

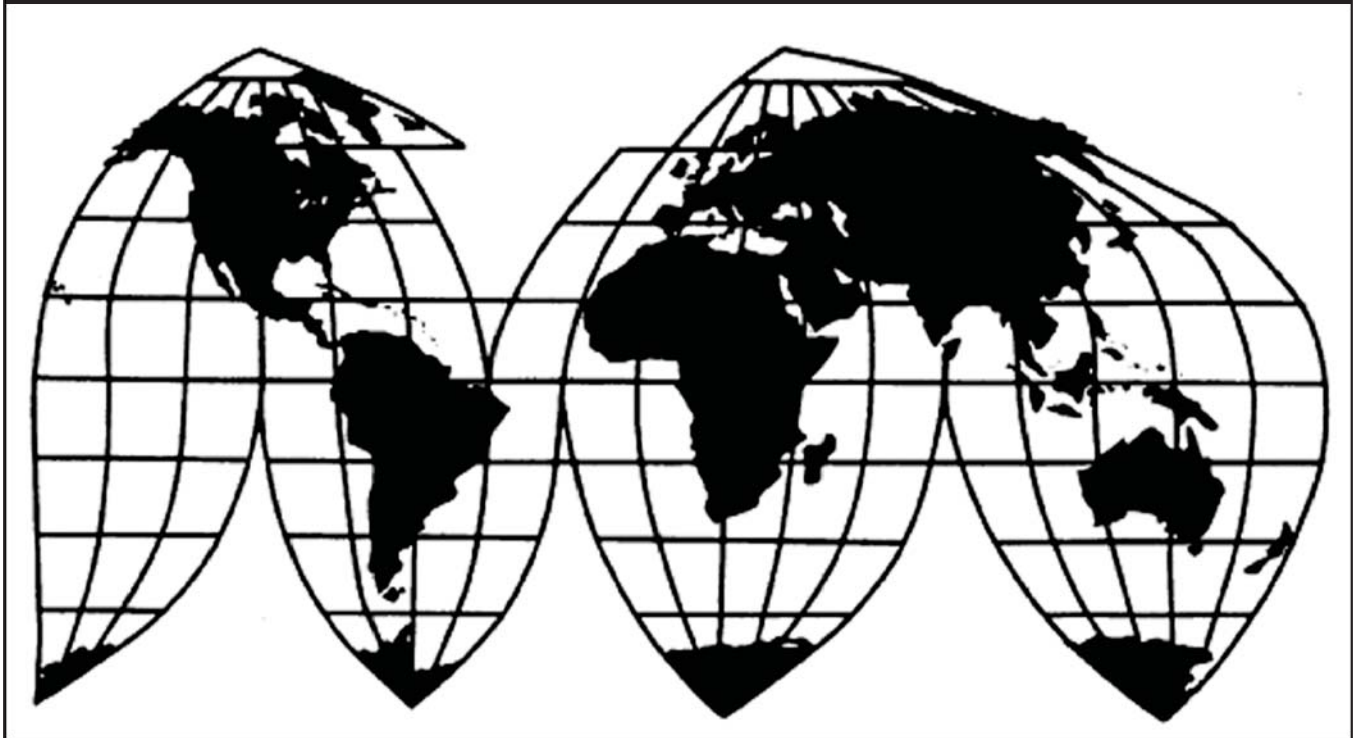
Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam

Investigation Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final)

Publication 4362

December 2012

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final)

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

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports of circular welded carbon-quality steel pipe from India, Oman, the United Arab Emirates, and Vietnam, provided for in subheading(s) 7306.19, 7306.30, and 7306.50 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce has determined are subsidized and/or sold in the United States at less than fair value (“LTFV”).²

BACKGROUND

The Commission instituted these investigations effective October 26, 2011, following receipt of a petition 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. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of circular welded carbon-quality steel pipe from India, Oman, the United Arab Emirates, and Vietnam were subsidized and/or dumped within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and 733(b) of the Act (19 U.S.C. § 1673b(b)).³ Notice of the scheduling of the final phase of the Commission’s investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on June 22, 2012 (77 FR 37711). The hearing was held in Washington, DC, on October 17, 2012, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Chairman Irving A. Williamson and Commissioner Dean A. Pinkert dissenting.

³ Following a final negative countervailing duty determination with respect to circular welded carbon-quality steel pipe from Vietnam (77 FR 64471, October 22, 2012), the Commission terminated investigation No. 701-TA-485 (77 FR 65712, October 30, 2012).

IEWS OF THE COMMISSION

Based on the record in the final phase of these investigations, we find that an industry in the United States is not materially injured or threatened with material injury by reason of imports of circular welded carbon-quality steel pipe (“CWP”) from India, Oman, the United Arab Emirates (“UAE”), and Vietnam that are sold in the United States at less than fair value (“LTFV”), and that are subsidized by the Governments of India, Oman, and the UAE.^{1 2}

I. 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, “Petitioners”), which are domestic producers of CWP accounting for nearly *** of domestic CWP production.³ Five respondent groups actively participated in the final phase investigations: UAE producer and exporter Universal Tube and Plastic Industries, Ltd. (“Universal”) and Prime Metal Corp. USA (“Prime Metal”), an importer of subject merchandise from the UAE (collectively “Universal”); UAE producer Conares Metal Supply Ltd. (“Conares”); Indian producer and exporter Zenith Birla (India) Limited (“Zenith Birla”) and Zenith (USA) Inc. (“Zenith (USA)”), an importer of subject merchandise from India that is affiliated with Zenith Birla (collectively, “Zenith”); Omani producer and exporter Al Jazeera Steel Products Co. SAOG (“Al Jazeera”); and Vietnamese producer and exporter Haiphong Hongyuan Machinery Mfg. Co., Ltd. (“Haiphong”).

The data collected by staff in these investigations reflect questionnaire responses from: (1) sixteen domestic producers that accounted for over 90 percent of all U.S. CWP production in 2011;⁴ and (2) thirty-four importers that accounted for approximately *** percent of subject imports from India, approximately *** percent of subject imports from Oman, all subject imports from the UAE, and approximately *** percent of subject imports from Vietnam (collectively representing approximately 95 percent of imports from all subject sources during the period for which data were collected), and 57 percent of U.S. imports from nonsubject sources.⁵ The Commission also received foreign producer questionnaires from one Indian producer reportedly accounting for an estimated *** percent of CWP exports from India to the United States;⁶ one Omani producer reportedly accounting for an estimated ***

¹ Chairman Williamson and Commissioner Pinkert determine that an industry in the United States is materially injured by reason of imports of CWP from India, Oman, the UAE, and Vietnam that are sold in the United States at LTFV, and that are subsidized by the Governments of India, Oman, and the UAE. They join sections I-VI of these views, except as noted.

² Material retardation is not an issue in these investigations.

³ Confidential Staff Report (“CR”), Public Staff Report (“PR”) at I-1, Table III-1. The CR was issued as memorandum INV-KK-105 (November 5, 2012) and revised by memoranda INV-KK-112 and INV-KK-114 (November 13, 2012).

⁴ CR at I-4; PR at I-3.

⁵ CR at IV-1; PR at IV-1.

⁶ CR at VII-2 & n.5; PR at VII-1-2 & n.5. Zenith reported that it accounts for *** percent of total CWP production in India. CR at VII-2 n.5; PR at VII-2 n.5.

percent of CWP exports from Oman to the United States;⁷ four UAE producers that reportedly account for a large majority of CWP production in the UAE and virtually all CWP exports from the UAE to the United States in 2011;⁸ and two Vietnamese producers reportedly accounting for the vast majority of CWP exports from Vietnam to the United States.⁹

B. Previous and Related Investigations

The Commission has investigated CWP on a number of occasions over the past 25 years, including CWP from India.¹⁰ In 1986, the Commission determined that an industry in the United States was materially injured, or threatened with material injury, by reason of LTFV imports of CWP from India.¹¹ Because Commerce found no sales at LTFV by the Indian producers and exporters Zenith and Gujarat Steel Tubes Ltd., both companies were excluded from the antidumping duty order imposed on CWP from India.¹² Zenith is the only excluded company still known to exist.¹³ Since imposition of the antidumping duty order on CWP from India in 1986, the Commission has conducted three 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.¹⁴ The Commission most recently reviewed the antidumping duty order on CWP from India in June 2012.¹⁵

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, since 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

⁷ CR at VII-6 & n.9, PR at VII-3 & n.9. Al Jazeera estimates that it accounts for *** percent of Omani CWP production. CR at VII-6 n.9; PR at VII-3 n.9.

⁸ CR at VII-9 n.15; PR at VII-4 n.15.

⁹ CR at VII-15; PR at VII-7. One of these companies, SeAH Steel VINA Corp., estimates that it accounts for *** percent of CWP production in Vietnam and alone accounts for *** percent of CWP exports from Vietnam to the United States. CR at VII-15 n.29; PR at VII-7 n.29.

¹⁰ See CR at I-5-8; PR at I-4-6; CR/PR at Table I-1. 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).

¹¹ 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.

¹² 51 Fed. Reg. 9089 (Mar. 17, 1986).

¹³ CR at I-15 n.24; PR at I-11 n.24.

¹⁴ Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 532-534 and 536 (Third Review), USITC Pub. 4333 (June 2012); 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).

¹⁵ Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 532-534 and 536 (Third Reviews), USITC Pub. 4333 (June 2012).

known to exist.”¹⁶ Consequently, the Commission’s analysis of CWP from India for purposes of the antidumping duty investigation is limited to subject imports from Zenith. All imports of CWP from India, however, are subject to the countervailing duty investigation.¹⁷

Antidumping duty orders are currently outstanding on CWP from Brazil, China, India (for all firms except Zenith), Korea, Mexico, Taiwan, Thailand, and Turkey, and countervailing duty orders are outstanding on CWP from China and Turkey.¹⁸

II. DOMESTIC LIKE PRODUCT

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the “domestic like product” and the “industry.”¹⁹ 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.”²⁰ 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.”²¹

The decision regarding the appropriate domestic like product 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.²² No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.²³ The

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

¹⁷ 76 Fed. Reg. 72173 (Nov. 22, 2011).

¹⁸ *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, 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. The Commission reviewed the orders on CWP from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey in June 2012 and made affirmative determinations.

¹⁹ 19 U.S.C. § 1677(4)(A).

²⁰ 19 U.S.C. § 1677(4)(A).

²¹ 19 U.S.C. § 1677(10).

²² *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).

²³ *See, e.g., S. Rep. No. 96-249 at 90-91 (1979).*

Commission looks for clear dividing lines among possible like products and disregards minor variations.²⁴ Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,²⁵ the Commission determines what domestic product is like the imported articles Commerce has identified.²⁶

B. Product Description

Commerce defined the imported merchandise within the scope of these investigations as:

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

²⁴ Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

²⁵ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), aff'd, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

²⁶ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); Torrington, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations in which Commerce found five classes or kinds).

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.²⁷

CWP is commonly known as standard pipe, the primary product within the scope of these investigations. 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

²⁷ CR at I-15-16; PR at I-11-12. Most of the subject goods are imported under HTS statistical reporting numbers 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, and 7306.30.5090. CR at I-16; PR at I-12.

sprinkler systems, and other related uses.²⁸ Standard pipe may carry liquids at elevated temperatures but may not be subject to the application of external heat.²⁹ It is made primarily to ASTM A-53, A-135, and A-795 specifications, but can also be made to other specifications, such as British Standard (“BS”)-1387.³⁰

Other applications for CWP include light load-bearing or mechanical applications, such as conduit shells, and structural applications in general construction.³¹ Circular pipe used for above-ground structural purposes, including fence posts, irrigation systems, and sprinkler systems, is also included in this category.³² These products are manufactured primarily to ASTM specifications (such as A-500 or A-252), as well as American Society of Mechanical Engineers (“ASME”) specifications.³³

Standard pipe is distinguished from other kinds of pipe, such as line pipe, mechanical tubing, and oil country tubular goods, which may be made to specifications that differ from those applicable to standard pipe.³⁴ Because standards for welded pipe often specify overlapping engineering characteristics, a pipe can be dual-stenciled, signifying compliance with multiple specifications.³⁵

C. Parties’ Arguments

Petitioners argue that the Commission should define a single domestic like product, encompassing all CWP, that is coextensive with the scope of the investigations.³⁶ Respondents have raised no objection to Petitioners’ proposed definition of the domestic like product.³⁷

D. Analysis

In its preliminary phase determinations, the Commission found a single domestic like product, encompassing all CWP, that was coextensive with the scope of the investigations.³⁸ The Commission emphasized that all CWP has similar end uses (*i.e.*, 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), and that all CWP can be produced on the same facilities and with the same workers.³⁹ There is limited interchangeability between CWP and other types of pipe, which are generally produced to different specifications.⁴⁰ The Commission also noted that the channels of

²⁸ CR at I-18; PR at I-14.

²⁹ CR at I-18; PR at I-14.

³⁰ CR at I-18; PR at I-14.

³¹ CR at I-19; PR at I-14.

³² CR at I-19-20; PR at I-15.

³³ CR at I-19-20; PR at I-15.

³⁴ CR at I-17-18; PR at I-13-14.

³⁵ CR at I-18; PR at I-14.

³⁶ Petition at 3; Hearing Tr. at 9 (Kaplan).

³⁷ Conference Tr. at 133 (Cameron), 133 (Mitchell); Conares’s Prehearing Brief at 3; see also Hearing Tr. at 9 (Kaplan), 11 (Mendoza).

³⁸ Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and Vietnam, Inv. No. 701-TA-482-485 and 731-TA-1191-1194 (Prelim), USITC Pub. 4298 at 6-9 (Dec. 2011) (hereinafter “Preliminary Views”).

³⁹ Preliminary Views at 9.

⁴⁰ Preliminary Views at 9.

distribution for various types of CWP are the same, with the vast majority of such pipe being sold to distributors and the remainder sold to end users.⁴¹

The record in the final phase of these investigations concerning the definition of the domestic like product is not materially different from that in the preliminary phase.⁴² Because the record in the final phase of these investigations indicates that considerations that supported treating all CWP as a single like product in the preliminary phase have not changed, and no party has asserted a contrary argument, we again define a single domestic like product, encompassing all CWP, that is coextensive with the scope of the investigations.

III. DOMESTIC INDUSTRY

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁴³ 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.⁴⁴

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.⁴⁵ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each

⁴¹ Preliminary Views at 9.

⁴² See generally CR at I-17-24, II-3-4; PR at I-13-18, II-2-3.

⁴³ 19 U.S.C. § 1677(4)(A).

⁴⁴ Known domestic producers include Allied, American, Atlas, Bull Moose, California Steel, Hanna, Hannibal, Leavitt, Marcegaglia, Maruichi, Maverick, Northwest, Skyline, Texas Tubular, Tex-Tube, TMK IPSCO, U.S. Steel, Western Tube, and Wheatland. CR/PR at Table III-1. In addition, Welded Tube-Berkeley produced CWP until September 2012. CR/ at I-3 n.3; PR at I-3 n.3.

⁴⁵ 19 U.S.C. § 1677(4)(B).

investigation.⁴⁶ No party has commented on the related party issue in the final phase of these investigations.

U.S. producers Maruichi Leavitt (“Leavitt”) and Maruichi American Corp. (“Maruichi”) are related to an exporter of subject merchandise in Vietnam,⁴⁷ and U.S. producer Tex-Tube is related to Coutinho & Ferrostaal, a U.S. importer of subject merchandise.⁴⁸ None of these firms themselves imported subject merchandise.⁴⁹ Consequently, under the statute they would be related parties only if there were a “control” relationship between the U.S. producer, on the one hand, and the importer or exporter of subject merchandise, on the other.⁵⁰ Even assuming *arguendo* that Leavitt, Maruichi, and Tex-Tube are related parties,⁵¹ we do not believe that appropriate circumstances exist to warrant their exclusion from the domestic industry.⁵² Accordingly, we define the domestic industry to include all U.S. producers of CWP.

⁴⁶ 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”).

⁴⁷ CR/PR at Table III-1 n.5.

⁴⁸ CR/PR at Table III-1 n.8.

⁴⁹ *See generally* CR at III-2, PR at III-1.

⁵⁰ 19 U.S.C. § 1677(7)(4)(B)(i).

⁵¹ Leavitt’s domestic producer questionnaire response indicates that ***. Leavitt U.S. Producer Questionnaire at Questions I-4 and I-5. Maruichi’s domestic producer questionnaire response indicates that ***. Maruichi U.S. Producer Questionnaire at Questions I-4 and I-5. Neither Leavitt’s nor Maruichi’s questionnaire response indicates the nature of either firm’s relationship with the parent. Tex-Tube’s domestic producer questionnaire response indicates that ***. Tex-Tube U.S. Producers’ Questionnaire at Question I-4 and I-5.

⁵² First, these domestic producers are only engaged in U.S. production operations and do not import any subject merchandise. Second, each of the firms accounts for a very small percentage of domestic production, and thus their inclusion would not skew the data. Third, there is no clear indication that any of these domestic producers derived a financial benefit from their affiliation with importers and exporters of subject merchandise. Fourth, Tex-Tube ***. Finally, no parties have argued that any of these producers be excluded from the domestic industry as related parties.

IV. CUMULATION

A. Legal Framework

For purposes of evaluating the volume and price effects for a determination 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 other and with domestic like products in the U.S. market.⁵³ 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.⁵⁴

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.⁵⁵ Only a “reasonable overlap” of competition is required.⁵⁶

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, 2011.⁵⁷ None of the statutory exceptions to cumulation is applicable.⁵⁸

⁵³ 19 U.S.C. § 1677(7)(G)(i).

⁵⁴ 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).

⁵⁵ Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

⁵⁶ 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.”).

⁵⁷ CR/PR at I-1.

⁵⁸ In this respect, we observe that imports from each of the subject countries exceed the negligibility thresholds provided in 19 U.S.C. § 1677(24). 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

(continued...)

We next examine whether there is a reasonable overlap of competition between subject imports from India, Oman, the UAE, and Vietnam, and between subject imports from each source and the domestic like product.⁵⁹

Fungibility. The record continues to support the finding in the preliminary phase determinations that CWP is generally fungible regardless of the source, given that CWP from all sources meets the same ASTM specifications.⁶⁰ All responding domestic producers, and a majority of importers and U.S. purchasers, 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.⁶¹ Purchasers’ views were mixed when comparing the domestic like product and imports from the subject countries, with a majority of purchasers reporting that products were comparable with regard to a number of non-price characteristics, but that the U.S. product was superior with regard to other characteristics, such as delivery time and support/service.⁶² Nevertheless, a plurality of purchasers reported that domestically produced CWP and CWP from each subject country always or usually met minimum quality specifications.⁶³

Geographical Overlap. The record indicates that CWP from all sources served multiple U.S. markets during the period examined. Subject imports from subject countries entered the United States through multiple ports of entry dispersed across the country, and both domestic producers and U.S. importers reported distributing CWP throughout the United States.⁶⁴

Channels of Distribution. 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 domestic and subject CWP from India, Oman, and the UAE were shipped to distributors, with

⁵⁸ (...continued)

11.8 percent of such imports, and subject imports from Vietnam accounted for 9.7 percent of such imports. CR at IV-12; PR at IV-10.

⁵⁹ We are not persuaded by Conares’ argument that the Commission must “separate” those imports from India subject to the antidumping duty investigation from those imports of CWP from India already subject to the existing antidumping duty order. Conares’s Prehearing Brief at 4-5. Initially, we note that we rejected a similar argument by Conares in the preliminary phase of these investigations, and there are no considerations that would warrant reconsidering our view. Preliminary Views at 13 n.62. The Commission has determined that the statute requires the cross-cumulation of dumped and subsidized imports 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 2009) at 29-31 citing Bingham & Taylor v. United States, 815 F.2d 1482 (Fed. Cir. 1987). Moreover, the record in these investigations does not indicate any meaningful distinction between subject imports exported by Zenith that are subject to both the antidumping and countervailing duty investigations and imports of CWP from India exported by other producers that are subject only to the countervailing duty investigation. Indeed, Zenith estimates that it alone is responsible for *** percent of Indian CWP exports to the United States. CR at VII-2 n.5; PR at VII-2 n.5. Thus, the characteristics of Zenith’s exports are necessarily identical to the characteristics of the vast majority of CWP imports from India as a whole.

⁶⁰ See Preliminary Views at 14.

⁶¹ CR/PR at Table II-8.

⁶² CR/PR at Table II-9.

⁶³ CR/PR at Table II-10.

⁶⁴ CR/PR at Tables IV-4 through IV-7; CR at II-1; PR at II-1.

***.⁶⁵ A majority of subject imports from Vietnam also went to distributors, with an appreciable share being shipped directly to “big-box” stores such as ***, which are generally classified as “end users.”⁶⁶

Simultaneous Presence. CWP from all sources were simultaneously present in the U.S. market. 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.⁶⁷

Conclusion. The record indicates, and no party contests, that there is a reasonable overlap of competition between and among subject imports and the domestic like product. Consequently, we analyze subject imports from India, Oman, the UAE, and Vietnam on a cumulated basis in our analysis of whether there is material injury by reason of subject imports.

V. CONDITIONS OF COMPETITION AND THE BUSINESS CYCLE

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

A. Demand Conditions

CWP is used in a variety of applications, including plumbing applications, structural applications, and more specific applications (e.g., shells for electrical conduit, scaffolding components, and fencing).⁶⁸ Overall demand for CWP is driven by the U.S. economy generally, by nonresidential construction spending and, to a lesser extent, residential construction spending.⁶⁹ The U.S. economy suffered a severe downturn during the first half of 2009 before recovering somewhat between late 2009 and the first half of 2012; that is gross domestic product for the U.S. economy declined during the first two quarters of 2009 and then increased in all subsequent quarters in the period for which data were collected.⁷⁰ Monthly nonresidential construction spending declined throughout 2009 and then stabilized in 2010-2012 at levels lower than those in most of 2009.⁷¹

The majority of producers and importers reported that demand for CWP had decreased or fluctuated since January 2009, while most purchasers indicated that demand had increased or fluctuated, and most responding firms cited changes in economic conditions and changes in the construction industry as affecting demand.⁷² Apparent U.S. consumption of CWP during the period examined generally tracked macroeconomic conditions, increasing from a period low of 1,235,065 short tons in 2009 to 1,404,869 short tons in 2010, and to 1,481,915 short tons in 2011, a level 20.0 percent higher than in 2009.⁷³

⁶⁵ CR/PR at Table II-2.

⁶⁶ CR/PR at Table II-2. Petitioners have argued that big box retailers compete with traditional distributors for sales to contractors. CR II-4; PR at II-2.

⁶⁷ CR/PR at Table IV-8.

⁶⁸ CR at I-3; PR at I-3.

⁶⁹ CR at II-12; PR at II-8.

⁷⁰ CR/PR at Figure II-1.

⁷¹ CR/PR at Figure II-2.

⁷² CR/PR at Table II-3; CR at II-14; PR at II-9.

⁷³ CR/PR at Tables IV-9 and C-1.

Apparent U.S. consumption of CWP was 795,851 short tons in interim 2012, up 5.9 percent from 751,399 short tons in interim 2011.⁷⁴

With regard to future demand, the IMF projects U.S. GDP to increase by only 1.3 percent in 2012 and 1.5 percent in 2013.⁷⁵ Nonresidential construction spending, however, is projected to increase by 6.2 percent in 2013 according to the average of seven of the nation's leading construction forecasters.⁷⁶ A more recently revised forecast indicates an increase in nonresidential construction spending of 7.0 percent in 2013 and 10.2 percent in 2014.⁷⁷

B. Supply Conditions

During the period examined, the U.S. market was supplied by the domestic industry, subject imports, and imports from nonsubject sources. Of the responding U.S. producers, *** was by far the largest, accounting for approximately *** percent of U.S. CWP production in 2011. Other major producers included ***.⁷⁸ Taken together, these *** companies accounted for approximately *** of reported CWP production in 2011.⁷⁹ The domestic industry's share of apparent U.S. consumption, by quantity, decreased from 71.2 percent in 2009 to 65.6 percent in 2010 and to 65.4 percent in 2011; it was 63.8 percent in interim 2011 and 62.7 percent in interim 2012.⁸⁰

The market share of subject imports, based on quantity, increased from 8.6 percent in 2009 to 12.6 percent in 2010 and to 13.9 percent in 2011; it was 14.7 percent in interim 2011 and 10.0 percent in interim 2012.⁸¹

The market share of nonsubject imports was 20.2 percent in 2009, 21.9 percent in 2010, 20.7 percent in 2011, and was 21.5 percent in interim 2011 and 27.3 percent in interim 2012.⁸² The major sources of nonsubject imports during the period examined, in descending order of 2011 volume, were Mexico, Korea, Thailand, Turkey, Philippines, Taiwan, and Japan.⁸³ 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.⁸⁴ Nonsubject imports subject to antidumping duty orders comprised

⁷⁴ CR/PR at Tables IV-9 and C-1.

⁷⁵ CR at II-12, PR at II-9.

⁷⁶ See CR at II-14; PR at II-9; Universal's Posthearing Brief at Exhibit 4. The Architecture Billings Index (ABI), a leading indicator of construction activity reported by the American Institute of Architects (AIA), increased in September 2012 at its fastest pace since late 2010. CR at II-12; PR at II-9.

⁷⁷ In a press release on September 25, 2012, Reed Construction supported this forecast by stating, "Better U.S. economic growth, increased hiring and investment in new plant and equipment by companies due to higher demand, and continued low long-term interest rates underlie the Reed forecast." Universal's Posthearing Brief at Exhibit 4.

⁷⁸ CR/PR at Table III-1.

⁷⁹ Derived from CR/PR at Table III-1.

⁸⁰ CR/PR at Table IV-10.

⁸¹ CR at Table IV-10.

⁸² CR/PR at Table IV-10.

⁸³ CR/PR at Table IV-3.

⁸⁴ Nonsubject imports from China and Turkey are also subject to countervailing duty orders. CR/PR at Tables I-1, IV-3. 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, 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). A summary of prior investigations

(continued...)

48.7 percent of total U.S. CWP imports and 69.5 percent of nonsubject CWP imports in 2009, 48.9 percent of total U.S. CWP imports and 76.9 percent of nonsubject CWP imports in 2010, and 43.0 percent of total U.S. CWP imports and 71.8 percent of nonsubject CWP imports in 2011.⁸⁵

Prior to the imposition of antidumping and countervailing duty orders on CWP from China in 2008, China was by far the largest source of imported CWP.⁸⁶ In 2007, China accounted for roughly two-thirds of U.S. CWP imports.⁸⁷ It is undisputed, however, that antidumping and countervailing duties imposed by the United States on CWP from China in 2008⁸⁸ caused a massive drop in CWP imports from China in the years following the imposition of the orders. Currently, China is one of the smaller suppliers of nonsubject CWP to the U.S. market.⁸⁹

C. Substitutability and Other Conditions

Purchasers reported that they consider a variety of factors when purchasing CWP.⁹⁰ While purchasers cited price and quality most frequently as being important factors in their purchasing decisions, they also cited other factors such as availability, delivery time, and product range.⁹¹

The record indicates that CWP from all sources is generally substitutable.^{92 93} All responding domestic producers and a majority of importers and purchasers reported that subject imports are “always” or “frequently” used interchangeably with the domestic like product, and the majority of market participants reported that nonsubject imports are “always” used interchangeably with the domestic like product and subject imports.⁹⁴ 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

⁸⁴ (...continued)

regarding CWP appears in Table I-1 of the CR and PR.

⁸⁵ Derived from CR/PR at Tables IV-2, 3 and C-1.

⁸⁶ CR/PR at Table I-1; Circular Welded Carbon-Quality Steel Pipe from China, USITC Pub. 4019 at 12.

⁸⁷ CR at IV-9, PR at IV-6.

⁸⁸ CR/PR at Table I-1.

⁸⁹ CR at IV-9, PR at IV-6. Imports from China declined from 748,181 short tons in 2007 to 12,081 short tons in 2008 – a decline of 98.4 percent – and were 2,105 short tons in 2009, 3,196 short tons in 2010, and 3,244 short tons in 2011. Preliminary Determination, USITC Pub. 4298, at Table IV-3; CR at IV-9 n.6; PR at IV-6 n.6; CR/PR at Table IV-3. Imports from China were 1,772 short tons in interim 2011 and 1,736 short tons in interim 2012. CR/PR at Table IV-3.

⁹⁰ CR at II-17; PR at II-11.

⁹¹ CR/PR at Tables II-5 & II-6. When asked to identify the three major factors considered by their firm in purchasing CWP, U.S. purchasers most often reported price, quality, and availability. CR/PR at Table II-5. When asked to rate the importance of 15 factors in their purchasing decisions, all but two purchasers rated price as “very important” and all but two purchasers rated quality meeting industry standards as “very important.” CR/PR at Table II-6.

⁹² CR at II-16; PR at II-11.

⁹³ Chairman Williamson and Commissioner Pinkert find that CWP from all sources is highly substitutable. CR/PR at Table II-8; CR at II-16, and II-23; PR at II-11, and II-17.

⁹⁴ Importers and purchasers reported quality consistency, different size and physical specifications, Buy America provisions, and different pipe coatings as factors that limit interchangeability. CR at II-23; PR at II-; CR/PR at Table II-8.

“frequently” significant.⁹⁵ 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.

Raw materials account for approximately three-quarters of the cost of CWP.⁹⁶ The chief material inputs used to produce CWP are hot-rolled steel sheet and zinc (for galvanized products).⁹⁷ Monthly average prices of hot-rolled steel sheet and zinc have fluctuated between January 2009 and September 2012, increasing by 23 percent and 57 percent overall, respectively.⁹⁸

VI. LEGAL STANDARDS

A. In General

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁹⁹ 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.¹⁰⁰ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”¹⁰¹ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.¹⁰² 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.”¹⁰³

Although the statute requires the Commission to determine whether the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,¹⁰⁴ 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.¹⁰⁵ 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

⁹⁵ CR at II-24; PR at II-17; CR/PR at Table II-11.

⁹⁶ CR at V-1; PR at V-1.

⁹⁷ CR at V-1; PR at V-1.

⁹⁸ CR at V-1; PR at V-1; CR/PR at Figure V-1. Many U.S. producers and importers also indicated that raw material costs have fluctuated since 2009.

⁹⁹ 19 U.S.C. §§ 1671d(b), 1673d(b).

¹⁰⁰ 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 ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

¹⁰¹ 19 U.S.C. § 1677(7)(A).

¹⁰² 19 U.S.C. § 1677(7)(C)(iii).

¹⁰³ 19 U.S.C. § 1677(7)(C)(iii).

¹⁰⁴ 19 U.S.C. §§ 1671d(a), 1673d(a).

¹⁰⁵ 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’d, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

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.¹⁰⁶

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.¹⁰⁷ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.¹⁰⁸ 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.¹⁰⁹ It is clear that the existence of injury caused by other factors does not compel a negative determination.¹¹⁰

¹⁰⁶ 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).

¹⁰⁷ SAA at 851-52 (“[T]he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

¹⁰⁸ 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 at 1345 (“[T]he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“[t]he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Invs. Nos. 701-TA-414 and 731-TA-928 (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.”).

¹⁰⁹ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

¹¹⁰ 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 (continued...)”).

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.”^{111 112} Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”¹¹³

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.¹¹⁴ 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.¹¹⁵ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

¹¹⁰ (...continued)
injury.”).

¹¹¹ 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.

¹¹² Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal Steel, 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 upon presumptions or rigid formulas. Mittal Steel 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 that factor.

542 F.3d at 878.

¹¹³ 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.”).

¹¹⁴ Mittal Steel, 542 F.3d at 875-79.

¹¹⁵ 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).

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.¹¹⁶

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.¹¹⁷ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.¹¹⁸

B. Material Injury by Reason of Subject Imports

In evaluating the volume of subject imports, section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”¹¹⁹

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

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹²⁰

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹²¹ These factors include output, sales, inventories, ability to raise capital, research and

¹¹⁶ 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.

¹¹⁷ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

¹¹⁸ Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

¹¹⁹ 19 U.S.C. § 1677(7)(C)(i).

¹²⁰ 19 U.S.C. § 1677(7)(C)(ii).

¹²¹ 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.”). The statute additionally instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping investigation as part

(continued...)

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.”¹²²

C. Threat of Material Injury by Reason of Subject Imports

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”¹²³ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole” in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.¹²⁴ In making our determination, we consider all statutory threat factors that are relevant to these investigations.¹²⁵

¹²¹ (...continued)

of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V).

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

¹²³ 19 U.S.C. § 1677(7)(F)(ii).

¹²⁴ 19 U.S.C. § 1677(7)(F)(ii).

¹²⁵ These factors are as follows:

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

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

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

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

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products, . . .

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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material

(continued...)

VII. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

A. Volume of Subject Imports

We find that the volume of cumulated subject imports from India, Oman, the UAE, and Vietnam and the increase in that volume are significant, both absolutely and relative to apparent U.S. consumption and production, over the period of investigation.^{126 127} Between 2009 and 2011, cumulated subject import volume increased by 93.6 percent, from 106,419 short tons in 2009 to 176,314 short tons in 2010 and 206,024 short tons in 2011.¹²⁸ Subject import volume was 79,392 short tons in January-June 2012, down 28.1 percent from the level in January-June 2011, which was 110,439 short tons.¹²⁹ Subject imports as a share of apparent U.S. consumption, by quantity, increased from 8.6 percent in 2009 to 12.6 percent in 2010 and 13.9 percent in 2011, and were 10.0 percent in January-June 2012, down from 14.7 percent in

¹²⁵ (...continued)

injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations.

¹²⁶ As noted in Section IV above, we have determined to cross-cumulate all imports subject to the antidumping duty investigations with all imports subject to the countervailing duty investigations.

¹²⁷ In a final phase investigation, the statute requires the Commission to consider whether changes in volume, price effects, or impact are related to the pendency of the investigation. 19 U.S.C. § 1677(7)(I). If the Commission determines that such changes are related to the pendency of the investigation, it has the discretion under the statute to reduce the weight accorded to such information but is not required to do so. *Id.* In the final phase of these investigations, petitioners argue that high preliminary duties assigned by Commerce on subject imports from India caused a sharp decline in such imports in January-June 2012, helping the domestic industry to maintain its market share and revenues in the period. Allied's Prehearing Brief at 5. Respondents argue that subject import volume began declining prior to the filing of the petitions in the second half of 2011 for reasons unrelated to the petitions. Universal's Responses to Commissioner Questions at 44-45; Conares's Posthearing Brief at 9-11; Zenith's Posthearing Brief at 5-7.

We recognize that the filing of the petitions on October 26, 2011 had some effect on subject import volume. Subject import volume was 28.1 percent lower in January-June 2012 than in January-June 2011, while subject import market share was 4.7 percentage points lower. CR/PR at Tables IV-2, IV-10, C-1. Much of the decline in cumulated subject import volume and market share resulted from the fact that subject imports from India, by quantity, were 90.9 percent lower in the first half of 2012 than in the first half of 2011. *Id.* We find it likely that the decline in subject imports from India was due in part to the filing of the petitions given the long lead times on orders of CWP from India, *see* Hearing Tr. at 181 (Natu), and the substantial provisional antidumping and countervailing duty margins imposed on subject imports from India. *See* 77 Fed. Reg. 19192 (Mar. 30, 2012); 77 Fed. Reg. 32562 (June 1, 2012).

Nevertheless, we note that the market share lost by subject imports in January-June 2012 relative to January-June 2011 was gained by nonsubject imports rather than the domestic industry. The domestic industry's share of apparent U.S. consumption was 62.7 percent in January-June 2012, down from 63.8 percent in January-June 2011, while the nonsubject import share of apparent U.S. consumption was 27.3 percent in January-June 2012, up from 21.5 percent in January-June 2011. CR/PR at Table IV-10. In light of these trends, we recognize that the decline in subject import volume and market share in January-June 2012 resulted in part from the filing of the petitions but still consider the interim 2012 data in our analysis.

¹²⁸ CR/PR at Tables IV-2 and C-1.

¹²⁹ CR/PR at Table IV-2.

January-June 2011.¹³⁰ The ratio of subject imports to U.S. production, by quantity, increased from 11.9 percent in 2009 to 18.0 percent in 2010 and 20.1 percent in 2011, and was 14.0 percent in January-June 2012, down from 20.6 percent in January-June 2011.¹³¹

Although the increase in subject import volume and market share during the period examined is significant when considered in isolation, we find that subject import volume did not have significant adverse effects on the domestic industry in light of the following factors. First, due to the 20.0 percent increase in apparent U.S. consumption between 2009 and 2011, the domestic industry was able to increase its U.S. shipments by 10.2 percent during the period notwithstanding the simultaneous increase in subject imports.¹³² In particular, domestic producers increased their U.S. shipments from 879,408 short tons in 2009 to 921,194 short tons in 2010 and again to 969,519 short tons in 2011, even as their share of apparent U.S. consumption declined from 71.2 percent in 2009 to 65.6 percent in 2010 and 65.4 percent in 2011.¹³³

Second, information on the record indicates that although the domestic industry's market share in 2010 and 2011 was lower than in 2009, its 2010 and 2011 market shares were still higher than those for any year between 2000 and 2008.¹³⁴ Domestic industry market share in January-June 2012, at 62.7 percent, was lower than the level in 2008 but was higher than domestic industry market share in any year between 2000 and 2007.¹³⁵ Moreover, the domestic industry's lower market share in January-June 2012 relative to January-June 2011 was not attributable to subject imports, whose market share also declined.¹³⁶

Third, as discussed in sections VI.C and D below, we find that the increase in subject import volume and market share was not accompanied by significant adverse price effects or any significant adverse impact on the domestic industry. Finally, we find no clear correlation between subject import market share trends and domestic industry performance trends during the period examined, as further discussed in section VI.D below.

We conclude that the volume of cumulated subject imports and the increase in that volume, although significant both in absolute terms and relative to consumption and production in the United States, did not have significant adverse effects on the domestic industry.

¹³⁰ CR/PR at Table IV-10.

¹³¹ CR/PR at Table IV-11.

¹³² CR/PR at Table IV-9.

¹³³ CR/PR at Tables IV-9-10. Apparent U.S. consumption was 5.9 percent higher in January-June 2012 than in January-June 2011, while the domestic industry's U.S. shipments were 4.1 percent higher in January-June 2012 (499,388 short tons) than in January-June 2011 (479,687 short tons), even though the industry's market share was 1.1 percentage points lower. Id.

¹³⁴ See EDIS Doc No. 496494. Based on the staff reports issued in previous investigations and reviews, the market share of the domestic CWP industry was 57.6 percent in 2000, 59.1 percent in 2001, 60.0 percent in 2002, 61.5 percent in 2003, 56.4 percent in 2004, 58.4 percent in 2005, 51.1 percent in 2006, 56.2 percent in 2007, and 64.3 percent in 2008. Id. We note that the scope of these previous investigations and reviews was similar to the scope of these investigations and that the domestic industry definitions were also comparable. See id. Parties on both sides have requested that the Commission examine data from previous investigations and reviews of CWP in order to provide context for our analysis. See, e.g., Allied's Posthearing Brief at 8; Universal's Responses to Commissioner Questions at 1-4. Although petitioners argue that domestic industry market share was depressed during certain earlier periods by unfairly traded imports, see Hearing Tr. at 80-81 (Schagrin), we note that the domestic industry's market share in 2008, after the imposition of antidumping and countervailing duties on CWP from China virtually eliminated imports from China which had held 29.0 percent of the U.S. market, see EDIS Doc No. 496494, was lower than the industry's market share in 2010 or 2011. Compare Preliminary Views, USITC Pub. 4298, at Table IV-5 with CR/PR at Table IV-10.

¹³⁵ See EDIS Doc No. 496494.

¹³⁶ CR/PR at Table IV-10.

B. Price Effects of the Subject Imports

As addressed in section V.C above, the record indicates that the subject imports and the domestic like product are generally substitutable and that price is a significant consideration in purchasing decisions.

Eleven U.S. producers and 28 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.¹³⁷ Reported pricing data accounted for approximately 15.7 percent of U.S. producers' U.S. shipments of CWP, *** percent of subject imports from India, *** percent of subject imports from Oman, *** percent of subject imports from the UAE, and *** percent of subject imports from Vietnam during the period examined.¹³⁸

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 2009 and June 2012, subject imports undersold the domestic like product in 165 of 191 quarterly comparisons, or 86 percent of the time, at margins ranging from less than 1.0 percent to 50.4 percent.¹³⁹ The weighted average subject import underselling margin declined towards the end of the period examined, however, increasing from 32.1 percent in 2009 to 34.0 percent in 2010 before declining to 27.8 percent in 2011 and 27.9 percent in January-June 2012, down from 30.8 percent in January-June 2011.¹⁴⁰ 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.

