolutely between 2008 and 2010, but increased relative to production and shipments. Inventories were down during January-September 2011 both absolutely and relative to production and shipments, when compared with January-September 2010.

Table III-6
Circular welded pipe: U.S. producers' end-of-period inventories, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
Inventories (*short tons*)	133,672	105,021	114,079	121,528	111,538
Ratio to production (*percent*)	10.8	11.9	11.9	12.5	11.1
Ratio to U.S. shipments (*percent*)	10.5	12.0	12.6	13.4	11.7
Ratio to total shipments (*percent*)	10.2	11.5	11.9	12.8	11.1

Note.–Partial-year ratios are based on annualized production and shipments.

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

During the period for which data were collected, one producer, ***, reported purchasing subject circular welded pipe from ***. *** purchased *** short tons of *** product in ***, which was equivalent to *** percent of its U.S. production for the same period. *** also reported purchasing product from other import sources and U.S. producers.[7] In addition, *** reportedly purchased *** short tons of subject Indian ***,[8] compared to *** short tons of production between January 2008 and September 2011. No U.S. producer reported direct imports of circular welded pipe.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for circular welded pipe are presented in table III-7. Employment of production-related workers ("PRWs") in the U.S. circular welded pipe industry declined by 23.7 percent between 2008 and 2010. Employment of PRWs was 5.3 percent higher in January-September 2011 than in January-September 2010. Total hours worked similarly decreased by 27.5 percent between 2008 and 2010, but recovered by 9.8 percent during interim 2011 relative to interim 2010. Wages paid also declined, but hourly wages paid to PRWs increased during 2008-10 and January-September 2011. Productivity increased by 6.9 percent during 2008-10, but decreased in January-September 2011, while unit labor costs increased overall during the period.

[7] *** also purchased circular welded pipe from ***.

[8] See Zenith's postconference brief, p. 5; and Petitioners' postconference brief, p. 21. ***. Ibid.

Table III-7
Circular welded pipe: U.S. producers' employment-related data, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September--	
	2008	2009	2010	2010	2011
Production and related workers (PRWs)	1,922	1,629	1,465	1,465	1,543
Hours worked by PRWs (*1,000 hours*)	4,332	3,021	3,139	2,386	2,620
Hours worked per PRW	2,254	1,855	2,142	1,628	1,698
Wages paid to PRWs (*1,000 dollars*)	107,626	82,505	84,750	63,640	71,195
Hourly wages	$24.84	$27.31	$27.00	$26.67	$27.17
Productivity (*short tons produced per $1,000 hours*)	286.3	290.3	306.1	303.9	288.4
Unit labor costs (*per short ton*)	$86.79	$93.86	$88.22	$87.78	$94.22

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

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 63 firms believed to be importers of subject circular welded pipe, as well as to all U.S. producers of circular welded pipe. Twenty-four companies provided usable questionnaire responses. Twenty-two of the 24 companies indicated that they imported circular welded pipe from the subject countries, and accounted for the majority of subject imports from India, Oman, the U.A.E., and Vietnam during the period examined. Specifically, importer questionnaire responses represented approximately *** percent of total imports from India, virtually all imports from Oman and the U.A.E., and approximately *** percent of total imports from Vietnam (collectively, approximately 75 percent of subject imports) between January 2008 and September 2011. However, coverage for U.S. imports from nonsubject countries was only 44 percent for the same period.[1] Table IV-1 lists all responding U.S. importers of circular welded pipe from India, Oman, the U.A.E., Vietnam and other sources, their locations, and their shares of U.S. imports, in 2010.

[1] Accordingly, the U.S. import data presented in this report are based on official import statistics compiled by Commerce, adjusted to remove mechanical tubing from Canada.

Table IV-1
Circular welded pipe: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Location	Source of imports	Share of imports *(percent)*[1]					
			India	Oman	U.A.E.	Vietnam	Other	Total
Adler Steel Limited[2]	Toronto, ON	***	***	***	***	***	***	***
ArcelorMittal	–	***	***	***	***	***	***	***
Bri-Chem	Edmonton, AB	***	***	***	***	***	***	***
Commercial Metals	Irving, TX	***	***	***	***	***	***	***
Connectors	Happauge, NY	***	***	***	***	***	***	***
Coutinho and Ferrostaal[4]	Houston, TX	***	***	***	***	***	***	***
Empire Resources	Fort Lee, NJ	***	***	***	***	***	***	***
Ferrum International	New York, NY	***	***	***	***	***	***	***
Kurt Orban Partners LLC	Burlingame, CA	***	***	***	***	***	***	***
Maurice Pincoffs	Houston, TX	***	***	***	***	***	***	***
Merfish Pipe and Supply LP	Houston, TX	***	***	***	***	***	***	***
NMI Steel[5]	Fullerton, CA	***	***	***	***	***	***	***
North American Interpipe[6]	Houston, TX	***	***	***	***	***	***	***
Prime Metal[7]	Walden, NY	***	***	***	***	***	***	***
SDB[8]	Pasadena, TX	***	***	***	***	***	***	***
Shamrock	Portland, OR	***	***	***	***	***	***	***
Shivom Jay Steel[9]	Lowell, AR	***	***	***	***	***	***	***
Stemcor[10]	New York, NY	***	***	***	***	***	***	***
Sunbelt[11]	Houston, TX	***	***	***	***	***	***	***
Sunset Forest Products	Portland, OR	***	***	***	***	***	***	***
ThyssenKrupp Materials NA Inc.[12]	Southfield, MI	***	***	***	***	***	***	***

Table continued on next page.

Table IV-1--*Continued*
Circular welded pipe: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports, 2010

Firm	Location	Source of imports	Share of imports *(percent)*[1]					
			India	Oman	U.A.E.	Vietnam	Other	Total
Toyota Tsusho[13]	Houston, TX New York, NY	***	***	***	***	***	***	***
Welded Tube of Canada[14]	Concord, ON	***	***	***	***	***	***	***
Western International Forest Products LLC[15]	Beaverton, OR	***	***	***	***	***	***	***
Zenith USA Inc.[16]	Arlington, VA	***	***	***	***	***	***	***
Total			100.0	100.0	100.0	100.0	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.

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of circular welded pipe from India, Oman, the U.A.E., Vietnam, and all other sources.[2] U.S. imports are based on official import statistics of Commerce, as modified to exclude mechanical tubing from Canada (based on *Statistics Canada* data). Imports of circular welded pipe from the subject countries increased by 23.9 percent between 2008 and 2010, while nonsubject imports decreased by 43.8 percent. Imports from each of the four subject countries decreased between 2008 and 2009, then increased above their respective 2008 levels in 2010. Imports from the four subject countries grew as a share of total imports in 2009 and 2010, and accounted for 36.5 percent of total U.S. imports in 2010.

Circular welded pipe imports from the subject countries increased overall in interim 2011 relative than in interim 2010. Only U.S. imports of circular welded pipe from India were lower in interim 2011 relative to interim 2010. In addition, imports from the U.A.E. and Vietnam were higher in January-September 2011 than in full-year 2010. The average unit value of subject imports from India, Oman, the U.A.E., and Vietnam were lower than those of nonsubject imports in 2009, 2010, and January-September 2011. Average unit values for subject imports decreased by 21.3 percent between 2008 and 2010, while average unit values for nonsubject imports decreased by 13.1 percent during the same period. Average unit values for U.S. imports from both subject and nonsubject countries were higher in January-September 2011 than in January-September 2010.

[2] Limited volumes of ASTM A513 tubing were reported but were largely included within official import statistics. Imports of subject multiple-stenciled pipe (ASTM and API) were reported from India (*** short tons in 2010 and *** short tons in January-September 2011, and from other sources (*** short tons in 2010 and *** short tons in January-September 2011).

Table IV-2
Circular welded pipe: U.S. imports, by sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Quantity (*short tons*)				
India	69,620	47,654	74,006	57,761	46,092
Oman	24,404	18,888	33,442	24,629	28,689
U.A.E.	18,579	17,461	33,188	22,745	52,542
Vietnam	29,734	22,417	35,678	29,857	45,951
Subtotal, subject	142,336	106,419	176,314	134,992	173,274
All other	546,510	249,238	307,361	217,242	225,764
Total	688,846	355,657	483,675	352,233	399,038
	Value (*1,000 dollars*)[1]				
India	75,327	38,430	64,454	49,518	44,961
Oman	24,125	15,834	27,245	19,618	25,744
U.A.E.	20,965	14,632	27,700	18,125	46,566
Vietnam	33,460	17,747	30,562	25,189	41,478
Subtotal, subject	153,877	86,643	149,961	112,449	158,750
All other	607,155	247,247	297,020	208,669	241,365
Total	761,032	333,890	446,981	321,118	400,114
	Unit value (*dollars per short ton*)[1]				
India	1,082	806	871	857	975
Oman	989	838	815	797	897
U.A.E.	1,128	838	835	797	886
Vietnam	1,125	792	857	844	903
Average, subject	1,081	814	851	833	916
All other	1,111	992	966	961	1,069
Average	1,105	939	924	912	1,003

Table continued on next page.

Table IV-2--*Continued*
Circular welded pipe: U.S. imports, by sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Share of quantity (*percent*)				
India	10.1	13.4	15.3	16.4	11.6
Oman	3.5	5.3	6.9	7.0	7.2
U.A.E.	2.7	4.9	6.9	6.5	13.2
Vietnam	4.3	6.3	7.4	8.5	11.5
Subtotal, subject	20.7	29.9	36.5	38.3	43.4
All other	79.3	70.1	63.5	61.7	56.6
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)				
India	9.9	11.5	14.4	15.4	11.2
Oman	3.2	4.7	6.1	6.1	6.4
U.A.E.	2.8	4.4	6.2	5.6	11.6
Vietnam	4.4	5.3	6.8	7.8	10.4
Subtotal, subject	20.2	25.9	33.5	35.0	39.7
All other	79.8	74.1	66.5	65.0	60.3
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, U.S. port of entry, duty-paid.

Note.--Import quantity for Canada in "All other" is from *Statistics Canada*. Import value is derived by multiplying the unit value from official import statistics times the quantity from *Statistics Canada*.

Source: Compiled from official import statistics, HTS statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055 7306.30.5085, 7306.30.5090); and petitioners' post-conference brief, exh. 4 (imports from Canada).

As shown in table IV-3, most of the largest nonsubject sources of U.S. imports are already covered by one or more trade remedies. In addition, China--now one of the smaller suppliers of circular welded pipe to the U.S. market--accounted for nearly two-thirds of U.S. imports as recently as 2007.[3]

[3] *Circular Welded Carbon-Quality Steel Pipe from China, Inv. Nos. 701-TA-447 and 731-TA-1116 (Final),* USITC Publication 4019, July 2008, table IV-2. U.S. imports of 748,181 short tons from China in 2007. Ibid.

Table IV-3
Circular welded pipe: U.S. imports from nonsubject sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Quantity (*short tons*)				
	Covered by order or suspension agreement				
Brazil	555	490	622	540	340
China	12,081	2,105	3,196	2,958	2,825
Korea	123,952	38,833	75,857	54,589	37,270
Mexico	52,245	66,813	63,151	45,994	48,346
Taiwan	75,017	7,600	27,621	19,507	20,100
Thailand	85,760	31,399	28,751	14,493	34,188
Turkey	53,583	26,032	37,225	30,060	25,035
Subtotal (covered)	403,194	173,272	236,423	168,142	168,104
	Not covered by order or suspension agreement				
Canada	46,561	23,859	14,136	10,703	5,811
Philippines	135	42	4,773	0[1]	19,602
Japan	24,406	24,166	12,945	10,773	12,977
Dominican Republic	6,480	5,928	3,080	2,399	3,314
Malaysia	13,941	8,412	6,509	3,144	1,304
All other	51,793	13,558	29,494	22,081	14,652
Subtotal (not covered)	143,316	75,966	70,937	49,100	57,660
Total nonsubject imports	546,510	249,238	307,361	217,242	225,764

Table continued on next page.

Table IV-3--*Continued*
Circular welded pipe: U.S. imports from nonsubject sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
			Value (*$1,000*)		
			Covered by order or suspension agreement		
Brazil	1,288	1,059	1,394	1,168	893
China	17,079	2,813	4,286	3,823	4,189
Korea	126,895	33,714	68,178	47,973	39,441
Mexico	58,380	49,111	52,473	38,502	47,458
Taiwan	70,947	7,871	22,370	15,536	18,135
Thailand	89,600	30,594	26,785	12,917	33,127
Turkey	58,346	23,731	30,399	23,819	23,577
Subtotal (covered)	422,535	148,893	205,885	143,739	166,820
			Not covered by order or suspension agreement		
Canada	53,160	22,787	13,616	10,211	6,295
Philippines	200	42	3,842	5[1]	15,836
Japan	36,733	36,657	22,768	18,019	20,484
Dominican Republic	8,741	6,785	3,601	2,768	3,910
Malaysia	15,299	9,968	5,603	2,760	1,481
All other	70,487	22,116	41,705	31,167	26,538
Subtotal (not covered)	184,620	98,354	91,135	64,929	74,544
Total nonsubject imports	607,155	247,247	297,020	208,669	241,365

Table continued on next page.

Table IV-3--*Continued*
Circular welded pipe: U.S. imports from nonsubject sources, 2008-10, January-September 2010, and January-September 2011

Source	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Unit value (*dollars per short ton*)				
	Covered by order or suspension agreement				
Brazil	2,320	2,162	2,241	2,162	2,623
China	1,414	1,336	1,341	1,292	1,483
Korea	1,024	868	899	879	1,058
Mexico	1,117	735	831	837	982
Taiwan	946	1,036	810	796	902
Thailand	1,045	974	932	891	969
Turkey	1,089	912	817	792	942
Subtotal (covered)	1,048	859	871	855	992
	Not covered by order or suspension agreement				
Canada	1,142	955	963	954	1,083
Philippines	1,479	995	805	14,908[1]	808
Japan	1,505	1,517	1,759	1,673	1,578
Dominican Republic	1,349	1,145	1,169	1,154	1,180
Malaysia	1,097	1,185	861	878	1,136
All other	1,361	1,631	1,414	1,411	1,811
Subtotal (not covered)	1,288	1,295	1,285	1,322	1,293
Total nonsubject imports	1,111	992	966	961	1,069

[1] In January-September 2010, U.S. imports of circular welded pipe from the Philippines were less than 1 short ton (or 282 kg), which resulted in a high average unit value for the period.

Source: Compiled from official import statistics and *Statistics Canada*.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] Imports from India, Oman, the U.A.E., and Vietnam accounted for 11.9 percent, 7.1 percent, 11.8 percent, and 9.7 percent, respectively, of total imports of circular welded pipe by quantity between October 2010 and September 2011.

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Petitioners argue that subject imports from India, Oman, the U.A.E., and Vietnam should be cumulated. With regard to geographical markets and presence in the market, the petitioners argue that imported circular welded pipe from the subject countries compete without regard to geographical location in the United States and that these imports have been simultaneously present in the U.S. market during the relevant period.[6]

Both U.S. producers and U.S. importers reported distributing circular welded pipe geographically throughout the United States.[7] Official Commerce statistics show that U.S. imports from the subject countries generally entered the United States through geographically dispersed U.S. ports of entry. However, a large share of U.S. imports from India, Oman, and the U.A.E. entered through Houston-Galveston, TX, while the top Customs districts for U.S. imports from Vietnam were cities on the Western seaboard, particularly Los Angeles, CA. However, in January-September 2011 the leading port of entry for U.S. imports from Vietnam was Houston-Galveston, TX. Imports from India, the U.A.E., and Vietnam were present in every month of the period for which data were collected. Imports from Oman were present in every month of the period for which data were collected, except for March and April 2009.

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[4] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[5] Section 771(24) of the Act (19 U.S.C. § 1677(24)).

[6] Petitioners' postconference brief, pp. 4-6.

[7] Responses to U.S. producer's questionnaires, question IV-10; responses to U.S. importer's questionnaires, question III-10.

During the preliminary-phase of these investigations, respondent Indian producer/exporter Zenith Birla, contends that it is the only Indian company that has been excluded from a prior antidumping duty order, which has been in effect since 1986. Because the investigation with respect to India was initiated in 1985, Zenith contends that this investigation does not meet the statutory criteria for cumulation. Further, Zenith contends that Indian exports should not be cross-cumulated for the antidumping and countervailing duty investigations. For the purposes of the antidumping duty order, Zenith believes it should not be cumulated, since Zenith is the only source of U.S. imports from India not already subject to an antidumping duty order.[8]

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of circular welded pipe during the period for which data were collected are shown in table IV-4 and figure IV-1.