Nonetheless, we find no evidence that subject imports significantly depressed prices of the domestic like product because U.S. producer prices for sales of three of the four pricing products were higher in the second quarter of 2012 than in the first quarter of 2009.¹⁴¹ As further confirmation of the absence of significant price depression, we observe that the average unit value of the domestic industry's U.S. shipments increased by 20.0 percent during the 2009-2011 period (in which subject import volume and market share increased), from \$898 per short ton in 2009 to \$978 per short ton in 2010 and \$1,078 per short ton in 2011.¹⁴² The average unit value of the domestic industry's U.S. shipments in January-June 2012, at \$1,054 per short ton, remained higher than in 2009 and 2010.¹⁴³ The January-June 2012 figure of \$1,054 per short ton was lower than the January-June 2011 average unit value of \$1,099 per

¹³⁷ CR at V-4; PR at V-3.

¹³⁸ CR at V-4; PR at V-3.

¹³⁹ CR/PR at Table V-6.

¹⁴⁰ Derived from CR/PR at Tables V-1-4. Subject import underselling margins were weighted based upon subject import volume.

¹⁴¹ CR/PR at Table V-5. We recognize that domestic prices for products 3 and 4 declined between the first quarter of 2009 and the last quarter of 2011. See *id.* at Tables V-1-4. We do not find this to be evidence of significant price depression during the period examined, however, because the price decline for product 3 was 5.2 percent, *id.* at Table V-3, and the price decline for product 4 was only 1.5 percent. *Id.* at Table V-4. Moreover, the average unit value of the domestic industry's U.S. shipments was 20.0 percent higher in 2011 than in 2009, *id.* at Table C-1, as further discussed below.

¹⁴² CR/PR at Table C-1. Although we recognize that average unit value trends are influenced by changes in product mix, there is no evidence that changes in product mix significantly influenced the increasing trend in the average unit value of the domestic industry's U.S. shipments during the period. At the conference, domestic producers indicated that changes in the average unit value of the domestic industry's U.S. shipments were largely due to changes in underlying prices rather than changes in product mix, CR at VI-2; PR at VI-3, and petitioners used average unit value data in their pricing analysis. See Allied's Prehearing Brief at 14; U.S. Steel's Prehearing Brief at 8-9.

¹⁴³ CR/PR at Table C-1.

short ton, despite the fact that subject import volume and market share were substantially lower in January-June 2012 than in January-June 2011.¹⁴⁴

We also find no evidence that subject imports significantly suppressed prices of the domestic like product because domestic producers were able to pass higher costs on to purchasers during the period examined. The domestic industry's ratio of cost of goods sold to net sales improved during the period of investigation, falling from 105.1 percent in 2009 to 88.4 percent in 2010 before increasing slightly to 89.1 percent in 2011, a level still well below that in 2009.¹⁴⁵ The domestic industry's ratio of cost of goods sold to net sales remained at a similar level, 88.7 percent, in the first half of 2012, as compared to 83.5 percent in the first half of 2011 despite significantly lower subject import volume and market share.¹⁴⁶

We recognize that Allied and Wheatland state that they were unable to realize fully a number of announced price increases in late 2010 through 2011, spurred by increasing raw material costs, and actually experienced price declines in some instances.¹⁴⁷ Nevertheless, three of Allied's announced price increases in early 2011 were realized in part¹⁴⁸ and Wheatland indicated that it "had a significant success with realizing our price increase announcements through the late fall and winter of 2010 and 2011."¹⁴⁹ Moreover, notwithstanding Allied's and Wheatland's experience, the domestic industry's ratio of raw material costs to net sales increased only from 68.7 percent in 2010 to 71.2 percent in 2011, a level still well below that in 2009, when the ratio was 78.5 percent.¹⁵⁰ The domestic industry's ability to increase CWP prices to cover the increasing cost of hot-rolled steel and zinc,¹⁵¹ which accounted for approximately three-quarters of the cost of producing CWP,¹⁵² is reflected in the close correlation between hot-rolled steel prices and domestic industry prices during the period examined.¹⁵³ Further, the margin between the industry's unit raw material cost and unit net sales value (*i.e.*, the "metal margin") increased over the period examined.¹⁵⁴ The domestic industry's ratio of cost of goods sold to net sales increased to an even lesser degree between 2010 and 2011, from 88.4 percent to 89.1 percent, as declining direct labor and other factory costs, as a share of net sales, compensated for slightly higher raw material costs.¹⁵⁵ Thus, the record does not indicate that domestic producers as a whole experienced significant price suppression between 2010 and 2011.

We find further support for our finding that subject imports neither depressed nor suppressed domestic like product prices in the absence of confirmed lost sales and revenue allegations.¹⁵⁶ Only one non-petitioning domestic producer, ***, reported three lost sales allegations and only one of the

¹⁴⁴ CR/PR at Tables IV-10 & C-1.

¹⁴⁵ CR/PR at Table VI-1.

¹⁴⁶ CR/PR at Table VI-1.

¹⁴⁷ See Allied's Prehearing Brief at 15-16; see also Preliminary Determination at 33-34.

¹⁴⁸ Allied's Postconference Brief, Statement of Gordon Hunter at para. 4. Specifically, Allied realized an *** percent price increase between January and March 2011, or *** of the three announced price increases totaling 30-38 percent. Id.

¹⁴⁹ Allied's Postconference Brief, Affidavit of Mark Magno at 1. Wheatland realized ***. Id. at 2.

¹⁵⁰ CR/PR at Table VI-1.

¹⁵¹ CR/PR at Table VI-1.

¹⁵² CR at V-1; PR at V-1.

¹⁵³ CR/PR at Figure V-3.

¹⁵⁴ CR/PR at Table VI-1. The industry's metal margin increased from \$205 in 2009 to \$301 in 2010, \$306 in 2011, and \$308 in 2012. CR/PR at Figure V-3.

¹⁵⁵ CR/PR at Table VI-1.

¹⁵⁶ CR at V-20-21; PR at V-12-13; CR/PR at Table V-7.

allegations, concerning *** short tons, was confirmed.¹⁵⁷ Moreover, no lost revenue allegations were confirmed.¹⁵⁸

For the foregoing reasons, we find that subject imports significantly undersold the domestic like product during the period examined but did not depress or suppress domestic like product prices to a significant degree.

C. Impact of the Subject Imports¹⁵⁹

As an initial matter, we analyze domestic industry performance in the context of the severe economic downturn in 2009 that depressed apparent U.S. consumption that year to a level 37.5 percent below that in 2008.¹⁶⁰ We recognize that the domestic industry's weak performance in 2009 was due largely to the economic downturn and that the domestic industry's performance after 2009 was influenced by the weakness of the economic recovery, particularly as it affected nonresidential construction activity.¹⁶¹

Nonetheless, we find that the domestic industry's performance improved markedly during the period examined according to every measure but market share, capacity, and employment. Although these improvements occurred relative to a base year in which the industry was battered by recession, we find it significant that nearly every measure of industry performance improved irrespective of trends in subject import volume, market share, and underselling. Given this, we cannot conclude that the domestic industry's recovery would have been significantly stronger but for the increase in subject import volume

¹⁵⁷ CR at V-21; PR at V-13; CR/PR at Table V-7. Although six of 12 responding producers reported losing sales to subject imports and four of 12 responding producers reported having to reduce prices or roll back price increases due to subject imports since 2009, petitioners did not provide the detailed information and purchaser contacts necessary to investigate lost sales and revenue allegations. CR at V-20; PR at V-12. Petitioners claimed that they were unable to provide detailed lost sales or lost revenue allegations because most domestic producer sales are made to distributors, which are generally unable to trace lost sales to imports from a particular source. CR at V-21; PR at V-12; see also Hearing Tr. at 28, 96 (Magno), 94-95 (Schagrin). Regardless of the reason, however, petitioners' lack of detailed information necessary to confirm their lost sales and revenue claims made it impossible for their allegations to be investigated.

¹⁵⁸ CR at V-20; PR at V-12. Petitioners provided no detailed information and purchaser contacts needed to investigate lost revenue allegations. Id.

¹⁵⁹ In its final determinations, Commerce calculated weighted-average dumping margins of 48.43 percent for CWP imported from India, 5.81 percent for CWP imported from Oman, 3.85 to 11.71 percent for CWP imported from the UAE, and 3.96 to 27.96 percent for CWP imported from Vietnam. CR/PR at Table I-3. In its final countervailing duty determinations, Commerce found countervailable subsidy margins of 285.95 with respect to India, 4.13 percent with respect to Oman, and 2.06 to 6.17 percent with respect to UAE. CR/PR at Table I-2.

¹⁶⁰ Preliminary Views, USITC Pub. 4298, at Table C-1.

¹⁶¹ CR at II-14; PR at II-9; CR/PR at Figure II-2, Table II-3; see also Hearing Tr. at 33 (Johnson) ("In 2009, consumption plummeted as a result of the economic crisis. Since then we've seen a slight recovery, but demand remains well below pre-crisis levels."), 41 (Clark) ("{T}he nonresidential construction market did not begin falling until late 2009. Unfortunately, the decline has continued over the past three years and we see few signs of recovery in nonresidential markets."), 49 (Scott) ("{T}he current recovery is especially weak and is likely to remain so."), 84-85 (Schagrin) ("{W}e are halfway back in the business cycle between the low of 1.2 and a more normalized 2.2 million tons of consumption, we're at about 1.6 right now . . ."), 231-32 (Marshak) ("{T}his was a free fall from . . . 2,500,000 to 1,200,000 short tons of apparent consumption. So it's straight down. Now it's back, but if you look at the mid level, it's not back to the mid level yet between the 2.5 and the 1.2 or the 2.7."); Allied's Posthearing Brief at 4 (stating that CWP demand as of the end of the period examined "likely represents the middle of the recovery period of the business cycle.").

and market share, particularly in light of the continued weak demand conditions and substantial nonsubject import competition that also influenced domestic industry performance.¹⁶²

Although domestic industry capacity declined during the period examined, the industry's production and capacity utilization improved notwithstanding the weak recovery in demand. Domestic industry capacity declined 2.9 percent between 2009 and 2011, from 1,923,286 short tons in 2009 to 1,899,680 short tons in 2010 and 1,866,823 short tons in 2011, and was 0.9 percent lower in January-June 2012, at 965,795 short tons, than in January-June 2011, at 974,553 short tons.¹⁶³ Domestic industry production, however, increased 15.3 percent during the period, from 890,798 short tons in 2009 to 980,211 short tons in 2010 and 1,027,206 short tons in 2011, and was 6.3 percent higher in January-June 2012, at 568,475, than in January-June 2011, at 534,916 short tons.¹⁶⁴ As its capacity declined and its production increased, the domestic industry's rate of capacity utilization improved from 46.3 percent in 2009 to 51.6 percent in 2010 and 55.0 percent in 2011.¹⁶⁵ The industry's rate of capacity utilization was 58.9 percent in January-June 2012, up from 54.9 percent in January-June 2011.¹⁶⁶

The domestic industry's U.S. shipments, by quantity, increased 10.2 percent between 2009 and 2011, from 879,408 short tons in 2009 to 921,194 short tons in 2010 and 969,519 short tons in 2011.¹⁶⁷ The industry's U.S. shipments were 4.1 percent higher in January-June 2012, at 499,388 short tons, than in January-June 2011, at 479,687 short tons.¹⁶⁸

Although domestic industry employment declined between 2009 and 2011, it was higher in January-June 2012 than in January-June 2011 and hours worked and wages paid increased throughout the period examined. Specifically, industry employment declined from 1,588 production and related workers ("PRWs") in 2009 to 1,459 PRWs in 2010 before increasing to 1,513 PRWs in 2011, a level still 4.7

¹⁶² See CR/PR at Tables IV-3, IV-10, Appendix D.

¹⁶³ CR/PR at Tables III-3, C-1.

¹⁶⁴ CR/PR at Tables III-3, C-1.

¹⁶⁵ CR/PR at Table III-3.

¹⁶⁶ CR/PR at Table III-3. We note that the industry's rate of capacity utilization in January-June 2012, at 58.9 percent, was higher than the rate of capacity utilization that prevailed during the 2000-2005 period, which ranged from 48.7 percent to 58.8 percent, and approaching the rate of capacity utilization achieved during the 2006-2008 period, which ranged from 61.4 percent to 63.8 percent. See EDIS Doc No. 496494. Petitioners acknowledge that electric resistance welding ("ERW") mills, which account for all but one of the domestic industry's mills, "can operate on a single shift . . . at fractional capacity." Allied's Posthearing Brief at 4. Consequently, the industry can operate profitably at rates of capacity utilization that would be considered low in the context of other industries. See, e.g., Preliminary Views, USITC Pub. 4298, at Tables III-3, VI-1 (the industry's capacity utilization rate of 61.8 percent coincided with an operating profit margin of 16.2 percent).

¹⁶⁷ CR/PR at Tables IV-9, C-1.

¹⁶⁸ CR/PR at Tables IV-9, C-1. Further, the domestic industry's end-of-period inventories declined as a share of production and were stable as a share of U.S. shipments and total shipments during the period examined. As a share of production, the domestic industry's end-of-period inventories declined from 14.4 percent in 2009 to 14.1 percent in 2010 and 13.9 percent in 2011, and were 14.3 percent in January-June 2012, down from 15.9 percent in January-June 2011. CR/PR at Table III-6. As a share of U.S. shipments, the industry's end-of-period inventories increased from 14.6 percent in 2009 to 15.0 percent in 2010 before declining to 14.8 percent in 2011. Id. End-of-period inventories as a share of U.S. shipments were 16.2 percent in January-June 2012, down from 17.7 percent in January-June 2011. Id. As a share of total shipments, the industry's end-of-period inventories increased from 14.0 percent in 2009 to 14.3 percent in 2010 before declining back to 14.0 percent in 2011. Id. End-of-period inventories as a share of total shipments were 15.3 percent in January-June 2012, down from 16.9 percent in January-June 2011. Id.

percent below that in 2009.¹⁶⁹ The industry employed 1,503 PRWs in January-June 2012, up from 1,473 PRWs in January-June 2011.¹⁷⁰ Moreover, other employment-related factors for the industry improved considerably over the period of investigation. Hours worked by PRWs increased 15.9 percent between 2009 and 2011, from 2.9 million hours in 2009 to 3.1 million hours in 2010 and 3.4 million hours in 2011, and were 1.8 million hours in both January-June 2011 and January-June 2012.¹⁷¹ Wages paid to PRWs increased 23.7 percent between 2009 and 2011, from \$75.7 million in 2009 to \$83.6 million in 2010 and \$93.6 million in 2011, and were 6.6 percent higher in January-June 2012, at \$49.6 million, than in January-June 2011, at \$46.6 million.¹⁷² Further, the industry's productivity in short tons produced per 1,000 hours showed little change from 2009 to 2011, increasing from 307.1 in 2009 to 316.7 in 2010 before declining to 306.2 in 2011.¹⁷³ Productivity, however, reached a period high in January-June 2012 at 322.0, up from 303.6 in January-June 2011.¹⁷⁴

The domestic industry's financial performance also generally improved as the industry's production, capacity utilization, and U.S. shipments increased over the period. The industry's net sales value increased 25.9 percent between 2009 and 2011, from \$859.1 million in 2009 to \$914.9 million in 2010 and \$1.1 billion in 2011, and was 1.5 percent higher in January-June 2012, at \$561.2 million, than in January-June 2011, at \$553.0 million.¹⁷⁵ The domestic industry's operating income increased from a loss of \$129.5 million in 2009, equivalent to 15.1 percent of net sales, to a positive \$32.3 million in 2010, equivalent to 3.5 percent of net sales, and \$25.2 million in 2011, equivalent to 2.3 percent of net sales.¹⁷⁶ We note that the domestic industry's operating income would also have increased between 2010 and 2011 but for ***.¹⁷⁷ Although the industry's operating income of \$15.4 million in January-June 2012, equivalent to 2.7 percent of net sales, was down from \$34.2 million in January-June 2011, equivalent to 6.2 percent of net sales, the industry's reduced profitability coincided with significantly lower subject import volume and market share in January-June 2012, as further discussed below.¹⁷⁸

Domestic industry capital expenditures were stable during the period examined, while research and development expenses were minimal.¹⁷⁹ The industry's capital expenditures declined from \$*** in 2009 to \$*** in 2010 before increasing to \$*** in 2011, a level *** percent higher than in 2009.¹⁸⁰ The industry's capital expenditures were *** percent higher in January-June 2012, at \$***, than in January-June 2011, at \$***.¹⁸¹

Based on the preceding analysis, we find no significant decline in domestic industry performance during the period examined. Domestic industry production, capacity utilization, U.S. shipments, net sales value, and capital expenditures all improved during the period examined. Employment declined but hours worked and wages paid increased. The domestic industry's operating income and operating income

¹⁶⁹ CR/PR at Table III-7.

¹⁷⁰ CR/PR at Table III-7.

¹⁷¹ CR/PR at Table III-7.

¹⁷² CR/PR at Table III-7.

¹⁷³ CR/PR at Table III-7.

¹⁷⁴ CR/PR at Table III-7.

¹⁷⁵ CR/PR at Tables VI-1, C-1.

¹⁷⁶ CR/PR at Table VI-1.

¹⁷⁷ CR at VI-15-16; PR at VI-6. We note that GAAP does not specify income statement classification of these items and that ***. CR at VI-16 n.15; PR at VI-6 n.15.

¹⁷⁸ CR/PR at Tables IV-2, IV-10, VI-1.

¹⁷⁹ ***. CR/PR at Table VI-4. ***. Id.

¹⁸⁰ CR/PR at Table VI-4.

¹⁸¹ CR/PR at Table VI-4.

margins also improved, albeit irregularly, and ended the period much stronger than they had been in 2009. Domestic industry market share declined during the period but remained at a level that compares favorably with available data concerning domestic industry market share from 2000 to 2008.¹⁸² Although the industry's performance has not returned to the level achieved prior to the economic downturn in 2009, all parties agree that the recovery in U.S. CWP demand has been weak¹⁸³ and apparent U.S. consumption remains well below pre-recession levels.¹⁸⁴

We also find no correlation between domestic industry performance trends and either subject import market share or underselling. The only period in which subject imports significantly increased their share of apparent U.S. consumption at the direct expense of the domestic industry was between 2009 and 2010, when subject imports gained 3.9 percentage points of market share while the domestic industry lost 5.6 percentage points of market share to both subject and nonsubject imports.¹⁸⁵ Notwithstanding the domestic industry's loss of market share, the industry's performance improved according to almost every other measure between 2009 and 2010, including an improvement in the industry's operating income margin from a loss equivalent to 15.1 percent of net sales to a profit equivalent to 3.5 percent of net sales.¹⁸⁶

Between 2010 and 2011, subject imports gained an additional 1.4 percentage points of market share largely at the expense of nonsubject imports, which lost 1.2 percentage points of market share.¹⁸⁷ Although the domestic industry's market share remained stable, declining only 0.1 of a percentage point during the same period, the domestic industry's operating income margin declined.¹⁸⁸ The lack of correlation between subject import market share, domestic industry market share, and domestic industry financial performance was particularly apparent during January-June 2011. During that period, when subject import market share peaked at 14.7 percent and the domestic industry's market share was 63.8 percent, down from 65.6 percent in 2010, the industry's operating income margin reached a period high of 6.2 percent of net sales.¹⁸⁹ By contrast, in January-June 2012, when subject import market share was down to 10.0 percent, the domestic industry's operating income margin was down to 2.7 percent of net sales.¹⁹⁰ Thus, the record indicates that the domestic industry's operating income margin generally improved when subject import market share increased at the industry's expense and weakened when

¹⁸² The domestic industry's share of apparent U.S. consumption declined during the period from 71.2 percent in 2009 to 65.6 percent in 2010 and 65.4 percent, and was 62.7 percent in January-June 2012, down from 63.8 percent in January-June 2011. CR/PR at Table IV-10. Based on the staff reports issued in previous investigations and reviews, domestic industry market share was 57.6 percent in 2000, 59.1 percent in 2001, 60.0 percent in 2002, 61.5 percent in 2003, 56.4 percent in 2004, 58.4 percent in 2005, 51.1 percent in 2006, 56.2 percent in 2006, 63.8 percent in 2007, and 61.8 percent in 2008. See EDIS Doc No. 496494. As previously discussed, the parties have endorsed the use of historical data in our analysis.

¹⁸³ See CR at II-14; PR at II-9; CR/PR at Figure II-2, Table II-3; see also Hearing Tr. at 33 (Johnson), 41 (Clark), 49 (Scott), 84-85 (Schagrin), 231-32 (Marshak); Allied's Posthearing Brief at 4.

¹⁸⁴ Apparent U.S. consumption in 2011, at 1,481,895 short tons, remained 24.6 percent lower than apparent U.S. consumption in 2008, at 1,964,935 short tons. Compare Preliminary Views, USITC Pub. 4298, at Table IV-5 with CR/PR at Table IV-10. It also remained well below the level of apparent U.S. consumption that prevailed during the 2000-2007 period, which ranged from 2,078,160 short tons to 2,566,352 short tons. See EDIS Doc No. 496494.

¹⁸⁵ CR/PR at Tables IV-10, C-1.

¹⁸⁶ See CR/PR at Table VI-1.

¹⁸⁷ CR/PR at Table IV-10.

¹⁸⁸ See CR/PR at Table VI-1.

¹⁸⁹ CR/PR at Tables IV-10, VI-1.

¹⁹⁰ CR/PR at Tables IV-10, VI-1.

subject import market share either declined (in January-June 2012) or increased at the expense of nonsubject imports (in 2011).

The same lack of correlation is evident between subject import underselling and domestic industry performance. In 2009, subject imports undersold the domestic like product in 78.0 percent of quarterly comparisons at a weighted average underselling margin of 32.1 percent,¹⁹¹ and the domestic industry suffered an operating loss equivalent to 15.1 percent of net sales, due largely to the economic downturn.¹⁹² In 2010, the prevalence of subject import underselling increased to 84.5 percent of quarterly comparisons at a weighted average underselling margin of 34.0 percent -- the highest of the period examined -- yet the domestic industry's performance improved markedly according to almost every measure, including an increase in the industry's operating income margin to a positive 3.5 percent of net sales.¹⁹³ In 2011, the prevalence of subject import underselling increased to 93.0 percent of quarterly comparisons but the weighted average underselling margin declined to 27.8 percent -- the lowest of the period examined -- and the domestic industry's performance continued to improve according to most measures, although the industry's operating income margin declined to 2.3 percent of net sales.¹⁹⁴

The absence of any significant correlation between subject import underselling and domestic industry performance continued when the interim periods are compared. In January-June 2011, subject imports undersold the domestic like product in all quarterly comparisons at a weighted-average margin of 30.8 percent, yet the domestic industry's operating income margin reached a period high of 6.2 percent of net sales.¹⁹⁵ By contrast, in the first half of 2012, the prevalence of subject import underselling was down to 88.9 percent and the weighted average underselling margin to 27.9 percent, yet the domestic industry's operating income margin was down to 2.7 percent of net sales.¹⁹⁶ Based on the preceding analysis, we find no clear correlation between the prevalence or magnitude of subject import underselling and domestic industry performance, which generally improved throughout the period examined.

We are unpersuaded by U.S. Steel's argument that there was a causal link between subject imports and the domestic industry's performance in the second half of 2011.¹⁹⁷ U.S. Steel claims that the domestic industry suffered an operating loss of almost \$9 million in the second half of 2011 due to the elevated market share and low average unit value of subject imports in the first half of 2011.¹⁹⁸ As an initial matter, U.S. Steel's assertion that the domestic industry lost almost \$9 million in the second half of 2011, based on the difference between January-June 2011 data and full year 2011 data, is not supported by the record. Because ***, reported their financial performance on a fiscal year basis, ending in September of each year, while all but one other producer reported financial performance on a calendar year basis, second half 2011 financial results cannot be accurately derived from reported financial data covering the first half of 2011 and full year 2011.¹⁹⁹ For the same reason, U.S. Steel's assertion that the

¹⁹¹ CR/PR at Tables V-1-4.

¹⁹² CR/PR at Tables V-1-4, VI-1.

¹⁹³ CR/PR at Tables V-1-4, VI-1.

¹⁹⁴ CR/PR at Tables V-1-4, VI-1.

¹⁹⁵ CR/PR at Tables V-1-4, VI-1.

¹⁹⁶ CR/PR at Tables V-1-4, VI-1.

¹⁹⁷ U.S. Steel's Posthearing Brief at 3-5; U.S. Steel's Final Comments at 2-6.

¹⁹⁸ U.S. Steel's Posthearing Brief at 3; see also U.S. Steel's Final Comments at 2-5.

¹⁹⁹ CR at VI-1 n.1; PR at VI-1 n.1. Although U.S. Steel's final comments included a more refined extrapolation of the industry's second half 2011 financial results, see U.S. Steel's Final Comments at 3-5, we note that the extrapolation did not account for the absence of Welded Tube in the interim 2011 financial results for calendar year producers or, with respect to the financial results of fiscal year producers, for significant revisions to ***'s overlapping financial results in the final phase of these investigations as compared to the preliminary phase.

average unit value of the domestic industry's U.S. shipments declined between the first and second halves of 2011 is unsupported by the record.²⁰⁰

U.S. Steel's argument also conflicts with evidence that domestic industry performance was inversely related to subject import market share and underselling trends in 2011. The domestic industry's operating income margin reached a period high in the first half of 2011, at 6.2 percent, at the same time that subject import market share reached a period high, at 14.7 percent.²⁰¹ In the second half of 2011, subject import market share declined to 13.1 percent while domestic industry market share increased to 67.1 percent, belying U.S. Steel's suggestion that the domestic industry's performance in the second half of 2011 was adversely affected by a loss of market share to subject imports. Contrary to U.S. Steel's argument that the domestic industry reduced prices in the second half of 2011 due to subject import competition, the weighted-average subject import underselling margin in the second half of 2011, at 25.5 percent, was significantly lower than in the first half of 2011, at 30.8 percent.²⁰² Domestic prices of the four products for which pricing data were collected closely tracked hot-rolled steel and zinc prices during 2011, and trended lower in tandem with hot-rolled steel and zinc prices in the second half of the year.²⁰³

Finally, although we recognize that five U.S. plants closed during the period examined, we do not find that these closings establish a causal link between subject imports and present material injury. Three plant closings, by Allied, Wheatland, and Leavitt, occurred in 2009, when domestic industry market share peaked at 71.2 percent but demand collapsed.²⁰⁴ Petitioners acknowledge that plant closures that year were due to the economic downturn.²⁰⁵ Moreover, Petitioners' argument that the two 2012 plant closures were due to subject import competition is not an accurate characterization of the record.²⁰⁶ According to Butch Mandel, President of Welded Tube of Canada, Welded Tube-Canada's closure of its plant in South Carolina was due to "****."²⁰⁷ Yet, Mr. Mandel "****" and the record indicates that nonsubject imports possessed a higher market share than subject imports and lower prices than domestic like product prices during the period examined.²⁰⁸ Moreover, a contemporaneous trade press article reported that Welded Tube-Canada closed the mill due to the weak construction market and the company's desire to consolidate production in Canada, without mentioning imports.²⁰⁹

Although Allied closed a mill in Pennsylvania due in part to subject import competition,²¹⁰ other evidence indicates that JMC acquired the mill from Allied in 2012 and restored at least a portion of the mill's capacity by distributing some of the mill's equipment to other JMC mills that would continue to serve the shuttered mill's customers.²¹¹ Indeed, Allied's closure of the mill had little impact on domestic

²⁰⁰ See U.S. Steel's Posthearing Brief at 3.

²⁰¹ CR/PR at Tables IV-10, VI-1.

²⁰² CR/PR at Tables V-1-4.

²⁰³ CR/PR at Figure V-3.

²⁰⁴ See CR at III-4; PR at III-4; CR/PR at Tables III-2, IV-10. "****". CR/PR at Table III-2; CR at III-11-12; PR at III-8. "****". See *id.*

²⁰⁵ Allied's Responses to Commissioner Questions at A-12.

²⁰⁶ Allied's Responses to Commissioner Questions at A-12-13.

²⁰⁷ Mandel Affidavit, attached as Exhibit 1 to Allied's Posthearing Brief.

²⁰⁸ See CR/PR at Tables IV-3, IV-10, C-1, Appendix D.

²⁰⁹ See AMM, "Welded Tube of Canada to Close Mill," July 27, 2012, EDIS Doc. No. 492741.

²¹⁰ CR at VI-20; PR at VI-7; Kurasz Affidavit, attached as Exhibit 1 to Allied's Posthearing Brief. According to Mr. Kurasz, Executive Vice President of Sales for Allied, "****." *Id.* "****". *Id.*

²¹¹ See AMM, "JMC to Buy, Gut and Shut Atkore Plant," March 14, 2012, EDIS Doc. No. 492742; see also Kurasz Affidavit, attached as Exhibit 1 to Allied's Posthearing Brief ("****").

industry capacity, which was only 8,758 short tons or 0.9 percent lower in January-June 2012, at 965,795 short tons, than in January-June 2011, at 974,553 short tons.²¹²

Moreover, the domestic industry invested in numerous expansions of and enhancements to its capacity during the period examined notwithstanding subject import competition. In 2009, Allied invested in a \$30 million expansion of its mill in Harvey, Illinois, doubling the size of the facility and streamlining operations, and Northwest invested in new equipment that increased its capacity.²¹³ In 2010, Leavitt invested \$12 million in the upgrading and modernization of its equipment and \$16 million in a new mill to replace two existing mills.²¹⁴ That same year, Northwest reopened a plant that had been idle for several years.²¹⁵ In 2011, Atlas reopened a plant closed in 2008 and *** invested in enhancements to their facilities.²¹⁶ These investments are consistent with the industry's stable level of capital investment during the period examined, and suggest that subject import competition did not impair meaningfully the industry's ability to make necessary investments during the period.²¹⁷

In sum, we have found that the increase in subject import volume and market share, although significant when viewed in isolation, did not have significant adverse effects on the domestic industry. We have also found that subject imports neither depressed nor suppressed domestic like product prices to a significant degree, notwithstanding significant subject import underselling. The domestic industry's performance improved during the period examined by almost every measure despite the weak recovery in CWP demand, and there was no correlation between industry performance and subject import volume, market share, and underselling. Consequently, we find that the subject imports did not have a significant adverse impact on the domestic industry.

²¹² CR/PR at Table III-3.

²¹³ CR/PR at Table III-2; CR at III-11; PR at III-8.

²¹⁴ CR/PR at Table III-2.

²¹⁵ CR/PR at Table III-2; CR at III-5 n.4; PR at III-4 n.4.

²¹⁶ CR/PR at Table III-2; CR at III-11-12; PR at III-8.

²¹⁷ We are unpersuaded by petitioners' argument that the domestic industry's operating income margins should have approached 9 percent, which they allege to be the industry's approximate cost of capital, in the context of the business cycle at the end of the period examined. Allied's Posthearing Brief at 8. The recent periods cited by petitioners in which the domestic industry's operating income margin approached or exceeded 9 percent of net sales, in 2005 (8.8 percent), 2006 (11.2 percent), and 2008 (15.8 percent), *id.* at Exhibit 4, coincided with apparent U.S. consumption of 2,364,274 short tons, 2,409,802 short tons, and 1,964,935 short tons, respectively. See EDIS Doc No. 496494; Preliminary Views, USITC Pub. 4298, at Table IV-5. Apparent U.S. consumption in 2011, at 1,481,895 short tons, was 37.3 percent lower than in 2005, 38.5 percent lower than in 2006, and 24.6 percent lower than in 2008. See *id.* We fail to see how the domestic industry could generate an operating income margin in the period examined similar to those realized in boom demand years like 2005, 2006, or 2008, with apparent U.S. consumption one-quarter to one-third lower than in those years.

We also note that borrowing costs were not a significant factor for the domestic industry during the period examined, and did not prevent the industry from maintaining a stable level of capital expenditures during the period. See CR/PR at Table VI-4. The industry's interest expense declined from \$45.2 million in 2009, equivalent to 5.3 percent of net sales, to \$28.1 million in 2010, equivalent to 3.1 percent of net sales, before increasing to \$33.1 million in 2011, equivalent to 3.1 percent of net sales. CR/PR at Table VI-1. The industry's interest expense was \$25.1 million in January-June 2012, equivalent to 4.5 percent of net sales, up from \$19.1 million in January-June 2012, equivalent to 3.5 percent of net sales. *Id.* Moreover, ***. CR at VI-17 n.17; PR at VI-6 n.17; see also Conares's Posthearing Brief at Exhibit 4.

Finally, we note that petitioners' argument is premised on the assumption that the domestic industry's operating income margin should equal or exceed the industry's cost of capital, expressed as a percentage of the outstanding principal of long term debt. Petitioners provided no evidence to support this assumption, and the different bases on which the two statistics are calculated suggests that they are not directly comparable.

For all the foregoing reasons, we conclude that an industry in the United States is not materially injured by reason of imports of CWP from India, Oman, and the UAE found to have been subsidized by the Governments of India, Oman, and the UAE, respectively, and is not materially injured by reason of imports from India, Oman, the UAE, and Vietnam found to have been sold in the United States at LTFV.

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

Under section 771(7)(H) of the Tariff Act, the Commission may “to the extent practicable” cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day if the requirements for cumulation in the material injury context are satisfied.²¹⁸ As discussed in section IV above, the record indicates, and no party contests, that there is a reasonable overlap of competition between and among subject imports from India, Oman, the UAE, and Vietnam, and the domestic like product, and we do not find any evidence indicating that this overlap will change in the future. We also considered whether subject imports from India, Oman, the UAE, and Vietnam exhibited similar volume and price trends during the period of investigation that would justify exercising our discretion to cumulate these imports for our threat analysis. Because the volume of subject imports from all subject countries increased from 2009 to 2011, we do not find a significant difference in the volume trends of the subject imports from the subject countries.²¹⁹ In addition, we find that the price trends of these imports are sufficiently similar to support cumulation for our threat analysis. Subject imports from India, Oman, the UAE, and Vietnam undersold the domestic like product in the large majority of quarterly price comparisons for each of the four pricing products. Accordingly, based on an evaluation of the relevant criteria as well as our analysis regarding cumulation in the context of assessing present material injury, we exercise our discretion to cumulate subject imports from India, Oman, the UAE, and Vietnam for purposes of assessing threat of material injury.

We begin our threat analysis by finding that the domestic industry is not vulnerable to the threat of material injury. As discussed above, the domestic industry’s performance improved during the period examined according to most measures as demand slowly recovered. Although the industry’s operating income has yet to recover to pre-recession levels, this is a reflection of the weakness of the recovery in demand and not of the industry’s inability to benefit from that recovery. On the contrary, domestic producers maintain a dominant position in the U.S. market, with a market share of 62.7 percent in January-June 2012, and are therefore well positioned to benefit from any continued recovery in CWP demand. As noted *supra*, nonresidential construction spending is projected to increase by 6.2 percent in 2013 according to the average predicted increases by seven of the nation’s leading construction

²¹⁸ 19 U.S.C. § 1677(7)(H).

²¹⁹ CR/PR at Table C-1.

forecasters.²²⁰ An update to one of these forecasts indicates projected increases in nonresidential construction spending of 7.0 percent in 2013 and 10.2 percent in 2014.²²¹

We find that the increase in cumulated subject import volume and market share during the period examined, although significant, does not indicate the likelihood of substantially increased imports.²²² As detailed above, we have found that the increased volume of subject imports did not have significant adverse effects on the domestic industry during the period examined because the industry's U.S. shipments increased significantly during the period, the industry's market share remained high by historic standards, and subject import market share trends did not correlate with domestic industry performance trends. Most of the increase in subject import volume, and the only appreciable increase in subject import market share at the domestic industry's expense, occurred between 2009 and 2010, when the industry's performance improved according to almost every measure. In addition, the rate of increase in subject import volume slowed markedly in 2011.²²³ There is no evidence on the record that these factors will change in the imminent future. If anything, the domestic industry's performance will continue to improve with any acceleration in nonresidential construction spending, which is the primary determinant of CWP demand.

We also find that excess capacity in India, Oman, the UAE, and Vietnam, although significant, does not indicate the likelihood of substantially increased imports of the subject merchandise. Responding Indian, Omani, UAE, and Vietnamese producers reported excess capacity of 231,474 short tons on a cumulated basis in 2011, equivalent to 15.6 percent of apparent U.S. consumption in that

²²⁰ See CR at II-14; PR at II-9; Universal's Posthearing Brief at Exhibit 4. The Architecture Billings Index (ABI), a leading indicator of construction activity reported by AIA, increased at its fastest pace in September 2012 since late 2010. CR at II-12; PR at II-9. Petitioners argue that these projections of nonresidential construction activity are overly optimistic in light of various risks facing the U.S. economy, including the "fiscal cliff," the European debt crisis, and the nuclear standoff with Iran, along with the concerns of three architectural firms quoted in a September 28, 2012 article. Allied's Responses to Commissioner Questions at A-15-17. We are unpersuaded by petitioners' argument because the risk factors cited by petitioners existed at the time the projections were made, and the anecdotal experience of three architectural firms is not evidence that the projections are inaccurate. Moreover, petitioners could cite no other projections of nonresidential construction activity to support their less optimistic view of CWP demand prospects.

²²¹ In a press release on September 25, 2012, Reed Construction supported this forecast by stating, "Better U.S. economic growth, increased hiring and investment in new plant and equipment by companies due to higher demand, and continued low long-term interest rates underlie the Reed forecast." Universal's Posthearing Brief at Exhibit 4.

²²² Petitioners argue that the nature of the subsidies found by Commerce, allegedly including prohibited export subsidies provided by the governments of India and Vietnam, supports an affirmative threat determination. See Allied's Prehearing Brief at 40-42. Commerce made a negative final countervailing duty determination with respect to Vietnam. 77 Fed. Reg. 64471 (Oct. 22, 2012). Nothing in the record information concerning the nature of the subsidy programs that Commerce found to be countervailable suggests that our analysis of the other threat factors is invalid. See CR at I-9-12; PR at I-7-9.

²²³ Subject import volume increased 65.7 percent between 2009 and 2010, and all of the 3.9 percentage point increase in subject import market share during the period was at the domestic industry's expense. CR/PR at Tables IV-2, IV-10, C-1. By contrast, subject import volume increased 16.9 percent between 2010 and 2011, and only 0.1 percent of the 1.4 percentage point increase in subject import market share during the period was at the industry's expense. Id.

year.²²⁴ Notwithstanding their substantial excess capacity throughout the period examined,²²⁵ however, responding subject foreign producers did not increase their exports to the United States to levels sufficient to have significant adverse effects on the domestic industry. Moreover, responding subject foreign producers increased their capacity only 2.8 percent between 2009 and 2011 and project a further increase in their capacity of only 1.6 percent through 2013.²²⁶ For these reasons, we do not find that the cumulated excess capacity of subject Indian, Omani, UAE, and Vietnamese producers indicates a likelihood of significantly increased imports of subject merchandise.

We recognize that responding Indian, Omani, UAE, and Vietnamese producers increased their focus on the U.S. market during the period examined.²²⁷ Exports to the United States as a share of subject producers' total shipments increased from 17.8 percent in 2009 to 31.4 percent in 2010 and 29.9 percent in 2011.²²⁸ Notwithstanding their increasing focus on the U.S. market, however, responding subject foreign producers did not increase their exports to the United States to levels sufficient to have significant adverse effects on the domestic industry. We also find it unlikely that subject foreign producers will increase their focus on the U.S. market in the imminent future at the rate they did so during the period examined given that their exports to the United States as a share of total shipments declined between 2010 and 2011, as the rate of increase in subject import volume slowed.²²⁹ In addition, healthy demand growth is projected in the Indian and the Gulf Cooperation Council ("GCC") markets, creating no incentive to shift sales in those markets to the U.S. market and affording the prospect of some sales growth for subject producers in home or regional markets.²³⁰

We also find that imports of the subject merchandise are not entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices or increase demand for further imports. As detailed above, we have found that, during the period examined, subject imports neither

²²⁴ CR/PR at Tables IV-10, VII-10. We reject petitioners' request that we draw adverse inferences against Vietnamese producers that have failed to respond to the Commission's questionnaires. Allied's Prehearing Brief at 28; U.S. Steel's Prehearing Brief at 17. The two responding Vietnamese producers accounted for *** of Vietnamese CWP exports to the United States in 2011, see CR at VII-15 n.29; PR at VII-, and we have based our analysis on the information available, as is our practice.