[8] Zenith Birla (India) and Zenith (USA) Inc.'s (collectively "Zenith") postconference brief, pp. 1-3

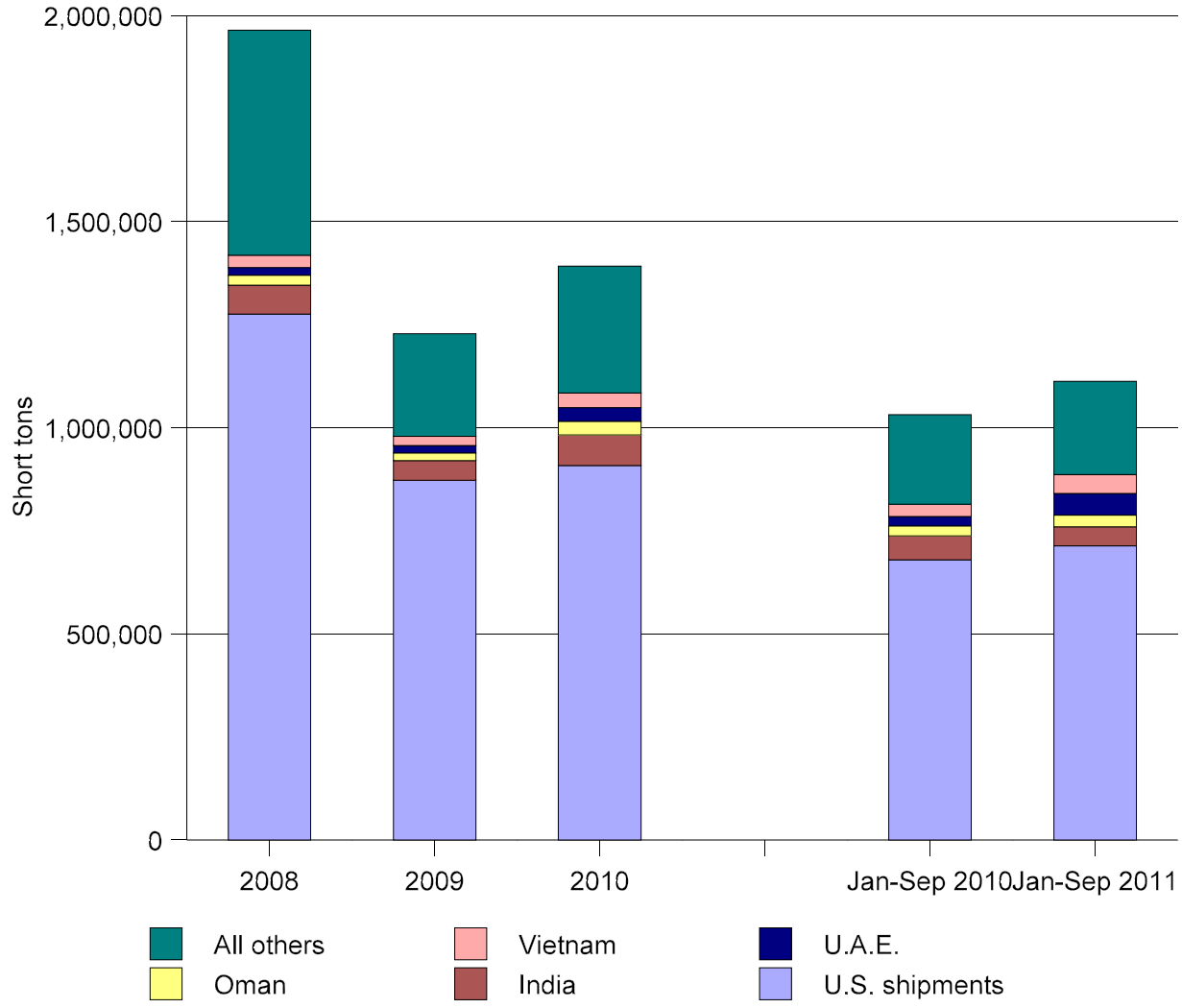
Table IV-4
Circular welded pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
	Quantity (*short tons*)				
U.S. producers' U.S. shipments	1,276,089	872,853	908,401	679,631	713,457
U.S. imports from–					
India	69,620	47,654	74,006	57,761	46,092
Oman	24,404	18,888	33,442	24,629	28,689
U.A.E.	18,579	17,461	33,188	22,745	52,542
Vietnam	29,734	22,417	35,678	29,857	45,951
Subtotal, subject	142,336	106,419	176,314	134,992	173,274
Nonsubject countries	546,510	249,238	307,361	217,242	225,764
Total U.S. imports	688,846	355,657	483,675	352,233	399,038
Apparent U.S. consumption	1,964,935	1,228,510	1,392,076	1,031,864	1,112,495
	Value (*1,000 dollars*)				
U.S. producers' U.S. shipments	1,435,854	782,866	888,126	679,710	781,880
U.S. imports from--					
India	75,327	38,430	64,454	49,518	44,961
Oman	24,125	15,834	27,245	19,618	25,744
U.A.E.	20,965	14,632	27,700	18,125	46,566
Vietnam	33,460	17,747	30,562	25,189	41,478
Subtotal, subject	153,877	86,643	149,961	112,449	158,750
Nonsubject countries	607,155	247,247	297,020	208,669	241,365
Total U.S. imports	761,032	333,890	446,981	321,118	400,114
Apparent U.S. consumption	2,196,886	1,116,756	1,335,107	1,000,828	1,181,995

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

Source: Compiled from data submitted in response to Commission questionnaires, official import statistics, and *Statistics Canada*.

Figure IV-1
Circular welded pipe: Apparent U.S. consumption, by sources, 2008-10, January-September 2010, and January-September 2011



Source: Table IV-4.

U.S. MARKET SHARES

U.S. market share data are presented in table IV-5.

Table IV-5
Circular welded pipe: U.S. consumption and market shares, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
			Quantity (*short tons*)		
Apparent U.S. consumption	1,964,935	1,228,510	1,392,076	1,031,864	1,112,495
			Value (*1,000 dollars*)		
Apparent U.S. consumption	2,196,886	1,116,756	1,335,107	1,000,828	1,181,995
			Share of quantity (*percent*)		
U.S. producers' U.S. shipments	64.9	71.0	65.3	65.9	64.1
U.S. imports from--					
India	3.5	3.9	5.3	5.6	4.1
Oman	1.2	1.5	2.4	2.4	2.6
U.A.E.	0.9	1.4	2.4	2.2	4.7
Vietnam	1.5	1.8	2.6	2.9	4.1
Subtotal, subject	7.2	8.7	12.7	13.1	15.6
Nonsubject countries	27.8	20.3	22.1	21.1	20.3
All countries	35.1	29.0	34.7	34.1	35.9
			Share of value (*percent*)		
U.S. producers' U.S. shipments	65.4	70.1	66.5	67.9	66.1
U.S. imports from--					
India	3.4	3.4	4.8	4.9	3.8
Oman	1.1	1.4	2.0	2.0	2.2
U.A.E.	1.0	1.3	2.1	1.8	3.9
Vietnam	1.5	1.6	2.3	2.5	3.5
Subtotal, subject	7.0	7.8	11.2	11.2	13.4
Nonsubject countries	27.6	22.1	22.2	20.8	20.4
All countries	34.6	29.9	33.5	32.1	33.9

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

Source: Compiled from data submitted in response to Commission questionnaires, official import statistics, and *Statistics Canada*.

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of circular welded pipe is presented in table IV-6.

Table IV-6
Circular welded pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2010	2011	2010	2011
	Quantity (*short tons*)				
U.S. production	1,240,062	879,018	960,666	729,381	755,630
Imports from:					
India	69,620	47,654	74,006	57,761	46,092
Oman	24,404	18,888	33,442	24,629	28,689
U.A.E.	18,579	17,461	33,188	22,745	52,542
Vietnam	29,734	22,417	35,678	29,857	45,951
Subtotal, subject	142,336	106,419	176,314	134,992	173,274
Nonsubject countries	546,510	249,238	307,361	217,242	225,764
Total imports	688,846	355,657	483,675	352,233	399,038
	Ratio of U.S. imports to production (*percent*)				
Imports from:					
India	5.6	5.4	7.7	7.9	6.1
Oman	2.0	2.1	3.5	3.4	3.8
U.A.E.	1.5	2.0	3.5	3.1	7.0
Vietnam	2.4	2.6	3.7	4.1	6.1
Subtotal, subject	11.5	12.1	18.4	18.5	22.9
Nonsubject countries	44.1	28.4	32.0	29.8	29.9
Total imports	55.5	40.5	50.3	48.3	52.8

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

Source: Compiled from data submitted in response to Commission questionnaires, official import statistics, and *Statistics Canada*.

PART V: PRICING AND RELATED INFORMATION

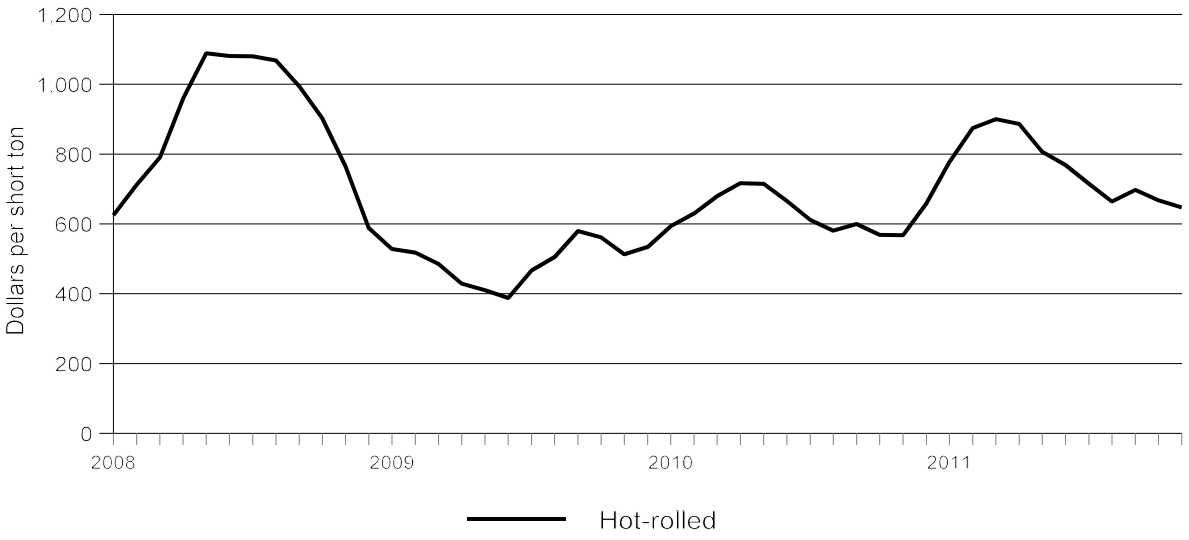
FACTORS AFFECTING PRICES

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

Raw Material Costs

Raw materials account for a substantial share (generally more than three-quarters) of the cost of circular welded pipe. The principal raw materials used in circular welded pipe are hot-rolled steel sheet and zinc. As shown in figures V-1 and V-2, prices for both of theses inputs declined sharply from their peak levels in February-March 2008 to much lower levels in late 2008 and 2009 and then partially recovered during the next two years.

Figure V-1
Hot rolled steel sheet: Monthly average prices, January 2008-November 2011



Source: American Metal Market, effective November 20, 2011.

Figure V-2
Zinc: North America, Monthly average prices, January 2008-November 2011

Source: American Metal Market, effective November 20, 2011.

U.S. Inland Transportation Costs

U.S. producers' shipping costs as a share of the delivered price of circular welded pipe ranged from 1 to 20 percent, with most firms reporting 3 to 8 percent. The majority of importers' estimates were 5 percent or less. Eleven of the 15 responding producers arrange shipping for their customers, while just 2 of the 22 responding importers arrange for shipping.

Shipping distances to customers are typically somewhat longer for U.S. producers than for importers. Among the 15 producers, just two firms reported that the majority of their shipments involved distances of 100 miles or less.[1] In contrast, 13 of 17 responding importers reported that all or a majority of their shipments were for distances of 100 miles or less.

PRICING PRACTICES

Pricing Methods

U.S. producer prices for circular welded pipe are usually determined by either transaction-by-transaction negotiations or set price lists, or for some producers, a combination of both. Just one of the fifteen responding producers reported the use of contracts in determining prices. Most of the 24 responding importers use transaction-by-transaction negotiations in determining prices, with four reporting that they use contracts. None use set price lists.

Most sales of circular welded pipe are made on a spot basis. Twelve of the 15 producers sell entirely on a spot basis, and the other three reported that *** to *** percent of their sales are on a spot basis. The majority of importers sell entirely on a spot basis and the others sell mainly on a spot basis. Contracts by producers and importers have a short duration of 90 to 150 days with both prices and quantities usually fixed during the contract period. Meet-or-release provisions do not apply.

[1] Nine producers reported that 60 to 90 percent of their shipments involved distances of 101 to 1,000 miles.

Sales Terms and Discounts

U.S. producers and importers commonly quote prices on either an f.o.b. or delivered basis. Eleven producers quote prices on an f.o.b. basis, and four quote prices on a delivered basis. Among 22 responding importers, 12 quote prices on an f.o.b. basis, and 10 quote prices on a delivered basis. Producer f.o.b quotes are commonly based on a mill in a particular city, and importer f.o.b quotes are based on their port of entry or warehouse.

The majority of producers offer volume-based discounts, while most importers do not offer such discounts. Ten of 15 responding producers reported that they offer quantity discounts or annual total volume discounts or both and one producer provides rebates to certain large buying groups. Of 23 responding importers, only one provides annual volume discounts and one provides volume rebates. In addition to discounts based on volume, the majority of producers provide discounts ranging from one half percent to two percent for the early payment of accounts, while just one of the 23 responding importers provides such discounts.

PRICE DATA

The Commission requested U.S. producers and importers of circular welded pipe to provide quarterly data for the total quantity and value of their shipments to U.S. distributors of the following four products during January 2008-September 2011:

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

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

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

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

Twelve U.S. producers and 18 importers provided some price data, although not all firms provided data for all products and all quarters. Producer price data accounted for 20.4 percent of the quantity of U.S. shipments during this period. Importer price data accounted for 60.0 percent of U.S. imports from India, 34.8 percent of U.S. imports from Oman, 38.8 percent from the U.A.E., and 14.3 percent from Vietnam.

Price Trends

Quarterly weighted-average prices and shipment quantities for the four products are presented in tables V-1 through V-4 and figure V-3.[2] U.S. producer prices of all four products rose sharply during 2008, reaching peak levels in the third quarter of that year, and then fell sharply during the next few quarters to much lower levels in 2009 before recovering to some extent in 2010 and 2011. Available data show that prices of imports from the four subject countries also tended to move in the same direction as U.S. producer prices during the 15-quarter period. A summary of price trends is presented in table V-5.

U.S. producer shipment quantities for all four products were at their highest levels during 2008. Quantities of imports of the four products from the subject countries tended to fluctuate from quarter to quarter with no consistent trend across product categories.

Table V-1
Circular welded pipe: Weighted-average f.o.b. prices and quantities of product 1 sold to distributors and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * * * *

Table V-2
Circular welded pipe: Weighted-average f.o.b. prices and quantities of product 2 sold to distributors and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * * * *

Table V-3
Circular welded pipe: Weighted-average f.o.b. prices and quantities of product 3 sold to distributors and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * * * *

Table V-4
Circular welded pipe: Weighted-average f.o.b. prices and quantities of product 4 sold to distributors and margins of underselling/(overselling), by quarters, January 2008-September 2011

* * * * * * *

Figure V-3
Circular welded pipe: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2008-December 2011

[2] Price data for nonsubject imports are presented in appendix D.

Table V-5
Circular welded pipe: Summary of weighted-average f.o.b. prices for products 1-4 from the United States, India, Oman, the U.A.E., and Vietnam, January 2008-September 2011

Item	Number of quarters	Low price (*per pound*)	High price (*per pound*)	Change in price[1] (*percent*)
Product 1				
United States	15	$757	$1,385	9.9
India	12	669	1,471	(31.2)
Oman	15	669	1,176	(4.2)
U.A.E.	14	444	1,285	6.9
Vietnam	5	601	1,294	(52.2)
Product 2				
United States	15	1,301	1,937	3.0
India	15	772	1,186	20.7
Oman	15	757	1,249	3.2
U.A.E.	14	750	1,265	(14.3)
Vietnam	2	926	1,138	22.9
Product 3				
United States	15	775	1,511	21.3
India	10	667	1,428	(14.1)
Oman	14	659	1,255	(6.5)
U.A.E.	9	701	1,053	11.2
Vietnam	3	827	871	1.6
Product 4				
United States	15	1,092	1,624	3.2
India	11	777	1,519	(28.6)
Oman	9	738	1,180	(0.0)
U.A.E.	6	846	1,167	12.8
Vietnam	3	981	1,050	6.6

[1] Percentage change from the first quarter in which price data were available to the last quarter in which price data were available, based on unrounded data.

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

Price Comparisons

A compilation of total instances of underselling and overselling by product and by subject country are presented in table V-6. Overall, subject import prices were lower than U.S. producer prices in 146 comparisons and higher in 17 comparisons. Margins of underselling ranged from 0.0 to 45.6 percent, and margins of overselling ranged from 0.3 to 60.4 percent.

Table-V-6
Circular welded pipe: Instances of underselling (overselling) and the range of margins, by countries, January 2008-September 2011

Item	Underselling			Overselling		
	Number of instances	Range (*percent*)	Average	Number of instances	Range (*percent*)	Average
By product:						
Product 1	39	0.0-42.8	12.4	8	0.3-60.4	24.9
Product 2	46	14.3-45.6	36.3	0	-	-
Product 3	33	2.9-39.7	16.2	6	10.5-49.2	21.6
Product 4	28	5.6-32.7	19.4	3	1.3-18.0	6.9
Total	146	-	-	17	-	-
By country:						
India	48	3.6-45.1	22.5	7	0.3-60.4	29.7
Oman	49	0.0-43.3	21.1	4	1.4-28.3	17.7
U.A.E.	37	0.1-42.8	26.3	5	1.3-40.2	13.0
Vietnam	12	2.7-45.6	17.2	1	6.2	6.2
Total	146	-		17	-	-

Note.–Products 1 and 3 are sold black, while products 2 and 4 are galvanized.

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

LOST SALES AND LOST REVENUES

Neither the petitioners nor the non-petitioning firms provided the detailed information and purchaser contacts needed to investigate lost sales or lost revenue allegations. The petitioners stated that lost sales have occurred but have argued that since most producer sales are made to distributors, the companies are not well positioned to trace a specific lost sale to a specific import.[3]

[3] Petition, p. 13, and conference transcript, p. 22 (Magno).

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

BACKGROUND

Fifteen U.S. producers reported financial results on their operations on circular welded pipe.[1] [2] Notwithstanding the number of companies reporting their financial results to the Commission, two companies alone, Allied and Wheatland, accounted for *** percent of the period's total circular welded pipe sales (on a value basis).[3] Unlike the majority of producers, whose overall operations are focused on products such as line pipe, mechanical tubing, OCTG, and/or rectangular and square pipe, the operations of Wheatland and Allied are primarily focused on circular welded pipe.

As described in Part III of this report, a number of producers reported plant closures, plant idling, and reduced shifts in response to reduced sales activity. In contrast, ***. In both cases and consistent with each company's overall product focus, circular welded pipe production was not the primary goal of these investments (see Capital Expenditures, Research and Development Expenses, Assets, and Return on Investment section below).

OPERATIONS ON CIRCULAR WELDED PIPE

Income-and-loss data for operations on circular welded pipe are presented in table VI-1. Table VI-2 presents selected company-specific financial information. A variance analysis of the financial results of circular welded pipe is presented in table VI-3.[4]

Revenue

With respect to revenue, a notable feature of the period was the sharp decline in sales quantity in 2009 compared to 2008. As shown in table VI-2, all producers reported lower sales quantity of varying magnitudes in 2009 and, ***, also reported lower average sales value. With regard to changes in average sales value during the period examined, U.S. producers at the staff conference generally indicated that this

[1] The majority of U.S. producers reported their annual financial results based on calendar-year periods. ***. USITC auditor notes (preliminary phase). All U.S. producers reported their financial results on the basis of generally accepted accounting principles ("GAAP")

[2] While internal consumption and transfers were reported by several companies, commercial sales represent the majority of overall revenue. Accordingly, a single line item for circular welded pipe revenue is reflected in the tables presented below. ***. November 17, 2011 letter with attachments from Schagrin Associates on behalf of *** to USITC staff. ***. November 18, 2011 letter with attachments from Schagrin Associates on behalf of *** to USITC staff.

[3] Wheatland and Atlas are related companies. If their reported operations were combined, the referenced share of total circular welded pipe sales (on a value basis) would be *** percent.

[4] The Commission's variance analysis is calculated in three parts: sales variance, cost of goods sold ("COGS") variance, and sales, general and administrative ("SG&A") expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume (quantity) variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the variance analysis table, the price variance is from sales, the net cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the sales, COGS, and SG&A volume variances. All things being equal, a stable overall product mix generally enhances the utility of the Commission's variance analysis.