²²⁵ CR/PR at Table VII-10. Responding subject foreign producers reported excess capacity of 317,739 short tons in 2009 and 266,087 short tons in 2010, on a cumulated basis. Id. They reported excess capacity of 119,595 short tons in January-June 2012, up slightly from 107,306 short tons in January-June 2011. Id. Their reported rate of capacity utilization increased from 60.8 percent in 2009 to 67.4 percent in 2010 and 72.2 percent in 2011. Id. It was 71.6 percent in January-June 2012, down from 74.8 percent in January-June 2011. Id.

²²⁶ CR/PR at Table VII-10. Responding subject foreign producers also project that their excess capacity will decline from 239,354 short tons in full year 2012 to 190,957 short tons in 2013, while their rate of capacity utilization will increase from 71.3 percent in 2012 to 77.4 percent in 2013. Id.

²²⁷ We also recognize that Canada initiated antidumping and countervailing duty investigations of CWP imported from India, Oman, and the UAE on May 14, 2012, issued affirmative preliminary antidumping and countervailing determinations on August 28, 2012 and imposed substantial provisional antidumping and countervailing duties. CR at VII-21; PR at VII-11; Allied's Prehearing Brief at Exhibit 11. Even if these investigations result in CWP exports from India, Oman, and the UAE being redirected from Canada to the United States, the resulting increase in subject import volume would not be significant in the context of the much larger U.S. market. According to Statistics Canada data, which may include merchandise outside the scope of these investigations, Canadian CWP imports from India, Oman, and the UAE totaled 22,756 short tons in 2011, equivalent to only 1.5 percent of apparent U.S. consumption in that year. Allied's Responses to Commissioner Questions at A-38; CR/PR at Table IV-10.

²²⁸ CR/PR at Table VII-10. Responding foreign producers reported that their exports to the United States as a share of total shipments were 20.5 percent in 2012, down from 33.6 percent in January-June 2011. Id.

²²⁹ See CR/PR at Tables IV-2, VII-10, C-1.

²³⁰ See Universal's Responses to Commissioner Questions at 49-50, 53, Exhibits 8, 10; Zenith's Responses to Commissioner Questions at 20, Exhibit 5; Al Jazeera's Posthearing Brief at 13.

depressed nor suppressed domestic like product prices to a significant degree, notwithstanding significant underselling by subject imports. There is no information on the record indicating that domestic producers will be any less capable of increasing their prices commensurate with increased costs in the imminent future, even in the face of continued subject import underselling.²³¹ Moreover, subject import underselling during the period examined did not increase demand for subject imports to a level that resulted in adverse effects on the domestic industry. There is no information on the record indicating that subject import underselling would influence demand any differently in the imminent future.

We find that inventories of subject imports in the United States and in India, Oman, the UAE, and Vietnam do not indicate the likelihood of substantially increased subject imports. U.S. importers' end-of-period inventories of cumulated subject imports increased as a ratio to subject imports from 5.0 percent in 2009 to 6.5 percent in 2010 and 9.1 percent in 2011.²³² This ratio declined, however, in the first half of 2012, with U.S. importers' end-of-period inventories of subject imports equivalent to 6.1 percent of subject imports in January-June 2011, and equivalent to 5.6 percent of subject imports in January-June 2012.²³³ Moreover, most sales of subject imports were produced to order during the period examined,²³⁴ and U.S. importers' end-of-period inventories of cumulated subject imports in January-June 2012 were equivalent to only 1.1 percent of apparent U.S. consumption during the period.²³⁵

Responding foreign producers reported that their end-of-period inventories declined as a share of production and total shipments between 2009 and 2011 and were flat when the interim periods are compared. Inventories as a share of production declined from 7.8 percent in both 2009 and 2010 to 7.4 percent in 2011.²³⁶ They were 7.9 percent in January-June 2012, up slightly from 7.8 percent in January-June 2011.²³⁷ Inventories as a share of total shipments were 7.8 percent in 2009 and 2010, declining to 7.4 percent in 2011.²³⁸ They were 8.0 percent in January-June 2012, up slightly from 7.9 percent in January-June 2011.²³⁹ The stable level of subject foreign producer end-of-period inventories during the period examined, combined with the absence of evidence that subject foreign producers' inventories will increase in the imminent future, does not indicate any imminent surge of subject imports into the U.S. market.²⁴⁰

We also find that subject imports have had no significant actual or potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a

²³¹ We note that the domestic industry's ratio of raw material costs to net sales in January-June 2012, at 70.8 percent, was up from January-June 2011, at 67.8 percent, but lower than the ratio in full year 2011, at 71.2 percent. CR/PR at Table VI-1.

²³² CR/PR at Table VII-11.

²³³ CR/PR at Table VII-11.

²³⁴ CR at II-20; PR at II-14.

²³⁵ CR/PR at Tables IV-10, VII-11. Only four responding foreign producers reported the ability to shift production between CWP and other products produced on the same equipment: ***. See CR at VII-5, 8, 12, 18; PR at VII-2, 3, 5, 8. However, the other products consisted primarily of ***, CR/PR at Tables VII-6 n.5, VII-9 n.4, and ***. Foreign Producers' Questionnaire Response of *** at II-6. ***. CR/PR at Table VII-3 n.4; CR at VII-8; PR at VII-3. Moreover, these producers had the ability to product shift throughout the period examined, yet subject import volume did not have significant adverse effects on the domestic industry during the period.

²³⁶ CR/PR at Table VII-10.

²³⁷ CR/PR at Table VII-10.

²³⁸ CR/PR at Table VII-10.

²³⁹ CR/PR at Table VII-10.

²⁴⁰ Subject foreign producers' end-of-period inventories are projected to be equivalent to 7.1 percent of both production and total shipments in full year 2012 and 6.7 percent of both production and total shipments in 2013. CR/PR at Table VII-10.

derivative or more advanced version of the domestic like product. We recognize that 6 of 15 responding domestic producers reported actual negative effects from subject import competition and that 9 of 15 responding domestic producers anticipated negative effects from subject import competition absent relief.²⁴¹ Nevertheless, only three responding producers, ***, reported actual negative effects on their production operations and investments and only two responding producers, ***, anticipated such negative effects.²⁴² As discussed above, the industry's capital expenditures remained stable during the period examined and domestic producers made numerous investments to modernize and enhance their capacity.²⁴³ Subject import competition has not significantly impeded domestic producers from making necessary investments in their capacity and there is little evidence that it will likely do so in the imminent future.

We conclude that an industry in the United States is not threatened with material injury by reason of subject imports.

CONCLUSION

For all the foregoing reasons, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of CWP from India, Oman, and the UAE found to have been subsidized by the Governments of India, Oman, and the UAE, respectively, and is not materially injured or threatened with material injury by reason of imports from India, Oman, the UAE, and Vietnam found to have been sold in the United States at LTFV.

²⁴¹ See CR at VI-20-22; PR at VI-7-8. TMK-IPSCO's response concerning actual negative effects referenced the negative effects of ***. CR at VI-20; PR at VI-8.

²⁴² CR at VI-20-22; PR at VI-7-8. Other responding producers reported actual and anticipated negative effects including reduced sales, prices, and margins. See *id.* Commissioner Aranoff agrees with respondents that the Commission should not place greater weight on the fact that those responding in the affirmative are some of the largest domestic producers. See, e.g., Universal's Posthearing Brief, Responses to Commissioners' Questions, at 22-27. The Commission polled all domestic producers in order to get a qualitative assessment of the market conditions in the CWP industry. When the question is not seeking a quantitative response, she sees no reason that the responses should be weighted based on the size of the producer, particularly given that CWP is a commodity product.

²⁴³ See CR/PR at Table III-2; CR at III-11-12; PR at III-8.

**DISSENTING VIEWS OF CHAIRMAN IRVING A. WILLIAMSON
AND COMMISSIONER DEAN A. PINKERT**

We dissent and determine that an industry in the United States is materially injured by reason of subsidized imports of circular welded carbon-quality steel pipe (“CWP”) from India, Oman, and the United Arab Emirates (“UAE”), and imports from India, Oman, the UAE, and Vietnam that are sold in the United States at less than fair value (“LTFV”). We join in sections I through VI of the Commission’s views and cumulate all subject imports.

A. Volume Effects of the Subject Imports

The volume of cumulated subject imports increased steadily from 106,419 short tons in 2009 to 176,314 short tons in 2010 and 206,024 short tons in 2011 – a gain of 93.6 percent.¹ Subject imports as a share of apparent U.S. consumption increased from 8.6 percent in 2009 to 12.6 percent in 2010 and further to 13.9 percent in 2011 – a gain of 5.3 percentage points.² Similarly, the ratio of subject imports to U.S. production rose from 11.9 percent in 2009 to 18.0 percent in 2010 and 20.1 percent in 2011.³

The increase in subject imports’ market penetration came at the direct expense of the domestic industry. Between 2009 and 2011, the domestic industry’s market share fell from 71.2 percent to 65.4 percent, while nonsubject import market share remained relatively flat.⁴ The subject imports’ increase in market penetration occurred in an expanding market. Apparent U.S. consumption increased 20 percent from 1,235,065 short tons in 2009 to 1,481,915 short tons in 2011.⁵ Although the domestic industry was able to increase its sales and shipments in the expanding market, those increases were much smaller than the increases in apparent U.S. consumption.⁶ Thus, from 2009 to 2011, the domestic industry maintained substantial idle capacity, capacity that was idle largely because of the subject imports.⁷

Respondents argue that the increase in cumulated subject import volume over the period of investigation was not significant because subject imports have not come close to replacing the void left by the exit of China from the CWP market in 2007.⁸ 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.”⁹ That the increase in subject import volume during the period of investigation was less than the decrease in nonsubject import volume

¹ CR/PR at Table C-1. Subject import volume declined from 110,439 short tons in interim (January to June) 2011 to 79,392 short tons in interim 2012. *Id.* Most of this decrease was due to subject imports from India, which were 90.9 percent lower in interim 2012 than in interim 2011. *Id.* As the petitions were filed in October 2011 and Commerce imposed preliminary countervailing duties of 285.95 percent on subject imports from India in March 2012, the drop in subject import volume in interim 2012 appears to be due in large part to the pendency of these investigations. 77 FR 19192 (March 30, 2012). Consequently, we accord reduced weight to the interim 2012 data. See 19 U.S.C. § 1677(7)(I).

² CR/PR at Table IV-10, Table C-1.

³ CR/PR at Table IV-11.

⁴ From 2009 to 2011, nonsubject imports’ market share increased only slightly, from 20.2 percent to 20.7 percent. In interim 2012, however, nonsubject imports’ market share increased to 27.3 percent. CR/PR at Table C-1.

⁵ *Id.*

⁶ Between 2009 and 2011, apparent U.S. consumption increased by 246,850 short tons. During that same period, the domestic industry’s net sales increased by 116,231 short tons, while its U.S. shipments increased by only 90,111 short tons. Calculated from CR/PR at Table C-1.

⁷ *Id.*

⁸ Al Jazeera Pre Hearing Brief at 3-5, 6-7.

⁹ 19 U.S.C. § 1677(7)(C)(i).

from China between 2007 and 2008 does not render the increase in subject import volume any less significant given that it came at the expense of the domestic industry market share.

For the foregoing reasons, we find that the volume and increase in volume of subject imports are significant, both in absolute terms and relative to consumption and production in the United States.

B. Price Effects of the Subject Imports

The subject imports and the domestic like product are highly substitutable,¹⁰ and thus price is a very important factor in purchasing decisions. In fact, price and quality were ranked by purchasers as the most important factors in their purchasing decisions,¹¹ and seven of the twelve responding U.S. producers reported that differences other than price were “never” important for comparisons between U.S. produced CWP and subject imports.¹² Similarly, the majority of importers and purchasers reported that differences other than price are “sometimes” or “never” a significant factor.¹³

The Commission collected quarterly f.o.b. pricing data for four products. Eleven U.S. producers and twenty-eight importers provided such data, which accounted for 15.7 percent of the quantity of domestic U.S. shipments during the period of investigation, *** percent of shipments from India, *** percent of shipments from Oman, *** percent of shipments from the UAE, and *** percent of shipments from Vietnam.¹⁴

The subject imports undersold the domestic like product in 165 of 191 quarterly price comparisons from January 2009 to June 2012, or 86 percent of the time, at an average underselling margin of 22.1 percent.¹⁵ Because the domestic like product and the subject imports are close substitutes and price is an important factor in purchasing decisions, we find the underselling to be both pervasive and significant. The low prices of the subject imports enabled them to take market share from the domestic industry.

We find that the low prices and increased volume of subject imports depressed domestic like product prices to a significant degree in mid-2011. As subject imports increased to 206,024 short tons in 2011 – their highest absolute volume for the period of investigation – and to a 13.9 percent market share, they began to pull down U.S. producers’ prices. U.S. prices fell for all four pricing products from the second quarter of 2011 to the third quarter of 2011, despite increasing demand.¹⁶ We do not find that nonsubject imports caused these price decreases, as nonsubject import volume was virtually flat from 2010 to 2011.¹⁷

We also find evidence that the increasing low-priced subject imports suppressed domestic like product prices in 2011. Given that U.S. demand is moderately inelastic¹⁸ and that apparent U.S. consumption increased from 2010 to 2011, in a period of rising costs the domestic industry should have enjoyed increases in prices sufficient to stabilize the COGS-to-sales ratio or even to reduce it from its

¹⁰ CR/PR at Table II-8; CR at II-16, and II-23; PR at II-11, and II-17.

¹¹ CR/PR at Table II-5.

¹² CR/PR at Table II-11.

¹³ CR at II-24; PR at II-17.

¹⁴ CR at V-4; PR at V-3.

¹⁵ CR at V-18; PR at V-11. CR/PR at Table V-6. The average margin of underselling by subject imports from India was 23.9 percent; Oman, 19.6 percent; UAE, 24.2 percent; and Vietnam, 20.3 percent. Id.

¹⁶ CR at Tables V-1 to V-4 and Figure V-2. CR/PR at Figure V-4.

¹⁷ CR/PR at Table C-1. While subject import volume increased by 16.9 percent from 2010 to 2011, nonsubject import volume decreased by 0.3 percent. Id.

¹⁸ CR at II-27; PR at II-20.

relatively high level. Instead, however, the industry experienced a cost-price squeeze as the COGS-to-sales ratio increased from 2010 to 2011.¹⁹

Based on the foregoing, we find that there has been significant price underselling by the increasing volumes of subject imports which has enabled the subject imports to take market share as well as to depress domestic prices to a significant degree. We also find evidence of price suppression.

C. Impact of the Subject Imports

The record of this investigation indicates that the domestic industry, coming out of the Great Recession, should have benefited significantly from increasing U.S. consumption, particularly given the imposition of antidumping and countervailing duty orders on imports into the United States from China in 2007. What happened instead was that a near-doubling of the volume of low-priced subject imports from 2009 to 2011, and their concomitant significant increase in market share, prevented the industry from achieving the prices necessary to regain financial health. Accordingly, as explained below, we determine that the domestic industry producing circular welded pipe is materially injured by reason of cumulated imports of circular welded pipe from India, Oman, the UAE, and Vietnam.²⁰

As the overall economy emerged from the recession from 2009 to 2011, apparent U.S. consumption of circular welded pipe rebounded 20 percent,²¹ and, as would be expected, the domestic industry reaped some benefits from this upturn. Thus, from 2009 to 2010, the industry's production increased 10 percent from 890,798 short tons to 980,211 short tons, its capacity utilization increased 5.3 percentage points from 46.3 percent to a still-low 51.6 percent, and its U.S. shipments increased by 4.8 percent from 879,408 short tons to 921,194 short tons.²² Although the industry's employment level declined, the number of hours worked and the wages paid increased.²³ The increase in demand also brought about an improvement in the industry's financial picture, as its COGS/sales ratio declined from 105.1 percent in 2009 to 88.4 percent in 2010 and its operating income, as a percentage of net sales, improved from a double-digit loss to a gain of 3.5 percent.²⁴

Although improving, the industry's performance from 2009 to 2010 was nevertheless negatively affected by a significant loss of sales and market share to the subject imports, which, as discussed above, are fully substitutable for the product made by the domestic industry. As previously noted, the volume of subject imports increased by 65.7 percent, from 106,419 short tons to 176,314 short tons, and the subject imports' penetration of the U.S. market increased by roughly four percentage points.²⁵ The subject imports' increases came at the direct expense of the domestic industry, whose market share declined by 5.6 percentage points from 71.2 percent to 65.6 percent.²⁶

In 2011, as apparent consumption continued to grow, the domestic industry's production increased to 1,027,206 short tons, a 4.8 percent increase over 2010, its capacity utilization increased to 55.0 percent, a 3.4 percentage-point increase over 2010, and its U.S. shipments increased to 969,519 short

¹⁹ CR/PR at Table C-1.

²⁰ As instructed by the statute, we have considered the "magnitude of the margin of dumping." 19 U.S.C. Section 1677 (7)(C)(iii)(V). In its final determinations, Commerce calculated weighted-average dumping margins of 48.43 percent for CWP imported from India, 5.81 percent for CWP imported from Oman, 3.85 to 11.71 percent for CWP imported from the UAE, and 3.96 to 27.96 percent for CWP imported from Vietnam. CR/PR at Table I-3.

²¹ CR/PR at Table C-1. Consumption registered a 5.9 percent improvement from interim 2011 to interim 2012.

²² Id.

²³ Id.

²⁴ Id.

²⁵ Id.

²⁶ Id.

tons, a 5.2 percent increase over 2010. The industry also made modest gains in employment, hours worked, and wages paid.²⁷

During that 2010 – 2011 time frame, however, the domestic industry continued to be beset by increasing subject imports. The industry’s market share declined from 65.6 percent in 2010 to 65.4 percent in 2011, as the subject imports grew in absolute terms from 176,314 short tons to 206,024 short tons, an increase of 16.9 percent, and increased their market share from 12.6 percent to 13.9 percent.²⁸ As their volume and market share increased, the subject imports caused significant adverse price effects. As discussed above, there was significant underselling of domestic producers’ prices by the subject imports, significant price depression in mid-2011, and evidence of price suppression from 2010 to 2011. The industry’s financial performance thus took a turn for the worse, with its operating income margin declining from an already low 3.5 percent in 2010 to only 2.3 percent in 2011.²⁹ This is in sharp contrast to the 16.2 percent margin it enjoyed in 2008.³⁰

We have also considered the role of nonsubject imports in the U.S. market during the period of investigation. Their presence was considerable.³¹ Unlike the subject imports, however, their market penetration did not increase dramatically, having risen only 0.5 percent from 2009 to 2011. Thus, the subject imports had a much more dynamic impact upon the domestic industry than did the nonsubject imports.

In sum, we find that the significant increases in the volume and market share of the subject imports during the period of investigation – which significantly undersold the domestic like product, resulted in significant adverse price effects, and held down the domestic industry’s financial performance – materially harmed the domestic industry.

²⁷ Id.

²⁸ Id.

²⁹ CR/PR at Table C-1. Based on staff estimates, which were derived from domestic industry questionnaire responses representing a majority of calendar year 2011 estimated sales value, a first half 2011 *** was followed by a third quarter *** for the domestic producers who reported their financial results on a fiscal year basis. Similarly, for the domestic producers who reported their financial results on a calendar year basis, a first half 2011 *** was followed by a second half ***.

³⁰ USITC Pub. 4298 (Dec. 2011) at 25.

³¹ Based on the record evidence in these investigations, Commissioner Pinkert finds that price competitive, nonsubject imports were a significant factor in the U.S. market for circular welded pipe during the period of investigation. CR/PR at Table C-1. He further finds, however, that, regardless of whether circular welded pipe is a commodity product, the record does not warrant a conclusion that nonsubject imports would have replaced subject imports during the period without benefit to the domestic industry if the subject imports had exited the U.S. market. He notes in this regard that record information with respect to the ability or propensity of nonsubject suppliers to replace subject imports is limited and inconclusive. CR at VII-22 to VII-31; PR at VII-11 to VII-14. In addition, most of the largest nonsubject sources are covered by an order or suspension agreement, CR at IV-8 to IV-9; PR at IV-6, which would have constrained any aggressive move into the U.S. market. Finally, even if nonsubject imports had replaced the subject imports, the record suggests that antidumping relief would nevertheless have benefited the domestic industry through higher prices. Although the quarterly price comparison data collected by the Commission indicate that prices for nonsubject imports were often lower than prices for subject imports, CR/PR at Appendix D, that database covers only 7.2 percent of nonsubject imports. Consequently, it is appropriate to rely more heavily on average unit value (AUV) data, which show that nonsubject AUVs over the period were consistently higher than subject import AUVs. CR/PR at Table C-1. See also Tables E-1 through E-7, INV Memorandum INV-KK-112 (for different types of CWP, AUVs for all nonsubject imports except Canada were higher than all subject imports with only one exception).

CONCLUSION

For the reasons discussed above, we determine that an industry in the United States is materially injured by reason of subsidized imports of circular welded pipe from India, Oman, and the UAE and imports from India, Oman, the UAE, and Vietnam that are sold in the United States at less than fair value.

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 UAE”), and Vietnam. Information relating to the background of the investigations is provided below.²

Effective date	Action
October 26, 2011	Petitions filed with Commerce and the Commission; institution of the Commission’s investigations (76 FR 68205, November 3, 2011)
November 22, 2011	Commerce’s notices of initiation of antidumping duty investigations (76 FR 72164) and countervailing duty investigations (76 FR 72173)
December 12, 2011	Commission’s preliminary-phase determinations (76 FR 78313, December 16, 2011)
March 30, 2012	Commerce’s preliminary subsidy determination regarding imports from India, UAE, and Vietnam (77 FR 19192, 19219, and 19211)
April 2, 2012	Commerce’s preliminary subsidy determination regarding imports from Oman (77 FR 19635)
June 1, 2012	Commerce’s preliminary dumping determination regarding imports from India, Oman, UAE, and Vietnam (77 FR 32562, 32531, 32539, and 32552) Scheduling of final phase of Commission investigations (77 FR 37711, June 22, 2012)
October 17, 2012	Commission’s hearing ¹
October 22, 2012	Commerce’s final subsidy determinations (77 FR 64468 (India); 64473 (Oman); 64465 (UAE); 64471 (Vietnam)) and dumping determinations (77 FR 64478 (India); 64480 (Oman); 64475 (UAE); 64483 (Vietnam)) Commission’s termination of countervailing duty investigation regarding imports from Vietnam, pursuant to Commerce’s negative subsidy determination (77 FR 65712, October 30, 2012)
November 14, 2012	Commission’s vote
December 5, 2012	Commission’s determinations transmitted to Commerce

¹ App. B presents a list of witnesses appearing at the hearing.

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 Appendix A presents the *Federal Register* notices issued by the Commission and Commerce in this proceeding.

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, subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume 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, 19 firms are known to produce circular welded pipe in the United States.³ The leading U.S. producers of circular welded pipe are Wheatland and Allied (accounting for more than *** of reported U.S. production in 2011), 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, Universal of the UAE; and SeAH of Vietnam (however, 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 directly from U.S. and foreign mills.

Apparent U.S. consumption of circular welded pipe totaled nearly 1.5 million short tons (\$1.6 billion) in 2011. U.S. producers' U.S. shipments of circular welded pipe totaled 969,519 short tons (\$1.0 billion) in 2011, and accounted for 65.4 percent of apparent U.S. consumption by quantity and 66.8 percent by value. U.S. imports from subject sources totaled 206,024 short tons (\$190.0 million) in 2011 and accounted for 13.9 percent of apparent U.S. consumption by quantity and 12.1 percent by value. U.S. imports from nonsubject sources totaled 306,372 short tons (\$330.4 million) in 2011 and accounted for 20.7 percent of apparent U.S. consumption by quantity and 21.1 percent by value. More than 70 percent of the 2011 U.S. imports from nonsubject sources were from countries already subject to U.S. countervailing and/or antidumping duties on 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 16 firms that accounted for more than 90 percent of U.S. production of circular welded pipe during 2011.⁴ U.S. imports are based on official import statistics of Commerce, as modified to exclude mechanical tubing from Canada (based on

³ In addition, Welded Tube-Berkeley produced circular welded pipe during the period for which data were collected, but closed its operations in September 2012. AMM, July 27, 2012.

⁴ In addition to the 15 responses to questionnaires in these investigations, data are also included for Welded Tube-Berkeley, which ceased U.S. production of circular welded pipe in September 2012, based on its questionnaire response in the Commission's recent five-year reviews of circular welded pipe.

Statistics Canada data).⁵ Data regarding the industries in India, Oman, UAE, and Vietnam are based on foreign producer questionnaires, while information with respect to the global market is drawn from published sources.

PREVIOUS AND RELATED 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)	
731-TA-294	1986	Singapore	Negative	(¹)	

Table continued on next page.

⁵ 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. Only one company, ***, reported *** short tons of micro-alloy steel imports from Vietnam.

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	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

During the 1980s, the United States took steps to limit imports of various steel products into the U.S. market. In October 1982, the United States concluded an agreement with what was then known as the European Coal and Steel Community regulating trade in certain steel products.⁶ In response to a January 24, 1984 petition filed by Bethlehem Steel Corp. and the United Steelworkers of America, the Commission conducted an investigation under section 201 of the Trade Act of 1974 regarding imports of a wide range of carbon and certain alloy steel products, including carbon and alloy steel ingots, blooms, billets, slabs, and sheet bars; plates; sheets and strip; wire rods; wire and wire products; railway-type products; bars; structural shapes and units; and pipes and tubes and blanks. The Commission made affirmative determinations with respect to 5 of the 9 investigated products, and the Commission majority recommended various relief measures.⁷ On September 18, 1984, the President announced that he would not implement the remedies proposed by the Commission as they were not “in the national economic interest,” but instead, as part of a 9-point plan to assist the domestic steel industry to compete with imports, he recommended the negotiation of voluntary restraint agreements (“VRAs”) with trading partners to address unfair surges in imports of steel products.⁸ Between October 1, 1984, and March 31, 1992, the United States limited imports into the U.S. market of non-alloy carbon steel products from the European Union and 19 other sources through VRAs. The VRAs covered circular welded pipe (as well as

⁶ 47 FR 49058, October 29, 1982.

⁷ *Carbon and Certain Alloy Steel Products*, Inv. No. TA-201-51, USITC Pub. 1553, July 1984.

⁸ 49 FR 36813, September 20, 1984 (President's Memorandum).

other pipe and tube products) from, among other countries, Brazil, Korea, and Mexico. Although there was no VRA with Taiwan, Taiwan established a voluntary unilateral restraint on its steel exports to the United States through an exchange of letters between the Coordination Council for North American Affairs and the American Institute in Taiwan.⁹

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) were 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.¹⁰ 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).¹¹ 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 respect to increased tariffs on December 4, 2003.¹² 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 President Bush 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, President Bush issued a proclamation on December 30, 2005, determining not to impose temporary import relief.¹³

⁹ *Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Inv. Nos. 731-TA-532-537 (Final)*, USITC Publication 2564, October 1992, p. I-48.

¹⁰ *Steel; Import Investigations*, 66 FR 67304, December 28, 2001.

¹¹ *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.

¹² *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.

¹³ *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.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On October 22, 2012, Commerce published notices in the *Federal Register* of its final determinations of countervailable subsidies for producers and exporters of circular welded pipe from India,¹⁴ Oman,¹⁵ the UAE,¹⁶ and Vietnam.¹⁷ Commerce made affirmative determinations with respect to India, Oman, and the UAE, and a negative determination with respect to Vietnam. Table I-2 presents the net subsidy rates as reported by Commerce.¹⁸

Table I-2

Circular welded pipe: Commerce's final countervailable subsidy determinations

Entity	Final countervailable subsidy margin (percent)
India:	
Lloyds Metals and Engineers Ltd.	285.95
Zenith Birla Ltd.	285.95
All others	285.95
Oman:	
Al Jazeera Tube Mills Company SAOG	4.13
All others	4.13
UAE:	
Abu Dhabi Metal Pipes & Profiles Industries Complex LLC	6.17
Universal Tube and Plastic Industries, Ltd.; KHK Scaffolding and Formwork LLC; and Universal Tube and Pipe Industries LLC	2.06
All others	4.12
Source: 77 FR 64468 (India), 64473 (Oman), and 64465 (UAE), October 22, 2012.	

¹⁴ *Circular Welded Carbon-Quality Steel Pipe From India: Final Affirmative Countervailing Duty Determination*, 77 FR 64468, October, 22, 2012.

¹⁵ *Circular Welded Carbon-Quality Steel Pipe From the Sultanate of Oman: Final Affirmative Countervailing Duty Determination*, 77 FR 64473, October 22, 2012.

¹⁶ *Circular Welded Carbon-Quality Steel Pipe From the United Arab Emirates: Final Affirmative Countervailing Duty Determination*, 77 FR 64465, October 22, 2012.

¹⁷ *Circular Welded Carbon-Quality Steel Pipe From the Socialist Republic of Vietnam: Final Negative Countervailing Duty Determination*, 77 FR 64471, October 22, 2012.

¹⁸ For a summary of Commerce's findings, please refer to the *Federal Register* notices cited in the preceding footnotes.

Programs determined by Commerce to be countervailable are presented below.¹⁹

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

1. Advance License Program
2. Duty Free Import Authorization Scheme
3. Duty Entitlement Passbook ("DEP") Scheme

D. Pre-shipment and Post-shipment Export Financing

E. Market Development Assistance ("MDA")

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 LTAR in an SEZ

L. Input Programs

1. Provision of Hot-Rolled Steel by the Steel Authority of India ("SAIL") For LTAR
2. Provision of Captive Mining Rights
3. Captive Mining Rights of Coal
4. Provision of High-Grade Ore for LTAR

¹⁹ For details concerning Commerce's subsidy findings, please see Commerce's unpublished decision memoranda located at <http://ia.ita.doc.gov/frn/>.

M. State Government of Maharashtra ("SGOM") Programs

1. Sales Tax Program
2. VAT 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

N. Waiving of Interest on Loan by the State Industrial and Investment Corporation of Maharashtra Ltd ("SICOM")

Oman

- A. Soft Loans for Industrial Projects under Royal Decree 17/97
- B. Tariff Exemptions on Imported Equipment, Machinery, Materials, and Packaging Materials
- C. Provision of Electricity for LTAR
- D. Provision of Land and/or Buildings for LTAR

UAE

- A. Tariff Exemptions on Imported Equipment, Machinery, Materials, and Packaging Materials under the Federal Law of 1979 and GCC Industrial Law

Sales at LTFV

On October 22, 2012, Commerce published notices in the *Federal Register* of its final determinations of sales at LTFV with respect to imports from India,²⁰ Oman,²¹ the UAE,²² and Vietnam.²³ Commerce made affirmative determinations with respect to all countries. Tables I-3 presents the weighted-average dumping margins, as reported by Commerce.

²⁰ *Circular Welded Carbon-Quality Steel Pipe From India: Final Determination of Sales at Less Than Fair Value*, 77 FR 64478, October 22, 2012.

²¹ *Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Carbon-Quality Steel Pipe From the Sultanate of Oman*, 77 FR 64480, October 22, 2012.

²² *Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Carbon-Quality Steel Pipe From the United Arab Emirates*, 77 FR 64475, October 22, 2012.

²³ *Circular Welded Carbon-Quality Steel Pipe From the Socialist Republic of Vietnam: Notice of Final Determination of Sales at Less Than Fair Value*, 77 FR 64483, October 22, 2012.

Table I-3
Circular welded pipe: Commerce's final weighted-average LTFV margins

Exporter/Producer	Final dumping margin (percent)
India:	
Zenith Birla (India) Limited (previously known as Zenith Steel Pipes and Industries Ltd.)	48.43
All others	(1)
Oman:	
Al Jazeera Steel Products Co. SAOG	5.81
All others	5.81
UAE:	
Universal Tube and Plastic Industries, Ltd., KHK Scaffolding & Formwork LLC, Universal Tube and Pipe Industries LLC	3.85
Abu Dhabi Metal Pipes & Profiles Industries Complex LLC	11.71
All others	3.85
Vietnam:	
SeAH Steel VINA Corporation	3.96
Vietnam Haiphong Hongyuan Machinery Manufactory Co., Ltd.	5.17
Sun Steel Joint Stock Company	4.57
Huu Lien Asia Corporation	4.57
Hoa Phat Steel Pipe Co.	4.57
All others ²	27.96
<p>¹ No all others deposit rate is required, because Zenith Birla is the only manufacturer covered by the investigation.</p> <p>² The Vietnam-wide entity includes: Daiwa Lance International Co., Ltd., Hoa Sen Group, Vietnam Steel Pipe Co., Ltd. (a/k/a Vinapipe), Hyundai-Huy Hoang Pipe, Tianjin Lida Steel Pipe Group, Vietnam Germany Steel Pipe, and Vingal Industries Co., Ltd.</p> <p>Source: 77 FR 64478 (India), 64480 (Oman), 64475 (UAE), and 64483 (Vietnam), October 22, 2012.</p>	

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of these investigations as follows:^{24 25}

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 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 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.

²⁴ 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.

²⁵ *Circular Welded Carbon-Quality Steel Pipe From India: Final Determination of Sales at Less Than Fair Value*, 77 FR 64478, October 22, 2012.

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;²⁶ (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.²⁷

Tariff Treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that most of the subject goods are imported under the following statistical reporting numbers of the 2012 Harmonized Tariff Schedule of the United States (HTSUS): 7306.30.1000, 7306.30.5025, 7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090.

Under certain circumstances, circular welded pipe as defined above might also enter the United States under HTS statistical reporting numbers that cover a broader range of tubular products:

1. API-stenciled tubular products that are multiple-stenciled to standard/structural specifications and meet the physical descriptions provided above-- 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150.
2. Micro-alloy standard/structural/fence/sprinkler tubular products (i.e., those that exceed the chemistry specifications for non-alloy pipe but do not exceed the chemistry specifications provided in Commerce's scope) -- 7306.50.1000, 7306.50.5050, and 7306.50.5070.

²⁶ 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.

²⁷ 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 column 1 - General (normal trade relations) 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.²⁸

THE PRODUCT

Description and Applications

Steel pipes and tubes²⁹ 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.
- 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.

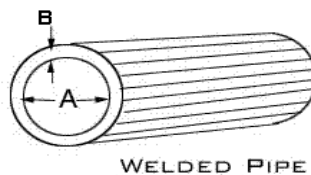
²⁸ The product description, and not the HTSUS classification, is dispositive of whether the merchandise imported into the United States is included in the scope of the investigations.

²⁹ 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.

- Drill pipe is used to transmit power to a rotary drilling tool below ground level and covers sizes 2³/₈ to 6³/₄ inches O.D., inclusive.

Standard pipe of non-alloy steel³⁰ 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 standards for welded pipe often specify overlapping engineering characteristics, a pipe also can be dual stenciled (stamped with monograms signifying compliance with two different specifications, such as ASTM A53 and API 5L).³¹

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



Source: ASA Alloys, Inc., found at <http://www.asaalloys.com/product-lines/stainlesssteel/tubing>, retrieved September 13, 2012.

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. ASTM specification F-1083 covers hot-dipped galvanized welded steel pipe used for fence structures. However, mills also produce fence tubing without reference to an ASTM specification, or (as noted in the scope description) to a general specification such as ASTM A513.³²

³⁰ 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), only one company, ***, reported imports of circular welded pipe of micro-alloy steel (***) short tons from ***). In addition, staff believes that there exists little or no domestic production of such products.

³¹ Welded line pipe is produced in accordance with API specifications for use in oil and gas pipelines, an application that 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.

³² ASTM A513 mechanical tubing is designed and produced for a wide range of specific end-uses 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

(continued...)

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. Structural pipe is produced in nominal wall thicknesses and sizes and manufactured primarily to standard ASTM specifications (such as A500 or A252),³³ 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 (either cut or beveled suitable for welding), threaded ends, or threaded or coupled,³⁴ as well as other special end finishes.

Very broadly, galvanized steel pipe is often used in outdoor applications where corrosion resistance is important, i.e., fence tubing, outdoor handrails, etc. Pipe that is not galvanized is often used in indoor applications such as residential indoor piping.

Manufacturing Facilities and Production Employees

U.S. mills produce circular welded pipes of the sizes subject to these investigations by either the electric resistance-welding (ERW) process or the continuous-welding (CW) process.³⁵ 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, pass through a series of rollers that provide the initial shaping into a round form and guide the tube bodies into the welding section (figure I-2).

³² (...continued)

interviews and e-mail communications with ***, and 2009 Annual Book of ASTM Standards, Volume 01.01, January 2009.

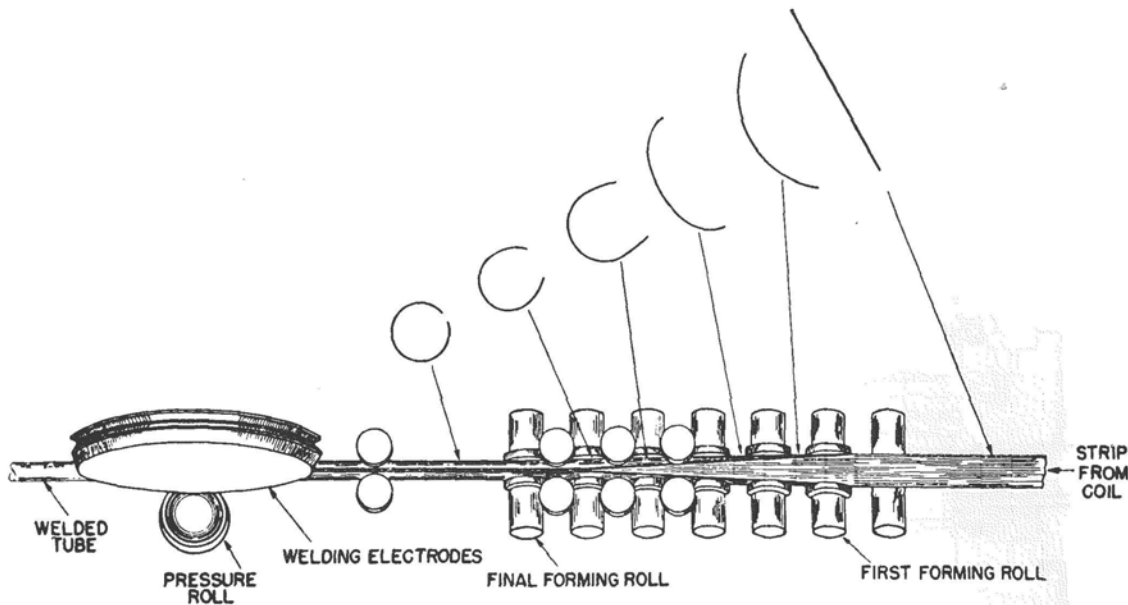
³³ ASTM specification A500 is applicable to common structural tubular products for above-ground use; because it is designed for load bearing applications, not for liquid conveyance, such tubing does not require hydrostatic testing. ASTM specification A252 applies to piling pipe (pipe that typically is 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 is 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.

³⁴ Threaded and coupled indicates that a coupling is attached to one end of each length of pipe.

³⁵ Wheatland is the only producer of CW circular welded pipe in North America. Wheatland, *Standard Pipe A53 CW and ERW*, p. 1, http://www.wheatland.com/images/specs/A53_StandardPipeBro_050712.pdf, retrieved September 13, 2012 and ***.

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 resistance³⁶ 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, 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.³⁷ The ERW process can be used to cover the full range of standard pipe diameters pertinent to these investigations.³⁸

³⁶ 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: Herbeck & Held, 1985), pp. 1030-1031.

³⁷ United States Steel, *The Making, Shaping and Treating of Steel*, 10th Ed. (Pittsburgh, PA: Herbeck & Held, 1985), p. 1029.

³⁸ 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.

In the CW process, the entire strip is heated to approximately 2,450 degrees Fahrenheit in a gas-fired, continuous furnace.³⁹ 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,⁴⁰ and galvanizing. The process of galvanizing involves the application of a zinc coating to steel pipe for protection from atmospheric corrosion. The two most common methods of galvanizing pipe are batch hot-dip galvanizing and inline, or continuous, galvanizing.⁴¹

Batch hot-dip galvanizing involves taking a grouping of pipes, cleaning the pipes, immersing the pipes into a molten zinc bath that thoroughly coats all exterior and interior surfaces, then removing the pipes from the bath for cooling. Once the newly galvanized tubing cools, it is ready for shipment to the job site or transport to a paint contractor for painting.

The inline galvanizing process allows for a tube to be galvanized inline on the tube mill. After the steel strip is formed into a tube and welded, the tube is immersed into an in-line bath of molten zinc which galvanizes the outside of the tube only. A clear, inorganic, polymeric paint topcoat usually is applied over the zinc coating. Only the outside of the tubing goes through this process. The inside of the tube receives only a coating of zinc-rich paint.

Batch hot-dip and continuous inline galvanizing processes result in different zinc coating properties. The hot-dip process produces a zinc coating about three times thicker than the coating produced by the continuous inline process and, therefore, lasts about three times longer than the coating produced by the continuous inline process. However, the hot-dip galvanizing requires more zinc and more labor, so it may be more expensive than inline galvanizing. The metallurgical bond between the zinc coating and the steel in the interior of the pipe is stronger in the hot dip process than that of the inline-galvanized process. The lesser bond strength of the zinc-rich paint makes it possible for trapped moisture to make its way between the zinc-rich paint and the steel tubing, causing rust formation and eventual flaking and failure of the interior paint system, which cannot be repaired or reapplied. Batch-galvanized tubular products often are used in fabrications with hot-dip-galvanized vessels and tanks to store a variety of liquids or any trapped moisture. The zinc-rich paint applied to the inside of tubing galvanized inline provides some corrosion protection, but performs less effectively when exposed to liquids. In such cases, cracks, damaged areas, and the porosity of the zinc-rich paint permit moisture to contact the base steel of the tubing, allowing corrosion to begin where it is not apparent and is not easily remedied. While hot-dip galvanizing has advantages in service life, bond strength, corrosion protection, and durability, inline galvanizing may offer an initially more affordable coating alternative for applications in milder environments and projects with lower bond strength requirements.

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.

³⁹ ***.

⁴⁰ 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.

⁴¹ The following discussion on galvanizing uses information obtained from Philip G. Rahrig, Batch hot-dip and inline galvanizing: A tale of two processes, FMA Communications, Inc. (publishing affiliate of the Fabricators & Manufacturers Association, International), April 11, 2002, found at: <http://www.thefabricator.com/article/tubepipefabrication/batch-hot-dip-and-inline-galvanizing>.

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.⁴² No party requested the Commission to collect information regarding domestic like product considerations in their comments regarding draft questionnaires.⁴³ At the Commission's hearing, counsel on behalf of respondents stated that respondents agreed with the domestic like product definition.⁴⁴ In addition, respondent Conares reported in its prehearing brief that it does not object to the domestic like product definition.⁴⁵

⁴² Petition, pp. I-9 and I-10; and conference transcript, p. 62 (Schagrin).

⁴³ Petitioners' comments on draft questionnaires, May 29, 2012.

⁴⁴ Hearing transcript, p. 9 (Kaplan) and p. 12 (Mendoza).

⁴⁵ Conares' prehearing brief, October 10, 2012, p. 3.

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 (conduit shells) for the protection of electric wiring.

Firm concentration is relatively high for domestic producers and less so for import sources as a whole. The two largest U.S. producers (Wheatland Tube and Allied Tube) represented more than *** percent of U.S. production between January 2009 and June 2012. No importer represented more than *** percent of imports in a full year.

Most U.S. producers reported selling circular welded pipe nationally, while most importers' sales are typically concentrated in various regions of the United States (see table II-1). However, at least one importer of product from India, the UAE, and Vietnam sold product nationally. Importers of circular welded pipe from Oman reported selling in all regions except the Midwest. The Central Southwest region was the more frequently reported region for sales from subject importers; similarly, all but one U.S. producer sold in that region.

The Commission sent purchasers' questionnaires to 100 U.S. circular welded pipe companies believed to have purchased circular welded pipe during the period January 2009 to June 2012. Questionnaire responses were received from 33 purchasers, with 29 reporting that they had purchased circular welded pipe since January 1, 2009. Twenty-seven of the responding purchasers reported that they were distributors. Based on questionnaire responses, the three largest reporting U.S. purchasers of circular welded pipe in 2011 in terms of quantity were ***. Of the three largest reporting U.S. purchasers, *** of them purchased domestic product; *** purchased Indian product, and *** purchased UAE and Vietnamese product. Wheatland Tube indicated that the largest plumbing distributor is Ferguson Enterprises, and named McJunkin, HD Supply, Kelly Pipe, and Wilson Supply as large plumbing wholesalers.¹ Allied Tube indicated that the largest fencing distributors are Master Halco, Merchants Metals, and Stephens Pipe. They also mentioned that strong regional fencing distributors included Long Fence and Sonco on the East Coast and Builders Fence in the West.²

¹ Hearing transcript, p. 27 (Magno).

² Hearing transcript, p. 30 (Hunter).

Table II-1**Circular welded pipe: Number of firms that ship to geographical market areas in the United States served by domestic producers and subject importers**

Region	U.S. producers	Importers from India	Importers from Oman	Importers from UAE	Importers from Vietnam
Northeast ¹	12	5	2	3	1
Midwest ²	12	3	0	2	1
Southeast ³	13	7	3	5	1
Central Southwest ⁴	14	11	4	8	6
Mountains ⁵	15	1	1	4	1
Pacific Coast ⁶	14	5	2	4	6
Other ⁷	5	1	0	1	1
All regions (except other)	10	1	0	2	1
Reporting firms	15	16	6	9	9

¹ Includes CT, ME, MA, NH, NJ, NY, PA, RI, and VT.
² Includes IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, and WI.
³ Includes AL, DE, DC, FL, GA, KY, MD, MS, NC, SC, TN, VA, and WV.
⁴ Includes AR, LA, OK, and TX.
⁵ Includes AZ, CO, ID, MT, NV, NM, UT, and WY.
⁶ Includes CA, OR, and WA.
⁷ Includes all other markets in the United States not previously listed, such as AK, HI, PR, and VI.

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

CHANNELS OF DISTRIBUTION

The vast majority of domestic and subject imported circular welded pipe and tube is sold through distributors. Over 90 percent of U.S. producer shipments of circular welded pipe and *** of importer shipments from India consistently went to distributors during the period examined (table II-2). *** of reported importer shipments from Oman and the UAE went to distributors during this period. A majority of reported importer shipments from Vietnam also went to distributors, but a significant amount of shipments went to end users (mainly mass merchandise (“big box”) retailers) during this period.

Petitioners contend that big box retailers such as Home Depot and Lowes compete with traditional distributors for sales to contractors, but state that their market share is still small.³ Three U.S. producers and one importer shipped circular welded pipe to big box retailers. Mass merchandise retailers represented *** percent of ***’s end user sales, compared to *** percent for *** and *** percent for ***. *** of U.S. importer *** end user sales of imports from India and imports from Vietnam *** were to mass merchandise retailers. In addition, importer *** indicated that its largest customers were mass merchandise retailers and reported making *** percent of its sales to *** in 2011. No mass merchandise retailers reported directly importing circular welded pipe or responded to the purchaser questionnaire.

³ Petitioners’ postconference brief, p. 6.

Table II-2

Circular welded pipe: Channels of distribution for domestic product and U.S. imports sold in the U.S. market as a share of U.S. commercial shipment quantities, by year and by source, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
	Shares of reported U.S. commercial shipments (<i>percent</i>)				
Domestic producers' U.S. commercial shipments:					
To distributors	90.8	91.2	90.9	91.5	91.1
To end users	9.2	8.8	9.1	8.5	8.9
U.S. importers' U.S. commercial shipments from India:					
To distributors	***	***	***	***	***
To end users	***	***	***	***	***
U.S. importers' U.S. commercial shipments from Oman:					
To distributors	***	***	***	***	***
To end users	***	***	***	***	***
U.S. importers' U.S. commercial shipments from UAE:					
To distributors	***	***	***	***	***
To end users	***	***	***	***	***
U.S. importers' U.S. commercial shipments from Vietnam:¹					
To distributors	***	***	***	***	***
To end users	***	***	***	***	***
U.S. importers' U.S. commercial shipments from all other countries:					
To distributors	***	***	***	***	***
To end users	***	***	***	***	***
¹ ***.					
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 relatively large changes in the quantity of shipments of U.S.-produced circular welded pipe to the U.S. market. The main contributing factors to this degree of responsiveness of supply are excess capacity, the ability to use inventory, and the ability to produce other products.

Industry capacity

Based on U.S. producers' reported capacity and production of circular welded pipe, the domestic industry's capacity utilization increased from 46.3 percent in 2009 to 55.0 percent in 2011. This level of capacity utilization indicates that U.S. producers of circular welded pipe had a substantial amount of

available capacity with which they could increase production of circular welded pipe in the short run in the event of a price change during 2009-11.

Inventory levels

The ratio of end-of-period inventories to total shipments for U.S. producers remained relatively stable between 14.0 and 14.3 percent during 2009-11. These levels of inventories suggest that U.S. producers may have some ability to use inventories to respond to price changes.

Alternative markets

U.S. producers' total reported exports of their U.S.-produced circular welded pipe fluctuated from 4.5 percent of U.S. producers' total shipments in 2009 to 5.2 percent in 2011. This level of exports during the period indicates that domestic producers of circular welded pipe may have some ability to shift shipments between the United States and other markets in the short run in response to price changes.

Production alternatives

A majority of responding U.S. producers (13 of 14) reported producing other products, such as line pipe (up to 16" O.D. and above 16" O.D.), mechanical tubing, OCTG, conduit piping, and non-round structural tubing, on the same equipment and with the same labor used to produce circular welded pipe. However, several U.S. producers reported constraints on their ability to shift production among products. Nine of 14 responding U.S. producers reported the following constraints: physical specification, such as size and gauge; mill equipment capacity; and labor constraints.

Supply constraints

One of 15 responding U.S. producers indicated that it had refused, declined, or been unable to supply circular welded pipe since January 1, 2009. U.S. producer *** indicated that in 2010 and 2011, it began *** because of the disparity in demand. *** indicated that agriculture end uses include grain handling and irrigation and is typically produced in small quantities compared to line pipe. When ***, it provided *** resulting in longer lead times.

Supply of Subject Imports from India

Based on available information, the only responding Indian producer, Zenith Birla, has the ability to respond to changes in demand with moderate changes in the quantity of shipments of circular welded pipe to the U.S. market. The main factors contributing to the moderate degree of responsiveness of supply are the ability to shift shipments from alternative markets and some available capacity.

Industry capacity

Reported capacity remained constant at *** short tons during 2009-11. Zenith Birla reported a capacity utilization rate for circular welded pipe that *** from *** percent in 2009 to *** percent in 2011. This level of capacity utilization indicates Zenith Birla may have some available capacity with which it could increase production of circular welded pipe in the short run in the event of a price change.

Inventory levels

Zenith Birla's inventories, relative to total shipments, remained relatively stable between *** and *** percent during 2009-11. These data indicate that the Indian producer may have some ability to use inventories as a means to increase shipments to the U.S. market in the short run.

Alternative markets

Zenith Birla reported that its products were shipped primarily to markets other than the United States during 2009-11. This Indian producer's export shipments to the United States, as a share of total shipments of circular welded pipe, increased from *** percent in 2009 to *** percent in 2011. These data indicate that the Indian producer has alternative markets from which it may be able to shift shipments of circular welded pipe to the United States in the short run in the event of a price change in the U.S. market.

Production alternatives

Zenith Birla reported not producing other products on the same equipment and machinery used to produce circular welded pipe.

Supply constraints

Two importers of circular welded pipe from India reported that they had refused, declined, or been unable to supply circular welded pipe since January 1, 2009. ***, ***, an importer of product from India and Vietnam, indicated that ***. In addition, another importer of Indian product, ***, indicated that after importation of Chinese CWP was blocked in 2008, demand for this product could not be fulfilled in the following months.

Supply of Subject Imports from Oman

Based on available information, the one responding Omani producer, Al Jazeera, has the ability to respond to changes in demand with moderate changes in quantity of shipments of circular welded pipe to the U.S. market. The main factor contributing to the moderate degree of responsiveness of supply is the ability to shift shipments from other markets moderated by a lack of available capacity.

Industry capacity

Al Jazeera's reported capacity for circular welded pipe increased from *** to *** short tons during 2009-11. Reported production for circular welded pipe *** in each calendar year during the period. Al Jazeera's reported capacity utilization increased from *** percent in 2009 to *** percent in 2011. This level of capacity utilization indicated that Al Jazeera had little available capacity with which it could have increased production of circular welded pipe in the short run during 2009-11 in the event of a price change.

Inventory levels

Al Jazeera's inventories, as a share of total shipments, *** from *** to *** percent from 2009-11. These data indicate that Al Jazeera may have some ability to use inventories as a means to increase shipments to the U.S. market in the short run.

Alternate markets

Al Jazeera's export shipments to the United States, as a share of total shipments of circular welded pipe, increased from *** percent in 2009 to *** percent in 2011. More than *** of Al Jazeera's export shipments to markets other than the United States were to other countries in the GCC customs union. These data indicate that Al Jazeera has non-U.S. markets from which it can shift shipments of circular welded pipe to the United States in the short run in the event of a price change in the U.S. market.

Production alternatives

Al Jazeera reported that it *** on the same equipment and machinery used to produce circular welded pipe.

Supply constraints

No importers of circular welded pipe from Oman reported that they had refused, declined, or been unable to supply circular welded pipe since January 1, 2009.

Supply of Subject Imports from the UAE

The Commission received four questionnaire responses from UAE suppliers. Based on available information, UAE producers, ADPICO, Ajmal Steel, Conares, and Universal Tube & Plastic Industries, 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 factors contributing to this degree of responsiveness are the availability of excess capacity and the ability to shift shipments from other markets.

Industry capacity

Reported capacity *** from *** to *** short tons during 2009-11. The four responding UAE producers reported combined capacity utilization for circular welded pipe that increased from *** percent in 2009 to *** percent in 2011. This level of capacity utilization indicates that UAE producers have available capacity with which they could increase production of circular welded pipe in the short run in the event of a price change.

Inventory levels

UAE producers' inventories, relative to total shipments, decreased from *** percent in 2009 to *** percent in 2011 with further decreases anticipated in 2012-13. These data indicate that UAE producers may have little ability to use inventories as a means to increase shipments to the U.S. market in the short run.

Alternative markets

The four responding UAE producers reported that their products were shipped primarily to *** during 2009 and to *** during 2010 and 2011. UAE producers' home shipments, as a share of total shipments of circular welded pipe, decreased from *** to *** percent during 2009-11. UAE producers' internal consumption, as a share of total shipments of circular welded pipe, increased slightly from *** in 2009 to *** in 2011. UAE producers' export shipments to the United States, as a share of total shipments of circular welded pipe, increased from *** percent in 2009 to *** percent in 2011. UAE producers reported that about *** of their exports to markets other than the United States were to other countries in the GCC customs union. These data indicate that UAE producers have an ability to shift shipments of

circular welded pipe from non-U.S. markets to the United States in the event of a price change in the U.S. market.

Production alternatives

*** reported *** on the same equipment and machinery used to produce circular welded pipe, such as ***.

Supply constraints

No importers of circular welded pipe from the UAE reported that they had refused, declined, or been unable to supply circular welded pipe since January 1, 2009.

Supply of Subject Imports from Vietnam

Based on available information, the two responding Vietnamese producers, SeAH Steel and Haiphong Hongyuan,⁴ have a low to moderate ability to respond to changes in demand with changes in quantity of shipments of circular welded pipe to the U.S. market. The main factors contributing to the low to moderate degree of responsiveness of supply are limited available capacity and inability to shift product from other markets.

Industry capacity

Vietnamese producers' reported capacity for circular welded pipe *** from *** to *** short tons during 2009-11 as SeAH Steel experienced a *** increase in OCTG production. Vietnamese producers' reported capacity utilization increased from *** percent in 2009 to *** percent in 2011 as it increased production and exports to the United States. This level of capacity utilization indicated that Vietnamese producers have some available capacity with which it could have increased production of circular welded pipe in the short run during 2009-11 in the event of a price change.

Inventory levels

Vietnamese producers' inventories, relative to total shipments, *** from *** percent in 2009 to *** percent in 2011. These data indicate that Vietnamese producers may have some ability to use inventories as a means to increase shipments to the U.S. market.

Alternate markets

Vietnamese producers' export shipments to the United States, as a share of total shipments of circular welded pipe, *** from *** to *** percent during 2009-11. These data for alternate markets indicate that Vietnamese producers had a *** home market and *** non-U.S. markets from which it would be able to shift shipments of circular welded pipe to the United States in the short run in the event of a price change in the U.S. market.

⁴ Exports reported by Vietnamese producers made up over *** percent of imports from Vietnam in 2009 and 2010 and almost *** of imports from Vietnam in 2011.

Production alternatives

Vietnamese producers reported producing *** on the same equipment and machinery used to produce circular welded pipe.

Supply constraints

One importer of circular welded pipe from Vietnam reported that it had refused, declined, or been unable to supply circular welded pipe since January 1, 2009. As mentioned earlier, ***, an importer of product from India and Vietnam, indicated that ***.

Nonsubject Imports

Nonsubject imports accounted for approximately one-fifth of apparent U.S. consumption in 2011. The leading nonsubject sources for U.S. imports of circular welded pipe are Korea, Mexico, Thailand, and Turkey.

The staff report in the recent review of antidumping and countervailing duty orders on imports of circular welded pipe and tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey indicated that these nonsubject countries have the ability to respond to changes in demand with substantial changes in the quantity of shipments of circular welded pipe to the U.S. market in the short term, with possibly larger changes over the long term. The report stated that the main contributing factors to the high degree of responsiveness of supply are the ability to shift product from other markets to the U.S. market and to shift production between other welded tubular products and circular welded pipe. In the longer term, there may be more flexibility as capacity may be increased somewhat according to the report. However, the report indicated that few of these nonsubject producers submitted questionnaires in the reviews with specific information on the ability to expand capacity.⁵ Each of these sources remains subject to antidumping and/or countervailing duties in the United States.

New Suppliers

Ten of 28 responding purchasers indicated that new suppliers have entered the U.S. market since 2009. Three purchasers cited U.S. supplier American Tube and Pipe. U.S. suppliers Steel Lock Joint Tube of Texas, Stephens Pipe and Steel, Marcegaglia, and Boomerang Tube; Indian supplier Jindal and Jotindra; Philippine supplier HLD Clark, and Thai suppliers Bluesteel Services and Transpacific were each mentioned by one purchaser.

U.S. Demand

Based on available information, it is likely that changes in the price level of circular welded pipe would result in small to moderate changes in the quantity of circular welded pipe demanded. The main contributing factor to the small degree of responsiveness of demand is the lack of substitutability of other products for circular welded pipe.

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. The aggregate U.S. economy, as measured by percentage changes in the gross domestic product, declined during the first two quarters of 2009 and then increased in all quarters from July-September 2009 through

⁵ *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 532-534 and 536 (Third Review)*, USITC Publication 4333, June 2012, p. II-5.

April-September 2012, by rates between 0.1 and 4.1 percent (figure II-1). The IMF projects GDP to increase by 1.3 percent in 2012 and 1.5 percent in 2013.⁶ Monthly private nonresidential construction spending declined throughout 2009 and then stabilized at levels throughout 2010 to 2012 that were lower than most of 2009 (figure II-2).

Future changes in demand for circular welded pipe are uncertain. The Architecture Billings Index (ABI), a leading indicator of construction activity reported by American Institute of Architects (AIA), increased at its fastest pace in September 2012 since late 2010. AIA notes that recent upward trends in residential construction may have positive effects on non-residential construction.⁷ In average forecasts of seven panelists, AIA projects nonresidential construction spending to increase to 4.4 percent (from 2.1) in 2012 and to further increase to 6.2 percent in 2013.⁸

Demand Trends

When asked how demand for circular welded pipe has changed within the United States since January 1, 2009, the majority of producers and importers reported that demand for circular welded pipe has decreased or fluctuated, while most purchasers indicated that demand had increased or fluctuated (table II-3). Most responding firms cited changes economic conditions and changes in the construction industry as affecting demand.

However, trends in apparent consumption suggest that demand increased since 2009. The value of apparent consumption increased by a greater degree than the quantity of apparent consumption which increased between 2009 and 2011, implying that the average unit value of apparent consumption increased as well. Apparent consumption increased despite importers accumulating additional inventories which made apparent consumption lower than it would have been in the absence of the inventory accumulation.

Business Cycles

Seven of 15 responding producers, 15 of 35 responding importers, and 12 of 29 responding purchasers reported either business cycles specific to the circular welded pipe market or that the circular welded pipe market was subject to conditions of competition distinctive to the circular welded pipe market. Several of these firms reported that circular welded pipe sales are linked to construction cycles, which are dependent on weather conditions and overall economic activity. Producers and importers noted the increase of import competition as reasons for changes in the business cycle. One purchaser and three importers indicated that antidumping and countervailing duty proceedings have affected the circular welded pipe business cycles.

Substitute Products

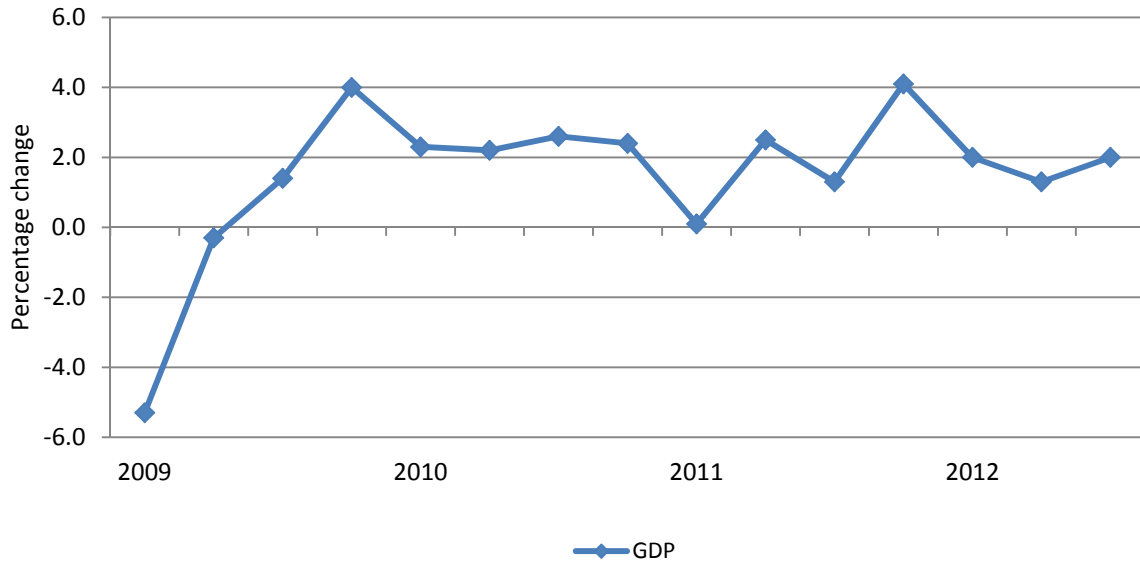
The majority of importers (20 of 25) and purchasers (16 of 24) reported that no substitutes exist for circular welded pipe, while about one-half of responding producers indicated that there were no substitutes. However, only a few firms indicated that changes in the prices of these substitutes affect the price of circular welded pipe. Importer *** reported three substitutes, but indicated that the use of these products as substitutes was limited and changes in the prices of these substitutes did not result in any

⁶ IMF, *World Economic Outlook*, October 2012.

⁷ "Increase for Architecture Billings Index," October 24, 2012 Press Release, <http://www.aia.org/press/releases/AIAB096344>, retrieved October 26, 2012.

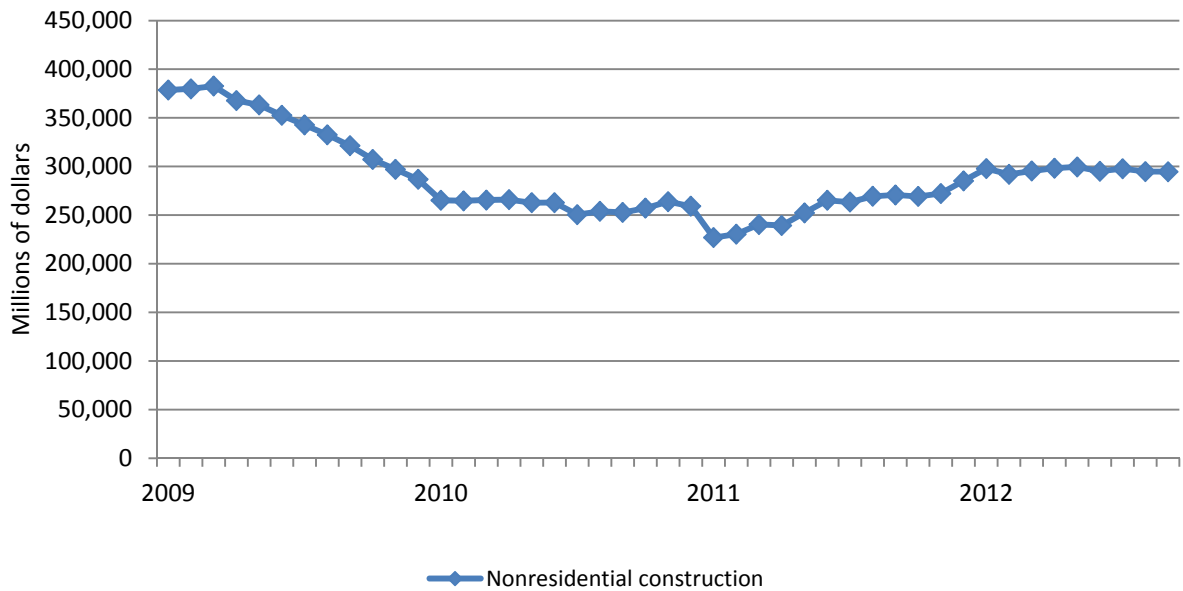
⁸ "Despite National and International Impediments, Some Improvement Anticipated," July 27, 2012, <http://www.aia.org/practicing/AIAB095480>, retrieved October 26, 2012.

Figure II-1
Percent changes in real gross domestic product (GDP) growth, by quarters, January 2009-September 2012



Source: Bureau of Economic Analysis, U.S. Department of Commerce, October 26, 2012 release.

Figure II-2
Private nonresidential construction spending: Value seasonally adjusted, monthly, January 2009-September 2012



Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending, November 2, 2012 release, <http://www.census.gov/construction/c30/c30index.html>.

Table II-3

Circular welded pipe: U.S. producer, importer, and purchaser responses regarding the demand for circular welded pipe in the United States since 2009

Item	Number of firms reporting			
	Increase	No Change	Decrease	Fluctuate
U.S. producers	1	0	8	6
Importers	5	6	7	14
Purchasers	8	5	2	8

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

change in the price of circular welded pipe. One substitute that was reported to affect the price of circular welded pipe was ASTM A513 that can be used with elevator jacks, which provides a better quality substitute when the prices of steel are high. Another substitute was Gastite’s flexible corrugated piping that can be used in residential low pressure natural gas piping.

Cost Share

Estimates by questionnaire respondents of the cost of circular welded pipe as a share of end-use applications varied widely. Estimates for galvanized pipe used in fencing applications ranged from 30 to 80 percent. One U.S. producer estimated that circular welded pipe accounted for 12 percent of the cost of construction and 10 percent of the cost of water wells. Responses by purchasers were limited since most purchasers are distributors.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestically produced and imported circular welded pipe depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there may be some differences between domestic and imported circular welded pipe, but overall, there is a moderate-to-high degree of substitution among circular welded pipe produced in the United States, the subject countries, and other import sources.

Factors Affecting Purchasing Decisions

Purchasers were asked a variety of questions to determine what factors influence their decisions when buying circular welded pipe. Information obtained from their responses indicates that price, quality, and availability are relatively important factors.

Knowledge of Country Sources

Twenty-five of 27 responding purchasers indicated they had marketing/pricing knowledge of domestically produced circular welded pipe, 11 of circular welded pipe from India, 11 from Oman, 10 from UAE, and 9 from Vietnam. Of the nonsubject countries, 18 of 26 purchasers indicated they had marketing/pricing knowledge of circular welded pipe produced in various countries. As shown in table II-4, most purchasers (and their customers) “sometimes” make purchasing decisions based on the producer or country of origin.

Table II-4**Circular welded pipe: Purchaser responses to questions regarding the origin of their purchases**

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	6	7	10	3
Purchaser's customer makes decision based on producer	1	4	18	2
Purchaser makes decision based on country	3	3	17	3
Purchaser's customer makes decision based country	0	3	20	2
Source: Compiled from data submitted in response to Commission questionnaires.				

Factors in Purchasing

Available information indicates that purchasers consider a variety of factors when purchasing circular welded pipe. While price and quality were cited most frequently as being important factors in their purchase decisions, other factors such as availability, delivery time, and product range are also important considerations.

One-half of responding purchasers indicated that quality was the most important factor in their purchases and all but two responding purchasers indicated that quality meeting industry standards was a very important factor (see tables II-5 and II-6).⁹ However, only 12 of 28 responding purchasers indicated that quality exceeding industry standards was a very important factor.

All responding purchasers indicated that price was one of their top three factors in considering a purchase, and 10 of 26 responding purchasers indicated that price was the most important factor.¹⁰ All but three responding purchasers indicated that they either “usually” or “sometimes” purchase circular welded pipe offered at the lowest price. *** indicated that price was not an important factor in purchasing.¹¹

Almost one-half of responding purchasers indicated that availability was either its second or third most important purchasing factor, and 23 of 28 responding purchasers indicated that it was a very important factor. Seven of 26 responding purchasers indicated that delivery time was either its second or third most important purchasing factor, and 21 of 28 responding purchasers indicated that it was a very important factor.

Factors Determining Quality

U.S. purchasers identified various principal factors they considered in determining the quality of circular welded pipe. Reported factors included cosmetic appearance, certification, product consistency, adherence to specified tolerances, end user acceptance, and mill testing. Ten out of 24 reported using cosmetic appearance to determine the quality of circular welded pipe; examples include the quality of steel and lack of rust. Eight purchasers reported using the ability of the circular welded pipe to adhere to specified tolerances, including physical and chemical tolerances, as a way to determine quality. Factors determining adherence to specified tolerances include wall thickness, roundness and straightness of circular welded pipe, and thread compliance. Three firms reported using end user acceptance of the product as a quality measure. Seven of 24 responding purchasers reported using certification to determine quality of circular welded pipe; *** report using ASTM standards for their certification process. Six

⁹ Twenty-two of 26 responding purchasers indicated that quality was one of their top three factors in considering a purchase.

¹⁰ All but two responding purchasers indicated that price was a very important purchasing factor.

¹¹ ***.

Table II-5
Circular welded pipe: Ranking factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting			
	First	Second	Third	Total
Price	10	8	8	26
Quality	13	6	3	22
Availability	0	4	7	11
Delivery time	0	3	4	7
Product range	1	2	1	4
Other ¹	2	3	3	8

¹ Other factors include traditional supplier for the first factor; end user acceptance and reliability for the second factor; and discounts offered, lead times, reliability, and traditional supplier for the third factor.

Note.—Six purchasers provided a fourth important factor generally considered in their purchase decisions which include: reliability of supply, product consistency, payment terms, using only one supplier or a traditional supplier, and credit worthiness of broker.

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

Table II-6
Circular welded pipe: Importance of purchase factors, reported by U.S. purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	23	3	2
Delivery terms	17	9	2
Delivery time	21	6	1
Discounts offered	15	9	4
Extension of credit	11	7	10
Price	26	1	1
Minimum quantity requirements	4	13	11
Packaging	7	14	7
Product consistency	23	3	1
Quality meets industry standards	26	1	1
Quality exceeds industry standards	12	9	7
Product range	8	17	2
Reliability of supply	25	2	1
Technical support/service	11	11	6
U.S. transportation costs	12	11	5

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

purchasers reported using product consistency and market reputation as quality determinants. Two firms reported using mill testing to insure quality of circular welded pipe product.

Supplier Certification

Ten of 27 responding purchasers reported that they require suppliers of circular welded pipe to become certified or pre-qualified for all of their purchases. Of these 10 purchasers, four purchasers rely on certification from an industry organization, such as ASTM and/or API. Two purchasers use trial orders to inspect the circular welded pipe product, and two purchasers conduct mill visits to determine quality. Four of 27 responding purchasers reported that they require suppliers of circular welded pipe to become certified or pre-qualified for some of their purchases. *** reported *** percent of their sales were certified or pre-qualified. *** reported that only *** percent of their sales were certified or pre-qualified and cited using an ***. *** reported *** percent of their sales were certified or pre-qualified; ***. Of the purchasers requiring certification, eight companies reported a range of *** days to certify a supplier. Five purchasers reported needing less than *** days, and three purchasers reported needing over *** days. Thirteen of 27 purchasers reported not requiring suppliers of circular welded pipe to become certified or pre-qualified.

When asked if any domestic or foreign suppliers had failed to obtain certification, only three of 26 purchasers reported “yes.” *** reported that various Chinese mills failed to qualify because of poor quality. *** reported certain mills in India, China, Lebanon, Egypt, Vietnam, and Guatemala failed to qualify because poor product and facility quality.

Lead Times

U.S. producers sell circular welded pipe both from inventories and produced to order. Ten of the 15 U.S. producers reported that at least 70 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. Eighteen of 27 responding importers reported that all sales are produced to order, and three others reported that 75 percent or more are produced to order. Three importers reported making all of their sales from foreign inventory, and four importers reported making at least 80 percent of their sales from U.S. inventory. Lead times for items produced to order ranged from 75 to 180 days. For items sold from U.S. inventories, lead times ranged from 2 to 7 days. Three firms reported selling from a foreign manufacturer’s inventory with a lead time of 30 to 180 days.

Changes in Purchasing Patterns

Since January 2009, purchasers of circular welded pipe have changed their purchasing patterns in different ways with respect to the country of origin of the circular welded pipe (table II-7). As presented earlier in table II-3, eight of 23 responding purchasers reported a general increase in purchases. Improved demand, increased market share, and switching from mill direct to fabricator to reduce costs were noted

Table II-7**Circular welded pipe: Changes in purchase patterns from U.S., subject, and nonsubject countries**

Source	Decreased	Increased	Constant	Fluctuated	Did not purchase
United States	2	8	6	7	3
India	2	1	0	7	16
Oman	1	5	1	4	15
UAE	4	1	0	5	13
Vietnam	0	4	2	4	15
Nonsubject	3	9	4	6	2

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

as reasons for an increase in purchases of domestic circular welded pipe. Seven of the 26 responding purchasers indicated that their purchases generally fluctuated. Reasons reported for fluctuations in domestic purchases included fluctuating demand for domestic material, general economic conditions, and price. Six purchasers reported that their purchases generally remained constant due to constant market demand.

Purchasers of Indian circular welded pipe indicated that their purchases generally fluctuated. Reasons reported for fluctuations in purchases of circular welded pipe imported from India include reliability of seller, economic conditions, and better domestic pricing. Purchasers of circular welded pipe imported from Oman indicated that their purchases generally fluctuated or increased. Switching importing countries, raw material inputs, and high freight costs were cited as reasons for increases and fluctuation in Omani circular welded pipe purchases. Purchasers of circular welded pipe imported from the UAE indicated that their purchases generally fluctuated or decreased. Raw material inputs, pricing, and quality were reported as reasons for the decrease and fluctuation in UAE circular welded pipe purchases. Purchasers of Vietnamese circular welded pipe reported that their purchases generally fluctuated or increased due price and economic conditions.

Nineteen of 26 responding purchasers reported that they had changed suppliers since 2009. *** reported changing suppliers as a supplier's competitiveness changes with respect to existing duties. Similarly, *** reported switching suppliers as a result of the provisional antidumping measures. *** reported changing foreign suppliers due to quality concerns; *** reported switching from foreign suppliers to domestic because of their quality concerns. In addition, *** reported switching to more domestic suppliers. *** changed suppliers to *** due to better pricing. Ten of 28 responding purchasers reported being contacted by new suppliers since 2009. Companies reported that the majority of the new suppliers were located domestically and in Asia.

Of the 27 responding purchasers, 8 purchased circular welded pipe monthly, 6 purchased weekly, 5 purchased quarterly, and 5 purchased daily. Three purchasers reported purchasing as needed. When asked if purchasers changed their purchasing pattern since 2009, 8 of 27 purchasers responded "yes." Three purchasers cited buying more frequently and in smaller amounts to better manage inventory and risk, and two purchasers indicated better business conditions, particularly in oil and gas shale.

The majority of purchasers contact at least three suppliers before making a purchase. The remainder reported contacting between 1-3 suppliers. Of the 27 responding purchasers, the range of suppliers contacted was one to 25 suppliers with a simple average of approximately 4 suppliers contacted. Twenty of 28 purchasers reported negotiating with the supplier when purchasing circular welded pipe, and thirteen purchasers reported that negotiations are based on price. Contract and delivery terms and availability were also indicated as negotiating points. Fourteen of 27 purchasers indicated they vary their purchases from a given supplier within a specified time period based on the price offered.

Importance of Purchasing Domestic Product

The majority of purchasers (19 of 28) reported that a desire to buy U.S. product was an important factor in their firms' purchases. Of those 19 purchasers, 17 purchasers indicated customer preference towards domestically produced goods, affecting between 1 and 80 percent of purchases. Thirteen purchasers reported being required by law to buy U.S. product at least in some cases, affecting 3 to 50 percent of purchases. Two purchasers reported that buying domestic product was preferred because of quality and pricing issues.

Comparisons of Domestic Product, Subject Imports and Nonsubject Imports

All responding U.S. producers and a majority of importers and purchasers reported that domestic and imported product from subject countries are "always" or "frequently" interchangeable (table II-8). Importers and purchasers reported quality consistency, different size and physical specifications, Buy American provisions, and different pipe coatings as factors that limit or preclude interchangeability. The majority of U.S. producers, importers, and purchasers reported that domestic and imported product from nonsubject subject countries are "always" or "frequently" interchangeable. In addition, the majority of firms also reported a high frequency of interchangeability between subject and nonsubject country comparisons.

Table II-8

Circular welded pipe: Perceived interchangeability of products produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries												
U.S. vs. India	9	2	0	0	7	5	3	0	8	4	5	0
U.S. vs. Oman	9	1	0	0	4	5	3	0	8	1	5	0
U.S. vs. UAE	9	1	0	0	4	3	1	1	8	3	4	0
U.S. vs. Vietnam	9	1	0	0	5	3	4	1	7	3	4	0
U.S. vs. nonsubject countries												
U.S. vs. nonsubject	9	1	0	0	6	5	4	0	7	6	9	0
Subject country comparisons												
India vs. Oman	9	0	0	0	6	3	1	0	8	3	1	0
India vs. UAE	9	0	0	0	5	3	0	1	11	3	1	0
India vs. Vietnam	9	0	0	0	6	3	1	1	9	3	1	0
India vs. nonsubject	9	0	0	0	5	5	1	0	6	4	5	0
Oman vs. UAE	9	0	0	0	5	3	0	1	10	2	0	0
Oman vs. Vietnam	9	0	0	0	6	2	2	1	7	3	1	0
Oman vs. nonsubject	9	0	0	0	5	5	1	0	6	4	4	0
UAE vs. Vietnam	9	0	0	0	6	2	2	1	9	1	2	0
UAE vs. nonsubject	9	0	0	0	5	5	0	0	6	4	4	0
Vietnam vs. nonsubject	9	0	0	0	5	4	0	0	5	0	3	0
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.												
Source: Compiled from data submitted in response to Commission questionnaires.												

When comparing U.S. product to subject products, a majority of responding purchasers reported that U.S. product was “comparable” to product imported from subject countries for extension of credit, packaging, quality meeting industry standards, product range, and reliability of supply (table II-9). A majority of purchasers reported that U.S. product rated “superior” to all subject product in terms of delivery time and technical support/service. However, every responding purchaser rated U.S. product “inferior” to product from the subject countries in terms of price. When comparing U.S. product to nonsubject products, a majority of responding purchasers reported that U.S. product was comparable to nonsubject product for all factors except for availability and delivery time.

As seen in table II-10, 17 responding purchasers reported that domestically produced circular welded pipe “always” meets minimum quality specifications. Ten purchasers indicated that subject product meets minimum quality specifications “always” and “usually.”