Table VI-1
Circular welded pipe: Results of operations, 2008-10, January-September 2010, and January - September 2011

Item	Fiscal year			January-September	
	2008	2009	2010	2010	2011
			Quantity (*short tons*)		
Total net sales quantity	1,347,707	890,736	936,204	712,752	755,523
			Value (*$1,000*)		
Total net sales value	1,510,773	850,077	901,519	709,499	825,220
Cost of goods sold:					
Raw materials	925,360	658,306	619,838	484,766	586,671
Direct labor	73,334	60,945	59,977	46,667	50,191
Other factory costs	156,707	172,519	126,723	100,333	99,024
Total cost of goods sold	1,155,401	891,770	806,538	631,766	735,886
Gross profit or (loss)	355,372	(41,693)	94,981	77,733	89,334
Total SG&A expenses[1]	110,109	90,872	77,478	52,435	79,009
Operating income or (loss)	245,263	(132,565)	17,503	25,298	10,325
Interest expense	51,605	45,097	27,876	18,791	25,558
Other expenses[2]	10,719	48,764	13,635	11,746	2,907
Other income items[2]	12,105	144,455	10,572	6,122	1,275
Net income or (loss)	195,044	(81,971)	(13,436)	883	(16,865)
Depreciation/amortization	30,782	36,635	33,079	25,683	25,258
Estimated cash flow from operations	225,826	(45,336)	19,643	26,566	8,393
			Ratio to net sales (*percent*)		
Raw material	61.3	77.4	68.8	68.3	71.1
Direct labor	4.9	7.2	6.7	6.6	6.1
Other factory costs	10.4	20.3	14.1	14.1	12.0
Cost of goods sold	76.5	104.9	89.5	89.0	89.2
Gross profit or (loss)	23.5	(4.9)	10.5	11.0	10.8
SG&A expenses[1]	7.3	10.7	8.6	7.4	9.6
Operating income or (loss)	16.2	(15.6)	1.9	3.6	1.3
Net income or (loss)	12.9	(9.6)	(1.5)	0.1	(2.0)

Table continued on next page.

Table VI-1--*Continued*
Circular welded pipe: Results of operations, 2008-10, January-September 2010, and January - September 2011

Item	Fiscal year			January-September	
	2008	2009	2010	2010	2011
	Unit value (*dollars per short ton*)				
Total net sales	1,121	954	963	995	1,092
Cost of goods sold:					
Raw material	687	739	662	680	777
Direct labor	54	68	64	65	66
Other factory costs	116	194	135	141	131
Total cost of goods sold	857	1,001	861	886	974
Gross profit or (loss)	264	(47)	101	109	118
SG&A expenses[1]	82	102	83	74	105
Operating income or (loss)	182	(149)	19	35	14
	Number of producers reporting				
Operating losses	1	10	3	2	4
Data	15	15	15	15	15

[1] See the SG&A Expenses and Operating Income (loss) section regarding the increase in SG&A expenses in interim 2011 compared to interim 2010.
[2] See the Non-recurring items section regarding the level of "other expenses" and "other income items," respectively, in 2009.

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

Table VI-2
Circular welded pipe: Results of operations, by firm, 2008-10, January-September 2010, and January -September 2011

* * * * * * *

was largely due to changes in underlying prices, as opposed to substantial changes in product mix.[5] With respect to period-to-period changes in average sales value, producers also noted the importance of steel as a production input, as well as the volatility of its pricing during the period.[6]

With respect to 2008-09 specifically and in contrast with the expected pattern, table VI-1 shows that average sales value and corresponding raw material cost did not share the same directional change;

[5] Conference transcript, p. 90 (Seeger); Conference transcript, p. 91 (Kurasz); Conference transcript, p. 91 (Johnson)

[6] Conference transcript, p. 15 (Seeger).

i.e., average sales value declined in 2009 while average raw material cost increased. As noted in the Cost of Goods Sold section below, producers reporting this pattern (see table VI-2) generally explained that in 2009 the increase in average raw material costs reflected the use of higher cost steel which had been purchased in 2008.

As shown in table VI-2, unlike the uniform pattern of company-specific declines in sales quantity between 2008 and 2009, producers reported a mixed pattern of change in sales quantity between 2009 and 2010. Despite *** reporting continued declines in sales quantity, overall sales quantity increased modestly in 2010 due to the incremental increases reported by a number of the smaller producers. Table VI-2 also shows that overall average sales value likewise increased marginally in 2010 compared to 2009. This pattern is attributable primarily to the higher average sales values in 2010 reported by ***, which in turn helped to offset the corresponding declines in average sales value reported by ***.

While overall sales quantity was higher in interim 2011 compared to interim 2010, there was a notable divergence between the pattern of change reported by *** (see table VI-2). On an overall basis, the domestic industry's total sales volume was 6.0 percent higher in interim 2011 compared to interim 2010.

While average sales values were also higher in interim 2011 compared to interim 2010, U.S. producers at the staff conference noted that the directional trend of steel input costs and corresponding circular welded pipe prices changed sharply during interim 2011 and that average sales values ultimately wound up only partially offsetting higher raw material costs.[7] (Note: For the industry as a whole, table VI-1 shows that the interim 2010-11 difference between average sales value was essentially the same as the corresponding difference between average raw material costs; i.e., approximately $97 per short ton.)

Cost of Goods Sold

The most substantial component of circular welded pipe cost of goods sold ("COGS") is raw material, which in turn primarily reflects the cost of hot-rolled steel.[8] [9] For the industry as a whole, raw material costs ranged from 73.8 percent to 80.1 percent of total COGS during the period examined.

As noted above, a number of companies reported increases in average raw material costs in 2009 while their average sales value declined. In contrast, other producers reported both lower average sales value and lower average raw material costs between 2008 and 2009. Since average steel prices in 2009 were generally lower compared to 2008 and period-to-period product mix reportedly remained about the same, this pattern (i.e., lower average sales values combined with higher average raw material costs) initially appears counterintuitive. According to companies reporting this pattern (see table VI-2), large amounts of higher cost steel purchased in 2008 were used for 2009 production which, in turn, is reflected

[7] As described by a Wheatland official at the staff conference, "{a}s has been the case in the last several years, steel pricing was very volatile during 2011. In late 2010 and early 2011 steel prices rose by nearly 50 percent. Given that our mills convert flat-rolled steel into welded pipe we must try to pass along these steel cost increases to our pipe customers. We attempted to do this through a number of announced price increases through the early part of 2011. Unfortunately, we only achieved half of our announced price increases while we paid virtually all of the steel companies announced increases. In the middle of 2011 steel prices reversed course and fell significantly as did our pipe prices. In late summer and early fall steel companies again began announcing steel price hikes. We announced identical pipe price increases. However, while we wound up paying roughly half of the announced steel cost increases we achieved virtually no pipe price increases." Conference transcript, pp. 15-16 (Seeger).

[8] A Wheatland official stated at the staff conference that "{r}oughly 75 percent of the cost of our product is steel, so it's by far and away the largest component of our cost structure." Conference transcript, p. 100 (Seeger).

[9] ***.

in the observed increase in average raw material costs in 2009.[10] In contrast, producers reporting declines in average raw material costs in 2009 specifically referenced lower input costs in that year.[11] With respect to the *** reporting that it specifically recognized a lower of cost or market ("LCM") inventory adjustment in its 2008 COGS, *** average raw material cost reflects the expected decline in 2009.[12] [13]

Other factory costs and direct labor are the second and third largest components of COGS, respectively, with other factory costs ranging from 13.6 percent to 19.3 percent of total COGS during the period examined and direct labor ranging from 6.3 percent to 7.4 percent. As shown in table VI-1 and on a company-specific basis in table VI-2, both average direct labor and average other factory costs were at their lowest levels in 2008, while in 2009 both items increased notably.[14] The increase in average other factory costs in 2009, as generally confirmed at the staff conference, can be attributed in large part to substantially lower production/sales volume in that year.[15]

Table VI-2 shows that the magnitude of change in average other factory costs between 2008 and 2009 varied from company to company. In addition to different company-specific cost structures, this appears to be at least in part due to the presence of other more primary product lines whose production continued to absorb overall fixed costs. Notwithstanding the positive effect of other product lines on company-specific manufacturing costs, because the majority of aggregated manufacturing costs reflects the operations of producers whose primary focus is circular welded pipe (i.e., Wheatland and Allied), the indirect impact of these other products on the industry's overall financial results appears to be limited.[16]

Gross Profit or (Loss)

As shown in table VI-1, the domestic industry's gross profit was at its highest level on an absolute basis and as percentage of revenue in 2008. In 2009, sharply lower sales volume, a decline in average sales value, an increase in average raw material costs, and the negative effect of reduced production volume on average manufacturing costs, combined to yield an overall gross loss for the industry. On a company-specific basis, table VI-2 shows that 2009 was the only year in which a large number of producers reported gross losses. ***. Table VI-2 also shows that *** reported gross losses of varying magnitudes throughout the period. When asked to explain this pattern, ***.[17]

As indicated in the variance analysis (table VI-3), the industry's return to gross profitability in 2010 was in large part due to positive net cost variances associated with raw materials and other factory costs; the latter variance reflecting improvements in manufacturing efficiencies and fixed cost absorption as production and sales partially rebounded in 2010. In contrast, between interim 2010 and interim 2011,

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[10] With regard to this pattern, ***. November 18, 2011 letter from Schagrin Associates on behalf of *** to USITC staff.

Similarly, ***. November 18, 2011 e-mail with attachment from *** to USITC auditor.

***. November 15, 2011 e-mail from *** to USITC auditor.

As described by ***. November 21, 2011 e-mail with attachments from *** to USITC auditor.

[11] November 16, 2011 fax from *** to USITC auditor. November 17, 2011 letter with attachments from Schagrin Associates on behalf of *** to USITC staff.

[12] ***. November 17, 2011 e-mail with attachment from *** to USITC auditor.

[13] ***. November 21, 2011 e-mail with attachments from *** to USITC auditor.

[14] ***. November 17, 2011 e-mail with attachment from *** to USITC auditor.

[15] Conference transcript, pp. 110-111 (Seeger).

[16] Conference transcript, pp. 93-94 (Schagrin).

[17] November 17, 2011 e-mail with attachment from *** to USITC auditor.

Table VI-3
Circular welded pipe: Variance analysis of financial results, 2008-10, January-September 2010, and January-September 2011

Item	Fiscal year			Jan.-Sept.
	2008-10	2008-09	2009-10	2010-11
	Value (*$1,000*)			
Total net sales:				
Price variance	(147,961)	(148,434)	8,049	73,145
Volume variance	(461,293)	(512,262)	43,393	42,576
Total net sales variance	(609,254)	(660,696)	51,442	115,721
Cost of sales:				
Raw materials:				
Cost variance	22,977	(46,711)	72,072	(72,815)
Volume variance	282,545	313,765	(33,604)	(29,090)
Net raw material variance	305,522	267,054	38,468	(101,905)
Direct labor:				
Cost variance	(9,034)	(12,477)	4,079	(724)
Volume variance	22,391	24,866	(3,111)	(2,800)
Net direct labor variance	13,357	12,389	968	(3,524)
Other factory costs:				
Cost variance	(17,864)	(68,947)	54,602	7,330
Volume variance	47,848	53,135	(8,806)	(6,021)
Net other factory cost variance	29,984	(15,812)	45,796	1,309
Net cost of sales:				
Cost variance	(3,922)	(128,134)	130,753	(66,209)
Volume variance	352,785	391,765	(45,521)	(37,911)
Total net cost of sales variance	348,863	263,631	85,232	(104,120)
Gross profit variance	(260,391)	(397,065)	136,674	11,601
SG&A expenses:				
Expense variance	(989)	(18,098)	18,033	(23,427)
Volume variance	33,620	37,335	(4,639)	(3,147)
Total SG&A variance	32,631	19,237	13,394	(26,574)
Operating income variance	(227,760)	(377,828)	150,068	(14,973)
Summarized as:				
Price variance	(147,961)	(148,434)	8,049	73,145
Net cost/expense variance	(4,911)	(146,232)	148,785	(89,636)
Net volume variance	(74,888)	(83,162)	(6,767)	1,518

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

the industry's higher level of absolute gross profit, which corresponded with a marginal decline in its gross profit ratio, was due to positive net volume variances, as well as a positive other factory costs variance which, like the 2009-10 variance, appears to reflect, at least in part, improvement due to somewhat higher production and sales volume in interim 2011 compared to interim 2010.[18]

SG&A Expenses and Operating Income or (Loss)

Table VI-1 shows that the pattern of operating results largely tracked gross profit or (loss) until interim 2011. In 2009, the decline in absolute SG&A expenses is consistent with lower sales volume, while the corresponding increase in the industry's SG&A expense ratio (i.e., total SG&A expenses as a percentage of total sales) can in general be attributed to the presence of semi-variable and fixed costs/expenses which do not change proportionally with changes in sales activity.

In 2010, the decline in SG&A expenses (full-year and interim period), on both an absolute basis and as a percent of sales, enhanced the relative improvement in gross profitability noted above. This pattern in turn resulted in a return to positive operating income for the industry – albeit at a much lower level compared to 2008. In conjunction with what could be characterized as low (compared to the beginning of the period), but generally stable gross profit ratios from 2010 (full-year and interim period) through interim 2011, higher overall SG&A expenses in interim 2011 compared to interim 2010 yielded both lower absolute operating income and a lower operating income ratio (i.e., operating income or (loss) as a percentage of total sales) (see table VI-1).

While *** to the increase in overall SG&A expenses in interim 2011, this pattern is *** (see table VI-2). ***.[19] ***.[20] [21]

Non-Recurring Items

The majority of material non-recurring items were reported below operating results in table VI-1 and therefore only impacted net income or (loss). However, as described above, notable exceptions included ***.

Below operating results, as shown in table VI-1, "other expenses" were notably higher in 2009 compared to the preceding and subsequent periods. While a number of companies reported other expenses in 2009, the amount reported in table VI-1 is made up primarily of ***.[22]

Similarly, "other income" in 2009 was also notably higher compared to previous and subsequent periods (see table VI-1). While several other companies reported other income in that year, ***.[23]

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[18] As indicated previously, the magnitude of the interim 2010-11 change in average sales value (positive) and corresponding average raw material cost (negative) was essentially the same. Accordingly and as shown in table VI-3, this yields an interim 2010-11 positive price variance which was almost entirely offset by the corresponding negative raw material cost variance.

[19] ***. November 17, 2011 letter with attachments from Schagrin Associates on behalf of *** to USITC staff. November 21, 2011 e-mail with attachment from *** to USITC auditor. ***.

[20] Ibid. ***. November 28, 2011 e-mails with attachments from *** to USITC auditor.

[21] ***. USITC auditor notes (preliminary phase).

[22] November 18, 2011 e-mail with attachments from *** to USITC auditor.

[23] ***. In November 2008, NLMK reportedly withdrew from a $3.53 billion agreement to acquire JMC after which NLMK was sued in order to compel completion of the deal. The total amount of the settlement was $234 million. *DBO, NLMK Settle JMC Spat*, American Metal Market, May/June 2009, Vol. 118, Issue 4, p. 15. With respect to interest expense reported in table VI-1, ***. November 21, 2011 e-mail with attachment from *** to USITC auditor.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, TOTAL NET ASSETS, AND RETURN ON INVESTMENT

Data on capital expenditures and research and development ("R&D") expenses related to circular welded pipe are presented in table VI-4. Data on total net assets and corresponding return on investment ("ROI") for the full-year periods (2008 through 2010) are presented in table VI-5.

Table VI-4
Circular welded pipe: Capital expenditures and R&D expenses, 2008-10, January-September 2010, January-September 2011

Item	Fiscal year			January-September	
	2008	2009	2010	2010	2011
Capital expenditures:	**Value (*$1,000*)**				
* * * * * * *					
Total capital expenditures	26,778	35,232	31,185	24,354	24,409
R&D expenses:	**Value (*$1,000*)**				
* * * * * * *					

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

Table VI-5
Circular welded pipe: Total net assets and return on investment by firm, 2008-10

Item	Fiscal year		
	2008	2009	2010
Net Assets:	**Value (*$1,000*)**		
* * * * * * *			
Total net assets	900,036	1,248,759	830,716
Return on investment:	**Ratio of operating income or (loss) to total net assets**		
* * * * * * *			
Average return on investment	27.3	(10.6)	2

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

As shown in table VI-4, while some producers reported annual capital expenditures which moved within a relatively narrow range, others reported relatively large period-to-period changes. With ***, company-specific shares of total reported capital expenditures were generally consistent with company-specific shares of total circular welded pipe sales.[24] On a cumulative basis, ***.[25]

Among the smaller-volume producers, ***.[26]

According to ***.[27]

Similarly, ***.[28]

***.[29]

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of circular welded pipe from India, Oman, UAE, or Vietnam on their firms' 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. The U.S. producers' responses are presented below.

Actual Negative Effects

Allied	***.
American	***.
Atlas	***.
Bull Moose	***.
California Steel	***.
Hanna	***.
Leavitt	***.
Maruichi	***.
Northwest	***.
Tex-Tube	***.
Texas Tubular	***.
TMK-IPSCO	***.
U.S. Steel	***.
Western	***.
Wheatland	***.

Anticipated Negative Effects

Allied	***.
American	***.
Atlas	***.
Bull Moose	***.
California Steel	***.

[24] ***.

[25] November 18, 2011 letter with attachments from Schagrin Associates on behalf of *** to USITC staff.

[26] November 16, 2011 fax from *** to USITC auditor.

[27] November 11, 2011 e-mail from *** to USITC auditor.

[28] November 18, 2011 e-mail with attachments from *** to USITC auditor. USITC auditor notes (preliminary phase).

[29] November 15, 2011 e-mail from *** to staff.

Hanna	***.
Leavitt	***.
Maruichi	***.
Northwest	***.
Tex-Tube	***.
Texas Tubular	***.
TMK-IPSCO	***.
U.S. Steel	***.
Western	***.
Wheatland	***.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.[1] 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 INDIA

Overview

In India, Welspun is the largest tube maker with a total capacity of almost 1.7 million short tons including facilities in India, Saudi Arabia, and the United States.[2] Most of Welspun's production, however, is of large line pipe. Tubes of diameter less than 16 inches are produced in Anjar, in India's western state of Gujarat.[3]

Other leading producers of ASTM A-53 pipe in India include Tata Steel (capacity: 220,000 short tons), Surya Steel Pipe (331,000 short tons), Jindal Pipe (220,000 short tons), and Steel Authority of India (143,000 short tons), a state-owned-enterprise or SOE.[4]

Circular Welded Pipe Operations

The petition identified 26 alleged producers of circular welded pipe in India. The Commission sent foreign producer questionnaires to 31 firms that were identified as possible producers/exporters of circular welded pipe in India, and for which contact information was available. Useable questionnaire responses were received from four companies–Good Luck Steel,[5] Technocraft,[6] Welspun,[7] and Zenith Birla.[8] Table VII-1 presents data on the shares of 2010 reported capacity and production in India for the four respondents.