Seven of the 12 responding U.S. producers reported that differences other than price were “never” important for any subject country comparison, and three producers reported that differences other than price were “sometimes” important (table II-11). The majority of importers and purchasers reported that differences other than price between U.S.-produced circular welded pipe and subject imports are “sometimes” or “never” a significant factor. Eight purchasers specifically cited quality of the product or coating as a significant factor. *** indicated that value added aspects of circular welded pipe, such as continuous weld vs. electric resistant weld, affect purchasing decisions; and *** reported that the quality of pipe coatings affects purchasing decisions. When comparing circular welded pipe from the United States to circular welded pipe from nonsubject countries, responses from importers and purchasers were mixed, with more than half of the responding firms reporting that differences other than price are “sometimes” or “never” a significant factor.

In addition, when comparing subject product to other subject and nonsubject product, a majority of purchaser responses typically indicated that all country comparisons were “comparable,” although purchasers were nearly evenly divided with respect to price.

Table II-9**Circular welded pipe: Comparisons of product by source country, as reported by U.S. purchasers**

Factor	U.S. vs. India			U.S. vs. Oman			U.S. vs. UAE			U.S. vs. Vietnam			U.S. vs. Nonsubject		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	12	1	3	10	3	3	6	4	3	8	3	2	8	8	3
Delivery terms	9	6	1	8	5	3	4	6	3	6	5	2	7	10	2
Delivery time	13	1	2	12	1	3	8	1	4	10	2	1	10	6	3
Discounts offered	4	7	4	4	8	3	2	7	3	2	7	4	4	13	2
Extension of credit	6	9	0	3	11	1	3	9	0	4	9	0	3	15	1
Price	0	0	15	0	0	14	0	0	13	0	0	13	0	10	9
Minimum quantity requirements	3	9	3	3	7	5	2	6	5	3	7	3	2	17	0
Packaging	2	11	2	2	11	2	1	11	1	2	10	1	2	16	1
Product consistency	9	6	0	5	9	1	4	8	1	4	9	0	1	17	0
Quality meets industry standards	6	9	0	4	10	1	3	9	1	3	10	0	2	17	0
Quality exceeds industry standards	8	7	0	6	8	1	5	7	1	5	8	0	2	16	1
Product range	3	12	0	4	9	2	3	8	2	4	9	0	3	16	0
Reliability of supply	7	8	0	6	8	1	5	8	0	5	7	1	2	15	1
Technical support/service	9	5	1	9	4	2	7	4	2	7	5	1	7	10	2
U.S. transportation costs	4	7	4	4	7	4	3	6	4	4	6	3	4	13	2

Note.—S = domestic product superior, C = domestic product comparable, I = domestic product inferior.

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

Table II-10**Circular welded pipe: Ability to meet minimum quality specifications, by source**

Country	Number of firms reporting				
	Always	Usually	Sometimes	Rarely or never	Unknown
United States	17	5	0	0	2
India	4	6	3	1	8
Oman	6	4	2	1	10
UAE	6	4	2	1	9
Vietnam	6	4	2	1	10

Source: Compiled from responses to Commission questionnaires.

Table II-11

Circular welded pipe: Perceived significance of differences other than price between products produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries												
U.S. vs. India	2	0	3	7	0	4	7	3	3	1	9	5
U.S. vs. Oman	2	0	3	7	1	3	6	2	3	1	6	4
U.S. vs. UAE	2	0	3	7	0	2	3	2	3	1	7	4
U.S. vs. Vietnam	2	0	3	7	1	2	6	2	3	1	7	3
U.S. vs. nonsubject countries												
U.S. vs. nonsubject	2	0	2	7	2	3	7	2	4	4	9	4
Subject country comparisons												
India vs. Oman	1	0	1	7	0	3	4	2	1	1	5	4
India vs. UAE	1	0	1	7	0	2	3	2	1	1	7	4
India vs. Vietnam	1	0	1	7	0	2	5	3	2	0	6	3
India vs. nonsubject	1	0	1	7	0	3	5	2	1	3	5	4
Oman vs. UAE	1	0	1	7	0	2	3	3	2	1	4	5
Oman vs. Vietnam	1	0	1	7	0	1	5	2	2	0	5	3
Oman vs. nonsubject	1	0	1	7	0	2	4	2	1	3	4	4
UAE vs. Vietnam	1	0	1	7	0	1	5	2	2	0	5	3
UAE vs. nonsubject	1	0	1	7	0	2	4	2	0	2	1	1
Vietnam vs. nonsubject	1	0	1	7	0	2	4	2	2	2	7	2
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.												
Source: Compiled from data submitted in response to Commission questionnaires.												

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for circular welded pipe measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for circular welded pipe. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced circular welded pipe.¹² Previous analysis of these factors indicates that the U.S. industry has the ability for large increases or decreases in shipments to the U.S. market in response to a change in price based on unused capacity and production flexibilities. An estimate in the range of 2 to 4 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for circular welded pipe measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of circular welded pipe. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of circular welded pipe in the final cost of end-use products in which it is used. Because of a lack of close, broadly accepted substitutes and low cost share, it is likely that the aggregate demand for circular welded pipe is moderately inelastic, with values ranging between -0.75 to -1.0.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported circular welded pipe. Product differentiation, in turn, depends upon such factors as quality and condition of sale (availability, delivery, etc.). Based on available information indicating that the domestic and imported products can frequently be used interchangeably, the elasticity of substitution between U.S.-produced circular welded pipe and imported circular welded pipe is likely to be in the range of 3 to 5.

Using an unspecified measure of the final dumping and subsidy margins¹³ and interim 2011 market shares in the COMPAS model, petitioners estimated that subsidized and dumped imports reduced the price of U.S. produced circular welded pipe by 1.1 percent, shipment quantities by 5.7 percent, and total revenue by 6.8 percent. Using these estimates, they further calculated that the imposition of final antidumping and countervailing duties would increase net sales by 6.8 percent, net profits by 15.8 percent, and operating income by 38.7 percent.¹⁴

¹² Domestic supply response is assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Therefore, factors affecting increased quantity supplied to the U.S. market also affect decreased quantity supplied to the same extent.

¹³ Petitioners did not specify how they calculated the 13.74 dumping and subsidy margin for subject imports from Oman, UAE, and Vietnam. Petitioners' posthearing brief, exhibit 5, appendix X, table X-2.

¹⁴ Petitioners' posthearing brief, exhibit 5. Although petitioners claimed that they used the elasticity in the staff report, their report output showed that they assumed that the aggregate demand elasticity ranged from -0.5 to -1.5 and that the domestic supply elasticity was more elastic than the staff estimate, ranging from 5 to 10. It is most likely that petitioners inadvertently used the example elasticity values that were provided with the model spreadsheet to the general public. If petitioners had applied the same methodology to the elasticities provided in the prehearing staff report, they would have estimated a 2.1 percent decrease in price, a 4.7 percent decline in shipment quantities, and a 6.6 percent decline in total revenue. Also, COMPAS is a partial equilibrium model that analyzes one market for one specific product, not a general equilibrium model that analyzes multiple markets and multiple products as suggested by petitioners in exhibit 5.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 16 firms, that accounted for the vast majority of U.S. production of circular welded pipe during 2011.¹

U.S. PRODUCERS

The Commission issued U.S. producers' questionnaires to 33 firms believed to produce various forms of welded pipe.² 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. In addition, data are also included for Welded Tube-Berkeley, based on its questionnaire response in the Commission's recent five-year reviews of circular welded pipe.³ The Commission also received partial information from four additional producers.

Presented in table III-1 is a list of domestic producers of circular welded pipe and each company's position on the petition, production location(s), related and/or affiliated firms, and share of reported production of circular welded pipe in 2011. As indicated in table III-1, eight U.S. producers are related to foreign producers of circular welded pipe (three of the eight 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.

¹ The Commission received responses from nearly all known U.S. producers of welded standard and structural pipe and tube.

² The petition identified 17 U.S. producers of circular welded pipe. Petition, pp. 1-2 and exh. I-1. Fifteen other firms, identified during a previous investigation, were also issued questionnaires. In addition, *** during the preliminary phase of these investigations, and was issued a questionnaire.

³ Interim data for Welded Tube-Berkeley, which accounted for *** percent of U.S. production in 2011, are unavailable. Thus, U.S. industry data for January-June 2011 and January-June 2012 are slightly understated relative to calendar years 2009-11.

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 2011 reported U.S. production

Firm	Position on petition	U.S. plant location(s)	Parent company	Share of production (percent)
Allied	Petitioner	Harvey, IL Philadelphia, PA Phoenix, AZ Morrisville, PA	***% Clayton Dubilier & Rice LLC (US) ***% Tyco International (US)	***
American	***	Birmingham, AL	None	***
Atlas ¹	Petitioner	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. (US)	***
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	--	***
Marcegaglia	***	Munhill, PA	Marcegaglia Group (Italy)	***
Maruichi ⁵	***	Santa Fe Springs, CA	***% Maruichi Steel Tube (Japan) ***% Metal One Corp. (Japan) ***% Japanese Banks	***
Maruichi Leavitt ⁵	***	Chicago, IL	***% MKK USA, Inc. (US) ***% Sumitomo Corp. of America (US) ***% Summit Steel LV Holding (US)	***
Maverick	***	Houston, TX	--	***
Northwest	***	Atchison, KS Houston, TX Bossier City, LA	None	***
Skyline	***	Parsippany, NJ	Nucor Corporation	***

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 2011 reported U.S. production

Firm	Position on petition	U.S. plant location(s)	Parent company	Share of production (percent)
Texas Tubular	***	Lone Star, TX	Friedman Industries (US)	***
Tex-Tube ⁸	***	Houston, TX	***% Vi-Steel (US) ***% Vi-Capital (US)	***
TMK IPSCO ⁹	***	Blytheville, AR Camanche, IA Wilder, KY	OAO TMK (Russia)	***
U.S. Steel ¹⁰	Petitioner	McKeesport, PA Lone Star, TX Bellville, TX ¹¹	None	***
Welded Tube-Berkeley	–	Huger, SC	Welded Tube of Canada (Canada)	***
Western Tube ¹²	***	Long Beach, CA	***% Sumitomo Metals (Japan) ***% Sumikin Bussan Int'l (US) ***% Sumitomo Pipe & Tube (Japan) ***% Sumitomo Corp. of America ***% Sumitomo Corp. (Japan)	***
Wheatland ¹	Petitioner	Sharon, PA Wheatland, PA Warren, OH Chicago, IL	JMC Steel Group (formerly DBO Holdings)	***

Footnotes continued on next page.

¹ Atlas and Wheatland are sister companies, and both are related to sister company Atlas Tube Canada ULC, a foreign producer/exporter of circular welded pipe.

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 ***.

⁴ Marcegaglia ***.

⁵ Leavitt is related to U.S. producer Maruichi Leavitt., 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).

⁶ Maverick ***.

⁷ Skyline ***. Skyline Steel is a U.S. subsidiary of ArcelorMittal International, and is related to U.S. importer ArcelorMittal USA. E-mail from ***, November 18, 2011.

⁸ Tex-Tube has two related sister companies: U.S. importer Coutinho & Ferrostaal and foreign producer Tuberia Nacional (Mexico).

⁹ TMK IPSCO is a sister company of foreign producer Seversky Tube Works (Russia).

¹⁰ 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.

¹¹ 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.

¹² Western's parent company, Sumitomo Metal Industries, Ltd. (Japan), exports circular welded pipe.

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

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

Table III-2 summarizes important industry events that have taken place in the U.S. industry since January 2009. During the period for which data were collected, the U.S. circular welded pipe industry experienced various plant closures, prolonged shutdowns, and production curtailments as well as plant openings and re-openings. In 2009, several firms experienced plant closures and plant idling--Allied shut down its Phoenix, AZ plant. Also, in 2009, Wheatland closed its Sharon, PA production facility. In December 2009, Leavitt ceased all production in its Jackson, MS plant.

Between March 2009 and January 2010, California Steel experienced several shutdowns, ***. In addition, TMK-IPSCO and U.S. Steel idled their plants in 2009. U.S. Steel underwent three plant idles, with its East Texas #2 facility in Lone Star, TX in February 2009, then again with their East Texas #1 facility in March 2009. In April 2009, U.S. Steel's McKeesport, PA facility was idled, then returned to operations in December 2009. East Texas #1 and #2 returned to normal operations in 2010. In January 2010, Northwest reopened its Bossier City plant, which had been idled for several years,⁴ and in August 2011, Atlas reopened its Blytheville, AR plant.

In 2012, Welded Tube-Berkeley closed its pipe mill in Huger, SC, and Allied ceased production at its Morrisville, PA facility. Wheatland also closed its Sharon Pipe Warehouse in Sharon, PA.

⁴ Northwest's Bossier City plant ***. In 2011, ***. Email correspondence, ***, November 1, 2012.

**Table III-2
Circular welded pipe: Important industry events, 2009-12**

Year	Company	Events
2009	Allied	Acquisition: 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. ¹
		Acquisition: Allied Tube and Conduit acquires the assets of the Barzel Industries' Morrisville, PA operation. ²
		Expansion: Allied announces the opening of a \$30 million expansion of its manufacturing center in Harvey, IL. The expansion will double the size of the existing facility and streamline manufacturing, warehousing, and distribution operations. ³
	Leavitt	Plant closure: Jackson, MS plant ceased all production in December because of decreased orders caused by the worsening of the U.S. economy. ⁴
	Northwest	Plant continued closure: Bossier City, LA plant, idled several years earlier, remains idle. ⁵
	Texas Tubular	Production cutbacks: U.S. Steel Tubular Products Inc. is the primary supplier of tubular products and coil material used in Texas Tubular's pipe manufacturing and is a major customer of its finished tubular goods. U.S. Steel's idling of its Lone Star plant caused Texas Tubular to reduce its operations "to a level commensurate with current market conditions." ⁶
	TMK-IPSCO	Acquisition: TMK-IPSCO acquires the remaining shares of NS Group from Evraz for \$508 million (February) to become the sole owner. ⁷
		Plant idling: All TMK-IPSCO locations experience reduced operations for parts of the year. ⁸
		Labor contract: TMK-IPSCO and the United Steelworkers union reach agreement on a new labor contract which will remain in force until April 15, 2012. The new agreement freezes base wages during the first year of the contract, improves work force "flexibility," invests in training for maintenance employees, and introduces an incentive plan based on productivity, quality and attendance. ⁹
	U.S. Steel	Plant idling: Bellville, TX plant is idled. ¹⁰
Plant idling: Lone Star, TX plant is idled. ¹¹		
Wheatland	Plant closure: Wheatland Tube closes its plant in Sharon, PA due to decreasing demand. ¹²	
2010	Leavitt	Upgrade: As part of a strategic plan to upgrade and modernize its equipment, Leavitt invests \$12 million to install a quick-change cassette system to allow tighter tolerances, reduce downtime, and increase flexibility at its hollow structural sections mill. ¹³
		Replacement investment: Leavitt purchases a new mill which replaces two older structural mills that have been in use since the late 1960s and 1970s. The new mill employs a quick-change system and a saw cut-off finish and is estimated to cost \$16 million. ¹³
	Northwest	Plant re-opening: Northwest re-opens (primarily) OCTG pipe mill in Bossier City, LA which had been idle for several years. ¹⁴

Table continued on next page.

Table III-2--Continued
Circular welded pipe: Important industry events, 2009-12

Year	Company	Events
2011	Atlas	Plant re-opening: Atlas re-opens its hollow structural sections operation in Blytheville, AR. The plant closed in 2008. ¹⁵
	JMC Steel Group	Acquisition: Zekelman family acquires the majority of JMC Steel Group (parent company of Atlas Tube and Wheatland Tube) in March. Carlyle Group is the minority owner. ¹⁶
	Northwest	Expansion: Northwest plans to expand its Houston, TX, mill to produce tubes with O.D. sizes ranging from 2 3/8 to 2 7/8 inches. ¹⁷
	TMK-IPSCO	Expansion: TMK-IPSCO plans to upgrade its 2 pipe-making production lines in Wilder, KY, with the installation of a new threading shop. Wilder currently sends pipe to another TMK-IPSCO mill to be threaded. ¹⁸
	Wheatland	Labor contract: Wheatland enters into a new five-year contract with its local USW. ¹⁹
2012	Allied	Acquisition and plant closure: JMC Steel Group., parent company of Atlas Tube and Wheatland Tube, acquires Allied's Morrisville, PA pipe mill and ceases production at that facility. ²⁰
	Skyline Steel	Purchase: Nucor Corporation acquires Skyline Steel from ArcelorMittal in June 2012. ²¹
	TMK-IPSCO	Labor contract: TMK-IPSCO and the USW reach an agreement on a new five-year contract. ²²
	U.S. Steel	Labor contract: U.S. Steel reaches a tentative 3-year agreement with the USW subject to ratification. ²³
	Welded Tube-Canada	Plant closure: Welded Tube-Canada announces the closure of its pipe mill in South Carolina. ²⁴

Footnotes continued on next page.

¹ Atkore International, Inc., *Financial Statements as of December 24, 2010 and September 24, 2010 and for the periods ended December 24, 2010, December 22, 2010 and December 25, 2009*, p. 9.

² Allied Tube & Conduit, "Allied Tube and Conduit acquires A53 assets of Barzel in Morrisville, PA," found at http://www.alliedtube-sprinkler.com/AlliedTubeandConduitacquiresA53assetsofBarzelinMorrisvillePA_7193.aspx, retrieved October 26, 2012.

³ "Allied Tube & Conduit Celebrates 50th Anniversary with Flagship Facility Expansion," *The Fabricator*, November 3, 2009, found at <http://www.thefabricator.com/article/allied-tube--conduit/allied-tube--conduit-celebrates-50th-anniversary-with-flagship-facility-expansion>.

⁴ Metal Center News, "Producer Profile: Leavitt Tube," February 2012, found at <http://www.metalcenternews.com/Editorial/CurrentIssue/February2012/tabid/5776/articleType/ArticleView/articleId/5572/Producer-Profile-Leavitt-Tube.aspx>.

⁵ The Times-Picayune Greater New Orleans, "Northwest Pipe Reopening Bossier City Plant," September 24, 2009, found at http://www.nola.com/politics/index.ssf/2009/09/northwest_pipe_reopening_bossi.html, retrieved October 26, 2012.

⁶ American Metal Market ("AMM"), "Friedman Expects to Downsize Operations on USS Idling of Lone Star Plant," February 19, 2009.

⁷ Evraz Group S.A., Press Release, "Evraz Completes the Sale of 49% in NS Group to TMK," February 2, 2009, found at http://www.evraz.com/press/?ID=10253&phrase_id=431559, retrieved October 26, 2012.

⁸ AMM, "TMK IPSCO Confirms More Layoffs," March 1, 2009.

⁹ AMM, "TMK IPSCO Workers in KY. Ratify Contract," April 26, 2009.

¹⁰ AMM, "USS Idles Bellville Welded Tube Plant," January 20, 2009.

¹¹ AMM, "U.S. Steel Sets Lone Star Plant Idling," February 12, 2009.

¹² AMM, "Wheatland Tube Closing Sharon Plant, Consolidating at Wheatland, Pa. Facility," November 8, 2009.

¹³ "AMM Awards: 2012 Steel Tube and Pipe Excellent Finalists," American Metal Market (AMM), January 31, 2012, found at <http://www.amm.com/Article/2969313/AMM-Awards-2012-Steel-Tube-and-Pipe-Excellent-Finalists.html>, retrieved October 26, 2012.

¹⁴ The Times-Picayune Greater New Orleans, "Northwest Pipe Reopening Bossier City Plant," September 24, 2009, found at http://www.nola.com/politics/index.ssf/2009/09/northwest_pipe_reopening_bossi.html, retrieved October 26, 2012.

¹⁵ Blytheville Courier News, "Atlas Tube to Reopen Local Facility," June 1, 2011.

¹⁶ The Carlyle Group, Press Release, "JMC Steel Group Completes Recapitalization and Purchase by Zekelman Family of Majority Stake from The Carlyle Group," March 11, 2011, found at <http://www.carlyle.com/news-room/news-release-archive/jmc-steel-group-completes-recapitalization-and-purchase-zekelman-family-ma>.

¹⁷ Northwest Pipe, News Release, "Northwest Pipe Company's Tubular Products Group to Upgrade Mill in Houston, Texas," found at http://phx.corporate-ir.net/phoenix.zhtml?c=82573&p=irol-newsArticle_print&ID=1526692_&highlight=, retrieved October 26, 2012.

¹⁸ AMM, "TMK IPSCO Plans Upgrades at Pipe-Making Plant in KY," March 7, 2011.

¹⁹ AMM, "USW Ratifies Wheatland Tube Labor Contract," October 4, 2011.

²⁰ AMM, "JMC to Buy, Gut and Shut Atkore Plant," March 14, 2012.

²¹ AMM, "Nucor Completes Skyline Steel Acquisition," June 21, 2012.

²² AMM, "TMK IPSCO, USW Ink Labor Deal," April 26, 2012.

²³ U.S. Steel, Press Release, "U. S. Steel Tubular Products, Inc. Reaches Tentative Agreement With United Steelworkers on Three-year Contract for Texas Operations Division," September 2, 2012, found at <http://www.ussteel.com/uss/portal/home/newsroom/pressreleases>, retrieved October 26, 2012.

²⁴ AMM, "Welded Tube of Canada to close mill," July 27, 2012.

Source: Compiled from various news articles and press releases.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION⁵

U.S. producers' capacity, production, and capacity utilization data for circular welded pipe are presented in table III-3.⁶ U.S. capacity allocated to circular welded pipe decreased by 2.9 percent between 2009 and 2011. Production increased by 15.3 percent over the same period, while the capacity utilization rate increased from 46.3 percent in 2009 to 55.0 percent in 2011. ***, ***, and *** accounted for the majority of the increase in capacity during 2009-11, the details of which are listed below. Petitioners attribute the low production figures in 2009 to the economic recession.⁷ Capacity was lower in January-June 2012 than in January-June 2011, by 0.9 percent, while production was higher during the same period, by 6.3 percent. Capacity utilization was likewise higher in interim 2012 than interim 2011, by 4.0 percentage points. 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, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June--	
	2009	2010	2011	2011	2012
Capacity (<i>short tons</i>)	1,923,286	1,899,680	1,866,823	974,553	965,795
Production (<i>short tons</i>)	890,798	980,211	1,027,206	534,916	568,475
Capacity utilization (<i>percent</i>)	46.3	51.6	55.0	54.9	58.9
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, such as availability of steel and lack of construction activity due to stagnant demand.

Changes Experienced by the Industry

Eleven 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 during the period for which data were collected in the final phase of these investigations.⁸

* * * * *

⁵ Staff allocated subject circular welded pipe capacity for ***, based on the ratio of circular welded pipe production to overall plant production as reported in question II-3 of the producer questionnaire. In addition, subject interim capacity was allocated for ***.

⁶ ***. Questionnaire response of ***. ***. Questionnaire response of ***.

⁷ *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)*, USITC Publication 4298, December 2011, p. III-5.

⁸ In addition, Welded Tube-Berkeley reported in the recent five-year reviews that in 2011, it had added capacity to produce A53 pipe. The company has since shut down its operations in September 2012.

Alternative and Downstream Products

Fourteen U.S. producers reported producing other products using the same manufacturing equipment and/or production employees that were used to produce circular welded pipe.⁹ 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.¹⁰

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 production between 2009 and June 2012: subject circular welded pipe (25.4 percent); small/medium line pipe (15.2 percent); large diameter line pipe (3.8 percent); mechanical tubing (8.9 percent); OCTG (21.6 percent); and other products (25.1 percent). Other products include square and rectangular structural tubing, electrical conduit (EMT), elliptical tubing, slurry pipe, coupling stock, and strut. Aggregate data for the firms are presented in table III-4 and figure III-1.

Between 2009 and 2011, production of subject circular welded pipe increased by more than 136,000 short tons. Energy tubular products increased by more than 1.6 million short tons. Mechanical tubing increased by more than 57,000 short tons. Other tubular products (combined) increased by more than 131,000 short tons. Energy tubular products also accounted for the majority of the higher levels of production in January-June 2012 relative to January-June 2011.

⁹ *** and *** reported that they did not produce other products on the same manufacturing equipment and/or production employees.

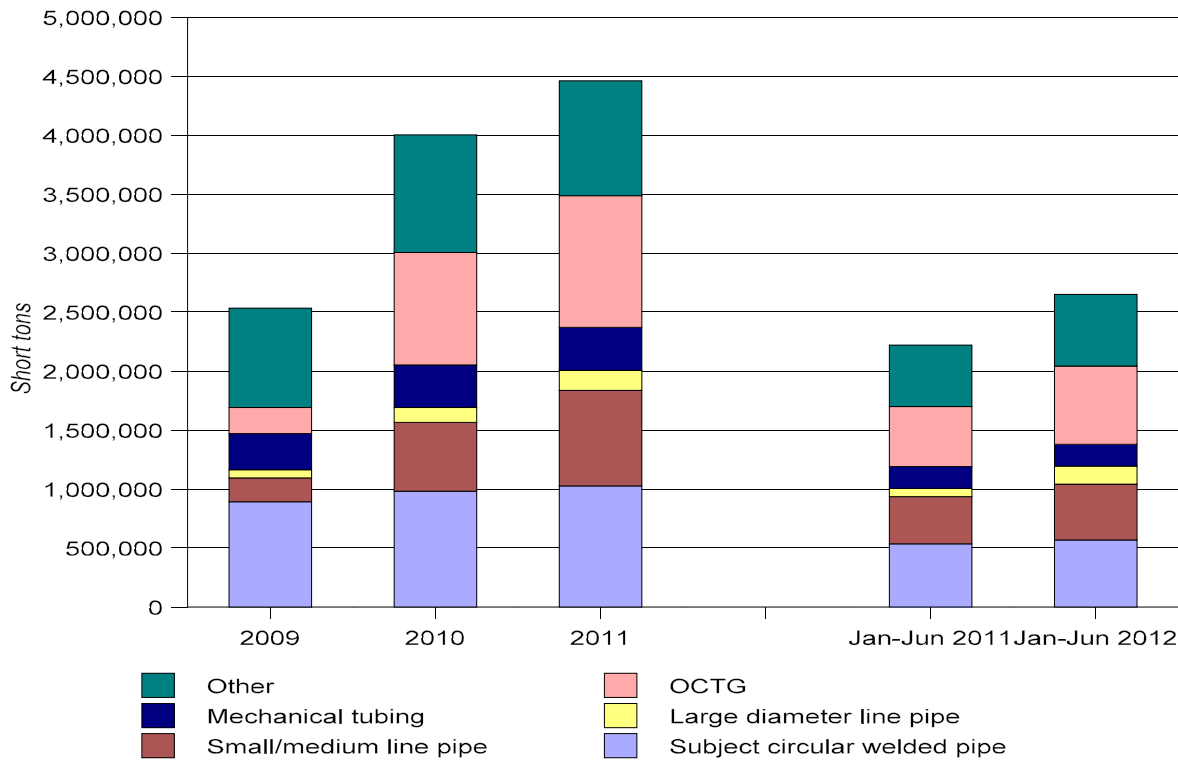
¹⁰ ***'s questionnaire response from the preliminary phase.

Table III-4

Circular welded pipe: U.S. producers' total plant capacity and production, by products, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
Total plant capacity	6,628,279	6,800,489	6,895,489	3,442,468	3,576,068
Production:					
Subject circular welded pipe	890,798	980,211	1,027,206	534,916	568,385
Small/medium line pipe ^{1 2}	203,740	584,719	809,524	401,102	473,786
Large diameter line pipe ^{3 4}	68,263	126,451	169,167	71,142	153,393
Mechanical tubing ⁵	307,710	360,285	365,599	183,409	183,134
OCTG ⁶	221,146	952,912	1,116,619	507,981	663,156
Other ^{7 8}	842,659	997,980	973,723	521,141	608,012
Total, all products	2,534,316	4,002,558	4,461,838	2,219,691	2,649,866
Total plant capacity utilization (percent)	38.2	58.9	64.7	64.5	74.1
<p>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).</p> <p>² The following firms produced small/medium line pipe, from largest to smallest, based on 2011 production quantity: ***.</p> <p>³ Welded line pipe greater than 16 inches in outside diameter.</p> <p>⁴ The following firms produced large diameter line pipe, from largest to smallest, based on 2011 production quantity: ***.</p> <p>⁵ The following firms produced mechanical tubing, from largest to smallest, based on 2011 production quantity: ***.</p> <p>⁶ The following firms produced OCTG, from largest to smallest, based on 2011 production quantity: ***.</p> <p>⁷ Other products include the following: square and rectangular structural tubing, electrical conduit (EMT), elliptical tubing, slurry pipe, coupling stock, and strut.</p> <p>⁸ The following firms produced "other" products, from largest to smallest, based on 2011 production quantity: ***.</p>					
Source: Compiled from data submitted in response to Commission questionnaires.					

Figure III-1
Circular welded pipe: U.S. producers' total plant production, by products, 2009-11, January-June 2011, and January-June 2012



Source: Table III-4.

U.S. PRODUCERS' SHIPMENTS AND EXPORT SHIPMENTS

Data on U.S. producers' shipments of circular welded pipe are presented in table III-5. Seven U.S. producers reported exporting circular welded pipe, which accounted for 5.0 percent of the quantity of U.S. producers' shipments of circular welded pipe during the period examined.¹¹ U.S. producers' U.S. shipments increased by 10.2 percent by quantity from 2009 to 2011. U.S. shipments were higher in January-June 2012 by 4.1 percent, when compared to January-June 2011.

¹¹ 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, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
U.S. shipments	879,408	921,194	969,519	479,687	499,388
Export shipments	41,331	46,550	52,702	23,760	32,098
Total shipments	920,739	967,744	1,022,221	503,447	531,486
Value (1,000 dollars)					
U.S. shipments	789,817	900,655	1,045,116	527,243	526,147
Export shipments	35,190	43,045	56,513	25,734	34,382
Total shipments	825,007	943,700	1,101,629	552,977	560,529
Unit value (dollars per short ton)					
U.S. shipments	898	978	1,078	1,099	1,054
Export shipments	851	925	1,072	1,083	1,071
Total shipments	896	975	1,078	1,098	1,055
Share of quantity (percent)					
U.S. shipments	95.5	95.2	94.8	95.3	94.0
Export shipments	4.5	4.8	5.2	4.7	6.0
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 increased absolutely by 11.4 percent between 2009 and 2011, but decreased slightly relative to production and remained generally steady relative to both U.S. shipments and total shipments. Inventories were lower in June 2012, both absolutely and relative to interim period production and shipments, when compared with June 2011.

Table III-6
Circular welded pipe: U.S. producers' end-of-period inventories, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Inventories (<i>short tons</i>)	128,549	138,196	143,170	170,036	162,151
Ratio to production (<i>percent</i>)	14.4	14.1	13.9	15.9	14.3
Ratio to U.S. shipments (<i>percent</i>)	14.6	15.0	14.8	17.7	16.2
Ratio to total shipments (<i>percent</i>)	14.0	14.3	14.0	16.9	15.3

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, *** reported purchasing subject circular welded pipe from ***.¹² *** purchased *** short tons of *** product ***,¹³ which was equivalent to *** percent of its U.S. production for the same period. *** also reported purchasing from U.S. producers. *** reported purchasing product from other import sources as well as U.S. producers, while *** purchased only from U.S. producers.

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 4.7 percent between 2009 and 2011. Employment of PRWs was 2.0 percent higher in January-June 2012 than in January-June 2011. Total hours worked increased by 15.9 percent between 2009 and 2011, and remained stable during interim 2012 relative to interim 2011. Wages paid and hourly wages also increased during 2009-11 and were higher in interim 2012 when compared to interim 2011. Productivity remained relatively stable during 2009-11, but increased in January-June 2012. Unit labor costs increased overall during 2009-11, and were stable in interim 2012 relative to interim 2011.

Wheatland reported that the idling of its Sharon, PA facility in March 2009 resulted in the layoff of 200 employees. According to Wheatland, the company is performing periodic maintenance in the hopes that it will be able to re-open this facility in the future.¹⁴ In addition, Allied reported that the closure of its Morrisville, PA facility in March 2012 resulted in 75 workers to be laid off. Also, its Phoenix, AZ plant is currently operating at one shift per day.¹⁵ Regarding labor contracts, in 2011,

¹² *** purchased subject Indian conduit shell from ***. See email from ***, September 20, 2012. During the preliminary phase of the investigations, ***. Zenith's postconference brief, p.5; and Petitioners' postconference brief, p. 21.

¹³ ***. See email from ***, September 20, 2012.

¹⁴ Hearing transcript, Mr. Seeger, p. 22.

¹⁵ Hearing transcript, Mr. Kurasz, p. 25.

Wheatland entered into a new five-year labor contract with its local United Steel Workers.¹⁶ In 2012, TMK IPSCO and the United Steel Workers reached agreement on a new five-year contract.¹⁷ Also, in 2012, U.S. Steel and the United Steel Workers reached a tentative three-year agreement, subject to ratification.¹⁸

Table III-7

Circular welded pipe: U.S. producers' employment-related data, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Production and related workers (PRWs)	1,588	1,459	1,513	1,473	1,503
Hours worked by PRWs (<i>1,000 hours</i>)	2,895	3,095	3,355	1,762	1,753
Hours worked per PRW	1,823	2,121	2,217	1,196	1,166
Wages paid to PRWs (<i>1,000 dollars</i>)	75,728	83,598	93,646	46,551	49,627
Hourly wages	\$26.28	\$27.09	\$27.97	\$26.52	\$28.31
Productivity (<i>short tons produced per 1,000 hours</i>)	307.1	316.7	306.2	303.6	322.0
Unit labor costs (<i>per short ton</i>)	\$85.84	\$85.95	\$91.75	\$87.48	\$87.91

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

¹⁶ AMM, October 4, 2011.

¹⁷ AMM, April 26, 2012.

¹⁸ U.S. Steel, Press Release, September 2, 2012.

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

U.S. IMPORTERS

The Commission issued questionnaires to 70 firms believed to be importers of circular welded pipe, as well as to all U.S. producers of circular welded pipe. Forty companies provided usable questionnaire responses.¹ Thirty-four of the forty companies indicated that they imported circular welded pipe from the subject countries, and accounted for the vast majority of subject imports from India, Oman, the UAE, and Vietnam during the period for which data were collected. Specifically, importer questionnaire responses represented *** percent of total imports from India, approximately *** percent of total imports from Oman, all imports from the UAE, and approximately *** percent of total imports from Vietnam (collectively, approximately 95 percent of subject imports) between January 2009 and June 2012. However, coverage for U.S. imports from nonsubject countries was only 57 percent for the same period.²

Table IV-1 lists all responding U.S. importers of circular welded pipe from India, Oman, the UAE, and Vietnam and other sources, their locations, and their shares of U.S. imports, in 2011.

Table IV-1
Circular welded pipe: U.S. importers, source(s) of imports, U.S. headquarters, and shares of reported imports, 2011

Firm	Location	Source of imports	Share of imports (percent) ¹					
			India	Oman	U.A.E.	Vietnam	Other	Total
Adler Steel Limited ²	Sunnyvale, CA	***	***	***	***	***	***	***
Ajmal Steel ³	Abu Dhabi, UAE	***	***	***	***	***	***	***
ArcelorMittal	—	***	—	—	—	(⁴)	—	
Al Jazeera ⁵	Sohar, Oman	***	***	***	***	***	***	
Borusan Mannesmann ⁶	Istanbul, Turkey	***	***	***	***	***	***	
Bri-Steel	Acheson, AB	***	***	***	***	***	***	
Commercial Metals	Irving, TX	***	***	***	***	***	***	
Connectors	Hauppauge, NY	***	***	***	***	***	***	
Coutinho and Ferrostaal ⁷	Houston, TX	***	***	***	***	***	***	

Table continued on next page.

¹ Data for *** are based on its questionnaire response in the Commission's 2011-12 five-year reviews of circular welded pipe.

² 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--Continued

Circular welded pipe: U.S. importers, source(s) of imports, U.S. headquarters, and shares of reported imports, 2011

Firm	Location	Source of imports	Share of imports (percent) ¹					Total
			India	Oman	UAE	Vietnam	Other	
Daewoo ⁸	Teaneck, NJ	***	***	***	***	***	***	***
Empire Resources	Fort Lee, NJ	***	***	***	***	***	***	***
Ferrum International	New York, NY	***	***	***	***	***	***	***
IMCO Services	New York, NY	***	***	***	***	***	***	***
Itochu Building Products ⁹	New York, NY	***	***	***	***	***	***	***
James Steel	Compton, CA	***	***	***	***	***	***	***
Kurt Orban Partners LLC	Burlingame, CA	***	***	***	***	***	***	***
Leo International	Brooklyn, NY	***	***	***	***	***	***	***
Marubeni-Itochu ¹⁰	Houston, TX	***	***	***	***	***	***	***
Maurice Pincoffs	Houston, TX	***	***	***	***	***	***	***
McTubular Products ¹¹	Houston, TX	***	***	***	***	***	***	***
Merfish Pipe ¹²	Houston, TX	***	***	***	***	***	***	***
Midwest Air Technologies ¹³	Long Grove, IL	***	***	***	***	***	***	***
NMI Steel ¹⁴	Fullerton, CA	***	***	***	***	***	***	***
Nova Tube ¹⁵	LaSalle, QC	***	***	***	***	***	***	***
Okaya	Houston, TX	***	***	***	***	***	***	***
Oxbow	Pleasant Hill, CA	***	***	***	***	***	***	***
Prime Metal ¹⁶	Walden, NY	***	***	***	***	***	***	***
Pusan Pipe ¹⁷	Santa Fe Springs, CA	***	***	***	***	***	***	***
RDJ International	Brooklyn, NY	***	***	***	***	***	***	***
Shamrock	Eugene, OR	***	***	***	***	***	***	***
Shivom Jay Steel ¹⁸	Lowell, AR	***	***	***	***	***	***	***
Southland Pipe Nipples	Dallas, TX	***	***	***	***	***	***	***

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 reported imports, 2011

Firm	Location	Source of imports	Share of imports (percent) ¹					Total
			India	Oman	UAE	Vietnam	Other	
Stemcor ¹⁹	New York, NY	***	***	***	***	***	***	***
Sumitomo ²⁰	Houston, TX	***	***	***	***	***	***	***
Sunbelt ²¹	Houston, TX	***	***	***	***	***	***	***
Sunset Forest Products	Portland, OR	***	***	***	***	***	***	***
ThyssenKrupp Materials NA Inc. ²²	Southfield, MI	***	***	***	***	***	***	***
Toyota Tsusho ²³	Houston, TX New York, NY	***	***	***	***	***	***	***
Welded Tube of Canada ²⁴	Concord, ON	***	***	***	***	***	***	***
Western International Forest Products LLC ²⁵	Beaverton, OR	***	***	***	***	***	***	***
Zenith USA Inc. ²⁶	Arlington, VA	***	***	***	***	***	***	***
Total			100.0	100.0	100.0	100.0	100.0	100.0
* * * * *								
<p>Note.--Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>								

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of circular welded pipe from India, Oman, the UAE, and Vietnam, and all other sources. 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 Imports of circular welded pipe from the subject countries increased by 93.6 percent between 2009 and 2011, while nonsubject imports increased by 22.9 percent. Imports from the four subject countries grew as a share of total imports, and accounted for 40.2 percent of total U.S. imports in 2011.

Circular welded pipe imports from the subject countries were lower in interim 2012 relative to interim 2011. This primarily reflects decreased imports from India, which were 90.8 percent lower in interim 2012 relative to interim 2011. The average unit value of subject imports from India, Oman, the UAE, and Vietnam were lower overall than those of nonsubject imports during the period for which data were collected. However, average unit values for subject imports increased by 13.3 percent between 2009 and 2011. Average unit values for nonsubject imports also increased by 8.7 percent during the same period. Average unit values for U.S. imports from subject countries were higher in January-June 2012 than in January-June 2011; average unit values for nonsubject countries also were higher during the same period.