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[1] Staff allocated subject circular welded pipe capacity on behalf of ***. Staff also adjusted overall production capacity for ***, both overall and subject interim capacity for ***, and overall interim 2010 capacity for ***.

[2] Welspun is also a textile company.

[3] Simdex 2011.

[4] Petition, October 26, 2011, exhibit I-4.

[5] Good Luck Steel estimates that it accounted for *** percent of circular welded pipe produced in India in 2010 as well as *** percent of exports to the United States in 2010.

[6] Technocraft estimates that it accounted for *** percent of total circular welded pipe produced in India in 2010. The company *** during the period for which data were collected.

[7] Welspun *** during the period for which data were collected.

[8] Zenith Birla estimates that it accounted for *** percent of total circular welded pipe exports to the United States in 2010.

Table VII-1
Circular welded pipe: Indian producers' reported capacity, production, and shares of reported capacity and production, 2010

Firm	Capacity (*short tons*)	Production (*short tons*)	Share of reported capacity (*percent*)	Share of reported production (*percent*)
Good Luck Steel	***	***	***	***
Technocraft	***	***	***	***
Welspun	***	***	***	***
Zenith Birla	***	***	***	***
Total	335,000	216,703	100.0	100.0

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

Zenith Birla is the dominant exporter to the United States as well as a substantial producer of the subject merchandise. In addition, Zenith Birla is the only known active Indian producer that has been excluded from an existing antidumping duty order on Indian circular welded pipe, which has been in effect since 1986.

Table VII-2 presents data for Indian producers/exporters of the subject merchandise. As shown in table VII-2, Indian capacity remained stable during the period for which data were collected, while production increased. Overall production increased by 18 percent from 2008-09, then increased slightly from 2009-10, and is projected to increase in 2012. Three of the four companies reported *** between 2008 and 2010. The increase in production is mostly due to ***, particularly in 2009, when it increased production to *** short tons from *** short tons in 2008. Production was lower in January-September 2011 than in January-September 2010. Capacity utilization increased between 2008 and 2010 and was slightly lower in January-September 2011 than in January-September 2010. Home market shipments increased in 2008-10, and accounted for well over one-half of total shipments. Two of the four companies that submitted a questionnaire response, ***, *** during the period for which data were collected. *** accounted for the great majority of reported exports to the United States, which also increased between 2008 and 2010, and are projected to account for approximately *** of responding Indian producers' shipments in 2011 and 2012. Approximately *** of ***'s total shipments were exported. Inventories also increased between 2008 and 2010, and were equivalent to *** to *** percent of circular welded pipe shipments.

Table VII-2
Circular welded pipe: Indian producers' reported production capacity, production, shipments, and inventories, 2008-10, January-September 2010, January-September 2011, and projected 2011-12

Item	Actual experience					Projections	
				January-September			
	2008	2009	2010	2010	2011	2011	2012
				Quantity *(short tons)*			
Capacity	335,000	335,000	335,000	251,250	251,250	335,000	345,000
Production	182,095	215,060	216,703	166,595	157,133	201,500	226,500
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	185,161	208,826	216,780	163,815	165,890	201,000	221,600
				Ratios and shares (*percent*)			
Capacity utilization	54.4	64.2	64.7	66.3	62.5	60.1	65.7
Inventories to production	***	***	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***	***	***
Share of total shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
All export markets	***	***	***	***	***	***	***

Note.–Data presented in this table are as reported by the four responding Indian producers Good Luck Steel, Technocraft, Welspun, and Zenith Birla.
Note.–Because of rounding, figures may not add to the totals shown.

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

Alternative and Downstream Products

Two of the four companies (***) reported production of other products using the same manufacturing equipment and/or production employees that were used to produce circular welded pipe. Both companies reported ***. Their data is presented in table VII-3. Both companies reported that ***.

Table VII-3
Circular welded pipe: Indian producers *'s total plant capacity and production, by products in India, 2008-10, January-September 2010, and January-September 2011**

* * * * * * *

THE INDUSTRY IN OMAN

Overview

The petition identified two alleged producers of circular welded pipe in Oman:

Al Jazeera Steel Products (Al Jazeera) is headquartered in the Port of Sohar, near the Strait of Hormuz. Its facility at Sohar has a total installed capacity of 331,000 short tons producing welded tubes of outside diameters ranging from 0.840 inch to 8.625 inches. Al Jazeera also produces light-walled rectangular tubes with sides ranging from 0.5 to 6.555 inches. The company exports 90 percent of its products to over 25 countries including the Middle East region, the United States, Canada, Germany and other EU countries. Al Jazeera's business strategy is to focus on global market expansion and the application of modern technology.[9]

Gulf International Pipe Industry (GIPI), established in January 2007, is a joint-venture of three Omani firms and Posco Steel & Sales Service Co. Ltd., a Korean global steel company. GIPI is located in the Sohar Industrial Area, the industrial center of Oman. GIPI produces standard pipe to ASTM specification A-53 with diameters ranging from 8.625 inches to 24 inches. Other main GIPI's products include API standard carbon steel electric resistance welded (ERW) line pipe and oil country tubular goods.[10]

Circular Welded Pipe Operations

The Commission received one questionnaire response from Al Jazeera.[11] As shown in table VII-4, capacity for Al Jazeera remained stable during the period for which data were collected, while production decreased overall. Capacity remained stable in January-September 2011 relative to January-September 2010, but production was higher. Capacity utilization declined between 2008 and 2010 but was higher in January-September 2011 than in January-September 2010. During 2008-10, *** of Al Jazeera's shipments were exported, with over *** of shipments exported to markets other than the United States. Home market shipments increased *** between 2008 and 2010, while export shipments *** decreased. Exports to the United States as a share of total shipments, however, increased by ***

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[9] "Jazeera Tubes of Oman Announce Name Change," http://www.arabsteel.info/total/long_news_Total_e.asp?ID=337, See also Petition, October 26, 2011, exhibit I-4.

[10] See Company websites: http://gipi.co.om/GIPI%20Product%20Catalogue.pdf, and http://gipi.co.om/aboutus.htm

[11] Al Jazeera estimates that it accounted for *** percent of total circular welded pipe exports to the United States in 2010.

percentage points between 2008 and 2010. Exports to the United States are projected to remain *** of all Omani shipments in 2011 and 2012. Finally, inventories decreased by *** percent between 2008-10, and were equivalent to approximately *** percent of total shipments of circular welded pipe by January-September 2011.

Table VII-4
Circular welded pipe: Oman's reported production capacity, production, shipments, and inventories, 2008-10, January-September 2010, January-September 2011, and projected 2011-12

* * * * * * *

Alternative and Downstream Products

Al Jazeera's production of alternative and downstream products is presented in table VII-5. Al Jazeera reported that ***.

Table VII-5
Circular welded pipe: Oman's total plant capacity and production, by products, 2008-10, January-September 2010, and January-September 2011

* * * * * * *

THE INDUSTRY IN UNITED ARAB EMIRATES

Overview

Petitioners identified 5 producers of the subject products in the U.A.E., the largest of which is Abu Dhabi Metal Pipes and Profiles ("ADPICO"), located in Dubai, with a total capacity of 1.5 million short tons. ADPICO main products include standard pipe, mechanical tubing, line pipe, and light-walled rectangular tubes to U.S., British, and other international standards. ADPICO claims that it is the U.A.E.'s largest tube maker and that, having captured the majority of the domestic market, it has now begun to explore global markets including Europe and North America.[12]

Universal Tube and Plastics Industries ("Universal") was founded in 1990 in Dubai with a total capacity of almost 200,000 short tons, employing 250 workers. Universal makes welded standard pipe and structural tubing in rounds and rectangular shapes to various international standards.[13] Universal claims that it is the U.A.E.'s leading manufacturer of black and galvanized steel tubes and leading exporter and distributor of welded steel pipe and tubes in more than 35 countries in the Gulf region, Africa, Australia, Canada, Europe, North America, the Far East and the Indian subcontinent.[14]

[12] ADPICO's website, http://www.ameinfo.com/87339.html

[13] Petition, October 26, 2011, exhibit I-4, Foreign Producers and Exporter names and Address.

[14] Universal's website, http://www.universaltubes.com/companyprofile.html

Circular Welded Pipe Operations

The Commission sent foreign producer questionnaires to eight firms that were identified as possible producers/exporters of circular welded pipe in the U.A.E., and for which contact information was available. Useable questionnaire responses were received from five companies–ADPICO, Ajmal Steel, Conares, GK Wire, and Universal. Universal is the largest producer of circular welded pipe in the U.A.E., as well as the dominant exporter of subject merchandise to the United States.[15] [16] Table VII-6 presents data on the shares of 2010 reported capacity and production in the U.A.E. for the four respondents.

Table VII-6
Circular welded pipe: U.A.E. producers' reported capacity, production, and shares of reported capacity and production, 2010

Firm	Capacity (*short tons*)	Production (*short tons*)	Share of reported capacity (*percent*)	Share of reported production (*percent*)
ADPICO	***	***	***	***
Ajmal Steel	***	***	***	***
Conares	***	***	***	***
Universal	***	***	***	***
Universal Tube and Pipe (affiliate)	***	***	***	***
GK Wire	***	***	***	***
Total	317,600	167,632	100.0	100.0

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

As shown in table VII-7, capacity increased by 13.3 percent between 2008 and 2010, with a similar increase in production of circular welded pipe. Capacity and production were also higher in January-September 2011 than in January-September 2010. Capacity utilization declined between 2008 and 2010 and was lower in January-September 2011 than in January-September 2010. During 2008-10, the U.A.E. market was a leading destination for shipments of circular welded pipe, although by 2010 more than *** of U.A.E. shipments were exported. Exports to the United States increased *** as a share of total shipments between 2008 and 2010, and in January-September 2011, such exports comprised the *** component of U.A.E. shipments of circular welded pipe. Exports to the United States are projected to remain *** higher than *** of all U.A.E. shipments in 2011 and 2012. Finally, inventories remained relatively stable during the period for which data were collected, generally equivalent to *** percent of total U.A.E. shipments of circular welded pipe.

[15] Conference transcript, p. 132 (Cameron). In addition, Universal estimates that it accounted for *** percent of circular welded pipe produced in the U.A.E. in 2010 as well as *** percent of exports to the United States in 2010.

[16] Universal also submitted questionnaire data for its affiliate, Universal Tube and Pipe, which ***. ***. Questionnaire responses of Universal and Universal Tube and Pipe.

Table VII-7
Circular welded pipe: U.A.E.'s reported production capacity, production, shipments, and inventories, 2008-10, January-September 2010, January-September 2011, and projected 2011-12

Item	Actual experience					Projections	
				January-September			
	2008	2009	2010	2010	2011	2011	2012
	Quantity *(short tons)*						
Capacity	280,400	304,400	317,600	228,181	280,981	306,500	354,800
Production	154,130	136,109	167,632	122,599	147,744	194,044	212,232
End-of-period inventories[1]	***	***	***	***	***	***	***
Shipments:							
Internal consumption	***						
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	175,784	146,022	167,725	123,750	149,842	193,483	213,827
	Ratios and shares (*percent*)						
Capacity utilization	55.0	44.7	52.8	53.7	52.6	63.3	59.8
Inventories to production	***	***	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***	***	***
Share of total shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
All export markets	***	***	***	***	***	***	***

[1] The data do not reconcile with respect to inventories.

Note.–*** did not provide data for January-September 2010. Therefore, staff applied a ratio based on three-quarters of full-year 2010 data.
Note.–Because of rounding, figures may not add to the totals shown.

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

Alternative and Downstream Products

Presented in table VII-8 are U.A.E. producers' reported production of other products using the same manufacturing equipment and/or production employees that were used to produce circular welded pipe. Two of the five companies (***) reported production of alternative and downstream products during the period for which data were collected.[17] Two other producers, (***) reported that they did not produce alternative and downstream products during the period for which data were collected. Overall capacity increased in 2010, mostly due to ***. Both companies reported ***.

Table VII-8
Circular welded pipe: U.A.E. producers *'s total plant capacity and production in the U.A.E., by products, 2008-10, January-September 2010, and January-September 2011**

* * * * * * *

THE INDUSTRY IN VIETNAM

Overview

Petitioners identified ten producers of the subject products in Vietnam. Several of these are medium-size joint-ventures between Vietnamese and foreign companies which were mostly founded during the 1990s with capacity typically below 100,000 short tons.[18]

VietDuc Company (VietDuc),[19] an affiliate of Steel Industry Material Co., Ltd.,[20] was established in 2003 in Vinh Phuc province near Hanoi with a capacity of 220,000 short tons.[21] VietDuc claims to have a modern German-made production line manufacturing carbon steel and stainless steel pipe and tube to British and Korean standards. In addition, VietDuc produces light-walled rectangular tubes and steel wire. It is also a steel trading company. Approximately 20 and 30 percent of VietDuc's production is for export, almost 70 percent of which is destined to the United States.[22]

Vietnam Pipe Company or VPC[23] was founded in 1993 with a capacity of 43,000 short tons in HaiPhong City in Northern Vietnam as a joint venture between Vietnam Steel Corporation and two leading Korean steel producers SeAH and POSCO. VPC produces welded black and galvanized carbon

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[17] Although *** did not report production of other products using the same manufacturing equipment and/or production employees during the period for which data were collected, it reported that ***. In addition, *** reported its ability to produce OCTG using the same manufacturing equipment and/or production employees, projected for 2012.

[18] Ngoc Lan, "Tempering Steel Pipe Export With Caution," Saigon Times, August 15, 2010. Petition, October 26, 2011, exhibit I-8.

[19] VietDuc Company is also known as Vietnam Germany Steel Pipe Joint Stock Company or VG Pipe, see *http://www.vgpipe.com.vn/uploads/bao%20cao%20tai%20chinh/2011/bao%20cao%20VGPIPE%20hop%20nhat.pdf/.*

[20] Hanoi-based Steel Industry Material Co., Ltd. claims to be Vietnam's leading manufacturer of construction steel, steel pipes, cement and other construction materials. See company's website *http://www.simcovn.com/English/gioithieu.asp/*.

[21] Company's website: http://www.vgpipe.com.vn/

[22] Ngoc Lan, "Tempering Steel Pipe Export With Caution," *Saigon Times,* August 15, 2010. Petition, October 26, 2011, exhibit I-8.

[23] Petition, October 26, 2011, exhibit I-4.

steel pipe and tubes to British, Korean and Japanese standards. VPC's tubular products ranges from 0.5 to 10 inches in O.D.

Circular Welded Pipe Operations

The Commission sent foreign producer questionnaires to 14 firms that were identified as possible producers/exporters of circular welded pipe in Vietnam, and for which contact information was available. Only one Vietnamese company, Nguyen Minh Steel, responded to the Commission's questionnaire, and provided limited and inconsistent data. The company is not believed to be a major producer/exporter of the subject merchandise and thus may not be representative of the Vietnamese industry. In addition, the company exported *** shipments to the United States during the period for which data were collected.[24]

THE INDUSTRIES IN THE SUBJECT COUNTRIES COMBINED

Table VII-9 presents aggregate data for the reporting producers of circular welded pipe from India, Oman, and the U.A.E.[25]

[24] The Vietnamese producer's questionnaire response was incomplete. The limited data provided is as follows: The company allocated subject capacity close to production for each year, resulting in high capacity utilization rates, ranging from *** percent to *** percent. Production data reported are as follows: *** short tons (2008); *** short tons (2009); *** short tons (2010); *** short tons (January-September 2010); and *** short tons (January-September 2011). The great majority of shipments were to the home market (approximately *** percent in 2008, *** percent in 2009, and *** percent in 2010), while the remainder of shipments were exported. It exported minimal amounts to the United States in 2008 (*** short tons) and 2010 (*** short tons), and in January-September 2011 (*** short tons). Exports to other markets were *** percent of total shipments in 2008, *** percent in 2009, and *** percent in January-September 2011. Inventories increased between 2008 and 2010 from *** short tons in 2008 to *** short tons in 2010, accounting for *** percent and *** percent of production in 2008 and 2010, respectively.

[25] Only one Vietnamese foreign producer responded to the Commission's questionnaire, accounting for *** shipments to the United States during the period for which data were collected, and is not believed to be representative of the Vietnamese circular welded pipe industry. For these reasons, staff did not include the Vietnamese company in the aggregate data.

Table VII-9
Circular welded pipe: India, Oman, and the U.A.E.'s combined reported production capacity, production, shipments, and inventories, 2008-10, January-September 2010, January-September 2011, and projected 2011-12[1]

Item	Actual experience					Projections	
				January-September			
	2008	2009	2010	2010	2011	2011	2012
	Quantity *(short tons)*						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	41,203	41,163	44,814	39,684	35,488	40,265	33,642
Shipments:							
Internal consumption	17,348	22,069	17,410	12,566	13,495	15,460	14,613
Home market	229,042	233,005	225,914	164,382	157,505	205,554	233,050
Exports to--							
The United States	95,933	68,170	136,537	101,144	126,527	160,081	166,794
All other markets	172,329	138,453	137,018	107,171	125,234	154,095	173,087
Total exports	268,262	206,623	273,555	208,315	251,761	314,176	339,881
Total shipments	***	***	***	***	***	***	***
Capacity utilization	***	***	***	***	***	***	***
Inventories to production	***	***	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***	***	***
Share of total shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to–							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
All export markets	***	***	***	***	***	***	***

[1] Aggregate data includes the foreign industry data for India, Oman, and the U.A.E. Only one Vietnamese foreign producer responded to the Commission's questionnaire, accounting for *** shipments to the United States during the period for which data were collected, and is not believed to be representative of the Vietnamese circular welded pipe industry. For these reasons, staff did not include the Vietnamese company in the aggregate data.

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

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

U.S. IMPORTERS' INVENTORIES

Inventories of U.S. imports are reported as presented in table VII-10. Inventories of Indian circular welded pipe decreased between 2008 and 2010, while inventories from Oman and the U.A.E. increased during the same period.