Official Commerce statistics distinguish between galvanized, non-galvanized, and thin-walled (galvanized or non-galvanized) circular welded pipe.⁴ The following tabulation presents imports by category for January 2009-June 2012. The data show that the large majority of U.S. imports from India consisted of galvanized pipe, while U.S. imports from the remaining subject countries were balanced as a whole between the two categories. In addition, just under 70 percent of nonsubject imports consisted of non-galvanized pipe.⁵

Country	Galvanized	Non-Galvanized	Thin-Walled
Quantity (short tons)			
India	162,185	13,422	738
Oman	50,253	66,594	43
UAE	85,985	55,194	0
Vietnam	68,088	65,509	138
Subtotal, subject	366,511	200,719	920
All other, excluding Canada	291,786	636,223	90,855

³ Limited volumes of ASTM A513 products in fence tubing dimensions were reported but were largely included within official import statistics. Imports of subject multiple-stenciled pipe (ASTM and API) were reported from Vietnam (***) short tons in January-June 2012) and from other sources (***) short tons in 2009 through June 2012).

⁴ HTS statistical reporting numbers 7306.30.5025, 7306.30.5032, and 7306.30.5085 (galvanized); 7306.30.5040, 7306.30.5055, 7306.30.5090 (non-galvanized); and 7306.30.1000 (thin-walled, galvanized or non-galvanized).

⁵ Detailed data by HTS statistical reporting number appear in appendix E.

Table IV-2
Circular welded pipe: U.S. imports, by sources, 2009-11, January-June 2011, and January-June 2012

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	47,654	74,006	51,571	34,110	3,114
Oman	18,888	33,442	35,378	21,010	29,182
UAE	17,461	33,188	63,996	35,860	26,535
Vietnam	22,417	35,678	55,079	19,460	20,561
Subtotal, subject	106,419	176,314	206,024	110,439	79,392
All other	249,238	307,361	306,372	161,273	217,071
Total	355,657	483,675	512,396	271,712	296,463
Value (1,000 dollars)¹					
India	38,430	64,454	50,732	32,693	3,200
Oman	15,834	27,245	31,957	18,526	27,006
UAE	14,632	27,700	57,524	31,043	24,669
Vietnam	17,747	30,562	49,827	17,321	18,737
Subtotal, subject	86,643	149,961	190,040	99,583	73,613
All other	247,248	297,020	330,398	168,887	228,212
Total	333,891	446,981	520,438	268,470	301,824
Unit value (dollars per short ton)¹					
India	806	871	984	958	1,028
Oman	838	815	903	882	925
UAE	838	835	899	866	930
Vietnam	792	857	905	890	911
Average, subject	814	851	922	902	927
All other	992	966	1,078	1,047	1,051
Average	939	924	1,016	988	1,018

Table continued on next page.

Table IV-2--Continued

Circular welded pipe: U.S. imports, by sources, 2009-11, January-June 2011, and January-June 2012

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Share of quantity (percent)					
India	13.4	15.3	10.1	12.6	1.1
Oman	5.3	6.9	6.9	7.7	9.8
UAE	4.9	6.9	12.5	13.2	9.0
Vietnam	6.3	7.4	10.7	7.2	6.9
Subtotal, subject	29.9	36.5	40.2	40.6	26.8
All other	70.1	63.5	59.8	59.4	73.2
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
India	11.5	14.4	9.7	12.2	1.1
Oman	4.7	6.1	6.1	6.9	8.9
UAE	4.4	6.2	11.1	11.6	8.2
Vietnam	5.3	6.8	9.6	6.5	6.2
Subtotal, subject	25.9	33.5	36.5	37.1	24.4
All other	74.1	66.5	63.5	62.9	75.6
Total	100.0	100.0	100.0	100.0	100.0
<p>¹ Landed, U.S. port of entry, duty-paid.</p> <p>Note.--Import quantity for Canada in "All other" is from <i>Statistics Canada</i>. Import value is derived by applying the unit value from official import statistics to the quantity from <i>Statistics Canada</i>. Because 2011 and 2012 standard pipe export data are suppressed in whole or in part, the quantities are calculated based on the 2010 ratio of standard pipe exports to all pipe and tube exports from Canada. In 2010, exports of standard pipe were 1.41 percent of all pipe and tube exports from Canada (rounded figure).</p> <p>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 <i>Statistics of Canada</i>.</p>					

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. The largest nonsubject sources of U.S. imports were Mexico, Korea, Thailand, and Turkey, which together accounted for 65.5 percent of nonsubject imports between January 2009 and June 2012. 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 2007.⁶

⁶ *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 from China (including certain multiple-stenciled pipe) were 748,181 short tons in 2007. Ibid.

Table IV-3
Circular welded pipe: U.S. imports from nonsubject sources, 2009-11, January-June 2011, and January-June 2012

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
Covered by order or suspension agreement					
Brazil	490	622	401	261	318
China	2,105	3,196	3,244	1,772	1,736
Korea	38,833	75,857	48,054	25,914	26,469
Mexico	66,813	63,151	66,017	34,093	36,666
Taiwan	7,600	27,621	22,966	15,769	1,882
Thailand	31,399	28,751	47,696	23,356	57,013
Turkey	26,032	37,225	31,723	17,189	25,423
Subtotal (covered)	173,272	236,423	220,101	118,355	149,509
Not covered by order or suspension agreement					
Canada	23,860	14,136	14,455	7,783	8,728
Philippines	42	4,773	23,882	13,771	12,033
Japan	24,166	12,945	20,505	10,084	8,422
Dominican Republic	5,928	3,080	5,317	2,121	4,163
Malaysia	8,412	6,509	3,615	721	3,653
All other	13,558	29,494	18,497	8,439	30,563
Subtotal (not covered)	75,966	70,937	86,271	42,917	67,563
Total (nonsubject)	249,238	307,361	306,372	161,273	217,071

Table continued on next page.

Table IV-3--Continued
Circular welded pipe: U.S. imports from nonsubject sources, 2009-11, January-June 2011, and January-June 2012

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Value (\$1,000)					
Covered by order or suspension agreement					
Brazil	1,059	1,394	1,041	718	749
China	2,813	4,286	4,893	2,715	2,788
Korea	33,714	68,178	51,190	26,411	28,894
Mexico	49,111	52,473	63,670	33,176	33,664
Taiwan	7,871	22,370	20,989	13,842	2,233
Thailand	30,594	26,785	46,507	22,188	54,756
Turkey	23,731	30,399	30,124	15,752	23,202
Subtotal (covered)	148,893	205,885	218,413	114,803	146,286
Not covered by order or suspension agreement					
Canada	22,787	13,616	15,784	8,351	9,794
Philippines	42	3,842	19,505	11,030	10,823
Japan	36,657	22,768	32,041	15,348	15,434
Dominican Republic	6,785	3,601	6,309	2,507	4,845
Malaysia	9,968	5,603	3,748	826	3,415
All other	22,116	41,705	34,598	16,023	37,614
Subtotal (not covered)	98,355	91,135	111,985	54,084	81,926
Total (nonsubject)	247,248	297,020	330,398	168,887	228,212

Table continued on next page.

Table IV-3--Continued

Circular welded pipe: U.S. imports from nonsubject sources, 2009-11, January-June 2011, and January-June 2012

Source	Calendar year			January-June	
	2009	2010	2011	2011	2012
Unit value (dollars per short ton)					
Covered by order or suspension agreement					
Brazil	2,162	2,241	2,597	2,749	2,356
China	1,336	1,341	1,508	1,532	1,606
Korea	868	899	1,065	1,019	1,092
Mexico	735	831	964	973	918
Taiwan	1,036	810	914	878	1,186
Thailand	974	932	975	950	960
Turkey	912	817	950	916	913
Subtotal (covered)	859	871	992	970	978
Not covered by order or suspension agreement					
Canada	955	963	1,092	1,073	1,122
Philippines	995	805	817	801	899
Japan	1,517	1,759	1,563	1,522	1,833
Dominican Republic	1,145	1,169	1,186	1,182	1,164
Malaysia	1,185	861	1,037	1,146	935
All other	1,631	1,414	1,871	1,899	1,231
Subtotal (not covered)	1,295	1,285	1,298	1,260	1,213
Total (nonsubject)	992	966	1,078	1,047	1,051
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 <i>Statistics of Canada</i> .					

NEGLIGENCE

The Tariff Act of 1930 provides for the termination of an investigation if imports of the subject product from a country are less than 3 percent of total imports, or, if there is more than one such country, their combined share is less than or equal to 7 percent of total imports, during the most recent 12 months for which data are available preceding the filing of the petition.⁷ Imports from India, Oman, the UAE, 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.

As shown in tables IV-4-IV-7, official Commerce statistics show that U.S. imports from the subject countries generally entered the United States through geographically dispersed ports of entry. However, a large share of U.S. imports from India, Oman, and the UAE 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, in addition to Houston-Galveston, TX. In 2011, imports from Vietnam entering through Houston-Galveston, TX increased noticeably, such that it became the second largest port of entry for the period for which data were collected. Both U.S. producers and U.S. importers reported distributing circular welded pipe geographically throughout the United States.⁸

As shown in table IV-8, imports from India, the UAE, 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. Monthly import statistics also show that U.S. imports from India dropped below 100 short tons in April-June 2012.

⁷ 19 U.S.C. § 1677(24)(A)(ii).

⁸ Responses to U.S. producer's questionnaires, question IV-10; responses to U.S. importer's questionnaires, question III-10.

Table IV-4
Circular welded pipe: U.S. imports from India, by Customs district, 2009-11 and January-June 2012

Customs district	2009	2010	2011	Jan-Jun 2012	Total
Quantity (short tons)					
Baltimore, MD	2,550	2,194	4,185	24	8,953
Buffalo, NY	43	86	0	0	130
Charleston, SC	0	45	0	0	45
Chicago, IL	67	70	348	10	495
Cleveland, OH	53	16	0	0	68
Columbia-Snake, OR	848	487	21	0	1,356
Detroit, MI	55	4	2	0	61
Houston-Galveston, TX	18,290	38,604	27,617	1,772	86,283
Laredo, TX	0	713	612	96	1,421
Los Angeles, CA	1,329	4,947	3,077	525	9,878
Miami, FL	0	0	456	0	456
New Orleans, LA	2,147	1,663	0	0	3,810
New York, NY	1,248	220	221	241	1,930
Norfolk, VA	26	25	16	0	67
Ogdensburg, NY	0	2	0	0	2
Pembina, ND	0	0	6	1	7
Philadelphia, PA	366	0	0	0	366
San Francisco, CA	343	2,543	893	0	3,779
San Juan, PR	282	1,071	630	195	2,179
Savannah, GA	19,743	20,458	13,101	173	53,475
Seattle, WA	207	828	359	71	1,465
St. Louis, MO	24	31	26	6	87
Tampa, FL	33	0	0	0	33
Total	47,654	74,006	51,571	3,114	176,345

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, and 7306.30.5090.

Table IV-5
Circular welded pipe: U.S. imports from Oman, by Customs district, 2009-11 and January-June 2012

Customs district	2009	2010	2011	Jan-Jun 2012	Total
Quantity (short tons)					
Charleston, SC	1,419	6,039	0	0	7,458
Detroit, MI	0	71	181	0	252
Houston-Galveston, TX	9,228	19,289	28,913	20,890	78,320
Laredo, TX	0	4	0	0	4
Los Angeles, CA	1,513	2,065	726	907	5,212
New Orleans, LA	174	0	0	0	174
New York, NY	1,505	2,118	2,756	2,981	9,360
Norfolk, VA	317	0	0	20	337
Ogdensburg, NY	0	44	0	0	44
San Francisco, CA	1,417	1,328	216	856	3,817
San Juan, PR	157	0	0	0	157
Savannah, GA	461	0	526	1,644	2,630
Seattle, WA	2,467	2,484	2,060	1,861	8,872
St. Albans, VT	0	0	0	23	23
Tampa, FL	229	0	0	0	229
Total	18,888	33,442	35,378	29,182	116,890
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, and 7306.30.5090.					

Table IV-6**Circular welded pipe: U.S. imports from UAE, by Customs district, 2009-11 and January-June 2012**

Customs district	2009	2010	2011	Jan-Jun 2012	Total
Quantity (short tons)					
Baltimore, MD	1,941	1,935	1,850	2,239	7,965
Charleston, SC	37	38	746	364	1,185
Chicago, IL	113	99	108	0	320
Cleveland, OH	308	0	88	0	397
Columbia-Snake, OR	40	24	106	33	203
Houston-Galveston, TX	4,168	14,149	24,103	8,061	50,481
Los Angeles, CA	1,176	2,197	8,148	4,945	16,467
New Orleans, LA	0	0	555	166	720
New York, NY	3,155	6,223	11,333	4,770	25,481
Norfolk, VA	2,062	3,369	2,590	234	8,255
Ogdensburg, NY	0	0	3	0	3
San Francisco, CA	0	415	1,669	878	2,962
Savannah, GA	4,462	4,615	11,368	3,982	24,426
Seattle, WA	0	123	972	862	1,957
Tampa, FL	0	0	358	0	358
Total	17,461	33,188	63,996	26,535	141,179

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, and 7306.30.5090.

Table IV-7
Circular welded pipe: U.S. imports from Vietnam, by Customs district, 2009-11 and January-June 2012

Customs district	2009	2010	2011	Jan-Jun 2012	Total
Quantity (short tons)					
Buffalo, NY	0	22	0	0	22
Charlotte, NC	0	134	0	0	134
Chicago, IL	465	670	592	334	2,061
Cleveland, OH	41	549	231	150	971
Columbia-Snake, OR	3,885	2,644	2,612	1,546	10,687
Dallas-Fort Worth, TX	1,145	3,795	4,140	2,404	11,484
Detroit, MI	0	99	18	0	117
Houston-Galveston, TX	0	1,283	23,045	3,948	28,276
Laredo, TX	0	0	3	7	9
Los Angeles, CA	11,615	15,177	15,377	6,241	48,410
Minneapolis, MN	0	13	0	0	13
Mobile, AL	120	0	0	0	120
New Orleans, LA	47	0	0	0	47
New York, NY	1,451	1,257	1,091	302	4,101
Ogdensburg, NY	0	0	5	0	5
Philadelphia, PA	0	0	115	0	115
San Diego, CA	0	13	17	9	38
San Francisco, CA	2,177	4,266	4,863	3,908	15,215
San Juan, PR	0	520	0	0	520
Savannah, GA	763	1,157	834	390	3,145
Seattle, WA	708	4,078	2,135	1,321	8,242
Total	22,417	35,678	55,079	20,561	133,735

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, and 7306.30.5090.

Table IV-8

Circular welded pipe: U.S. imports, January 2009 - July 2012

Source	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Quantity (short tons)													
2009:													
India	3,884	2,846	3,600	3,446	6,002	5,533	3,964	4,151	5,895	1,735	2,869	3,727	47,654
Oman	6,765	2,838	0	0	157	1,422	908	305	2,728	733	1,765	1,266	18,888
UAE	1,879	434	153	2,503	489	1,629	1,293	726	1,029	2,945	3,225	1,154	17,461
Vietnam	1,440	613	3,392	2,362	2,382	1,750	1,805	1,372	1,938	2,083	1,570	1,711	22,417
Total	13,969	6,731	7,146	8,311	9,029	10,334	7,971	6,554	11,590	7,496	9,429	7,858	106,419
2010:													
India	9,778	6,152	3,872	3,400	6,551	9,080	8,906	5,326	4,697	9,380	2,265	4,600	74,006
Oman	908	2,487	1,511	4,098	3,642	2,606	3,488	4,230	1,658	3,001	2,896	2,916	33,442
UAE	1,630	283	2,198	3,155	763	3,569	5,492	3,292	2,363	4,627	2,591	3,226	33,188
Vietnam	1,896	2,670	3,167	3,528	4,808	3,960	3,206	4,294	2,329	3,278	1,147	1,396	35,678
Total	14,211	11,592	10,748	14,181	15,765	19,214	21,092	17,142	11,047	20,286	8,899	12,137	176,314

Table continued on next page.

Table IV-8--Continued

Circular welded pipe: U.S. imports, January 2009 - July 2012

Source	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Quantity (short tons)													
2011:													
India	5,636	3,379	5,544	7,362	7,107	5,081	4,774	3,381	3,828	1,665	2,464	1,350	51,571
Oman	4,634	3,400	2,311	3,121	4,415	3,128	2,300	3,253	2,126	3,496	2,525	668	35,378
UAE	4,730	3,332	5,706	3,413	6,786	11,893	5,106	6,504	5,072	4,650	4,209	2,595	63,996
Vietnam	3,062	2,657	4,842	3,304	1,948	3,647	12,754	9,534	4,203	2,550	4,381	2,198	55,079
Total	18,062	12,768	18,403	17,199	20,257	23,749	24,934	22,671	15,230	12,361	13,579	6,811	206,024
2012:													
India	1,319	409	1,290	22	6	68	39	--	--	--	--	--	3,153
Oman	6,369	5,495	6,219	3,504	4,263	3,333	3,483	--	--	--	--	--	32,665
UAE	6,896	4,012	5,986	3,929	5,655	57	420	--	--	--	--	--	26,955
Vietnam	7,595	3,082	5,066	869	1,443	2,506	2,678	--	--	--	--	--	23,239
Total	22,179	12,998	18,560	8,325	11,366	5,965	6,620	--	--	--	--	--	86,012
Source: Compiled from official Commerce 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.													

APPARENT U.S. CONSUMPTION

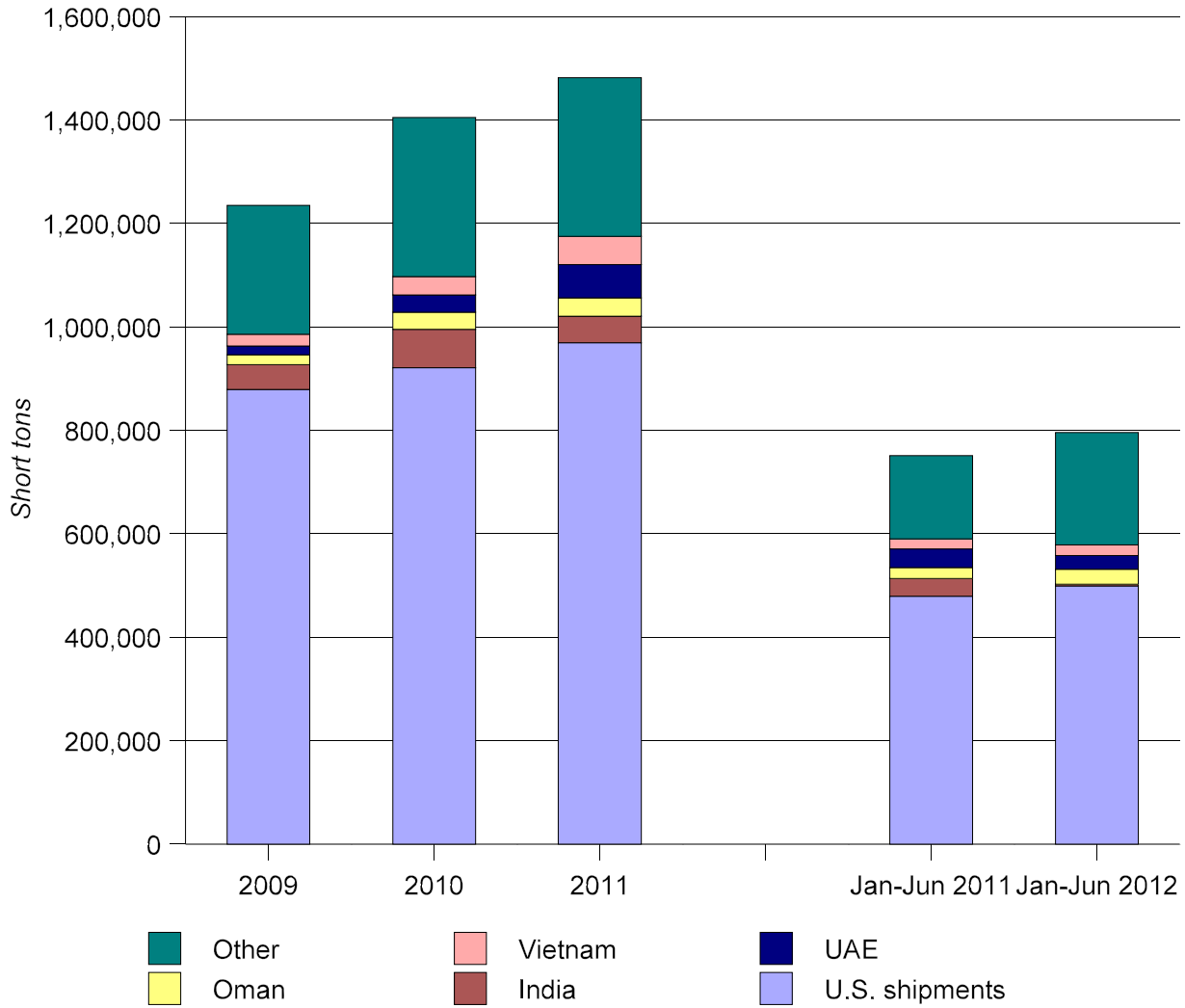
Data concerning apparent U.S. consumption of circular welded pipe during the period for which data were collected are shown in table IV-9 and figure IV-1.⁹

Table IV-9
Circular welded pipe: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
U.S. producers' U.S. shipments	879,408	921,194	969,519	479,687	499,388
U.S. imports from—					
India	47,654	74,006	51,571	34,110	3,114
Oman	18,888	33,442	35,378	21,010	29,182
UAE	17,461	33,188	63,996	35,860	26,535
Vietnam	22,417	35,678	55,079	19,460	20,561
Subtotal, subject	106,419	176,314	206,024	110,439	79,392
All other sources	249,238	307,361	306,372	161,273	217,071
Total U.S. imports	355,657	483,675	512,396	271,712	296,463
Apparent U.S. consumption	1,235,065	1,404,869	1,481,915	751,399	795,851
Value (1,000 dollars)					
U.S. producers' U.S. shipments	789,817	900,655	1,045,116	527,243	526,147
U.S. imports from—					
India	38,430	64,454	50,732	32,693	3,200
Oman	15,834	27,245	31,957	18,526	27,006
UAE	14,632	27,700	57,524	31,043	24,669
Vietnam	17,747	30,562	49,827	17,321	18,737
Subtotal, subject	86,643	149,961	190,040	99,583	73,613
All other sources	247,248	297,020	330,398	168,887	228,212
Total U.S. imports	333,891	446,981	520,438	268,470	301,824
Apparent U.S. consumption	1,123,708	1,347,636	1,565,554	795,713	827,971
Source: Compiled from data submitted in response to Commission questionnaires, 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 <i>Statistics of Canada</i> .					

⁹ Apparent U.S. consumption is calculated using U.S. producers' U.S. shipments and U.S. imports; thus it does not capture U.S. shipments of imports by U.S. importers, and so does not reflect changes in those importers' net inventories. For example, U.S. importer inventory holdings declined by *** short tons in 2009.

Figure IV-1
Circular welded pipe: Apparent U.S. consumption, by sources, 2009-11, January-June 2011, and
January-June 2012



Source: Table IV-9.

U.S. MARKET SHARES

U.S. market share data are presented in table IV-10.

Table IV-10
Circular welded pipe: U.S. consumption and market shares, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
Apparent U.S. consumption	1,235,065	1,404,869	1,481,895	751,405	795,889
Value (1,000 dollars)					
Apparent U.S. consumption	1,123,708	1,347,636	1,565,532	794,865	826,621
Share of quantity (percent)					
U.S. producers' U.S. shipments	71.2	65.6	65.4	63.8	62.7
U.S. imports from--					
India	3.9	5.3	3.5	4.5	0.4
Oman	1.5	2.4	2.4	2.8	3.7
UAE	1.4	2.4	4.3	4.8	3.3
Vietnam	1.8	2.5	3.7	2.6	2.6
Subtotal, subject	8.6	12.6	13.9	14.7	10.0
All other sources	20.2	21.9	20.7	21.5	27.3
All countries	28.8	34.4	34.6	36.2	37.3
Share of value (percent)					
U.S. producers' U.S. shipments	70.3	66.8	66.8	66.3	63.5
U.S. imports from--					
India	3.4	4.8	3.2	4.1	0.4
Oman	1.4	2.0	2.0	2.3	3.3
UAE	1.3	2.1	3.7	3.9	3.0
Vietnam	1.6	2.3	3.2	2.2	2.3
Subtotal, subject	7.7	11.1	12.1	12.5	8.9
All other sources	22.0	22.0	21.1	21.2	27.6
All countries	29.7	33.2	33.2	33.7	36.5

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, 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 *Statistics of 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-11.

Table IV-11

Circular welded pipe: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (<i>short tons</i>)					
U.S. production	890,798	980,211	1,027,206	534,916	568,475
Imports from:					
India	47,654	74,006	51,571	34,110	3,114
Oman	18,888	33,442	35,378	21,010	29,182
UAE	17,461	33,188	63,996	35,860	26,535
Vietnam	22,417	35,678	55,079	19,460	20,561
Subtotal, subject	106,419	176,314	206,024	110,439	79,392
All other sources	249,238	307,361	306,372	161,273	217,071
Total imports	355,657	483,675	512,396	271,712	296,463
Ratio of U.S. imports to production (<i>percent</i>)					
Imports from:					
India	5.4	7.6	5.0	6.4	0.5
Oman	2.1	3.4	3.4	3.9	5.1
UAE	2.0	3.4	6.2	6.7	4.7
Vietnam	2.5	3.6	5.4	3.6	3.6
Subtotal, subject	11.9	18.0	20.1	20.6	14.0
All other sources	28.0	31.4	29.8	30.1	38.2
Total imports	39.9	49.3	49.9	50.8	52.2
<p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires, 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 <i>Statistics of Canada</i>.</p>					

PART V: PRICING AND RELATED INFORMATION

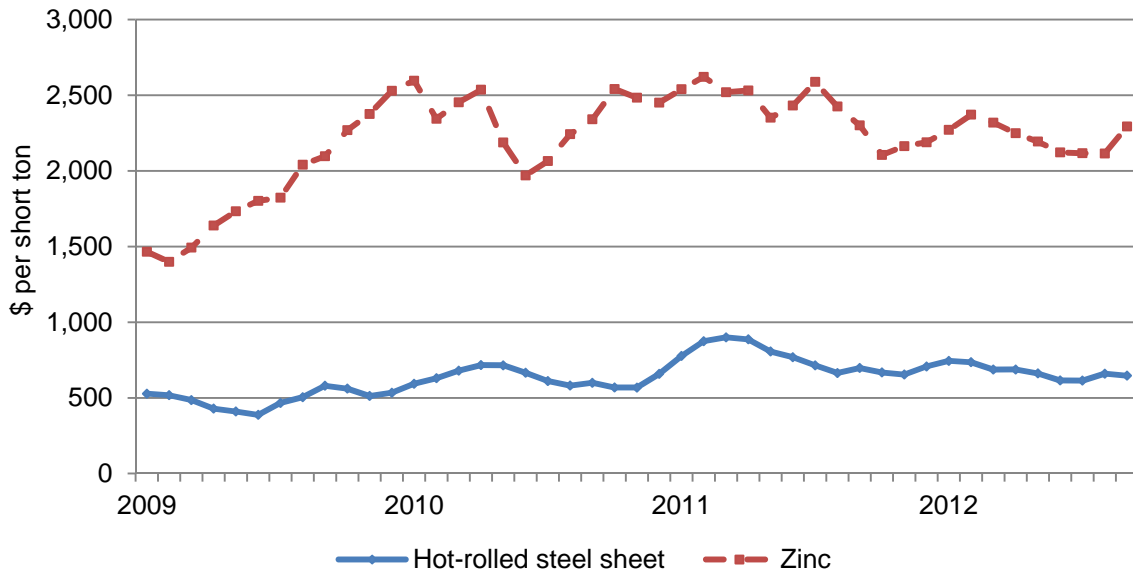
FACTORS AFFECTING PRICES

As noted earlier, 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 influence circular welded pipe prices. On the supply side, circular welded pipe prices also vary according to product specifications, including but not restricted to surface finishing (black or galvanized) and end finishing (plain or threaded end with and without coupling).

Raw Material Costs

Raw materials account for approximately 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 (for galvanized products). As shown in figure V-1, prices for hot-rolled sheet steel and zinc have fluctuated between January 2009 and September 2012, increasing by 23 percent and 57 percent overall respectively. Many U.S. producers and importers also indicated that raw material costs have fluctuated since 2009.

Figure V-1
Hot-rolled steel sheet and zinc: Monthly average prices, January 2009-September 2012



Source: American Metal Markets, October 2012.

U.S. Inland Transportation Costs

Most U.S. producers' shipping costs as a share of the delivered price of circular welded pipe ranged from 1 to 15 percent, with most firms reporting 4 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 9 of the 36 responding importers arrange for shipping for their customers.

Shipping distances to customers are typically somewhat longer for U.S. producers than for importers. Among the 15 responding producers, 11 firms reported that a majority of their shipments were 101 to 1,000 miles, and just two firms reported that the majority of their shipments involved distances of 100 miles or less. In contrast, most responding importers reported that all or a majority of their shipments were for distances of 100 miles or less.

Indian producer Zenith indicated that due to increased fuel costs, its cost to ship circular welded pipe to the U.S. market has become less than shipping costs for U.S. producers. Zenith's delivery times have also been reduced by its weekly container shipments rather than the monthly bulk vessels used in the past.¹

Pricing Methods

U.S. producers generally rely on either transaction-by-transaction negotiations or set price lists to determine circular welded pipe prices, although some producers utilize a combination of both. Just one of the fifteen responding producers reported the use of contracts in determining prices. Most of the 35 responding importers use transaction-by-transaction negotiations in determining prices, with four reporting that they use contracts and two using price lists.

Both U.S. producers and importers typically sell circular welded pipe on a spot basis. Ten of the 15 responding producers sell entirely on a spot basis, and four other producers reported that more than *** percent of their sales are on a spot basis. One producer, ***, reported making *** percent of its sales using short term contracts. The majority of importers sell entirely on a spot basis and the others sell mainly on a spot basis. However, four importers reporting selling entirely on a short term contract basis and three importers reported making more than 70 percent of their sales using short term contracts. Contracts by producers and importers have a short duration of typically 90 to 150 days with both prices and quantities usually fixed during the contract period. Meet-or-release provisions typically do not apply.

Price Leadership

Approximately one-half of responding purchasers indicated that there are price leaders in the market for circular welded pipe. Seven purchasers named Wheatland as a price leader. Six purchasers named Allied Tube, two named Atlas Pipe, and two named U.S. Steel as price leaders. Ferrum International, Hyundai Hysco, IPSCO, Marubeni-Itochu, JMC Steel, and Merfish were also named by one firm each. Four purchasers indicated that they did not feel there were price leaders, and five purchasers indicated that they did not know of any price leaders.

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 three quote prices on a delivered basis. Among 29 responding importers, 15 quote prices on an f.o.b. basis, and 14 quote prices on a delivered basis. Producer f.o.b quotes are commonly based on the location of the mill, and importer f.o.b quotes are based on the port of entry or warehouse.

The majority of responding 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 37 responding importers, only one provides annual volume discounts. In addition to discounts based on volume, the two producers provide discounts ranging from one half percent to two percent for the early payment of accounts, while none of the responding importers provide such discounts.

¹ Hearing transcript, p. 181 (Natu).

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 2009-June 2012:

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.

Eleven U.S. producers and 28 importers provided some price data, although not all firms provided data for all products and all quarters. Producer price data accounted for 15.7 percent of the quantity of U.S. shipments during this period. Importer price data accounted for *** percent of U.S. imports from India, *** percent of U.S. imports from Oman, *** percent from the UAE, and *** percent from Vietnam.²

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-2.³ U.S. producer prices and prices of imports from the four subject countries for all four products fluctuated during the period examined. In almost all instances, these prices fell during 2009, and then increased overall during 2010, 2011, and the first two quarters of 2012. Table V-5 presents a summary of price trends.

² In addition, importer *** provided price data of imports from Vietnam for product 4 that was sold to mass merchandise retailers, not U.S. distributors. These data were not included in the data from product 4. *** provided data for each quarter from January 2009 to June 2012 and its reported prices were *** to *** percent higher than U.S. producer prices for product 4. In addition, its reported volumes for this product ranged from *** to *** short tons per quarter.

³ Price data for U.S. imports of circular welded pipe from nonsubject countries are presented in appendix D.

Table V-1

Circular welded pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

Period	United States		India			Oman		
	Price (per short ton)	Quantity (short ton)	Price (per short ton)	Quantity (short ton)	Margin (percent)	Price (per short ton)	Quantity (short ton)	Margin (percent)
2009:								
Jan.-Mar.	\$929	8,067	\$***	***	***	\$***	***	***
Apr.-June	827	9,391	***	***	***	***	***	***
July-Sept.	828	12,215	***	***	***	***	***	***
Oct.-Dec.	849	8,416	***	***	***	***	***	***
2010:								
Jan.-Mar.	901	10,976	***	***	***	***	***	***
Apr.-June	998	11,910	***	***	***	***	***	***
July-Sept.	936	14,234	***	***	***	***	***	***
Oct.-Dec.	937	10,979	***	***	***	***	***	***
2011:								
Jan.-Mar.	1,001	15,001	***	***	***	***	***	***
Apr.-June	1,125	12,171	***	***	***	***	***	***
July-Sept.	1,017	11,911	***	***	***	***	***	***
Oct.-Dec.	1,041	9,720	***	***	***	***	***	***
2012:								
Jan.-Mar.	1,040	10,168	***	***	***	***	***	***
Apr.-June	1,037	8,460	***	***	***	***	***	***

Table continued.

Table V-1-Continued

Circular welded pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

Period	United States		UAE			Vietnam		
	Price (per short ton)	Quantity (short ton)	Price (per short ton)	Quantity (short ton)	Margin (percent)	Price (per short ton)	Quantity (short ton)	Margin (percent)
2009:								
Jan.-Mar.	\$929	8,067	\$***	***	***	\$***	***	***
Apr.-June	827	9,391	--	0	--	***	***	***
July-Sept.	828	12,215	***	***	***	***	***	***
Oct.-Dec.	849	8,416	***	***	***	***	***	***
2010:								
Jan.-Mar.	901	10,976	***	***	***	***	***	***
Apr.-June	998	11,910	***	***	***	***	***	***
July-Sept.	936	14,234	***	***	***	***	***	***
Oct.-Dec.	937	10,979	***	***	***	***	***	***
2011:								
Jan.-Mar.	1,001	15,001	***	***	***	***	***	***
Apr.-June	1,125	12,171	***	***	***	***	***	***
July-Sept.	1,017	11,911	***	***	***	***	***	***
Oct.-Dec.	1,041	9,720	***	***	***	***	***	***
2012:								
Jan.-Mar.	1,040	10,168	***	***	***	***	***	***
Apr.-June	1,037	8,460	***	***	***	***	***	***
¹ Product 1-- ASTM A-53 schedule 40 black plain-end, with nominal outside diameter of 2-4 inches inclusive.								
Source: Compiled from data submitted in response to Commission questionnaires.								

Table V-2

Circular welded pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, and margins of underselling/(overselling), by quarters, January 2009-June 2012

* * * * *

Table V-3

Circular welded pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

Period	United States		India			Oman		
	Price (per short ton)	Quantity (short tons)	Price (per short ton)	Quantity (short tons)	Margin (percent)	Price (per short ton)	Quantity (short ton)	Margin (percent)
2009:								
Jan.-Mar.	\$972	7,509	\$***	***	***	\$***	***	***
Apr.-June	781	13,504	***	***	***	***	***	***
July-Sept.	805	18,228	***	***	***	--	0	--
Oct.-Dec.	837	12,542	***	***	***	***	***	***
2010:								
Jan.-Mar.	871	12,636	***	***	***	***	***	***
Apr.-June	971	15,766	***	***	***	***	***	***
July-Sept.	934	18,854	***	***	***	***	***	***
Oct.-Dec.	919	13,595	***	***	***	***	***	***
2011:								
Jan.-Mar.	969	17,948	***	***	***	***	***	***
Apr.-June	1,083	12,036	***	***	***	***	***	***
July-Sept.	979	12,800	***	***	***	***	***	***
Oct.-Dec.	921	14,054	***	***	***	***	***	***
2012:								
Jan.-Mar.	1,007	12,559	***	***	***	***	***	***
Apr.-June	992	14,860	--	0	--	***	***	***

Table continued.

Table V-3-Continued

Circular welded pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

Period	United States		UAE			Vietnam		
	Price (per short ton)	Quantity (short ton)	Price (per short ton)	Quantity (short ton)	Margin (percent)	Price (per short ton)	Quantity (short ton)	Margin (percent)
2009:								
Jan.-Mar.	\$972	7,509	--	0	--	--	0	--
Apr.-June	781	13,504	--	0	--	--	0	--
July-Sept.	805	18,228	--	0	--	--	0	--
Oct.-Dec.	837	12,542	--	0	--	\$***	***	***
2010:								
Jan.-Mar.	871	12,636	--	0	--	***	***	***
Apr.-June	971	15,766	\$***	***	***	***	***	***
July-Sept.	934	18,854	***	***	***	***	***	***
Oct.-Dec.	919	13,595	***	***	***	***	***	***
2011:								
Jan.-Mar.	969	17,948	***	***	***	***	***	***
Apr.-June	1,083	12,036	***	***	***	***	***	***
July-Sept.	979	12,800	***	***	***	***	***	***
Oct.-Dec.	921	14,054	***	***	***	***	***	***
2012:								
Jan.-Mar.	1,007	12,559	***	***	***	***	***	***
Apr.-June	992	14,860	***	***	***	***	***	***

¹ Product 3--ASTM A-53 schedule black plain-end, with nominal outside diameter of 6-8 inches inclusive.

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

Table V-4

Circular welded pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

Period	United States		India			Oman		
	Price (per short ton)	Quantity (short ton)	Price (per short ton)	Quantity (short ton)	Margin (percent)	Price (per short ton)	Quantity (short ton)	Margin (percent)
2009:								
Jan.-Mar.	\$1,342	9,877	\$***	***	***	\$***	***	***
Apr.-June	1,215	11,667	***	***	***	***	***	***
July-Sept.	1,139	9,680	***	***	***	***	***	***
Oct.-Dec.	1,207	5,979	***	***	***	--	0	--
2010:								
Jan.-Mar.	1,230	9,352	***	***	***	***	***	***
Apr.-June	1,240	9,427	***	***	***	***	***	***
July-Sept.	1,199	6,292	***	***	***	***	***	***
Oct.-Dec.	1,210	5,868	***	***	***	***	***	***
2011:								
Jan.-Mar.	1,252	9,800	***	***	***	--	0	--
Apr.-June	1,399	8,551	***	***	***	***	***	***
July-Sept.	1,352	7,565	***	***	***	--	0	--
Oct.-Dec.	1,322	5,257	***	***	***	--	0	--
2012:								
Jan.-Mar.	1,293	10,336	***	***	***	--	0	--
Apr.-June	1,291	9,464	***	***	***	--	0	--

Table continued.

Table V-4-Continued

Circular welded pipe: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,¹ and margins of underselling/(overselling), by quarters, January 2009-June 2012

Period	United States		UAE			Vietnam		
	Price (per short ton)	Quantity (short ton)	Price (per short ton)	Quantity (short ton)	Margin (percent)	Price (per short ton)	Quantity (short ton)	Margin (percent)
2009:								
Jan.-Mar.	\$1,342	9,877	--	0	--	\$***	***	***
Apr.-June	1,215	11,667	--	0	--	***	***	***
July-Sept.	1,139	9,680	--	0	--	--	0	--
Oct.-Dec.	1,207	5,979	\$***	***	***	--	0	--
2010:								
Jan.-Mar.	1,230	9,352	--	0	--	--	0	--
Apr.-June	1,240	9,427	--	0	--	--	0	--
July-Sept.	1,199	6,292	***	***	***	***	***	***
Oct.-Dec.	1,210	5,868	***	***	***	--	0	--
2011:								
Jan.-Mar.	1,252	9,800	***	***	***	--	0	--
Apr.-June	1,399	8,551	***	***	***	--	0	--
July-Sept.	1,352	7,565	***	***	***	--	0	--
Oct.-Dec.	1,322	5,257	***	***	***	--	0	--
2012:								
Jan.-Mar.	1,293	10,336	***	***	***	--	0	--
Apr.-June	1,291	9,464	***	***	***	--	0	--

¹ 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.

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

Figure V-2

Circular welded pipe: Weighted-average quarterly f.o.b. selling prices and quantities of domestic and imported product, by quarters, January 2009-June 2012

* * * * *

Table V-5

Circular welded pipe: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and the subject countries

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price ¹ (percent)
Product 1:				
United States-	14	827	1,125	11.6
India	14	***	***	***
Oman	14	***	***	***
U.A.E.	13	***	***	***
Vietnam	14	***	***	***
Product 2:				
United States-	14	***	***	***
India	14	***	***	***
Oman	14	***	***	***
U.A.E.	14	***	***	***
Vietnam	14	***	***	***
Product 3:				
United States-	14	781	1,083	2.1
India	13	***	***	***
Oman	13	***	***	***
U.A.E.	9	***	***	***
Vietnam	11	***	***	***
Product 4:				
United States-	14	1,139	1,399	-3.8
India	14	***	***	***
Oman	8	***	***	***
U.A.E.	9	***	***	***
Vietnam	3	***	***	***
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. Note.--Products 2 and 4 are galvanized, while products 1 and 3 are non-galvanized (black). Source: Compiled from data submitted in response to Commission questionnaires.				

Table V-6
Circular welded pipe: Summary of underselling/(overselling) from the subject countries, January 2009-June 2012

Country	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
By country:						
India	43	0.2 to 50.4	23.9	12	0.1 to 51.0	18.4
Oman	43	4.6 to 45.1	19.6	6	1.6 to 27.9	15.4
UAE	42	0.7 to 47.7	24.2	3	1.7 to 38.3	15.8
Vietnam	37	1.5 to 41.6	20.3	5	3.9 to 39.7	13.1
By product:						
Product 1	46	0.2 to 47.7	14.5	9	5.2 to 51.0	23.3
Product 2	56	9.0 to 50.4	34.3	0	-	-
Product 3	30	0.7 to 39.2	13.1	16	0.1 to 43.4	12.8
Product 4	33	3.5 to 37.7	20.0	1	11.8 to 11.8	11.8
Total	165	0.2 to 50.4	22.1	26	0.1 to 51.0	16.4
Note—Products 2 and 4 are galvanized, while products 1 and 3 are non-galvanized (black).						
Source: Compiled from data submitted in response to Commission questionnaires.						

Price Comparisons

A total of 191 quarterly price comparisons were possible for sales between the domestic circular welded pipe products 1-4 and those imported from India, Oman, UAE, and Vietnam during 2009-12 (see table V-6). Prices of imports from subject countries were lower than the U.S. producers' prices in 165 of 191 or 86 percent of these quarterly comparisons, with an average underselling margin of 22.1 percent. There were 26 instances of overselling with an average overselling margin of 16.4 percent.

Respondents argue that changes in the price of U.S.-produced circular welded pipe are highly correlated with the price of hot-rolled steel.⁴ Figure V-3 compares quarterly average prices of hot-rolled steel sheet and zinc with the prices of the four U.S. pricing products.

Figure V-3
Circular welded pipe: Weighted-average quarterly f.o.b. selling prices and quantities of domestic product and average price of hot-rolled steel sheet and zinc, by quarters, January 2009-June 2012

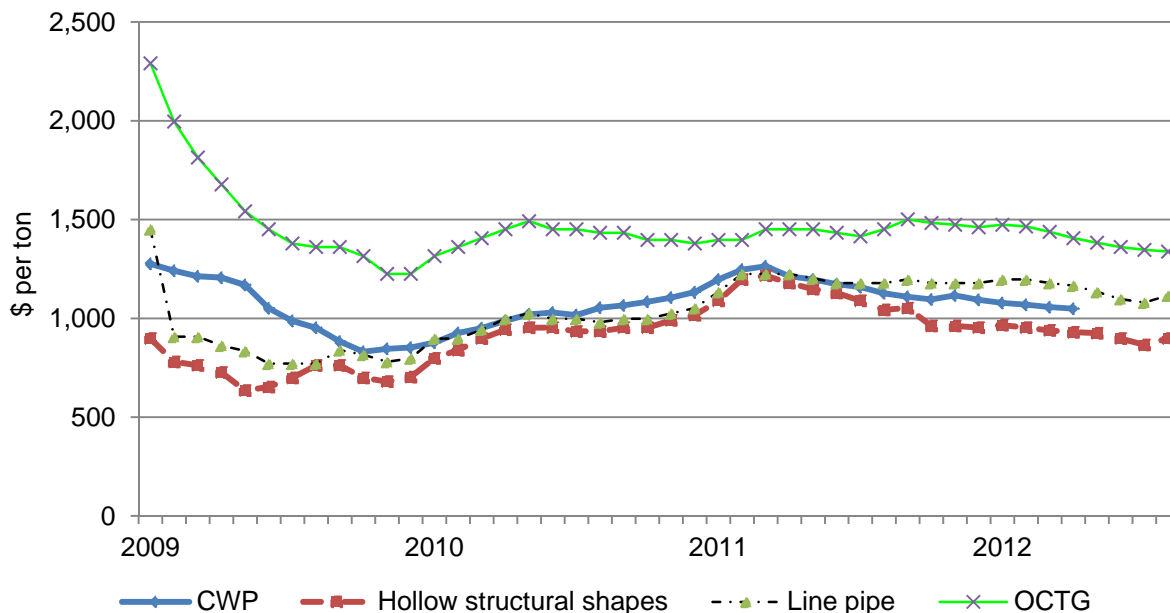
* * * * *

⁴ Hearing transcript, p. 170 (Marshak) and p. 185 (Natu).

Published Price Data

Data from Preston Pipe Report and Metal Bulletin Research indicate that prices for welded line pipe, OCTG, and hollow structural shapes show similar trends to circular welded pipe, although energy tubular (OCTG and line pipe) prices did not weaken in 2011, as shown in Figure V-4. Prices generally decreased during 2009, increased during 2010, and then slightly declined since the beginning of 2011.

Figure V-4
Circular welded pipe, hollow structural sections, line pipe, and OCTG: Monthly prices, January 2009–September 2012



Sources: Preston Pipe and Tube Report, March 2009 - September 2012 issues for black plain-end circular welded pipe to 4.5 inches o.d. Metal Bulletin Research, Welded Steel Tube and Pipe Market Tracker, January 2009 - September 2012 issues for: structural shapes, ERW line pipe (X42) ex-mill, and annealed ERW OCTG tubing ex-mill.

LOST SALES AND LOST REVENUES

Six of 12 responding producers (***) reported losing sales to subject imports since 2009 and four of 12 responding producers (***) reported having to reduce prices or roll back price increases due to subject imports since 2009. The petitioners did not provide any detailed information and purchaser contacts needed to investigate lost sales or lost revenue allegations. 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.⁵ However, non-petitioning U.S. producer *** reported three lost sales allegations involving imports from Vietnam totaling \$*** and involving more than *** short tons of circular welded pipe. Staff attempted to contact all of these purchasers, and a summary of the information obtained follows (table V-7).

⁵ Petition, p. I-13, conference transcript, p. 22 (Magno); and hearing transcript, pp. 93-95 (Schagrin).

Table V-7
Circular welded pipe: U.S. producers' lost sales allegations

* * * * *

In its purchaser questionnaire response, *** indicated its purchases of imports from all sources decreased from *** short tons in 2010 to *** short tons in 2011 (it could not delineate purchases of imports based on the country of origin). It indicated that since January 1, 2009, its purchases of circular welded pipe from Vietnam had fluctuated, but did not provide an explanation for the trend.

*** of *** agreed with the allegation involving his company, but did not elaborate on his response. In its purchaser questionnaire response, *** indicated that it increased its purchases of circular welded pipe imported from Vietnam from *** short tons in 2009 to *** short tons in 2010, and purchased *** short tons in 2011.

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

BACKGROUND

Sixteen 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 volume basis).³ Unlike the majority of producers, whose overall operations are focused on other products such as line pipe, mechanical tubing, OCTG, and/or rectangular and square pipe, Wheatland's production is focused primarily on circular welded pipe, while Allied's production is divided between circular welded pipe, mechanical tubing, and conduit and strut.

As described in Part III of this report, a number of producers reported plant closures, plant idling, and reduced shifts during the period examined.

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

The beginning of the period reflects the low point in terms of total sales quantity (see table VI-1). Notwithstanding subsequent increases in overall sales quantity, table VI-2 shows that company-specific

¹ The majority of U.S. producers reported their financial results on the basis of generally accepted accounting principles ("GAAP"). TMK-IPSCO, which reported its financial results on the basis of International Financial Reporting Standards ("IFRS"), was the exception.

Most U.S. producers reported their annual financial results based on calendar-year periods. ***. USITC auditor notes (preliminary phase). ***.

Welded Tube, which was included in the most recently completed review of circular welded pipe, did not submit a U.S. producer questionnaire response (preliminary or final phase) in these investigations. The company's financial results, as presented in this section of the report, reflect the overlapping period (2009 through 2011) covered by the most recently completed review. As noted in part III of this report, Welded Tube reportedly had operations through September 2012. As such, the industry's overall interim period sales should be considered somewhat understated. ***.

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 presented in the tables 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 above-referenced share of total circular welded pipe sales (on a volume 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, 2009-11, January-June 2011, and January-June 2012

Item	Fiscal year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
Total net sales	900,539	949,897	1,016,770	503,447	531,485
Value (\$1,000)					
Total net sales	859,125	914,928	1,082,056	553,012	561,241
Cost of goods sold:					
Raw materials	674,734	628,502	770,439	374,809	397,422
Direct labor	62,229	61,064	68,606	33,913	34,510
Other factory costs	166,309	119,679	125,546	53,264	66,087
Total cost of goods sold	903,272	809,245	964,591	461,986	498,019
Gross profit or (loss)	(44,147)	105,683	117,465	91,026	63,222
SG&A expenses ¹	85,395	73,406	92,246	56,810	47,852
Operating income or (loss)	(129,542)	32,277	25,219	34,216	15,370
Interest expense	45,209	28,095	33,051	19,135	25,073
Other expenses ²	48,856	16,373	3,621	2,025	1,474
Other income items ²	144,628	13,094	3,297	4,084	1,084
Net income or (loss)	(78,979)	903	(8,156)	17,140	(10,093)
Depr. and amortization (incl. above)	37,724	34,502	35,400	16,605	14,751
Est. cash flow from operations	(41,255)	35,405	27,244	33,745	4,658
Ratio to net sales (percent)					
Raw materials	78.5	68.7	71.2	67.8	70.8
Direct labor	7.2	6.7	6.3	6.1	6.1
Other factory costs	19.4	13.1	11.6	9.6	11.8
Total cost of goods sold	105.1	88.4	89.1	83.5	88.7
Gross profit or (loss)	(5.1)	11.6	10.9	16.5	11.3
Total SG&A expenses ¹	9.9	8.0	8.5	10.3	8.5
Operating income or (loss)	(15.1)	3.5	2.3	6.2	2.7
Net income or (loss)	(9.2)	0.1	(0.8)	3.1	(1.8)
Ratio to cost of goods sold (percent)					
Raw materials	74.7	77.7	79.9	81.1	79.8
Direct labor	6.9	7.5	7.1	7.3	6.9
Other factory costs	18.4	14.8	13.0	11.5	13.3

Table continued on next page.

Table VI-1--Continued

Circular welded pipe: Results of operations, 2009-11, January-June 2011, and January-June 2012

Item	Fiscal year			January-June	
	2009	2010	2011	2011	2012
	Unit value (dollars per short ton)				
Net sales ³	954	963	1,064	1,098	1,056
Cost of goods sold:					
Raw materials	749	662	758	744	748
Direct labor	69	64	67	67	65
Other factory costs	185	126	123	106	124
Total cost of goods sold	1,003	852	949	918	937
Gross profit or (loss)	(49)	111	116	181	119
SG&A expenses ¹	95	77	91	113	90
Operating income or (loss)	(144)	34	25	68	29
	Number of producers reporting				
Data	16	16	16	15	15
Operating losses	11	4	7	3	3
¹ See the <u>SG&A Expenses and Operating Income (Loss)</u> section regarding the level of SG&A expenses in 2011. ² See the <u>Non-recurring items</u> section regarding the level of "other expenses" and "other income items," respectively, in 2009. ³ The relatively large difference between the average 2009 shipment value reported in part III of this report (\$896 per short ton) and the average 2009 sales value presented in this table is primarily due to Allied, Atlas, and Wheatland which reported their annual financial results on a FY basis ending in September; i.e., the difference between average 2009 shipment and sales value is minimal for producers reporting on a calendar-year basis					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table VI-2

Circular welded pipe: Results of operations, by firm, 2009-11, January-June 2011, and January-June 2012

* * * * *

sales did not follow a uniform pattern; e.g., ***.⁵ In contrast, as also shown in table VI-2, directional changes in period-to-period average sales values, with some exceptions, were generally the same for all U.S. producers. With regard to changes in average sales value during the period examined, U.S. producers at the staff conference generally indicated that they were largely due to changes in underlying prices, as opposed to changes in product mix.⁶

⁵ As described by Allied, ***. September 13, 2012 e-mail with attachments from Allied to USITC auditor.

⁶ Conference transcript, p. 90 (Seeger); Conference transcript, p. 91 (Kurasz); Conference transcript, p. 91 (Johnson). It should be noted, however, that each company is unique in terms of underlying product mix; e.g., ***. See, e.g., *Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey* (continued...)

Cost of Goods Sold

The most substantial component of circular welded pipe COGS is raw material, which in turn primarily reflects the cost of hot-rolled steel.^{7 8} Average per-ton raw material costs increased overall between 2009 and 2011, and were marginally higher in interim 2012 compared to interim 2011. For the industry as a whole, raw material costs ranged from a low of 74.7 percent of total COGS (2009) to a high of 81.1 percent (interim 2011) (see table VI-1). The largest period-to-period increase in average raw material costs (14.5 percent) occurred between 2010 and 2011 but was offset by a corresponding increase (10.5 percent) in average sales value.

While a number of companies reported the same directional changes in average sales value and raw material cost, the pattern was not uniform or consistent throughout the period for all U.S. producers (see table VI-2). The observed divergence appears to be, at least in part, due to differences between when sales are made, which would generally reflect the value of current input costs, versus the inventoried cost of inputs subsequently recognized in COGS. As shown in the COGS section of the table VI-3 variance analysis, the increase in total raw material costs between 2009-11 is attributable primarily to higher sales volume, while the increase in average per-ton raw material cost played a secondary role.

Other factory costs and direct labor are the second and third largest components of COGS, respectively, with other factory costs ranging from 11.5 percent (interim 2011) to 18.4 percent (2009) of total COGS and direct labor ranging from 6.9 percent (2009 and interim 2012) to 7.5 percent (2010) (see table VI-1). As also 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 highest levels in 2009 for a number of companies which in turn is generally consistent with the lower level of sales and production volumes reported in that year.⁹ In addition to different company-specific cost structures, variations in average other factory costs also appear to reflect the presence of other more primary product lines whose production impacted the absorption of overall fixed costs. Notwithstanding the effect (positive or negative) of other product lines on company-specific manufacturing costs, because the majority of aggregated manufacturing costs reflects operations in which circular welded pipe is a primary focus (i.e., Wheatland and Allied), the indirect impact of these other products on the industry's overall financial results appears to be limited.¹⁰ As shown in table VI-2, ***.¹¹

As shown in the COGS section of the table VI-3 variance analysis, total other factory costs declined between 2009-11 due to the positive effect of lower average other factory costs which was partially offset by a negative volume variance; i.e., the cost component which increases or decreases solely as a function of changes in sales volume (see footnote 4). While there are a number of factors that make up other factory costs and therefore potentially impact the observed pattern, the decline in average other factory costs during the full-year period is consistent with improved efficiencies and increased

⁶(...continued)

(*Third Review*), USITC Publication 4333, June 2012, p. III-15, footnote 28.

⁷ 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).

⁸ ***.

⁹ Conference transcript, pp. 110-111 (Seeger). ***. September 7, 2012 e-mail from *** to USITC auditor. ***.

¹⁰ Conference transcript, pp. 93-94 (Schagrin).

¹¹ ***. August 21, 2012 e-mail with attachment from *** to USITC auditor.

Table VI-3
Circular welded pipe: Variance analysis of financial results, 2009-11, January-June 2011, and
January-June 2012

Item	Fiscal year			Jan.-June
	2009-11	2009-10	2010-11	2011-12
Value (\$1,000)				
Total net sales:				
Price variance	112,045	8,715	102,717	(22,569)
Volume variance	110,886	47,088	64,411	30,798
Total net sales variance	222,931	55,803	167,128	8,229
Cost of goods sold:				
Raw material:				
Cost variance	(8,618)	83,214	(97,690)	(1,739)
Volume variance	(87,087)	(36,982)	(44,247)	(20,874)
Net raw material variance	(95,705)	46,232	(141,937)	(22,613)
Direct labor:				
Cost variance	1,655	4,576	(3,243)	1,292
Volume variance	(8,032)	(3,411)	(4,299)	(1,889)
Net direct labor variance	(6,377)	1,165	(7,542)	(597)
Other factory costs:				
Cost variance	62,228	55,745	2,558	(9,857)
Volume variance	(21,465)	(9,115)	(8,425)	(2,966)
Net other factory cost variance	40,763	46,630	(5,867)	(12,823)
Net cost of goods sold:				
Cost variance	55,265	143,535	(98,375)	(10,304)
Volume variance	(116,584)	(49,508)	(56,971)	(25,729)
Total net cost of goods sold	(61,319)	94,027	(155,346)	(36,033)
Gross profit variance	161,612	149,830	11,782	(27,804)
SG&A expenses:				
Expense variance	4,171	16,669	(13,672)	12,122
Volume variance	(11,022)	(4,680)	(5,168)	(3,164)
Total SG&A variance	(6,851)	11,989	(18,840)	8,958
Operating income variance	154,761	161,819	(7,058)	(18,846)
Summarized as:				
Price variance	112,045	8,715	102,717	(22,569)
Net cost/expense variance	59,436	160,204	(112,047)	1,818
Net volume variance	(16,720)	(7,100)	2,272	1,906
Source: Compiled from data submitted in response to Commission questionnaires.				

fixed-cost absorption which, all things being equal, would be expected as production and sales of circular welded pipe (and other tubular products) increased from the low point reported in 2009.

Gross Profit or (Loss)

As shown in table VI-1, the domestic industry generated a gross loss in 2009 which, in addition to the period's highest COGS-to-sales ratio, reflects the lowest level of annual sales volume. On a company-specific basis, table VI-2 shows that 2009 was also the only year in which a large number of producers reported gross losses. ***. In 2010, the U.S. industry's return to gross profitability was similarly broad based with the majority of U.S. producers reporting gross profit in that year.¹² At the end of the period, the two largest producers, Allied and Wheatland, ***.¹³ As noted previously and in addition to a relatively large decline in its average sales value at the end of the period, ***.

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. Notwithstanding the lower level of sales volume in 2009, SG&A expenses were higher in that year and then declined in 2010. As shown in table VI-2 this pattern is largely attributable to ***.¹⁴ 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 in that year. In conjunction with what could be characterized as generally stable gross profit ratios from 2010 through interim 2012, higher overall SG&A expenses in 2011 compared to 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 relative increase in overall SG&A expenses in 2011, the pattern was ***.¹⁵

Non-Recurring Items

The majority of substantial 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 subsequent periods. While a number of companies reported other expenses in 2009, the amount reported in table VI-1 is made up primarily of ***.¹⁶

"Other income" was also notably higher in 2009 compared to subsequent periods (see table VI-1). While several other companies reported other income in 2009, ***.¹⁷

¹² Table VI-2 also shows that *** reported gross losses of varying magnitudes throughout the period. When asked to explain this pattern, ***. November 17, 2011 e-mail with attachment from *** to USITC auditor.

¹³ ***. August 21, 2012 e-mail with attachment from *** to USITC auditor.

¹⁴ *** (see also footnote 5). September 13, 2012 e-mail with attachments from *** to USITC auditor.

¹⁵ *See, e.g., Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey (Third Review)*, USITC Publication 4333, June 2012, p. III-19. ***.

¹⁶ November 18, 2011 e-mail with attachments from *** to USITC auditor.

¹⁷ ***. In November 2008, NLMK reportedly withdrew from a \$3.53 billion agreement to acquire JMC after which NLMK was sued by JMC in order to compel completion of the agreement. 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 AND RESEARCH AND DEVELOPMENT EXPENSES

Data on capital expenditures and research and development (“R&D”) expenses related to circular welded pipe are presented in table VI-4.^{18 19}

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. On an overall basis, ***.²⁰

Table VI-4
Circular welded pipe: Capital expenditures and R&D expenses, 2009-11, January-June 2011, and January-June 2012

* * * * *

Among the smaller-volume producers, ***.²¹
 According to ***.²²
 ***.²³

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, the 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.²⁴

Actual Negative Effects

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

¹⁸ ***. August 21, 2012 e-mail with attachment from TMK-IPSCO to USITC auditor. ***.

¹⁹ As reported by the U.S. industry, total circular welded pipe assets declined from \$824.6 million in 2009 to \$778.7 million in 2011. With respect to a company’s overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company’s balance sheet) reflects an aggregation of a number assets which, for the most part, are not specific to any product. Accordingly, high-level allocation factors were required in order to report a total asset value for circular welded pipe.

²⁰ November 18, 2011 letter with attachments from Schagrin Associates on behalf of *** to USITC staff.

²¹ November 16, 2011 fax from *** to USITC auditor.

²² November 11, 2011 e-mail from *** to USITC auditor.

²³ November 15, 2011 e-mail from *** to staff.

²⁴ Seven out of 14 U.S. producers indicated that they experienced actual negative effects. With respect to producers responding to this question, U.S. producers indicating that they experienced actual negative effects accounted for *** of total 2011 sales volume. Nine out of 13 U.S. producers indicated that they anticipated actual negative effects. With respect to producers responding to this question, U.S. producers indicating that they anticipated negative effects accounted for *** of total 2011 sales volume. USITC auditor notes (final phase)

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

Anticipated Negative Effects

Allied	***.
American	***.
Atlas	***.
Bull Moose	***.
California Steel	***.
Hanna	***.
Leavitt	***.
Maruichi	***.
Northwest	***.
Texas Tubular	***.
Tex-Tube	***.
TMK-IPSCO	***.
US Steel	***.
Welded Tube	***.
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 subsidies were 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. 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.¹ 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.^{2 3}

Other leading producers of ASTM A53 pipe in India include Tata Steel (capacity: 220,000 short tons), Surya Steel Pipe (331,000 short tons), Jindal Pipe (220,000 short tons), Steel Authority of India (143,000 short tons), a state-owned-enterprise or SOE, and Zenith Birla (India) Ltd, (capacity about 400,000 short tons of ERW pipe).⁴

Circular Welded Pipe Operations

The petition identified 26 alleged producers of circular welded pipe in India. The Commission issued 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. One useable questionnaire response was received from Zenith Birla.

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

¹ Welspun is also a textile company.

² Simdex 2011.

³ Although Welspun provided a foreign producer questionnaire in the preliminary phase of these investigations, the company declined to participate in the final phase ***. See e-mail from ***, August 29, 2012. Welspun's 2010 subject circular welded pipe capacity and production were *** short tons and *** short tons, respectively. Preliminary staff report, p. VII-2.

⁴ Petition, October 26, 2011, exhibit I-4; and Zenith Birla (India) Ltd., "Product Range of ERW Pipes," <http://www.zenithsteelpipes.com/productserw.php>, retrieved November 5, 2012.

excluded from an existing antidumping duty order on Indian circular welded pipe, which has been in effect since 1986. Table VII-1 presents data for Zenith Birla.^{5 6}

Table VII-1
Circular welded pipe: Zenith Birla's reported production capacity, production, shipments, and inventories, 2009-11, January-June 2011, January-June 2012, and projected 2012-13

* * * * *

As shown in table VII-1, capacity remained stable, while production decreased overall between 2009 and 2011. In addition, production was lower in January-June 2012 relative to January-June 2011 (by *** percent). Capacity utilization decreased between 2009 and 2011, and was lower in interim 2012 relative to interim 2011. During 2009-11, home market shipments increased by *** percent, and made up *** percent of total shipments in 2011, while overall exports decreased by *** percent. However, this was mostly due to a decrease in exports to non-U.S. markets. During 2009-11, the *** of Zenith Birla's exports were to the United States. Exports to the United States increased by *** percent between 2009 and 2011, but were markedly lower in January-June 2012 relative to January-June 2011. Finally, inventories increased by *** percent between 2009 and 2011, and were equivalent to *** percent of total shipments of circular welded pipe in 2011. Inventories, however, were *** lower in June 2012 than in June 2011.

Alternative and Downstream Products

Zenith Birla reported that it did not produce other products using the same manufacturing equipment and/or production employees that were used to produce circular welded pipe.

THE INDUSTRY IN OMAN

Overview

The petition identified two alleged producers of circular welded pipe in Oman, Al Jazeera Steel Products ("Al Jazeera") and Gulf International Pipe Industry ("GIPI").

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

⁵ In its questionnaire response, Zenith Birla estimated that it accounted for *** percent of total circular welded pipe production in India, and *** percent of total exports to the United States of circular welded pipe from India.

⁶ During the preliminary phase of these investigations, four manufacturers provided data to the Commission regarding their operations producing circular welded pipe in India. Only Zenith Birla, the largest of the four manufacturers and the dominant exporter of circular welded pipe to the United States from India, provided data in the final phase of these investigations. These data appear in table VII-1. With respect to the combined operations of these four manufacturers, data from the preliminary phase of the investigations indicate that capacity remained stable at *** short tons during 2009-11, while production fluctuated from *** short tons in 2009 to *** short tons in 2010 to *** short tons projected for full-year 2011. Thus, capacity utilization for the four manufacturers fluctuated from *** percent in 2009 to *** percent in 2010 to *** percent projected for full-year 2011. Exports consistently accounted for approximately *** of these manufacturers' total shipments of circular welded pipe.

Jazeera's business strategy is to focus on global market expansion and the application of modern technology.⁷

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 A53 with diameters ranging from 8.625 inches to 24 inches. GIPI's other main products include welded API standard line pipe and oil country tubular goods.⁸

Circular Welded Pipe Operations

The Commission received one questionnaire response from Al Jazeera.⁹ As shown in table VII-2, capacity and production increased overall between 2009 and 2011.¹⁰ In addition, capacity and production were higher in January-June 2012 relative to January-June 2011. Capacity utilization increased between 2009 and 2011, and was higher in interim 2012 relative to interim 2011. During 2009-11, *** of Al Jazeera's shipments were exported, with more than *** of shipments exported to markets other than the United States. Home market shipments decreased by *** percent during 2009-11, while export shipments increased by *** percent during the same period. Exports to the United States as a share of total shipments ***, increasing by *** percentage points between 2009 and 2011. Exports to the United States are projected to remain *** higher than *** of all Omani shipments in 2012 and 2013. Al Jazeera reported that 80 percent of its export shipments are to Oman and other GCC countries.¹¹ The following tabulation presents Al Jazeera's GCC exports as a subset of its "all other" exports.

* * * * *

Finally, inventories increased by *** percent in 2009-11, but were lower in June 2012 than in June 2011, and were equivalent to *** percent of total (annualized) shipments.

Table VII-2
Circular welded pipe: Al Jazeera's reported production capacity, production, shipments, and inventories, 2009-11, January-June 2011, January-June 2012, and projected 2012-13

* * * * *

Alternative and Downstream Products

Al Jazeera's production of alternative and downstream products is presented in table VII-3. Al Jazeera reported that ***.

⁷ "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.

⁸ See Company websites: <http://gipi.co.om/GIPI%20Product%20Catalogue.pdf>, and <http://gipi.co.om/aboutus.htm>

⁹ Al Jazeera estimates that it accounted for *** percent of circular welded pipe production in Oman and *** percent of total circular welded pipe exports to the United States in 2011.

¹⁰ Al Jazeera reported that ***.

¹¹ Hearing transcript, Mr. Chowdhuri, p. 187. Al Jazeera also reports that its GCC exports sales are sold in six meter lengths, which differs from the ASTM specifications required for the U.S. market. The company's U.S. sales are produced to order. Ibid.

Table VII-3
Circular welded pipe: Al Jazeera’s total plant capacity and production, by products, 2009-11, January-June 2011, and January-June 2012

* * * * *

THE INDUSTRY IN UNITED ARAB EMIRATES

Overview

Petitioners identified 5 producers of the subject products in the UAE, the largest of which was Abu Dhabi Metal Pipes and Profiles (“ADPICO”), located in Dubai, with a total capacity of 1.5 million short tons. ADPICO’s 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 UAE’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 UAE’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

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 UAE, and for which contact information was available. Useable questionnaire responses were received from four companies—ADPICO, Ajmal Steel, Conares, and Universal.¹⁵ Universal is the largest producer of circular welded pipe in the UAE, as well as the dominant exporter of subject merchandise to the United States.¹⁶ Table VII-4 presents data on the shares of 2011 reported capacity and production in the UAE for the four respondents.

Table VII-4
Circular welded pipe: UAE producers’ reported capacity, production, and shares of reported capacity and production, 2011

* * * * *

As shown in table VII-5, capacity increased by *** percent between 2009 and 2011, with a similar increase in production of circular welded pipe (*** percent). Capacity in January-June 2012 remained stable relative to January-June 2011, while production was lower during the same period.

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>.

¹⁵ According to their questionnaire responses, the companies are believed to account for the very large majority of circular welded pipe production in the UAE and virtually all circular welded pipe exports to the United States in 2011.

¹⁶ Conference transcript, p. 132 (Cameron).

Capacity utilization increased between 2009 and 2011 and was higher in January-June 2012 than in January-June 2011. During 2009-11, home market shipments declined by *** percent, while total exports increased by *** percent. Exports to the United States increased *** as a share of total shipments between 2009 and 2011, by *** percentage points; exports to other markets increased by *** percentage points during the same period. Exports to the United States are projected to remain approximately *** of all UAE shipments in 2012 and 2013. The following tabulation presents the UAE's GCC exports as a subset of all other exports, which indicates that the majority of the UAE's all other exports are shipped to its neighbors.

* * * * *

Finally, inventories remained relatively stable during the period for which data were collected, equivalent to between *** and *** percent of total UAE shipments of circular welded pipe.

Table VII-5
Circular welded pipe: UAE producers' reported production capacity, production, shipments, and inventories, 2009-11, January-June 2011, January-June 2012, and projected 2012-13

* * * * *

Alternative and Downstream Products

Presented in table VII-6 are UAE producers' reported production of other products using the same manufacturing equipment and/or production employees that were used to produce circular welded pipe. Three of the four companies (***) reported production of alternative and downstream products during the period for which data were collected. All three companies reported ***.

Table VII-6
Circular welded pipe: UAE producers' total plant capacity and production, by products, 2009-11, January-June 2011, and January-June 2012

* * * * *

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.¹⁷

¹⁷ Ngoc Lan, "Tempering Steel Pipe Export With Caution," Saigon Times, August 15, 2010. Petition, October 26, 2011, exhibit I-8.

VietDuc Company (VietDuc),¹⁸ an affiliate of Steel Industry Material Co., Ltd.,¹⁹ was established in 2003 in Vinh Phuc province near Hanoi with a capacity of 220,000 short tons.²⁰ 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.²¹

Vietnam Pipe Company or VPC²² 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 steel pipe and tubes to British, Korean and Japanese standards. VPC's tubular products ranges from 0.5 to 10 inches in O.D.

SEAH Steel Vina Corp., also affiliated with the Korean steel producers SeAH and POSCO, was founded in 1999 and located in Dong Nai province in southeastern Vietnam. Its production capacity is 70,000 short tons of steel pipe a year.²³

Hoa Phat Steel Pipe Co. Ltd, established in 1996, has a capacity of about 200,000 short tons of various types of pipes including uncoated welded pipe of circular, square, and rectangular shape; galvanized circular welded pipe, and large diameter galvanized pipe.²⁴

Huu Lien Asia Corp. manufactures a variety of steel pipe and tube products including structural, stainless steel, and electrogalvanized steel tubes and considers itself to be the largest steel tube manufacturer in Vietnam.²⁵

Lida Pipe (Vietnam) Co., Ltd., established in 2010, is a wholly-owned subsidiary of the Chinese-based company Tianjin Lida Steel Pipe Group Co., Ltd. The parent company focuses on the oil and gas industries, civilian water supply, gas supply, heat supply and construction and has achieved API 5L and API 5CT certification.²⁶

The Maruichi Sun Steel Joint Stock Co. is joint venture with three Japanese companies; Maruichi Steel Tube (majority shareholder), Toyota Tsusho Corp., and JFE Steel Corp.; its primary product is line

¹⁸ 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%20nhhat.pdf>.

¹⁹ 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/>.

²⁰ Company's website: <http://www.vgpipe.com.vn/>

²¹ Ngoc Lan, "Tempering Steel Pipe Export With Caution," *Saigon Times*, August 15, 2010. Petition, October 26, 2011, exhibit I-8.

²² Petition, October 26, 2011, exhibit I-4.

²³ SeAH Steel Corp., "Overseas Business (Vietnam)," <http://www.seahsteel.co.kr/>, retrieved September 24, 2012.

²⁴ Hoa Phat Steel Pipe Co. Ltd, "Introduction," <http://www.hoaphat.com.vn/eHome/eCIntroduces.aspx?compid=17>, retrieved September 24, 2012.

²⁵ Huu Lien Asia Corp., *Annual Report*, p. 17, <http://www.huulienasia.com.vn/gioi-thieu.html>, retrieved September 24, 2012.

²⁶ Tianjin Lida Steel Pipe Group Co., Ltd, "Group Introduction: Leader's Speech," found at http://en.tjlida.com/comcontent_detail/&FrontComContent_list01-subcomf1ContId=6291309b-003d-4205-9bf7-77ace5409de6&comContentId=6291309b-003d-4205-9bf7-77ace5409de6.html, accessed October 25, 2012.

pipe produced from coil provided by JFE Steel.²⁷ The plant has a pickling line, a cold rolling mill, a galvanizing line and a color coating line. The pipe making operation includes a mill producing 16-inch diameter pipe, seven carbon steel pipe mills, and 11 stainless steel pipe mills. The 16-inch mill began operation in June 2010 and obtain API certification in September 2011. The plant also has coil processing and pipe processing facilities. The coating produced by the hot-dip galvanizing line is a 55 percent aluminum 45 percent zinc alloy used. The pipe mill uses the zinc-coated steel is used as an input. The plant produces makes about 22,000 short tons of steel products monthly consisting of about 16,500 short tons of flat-rolled steel and around 5,500 short tons of pipe. The plant operates the galvanizing line at full capacity of more than 11,000 short tons monthly.

In September 2012, construction of a second galvanizing line, producing both steel coated with zinc and steel coated with a 55 percent aluminum 45 percent zinc alloy, and a second color coating line began. Production is scheduled to begin in March 2013 for the second color coating line and in June 2013 for second galvanizing line. After the expansion, production will increase to about 38,600 short tons monthly including 22,000 short tons of flat-rolled steel and 16,500 short tons of pipe. The expansion is planned to meet growing construction demand in Vietnam and Southeast Asia.²⁸

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. The Commission received responses from SeAH Steel VINA Corp. (“SeAH”)²⁹ and Vietnam Haiphong Hongyuan Machinery Manufactory Co., Ltd. (“Vietnam Haiphong”). These two companies accounted for the vast majority of exports to the United States during the period for which data were collected. Table VII-7 presents data on the shares of 2011 reported capacity and production for the Vietnamese producers.

Table VII-7
Circular welded pipe: Vietnamese producers’ reported capacity, production, and shares of reported capacity and production, 2011

* * * * *

As shown in table VII-8, capacity allocated to circular welded pipe decreased by *** percent between 2009 and 2011, while production increased by *** during the same period. In addition, capacity and production were lower in January-June 2012 relative to January-June 2011 (by *** percent and *** percent, respectively). Capacity utilization increased between 2009 and 2011, and was higher in interim 2012 relative to interim 2011. During the period for which data were collected, *** Vietnam Haiphong’s shipments were exports to the United States, while *** SeAH’s shipments were to the home market. Overall exports to the United States increased by *** percent between 2009 and 2011, but were lower in January-June 2012 relative to January-June 2011. Finally, inventories decreased by *** percent between 2009 and 2011, and were equivalent to *** percent of total shipments of circular welded pipe in 2011.

²⁷ Formerly Sun Steel Joint Stock Co. (“Sunsco”). Maruichi Steel Tube acquired a majority stake in Sunscos in 2006 and the company name was changed to Maruichi Sun Steel Joint Stock Co. in 2012. American Metal Market, “Vietnam’s Sunscos Changes name to Maruichi Sun Steel,” August 31, 2012.

²⁸ Japan Metal Bulletin, “Maruichi Steel Tube Starts to SUNSCO Expansion in September 2012,” November .21, 2011, found at <http://www.japanmetalbulletin.com/?p=18905>, accessed October 25, 2012 .

²⁹ SeAH estimates that it accounted for *** percent of circular welded pipe production in Vietnam and *** percent of total circular welded pipe exports to the United States in 2011.

Inventories, however, were equivalent to *** percent of annualized total shipments by the end of June 2012.

Table VII-8

Circular welded pipe: Vietnamese producers' reported production capacity, production, shipments, and inventories, 2009-11, January-June 2011, January-June 2012, and projected 2012-13

* * * * *

Alternative and Downstream Products

Presented in table VII-9 are Vietnamese producers' reported production of other products using the same manufacturing equipment and/or production employees that were used to produce circular welded pipe. ***.

Table VII-9

Circular welded pipe: Vietnamese producers' total plant capacity and production, by products, 2009-11, January-June 2011, and January-June 2012

* * * * *

THE INDUSTRIES IN THE SUBJECT COUNTRIES COMBINED

Table VII-10 presents aggregate data for the reporting producers of circular welded pipe from India, Oman, the UAE, and Vietnam.

Table VII-10

Circular welded pipe: India, Oman, UAE, and Vietnam's combined reported production capacity, production, shipments, and inventories, 2009-11, January-June 2011, January-June 2012, and projected 2012-13

Item	Actual experience					Projections	
	2009	2010	2011	January-June		2012	2013
				2011	2012		
Quantity (short tons)							
Capacity	810,971	815,522	833,450	425,145	421,800	834,442	846,442
Production	493,232	549,435	601,976	317,839	302,205	595,088	655,485
End-of-period inventories	38,260	42,721	44,386	49,630	47,734	42,147	44,065
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	87,755	170,934	179,542	106,101	61,249	128,153	143,810
All other markets	175,398	178,775	192,922	99,986	115,352	211,294	233,043
Total exports	263,153	349,709	372,464	206,087	176,601	339,447	376,853
Total shipments	493,326	544,974	600,312	315,730	298,858	596,210	655,567
Ratios and shares (percent)							
Capacity utilization	60.8	67.4	72.2	74.8	71.6	71.3	77.4
Inventories to production	7.8	7.8	7.4	7.8	7.9	7.1	6.7
Inventories to total shipments	7.8	7.8	7.4	7.9	8.0	7.1	6.7
Share of total shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	17.8	31.4	29.9	33.6	20.5	21.5	21.9
All other markets	35.6	32.8	32.1	31.7	38.6	35.4	35.5
All export markets	53.3	64.2	62.0	65.3	59.1	56.9	57.5
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-11. Inventories of subject circular welded pipe from India, Oman, the UAE, and Vietnam increased between 2009 and 2011, and, with the exception of Vietnam, were lower in January-June 2012 relative to January-June 2011.

Table VII-11

Circular welded pipe: U.S. importers' end-of-period inventories of imports, by source, 2009-11, January-June 2011, and January-June 2012

Item	Calendar year			January-June	
	2009	2010	2011	2011	2012
India:					
Inventories (<i>short tons</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***
Oman:					
Inventories (<i>short tons</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***
UAE:					
Inventories (<i>short tons</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***
Vietnam:					
Inventories (<i>short tons</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***
Subtotal, subject:					
Inventories (<i>short tons</i>)	4,393	10,978	18,344	12,952	8,739
Ratio of inventories to imports (<i>percent</i>)	5.0	6.5	9.1	6.1	5.6
Nonsubject sources:					
Inventories (<i>short tons</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***
All sources:					
Inventories (<i>short tons</i>)	***	***	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***	***	***

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 UAE, and Vietnam after June 30, 2012. This information is presented in the following tabulation.