Table VII-10
Circular welded pipe: U.S. importers' end-of-period inventories of imports, by source, 2008-10, January-September 2010, and January-September 2011

Item	Calendar year			January-September	
	2008	2009	2010	2010	2011
India:					
Inventories *(short tons)*	***	***	***	***	***
Ratio of inventories to imports *(percent)*	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent)*	***	***	***	***	***
Oman:					
Inventories *(short tons)*	***	***	***	***	***
Ratio of inventories to imports *(percent)*	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent)*	***	***	***	***	***
U.A.E.:					
Inventories *(short tons)*	***	***	***	***	***
Ratio of inventories to imports *(percent)*	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent)*	***	***	***	***	***
Vietnam:					
Inventories *(short tons)*	***	***	***	***	***
Ratio of inventories to imports *(percent)*	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent)*	***	***	***	***	***
Subtotal, subject:					
Inventories *(short tons)*	14,895	3,778	12,886	16,009	15,568
Ratio of inventories to imports *(percent)*	14.4	5.6	9.7	12.9	7.9
Ratio to U.S. shipments of imports *(percent)*	20.8	6.4	12.5	18.5	11.1
Nonsubject sources:					
Inventories *(short tons)*	***	***	***	***	***
Ratio of inventories to imports *(percent)*	***	***	***	***	***
Ratio to U.S. shipments of imports *(percent)*	***	***	***	***	***
All sources:					
Inventories (*short tons)*	***	***	***	***	***
Ratio of inventories to imports (*percent)*	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent)*	***	***	***	***	***

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

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of circular welded pipe from India, Oman, the U.A.E., and Vietnam after September 30, 2011. This information is presented in the following tabulation.

Source	Oct. 2011	Nov. 2011	Dec. 2011	Jan. 2012	Feb. 2012	Mar. 2012	Total
	Quantity (*short tons*)						
India	***	***	***	***	***	***	***
Oman	***	***	***	***	***	***	***
U.A.E.	***	***	***	***	***	***	***
Vietnam	***	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total arranged imports	11,636	16,455	9,998	15,154	6,548	13,136	72,927

ANTIDUMPING AND COUNTERVAILING DUTY INVESTIGATIONS IN THIRD-COUNTRY MARKETS

No producer, importer, or foreign producer reported any countervailing or antidumping duty orders on circular welded pipe from India, Oman, the U.A.E., or Vietnam in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

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.'"[26]

[26] 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).

Global Market

According to the World Steel Association (WSA),[27] in 2010, China was the world's largest producer of welded steel tubes, producing 35.7 million short tons, followed by Japan and Korea with 5.5 and 5.3 million short tons, respectively. The United States produced almost 2 million short tons while Vietnam manufactured 0.7 million short tons of welded tubes in 2010 (table VII-11).

According to Global Trade Atlas (GTA), in 2010, Italy was the world's leading exporter of welded steel pipe, exporting circular welded tubes valued at $974.4 million,[28] followed by China ($558.4 million) and the United States ($477.7 million). GTA data are presented in table VII-12.

Table VII-11
Circular welded pipe: Global welded tube and pipe production, by region, 2008-10

Region	Calendar year		
	2008	2009	2010
	Quantity (*in thousands of short tons*)		
North America	5,981	3,436	4,892
United States	2,653	1,284	1,951
European Union (15)	7,163	5,392	202
Asia	43,862	45,443	48,715
China	28,014	33,503	35,681
Vietnam	606	626	742
Commonwealth of Independent States	NA	NA	7,144
South America	NA	NA	NA
Others	1,616	1,419	801
Total of reporting countries	58,622	55,690	61,754

NA: Not available.

Note.–The data presented in this table are for all welded tubes, and so are substantially overstated with respect to the circular welded pipe subject to these investigations. No data from India, U.A.E or Oman were reported during 2008-10. Original data were published in metric tons, which were converted to short tons by multiplying by 1.1023. Total production are not comparable because the number of reporting countries are not consistent across the years. Because of rounding, figures may not add to the totals shown.

Source: WSA, *Steel Statistical Yearbook 2011,* p. 61, August 2011.

[27] The World Steel Association (WSA) is a non-profit organization with headquarters in Brussels, Belgium. The WSA is one of the largest and most dynamic industry associations in the world, representing approximately 170 steel producers (including 18 of the world's 20 largest steel companies), national and regional steel industry associations, and steel research institutes. WSA members produce around 85 percent of the world's steel.

[28] Global Trade Atlas' data (GTA)for world trade are only consistent across countries at the 6-digit HTS level. GTA data discussed in this section are based on HTS 7306.30 for circular welded tubes and pipe and hollow profiles. These data may overstate the actual quantity of the subject product because they also include nonsubject tubular products.

Table VII-12
Circular welded pipe: Exports to world, by source, 2008-10

Source	Calendar year		
	2008	2009	2010
	Value (*1,000 dollars*)		
Italy	1,254,979	756,354	974,422
China	484,282	337,636	558,413
United States	495,689	338,985	477,675
Germany	685,440	441,218	471,465
Turkey	386,931	226,871	330,658
Japan	289,709	209,442	301,795
South Korea	351,189	214,044	279,518
Switzerland	364,613	213,917	275,117
Spain	271,371	175,177	256,094
Canada	485,055	204,539	253,859
France	196,200	127,470	150,367
Netherlands	247,159	140,892	146,014
Mexico	165,877	82,861	117,359
Subtotal	5,678,493	3,469,406	4,592,755
Other sources	1,994,515	1,042,184	1,311,917
Total	7,673,008	4,511,589	5,904,672

Source: Compiled from *Global Trade Atlas*, HTS 7306.30.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–482–485 and 731–TA–1191–1194 (Preliminary)]

Circular Welded Carbon-Quality Steel Pipe From India, Oman, United Arab Emirates, and Vietnam; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping and countervailing duty investigations Nos. 701–TA–482–485 and 731–TA–1191–1194 (Preliminary) under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)) (the Act) to determine whether 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 circular welded carbon-quality steel pipe from India, Oman, United Arab Emirates, and Vietnam, provided for in subheadings 7306.19, 7306.30, and 7306.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value and alleged to be subsidized by the Governments of India, Oman, United Arab Emirates, and Vietnam. Unless the Department of Commerce extends the time for initiation pursuant to sections 702(c)(1)(B) or 732(c)(1)(B) of the Act (19 U.S.C. §§ 1671a(c)(1)(B) or 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping and countervailing duty investigations in 45 days, or in this case by December 12, 2011. The Commission's views are due at Commerce within five business days thereafter, or by December 19, 2011.

For further information concerning the conduct of these investigations 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 B (19 CFR part 207).

DATES: *Effective Date:* October 26, 2011.

FOR FURTHER INFORMATION CONTACT: Keysha Martinez (202) 205–2136), 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://www.edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on October 26, 2011, by Allied Tube and Conduit, Harvey, IL; JMC Steel Group, Chicago, IL; Wheatland Tube, Sharon, PA; and United States Steel Corporation, Pittsburgh, PA.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an

administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. §§ 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Investigations has scheduled a conference in connection with these investigations for 9:30 a.m. on November 16, 2011, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the conference should be filed with the Office of the Secretary (*William.Bishop@usitc.gov* and *Sharon.Bellamy@usitc.gov*) on or before November 14, 2011. Parties in support of the imposition of countervailing and antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before November 21, 2011, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Please be aware that the Commission's rules with respect to electronic filing have been amended. The amendments will take effect on November 7, 2011. *See* 74 FR 61937 (Oct. 6, 2011). For those materials submitted to the Commission in this proceeding on and after the effective date of these amendments please refer to 74 FR 61937 (Oct. 6, 2011) and the newly revised Commission's Handbook on E-Filing.

In accordance with sections 201.16(c) and 207.3 of the 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 207.12 of the Commission's rules.

Issued: October 27, 2011.

By order of the Commission.

James R. Holbein,

Secretary to the Commission.

[FR Doc. 2011–28486 Filed 11–2–11; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–533–852, A–523–801, A–520–805, A–552–811]

Circular Welded Carbon-Quality Steel Pipe From India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* November 22, 2011.

FOR FURTHER INFORMATION CONTACT: Steve Bezirganian, Robert James (India, the United Arab Emirates, and Vietnam), or Angelica Mendoza (Oman), AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, at (202) 482–1131, (202) 482–0649, or (202) 482–3019, respectively.

SUPPLEMENTARY INFORMATION:

The Petitions

On October 26, 2011, the Department of Commerce (the Department) received petitions concerning imports of circular welded carbon-quality steel pipe (certain steel pipe) from India, the Sultanate of Oman (Oman), the United Arab Emirates (UAE), and the Socialist Republic of Vietnam (Vietnam) filed in proper form on behalf of Allied Tube and Conduit, JMC Steel Group, Wheatland Tube Company, and United States Steel Corporation (collectively, Petitioners). *See* Circular Welded Carbon-Quality Steel Pipe from India, Oman, the UAE, and Vietnam: Antidumping and Countervailing Duty Petitions, filed on October 26, 2011 (hereinafter, the Petitions). On November 1, 2011, the Department issued requests for additional information and clarification of certain areas of the Petitions. Petitioners filed responses to these requests on November 7, 2011 (hereinafter, the Supplement to the AD/CVD Petitions,[1] the Supplement to the AD India Petition, the Supplement to the AD Oman Petition, the Supplement to the AD United Arab Emirates Petition, and the Supplement to the AD Vietnam Petition). On November 4, 2011, the Department issued a request for additional information and clarification regarding the scope of the petitions, and Petitioners' response to this request was included in the Supplement to the AD/CVD Petitions. On November 8, 2011, Petitioners agreed to modified scope language. *See* the November 10, 2011 memorandum from Steve Bezirganian through Richard Weible to the File.

On November 8, 2011, the Department requested additional clarification on issues involving industry support. Petitioners filed a response to this request on November 10, 2011 (hereinafter, the Second Supplement to the AD/CVD Petitions). On November 8, 2011, the Department requested additional information regarding India and Vietnam. Petitioners filed responses to these requests on November 10, 2011 (hereinafter, the Second Supplement to the AD India Petition and the Second Supplement to the AD Vietnam Petition, respectively). In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), Petitioners allege that imports of certain steel pipe from India, Oman, the UAE, and Vietnam are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petitions on behalf of the domestic industry because Petitioners are interested parties as defined in section 771(9)(C) of the Act and have demonstrated sufficient industry support with respect to the antidumping duty investigations that Petitioners are requesting that the Department initiate (*see* ''Determination of Industry Support for the Petitions'' section below).

Period of Investigation

The period of investigation (POI) for India, Oman, and the UAE is October 1, 2010, through September 30, 2011. The POI for Vietnam is April 1, 2011, through September 30, 2011. *See* 19 CFR 351.204(b)(1).

[1] Petitioners refiled the Supplement to the AD/CVD Petitions on November 9, 2011, to include a statement that the business proprietary document ''may be released under APO.''

Scope of Investigations

The product covered by these investigations is certain steel pipe from India, Oman, the UAE, and Vietnam. For a full description of the scopes of the investigations, *see* Appendix I (Scope of the Oman, the UAE, and Vietnam Investigations) and Appendix II (Scope of the India AD Investigation) of this notice.

Comments on Scope of Investigations

During our review of the Petitions, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. Interested parties that wish to submit comments on the scope should do so by December 5, 2011, twenty calendar days from the signature date of this notice. All comments must be filed on the records of the India, Oman, the UAE, and Vietnam antidumping duty investigations and the India, Oman, the UAE, and Vietnam countervailing duty investigations. All comments and submissions to the Department must be filed electronically using Import Administration's Antidumping Countervailing Duty Centralized Electronic Service System (IA ACCESS).[2] An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by the time and date noted above. Documents excepted from the electronic submission requirements must be filed manually (*i.e.,* in paper form) with the Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, and stamped with the date and time of receipt by the deadline noted above.

Comments on Product Characteristics for Antidumping Duty Questionnaires

Interested parties may submit comments regarding the appropriate characteristics of certain steel pipe to be reported in response to the

[2] *See http://www.gpo.gov/fdsys/pkg/FR–2011–07–06/pdf/2011–16352.pdf* for details of the Department's Electronic Filing Requirements, which went into effect on August 5, 2011. Information on help using IAACCESS can be found at *https://iaaccess.trade.gov/help.aspx* and a handbook can be found at *https://iaaccess.trade.gov/help/Handbook%20on%20Electronic%20Filling%20Procedures.pdf.*

Department's antidumping questionnaires. We base the product characteristics used for defining models and model matching on meaningful commercial differences among products. In addition, interested parties may comment on the order in which the characteristics should be used in model matching. Generally, the Department attempts to list the characteristics in descending order of importance. On the day of publication of this notice, the Department will post its proposal on the Import Administration Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html.* In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaires, we must receive comments by December 9, 2011. All such comments must be filed on the records of the India, Oman, the UAE, and Vietnam antidumping duty investigations. All comments and submissions to the Department must be filed electronically using IA ACCESS, as referenced above.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc.* v. *United States,* 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp., Ltd.* v. *United States,* 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989).

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation'' (*i.e.,* the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that certain steel pipe constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* Antidumping Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from India (India AD Checklist), Antidumping Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from Oman (Oman AD Checklist), Antidumping Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from the UAE (UAE AD Checklist), and Antidumping Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from Vietnam (Vietnam AD Checklist) at Attachment II, Analysis of Industry Support for the Petitions Covering Circular Welded Carbon-Quality Steel Pipe, on file electronically via IA ACCESS. Access to IA ACCESS is available in the Central Records Unit (CRU), Room 7046 of the main Department of Commerce building.

In determining whether Petitioners have standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petitions with reference to the domestic like product as defined in the ''Scope of Investigations,'' in Appendix I of this notice. To establish industry support, Petitioners provided their shipments of the domestic like product in 2010, and compared their shipments to the estimated total shipments of the domestic like product for the entire domestic industry. Because total industry production data for the domestic like product for 2010 is not reasonably available and Petitioners have established that shipments are a reasonable proxy for production data, we have relied upon the shipment data provided by Petitioners for purposes of measuring industry support. For further discussion, *see* India AD Checklist, Oman AD Checklist, UAE AD Checklist, and Vietnam AD Checklist, at Attachment II.

Our review of the data provided in the Petitions, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petitions established support from domestic producers accounting for more than 50 percent of the total shipments [3] of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.,* polling). *See* section 732(c)(4)(D) of the Act and India AD Checklist, Oman AD Checklist, UAE AD Checklist, and Vietnam AD Checklist, at Attachment II. Second, the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers who support the Petitions account for at least 25 percent of the total shipments of the domestic like product. *See* India AD Checklist, Oman AD Checklist, UAE AD Checklist, and Vietnam AD Checklist, at Attachment II. Finally, the domestic producers have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers who support the Petitions account for more than 50 percent of the shipments of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petitions. *See* India AD Checklist, Oman AD Checklist, UAE AD Checklist, and

[3] As mentioned above, Petitioners have established that shipments are a reasonable proxy for production data. Section 351.203(e)(1) of the Department's regulations states ''production levels may be established by reference to alternative data that the Secretary determines to be indicative of production levels.''

Vietnam AD Checklist, each at Attachment II. Accordingly, the Department determines that the Petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *See* India AD Checklist, Oman AD Checklist, UAE AD Checklist, and Vietnam AD Checklist, each at Attachment II.

The Department finds that Petitioners filed the Petitions on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the antidumping duty investigations they are requesting the Department initiate. *See* India AD Checklist, Oman AD Checklist, UAE AD Checklist, and Vietnam AD Checklist, each at Attachment II.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value (NV). In addition, Petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act. Petitioners contend that the industry's injured condition is illustrated by reduced market share; reduced production, shipments, capacity, and capacity utilization; reduced employment, hours worked, and wages paid; underselling and price depression or suppression; decline in financial performance; lost sales and revenue; and increase in the volume of imports and import penetration despite overall declining demand. *See* India AD Checklist, Oman AD Checklist, UAE AD Checklist, and Vietnam AD Checklist, at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Petitions Covering Circular Welded Carbon-Quality Steel Pipe from India, Oman, the UAE, and Vietnam. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* India AD Checklist, Oman AD Checklist, UAE AD Checklist, and Vietnam AD Checklist, at Attachment III.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations on imports of certain steel pipe from India, Oman, the UAE, and Vietnam. The sources of data for the deductions and adjustments relating to U.S. price and normal value (including the factors of production (FOPs) for Vietnam) are discussed in the country-specific initiation checklists. *See* India AD Checklist, Oman AD Checklist, the UAE AD Checklist, and the Vietnam AD Checklist, at their respective ''Less Than Fair Value Allegation'' sections.

Export Price

Vietnam

For Vietnam, Petitioners calculated U.S. price based on one offer for sale of certain steel pipe produced in Vietnam and on two average unit values (AUVs) of products imported from Vietnam that are representative of subject merchandise.[4] For the U.S. price based on an offer for sale, consistent with the stated sales and delivery terms, Petitioners made deductions for movement expenses estimated from U.S. customs data for comparable merchandise, and a deduction for distributor mark-up. For the U.S. prices based on AUVs, the values were already on a free-along-side ship foreign port price, so no additional adjustment for international movement expenses was necessary. Petitioners did not claim any adjustment for foreign inland freight expenses. *See* Volume II of the Petitions at I–15, Exhibit II–B–1, Exhibit II–V–2, Exhibit II–V–3, and Supplement to the AD Vietnam Petition at 4. *See also* Vietnam AD Checklist for additional details.

India

For India, Petitioners based U.S. price on one offer for sale of certain steel pipe produced by Zenith Birla India Limited, which they also refer to as Zenith Steel Pipes and Industries Ltd., a company excluded from the current antidumping duty order on welded steel pipe and tube from India (*see* the Respondent Selection section of the notice, below), and on one AUV of products imported from India. For the U.S. price based on an offer for sale, consistent with the stated sales and delivery terms, Petitioners made deductions for movement expenses estimated from U.S. customs data for comparable merchandise, and a deduction for distributor mark-up. For the U.S. prices based on AUVs, the values were already reported at a free-along-side ship foreign port price, so no additional adjustment for international movement expenses was necessary. Petitioners did not claim any adjustment for foreign inland freight expenses. *See* Volume II of the Petitions at II–2 and Exhibits II–B–1, II–I–3, and II–1–4; Supplement to the AD India Petition at 3 and Attachment 2; and Second Supplement to the AD India Petition, at 2–3 and Attachment 1. *See also* India AD Checklist for additional details.

Oman

For Oman, Petitioners calculated U.S. price based on two offers for sale of certain steel pipe produced in Oman and on two AUVs of products imported from Oman. For the U.S. prices based on offers for sale, consistent with the stated sales and delivery terms, Petitioners made deductions for movement expenses estimated from U.S. customs data for comparable merchandise, and a deduction for distributor mark-up. For the U.S. prices based on AUVs, the values were already on a free-along-side ship foreign port price, so no additional adjustment for international movement expenses was necessary. Petitioners did not claim any adjustment for foreign inland freight expenses. *See* Volume II of the Petitions at II–4 through II–5 and Exhibits II–B–1, II–O–3–A and II–O–3–B and Supplement to the AD Oman Petition at 3–7 and Attachments 3 and 4. *See also* AD Oman Checklist for additional details.

The UAE

For the UAE, the Petitioners based U.S. price on two AUVs of products imported from the UAE. For one of the AUVs, we corrected the calculation for an error in the data provided by Petitioners. *See* UAE AD Checklist at ''Less Than Fair Value Allegation'' section. For the U.S. prices based on AUVs, the values were already on a free-along-side ship foreign port price, so no additional adjustment for international movement expenses was necessary. Petitioners did not claim any adjustment for foreign inland freight expenses. *See* Volume II of the Petitions at II–7 to II–8 and Exhibits II–U–3 and II–U–4, Supplement to the AD UAE Petition at 3–4 and Attachments 1 and 2. *See also* UAE AD Checklist for additional details.

[4] The AUVs are the average U.S. Customs value for imports from the country under a specific Harmonized Tariff Schedule of the United States (HTSUS) number, based on public U.S. Bureau of the Census data for the anticipated POI. For Vietnam, they are comparable to the normal value based on constructed value, and for India, Oman, and the United Arab Emirates, they are comparable to the home market price information provided for the normal value calculated for those countries. *See* the India AD Checklist, the Oman AD Checklist, the UAE AD Checklist, and the Vietnam AD Checklist for more details.

Normal Value

Vietnam

Petitioners state that the Department has long treated the Vietnam as a non-market economy (''NME'') country. *See* Volume II of the Petitions at II–8.

In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for Vietnam has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product is appropriately based on FOPs valued in a surrogate market-economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties, including the public, will have the opportunity to provide relevant information related to the issues of Vietnam's NME status and the granting of separate rates to individual exporters.

Petitioners claim that India is an appropriate surrogate country because it is a market economy that is at a comparable level of economic development to Vietnam. Petitioners also believe that India is a significant producer of merchandise under consideration. *See* Volume II of the Petitions at II–8 through II–10. Based on the information provided by Petitioners, we believe that it is appropriate to use India as a surrogate country for initiation purposes. If the Department initiates this investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value FOPs within 40 days from the date of publication of the preliminary determination.

Valuation of Raw Materials and By-Product

Petitioners calculated normal value based on consumption rates experienced by one U.S. producer. Petitioners assert that the experience of that U.S. producer is applicable to that of Vietnamese producers because that U.S. producer, like the vast majority of producers in Vietnam, is a non-integrated producer which does not manufacture the steel coils from which the subject steel pipe is produced, but instead buys the steel and converts it into subject pipe. As a result, Petitioners state, standard pipe is essentially a commodity product, produced to published specifications by many non-integrated standard pipe producers, all employing similar methods of converting raw steel into finished steel pipe. *See* Supplement to the AD Vietnam Petition, at 6.

Petitioners valued steel coils, zinc, and the by-product offset based on reasonably available, public surrogate country data, specifically, Indian import statistics from the Global Trade Atlas (GTA). *See* Volume II of the Petitions at II–11 through II–13 and Exhibit II–V–4–B–1 through Exhibit II–V–B–3, Supplement to the AD Vietnam Petition at 8, and Second Supplement to the AD Vietnam Petition at Attachment 2. Petitioners excluded from these import statistics values from countries previously determined by the Department to be NME countries. Petitioners also excluded imports from Indonesia, the Republic of Korea and Thailand, as the Department has previously excluded prices from these countries because they maintain broadly available, non-industry-specific export subsidies. Finally, imports that were labeled as originating from an ''unspecified'' country were excluded from the average value, because the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies. *See* Supplement to the AD Vietnam Petition at 8.

Valuation of Direct and Indirect Labor

Petitioners determined labor costs using the labor consumption rates derived from one U.S. producer. *See* Volume II of the Petitions at II–14. Petitioners valued labor using the wage rate used in *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam,* 76 FR 20627 (April 13, 2011). The Department recalculated wages to comport with the methodology announced on June 21, 2011. *See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor,* 76 FR 36092 (June 21, 2011). The recalculation also uses values for steel workers rather than shrimp farmers. *See* Vietnam AD Checklist at Attachment V.

Valuation of Energy

Petitioners determined electricity costs using the electricity consumption rates, in kilowatt hours, derived from one U.S. producer's experience. *See* Volume II of the Petitions at II–10 through II–11 and II–14. Petitioners valued electricity using the Indian electricity rate reported by the Central Electric Authority of the Government of India, the source used in a recent administrative review of light walled rectangular pipe and tube from the People's Republic of China. *See* Volume II of the Petitions at II–13 (citing *Light-Walled Rectangular Pipe and Tube From the People's Republic of China: Preliminary Results of the 2008–2009 Antidumping Duty Administrative Review,* 75 FR 27308 (May 14, 2010)).

Petitioners determined natural gas costs using the natural gas consumption rates derived from one U.S. producer's experience. *See* Volume II of the Petitions at II–14. Petitioners valued natural gas using the 2009/2010 annual report of GAIL. *See* Supplement to the AD Vietnam Petition at 8.

Valuation of Factory Overhead, Selling, General and Administrative Expenses, and Profit

Petitioners calculated surrogate financial ratios (overhead, SG&A, and profit) from the annual financial statement of one Indian producer of welded pipe: the 2010–2011 Annual Report of Surya Roshni Limited (Surya). *See* Volume I of the Petitions at II–14 and II–15 and Exhibit II–V–4–F. Petitioners state that the majority of Surya's sales revenue is derived from the sale of welded pipe. Furthermore, they state that like the petitioner whose FOP data was used, Surya buys the major input, steel coils, rather than producing the steel. *See* Volume I of the Petition at II–15. We find that Petitioners' use of Surya as the source for the surrogate financial expenses to be acceptable for purposes of initiation.

Exchange Rates

Petitioners made Indian rupee/U.S. dollar (USD) conversions based on average exchange rates for the POI, based on Federal Reserve exchange rates. *See* Volume II of the Petitions at II–V–4 and Exhibit II–V–4.

India, Oman, and the UAE

For India, Oman, and the UAE, the Petitioners calculated NV for certain steel pipe using information they were able to obtain about home market prices.

For India, Petitioners based normal value on a price quote for a single product. Because the price quote was on an ex-factory basis, no adjustments were needed. *See* Volume II of the Petitions at Exhibits II–A–1, II–A–2 and II–I–1, and Second Supplement to the AD India Petition at 2–3 and Attachment 1; *see also* India AD Checklist at the ''Less Than Fair Value Allegation'' section.

For Oman, Petitioners provided ex-factory price quotes for two products. Prices included packing, but petitioners noted no adjustment for packing was needed because the U.S. prices also include packing and because there is no

significant difference in packing between markets. *See* Volume II of the Petitions at Exhibits II–A–1, II–A–2, and II–O–1 and Supplement to the AD Oman Petition at 3; *see also* Oman AD Checklist at the ''Less Than Fair Value Allegation'' section.

For the UAE, the Petitioners provided price quotes for two products. Because the price quotes were on an ex-factory basis, no adjustments were needed. *See* Volume II of the Petitions at II–6 and Exhibits II–A–1, II–A–2, and II–U–1; *see also* UAE AD Checklist at the ''Less Than Fair Value Allegation'' section.

Fair Value Comparisons

Based on the data provided by Petitioners, there is reason to believe that imports of certain steel pipe from India, Oman, the UAE, and Vietnam are being, or are likely to be, sold in the United States at less than fair value.

Based on a comparison of U.S. prices and NV calculated in accordance with section 773(c) of the Act, the estimated dumping margins for certain steel pipe from Vietnam range from 20.47 percent to 27.96 percent. *See* Vietnam AD Checklist at ''Estimated Margins'' section; *see also* Supplement to the AD Vietnam Petition at Attachment 5–A.

Based on a comparison of U.S. prices and NV calculated in accordance with section 773(a)(4) of the Act, the estimated dumping margins for certain steel pipe from India range from 22.88 percent to 48.43 percent. *See* India AD Checklist at ''Estimated Margins'' section; *see also* Supplement to the AD India Petition at Attachment 3.

Based on a comparison of U.S. prices and NV calculated in accordance with section 773(a)(4) of the Act, the estimated dumping margins for certain steel pipe from Oman range from 2.89 to 19.33 percent. *See* Oman AD Checklist at ''Estimated Margins'' section; *see also* Supplement to the AD Oman Petition at Attachment 1.

Based on a comparison of U.S. prices and NV calculated in accordance with section 773(a)(4) of the Act, the estimated dumping margins for certain steel pipe from the UAE range from 6.23 percent to 11.71 percent. *See* the UAE AD Checklist at ''Estimated Margins'' section; *see also* Supplement to the AD UAE Petition at Attachment 2.

Initiation of Antidumping Investigations

Based upon the examination of the Petitions on certain steel pipe from India, Oman, the UAE, and Vietnam, the Department finds that the Petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of certain steel pipe from India, Oman, the UAE, and Vietnam are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act, unless postponed, we will make our preliminary determinations no later than 140 days after the date of these initiations.

Targeted Dumping Allegations

On December 10, 2008, the Department issued an interim final rule for the purpose of withdrawing 19 CFR 351.414(f) and (g), the regulatory provisions governing the targeted dumping analysis in antidumping duty investigations, and the corresponding regulation governing the deadline for targeted dumping allegations, 19 CFR 351.301(d)(5). *See Withdrawal of the Regulatory Provisions Governing Targeted Dumping in Antidumping Duty Investigations,* 73 FR 74930 (December 10, 2008). The Department stated that ''{w}ithdrawal will allow the Department to exercise the discretion intended by the statute and, thereby, develop a practice that will allow interested parties to pursue all statutory avenues of relief in this area.'' *See id.* at 74931.

In order to accomplish this objective, if any interested party wishes to make a targeted dumping allegation in any of these investigations pursuant to section 777A(d)(1)(B) of the Act, such allegations are due no later than 45 days before the scheduled date of the country-specific preliminary determination.

Respondent Selection

India

At the time of the filing of the petition for this case, there was an existing antidumping duty order on welded steel pipe and tube from India. *See Antidumping Duty Order; Certain Welded Carbon Steel Standard Pipes and Tubes from India,* 51 FR 17384 (May 12, 1986). Therefore, the scope of this investigation covers merchandise manufactured and/or exported by Zenith Steel Pipes and Industries Ltd., and any successors-in-interest to that company, which is the only company excluded from the 1986 order known to exist.[5] Petitioners have referred to Zenith Steel Pipes and Industries Ltd. and Zenith Birla India Limited interchangeably. Therefore, we intend to issue the questionnaire to both of these named entities, and during the investigation will examine whether Zenith Birla India Limited is properly considered the successor-in-interest to Zenith Steel Pipes and Industries Ltd.

Oman and the UAE

Petitioners identified two exporters/producers in Oman and five exporters/producers in the UAE. *See* Volume I of the Petitions, at Exhibit I–4. We are unaware of any other exporters/producers. Following standard practice in antidumping investigations involving market economy countries, the Department intends to select respondents for Oman and the UAE based on U.S. Customs and Border Protection (CBP) data for U.S. imports under the following Harmonized Tariff Schedule of the United States (HTSUS) numbers: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. These HTSUS numbers closely match the subject merchandise, and are those used by Petitioners to calculate aggregate import totals.[6] We intend to release the CBP data under Administrative Protective Order (APO) to all parties with access to information protected by APO within five days of publication of this **Federal Register** notice and make our decision regarding respondent selection within 20 days of publication of this notice. The Department invites comments regarding the CBP data and respondent selection within seven days of publication of this **Federal Register** notice.

Vietnam

For the Vietnam investigation, the Department will request quantity and value information from the ten known exporters/producers identified with complete contact information in the Petitions. The quantity and value data received from NME exporters/producers will be used as the basis to select the mandatory respondents.

For antidumping investigations involving NME countries such as Vietnam, the Department requires that respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. *See Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation,* 73 FR 10221, 10225 (February 26, 2008); *Initiation of Antidumping Duty Investigation: Certain Artist Canvas*

[5] Gujarat Steel Tubes Ltd. was also excluded from the 1986 order, but the company is not known to exist at the time of this initiation. *See* Supplement to the AD India Petition at 2.

[6] *See, e.g.,* Supplement to the AD/CVD Petitions at Attachment 3.

From the People's Republic of China, 70 FR 21996, 21999 (April 28, 2005). On the date of the publication of this initiation notice in the **Federal Register,** the Department will post the quantity and value questionnaire along with the filing instructions on the Department's Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html*, and a response to the quantity and value questionnaire is due no later than December 6, 2011. Also, the Department will send the quantity and value questionnaire to those Vietnamese companies identified in Volume I of the Petitions, at Exhibit I–4.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Instructions for filing such applications may be found on the Department's Web site at *http://ia.ita.doc.gov/apo.*

Separate Rates

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate status application. *See* Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries (April 5, 2005) (Separate Rates and Combination Rates Bulletin), available on the Department's Web site at *http://ia.ita.doc.gov/policy/bull05–1.pdf.* Based on our experience in processing the separate-rate applications in previous antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. *See, e.g., Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires From the People's Republic of China,* 72 FR 43591, 43594–95 (August 6, 2007). The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html* on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application will be due 60 days after publication of this initiation notice. For exporters and producers who submit a separate rate status application and subsequently are selected as mandatory respondents, these exporters and producers will no longer be eligible for consideration for separate rate status unless they respond to all parts of the questionnaire as mandatory respondents. As noted in the ''Respondent Selection'' section above, the Department requires that Vietnam respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. The quantity and value questionnaire will be available on the Department's Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html* on the date of the publication of this initiation notice in the **Federal Register**.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate Rates and Combination Rates Bulletin states:

> {w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of ''combination rates'' because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question *and* produced by a firm that supplied the exporter during the period of investigation.

See Separate Rates and Combination Rates Bulletin, at 6 (emphasis added).

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public versions of the Petitions have been provided to the representatives of the Governments of India, Oman, the UAE, and Vietnam. Because of the large number of producers/exporters identified in the Petitions, the Department considers the service of the public version of the Petitions to the foreign producers/exporters satisfied by the delivery of the public versions of the Petitions to the Governments of India, Oman, the UAE, and Vietnam, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine, no later than 45 days after the date the Petitions were filed, whether there is a reasonable indication that imports of certain steel pipe from India, Oman, the UAE, and Vietnam are materially injuring, or threatening material injury to a U.S. industry. A negative ITC determination with respect to any country will result in the investigation being terminated for that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures,* 73 FR 3634 (January 22, 2008). Parties wishing to participate in these investigations should ensure that they meet the requirements of these procedures (*e.g.,* the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an AD proceeding must certify to the accuracy and completeness of that information. *See* section 782(b) of the Act. Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any AD/CVD proceedings initiated on or after March 14, 2011. *See Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule,* 76 FR 7491 (February 10, 2011) (*Interim Final Rule*) (amending 19 CFR 351.303(g)(1) & (2)). The formats for the revised certifications are provided at the end of the *Interim Final Rule.* The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: November 15, 2011.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I

Scope of the Oman, the United Arab Emirates, and Vietnam Investigations

These investigations cover welded carbon-quality steel pipes and tube, of

circular cross-section, with an outside diameter (''O.D.'') not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (*e.g.,* black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (*e.g.,* American Society for Testing and Materials International (''ASTM''), proprietary, or other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term ''carbon quality'' includes products in which: (a) Iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

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

Subject pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Sprinkler pipe is designed for sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications. These products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute (''API'') API–5L specification, is also covered by the scope of these investigations when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in outside diameter; has a galvanized and/or painted (*e.g.*, polyester coated) surface finish; or has a threaded and/or coupled end finish.

The scope of these investigations does not include: (a) Pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) finished electrical conduit; (c) finished scaffolding;[7] (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; (f) line pipe produced to only API specifications; and (g) mechanical tubing, whether or not cold-drawn. However, products certified to ASTM mechanical tubing specifications are not excluded as mechanical tubing if they otherwise meet the standard sizes (*e.g.*, outside diameter and wall thickness) of standard, structural, fence and sprinkler pipe. Also, products made to the following outside diameter and wall thickness combinations, which are recognized by the industry as typical for fence tubing, would not be excluded from the scope based solely on their being certified to ASTM mechanical tubing specifications:

1.315 inch O.D. and 0.035 inch wall thickness (gage 20);
1.315 inch O.D. and 0.047 inch wall thickness (gage 18);
1.315 inch O.D. and 0.055 inch wall thickness (gage 17);
1.315 inch O.D. and 0.065 inch wall thickness (gage 16);
1.315 inch O.D. and 0.072 inch wall thickness (gage 15);
1.315 inch O.D. and 0.083 inch wall thickness (gage 14);
1.315 inch O.D. and 0.095 inch wall thickness (gage 13);
1.660 inch O.D. and 0.047 inch wall thickness (gage 18);
1.660 inch O.D. and 0.055 inch wall thickness (gage 17);
1.660 inch O.D. and 0.065 inch wall thickness (gage 16);
1.660 inch O.D. and 0.072 inch wall thickness (gage 15);
1.660 inch O.D. and 0.083 inch wall thickness (gage 14);
1.660 inch O.D. and 0.095 inch wall thickness (gage 13);
1.660 inch O.D. and 0.109 inch wall thickness (gage 12);
1.900 inch O.D. and 0.047 inch wall thickness (gage 18);
1.900 inch O.D. and 0.055 inch wall thickness (gage 17);
1.900 inch O.D. and 0.065 inch wall thickness (gage 16);
1.900 inch O.D. and 0.072 inch wall thickness (gage 15);
1.900 inch O.D. and 0.095 inch wall thickness (gage 13);
1.900 inch O.D. and 0.109 inch wall thickness (gage 12);
2.375 inch O.D. and 0.047 inch wall thickness (gage 18);
2.375 inch O.D. and 0.055 inch wall thickness (gage 17);
2.375 inch O.D. and 0.065 inch wall thickness (gage 16);
2.375 inch O.D. and 0.072 inch wall thickness (gage 15);
2.375 inch O.D. and 0.095 inch wall thickness (gage 13);
2.375 inch O.D. and 0.109 inch wall thickness (gage 12);
2.375 inch O.D. and 0.120 inch wall thickness (gage 11);
2.875 inch O.D. and 0.109 inch wall thickness (gage 12);
2.875 inch O.D. and 0.134 inch wall thickness (gage 10);
2.875 inch O.D. and 0.165 inch wall thickness (gage 8);
3.500 inch O.D. and 0.109 inch wall thickness (gage 12);
3.500 inch O.D. and 0.148 inch wall thickness (gage 9);
3.500 inch O.D. and 0.165 inch wall thickness (gage 8);
4.000 inch O.D. and 0.148 inch wall thickness (gage 9);
4.000 inch O.D. and 0.165 inch wall thickness (gage 8);
4.500 inch O.D. and 0.203 inch wall thickness (gage 7).

The pipe subject to these investigations are currently classifiable in Harmonized Tariff Schedule of the United States (''HTSUS'') statistical reporting numbers 7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, and 7306.50.5070. However, the product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States falls within the scope of the investigations.