Source	Jul-Sep 2012	Oct-Dec 2012	Jan-Mar 2013	After Mar 2013	Total
Quantity (short tons)					
India	***	***	***	***	***
Oman	***	***	***	***	***
UAE	***	***	***	***	***
Vietnam	***	***	***	***	***
Subtotal, subject	***	***	***	***	***
All other	***	***	***	***	***
Total arranged imports	53,896	23,883	37,671	25,771	141,221

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

On May 14, 2012, Canada initiated antidumping and countervailing duty investigations on imports of circular welded pipe in a size range between ½ inch up to 6 inches from India, Oman, and the UAE, and other countries not subject to these investigations.³⁰ On August 28, 2012, the Canadian government made affirmative preliminary determinations concerning dumped and subsidized imports of circular welded pipe from India, Oman, and the UAE. The estimated weighted-average margins of dumping are as follows: India, 83.6 percent; Oman, 84.0 percent; and the UAE, 59.8 percent. The estimated weighted-average amount of subsidy are as follows: India, 54.1 percent; Oman, 34.6 percent; and the UAE, 12.9 percent.³¹

INFORMATION ON NONSUBJECT COUNTRIES

Background

In general, most published data on welded steel pipes and tubes distinguish between energy tubular products such as OCTG and line pipe on the one hand, and all other forms of welded pipe (including standard pipe and various forms of structural and mechanical pipe, pressure pipe, and piling) on the other. That is, in terms of demand factors, most analyses focus on energy applications compared with structural applications, very broadly defined.

In addition, published analyses of supply factors often are aggregated at an even broader level, combining all forms of welded pipe, reflecting in part a commonality among raw materials (i.e., hot-rolled sheet and strip and, for thicker pipe and tubes, steel plate) and some overlap of production facilities and

³⁰ “Notice of Initiation of Investigations - Certain Carbon Welded Pipe,” Canada Border Services Agency, found at <http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1396/ad1396-i12-ni-eng.html>.

³¹ “Statement of Reasons Concerning the Preliminary Determinations with Respect to the Dumping of Certain Carbon Steel Welded Pipe Originating in or Exported from Chinese Taipei, the Republic of India, the Sultanate of Oman, the Republic of Korea, Thailand, the Republic of Turkey and the United Arab Emirates and the Subsidizing of Certain Carbon Steel Welded Pipe Originating in or Exported from the Republic of India, the Sultanate of Oman and the United Arab Emirates Decision,” Canada Border Services Agency, found at <http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/ad1396/ad1396-i12-pd-eng.pdf>.

methods. Accordingly, information and data are provided according to their availability, and include both circular welded pipe tube and nonsubject forms of welded pipe.

Circular welded pipe is produced in substantial quantities by welded pipe and tube producers throughout the world. Although figures specifically for global circular welded pipe production are not generally available, Metal Bulletin Research publishes production and shipment data on various categories of welded pipe as well as of the larger product grouping of all welded pipe and tube for selected countries. The data for the various welded pipe categories are not presented consistently among countries so only the data for the larger product grouping of all welded pipe and tube are presented unless otherwise noted.³²

North America

Demand for hollow structural shapes and standard pipe is considered fair, but market participants note that inventories are on the rise as lead times shrink. Apparent consumption increased in the United States during 2010-11, while it decreased in Canada and increased in Mexico during the same period (table VII-12). The United States is the largest consumer of carbon steel welded pipe in North America, and the third largest consumer globally behind China and Russia (tables VII-12, VII-13, and VII-15).

Table VII-12
Carbon steel welded pipes: North American domestic shipments, imports, exports, and apparent consumption, by country, 2010-11

* * * * *

Asia

Published sources suggest that the economic slow-down in China is distorting the Asian region. Supply is increasing faster than demand, causing producers to compete more aggressively in the export market to offset the difference.³³ China is, by far, the largest producer and consumer of carbon steel welded pipe in the world. Not only is China the largest producer in Asia (table VII-13), production grew at a much higher rate during 2010-11 (20.3 percent) in China than in Japan and Korea (production grew in both countries at about 2 percent).

Table VII-13
Carbon steel welded pipes: Asian production, imports, exports, and apparent consumption, by selected countries, 2010-11

* * * * *

³² Metal Bulletin Research, *Welded Steel Tube and Pipe Market Tracker*, August 2012. Production and shipment data as published refer to all welded pipe and tube (including, e.g., mechanical tubing, structural tubing, OCTG, and line pipe), and are therefore *substantially* broader than the subject merchandise. As such, these data represent general trends and are for illustrative purposes only. Unless otherwise noted, information for this section was obtained from the aforementioned publication.

³³ Metal Bulletin Research, *Welded Steel Tube and Pipe Market Tracker*, August 2012.

Western Europe

The two largest producers and exporters in Western Europe, by far, are Germany and Italy (table VII-14). German exports grew by 55 percent during 2010-11 (table VII-14) which was a much stronger growth than other major producers in Western Europe with the exception of the United Kingdom and Greece (albeit from a much smaller base). Sluggish demand and lingering economic concerns reportedly have influenced some tube and pipe producers to implement cost savings programs, adjusting capacity utilization rates to meet sluggish activity. Over the second half of 2012, tube and pipe demand across Europe is expected to be vulnerable to reductions, based on the state of the European economy. End-user demand for non-energy seamless and welded tube and pipe has been affected by falling industrial production rates. Similarly, sales and new bookings have softened over the first half of 2012.³⁴

Table VII-14

Carbon steel welded pipes: Western Europe domestic shipments, imports, exports, and apparent consumption, by selected countries, 2010-11

* * * * *

Central Europe, Eastern Europe and the Commonwealth of Independent States (CIS)

In the CIS region during 2010-11, strong export and domestic markets meant increased domestic shipments in most of the major producing countries and increased exports in all of them (table VII-15). The largest regional producers are Russia and Ukraine with Russia's 2011 domestic shipments more than four times greater than Ukraine's and Ukraine's domestic shipments more than twice those of Poland's (third place in the region in domestic shipments).

Table VII-15

Carbon steel welded pipes: Central Europe, Eastern Europe and the CIS domestic shipments, imports, exports, and apparent consumption, by selected countries, 2010-11

* * * * *

Exports from Nonsubject Countries

Data on global exports of welded non-energy tubular products by countries discussed earlier in Part IV are presented in table VII-16.

³⁴ Metal Bulletin Research, *Welded Steel Tube and Pipe Market Tracker*, August 2012.

Table VII-16
Carbon steel welded pipes: Global exports of non-energy tubular products by selected U.S. suppliers, 2009-11

Source	Calendar year		
	2009	2010	2011
Quantity (short tons)			
China	470,132	740,271	778,219
Turkey	327,960	427,953	446,014
South Korea	249,007	278,683	326,949
Canada	209,034	255,024	236,738
Japan	79,562	116,835	134,227
Mexico	103,772	126,162	124,614
Taiwan	34,514	90,253	89,492
Thailand	53,929	95,060	88,634
Brazil	12,744	15,949	19,318
Malaysia	21,066	21,635	19,159
Philippines	(¹)	(¹)	(¹)
Subtotal	1,561,720	2,167,825	2,263,364
All others	2,605,990	3,010,875	3,242,295
Total	4,167,710	5,178,700	5,505,659
<p>¹ Data are not available.</p> <p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Note.—Data are unavailable for the Philippines (shown above) and for the Dominican Republic (not shown).</p> <p>Source: Compiled from Global Trade Atlas statistics for HTS subheading 7306.30 which includes products outside the scope of these investigations. Therefore, exports are overstated.</p>			

APPENDIX A
***FEDERAL REGISTER* NOTICES**

Circular welded pipe: Pertinent Federal Register notices

Citation	Title and citation	Link
76 FR 68205, November 3, 2011	<i>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</i>	http://www.gpo.gov/fdsys/pkg/FR-2011-11-03/pdf/2011-28486.pdf
76 FR 72164, November 22, 2011	<i>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</i>	http://www.gpo.gov/fdsys/pkg/FR-2011-11-22/pdf/2011-30162.pdf
76 FR 72173, November 22, 2011	<i>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</i>	http://www.gpo.gov/fdsys/pkg/FR-2011-11-22/pdf/2011-30158.pdf
76 FR 78313 December 16, 2011	<i>Circular Welded Carbon-Quality Steel Pipe From India, Oman, the United Arab Emirates, and Vietnam</i>	http://www.gpo.gov/fdsys/pkg/FR-2011-12-16/pdf/2011-32223.pdf
77 FR 19192, March 30, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From India: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-03-30/pdf/2012-7726.pdf
77 FR 19219, March 30, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From the United Arab Emirates: Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-03-30/pdf/2012-7746.pdf
77 FR 19211, March 30, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-03-30/pdf/2012-7748.pdf
77 FR 19635, April 2, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From the Sultanate of Oman: Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-04-02/pdf/2012-7839.pdf
77 FR 32562, June 1, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From India: Preliminary Determination of Sales at Less Than Fair Value</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-06-01/pdf/2012-13235.pdf
77 FR 32531, June 1, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From the Sultanate of Oman: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-06-01/pdf/2012-13233.pdf

Circular welded pipe: Pertinent Federal Register notices–Continued

77 FR 32539, June 1, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From the United Arab Emirates: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-06-01/pdf/2012-13230.pdf
77 FR 32552, June 1, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-06-01/pdf/2012-13227.pdf
77 FR 36256, June 18, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From India: Postponement of Final Determination of Antidumping Duty Investigation</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-06-18/pdf/2012-14737.pdf
77 FR 37711, June 22, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From India, Oman, the United Arab Emirates, and Vietnam; Scheduling of the Final Phase of Countervailing Duty and Antidumping Investigations</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-06-22/pdf/2012-15307.pdf
77 FR 64465	<i>Circular Welded Carbon-Quality Steel Pipe From the United Arab Emirates: Final Affirmative Countervailing Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25966.pdf
77 FR 64468, October 22, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From India: Final Affirmative Countervailing Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25970.pdf
77 FR 64471, October 22, 2012	<i>Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Final Negative Countervailing Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25956.pdf
77 FR 64473, October 22, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From the Sultanate of Oman: Final Affirmative Countervailing Duty Determination</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25949.pdf
77 FR 64475, October 22, 2012	<i>Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25972.pdf
77 FR 64478, October 22, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From India: Final Determination of Sales at Less Than Fair Value</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25959.pdf
77 FR 64480, October 22, 2012	<i>Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Carbon-Quality Steel Pipe from the Sultanate of Oman</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25963.pdf
77 FR 64483, October 22, 2012	<i>Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Notice of Final Determination of Sales at Less Than Fair Value</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-22/pdf/2012-25952.pdf
77 FR 65712, October 30, 2012	<i>Circular Welded Carbon-Quality Steel Pipe From Vietnam; Termination of Investigation</i>	http://www.gpo.gov/fdsys/pkg/FR-2012-10-30/pdf/2012-26549.pdf

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

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

Inv. Nos.: 701-TA-482-485 and 731-TA-1191-1194 (Final)

Date and Time: October 17, 2012 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

CONGRESSIONAL WITNESS:

The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

OPENING REMARKS:

Petitioners (**Gilbert B. Kaplan**, King & Spalding)
Respondents (**Julie Mendoza**, Morris, Manning & Martin LLP)

**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
Wheatland Tube Company

Ed Kurasz, Executive Vice President, Sales,
Allied Tube and Conduit

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Gordon Hunter, Director of Sales, Fence Tube
Division, Allied Tube and Conduit

David Seeger, President, JMC Steel Group

Mark Magno, Vice President of Marketing,
Wheatland Tube

Tom Conway, International Vice President, United Steel,
Paper and Forestry, Rubber, Manufacturing,
Energy, Allied Industrial, and Service Workers
International Union (“USW”)

Robert Moss, President, Long Island Pipe Supply

David Clark, President, Merchants Metals

Robert Scott, Economist, Economic Policy Institute

Bonnie B. Byers, Trade Consultant, King & Spalding

Roger B. Schagrin)
John W. Bohn)
) – OF COUNSEL
Gilbert B. Kaplan)
Brian E. McGill)

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:**

Morris Manning & Martin, LLP
Washington, D.C.
on behalf of

Universal Tube and Plastic Industries, Ltd. (“Universal”)
Prime Metal Corp. USA (“Prime Metal”)

Peter Schrumpf, President, Prime Metal

Mervyn D’Cunha, Financial Controller, KHK
Scaffolding

Donald B. Cameron)
Julie C. Mendoza) – OF COUNSEL
R. Will Planert)

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, D.C.
on behalf of

Zenith Birla (India) Limited
Zenith U.S.A. Inc. (collectively “Zenith”)
Conares Metal Supply Ltd.

Pushkar Natu, Director, Zenith (USA) Inc.

James P. Dougan, Senior Economist, Economic
Consulting Services, LLC

Ned H. Marshak)
) – OF COUNSEL
Kavita Mohan)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Law Offices of David L. Simon
Washington, D.C.
on behalf of

Al Jazeera Steel Products Company SAOG (“Al Jazeera”)

Indranil Chowdhuri, Chief International Marketing,
Al Jazeera

Bejoy John, Assistant General Manager for Finance,
Al Jazeera

David L. Simon

)

) – OF COUNSEL

Ayla Simon

)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roger B. Schagrin**, Schagrin Associates)

Respondents (**Donald B. Cameron**, Morris Manning & Martin, LLP)

-END-

APPENDIX C
SUMMARY DATA

Table C-1

Circular welded pipe: Summary data concerning the U.S. market, 2009-11, January-June 2011, and January-June 2012

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)									
Item	Reported data					Period changes			
	2009	2010	2011	Jan-June 2011	Jan-June 2012	2009-11	2009-10	2010-11	Jan-June 2011-12
U.S. consumption quantity:									
Amount	1,235,065	1,404,869	1,481,915	751,399	795,851	20.0	13.7	5.5	5.9
Producers' share (1)	71.2	65.6	65.4	63.8	62.7	-5.8	-5.6	-0.1	-1.1
Importers' share (1):									
India	3.9	5.3	3.5	4.5	0.4	-0.4	1.4	-1.8	-4.1
Oman	1.5	2.4	2.4	2.8	3.7	0.9	0.9	0.0	0.9
UAE	1.4	2.4	4.3	4.8	3.3	2.9	0.9	2.0	-1.4
Vietnam	1.8	2.5	3.7	2.6	2.6	1.9	0.7	1.2	0.0
Subtotal, Subject	8.6	12.6	13.9	14.7	10.0	5.3	3.9	1.4	-4.7
All other sources	20.2	21.9	20.7	21.5	27.3	0.5	1.7	-1.2	5.8
Total imports	28.8	34.4	34.6	36.2	37.3	5.8	5.6	0.1	1.1
U.S. consumption value:									
Amount	1,123,708	1,347,636	1,565,554	795,713	827,971	39.3	19.9	16.2	4.1
Producers' share (1)	70.3	66.8	66.8	66.3	63.5	-3.5	-3.5	-0.1	-2.7
Importers' share (1):									
India	3.4	4.8	3.2	4.1	0.4	-0.2	1.4	-1.5	-3.7
Oman	1.4	2.0	2.0	2.3	3.3	0.6	0.6	0.0	0.9
UAE	1.3	2.1	3.7	3.9	3.0	2.4	0.8	1.6	-0.9
Vietnam	1.6	2.3	3.2	2.2	2.3	1.6	0.7	0.9	0.1
Subtotal, Subject	7.7	11.1	12.1	12.5	8.9	4.4	3.4	1.0	-3.6
All other sources	22.0	22.0	21.1	21.2	27.6	-0.9	0.0	-0.9	6.3
Total imports	29.7	33.2	33.2	33.7	36.5	3.5	3.5	0.1	2.7
U.S. imports from:									
India:									
Quantity	47,654	74,006	51,571	34,110	3,114	8.2	55.3	-30.3	-90.9
Value	38,430	64,454	50,732	32,693	3,200	32.0	67.7	-21.3	-90.2
Unit value	\$806	\$871	\$984	\$958	\$1,028	22.0	8.0	13.0	7.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Oman:									
Quantity	18,888	33,442	35,378	21,010	29,182	87.3	77.1	5.8	38.9
Value	15,834	27,245	31,957	18,526	27,006	101.8	72.1	17.3	45.8
Unit value	\$838	\$815	\$903	\$882	\$925	7.7	-2.8	10.9	4.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
UAE:									
Quantity	17,461	33,188	63,996	35,860	26,535	266.5	90.1	92.8	-26.0
Value	14,632	27,700	57,524	31,043	24,669	293.1	89.3	107.7	-20.5
Unit value	\$838	\$835	\$899	\$866	\$930	7.3	-0.4	7.7	7.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Vietnam:									
Quantity	22,417	35,678	55,079	19,460	20,561	145.7	59.2	54.4	5.7
Value	17,747	30,562	49,827	17,321	18,737	180.8	72.2	63.0	8.2
Unit value	\$792	\$857	\$905	\$890	\$911	14.3	8.2	5.6	2.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	106,419	176,314	206,024	110,439	79,392	93.6	65.7	16.9	-28.1
Value	86,643	149,961	190,040	99,583	73,613	119.3	73.1	26.7	-26.1
Unit value	\$814	\$851	\$922	\$902	\$927	13.3	4.5	8.5	2.8
Ending inventory quantity	4,393	10,978	18,344	12,952	8,739	317.6	149.9	67.1	-32.5
All other sources:									
Quantity	249,238	307,361	306,372	161,273	217,071	22.9	23.3	-0.3	34.6
Value	247,248	297,020	330,398	168,887	228,212	33.6	20.1	11.2	35.1
Unit value	\$992	\$966	\$1,078	\$1,047	\$1,051	8.7	-2.6	11.6	0.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	355,657	483,675	512,396	271,712	296,463	44.1	36.0	5.9	9.1
Value	333,891	446,981	520,438	268,470	301,824	55.9	33.9	16.4	12.4
Unit value	\$939	\$924	\$1,016	\$988	\$1,018	8.2	-1.6	9.9	3.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Circular welded pipe: Summary data concerning the U.S. market, 2009-11, January-June 2011, and January-June 2012

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)									
Item	Reported data					Period changes			
	2009	2010	2011	Jan-June 2011	Jan-June 2012	2009-11	2009-10	2010-11	Jan-June 2011-12
U.S. producers:									
Average capacity quantity	1,923,286	1,899,680	1,866,823	974,553	965,795	-2.9	-1.2	-1.7	-0.9
Production quantity	890,798	980,211	1,027,206	534,916	568,475	15.3	10.0	4.8	6.3
Capacity utilization (1)	46.3	51.6	55.0	54.9	58.9	8.7	5.3	3.4	4.0
U.S. shipments:									
Quantity	879,408	921,194	969,519	479,687	499,388	10.2	4.8	5.2	4.1
Value	789,817	900,655	1,045,116	527,243	526,147	32.3	14.0	16.0	-0.2
Unit value	\$898	\$978	\$1,072	\$1,099	\$1,054	20.0	8.9	10.3	-4.1
Export shipments:									
Quantity	41,331	46,550	52,702	23,760	32,098	27.5	12.6	13.2	35.1
Value	35,190	43,045	56,513	25,734	34,382	60.6	22.3	31.3	33.6
Unit value	\$851	\$925	\$1,072	\$1,083	\$1,071	25.9	8.6	16.0	-1.1
Ending inventory quantity	128,549	138,196	143,170	170,036	162,151	11.4	7.5	3.6	-4.6
Inventories/total shipments (1)	14.0	14.3	14.0	16.9	15.3	0.0	0.3	-0.3	-1.6
Production workers	1,588	1,459	1,513	1,473	1,503	-4.7	-8.1	3.7	2.0
Hours worked (1,000s)	2,895	3,095	3,355	1,762	1,753	15.9	6.9	8.4	-0.5
Wages paid (\$1,000s)	75,728	83,598	93,646	46,551	49,627	23.7	10.4	12.0	6.6
Hourly wages	\$26	\$27	\$28	\$27	\$28	6.4	3.1	3.3	6.7
Productivity (tons/1,000 hours)	307.1	316.7	306.2	303.6	322.0	-0.3	3.1	-3.3	6.1
Unit labor costs	\$86	\$86	\$92	\$87	\$88	6.9	0.1	6.7	0.5
Net sales:									
Quantity	900,539	949,897	1,016,770	503,447	531,485	12.9	5.5	7.0	5.6
Value	859,125	914,928	1,082,056	553,012	561,241	25.9	6.5	18.3	1.5
Unit value	\$954	\$963	\$1,064	\$1,098	\$1,056	11.6	1.0	10.5	-3.9
Cost of goods sold (COGS)	903,272	809,245	964,591	461,986	498,019	6.8	-10.4	19.2	7.8
Gross profit or (loss)	-44,147	105,683	117,465	91,026	63,222	(2)	(2)	11.1	-30.5
SG&A expenses	85,395	73,406	92,246	56,810	47,852	8.0	-14.0	25.7	-15.8
Operating income or (loss)	-129,542	32,277	25,219	34,216	15,370	(2)	(2)	-21.9	-55.1
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	\$1,003	\$852	\$949	\$918	\$937	-5.4	-15.1	11.4	2.1
Unit SG&A expenses	\$95	\$77	\$91	\$113	\$90	-4.3	-18.5	17.4	-20.2
Unit operating income or (loss)	-\$144	\$34	\$25	\$68	\$29	(2)	(2)	-27.0	-57.4
COGS/sales (1)	105.1	88.4	89.1	83.5	88.7	-16.0	-16.7	0.7	5.2
Operating income or (loss)/ sales (1)	-15.1	3.5	2.3	6.2	2.7	17.4	18.6	-1.2	-3.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) When there are negative values, going through the zero point, from a positive number to a negative one or from a negative number to a positive one, percentage calculations can be distorted.

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, official Commerce statistics, Customs data, and Statistics Canada data.

APPENDIX D

QUARTERLY

NONSUBJECT-COUNTRY PRICE DATA

Ten importers reported price data for nonsubject countries Korea, Mexico, Thailand, and Turkey for products 1, 2, 3, and 4. Importer price data accounted for *** percent of U.S. imports from Thailand, *** percent of U.S. imports from Turkey, *** percent from the Korea, and *** percent from Mexico. These price items and accompanying data are comparable to those presented in tables V-1 to V-4. Price and quantity data for Korea, Mexico, Thailand, and Turkey are shown in tables D-1 to D-4 and in figure D-1 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from Korea, Mexico, Thailand, and Turkey were lower than prices for U.S.-produced product in 76 instances by an average of 18 percent and higher in 11 instances by an average of 10 percent (see table D-5). In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from nonsubject countries were higher than prices for product imported from subject countries in 146 instances by an average of 12 percent and lower in 157 instances by an average of 15 percent. Specifically, prices for product imported from nonsubject countries were higher than prices for product imported from India in 42 of 85 instances, higher than prices for product imported from Oman in 35 of 79 instances, higher than prices for product imported from the UAE in 42 of 70 instances, and higher than prices for product imported from Vietnam in 27 of 69 instances.

Table D-1

Circular welded pipe: Weighted-average f.o.b. prices and quantities of nonsubject imported product 1, and margins of underselling/(overselling), by quarters, January 2009-June 2012

* * * * *

Table D-2

Circular welded pipe: Weighted-average f.o.b. prices and quantities of nonsubject imported product 2, and margins of underselling/(overselling), by quarters, January 2009-June 2012

* * * * *

Table D-3

Circular welded pipe: Weighted-average f.o.b. prices and quantities of nonsubject imported product 3, and margins of underselling/(overselling), by quarters, January 2009-June 2012

* * * * *

Table D-4

Circular welded pipe: Weighted-average f.o.b. prices and quantities of nonsubject imported product 4, and margins of underselling/(overselling), by quarters, January 2009-June 2012

* * * * *

Figure D-1

Circular welded pipe: Weighted-average quarterly f.o.b. selling prices and quantities of domestic and imported product, by quarters, January 2009-June 2012

* * * * *

Table D-5**Circular welded pipe: Summary of differences between nonsubject import prices and U.S. producer prices and from the subject country prices, January 2009-June 2012**

Country	Nonsubject imports priced higher		Nonsubject imports priced lower	
	Number of instances	Average difference (<i>percent</i>)	Number of instances	Average difference (<i>percent</i>)
United States	11	9.5	76	18.0
India	42	13.1	43	23.6
Oman	35	10.9	44	14.2
UAE	42	13.3	28	10.4
Vietnam	27	10.0	42	11.6
All subject countries	146	12.1	157	15.4

APPENDIX E
OFFICIAL COMMERCE STATISTICS

Table E-1

Circular welded pipe: Official import statistics, HTS statistical reporting number 7306.30.1000, 2009-11, January-June 2011, and January-June 2012

Country	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	182	125	422	147	9
Oman	0	0	0	0	43
UAE	0	0	0	0	0
Vietnam	67	0	42	14	30
Subtotal	249	125	464	161	82
Korea	340	694	691	382	363
Mexico	14,723	19,047	19,633	12,509	7,400
Thailand	0	0	0	0	0
Turkey	179	0	0	0	0
All other ¹	5,789	7,108	9,257	4,650	5,629
Subtotal	21,032	26,849	29,582	17,541	13,392
Total	21,281	26,974	30,046	17,702	13,474
Value (\$1,000)					
India	304	215	666	236	18
Oman	0	0	0	0	53
UAE	0	0	0	0	0
Vietnam	47	0	30	14	26
Subtotal	351	215	696	250	97
Korea	847	1,852	2,373	1,119	1,343
Mexico	12,542	17,262	21,621	13,697	8,415
Thailand	0	0	0	0	0
Turkey	217	0	0	0	0
All other ¹	18,027	23,650	27,301	13,806	13,338
Subtotal	31,633	42,764	51,295	28,622	23,095
Total	31,984	42,979	51,991	28,872	23,192
Unit value (dollars per short ton)					
India	1,672	1,713	1,578	1,610	2,008
Oman	(²)	(²)	(²)	(²)	1,242
UAE	(²)	(²)	(²)	(²)	(²)
Vietnam	702	(¹)	724	949	863
Subtotal	1,411	1,713	1,501	1,551	1,190
Korea	2,488	2,669	3,434	2,926	3,699
Mexico	852	906	1,101	1,095	1,137
Thailand	(²)	(²)	(²)	(²)	(²)
Turkey	1,210	(²)	(²)	(²)	(²)
All other ¹	3,114	3,327	2,949	2,969	2,369
Subtotal	1,504	1,593	1,734	1,632	1,724
Total	1,503	1,593	1,730	1,631	1,721

¹ All other excludes Canada.

² Not applicable.

Source: Official import statistics, HTS statistical reporting number 7306.30.1000 (Other tubes, pipes and hollow profiles, nesoi, of circular cross section, welded, of iron or nonalloy steel with wall thickness less than 1.65 mm).

Table E-2
Circular welded pipe: Official import statistics, HTS statistical reporting number 7306.30.5025,
2009-11, January-June 2011, and January-June 2012

Country	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	173	1,056	157	97	8
Oman	2,304	5,256	7,634	4,620	5,210
UAE	492	1,999	2,388	1,877	858
Vietnam	1,216	947	2,014	721	661
Subtotal	4,185	9,258	12,193	7,314	6,736
Korea	2,864	9,014	4,786	2,858	2,758
Mexico	0	0	0	0	92
Thailand	5,677	5,983	9,920	6,133	6,273
Turkey	2,028	4,190	2,425	1,908	2,352
All other ¹	776	4,999	3,197	2,260	273
Subtotal	11,345	24,187	20,330	13,159	11,748
Total	15,530	33,445	32,523	20,472	18,484
Value (\$1,000)					
India	157	1,020	147	89	7
Oman	2,109	4,945	7,728	4,638	5,208
UAE	477	1,827	2,319	1,769	871
Vietnam	1,007	868	1,977	675	627
Subtotal	3,750	8,661	12,170	7,171	6,712
Korea	3,194	8,533	4,990	2,873	3,287
Mexico	0	0	0	0	102
Thailand	6,508	6,219	10,949	6,597	6,631
Turkey	2,136	4,002	2,547	1,965	2,498
All other ¹	811	4,904	3,386	2,286	315
Subtotal	12,648	23,659	21,871	13,721	12,833
Total	16,397	32,319	34,041	20,891	19,546
Unit value (dollars per short ton)					
India	909	966	934	924	962
Oman	915	941	1,012	1,004	1,000
UAE	969	914	971	942	1,015
Vietnam	828	917	981	936	949
Subtotal	896	935	998	980	997
Korea	1,115	947	1,043	1,005	1,192
Mexico	(²)	(²)	(²)	(²)	1,109
Thailand	1,146	1,039	1,104	1,076	1,057
Turkey	1,053	955	1,050	1,030	1,062
All other ¹	1,045	981	1,059	1,011	1,154
Subtotal	1,115	978	1,076	1,043	1,092
Total	1,056	966	1,047	1,020	1,057

¹ All other excludes Canada.

² Not applicable.

Source: Official import statistics, HTS statistical reporting number 7306.30.5025 ("Other tubes, pipes etc., nesoi, welded, of circular cross section, iron or nonalloy steel, galvanized, outside diameter not over 114.3mm, imported with coupling").

Table E-3
Circular welded pipe: Official import statistics, HTS statistical reporting number 7306.30.5032,
2009-11, January-June 2011, and January-June 2012

Country	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	41,149	64,620	45,879	31,012	2,152
Oman	4,549	6,888	6,057	3,721	8,084
UAE	10,626	16,358	34,176	15,564	18,438
Vietnam	10,956	23,152	19,012	10,889	7,637
Subtotal	67,279	111,018	105,123	61,186	36,311
Korea	6,308	14,061	10,177	5,880	5,485
Mexico	6,081	750	2,133	418	4,166
Thailand	5,685	5,705	6,166	3,016	13,042
Turkey	2,313	4,703	4,260	2,316	2,962
All other ¹	21,825	26,110	32,124	15,213	17,640
Subtotal	42,212	51,328	54,859	26,843	43,296
Total	109,491	162,346	159,982	88,029	79,607
Value (\$1,000)					
India	32,510	56,354	45,162	29,846	2,172
Oman	3,632	5,918	5,722	3,394	8,002
UAE	7,365	14,065	32,398	14,346	17,359
Vietnam	9,480	20,749	19,258	10,524	7,940
Subtotal	52,987	97,087	102,541	58,109	35,473
Korea	5,159	12,396	10,695	5,848	5,606
Mexico	6,948	959	2,062	447	4,363
Thailand	6,268	5,658	6,564	3,170	13,662
Turkey	2,065	4,129	4,070	2,304	2,960
All other ¹	25,052	27,808	40,982	18,303	22,673
Subtotal	45,493	50,950	64,374	30,073	49,264
Total	98,480	148,036	166,915	88,182	84,737
Unit value (dollars per short ton)					
India	790	872	984	962	1,009
Oman	798	859	945	912	990
UAE	693	860	948	922	941
Vietnam	865	896	1,013	966	1,040
Subtotal	788	875	975	950	977
Korea	818	882	1,051	995	1,022
Mexico	1,142	1,280	967	1,070	1,047
Thailand	1,103	992	1,065	1,051	1,048
Turkey	893	878	956	995	999
All other ¹	1,148	1,065	1,276	1,203	1,285
Subtotal	1,078	993	1,173	1,120	1,138
Total	899	912	1,043	1,002	1,064

¹ All other excludes Canada.

Source: Official import statistics, HTS statistical reporting number 7306.30.5032 ("Other tubes, pipes etc., nesoi, welded, of circular cross section, iron or nonalloy steel, galvanized, outside diameter not over 114.3mm, without coupling or lining").

Table E-4
Circular welded pipe: Official import statistics, HTS statistical reporting number 7306.30.5040,
2009-11, January-June 2011, and January-June 2012

Country	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	205	422	242	60	10
Oman	3,915	6,672	10,327	5,753	6,990
UAE	2,609	5,110	5,381	3,763	2,002
Vietnam	2,602	1,767	1,701	968	2,237
Subtotal	9,331	13,970	17,651	10,544	11,238
Korea	4,752	15,591	8,288	5,035	5,432
Mexico	0	0	0	0	0
Thailand	7,439	9,364	12,073	7,098	10,802
Turkey	3,848	4,908	5,700	3,418	6,075
All other ¹	1,147	6,451	10,318	6,018	1,721
Subtotal	17,186	36,315	36,379	21,569	24,030
Total	26,517	50,286	54,030	32,113	35,268
Value (\$1,000)					
India	156	329	243	51	8
Oman	3,007	5,243	8,897	4,813	6,041
UAE	3,117	4,065	4,566	3,103	1,815
Vietnam	1,713	1,462	1,423	776	1,883
Subtotal	7,994	11,101	15,130	8,743	9,747
Korea	4,063	12,798	7,808	4,477	5,314
Mexico	0	0	0	0	0
Thailand	7,733	8,317	11,300	6,435	10,334
Turkey	3,949	3,963	5,709	3,059	5,502
All other ¹	1,565	5,260	9,093	5,029	1,734
Subtotal	17,309	30,337	33,910	19,000	22,884
Total	25,303	41,438	49,039	27,742	32,631
Unit value (dollars per short ton)					
India	764	782	1,005	847	872
Oman	768	786	862	837	864
UAE	1,195	796	849	825	906
Vietnam	658	828	837	802	842
Subtotal	857	795	857	829	867
Korea	855	821	942	889	978
Mexico	(²)	(²)	(²)	(²)	(²)
Thailand	1,039	888	936	907	957
Turkey	1,026	807	1,002	895	906
All other ¹	1,365	815	881	836	1,007
Subtotal	1,007	835	932	881	952
Total	954	824	908	864	925

¹ All other excludes Canada.

² Not applicable.

Source: Official import statistics, HTS statistical reporting number 7306.30.5040 ("Other tubes, pipes etc., nesoi, welded, of circular cross section, iron or nonalloy steel, not galvanized, outside diameter not over 114.3mm, imported with coupling").

Table E-5
Circular welded pipe: Official import statistics, HTS statistical reporting number 7306.30.5055,
2009-11, January-June 2011, and January-June 2012

Country	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	4,033	2,502	1,762	1,160	212
Oman	6,046	8,128	7,030	4,141	3,984
UAE	3,734	9,140	18,503	12,694	5,085
Vietnam	5,794	7,026	12,385	3,613	4,811
Subtotal	19,607	26,796	39,679	21,608	14,092
Korea	10,954	17,048	13,470	7,154	7,089
Mexico	45,503	41,691	43,661	20,850	24,866
Thailand	10,457	5,194	12,856	5,182	12,576
Turkey	7,905	9,762	8,443	3,688	4,799
All other ¹	22,743	28,561	29,985	17,775	19,338
Subtotal	97,562	102,255	108,415	54,649	68,668
Total	117,170	129,051	148,095	76,257	82,759
Value (\$1,000)					
India	3,572	2,062	1,528	955	233
Oman	5,220	5,974	5,800	3,306	3,324
UAE	3,673	7,255	15,154	10,134	4,488
Vietnam	4,027	5,022	9,921	2,656	3,799
Subtotal	16,491	20,312	32,403	17,051	11,844
Korea	9,576	15,734	14,786	7,554	8,129
Mexico	29,054	31,463	39,114	18,623	20,613
Thailand	7,852	4,379	11,255	4,148	10,887
Turkey	6,823	7,373	7,666	3,229	4,224
All other ¹	29,348	30,386	28,790	16,889	19,899
Subtotal	82,653	89,336	101,611	50,443	63,751
Total	99,144	109,648	134,014	67,494	75,595
Unit value (dollars per short ton)					
India	886	824	867	823	1,100
Oman	863	735	825	798	834
UAE	984	794	819	798	883
Vietnam	695	715	801	735	790
Subtotal	841	758	817	789	840
Korea	874	923	1,098	1,056	1,147
Mexico	639	755	896	893	829
Thailand	751	843	875	801	866
Turkey	863	755	908	876	880
All other ¹	1,290	1,064	960	950	1,029
Subtotal	847	874	937	923	928
Total	846	850	905	885	913

¹ All other excludes Canada.

Source: Official import statistics, HTS statistical reporting number 7306.30.5055 ("Other tubes, pipes etc., welded, of circular cross section, of iron or nonalloy steel, not galvanized, outside diameter not over 114.3mm, nesoi").

Table E-6
Circular welded pipe: Official import statistics, HTS statistical reporting number 7306.30.5085,
2009-11, January-June 2011, and January-June 2012

Country	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	796	3,381	2,140	1,129	673
Oman	724	1,571	1,264	959	711
UAE	0	554	98	48	0
Vietnam	647	792	738	353	317
Subtotal	2,167	6,299	4,240	2,490	1,701
Korea	2,186	4,170	7,756	2,805	2,764
Mexico	476	640	315	144	126
Thailand	881	973	2,207	997	4,008
Turkey	328	711	1,056	660	447
All other ¹	588	777	1,130	293	941
Subtotal	4,459	7,271	12,464	4,899	8,287
Total	6,626	13,570	16,704	7,388	9,988
Value (\$1,000)					
India	651	2,941	2,147	1,103	691
Oman	649	1,424	1,183	868	733
UAE	0	460	100	48	0
Vietnam	527	722	732	341	292
Subtotal	1,828	5,548	4,163	2,359	1,717
Korea	2,033	3,676	7,666	2,806	2,817
Mexico	546	777	503	231	159
Thailand	1,044	965	2,340	1,034	4,234
Turkey	360	647	1,043	636	437
All other ¹	745	849	1,088	323	1,079
Subtotal	4,726	6,914	12,640	5,031	8,726
Total	6,554	12,462	16,803	7,390	10,442
Unit value (dollars per short ton)					
India	818	870	1,003	977	1,027
Oman	897	906	936	904	1,031
UAE	(²)	831	1,028	984	(²)
Vietnam	814	912	992	965	921
Subtotal	843	881	982	947	1,009
Korea	930	882	988	1,001	1,019
Mexico	1,146	1,213	1,596	1,608	1,262
Thailand	1,185	992	1,060	1,037	1,056
Turkey	1,095	910	988	965	977
All other ¹	1,268	1,092	963	1,101	1,147
Subtotal	1,060	951	1,014	1,027	1,053
Total	989	918	1,006	1,000	1,045

¹ All other excludes Canada.

² Not applicable.

Source: Official import statistics, HTS statistical reporting number 7306.30.5085 ("Other tubes, pipes etc, welded, of circular cross section, of iron or nonalloy steel, galvanized, wall thickness 1.65mm or more, outside diameter over 114.3, not over 406.4mm").

Table E-7
Circular welded pipe: Official import statistics, HTS statistical reporting number 7306.30.5090,
2009-11, January-June 2011, and January-June 2012

Country	Calendar year			January-June	
	2009	2010	2011	2011	2012
Quantity (short tons)					
India	1,116	1,900	969	505	50
Oman	1,351	4,926	3,066	1,816	4,161
UAE	0	26	3,451	1,914	152
Vietnam	1,135	1,995	19,187	2,901	4,868
Subtotal	3,602	8,847	26,674	7,136	9,232
Korea	11,428	15,280	2,886	1,800	2,579
Mexico	30	1,023	274	173	16
Thailand	1,261	1,531	4,474	930	10,312
Turkey	9,430	12,951	9,839	5,200	8,788
All other ¹	9,433	14,234	12,416	6,728	17,228
Subtotal	31,582	45,019	29,889	14,831	38,923
Total	35,184	53,866	56,562	21,967	48,154
Value (\$1,000)					
India	1,080	1,532	838	414	70
Oman	1,216	3,741	2,628	1,507	3,645
UAE	0	27	2,986	1,644	138
Vietnam	947	1,738	16,485	2,336	4,170
Subtotal	3,243	7,038	22,937	5,901	8,023
Korea	8,844	13,189	2,873	1,735	2,398
Mexico	22	2,012	370	177	12
Thailand	1,189	1,247	4,098	803	9,007
Turkey	8,182	10,285	9,088	4,558	7,581
All other ¹	11,762	12,712	12,483	6,373	18,864
Subtotal	29,999	39,445	28,913	13,647	37,864
Total	33,242	46,483	51,850	19,547	45,886
Unit value (dollars per short ton)					
India	968	806	865	819	1,381
Oman	901	759	857	830	876
UAE	(²)	1,042	865	859	906
Vietnam	834	871	859	805	857
Subtotal	900	796	860	827	869
Korea	774	863	995	964	930
Mexico	729	1,966	1,353	1,027	778
Thailand	943	814	916	864	873
Turkey	868	794	924	876	863
All other ¹	1,247	893	1,005	947	1,095
Subtotal	950	876	967	920	973
Total	945	863	917	890	953

¹ All other excludes Canada.

² Not applicable.

Source: Official import statistics, HTS statistical reporting number 7306.30.5090 ("Other tubes, pipes etc, welded, of circular cross section, of iron or nonalloy steel, not galvanized, wall thickness 1.65mm or more, outside diameter over 114.3, not over 406.4mm").