Appendix II

Scope of the India AD Investigation

This investigation covers welded carbon-quality steel pipes and tube, of circular cross-section, with an outside diameter (''O.D.'') not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (*e.g.*, black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (*e.g.*, American Society for Testing and Materials International (''ASTM''), proprietary, or

[7] Finished scaffolding is defined as component parts of a final, finished scaffolding that enters the United States unassembled as a ''kit.'' A ''kit'' is understood to mean a packaged combination of component parts that contain, at the time of importation, all the necessary component parts to fully assemble a final, finished scaffolding.

other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term ''carbon quality'' includes products in which: (a) Iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

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

At the time of the filing of the petition for this case, there was an existing antidumping duty order on welded steel pipe and tube from India. *See Antidumping Duty Order; Certain Welded Carbon Steel Standard Pipes and Tubes from India*, 51 FR 17384 (May 12, 1986). Therefore, the scope of this investigation covers merchandise manufactured and/or exported by Zenith Steel Pipes and Industries Ltd., and any successors-in-interest to that company, which is the only company excluded from the 1986 order known to exist.

Subject pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Sprinkler pipe is designed for sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications. These products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute (''API'') API–5L specification, is also covered by the scope of this investigation when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in outside diameter; has a galvanized and/or painted (*e.g.*, polyester coated) surface finish; or has a threaded and/or coupled end finish.

The scope of this investigation does not include: (a) Pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) finished electrical conduit; (c) finished scaffolding;[8] (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; (f) line pipe produced to only API specifications; and (g) mechanical tubing, whether or not cold-drawn. However, products certified to ASTM mechanical tubing specifications are not excluded as mechanical tubing if they otherwise meet the standard sizes (*e.g.*, outside diameter and wall thickness) of standard, structural, fence and sprinkler pipe. Also, products made to the following outside diameter and wall thickness combinations, which are recognized by the industry as typical for fence tubing, would not be excluded from the scope based solely on their being certified to ASTM mechanical tubing specifications:

1.315 inch O.D. and 0.035 inch wall thickness (gage 20);
1.315 inch O.D. and 0.047 inch wall thickness (gage 18);
1.315 inch O.D. and 0.055 inch wall thickness (gage 17);
1.315 inch O.D. and 0.065 inch wall thickness (gage 16);
1.315 inch O.D. and 0.072 inch wall thickness (gage 15);
1.315 inch O.D. and 0.083 inch wall thickness (gage 14);
1.315 inch O.D. and 0.095 inch wall thickness (gage 13);
1.660 inch O.D. and 0.047 inch wall thickness (gage 18);
1.660 inch O.D. and 0.055 inch wall thickness (gage 17);
1.660 inch O.D. and 0.065 inch wall thickness (gage 16);
1.660 inch O.D. and 0.072 inch wall thickness (gage 15);
1.660 inch O.D. and 0.083 inch wall thickness (gage 14);
1.660 inch O.D. and 0.095 inch wall thickness (gage 13);
1.660 inch O.D. and 0.109 inch wall thickness (gage 12);
1.900 inch O.D. and 0.047 inch wall thickness (gage 18);
1.900 inch O.D. and 0.055 inch wall thickness (gage 17);
1.900 inch O.D. and 0.065 inch wall thickness (gage 16);
1.900 inch O.D. and 0.072 inch wall thickness (gage 15);
1.900 inch O.D. and 0.095 inch wall thickness (gage 13);
1.900 inch O.D. and 0.109 inch wall thickness (gage 12);
2.375 inch O.D. and 0.047 inch wall thickness (gage 18);
2.375 inch O.D. and 0.055 inch wall thickness (gage 17);
2.375 inch O.D. and 0.065 inch wall thickness (gage 16);
2.375 inch O.D. and 0.072 inch wall thickness (gage 15);
2.375 inch O.D. and 0.095 inch wall thickness (gage 13);
2.375 inch O.D. and 0.109 inch wall thickness (gage 12);
2.375 inch O.D. and 0.120 inch wall thickness (gage 11);
2.875 inch O.D. and 0.109 inch wall thickness (gage 12);
2.875 inch O.D. and 0.134 inch wall thickness (gage 10);
2.875 inch O.D. and 0.165 inch wall thickness (gage 8);
3.500 inch O.D. and 0.109 inch wall thickness (gage 12);
3.500 inch O.D. and 0.148 inch wall thickness (gage 9);
3.500 inch O.D. and 0.165 inch wall thickness (gage 8);
4.000 inch O.D. and 0.148 inch wall thickness (gage 9);
4.000 inch O.D. and 0.165 inch wall thickness (gage 8);
4.500 inch O.D. and 0.203 inch wall thickness (gage 7).

The pipe subject to this investigation is currently classifiable in Harmonized Tariff Schedule of the United States (''HTSUS'') statistical reporting numbers 7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, and 7306.50.5070. However, the product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States falls within the scope of the investigation.

[8] Finished scaffolding is defined as component parts of a final, finished scaffolding that enters the United States unassembled as a ''kit.'' A ''kit'' is understood to mean a packaged combination of component parts that contain, at the time of importation, all the necessary component parts to fully assemble a final, finished scaffolding.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–533–853, C–523–802, C–520–806, and C–552–810]

Circular Welded Carbon-Quality Steel Pipe From India, the Sultanate of Oman, the United Arab Emirates, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* November 22, 2011.

FOR FURTHER INFORMATION CONTACT: Joshua Morris, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–1779.

SUPPLEMENTARY INFORMATION:

The Petitions

On October 26, 2011, the Department of Commerce (''Department'') received petitions filed in proper form by Allied Tube and Conduit, JMC Steel Group, Wheatland Tube, and United States Steel Corporation (collectively, ''Petitioners''), who are domestic producers of circular welded carbon-quality steel pipe (''certain steel pipe''). *See* Petitions for the Imposition of Antidumping and Countervailing Duties on Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, dated October 26, 2011 (hereinafter, ''the Petitions''). In response to the Department's requests, Petitioners provided timely information supplementing the Petitions on November 7, 2011 (hereinafter, the ''Supplement to the AD/CVD Petitions''), November 9, 2011, and November 10, 2011.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (''the Act''), Petitioners allege that manufacturers, producers, or importers of certain steel pipe from India, the Sultanate of Oman (''Oman''), the United Arab Emirates (''the UAE''), and the Socialist Republic of Vietnam (''Vietnam''), receive countervailable subsidies within the meaning of section 701 of the Act, and that such imports are materially injuring, or threatening material injury to, the domestic industry producing certain steel pipe in the United States.

The Department finds that Petitioners filed the Petitions on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act, and Petitioners have demonstrated sufficient industry support with respect to the Petitions (*see* ''Determination of Industry Support for the Petitions'' section below).

Period of Investigation

The period of investigation is January 1, 2010, through December 31, 2010.

Scope of Investigations

The products covered by these investigations are certain steel pipe from India, Oman, the UAE, and Vietnam. For a full description of the scope of the investigations, *see* ''Scope of the Investigations,'' in Appendix I of this notice.

Comments on Scope of Investigations

During our review of the Petitions, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. *See Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27323 (May 19, 1997). Interested parties that wish to submit comments on the scope should do so by December 5, 2011, twenty calendar days from the signature date of this notice. All comments must be filed on the records of the India, Oman, the UAE, and Vietnam antidumping duty investigations and the India, Oman, the UAE, and Vietnam countervailing duty (''CVD'') investigations. All comments and submissions to the Department must be filed electronically using Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (''IA ACCESS''). An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by the time and date noted above. Documents excepted from the electronic submission requirements must be filed manually (*i.e.,* in paper form) with the Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, and stamped with the date and time of receipt by the deadline noted above.[1]

[1] *See http://www.gpo.gov/fdsys/pkg/FR–2011–07–06/pdf/2011–16352.pdf* for details of the Department's Electronic Filing Requirements, which went into effect on August 5, 2011. Information on help using IA ACCESS can be found at *https://iaaccess.trade.gov/help.aspx* and a handbook can be found at *https://iaaccess.trade.gov/help/Handbook%20on%20Electronic%20Filling%20Procedures.pdf.*

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, on October 27, 2011, the Department invited representatives of the Indian, Omani, UAE, and Vietnamese governments to consult with respect to the Petitions.

On November 9, 2011, the Indian government asked the Department to postpone initiation of the investigation so that the Department could hold consultations with representatives of the Indian government after November 15, 2011. *See* Letter from Embassy of India to the Department of Commerce (November 9, 2011). On November 10, 2011, the Department advised the Indian government that we were statutorily obligated to initiate an investigation or dismiss the Petitions no later than November 15, 2011, and could only extend this period under section 702(b)(4)(A)(ii) of the Act in circumstances where the Department finds that the Petitions alone do not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product and, as a result, the Department is required to poll or otherwise determine support for the Petitions by the industry. Since the Department was not faced with those circumstances, the Indian government was notified that we would be available to meet with them after initiation. *See* Letter from Nancy Decker to the Embassy of India (November 10, 2011). On November 15, 2011, the Indian government submitted comments objecting to the allegations made by Petitioners and arguing that we should not initiate a CVD investigation. *See* Memorandum to File (November 15, 2011). On November 15, 2011, we sent a response to the Indian government. *See* Letter from Nancy Decker to the Embassy of India (November 15, 2011).

The Omani government was unable to participate in consultations prior to initiation.

Consultations with the Vietnamese and UAE governments were held in Washington, DC, on November 7, 2011, and November 14, 2011, respectively. *See Ex-Parte* Memorandum on Consultations regarding the Petition for Imposition of Countervailing Duties on Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam (November 15, 2011); and *Ex-Parte* Memorandum on Consultations regarding the Petition for Imposition of Countervailing Duties on Circular Welded Carbon-Quality Steel Pipe from

the United Arab Emirates (November 14, 2011). All memoranda are on file electronically via IA ACCESS. Access to IA ACCESS is available in the Central Records Unit (''CRU''), Room 7046, of the main Department of Commerce building.

Determination of Industry Support for the Petitions

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (''ITC''), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc.* v. *United States,* 132 F. Supp. 2d 1, 8 (CIT 2001) (citing *Algoma Steel Corp., Ltd.* v. *United States,* 688 F. Supp. 639, 644 (CIT 1988)), *aff'd* 865 F.2d 240 (Fed. Cir. 1989).

Section 771(10) of the Act defines the domestic like product as ''a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation'' (*i.e.,* the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that certain steel pipe constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* Countervailing Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from India (''India CVD Checklist''), Countervailing Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from Oman (''Oman CVD Checklist''), Countervailing Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates (''UAE CVD Checklist''), and Countervailing Duty Investigation Initiation Checklist: Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam (''Vietnam CVD Checklist'') at Attachment II, Analysis of Industry Support for the Petitions Covering Circular Welded Carbon-Quality Steel Pipe, on file electronically in the CRU via IA ACCESS.

In determining whether Petitioners have standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petitions with reference to the domestic like product as defined in the ''Scope of Investigations,'' in Appendix I of this notice. To establish industry support, Petitioners provided their shipments of the domestic like product in 2010, and compared their shipments to the estimated total shipments of the domestic like product for the entire domestic industry. Because total industry production data for the domestic like product for 2010 is not reasonably available and Petitioners have established that shipments are a reasonable proxy for production data, we have relied upon the shipment data provided by Petitioners for purposes of measuring industry support. For further discussion, *see* India CVD Checklist, Oman CVD Checklist, UAE CVD Checklist, and Vietnam CVD Checklist, at Attachment II.

Our review of the data provided in the Petitions, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petitions established support from domestic producers accounting for more than 50 percent of the total shipments [2] of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.,* polling). *See* Section 702(c)(4)(D) of the Act and India CVD Checklist, Oman CVD Checklist, UAE CVD Checklist, and Vietnam CVD Checklist, at Attachment II. Second, the domestic producers have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers who support the Petitions account for at least 25 percent of the total shipments of the domestic like product. *See* India CVD Checklist, Oman CVD Checklist, UAE CVD Checklist, and Vietnam CVD Checklist, at Attachment II. Finally, the domestic producers have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers who support the Petitions account for more than 50 percent of the shipments of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petitions. *See* India CVD Checklist, Oman CVD Checklist, UAE CVD Checklist, and Vietnam CVD Checklist, at Attachment II. Accordingly, the Department determines that the Petitions were filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See* India CVD Checklist, Oman CVD Checklist, UAE CVD Checklist, and Vietnam CVD Checklist, at Attachment II.

The Department finds that Petitioners filed the Petitions on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the countervailing duty investigations they are requesting the Department initiate. *See* India CVD Checklist, Oman CVD Checklist, UAE CVD Checklist, and

[2] As mentioned above, Petitioners have established that shipments are a reasonable proxy for production data. Section 351.203(e)(1) of the Department's regulations states ''production levels may be established by reference to alternative data that the Secretary determines to be indicative of production levels.''

Vietnam CVD Checklist, at Attachment II.

Injury Test

Because India, Oman, the UAE, and Vietnam all are 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 ITC must determine whether imports of the subject merchandise from India, Oman, the UAE, and Vietnam materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product. In addition, Petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by reduced market share; reduced production, shipments, capacity, and capacity utilization; reduced employment, hours worked, and wages paid; underselling and price depression or suppression; decline in financial performance; lost sales and revenue; and increase in the volume of imports and import penetration despite overall declining demand. *See* India CVD Initiation Checklist, Oman CVD Initiation Checklist, UAE CVD Initiation Checklist, and Vietnam CVD Initiation Checklist, at ''Analysis of Allegations and Evidence of Material Injury and Causation for the Petitions Covering Circular Welded Carbon-Quality Steel Pipe from India, Oman, the UAE, and Vietnam'' in Attachment III. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* India CVD Initiation Checklist, Oman CVD Initiation Checklist, UAE CVD Initiation Checklist, and Vietnam CVD Initiation Checklist, at Attachment III.

Initiation of Countervailing Duty Investigations

Section 702(b) of the Act requires the Department to initiate a CVD proceeding whenever an interested party files a petition on behalf of an industry that: (1) Alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to Petitioner(s) supporting the allegations. The Department has examined the Petitions on certain steel pipe from India, Oman, the UAE, and Vietnam and finds that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating CVD investigations to determine whether manufacturers, producers, or exporters of certain steel pipe in India, Oman, the UAE, and Vietnam receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see* India CVD Initiation Checklist, Oman CVD Initiation Checklist, UAE CVD Initiation Checklist, and Vietnam CVD Initiation Checklist.

I. India

We are including in our investigation the following programs alleged in the Petitions to have provided countervailable subsidies to producers and exporters of the subject merchandise in India:

A. Export Oriented Unit Schemes
   1. Duty-free import of all types of goods, including capital goods and raw materials
   2. Reimbursement of Central Sales Tax (''CST'') paid on goods manufactured in India
   3. Duty drawback on fuel procured from domestic oil companies
   4. Exemption from income tax under Section 10A and 10B of Income Tax Act
   5. Exemption from payment of Central Excise Duty on goods manufactured in India and procured from a Domestic Tariff Area
   6. Reimbursement of CST on goods manufactured in India and procured from a Domestic Tariff Area
B. Export Promotion Capital Goods Scheme
C. Duty Exemption/Remission Schemes
D. Pre-shipment and Post-shipment Export Financing
E. Market Development Assistance
F. Market Access Initiative
G. Government of India Loan Guarantees
H. Status Certificate Program
I. Steel Development Fund Loans
J. Research and Technology Scheme Under Empowered Committee Mechanism with Steel Development Fund Support
K. Special Economic Zones (''SEZ'') Programs
   1. Duty-Free Importation of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts and Packing Material
   2. Exemption from Payment of CST on Purchases of Capital Goods and Raw Materials, Components, Consumables, Intermediates, Spare Parts and Packing Material
   3. Exemption from Electricity Duty and Cess thereon on the Sale or Supply to the SEZ Unit
   4. SEZ Income Tax Exemption Scheme (Section 10A)
   5A. Discounted Land and Related Fees in an SEZ
   5B. Land Provided at Less Than Adequate Remuneration in an SEZ
L. Input Programs
   1. Provision of Hot-Rolled Steel by the Steel Authority of India For Less Than Adequate Remuneration (''LTAR'')
   2. Provision of Captive Mining Rights
   3. Captive Mining Rights of Coal
   4. Provision of High-Grade Ore for LTAR
M. State Government of Maharashtra (''SGOM'') Programs
   1. Sales Tax Program
   2. Value-Added Tax Refunds under SGOM Package Scheme
   3. Electricity Duty Scheme under Package Scheme Incentives 1993
   4. Octroi Refunds
   5. Octroi Loan Guarantees
   6. Infrastructure Assistance for Mega Projects
   7. Provision of Land for LTAR
   8. Investment Subsidies

For further information explaining why the Department is investigating these programs, *see* India CVD Initiation Checklist.

II. Oman

We are including in our investigation the following programs alleged in the Petitions to have provided countervailable subsidies to producers and exporters of the subject merchandise in Oman:

A. Tariff Exemptions on Imported Equipment, Machinery, Raw Materials and Packaging Materials
B. Government Provision of Goods and Services for LTAR
   1. Land and Buildings for LTAR
   2. Electricity, Water, and Natural Gas for LTAR
C. Preferential Loans
   1. Soft Loans for Industrial Projects
   2. Post-Shipment Financing Loans
   3. Pre-Shipment Export Credit Guarantees

For further information explaining why the Department is investigating these programs, *see* Oman CVD Initiation Checklist.

We are not including in our investigation the following programs

alleged to benefit producers and exporters of the subject merchandise in Oman:

A. Profit/Income Tax Exemption
B. Export Credit Insurance

For further information explaining why the Department is not investigating these programs, *see* Oman CVD Initiation Checklist.

III. UAE

We are including in our investigation the following programs alleged in the Petitions to have provided countervailable subsidies to producers and exporters of the subject merchandise in the UAE:

A. Profit Tax Exemptions
B. Tariff Exemptions on Imported Equipment, Spare Parts, and Building Materials
C. Government Provision of Goods and Services for LTAR
  1. Electricity for LTAR
  2. Water for LTAR
  3. Land and/or Buildings for LTAR
D. Preferential Lending
  1. Preferential Export Lending
  2. Dubai Commodity Receipts

For further information explaining why the Department is investigating these programs, *see* UAE CVD Initiation Checklist.

We are not including in our investigation the following program alleged to benefit producers and exporters of the subject merchandise in the UAE:

A. Gas for LTAR

For further information explaining why the Department is not investigating this program, *see* UAE CVD Initiation Checklist.

IV. Vietnam

We are including in our investigation the following programs alleged in the Petitions to have provided countervailable subsidies to producers and exporters of the subject merchandise in Vietnam:

A. Policy Lending
  1. Preferential Lending for Exporters
  2. Preferential Lending to the Steel Industry
B. Government Provision of Goods and Services for LTAR
  1. Land Rent Reduction or Exemption for Exporters
  2. Land Rent Reduction or Exemption for Foreign-Invested Enterprises (''FIEs'')
  3. Land Preferences for Enterprises in Encouraged Industries or Industrial Zones
  4. Provision of Water LTAR in Industrial Zones
C. Grant Programs
  1. Export Promotion Program
  2. New Product Development Program
D. Tax Programs
  1. Import Duty Exemptions for Imported Raw Materials for Exported Goods
  2. Income Tax Preferences for Encouraged Industries
  3. Income Tax Preferences for FIEs
  4. Exemption of Import Duties on Imports of Fixed Assets, Spare Parts and Accessories for Industrial Zones
  5. Income Tax Preferences for Enterprises in Industrial Zones
  6. Tax Refund for Reinvestment by FIEs
  7. Import Duty Preferences for FIEs
  8. Duty Exemptions on Goods for the Creation of Fixed Assets for Encouraged Projects
  9. Income Tax Preferences for Exporters

For further information explaining why the Department is investigating these programs, *see* Vietnam CVD Initiation Checklist.

Respondent Selection

For these investigations, the Department expects to select respondents based on U.S. Customs and Border Protection (''CBP'') data for U.S. imports during the period of investigation under the following Harmonized Tariff Schedule of the United States (''HTSUS'') numbers: 7306.30.10.00, 7306.30.50.25, 7306.30.50.32, 7306.30.50.40, 7306.30.50.55, 7306.30.50.85, and 7306.30.50.90. These HTSUS numbers closely match the subject merchandise, and are those used by Petitioners to calculate aggregate import totals.[3] We intend to release the CBP data under Administrative Protective Order (''APO'') to all parties with access to information protected by APO within five days of publication of this **Federal Register** notice. Interested parties may submit comments regarding the CBP data and respondent selection within seven calendar days of publication of this notice. Comments should be filed electronically using IA ACCESS. An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by the time and date noted above. Documents excepted from the electronic submission requirements must be filed manually (i.e., in paper form) with the Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, and stamped with the date and time of receipt by the deadline noted above. We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). Instructions for filing such applications may be found on the Department's Web site at *http://ia.ita.doc.gov/apo.*

Distribution of Copies of the Petitions

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), copies of the public version of the Petitions have been provided to representatives of the Governments of India, Oman, the UAE, and Vietnam. Because of the large number of producers/exporters identified in the Petitions, the Department considers the service of the public version of the Petitions to the foreign producers/exporters satisfied by the delivery of the public versions of the Petitions to the Governments of India, Oman, the UAE, and Vietnam, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine, no later than 45 days after the date the Petitions were filed, whether there is a reasonable indication that imports of certain steel pipe from India, Oman, the UAE, and Vietnam are materially injuring, or threatening material injury to a U.S. industry. A negative ITC determination with respect to any country will result in the investigation being terminated for that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures,* 73 FR 3634 (January 22, 2008). Parties wishing to participate in these investigations should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

[3] *See, e.g.,* Supplement to the AD/CVD Petitions at Attachment 3.

Any party submitting factual information in a CVD proceeding must certify to the accuracy and completeness of that information. *See* section 782(b) of the Act. Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any AD/CVD proceedings initiated on or after March 14, 2011. *See Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule,* 76 FR 7491 (February 10, 2011) (*Interim Final Rule*) (amending 19 CFR 351.303(g)(1) and (2)). The formats for the revised certifications are provided at the end of the *Interim Final Rule.* The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: November 15, 2011.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I

Scope of the Investigations

These investigations cover welded carbon-quality steel pipes and tube, of circular cross-section, with an outside diameter (''O.D.'') not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (*e.g.,* black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry specification (*e.g.,* American Society for Testing and Materials International (''ASTM''), proprietary, or other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term ''carbon quality'' includes products in which: (a) Iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

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

Subject pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Sprinkler pipe is designed for sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications. These products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute (''API'') API–5L specification, is also covered by the scope of these investigations when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in outside diameter; has a galvanized and/or painted (*e.g.,* polyester coated) surface finish; or has a threaded and/or coupled end finish.

The scope of these investigations does not include: (a) Pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) finished electrical conduit; (c) finished scaffolding;[4] (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; (f) line pipe produced to only API specifications; and (g) mechanical tubing, whether or not cold-drawn. However, products certified to ASTM mechanical tubing specifications are not excluded as mechanical tubing if they otherwise meet the standard sizes (*e.g.,* outside diameter and wall thickness) of standard, structural, fence and sprinkler pipe. Also, products made to the following outside diameter and wall thickness combinations, which are recognized by the industry as typical for fence tubing, would not be excluded from the scope based solely on their being certified to ASTM mechanical tubing specifications:

1.315 inch O.D. and 0.035 inch wall thickness (gage 20)
1.315 inch O.D. and 0.047 inch wall thickness (gage 18)
1.315 inch O.D. and 0.055 inch wall thickness (gage 17)
1.315 inch O.D. and 0.065 inch wall thickness (gage 16)
1.315 inch O.D. and 0.072 inch wall thickness (gage 15)
1.315 inch O.D. and 0.083 inch wall thickness (gage 14)
1.315 inch O.D. and 0.095 inch wall thickness (gage 13)
1.660 inch O.D. and 0.047 inch wall thickness (gage 18)
1.660 inch O.D. and 0.055 inch wall thickness (gage 17)
1.660 inch O.D. and 0.065 inch wall thickness (gage 16)
1.660 inch O.D. and 0.072 inch wall thickness (gage 15)
1.660 inch O.D. and 0.083 inch wall thickness (gage 14)
1.660 inch O.D. and 0.095 inch wall thickness (gage 13)
1.660 inch O.D. and 0.109 inch wall thickness (gage 12)
1.900 inch O.D. and 0.047 inch wall thickness (gage 18)
1.900 inch O.D. and 0.055 inch wall thickness (gage 17)
1.900 inch O.D. and 0.065 inch wall thickness (gage 16)
1.900 inch O.D. and 0.072 inch wall thickness (gage 15)
1.900 inch O.D. and 0.095 inch wall thickness (gage 13)
1.900 inch O.D. and 0.109 inch wall thickness (gage 12)
2.375 inch O.D. and 0.047 inch wall thickness (gage 18)
2.375 inch O.D. and 0.055 inch wall thickness (gage 17)
2.375 inch O.D. and 0.065 inch wall thickness (gage 16)
2.375 inch O.D. and 0.072 inch wall thickness (gage 15)
2.375 inch O.D. and 0.095 inch wall thickness (gage 13)
2.375 inch O.D. and 0.109 inch wall thickness (gage 12)
2.375 inch O.D. and 0.120 inch wall thickness (gage 11)
2.875 inch O.D. and 0.109 inch wall thickness (gage 12)
2.875 inch O.D. and 0.134 inch wall thickness (gage 10)
2.875 inch O.D. and 0.165 inch wall thickness (gage 8)
3.500 inch O.D. and 0.109 inch wall thickness (gage 12)
3.500 inch O.D. and 0.148 inch wall thickness (gage 9)
3.500 inch O.D. and 0.165 inch wall thickness (gage 8)
4.000 inch O.D. and 0.148 inch wall thickness (gage 9)

[4] Finished scaffolding is defined as component parts of a final, finished scaffolding that enters the United States unassembled as a ''kit.'' A ''kit'' is understood to mean a packaged combination of component parts that contain, at the time of importation, all the necessary component parts to fully assemble a final, finished scaffolding.

4.000 inch O.D. and 0.165 inch wall thickness (gage 8)
4.500 inch O.D. and 0.203 inch wall thickness (gage 7)

The pipe subject to these investigations are currently classifiable in Harmonized Tariff Schedule of the United States (''HTSUS'') statistical reporting numbers 7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000, 7306.50.5050, and 7306.50.5070. However, the product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States falls within the scope of the investigations.

[FR Doc. 2011–30158 Filed 11–21–11; 8:45 am]
BILLING CODE 3510–DS–P

APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference to be held in connection with the following investigation:

Circular Welded Carbon-Quality Steel Pipe from India, Oman, United Arab Emirates, and Vietnam

701-TA-482-485 and 731-TA-1191-1194 (Preliminary)

November 16, 2011 - 9:30 am

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Schagrin Associates
Washington, D.C.
and
King & Spalding
Washington. D.C.

on behalf of

Allied Tube and Conduit
JMC Steel Group

Ed Kurasz, President – Pipe, Tube, and Conduit Group, Allied Tube and Conduit
Scott Young, Key Account Manager, Allied Tube and Conduit
David Seeger, President, JMC Steel Group
Mark Magno, Vice President of Marketing, Wheatland Tube
Linda Andros, Legislative Counsel, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial, and Service Workers International Union ("USW")
Bonnie B. Byers, Trade Consultant, King & Spalding

Roger B. Schagrin
John W. Bohn
Gilbert B. Kaplan
Brian E. McGill
– OF COUNSEL

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:--***Continued***

Skadden, Arps, Slate, Meagher & Flom LLP
Washington, D.C.
on behalf of

United States Steel Corporation

Jeffrey D. Johnson, Director of Standard and Line Pipe - North America, U.S. Steel Tubular Products, United States Steel Corporation

Stephen P. Vaughn) – OF COUNSEL

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Troutman Sanders LLP
Washington, D.C.
on behalf of

Universal
Prime Metal

Donald B. Cameron)
Julie C. Mendoza)
Brady W. Mills) – OF COUNSEL
Mary S. Hodgins)

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, D.C.
on behalf of

Zenith Birla (India) Limited
Zenith (USA) Inc.

Pushkar Natu, Director, Zenith (USA) Inc.

Bruce M. Mitchell)
Ned H. Marshak) – OF COUNSEL
Kavita Mohan)

APPENDIX C

SUMMARY DATA

Table C-1
Circular welded pipe: Summary data concerning the U.S. market, 2008-10, January-September 2010, and January-September 2011

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2008	2009	2010	2010	2011	2008-10	2008-09	2009-10	2010-11
U.S. consumption quantity:									
Amount	1,964,935	1,228,510	1,392,076	1,031,864	1,112,495	-29.2	-37.5	13.3	7.8
Producers' share (1)	64.9	71.0	65.3	65.9	64.1	0.3	6.1	-5.8	-1.7
Importers' share (1):									
India	3.5	3.9	5.3	5.6	4.1	1.8	0.3	1.4	-1.5
Oman	1.2	1.5	2.4	2.4	2.6	1.2	0.3	0.9	0.2
UAE	0.9	1.4	2.4	2.2	4.7	1.4	0.5	1.0	2.5
Vietnam	1.5	1.8	2.6	2.9	4.1	1.0	0.3	0.7	1.2
Subtotal	7.2	8.7	12.7	13.1	15.6	5.4	1.4	4.0	2.5
All other sources	27.8	20.3	22.1	21.1	20.3	-5.7	-7.5	1.8	-0.8
Total imports	35.1	29.0	34.7	34.1	35.9	-0.3	-6.1	5.8	1.7
U.S. consumption value:									
Amount	2,196,886	1,116,756	1,335,107	1,000,828	1,181,995	-39.2	-49.2	19.6	18.1
Producers' share (1)	65.4	70.1	66.5	67.9	66.1	1.2	4.7	-3.6	-1.8
Importers' share (1):									
India	3.4	3.4	4.8	4.9	3.8	1.4	0.0	1.4	-1.1
Oman	1.1	1.4	2.0	2.0	2.2	0.9	0.3	0.6	0.2
UAE	1.0	1.3	2.1	1.8	3.9	1.1	0.4	0.8	2.1
Vietnam	1.5	1.6	2.3	2.5	3.5	0.8	0.1	0.7	1.0
Subtotal	7.0	7.8	11.2	11.2	13.4	4.2	0.8	3.5	2.2
All other sources	27.6	22.1	22.2	20.8	20.4	-5.4	-5.5	0.1	-0.4
Total imports	34.6	29.9	33.5	32.1	33.9	-1.2	-4.7	3.6	1.8
U.S. imports from:									
India:									
Quantity	69,620	47,654	74,006	57,761	46,092	6.3	-31.6	55.3	-20.2
Value	75,327	38,430	64,454	49,518	44,961	-14.4	-49.0	67.7	-9.2
Unit value	$1,082	$806	$871	$857	$975	-19.5	-25.5	8.0	13.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Oman:									
Quantity	24,404	18,888	33,442	24,629	28,689	37.0	-22.6	77.1	16.5
Value	24,125	15,834	27,245	19,618	25,744	12.9	-34.4	72.1	31.2
Unit value	$989	$838	$815	$797	$897	-17.6	-15.2	-2.8	12.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
UAE:									
Quantity	18,579	17,461	33,188	22,745	52,542	78.6	-6.0	90.1	131.0
Value	20,965	14,632	27,700	18,125	46,566	32.1	-30.2	89.3	156.9
Unit value	$1,128	$838	$835	$797	$886	-26.0	-25.7	-0.4	11.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Vietnam:									
Quantity	29,734	22,417	35,678	29,857	45,951	20.0	-24.6	59.2	53.9
Value	33,460	17,747	30,562	25,189	41,478	-8.7	-47.0	72.2	64.7
Unit value	$1,125	$792	$857	$844	$903	-23.9	-29.6	8.2	7.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	142,336	106,419	176,314	134,992	173,274	23.9	-25.2	65.7	28.4
Value	153,877	86,643	149,961	112,449	158,750	-2.5	-43.7	73.1	41.2
Unit value	$1,081	$814	$851	$833	$916	-21.3	-24.7	4.5	10.0
Ending inventory quantity	14,895	3,778	12,886	16,009	15,568	-13.5	-74.6	241.1	-2.8
All other sources:									
Quantity	546,510	249,238	307,361	217,242	225,764	-43.8	-54.4	23.3	3.9
Value	607,155	247,247	297,020	208,669	241,365	-51.1	-59.3	20.1	15.7
Unit value	$1,111	$992	$966	$961	$1,069	-13.0	-10.7	-2.6	11.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	688,846	355,657	483,675	352,233	399,038	-29.8	-48.4	36.0	13.3
Value	761,032	333,890	446,981	321,118	400,114	-41.3	-56.1	33.9	24.6
Unit value	$1,105	$939	$924	$912	$1,003	-16.4	-15.0	-1.6	10.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
Circular welded pipe: Summary data concerning the U.S. market, 2008-10, January-September 2010, and January-September 2011

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2008	2009	2010	2010	2011	2008-10	2008-09	2009-10	2010-11
U.S. producers':									
Average capacity quantity	2,007,557	1,974,464	1,946,840	1,476,876	1,533,614	-3.0	-1.6	-1.4	3.8
Production quantity	1,240,062	879,018	960,666	729,381	755,630	-22.5	-29.1	9.3	3.6
Capacity utilization (1)	61.8	44.5	49.3	49.4	49.3	-12.4	-17.3	4.8	-0.1
U.S. shipments:									
Quantity	1,276,089	872,853	908,401	679,631	713,457	-28.8	-31.6	4.1	5.0
Value	1,435,854	782,866	888,126	679,710	781,880	-38.1	-45.5	13.4	15.0
Unit value	$1,125	$897	$978	$1,000	$1,096	-13.1	-20.3	9.0	9.6
Export shipments:									
Quantity	39,394	39,331	50,650	32,755	41,997	28.6	-0.2	28.8	28.2
Value	49,036	33,416	42,215	30,815	44,606	-13.9	-31.9	26.3	44.8
Unit value	$1,245	$850	$833	$941	$1,062	-33.0	-31.7	-1.9	12.9
Ending inventory quantity	133,672	105,021	114,079	121,528	111,538	-14.7	-21.4	8.6	-8.2
Inventories/total shipments (1)	10.2	11.5	11.9	12.8	11.1	1.7	1.4	0.4	-1.7
Production workers	1,922	1,629	1,465	1,465	1,543	-23.8	-15.2	-10.1	5.3
Hours worked (1,000s)	4,332	3,021	3,139	2,386	2,620	-27.5	-30.3	3.9	9.8
Wages paid ($1,000s)	107,626	82,505	84,750	63,640	71,195	-21.3	-23.3	2.7	11.9
Hourly wages	$24.84	$27.31	$27.00	$26.67	$27.17	8.7	9.9	-1.1	1.9
Productivity (tons/1,000 hours)	286.3	290.3	306.1	303.9	288.4	6.9	1.4	5.4	-5.1
Unit labor costs	$86.79	$93.86	$88.22	$87.78	$94.22	1.6	8.1	-6.0	7.3
Net sales:									
Quantity	1,347,707	890,736	936,204	712,752	755,523	-30.5	-33.9	5.1	6.0
Value	1,510,773	850,077	901,519	709,499	825,220	-40.3	-43.7	6.1	16.3
Unit value	$1,121	$954	$963	$995	$1,092	-14.1	-14.9	0.9	9.7
Cost of goods sold (COGS)	1,155,401	891,770	806,538	631,766	735,886	-30.2	-22.8	-9.6	16.5
Gross profit or (loss)	355,372	(41,693)	94,981	77,733	89,334	-73.3	(2)	(2)	14.9
SG&A expenses	110,109	90,872	77,478	52,435	79,009	-29.6	-17.5	-14.7	50.7
Operating income or (loss)	245,263	(132,565)	17,503	25,298	10,325	-92.9	(2)	(2)	-59.2
Capital expenditures	26,778	35,232	31,185	24,354	24,409	16.5	31.6	-11.5	0.2
Unit COGS	$857	$1,001	$861	$886	$974	0.5	16.8	-14.0	9.9
Unit SG&A expenses	$82	$102	$83	$74	$105	1.3	24.9	-18.9	42.1
Unit operating income or (loss)	$182	($149)	$19	$35	$14	-89.7	(2)	(2)	-61.5
COGS/sales (1)	76.5	104.9	89.5	89.0	89.2	13.0	28.4	-15.4	0.1
Operating income or (loss)/ sales (1)	16.2	(15.6)	1.9	3.6	1.3	-14.3	-31.8	17.5	-2.3

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Nonsubject Price Comparisons

Table D-1 compares quarterly prices of nonsubject imports from Korea, Mexico, and Turkey with U.S. producer prices and prices of imports from India, Oman, the U.A.E. and Vietnam for products 1-4 sold to unrelated distributors during 2008-10 and January-September 2011. Overall, prices of the nonsubject imports were lower than U.S. prices in the majority of comparisons, but higher than the import prices of the four subject countries in the majority of comparisons. Figure D-1 presents prices for each of the specified price items individually.

Table D-1
Circular welded pipe: Number of quarterly price comparisons of imported nonsubject and U.S. products 1- 4

Nonsubject Countries	United States		India		Oman		U.A.E		Vietnam	
	Higher[1]	Lower	Higher[1]	Lower	Higher[1]	Lower	Higher[1]	Lower	Higher[1]	Lower
Korea	6	14	8	9	9	11	8	4	2	0
Mexico	0	15	10	3	8	1	4	2	2	0
Turkey	5	0	3	2	5	0	2	0	1	0
Total	7	26	21	14	22	12	14	6	5	0

[1] "Higher" signifies that the price of the nonsubject country's product was higher than the U.S. price or the price of the subject country.

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

Figure D-1
Circular welded pipe: Weighted-average prices and quantities of domestic and imported products, by quarters, January 2008-September 2011

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